ITEP
INSTITUTE ON TAXATION AND ECONOMIC POLICY

Who Pays?

A Distributional Analysis of the Tax Systems in All 50 States

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7th edition, January 2024

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About the Institute on Taxation and Economic Policy

ITEP is a non-profit, non-partisan tax policy organization. We conduct rigorous analyses of tax and economic proposals and provide data-driven recommendations on how to shape equitable and sustainable tax systems. ITEP's expertise and data uniquely enhance federal, state, and local policy debates by revealing how taxes affect people at various levels of income and wealth, and people of different races and ethnicities.

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Executive Summary

Who Pays? is the only distributional analysis of tax systems in all 50 states and the District of Columbia. This comprehensive 7th edition of the report assesses the progressivity and regressivity of state tax systems by measuring effective state and local tax rates paid by all income groups.[1] No two state tax systems are the same; this report provides detailed analyses of the features of every state tax code. It includes state-by-state profiles that provide baseline data to help lawmakers and the public understand how current tax policies affect taxpayers at all income levels.

Key Findings

The vast majority of state and local tax systems are regressive, or upside-down. This requires a much greater share of income from low- and middle-income families than from wealthy families. The absence of a graduated personal income tax in many states and a heavy reliance on consumption taxes contribute to this effect.

The lower one's income, the higher one's overall effective state and local tax rate. On average, the lowest-income 20 percent of taxpayers face a state and local tax rate nearly 60 percent higher than the top 1 percent of households. The nationwide average effective state and local tax rate paid by residents to their home states is 11.3 percent for the lowest-income 20 percent of individuals and families, 10.5 percent for the middle 20 percent, and 7.2 percent for the top 1 percent.

In 41 states, high-income families are taxed at lower rates than everyone else. Our analysis sorts taxpayers into seven income groups and finds that in most states the top group, representing the top 1 percent of earners, pays a lower rate than any other group. Similarly, 42 states tax the top 1 percent at a lower rate than the bottom 20 percent, while 46 states tax the top 1 percent less than the middle 60 percent of earners.

In 34 states, low-income families are taxed at higher rates than everyone else despite having the least ability to pay. Six states plus D.C., on the other hand, tax low-income families at lower rates. Nationally, comparatively high tax rates on low-income families remain the norm, despite recent steps to lower taxes for this group by bolstering refundable tax credits. Only six states and the District of Columbia now reserve their lowest overall tax rates for low-income families. Those states are Maine, Minnesota, New Jersey, New Mexico, New York, and Vermont.

Tax structures in 44 states exacerbate inequality. Most state and local tax systems worsen income inequality by making incomes more unequal after collecting state and local taxes.

Tax structures in six states and the District of Columbia reduce inequality. These half dozen states, plus D.C., narrow the gap between lower- and middle-income taxpayers and upper-income taxpayers, making the distribution of income more equal after collecting state and local taxes. Those states are California, Maine, Minnesota, New Jersey, New York, and Vermont.

In the 10 states with the most regressive tax structures, the lowest-income 20 percent pay three times as much of their income in taxes as the wealthiest 1 percent. In Florida, home to the nation's most regressive tax system, low-income families pay almost five times as much as the wealthy. After Florida, the next most regressive tax codes can be found in Washington, Tennessee, Pennsylvania, Nevada, South Dakota, Texas, Illinois, Arkansas, and Louisiana.

Heavy reliance on sales and excise taxes makes tax systems more regressive. Eight of the 10 most regressive states rely heavily on sales and excise taxes. As a group, these eight states derive more than half of their tax revenue from these taxes, compared to a national average of about one-third. Heavy reliance on these taxes is largely a function of these states' decision not to levy robust personal income taxes. Six of these states do not levy broad-based personal income taxes while two levy flat-rate taxes. Nationwide, the lowest-income 20 percent of taxpayers pay 7.0 percent of their income toward sales and excise taxes, the middle 20 percent pay 4.8 percent and the top 1 percent pay a comparatively meager 1 percent rate.

A progressive, graduated rate income tax makes overall tax systems less regressive or more progressive. States with the least regressive state and local tax systems derive, on average, more than 39 percent of their tax revenue from income taxes, above the national average of 29 percent. These states promote progressivity through the structure of their income taxes, including graduated rates (higher marginal rates for higher-income taxpayers) and targeted refundable credits.

States described as "low tax" are often high tax for low-income families. States such as Florida, Tennessee, and Texas are often described as “low tax” due to their lack of personal income taxes. While this characterization holds true for high-income families, these states levy some of the nation’s highest tax rates on the poor. This is indicative of a broader pattern. Nationally, we find evidence that states with lower taxes for their highest-income earners tend to have higher taxes for their lowest-income residents.

Some states are passing policies that lessen tax regressivity. The rankings in this study include two new arrivals among the 10 least regressive states. New Mexico advanced 18 spots through reforms to refundable credits and more robust taxation of top earners. Massachusetts improved its ranking by 10 spots in just over a year, primarily through voter approval of a higher income tax rate on millionaires. At the other end of the rankings, Washington was able to shed its title as the nation’s most regressive tax jurisdiction with enactment of a new tax on capital gains and the creation of a tax credit for low- and moderate-income families. Other jurisdictions making notable strides toward lessening tax regressivity in recent years include Minnesota, New Jersey, New York, and D.C.

Other states are passing policies that exacerbate tax regressivity. Arizona lawmakers made one of the sharpest moves toward heightened tax regressivity when they overrode a public vote in favor of higher taxes on top earners and enacted tax cuts for those families instead. The net effect of this reversal was to move Arizona from roughly the middle of the pack (27th) to one of the most regressive tax codes (13th) in the nation. In Kentucky, meanwhile, the state would have ranked 30th on the ITEP Index if it had left its previous tax code intact, but fell to 17th most regressive by switching to a flat-rate income tax and raising sales and excise taxes. If Kentucky continues on a path toward full elimination of its income tax, as some lawmakers would like to see, the state would come to have the 8th most regressive tax code in the nation. Other states recently moving in the direction of more regressive taxation include Arkansas, Idaho, Iowa, Mississippi, Nebraska, North Carolina, Ohio, and West Virginia—all of which have prioritized tax cuts for more affluent households and corporations.

Introduction

The nation's public policies helped grow the middle class, improve public health and economic well-being, and make access to K-12 education universal. Just as the nation's tax policies have the power to improve well-being, the inverse is also true. Over the past four decades, income and wealth have become increasingly concentrated among the most affluent households, with immense disparities across race and ethnicity as well.[2] The reasons are complex and vast, but public policy has clearly contributed.

State and local tax policies play an important role in addressing or perpetuating inequality. Most state tax systems are regressive, meaning lower-income people are taxed at higher rates than top-earning taxpayers. Further, those among the top 5 percent of households pay a smaller share of all state and local taxes than their share of all income, while the bottom 95 percent pay more.

In other words, not only do the rich, on average, pay a lower effective state and local tax rate than lower-income people, they also collectively contribute a smaller share of state and local taxes than their share of all income. This limits states' ability to raise revenue, particularly as inequality increases. Research shows that when income growth concentrates among the wealthy, state revenues grow more slowly, especially in states that rely more heavily on taxes that disproportionately fall on low- and middle-income households.[3]

Further, heavy tax cuts deprive state coffers of adequate revenue for schools, health care, and colleges – programs and services that build opportunity and improve well-being for families and communities. And yet, many state lawmakers doubled down on deep, permanent, and regressive tax cuts in 2023 and in years prior.

This study provides important context for those interested in state and local tax policies and the role they play in funding vital programs and services and providing economic security for all families and communities. It examines whether state tax systems are regressive or progressive by providing a thorough analysis of how state and local tax policies affect taxpayers across the income spectrum and discusses ways in which certain tax policies deepen racial disparities in income and wealth. Over 99 percent of all state and local taxes, measured by their revenue contribution, are included in this study.

Our analysis employs similar analytical techniques, and reaches broadly similar conclusions, to official incidence studies performed by state agencies in Minnesota, Texas, Connecticut, and Maine. Most states, however, do not

conduct these kinds of comprehensive studies on a regular basis, in part because of the substantial amount of time and expertise it requires to do this work. We have devoted many thousands of hours of staff time to producing this 7th edition of *Who Pays*?, and we build on the work of prior ITEP analysts who themselves spent many hours thinking through and building earlier versions of the models employed in this study.

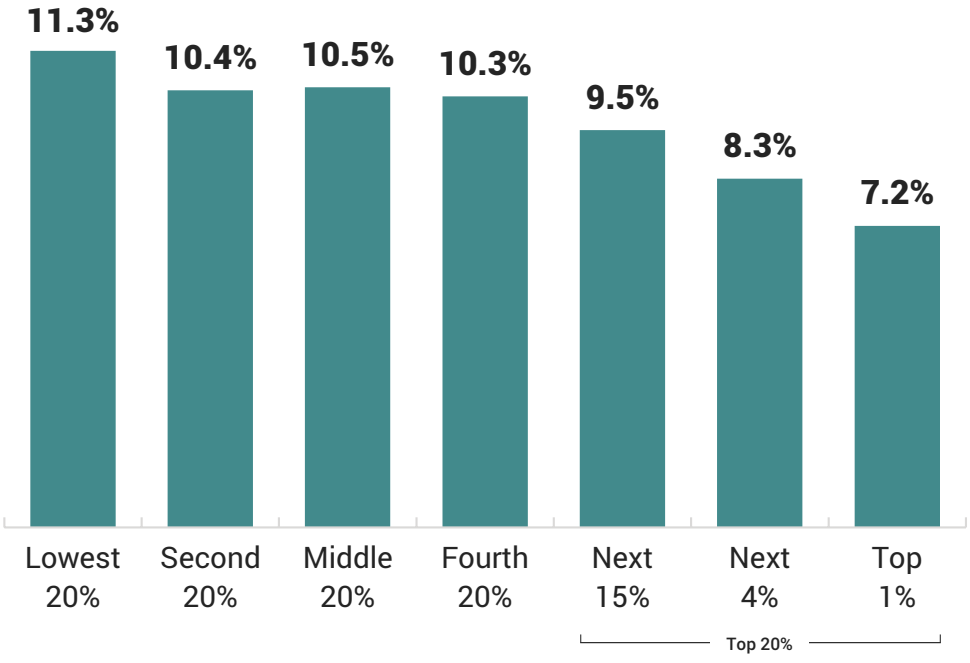
The headline conclusion of this research is that most states require low- and middle-income families to pay higher effective tax rates than the wealthy. This, of course, has broad implications, not only for taxpayers' after-tax income but also for the revenue states collect to fund basic programs and services. There are, however, a handful of states that have taken meaningful steps toward lessening tax regressivity and have, in fact, managed to achieve progressive taxation throughout at least some parts of the income distribution.

Nationally, the average state levies an effective state and local tax rate of 11.3 percent for its lowest-income 20 percent of residents; 10.5 percent for the middle 20 percent; and 7.2 percent for the top 1 percent (see Figure 1). This means the top 1 percent are contributing 37 percent less of their incomes toward funding state and local services in their states than the poorest families. Results vary widely by state. For detail on the impact in individual states, see state-by-state *Who Pays?* summaries.

FIGURE 1

Average Effective State and Local Tax Rates in the U.S.

State and local taxes paid by residents to their home states,
as a share of income, for non-senior residents



Source: Institute on Taxation and Economic Policy (ITEP)

FIGURE 2

ITEP Tax Inequality Index: States in Order of Rank from Most to Least Regressive

1 Florida
2 Washington
3 Tennessee
4 Pennsylvania
5 Nevada
6 South Dakota
7 Texas
8 Illinois
9 Arkansas
10 Louisiana
11 Wyoming
12 Alabama
13 Arizona
14 Indiana
15 Ohio
16 Oklahoma
17 Kentucky
18 New Hampshire
19 Mississippi
20 Alaska
21 Connecticut
22 Hawai'i
23 Iowa
24 North Carolina
25 North Dakota
26 Kansas
27 Wisconsin
28 West Virginia
29 Utah
30 Nebraska
31 Rhode Island
32 Georgia
33 South Carolina
34 Michigan
35 Missouri
36 Idaho
37 Virginia
38 Montana
39 Colorado
40 Delaware
41 Maryland
42 Oregon
43 New Mexico
44 Massachusetts
45 Maine
46 New Jersey
47 California
48 New York
49 Vermont
50 Minnesota
51 D.C.

In Most States, State and Local Tax Systems Worsen Inequality

Forty-four states' tax systems exacerbate income inequality. When the lowest-income households pay the greatest proportion of their income in state and local taxes, gaps between the most affluent and everyone else grow larger.

The ITEP Tax Inequality Index measures the effects of each state's tax system on income inequality by assessing the impact state tax policy has on the post-tax incomes of taxpayers at different income levels. Essentially, it answers the following question: Are incomes more, or less, equal after state taxes than before?

If high-income taxpayers are left with a higher percentage of their pre-tax income to spend on their day-to-day living and to save for the future than low- and middle-income taxpayers, the tax system is regressive and receives a negative Tax Inequality Index value. This indicates that the income inequality that existed before the levying of state and local taxes has been made worse by those taxes.

On the other hand, states with progressive tax structures have positive Tax Inequality Index values. This means that, after taking state and local taxes into account, incomes are no less equal than they were before taxes and have, in fact, been made more equal across at least some groups. Tax systems in those states did not worsen income inequality overall though, in practice, each of the states with positive Index values in this study do still have moderately regressive effects through portions of the income scale. Vermont, for example, taxes its top 5 percent of earners at slightly lower rates than upper-middle income families yet still manages to receive a positive Index value overall because its tax system is progressive through the bottom 95 percent of the income scale and its tax rates at the very top are not dramatically lower than those charged to other groups.

A full description of how the Index is calculated is provided in Appendix G. The Index works by measuring differences in tax impacts at various points across the income scale and distilling those differences into one headline number.

Readers may also be interested in seeing direct comparisons across income groups. For instance:

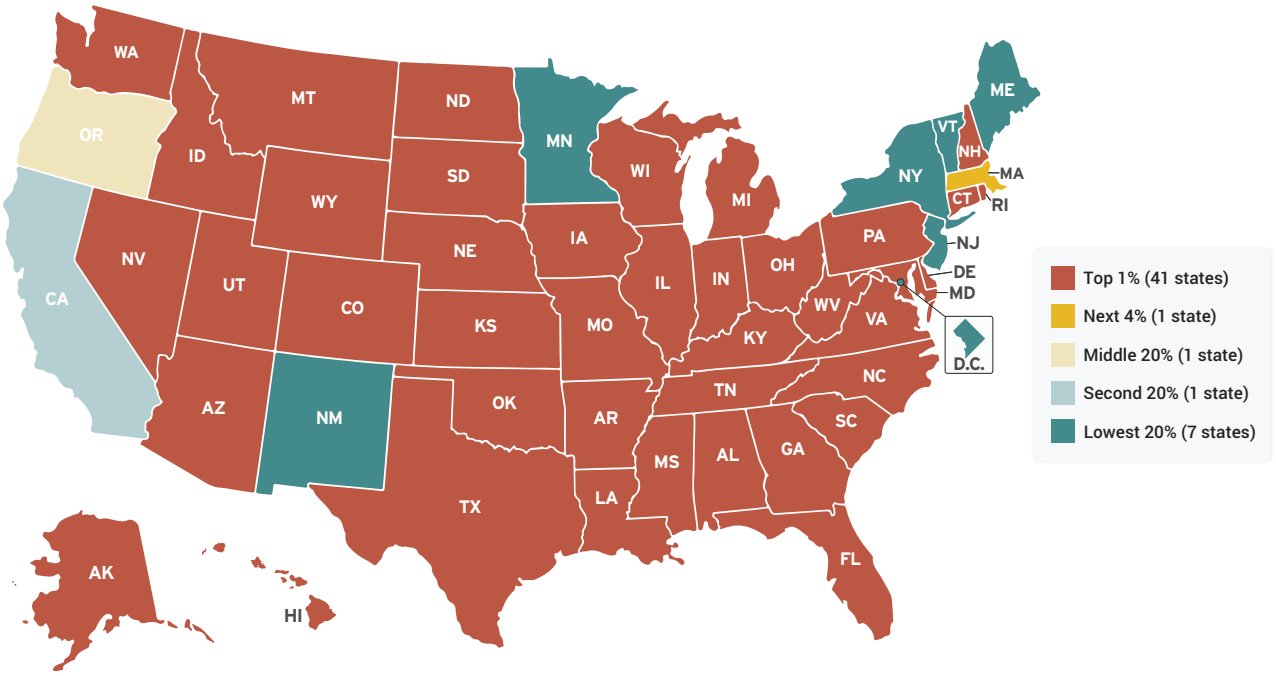
41	States tax the top 1 percent at a lower rate than any other income group. Six states and the District of Columbia, on the other hand, reserve their lowest tax rates for their lowest-income residents.
42	States tax the top 1 percent at a lower rate than the lowest 20 percent.
46	States tax the top 1 percent at a lower rate than middle-income earners. This remains true regardless of whether that group is defined to include families in the middle 20 or middle 60 percent of the income distribution.
34	States tax the lowest 20 percent of earners at a higher rate than any other income group.

Some of these findings can be seen in Figure 3, which identifies the lowest-taxed group in each state. More often than not, that group is the state's most affluent families.

FIGURE 3

Lowest-Tax Group Within Each State

The income group for whom state and local taxes, as a share of family income, are lowest



Source: Institute on Taxation and Economic Policy (ITEP)

The 10 Most Regressive State and Local Tax Systems

Ten states — **Florida, Washington, Tennessee, Pennsylvania, Nevada, South Dakota, Texas, Illinois, Arkansas, and Louisiana** — are particularly regressive, with upside-down tax systems that ask the most of those with the least. These states tax their poorest residents — those in the bottom 20 percent of the income scale — at rates averaging three times higher than those charged to the wealthy. Middle-income families in these states pay an average rate more than twice as high a share of their income than the wealthiest families. Florida, which has the most regressive state tax system in the nation, fares worst by these two measures, with low-income families paying almost 5 times more than the wealthy and middle-income families paying more than 3 times more.

FIGURE 4

The 10 Most Regressive State and Local Tax Systems

Taxes as a share of family income and tax features driving these outcomes

Rank	State	ITEP Inequality Index	Lowest 20%	Middle 60%	Top 1%	No Broad-Based Income Tax	Flat-Rate Income Tax	Absence of Refundable Credits	High Reliance on Sales & Excise Taxes	High Reliance on Property Taxes
1	Florida	-9.2%	13.2%	9.1%	2.7%	X		X	X	X
2	Washington	-8.5%	13.8%	10.2%	4.1%	X			X	
3	Tennessee	-8.0%	12.8%	9.4%	3.8%	X		X	X	
4	Pennsylvania	-7.8%	15.1%	11.0%	6.0%		X			
5	Nevada	-7.8%	11.9%	8.4%	2.8%	X		X	X	
6	South Dakota	-7.3%	11.4%	7.8%	2.6%	X		X	X	
7	Texas	-7.2%	12.8%	9.5%	4.6%	X		X	X	X
8	Illinois	-6.6%	14.8%	12.1%	7.3%		X			
9	Arkansas	-6.4%	13.1%	10.7%	5.8%			X	X	
10	Louisiana	-6.3%	13.1%	11.6%	6.5%				X	

Note: States are ranked by their ITEP Inequality Index value. The 10 states in this table are those whose tax systems most increase income inequality. See the report methodology for a full description of the Index. High reliance on a particular tax type is defined as being among the top 10 most reliant states as measured in Appendix C.

Source: Institute on Taxation and Economic Policy (ITEP)

What characteristics do states with particularly regressive tax systems have in common? Highly regressive tax codes can be found in all regions of the country and in states with divergent political leadership. That being said, there are some clear tax policy patterns across these 10 states. Several important factors stand out:

Six of the 10 states do not levy a broad-based personal income tax — Florida, Washington, Tennessee, Nevada, South Dakota, and Texas.
Taxes on consumption and property, as discussed later, are nearly always regressive. The absence of an income tax makes it all but impossible for these states to counterbalance these regressive levies.

Two states levy personal income taxes without graduated rates, making them much less progressive than in other states.
Pennsylvania and Illinois use a flat rate for their personal income taxes, which taxes the income of each state's wealthiest families at the same marginal rate as the poorest wage earners. Local income tax rules in Pennsylvania, which rely heavily on wage taxes, further erode the progressivity of the state's overall income tax system.

Eight of the 10 most regressive tax systems — Florida, Washington, Tennessee, Nevada, South Dakota, Texas, Arkansas, and Louisiana — rely heavily on regressive sales and excise taxes.
As a group, these eight states derive 52 percent of their tax revenue from these taxes, compared to the national average of 34 percent (see Appendix C). These consumption taxes, based on spending rather than income or ability to pay, are the most regressive major tax category and the most significant drivers of economic and racial inequality in state and local tax codes.

The Least Regressive State and Local Tax Systems

Ten jurisdictions with more equitable state and local tax systems can be found in Figure 5. Seven of the 10 — the District of Columbia, Minnesota, Vermont, New York, New Jersey, Maine, and California — receive positive values on ITEP's Tax Inequality Index, meaning that their state and local tax systems do not worsen income inequality overall and actually lessen inequality across some groups. The other three—Massachusetts, New Mexico, and Oregon—have tax codes that tilt slightly regressive overall.

None of the tax systems in these states are robustly progressive in a traditional sense. The District of Columbia, for example, ranks as the least regressive jurisdiction in the nation, and yet the top 5 percent of DC families still pay a lower rate (11.2 percent) than the bottom 95 percent (11.6 percent). Rather than seeing effective tax rates steadily rise throughout the entire income distribution, some of these jurisdictions see "peaks" where taxes on middle-income families are somewhat higher than at the top, or "valleys" where low-income families face higher rates than the middle-class.

Despite these lingering issues, the states described in this section have tax codes that look quite different from the highly regressive states described in the previous section. Several important factors define states with more equitable tax systems:

Highly progressive income tax brackets and rates. All the most equitable tax systems include personal income taxes which are progressive (to varying degrees). California's overall tax system, for example, is relatively progressive largely because of its graduated marginal income tax rates and limits on tax preferences for upper-income taxpayers.

Use of targeted, refundable low-income credits. All 10 states with more equitable tax systems offer refundable Earned Income Tax Credits, with EITCs in 8 of the 10 states equal to or exceeding a quarter of the federal credit for most recipients. In addition, nine of these 10 states offer refundable Child Tax Credits. Refundable credits to offset sales and property taxes are also common. Maine, for instance, provides a refundable sales tax credit, dependent care tax credit, and a property tax "circuit breaker."

Broad-based income taxes. State personal income taxes with few deductions or exemptions benefiting the wealthy (such as capital gains preferences or itemized deductions) tend to be progressive. Targeted policies to reduce these benefits for higher-income earners can improve both the progressivity and revenue yield of state income tax structures.

Higher reliance on income taxes and lower reliance on regressive consumption taxes. Just as the combination of flat (or nonexistent) income taxes and high sales and excise taxes leads to regressive tax systems, the least regressive tax systems have highly progressive income taxes and rely less on sales and excise taxes.

FIGURE 5

The 10 Least Regressive State and Local Tax Systems

Taxes as a share of family income and tax features driving these outcomes

Rank	State	ITEP Inequality Index	Lowest 20%	Middle 60%	Top 1%	Higher Income Tax Brackets or Rates on Upper Incomes	Absence of Broad Preferences for Capital Gains or Business Income	High Reliance on Income Taxes	Presence of Refundable Credits	Low Reliance on Sales & Excise Taxes	Levies Estate or Inheritance Tax
51	D.C.	+3.1%	4.8%	11.8%	11.4%	✓	✓	✓	✓	✓	Estate
50	Minnesota	+2.6%	6.2%	10.1%	10.5%	✓	✓	✓	✓		Estate
49	Vermont	+2.3%	6.3%	9.8%	10.1%	✓			✓	✓	Estate
48	New York	+1.6%	11.1%	13.3%	13.5%	✓	✓	✓	✓	✓	Estate
47	California	+0.8%	11.7%	10.7%	12.0%	✓	✓	✓	✓		
46	New Jersey	+0.7%	8.8%	11.2%	10.5%	✓	✓		✓	✓	Inheritance
45	Maine	+0.2%	8.6%	10.4%	9.5%		✓		✓		Estate
44	Massachusetts	-0.1%	8.2%	9.7%	8.9%	✓	✓	✓	✓	✓	Estate
43	New Mexico	-0.5%	7.1%	11.0%	8.1%	✓			✓		
42	Oregon	-0.7%	12.0%	10.4%	10.4%	✓		✓	✓	✓	Estate

Note: States are ranked by the ITEP Inequality Index. The 10 states in this table are those whose tax systems either lessen income inequality (those with positive ITEP Inequality Index values) or have the least detrimental impact on inequality. See the report methodology for a full description of the Index. States identified as having higher personal income tax rates on upper incomes are those with at least one statutory rate applying only to incomes of $200,000 or more per year. High, or low, reliance on a particular tax type is defined as being among the top 10 most, or least, reliant states as measured in Appendix C.

Source: Institute on Taxation and Economic Policy (ITEP)

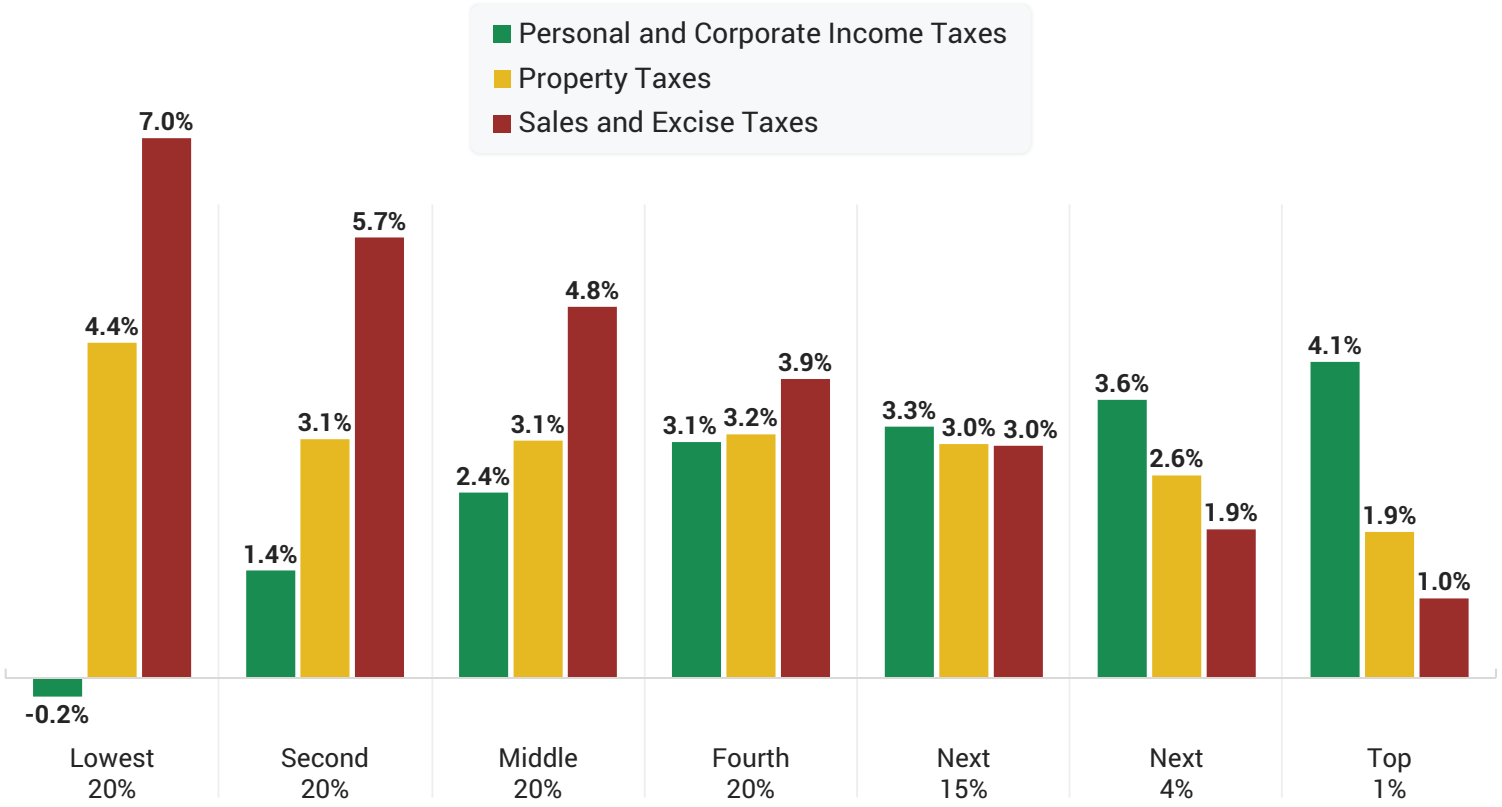
The Kind of Tax Matters

State and local governments have historically used three broad types of taxes to fund public services: income, property, and consumption (sales and excise). States also rely on a range of non-tax revenue sources such as fees, fines, service charges, and royalties, as well as transfers from the federal government. A few states rely heavily on non-traditional tax sources, such as severance taxes on the extraction of natural resources. (See Appendix C for 50-state data on the importance of various tax types, and non-tax revenues, to state and local budgets.)

FIGURE 6

Comparing Tax Types

Average effective tax rates for all states, by tax category, across income groups



Note: This chart omits a small number of taxes that do not fit into the above categories and that this report classifies as "other taxes."

Source: Institute on Taxation and Economic Policy (ITEP)

The regressivity or progressivity of state tax systems depends primarily on how heavily states rely on these different tax types. Each has a distinct distributional impact, as Figure 6 illustrates.

Personal and corporate income taxes are typically progressive — as incomes go up, effective tax rates go up.

On average, low-income families receive a slight rebate through state and local income tax laws, amounting to 0.2 percent of their incomes, which helps to offset the comparatively high property and sales taxes they pay. Middle-income families pay 2.4 percent of their incomes toward these taxes on average while the top 1 percent pay 4.1 percent. Of the three major taxes used by states, the personal income tax is the only tax under which effective tax rates rise with income levels. States often use progressive income taxes to help offset more regressive state and local taxes.

Property taxes, on both individuals and businesses, are usually somewhat regressive.

On average, low-income homeowners and renters pay more of their income in property taxes than any other income group — and the wealthiest taxpayers pay the least. Nationally, low-income families pay 4.4 percent of their incomes toward property taxes of all types, middle-income families pay 3.1 percent of their incomes, and the top 1 percent pay 1.9 percent.

Sales and excise taxes are very regressive.

Poor families pay almost seven times more as a share of their incomes in these taxes than the best-off families, and middle-income families pay almost five times the rate of the wealthy. On average low-income families pay 7 percent of their incomes in sales and excise taxes, middle-income families pay 4.8 percent of their incomes, and the top 1 percent pay 1 percent.

Race Matters

Historic and current injustices in public policy and broader society have resulted in vast disparities in income and wealth across race and ethnicity. Unequal opportunities to access education, housing, jobs, capital, and other economic resources have resulted in stark income and wealth gaps between white families and most communities of color. Black and Hispanic families each earn around $35,000 less in income every year, at the median, than white families. Racial wealth gaps are even more pronounced: the median Hispanic household owns roughly 78 percent less wealth than the median white one, while the median Black household owns about 84 percent less.

The distributional impact of state and local tax systems based on income has implications for racial wealth inequality. State tax codes that worsen income inequality by taxing lower-income people at higher rates than high-income people, taxing income derived from wealth (e.g., capital gains) at a lower rate than income derived from work, or relying heavily on consumption taxes, risk worsening the racial wealth divide.

Previous ITEP research demonstrated this with an in-depth analysis of two states with starkly different tax codes: Minnesota and Tennessee.[4] In Tennessee, we found that Black and Hispanic families pay roughly 1 percent more of their income toward state and local taxes than the statewide average. In Minnesota, by contrast, Black, Hispanic, and Indigenous families paid rates ranging from 0.4 to 0.7 percent below the statewide average. In other words, Minnesota's tax code tends to reduce racial income disparities whereas Tennessee's tends to increase them.

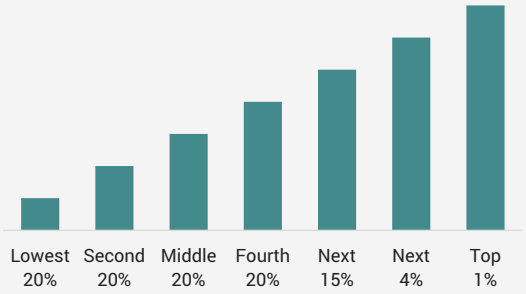
The income and wealth gap between white families and communities of color will not be eliminated by making state tax systems more equitable. Fully addressing these disparities will require a concerted effort across policy areas at all levels of government. That being said, our findings from Minnesota and Tennessee demonstrate that state and local tax policy matter in addressing these disparities. There are no shortage of policy options for lawmakers who want to make their state's tax system a more powerful force for advancing racial equity or who, at the very least, want to avoid compounding existing inequities through the tax code. Most robust taxation of top incomes and wealth, offering meaningful refundable tax credits, and avoiding overreliance on regressive tax sources are all proven options for accomplishing those goals.[5]

A state tax system's progressivity is only partially determined by the mix of these three broad tax types. Equally important is how states structure each tax. By design, some personal income taxes are far more progressive than others. The same is true, to a lesser extent, of property and sales taxes; while any state that relies heavily on these taxes is likely to have a regressive tax structure, lawmakers can take steps to make these taxes less regressive. The overall structure of a state's tax system, therefore, ultimately depends both on a state's reliance on the different tax sources and how the state designs each tax.

For example, Minnesota's level of reliance on sales and excise taxes is somewhat below the national average. Instead, it relies more heavily on income taxes and its personal income tax is significantly more progressive than most. This makes Minnesota's tax system the second least regressive in the country, behind only the District of Columbia.

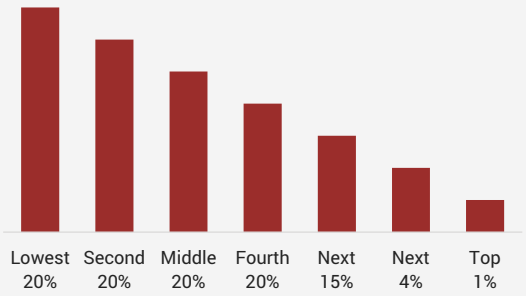
Florida, on the other hand, has the most regressive state and local tax system. This is largely a result of the state levying no personal income tax and relying heavily on sales and excise taxes —these taxes make up over half of the state's total tax collections. The average state's level of reliance on sales and excise taxes is about a third lower than that, at 34 percent.

Progressive, Regressive, or Proportional?



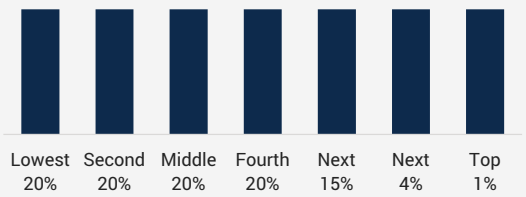
Progressive Tax

A progressive tax is one in which upper-income families pay a larger share of their incomes in tax than do those with lower incomes.



Regressive Tax

A regressive tax requires poor and middle-income families to pay a larger share of their incomes in tax than upper-income families.



Proportional Tax

A proportional tax requires the same percentage of income from everyone, regardless of how much or how little they earn.

Steps Toward, and Away, From Tax Regressivity in Kentucky and Minnesota

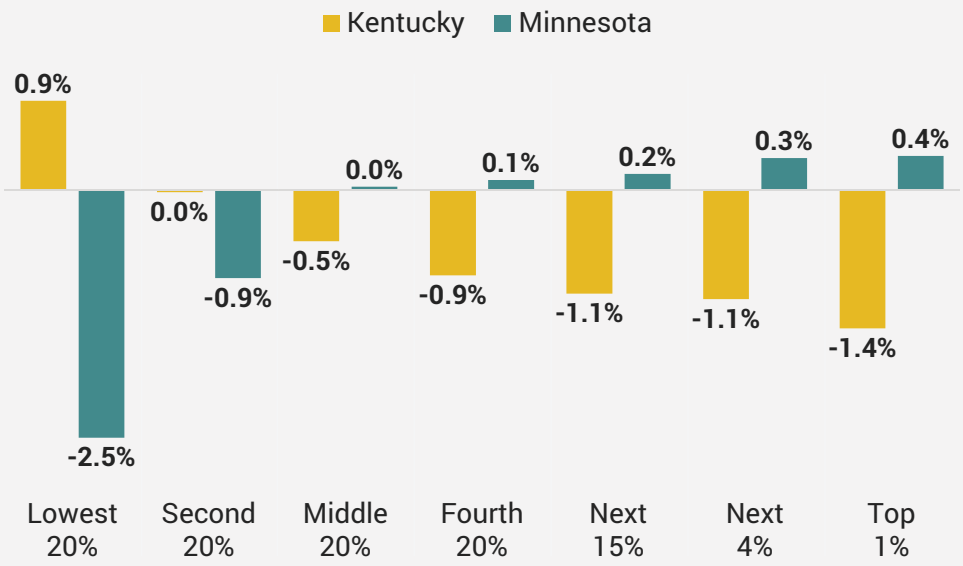
State tax policy has changed significantly in the last few years as lawmakers have rewritten substantial portions of their tax codes. While some tax increases have been enacted in recent years, state lawmakers have tended to put far greater energy into tax cutting. These cuts look very different across states. This becomes clear by examining two states that have been pursuing wildly different tax policy trajectories: Kentucky and Minnesota.

Starting in 2018, Kentucky converted its graduated rate income tax into a flat tax and repeatedly reduced the tax rate. It also lowered corporate taxes. These sizeable tax cuts have delivered the largest windfall to families in the upper part of the income scale and have been paid for in part through new or higher sales and excise taxes on a long list of items such as car repairs, parking, moving services, bowling, gym memberships, tobacco, vaping, pet care, and ride-share rides. The net result of this tax swap has been to raise taxes on low-income families while cutting them for upper-income families. Figure 7 shows that low-income families have had to pay almost 1 percent more of their income in tax because of these higher taxes on their purchases, while high-income families have enjoyed tax cuts equal to 1.4 percent of their income through lower personal and corporate tax payments. The net effect of these changes has been to steepen what was already a regressive tax code in Kentucky, and to lower the state's ITEP Inequality Index value from 30th to 17th most regressive.

FIGURE 7

Recent Tax Changes in Kentucky and Minnesota

Shares of family income



Note: Chart shows impact of legislation enacted since 2018 in both states. Kentucky cut personal and corporate income taxes over this period while raising consumption taxes. Minnesota bolstered refundable credits while raising taxes on corporations and individuals with large amounts of investment income.

Source: Institute on Taxation and Economic Policy (ITEP)

Minnesota, by contrast, embarked on a sharply different course over this period by enacting tax increases on corporate profits and high-income families, including those with large amounts of investment income. It paired those tax increases with larger tax credits for low-income workers and families with children. Figure 7 shows that the net effect has been to lift the incomes of the state's poorest families by more than 2 percentage points, while raising taxes on the state's most affluent households by 0.3 to 0.4 percent of their income. This package of changes has moved Minnesota's ITEP Inequality Index value from 47th to 50th least regressive, meaning that today only the District of Columbia has a less regressive tax code than Minnesota.

A close look at Kentucky and Minnesota's overall distributional results (available on each state's dedicated results page) yields another important finding. While Minnesota enjoys more robust state and local tax revenues than Kentucky, measured relative to the size of those two states' economies, Minnesota's higher tax rates at the top of the income scale allow it to generate these revenues while taxing low- and middle-income families at lower rates than Kentucky. Effective tax rates across the bottom 60 percent of the income distribution in Minnesota range from 6.2 and 10.0 percent of income, while effective rates for the same groups in Kentucky vary from 10.9 to 12.4 percent of income.

Looking ahead, there is reason to think that the difference between Kentucky and Minnesota results could grow wider. Kentucky's HB 8, enacted in 2022, allows lawmakers—when specific conditions are met—to lower the income tax rate in 0.5 percent increments until it is completely eliminated. Full elimination would be enough to cause Kentucky to slip another 9 spots in the ITEP Inequality Index rankings, leaving it with the 8th most regressive tax code in the nation. Of course, income tax elimination would come with an extremely high price tag and, in practice, is likely to be paired with more and higher taxes on families' spending—continuing the trend the state kicked off in 2018. Such a pairing would lead to an even more regressive tax code for the Bluegrass State.

Additional data on the impact of past legislation are available in Appendix D, while forecasts of the impact of scheduled changes in Kentucky and elsewhere are available in Appendix E.

The Past, Present, and Future of State and Local Tax

The centerpiece of this report is a snapshot in time: a look at state and local tax law in Tax Year 2024. But a single snapshot can only do so much to illuminate the rapidly evolving landscape of state and local tax. The last few years have brought tremendous tax policy changes, and the years ahead are likely to bring even more. To help readers better understand the very different paths states have taken, or are currently debating, we have included three new appendices of data on the effects of past and future tax law on some states' overall distribution, and their ITEP Inequality Index ranking. These appendices are as follows:

- **Appendix D** compares 2024 law in select states to a previous version of state law prior to the enactment of significant tax policy changes.
- **Appendix E** looks ahead to changes that are written into state law with a delayed implementation date. These tax changes, often implemented with revenue triggers or gradual phase-ins, have become increasingly common among states pursuing deep tax cuts because they push the revenue consequences of those cuts outside of the current budget window.
- **Appendix F** examines select major proposals floated by top lawmakers in a handful of states. These analyses are meant to clarify what high-profile tax policy changes would mean for states' overall distributional outcomes.

Taken together, these data show the tremendous potential of tax reform to either lessen, or exacerbate, tax regressivity and economic inequality.

Of the states analyzed in these appendices, New Mexico stands out for moving 18 spots in the Index rankings through reforms to refundable credits and more robust taxation of capital gains, among other policy changes. Massachusetts was the next biggest mover among the states we examined, advancing 10 spots through a combination of a voter-approved income tax increase on millionaires and legislatively approved enhancements to refundable credits. And Washington, while still having one of the most regressive tax codes in the country, was able to shed its title of most regressive state with a new tax on long-term capital gains and a low-income credit patterned after the federal EITC.

Other states, however, have enacted tax policy changes that compounded the substantial regressivity already present in their tax codes. Arizona made a sharp move toward heightened regressivity as lawmakers decided to override a public vote in favor of higher taxes on top earners, and to enact tax cuts for the state's wealthiest families instead. This reversal cost the state 14 spots in the Index rankings and left it with the 13th most regressive tax code in the nation.

Arkansas's tax code is now one of the 10 most regressive in the nation (ranking 9th) as the state lost 6 spots in the rankings through a series of personal and corporate income tax cuts. Nebraska is scheduled to lose 10 spots through implementation of its own, top-heavy personal and corporate income tax cuts.

Looking ahead, some of the highest-profile tax debates yet to come will be over eliminating state personal income taxes in states like Kentucky and West Virginia (which already have triggered elimination laws on the books) as well as Arkansas, Indiana, Iowa, Mississippi, and Oklahoma. The revenue cost of income tax elimination in any of these states would be immense.

And, as Appendices E and F show, the final result would be to leave these states with tax codes that rank among the most regressive in the nation even if sales and excise taxes are not increased to offset some of the cost—as is likely to occur in practice.

Income Taxes

State income taxes on personal income and corporate profits are the main progressive elements of state and local tax systems. Robust taxation of top incomes and large corporate profits can lessen disparities across both economic and racial lines.[6] In 2024, 41 states and the District of Columbia have broad-based personal income taxes while 44 states plus D.C. levy corporate profits taxes. (Alaska, Florida, New Hampshire, and Tennessee tax corporate profits despite not taxing personal income broadly, while Ohio taxes personal income but subjects corporations to a gross receipts tax in lieu of a profits tax.)

Personal Income Tax Landscape

Personal income taxes are one of the most significant revenue sources used at the state level and typically offset at least some of the regressivity of consumption taxes and property taxes, though they vary considerably in how well they do so. Some states, such as California, Minnesota, and Vermont, as well as the District of Columbia, have very progressive income taxes that compensate for most of the regressivity inherent in other taxes. A larger group of states levies income taxes that are only moderately progressive and don't fully offset regressivity elsewhere in their tax codes. Very few states, such as Alabama and Pennsylvania, have income tax systems that are themselves regressive throughout significant portions of the income distribution.

These differences in progressivity of state income taxes are due to three broad policy choices: whether the tax structure is flat or graduated,[7] whether the state grants regressive tax exemptions and deductions that go disproportionately to the wealthiest,[8] and whether the state offers refundable tax credits that benefit low- and middle-income people.[9]

Personal Income Tax Rate Structures

Of the states currently levying a broad-based personal income tax, all but 12 apply graduated tax rates (higher tax rates for higher income levels). Under a graduated tax, different portions of one's income can be taxed at different rates, with high-income families seeing more of their income taxed at higher rates than other families.

Arizona, Colorado, Georgia, Idaho, Illinois, Indiana, Kentucky, Michigan, Mississippi, North Carolina, Pennsylvania, and Utah tax income at one flat rate.[10] While the bulk of the most regressive states have no income taxes at all, two of the 10 most regressive — Pennsylvania and Illinois — find themselves in this group in part due to their use of a flat-rate income tax.

Using a graduated rate structure is not enough to guarantee a robustly progressive income tax overall, especially if the tax brackets are compressed at the bottom end of the income scale or if there are only minor differences in the tax rates charged within different brackets. Some graduated-rate income taxes are about as progressive, or even less progressive, than some flat-rate taxes. The distributional effects of income taxes depend both on the level of graduation in the tax bracket design, and on the tax base choices discussed in the next two sections.

Undermining Progressivity with Tax Subsidies for Wealthy Taxpayers

While discussion over income tax progressivity tends to focus on the tax rates being charged, the choice of tax base also matters immensely to the final distribution of state and local income tax systems. The following discussion touches on five of the most common and substantial income tax carveouts that can curb, or even reverse, the progressivity of state income tax laws.

Capital gains are profits from the sale of assets such as stocks, bonds, real estate, and antiques. Nine states (Arizona, Arkansas, Hawai'i, Montana, New Mexico, North Dakota, South Carolina, Vermont, and Wisconsin) provide income tax deductions or preferential rates for all long-term capital gains income. Other states—such as Connecticut, Idaho, Kansas, Kentucky, Louisiana, Maine, Maryland, Mississippi, Nebraska, New Jersey, North Carolina, and Oklahoma—offer tax reductions for realized gains from certain assets located solely within state boundaries.[11] These tax subsidies disproportionately benefit high-income and high-wealth families and tend to worsen economic inequality across both economic and racial dimensions. One recent analysis found that just 2 percent of the tax cuts associated with federal capital gains tax preferences flow to Black households, and just 3 percent flow to Hispanic households.[12] Minnesota recently became the first state with a broad-based income tax to buck the national trend and levy higher taxes on wealthy families' long-term capital gains than on their salaries or wages.

Pass-through business income represents the profits earned by partnerships, S corporations, and other so-called "pass-through" entities. Historically this income has been taxed at the same rate as salaries and wages, but a handful of states have recently decided to privilege it over other forms of income, spurred on in part by Congress' decision to provide a 20 percent write-off for this income under the Tax Cuts and Jobs Act of 2017. Colorado, Idaho, Iowa, Missouri, North Dakota, Ohio, Oregon, and South Carolina currently provide tax advantages to pass-through business income. Much like subsidies for capital gains, preferential treatment of pass-through businesses advantages high-income and disproportionately white taxpayers. The same analysis referenced above found that just 2 percent of the federal government's pass-through tax preferences reach Black taxpayers and just 5 percent reach Hispanic taxpayers.

Itemized deductions afford upper-income families with the opportunity to reduce their state taxable income based on the amount of certain expenses they incur such as mortgage interest, property tax, or charitable gifts. Most states with income taxes offer some itemized deductions, though many limit them in some way for upper-income families.[13] Rhode Island and Vermont are the most recent states to eliminate itemized deductions outright.

Carveouts for retirement income are often poorly targeted, allowing high-income seniors to pay less tax than younger families with much lower incomes. Some of these subsidies are so sweeping that they are akin to offering senior citizens an entirely separate tax system than younger families (seniors are excluded from the distributional estimates contained in this report in part for this reason, as discussed in the report's methodology). Senior tax subsidies reduce state personal income tax revenues nationwide by roughly 9 percent, with a large share of those subsidies flowing to relatively affluent seniors.[14]

Deductions for federal income taxes paid allow taxpayers to reduce their state taxable income by the amount of federal income tax they pay. Because the federal income tax is progressive, this state policy tilts heavily in favor of upper-income families. This deduction has gradually fallen out of favor at the state level. Alabama is the only state to allow a full deduction for federal income taxes paid in 2024, while Missouri and Oregon each allow partial deductions.[15] The effects of Alabama's deduction on its overall income tax code are dramatic: despite levying a 5 percent top income tax rate, the actual effective tax rate on the state's highest-income earners is less than 3 percent.

Taxing top incomes is among the most direct ways of lessening income inequality along racial and economic lines while raising substantial revenue to fund public investments that also combat inequality. But ensuring equity in state income tax laws requires looking beyond tax rates and paying close attention to the tax base—that is, the types of income being taxed, and the types of tax preferences being offered.[16]

Income Tax Credits Benefitting Low- and Moderate-Income Families

Refundable state tax credits can enhance income tax progressivity and lift people up and out of poverty. These are most effective when they are adjusted for inflation, so they do not erode over time, and when they are refundable, meaning that low earners who do not owe income tax (but still pay sales, excise, and property taxes) get the full value of the credit.

Thirty-one states plus the District of Columbia have Earned Income Tax Credits (EITCs).[17] Most states allow filers to calculate their EITC as a percentage of the federal credit. This makes the credit easy for state taxpayers to claim

(since they have already calculated the amount of their federal credit) and straightforward for state tax administrators. In all but six states, the EITC is fully refundable: Missouri, Ohio, South Carolina, and Utah have nonrefundable credits and Delaware and Virginia offer partial refundability. Many states have taken steps to make their credits more inclusive than the federal credit by providing access to immigrants who file taxes using Individual Taxpayer Identification Numbers (ITINs),[18] expanding age eligibility to workers without children in the home,[19] boosting the credit for extremely low-income families, and considering monthly payment options. These actions can chip away at racial and wealth inequality, blunt some of the regressivity of state and local tax systems, and help families meet their basic needs.

In 2024, 14 states provide Child Tax Credits (CTCs) to reduce poverty, boost economic security, and invest in children.[20] This is a significant increase from just a few years prior—a shift due, in large part, to states seeking to emulate the success of a temporary expansion to the federal CTC that was in effect for 2021. The American Rescue Plan Act of 2021 drastically reduced child poverty through an expanded CTC, cutting it by 46 percent by lifting 3.7 million children out of poverty before it lapsed at the end of that year. State lawmakers can design CTCs to complement the federal credit and achieve sizable child poverty reductions within their borders.[21] To maximize impact, lawmakers should make their credits fully refundable by granting access to the full credit even for those with little or no income, set a maximum amount per child instead of per household, set state-specific phaseout ranges that target low- and middle-income families, index to inflation, and offer the option of advanced payments.

Refundability ensures that families and children receive the full benefit of the credits. Refundable credits do not depend on the amount of income taxes paid; rather, if the credit exceeds income tax liability, the taxpayer receives the excess as a refund. This helps offset regressive sales, excise, and property taxes and can provide a much-needed income boost to help families afford necessities. Low-income tax credits such as an EITC or CTC are important indicators of tax progressivity: only three of the 10 most regressive state tax systems have an EITC and none have a CTC, while all of the 10 relatively progressive state tax systems provide a refundable EITC and nine provide a CTC.

Lawmakers have other types of refundable credits available to them as well. Six states offer an income tax credit to help offset the sales and excise taxes that low-income families pay. Some of the credits are specifically intended to offset the impact of sales taxes on groceries. These credits are normally a flat dollar amount for each family member and are available only to taxpayers with income below a certain threshold. They are usually administered on state income tax forms and are refundable — meaning that the full credit is given even if it exceeds the amount of income tax someone owes.

The credits described above advance the economic security of a diverse group of families of many races and ethnicities, but they can be particularly powerful for Black, Hispanic, Indigenous, and other people of color confronting economic hardship created by systematic race-based injustices in our broader society and our tax systems.

A Demonstration of Differences in Personal Income Tax Structures

The previous three sections discussed how differences in personal income tax rates, bases, and credits shape the final distribution of state and local income tax laws. Figure 8 demonstrates this point by comparing three places with dramatically different approaches to income taxation: the District of Columbia, West Virginia, and Pennsylvania.

The District of Columbia's income tax is quite progressive. Its six-tier graduated tax rates range from 4 percent to 10.75 percent. Because the top tax rate of 10.75 percent applies only to income over $1 million, most District residents pay a lower top rate and even millionaires pay lower rates on their first $1 million of earnings. At the bottom of the income scale, substantial refundable credits provide low-income taxpayers with sizeable tax rebates (though not enough to fully offset all the sales, excise, and property taxes they pay). Relatively few tax carveouts are offered to families at the top of the income scale.

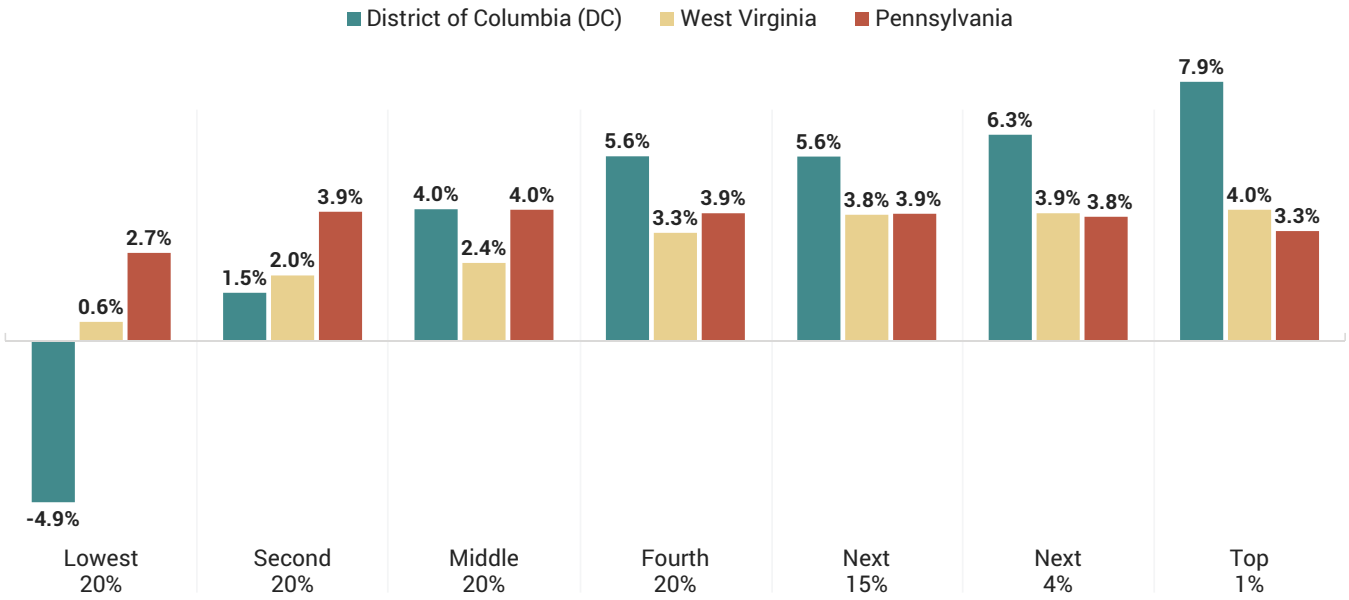
West Virginia's personal income tax, by contrast, has a narrower range of rates (from 2.36 to 5.12 percent) and a top rate that begins at just $60,000 of taxable income. The state offers relatively little in the way of tax credits for lower-income families but also does not provide particularly generous carveouts to families at the top of the income scale.

Pennsylvania is an example of an income tax structure that does little to improve the state's tax progressivity. The Keystone State has a flat statutory income tax rate of 3.07 percent, offers no deductions or personal exemptions to reduce taxable income, and does not provide refundable tax credits (the state does offer a tax forgiveness credit that reduces taxes for the very lowest income taxpayers). Pennsylvania's local income taxes often apply only to wage income, meaning that the capital gains and business income that flow disproportionately to high-income families are often tax exempt. Retirement income is also exempt in Pennsylvania.

FIGURE 8

Personal Income Tax Design Choices Produce Different Distributional Outcomes

Distribution of state and local personal income taxes in three jurisdictions, across income groups



Source: Institute on Taxation and Economic Policy (ITEP)

While all the taxes presented in Figure 8 are income taxes, their impacts are starkly different across the income scale. D.C. has the highest income tax rates at the top among these three jurisdictions but also the lowest (often negative) income tax rates at the bottom. The slope of its tax across income groups is more steeply progressive than the others.

Pennsylvania, by contrast, levies substantially higher tax rates at the bottom than D.C. and substantially lower rates at the top. Pennsylvania also taxes middle-income families at higher rates than high-income families—a fact owing primarily to the exemption of capital gains and business income from many local income tax bases. In sum, Pennsylvania's overall income tax system is progressive through roughly the bottom half of the income scale and regressive through the top half.

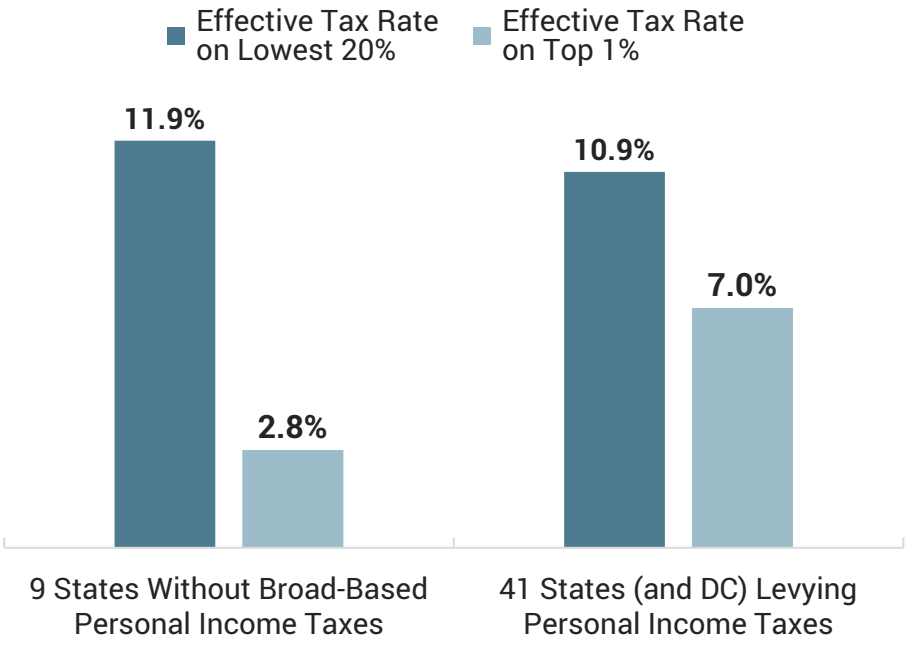
West Virginia falls somewhere between these two examples, with an income tax that is consistently, but just barely, progressive throughout the entire income distribution. Of these three systems, West Virginia's come closest to resembling the national average. The very moderate amount of progressivity embedded in West Virginia's income tax code, and those of many other states, cannot offset the highly regressive impact of sales, excise, and property taxes. The result is an overall tax system that tilts in a regressive direction.

States without Personal Income Taxes

Not levying a personal income tax requires tradeoffs that are detrimental to achieving a progressive tax structure. It is a common misconception that states without personal income taxes are "low tax." In reality, to compensate for lack of income tax revenues these state governments often rely more heavily on sales and excise taxes that disproportionately impact lower-income families. As a result, while the nine states without broad-based personal income taxes are universally "low tax" for households earning large incomes, these states are usually higher tax for the poor.

FIGURE 9

Absence of Income Tax Usually Means Higher Taxes for Poorer Households and Lower Taxes for High-Income Houseolds



Note: Tax rates are medians across each category of states. The nine states without broad-based personal income taxes are Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington, and Wyoming.

Source: Institute on Taxation and Economic Policy (ITEP)

Corporate Income Taxes

State corporate income taxes strengthen both the equity and revenue yield of state tax codes. A robust corporate income tax ensures that profitable corporations that benefit from a state's education system (to provide a trained workforce), transportation system (to move their products), and court and legal systems (to protect their property and business transactions) pay towards the maintenance of those services, just as working people do.

State corporate taxes fall primarily on corporate shareholders, a group that is wealthier than average, disproportionately white, and geographically dispersed. Because of this, robust taxation of corporate profits is an effective means both for lowering inequality and for "exporting" some state tax liability to nonresident taxpayers. Shareholders who live in other states and countries benefit when states provide robust services that bolster the profitability of the companies in which they invest, and corporate taxation ensures that those shareholders help fund those services.

Far too often, however, states struggle to enforce their corporate tax laws as companies move their profits, on paper, to entities that appear to be outside the reach of state taxing authorities. These complex and sometimes legally dubious arrangements are difficult, and time consuming, for state auditors to uncover and contest. To deal with this, most (28) states now use some version of a "combined reporting" system that is less vulnerable to these maneuvers.[22] The most comprehensive and enforceable version of this reform is known as worldwide combined reporting (WWCR), or complete reporting. While no state mandates WWCR comprehensively for all companies, 14 states and the District of Columbia have the building blocks for this reform in place with laws that either allow, or require, companies to file returns that include at least some profits booked in foreign countries, including those classified as tax havens.[23] Another 14 states require combined reporting for profits that companies say are domestic, but exclude profits booked overseas, including in tax haven countries.

Tax Levels and the Use of State Revenues

This study focuses on the distribution of state and local taxes across income levels within each state so that lawmakers and the public can decide whether the tax laws are living up to their vision of fairness. Another key consideration in crafting tax policy is the overall tax and revenue level across states, and variations in the breadth and quality of public services that states provide with differing levels of revenue. While payment of state and local taxes certainly affects families' economic wellbeing, so too does the quality of K-12 education, health care, infrastructure, higher education, and the strength of the safety net and other services available in each state.

Using the data contained in this report, we find progressive taxation is positively correlated with higher overall tax revenue levels, measured relative to the size of each state's economy. In other words, upside-down tax codes tend to yield less revenue than tax codes that come closer to being progressive or flat throughout the income scale. This makes intuitive sense. Because high-income families receive such a large share of overall income, choosing to tax them at substantially lower rates than other families will constrain revenue collections in a significant way and leave states and localities with fewer resources to fund schools, infrastructure, and other services.

Sales and Excise Taxes

Consumption taxes such as sales and excise taxes are the most regressive elements in most state and local tax systems and the most significant drivers of income and racial inequity in those systems.[24] These taxes apply to spending either broadly (sales and gross receipts taxes) or narrowly (excise taxes).

Sales Taxes

Sales taxes inevitably require a larger share of income from low- and middle-income families than from wealthier families because sales taxes are levied at a flat rate and spending as a share of income falls as income rises. Thus, while a flat rate general sales tax may appear on its face to be neither progressive nor regressive, that is not its practical impact. Unlike an income tax, which generally applies to most income, the sales tax applies only to spent income and exempts saved income. Since high earners can save a much larger share of their incomes than middle-income families—and since the poor can rarely save at all—the tax is inherently regressive.

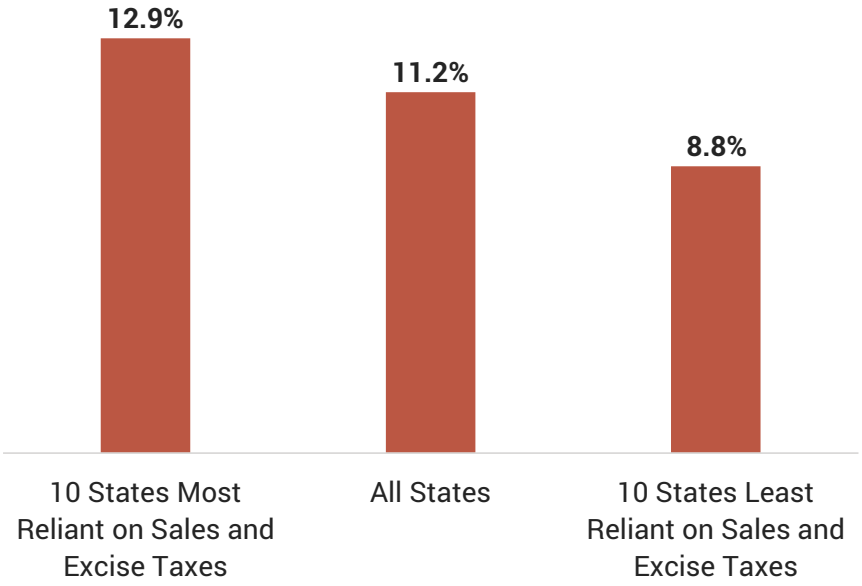
The average state's consumption tax structure ends up being like an income tax with a 7 percent rate for the poor, a 4.8 percent rate for the middle class, and a 1 percent rate for the wealthiest taxpayers. Few policymakers would intentionally design an income tax that looks like this, but many have done so by relying heavily on consumption taxes as a revenue source.

