

Comparison of 2003 Individual Income Tax Burdens by State

A Report Produced
Cooperatively by MTA
and Other Member
States of the
National Taxpayers
Conference



**MINNESOTA
TAXPAYERS
ASSOCIATION**

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For information contact:

Minnesota Taxpayers Association
85 East 7th Place, Suite 250
Saint Paul, Minnesota 55101
651-224-7477

Price: \$100 (first copy free to members of participating NTC member associations)

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About the Minnesota Taxpayers Association

The Minnesota Taxpayers Association was founded in 1926 for the purpose of disseminating factual information that will educate and inform all Minnesotans about Minnesota tax and spending policies. For seventy-nine years, the Association has advocated for the adoption of sound fiscal policies through its research efforts, publications, and meetings.

The Association is a non-profit, non-partisan group supported by membership dues. For information about membership, call (651) 224-7477, or visit our web site at www.mntax.org.

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The National Taxpayers Conference (NTC) is a private, nonprofit corporation whose members are the full-time chief executive officers of statewide associations devoted to the pursuit of objective and unbiased analysis of public finance issues. Each member association shares a common mission—to provide accurate, unbiased research on state and local taxation and spending policies in their respective states. Some NTC members focus on research; others combine research with active taxpayer advocacy through lobbying at the state and local level. All are available to answer your questions. The following NTC states contributed financially toward this study. If you have a question regarding a state's tax calculation, you may obtain information directly from these contacts:

Public Affairs Research Council of Alabama
Jim Williams, 205-726-2900

Arizona Tax Research Association
Kevin McCarthy, 602-253-9121

California Taxpayers Association
Larry McCarthy, 916-441-1619

Connecticut Public Expenditure Council
Michael Meotti, 860-722-2490 x 14

Associated Taxpayers of Idaho
Randy Nelson, 208-344-5581

Illinois Tax Foundation
Linda Brookhart, 217-522-6818

Iowa Taxpayers Association
Stacey Johnson, 515-243-0300

Montana Taxpayers Association
Mary Whittinghill, 406-442-1230

New Mexico Tax Research Institute
Jim Eads, (505) 228-7129

Ohio Public Expenditure Council
Rick Yokum, 614-221-7738

Rhode Island Public Expenditure Council
Gary Sasse, 401