On average, sales and excise taxes accounted for more than a third of the state and local taxes collected in 2023. States that rely more heavily on consumption taxes increase the regressivity of their state and local tax systems. Arizona, Arkansas, Florida, Louisiana, Nevada, South Dakota, Tennessee, and Washington raise more than half their tax revenue through regressive sales, excise, and other consumption taxes. All but one of these states are among the 10 most regressive state and local tax systems in the nation (Arizona, the 13th most regressive system, is the only exception).

FIGURE 10

States Relying Heavily on Sales and Excise Taxes Levy Higher Effective Tax Rates on Low-Income Families

Total state and local effective tax rate on lowest 20 percent of families



Note: Tax rates are medians across each category of states.

Source: Institute on Taxation and Economic Policy (ITEP)

Which items are included in the sales tax base is another important factor affecting this tax's regressivity. For example, taxing groceries is a particularly regressive policy because poor families spend a substantial share of their income on groceries. While the federally mandated tax exemption for groceries purchased with Supplemental Nutrition Assistance Program (SNAP) benefits, formerly known as food stamps, helps lessen the impact of these taxes, the effect of this exemp tion is lower than is sometimes claimed. Most grocery spending by families in poverty is done with cash, not SNAP, as less than half of families in poverty participate in SNAP and even those who do participate pay cash for a meaningful share of their grocery purchases.[25]

Four of the 10 states relying most heavily on consumption taxes include groceries in their sales tax bases. South Dakota taxes groceries in full without offsetting relief while Arkansas and Tennessee tax groceries at a reduced rate. Hawai'i taxes groceries at the full rate but with a partially offsetting credit for taxpayers making less than $60,000. Seven of the 10 states that we identify as having the highest overall consumption tax rates for the bottom fifth of earners tax groceries at the state level, local level, or both. Those states are Arkansas, Louisiana, Tennessee, Hawai'i, Mississippi, Oklahoma, and Illinois.[26]

Excise and Selective Sales Taxes

While general sales taxes are applied to a broad base of taxable items, states and localities also impose narrower taxes on specific types of goods and services.

Some of these levies are aimed at tourists and other visitors, such as taxes on hotel stays and car rentals. These taxes tend to have relatively little effect on lawmakers' own constituents. Levies on event admissions and restaurant meals can serve a similar purpose, though a larger share of these taxes is paid by residents and they typically have regressive effects.

Other significant taxes in this category include those applied to utility bills and insurance premiums. Both these tax types tend to ask more of low- and middle-income families as they devote a larger share of their earnings toward paying for utilities and insurance than high-income families.

Excise taxes on gasoline and tobacco are familiar examples of selective excise taxes. These levies tend to be particularly regressive because their tax bases have practical per-person maximums (for example, one can only use so much gasoline). But each tax also has policy advantages. Gas taxes require long-distance commuters and owners of heavy vehicles to pay more toward their higher levels of wear and tear on the roads, while tobacco taxes have been shown to be effective in discouraging new smokers.

The key to crafting a state tax system that does not tilt in a regressive direction is not avoiding every form of regressive taxation. Rather, it is ensuring that such levies are not an outsized share of total revenues, and that their regressive effects are counterbalanced by progressive policies elsewhere in the tax code.

Property Taxes

Property taxes are an important revenue source, especially for local governments. Today, a state's property tax base typically includes only a subset of total wealth: primarily homes and business real estate and, in some states, cars and business property other than real estate. Wealth in the form of business equity, stocks, bonds, patents, copyrights, savings, and other "intangible" property is not generally taxed by any level of government.

Our analysis shows that, overall, the property tax is a regressive tax — albeit far less regressive than sales and excise taxes. There are several reasons for this:

- For homeowners, home values as a share of income tend to decline at higher incomes. A typical middle-income family's home might be worth five times as much as the family's annual income, while a rich person's home might be valued at twice his or her annual income or potentially much less. Homes also represent a larger share of total wealth for the middle class, whereas most of the net worth of wealthy families consists of corporate and business equity that tends to be exempt from property tax.

- Inaccuracies in property tax assessments often result in high-value homes being taxed on a fraction of their value compared to low-value homes. One recent study found that the top tenth of all homes are assessed at half the rate of the bottom tenth.[27] Another found that assessment gaps cause Black and Hispanic homeowners to pay 10 to 13 percent more than white homeowners in comparable homes.[28]

- Renters do not escape property taxes. A portion of the property tax on rental property is passed through to renters in the form of higher rent — and these taxes represent a much larger share of income for poor families than for the wealthy. This adds to the regressivity of the property tax.

- Motor vehicles are usually subject to tax, often with flat-rate registration taxes per vehicle but sometimes with more sophisticated levies that take into account the value, age, fuel efficiency, or weight of the vehicle. Value-based car taxes are regressive because vehicle values are low when measured relative to income (or wealth) for high-income families. Flat-rate car taxes are even more regressive.

Property taxes paid by businesses reduce the regressivity of the property tax as they generally fall on owners of capital and to a significant degree are "exported" to residents of other states.

The effect of real estate property taxes across race and ethnicity is nuanced and complex. Vast differences in intergenerational wealth and a long history of racist housing policy have allowed white households to secure homeownership rates far beyond households of color. Those forces, together with white homebuyers' aversion to living in areas with large nonwhite populations, have also led to significantly higher market values for white-owned homes relative to those owned by people of color. These factors can lead to higher property tax payments and, as a result, better-funded schools in majority-white areas. But renters, a disproportionate share of whom are people of color, also pay the property tax indirectly through their rent payments. Compounding the challenges in property tax payments, housing segregation and assessment discrimination can result in higher tax bills for people of color relative to what white homeowners in similarly valued homes pay.

The regressivity of property taxes is also dependent on other factors within the control of policymakers, such as the use of exemptions, tax credits, and preferential tax rates for homeowners, and on external factors such as housing patterns in the state. The least regressive property taxes currently are those that tend to use the strategies detailed below.

Homestead Exemptions

The most common form of broad-based state property tax relief for homeowners is the homestead exemption, which usually exempts a flat dollar amount or flat percentage of home value from property tax. Some states apply the exemption only to certain types of property tax levies, such as school taxes, while other states apply the exemption to all homeowner property taxes.

Allowing a generous homestead exemption is what sets less regressive property tax systems apart from the most regressive. While several states have increased the value of their homestead exemptions in recent years, many others have allowed the real value of their homestead exemptions to diminish, as increasing home values made fixed-dollar exemptions less valuable.

Low-Income Property Tax Credits

Most states now offer some kind of credit designed to assist low-income taxpayers in paying their property tax bills. The most effective and targeted property tax credits are "circuit breaker" programs made available to low-income homeowners and renters regardless of age. Today, 29 states and the District of Columbia offer some kind of circuit breaker program. Another 16 states offer an income-limited property tax cut. And five states do not offer any kind of income-targeted property tax break at all (Arkansas, Kentucky, Mississippi, South Carolina, and Texas).[29]

Circuit breaker credits take effect when property tax bills exceed a certain percentage of a person's income. Unfortunately, slightly more than half of states with circuit breaker credits (17 of 30) reduce their impact by targeting them exclusively to seniors. Only seven states offer substantial circuit breakers to all low-income property taxpayers regardless of age or disability. Moreover, more than two-thirds of states with circuit breakers (21 of 30) extend their programs to at least some renters. Tax credits directed toward low- and moderate-income renters are an especially promising option for narrowing racial disparities as an outsized share of this group is comprised of Black, Hispanic, and Indigenous households. In fact, a tax credit targeted to low-income renters will be even more efficient in reaching historically marginalized communities than one made available to all low-income individuals.[30]

Notably, not a single one of the 10 most regressive states has a true low-income circuit breaker available to low-income homeowners and renters of all ages.

Other Taxes

While the vast majority of state and local taxes can be neatly classified as falling on income, consumption, or property, there are a handful of taxes that defy this categorization and are labeled simply as “Other Taxes” in this report.

Most of these levies are license taxes and are required to run a business or engage in a particular type of activity. These generally comprise a very small share of state and local revenue and are of minimal importance to the overall distribution of tax systems.

In some states, however, severance taxes levied on the extraction of oil, gas, minerals, timber, and other resources are a major source of revenue. These taxes tend to fall primarily on firm owners, making them both progressive and a powerful means of raising revenue from residents of other states and countries.

Low Taxes or Just Regressive Taxes?

This report identifies the most regressive state and local tax systems and the policy choices that drive that outcome. Many of the most upside-down tax systems have another trait in common: they are frequently hailed as "low tax" states, often with an emphasis on their lack of an income tax. But this raises the question: "low tax" for whom?

This study finds that very few states achieve low tax rates across the board for all income groups, and those that do usually rely heavily on energy or tourism sectors that cannot realistically be replicated elsewhere. Alaska is the only state that ranks among the bottom 10 lowest-tax states for all seven income groups included in the study. New Hampshire and North Dakota are among the lowest-tax states for six of their seven income groups. Nevada, South Dakota, and Wyoming have low taxes for five of their income groups.

The absence of an income tax, or low overall tax revenue collections, are often used as shorthand for classifying a state as "low tax." These two measures are, in fact, reliable indicators that taxes will be low for the highest-income earners, but they tell us next to nothing about the tax level being charged to low-income families.

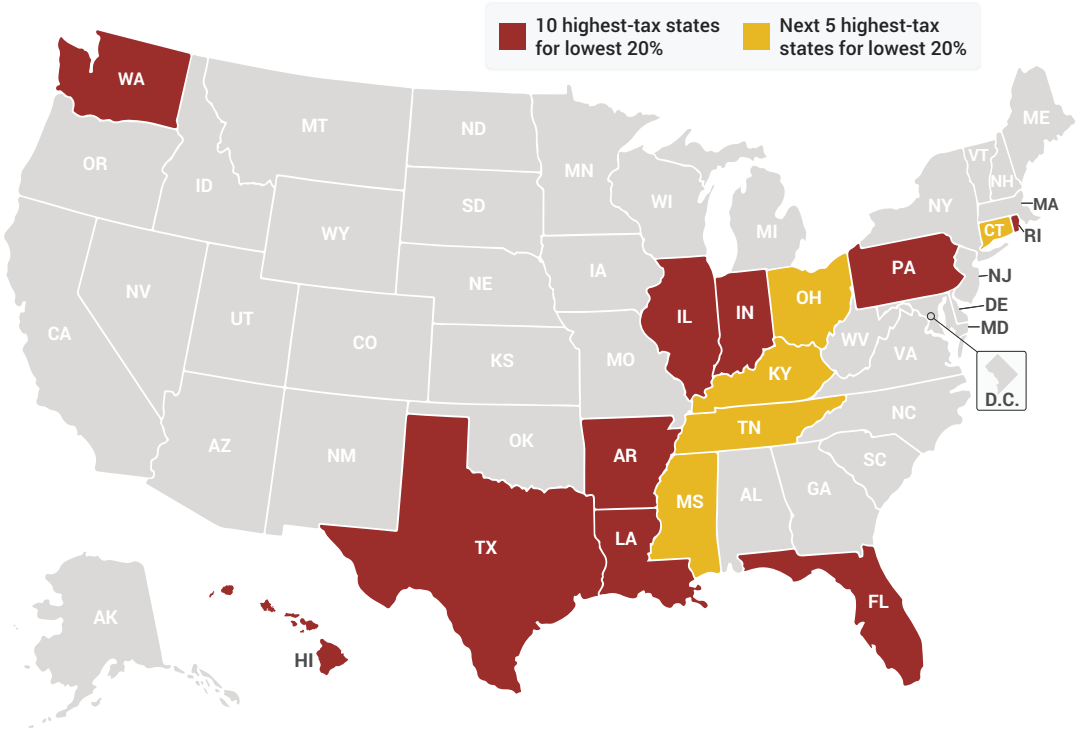
Florida, Tennessee, Texas, and Washington all forgo broad-based personal income taxation and have low taxes on the rich, yet they are among the highest-tax states in the country for poor families. These states are indicative of a broader pattern. Using the data in this report, we find a modest negative correlation between tax rates charged to the lowest and highest income groups. In other words, if a state has low taxes for its highest-income earners, it is more likely to have high taxes for its lowest-income residents.

Similarly, we find that the overall level of tax revenue collected in a state has almost zero correlation with the tax rate charged to that state's lowest-income families. Put another way, states that collect comparatively little tax revenue tend to levy tax rates on poor families that are roughly on par with those charged in other states. And, as a group, states collecting higher amounts of revenue do not do so with above-average tax rates on the poor.

For high-income families, on the other hand, overall revenues are highly correlated with their own personal tax bills. This suggests that high-income families receive a financial windfall when a state chooses to collect a low level of tax revenue overall, though that windfall comes at the cost of fewer or lower-quality public services.

FIGURE 11

States with the Highest Taxes on Low-Income Households



Rank	State	Effective Tax Rate Paid by Lowest 20%
1	Pennsylvania	15.1%
2	Illinois	14.8%
3	Hawai'i	14.1%
4	Washington	13.8%
5	Indiana	13.3%
6	Rhode Island	13.3%
7	Florida	13.2%
8	Louisiana	13.1%
9	Arkansas	13.1%
10	Texas	12.8%
11	Tennessee	12.8%
12	Ohio	12.7%
13	Connecticut	12.4%
14	Mississippi	12.4%
15	Kentucky	12.4%

Source: Institute on Taxation and Economic Policy (ITEP)

Figure 11 shows the states levying the highest taxes on poor families. Pennsylvania is the highest-tax state in the country for poor people. In fact, when all state and local taxes are tallied, Pennsylvania's poor families pay 15.1 percent of their income in state and local taxes. Compare that to neighboring New Jersey, where the poor pay 9.0 percent of their incomes in state and local taxes — far less than in Pennsylvania. New Jersey's more progressive income tax structure, which includes robust tax credits for low-income families, plays a significant role in this outcome.

A Word About Non-Tax Revenue

Who Pays? examines how, and from whom, state and local governments collect tax revenue. Non-tax revenue is largely excluded from the analysis. Non-tax revenue takes many forms and includes fees, fines, service charges, royalties, interest earnings, and any other monies that are collected by a state or local government outside of the tax code.

Many forms of non-tax revenue are collected in a manner that is disconnected from ability to pay. For example, road tolls and public parking are based on the use of a service and are charged at the same rate regardless of one's income. Court fees and fines can be particularly onerous for low-income and historically marginalized communities, as a growing group of states pursuing reforms to these charges has recognized.[31]

States where the political climate includes strong anti-tax sentiment are more likely to turn to non-tax revenue options to balance the budget. This worsens economic inequality when the non-tax sources being relied upon do not adequately consider families' ability to pay. See Appendix C for data on the degree to which states rely on non-tax revenue.

Conclusion

The vast majority of state and local tax systems are regressive, asking less of the wealthy than of low- and middle-income families. These systems worsen income inequality by making incomes more unequal after collecting state and local taxes. A heavy reliance on consumption taxes, together with the absence of a meaningfully graduated personal income tax in many states, are key drivers of this outcome. Recent decisions to reduce or flatten income taxes in some states have added to the high level of regressivity seen in many state and local tax codes.

There are also states, however, that have chosen a different path. Six states and the District of Columbia have structured their tax systems to not be regressive overall. These systems actually narrow income gaps between at least some groups through progressive taxation. Many of these six states, along with some others, have taken steps toward lowering tax regressivity in recent years through reforms strengthening state EITCs, CTCs, and other refundable credits, or by taxing top incomes more robustly.

The wide variety of results seen across states in this study proves that regressive state and local taxation is not inevitable. It is a policy choice. It is ultimately up to the public and their elected officials to decide whether they want to continue a status quo where, in most states, the highest-income families face the lowest state and local tax rates.

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APPENDIX A: Who Pays Summary Data

Total state and local taxes as a share of family income in all 50 states and D.C.

State	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%
Alabama	11.9%	11.5%	10.5%	9.3%	8.4%	6.7%	5.4%
Alaska	8.7%	5.9%	5.4%	5.4%	4.3%	3.2%	2.8%
Arizona	11.8%	10.1%	9.8%	9.1%	7.8%	6.3%	5.0%
Arkansas	13.1%	11.1%	11.7%	10.1%	9.4%	8.1%	5.8%
California	11.7%	10.3%	10.4%	11.0%	10.8%	10.4%	12.0%
Colorado	8.3%	9.0%	9.9%	9.3%	8.5%	7.6%	7.0%
Connecticut	12.4%	10.4%	11.7%	12.2%	10.8%	9.3%	7.9%
Delaware	8.2%	7.6%	7.9%	8.1%	7.7%	7.7%	6.8%
D.C.	4.8%	10.6%	11.5%	12.4%	12.1%	10.9%	11.4%
Florida	13.2%	10.9%	9.5%	8.4%	6.4%	5.0%	2.7%
Georgia	10.3%	10.1%	9.6%	9.8%	9.3%	8.0%	6.9%
Hawai'i	14.1%	13.7%	14.2%	13.4%	11.8%	10.2%	10.1%
Idaho	9.5%	7.8%	8.4%	8.6%	8.4%	7.3%	6.4%
Illinois	14.8%	12.6%	12.8%	11.6%	10.8%	9.1%	7.3%
Indiana	13.3%	11.0%	10.4%	9.7%	8.7%	7.4%	6.2%
Iowa	11.6%	11.4%	10.5%	10.7%	10.6%	8.9%	7.2%
Kansas	11.4%	11.2%	11.7%	11.2%	10.8%	9.0%	7.5%
Kentucky	12.4%	10.9%	11.0%	10.3%	10.0%	8.4%	6.6%
Louisiana	13.1%	12.7%	12.5%	10.9%	10.1%	8.7%	6.5%
Maine	8.6%	9.3%	10.6%	10.7%	10.8%	10.1%	9.5%
Maryland	9.6%	9.7%	11.2%	12.0%	10.8%	9.6%	9.0%
Massachusetts	8.2%	9.2%	9.6%	10.0%	9.1%	7.9%	8.9%
Michigan	7.1%	9.0%	9.7%	9.7%	8.6%	7.4%	5.7%
Minnesota	6.2%	8.0%	10.0%	10.9%	9.9%	9.9%	10.5%
Mississippi	12.4%	10.8%	11.0%	10.1%	9.6%	8.2%	6.9%
Missouri	8.4%	7.8%	8.6%	8.9%	8.7%	7.3%	5.7%
Montana	9.5%	7.5%	8.3%	8.5%	8.4%	7.7%	6.7%

APPENDIX A: Who Pays Summary Data (cont.)

State	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%
Nebraska	11.2%	10.1%	11.0%	10.1%	10.2%	9.1%	7.2%
Nevada	11.9%	9.5%	8.6%	7.8%	6.7%	5.0%	2.8%
New Hampshire	8.9%	6.0%	6.7%	6.3%	5.2%	4.2%	2.8%
New Jersey	8.8%	9.4%	10.8%	12.0%	11.1%	9.4%	10.5%
New Mexico	7.1%	9.0%	11.0%	11.6%	10.7%	9.6%	8.1%
New York	11.1%	11.8%	13.3%	13.8%	13.8%	12.8%	13.5%
North Carolina	10.5%	9.6%	9.3%	9.1%	8.5%	7.2%	6.0%
North Dakota	9.8%	8.2%	8.5%	6.7%	6.7%	5.7%	4.9%
Ohio	12.7%	10.5%	10.4%	10.0%	9.3%	8.0%	6.3%
Oklahoma	12.2%	10.3%	10.5%	9.8%	8.9%	7.9%	6.3%
Oregon	12.0%	10.1%	9.7%	10.9%	11.0%	10.0%	10.4%
Pennsylvania	15.1%	12.8%	11.4%	10.2%	9.4%	8.2%	6.0%
Rhode Island	13.3%	9.8%	9.6%	10.4%	9.4%	9.1%	8.6%
South Carolina	10.1%	8.2%	8.8%	9.5%	9.4%	8.1%	6.5%
South Dakota	11.4%	8.8%	8.6%	7.0%	6.7%	4.2%	2.6%
Tennessee	12.8%	10.9%	10.2%	8.6%	7.1%	5.3%	3.8%
Texas	12.8%	11.2%	9.9%	8.8%	7.2%	6.2%	4.6%
Utah	9.8%	10.0%	10.4%	10.3%	9.5%	7.6%	6.4%
Vermont	6.3%	8.2%	9.6%	10.5%	10.6%	10.3%	10.1%
Virginia	8.7%	9.7%	10.3%	10.3%	9.6%	8.5%	7.2%
Washington	13.8%	10.9%	10.9%	9.4%	8.0%	5.4%	4.1%
West Virginia	11.6%	10.9%	10.0%	9.6%	9.3%	8.6%	7.2%
Wisconsin	10.8%	10.1%	9.9%	9.8%	8.9%	7.4%	6.6%
Wyoming	11.1%	8.9%	7.4%	6.9%	6.6%	5.0%	3.4%
Average Across All States	**11.3%**	**10.4%**	**10.5%**	**10.3%**	**9.5%**	**8.3%**	**7.2%**

Note: Figures show 2024 tax law, as enacted through January 1, 2024, at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology section.

Source: Institute on Taxation and Economic Policy (ITEP)

APPENDIX B: ITEP Tax Inequality Index and Additional Data

			Effective Tax Rates				
Rank	State	Index Value	Lowest 20%	Lowest 40%	Middle 60%	Top 20%	Top 1%
1	Florida	-9.2%	13.2%	11.5%	9.1%	4.5%	2.7%
2	Washington	-8.5%	13.8%	11.7%	10.2%	6.2%	4.1%
3	Tennessee	-8.0%	12.8%	11.5%	9.4%	5.5%	3.8%
4	Pennsylvania	-7.8%	15.1%	13.4%	11.0%	8.1%	6.0%
5	Nevada	-7.8%	11.9%	10.2%	8.4%	4.8%	2.8%
6	South Dakota	-7.3%	11.4%	9.5%	7.8%	4.8%	2.6%
7	Texas	-7.2%	12.8%	11.6%	9.5%	6.0%	4.6%
8	Illinois	-6.6%	14.8%	13.2%	12.1%	9.4%	7.3%
9	Arkansas	-6.4%	13.1%	11.7%	10.7%	8.0%	5.8%
10	Louisiana	-6.3%	13.1%	12.8%	11.6%	8.9%	6.5%
11	Wyoming	-6.2%	11.1%	9.5%	7.4%	5.2%	3.4%
12	Alabama	-6.0%	11.9%	11.6%	10.0%	7.3%	5.4%
13	Arizona	-5.9%	11.8%	10.6%	9.5%	6.8%	5.0%
14	Indiana	-5.9%	13.3%	11.6%	10.1%	7.9%	6.2%
15	Ohio	-5.3%	12.7%	11.1%	10.2%	8.3%	6.3%
16	Oklahoma	-5.0%	12.2%	10.9%	10.1%	8.0%	6.3%
17	Kentucky	-5.0%	12.4%	11.3%	10.6%	8.9%	6.6%
18	New	-4.8%	8.9%	6.9%	6.4%	4.2%	2.8%
19	Mississippi	-4.7%	12.4%	11.3%	10.5%	8.8%	6.9%
20	Alaska	-4.4%	8.7%	6.7%	5.5%	3.6%	2.8%
21	Connecticut	-4.2%	12.4%	10.9%	11.8%	9.3%	7.9%
22	Hawai‘i	-4.2%	14.1%	13.8%	13.7%	11.0%	10.1%
23	Iowa	-4.1%	11.6%	11.4%	10.8%	9.3%	7.2%
24	North Carolina	-4.0%	10.5%	9.8%	9.2%	7.5%	6.0%
25	North Dakota	-3.9%	9.8%	8.7%	7.5%	6.0%	4.9%
26	Kansas	-3.8%	11.4%	11.2%	11.3%	9.7%	7.5%
27	Wisconsin	-3.8%	10.8%	10.3%	9.9%	8.0%	6.6%

APPENDIX B: ITEP Tax Inequality Index and Additional Data (cont.)

			Effective Tax Rates				
Rank	State	Index Value	Lowest 20%	Lowest 40%	Middle 60%	Top 20%	Top 1%
28	West Virginia	-3.7%	11.6%	11.1%	9.9%	8.7%	7.2%
29	Utah	-3.7%	9.8%	9.9%	10.3%	7.9%	6.4%
30	Nebraska	-3.5%	11.2%	10.4%	10.4%	9.2%	7.2%
31	Rhode Island	-3.2%	13.3%	10.7%	10.1%	9.2%	8.6%
32	Georgia	-3.2%	10.3%	10.2%	9.8%	8.3%	6.9%
33	South Carolina	-2.9%	10.1%	8.7%	9.1%	8.2%	6.5%
34	Michigan	-2.6%	7.1%	8.5%	9.6%	7.4%	5.7%
35	Missouri	-2.6%	8.4%	7.9%	8.6%	7.4%	5.7%
36	Idaho	-2.4%	9.5%	8.3%	8.4%	7.7%	6.4%
37	Virginia	-2.1%	8.7%	9.4%	10.2%	8.7%	7.2%
38	Montana	-2.0%	9.5%	8.0%	8.3%	7.8%	6.7%
39	Colorado	-1.8%	8.3%	8.8%	9.4%	7.8%	7.0%
40	Delaware	-1.2%	8.2%	7.8%	8.0%	7.6%	6.8%
41	Maryland	-1.2%	9.6%	9.7%	11.3%	10.1%	9.0%
42	Oregon	-0.7%	12.0%	10.6%	10.4%	10.6%	10.4%
43	New Mexico	-0.5%	7.1%	8.5%	11.0%	9.9%	8.1%
44	Massachusetts	-0.1%	8.2%	8.9%	9.7%	8.7%	8.9%
45	Maine	+0.2%	8.6%	9.1%	10.4%	10.3%	9.5%
46	New Jersey	+0.7%	8.8%	9.2%	11.2%	10.5%	10.5%
47	California	+0.8%	11.7%	10.7%	10.7%	11.1%	12.0%
48	New York	+1.6%	11.1%	11.6%	13.3%	13.4%	13.5%
49	Vermont	+2.3%	6.3%	7.8%	9.8%	10.4%	10.1%
50	Minnesota	+2.6%	6.2%	7.5%	10.1%	10.0%	10.5%
51	D.C.	+3.1%	4.8%	9.1%	11.8%	11.6%	11.4%

Note: Figures show 2024 tax law, as enacted through January 1, 2024, at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology section.

Source: Institute on Taxation and Economic Policy (ITEP)

APPENDIX C: Composition of State and Local Revenue by Source

Tax data for calendar year 2023; non-tax data for fiscal year 2021

	Share of Total Tax Revenue (CY 2023)				Reliance Ranking (CY 2023)				Non-Tax Revenue (FY 2021)	
State	Property Taxes	Sales & Excise Taxes	Income Taxes	Other Taxes	Property Taxes	Sales & Excise Taxes	Income Taxes	Other Taxes	Share of Own-Source Revenue	Reliance Ranking
All States Total	**34.4%**	**34.2%**	**28.8%**	**2.5%**	--	--	--	--	**28.9%**	
Alabama	20.4%	45.0%	31.5%	3.1%	49	12	20	13	43.0%	3
Alaska	38.4%	14.5%	7.6%	39.5%	14	48	45	1	62.7%	1
Arizona	30.6%	52.5%	16.1%	0.7%	32	5	42	48	25.8%	38
Arkansas	20.2%	50.2%	27.9%	1.7%	50	8	28	23	28.8%	32
California	28.3%	28.5%	40.6%	2.5%	38	35	5	15	25.9%	37
Colorado	41.2%	30.1%	27.4%	1.3%	9	34	29	32	29.7%	28
Connecticut	36.9%	24.9%	38.0%	0.3%	20	41	9	50	14.2%	51
Delaware	22.6%	13.0%	61.6%	2.7%	46	51	1	14	30.4%	25
D.C.	39.1%	22.9%	37.0%	1.0%	13	44	10	40	15.6%	50
Florida	43.4%	50.6%	4.7%	1.3%	5	7	46	31	37.5%	7
Georgia	32.3%	36.3%	30.4%	1.0%	29	21	23	42	29.9%	27
Hawai'i	25.2%	48.3%	25.9%	0.6%	41	9	32	49	28.5%	34
Idaho	30.4%	36.2%	32.0%	1.4%	33	22	19	28	30.3%	26
Illinois	34.5%	25.6%	38.2%	1.8%	25	40	8	21	20.0%	48
Indiana	28.6%	38.0%	32.4%	1.0%	36	18	17	43	32.4%	19
Iowa	38.4%	35.4%	25.2%	1.1%	15	23	33	38	36.7%	9
Kansas	35.2%	34.4%	29.2%	1.2%	23	25	25	33	35.4%	13
Kentucky	23.5%	39.8%	35.0%	1.7%	43	15	12	22	31.0%	24
Louisiana	23.4%	50.9%	22.0%	3.8%	44	6	40	12	31.6%	22
Maine	44.8%	27.1%	26.5%	1.6%	4	38	31	24	19.4%	49
Maryland	28.1%	25.8%	45.2%	0.9%	39	39	3	45	20.2%	47
Massachusetts	40.1%	19.0%	40.1%	0.8%	12	46	6	46	21.2%	44
Michigan	38.2%	32.7%	28.0%	1.0%	16	28	27	39	34.2%	15
Minnesota	32.6%	27.4%	39.1%	1.0%	28	37	7	41	24.8%	41
Mississippi	28.4%	46.5%	24.2%	1.0%	37	11	37	44	37.0%	8
Missouri	30.9%	37.1%	30.9%	1.1%	31	20	21	36	32.6%	18

APPENDIX C: Composition of State and Local Revenue by Source (cont.)

State	Share of Total Tax Revenue (CY 2023)				Reliance Ranking (CY 2023)				Non-Tax Revenue (FY 2021)	
	Property Taxes	Sales & Excise Taxes	Income Taxes	Other Taxes	Property Taxes	Sales & Excise Taxes	Income Taxes	Other Taxes	Share of Own-Source Revenue	Reliance Ranking
Montana	40.6%	14.2%	36.7%	8.5%	10	49	11	7	25.7%	39
Nebraska	41.7%	32.5%	24.7%	1.1%	8	29	36	35	28.3%	35
Nevada	29.6%	58.7%	4.2%	7.5%	35	3	47	8	27.1%	36
New Hampshire	62.7%	13.5%	23.1%	0.8%	1	50	39	47	24.5%	42
New Jersey	42.1%	23.5%	33.3%	1.1%	7	43	14	37	20.2%	46
New Mexico	14.9%	40.6%	16.3%	28.2%	51	14	41	3	39.4%	5
New York	37.6%	21.2%	41.0%	0.2%	18	45	4	51	20.9%	45
North Carolina	26.8%	39.0%	32.9%	1.3%	40	17	16	30	35.8%	11
North Dakota	21.8%	30.6%	10.8%	36.9%	48	33	44	2	33.3%	17
Ohio	33.6%	39.4%	24.9%	2.1%	27	16	35	19	31.9%	20
Oklahoma	24.9%	42.7%	23.2%	9.2%	42	13	38	6	35.9%	10
Oregon	34.8%	15.0%	48.6%	1.6%	24	47	2	25	35.2%	14
Pennsylvania	31.7%	31.0%	35.0%	2.4%	30	32	13	16	28.6%	33
Rhode Island	40.5%	33.0%	25.1%	1.4%	11	27	34	29	25.6%	40
South Carolina	37.2%	33.5%	27.0%	2.3%	19	26	30	17	42.1%	4
South Dakota	37.8%	56.8%	1.3%	4.1%	17	4	49	11	29.3%	30
Tennessee	22.4%	61.5%	13.9%	2.1%	47	1	43	18	31.4%	23
Texas	47.0%	47.6%	0.1%	5.3%	2	10	51	9	33.7%	16
Utah	29.8%	38.0%	30.8%	1.4%	34	19	22	27	38.1%	6
Vermont	45.3%	24.4%	29.1%	1.2%	3	42	26	34	21.6%	43
Virginia	36.0%	27.6%	32.1%	4.3%	21	36	18	10	29.4%	29
Washington	35.8%	60.7%	1.7%	1.8%	22	2	48	20	31.7%	21
West Virginia	23.2%	34.5%	29.7%	12.6%	45	24	24	5	35.4%	12
Wisconsin	33.9%	31.4%	33.2%	1.4%	26	30	15	26	29.3%	31
Wyoming	42.1%	31.2%	1.0%	25.6%	6	31	50	4	53.0%	2

Note: Reliance on each tax category is measured relative to total state and local tax collections. Reliance on non-tax revenue is measured relative to total own-source revenue. Reliance rankings are presented in descending order, meaning that the most reliant jurisdiction is ranked 1st and the least reliant is ranked 51st among the 50 states and the District of Columbia.

Source: Institute on Taxation and Economic Policy (ITEP) analysis of data published by state revenue and budget offices, the U.S. Census Bureau, and various other sources.

APPENDIX D: Lookback Analyses of State Results if Select Changes Had Not Occurred

Effective tax rates by income group if select policy changes had not been enacted prior to tax year 2024 (*Individual figures may not sum to totals due to rounding)*

Arkansas

Total State and Local Tax Shares of Family Income

	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%
Lookback	13.1%	11.6%	12.4%	10.9%	10.7%	9.5%	7.3%
Current law	13.1%	11.1%	11.7%	10.1%	9.4%	8.1%	5.8%
Change	-0.1%	-0.5%	-0.7%	-0.8%	-1.2%	-1.4%	-1.5%

ITEP Inequality Index

Index Value	Index Rank
-5.1%	15
-6.4%	9
-1.3%	-6

Lookback presents 2018 law. Changes since 2018 include PIT rate cuts (including top rate reduction from 6.9% to 4.4%), elimination of one of three sets of PIT brackets, beginning inflation indexing of Standard Deduction, and new nonrefundable low-income credit. Top CIT rate cut from 6.5% to 5.3%.

Arizona

Total State and Local Tax Shares of Family Income

	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%
Lookback	11.8%	10.2%	9.9%	9.4%	8.3%	7.1%	7.3%
Current law	11.8%	10.1%	9.8%	9.1%	7.8%	6.3%	5.0%
Change	-0.0%	-0.0%	-0.1%	-0.3%	-0.6%	-0.9%	-2.3%

ITEP Inequality Index

Index Value	Index Rank
-3.7%	27
-5.9%	13
-2.2%	-14

Lookback presents Arizona law following voters' approval of Proposition 208 in 2020, which raised taxes on high-income earners ($250,000 single / $500,000 married). The legislature and governor overrode that public vote and replaced the tax increases with cuts by, among other things, moving to a flat-rate PIT.

Idaho

Total State and Local Tax Shares of Family Income

	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%
Lookback	9.7%	8.2%	8.9%	9.3%	9.2%	8.1%	7.1%
Current law	9.5%	7.8%	8.4%	8.6%	8.4%	7.3%	6.4%
Change	-0.1%	-0.4%	-0.5%	-0.7%	-0.8%	-0.8%	-0.7%

ITEP Inequality Index

Index Value	Index Rank
-1.9%	38
-2.4%	36
-0.4%	-2

Lookback presents 2018 PIT law: a graduated PIT with a 6.925% top rate, and a $100 grocery tax credit.

APPENDIX D: Lookback Analyses of State Results if Select Changes Had Not Occurred (cont.)

Iowa

	Total State and Local Tax Shares of Family Income							ITEP Inequality Index	
	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%	Index Value	Index Rank
Lookback	13.0%	12.7%	11.7%	11.6%	11.5%	9.8%	8.0%	-4.6%	20
Current law	11.6%	11.4%	10.5%	10.7%	10.6%	8.9%	7.2%	-4.1%	23
Change	-1.5%	-1.3%	-1.1%	-0.9%	-0.9%	-0.8%	-0.9%	+0.5%	+3

Lookback presents 2018 PIT law: 8.98% top rate, federal income tax deduction, $6,000 pension exclusion, Iowa-specific standard and itemized deductions.

Kentucky

	Total State and Local Tax Shares of Family Income							ITEP Inequality Index	
	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%	Index Value	Index Rank
Lookback	11.4%	10.9%	11.5%	11.2%	11.0%	9.5%	8.0%	-3.3%	30
Current law	12.4%	10.9%	11.0%	10.3%	10.0%	8.4%	6.6%	-5.0%	17
Change	+0.9%	-0.0%	-0.5%	-0.9%	-1.1%	-1.1%	-1.4%	-1.7%	-13

Lookback presents 2017 law: graduated PIT, higher CIT, narrower sales tax base, lower tobacco tax.

Massachussetts

	Total State and Local Tax Shares of Family Income							ITEP Inequality Index	
	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%	Index Value	Index Rank
Lookback	9.2%	9.5%	9.7%	10.1%	9.2%	7.9%	6.8%	-2.8%	34
Law After FSA	9.2%	9.5%	9.7%	10.1%	9.2%	7.9%	9.1%	-0.6%	43
Current Law:	8.2%	9.2%	9.6%	10.0%	9.1%	7.9%	8.9%	-0.1%	44
Change (FSA)	0.0%	0.0%	0.0%	0.0%	+0.0%	+0.0%	+2.3%	+2.2%	+9
Change (H. 4104)	-1.0%	-0.4%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	+0.5%	+1
Total Change	-1.0%	-0.4%	-0.1%	-0.1%	-0.1%	-0.1%	+2.1%	+2.7%	+10

"Lookback" shows 2022 law. "Law After FSA" shows the distribution of taxes after passage of the Fair Share Amendment and a subsequent technical fix by the legislature. "Current Law" adds the impact of 2023 tax legislation (H. 4104) that, among other things, bolstered refundable credits and cut estate and capital gains taxes.

APPENDIX D: Lookback Analyses of State Results if Select Changes Had Not Occurred (cont.)

Minnesota

	Total State and Local Tax Shares of Family Income							ITEP Inequality Index	
	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%	Index Value	Index Rank
Lookback	8.7%	8.9%	9.9%	10.8%	9.8%	9.5%	10.1%	+0.8%	47
Current law	6.2%	8.0%	10.0%	10.9%	9.9%	9.9%	10.5%	+2.6%	50
Change	-2.6%	-0.9%	+0.0%	+0.1%	+0.2%	+0.3%	+0.4%	+1.8%	+3

Lookback presents 2018 law. Changes since 2018 include elimination of personal exemption, increase to Social Security subtraction, changes to itemized deductions phase-down, refundable credit reforms, CIT increases, tax increase on high investment incomes, business property tax cuts, and increase in vehicle registration charges.

Mississippi

	Total State and Local Tax Shares of Family Income							ITEP Inequality Index	
	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%	Index Value	Index Rank
Lookback	13.1%	12.0%	12.0%	10.9%	10.3%	8.8%	7.4%	-5.1%	16
Current law	12.4%	10.8%	11.0%	10.1%	9.6%	8.2%	6.9%	-4.7%	19
Change	-0.8%	-1.2%	-1.0%	-0.8%	-0.6%	-0.5%	-0.5%	+0.4%	+3

Lookback presents 2017 law. Changes since 2017 include 0% PIT bracket on first $10,000, elimination of second PIT bracket and top rate cut from 5% to 4.7%, coupling to most federal deductions changes, increased self-employment deduction, two new nonrefundable charitable contributions credits, and elimination of Franchise Tax and 3% CIT bracket.

Nebraska

	Total State and Local Tax Shares of Family Income							ITEP Inequality Index	
	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%	Index Value	Index Rank
Lookback	12.5%	11.0%	12.1%	11.2%	11.5%	10.4%	8.5%	-3.4%	30
Current	11.2%	10.1%	11.0%	10.1%	10.2%	9.1%	7.2%	-3.5%	30
Change	-1.2%	-0.9%	-1.1%	-1.1%	-1.3%	-1.3%	-1.3%	-0.1%	0

Lookback presents 2018 law. Changes since 2018 include top PIT rate cut from 6.84% to 5.84%, decoupling from federal standard deduction, exemption of all Social Security income, new private school scholarship credit, new child care tax credit, new and expanded property tax credits, and top CIT rate cut from 7.81% to 5.58%.

APPENDIX D: Lookback Analyses of State Results if Select Changes Had Not Occurred (cont.)

New Mexico

	Total State and Local Tax Shares of Family Income							ITEP Inequality Index	
	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%	Index Value	Index Rank
Lookback	12.2%	11.1%	11.8%	12.0%	10.9%	9.7%	7.9%	-4.0%	25
Current law	7.1%	9.0%	11.0%	11.6%	10.7%	9.6%	8.1%	-0.5%	43
Change	-5.1%	-2.1%	-0.8%	-0.4%	-0.3%	-0.1%	+0.2%	+3.5%	+18

Lookback presents 2018 law. Changes since 2018 include GRT rate cut, expansions to low-income credits, new Child Tax Credit and dependent deduction, expanded Social Security exemption, reduction to capital gains preference, new top income tax rate, and tobacco tax increase.

Washington

	Total State and Local Tax Shares of Family Income							ITEP Inequality Index	
	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%	Index Value	Index Rank
Lookback	15.2%	11.2%	10.9%	9.4%	8.0%	5.4%	3.5%	-9.9%	1
Current law	13.8%	10.9%	10.9%	9.4%	8.0%	5.4%	4.1%	-8.5%	2
Change	-1.4%	-0.3%	-0.0%	-0.0%	+0.0%	+0.0%	+0.6%	+1.5%	+1

Implementation of Working Families Tax Credit (WFTC) and Capital Gains Excise Tax.

Note: "PIT" refers to personal income tax; "CIT" refers to corporate income tax; "EITC" refers to Earned Income Tax Credit.

Source: Institute on Taxation and Economic Policy (ITEP)

APPENDIX E: Lookahead Analyses of Select Upcoming Changes to State Tax Law

Effective Tax Rates by Income Group if Select Upcoming Changes to State Tax Law Had Been in Effect for Tax Year 2024 (*Individual figures may not sum to totals due to rounding)*

Alabama

Total State and Local Tax Shares of Family Income

	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%
Baseline	11.9%	11.5%	10.5%	9.3%	8.4%	6.7%	5.4%
Lookahead	11.7%	11.4%	10.4%	9.2%	8.3%	6.7%	5.4%
Change	-0.2%	-0.1%	-0.1%	-0.1%	-0.0%	-0.0%	-0.0%

ITEP Inequality Index

Index Value	Index Rank
-6.0%	12
-5.8%	14
+0.1%	+2

Sales tax rate on groceries will decline from 3% to 2% when revenue condition is met.

Colorado

Total State and Local Tax Shares of Family Income

	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%
Baseline	8.3%	9.0%	9.9%	9.3%	8.5%	7.6%	7.0%
Lookahead	9.2%	9.4%	9.9%	9.3%	8.5%	7.6%	7.0%
Change	+1.0%	+0.4%	+0.0%	+0.0%	+0.0%	0.0%	0.0%

ITEP Inequality Index

Index Value	Index Rank
-1.8%	39
-2.4%	36
-0.6%	-3

EITC reduction from 38% to 20% of the federal credit between 2024 and 2026.

District of Columbia

Total State and Local Tax Shares of Family Income

	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%
Baseline	4.8%	10.6%	11.5%	12.4%	12.1%	10.9%	11.4%
Lookahead	2.8%	10.2%	11.5%	12.4%	12.1%	10.9%	11.4%
Change	-2.0%	-0.4%	-0.0%	0.0%	0.0%	0.0%	0.0%

ITEP Inequality Index

Index Value	Index Rank
+3.1%	51
+4.1%	51
+1.0%	0

EITC increase for workers with children, from 70% to 100% of federal between 2024 and 2026.

APPENDIX E: Lookahead Analyses of Select Upcoming Changes to State Tax Law (cont.)

Georgia

	Total State and Local Tax Shares of Family Income							ITEP Inequality Index	
	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%	Index Value	Index Rank
Baseline	10.3%	10.1%	9.6%	9.8%	9.3%	8.0%	6.9%	-3.2%	32
Lookahead	10.2%	9.9%	9.4%	9.5%	8.9%	7.7%	6.5%	-3.4%	31
Change	-0.1%	-0.2%	-0.3%	-0.3%	-0.4%	-0.4%	-0.4%	-0.2%	-1

Personal income tax rate reduction from 5.49% to 4.99% between 2024 and 2029.

Indiana

	Total State and Local Tax Shares of Family Income							ITEP Inequality Index	
	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%	Index Value	Index Rank
Baseline	13.3%	11.0%	10.4%	9.7%	8.7%	7.4%	6.2%	-5.9%	14
Lookahead	13.2%	10.8%	10.2%	9.5%	8.5%	7.3%	6.1%	-5.8%	14
Change	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	+0.0%	0

Personal income tax rate reduction from 3.05% to 2.9% by 2027.

Iowa

	Total State and Local Tax Shares of Family Income							ITEP Inequality Index	
	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%	Index Value	Index Rank
Baseline	11.6%	11.4%	10.5%	10.7%	10.6%	8.9%	7.2%	-5.1%	23
Lookahead	11.5%	11.0%	9.9%	9.7%	9.4%	7.7%	5.8%	-5.1%	16
Change	-0.0%	-0.4%	-0.7%	-1.0%	-1.2%	-1.2%	-1.3%	0.0%	-7

Personal income tax from 5.7% (top rate) graduated to 3.9% flat. Corporate rate from 7.1% to 5.5%.

APPENDIX E: Lookahead Analyses of Select Upcoming Changes to State Tax Law (cont.)

Kansas

	Total State and Local Tax Shares of Family Income							ITEP Inequality Index	
	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%	Index Value	Index Rank
Baseline	11.4%	11.2%	11.7%	11.2%	10.8%	9.0%	7.5%	-3.8%	26
Lookahead	11.2%	11.1%	11.6%	11.1%	10.8%	8.9%	7.5%	-3.7%	29
Change	-0.2%	-0.1%	-0.1%	-0.1%	-0.1%	-0.0%	-0.0%	+0.1%	+3

Sales tax on groceries reduced from 2% to 0% in 2025. Food Sales Tax Credit eliminated.

Kentucky

	Total State and Local Tax Shares of Family Income							ITEP Inequality Index	
	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%	Index Value	Index Rank
Baseline	12.4%	10.9%	11.0%	10.3%	10.0%	8.4%	6.6%	-5.0%	17
Lookahead	12.3%	9.1%	8.2%	7.1%	6.6%	5.3%	3.5%	-6.8%	8
Change	-0.1%	-1.7%	-2.8%	-3.2%	-3.4%	-3.1%	-3.1%	-1.8%	-9

Elimination of state-level personal income tax (contingent on revenue trigger).

Louisiana

	Total State and Local Tax Shares of Family Income							ITEP Inequality Index	
	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%	Index Value	Index Rank
Baseline	13.1%	12.7%	12.5%	10.9%	10.1%	8.7%	6.5%	-6.3%	10
Lookahead	13.3%	12.9%	12.5%	10.9%	10.1%	8.7%	6.5%	-6.4%	9
Change	+0.2%	+0.2%	+0.0%	+0.0%	0.0%	0.0%	0.0%	-0.1%	-1

EITC reduction from 5% to 3.5% of the federal credit in 2031.

APPENDIX E: Lookahead Analyses of Select Upcoming Changes to State Tax Law (cont.)

Mississippi

	Total State and Local Tax Shares of Family Income							ITEP Inequality Index	
	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%	Index Value	Index Rank
Baseline	12.4%	10.8%	11.0%	10.1%	9.6%	8.2%	6.9%	-4.7%	19
Lookahead	12.3%	10.7%	10.8%	9.7%	9.1%	7.8%	6.4%	-5.1%	16
Change	-0.0%	-0.1%	-0.3%	-0.4%	-0.5%	-0.5%	-0.5%	-0.4%	-3

Personal income tax rate reduction from 4.7% to 4.0% by 2026. Franchise tax elimination by 2028.

Missouri

	Total State and Local Tax Shares of Family Income							ITEP Inequality Index	
	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%	Index Value	Index Rank
Baseline	8.4%	7.8%	8.6%	8.9%	8.7%	7.3%	5.7%	-2.6%	35
Lookahead	8.4%	7.7%	8.5%	8.7%	8.5%	7.1%	5.5%	-2.7%	34
Change	-0.0%	-0.1%	-0.1%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-1

Top PIT bracket eliminated and top rate cut from 4.8% to 4.5%.

Nebraska

	Total State and Local Tax Shares of Family Income							ITEP Inequality Index	
	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%	Index Value	Index Rank
Baseline	11.2%	10.1%	11.0%	10.1%	10.2%	9.1%	7.2%	-3.5%	30
Lookahead	11.2%	10.0%	10.6%	9.4%	9.2%	7.9%	6.0%	-4.5%	20
Change	-0.0%	-0.1%	-0.4%	-0.7%	-0.9%	-1.1%	-1.2%	-1.1%	-10

Top PIT bracket eliminated and top rate cut from 5.84% to 3.99%. CIT converted from graduated tax with 5.58% top rate to flat tax with 3.99% rate.

APPENDIX E: Lookahead Analyses of Select Upcoming Changes to State Tax Law (cont.)

New Hampshire

	Total State and Local Tax Shares of Family Income							ITEP Inequality Index	
	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%	Index Value	Index Rank
Baseline	8.9%	6.0%	6.7%	6.3%	5.2%	4.2%	2.8%	-4.8%	18
Lookahead	8.9%	6.0%	6.7%	6.3%	5.2%	4.1%	2.6%	-5.0%	18
Change	-0.0%	-0.0%	-0.0%	-0.0%	-0.0%	-0.1%	-0.2%	-0.2%	0

Interest & Dividends tax eliminated in 2025 (tax at 3% rate in baseline scenario).

North Carolina

	Total State and Local Tax Shares of Family Income							ITEP Inequality Index	
	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%	Index Value	Index Rank
Baseline	10.5%	9.6%	9.3%	9.1%	8.5%	7.2%	6.0%	-4.0%	24
Lookahead	10.3%	8.8%	8.2%	7.8%	7.0%	5.7%	4.4%	-5.0%	17
Change	-0.2%	-0.7%	-1.1%	-1.3%	-1.5%	-1.5%	-1.6%	-1.0%	-7

PIT rate cut from 4.5% to 2.49% (contingent on revenue trigger). CIT eliminated by 2030.

South Carolina

	Total State and Local Tax Shares of Family Income							ITEP Inequality Index	
	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%	Index Value	Index Rank
Baseline	10.1%	8.2%	8.8%	9.5%	9.4%	8.1%	6.5%	-2.9%	33
Lookahead	10.1%	8.2%	8.7%	9.4%	9.2%	7.9%	6.3%	-3.1%	33
Change	0.0%	-0.0%	-0.1%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	0

Top personal income tax rate reduced from 6.4% to 6.0% (contingent on revenue trigger).

APPENDIX E: Lookahead Analyses of Select Upcoming Changes to State Tax Law (cont.)

Virginia

	Total State and Local Tax Shares of Family Income							ITEP Inequality Index	
	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%	Index Value	Index Rank
Baseline	8.7%	9.7%	10.3%	10.3%	9.6%	8.5%	7.2%	-2.1%	37
Lookahead	9.6%	10.5%	10.9%	10.6%	9.8%	8.5%	7.2%	-2.9%	33
Change	+0.9%	+0.8%	+0.5%	+0.3%	+0.2%	+0.1%	+0.0%	-0.8%	-4

Personal income tax standard deduction reduced in 2026.

West Virginia

	Total State and Local Tax Shares of Family Income							ITEP Inequality Index	
	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%	Index Value	Index Rank
Baseline	11.6%	10.9%	10.0%	9.6%	9.3%	8.6%	7.2%	-3.7%	28
Lookahead	11.0%	8.9%	7.6%	6.3%	5.5%	4.7%	3.2%	-6.2%	11
Change	-0.6%	-2.0%	-2.4%	-3.3%	-3.8%	-3.9%	-4.0%	-2.5%	-17

Elimination of state-level personal income tax (contingent on revenue trigger).

Note: "PIT" refers to personal income tax; "CIT" refers to corporate income tax; "EITC" refers to Earned Income Tax Credit. This appendix only presents those changes already scheduled to occur in statute. Some of the larger changes, such as outright income tax eliminaton, are likely to necessitate the enactment of other revenue measures to offset at least some of their revenue loss. Those other potential measures are not explored here.

Source: Institute on Taxation and Economic Policy (ITEP)

APPENDIX F: Analyses of Select Proposals to Reduce or Eliminate Personal Income Taxes

Effective Tax Rates by Income Group if Select Proposals to State Tax Law Had Been in Effect for Tax Year 2024 (*Individual figures may not sum to totals due to rounding*)

Arkansas

	Total State and Local Tax Shares of Family Income							ITEP Inequality Index	
	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%	Index Value	Index Rank
Lookback (A)	13.1%	11.6%	12.4%	10.9%	10.7%	9.5%	7.3%	-5.1%	15
Baseline (B)	13.1%	11.1%	11.7%	10.1%	9.4%	8.1%	5.8%	-6.4%	9
Proposal (C)	13.0%	10.1%	9.8%	7.7%	6.3%	4.9%	2.9%	-8.6%	2
Change, A to C	-0.1%	-1.5%	-2.6%	-3.1%	-4.4%	-4.6%	-4.4%	-3.4%	-13
Change, B to C	-0.0%	-0.9%	-1.9%	-2.3%	-3.1%	-3.2%	-2.9%	-2.2%	-7

Lookback is 2018 law. Baseline is 2024 law. Proposal shows elimination of state-level personal income tax.

Indiana

	Total State and Local Tax Shares of Family Income							ITEP Inequality Index	
	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%	Index Value	Index Rank
Baseline (A)	13.3%	11.0%	10.4%	9.7%	8.7%	7.4%	6.2%	-5.9%	14
Lookahead (B)	13.2%	10.8%	10.2%	9.5%	8.5%	7.3%	6.1%	-5.8%	14
Proposal (C)	11.9%	9.0%	8.0%	7.1%	6.0%	4.9%	3.8%	-6.4%	9
Change, A to C	-1.4%	-1.9%	-2.4%	-2.5%	-2.7%	-2.5%	-2.4%	-0.6%	-5
Change, B to C	-1.3%	-1.8%	-2.3%	-2.4%	-2.5%	-2.4%	-2.4%	-0.6%	-5

Baseline is 2024 law. Lookahead is PIT rate reduction from 3.05% to 2.9% by 2027. Proposal shows elimination of state-level PIT, including refundable credits.

APPENDIX F: Analyses of Select Proposals to Reduce or Eliminate Personal Income Taxes (cont.)

Iowa

	Total State and Local Tax Shares of Family Income							ITEP Inequality Index	
	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%	Index Value	Index Rank
Lookback (A)	13.0%	12.7%	11.7%	11.6%	11.5%	9.8%	8.0%	-4.6%	20
Baseline (B)	11.6%	11.4%	10.5%	10.7%	10.6%	8.9%	7.2%	-4.1%	23
Lookahead (C)	11.5%	11.0%	9.9%	9.7%	9.4%	7.7%	5.8%	-5.1%	16
Proposal (D)	12.7%	9.7%	8.1%	7.3%	6.9%	5.1%	3.0%	-7.7%	6
Change, A to D	-0.4%	-3.0%	-3.5%	-4.3%	-4.6%	-4.7%	-5.0%	-3.1%	-14
Change, B to D	+1.1%	-1.7%	-2.4%	-3.5%	-3.7%	-3.8%	-4.2%	-3.6%	-17
Change, C to D	+1.1%	-1.3%	-1.7%	-2.4%	-2.5%	-2.6%	-2.8%	-2.6%	-10

Lookback is 2018 law. Baseline is 2024 law. Lookahead shows full implementation of scheduled PIT and CIT cuts. Proposal shows elimination of state and local personal income taxes, including refundable credits administered through those taxes. (Iowa's local income taxes are a percentage of state tax liability.)

Mississippi

	Total State and Local Tax Shares of Family Income							ITEP Inequality Index	
	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%	Index Value	Index Rank
Lookback (A)	13.1%	12.0%	12.0%	10.9%	10.3%	8.8%	7.4%	-5.1%	16
Baseline (B)	12.4%	10.8%	11.0%	10.1%	9.6%	8.2%	6.9%	-4.7%	19
Lookahead (C)	12.3%	10.7%	10.8%	9.7%	9.1%	7.8%	6.4%	-5.1%	16
Proposal (D)	12.3%	10.3%	9.4%	7.3%	6.1%	5.0%	3.4%	-7.1%	8
Change, A to D	-0.8%	-1.7%	-2.7%	-3.6%	-4.1%	-3.8%	-4.0%	-2.0%	-8
Change, B to D	-0.0%	-0.5%	-1.7%	-2.8%	-3.5%	-3.3%	-3.5%	-2.4%	-11
Change, C to D	-0.0%	-0.4%	-1.4%	-2.4%	-3.0%	-2.8%	-3.0%	-2.0%	-8

Lookback is 2017 law. Baseline is 2024 law. Lookahead is 2028 law. Proposal is personal income tax elimination.

APPENDIX F: Analyses of Select Proposals to Reduce or Eliminate Personal Income Taxes (cont.)

Oklahoma

	Total State and Local Tax Shares of Family Income							ITEP Inequality Index	
	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%	Index Value	Index Rank
Baseline (A)	12.2%	10.3%	10.5%	9.8%	8.9%	7.9%	6.3%	-5.0%	16
Proposal (B)	12.4%	8.8%	7.9%	6.6%	5.4%	4.5%	3.1%	-7.2%	8
Change, A to B	+0.1%	-1.5%	-2.6%	-3.2%	-3.5%	-3.3%	-3.2%	-2.2%	-8

Eliminate state-level personal income tax, including refundable credits.

Virginia

	Total State and Local Tax Shares of Family Income							ITEP Inequality Index	
	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%	Index Value	Index Rank
Baseline (A)	8.7%	9.7%	10.3%	10.3%	9.6%	8.5%	7.2%	-2.1%	37
Proposal (B)	9.0%	9.7%	10.3%	10.1%	9.4%	8.1%	6.8%	-2.6%	34
Change, A to B	+0.3%	+0.1%	-0.1%	-0.2%	-0.3%	-0.3%	-0.4%	-0.5%	-3

Cut PIT rates to 1.75%, 2.65%, 4.4%, 5.1%. Increase state sales tax from 4.3% to 5.2%. Increase nonrefundable EITC from 20% to 25% of federal.

Note: "PIT" refers to personal income tax; "CIT" refers to corporate income tax; "EITC" refers to Earned Income Tax Credit. The larger changes in this Appendix, such as outright income tax elimination, are likely to necessitate the enactment of other revenue measures to offset at least some of their revenue loss. Those other potential measures are not explored here.

Source: Institute on Taxation and Economic Policy (ITEP)

APPENDIX G: Methodology and Discussion

Section 1: Methodology

The Institute on Taxation and Economic Policy (ITEP) has engaged in research on tax issues since 1980, with a focus on the distributional consequences of current law and proposed changes. Much of ITEP's research, including this report, is based on ITEP's proprietary microsimulation tax model, which estimates the amount of federal, state, and local taxes paid by residents of every state at different income levels under current law and alternative tax proposals. The ITEP Tax Microsimulation Model's structure mirrors models at the federal level maintained by the congressional Joint Committee on Taxation, the U.S. Treasury Department, and the Congressional Budget Office, and at the state level by the Minnesota Department of Revenue and other state agencies. This section describes the ITEP Tax Microsimulation Model and the techniques used in modeling the tax systems of the 50 states and the District of Columbia.

About *Who Pays?*

Since 1996, ITEP has published a series of reports that measure and compare the distribution, or incidence, by income level, of state and local taxes in all 50 states and the District of Columbia. The reports, entitled Who Pays?, each show a single-year snapshot of state and local tax incidence.

This report examines 2024 tax law as of January 1, 2024. Those tax parameters are applied to the population and economy of each state at 2023 levels, with inflation-indexed parameters modeled at 2023 levels for the sake of consistency. In other words, the report shows the amount of income, consumption, and property taxes that would have been paid by residents in 2023 with the January 1, 2024 law in place. This decision to use 2023 economic data was made to avoid having to rely on economic and revenue forecasts for 2024 that are unavoidably speculative. An accurate summary of the report's approach is "2024 tax law at 2023 income levels."

This is the 7th edition of this report.

What's New?

Over the seven editions of Who Pays?, states' tax systems have been amended, their economies have changed, and ITEP's methodologies have evolved. Readers seeking to understand why their state's results may look different from previous editions of the report, and the extent to which results from past editions are comparable to the results in this one, should be aware of the following five factors:

1. State and local tax laws have changed significantly since the 6th edition of this report was published. The previous edition of Who Pays? included laws enacted through September 10, 2018. This report includes laws enacted through January 1, 2024, provided they will be in effect for 2024.

2. Economic and social changes have affected the results. They have changed the underlying distribution of income that is used as the measuring stick for tax incidence. They have also expanded, contracted, or otherwise altered various tax bases. Cigarette taxes, for example, have declined as a share of income since the previous edition because of falling smoking rates and substantial wage growth. The previous edition of Who Pays? used economic and demographic data from 2015. This edition uses 2023 data.

3. A range of minor taxes that were excluded from previous editions are now included in the scope of this study. Taxes on insurance premiums, natural resource extraction, and real estate transfers are the most notable additions, though a multitude of smaller taxes on everything from parking to snowmobile sales are now reflected as well. The previous edition included approximately 90 percent of all state and local tax revenues. The comparable figure for this edition is 99.7 percent.

4. While the methodology used in this study is very similar to the approach used in previous editions of the report, this edition reflects the availability of new data sources, new methods for integrating data, and some modifications in modeling approach based on advancements in methodological research. For instance, we have improved our method for measuring in-state business activity and, by extension, business-paid taxes associated with nonresident firm owners. We have also built a new estate tax module that better measures the relationship between taxable estate value and income. We have added additional nuance to our corporate tax modeling that more fully considers apportionment rules. We have also improved our measurement of residential rental property taxes. These changes improve our measurement of tax incidence but, in the context of the analysis of entire tax systems presented here, their impact is small.

5. Unlike some earlier editions of Who Pays?, this study does not include a "federal deduction offset" reflecting the federal deduction for state and local taxes (SALT). This effect was removed from the 6th edition of Who Pays?, published in 2018, because the $10,000 SALT deduction cap imposed by the federal Tax Cuts and Jobs Act of 2017 prevented the deduction from serving as a generalized offset of state and local taxes and significantly reduced its effect on tax incidence. We have also left the offset effect out of this edition of the study, though its significance has increased since 2018 as pass-through business owners have increasingly regained indirect access to the deduction through various workarounds. Inclusion of the offset would reveal state and local tax systems to be more regressive than the data in this study indicate.

Taxes Included in the Study

This is a study of state and local taxes. We view states and their localities together as an integrated whole because state and local finances are highly intermingled, and localities derive their taxing authority from the state. States vary considerably in the rules they set for local revenue raising, and some states choose to leave more revenue-raising responsibility to local governments than others.

Both states and localities rely on a broad range of tax and non-tax revenue sources. Because of this, any tax incidence analysis requires a definition of what will be considered a tax within the scope of the study. For this purpose, we employ a definition of taxes that is nearly identical to the one used by the U.S. Census Bureau in its Survey of State and Local Government Finances. There is 99.2 percent overlap in the definition of taxes used by the Census and the one we employ in this study.

This study therefore includes all the major taxes levied by state and local governments, such as personal income taxes, corporate taxes, sales taxes, and property taxes—as well as comparatively minor levies such as insurance premiums taxes, transfer taxes, and estate and inheritance taxes. We depart slightly from the Census definition in excluding hunting, fishing, and other non-business licenses. On the other hand, we add two additional revenue sources to our definition that help us achieve greater consistency in our cross-state comparisons: payments in lieu of taxes made by the Tennessee Valley Authority, and the implicit tax charged via mark-up at state-owned liquor stores. The latter is calculated using a combination of data and analysis from the Distilled Spirits Council and state liquor control agencies.

After defining the scope of levies to be included in the study, we collect and sort data on the revenue yield of those levies. The Census government finance data are generally not reported at a fine enough level of detail for

purposes of tax modeling, and thus our primary source of this information comes from a wide range of reports published by state and local revenue departments, fiscal offices, budget offices, and assessors' offices, and sometimes from other agencies with narrow tax collection authority, such as departments of transportation.

With these baseline data in place, we then turn to the Census data to both supplement and verify the information collected from the primary sources just named. Part of this process involves reconciling the data we have collected with the data reported by Census. This is helpful in avoiding both the omission, and double counting, of tax dollars. The result is a comprehensive database of state and local revenue collections, across all states, that is unrivaled in its scope, detail, and accuracy.

In checking our data against Census, we occasionally find small amounts of revenue reported by Census that we were unable to identify in any state or local revenue or budget report. Most often, these are dollars reported under the broad categories of "other selective sales" or "taxes not elsewhere classified"—categories too broad to be used in detailed tax modeling. These unidentified tax dollars add up to just 0.3 percent of all state and local tax dollars nationwide. In other words, our study includes 99.7 percent of all tax collections (using the ITEP definition of taxes described above). Because the 0.3 percent of unidentified taxes are likely to be consumption taxes of various types, we expect that their inclusion in the study would worsen our findings of regressivity—though only to a trivial extent given the small amount of revenue involved.

Figure A shows the share of total state and local tax revenue included in our analysis of tax incidence, for the United States and broken down by state and the District of Columbia (DC). Our study captures between 98 and 100 percent of the tax revenues raised in each of the 50 states and DC, with 99.7 percent of all state and local tax revenue included nationwide.

FIGURE A

Share of State and Local Taxes Included in *Who Pays?*, 7th Edition

United States	**99.7%**	Kentucky	99.6%	Ohio	99.6%
Alabama	99.0%	Louisiana	100.0%	Oklahoma	99.6%
Alaska	99.5%	Maine	99.8%	Oregon	99.5%
Arizona	99.9%	Maryland	99.2%	Pennsylvania	99.6%
Arkansas	99.5%	Massachusetts	99.8%	Rhode Island	100.0%
California	99.2%	Michigan	100.0%	South Carolina	99.8%
Colorado	99.2%	Minnesota	99.9%	South Dakota	99.6%
Connecticut	100.0%	Mississippi	99.6%	Tennessee	99.3%
Delaware	99.6%	Missouri	98.0%	Texas	99.5%
D.C.	100.0%	Montana	99.5%	Utah	99.5%
Florida	99.9%	Nebraska	99.5%	Vermont	99.7%
Georgia	99.8%	Nevada	99.9%	Virginia	98.8%
Hawaii	99.5%	New Hampshire	99.9%	Washington	99.3%
Idaho	99.7%	New Jersey	99.9%	West Virginia	99.3%
Illinois	98.6%	New Mexico	99.6%	Wisconsin	99.4%
Indiana	99.8%	New York	99.9%	Wyoming	99.8%
Iowa	99.9%	North Carolina	99.7%		
Kansas	99.9%	North Dakota	99.9%		

Source: Institute on Taxation and Economic Policy (ITEP) analysis of data from state tax, budget, and fiscal agencies, and the U.S. Census Bureau's Survey of State and Local Government Finances.

For purposes of reporting data in this study, the wide range of taxes analyzed are grouped into four broad categories: sales and excise taxes, property taxes, income taxes, and other taxes. Most of these categories are further subdivided in our detailed tables to provide readers with additional information about what is driving the overall results. The following list is meant to help readers broadly understand what is presented on each line of the detailed tables.

Sales and Excise Taxes

General Sales—Individuals: General sales taxes on final consumer purchases, net of sales tax credits and rebates

Other Sales & Excise—Ind.: Consumption taxes with narrower bases affecting final consumer purchases, including but not limited to taxes on insurance premiums; utilities; restaurant meals; short-term lodging; vehicle rentals; vehicle purchases; cigarettes; other tobacco; vape products; alcohol (including the implicit tax revenue generated by state liquor stores); cannabis; soda; gambling (excluding lotteries); motor fuel; tires; taxi and rideshare rides; hazardous materials

Sales & Excise on Business: Broad gross receipts taxes; the portion of general and selective consumption taxes paid by businesses on their inputs

Property Taxes

Home, Rent, Car—Individuals: Real estate property taxes and transfer taxes on owner-occupied homes and vacation homes, net of property tax rebates; the portion of residential real estate taxes passed through to tenants, net of property tax rebates; motor vehicle taxes and registration charges paid on individual, non-commercial vehicles

Other Property Taxes: Property taxes paid by businesses on real estate, vehicles, and certain other tangible property; the portion of residential real estate taxes falling on landlords; real estate transfer taxes paid on business and residential rental property; estate and inheritance taxes

Income Taxes

Personal Income Tax: Individual income taxes on both broad and narrow definitions of net income, net of income tax credits

Corporate Income Tax: Corporate income taxes and certain other business income taxes; financial institutions taxes; franchise taxes; corporate licenses

Other Taxes

Severance taxes; business and occupational licenses; alcoholic beverage licenses; amusement licenses; marriage licenses; drivers' licenses; flat taxes assessed per person or per pay period

Definition of Family Income

Income measurement is an important part of tax incidence analysis because income is the benchmark against which effective tax rates are calculated. Federal and state tax codes' definitions of adjusted gross income (AGI) offer relatively straightforward, ready-made definitions and are sometimes used in other organizations' incidence analyses. But AGI is a flawed measure for this purpose because of gaps, and variation across states and over time, in what it includes. ITEP takes a more inclusive and consistent approach to measuring cash income and includes both income that is subject to tax and income that is exempt. This broader definition offers a better measurement of tax units' ability to pay and more meaningful effective tax rate results.

Our income measurement begins with the amounts reported to IRS. But some people do not file tax returns and many more earn income that does not appear on IRS forms. For non-filers we supplement the IRS returns with observations from the American Community Survey (ACS). For components of income that are either fully or partly tax exempt, we supplement data available from the IRS with data from the ACS, Congressional Budget Office, and various administrative data sources. The generally non-taxable income items for which ITEP makes state-by-state estimates (which are included in our measure of "total income") include: Social Security benefits, Worker's Compensation benefits, unemployment compensation, Veterans Affairs benefits, child support, financial assistance, public assistance, and Supplemental Security Income (SSI). Our income estimates also include income that is not statutorily exempt, but that is underreported or nonreported in practice (Johns and Slemrod, 2010; Krause et al., 2022). Omission of this income would make our effective rate estimates appear artificially high.

Our reporting of income groups includes additional detail at the high end of the income distribution. The best-off 20 percent of tax units are a diverse group, including everyone from solidly middle-class couples earning $138,000 per year, all the way up to billionaires. Because of the huge variation in the incomes of the top 20 percent, tax incidence within the group varies widely.

Moreover, the best-off 20 percent of tax units enjoy roughly 60 percent of nationwide personal income while the best-off 1 percent of taxpayers alone enjoy about 20 percent of nationwide personal income. By contrast, the poorest 20 percent of tax units earn less than 3 percent of nationwide income.

The concentration of income at the top, and the variability of income levels and tax incidence within the top 20 percent, makes splitting up this group necessary for meaningful tax analysis. Small differences in the tax treatment

of the best-off taxpayers can have disproportionate implications for state tax collections and incidence. In addition, many state tax codes provide special favor for the best-off 1 percent and their income composition is quite different from that of most taxpayers, as it exhibits a concentration of capital gains and business income not seen at other points in the income distribution. Considering the top fifth as a whole would gloss over these substantial differences. For these reasons, this study reports effective tax rates for three subgroups of the top 20 percent: the "Next 15 percent," or 80th-94th percentile, the "Next 4 percent," or 95-99th percentile, and the "Top 1 percent."

Scope of Tax Units Included

This study groups people into tax units, which are persons or groups of people who file one tax return or, for nonfilers, who would file one tax return if they were to file. All of ITEP's estimates are produced at the tax unit level, though we occasionally use the terms "households," "families," or "taxpayers" when describing our results as these terms are more familiar to most readers. Tax units can be either smaller or larger than Census's definition of households, though on average they are smaller because the latter can include roommates or multigenerational families that file more than one tax return.

The report's universe of taxpayers includes most, but not all, of the tax units residing in each state. It includes citizens as well as documented and undocumented immigrants, to the extent that they are included in the IRS data as ITIN filers or in the American Community Survey data that inform the nonfiler database. Dependent filers are grouped together with the tax unit that claimed them as dependents to avoid double counting and to better reflect the combined unit's ability to pay. Tax units with negative incomes are excluded from our distributional presentation as it is not possible to calculate a meaningful effective tax rate against a negative income amount. American Indians living on federally recognized reservations are also excluded from our state distributional tables because, as sovereign nations, many tribal governments have their own systems of taxation and those tax systems are outside the scope of this study.

This study also excludes senior tax units, defined as those where the primary filer or their spouse is age 65 or older. This exclusion serves two purposes.

First, state tax structures routinely treat senior families more generously than other families. The median state asks senior citizens to pay about one-third less in personal income tax than younger families with similar incomes (Brewer et al., 2017). Property tax preferences for seniors are common as well. In some states, income and property tax preferences rise to the level

of offering what amounts to a parallel tax code for senior families. Blending the very different tax rules facing seniors together with those facing younger families risks yielding an overall result that is not representative of the tax situation of either group.

Second, seniors' economic profiles are different from those of non-seniors across a range of metrics that are important in determining effective tax rates—including homeownership, asset ownership, and spending and savings rates. For the working age population, for instance, the people most likely to spend all their earnings are lower-income families struggling to afford current expenses on low pay. For some seniors, on the other hand, all income may be spent in the current year simply because they have less need to save for the future and because they have more control than non-seniors over the amount of income they realize in a given year. The BLS Consumer Expenditure Survey data exhibit high ratios of consumption to income for senior consumer units, but those ratios can mean different things within the senior cohort than they do for non-seniors.

A similar issue is present in property tax analysis, as seniors are more likely to have paid for their homes out of past income, and to pay their property tax bills out of their accumulated wealth rather than their current incomes. A high property tax bill relative to realized annual income may not always have the same meaning for seniors that it does for non-seniors.

Had we included seniors, state tax systems would likely have been shown to be more regressive than calculated in this study. Thus, our findings of steep regressivity in consumption taxes, and meaningful regressivity in property taxes, are particularly notable and robust given the exclusion of seniors from this study's scope.

Who Pays Modeling Overview

The analysis contained in this study was produced using the ITEP Tax Microsimulation Model. The ITEP Model is a tool for calculating the incidence of federal, state, and local taxes across income and demographic groups. In computing its estimates, the model relies on a large database of tax returns and supplementary data that provide an accurate representation of the entire U.S. population and the populations of each state and the District of Columbia (DC).

The ITEP Model's basic structure mirrors models at the federal level maintained by the congressional Joint Committee on Taxation, the U.S. Treasury Department, and the Congressional Budget Office, and at the state level by the Minnesota Department of Revenue and other state agencies. Microsimulation modeling is widely regarded as the best option for this

kind of policy analysis because of its ability to account for overlapping and interacting tax provisions and to produce results that are representative of the full population of interest. The ITEP Model's main distinguishing characteristic is that it can be used to produce accurate incidence and revenue estimates for income, consumption, and property taxes in every state and DC.

The following sections discuss the tax modeling performed in this study.

Personal Income Taxes

The ITEP Model's personal income tax module contains two broad parts. The first is an extensive database of taxpayer microdata and the second is a series of tax calculators reflecting the personal income tax laws applied to those taxpayers. Applying those calculators to our database yields distributional results of the type contained in this report, and tax revenue estimates as we have reported in other studies.

The model's starting point is a large database of taxpayer data and supplementary information. Federal tax return data from the Internal Revenue Service (IRS) were paired with observations from the U.S. Census Bureau's American Community Survey (ACS) to create a valid representation of the U.S. population, including federal filers and nonfilers, both nationally and for every state. Weights assigned to each record in the model indicate the number of real-world tax units it represents.

These data were further supplemented through a statistical match with the ACS to gain access to data available in the ACS but not on tax returns. The entire dataset was also supplemented with imputed values based on econometric analysis of other datasets such as the Bureau of Labor Statistics' Consumer Expenditure Survey and the Federal Reserve's Survey of Consumer Finances.

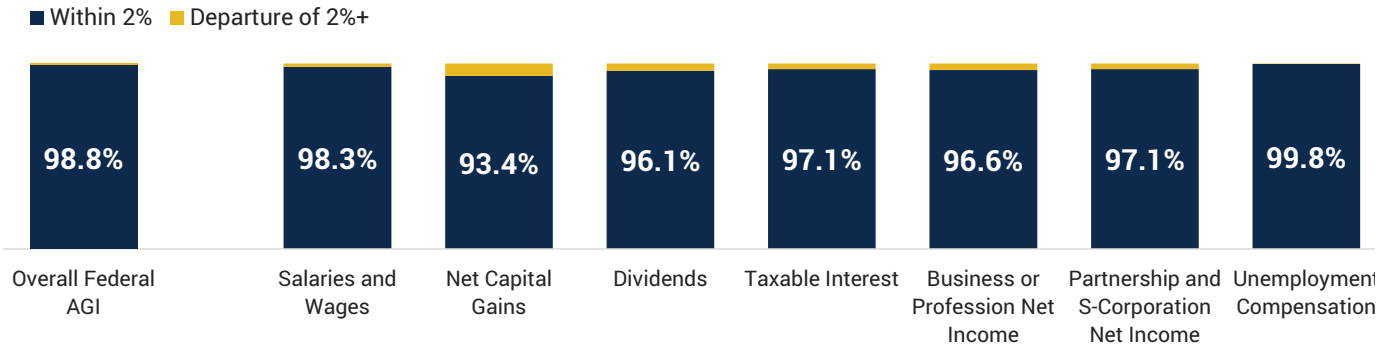
Each record in the model includes components of personal income and a wide range of other tax items and demographic and social characteristics. The validation year of the ITEP Model's microdata is Tax Year 2019. That is, the weights are assigned in a way that allows the model to reflect state-by-state and national targets taken from published reports for 2019 by the Internal Revenue Service, the Bureau of the Census, and other sources. At the time the model database was being constructed, the most recent years for which the IRS published the kind of detailed, state-by-state distributional data needed for model validation were 2019 and 2020. We opted for the former year as economic and social disruptions caused by COVID-19 make 2020 a very unrepresentative year. Officials at the Joint Committee on Taxation have indicated to us that they also prefer 2019 over 2020 data for this reason.

Figure B offers a demonstration of some of the results of the validation process. It shows the degree to which our model database is in alignment with data reported by the IRS for major sources of income that are of relevance to non-senior taxpayers. This figure compares the ITEP Model income values to IRS income values across 3,264 discrete points—that is, across eight measures of income, within eight different income bands, and in each of the 50 states plus DC. We are within 2 percent of IRS values in more than 97 percent of these cases. Most departures in excess of 2 percent are in the bottom part of the income scale where comparatively minor differences in income appear larger in percentage terms. This occurs most frequently in the context of capital gains and dividends, where the income amounts flowing to lower-income families are vanishingly small. Of particular note is that, for the broad measure of overall federal Adjusted Gross Income (AGI) on which most state income tax laws are based, we are within 2 percent of IRS targets in nearly 99 percent of cases.

FIGURE B

Validation of ITEP Model Database Relative to IRS Data

Departures of more than two percent from IRS values, by income group, for major income sources of relevance to non-senior taxpayers



Note: Comparisons are made across eight income groups for each of the 50 states plus DC. Those groups are $1 to $25k, $25k to $50k, $50k to $75k, $75k to $100k, $100k to $200k, $200k to $500k, $500k to $1M, and $1M and up.

Source: Institute on Taxation and Economic Policy Tax Microsimulation Model, model database version 2019_0062wp7, run for federal filers only. Internal Revenue Service Historic Table 2 data for Tax Year 2019.

With a valid Tax Year 2019 database in place, the next step was to age those data to Tax Year 2023 for use in this study. For years after 2019, the model adjusts the value of every component of personal income, and the weights associated with each record, to reflect targets published by the Internal Revenue Services, the Congressional Budget Office, and other sources, with variation across states to reflect differences in growth trajectories.

Our detailed tax calculators are then applied to these Tax Year 2023 data. ITEP has long maintained a series of calculators reflective of federal, state, and local personal income tax rules, the results of which are validated against available targets. These calculators were built by ITEP staff after careful review of tax forms, statutes, and recently enacted legislation in every state and DC. When these calculations are run for each unit in the personal income tax database, the result is a full picture of the distribution of taxes across the income scale in whatever jurisdiction is being analyzed.

Consumption Taxes

The ITEP Model's consumption tax module is used to analyze the incidence of taxes levied on the purchase of goods and services and on business gross receipts. There are more than 700 tax base items available in the item database, which allow us to accurately model the wide array of different sales tax bases used at the state and local levels, as well as various smaller taxes levied on narrow categories of consumption. Most of the data in the consumption module are dollar spending values, though we also have quantity estimates for items such as motor fuel and tobacco that are often taxed based on quantity purchased rather than amount spent.

State and local consumption taxes are paid by a variety of actors, including state residents, visitors from outside the state, and businesses. Visitor estimates were derived using data from a variety of sources, with U.S. Travel Association data being the most important. Business purchase estimates were obtained using a method similar to the one laid out in Chainbridge Software (2013). The shifting of business-paid consumption taxes onto individuals is discussed later in this methodology.

While the statutory burden of excise taxes on products such as motor fuel, tobacco, and alcohol is on the seller rather than the purchaser, the final incidence of these taxes is not meaningfully different from if the tax were applied directly at the point of final sale to the individual purchaser (Chouinard et al., 2004; Kenkel, 2005; Hanson and Sullivan, 2009; Brock et al., 2016). For this reason, we treat these taxes as falling on individuals and report them on the "Other Sales & Excise—Ind." line of the detailed tables.

For modeling consumption taxes falling directly on individuals, the primary data source informing our work is the Bureau of Labor Statistics' Consumer

Expenditure Survey (CEX). The CEX is unrivaled in the level of detail it provides (Li et al., 2010) and is thus widely used for state and local consumption tax modeling. It is the backbone of analyses conducted by agencies such as the Minnesota Department of Revenue, Maine Revenue Services, Texas Comptroller of Public Accounts, Connecticut Department of Revenue Services, Colorado Department of Revenue, and the Comptroller of Maryland.

We relied primarily on the CEX Interview Survey for imputing spending information onto the ITEP Model microdata, though we also used data from the CEX Diary Survey and various auxiliary files for purchase categories where the additional detail afforded by those sources allows for a more accurate modeling of the nuances of state and local tax law. In a handful of cases, our consumption tax modeling is informed by additional spending detail from outside the CEX. Our measurement of grocery purchases made with Supplemental Nutrition Assistance Program (SNAP) dollars, for example, is based on our analysis of the U.S. Department of Agriculture's National Household Food Acquisition and Purchase Survey microdata.

Spending values in the model were estimated using a series of econometric equations considering household income, size, structure, homeownership status, age, race or ethnicity, geographic location, and year of survey. The imputation process proceeded in several stages, with higher-level categories estimated first and more detailed categories estimated as shares of those totals. The specification of the estimating system bears similarities to the specification of household spending demands in the EU's indirect tax model (DeAgostini et al., 2017) while the share equations were estimated using a fractional multinomial logit algorithm developed by Bruis (2017).

One challenge of working with the CEX is that its income data tend to be of lower quality than the spending data that are the core focus of the survey (Etlidge et al., 1994). Because of this, simple comparisons of income and spending within the survey can yield invalid results. Our estimation technique included several safeguards against this outcome. Extremely low-income consumer units were excluded from the imputation, as were outlier values with high ratios of spending to income. These measures remove low-income families from the dataset who have spending profiles that are more typical of high-income families (Rogers and Gray, 1994). For those units remaining in our dataset, we correct for mismeasurement of income prior to performing the imputation by adding capital gains (which are excluded from the survey's definition of income) and income that was underreported to the CEX—especially transfer income. Finally, our reporting of effective consumption tax rates measures those taxes relative to our measure of family income—informed by the best available data from IRS, Census, and other sources—rather than to the CEX's narrower income measure.

Property Taxes

State and local governments levy taxes on real property and, in some states, on personal property such as motor vehicles. (Business property taxes are discussed separately, below.) The ITEP Model's property tax module is used to analyze the incidence of current state and local property taxes on both real and personal property. It can also analyze the revenue and incidence impacts of statewide policy changes in property taxes, including the effect of circuit breakers, homestead exemptions, and other tax reduction devices.

Homeownership and renter characteristics were imputed onto the ITEP Model records using data primarily from the American Community Survey. Those data were supplemented with IRS data on itemizer property tax deductions for 2017, the last year before the $10,000 cap on state and local tax deductions took effect.

For homeowners, these values were used in conjunction with state-specific information from assessors' offices and other agencies on millage rates, assessment practices, homestead exemptions, and other tax reduction provisions to produce all the components of the property tax calculation for each record.

Estimation of property taxes on residential rental property begins with tenants' reported rent amounts, which are then translated into expected property tax liabilities using a combination of data from Zillow and the Rental Housing Finance Survey on price-to-rent ratios, and from the Lincoln Institute of Land Policy and the Minnesota Center for Fiscal Excellence on residential rental property tax rates. The resulting gross property tax amounts are shared evenly between tenants and landlords. We are aware of studies finding pass-through percentages both higher and lower than 50 percent but have concluded that this is roughly the midpoint estimate of the best available literature and, in particular, it is closely in line with the estimates produced by Orr (1970), Hyman and Pasour (1973), and Black (1974). State-by-state estimation of the rental tax pass-through rate is a worthwhile topic for future research. The final step of the renter tax calculation is to reduce the tenant property tax by the amount of renter tax rebate, if any, provided in the renter's state.

The analysis of motor vehicle property taxes was done by imputing Survey of Consumer Finance data on the number of vehicles, and value of those vehicles, onto our model records. Our analysis of motor vehicle property taxes includes the effect of both flat and value-based charges levied on taxpayers registering motor vehicles, as these are close substitutes. The Census Bureau also labels both types of charges as taxes.

Finally, real estate transfer tax liability across the income scale was estimated through examination of the home values and income profile of homeowners in the ACS who report having moved into their home within the last 12 months.

Estate Taxes

The incidence of the estate tax is assumed to fall on the decedent in Who Pays?, consistent with most other distributional analyses of this tax (Burman et al., 2008; Minnesota Department of Revenue, 2021). The ITEP Model's estate tax module relies on a combination of data from the IRS and the Survey of Consumer Finances (SCF) to estimate overall wealth and net taxable estate value across income levels. We find these taxes to be steeply progressive across the income distribution.

Indirect Tax Incidence

Most state and local taxes fall directly on individuals and are modeled using the data and methods described above. A complete picture of tax incidence, however, also requires measurement of the incidence of indirect taxes that initially fall on businesses.

These indirect taxes end up being paid by the owners of the businesses in the form of a reduction in the return on their investments, by employees in the form of lower compensation, or by consumers in the form of higher prices. Which of these parties pays any specific tax is complicated, with competition for investment, employees and consumers dictating the result. This competition is influenced by the elasticity of supply and demand for goods, workers, and investment capital. For example, if consumer demand for the taxed good of a business is highly inelastic (that is, the quantity of the good that consumers are willing and able to purchase is not very sensitive or responsive to the price of the good), then firms may be able to raise their prices and more of the tax may be borne by the consumers. If consumer demand is elastic (that is, highly responsive to the price of the taxed good), then it is difficult for businesses to shift the tax onto consumers because businesses will lose sales if they attempt to shift the tax to the consumers by raising the price of the good. The tax incidence depends very much on the design of the tax—on what activities and transactions of the business are being taxed and how those activities interact with competitive pressures and elasticities. To determine where the ultimate tax incidence lies, we rely on the best available data and follow several principles.

The data used include detailed data from the IRS, BEA, and state agencies. Included in the IRS data are business form data on C corporations, S corporations, partnerships, sole proprietorships, and other business entities.

The IRS data include detailed, industry-specific data and data for businesses of different asset levels. Receipts, income, and other information available from tax returns are used in the analysis. BEA data used include industry-specific GDP, fixed asset, and value-added data. The data from states vary by state but minimally include revenue levels and often include breakdown of categories of payors of different taxes.

The principles underlying our indirect tax analysis are:

1. Taxes tend to "stick to their base."

Our approach begins with recognition of the fact that the choice of tax base has major implications for the final incidence of a given tax. A tax on investment will generally be borne by investors, a tax on consumption will generally be borne by consumers, and a tax on labor will mostly be borne by employees. Often, of course, taxes aren't purely on investment, consumption, or labor. Nevertheless, a tax that is most closely proportional to one of these three factors will tend to remain largely on that factor as attempts to shift a tax off its base are constrained by the pressures of competition for investment capital, sales, and employees. Attempts to shift taxes off their base, and onto one of the other two possible destinations, risks making the business uncompetitive in the market to which it is shifted. If, for example, a business tries to pass on a business payroll tax to consumers or their owners instead of labor, it may become uncompetitive to consumers and in attracting investment. Businesses with high labor costs would find it particularly difficult to shift the tax and, if they do not shift, then other businesses operating will also find themselves unable to shift onto consumers or owners either. Different businesses and industries have different relationships between their profits, sales revenue, and labor costs. With the caveats that follow, competition forces businesses to pass taxes to the bases to which they apply to maintain the competitive equilibrium.

2. In an open economy, taxes can be partially shifted off their bases.

In a simple, completely closed economy, where businesses competing with each other are subject to the same taxes, taxes would stick very close to their bases. Our current economy is neither simple nor closed. Consumers can buy from businesses across state or even national lines. Businesses operating in a particular state are competing with businesses operating in other states that pay different taxes. Workers are competing with workers in other states for employment. There are barriers and inconveniences that limit the extent to which competition operates across state and national boundaries—but it is a significant part of how economies work. In an obvious case, a multinational corporation operating in a particular state, but selling worldwide, with competitors worldwide, is limited in the extent it can pass a state tax

associated with sales onto its consumers around the globe. Of course, their competitors also pay taxes where they are located so it is also true that some of the tax may be passed through to consumers. There are a complicated set of factors that determine the extent to which taxes are shifted off their base and to whom.

3. Taxes are not the most important determinants in the choices of businesses, consumers and workers.

Taxes are not the most important factor in decisions regarding the competition for capital, workers, and consumers (Wasylenko and McGuire, 1985; Bartik, 2009). Thus, while a tax on profits might make a state less attractive for a business, and all else being equal thus make a business in a state with such a tax less attractive to investors, that does not mean that a business will not stay in the state or pass the tax to its shareholders. A wide range of factors and market considerations determine the ultimate incidence of a tax—not just the nature of the tax itself.

4. Not all businesses and industries respond in the same way to a tax.

Different businesses and industries can be affected differently by the same tax and this can affect ultimate tax incidence. In the ITEP modeling of business taxes we consider the extent to which different industries compete nationally (or globally) versus locally in determining how taxes are passed through. A local restaurant is largely able to pass along taxes that are proportional to their sales to customers because it faces comparatively little pressure from out-of-state competitors that might not pay that tax. A local electronics store, on the other hand, is more limited in its ability to pass taxes on to consumers because it, in part, competes in a more national market, including against online retailers.

5. Incidence depends not only on a single state's taxes, but on other states' taxes as well.

The extent to which businesses pass taxes to owners, consumers, or workers depends on a state's taxation relative to other states. If other states that are competitively relevant to investors, consumers, or workers have similar levels of taxation, then a given state's taxes are more likely to stick to their base.

6. It is the totality of a state's taxes that matters for businesses, consumers, and workers.

A state's tax system affects competitive decisions as a whole, not one tax at a time. What matters is the collective impact of taxes on profits, prices, and wages—not each tax alone.

7. Businesses signal which taxes are borne by their owners, investors, and shareholders.

Businesses are primarily concerned in their efforts to influence state tax choices with taxes borne by their owners. The recent wave of business advocacy around state corporate income tax cutting, for instance, provides suggestive evidence that a substantial portion of the state corporate income tax falls on firm owners.

Corporate Income Taxes

Most states levy entity-level taxes on corporations, usually based primarily on their net profits apportioned to the state. States sometimes also apply taxes to the value of capital stock. Most of the final incidence of these taxes falls on owners of capital (Suárez Serrato and Zidar, 2023). Since most of the taxes paid on corporate net income are typically paid by large, multinational corporations with sales and employees around the country and the world, a significant fraction of the corporate income tax incidence is exported to other states and countries.

A smaller portion of the corporate tax can affect workers and is distributed in proportion to labor income. The congressional Joint Committee on Taxation has also concluded that a relatively small portion of the federal corporate income tax is borne by labor (Joint Committee on Taxation, 2013). For state corporate taxes, the fraction falling on workers varies by state depending on apportionment rules and overall levels of capital taxation in the state.

Business Property Taxes

Businesses pay a substantial share of real and personal property taxes. This analysis calculates the amount of property taxes falling initially on businesses—including but not limited to real property taxes, tangible personal property taxes, and inventory taxes—and allocates these taxes to owners of capital, labor, and consumers.

The bulk of these taxes remain with owners of capital, though a portion is passed back to workers and a small share is passed forward to consumers. As is the case with the corporate income tax and consumption taxes, a substantial share of the business property tax is exported to residents of other states and is therefore excluded from our presentation of the distributional impact of each state's taxes on its own residents. An alternative national presentation that includes these and other exported taxes can be found in Section 3 of this appendix.

The final incidence of business property taxes varies by industry. Taxes on industrial property, agricultural property, and tangible personal property fall in large part on businesses operating in a multistate or nationwide market that face barriers to passing higher tax costs along to consumers. Taxes on commercial real estate, on the other hand, are somewhat more likely to affect consumers. Owners and renters of commercial property are more likely to compete in localized markets where many of their competitors pay similar amounts of property tax, and where commercial rents are affected by sales levels and consumer markets. Taxes on utility property are the most likely to be passed along to consumers in the form of higher utility rates because of the cost-of-service regulation. As with the corporate income tax, some businesses also pass a portion of their property tax liability back to their workers, though their propensity to do so varies with the overall business tax level in the state.

Taxes on Business Purchases

This report also includes the effect of indirect consumption taxes: the sales and excise taxes that are paid initially by businesses rather than individuals. The final incidence of sales, excise, and gross receipts taxes levied on business-to-business transactions depends both on the nature of the product changing hands and the type of market in which the purchasing business competes (specifically, whether it is a local market or national market). These taxes are usually passed through to consumers in the form of higher prices (Besley and Rosen, 1998). Under certain circumstances, however, some of the tax will remain with capital or be passed back to workers.

Businesses competing in local markets are the most likely to shift their sales and excise tax costs forward to consumers because their competitors are likely to pay such a tax as well. The taxes paid by local market businesses on their short-lived intermediate inputs are predominately passed along to consumers as these taxes directly increase the cost of production. Taxes on local market businesses' capital purchases, which bear some similarities to property taxes, are somewhat more likely to remain with firm owners and their employees relative to taxes on short-lived inputs.

For businesses producing output sold principally in national markets, such as manufacturers, some of the tax will also be passed forward to consumers. Many of these businesses' customers are located in other states, however, meaning that a significant share of these taxes do not affect in-state residents. But national market businesses are constrained in their ability to pass forward their costs to customers without losing market share and thus a significant portion of these taxes fall on firm owners and, to a lesser extent, workers as well.

While we employ similar shifting frameworks for sales, excise, and gross receipts taxes, the composition of those tax bases leads to meaningfully different results across tax types. Diesel fuel taxes, for instance, fall entirely on intermediate inputs whereas general sales taxes include a meaningful amount of capital purchases within their bases. The latter is therefore somewhat more likely to fall on capital and labor. Gross receipts taxes (GRTs) tend to fall more heavily on business inputs than general sales taxes and therefore a larger share of GRTs tends to remain with capital and labor than is true of sales taxes.

The "margins taxes" levied in Nevada, Oregon, and Texas represent special cases. These are closely related to business gross receipts taxes, but with some features that make them more like business profits taxes. Specifically, there are deductions in these taxes that are not found in GRTs but which are a small subset of the deductions found in business profits taxes. Although how we model these taxes is more complex than this, we can think of these taxes as being GRT in part and business profits tax in part. The net result of this hybrid system tends to tilt in a regressive direction overall—a finding in line with Texas's official distributional analysis of its margins tax (Texas Comptroller of Public Accounts, 2023).

Severance Taxes

Severance taxes typically fall on fungible goods that are sold in national or international markets. Because of this, firms generally have little ability to pass severance tax costs forward to consumers through higher prices (Weinstein, 1984; Cline et al., 2010). The oil industry, in particular, is highly globalized (Parker, 2020). As a result, oil extraction taxes are especially likely to be borne by firm owners. In less globalized markets, such as those for gas, coal, minerals, forestry, and fishing, there is a slightly higher likelihood of taxes being shifted to other actors.

Special Shifting Rules in Lower Tax Cases

To the extent that a state has lower indirect taxes—taxes that have their initial incidence on businesses—those taxes are less likely to be shifted off their base in ultimate incidence. To pick up on that variation among states, our approach uses a special set of shifting rules applicable to states that choose to levy low indirect taxes. For example, in our modeling of states with low overall capital tax levels we see fewer of those capital tax dollars shifted back to labor. This variation in shifting rules, dependent on the level of taxation in the state, is broadly similar to an approach employed by the Minnesota Department of Revenue and is consistent with the approach taken in Who Pays? since the 1st edition of the study.

Data Sources

The figures presented in this report were calculated using the ITEP Tax Microsimulation Model. The model uses microdata and aggregate data from the following sources:

IRS Individual Public Use Tax Files; American Community Survey Public Use Microdata Samples; IRS Statistics of Income, Individual Tax, By State; IRS Statistics of Income, Business Tax, National and By State; Bureau of Labor Statistics Consumer Expenditure Survey; Census American Community Survey tabular data; Survey of Income and Program Participation; Panel Study of Income Dynamics; Survey of Consumer Finances; miscellaneous IRS data; state tax, budget, and fiscal agency data from all 50 states and the District of Columbia; state assessors data; Census Government Finance data; Congressional Budget Office and Joint Committee on Taxation forecasts; Bureau of Economic Analysis (BEA) Gross Domestic Product by State and National, by Industry; BEA Personal Consumption Expenditures National and by State; BEA Fixed Assets By Industry; BEA Input-Output Accounts Data; American Housing Survey; Census of Population Housing; Energy Information Administration; state transportation department data; Federal Highway Administration (FHWA) Highway Statistics series; FHWA's National Household Travel Survey; U.S. Department of Transportation Bureau of Transportation Statistics; National Equity Atlas (produced by PolicyLink and the USC Program for Environmental and Regional Equity); Census County Business Patterns; U.S. Department of Agriculture National Household Food Acquisition and Purchase Survey; U.S. Travel Association reports; American National Election Studies; National League of Cities; Centers for Disease Control and Prevention; Kaiser Family Foundation; Rental Housing Finance Survey; Zillow Price-to-Rent Ratio data; EY reports; Lincoln Institute of Land Policy and Minnesota Center for Fiscal Excellence reports; Current Population Survey Tobacco Use Supplement; Orzechowski and Walker's Tax Burden on Tobacco; Distilled Spirits Council data; state liquor agency data; American Gaming Association; U.S. Department of Education National Center for Education Statistics; Insurance Information Institute; Society of Actuaries data; Federal Reserve Board, Financial Accounts of the United States.

Section 2: Comparison to Other Tax Incidence Studies

Who Pays? is the only comprehensive, 50-state study of state and local tax distribution. For the vast majority of states, it is the only place to find these kinds of incidence figures. It is worth noting, however, that a handful of state government agencies also produce incidence studies to inform lawmakers and the public in their states. The findings reached in those studies are consistent with those in this study.

Five states publish extensive studies of their tax codes' distributional effects on a regular basis. Those reports are authored by the Colorado Department of Revenue, Connecticut Department of Revenue Services, Maine Revenue Services, Minnesota Department of Revenue, and Texas Comptroller of Public Accounts. Interested readers can find those reports listed in the references section.

Direct, precise, comparisons of the effective tax rates in this report with those published in other studies are hindered by differences in scope and presentation. Specifically, these studies differ in the population being analyzed, the year of tax law studied, the variety of taxes included, the definition of income against which tax liability is measured, and the technique used to sort tax units into income bands, among other differences. But despite these factors, the official state incidence studies all reach the same conclusions as this one on the major questions policymakers and the public have regarding tax distribution.

In overview, all the studies find levels of regressivity in their tax systems that are similar to what we find in this report.

Figure C compares the overall finding of those five studies to the results of this study using the Suits Index (Suits, 1977). The Suits Index is a tool, similar to the ITEP Tax Inequality Index, for measuring the regressivity of a tax or the overall tax system. A negative Suits Index indicates regressivity and a positive Suits Index indicates progressivity. A more detailed description of the Suits Index is provided at the end of this report. We used Suits, rather than the ITEP Index, in constructing this figure because most of these state reports do not publish the full range of effective tax rates needed to calculate the ITEP Index. Suits is also the most common measure of tax regressivity among these states: Connecticut, Maine, and Minnesota publish Suits Index values for specific tax types and the overall tax system, while Texas publishes a separate Suits value for each tax analyzed in its report.

FIGURE C

Suits Index Value

Comparing ITEP data to state agency data
Negative values denote regressive taxation

	Texas	Connecticut	Colorado	Maine	Minnesota
ITEP Suits	-0.162	-0.083	-0.058	-0.003	+0.024
ITEP Year of Analysis	TY2024	TY2024	TY2024	TY2024	TY2024
State Agency Suits	-0.181	-0.190	-0.102	-0.005	-0.001
State Agency Year of Analysis	FY2025	TY2019	TY2019	TY2021	TY2018

Note: Suits Index values in Connecticut, Maine, and Minnesota are taken directly from state agency reports. The Minnesota agency's value excludes the bottom decile due to data reliability concerns. Texas and Colorado do not publish overall Suits values and so those were calculated by ITEP. The year of analysis, population studied, and other factors are not strictly comparable across the ITEP and state agency studies and contribute to differences in observed Suits values.

Source: Institute on Taxation and Economic Policy (ITEP); Texas Comptroller; Connecticut Department of Revenue Services; Colorado Department of Revenue; Maine Revenue Services; Minnesota Department of Revenue.

The Suits Index values derived from the studies produced by various state agencies are not far off from the values calculated in this study. The findings from Texas, Connecticut, and Colorado are in agreement with the findings of this study indicating that each of those states' tax codes is meaningfully regressive. In Maine and Minnesota, which have robust income taxes and income-based offsets to their property taxes, ITEP and the relevant state agencies agree that the overall systems come closer to proportionality overall, with both progressivity and regressivity present at various points along the income scale.

The most notable difference between the state agency studies and this study is that the states' tax incidence studies find somewhat more regressivity. One factor likely contributing to this finding is the exclusion of seniors from this study. As discussed earlier, seniors may face higher consumption and property tax rates if their ratios of spending to income, and home value to income, are higher than for non-seniors. Higher tax rates under these regressive tax sources would tend to increase the overall measure of regressivity present in the tax code.

The year of analysis is also an important consideration in many of these states. The Minnesota Department of Revenue study, for instance, was published in March 2021, using 2018 base year data, and therefore does not include the effects of progressive tax legislation enacted in 2023. Using the

supplementary data contained in Appendix D of this study, we find that the Minnesota tax code as it existed in 2018 had a Suits Index value of +0.004—an amount that is nearly indistinguishable from the -0.001 value found in the Minnesota report.

A similar issue is present in the Colorado and Connecticut studies, both of which analyze 2019 tax law. Colorado and Connecticut enacted meaningful tax cuts for low-income families in recent years that are included in this study but were outside the scope of the state agency studies. Colorado also enacted a variety of progressive personal income tax reforms in 2021 affecting high-income families' capital gains, pass-through business income, and itemized deductions. It is likely that future editions of these two studies will show somewhat less tax regressivity due to these reforms and that their results will move toward Suits values even closer in line with those found in this study.

A central reason for the broad similarities in results seen across these studies is the consensus among them that consumption and property taxes tilt in a regressive direction. In all these studies, sales and excise taxes are found to be regressive—the most regressive major sources of revenue in most of them. The Texas Comptroller, for instance, finds that the bottom quintile of Texas residents pay more than 4 times as much, measured as a share of household income, in sales and use taxes than the top quintile. While personal income taxes can mitigate tax regressivity in states choosing to levy them, in practice these taxes are not robust enough to produce a genuinely progressive overall outcome. This is why all five of the most comprehensive tax incidence studies produced by state agencies find their states' tax codes to be regressive overall.

The key takeaway of these comparisons is that, among the organizations that have studied state and local tax incidence most closely, there is wide agreement on the distributional shape of those tax codes. The typical state and local tax code is undoubtedly regressive, though this outcome can be avoided with robust income taxation and the provision of income-based property tax offsets, as is the case in Maine and Minnesota.

Section 3: Alternative Presentation With Exported Taxes

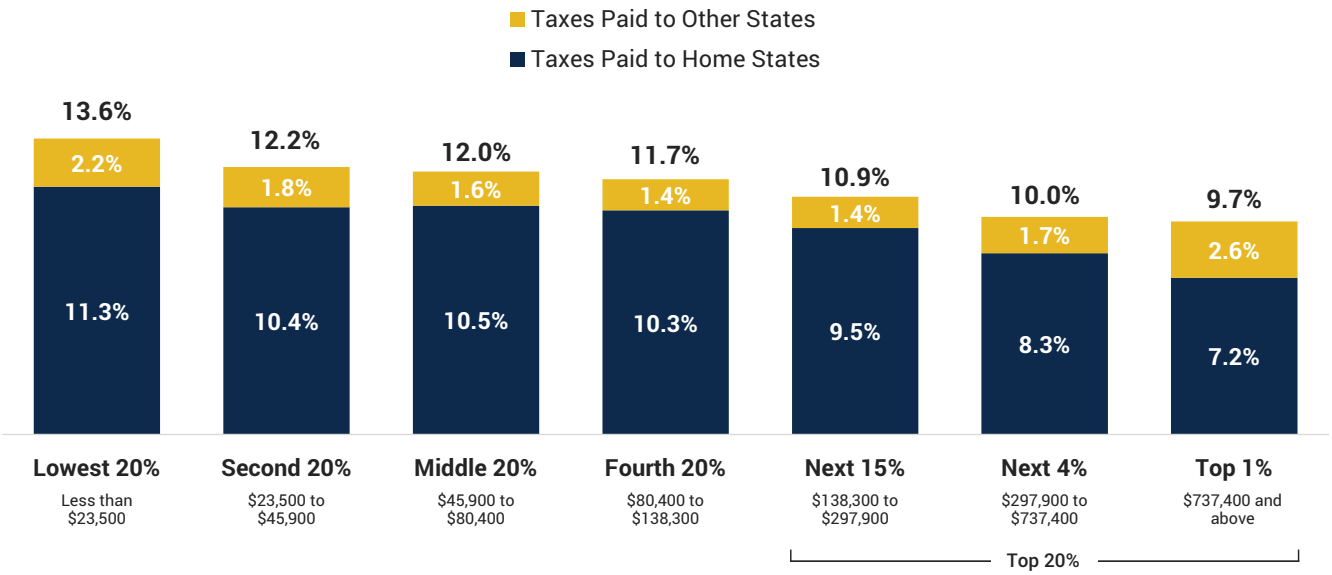
The results reported in this study show the distribution of state and local taxes paid by residents to the states in which they live. This analysis allows lawmakers to understand how the tax laws they help write are impacting their constituents and allows residents to see how their state's taxes are affecting them relative to others in their state. This kind of analysis is best suited to answer the most pressing questions that state and local lawmakers have about tax distribution and to better inform voters about the policies their state has control over.

From a national perspective, it is also worth examining the distributional impact of cumulative taxes paid by residents to all states—including the taxes that are "exported" from states other than their own. Figure D offers an alternative presentation of the data that includes this information. It shows that the regressive impact of state and local taxation remains little changed when exported taxes are included. Adding exported taxes increases the effective rate on low-income families by 2.2 percentage points while it raises the effective rate for the top 1 percent by 2.6 percentage points. Overall effective tax rates rise to 13.6 percent of income for low-income families and to 9.7 percent of income for high-income families—a slightly less regressive result than without considering exported taxes.

FIGURE D

Alternative Presentation of Average Effective State and Local Tax Rates in the U.S.

State and local taxes paid, as a share of income, for non-seniors



Note: Individual figures may not sum to totals due to rounding.

Source: Institute on Taxation and Economic Policy (ITEP)

This muted distributional impact is driven by the wide diversity of tax types being exported, and the wide variety of mechanisms through which that exporting occurs. High-income taxpayers, for example, pay taxes to other states when they own stock in a corporation that pays another state's corporate income tax, or when they own a vacation home outside of their home state that is subject to property taxes. Low- and middle-income taxpayers are impacted more noticeably by other states' sales taxes and diesel fuel taxes, which can raise the cost of goods being shipped into their state from other parts of the country. And a broad swath of people pay tax directly on their gasoline, restaurant meals, and other purchases when they travel outside of their home states to visit family or take a vacation.

Section 4: The ITEP Inequality Index

The ITEP Tax Inequality index measures the effects of each state's tax system on income inequality. It aims to answer the following question: Are incomes more, or less, equal after state and local taxes are collected? For each state, the Index compares incomes by income group before and after taxes.

Specifically, our measure is a weighted average of three measures of relative tax preference:

1. The wealthy to the poor, by comparing the top 1 percent to the bottom 20 percent

2. The wealthy to the middle class, by comparing the top 1 percent to the middle 60 percent

3. High earners to low- and moderate-income families broadly, by comparing the top 20 percent to the bottom 40 percent, half weighted

Therefore for:

- The five quintiles of income = {A, B, C, D, E}
- The top percentile of income = z
- $\hat{x}$ = after-tax income as a share of pre-tax income

$$\text{ITEP Inequality Index} = \frac{\left(\frac{\hat{z}}{\hat{A}} + \frac{\hat{z}}{\widehat{BCD}} + {}^{1}/_{2}\frac{\hat{E}}{\widehat{AB}}\right)}{2.5}$$

States with regressive tax structures have negative ITEP Index values, meaning that incomes are less equal in those states after state and local taxes than before. States with progressive tax structures have positive Index values; incomes are more equal after state and local taxes than before.

The ITEP Index is not the only measure of state and local tax regressivity, but it does have advantages over the other indices that lead us to use it as the benchmark across states for this study.

The Suits Index is the most used overall measure of tax regressivity at the state level (Suits, 1977). As with the ITEP Index, Suits evaluates taxes relative to income across the income distribution. But it does so by comparing each income group's share of income to its share of taxes paid and calculating the cumulative difference between those two measures.

For instance, if the bottom 20 percent of tax units collect 3 percent of income but pay 6 percent of a given state's taxes, Suits would correctly label the effect of those taxes as regressive for this segment of the income distribution. Requiring such outsized payments, relative to income, by families of very modest means risks worsening the economic hardship that they are likely already confronting and should be front of mind for lawmakers considering the disparate effects of the tax law across the economic spectrum. But in the Suits calculation, this group's tax payment has only a minor effect on the overall result because their contribution to the tax's final Suits value is constrained by the fact that 97 percent of income received and 94 percent of taxes paid were associated with other groups. In other words, the mathematical construction of Suits fails to give adequate weight to the outsized human toll that comparatively high tax rates can have on families in vulnerable economic situations.

Less frequently cited in state tax distributional work, but also of note, is the Kakwani Index (Kakwani, 1977). Developed around the same time as Suits, Kakwani is less prone to minimizing the importance of tax policy for economically vulnerable families because it measures tax distribution in proportion to the share of households.

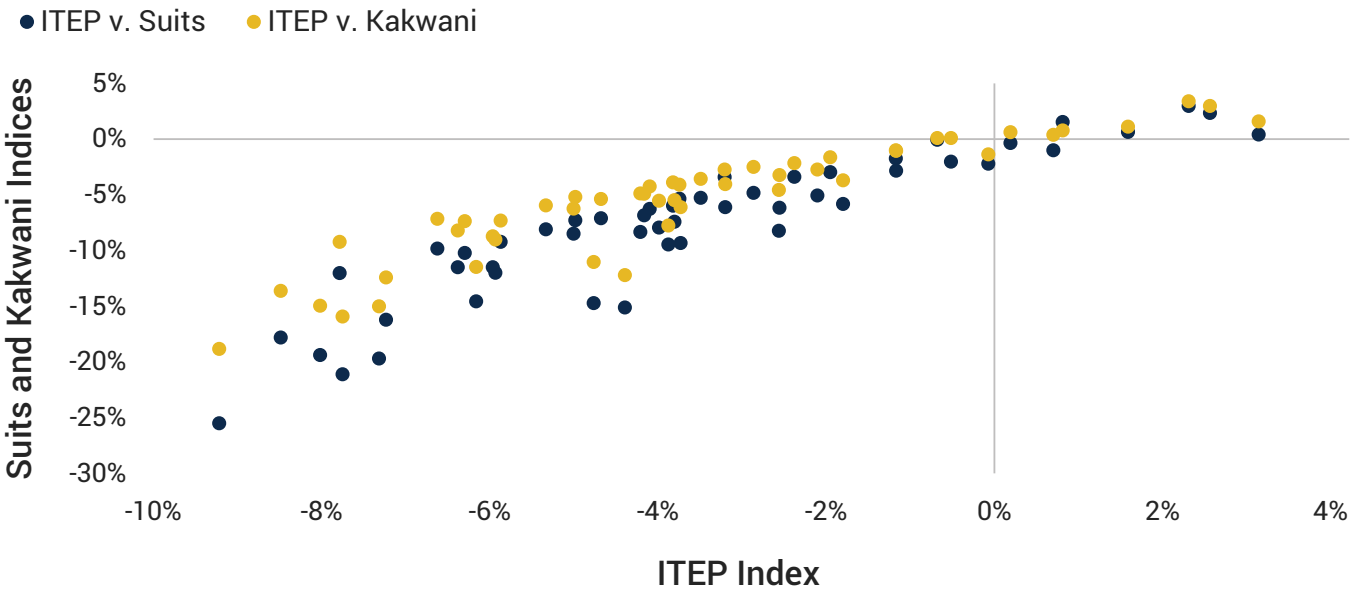
Taking the above example, in the Kakwani Index tax rates on the bottom 20 percent of households have more sway over the final Index value simply because this group comprises 20 percent of households—the fact that they only receive 3 percent of income does not work against them in the same way that it does under Suits.

With Kakwani, however, the main disadvantage arguably lies at the other extreme end of the income scale. Taxation of the top 1 percent of earners is a key practical consideration for state tax policymakers because this group receives a large share of income, but the taxation of that income has comparatively little effect on the Kakwani Index since this group represents such a small share of overall households.

FIGURE E

Comparing Three Measures of State and Local Tax Regressivity

ITEP Inequality Index, Suits Index, and Kakwani Index are highly correlated



Source: Institute on Taxation and Economic Policy (ITEP)

The ITEP Index strikes a balance between these two approaches by providing somewhat more weighting at the very bottom of the income scale than does the Suits Index (where the human toll of regressive taxation is highest), and somewhat more weight to the top of the income scale than does the Kakwani Index (where tax rates matter most to revenue capacity).

Ultimately, each of these methods are attempting to measure the same concept, as evidenced by the high degree of correlation between these measures exhibited in Figure E. In this figure, each dot represents a state and, regardless of the measure chosen, the same pattern holds. States that are more regressive under the ITEP Index, and therefore appear on the left side of the chart, are also more regressive under the other two measures. All three measures point toward meaningful levels of regressivity in the large majority of state and local tax systems.

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State-by-State Tables

The following pages contain state-by-state estimates of the distribution of state and local taxes, by income group, for non-senior taxpayers. These estimates were created using 2023-level income and economic data as forecasts for 2024 are subject to considerable uncertainty. The tax laws being modeled, however, are Tax Year 2024 policy as enacted through December 31, 2023. State and local lawmakers often enact retroactive tax policy changes so it is likely that some states' final laws for Tax Year 2024 will look somewhat different than what we present here. It is also worth noting that several states have significant tax policy changes scheduled to take effect in years after 2024. Some of those changes will reshape state and local tax distribution in major ways if they take effect as scheduled. We present data on many major scheduled changes in Appendix E.

The first page for each state provides data on the distribution of state and local taxes overall and by major tax category. In all this report's distributional tables and charts, the population is divided into income quintiles (groups of 20 percent of the population) and the highest-income quintile is further subdivided into three groups: the top 1 percent, the next highest 4 percent, and the next 15 percent. This is done because the highest-income quintile received 61 percent of all income in 2023 — and because income is distributed unequally within the top quintile.

The large chart at the top of each state page shows total average state and local taxes, as a percent of family income, by income group. Three smaller charts appear below it and show the distribution of various major tax types that contribute to that result.

Every state page includes a chart for property taxes and another for sales and excise taxes as these broad tax categories are significant sources of revenue in every state. (These major tax categories are broadly defined; a more detailed description of the contents of each can be found in the report's methodology section.)

The third smaller chart on each state page varies depending on the design of their tax laws. In most cases, this chart presents the distributional impact of state and local personal income tax laws. (In these states, the three smaller charts do not sum to equal the major chart, as corporate income taxes and other taxes do not appear in any of the smaller charts.) In states that forgo broad-based personal income taxation, the third chart is simply a sum of all taxes not included in the other two—meaning those data reported on the "Income Taxes" and "Other Taxes" lines on the second page.

The second page includes a more detailed breakdown, in table form, of the numbers underlying the charts just described. The second page also describes the state's overall tax distribution and its ITEP Tax Inequality Index ranking. (The ITEP Index calculation is described in more detail in the report's methodology section.) Finally, a list of significant features of that state's tax code is provided, sorted into two categories depending on whether those features push the state's final distributional result in a more progressive, or more regressive, overall direction.

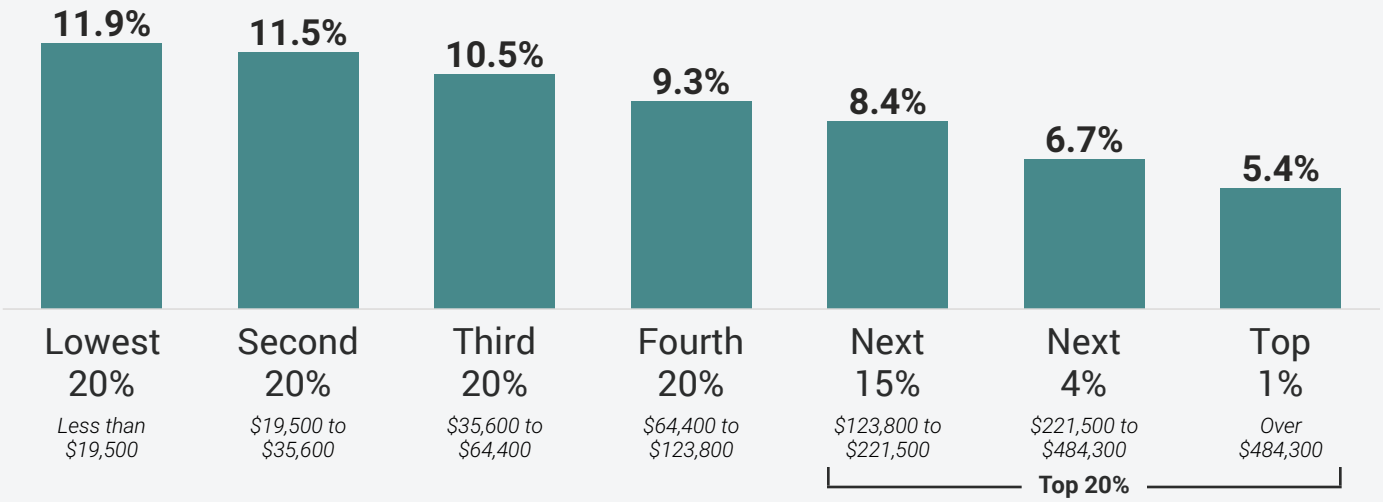
Alabama

State and local tax shares of family income

Total Taxes

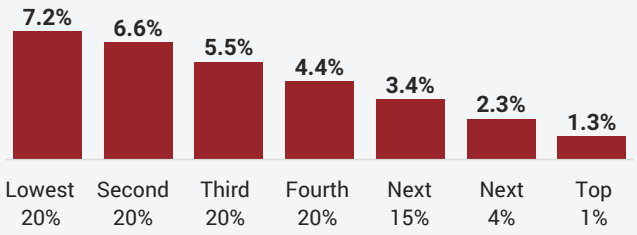
Share of family income

REGRESSIVE



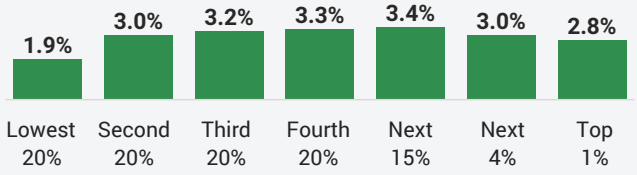
Sales & Excise Taxes

Share of family income



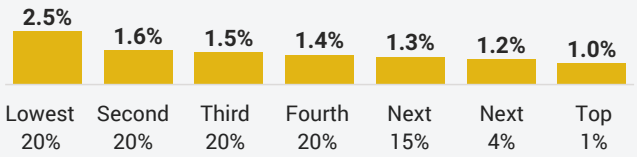
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in Alabama, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99 percent) state and local tax revenue collected in Alabama. These figures depict Alabama's grocery sales tax rate at its 2024 level of 3 percent. That rate will decrease to 2 percent when revenue conditions are met. As seen in Appendix E, this will decrease overall tax rates by 0.2 percentage points at the bottom and 0.1 percentage points in the middle, and cause the state to move 2 spots in the ITEP Inequality Index rankings, from 12th to 14th most regressive.

Alabama State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20% Next 15%	Top 20% Next 4%	Top 20% Top 1%
Income Range	Less than $19,500	$19,500 to $35,600	$35,600 to $64,400	$64,400 to $123,800	$123,800 to $221,500	$221,500 to $484,300	Over $484,300
Average Income in Group	$11,600	$26,500	$48,400	$90,000	$153,100	$285,800	$903,100
Sales & Excise Taxes	**7.2%**	**6.6%**	**5.5%**	**4.4%**	**3.4%**	**2.3%**	**1.3%**
General Sales–Individuals	4.1%	4.1%	3.5%	2.8%	2.2%	1.4%	0.7%
Other Sales & Excise–Ind.	2.1%	1.6%	1.1%	0.8%	0.6%	0.4%	0.2%
Sales & Excise–Business	1.0%	1.0%	0.9%	0.8%	0.7%	0.6%	0.5%
Property Taxes	**2.5%**	**1.6%**	**1.5%**	**1.4%**	**1.3%**	**1.2%**	**1.0%**
Home, Rent, Car–Individuals	2.2%	1.4%	1.2%	1.1%	1.0%	0.8%	0.5%
Other Property Taxes	0.3%	0.3%	0.2%	0.3%	0.3%	0.4%	0.5%
Income Taxes	**1.9%**	**3.0%**	**3.2%**	**3.3%**	**3.4%**	**3.1%**	**2.9%**
Personal Income Taxes	1.9%	3.0%	3.2%	3.3%	3.4%	3.0%	2.8%
Corporate Income Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
Other Taxes	**0.3%**	**0.2%**	**0.2%**	**0.2%**	**0.2%**	**0.2%**	**0.2%**
TOTAL TAXES	**11.9%**	**11.5%**	**10.5%**	**9.3%**	**8.4%**	**6.7%**	**5.4%**

ITEP Tax Inequality Index

ITEP's Tax Inequality Index measures the effects of each state's tax system on income inequality. **According to this measure, Alabama has the 12th most regressive state and local tax system in the country.** Income disparities are larger in Alabama after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in Alabama

PROGRESSIVE

- Large property tax homestead exemption
- Graduated personal income tax structure; however, top rate kicks in at $3,000 (single) so virtually flat
- Levies a business franchise tax

REGRESSIVE

- Mismeasurement of home value in the property tax tilts in a regressive direction
- Narrow income tax brackets mean majority of taxpayers pay top income tax rate
- No refundable income tax credits to offset sales, excise, and property taxes
- Sales tax base includes groceries, though taxed at a lower rate
- Comparatively high combined state and local sales tax rates
- Income tax deduction for federal income taxes paid
- Does not levy a tax on estates or inheritances

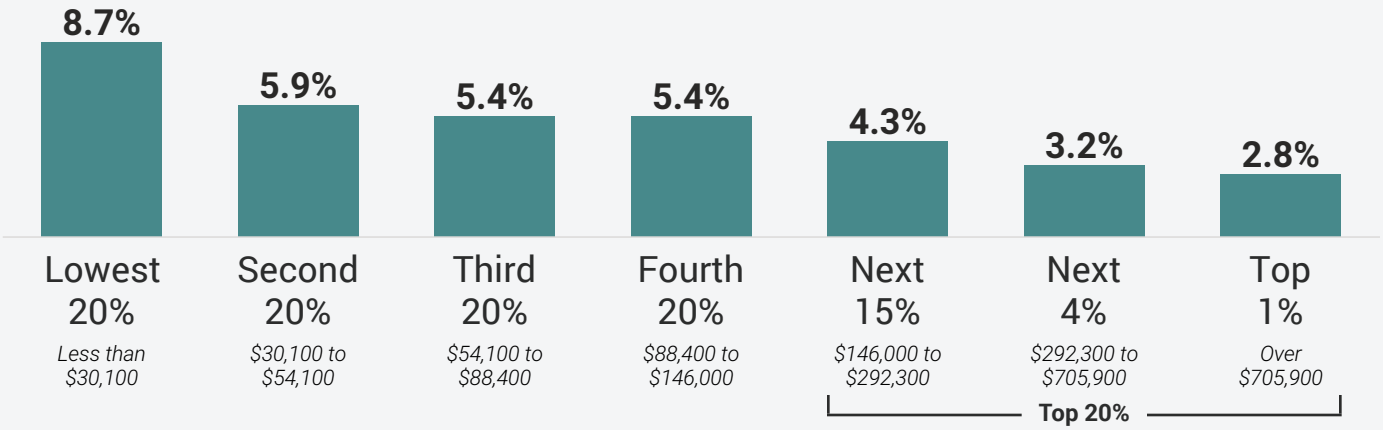
Alaska

State and local tax shares of family income

Total Taxes

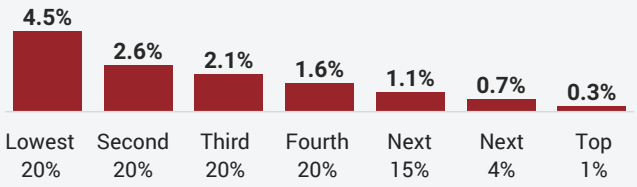
Share of family income

REGRESSIVE



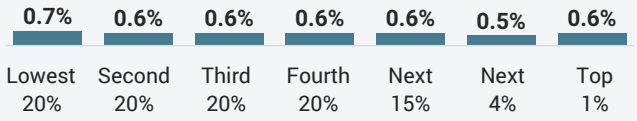
Sales & Excise Taxes

Share of family income



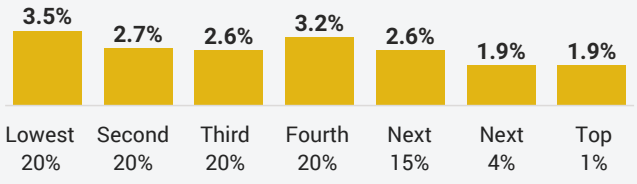
All Other Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in Alaska, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.5 percent) state and local tax revenue collected in Alaska.

Alaska State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20% Next 15%	Top 20% Next 4%	Top 20% Top 1%
Income Range	Less than $30,100	$30,100 to $54,100	$54,100 to $88,400	$88,400 to $146,000	$146,000 to $292,300	$292,300 to $705,900	Over $705,900
Average Income in Group	$16,400	$41,200	$69,300	$116,800	$199,700	$419,000	$1,686,400
Sales & Excise Taxes	**4.5%**	**2.6%**	**2.1%**	**1.6%**	**1.1%**	**0.7%**	**0.3%**
General Sales–Individuals	1.1%	0.9%	0.9%	0.7%	0.5%	0.3%	0.1%
Other Sales & Excise–Ind.	3.1%	1.4%	0.9%	0.6%	0.4%	0.2%	0.1%
Sales & Excise–Business	0.3%	0.3%	0.3%	0.2%	0.2%	0.2%	0.1%
Property Taxes	**3.5%**	**2.7%**	**2.6%**	**3.2%**	**2.6%**	**1.9%**	**1.9%**
Home, Rent, Car–Individuals	2.7%	2.1%	2.0%	2.7%	1.9%	1.4%	0.6%
Other Property Taxes	0.8%	0.6%	0.6%	0.5%	0.7%	0.6%	1.3%
Income Taxes	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**
Personal Income Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Corporate Income Taxes	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Other Taxes	**0.6%**	**0.5%**	**0.5%**	**0.5%**	**0.5%**	**0.4%**	**0.5%**
TOTAL TAXES	**8.7%**	**5.9%**	**5.4%**	**5.4%**	**4.3%**	**3.2%**	**2.8%**

ITEP Tax Inequality Index

ITEP's Tax Inequality Index measures the effects of each state's tax system on income inequality. **According to this measure, Alaska has the 20th most regressive state and local tax system in the country.** Income disparities are larger in Alaska after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in Alaska

PROGRESSIVE

- No statewide sales tax
- Requires water's edge combined reporting for other companies; some foreign tax haven income is partially taxed through GILTI inclusion
- Requires worldwide combined reporting for oil and gas industries, which comprise a majority of corporate tax collections

REGRESSIVE

- Corporate income tax excludes pass-through businesses
- No personal income tax
- Does not levy a tax on estates or inheritances
- Local sales tax bases often include groceries

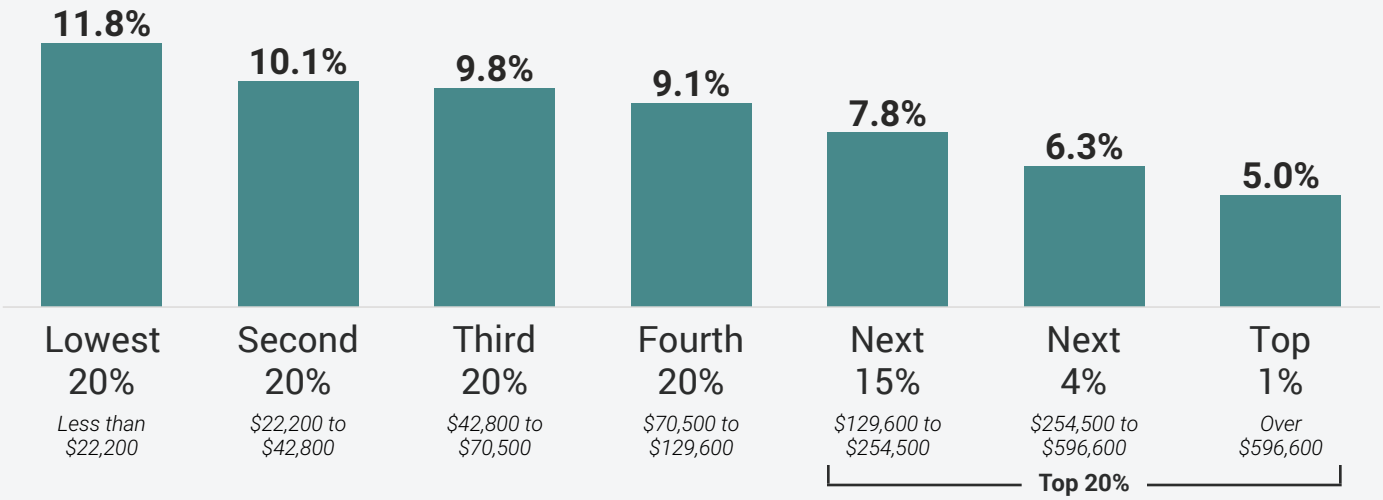
Arizona

State and local tax shares of family income

Total Taxes

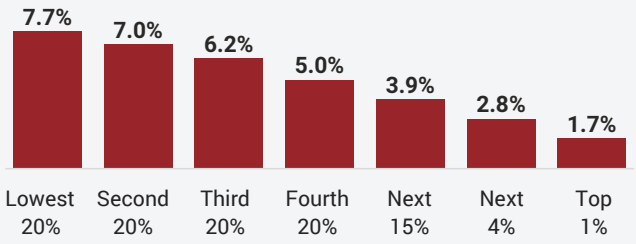
Share of family income

REGRESSIVE



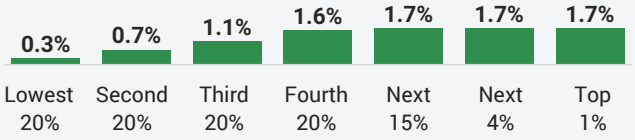
Sales & Excise Taxes

Share of family income



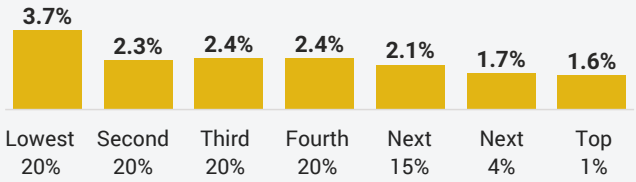
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in Arizona, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.9 percent) state and local tax revenue collected in Arizona. As seen in Appendix D, recent legislative changes have significantly increased the regressive tilt of Arizona's tax system. The top 1 percent of earners received the largest tax cuts, at 2.3 percent of income, and the state moved 14 spots in the ITEP Inequality Index rankings, from 27th to 13th most regressive.

Arizona State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20% Next 15%	Top 20% Next 4%	Top 20% Top 1%
Income Range	Less than $22,200	$22,200 to $42,800	$42,800 to $70,500	$70,500 to $129,600	$129,600 to $254,500	$254,500 to $596,600	Over $596,600
Average Income in Group	$12,500	$30,500	$54,700	$96,800	$165,200	$355,200	$1,044,500
Sales & Excise Taxes	**7.7%**	**7.0%**	**6.2%**	**5.0%**	**3.9%**	**2.8%**	**1.7%**
General Sales–Individuals	4.6%	4.7%	4.3%	3.5%	2.7%	1.8%	0.8%
Other Sales & Excise–Ind.	1.7%	0.9%	0.6%	0.4%	0.3%	0.2%	0.1%
Sales & Excise–Business	1.4%	1.4%	1.2%	1.1%	0.9%	0.8%	0.8%
Property Taxes	**3.7%**	**2.3%**	**2.4%**	**2.4%**	**2.1%**	**1.7%**	**1.6%**
Home, Rent, Car–Individuals	3.4%	1.9%	2.1%	2.1%	1.7%	1.2%	0.7%
Other Property Taxes	0.4%	0.4%	0.4%	0.3%	0.4%	0.5%	0.9%
Income Taxes	**0.3%**	**0.8%**	**1.2%**	**1.6%**	**1.8%**	**1.8%**	**1.8%**
Personal Income Taxes	0.3%	0.7%	1.1%	1.6%	1.7%	1.7%	1.7%
Corporate Income Taxes	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Other Taxes	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.0%**	**0.0%**
TOTAL TAXES	**11.8%**	**10.1%**	**9.8%**	**9.1%**	**7.8%**	**6.3%**	**5.0%**

ITEP Tax Inequality Index

ITEP's Tax Inequality Index measures the effects of each state's tax system on income inequality. **According to this measure, Arizona has the 13th most regressive state and local tax system in the country.** Income disparities are larger in Arizona after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in Arizona

PROGRESSIVE

- Refundable income tax credit to offset the impact of sales taxes
- Requires combined reporting for the corporate income tax but excludes profits booked overseas, including in tax haven countries
- State sales tax base excludes groceries

REGRESSIVE

- No property tax "circuit breaker" credit for low-income, non-senior taxpayers
- Partial income tax exclusion for capital gains income
- Comparatively high reliance on sales and excise taxes
- Income tax deduction for state income taxes paid
- Local sales tax bases include groceries
- Personal income tax uses a flat rate
- No Earned Income Tax Credit (EITC)
- No Child Tax Credit (CTC)

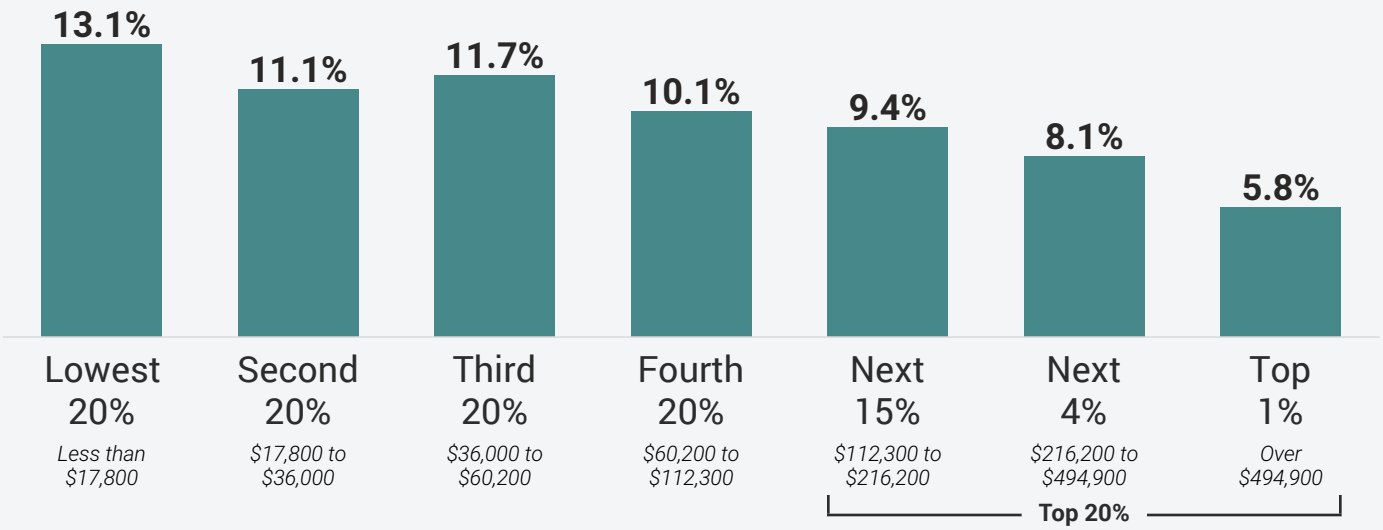
Arkansas

State and local tax shares of family income

Total Taxes

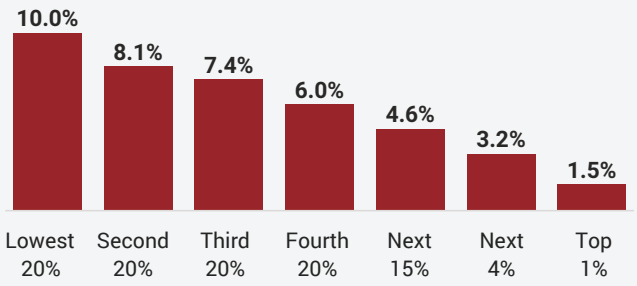
Share of family income

REGRESSIVE



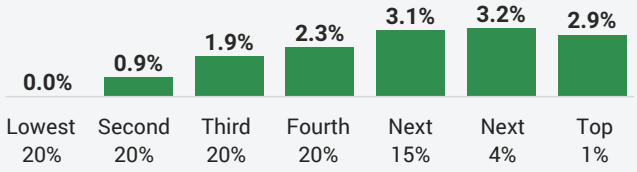
Sales & Excise Taxes

Share of family income



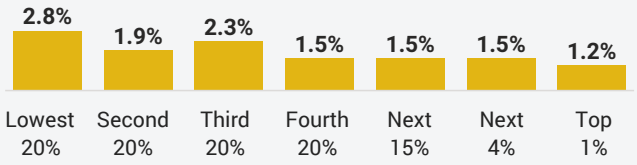
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in Arkansas, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.5 percent) state and local tax revenue collected in Arkansas. As seen in Appendix D, recent legislative changes have significantly increased the regressive tilt of Arkansas's tax system. The top 1 percent of earners received the largest tax cuts, at 1.5 percent of income, and the state moved 6 spots in the ITEP Inequality Index rankings, from 15th to 9th most regressive.

Arkansas State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	Top 1%
Income Range	Less than $17,800	$17,800 to $36,000	$36,000 to $60,200	$60,200 to $112,300	$112,300 to $216,200	$216,200 to $494,900	Over $494,900
Average Income in Group	$10,300	$26,500	$45,600	$83,400	$144,100	$292,000	$1,416,700
Sales & Excise Taxes	**10.0%**	**8.1%**	**7.4%**	**6.0%**	**4.6%**	**3.2%**	**1.5%**
General Sales–Individuals	5.3%	4.9%	4.6%	3.8%	2.9%	1.9%	0.5%
Other Sales & Excise–Ind.	2.9%	1.6%	1.2%	0.8%	0.5%	0.3%	0.1%
Sales & Excise–Business	1.8%	1.6%	1.6%	1.4%	1.2%	1.0%	0.9%
Property Taxes	**2.8%**	**1.9%**	**2.3%**	**1.5%**	**1.5%**	**1.5%**	**1.2%**
Home, Rent, Car–Individuals	2.4%	1.6%	1.9%	1.2%	1.2%	1.1%	0.3%
Other Property Taxes	0.4%	0.3%	0.4%	0.3%	0.3%	0.4%	0.8%
Income Taxes	**0.1%**	**1.0%**	**1.9%**	**2.4%**	**3.2%**	**3.2%**	**3.0%**
Personal Income Taxes	0.0%	0.9%	1.9%	2.3%	3.1%	3.2%	2.9%
Corporate Income Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Other Taxes	**0.2%**	**0.2%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**
TOTAL TAXES	**13.1%**	**11.1%**	**11.7%**	**10.1%**	**9.4%**	**8.1%**	**5.8%**

ITEP Tax Inequality Index

ITEP's Tax Inequality Index measures the effects of each state's tax system on income inequality. **According to this measure, Arkansas has the 9th most regressive state and local tax system in the country.** Income disparities are larger in Arkansas after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in Arkansas

PROGRESSIVE

- Two non-refundable low-income tax credits
- Graduated personal income tax structure, though top rate applies to taxpayers with taxable income over $25,000 (single) so a large share of families face top rate
- Levies a business franchise tax

REGRESSIVE

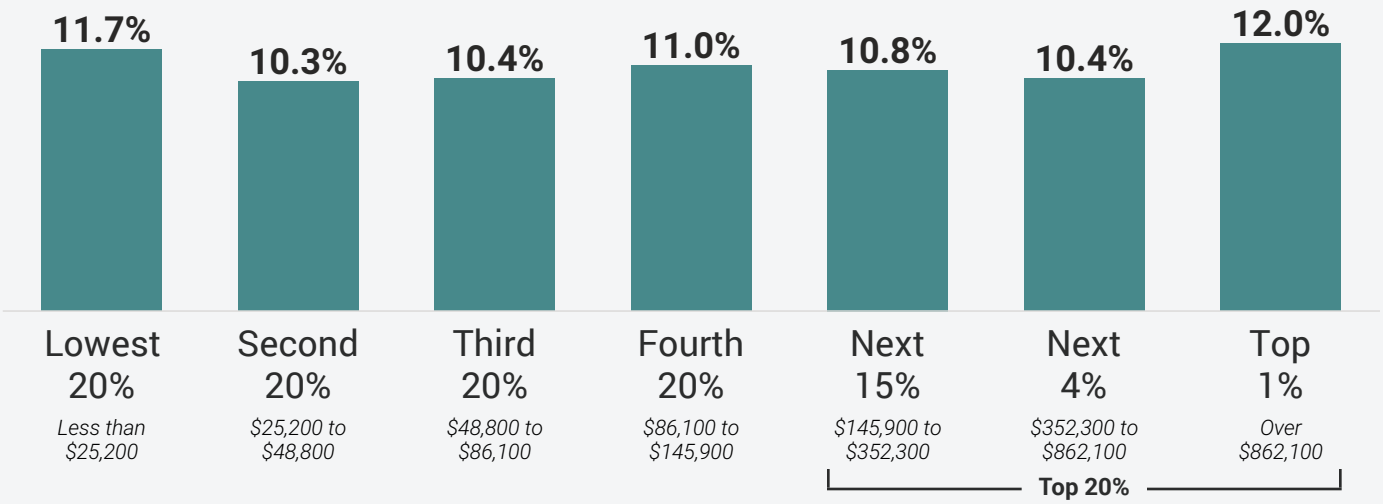
- Income tax exclusion equal to 50 percent of capital gains income, fully excludes gains above $10 million
- State sales tax base includes groceries, though taxed at a lower rate
- No property tax "circuit breaker" credit for low-income taxpayers
- Does not use combined reporting as part of its corporate income tax
- Comparatively high combined state and local sales tax rates
- Comparatively high reliance on sales and excise taxes
- Local sales tax bases include groceries
- No Earned Income Tax Credit (EITC)

California

State and local tax shares of family income

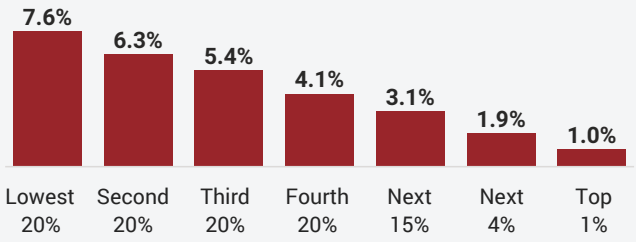
Total Taxes

Share of family income



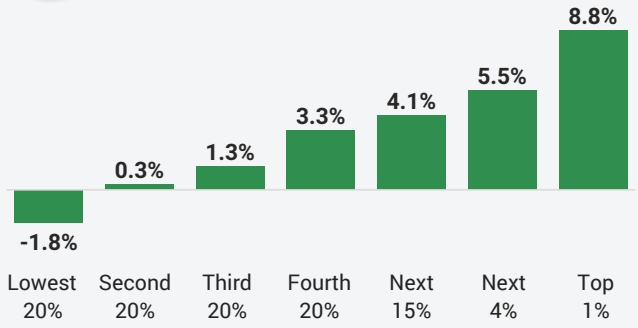
Sales & Excise Taxes

Share of family income



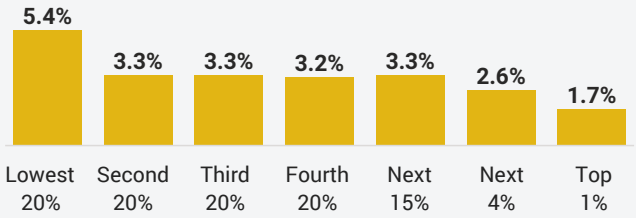
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in California, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.2 percent) state and local tax revenue collected in California.

California State and local tax (cont.)

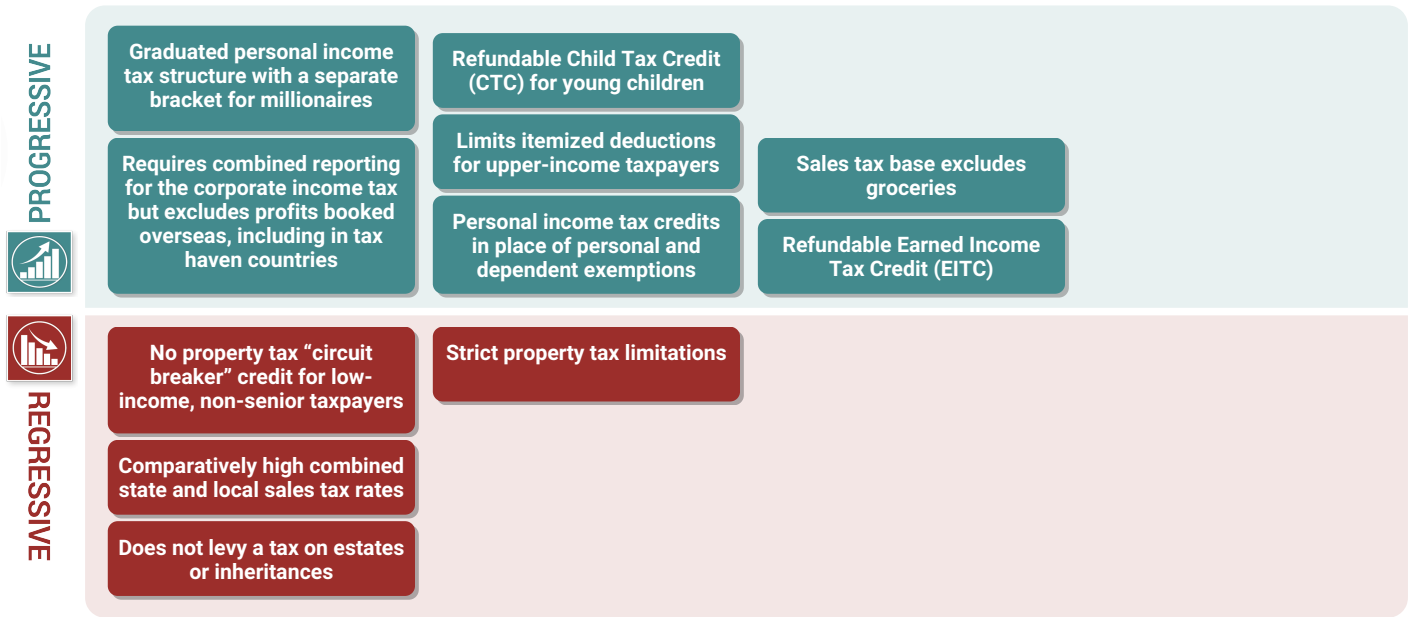
Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20% Next 15%	Top 20% Next 4%	Top 20% Top 1%
Income Range	Less than $25,200	$25,200 to $48,800	$48,800 to $86,100	$86,100 to $145,900	$145,900 to $352,300	$352,300 to $862,100	Over $862,100
Average Income in Group	$14,200	$36,500	$65,900	$117,100	$211,200	$523,900	$2,140,300
Sales & Excise Taxes	**7.6%**	**6.3%**	**5.4%**	**4.1%**	**3.1%**	**1.9%**	**1.0%**
General Sales–Individuals	4.2%	3.9%	3.4%	2.7%	2.0%	1.1%	0.4%
Other Sales & Excise–Ind.	2.0%	1.2%	0.8%	0.6%	0.4%	0.2%	0.1%
Sales & Excise–Business	1.4%	1.2%	1.1%	0.9%	0.8%	0.6%	0.5%
Property Taxes	**5.4%**	**3.3%**	**3.3%**	**3.2%**	**3.3%**	**2.6%**	**1.7%**
Home, Rent, Car–Individuals	5.0%	3.0%	3.0%	2.9%	3.0%	2.2%	0.8%
Other Property Taxes	0.4%	0.3%	0.3%	0.3%	0.3%	0.4%	0.9%
Income Taxes	**-1.6%**	**0.5%**	**1.4%**	**3.4%**	**4.2%**	**5.7%**	**9.2%**
Personal Income Taxes	-1.8%	0.3%	1.3%	3.3%	4.1%	5.5%	8.8%
Corporate Income Taxes	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.4%
Other Taxes	**0.3%**	**0.3%**	**0.3%**	**0.2%**	**0.2%**	**0.2%**	**0.2%**
TOTAL TAXES	**11.7%**	**10.3%**	**10.4%**	**11.0%**	**10.8%**	**10.4%**	**12.0%**

ITEP Tax Inequality Index

California has a hybrid system that is progressive through some parts of the income distribution and regressive through other parts. On balance, the overall system tilts slightly progressive according to ITEP's Tax Inequality Index because high-income families pay rates that are somewhat higher than those paid by middle-income families, and roughly on par with those paid by low-income families. **California ranks 47th on the Index**, meaning that three states and the District of Columbia have more progressive systems. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in California

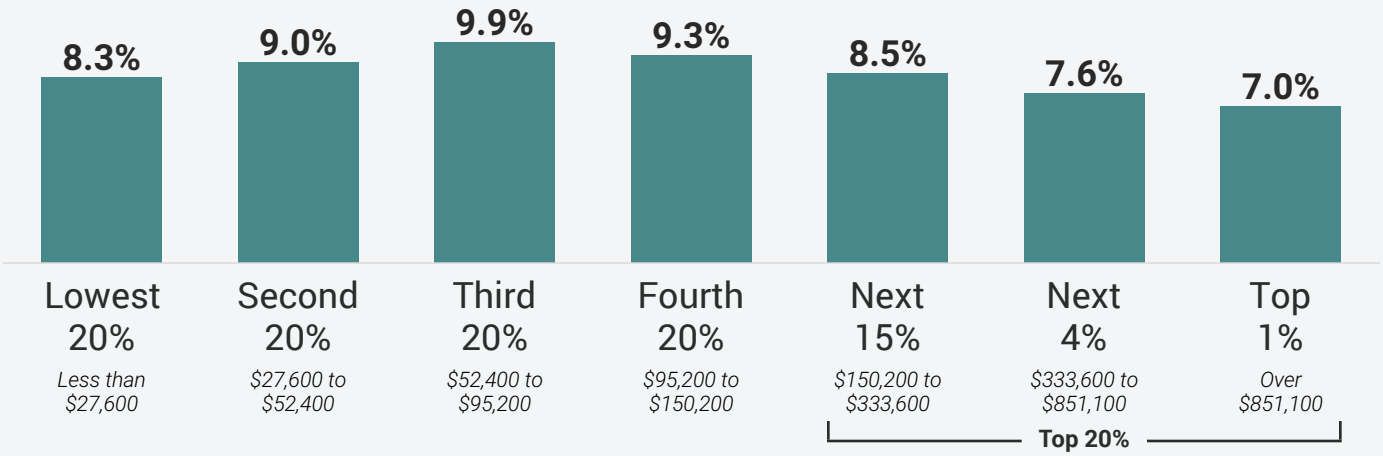


Colorado

State and local tax shares of family income

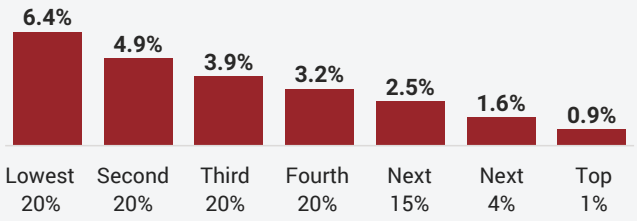
Total Taxes

Share of family income



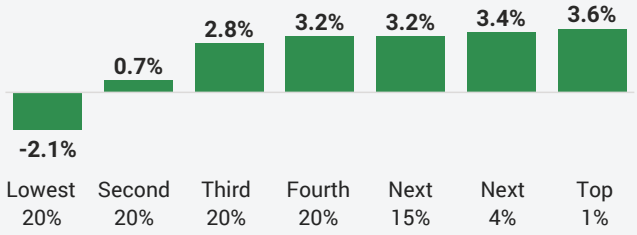
Sales & Excise Taxes

Share of family income



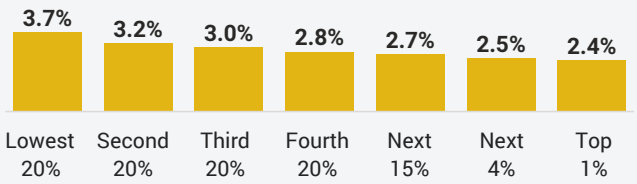
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in Colorado, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.2 percent) state and local tax revenue collected in Colorado. These figures depict Colorado's EITC at its 2024 level of 38 percent of federal. The credit will decline to 20 percent over the next two years. As seen in Appendix E, this will increase the bottom fifth's overall tax rate by 1.0 percentage point and cause the state to move 3 spots in the ITEP Inequality Index rankings, from 39th to 36th most regressive.

Colorado State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20% Next 15%	Top 20% Next 4%	Top 20% Top 1%
Income Range	Less than $27,600	$27,600 to $52,400	$52,400 to $95,200	$95,200 to $150,200	$150,200 to $333,600	$333,600 to $851,100	Over $851,100
Average Income in Group	$15,100	$40,500	$71,900	$123,600	$212,200	$504,600	$2,357,300
Sales & Excise Taxes	**6.4%**	**4.9%**	**3.9%**	**3.2%**	**2.5%**	**1.6%**	**0.9%**
General Sales–Individuals	2.7%	2.6%	2.1%	1.7%	1.3%	0.7%	0.2%
Other Sales & Excise–Ind.	2.2%	1.0%	0.7%	0.4%	0.3%	0.2%	0.0%
Sales & Excise–Business	1.5%	1.4%	1.2%	1.0%	0.9%	0.7%	0.6%
Property Taxes	**3.7%**	**3.2%**	**3.0%**	**2.8%**	**2.7%**	**2.5%**	**2.4%**
Home, Rent, Car–Individuals	2.7%	2.2%	2.0%	2.0%	1.7%	1.3%	0.4%
Other Property Taxes	1.0%	1.0%	1.0%	0.9%	1.0%	1.2%	2.0%
Income Taxes	**-2.0%**	**0.7%**	**2.8%**	**3.2%**	**3.2%**	**3.4%**	**3.7%**
Personal Income Taxes	-2.1%	0.7%	2.8%	3.2%	3.2%	3.4%	3.6%
Corporate Income Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Other Taxes	**0.2%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**
TOTAL TAXES	**8.3%**	**9.0%**	**9.9%**	**9.3%**	**8.5%**	**7.6%**	**7.0%**

ITEP Tax Inequality Index

Colorado has a hybrid system that is progressive through the bottom part of the income distribution and regressive through the top part. On balance, the overall system tilts regressive because high-income families pay the lowest overall tax rates. **According to ITEP's Tax Inequality Index, Colorado has the 39th most regressive state and local tax system in the country.** Income disparities between high-income taxpayers and other families are larger in Colorado after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in Colorado

PROGRESSIVE

- Refundable Child Tax Credit (CTC) for young children
- Comparatively large standard deduction
- Requires combined reporting for the corporate income tax; some foreign tax haven income is partially taxed through GILTI inclusion
- State sales tax base excludes groceries
- Refundable Earned Income Tax Credit (EITC)
- Refundable dependent care tax credit

REGRESSIVE

- No property tax "circuit breaker" credit for low-income, non-senior taxpayers
- Personal income tax uses a flat rate
- Does not levy a tax on estates or inheritances
- Local sales tax bases include groceries

WhoPays?

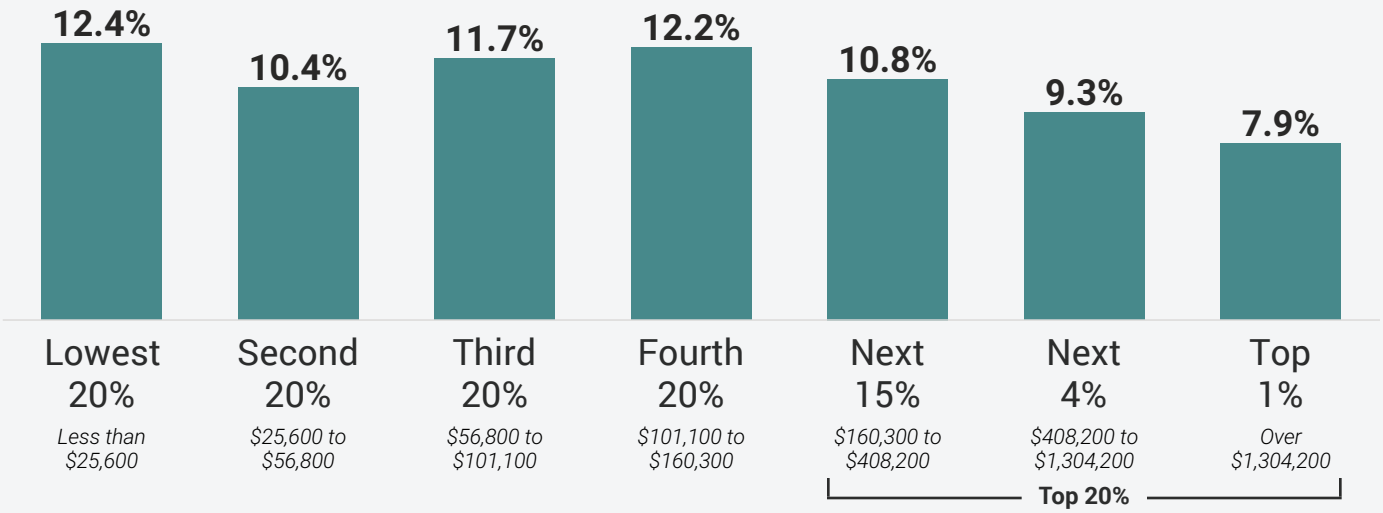
Connecticut

State and local tax shares of family income

Total Taxes

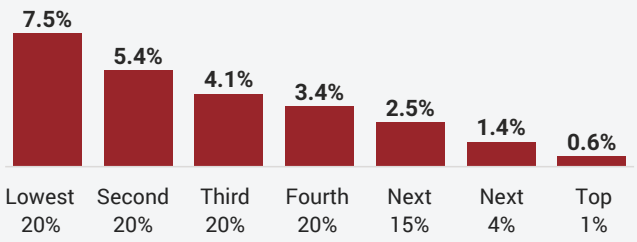
Share of family income

REGRESSIVE



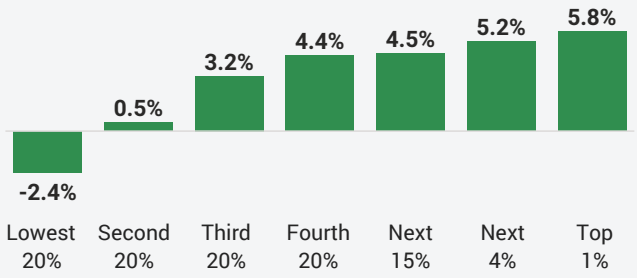
Sales & Excise Taxes

Share of family income



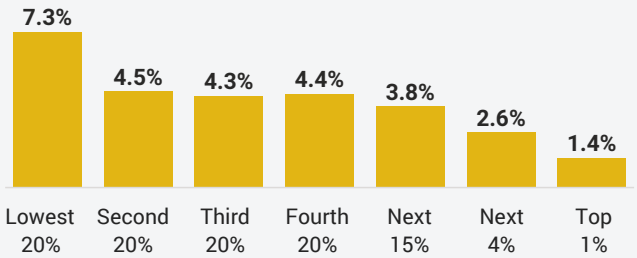
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in Connecticut, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly 100 percent of state and local tax revenue collected in Connecticut.

Connecticut State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	Top 1%
Income Range	Less than $25,600	$25,600 to $56,800	$56,800 to $101,100	$101,100 to $160,300	$160,300 to $408,200	$408,200 to $1,304,200	Over $1,304,200
Average Income in Group	$13,900	$40,600	$78,000	$128,400	$240,800	$655,800	$4,050,100
Sales & Excise Taxes	**7.5%**	**5.4%**	**4.1%**	**3.4%**	**2.5%**	**1.4%**	**0.6%**
General Sales–Individuals	3.1%	2.9%	2.3%	1.9%	1.4%	0.7%	0.2%
Other Sales & Excise–Ind.	3.0%	1.4%	0.8%	0.6%	0.4%	0.2%	0.0%
Sales & Excise–Business	1.3%	1.2%	1.0%	0.9%	0.7%	0.5%	0.4%
Property Taxes	**7.3%**	**4.5%**	**4.3%**	**4.4%**	**3.8%**	**2.6%**	**1.4%**
Home, Rent, Car–Individuals	6.9%	4.1%	4.0%	4.1%	3.4%	2.1%	0.4%
Other Property Taxes	0.4%	0.3%	0.3%	0.3%	0.4%	0.5%	1.0%
Income Taxes	**-2.4%**	**0.5%**	**3.2%**	**4.4%**	**4.5%**	**5.2%**	**5.8%**
Personal Income Taxes	-2.4%	0.5%	3.2%	4.4%	4.5%	5.2%	5.8%
Corporate Income Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Taxes	**0.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
TOTAL TAXES	**12.4%**	**10.4%**	**11.7%**	**12.2%**	**10.8%**	**9.3%**	**7.9%**

ITEP Tax Inequality Index

ITEP's Tax Inequality Index measures the effects of each state's tax system on income inequality. **According to this measure, Connecticut has the 21st most regressive state and local tax system in the country.** Income disparities are larger in Connecticut after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in Connecticut

PROGRESSIVE

- Refundable Earned Income Tax Credit (EITC)
- Graduated personal income tax structure
- Comparatively large personal exemptions and credits for low-income taxpayers
- Real estate transfer tax uses a 3-bracket graduated rate structure, though payments under top bracket are later refunded for homeowners who remain in the state
- Requires combined reporting for the corporate tax, including some profits booked in tax havens, but $2.5 million cap on policy effect undercuts its impact
- Levies a state estate tax, though tax bills are capped for the largest estates
- Sales tax base excludes groceries

REGRESSIVE

- Minimal tax credits available for offsetting homeowner property taxes and no tax credits available for offsetting renter taxes
- No Child Tax Credit (CTC)
- Comparatively high reliance on property taxes

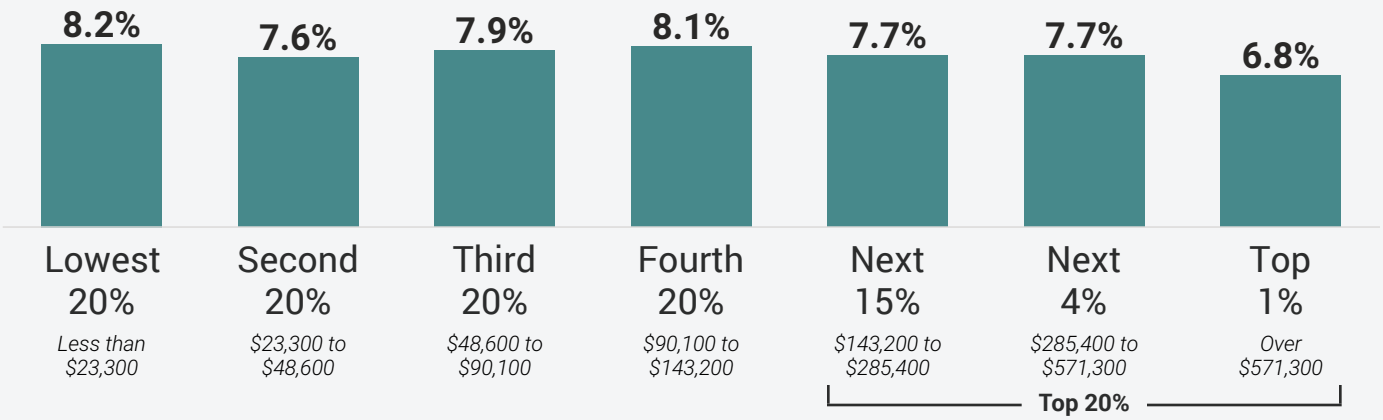
Delaware

State and local tax shares of family income

Total Taxes

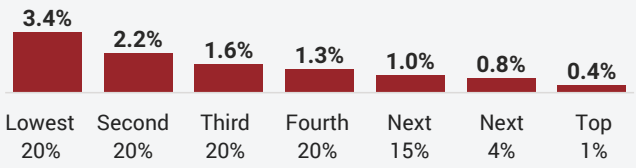
Share of family income

REGRESSIVE



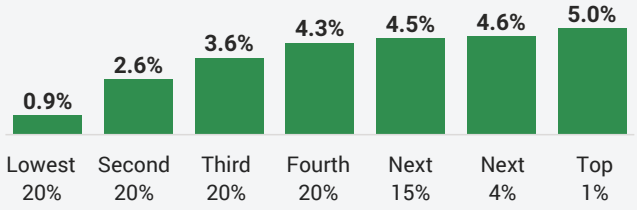
Sales & Excise Taxes

Share of family income



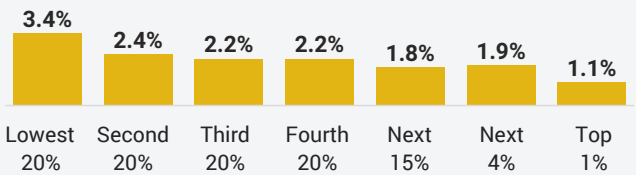
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in Delaware, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly 100 percent of state and local tax revenue collected in Delaware.

Delaware State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20% Next 15%	Top 20% Next 4%	Top 20% Top 1%
Income Range	Less than $23,300	$23,300 to $48,600	$48,600 to $90,100	$90,100 to $143,200	$143,200 to $285,400	$285,400 to $571,300	Over $571,300
Average Income in Group	$14,100	$37,600	$68,800	$115,200	$190,400	$382,900	$928,900
Sales & Excise Taxes	**3.4%**	**2.2%**	**1.6%**	**1.3%**	**1.0%**	**0.8%**	**0.4%**
General Sales–Individuals	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Sales & Excise–Ind.	2.5%	1.3%	0.9%	0.7%	0.5%	0.3%	0.1%
Sales & Excise–Business	0.9%	0.8%	0.7%	0.6%	0.5%	0.4%	0.3%
Property Taxes	**3.4%**	**2.4%**	**2.2%**	**2.2%**	**1.8%**	**1.9%**	**1.1%**
Home, Rent, Car–Individuals	2.9%	2.0%	1.7%	1.8%	1.4%	1.3%	0.7%
Other Property Taxes	0.5%	0.4%	0.5%	0.4%	0.5%	0.6%	0.4%
Income Taxes	**1.0%**	**2.7%**	**3.8%**	**4.4%**	**4.6%**	**4.8%**	**5.1%**
Personal Income Taxes	0.9%	2.6%	3.6%	4.3%	4.5%	4.6%	5.0%
Corporate Income Taxes	0.2%	0.1%	0.2%	0.1%	0.2%	0.3%	0.2%
Other Taxes	**0.4%**	**0.3%**	**0.3%**	**0.3%**	**0.3%**	**0.3%**	**0.2%**
TOTAL TAXES	**8.2%**	**7.6%**	**7.9%**	**8.1%**	**7.7%**	**7.7%**	**6.8%**

ITEP Tax Inequality Index

ITEP's Tax Inequality Index measures the effects of each state's tax system on income inequality. **According to this measure, Delaware has the 40th most regressive state and local tax system in the country.** Income disparities are larger in Delaware after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in Delaware

PROGRESSIVE

- Refundable Earned Income Tax Credit (EITC) (4.5 percent refundable/20 percent nonrefundable)
- Graduated personal income tax structure, though top rate kicks in at $60,000 so a large share of families face top rate
- Levies a state estate tax
- Levies a business franchise tax
- Exemption credit in place of personal exemption
- No statewide sales tax

REGRESSIVE

- Real estate transfer tax does not include higher rate on high-value sales
- No property tax "circuit breaker" credit for low-income taxpayers
- Comparitively low Earned Income Tax Credit (EITC)
- Does not use combined reporting as part of its corporate income tax
- No Child Tax Credit (CTC)

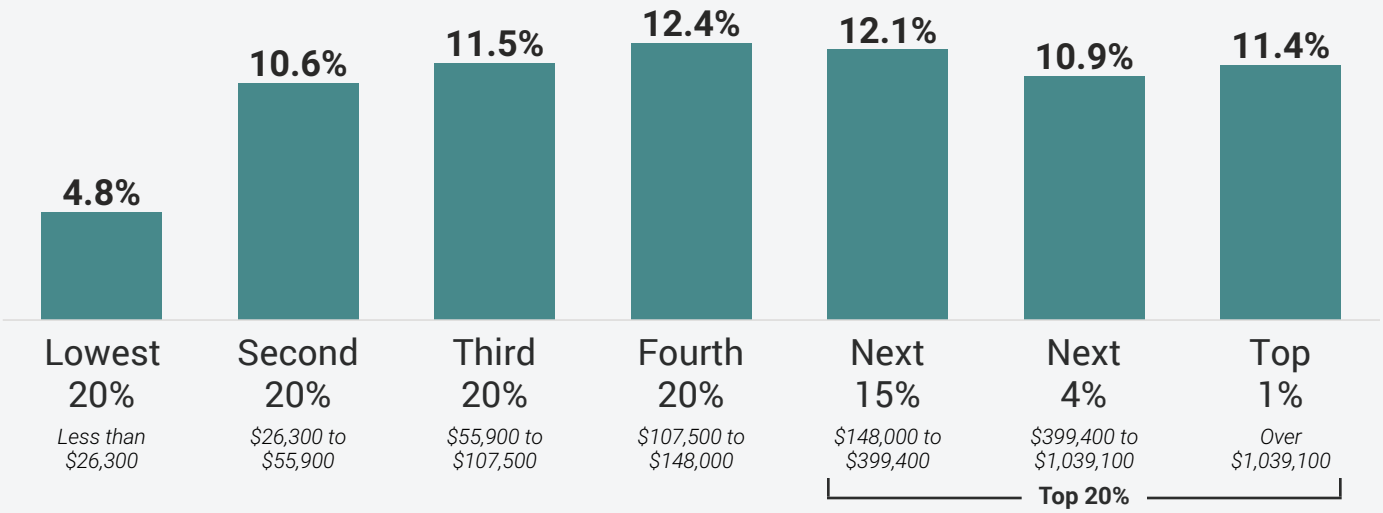
WhoPays?

District of Columbia

State and local tax shares of family income

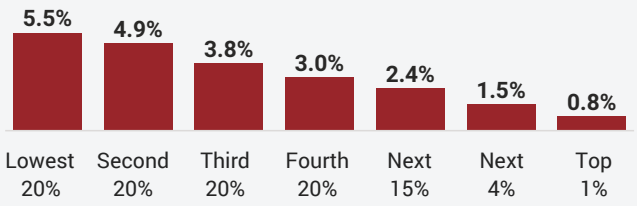
Total Taxes

Share of family income



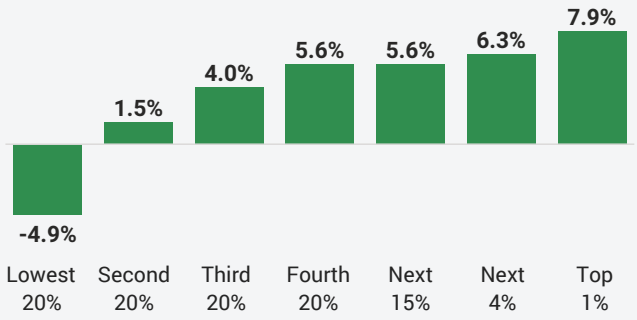
Sales & Excise Taxes

Share of family income



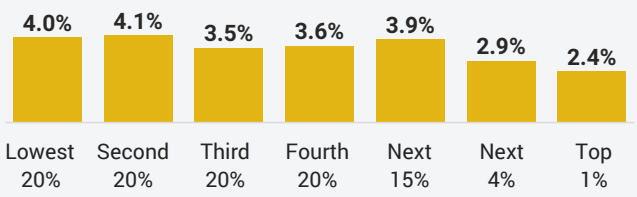
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in the District of Columbia, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly 100 percent of DC's tax revenue. These figures depict the District's EITC for workers with children at its 2024 level of 70 percent of federal. The credit will increase to 100 percent over the next two years. As seen in Appendix E, this will decrease overall tax rates on the bottom two income groups by 2.0 and 0.4 percentage points, respectively.

District of Columbia State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%
					Top 20%		
Income Range	Less than $26,300	$26,300 to $55,900	$55,900 to $107,500	$107,500 to $148,000	$148,000 to $399,400	$399,400 to $1,039,100	Over $1,039,100
Average Income in Group	$14,400	$40,100	$77,900	$131,400	$229,900	$605,300	$3,198,500
Sales & Excise Taxes	**5.5%**	**4.9%**	**3.8%**	**3.0%**	**2.4%**	**1.5%**	**0.8%**
General Sales–Individuals	3.3%	3.1%	2.3%	1.8%	1.3%	0.7%	0.2%
Other Sales & Excise–Ind.	0.9%	0.6%	0.5%	0.4%	0.3%	0.2%	0.0%
Sales & Excise–Business	1.2%	1.2%	1.0%	0.9%	0.8%	0.6%	0.6%
Property Taxes	**4.0%**	**4.1%**	**3.5%**	**3.6%**	**3.9%**	**2.9%**	**2.4%**
Home, Rent, Car–Individuals	2.8%	2.8%	2.4%	2.5%	2.7%	1.7%	0.7%
Other Property Taxes	1.2%	1.2%	1.1%	1.1%	1.2%	1.2%	1.8%
Income Taxes	**-4.9%**	**1.5%**	**4.0%**	**5.7%**	**5.7%**	**6.4%**	**8.1%**
Personal Income Taxes	-4.9%	1.5%	4.0%	5.6%	5.6%	6.3%	7.9%
Corporate Income Taxes	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.2%
Other Taxes	**0.2%**	**0.2%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**
TOTAL TAXES	**4.8%**	**10.6%**	**11.5%**	**12.4%**	**12.1%**	**10.9%**	**11.4%**

ITEP Tax Inequality Index

The District of Columbia has a hybrid system that is progressive through some parts of the income distribution and regressive through other parts. On balance, the overall system tilts slightly progressive according to ITEP's Tax Inequality Index because low-income families face meaningfully lower rates than other groups. The highest earners, however, pay rates that are lower than those faced by some middle-income families. **The District of Columbia ranks 51st on the Index**, meaning that no state has a more progressive system. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in District of Columbia

PROGRESSIVE

- Graduated personal income tax structure with a separate bracket for millionaires
- Limits itemized deductions for upper-income taxpayers
- Levies a state estate tax
- Graduated rate structure for the real estate transfer tax
- Requires combined reporting for the corporate income tax; some foreign tax haven income is partially taxed through GILTI inclusion
- Sales tax base excludes groceries
- Refundable property tax "circuit breaker" credit for low-income and senior taxpayers
- Refundable Earned Income Tax Credit (EITC)

REGRESSIVE

- Comparatively high reliance on property taxes
- No Child Tax Credit (CTC)

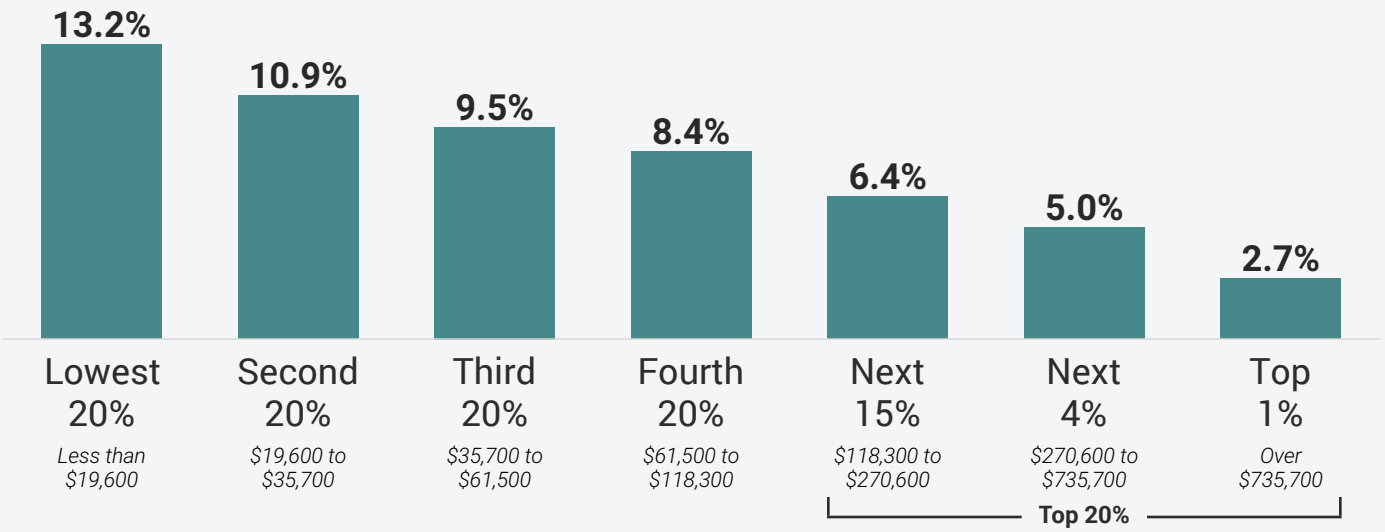
Florida

State and local tax shares of family income

Total Taxes

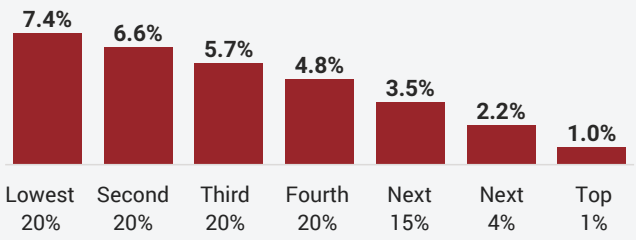
Share of family income

REGRESSIVE



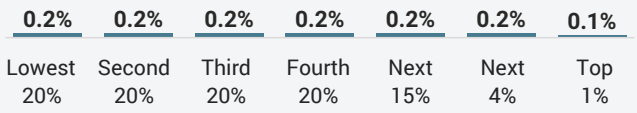
Sales & Excise Taxes

Share of family income



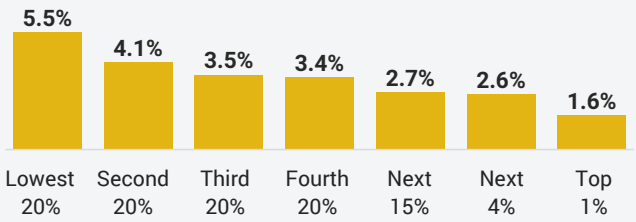
All Other Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in Florida, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.9 percent) state and local tax revenue collected in Florida.

Florida State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20% Next 15%	Top 20% Next 4%	Top 20% Top 1%
Income Range	Less than $19,600	$19,600 to $35,700	$35,700 to $61,500	$61,500 to $118,300	$118,300 to $270,600	$270,600 to $735,700	Over $735,700
Average Income in Group	$11,400	$27,100	$47,500	$85,800	$164,700	$416,400	$3,267,400
Sales & Excise Taxes	**7.4%**	**6.6%**	**5.7%**	**4.8%**	**3.5%**	**2.2%**	**1.0%**
General Sales–Individuals	3.3%	3.3%	2.9%	2.5%	1.8%	1.0%	0.2%
Other Sales & Excise–Ind.	2.4%	1.6%	1.2%	0.9%	0.6%	0.3%	0.1%
Sales & Excise–Business	1.7%	1.7%	1.6%	1.4%	1.2%	1.0%	0.7%
Property Taxes	**5.5%**	**4.1%**	**3.5%**	**3.4%**	**2.7%**	**2.6%**	**1.6%**
Home, Rent, Car–Individuals	4.8%	3.4%	2.8%	2.8%	2.0%	1.7%	0.4%
Other Property Taxes	0.7%	0.7%	0.7%	0.7%	0.6%	0.9%	1.2%
Income Taxes	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**
Personal Income Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Corporate Income Taxes	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Other Taxes	**0.2%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**
TOTAL TAXES	**13.2%**	**10.9%**	**9.5%**	**8.4%**	**6.4%**	**5.0%**	**2.7%**

ITEP Tax Inequality Index

ITEP's Tax Inequality Index measures the effects of each state's tax system on income inequality. **According to this measure, Florida has the most regressive state and local tax system in the country.** Income disparities are larger in Florida after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in Florida

PROGRESSIVE

- Sales tax base excludes groceries

REGRESSIVE

- Real estate transfer tax does not include higher rate on high-value sales
- No tax credits to offset impact of sales, excise, and property taxes
- Corporate income tax excludes pass-through businesses
- Does not use combined reporting as part of its corporate income tax
- Comparatively high reliance on sales and excise taxes
- Does not levy a tax on estates or inheritances
- No personal income tax

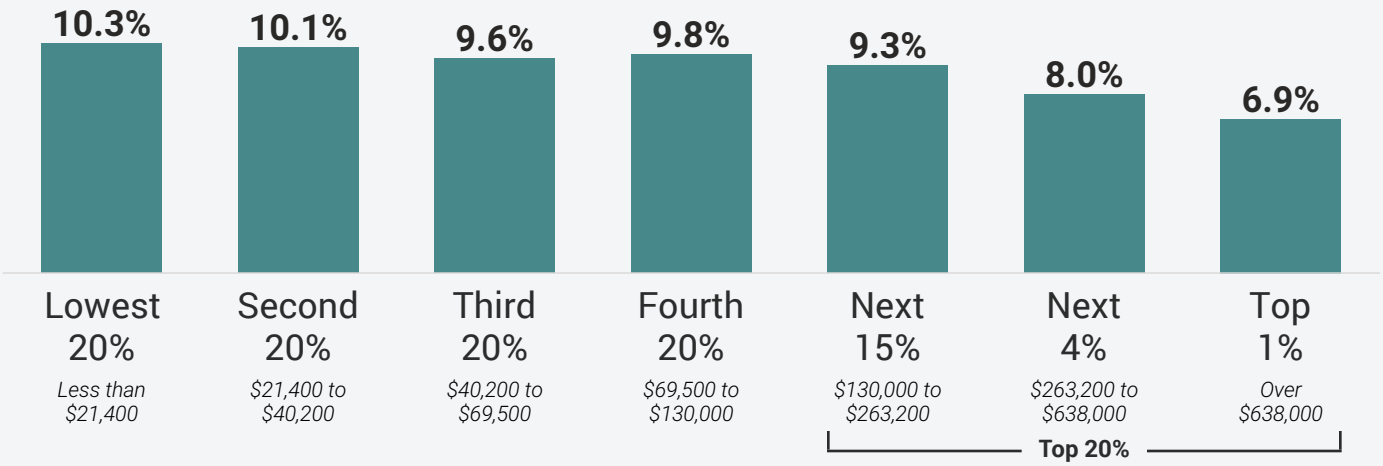
Georgia

State and local tax shares of family income

Total Taxes

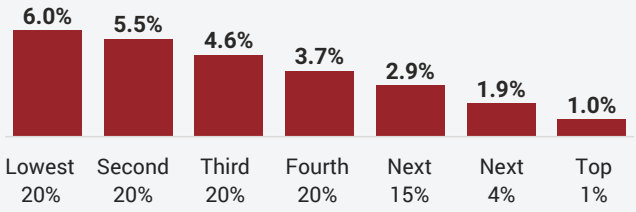
Share of family income

REGRESSIVE



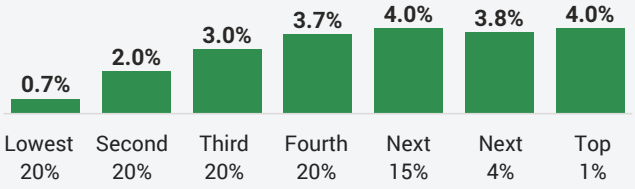
Sales & Excise Taxes

Share of family income



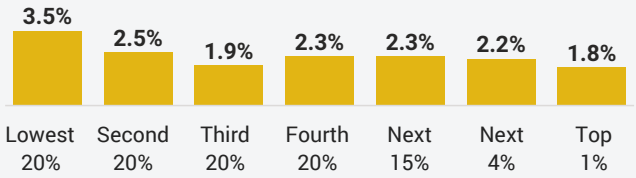
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in Georgia, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.8 percent) state and local tax revenue collected in Georgia. These figures depict Georgia's personal income tax rate at its 2024 level of 5.49 percent. By 2029 the personal income tax rate will reach 4.99 percent. As seen in Appendix E, this will decrease the top fifth's overall tax rate by 0.4 percentage points and cause the state to move 1 spot in the ITEP Inequality Index rankings, from 32nd to 31st most regressive.

Georgia State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20% Next 15%	Top 20% Next 4%	Top 20% Top 1%
Income Range	Less than $21,400	$21,400 to $40,200	$40,200 to $69,500	$69,500 to $130,000	$130,000 to $263,200	$263,200 to $638,000	Over $638,000
Average Income in Group	$12,900	$30,300	$53,200	$97,500	$169,000	$380,500	$1,308,500
Sales & Excise Taxes	**6.0%**	**5.5%**	**4.6%**	**3.7%**	**2.9%**	**1.9%**	**1.0%**
General Sales–Individuals	3.1%	3.0%	2.5%	2.0%	1.5%	0.9%	0.4%
Other Sales & Excise–Ind.	1.4%	1.2%	0.9%	0.7%	0.5%	0.3%	0.1%
Sales & Excise–Business	1.4%	1.3%	1.2%	1.0%	0.9%	0.7%	0.6%
Property Taxes	**3.5%**	**2.5%**	**1.9%**	**2.3%**	**2.3%**	**2.2%**	**1.8%**
Home, Rent, Car–Individuals	2.9%	2.1%	1.5%	1.9%	1.8%	1.5%	0.7%
Other Property Taxes	0.6%	0.4%	0.5%	0.4%	0.5%	0.7%	1.0%
Income Taxes	**0.7%**	**2.1%**	**3.0%**	**3.7%**	**4.0%**	**3.9%**	**4.1%**
Personal Income Taxes	0.7%	2.0%	3.0%	3.7%	4.0%	3.8%	4.0%
Corporate Income Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Other Taxes	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**
TOTAL TAXES	**10.3%**	**10.1%**	**9.6%**	**9.8%**	**9.3%**	**8.0%**	**6.9%**

ITEP Tax Inequality Index

ITEP's Tax Inequality Index measures the effects of each state's tax system on income inequality. **According to this measure, Georgia has the 32nd most regressive state and local tax system in the country.** Income disparities are larger in Georgia after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in Georgia

PROGRESSIVE

- Levies a corporate income tax
- Levies a business franchise tax
- State sales tax base excludes groceries

REGRESSIVE

- No refundable income tax credits to offset sales, excise, and property taxes
- Real estate transfer tax does not include higher rate on high-value sales
- Does not use combined reporting as part of its corporate income tax
- Income tax deduction for state income taxes paid
- Does not levy a tax on estates or inheritances
- Personal income tax rate cannot exceed 6%
- Local sales tax bases include groceries
- Personal income tax uses a flat rate

WhoPays?

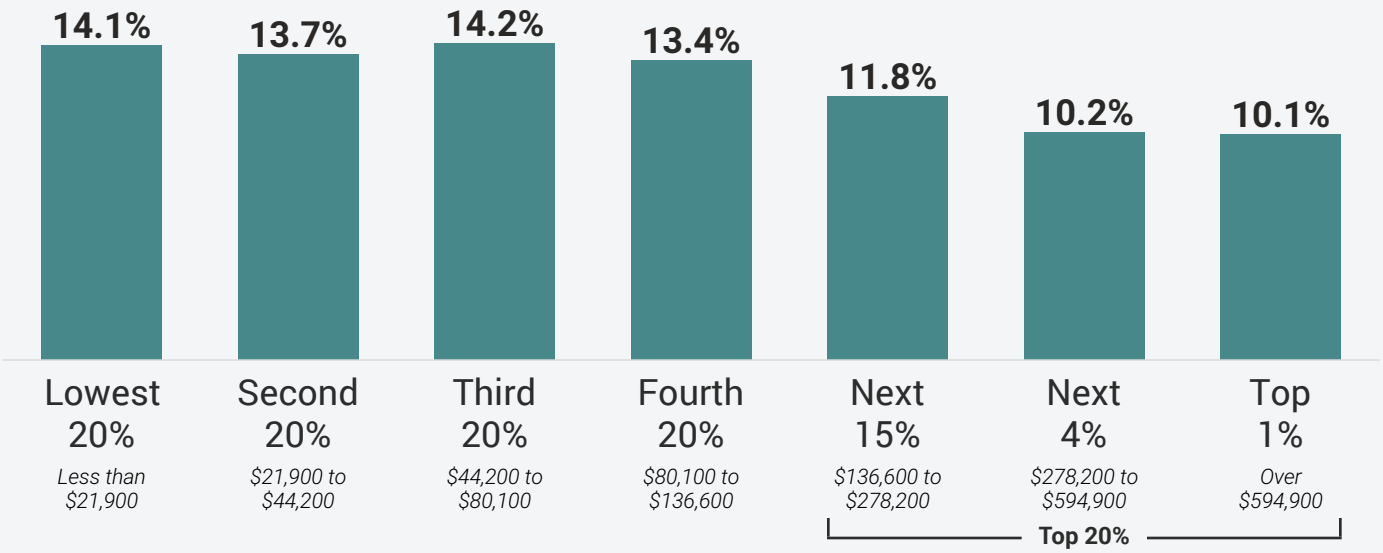
Hawai'i

State and local tax shares of family income

Total Taxes

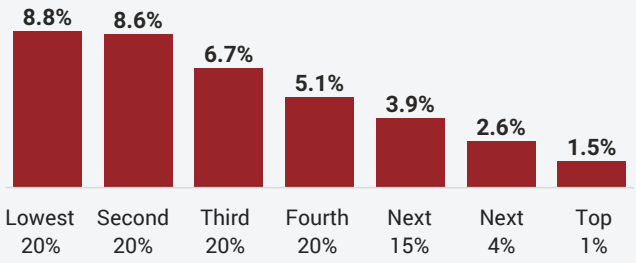
Share of family income

REGRESSIVE



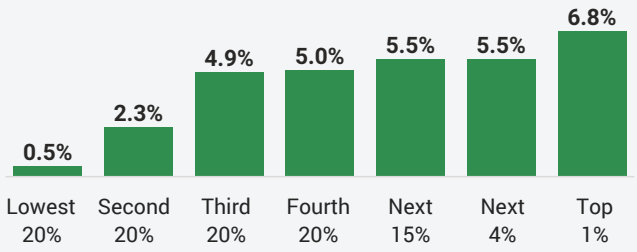
Sales & Excise Taxes

Share of family income



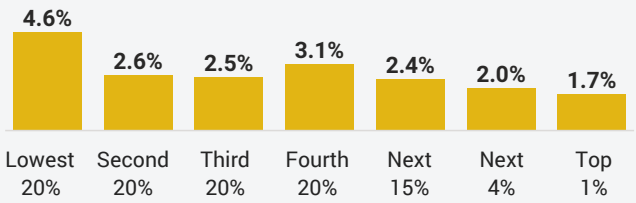
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in Hawai'i, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.5 percent) state and local tax revenue collected in Hawai'i.

Hawai'i State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%
					Top 20%		
Income Range	Less than $21,900	$21,900 to $44,200	$44,200 to $80,100	$80,100 to $136,600	$136,600 to $278,200	$278,200 to $594,900	Over $594,900
Average Income in Group	$12,200	$33,500	$61,700	$107,600	$175,900	$367,700	$1,201,100
Sales & Excise Taxes	**8.8%**	**8.6%**	**6.7%**	**5.1%**	**3.9%**	**2.6%**	**1.5%**
General Sales–Individuals	4.8%	5.6%	4.4%	3.2%	2.3%	1.3%	0.5%
Other Sales & Excise–Ind.	2.3%	1.3%	0.8%	0.6%	0.4%	0.3%	0.1%
Sales & Excise–Business	1.8%	1.7%	1.5%	1.3%	1.2%	1.1%	0.9%
Property Taxes	**4.6%**	**2.6%**	**2.5%**	**3.1%**	**2.4%**	**2.0%**	**1.7%**
Home, Rent, Car–Individuals	3.7%	1.9%	1.8%	2.4%	1.7%	1.1%	0.4%
Other Property Taxes	0.8%	0.7%	0.7%	0.7%	0.7%	0.9%	1.3%
Income Taxes	**0.5%**	**2.4%**	**4.9%**	**5.1%**	**5.5%**	**5.6%**	**6.9%**
Personal Income Taxes	0.5%	2.3%	4.9%	5.0%	5.5%	5.5%	6.8%
Corporate Income Taxes	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Other Taxes	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.0%**
TOTAL TAXES	**14.1%**	**13.7%**	**14.2%**	**13.4%**	**11.8%**	**10.2%**	**10.1%**

ITEP Tax Inequality Index

ITEP's Tax Inequality Index measures the effects of each state's tax system on income inequality. **According to this measure, Hawai'i has the 22nd most regressive state and local tax system in the country.** Income disparities are larger in Hawai'i after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in Hawai'i

PROGRESSIVE

- Graduated rate structure for the real estate transfer tax
- Refundable Earned Income Tax Credit (EITC)
- Levies a state estate tax
- Requires combined reporting for the corporate income tax but excludes profits booked overseas, including in tax haven countries
- Limits itemized deductions for upper-income taxpayers
- Refundable dependent care tax credit
- Personal exemption phases out for upper-income taxpayers
- Graduated personal income tax structure

REGRESSIVE

- Preferential income tax rates for income from capital gains
- State and local sales tax bases include groceries
- Partial income tax deduction for state income taxes paid
- No Child Tax Credit (CTC)
- Comparatively high reliance on sales and excise taxes

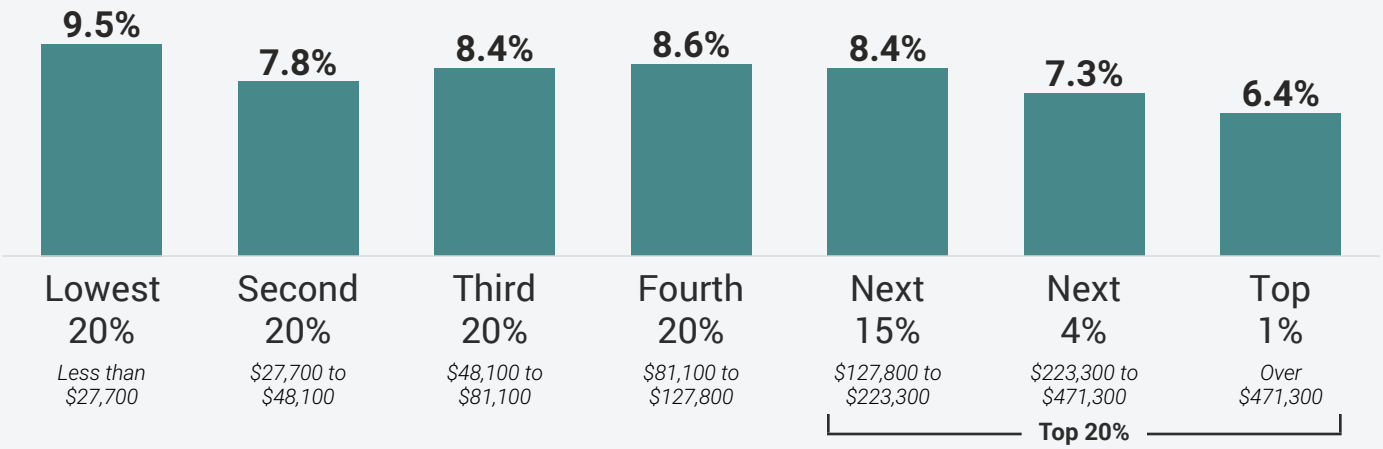
Idaho

State and local tax shares of family income

Total Taxes

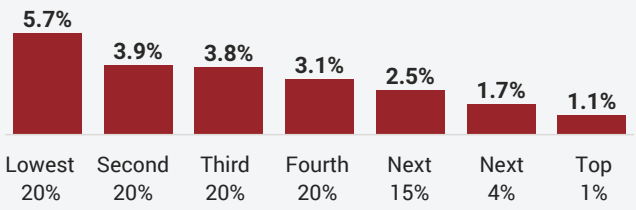
Share of family income

REGRESSIVE



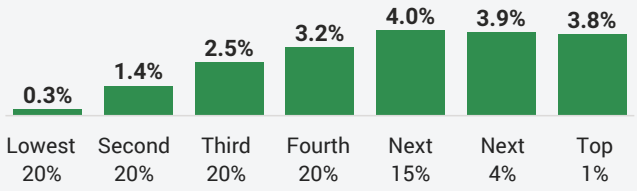
Sales & Excise Taxes

Share of family income



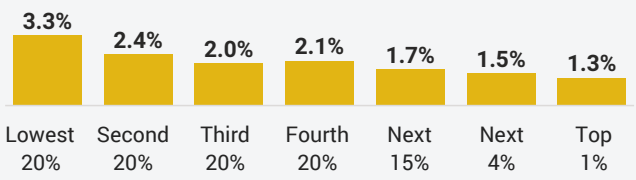
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in Idaho, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.7 percent) state and local tax revenue collected in Idaho. As seen in Appendix D, recent legislative changes have increased the regressive tilt of Idaho's tax system. The top 40 percent of earners received the largest tax cuts, ranging from 0.7 to 0.8 percent of income, and the state moved 2 spots in the ITEP Inequality Index rankings, from 36th to 38th most regressive.

Idaho State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20% Next 15%	Top 20% Next 4%	Top 20% Top 1%
Income Range	Less than $27,700	$27,700 to $48,100	$48,100 to $81,100	$81,100 to $127,800	$127,800 to $223,300	$223,300 to $471,300	Over $471,300
Average Income in Group	$14,500	$37,300	$62,400	$103,100	$157,800	$315,600	$741,500
Sales & Excise Taxes	**5.7%**	**3.9%**	**3.8%**	**3.1%**	**2.5%**	**1.7%**	**1.1%**
General Sales–Individuals	3.5%	2.3%	2.3%	2.0%	1.6%	1.0%	0.5%
Other Sales & Excise–Ind.	1.1%	0.7%	0.6%	0.4%	0.3%	0.2%	0.1%
Sales & Excise–Business	1.1%	0.8%	0.8%	0.7%	0.6%	0.6%	0.5%
Property Taxes	**3.3%**	**2.4%**	**2.0%**	**2.1%**	**1.7%**	**1.5%**	**1.3%**
Home, Rent, Car–Individuals	2.7%	1.9%	1.4%	1.6%	1.3%	0.8%	0.5%
Other Property Taxes	0.6%	0.5%	0.6%	0.5%	0.4%	0.7%	0.8%
Income Taxes	**0.3%**	**1.5%**	**2.5%**	**3.3%**	**4.1%**	**4.0%**	**3.9%**
Personal Income Taxes	0.3%	1.4%	2.5%	3.2%	4.0%	3.9%	3.8%
Corporate Income Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Other Taxes	**0.2%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**
TOTAL TAXES	**9.5%**	**7.8%**	**8.4%**	**8.6%**	**8.4%**	**7.3%**	**6.4%**

ITEP Tax Inequality Index

ITEP's Tax Inequality Index measures the effects of each state's tax system on income inequality. **According to this measure, Idaho has the 36th most regressive state and local tax system in the country.** Income disparities are larger in Idaho after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in Idaho

PROGRESSIVE

- Refundable income tax credit to offset the impact of its sales tax on groceries
- Requires combined reporting for the corporate income tax; some foreign tax haven income is partially taxed through GILTI inclusion
- Property tax homestead exemption
- Provides a Child Tax Credit (CTC)

REGRESSIVE

- No property tax "circuit breaker" credit for low-income, non-senior taxpayers
- Offers 60 percent exclusion for gains from sales of certain Idaho-based property
- Nonrefundable Child Tax Credit (CTC) is limited in reach
- State and local sales tax bases include groceries
- Does not levy a tax on estates or inheritances
- Personal income tax uses a flat rate
- No Earned Income Tax Credit (EITC)

WhoPays?

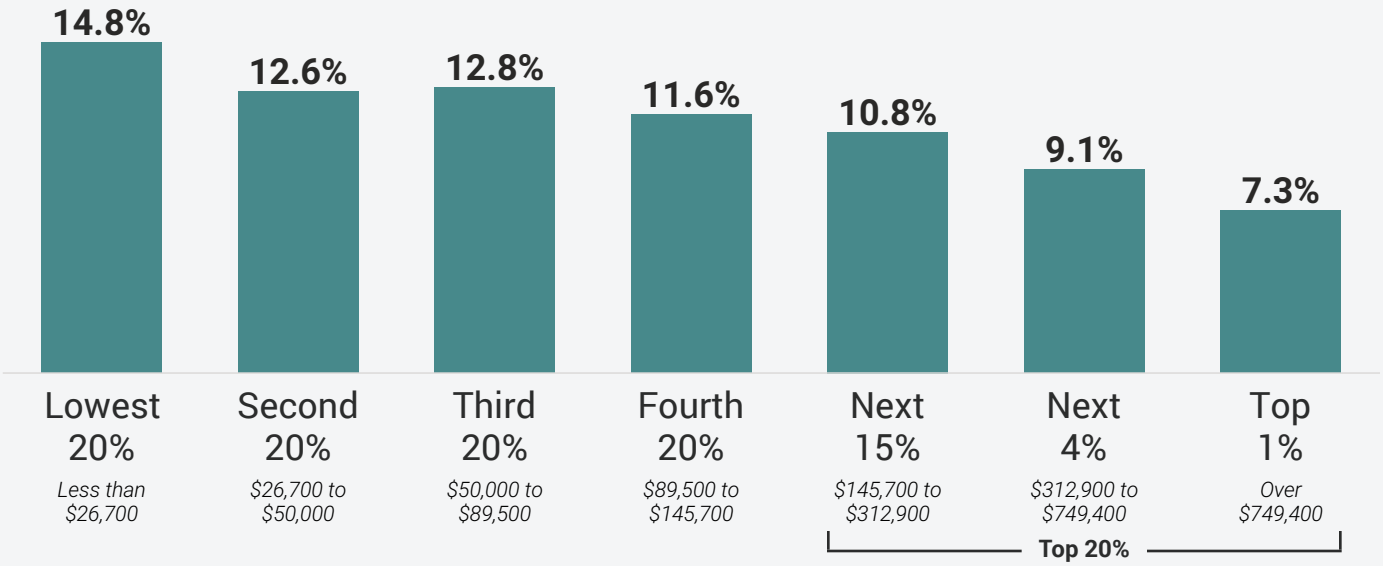
Illinois

State and local tax shares of family income

Total Taxes

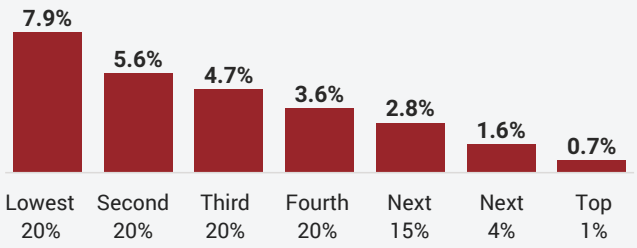
Share of family income

REGRESSIVE



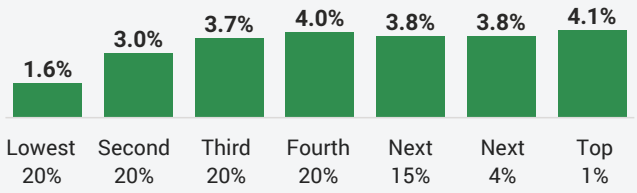
Sales & Excise Taxes

Share of family income



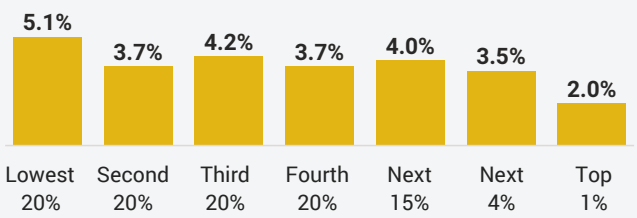
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in Illinois, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (98.6 percent) state and local tax revenue collected in Illinois.

Illinois State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20% Next 15%	Top 20% Next 4%	Top 20% Top 1%
Income Range	Less than $26,700	$26,700 to $50,000	$50,000 to $89,500	$89,500 to $145,700	$145,700 to $312,900	$312,900 to $749,400	Over $749,400
Average Income in Group	$14,400	$38,100	$68,300	$118,500	$197,600	$456,100	$1,817,300
Sales & Excise Taxes	**7.9%**	**5.6%**	**4.7%**	**3.6%**	**2.8%**	**1.6%**	**0.7%**
General Sales–Individuals	4.0%	3.4%	3.1%	2.4%	1.9%	1.0%	0.3%
Other Sales & Excise–Ind.	3.1%	1.5%	1.1%	0.7%	0.5%	0.3%	0.1%
Sales & Excise–Business	0.7%	0.6%	0.6%	0.5%	0.4%	0.3%	0.3%
Property Taxes	**5.1%**	**3.7%**	**4.2%**	**3.7%**	**4.0%**	**3.5%**	**2.0%**
Home, Rent, Car–Individuals	4.8%	3.4%	3.9%	3.4%	3.6%	2.9%	0.8%
Other Property Taxes	0.4%	0.3%	0.3%	0.3%	0.4%	0.5%	1.2%
Income Taxes	**1.7%**	**3.1%**	**3.8%**	**4.1%**	**3.9%**	**3.9%**	**4.4%**
Personal Income Taxes	1.6%	3.0%	3.7%	4.0%	3.8%	3.8%	4.1%
Corporate Income Taxes	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.3%
Other Taxes	**0.2%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**
TOTAL TAXES	**14.8%**	**12.6%**	**12.8%**	**11.6%**	**10.8%**	**9.1%**	**7.3%**

ITEP Tax Inequality Index

ITEP's Tax Inequality Index measures the effects of each state's tax system on income inequality. **According to this measure, Illinois has the 8th most regressive state and local tax system in the country.** Income disparities are larger in Illinois after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in Illinois

PROGRESSIVE

- Personal exemption is targeted to low- and middle-income taxpayers
- Levies a business franchise tax
- Requires combined reporting for the corporate income tax but excludes profits booked overseas, including in tax haven countries
- Non-refundable property tax credit
- Refundable Earned Income Tax Credit (EITC)
- Levies a state estate tax

REGRESSIVE

- Mismeasurement of home value in the property tax tilts in a regressive direction
- Real estate transfer tax does not include higher rate on high-value sales
- State sales tax base includes groceries, though taxed at a lower rate
- No property tax "circuit breaker" credit for low-income taxpayers
- Comparatively high combined state and local sales tax rates
- All retirement income is exempted from the personal income tax
- Comparatively high reliance on property taxes
- Comparatively low-income tax exemptions
- Local sales tax bases include groceries
- Personal income tax uses a flat rate
- No Child Tax Credit (CTC)

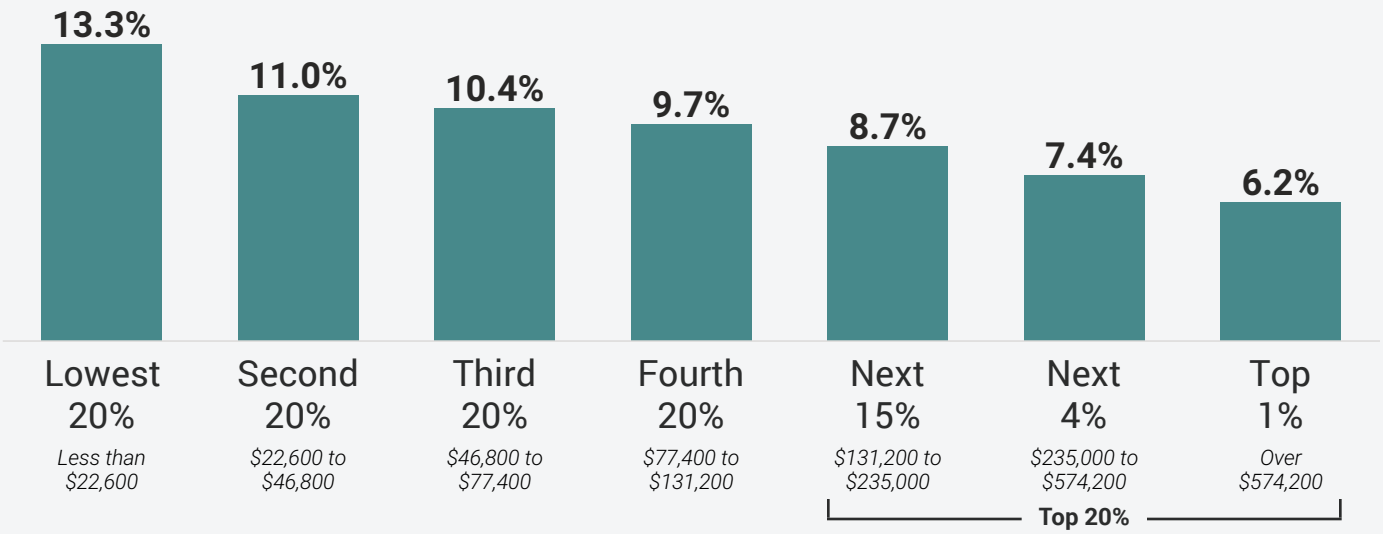
Indiana

State and local tax shares of family income

Total Taxes

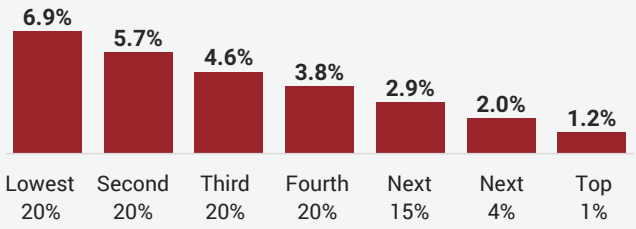
Share of family income

REGRESSIVE



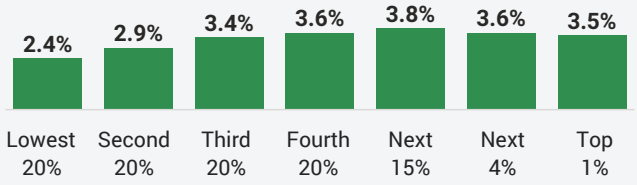
Sales & Excise Taxes

Share of family income



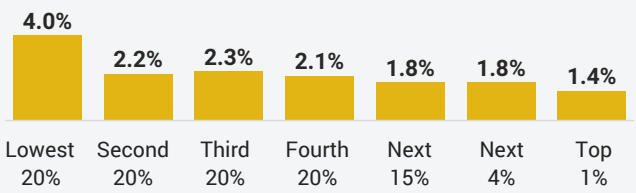
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in Indiana, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.8 percent) state and local tax revenue collected in Indiana. These figures depict Indiana's flat personal income tax rate at 3.05 percent. The rate is set to decline to 2.9 percent over the next three years. As seen in Appendix E, this will decrease overall tax rates by 0.1 percentage points.

Indiana State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20% Next 15%	Top 20% Next 4%	Top 20% Top 1%
Income Range	Less than $22,600	$22,600 to $46,800	$46,800 to $77,400	$77,400 to $131,200	$131,200 to $235,000	$235,000 to $574,200	Over $574,200
Average Income in Group	$12,700	$32,900	$60,300	$101,800	$164,400	$323,600	$780,400
Sales & Excise Taxes	**6.9%**	**5.7%**	**4.6%**	**3.8%**	**2.9%**	**2.0%**	**1.2%**
General Sales–Individuals	3.7%	3.5%	2.9%	2.5%	1.9%	1.3%	0.7%
Other Sales & Excise–Ind.	1.9%	1.1%	0.7%	0.5%	0.3%	0.2%	0.1%
Sales & Excise–Business	1.2%	1.1%	0.9%	0.8%	0.7%	0.6%	0.4%
Property Taxes	**4.0%**	**2.2%**	**2.3%**	**2.1%**	**1.8%**	**1.8%**	**1.4%**
Home, Rent, Car–Individuals	3.5%	2.0%	2.0%	1.9%	1.5%	1.3%	0.8%
Other Property Taxes	0.5%	0.3%	0.3%	0.3%	0.3%	0.4%	0.5%
Income Taxes	**2.4%**	**3.0%**	**3.4%**	**3.7%**	**3.8%**	**3.6%**	**3.5%**
Personal Income Taxes	2.4%	2.9%	3.4%	3.6%	3.8%	3.6%	3.5%
Corporate Income Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Taxes	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.0%**	**0.0%**	**0.0%**
TOTAL TAXES	**13.3%**	**11.0%**	**10.4%**	**9.7%**	**8.7%**	**7.4%**	**6.2%**

ITEP Tax Inequality Index

ITEP's Tax Inequality Index measures the effects of each state's tax system on income inequality. **According to this measure, Indiana has the 14th most regressive state and local tax system in the country.** Income disparities are larger in Indiana after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in Indiana

PROGRESSIVE

- State sales tax base excludes groceries
- Refundable Earned Income Tax Credit (EITC)

REGRESSIVE

- No property tax "circuit breaker" credit for low-income taxpayers
- Does not use combined reporting as part of its corporate income tax
- Comparitively low Earned Income Tax Credit (EITC)
- Does not levy a tax on estates or inheritances
- Comparatively low-income tax exemptions
- Personal income tax uses a flat rate
- No Child Tax Credit (CTC)

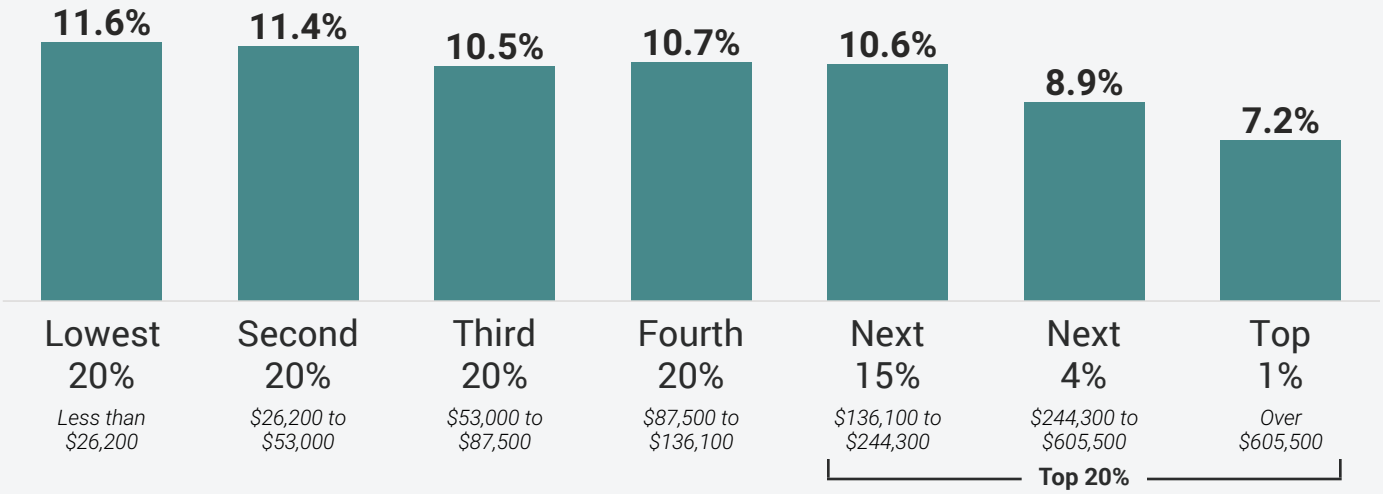
Iowa

State and local tax shares of family income

Total Taxes

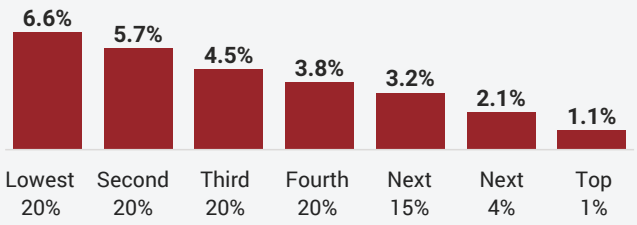
Share of family income

REGRESSIVE



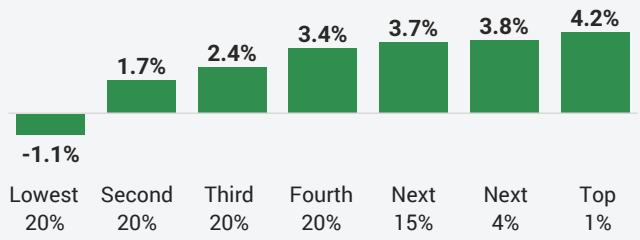
Sales & Excise Taxes

Share of family income



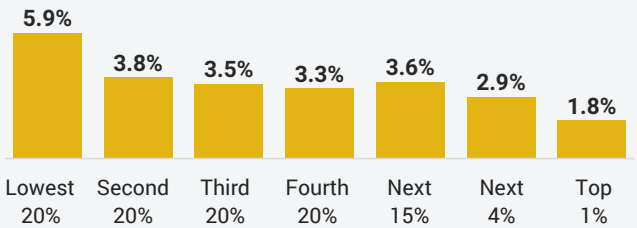
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in Iowa, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.9 percent) state and local tax revenue collected in Iowa. These figures depict Iowa's 2024 graduated personal income tax, with a top rate of 5.7 percent, along with a top corporate income tax rate of 7.1 percent. By 2027, the income tax will reach a flat rate of 3.9 percent and the top corporate rate will be reduced to 5.5 percent. As seen in Appendix E, this will decrease the overall tax rate paid by the top 1 percent of households by 1.3 percentage points and cause the state to move 7 spots in the ITEP Inequality Index rankings, from 23rd to 16th most regressive.

Iowa State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20% Next 15%	Top 20% Next 4%	Top 20% Top 1%
Income Range	Less than $26,200	$26,200 to $53,000	$53,000 to $87,500	$87,500 to $136,100	$136,100 to $244,300	$244,300 to $605,500	Over $605,500
Average Income in Group	$14,400	$39,000	$67,400	$111,800	$171,200	$342,700	$1,371,000
Sales & Excise Taxes	**6.6%**	**5.7%**	**4.5%**	**3.8%**	**3.2%**	**2.1%**	**1.1%**
General Sales–Individuals	2.9%	2.8%	2.2%	1.9%	1.6%	1.0%	0.3%
Other Sales & Excise–Ind.	2.2%	1.5%	1.2%	0.9%	0.6%	0.4%	0.1%
Sales & Excise–Business	1.4%	1.4%	1.2%	1.0%	0.9%	0.7%	0.6%
Property Taxes	**5.9%**	**3.8%**	**3.5%**	**3.3%**	**3.6%**	**2.9%**	**1.8%**
Home, Rent, Car–Individuals	5.3%	3.1%	2.8%	2.7%	3.0%	2.1%	0.6%
Other Property Taxes	0.7%	0.7%	0.6%	0.6%	0.6%	0.8%	1.2%
Income Taxes	**-1.1%**	**1.7%**	**2.4%**	**3.5%**	**3.7%**	**3.8%**	**4.2%**
Personal Income Taxes	-1.1%	1.7%	2.4%	3.4%	3.7%	3.8%	4.2%
Corporate Income Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Other Taxes	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**
TOTAL TAXES	**11.6%**	**11.4%**	**10.5%**	**10.7%**	**10.6%**	**8.9%**	**7.2%**

ITEP Tax Inequality Index

ITEP's Tax Inequality Index measures the effects of each state's tax system on income inequality. **According to this measure, Iowa has the 23rd most regressive state and local tax system in the country.** Income disparities are larger in Iowa after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in Iowa

PROGRESSIVE

- Refundable Earned Income Tax Credit (EITC)
- Graduated personal income tax structure, though top rate kicks in at $30,000 (single) so many families face top rate; scheduled changes will create a flat rate tax
- Levies a state inheritance tax
- Sales tax base excludes groceries
- Refundable dependent care tax credit

REGRESSIVE

- Retirement income is scheduled to eventually be fully exempt from the personal income tax
- No property tax "circuit breaker" credit for low-income, non-senior taxpayers
- Real estate transfer tax does not include higher rate on high-value sales
- Does not use combined reporting as part of its corporate income tax
- Income tax deduction for pass-through business income
- No Child Tax Credit (CTC)

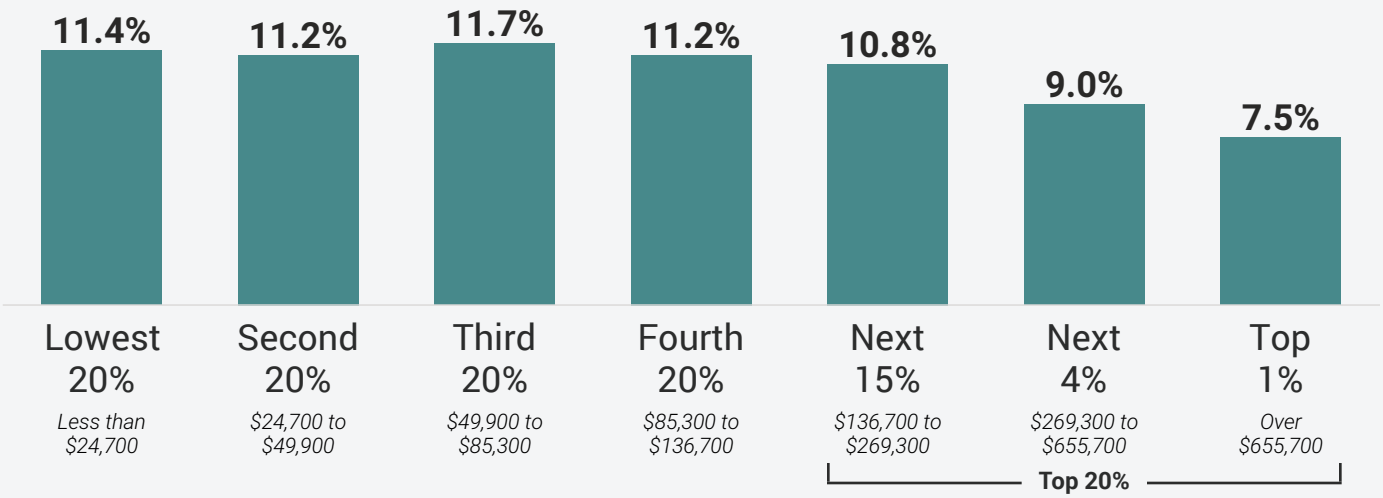
Kansas

State and local tax shares of family income

Total Taxes

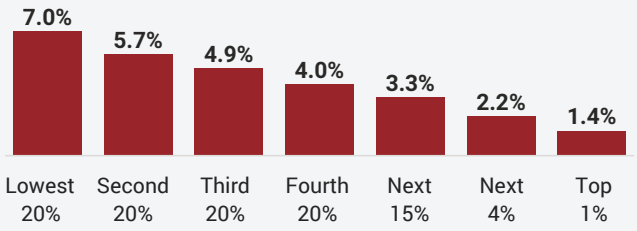
Share of family income

REGRESSIVE



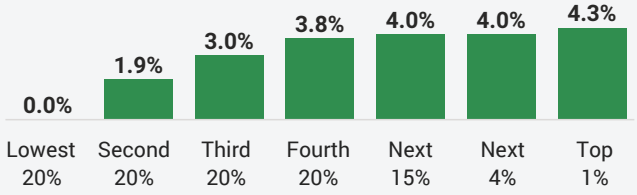
Sales & Excise Taxes

Share of family income



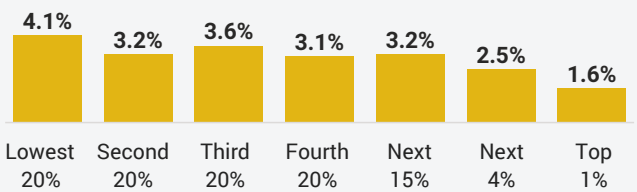
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in Kansas, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.9 percent) state and local tax revenue collected in Kansas. These figures depict Kansas's grocery sales tax rate at its 2024 level of 2 percent. The rate is set to decrease to zero next year, alongside elimination of the state's Food Sales Tax Credit. As seen in Appendix E, this will decrease the bottom fifth's overall tax rate by 0.2 percentage points and cause the state to move 3 spots in the ITEP Inequality Index rankings, from 26th to 29th most regressive.

Kansas State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20% Next 15%	Top 20% Next 4%	Top 20% Top 1%
Income Range	Less than $24,700	$24,700 to $49,900	$49,900 to $85,300	$85,300 to $136,700	$136,700 to $269,300	$269,300 to $655,700	Over $655,700
Average Income in Group	$13,800	$37,000	$66,400	$107,600	$178,900	$373,100	$932,500
Sales & Excise Taxes	**7.0%**	**5.7%**	**4.9%**	**4.0%**	**3.3%**	**2.2%**	**1.4%**
General Sales–Individuals	3.8%	3.3%	2.9%	2.4%	1.9%	1.1%	0.6%
Other Sales & Excise–Ind.	1.7%	1.0%	0.7%	0.6%	0.4%	0.2%	0.1%
Sales & Excise–Business	1.5%	1.4%	1.2%	1.1%	1.0%	0.8%	0.6%
Property Taxes	**4.1%**	**3.2%**	**3.6%**	**3.1%**	**3.2%**	**2.5%**	**1.6%**
Home, Rent, Car–Individuals	3.3%	2.4%	2.8%	2.5%	2.4%	1.5%	0.7%
Other Property Taxes	0.8%	0.8%	0.8%	0.7%	0.8%	1.0%	1.0%
Income Taxes	**0.2%**	**2.1%**	**3.1%**	**3.9%**	**4.2%**	**4.2%**	**4.4%**
Personal Income Taxes	0.0%	1.9%	3.0%	3.8%	4.0%	4.0%	4.3%
Corporate Income Taxes	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Other Taxes	**0.2%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**
TOTAL TAXES	**11.4%**	**11.2%**	**11.7%**	**11.2%**	**10.8%**	**9.0%**	**7.5%**

ITEP Tax Inequality Index

ITEP's Tax Inequality Index measures the effects of each state's tax system on income inequality. **According to this measure, Kansas has the 26th most regressive state and local tax system in the country.** Income disparities are larger in Kansas after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in Kansas

PROGRESSIVE

- Refundable Earned Income Tax Credit (EITC)
- Graduated personal income tax structure, though top rate kicks in at $30,000 (single) so a large share of families face top rate
- Requires combined reporting for the corporate income tax but excludes profits booked overseas, including in tax haven countries

REGRESSIVE

- Limited property tax "circuit breaker" credit for low-income, non-senior taxpayers
- Real estate transfer tax does not include higher rate on high-value sales
- Comparatively high combined state and local sales tax rates
- Does not levy a tax on estates or inheritances
- No Child Tax Credit (CTC)

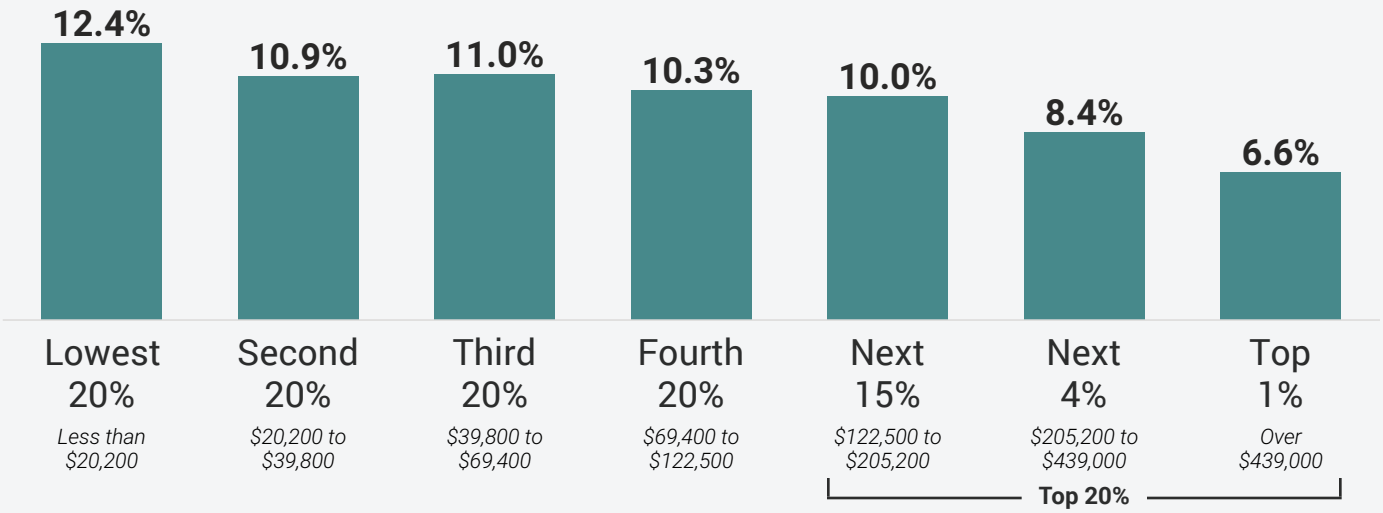
Kentucky

State and local tax shares of family income

Total Taxes

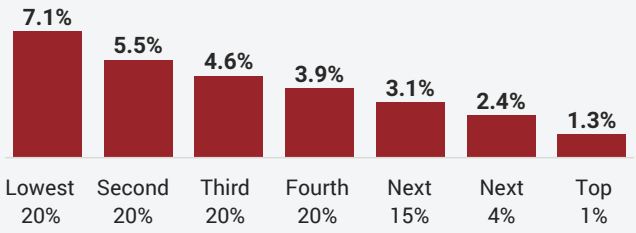
Share of family income

REGRESSIVE



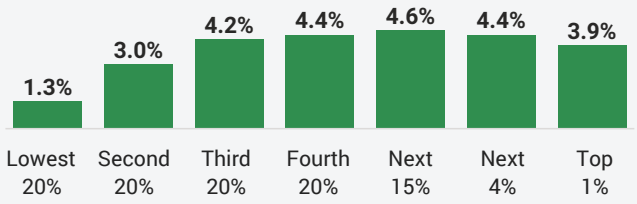
Sales & Excise Taxes

Share of family income



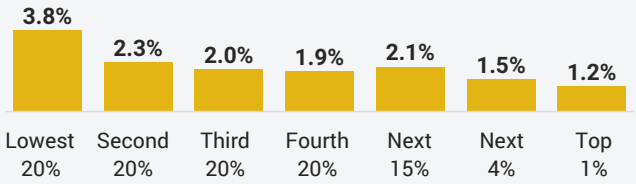
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in Kentucky, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.6 percent) state and local tax revenue collected in Kentucky. These figures depict Kentucky's flat personal income tax rate of 4 percent. Due to a tax trigger that could decrease the rate to zero over time, we also model full elimination of this tax. As seen in Appendix E, this will decrease the overall tax rate paid by the top 1 percent of households by 3.1 percentage points and cause the state to move 9 spots in the ITEP Inequality Index rankings, from 17th to 8th most regressive.

Kentucky State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	Top 1%
Income Range	Less than $20,200	$20,200 to $39,800	$39,800 to $69,400	$69,400 to $122,500	$122,500 to $205,200	$205,200 to $439,000	Over $439,000
Average Income in Group	$11,000	$29,300	$53,600	$92,500	$149,200	$272,800	$843,600
Sales & Excise Taxes	**7.1%**	**5.5%**	**4.6%**	**3.9%**	**3.1%**	**2.4%**	**1.3%**
General Sales–Individuals	2.8%	2.5%	2.2%	1.9%	1.5%	1.0%	0.4%
Other Sales & Excise–Ind.	2.6%	1.4%	1.0%	0.7%	0.6%	0.4%	0.2%
Sales & Excise–Business	1.8%	1.6%	1.4%	1.3%	1.1%	1.0%	0.7%
Property Taxes	**3.8%**	**2.3%**	**2.0%**	**1.9%**	**2.1%**	**1.5%**	**1.2%**
Home, Rent, Car–Individuals	3.5%	1.9%	1.7%	1.7%	1.8%	1.1%	0.6%
Other Property Taxes	0.3%	0.3%	0.3%	0.3%	0.3%	0.4%	0.6%
Income Taxes	**1.3%**	**3.0%**	**4.3%**	**4.4%**	**4.6%**	**4.4%**	**4.0%**
Personal Income Taxes	1.3%	3.0%	4.2%	4.4%	4.6%	4.4%	3.9%
Corporate Income Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Other Taxes	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**
TOTAL TAXES	**12.4%**	**10.9%**	**11.0%**	**10.3%**	**10.0%**	**8.4%**	**6.6%**

ITEP Tax Inequality Index

ITEP's Tax Inequality Index measures the effects of each state's tax system on income inequality. **According to this measure, Kentucky has the 17th most regressive state and local tax system in the country.** Income disparities are larger in Kentucky after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in Kentucky

PROGRESSIVE

- Sales tax base excludes groceries
- Requires combined reporting for the corporate tax, including some profits booked in tax havens
- Levies a state inheritance tax

REGRESSIVE

- No refundable income tax credits to offset sales, excise and property taxes
- Real estate transfer tax does not include higher rate on high-value sales
- Local income taxes exclude investment income
- Personal income tax uses a flat rate
- Offers itemized deductions

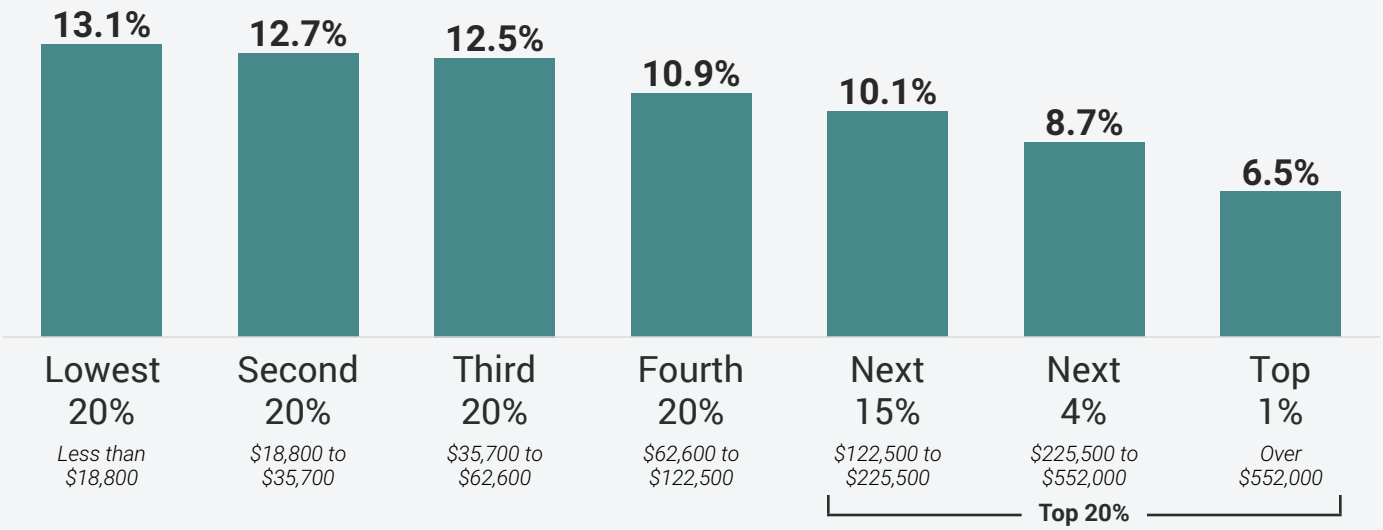
Louisiana

State and local tax shares of family income

Total Taxes

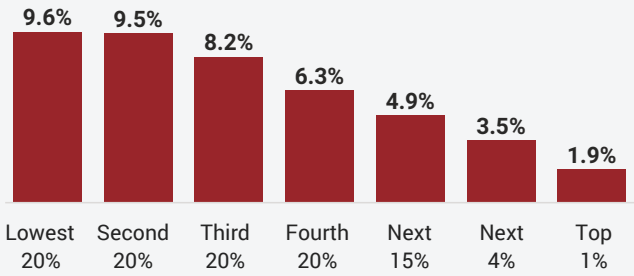
Share of family income

REGRESSIVE



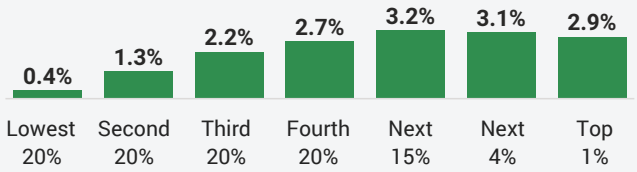
Sales & Excise Taxes

Share of family income



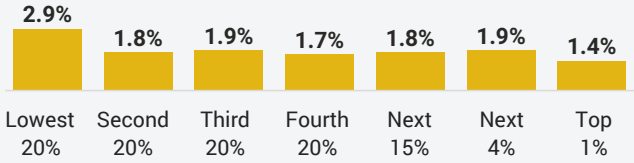
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in Louisiana, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly 100 percent of state and local tax revenue collected in Louisiana. These figures depict Louisiana's EITC at its 2024 level of 5 percent of federal. The credit is set to decline to 3.5 in 2031. As seen in Appendix E, this will increase the bottom fifth's overall tax rate by 0.2 percentage points and cause the state to move 1 spot in the ITEP Inequality Index rankings, from 10th to 9th most regressive.

Louisiana State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	Top 1%
Income Range	Less than $18,800	$18,800 to $35,700	$35,700 to $62,600	$62,600 to $122,500	$122,500 to $225,500	$225,500 to $552,000	Over $552,000
Average Income in Group	$11,000	$25,400	$46,800	$86,800	$154,000	$316,300	$1,110,200
Sales & Excise Taxes	**9.6%**	**9.5%**	**8.2%**	**6.3%**	**4.9%**	**3.5%**	**1.9%**
General Sales–Individuals	4.8%	5.3%	4.6%	3.5%	2.7%	1.7%	0.7%
Other Sales & Excise–Ind.	2.5%	1.8%	1.3%	0.9%	0.7%	0.4%	0.2%
Sales & Excise–Business	2.3%	2.4%	2.3%	1.8%	1.6%	1.4%	1.0%
Property Taxes	**2.9%**	**1.8%**	**1.9%**	**1.7%**	**1.8%**	**1.9%**	**1.4%**
Home, Rent, Car–Individuals	2.2%	1.2%	1.1%	1.1%	1.2%	1.0%	0.5%
Other Property Taxes	0.6%	0.6%	0.7%	0.6%	0.6%	0.8%	0.9%
Income Taxes	**0.5%**	**1.3%**	**2.2%**	**2.8%**	**3.2%**	**3.1%**	**3.0%**
Personal Income Taxes	0.4%	1.3%	2.2%	2.7%	3.2%	3.1%	2.9%
Corporate Income Taxes	0.0%	0.0%	0.1%	0.0%	0.0%	0.1%	0.1%
Other Taxes	**0.2%**	**0.2%**	**0.2%**	**0.2%**	**0.2%**	**0.2%**	**0.2%**
TOTAL TAXES	**13.1%**	**12.7%**	**12.5%**	**10.9%**	**10.1%**	**8.7%**	**6.5%**

ITEP Tax Inequality Index

ITEP's Tax Inequality Index measures the effects of each state's tax system on income inequality. **According to this measure, Louisiana has the 10th most regressive state and local tax system in the country.** Income disparities are larger in Louisiana after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in Louisiana

PROGRESSIVE

- Partially refundable dependent care tax credit
- Graduated personal income tax structure, though top rate kicks in at $50,000 (single) so a large share of families face top rate
- Levies a business franchise tax
- State sales tax base excludes groceries
- Refundable Earned Income Tax Credit (EITC)

REGRESSIVE

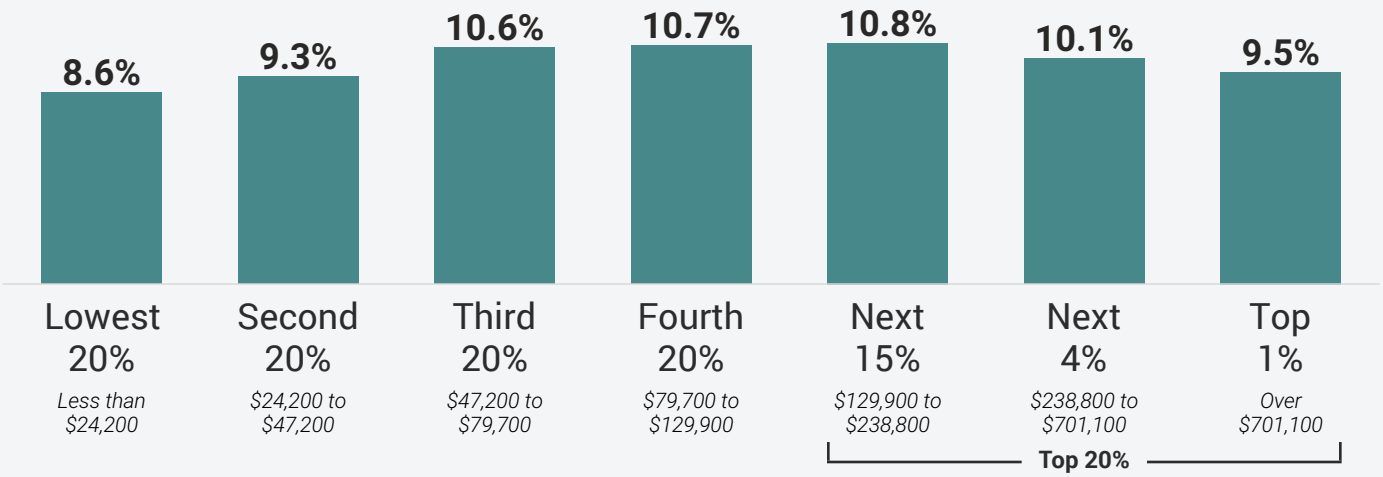
- Offers exclusion for gains from sales of certain Louisiana-based property
- Does not use combined reporting as part of its corporate income tax
- Comparatively high combined state and local sales tax rates
- Comparatively high reliance on sales and excise taxes
- Comparatively low Earned Income Tax Credit (EITC)
- Does not levy a tax on estates or inheritances
- Local sales tax bases include groceries
- No Child Tax Credit (CTC)

Maine

State and local tax shares of family income

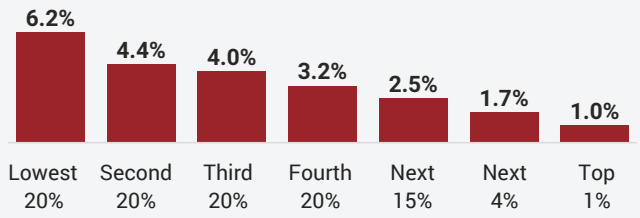
Total Taxes

Share of family income



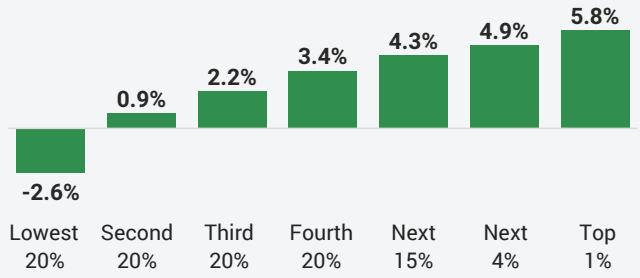
Sales & Excise Taxes

Share of family income



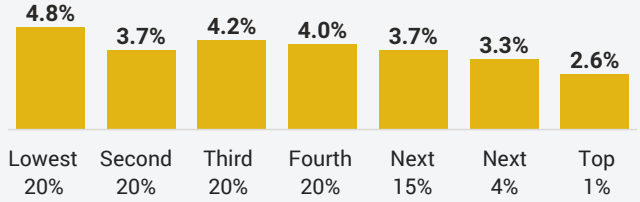
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in Maine, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.8 percent) state and local tax revenue collected in Maine.

Maine State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20% Next 15%	Top 20% Next 4%	Top 20% Top 1%
Income Range	Less than $24,200	$24,200 to $47,200	$47,200 to $79,700	$79,700 to $129,900	$129,900 to $238,800	$238,800 to $701,100	Over $701,100
Average Income in Group	$12,500	$34,900	$60,000	$101,300	$163,000	$346,500	$1,176,600
Sales & Excise Taxes	**6.2%**	**4.4%**	**4.0%**	**3.2%**	**2.5%**	**1.7%**	**1.0%**
General Sales–Individuals	1.8%	1.9%	2.0%	1.7%	1.3%	0.8%	0.3%
Other Sales & Excise–Ind.	3.3%	1.5%	1.0%	0.7%	0.5%	0.3%	0.1%
Sales & Excise–Business	1.1%	1.0%	1.0%	0.8%	0.8%	0.6%	0.5%
Property Taxes	**4.8%**	**3.7%**	**4.2%**	**4.0%**	**3.7%**	**3.3%**	**2.6%**
Home, Rent, Car–Individuals	3.6%	2.6%	3.0%	3.0%	2.7%	2.0%	0.9%
Other Property Taxes	1.2%	1.1%	1.1%	0.9%	1.1%	1.3%	1.6%
Income Taxes	**-2.6%**	**1.0%**	**2.2%**	**3.4%**	**4.4%**	**5.0%**	**5.8%**
Personal Income Taxes	-2.6%	0.9%	2.2%	3.4%	4.3%	4.9%	5.8%
Corporate Income Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Other Taxes	**0.2%**	**0.2%**	**0.2%**	**0.2%**	**0.2%**	**0.1%**	**0.1%**
TOTAL TAXES	**8.6%**	**9.3%**	**10.6%**	**10.7%**	**10.8%**	**10.1%**	**9.5%**

ITEP Tax Inequality Index

Maine has a hybrid system that is progressive through the bottom part of the income distribution and regressive through the top part. On balance, the overall system tilts slightly progressive according to ITEP's Tax Inequality Index, which measures the overall effect of each state's tax system on income inequality. **Maine ranks 45th on the Index**, meaning that five states and the District of Columbia have more progressive systems. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in Maine

PROGRESSIVE

- Refundable property tax "circuit breaker" credit (all ages, includes renters)
- High standard deduction with phase-out for upper-income taxpayers
- Targeted, refundable sales tax credit
- Levies a state estate tax
- Requires combined reporting for the corporate income tax; some foreign tax haven income is partially taxed through GILTI inclusion
- Graduated personal income tax structure, though top rate kicks in at $58,050 (single) so a large share of families face top rate
- Refundable Earned Income Tax Credit (EITC)
- Sales tax base excludes groceries
- Eliminates itemized deductions for upper-income taxpayers
- Refundable Child Tax Credit (CTC)

REGRESSIVE

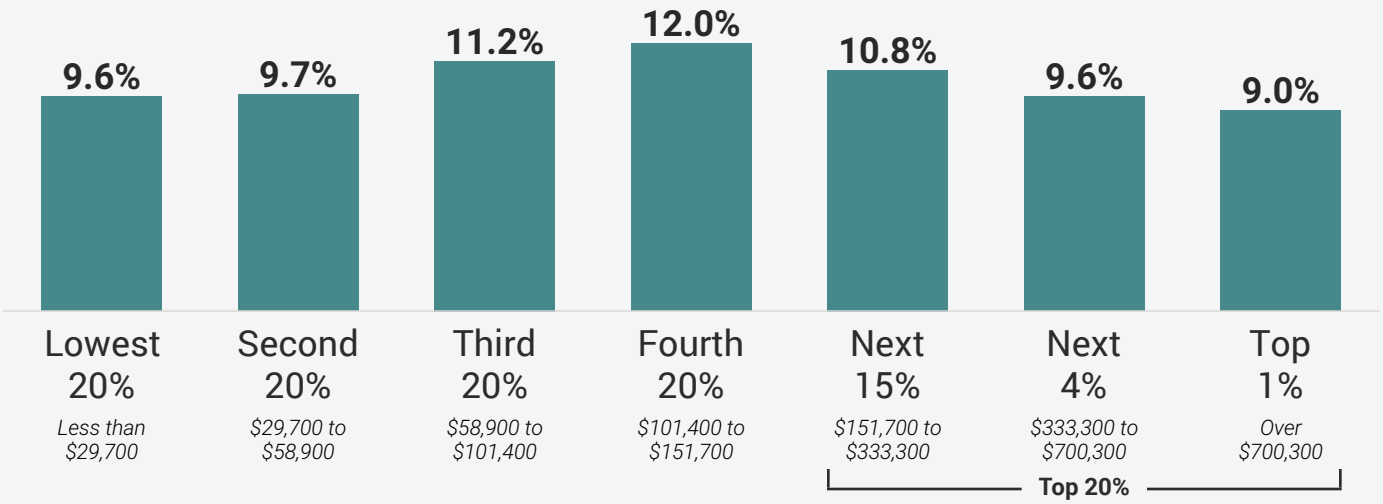
- Real estate transfer tax does not include higher rate on high-value sales
- Comparatively high reliance on property taxes
- Pension deduction without income limits

Maryland

State and local tax shares of family income

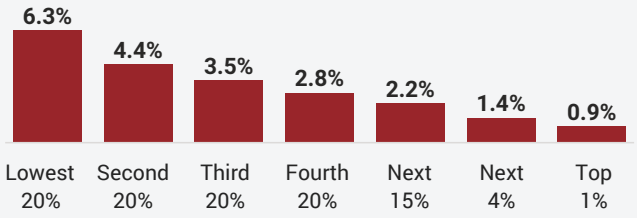
Total Taxes

Share of family income



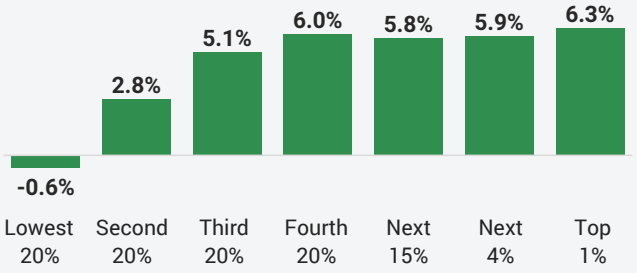
Sales & Excise Taxes

Share of family income



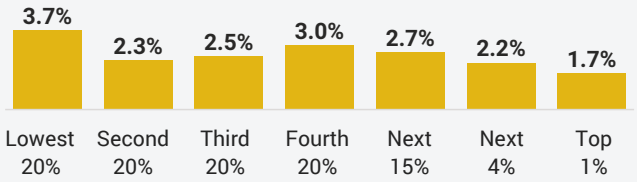
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in Maryland, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.2 percent) state and local tax revenue collected in Maryland.

Maryland State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20% Next 15%	Top 20% Next 4%	Top 20% Top 1%
Income Range	Less than $29,700	$29,700 to $58,900	$58,900 to $101,400	$101,400 to $151,700	$151,700 to $333,300	$333,300 to $700,300	Over $700,300
Average Income in Group	$15,400	$43,200	$78,200	$129,700	$217,800	$456,100	$1,254,300
Sales & Excise Taxes	**6.3%**	**4.4%**	**3.5%**	**2.8%**	**2.2%**	**1.4%**	**0.9%**
General Sales–Individuals	2.4%	2.0%	1.7%	1.4%	1.0%	0.7%	0.3%
Other Sales & Excise–Ind.	3.0%	1.7%	1.2%	0.9%	0.6%	0.4%	0.2%
Sales & Excise–Business	0.8%	0.7%	0.6%	0.6%	0.5%	0.4%	0.4%
Property Taxes	**3.7%**	**2.3%**	**2.5%**	**3.0%**	**2.7%**	**2.2%**	**1.7%**
Home, Rent, Car–Individuals	3.3%	2.0%	2.2%	2.7%	2.4%	1.7%	0.8%
Other Property Taxes	0.4%	0.3%	0.3%	0.3%	0.4%	0.4%	1.0%
Income Taxes	**-0.5%**	**2.8%**	**5.1%**	**6.1%**	**5.9%**	**5.9%**	**6.4%**
Personal Income Taxes	-0.6%	2.8%	5.1%	6.0%	5.8%	5.9%	6.3%
Corporate Income Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Other Taxes	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**
TOTAL TAXES	**9.6%**	**9.7%**	**11.2%**	**12.0%**	**10.8%**	**9.6%**	**9.0%**

ITEP Tax Inequality Index

Maryland has a hybrid system that is progressive through the middle part of the income distribution and regressive through the bottom and top parts. On balance, the overall system tilts regressive because high-income families pay the lowest overall tax rates. **According to ITEP's Tax Inequality Index, Maryland has the 41st most regressive state and local tax system in the country.** Income disparities between high-income taxpayers and other families are larger in Maryland after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in Maryland

PROGRESSIVE

- Partially refundable dependent care tax credit
- Levies a state estate tax and county inheritance tax
- Refundable property tax "circuit breaker" credit (all ages, includes renters)
- Graduated personal income tax structure
- Limited, refundable Child Tax Credit (CTC)
- Refundable Earned Income Tax Credit (EITC)
- Sales tax base excludes groceries

REGRESSIVE

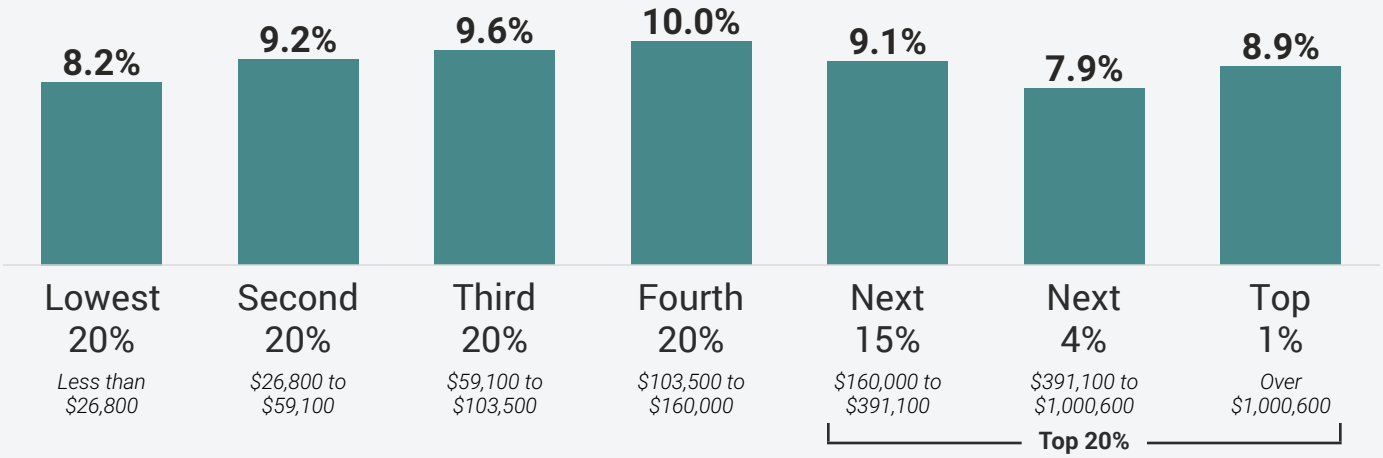
- Real estate transfer tax does not include higher rate on high-value sales
- Does not use combined reporting as part of its corporate income tax
- Offers itemized deductions

Massachusetts

State and local tax shares of family income

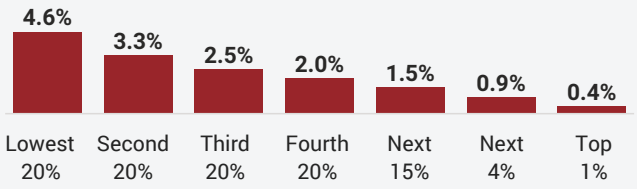
Total Taxes

Share of family income



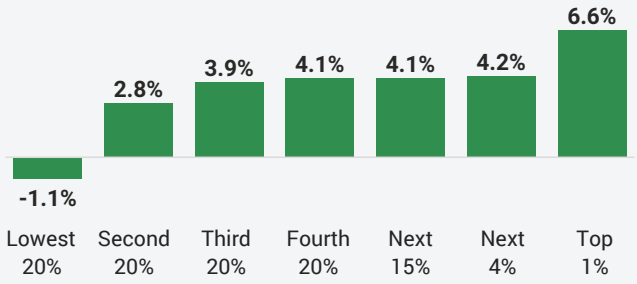
Sales & Excise Taxes

Share of family income



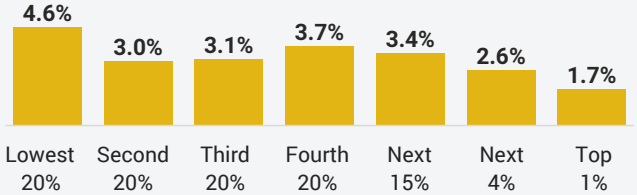
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in Massachusetts, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.8 percent) state and local tax revenue collected in Massachusetts. As seen in Appendix D, recent tax policy changes have significantly lessened the regressive tilt of Massachusetts's tax system. Overall tax rates on the top 1 percent rose by 2.1 percentage points because of these changes while tax rates for the bottom fifth fell by 1.0 percentage points. These changes caused the state to move 10 spots in the ITEP Inequality Index rankings, from 34th to 44th most regressive.

Massachusetts State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%
					Top 20%		
Income Range	Less than $26,800	$26,800 to $59,100	$59,100 to $103,500	$103,500 to $160,000	$160,000 to $391,100	$391,100 to $1,000,600	Over $1,000,600
Average Income in Group	$14,900	$41,900	$79,200	$131,400	$240,900	$586,100	$3,464,700
Sales & Excise Taxes	**4.6%**	**3.3%**	**2.5%**	**2.0%**	**1.5%**	**0.9%**	**0.4%**
General Sales–Individuals	1.8%	1.7%	1.4%	1.1%	0.8%	0.4%	0.1%
Other Sales & Excise–Ind.	1.9%	0.8%	0.5%	0.4%	0.2%	0.1%	0.0%
Sales & Excise–Business	0.8%	0.7%	0.6%	0.5%	0.4%	0.3%	0.3%
Property Taxes	**4.6%**	**3.0%**	**3.1%**	**3.7%**	**3.4%**	**2.6%**	**1.7%**
Home, Rent, Car–Individuals	4.2%	2.6%	2.7%	3.3%	2.9%	2.1%	0.5%
Other Property Taxes	0.4%	0.4%	0.4%	0.4%	0.5%	0.6%	1.2%
Income Taxes	**-1.0%**	**2.8%**	**3.9%**	**4.2%**	**4.2%**	**4.3%**	**6.8%**
Personal Income Taxes	-1.1%	2.8%	3.9%	4.1%	4.1%	4.2%	6.6%
Corporate Income Taxes	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%
Other Taxes	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.0%**	**0.0%**
TOTAL TAXES	**8.2%**	**9.2%**	**9.6%**	**10.0%**	**9.1%**	**7.9%**	**8.9%**

ITEP Tax Inequality Index

Massachusetts has a hybrid system that is progressive through some parts of the income distribution and regressive through other parts. On balance, the overall system tilts slightly regressive under the ITEP's Tax Inequality Index because of this mix of conflicting distributional patterns. **Massachusetts ranks 44th on the Index**, meaning that six states and the District of Columbia have more progressive systems. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in Massachusetts

PROGRESSIVE

- Levies higher income tax rate on taxable income over $1 million
- Requires combined reporting for the corporate income tax but excludes profits booked overseas, including in tax haven countries
- Refundable Earned Income Tax Credit (EITC)
- "No-tax" threshold and low-income credit eliminate income tax liability for poorest taxpayers
- Levies a state estate tax
- Sales tax base excludes groceries
- Refundable Child Tax Credit (CTC)

REGRESSIVE

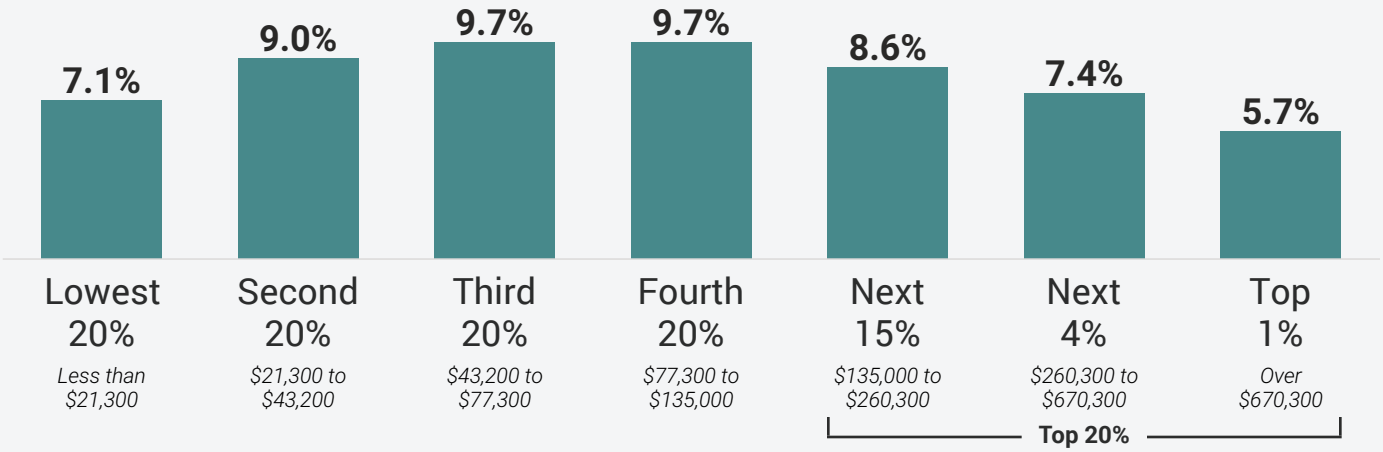
- No property tax "circuit breaker" credit for low-income, non-senior taxpayers
- Real estate transfer tax does not include higher rate on high-value sales
- Comparatively high reliance on property taxes

Michigan

State and local tax shares of family income

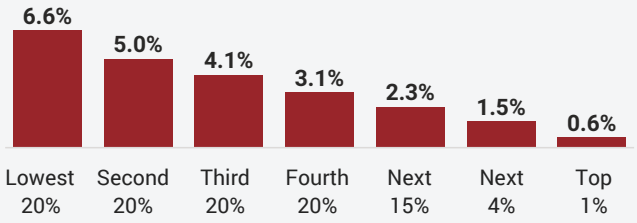
Total Taxes

Share of family income



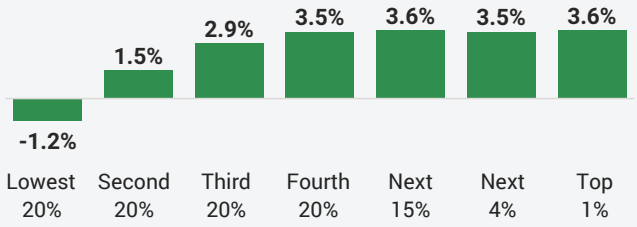
Sales & Excise Taxes

Share of family income



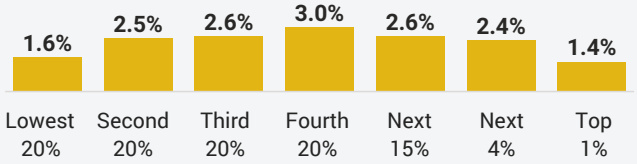
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in Michigan, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly 100 percent of state and local tax revenue collected in Michigan.

Michigan State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20% Next 15%	Top 20% Next 4%	Top 20% Top 1%
Income Range	Less than $21,300	$21,300 to $43,200	$43,200 to $77,300	$77,300 to $135,000	$135,000 to $260,300	$260,300 to $670,300	Over $670,300
Average Income in Group	$12,100	$31,200	$58,200	$104,500	$175,800	$379,500	$1,727,300
Sales & Excise Taxes	**6.6%**	**5.0%**	**4.1%**	**3.1%**	**2.3%**	**1.5%**	**0.6%**
General Sales–Individuals	3.2%	3.0%	2.7%	2.1%	1.6%	1.0%	0.3%
Other Sales & Excise–Ind.	2.7%	1.4%	0.9%	0.6%	0.4%	0.2%	0.1%
Sales & Excise–Business	0.7%	0.6%	0.5%	0.5%	0.4%	0.3%	0.3%
Property Taxes	**1.6%**	**2.5%**	**2.6%**	**3.0%**	**2.6%**	**2.4%**	**1.4%**
Home, Rent, Car–Individuals	1.2%	2.1%	2.4%	2.8%	2.4%	2.0%	0.6%
Other Property Taxes	0.4%	0.3%	0.2%	0.3%	0.3%	0.3%	0.7%
Income Taxes	**-1.2%**	**1.5%**	**2.9%**	**3.5%**	**3.6%**	**3.5%**	**3.7%**
Personal Income Taxes	-1.2%	1.5%	2.9%	3.5%	3.6%	3.5%	3.6%
Corporate Income Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Taxes	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.0%**	**0.0%**	**0.0%**
TOTAL TAXES	**7.1%**	**9.0%**	**9.7%**	**9.7%**	**8.6%**	**7.4%**	**5.7%**

ITEP Tax Inequality Index

Michigan has a hybrid system that is progressive through the bottom part of the income distribution and regressive through the top part. On balance, the overall system tilts regressive because high-income families pay the lowest overall tax rates. **According to ITEP's Tax Inequality Index, Michigan has the 34th most regressive state and local tax system in the country.** Income disparities between high-income taxpayers and other families are larger in Michigan after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in Michigan

PROGRESSIVE

- Refundable property tax "circuit breaker" credit (all ages, includes renters)
- Requires combined reporting for the corporate income tax but excludes profits booked overseas, including in tax haven countries
- Sales tax base excludes groceries
- Refundable Earned Income Tax Credit (EITC)

REGRESSIVE

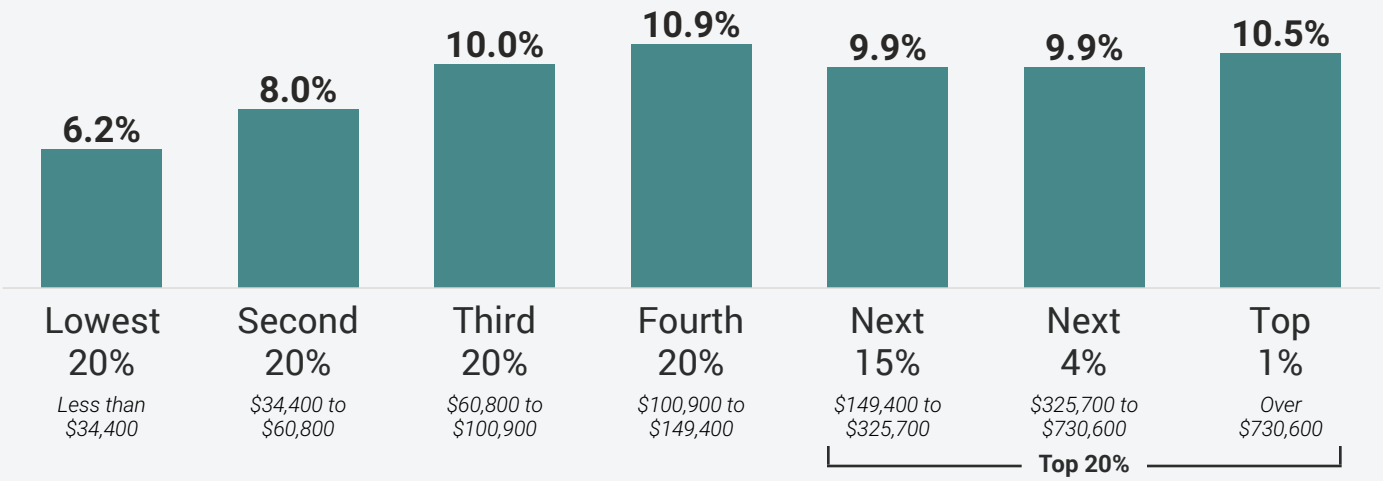
- Real estate transfer tax does not include higher rate on high-value sales
- Does not levy a tax on estates or inheritances
- Personal income tax uses a flat rate
- No Child Tax Credit (CTC)

Minnesota

State and local tax shares of family income

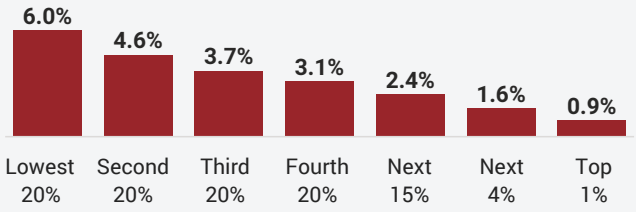
Total Taxes

Share of family income



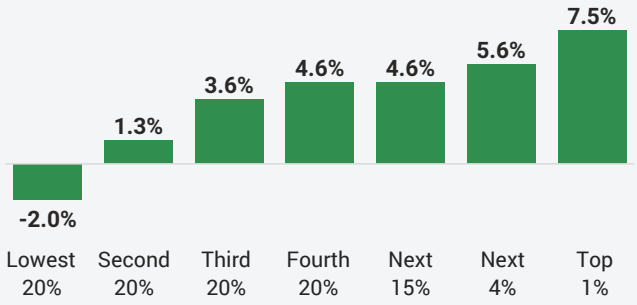
Sales & Excise Taxes

Share of family income



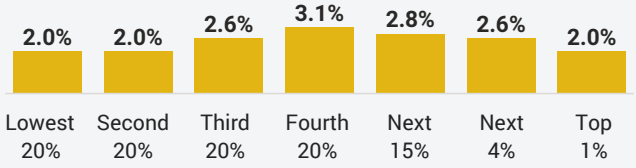
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in Minnesota, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.9 percent) state and local tax revenue collected in Minnesota. As seen in Appendix D, recent tax policy changes have added to the progressivity of Minnesota's tax system. Overall tax rates on the top 1 percent rose by 0.4 percentage points because of these changes while tax rates for the bottom fifth fell by 2.6 percentage points. These changes caused the state to move 3 spots in the ITEP Inequality Index rankings, from 47th to 50th most regressive.

Minnesota State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20% Next 15%	Top 20% Next 4%	Top 20% Top 1%
Income Range	Less than $34,400	$34,400 to $60,800	$60,800 to $100,900	$100,900 to $149,400	$149,400 to $325,700	$325,700 to $730,600	Over $730,600
Average Income in Group	$19,000	$46,900	$79,900	$126,700	$205,700	$445,000	$1,501,300
Sales & Excise Taxes	**6.0%**	**4.6%**	**3.7%**	**3.1%**	**2.4%**	**1.6%**	**0.9%**
General Sales–Individuals	2.6%	2.4%	2.0%	1.7%	1.3%	0.8%	0.3%
Other Sales & Excise–Ind.	2.3%	1.2%	0.8%	0.6%	0.4%	0.2%	0.1%
Sales & Excise–Business	1.1%	1.0%	0.9%	0.8%	0.7%	0.6%	0.5%
Property Taxes	**2.0%**	**2.0%**	**2.6%**	**3.1%**	**2.8%**	**2.6%**	**2.0%**
Home, Rent, Car–Individuals	1.4%	1.5%	2.1%	2.7%	2.3%	2.0%	0.7%
Other Property Taxes	0.6%	0.5%	0.5%	0.4%	0.5%	0.6%	1.3%
Income Taxes	**-2.0%**	**1.3%**	**3.6%**	**4.6%**	**4.6%**	**5.6%**	**7.6%**
Personal Income Taxes	-2.0%	1.3%	3.6%	4.6%	4.6%	5.6%	7.5%
Corporate Income Taxes	0.1%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
Other Taxes	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**
TOTAL TAXES	**6.2%**	**8.0%**	**10.0%**	**10.9%**	**9.9%**	**9.9%**	**10.5%**

ITEP Tax Inequality Index

Minnesota has a hybrid system that is progressive through some parts of the income distribution and regressive through other parts. On balance, the overall system tilts slightly progressive according to ITEP's Tax Inequality Index because lower and moderate income families pay the lowest tax rates. High-earners, however, often pay lower rates than middle-income families. **Minnesota ranks 50th on the Index** and only the District of Columbia has a more progressive system. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in Minnesota

PROGRESSIVE

- Refundable property tax "circuit breaker" credit (all ages, includes renters)
- Requires combined reporting for the corporate income tax; some foreign tax haven income is partially taxed through GILTI inclusion
- Levies a tax on high-earner investment income
- Limits itemized deductions for upper-income taxpayers
- Levies higher property tax rates on higher-value properties
- Refundable dependent care tax credit
- Refundable working families tax credit
- Graduated personal income tax structure
- Levies a state estate tax
- Sales tax base excludes groceries
- Refundable Child Tax Credit (CTC)

REGRESSIVE

- Real estate transfer tax does not include higher rate on high-value sales
- Offers itemized deductions

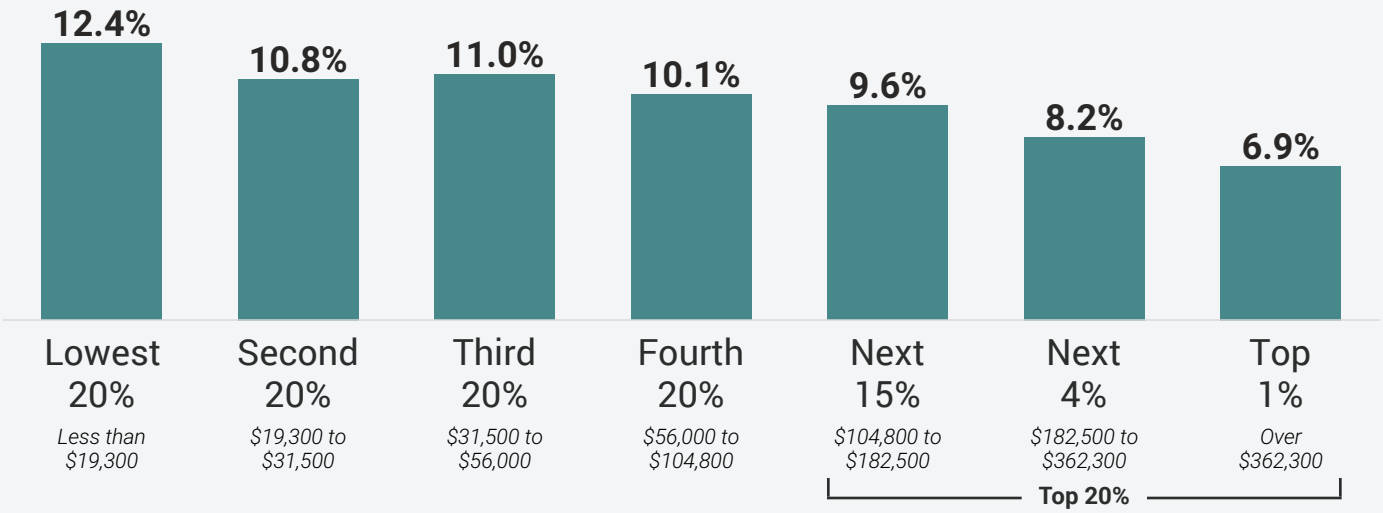
Mississippi

State and local tax shares of family income

Total Taxes

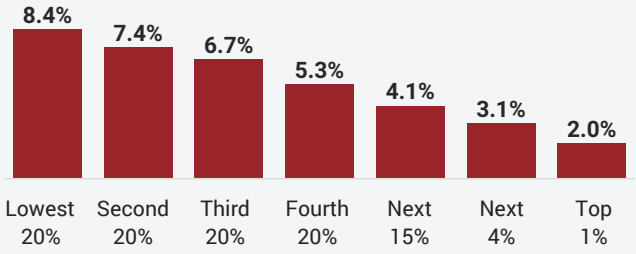
Share of family income

REGRESSIVE



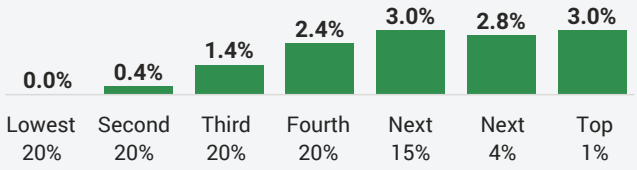
Sales & Excise Taxes

Share of family income



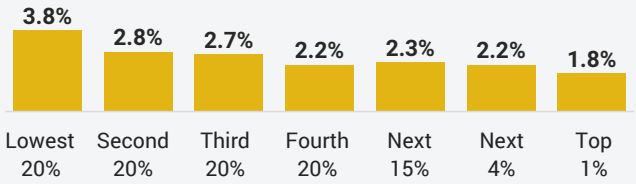
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in Mississippi, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.6 percent) state and local tax revenue collected in Mississippi. These figures depict Mississippi's income tax rate at 4.7 percent. That rate is set to reduce to 4.0 percent by 2026 and the franchise tax is set to reduce to zero by 2028. As seen in Appendix E, this will decrease the top fifth's overall tax rate by 0.5 percentage points and cause the state to move 3 spots in the ITEP Inequality Index rankings, from 19th to 16th most regressive.

Mississippi State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	Top 1%
Income Range	Less than $19,300	$19,300 to $31,500	$31,500 to $56,000	$56,000 to $104,800	$104,800 to $182,500	$182,500 to $362,300	Over $362,300
Average Income in Group	$11,700	$24,300	$43,000	$76,000	$133,800	$244,600	$619,600
Sales & Excise Taxes	**8.4%**	**7.4%**	**6.7%**	**5.3%**	**4.1%**	**3.1%**	**2.0%**
General Sales–Individuals	4.6%	4.2%	4.0%	3.1%	2.3%	1.6%	0.8%
Other Sales & Excise–Ind.	2.2%	1.6%	1.3%	1.0%	0.7%	0.5%	0.3%
Sales & Excise–Business	1.6%	1.6%	1.5%	1.3%	1.1%	1.0%	0.9%
Property Taxes	**3.8%**	**2.8%**	**2.7%**	**2.2%**	**2.3%**	**2.2%**	**1.8%**
Home, Rent, Car–Individuals	3.2%	2.1%	2.1%	1.7%	1.8%	1.5%	0.9%
Other Property Taxes	0.6%	0.7%	0.6%	0.5%	0.6%	0.7%	0.9%
Income Taxes	**0.1%**	**0.5%**	**1.5%**	**2.5%**	**3.1%**	**2.9%**	**3.1%**
Personal Income Taxes	0.0%	0.4%	1.4%	2.4%	3.0%	2.8%	3.0%
Corporate Income Taxes	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%
Other Taxes	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**
TOTAL TAXES	**12.4%**	**10.8%**	**11.0%**	**10.1%**	**9.6%**	**8.2%**	**6.9%**

ITEP Tax Inequality Index

ITEP's Tax Inequality Index measures the effects of each state's tax system on income inequality. **According to this measure, Mississippi has the 19th most regressive state and local tax system in the country.** Income disparities are larger in Mississippi after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in Mississippi

PROGRESSIVE

- Levies personal and corporate income taxes
- Levies a business franchise tax (though it is being phased out)

REGRESSIVE

- No refundable income tax credits to offset sales, excise, and property taxes
- Does not use combined reporting as part of its corporate income tax
- All retirement income is exempted from the personal income tax
- Does not levy a tax on estates or inheritances
- Personal income tax uses a flat rate
- Sales tax base includes groceries

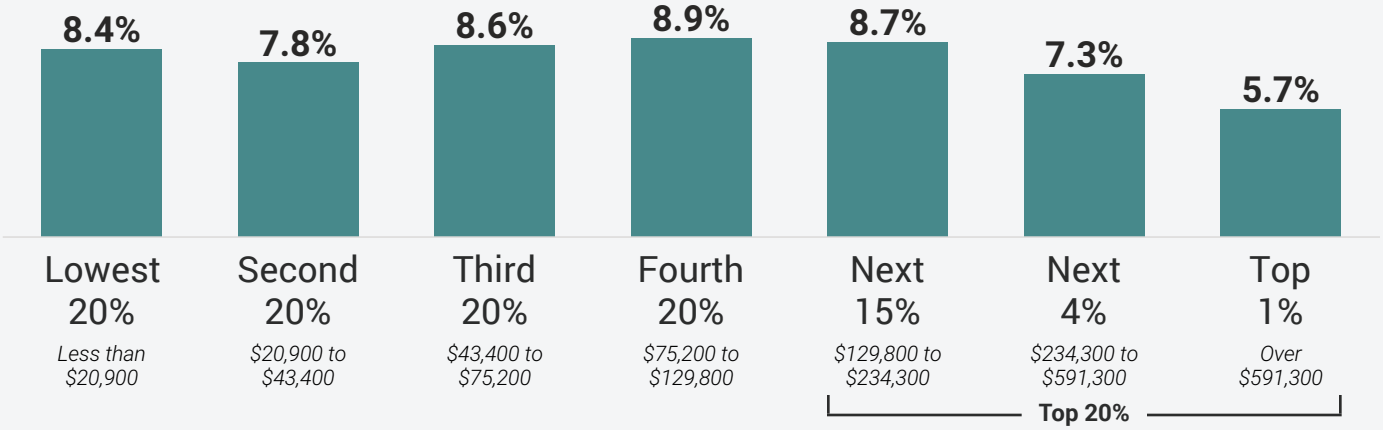
Missouri

State and local tax shares of family income

Total Taxes

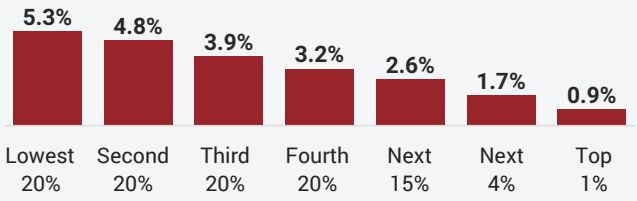
Share of family income

REGRESSIVE



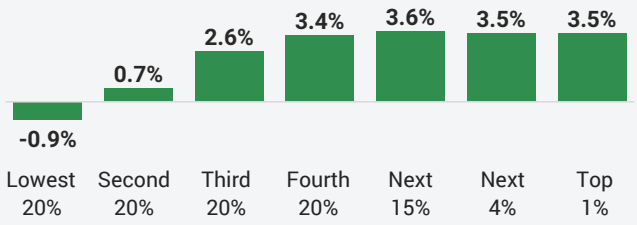
Sales & Excise Taxes

Share of family income



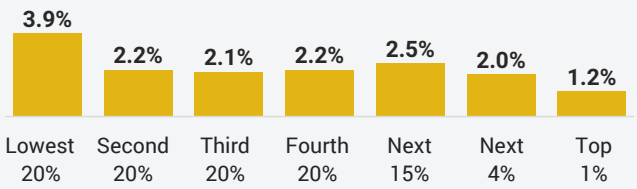
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in Missouri, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (98 percent) state and local tax revenue collected in Missouri. These figures depict Missouri's top income tax rate at 4.8 percent. The top rate is set to decrease to 4.5 percent. As seen in Appendix E, this will decrease the top fifth's overall tax rate by 0.2 percentage points and cause the state to move 1 spot in the ITEP Inequality Index rankings, from 35th to 34th most regressive.

Missouri State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20% Next 15%	Top 20% Next 4%	Top 20% Top 1%
Income Range	Less than $20,900	$20,900 to $43,400	$43,400 to $75,200	$75,200 to $129,800	$129,800 to $234,300	$234,300 to $591,300	Over $591,300
Average Income in Group	$12,100	$31,000	$58,400	$100,800	$163,600	$339,900	$1,688,600
Sales & Excise Taxes	**5.3%**	**4.8%**	**3.9%**	**3.2%**	**2.6%**	**1.7%**	**0.9%**
General Sales–Individuals	3.0%	2.9%	2.4%	2.0%	1.6%	1.0%	0.3%
Other Sales & Excise–Ind.	1.2%	0.9%	0.6%	0.5%	0.3%	0.2%	0.1%
Sales & Excise–Business	1.1%	0.9%	0.8%	0.7%	0.6%	0.5%	0.5%
Property Taxes	**3.9%**	**2.2%**	**2.1%**	**2.2%**	**2.5%**	**2.0%**	**1.2%**
Home, Rent, Car–Individuals	3.5%	2.0%	2.0%	2.0%	2.2%	1.7%	0.5%
Other Property Taxes	0.3%	0.2%	0.2%	0.2%	0.2%	0.3%	0.7%
Income Taxes	**-0.9%**	**0.7%**	**2.6%**	**3.4%**	**3.6%**	**3.5%**	**3.6%**
Personal Income Taxes	-0.9%	0.7%	2.6%	3.4%	3.6%	3.5%	3.5%
Corporate Income Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Taxes	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.0%**	**0.1%**
TOTAL TAXES	**8.4%**	**7.8%**	**8.6%**	**8.9%**	**8.7%**	**7.3%**	**5.7%**

ITEP Tax Inequality Index

ITEP's Tax Inequality Index measures the effects of each state's tax system on income inequality. **According to this measure, Missouri has the 35th most regressive state and local tax system in the country.** Income disparities are larger in Missouri after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in Missouri

PROGRESSIVE

- Provides an Earned Income Tax Credit (EITC)
- Graduated personal income tax structure; however top rate kicks in at $8,449 so virtually flat

REGRESSIVE

- Mismeasurement of home value in the property tax tilts in a regressive direction
- No refundable income tax credits to offset sales, excise, and property taxes
- State sales tax base includes groceries, though taxed at a lower rate
- Does not use combined reporting as part of its corporate income tax
- Partial income tax deduction for federal income taxes paid
- Income tax exclusion for pass-through business income
- Does not levy a tax on estates or inheritances
- Local sales tax bases include groceries

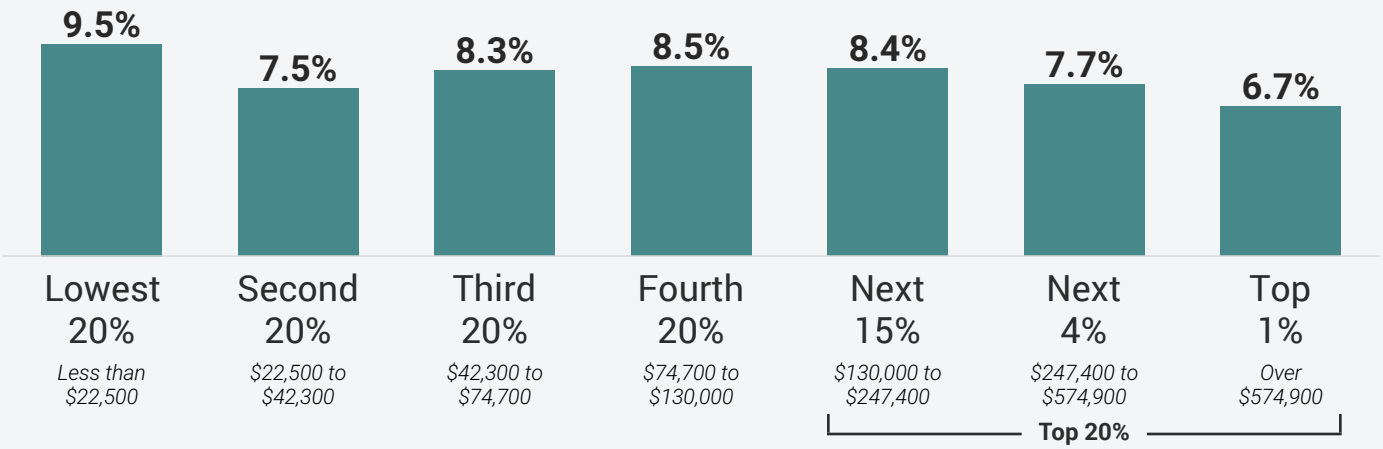
Montana

State and local tax shares of family income

Total Taxes

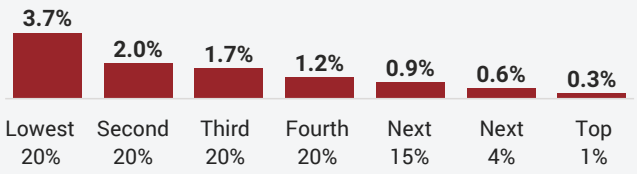
Share of family income

REGRESSIVE



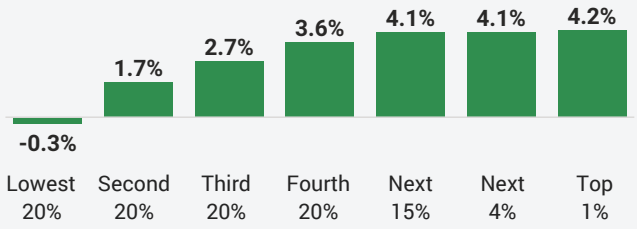
Sales & Excise Taxes

Share of family income



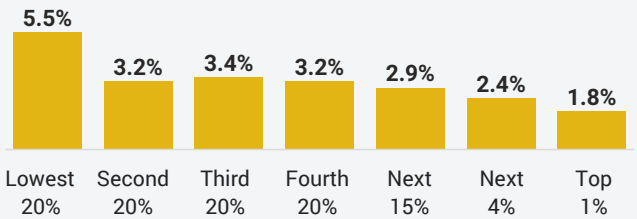
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in Montana, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.5 percent) state and local tax revenue collected in Montana.

Montana State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	Top 1%
Income Range	Less than $22,500	$22,500 to $42,300	$42,300 to $74,700	$74,700 to $130,000	$130,000 to $247,400	$247,400 to $574,900	Over $574,900
Average Income in Group	$11,400	$32,600	$56,600	$100,700	$166,400	$341,500	$1,214,100
Sales & Excise Taxes	**3.7%**	**2.0%**	**1.7%**	**1.2%**	**0.9%**	**0.6%**	**0.3%**
General Sales–Individuals	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Sales & Excise–Ind.	3.3%	1.6%	1.3%	0.9%	0.6%	0.4%	0.1%
Sales & Excise–Business	0.5%	0.4%	0.4%	0.3%	0.3%	0.2%	0.2%
Property Taxes	**5.5%**	**3.2%**	**3.4%**	**3.2%**	**2.9%**	**2.4%**	**1.8%**
Home, Rent, Car–Individuals	4.5%	2.3%	2.5%	2.4%	2.0%	1.3%	0.5%
Other Property Taxes	1.0%	0.9%	0.9%	0.8%	0.9%	1.2%	1.3%
Income Taxes	**-0.2%**	**1.8%**	**2.8%**	**3.6%**	**4.2%**	**4.2%**	**4.2%**
Personal Income Taxes	-0.3%	1.7%	2.7%	3.6%	4.1%	4.1%	4.2%
Corporate Income Taxes	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Other Taxes	**0.6%**	**0.5%**	**0.5%**	**0.4%**	**0.4%**	**0.5%**	**0.4%**
TOTAL TAXES	**9.5%**	**7.5%**	**8.3%**	**8.5%**	**8.4%**	**7.7%**	**6.7%**

ITEP Tax Inequality Index

ITEP's Tax Inequality Index measures the effects of each state's tax system on income inequality. **According to this measure, Montana has the 38th most regressive state and local tax system in the country.** Income disparities are larger in Montana after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in Montana

PROGRESSIVE

- Refundable property tax "circuit breaker" credit (all ages, some renters)
- Refundable Earned Income Tax Credit (EITC)
- Requires combined reporting for the corporate income tax; some foreign tax haven income is partially taxed through GILTI inclusion
- Graduated personal income tax structure; however top rate kicks in at $19,200 (single) so large share of families face top rate
- No statewide sales tax

REGRESSIVE

- Preferential income tax rates for income from capital gains
- Comparatively high reliance on property taxes
- Comparatively low Earned Income Tax Credit (EITC)
- No Child Tax Credit (CTC)
- Does not levy a tax on estates or inheritances

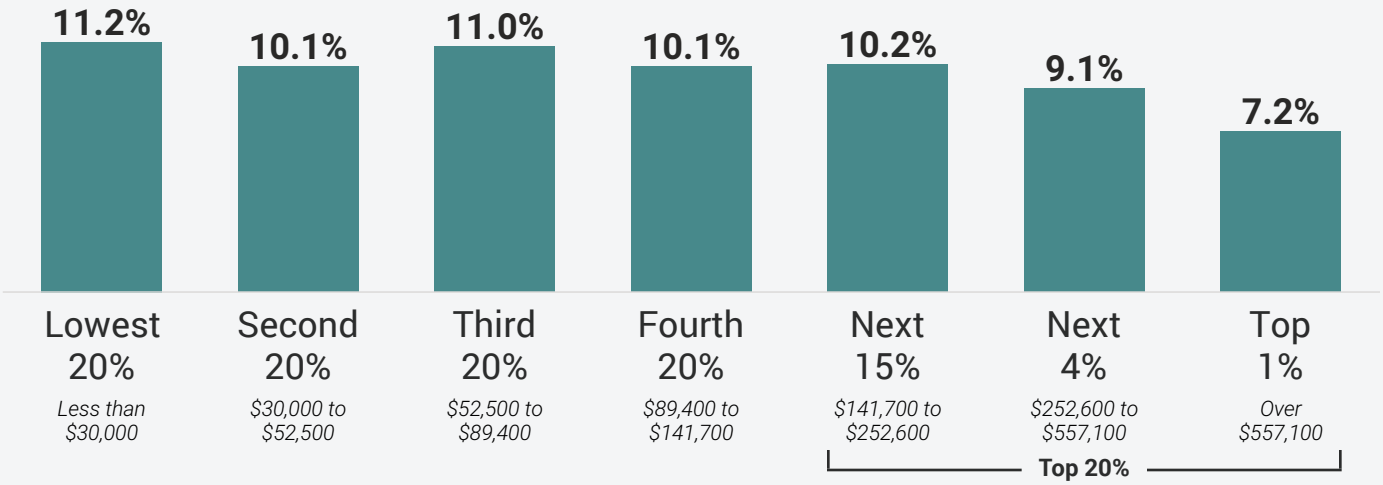
Nebraska

State and local tax shares of family income

Total Taxes

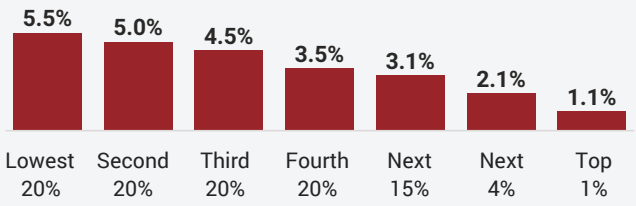
Share of family income

REGRESSIVE



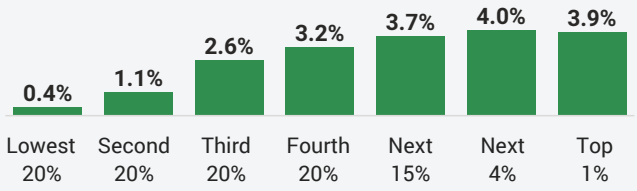
Sales & Excise Taxes

Share of family income



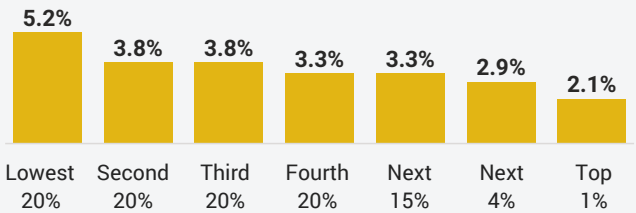
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in Nebraska, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.5 percent) state and local tax revenue collected in Nebraska. These figures depict Nebraska's personal income, corporate income and property taxes at 2024 levels, each of which will see reductions over the next three years. As seen in Appendix E, this will decrease the overall tax rate paid by the top 1 percent of households by 1.2 percentage points and cause the state to move 10 spots in the ITEP Inequality Index rankings, from 30th to 20th most regressive.

Nebraska State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

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 to $52,500	$52,500 to $89,400	$89,400 to $141,700	$141,700 to $252,600	$252,600 to $557,100	Over $557,100
Average Income in Group	$16,400	$41,500	$67,500	$112,500	$174,900	$361,600	$1,244,900
Sales & Excise Taxes	**5.5%**	**5.0%**	**4.5%**	**3.5%**	**3.1%**	**2.1%**	**1.1%**
General Sales–Individuals	2.9%	2.9%	2.6%	2.0%	1.7%	1.1%	0.4%
Other Sales & Excise–Ind.	1.0%	0.6%	0.5%	0.4%	0.3%	0.2%	0.1%
Sales & Excise–Business	1.6%	1.5%	1.4%	1.2%	1.1%	0.9%	0.6%
Property Taxes	**5.2%**	**3.8%**	**3.8%**	**3.3%**	**3.3%**	**2.9%**	**2.1%**
Home, Rent, Car–Individuals	4.1%	2.9%	2.9%	2.3%	2.3%	1.7%	0.8%
Other Property Taxes	1.1%	0.9%	1.0%	0.9%	1.0%	1.2%	1.3%
Income Taxes	**0.4%**	**1.1%**	**2.6%**	**3.2%**	**3.7%**	**4.0%**	**3.9%**
Personal Income Taxes	0.4%	1.1%	2.6%	3.2%	3.7%	4.0%	3.9%
Corporate Income Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Taxes	**0.2%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**
TOTAL TAXES	**11.2%**	**10.1%**	**11.0%**	**10.1%**	**10.2%**	**9.1%**	**7.2%**

ITEP Tax Inequality Index

ITEP's Tax Inequality Index measures the effects of each state's tax system on income inequality. **According to this measure, Nebraska has the 30th most regressive state and local tax system in the country.** Income disparities are larger in Nebraska after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in Nebraska

PROGRESSIVE

- Graduated personal income tax structure, though top rate kicks in at $35,380 (single) so a large share of families face top rate; scheduled changes will lower that threshold further
- Partially refundable dependent care tax credit
- Requires combined reporting for the corporate income tax; some foreign tax haven income is partially taxed through GILTI inclusion
- Sales tax base excludes groceries
- Levies a county-level inheritance tax
- Refundable Earned Income Tax Credit (EITC)

REGRESSIVE

- No property tax "circuit breaker" credit for low-income, non-senior taxpayers
- Real estate transfer tax does not include higher rate on high-value sales
- Comparatively low Earned Income Tax Credit (EITC)
- No Child Tax Credit (CTC)

WhoPays?

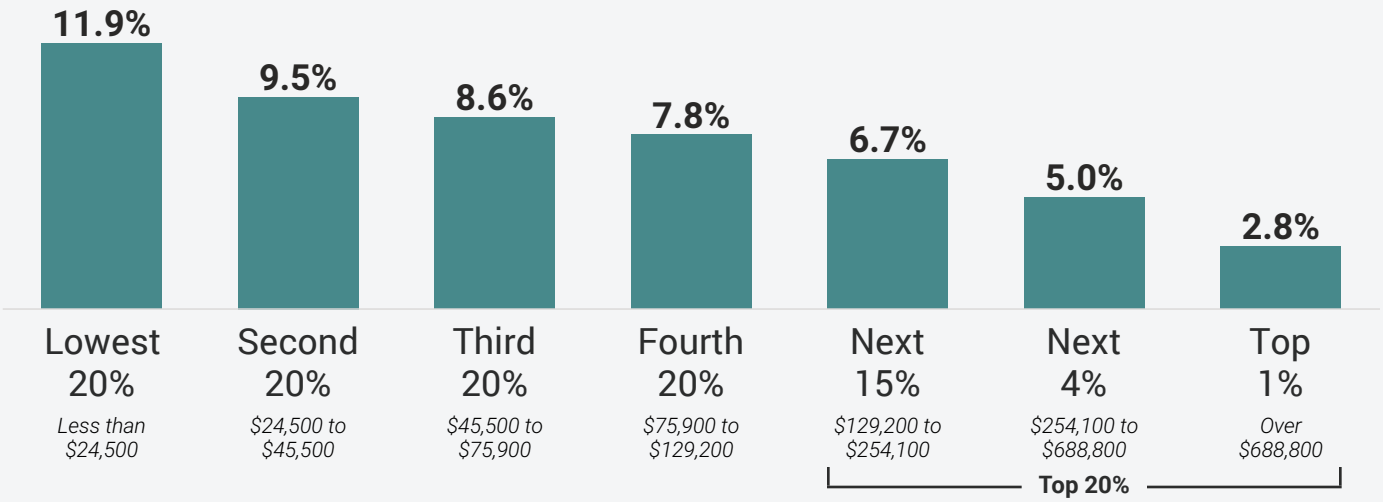
Nevada

State and local tax shares of family income

Total Taxes

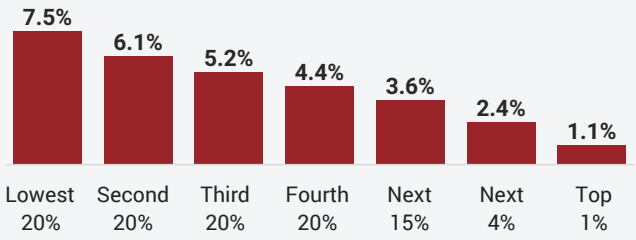
Share of family income

REGRESSIVE



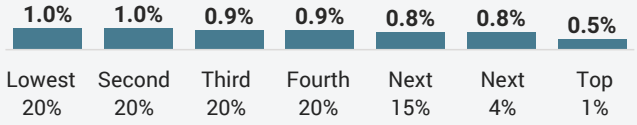
Sales & Excise Taxes

Share of family income



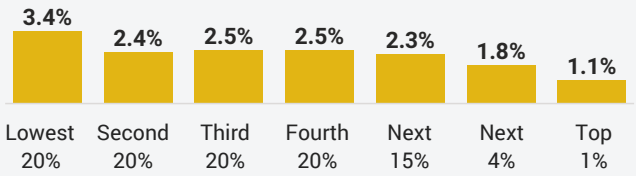
All Other Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in Nevada, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.9 percent) state and local tax revenue collected in Nevada.

Nevada State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

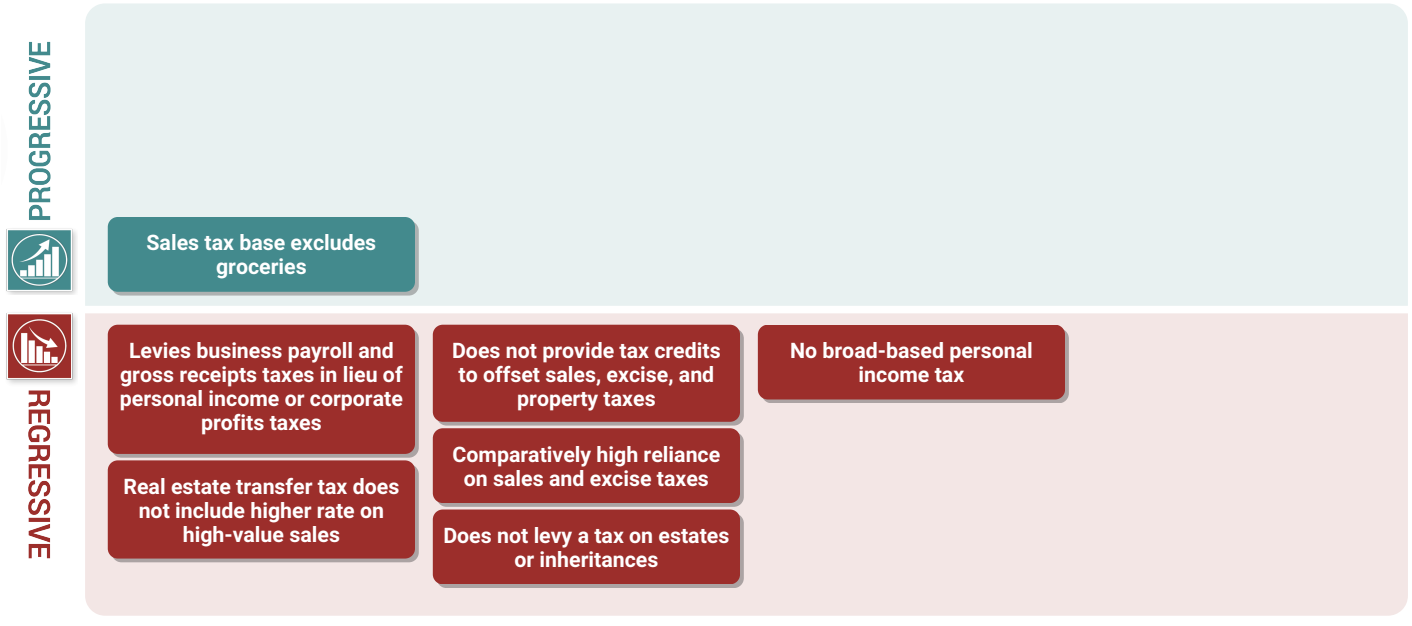
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20% Next 15%	Top 20% Next 4%	Top 20% Top 1%
Income Range	Less than $24,500	$24,500 to $45,500	$45,500 to $75,900	$75,900 to $129,200	$129,200 to $254,100	$254,100 to $688,800	Over $688,800
Average Income in Group	$14,700	$35,500	$59,300	$101,200	$166,400	$375,200	$2,434,500
Sales & Excise Taxes	**7.5%**	**6.1%**	**5.2%**	**4.4%**	**3.6%**	**2.4%**	**1.1%**
General Sales–Individuals	3.2%	3.2%	2.7%	2.4%	1.9%	1.1%	0.2%
Other Sales & Excise–Ind.	2.7%	1.5%	1.1%	0.8%	0.6%	0.3%	0.1%
Sales & Excise–Business	1.6%	1.5%	1.4%	1.2%	1.1%	1.0%	0.8%
Property Taxes	**3.4%**	**2.4%**	**2.5%**	**2.5%**	**2.3%**	**1.8%**	**1.1%**
Home, Rent, Car–Individuals	3.0%	2.1%	2.2%	2.2%	2.0%	1.3%	0.3%
Other Property Taxes	0.4%	0.3%	0.3%	0.3%	0.3%	0.5%	0.8%
Income Taxes	**0.6%**	**0.6%**	**0.6%**	**0.5%**	**0.5%**	**0.4%**	**0.2%**
Personal Income Taxes *	0.5%	0.6%	0.6%	0.5%	0.5%	0.4%	0.2%
Corporate Income Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Taxes	**0.4%**	**0.4%**	**0.3%**	**0.3%**	**0.3%**	**0.4%**	**0.4%**
TOTAL TAXES	**11.9%**	**9.5%**	**8.6%**	**7.8%**	**6.7%**	**5.0%**	**2.8%**

** Nevada's Modified Business Tax is presented on the personal income tax line, despite being remitted by businesses, to improve the comparability of Nevada's results to other states that tax salaries and wages within their personal income tax codes.*

ITEP Tax Inequality Index

ITEP's Tax Inequality Index measures the effects of each state's tax system on income inequality. **According to this measure, Nevada has the 5th most regressive state and local tax system in the country.** Income disparities are larger in Nevada after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in Nevada



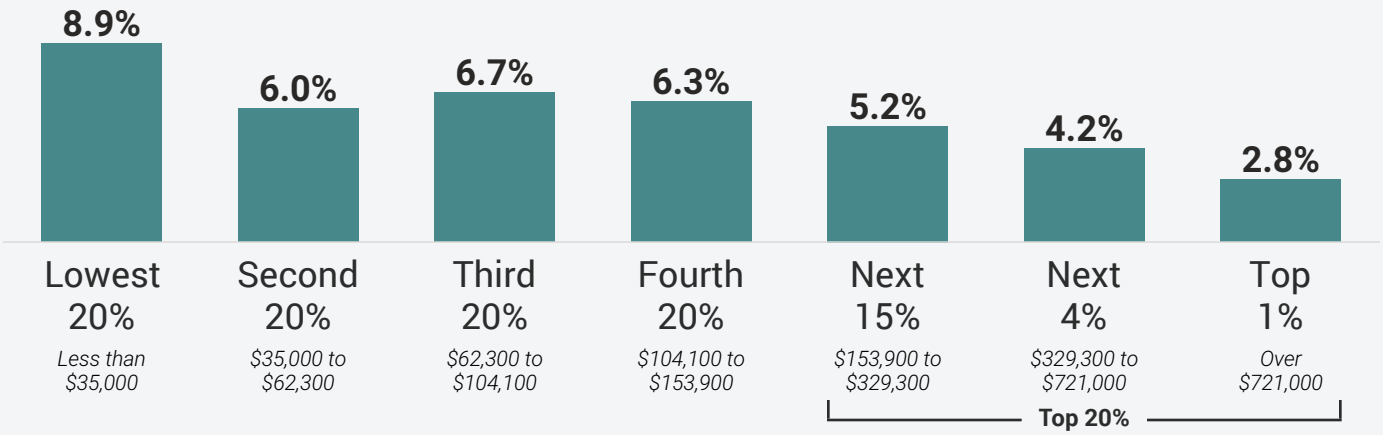
New Hampshire

State and local tax shares of family income

Total Taxes

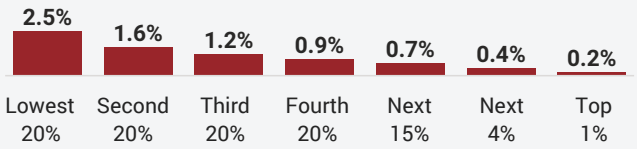
Share of family income

REGRESSIVE



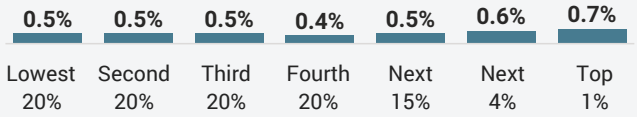
Sales & Excise Taxes

Share of family income



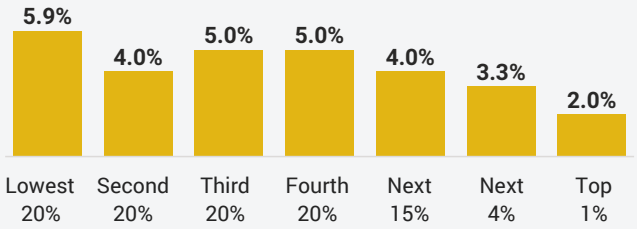
All Other Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in New Hampshire, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.9 percent) state and local tax revenue collected in New Hampshire. These figures depict New Hampshire's Interest and Dividend's Tax at its 2024 level of 3 percent. The tax is set to be repealed next year, in 2025, so we also model full elimination of this tax. As seen in Appendix E, this will decrease the overall tax rate paid by the top 1 percent of households by 0.2 percentage points.

New Hampshire State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20% Next 15%	Top 20% Next 4%	Top 20% Top 1%
Income Range	Less than $35,000	$35,000 to $62,300	$62,300 to $104,100	$104,100 to $153,900	$153,900 to $329,300	$329,300 to $721,000	Over $721,000
Average Income in Group	$19,300	$46,700	$81,700	$129,300	$217,600	$463,900	$2,125,000
Sales & Excise Taxes	**2.5%**	**1.6%**	**1.2%**	**0.9%**	**0.7%**	**0.4%**	**0.2%**
General Sales–Individuals	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Sales & Excise–Ind.	2.2%	1.3%	0.9%	0.7%	0.5%	0.3%	0.1%
Sales & Excise–Business	0.3%	0.3%	0.3%	0.2%	0.2%	0.1%	0.1%
Property Taxes	**5.9%**	**4.0%**	**5.0%**	**5.0%**	**4.0%**	**3.3%**	**2.0%**
Home, Rent, Car–Individuals	5.2%	3.4%	4.4%	4.5%	3.5%	2.5%	0.7%
Other Property Taxes	0.7%	0.6%	0.6%	0.5%	0.6%	0.7%	1.2%
Income Taxes	**0.4%**	**0.4%**	**0.4%**	**0.4%**	**0.4%**	**0.5%**	**0.7%**
Personal Income Taxes *	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%
Corporate Income Taxes	0.4%	0.4%	0.4%	0.3%	0.4%	0.4%	0.4%
Other Taxes	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.0%**	**0.0%**	**0.0%**
TOTAL TAXES	**8.9%**	**6.0%**	**6.7%**	**6.3%**	**5.2%**	**4.2%**	**2.8%**

** New Hampshire applies a limited tax on interest and dividends income in 2024. This tax is scheduled to be repealed in 2025.*

ITEP Tax Inequality Index

ITEP's Tax Inequality Index measures the effects of each state's tax system on income inequality. **According to this measure, New Hampshire has the 18th most regressive state and local tax system in the country.** Income disparities are larger in New Hampshire after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in New Hampshire

PROGRESSIVE

- Limited income tax on interest and dividends (though it will be repealed in 2025)
- Requires combined reporting for the corporate income tax; some foreign tax haven income is partially taxed through GILTI inclusion
- No statewide sales tax

REGRESSIVE

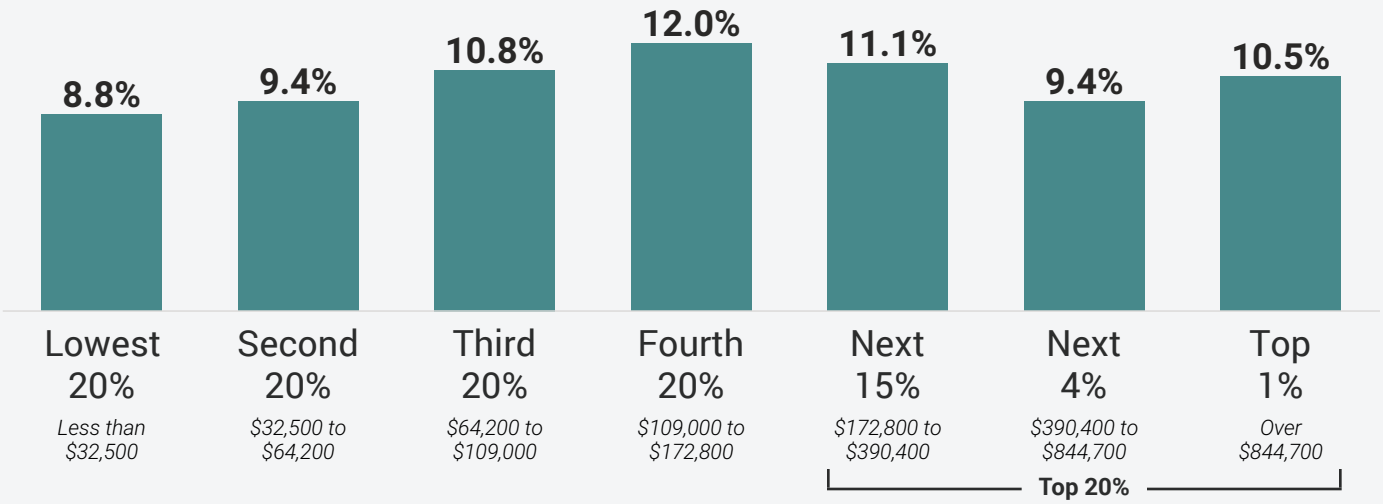
- Minimal tax credits available for offsetting homeowner property taxes and no tax credits available for offsetting renter taxes
- Does not levy a tax on estates or inheritances
- Comparatively high reliance on property taxes
- Real estate transfer tax does not include higher rate on high-value sales
- No broad-based personal income tax

New Jersey

State and local tax shares of family income

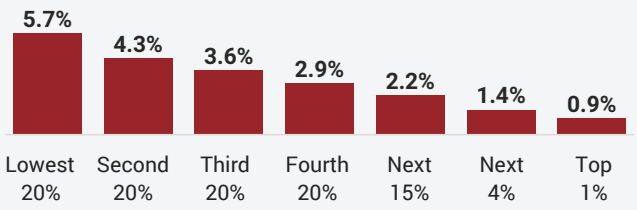
Total Taxes

Share of family income



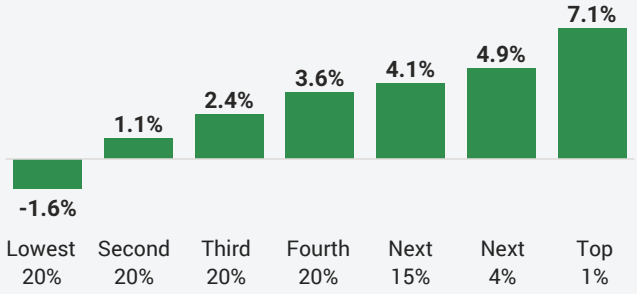
Sales & Excise Taxes

Share of family income



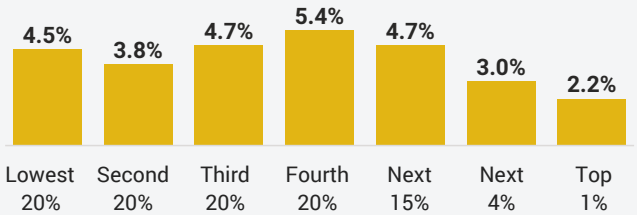
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in New Jersey, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.9 percent) state and local tax revenue collected in New Jersey.

New Jersey State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%
					Top 20%		
Income Range	Less than $32,500	$32,500 to $64,200	$64,200 to $109,000	$109,000 to $172,800	$172,800 to $390,400	$390,400 to $844,700	Over $844,700
Average Income in Group	$19,100	$47,500	$84,200	$136,300	$251,400	$575,400	$1,820,200
Sales & Excise Taxes	**5.7%**	**4.3%**	**3.6%**	**2.9%**	**2.2%**	**1.4%**	**0.9%**
General Sales–Individuals	2.7%	2.3%	2.0%	1.6%	1.2%	0.7%	0.3%
Other Sales & Excise–Ind.	1.8%	1.0%	0.6%	0.5%	0.3%	0.2%	0.1%
Sales & Excise–Business	1.2%	1.0%	0.9%	0.8%	0.7%	0.5%	0.5%
Property Taxes	**4.5%**	**3.8%**	**4.7%**	**5.4%**	**4.7%**	**3.0%**	**2.2%**
Home, Rent, Car–Individuals	3.9%	3.3%	4.1%	4.9%	4.2%	2.4%	0.8%
Other Property Taxes	0.5%	0.5%	0.5%	0.5%	0.6%	0.6%	1.4%
Income Taxes	**-1.6%**	**1.1%**	**2.5%**	**3.6%**	**4.2%**	**5.0%**	**7.3%**
Personal Income Taxes	-1.6%	1.1%	2.4%	3.6%	4.1%	4.9%	7.1%
Corporate Income Taxes	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.2%
Other Taxes	**0.2%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**
TOTAL TAXES	**8.8%**	**9.4%**	**10.8%**	**12.0%**	**11.1%**	**9.4%**	**10.5%**

ITEP Tax Inequality Index

New Jersey has a hybrid system that is progressive through some parts of the income distribution and regressive through other parts. On balance, the overall system tilts slightly progressive according to ITEP's Tax Inequality Index because low-income families pay somewhat lower tax rates than other groups. **New Jersey ranks 46th on the Index**, meaning that four states and the District of Columbia have more progressive systems. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in New Jersey

PROGRESSIVE

- Refundable property tax "circuit breaker" credit (all ages, includes renters)
- Refundable Child Tax Credit (CTC) for young children
- Sales tax base excludes groceries
- Requires combined reporting for the corporate income tax but excludes profits booked overseas, including in tax haven countries
- Graduated rate structure for the real estate transfer tax
- Refundable dependent care tax credit
- Graduated personal income tax structure with a separate bracket for millionaires
- Refundable Earned Income Tax Credit (EITC)
- Levies a tax on inheritances

REGRESSIVE

- Comparatively high reliance on property taxes
- Does not levy a tax on estates

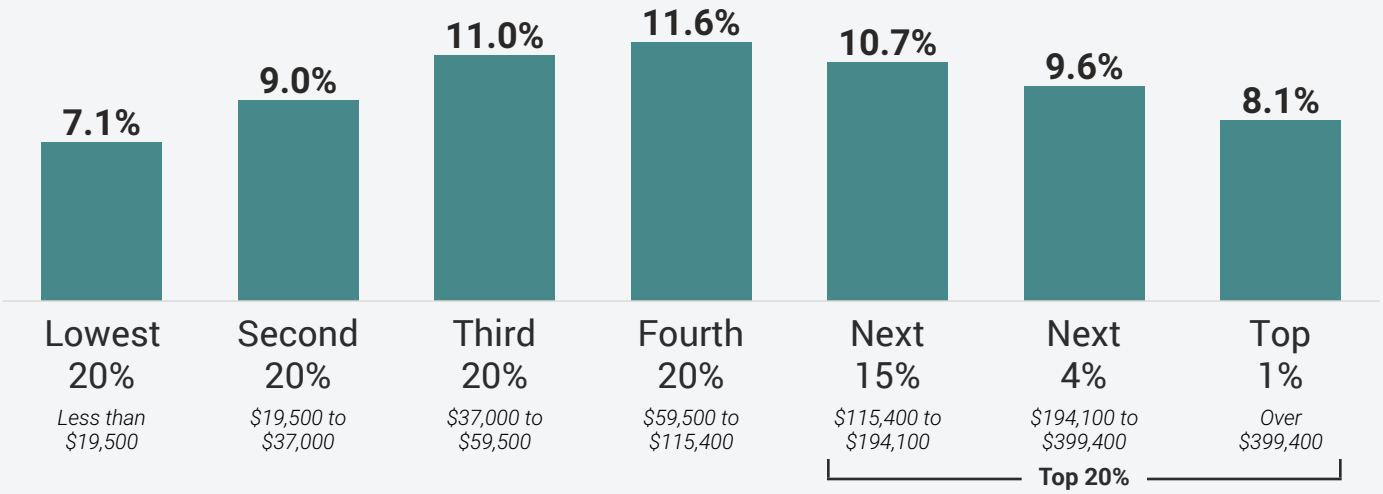
WhoPays?

New Mexico

State and local tax shares of family income

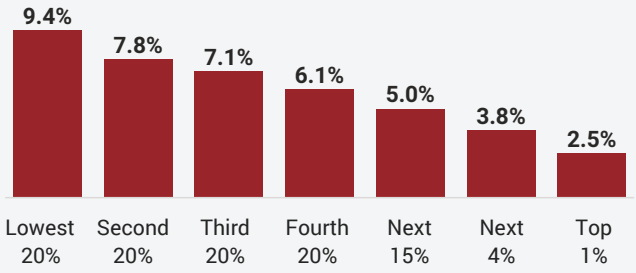
Total Taxes

Share of family income



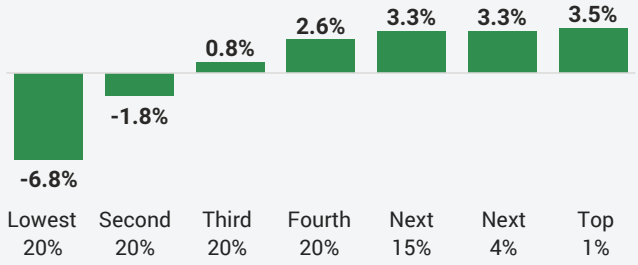
Sales & Excise Taxes

Share of family income



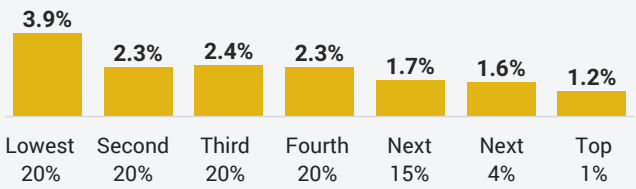
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in New Mexico, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.6 percent) state and local tax revenue collected in New Mexico. As seen in Appendix D, recent tax policy changes have significantly lessened the regressive tilt of New Mexico's tax system. Overall tax rates on the top 1 percent rose by 0.2 percentage points because of these changes while tax rates for the bottom fifth fell by 5.1 percentage points. These changes caused the state to move 18 spots in the ITEP Inequality Index rankings, from 25th to 43rd most regressive.

New Mexico State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	Top 1%
Income Range	Less than $19,500	$19,500 to $37,000	$37,000 to $59,500	$59,500 to $115,400	$115,400 to $194,100	$194,100 to $399,400	Over $399,400
Average Income in Group	$10,200	$27,100	$47,300	$81,900	$143,900	$257,900	$648,700
Sales & Excise Taxes	**9.4%**	**7.8%**	**7.1%**	**6.1%**	**5.0%**	**3.8%**	**2.5%**
General Sales–Individuals	3.7%	3.4%	3.1%	2.7%	2.1%	1.5%	0.8%
Other Sales & Excise–Ind.	2.5%	1.5%	1.3%	1.0%	0.7%	0.5%	0.3%
Sales & Excise–Business	3.1%	2.9%	2.7%	2.4%	2.1%	1.8%	1.4%
Property Taxes	**3.9%**	**2.3%**	**2.4%**	**2.3%**	**1.7%**	**1.6%**	**1.2%**
Home, Rent, Car–Individuals	3.5%	2.0%	2.0%	2.0%	1.3%	1.2%	0.6%
Other Property Taxes	0.3%	0.4%	0.4%	0.3%	0.4%	0.4%	0.5%
Income Taxes	**-6.7%**	**-1.7%**	**0.9%**	**2.7%**	**3.3%**	**3.3%**	**3.6%**
Personal Income Taxes	-6.8%	-1.8%	0.8%	2.6%	3.3%	3.3%	3.5%
Corporate Income Taxes	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Other Taxes	**0.6%**	**0.6%**	**0.6%**	**0.5%**	**0.7%**	**0.7%**	**0.9%**
TOTAL TAXES	**7.1%**	**9.0%**	**11.0%**	**11.6%**	**10.7%**	**9.6%**	**8.1%**

ITEP Tax Inequality Index

New Mexico has a hybrid system that is progressive through the bottom part of the income distribution and regressive through the top part. On balance, the overall system tilts regressive because high-income families pay lower tax rates than most groups. **According to ITEP's Tax Inequality Index, New Mexico has the 43rd most regressive state and local tax system in the country**, meaning that seven states and the District of Columbia have more progressive systems. Income disparities between high-income taxpayers and most other families are larger in New Mexico after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in New Mexico

PROGRESSIVE

- Refundable Earned Income Tax Credit (EITC)
- Refundable Child Tax Credit (CTC)
- Requires combined reporting for the corporate income tax but excludes profits booked overseas, including in tax haven countries
- Refundable dependent care tax credit
- Refundable low-income tax credit
- Graduated personal income tax structure
- Sales tax base excludes groceries

REGRESSIVE

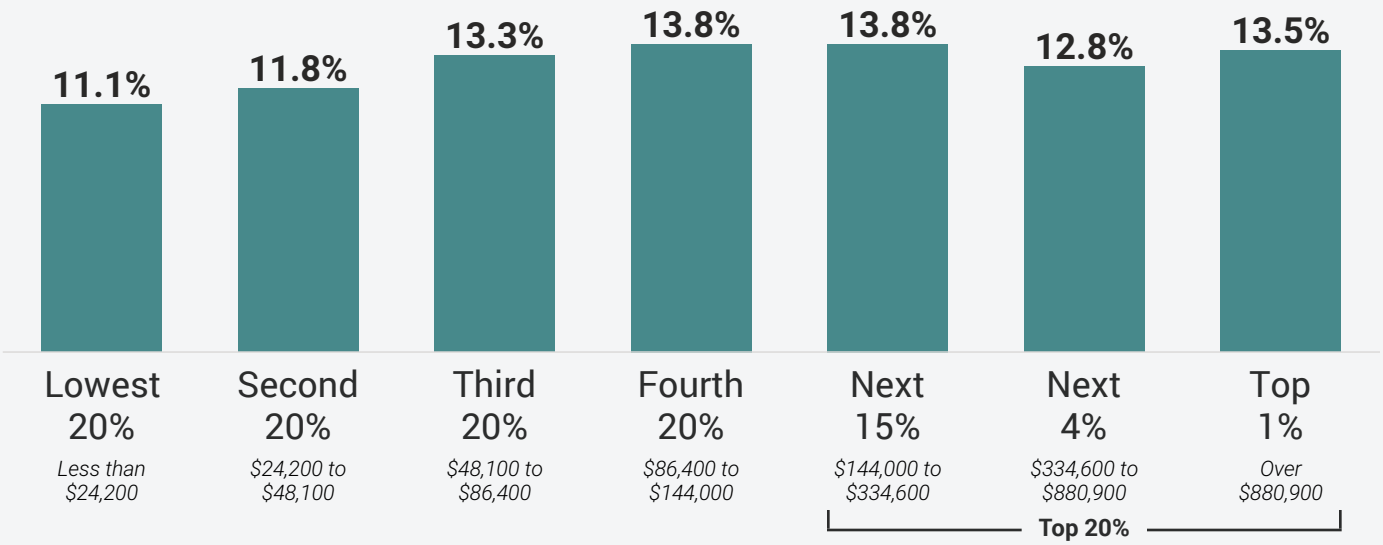
- No property tax "circuit breaker" credit for low-income, non-senior taxpayers
- First four personal income tax brackets are relatively compressed
- Offers itemized deductions
- Comparitively high reliance on general sales (gross receipts) taxes
- Does not levy a tax on estates or inheritances
- Provides a capital gains tax preference

New York

State and local tax shares of family income

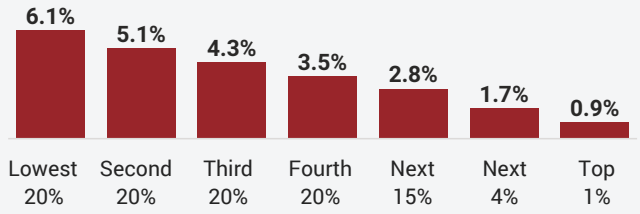
Total Taxes

Share of family income



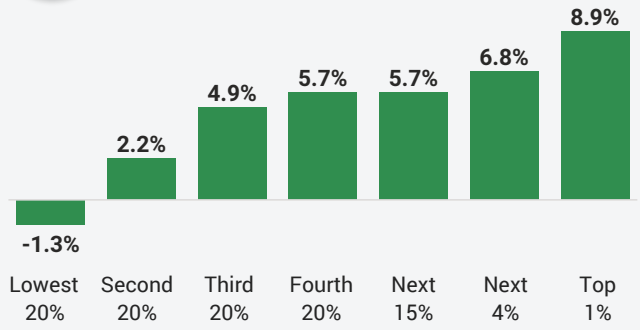
Sales & Excise Taxes

Share of family income



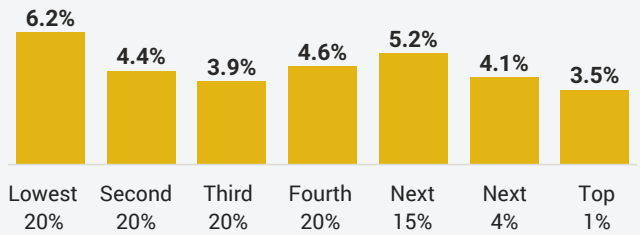
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in New York, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.9 percent) state and local tax revenue collected in New York.

New York State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20% Next 15%	Top 20% Next 4%	Top 20% Top 1%
Income Range	Less than $24,200	$24,200 to $48,100	$48,100 to $86,400	$86,400 to $144,000	$144,000 to $334,600	$334,600 to $880,900	Over $880,900
Average Income in Group	$13,900	$36,200	$65,900	$116,300	$198,800	$509,300	$2,050,400
Sales & Excise Taxes	**6.1%**	**5.1%**	**4.3%**	**3.5%**	**2.8%**	**1.7%**	**0.9%**
General Sales–Individuals	3.1%	2.9%	2.5%	2.0%	1.6%	0.8%	0.3%
Other Sales & Excise–Ind.	1.3%	0.7%	0.5%	0.3%	0.2%	0.1%	0.0%
Sales & Excise–Business	1.6%	1.5%	1.3%	1.1%	1.0%	0.7%	0.6%
Property Taxes	**6.2%**	**4.4%**	**3.9%**	**4.6%**	**5.2%**	**4.1%**	**3.5%**
Home, Rent, Car–Individuals	5.2%	3.4%	3.1%	3.8%	4.2%	3.0%	1.1%
Other Property Taxes	1.0%	0.9%	0.8%	0.8%	0.9%	1.1%	2.4%
Income Taxes	**-1.2%**	**2.2%**	**5.0%**	**5.7%**	**5.8%**	**7.0%**	**9.1%**
Personal Income Taxes	-1.3%	2.2%	4.9%	5.7%	5.7%	6.8%	8.9%
Corporate Income Taxes	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.3%
Other Taxes	**0.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
TOTAL TAXES	**11.1%**	**11.8%**	**13.3%**	**13.8%**	**13.8%**	**12.8%**	**13.5%**

ITEP Tax Inequality Index

New York has a hybrid system that is progressive through some parts of the income distribution and regressive through other parts. On balance, the overall system tilts slightly progressive according to ITEP's Tax Inequality Index because low-income families pay somewhat lower tax rates than other groups. **New York ranks 48th on the Index**, meaning that two states and the District of Columbia have more progressive systems. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in New York

PROGRESSIVE

- Graduated personal income tax structure with separate brackets for millionaires
- Requires combined reporting for the corporate income tax but excludes profits booked overseas, including in tax haven countries
- Graduated rate structure for NYS and NYC real estate transfer taxes
- Refundable Earned Income Tax Credit (EITC) in New York State and an additional credit in New York City
- Sales tax base excludes groceries
- Refundable dependent care tax credit
- Refundable Child Tax Credit through the Empire State Child Credit
- Levies a state estate tax

REGRESSIVE

- Comparatively high combined state and local sales tax rates
- Offers itemized deductions

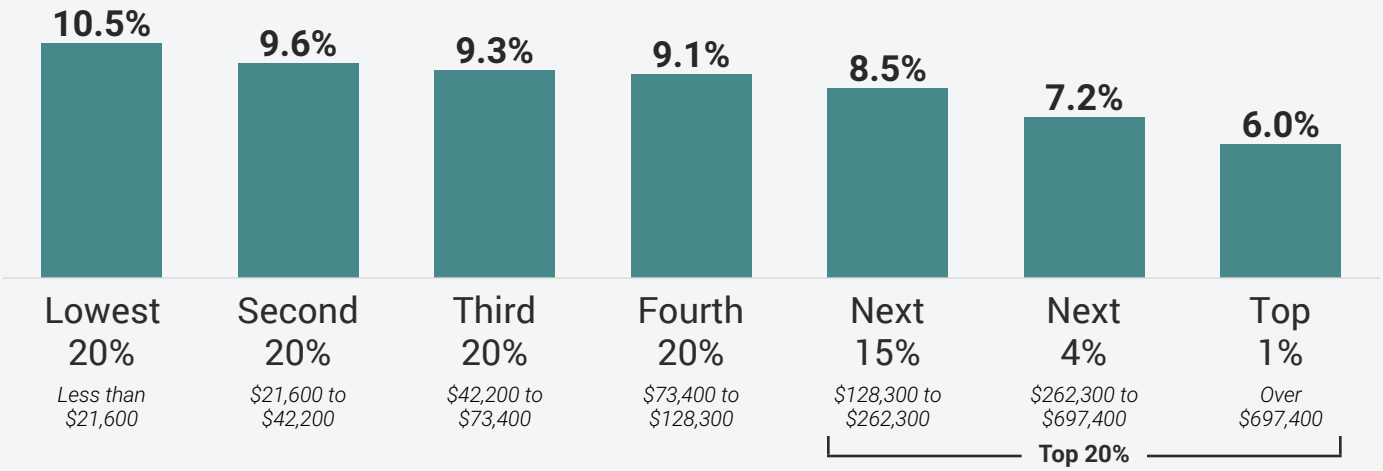
North Carolina

State and local tax shares of family income

Total Taxes

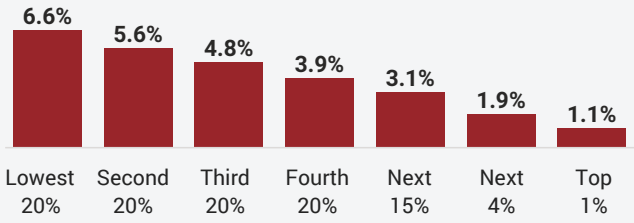
Share of family income

REGRESSIVE



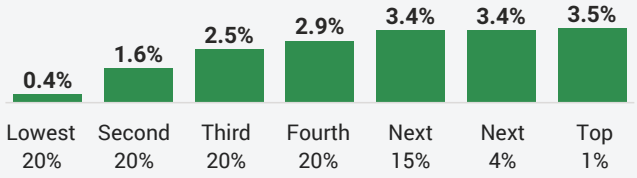
Sales & Excise Taxes

Share of family income



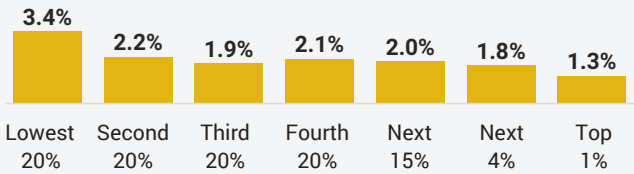
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in North Carolina, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.7 percent) state and local tax revenue collected in North Carolina. These figures depict North Carolina's 2024 flat income tax rate of 4.5 percent. The rate is set to decline to 2.49 percent over time and the corporate income tax will be reduced to zero. As seen in Appendix E, this will decrease the overall tax rate paid by the top 1 percent of households by 1.6 percentage points and cause the state to move 7 spots in the ITEP Inequality Index rankings, from 24th to 17th most regressive.

North Carolina State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20% Next 15%	Top 20% Next 4%	Top 20% Top 1%
Income Range	Less than $21,600	$21,600 to $42,200	$42,200 to $73,400	$73,400 to $128,300	$128,300 to $262,300	$262,300 to $697,400	Over $697,400
Average Income in Group	$12,400	$31,000	$55,700	$97,400	$167,700	$387,400	$1,339,900
Sales & Excise Taxes	**6.6%**	**5.6%**	**4.8%**	**3.9%**	**3.1%**	**1.9%**	**1.1%**
General Sales–Individuals	3.6%	3.2%	2.8%	2.3%	1.7%	1.0%	0.4%
Other Sales & Excise–Ind.	1.6%	1.2%	0.9%	0.7%	0.5%	0.3%	0.1%
Sales & Excise–Business	1.4%	1.2%	1.1%	1.0%	0.8%	0.6%	0.5%
Property Taxes	**3.4%**	**2.2%**	**1.9%**	**2.1%**	**2.0%**	**1.8%**	**1.3%**
Home, Rent, Car–Individuals	3.0%	1.9%	1.7%	1.8%	1.7%	1.4%	0.7%
Other Property Taxes	0.3%	0.3%	0.3%	0.3%	0.3%	0.4%	0.6%
Income Taxes	**0.4%**	**1.6%**	**2.5%**	**3.0%**	**3.4%**	**3.4%**	**3.6%**
Personal Income Taxes	0.4%	1.6%	2.5%	2.9%	3.4%	3.4%	3.5%
Corporate Income Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Other Taxes	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**
TOTAL TAXES	**10.5%**	**9.6%**	**9.3%**	**9.1%**	**8.5%**	**7.2%**	**6.0%**

ITEP Tax Inequality Index

ITEP's Tax Inequality Index measures the effects of each state's tax system on income inequality. **According to this measure, North Carolina has the 24th most regressive state and local tax system in the country.** Income disparities are larger in North Carolina after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in North Carolina

PROGRESSIVE

- Levies a business franchise tax
- State sales tax base excludes groceries
- Mortgage interest and property tax deductions are capped at $20,000

REGRESSIVE

- Real estate transfer tax does not include higher rate on high-value sales
- No property tax "circuit breaker" credit for low-income taxpayers
- Personal income tax rate cannot exceed 7.5 percent
- Does not use combined reporting as part of its corporate income tax
- Comparatively high state and local sales tax rates
- Does not levy a tax on estates or inheritances
- Local sales tax bases include groceries
- Personal income tax uses a flat rate
- No Earned Income Tax Credit (EITC)
- No Child Tax Credit (CTC)

WhoPays?

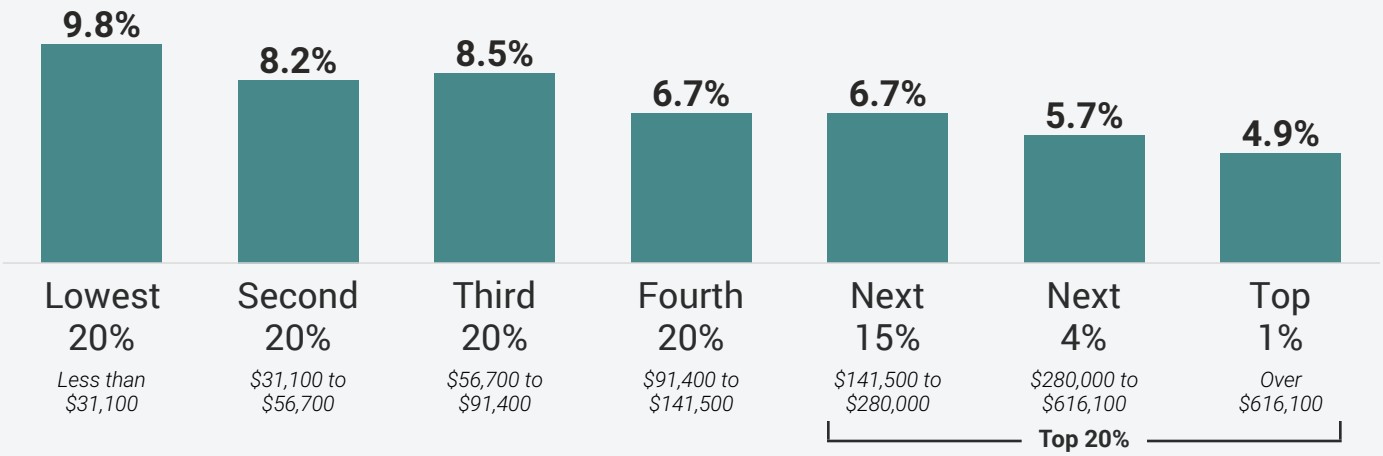
North Dakota

State and local tax shares of family income

Total Taxes

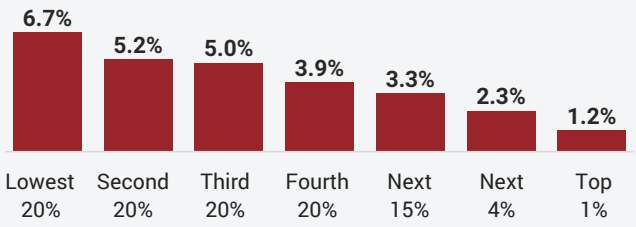
Share of family income

REGRESSIVE



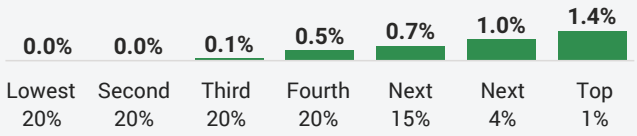
Sales & Excise Taxes

Share of family income



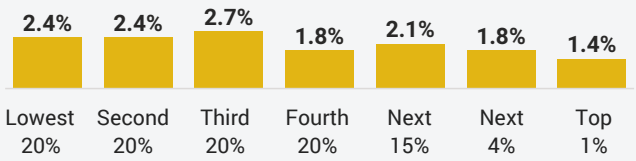
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in North Dakota, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.9 percent) state and local tax revenue collected in North Dakota.

North Dakota State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	Top 1%
Income Range	Less than $31,100	$31,100 to $56,700	$56,700 to $91,400	$91,400 to $141,500	$141,500 to $280,000	$280,000 to $616,100	Over $616,100
Average Income in Group	$14,700	$42,500	$70,400	$116,200	$181,600	$382,100	$1,321,600
Sales & Excise Taxes	**6.7%**	**5.2%**	**5.0%**	**3.9%**	**3.3%**	**2.3%**	**1.2%**
General Sales–Individuals	3.5%	2.7%	2.5%	2.0%	1.6%	1.0%	0.4%
Other Sales & Excise–Ind.	1.6%	1.1%	1.1%	0.9%	0.7%	0.4%	0.1%
Sales & Excise–Business	1.7%	1.4%	1.3%	1.0%	1.0%	0.8%	0.7%
Property Taxes	**2.4%**	**2.4%**	**2.7%**	**1.8%**	**2.1%**	**1.8%**	**1.4%**
Home, Rent, Car–Individuals	2.0%	1.9%	2.3%	1.5%	1.7%	1.4%	0.5%
Other Property Taxes	0.4%	0.4%	0.4%	0.3%	0.4%	0.5%	0.8%
Income Taxes	**0.0%**	**0.0%**	**0.1%**	**0.5%**	**0.7%**	**1.0%**	**1.5%**
Personal Income Taxes	0.0%	0.0%	0.1%	0.5%	0.7%	1.0%	1.4%
Corporate Income Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Other Taxes	**0.7%**	**0.7%**	**0.7%**	**0.5%**	**0.6%**	**0.6%**	**0.9%**
TOTAL TAXES	**9.8%**	**8.2%**	**8.5%**	**6.7%**	**6.7%**	**5.7%**	**4.9%**

ITEP Tax Inequality Index

ITEP's Tax Inequality Index measures the effects of each state's tax system on income inequality. **According to this measure, North Dakota has the 25th most regressive state and local tax system in the country.** Income disparities are larger in North Dakota after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in North Dakota

PROGRESSIVE

- Graduated personal income tax structure
- Requires combined reporting for the corporate income tax; some foreign tax haven income is partially taxed through GILTI inclusion
- Sales tax base excludes groceries

REGRESSIVE

- No refundable income tax credits to offset sales, excise, and property taxes
- Income tax exclusion equal to 40 percent of long-term capital gains income
- Provides an income tax deduction for state income taxes paid
- Does not levy a tax on estates or inheritances

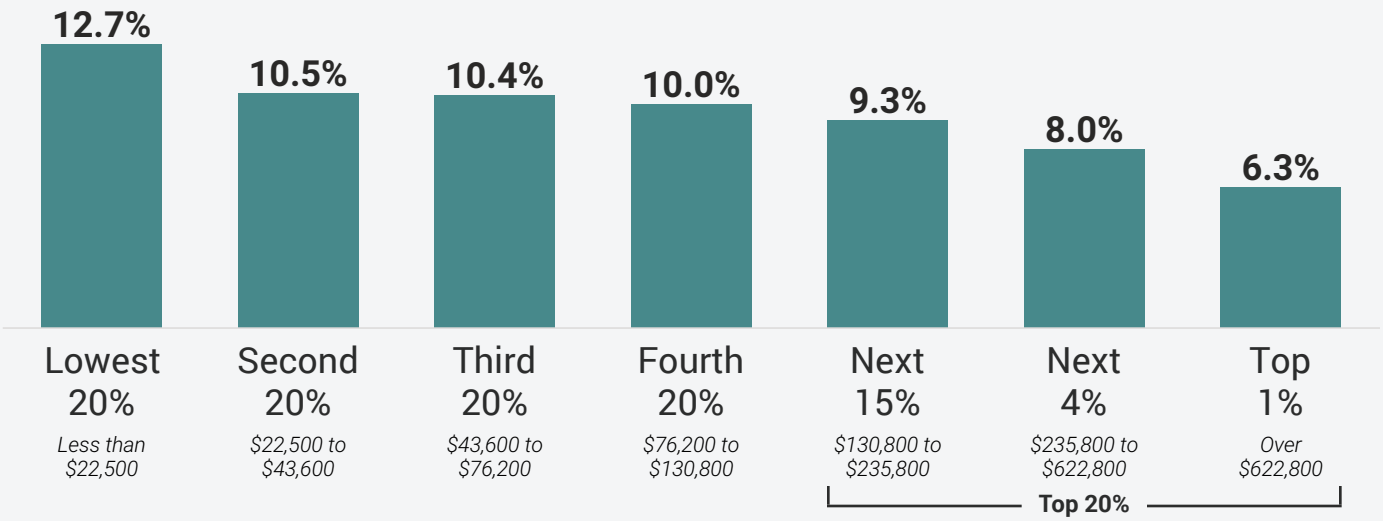
Ohio

State and local tax shares of family income

Total Taxes

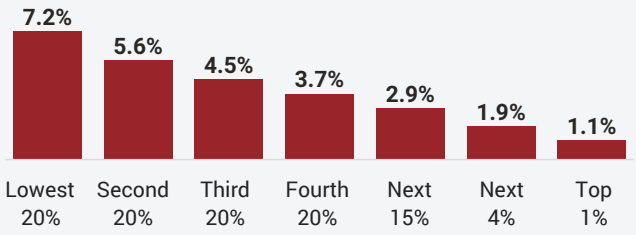
Share of family income

REGRESSIVE



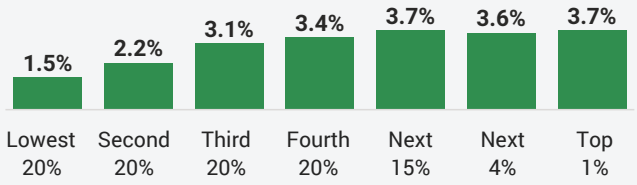
Sales & Excise Taxes

Share of family income



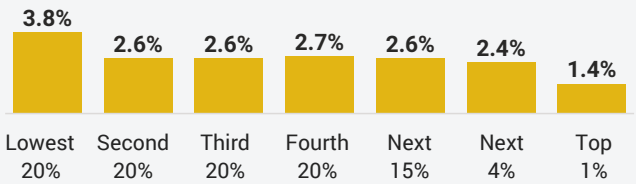
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in Ohio, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.6 percent) state and local tax revenue collected in Ohio.

Ohio State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20% Next 15%	Top 20% Next 4%	Top 20% Top 1%
Income Range	Less than $22,500	$22,500 to $43,600	$43,600 to $76,200	$76,200 to $130,800	$130,800 to $235,800	$235,800 to $622,800	Over $622,800
Average Income in Group	$12,500	$32,300	$59,200	$100,800	$163,400	$341,400	$1,051,300
Sales & Excise Taxes	**7.2%**	**5.6%**	**4.5%**	**3.7%**	**2.9%**	**1.9%**	**1.1%**
General Sales–Individuals	3.1%	2.9%	2.5%	2.1%	1.6%	1.0%	0.5%
Other Sales & Excise–Ind.	2.6%	1.4%	0.9%	0.6%	0.4%	0.2%	0.1%
Sales & Excise–Business	1.5%	1.3%	1.2%	1.0%	0.9%	0.7%	0.5%
Property Taxes	**3.8%**	**2.6%**	**2.6%**	**2.7%**	**2.6%**	**2.4%**	**1.4%**
Home, Rent, Car–Individuals	3.4%	2.3%	2.3%	2.4%	2.3%	2.0%	0.9%
Other Property Taxes	0.3%	0.3%	0.3%	0.3%	0.3%	0.4%	0.5%
Income Taxes	**1.5%**	**2.2%**	**3.1%**	**3.4%**	**3.7%**	**3.6%**	**3.7%**
Personal Income Taxes	1.5%	2.2%	3.1%	3.4%	3.7%	3.6%	3.7%
Corporate Income Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Taxes	**0.2%**	**0.2%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**
TOTAL TAXES	**12.7%**	**10.5%**	**10.4%**	**10.0%**	**9.3%**	**8.0%**	**6.3%**

ITEP Tax Inequality Index

ITEP's Tax Inequality Index measures the effects of each state's tax system on income inequality. **According to this measure, Ohio has the 15th most regressive state and local tax system in the country.** Income disparities are larger in Ohio after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in Ohio

PROGRESSIVE

- Sales tax base excludes groceries
- Graduated personal income tax structure
- Provides an Earned Income Tax Credit (EITC)

REGRESSIVE

- Mismeasurement of home value in the property tax tilts in a regressive direction
- Allows income tax exclusion and lower rate for pass-through business income
- Earned Income Tax Credit (EITC) is nonrefundable and limited in its reach
- Real estate transfer tax does not include higher rate on high-value sales
- Imposes a gross receipts tax in lieu of a corporate profits tax
- Most local income taxes exclude investment income
- Does not levy a tax on estates or inheritances
- No Child Tax Credit (CTC)

WhoPays?

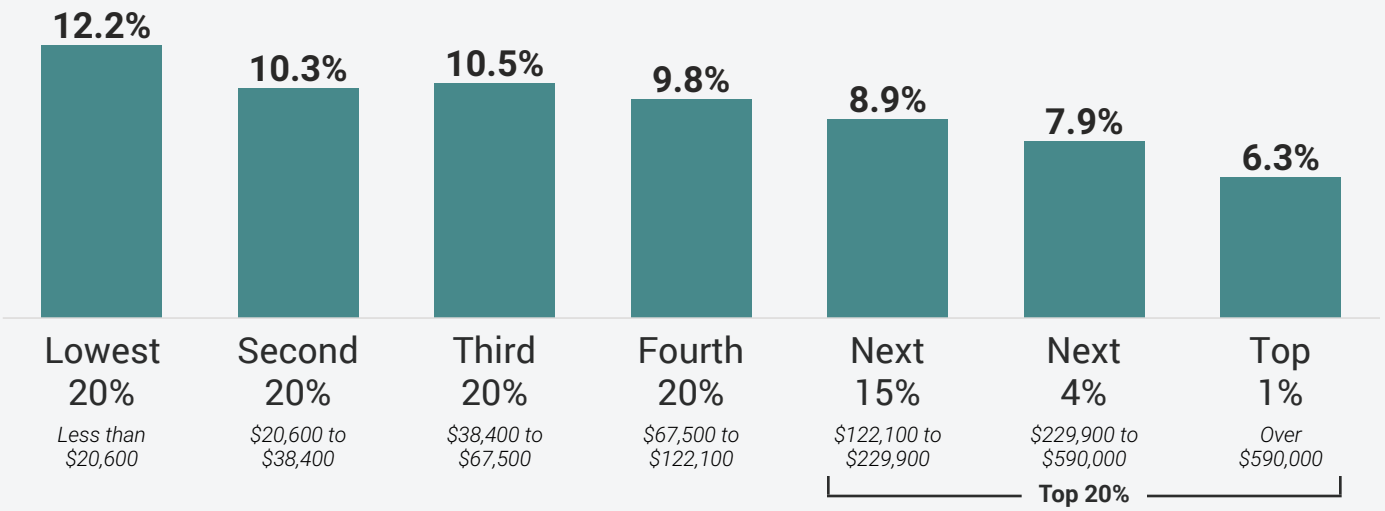
Oklahoma

State and local tax shares of family income

Total Taxes

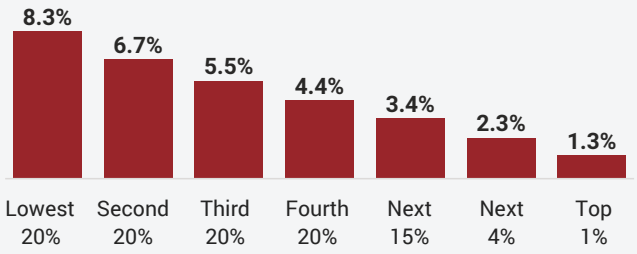
Share of family income

REGRESSIVE



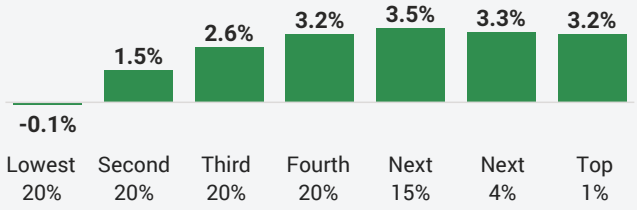
Sales & Excise Taxes

Share of family income



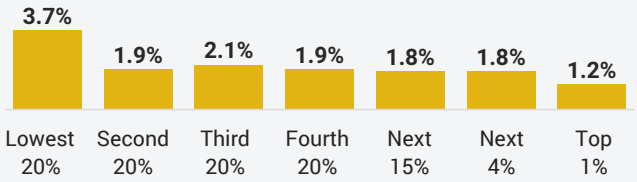
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in Oklahoma, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.6 percent) state and local tax revenue collected in Oklahoma.

Oklahoma State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%
					Top 20%		
Income Range	Less than $20,600	$20,600 to $38,400	$38,400 to $67,500	$67,500 to $122,100	$122,100 to $229,900	$229,900 to $590,000	Over $590,000
Average Income in Group	$11,300	$28,900	$52,300	$93,700	$155,100	$328,200	$1,130,400
Sales & Excise Taxes	**8.3%**	**6.7%**	**5.5%**	**4.4%**	**3.4%**	**2.3%**	**1.3%**
General Sales–Individuals	3.8%	3.9%	3.4%	2.8%	2.1%	1.3%	0.5%
Other Sales & Excise–Ind.	3.1%	1.6%	1.0%	0.6%	0.4%	0.2%	0.1%
Sales & Excise–Business	1.4%	1.2%	1.1%	1.0%	0.8%	0.8%	0.7%
Property Taxes	**3.7%**	**1.9%**	**2.1%**	**1.9%**	**1.8%**	**1.8%**	**1.2%**
Home, Rent, Car–Individuals	3.2%	1.7%	1.9%	1.7%	1.5%	1.2%	0.6%
Other Property Taxes	0.4%	0.2%	0.3%	0.3%	0.3%	0.6%	0.7%
Income Taxes	**-0.1%**	**1.5%**	**2.6%**	**3.2%**	**3.6%**	**3.4%**	**3.3%**
Personal Income Taxes	-0.1%	1.5%	2.6%	3.2%	3.5%	3.3%	3.2%
Corporate Income Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Other Taxes	**0.3%**	**0.2%**	**0.2%**	**0.2%**	**0.2%**	**0.4%**	**0.5%**
TOTAL TAXES	**12.2%**	**10.3%**	**10.5%**	**9.8%**	**8.9%**	**7.9%**	**6.3%**

ITEP Tax Inequality Index

ITEP's Tax Inequality Index measures the effects of each state's tax system on income inequality. **According to this measure, Oklahoma has the 16th most regressive state and local tax system in the country.** Income disparities are larger in Oklahoma after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in Oklahoma

PROGRESSIVE

- Refundable tax credit to reduce the impact of its sales tax on groceries
- Graduated personal income tax structure, however top rate kicks in at $7,200 (single) so virtually flat
- Provides a Child Tax Credit (CTC)
- Refundable Earned Income Tax Credit (EITC)

REGRESSIVE

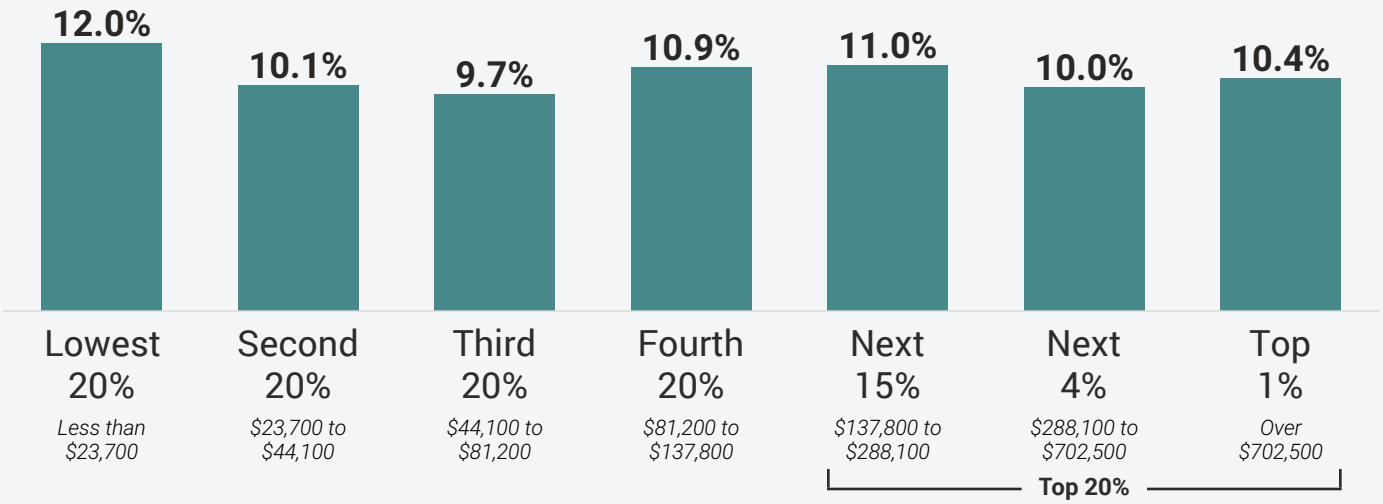
- No property tax "circuit breaker" credit for low-income, non-senior taxpayers
- Real estate transfer tax does not include higher rate on high-value sales
- Offers exclusion for gains from sales of certain Oklahoma-based property
- Does not use combined reporting as part of its corporate income tax
- Comparatively high combined state and local sales tax rate
- Nonrefundable Child Tax Credit (CTC) limited in reach
- Comparatively low Earned Income Tax Credit (EITC)
- Does not levy a tax on estates or inheritances
- State sales tax base includes groceries
- Local sales tax bases include groceries

Oregon

State and local tax shares of family income

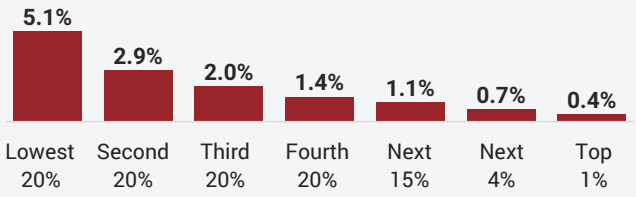
Total Taxes

Share of family income



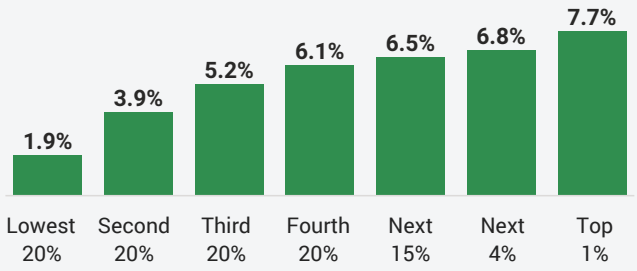
Sales & Excise Taxes

Share of family income



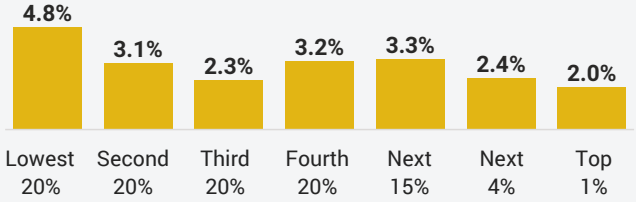
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in Oregon, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.5 percent) state and local tax revenue collected in Oregon.

Oregon State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20% Next 15%	Top 20% Next 4%	Top 20% Top 1%
Income Range	Less than $23,700	$23,700 to $44,100	$44,100 to $81,200	$81,200 to $137,800	$137,800 to $288,100	$288,100 to $702,500	Over $702,500
Average Income in Group	$12,800	$34,000	$61,000	$110,000	$182,900	$410,400	$1,291,400
Sales & Excise Taxes	**5.1%**	**2.9%**	**2.0%**	**1.4%**	**1.1%**	**0.7%**	**0.4%**
General Sales–Individuals	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Sales & Excise–Ind.	3.9%	1.8%	1.1%	0.7%	0.5%	0.2%	0.1%
Sales & Excise–Business	1.2%	1.0%	0.9%	0.7%	0.6%	0.4%	0.3%
Property Taxes	**4.8%**	**3.1%**	**2.3%**	**3.2%**	**3.3%**	**2.4%**	**2.0%**
Home, Rent, Car–Individuals	4.4%	2.8%	2.0%	2.9%	2.8%	1.7%	0.7%
Other Property Taxes	0.4%	0.3%	0.4%	0.4%	0.5%	0.7%	1.3%
Income Taxes	**1.9%**	**4.0%**	**5.2%**	**6.1%**	**6.5%**	**6.8%**	**7.8%**
Personal Income Taxes	1.9%	3.9%	5.2%	6.1%	6.5%	6.8%	7.7%
Corporate Income Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
Other Taxes	**0.2%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**
TOTAL TAXES	**12.0%**	**10.1%**	**9.7%**	**10.9%**	**11.0%**	**10.0%**	**10.4%**

ITEP Tax Inequality Index

Oregon has a hybrid system that is progressive through some parts of the income distribution and regressive through other parts. On balance, the overall system tilts regressive because low-income families pay the highest tax rates and high-income families pay less than some middle-income groups as well. **According to ITEP's Tax Inequality Index, Oregon has the 42nd most regressive state and local tax system in the country**, meaning that eight states and the District of Columbia have more progressive systems. Income disparities among many groups are larger in Oregon after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in Oregon

PROGRESSIVE

- Refundable Child Tax Credit (CTC) for young children
- Refundable dependent care tax credit
- Requires combined reporting for the corporate income tax; some foreign tax haven income is partially taxed through GILTI inclusion
- Graduated personal income tax structure
- No statewide sales tax
- Refundable Earned Income Tax Credit (EITC)
- Levies a state estate tax

REGRESSIVE

- No property tax "circuit breaker" credit for low-income homeowners or non-senior renters
- Partial income tax deduction for federal income taxes paid
- Comparatively low Earned Income Tax Credit (EITC)
- Lower personal income tax rates for pass-through business income

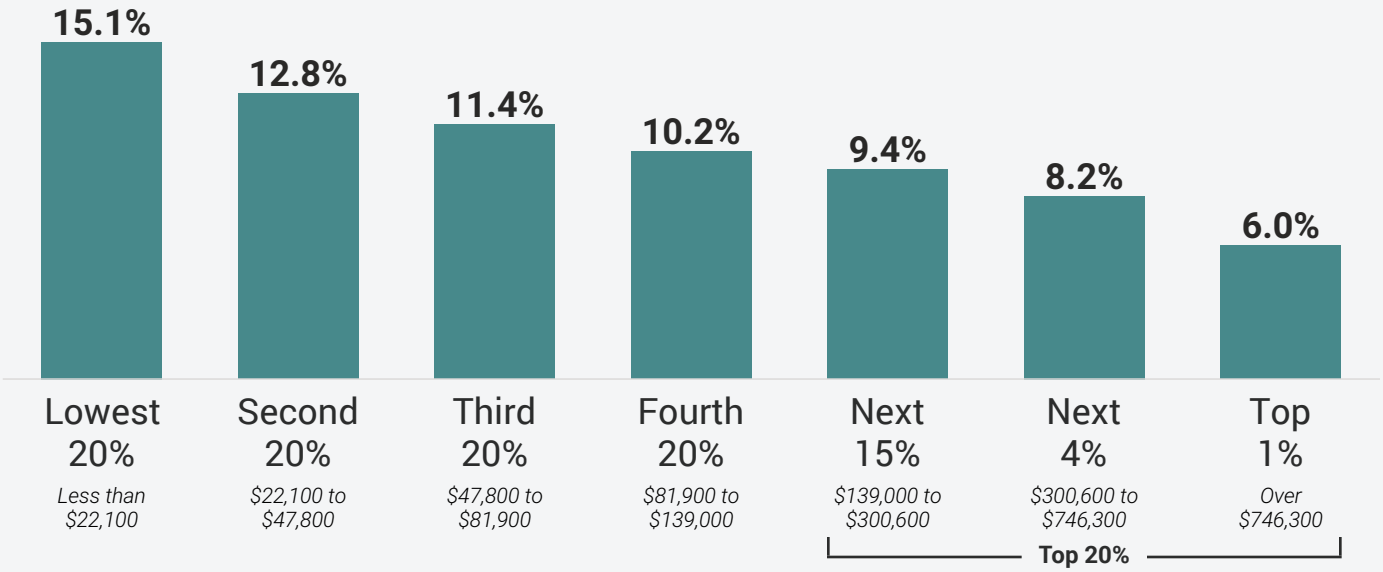
Pennsylvania

State and local tax shares of family income

Total Taxes

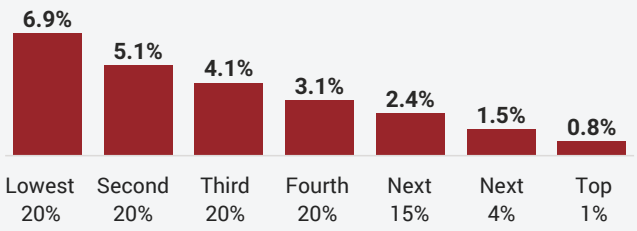
Share of family income

REGRESSIVE



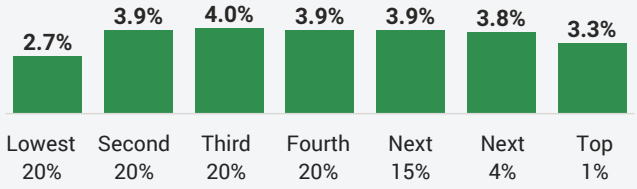
Sales & Excise Taxes

Share of family income



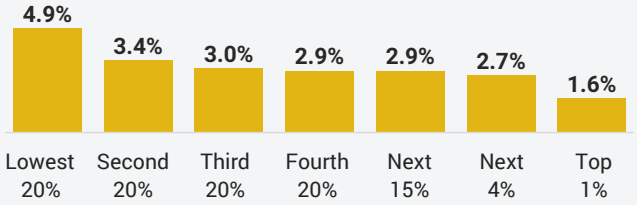
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in Pennsylvania, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.6 percent) state and local tax revenue collected in Pennsylvania.

Pennsylvania State and local tax (cont.)

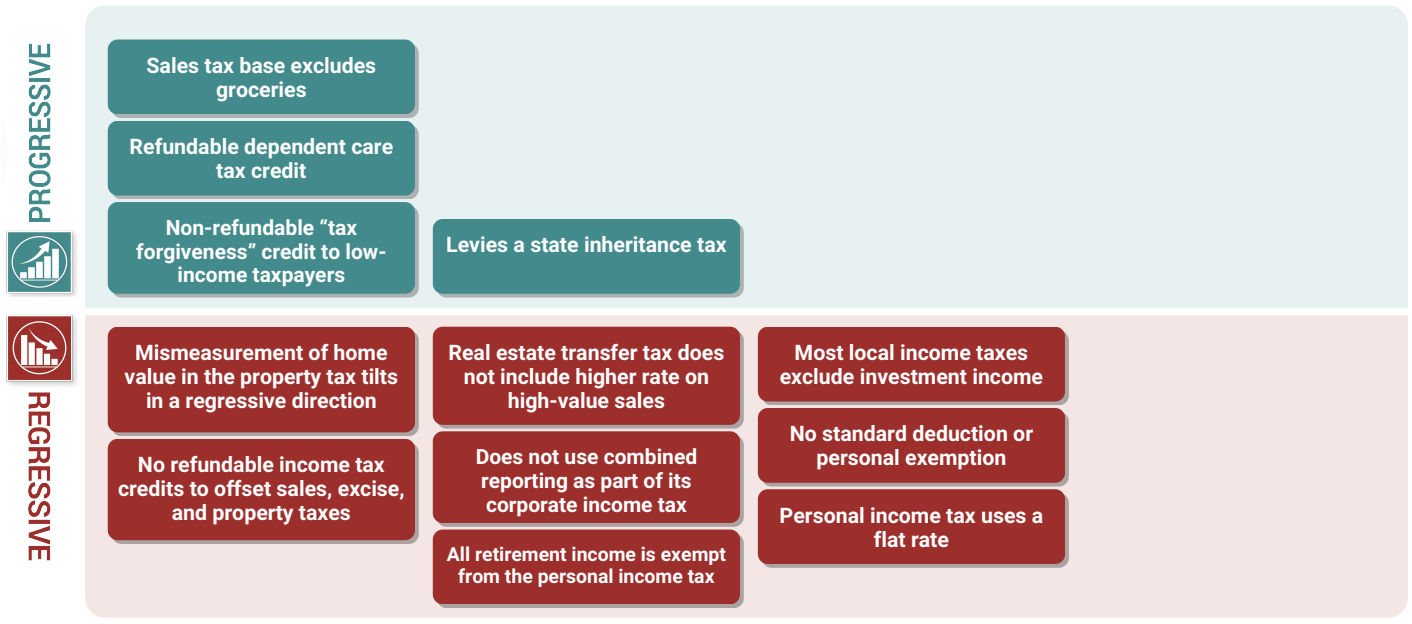
Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	Top 1%
Income Range	Less than $22,100	$22,100 to $47,800	$47,800 to $81,900	$81,900 to $139,000	$139,000 to $300,600	$300,600 to $746,300	Over $746,300
Average Income in Group	$12,000	$33,700	$63,300	$109,600	$185,800	$431,000	$1,777,700
Sales & Excise Taxes	**6.9%**	**5.1%**	**4.1%**	**3.1%**	**2.4%**	**1.5%**	**0.8%**
General Sales–Individuals	1.9%	1.9%	1.6%	1.3%	1.0%	0.6%	0.2%
Other Sales & Excise–Ind.	3.8%	2.0%	1.4%	0.9%	0.6%	0.3%	0.1%
Sales & Excise–Business	1.3%	1.2%	1.1%	0.9%	0.8%	0.6%	0.5%
Property Taxes	**4.9%**	**3.4%**	**3.0%**	**2.9%**	**2.9%**	**2.7%**	**1.6%**
Home, Rent, Car–Individuals	4.5%	2.9%	2.5%	2.4%	2.4%	2.1%	0.5%
Other Property Taxes	0.5%	0.5%	0.5%	0.5%	0.5%	0.6%	1.1%
Income Taxes	**2.7%**	**4.0%**	**4.0%**	**3.9%**	**3.9%**	**3.8%**	**3.5%**
Personal Income Taxes	2.7%	3.9%	4.0%	3.9%	3.9%	3.8%	3.3%
Corporate Income Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Other Taxes	**0.5%**	**0.3%**	**0.3%**	**0.2%**	**0.2%**	**0.2%**	**0.1%**
TOTAL TAXES	**15.1%**	**12.8%**	**11.4%**	**10.2%**	**9.4%**	**8.2%**	**6.0%**

ITEP Tax Inequality Index

ITEP's Tax Inequality Index measures the effects of each state's tax system on income inequality. **According to this measure, Pennsylvania has the 4th most regressive state and local tax system in the country.** Income disparities are larger in Pennsylvania after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in Pennsylvania



WhoPays?

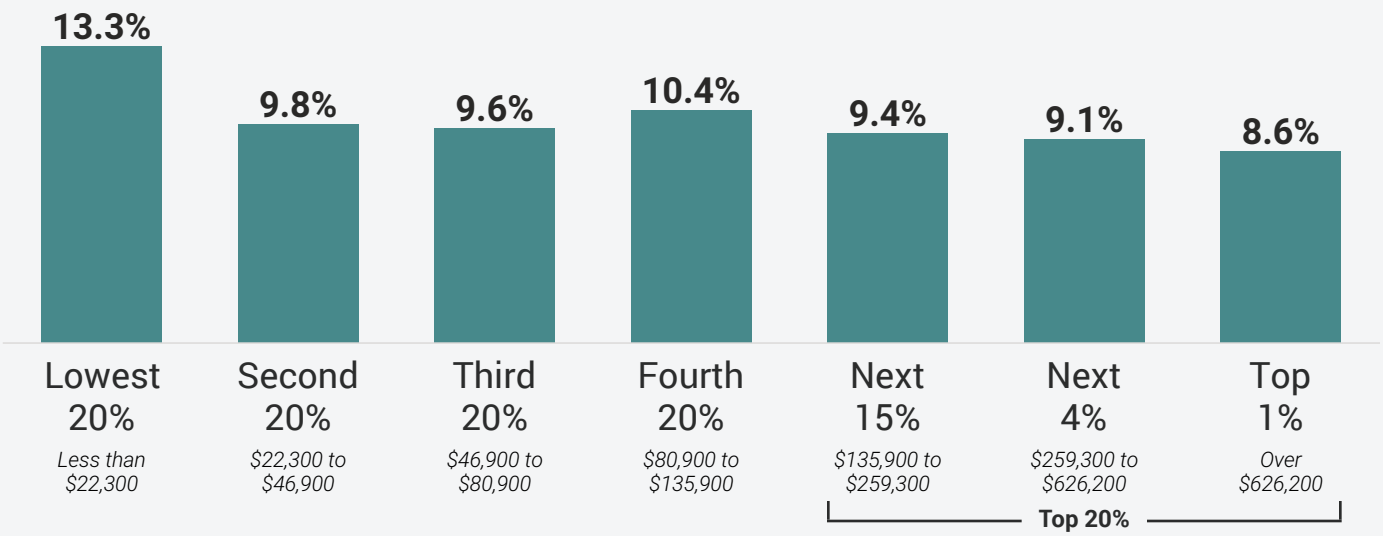
Rhode Island

State and local tax shares of family income

Total Taxes

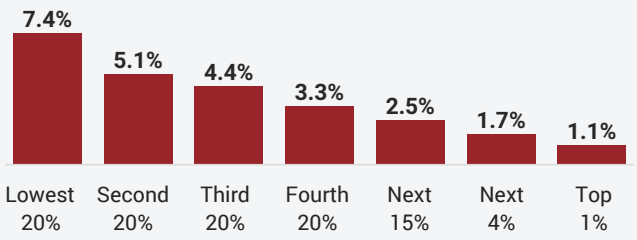
Share of family income

REGRESSIVE



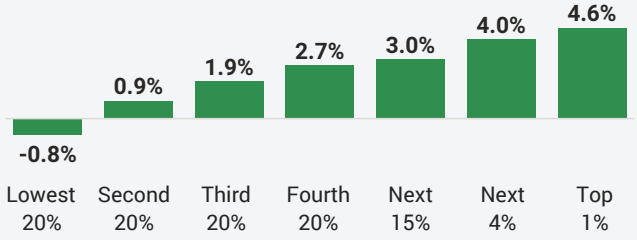
Sales & Excise Taxes

Share of family income



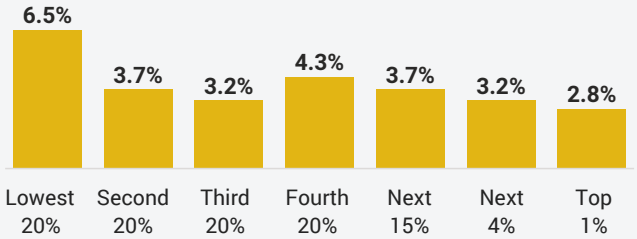
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in Rhode Island, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly 100 percent of state and local tax revenue collected in Rhode Island.

Rhode Island State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20% Next 15%	Top 20% Next 4%	Top 20% Top 1%
Income Range	Less than $22,300	$22,300 to $46,900	$46,900 to $80,900	$80,900 to $135,900	$135,900 to $259,300	$259,300 to $626,200	Over $626,200
Average Income in Group	$12,700	$35,000	$62,000	$107,100	$172,600	$363,400	$924,500
Sales & Excise Taxes	**7.4%**	**5.1%**	**4.4%**	**3.3%**	**2.5%**	**1.7%**	**1.1%**
General Sales–Individuals	2.8%	2.6%	2.3%	1.9%	1.4%	0.9%	0.4%
Other Sales & Excise–Ind.	3.6%	1.7%	1.2%	0.8%	0.5%	0.4%	0.2%
Sales & Excise–Business	0.9%	0.8%	0.8%	0.7%	0.6%	0.5%	0.4%
Property Taxes	**6.5%**	**3.7%**	**3.2%**	**4.3%**	**3.7%**	**3.2%**	**2.8%**
Home, Rent, Car–Individuals	5.9%	3.1%	2.7%	3.7%	3.2%	2.5%	1.1%
Other Property Taxes	0.6%	0.5%	0.5%	0.5%	0.5%	0.8%	1.7%
Income Taxes	**-0.8%**	**0.9%**	**1.9%**	**2.7%**	**3.1%**	**4.1%**	**4.6%**
Personal Income Taxes	-0.8%	0.9%	1.9%	2.7%	3.0%	4.0%	4.6%
Corporate Income Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Taxes	**0.2%**	**0.2%**	**0.2%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**
TOTAL TAXES	**13.3%**	**9.8%**	**9.6%**	**10.4%**	**9.4%**	**9.1%**	**8.6%**

ITEP Tax Inequality Index

ITEP's Tax Inequality Index measures the effects of each state's tax system on income inequality. **According to this measure, Rhode Island has the 31st most regressive state and local tax system in the country.** Income disparities are larger in Rhode Island after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in Rhode Island

PROGRESSIVE

- Standard deduction and personal exemption phase-out for upper-income taxpayers
- Graduated personal income tax structure
- Requires combined reporting for the corporate income tax; some foreign tax haven income is partially taxed through GILTI inclusion
- Provides a refundable Earned Income Tax Credit (EITC)
- Levies a state estate tax
- Graduated rate structure for the real estate transfer tax
- Sales tax base excludes groceries

REGRESSIVE

- No property tax "circuit breaker" credit for low-income, non-senior taxpayers
- Comparatively high reliance on property taxes
- Does not provide a Child Tax Credit (CTC)

WhoPays?

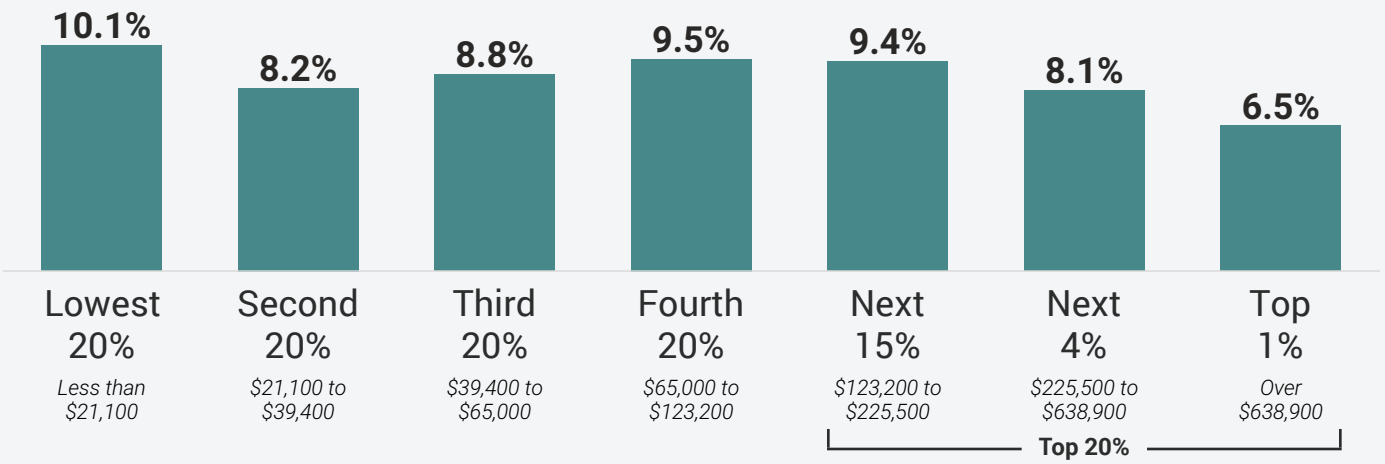
South Carolina

State and local tax shares of family income

Total Taxes

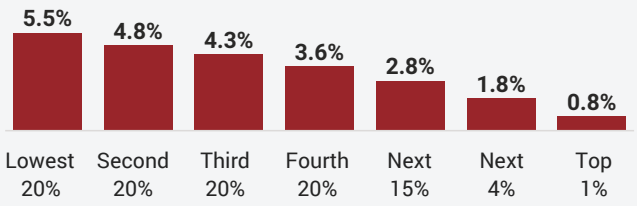
Share of family income

REGRESSIVE



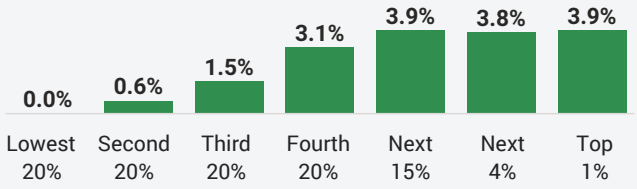
Sales & Excise Taxes

Share of family income



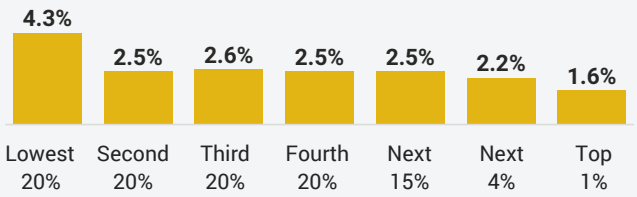
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in South Carolina, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.8 percent) state and local tax revenue collected in South Carolina. These figures depict South Carolina's top income tax rate at its current level of 6.4 percent. That rate is set to decrease to 6 percent when revenue conditions are met. As seen in Appendix E, this will decrease the top fifth's overall tax rate by 0.2 percentage points.

South Carolina State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20% Next 15%	Top 20% Next 4%	Top 20% Top 1%
Income Range	Less than $21,100	$21,100 to $39,400	$39,400 to $65,000	$65,000 to $123,200	$123,200 to $225,500	$225,500 to $638,900	Over $638,900
Average Income in Group	$12,400	$30,900	$51,600	$91,400	$155,200	$338,000	$1,496,500
Sales & Excise Taxes	**5.5%**	**4.8%**	**4.3%**	**3.6%**	**2.8%**	**1.8%**	**0.8%**
General Sales–Individuals	3.3%	3.1%	2.9%	2.4%	1.9%	1.1%	0.4%
Other Sales & Excise–Ind.	1.4%	1.0%	0.7%	0.6%	0.4%	0.2%	0.1%
Sales & Excise–Business	0.8%	0.8%	0.7%	0.6%	0.6%	0.5%	0.3%
Property Taxes	**4.3%**	**2.5%**	**2.6%**	**2.5%**	**2.5%**	**2.2%**	**1.6%**
Home, Rent, Car–Individuals	3.7%	1.9%	2.1%	1.9%	1.8%	1.4%	0.5%
Other Property Taxes	0.6%	0.6%	0.6%	0.6%	0.6%	0.8%	1.1%
Income Taxes	**0.1%**	**0.7%**	**1.6%**	**3.2%**	**3.9%**	**3.9%**	**4.0%**
Personal Income Taxes	0.0%	0.6%	1.5%	3.1%	3.9%	3.8%	3.9%
Corporate Income Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Other Taxes	**0.2%**	**0.2%**	**0.2%**	**0.2%**	**0.2%**	**0.2%**	**0.1%**
TOTAL TAXES	**10.1%**	**8.2%**	**8.8%**	**9.5%**	**9.4%**	**8.1%**	**6.5%**

ITEP Tax Inequality Index

ITEP's Tax Inequality Index measures the effects of each state's tax system on income inequality. **According to this measure, South Carolina has the 33rd most regressive state and local tax system in the country.** Income disparities are larger in South Carolina after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in South Carolina

PROGRESSIVE

- Provides an Earned Income Tax Credit (EITC)
- Graduated personal income tax structure, though top rate kicks in at $17,350 so a large share of families face top rate
- Levies a business franchise tax
- Sales tax base excludes groceries

REGRESSIVE

- Provides an income tax deduction equal to 44 percent of capital gains income
- No refundable income tax credits to offset sales, excise, and property taxes
- Earned Income Tax Credit (EITC) is nonrefundable and limited in its reach
- Real estate transfer tax does not include higher rate on high-value sales
- Allows lower personal income tax rates for pass-through business income
- Does not use combined reporting as part of its corporate income tax
- Does not levy a tax on estates or inheritances

WhoPays?

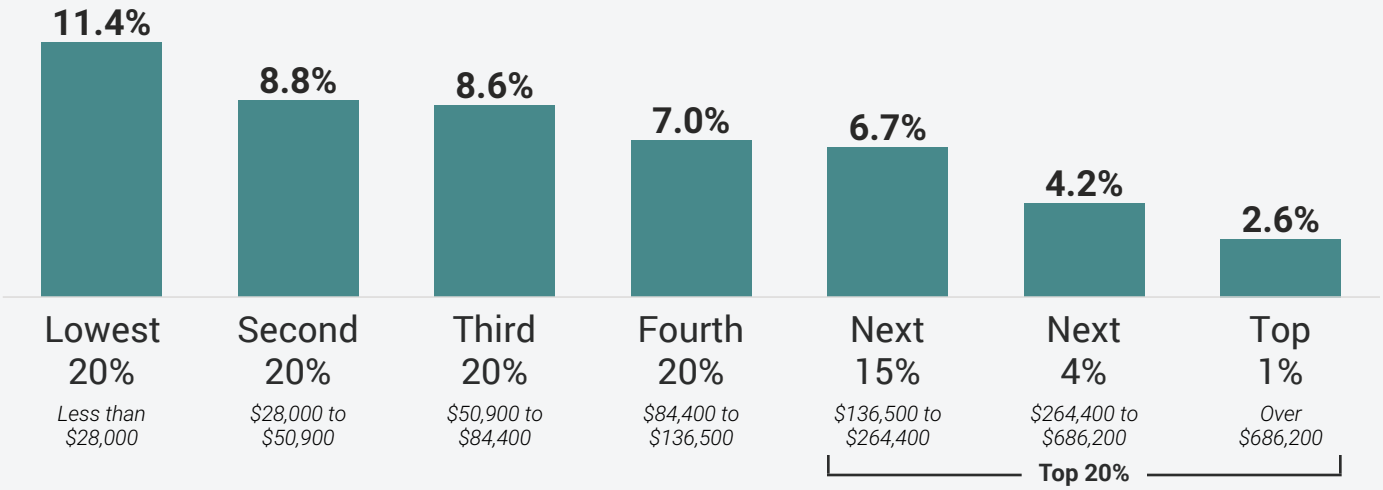
South Dakota

State and local tax shares of family income

Total Taxes

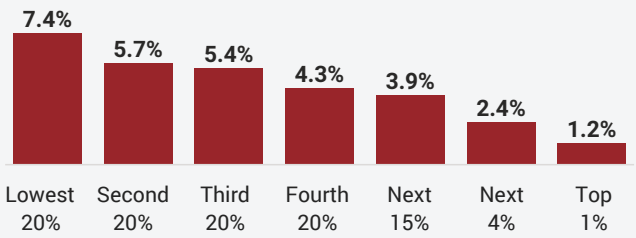
Share of family income

REGRESSIVE



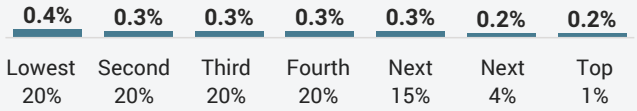
Sales & Excise Taxes

Share of family income



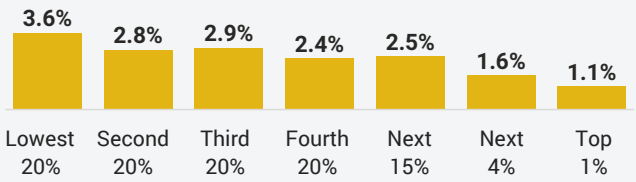
All Other Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in South Dakota, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.6 percent) state and local tax revenue collected in South Dakota.

South Dakota State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20% Next 15%	Top 20% Next 4%	Top 20% Top 1%
Income Range	Less than $28,000	$28,000 to $50,900	$50,900 to $84,400	$84,400 to $136,500	$136,500 to $264,400	$264,400 to $686,200	Over $686,200
Average Income in Group	$14,600	$40,400	$65,400	$112,700	$175,900	$385,800	$1,860,100
Sales & Excise Taxes	**7.4%**	**5.7%**	**5.4%**	**4.3%**	**3.9%**	**2.4%**	**1.2%**
General Sales–Individuals	3.3%	2.7%	2.6%	2.0%	1.8%	1.0%	0.3%
Other Sales & Excise–Ind.	2.1%	1.2%	1.1%	0.8%	0.6%	0.3%	0.1%
Sales & Excise–Business	2.1%	1.8%	1.8%	1.5%	1.5%	1.1%	0.8%
Property Taxes	**3.6%**	**2.8%**	**2.9%**	**2.4%**	**2.5%**	**1.6%**	**1.1%**
Home, Rent, Car–Individuals	3.0%	2.3%	2.4%	2.0%	1.9%	1.0%	0.3%
Other Property Taxes	0.6%	0.5%	0.5%	0.5%	0.6%	0.6%	0.8%
Income Taxes	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Personal Income Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Corporate Income Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Taxes	**0.4%**	**0.3%**	**0.3%**	**0.3%**	**0.3%**	**0.2%**	**0.2%**
TOTAL TAXES	**11.4%**	**8.8%**	**8.6%**	**7.0%**	**6.7%**	**4.2%**	**2.6%**

ITEP Tax Inequality Index

ITEP's Tax Inequality Index measures the effects of each state's tax system on income inequality. **According to this measure, South Dakota has the 6th most regressive state and local tax system in the country.** Income disparities are larger in South Dakota after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in South Dakota

PROGRESSIVE

- No significant progressive features

REGRESSIVE

- Real estate transfer tax does not include higher rate on high-value sales
- No tax credits to offset sales, excise, and property taxes
- Comparatively high reliance on sales and excise taxes
- Does not levy a tax on estates or inheritances
- State sales tax base includes groceries
- Local sales tax bases include groceries
- No corporate income tax
- No personal income tax

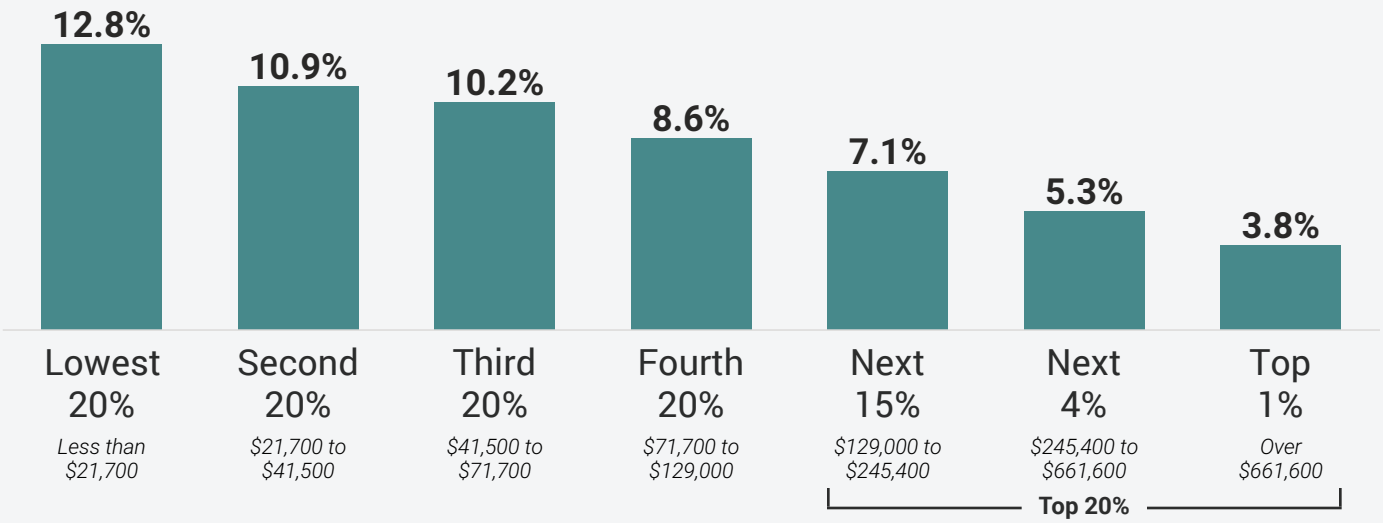
Tennessee

State and local tax shares of family income

Total Taxes

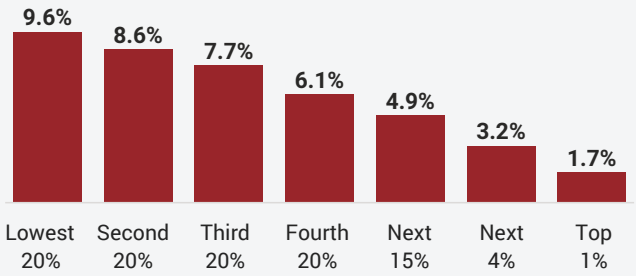
Share of family income

REGRESSIVE



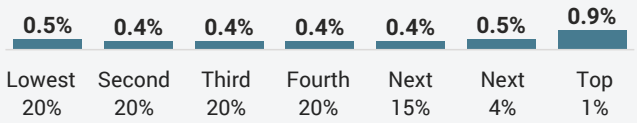
Sales & Excise Taxes

Share of family income



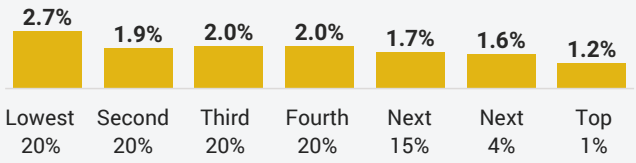
All Other Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in Tennessee, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.3 percent) state and local tax revenue collected in Tennessee.

Tennessee State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	Top 1%
Income Range	Less than $21,700	$21,700 to $41,500	$41,500 to $71,700	$71,700 to $129,000	$129,000 to $245,400	$245,400 to $661,600	Over $661,600
Average Income in Group	$12,600	$30,500	$53,300	$96,300	$161,400	$367,000	$2,018,200
Sales & Excise Taxes	**9.6%**	**8.6%**	**7.7%**	**6.1%**	**4.9%**	**3.2%**	**1.7%**
General Sales–Individuals	5.4%	5.0%	4.5%	3.6%	2.8%	1.6%	0.4%
Other Sales & Excise–Ind.	1.8%	1.4%	1.0%	0.7%	0.6%	0.3%	0.1%
Sales & Excise–Business	2.5%	2.3%	2.1%	1.8%	1.6%	1.3%	1.2%
Property Taxes	**2.7%**	**1.9%**	**2.0%**	**2.0%**	**1.7%**	**1.6%**	**1.2%**
Home, Rent, Car–Individuals	2.4%	1.5%	1.7%	1.8%	1.4%	1.1%	0.3%
Other Property Taxes	0.3%	0.3%	0.3%	0.3%	0.3%	0.4%	0.9%
Income Taxes	**0.2%**	**0.2%**	**0.2%**	**0.2%**	**0.2%**	**0.3%**	**0.7%**
Personal Income Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Corporate Income Taxes	0.2%	0.2%	0.2%	0.2%	0.2%	0.3%	0.7%
Other Taxes	**0.3%**	**0.2%**	**0.2%**	**0.2%**	**0.2%**	**0.2%**	**0.1%**
TOTAL TAXES	**12.8%**	**10.9%**	**10.2%**	**8.6%**	**7.1%**	**5.3%**	**3.8%**

ITEP Tax Inequality Index

ITEP's Tax Inequality Index measures the effects of each state's tax system on income inequality. **According to this measure, Tennessee has the 3rd most regressive state and local tax system in the country.** Income disparities are larger in Tennessee after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in Tennessee

PROGRESSIVE

- Levies a corporate income tax
- Levies a business franchise tax

REGRESSIVE

- Real estate transfer tax does not include higher rate on high-value sales
- State sales tax base includes groceries, though taxed at a lower rate
- Comparatively high combined state and local sales tax rates
- Does not use combined reporting as part of its corporate income tax
- No tax credits to offset sales, excise, and property taxes
- Comparatively high reliance on sales and excise taxes
- Does not levy a tax on estates or inheritances
- Local sales tax bases include groceries
- No personal income tax

WhoPays?

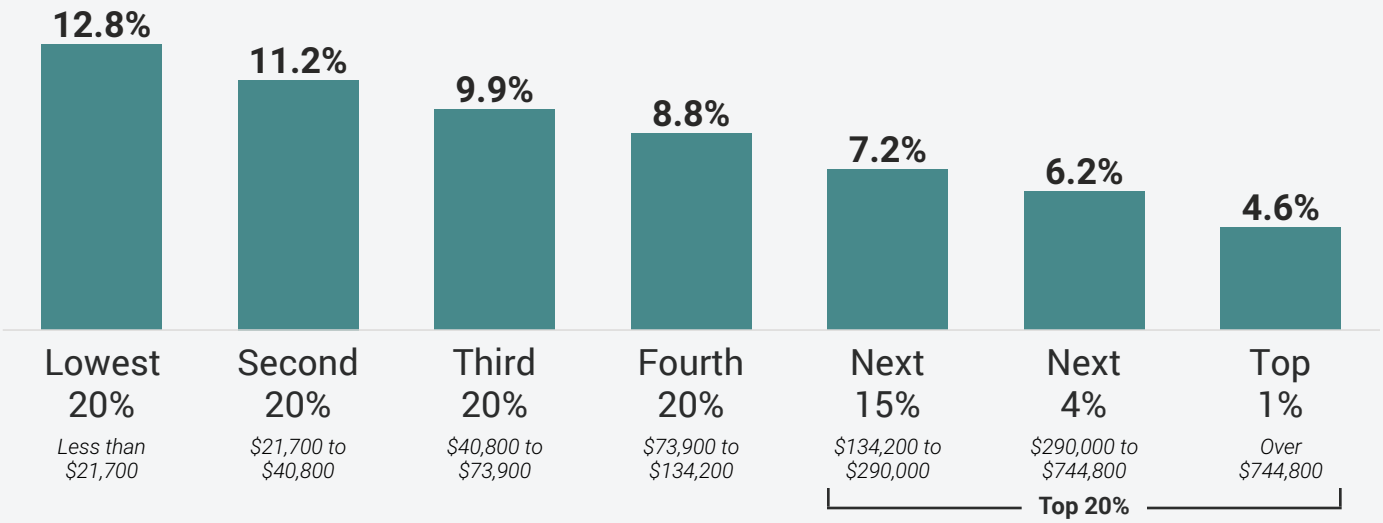
Texas

State and local tax shares of family income

Total Taxes

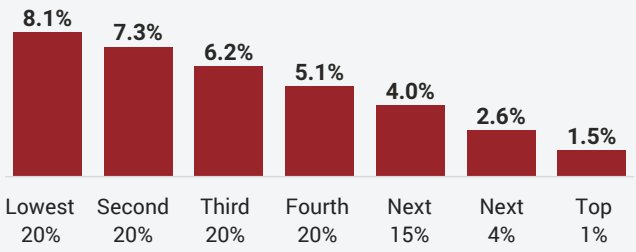
Share of family income

REGRESSIVE



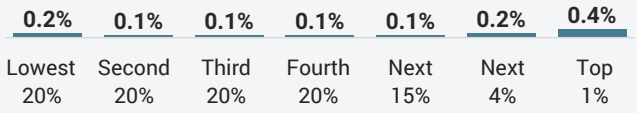
Sales & Excise Taxes

Share of family income



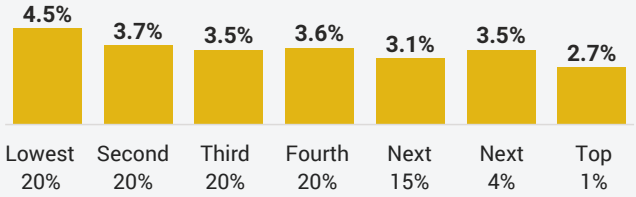
All Other Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in Texas, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.5 percent) state and local tax revenue collected in Texas.

Texas State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20% Next 15%	Top 20% Next 4%	Top 20% Top 1%
Income Range	Less than $21,700	$21,700 to $40,800	$40,800 to $73,900	$73,900 to $134,200	$134,200 to $290,000	$290,000 to $744,800	Over $744,800
Average Income in Group	$12,600	$31,100	$56,300	$102,000	$181,100	$434,300	$2,658,800
Sales & Excise Taxes	**8.1%**	**7.3%**	**6.2%**	**5.1%**	**4.0%**	**2.6%**	**1.5%**
General Sales–Individuals	3.7%	3.7%	3.2%	2.6%	2.0%	1.1%	0.2%
Other Sales & Excise–Ind.	1.8%	1.1%	0.8%	0.6%	0.4%	0.2%	0.0%
Sales & Excise–Business	2.6%	2.5%	2.2%	1.9%	1.6%	1.2%	1.2%
Property Taxes	**4.5%**	**3.7%**	**3.5%**	**3.6%**	**3.1%**	**3.5%**	**2.7%**
Home, Rent, Car–Individuals	3.7%	2.9%	2.7%	2.9%	2.3%	2.5%	0.5%
Other Property Taxes	0.8%	0.9%	0.8%	0.8%	0.9%	1.0%	2.2%
Income Taxes	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Personal Income Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Corporate Income Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Taxes	**0.2%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.2%**	**0.4%**
TOTAL TAXES	**12.8%**	**11.2%**	**9.9%**	**8.8%**	**7.2%**	**6.2%**	**4.6%**

ITEP Tax Inequality Index

ITEP's Tax Inequality Index measures the effects of each state's tax system on income inequality. **According to this measure, Texas has the 7th most regressive state and local tax system in the country.** Income disparities are larger in Texas after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in Texas

PROGRESSIVE

- Sales tax base excludes groceries
- Requires combined reporting for the Texas franchise tax

REGRESSIVE

- No tax credits to offset sales, excise, and property taxes
- Does not levy a tax on estates or inheritances
- Comparatively high reliance on sales and excise taxes
- Comparatively high reliance on property taxes
- Gross receipts tax in lieu of a corporate profits tax
- No personal income tax

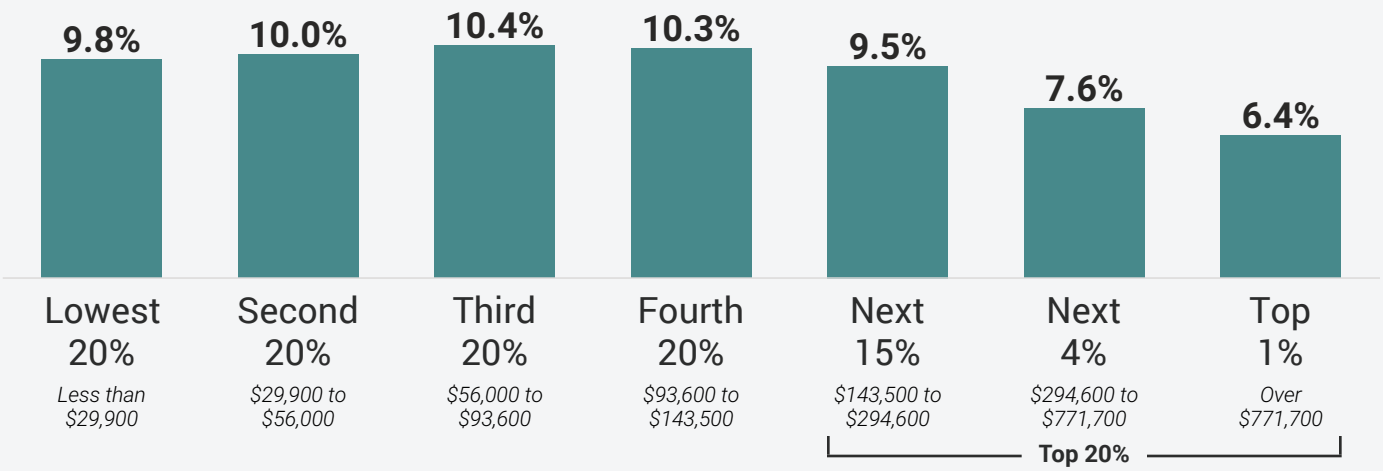
Utah

State and local tax shares of family income

Total Taxes

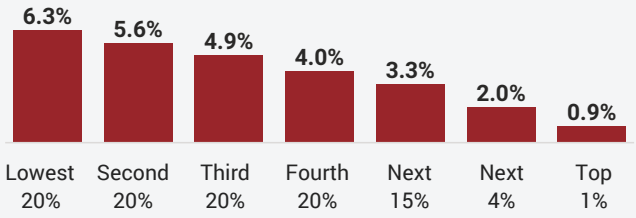
Share of family income

REGRESSIVE



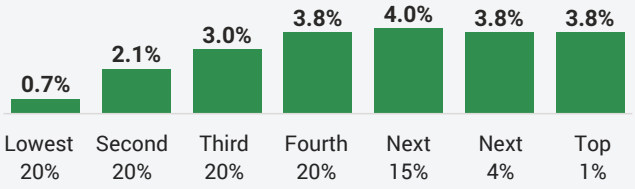
Sales & Excise Taxes

Share of family income



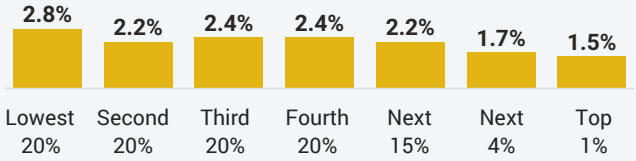
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in Utah, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.5 percent) state and local tax revenue collected in Utah.

Utah State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20% Next 15%	Top 20% Next 4%	Top 20% Top 1%
Income Range	Less than $29,900	$29,900 to $56,000	$56,000 to $93,600	$93,600 to $143,500	$143,500 to $294,600	$294,600 to $771,700	Over $771,700
Average Income in Group	$18,600	$42,700	$72,600	$118,800	$188,400	$430,300	$2,788,100
Sales & Excise Taxes	**6.3%**	**5.6%**	**4.9%**	**4.0%**	**3.3%**	**2.0%**	**0.9%**
General Sales–Individuals	3.9%	3.6%	3.3%	2.7%	2.1%	1.2%	0.3%
Other Sales & Excise–Ind.	1.1%	0.8%	0.6%	0.5%	0.3%	0.2%	0.0%
Sales & Excise–Business	1.2%	1.1%	1.0%	0.9%	0.8%	0.6%	0.6%
Property Taxes	**2.8%**	**2.2%**	**2.4%**	**2.4%**	**2.2%**	**1.7%**	**1.5%**
Home, Rent, Car–Individuals	2.2%	1.6%	1.9%	1.9%	1.6%	1.0%	0.2%
Other Property Taxes	0.5%	0.6%	0.5%	0.5%	0.5%	0.7%	1.3%
Income Taxes	**0.7%**	**2.1%**	**3.0%**	**3.8%**	**4.0%**	**3.8%**	**3.9%**
Personal Income Taxes	0.7%	2.1%	3.0%	3.8%	4.0%	3.8%	3.8%
Corporate Income Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Other Taxes	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**
TOTAL TAXES	**9.8%**	**10.0%**	**10.4%**	**10.3%**	**9.5%**	**7.6%**	**6.4%**

ITEP Tax Inequality Index

ITEP's Tax Inequality Index measures the effects of each state's tax system on income inequality. **According to this measure, Utah has the 29th most regressive state and local tax system in the country.** Income disparities are larger in Utah after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in Utah

PROGRESSIVE

- Provides a Child Tax Credit (CTC) for young children
- Provides an Earned Income Tax Credit (EITC)
- Requires combined reporting for the corporate income tax; some foreign tax haven income is partially taxed through GILTI inclusion
- Targeted credit based on federal standard or itemized deductions to low- and middle-income filers

REGRESSIVE

- No refundable income tax credits to offset sales, excise, and property taxes
- Nonrefundable EITC and CTC are limited in reach
- Personal income tax uses a flat rate
- Does not levy a tax on estates or inheritances
- State sales tax base includes groceries, though taxed at a lower rate
- Local sales tax bases include groceries

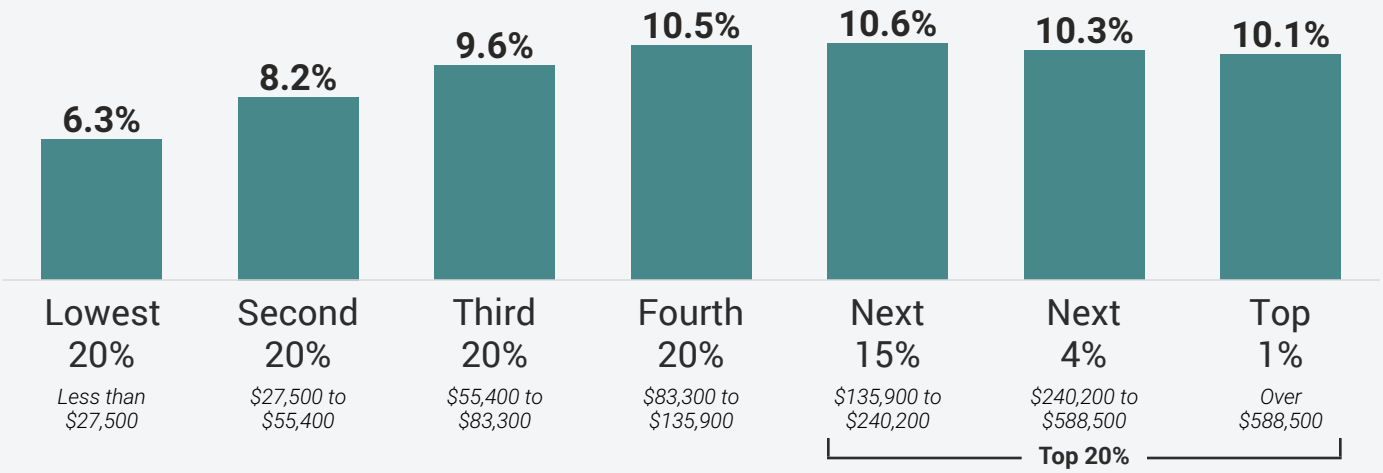
WhoPays?

Vermont

State and local tax shares of family income

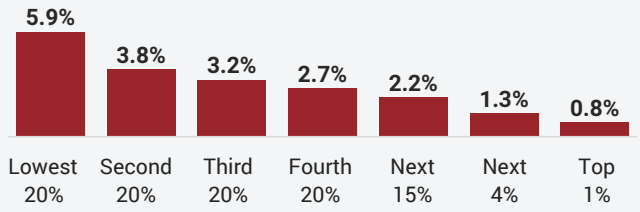
Total Taxes

Share of family income



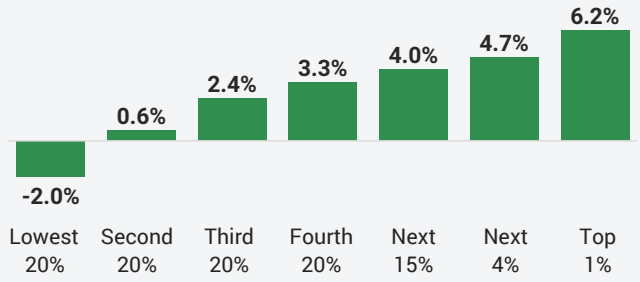
Sales & Excise Taxes

Share of family income



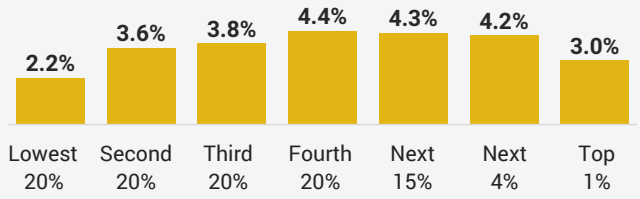
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in Vermont, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.7 percent) state and local tax revenue collected in Vermont.

Vermont State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	Top 1%
Income Range	Less than $27,500	$27,500 to $55,400	$55,400 to $83,300	$83,300 to $135,900	$135,900 to $240,200	$240,200 to $588,500	Over $588,500
Average Income in Group	$13,100	$40,600	$68,200	$109,000	$167,400	$352,600	$1,096,200
Sales & Excise Taxes	**5.9%**	**3.8%**	**3.2%**	**2.7%**	**2.2%**	**1.3%**	**0.8%**
General Sales–Individuals	1.4%	1.4%	1.3%	1.1%	0.9%	0.5%	0.2%
Other Sales & Excise–Ind.	3.6%	1.6%	1.2%	0.9%	0.7%	0.3%	0.1%
Sales & Excise–Business	0.9%	0.8%	0.7%	0.7%	0.6%	0.5%	0.4%
Property Taxes	**2.2%**	**3.6%**	**3.8%**	**4.4%**	**4.3%**	**4.2%**	**3.0%**
Home, Rent, Car–Individuals	1.3%	2.9%	3.1%	3.7%	3.6%	3.2%	1.5%
Other Property Taxes	0.9%	0.8%	0.7%	0.7%	0.7%	0.9%	1.5%
Income Taxes	**-2.0%**	**0.6%**	**2.4%**	**3.3%**	**4.0%**	**4.7%**	**6.2%**
Personal Income Taxes	-2.0%	0.6%	2.4%	3.3%	4.0%	4.7%	6.2%
Corporate Income Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Other Taxes	**0.2%**	**0.2%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**
TOTAL TAXES	**6.3%**	**8.2%**	**9.6%**	**10.5%**	**10.6%**	**10.3%**	**10.1%**

ITEP Tax Inequality Index

Vermont has a hybrid system that is progressive through the bottom part of the income distribution and regressive through the top part. On balance, the overall system tilts slightly progressive according to ITEP's Tax Inequality Index, which measures the overall effect of each state's tax system on income inequality. **Vermont ranks 49th on the Index**, meaning that only Minnesota and the District of Columbia have more progressive systems. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in Vermont

PROGRESSIVE

- Many resident homeowners pay school taxes based on income rather than property value
- Partially refundable dependent care tax credit
- Refundable dependent care tax credit
- Levies a state estate tax
- Requires combined reporting for the corporate income tax; some foreign tax haven income is partially taxed through GILTI inclusion
- Graduated rate structure for the real estate transfer tax
- Graduated personal income tax structure
- Sales tax base excludes groceries
- Refundable property tax "circuit breaker" credit (all ages, includes renters)
- Refundable Earned Income Tax Credit (EITC)
- Refundable Child Tax Credit (CTC)

REGRESSIVE

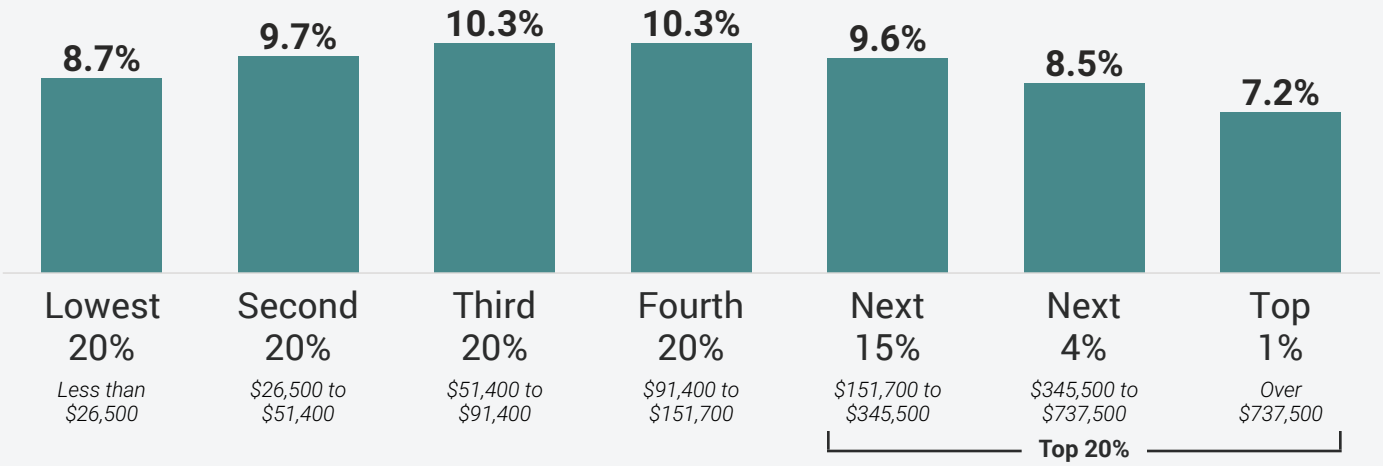
- Provides a capital gains tax preference

Virginia

State and local tax shares of family income

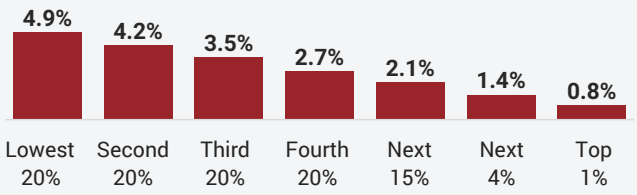
Total Taxes

Share of family income



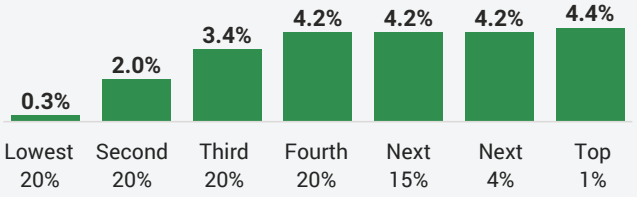
Sales & Excise Taxes

Share of family income



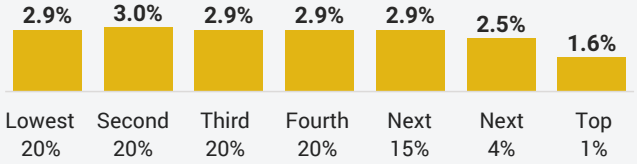
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in Virginia, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (98.8 percent) state and local tax revenue collected in Virginia. These figures depict Virginia's standard deduction at its 2024 levels of $8,500 and $17,000. Those amounts are set to return to $3,000 and $6,000 over the next two years. As seen in Appendix E, this will increase the bottom fifth's overall tax rate by 0.9 percentage points and cause the state to move 4 spots in the ITEP Inequality Index rankings, from 37th to 33rd most regressive.

Virginia State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	Top 1%
Income Range	Less than $26,500	$26,500 to $51,400	$51,400 to $91,400	$91,400 to $151,700	$151,700 to $345,500	$345,500 to $737,500	Over $737,500
Average Income in Group	$15,200	$37,300	$69,300	$122,800	$214,600	$460,500	$1,487,400
Sales & Excise Taxes	**4.9%**	**4.2%**	**3.5%**	**2.7%**	**2.1%**	**1.4%**	**0.8%**
General Sales–Individuals	2.3%	2.2%	1.9%	1.4%	1.1%	0.7%	0.2%
Other Sales & Excise–Ind.	1.6%	1.1%	0.8%	0.5%	0.4%	0.2%	0.1%
Sales & Excise–Business	1.0%	1.0%	0.9%	0.7%	0.6%	0.5%	0.5%
Property Taxes	**2.9%**	**3.0%**	**2.9%**	**2.9%**	**2.9%**	**2.5%**	**1.6%**
Home, Rent, Car–Individuals	2.5%	2.5%	2.5%	2.5%	2.4%	1.9%	0.7%
Other Property Taxes	0.5%	0.5%	0.5%	0.5%	0.5%	0.6%	1.0%
Income Taxes	**0.4%**	**2.1%**	**3.5%**	**4.3%**	**4.2%**	**4.3%**	**4.5%**
Personal Income Taxes	0.3%	2.0%	3.4%	4.2%	4.2%	4.2%	4.4%
Corporate Income Taxes	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Other Taxes	**0.5%**	**0.4%**	**0.4%**	**0.4%**	**0.3%**	**0.3%**	**0.3%**
TOTAL TAXES	**8.7%**	**9.7%**	**10.3%**	**10.3%**	**9.6%**	**8.5%**	**7.2%**

ITEP Tax Inequality Index

Virginia has a hybrid system that is progressive through the bottom part of the income distribution and regressive through the top part. On balance, the overall system tilts regressive because high-income families pay the lowest overall tax rates. **According to ITEP's Tax Inequality Index, Virginia has the 37th most regressive state and local tax system in the country.** Income disparities between high-income taxpayers and other families are larger in Virginia after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in Virginia

PROGRESSIVE

- Refundable Earned Income Tax Credit (EITC) (15 percent refundable; 20 percent nonrefundable)
- Graduated personal income tax structure, though top rate kicks in at $17,000 so a large share of families face top rate

REGRESSIVE

- No property tax "circuit breaker" credit for low-income, non-senior taxpayers
- Narrow income tax brackets mean majority of taxpayers pay top income tax rate
- Does not use combined reporting as part of its corporate income tax
- Does not levy a tax on estates or inheritances
- Local sales tax bases include groceries
- No Child Tax Credit (CTC)

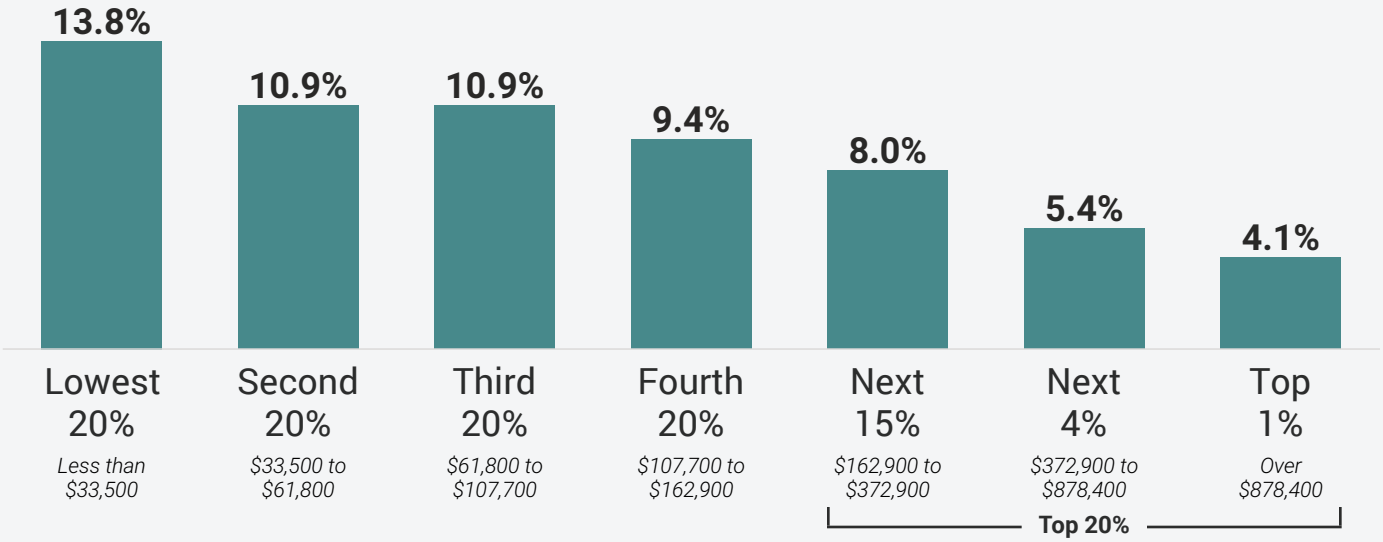
Washington

State and local tax shares of family income

Total Taxes

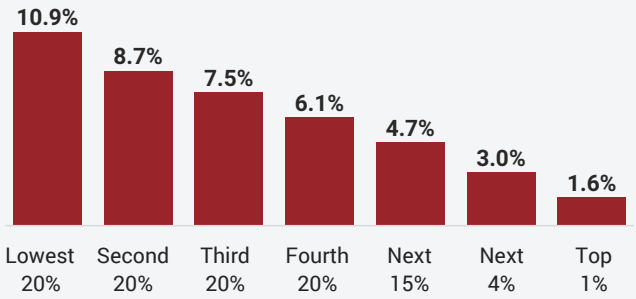
Share of family income

REGRESSIVE



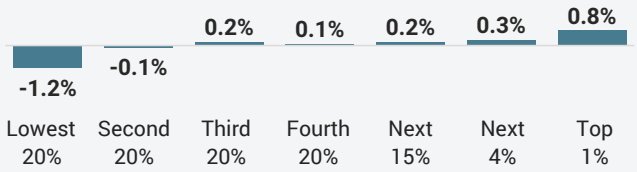
Sales & Excise Taxes

Share of family income



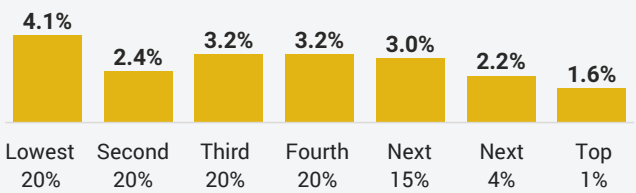
All Other Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in Washington, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.3 percent) state and local tax revenue collected in Washington. As seen in Appendix D, the state's new Working Families Tax Credit and Capital Gains Excise Tax have lessened the regressive tilt of Washington's tax system. Overall tax rates on the top 1 percent rose by 0.6 percentage points because of these policies while tax rates for the bottom fifth fell by 1.4 percentage points. These changes caused the state to move 1 spot in the ITEP Inequality Index rankings, from most to 2nd most regressive.

Washington State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20% Next 15%	Top 20% Next 4%	Top 20% Top 1%
Income Range	Less than $33,500	$33,500 to $61,800	$61,800 to $107,700	$107,700 to $162,900	$162,900 to $372,900	$372,900 to $878,400	Over $878,400
Average Income in Group	$18,600	$47,400	$82,400	$132,800	$235,600	$537,800	$2,077,500
Sales & Excise Taxes	**10.9%**	**8.7%**	**7.5%**	**6.1%**	**4.7%**	**3.0%**	**1.6%**
General Sales–Individuals	4.7%	4.0%	3.5%	2.8%	2.1%	1.2%	0.4%
Other Sales & Excise–Ind.	2.8%	1.7%	1.3%	1.0%	0.8%	0.4%	0.2%
Sales & Excise–Business	3.4%	3.0%	2.7%	2.2%	1.9%	1.4%	1.1%
Property Taxes	**4.1%**	**2.4%**	**3.2%**	**3.2%**	**3.0%**	**2.2%**	**1.6%**
Home, Rent, Car–Individuals	3.6%	1.9%	2.7%	2.7%	2.5%	1.6%	0.5%
Other Property Taxes	0.5%	0.5%	0.5%	0.5%	0.5%	0.6%	1.1%
Income Taxes	**-1.4%**	**-0.3%**	**0.0%**	**0.0%**	**0.1%**	**0.2%**	**0.7%**
Personal Income Taxes *	-1.4%	-0.3%	0.0%	0.0%	0.1%	0.2%	0.7%
Corporate Income Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Taxes	**0.2%**	**0.2%**	**0.2%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**
TOTAL TAXES	**13.8%**	**10.9%**	**10.9%**	**9.4%**	**8.0%**	**5.4%**	**4.1%**

** Washington state provides a tax rebate to low-income households structured with similar eligibility requirements to the federal Earned Income Tax Credit (EITC), and levies a tax on the sale or exchange of certain capital assets, structured as an excise tax for the purposes of state law and upheld as such by the state Supreme Court in 2023. For the purposes of this 50-state study, we include the Capital Gains Excise Tax and the Working Families Tax Credit on the income tax line to improve comparability of our results to other states that accomplish similar objectives within their income tax codes.*

ITEP Tax Inequality Index

ITEP's Tax Inequality Index measures the effects of each state's tax system on income inequality. **According to this measure, Washington has the 2nd most regressive state and local tax system in the country.** Income disparities are larger in Washington after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in Washington

PROGRESSIVE

- Progressive Payroll Expense Tax in city of Seattle
- Levies a state estate tax
- Refundable working families tax credit, starting in 2023
- Sales tax base excludes groceries
- Graduated rate structure for the real estate transfer tax
- Stand-alone tax on long-term capital gains

REGRESSIVE

- No property tax "circuit breaker" credit for low-income, non-senior taxpayers
- Comparatively high combined state and local sales tax rates
- No Child Tax Credit (CTC)
- Comparatively high reliance on sales and excise taxes
- Imposes a gross receipts tax in lieu of a corporate profits tax
- No broad-based personal income tax

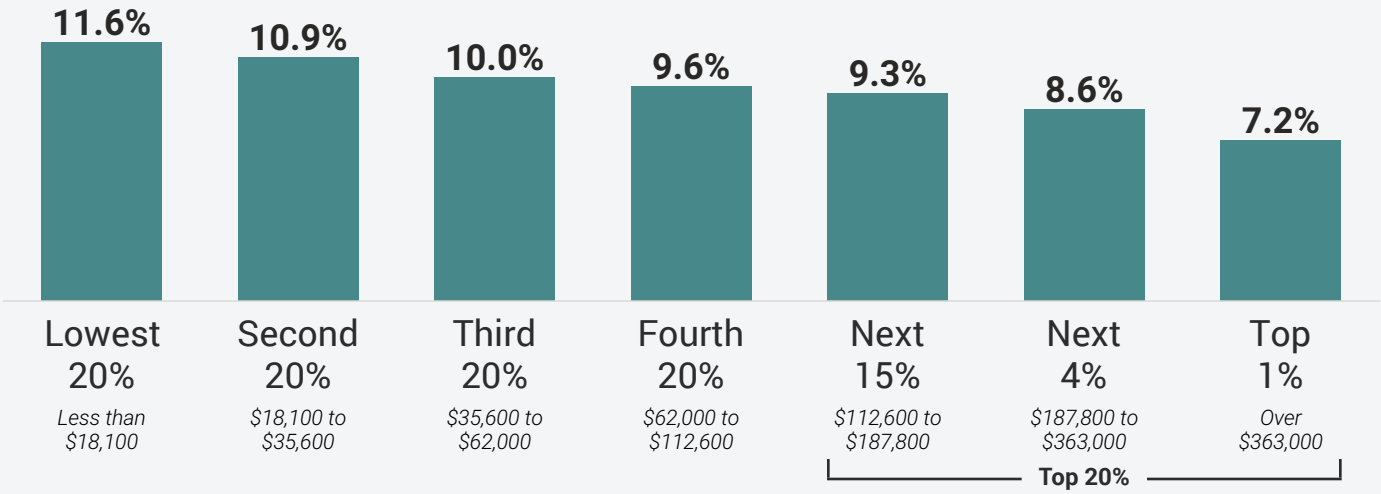
West Virginia

State and local tax shares of family income

Total Taxes

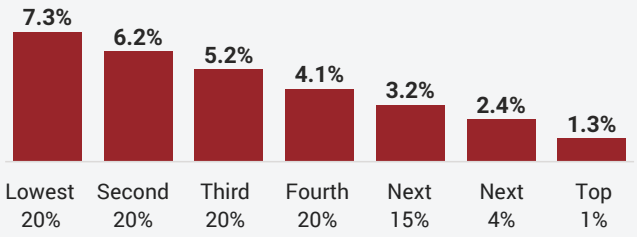
Share of family income

REGRESSIVE



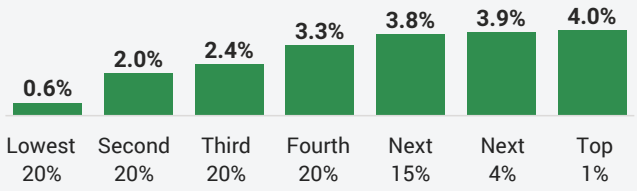
Sales & Excise Taxes

Share of family income



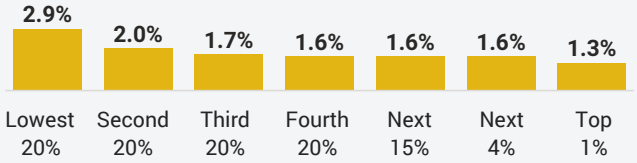
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in West Virginia, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.3 percent) state and local tax revenue collected in West Virginia. These figures depict West Virginia's personal income tax at its 2024 levels. Due to a tax trigger that could decrease the rate to zero over time, we also model full elimination of this tax. As seen in Appendix E, this will decrease the overall tax rate paid by the top 1 percent of households by 4.0 percentage points and cause the state to move 17 spots in the ITEP Inequality Index rankings, from 28th to 11th most regressive.

West Virginia State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20% Next 15%	Top 20% Next 4%	Top 20% Top 1%
Income Range	Less than $18,100	$18,100 to $35,600	$35,600 to $62,000	$62,000 to $112,600	$112,600 to $187,800	$187,800 to $363,000	Over $363,000
Average Income in Group	$10,000	$25,800	$47,100	$85,300	$142,500	$238,600	$729,600
Sales & Excise Taxes	**7.3%**	**6.2%**	**5.2%**	**4.1%**	**3.2%**	**2.4%**	**1.3%**
General Sales–Individuals	2.7%	3.1%	2.7%	2.2%	1.8%	1.3%	0.6%
Other Sales & Excise–Ind.	3.5%	2.0%	1.4%	0.9%	0.6%	0.4%	0.2%
Sales & Excise–Business	1.1%	1.1%	1.0%	0.9%	0.8%	0.7%	0.5%
Property Taxes	**2.9%**	**2.0%**	**1.7%**	**1.6%**	**1.6%**	**1.6%**	**1.3%**
Home, Rent, Car–Individuals	2.2%	1.4%	1.1%	1.0%	1.0%	0.8%	0.5%
Other Property Taxes	0.6%	0.6%	0.6%	0.6%	0.6%	0.8%	0.8%
Income Taxes	**0.6%**	**2.0%**	**2.4%**	**3.3%**	**3.9%**	**3.9%**	**4.0%**
Personal Income Taxes	0.6%	2.0%	2.4%	3.3%	3.8%	3.9%	4.0%
Corporate Income Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Taxes	**0.9%**	**0.7%**	**0.7%**	**0.6%**	**0.6%**	**0.7%**	**0.6%**
TOTAL TAXES	**11.6%**	**10.9%**	**10.0%**	**9.6%**	**9.3%**	**8.6%**	**7.2%**

ITEP Tax Inequality Index

ITEP's Tax Inequality Index measures the effects of each state's tax system on income inequality. **According to this measure, West Virginia has the 28th most regressive state and local tax system in the country.** Income disparities are larger in West Virginia after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in West Virginia

PROGRESSIVE

- State sales tax base excludes groceries
- Refundable property tax "circuit breaker" credit to low-income taxpayers via the income tax
- Requires combined reporting for the corporate income tax; some foreign tax haven income is partially taxed through GILTI inclusion
- Graduated personal income tax structure, though top rate kicks in at $60,000 so a large share of families face top rate

REGRESSIVE

- Real estate transfer tax does not include higher rate on high-value sales
- No Child Tax Credit (CTC)
- Does not levy a tax on estates or inheritances
- No Earned Income Tax Credit (EITC)

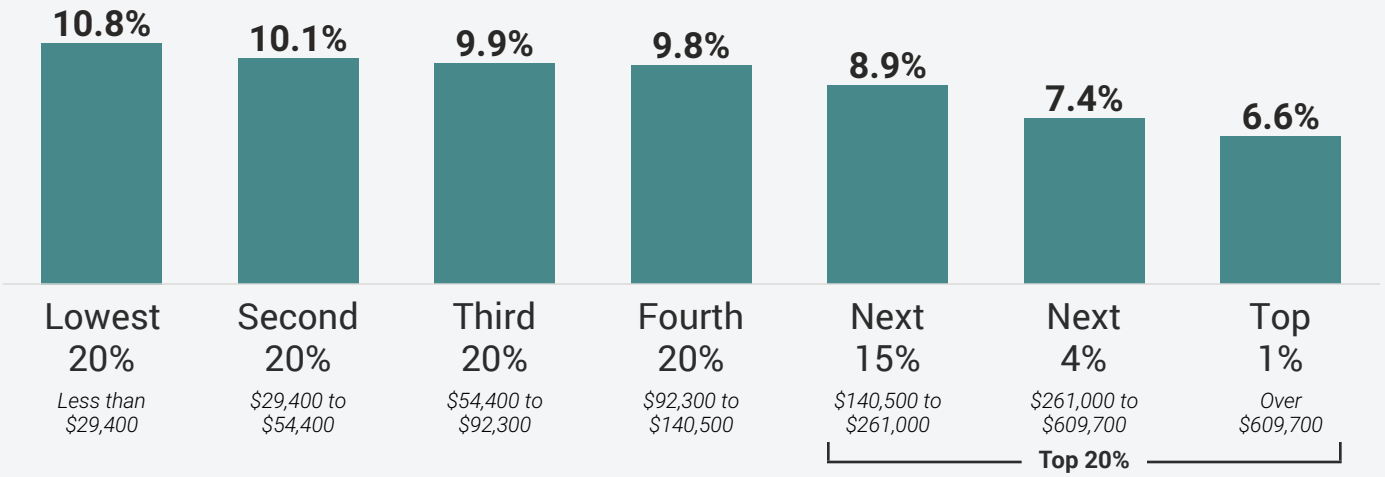
Wisconsin

State and local tax shares of family income

Total Taxes

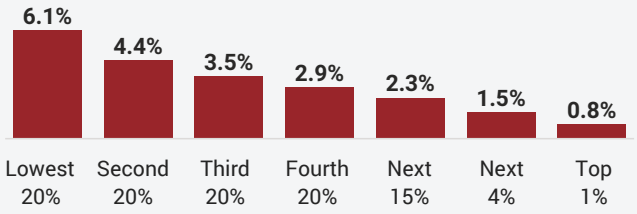
Share of family income

REGRESSIVE



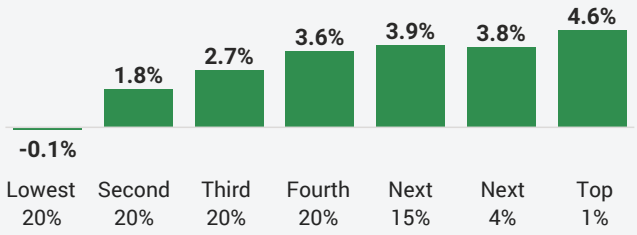
Sales & Excise Taxes

Share of family income



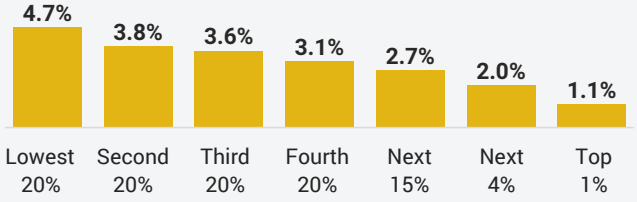
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in Wisconsin, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.4 percent) state and local tax revenue collected in Wisconsin.

Wisconsin State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20% Next 15%	Top 20% Next 4%	Top 20% Top 1%
Income Range	Less than $29,400	$29,400 to $54,400	$54,400 to $92,300	$92,300 to $140,500	$140,500 to $261,000	$261,000 to $609,700	Over $609,700
Average Income in Group	$17,100	$40,800	$71,400	$116,400	$177,800	$367,100	$1,291,800
Sales & Excise Taxes	**6.1%**	**4.4%**	**3.5%**	**2.9%**	**2.3%**	**1.5%**	**0.8%**
General Sales–Individuals	3.1%	2.6%	2.2%	1.8%	1.5%	0.9%	0.4%
Other Sales & Excise–Ind.	2.0%	1.0%	0.6%	0.4%	0.3%	0.2%	0.1%
Sales & Excise–Business	1.0%	0.8%	0.7%	0.6%	0.5%	0.4%	0.4%
Property Taxes	**4.7%**	**3.8%**	**3.6%**	**3.1%**	**2.7%**	**2.0%**	**1.1%**
Home, Rent, Car–Individuals	4.4%	3.5%	3.4%	3.0%	2.5%	1.7%	0.6%
Other Property Taxes	0.3%	0.2%	0.2%	0.2%	0.2%	0.3%	0.5%
Income Taxes	**-0.1%**	**1.9%**	**2.7%**	**3.7%**	**3.9%**	**3.8%**	**4.7%**
Personal Income Taxes	-0.1%	1.8%	2.7%	3.6%	3.9%	3.8%	4.6%
Corporate Income Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Other Taxes	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**
TOTAL TAXES	**10.8%**	**10.1%**	**9.9%**	**9.8%**	**8.9%**	**7.4%**	**6.6%**

ITEP Tax Inequality Index

ITEP's Tax Inequality Index measures the effects of each state's tax system on income inequality. **According to this measure, Wisconsin has the 27th most regressive state and local tax system in the country.** Income disparities are larger in Wisconsin after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in Wisconsin

PROGRESSIVE

- Refundable property tax "circuit breaker" credit (all ages, includes renters)
- Sales tax base excludes groceries
- Requires combined reporting for the corporate income tax but excludes profits booked overseas, including in tax haven countries
- Graduated personal income tax structure
- Refundable Earned Income Tax Credit (EITC)

REGRESSIVE

- Provides a Manufacturing and Agriculture Credit that primarily benefits high-income individuals
- Real estate transfer tax does not include higher rate on high-value sales
- Provides an income tax exclusion equal to 30 percent of capital gains income
- Does not levy a tax on estates or inheritances
- No Child Tax Credit (CTC)

WhoPays?

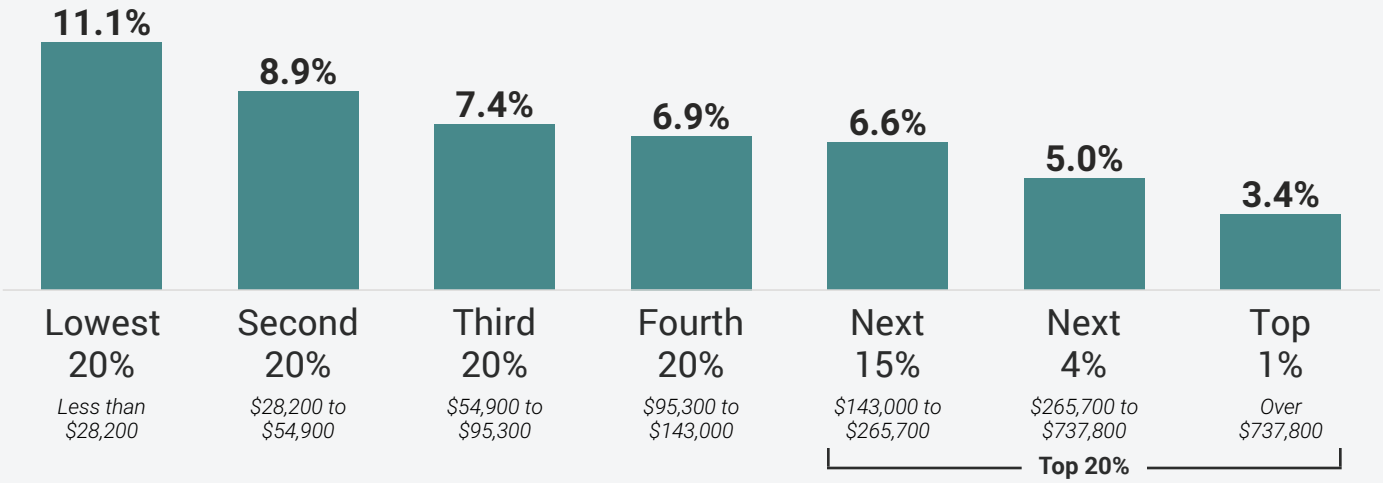
Wyoming

State and local tax shares of family income

Total Taxes

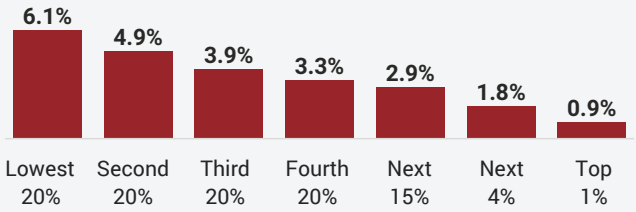
Share of family income

REGRESSIVE



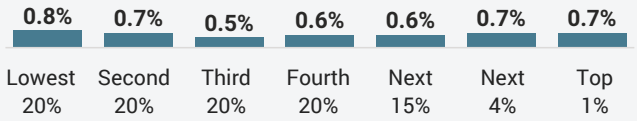
Sales & Excise Taxes

Share of family income



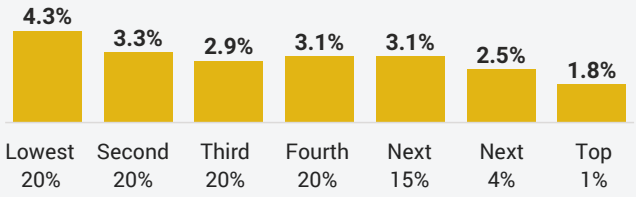
All Other Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 tax law in Wyoming, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.8 percent) state and local tax revenue collected in Wyoming.

Wyoming State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	Top 1%
Income Range	Less than $28,200	$28,200 to $54,900	$54,900 to $95,300	$95,300 to $143,000	$143,000 to $265,700	$265,700 to $737,800	Over $737,800
Average Income in Group	$15,200	$41,900	$70,000	$118,400	$182,500	$395,300	$1,701,600
Sales & Excise Taxes	**6.1%**	**4.9%**	**3.9%**	**3.3%**	**2.9%**	**1.8%**	**0.9%**
General Sales–Individuals	2.9%	2.5%	2.0%	1.6%	1.4%	0.8%	0.3%
Other Sales & Excise–Ind.	1.1%	0.6%	0.4%	0.3%	0.2%	0.1%	0.0%
Sales & Excise–Business	2.1%	1.8%	1.5%	1.3%	1.3%	0.9%	0.6%
Property Taxes	**4.3%**	**3.3%**	**2.9%**	**3.1%**	**3.1%**	**2.5%**	**1.8%**
Home, Rent, Car–Individuals	2.9%	2.0%	1.9%	2.0%	2.0%	1.4%	0.5%
Other Property Taxes	1.4%	1.3%	1.0%	1.1%	1.1%	1.2%	1.3%
Income Taxes	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Personal Income Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Corporate Income Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Taxes	**0.7%**	**0.7%**	**0.5%**	**0.6%**	**0.6%**	**0.6%**	**0.7%**
TOTAL TAXES	**11.1%**	**8.9%**	**7.4%**	**6.9%**	**6.6%**	**5.0%**	**3.4%**

ITEP Tax Inequality Index

ITEP's Tax Inequality Index measures the effects of each state's tax system on income inequality. **According to this measure, Wyoming has the 11th most regressive state and local tax system in the country.** Income disparities are larger in Wyoming after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

Tax features driving the data in Wyoming

PROGRESSIVE

- Levies a business franchise tax
- Sales tax base excludes groceries

REGRESSIVE

- No refundable tax credits to offset sales, excise, and property taxes
- No personal income tax
- Does not levy a tax on estates or inheritances
- No corporate income tax

WhoPays?

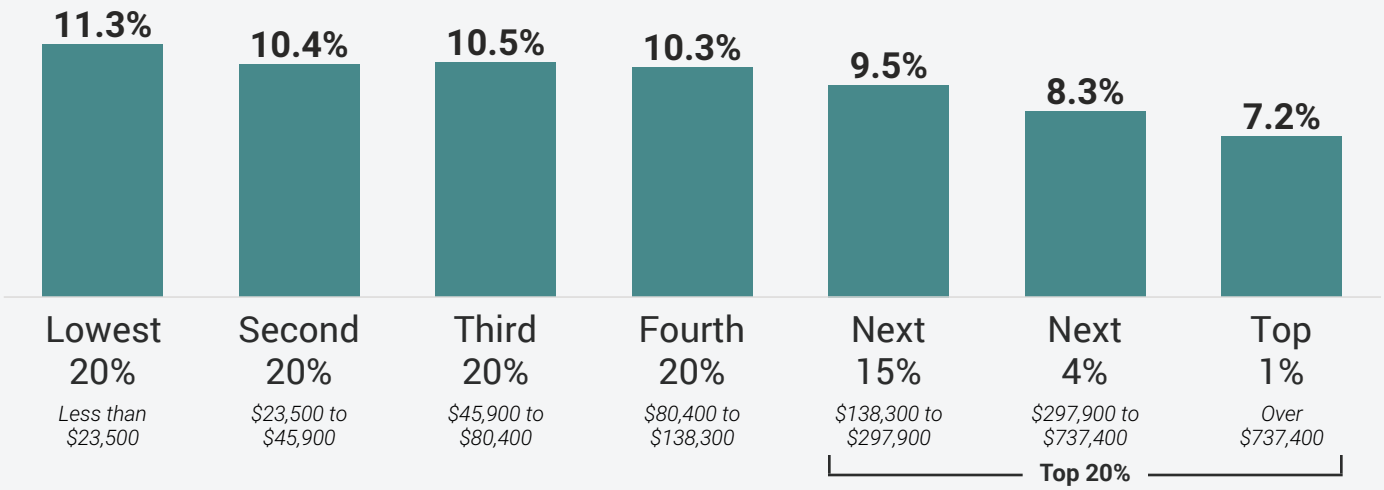
U. S. Average

State and local tax shares of family income

Total Taxes

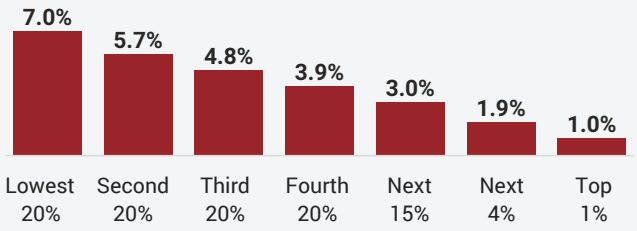
Share of family income

REGRESSIVE



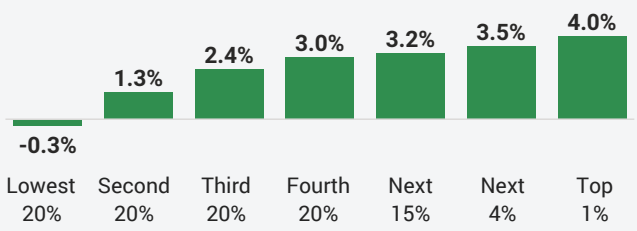
Sales & Excise Taxes

Share of family income



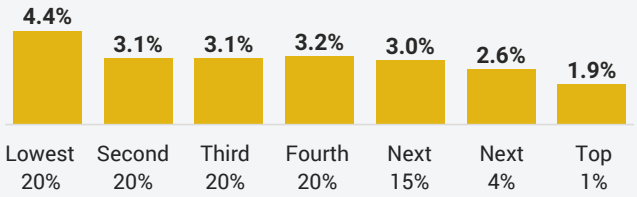
Personal Income Taxes

Share of family income



Property Taxes

Share of family income



Note: All figures and charts show 2024 state and local tax law, presented at 2023 income levels. These figures depict taxes paid by residents to their home states. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.7 percent) state and local tax revenue collected nationwide.

U. S. Average State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20% Next 15%	Top 20% Next 4%	Top 20% Top 1%
Income Range	Less than $23,500	$23,500 to $45,900	$45,900 to $80,400	$80,400 to $138,300	$138,300 to $297,900	$297,900 to $737,400	Over $737,400
Average Income in Group	$13,600	$34,700	$62,200	$108,100	$186,800	$428,800	$1,889,900
Sales & Excise Taxes	**7.0%**	**5.7%**	**4.8%**	**3.9%**	**3.0%**	**1.9%**	**1.0%**
General Sales–Individuals	3.3%	3.1%	2.7%	2.2%	1.7%	1.0%	0.3%
Other Sales & Excise–Ind.	2.1%	1.3%	0.9%	0.6%	0.4%	0.2%	0.1%
Sales & Excise–Business	1.5%	1.4%	1.2%	1.1%	0.9%	0.7%	0.7%
Property Taxes	**4.4%**	**3.1%**	**3.1%**	**3.2%**	**3.0%**	**2.6%**	**1.9%**
Home, Rent, Car–Individuals	3.8%	2.6%	2.6%	2.7%	2.5%	2.0%	0.6%
Other Property Taxes	0.6%	0.5%	0.5%	0.5%	0.5%	0.7%	1.3%
Income Taxes	**-0.2%**	**1.4%**	**2.4%**	**3.1%**	**3.3%**	**3.6%**	**4.1%**
Personal Income Taxes	-0.3%	1.3%	2.4%	3.0%	3.2%	3.5%	4.0%
Corporate Income Taxes	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Other Taxes	**0.2%**	**0.2%**	**0.2%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**
TOTAL TAXES	**11.3%**	**10.4%**	**10.5%**	**10.3%**	**9.5%**	**8.3%**	**7.2%**

ITEP Tax Inequality Index

ITEP's Tax Inequality Index measures the effects of each state's tax system on income inequality. States with negative Index values have regressive tax codes that widen income inequality. States with positive Index values do not add to income inequality and, in fact, actually lessen inequality between at least some groups. **The average state and local tax code receives an Index value of -3.8%, indicating that it worsens inequality.** (See the report methodology for additional detail.)

Ranking state and local tax systems from most to least regressive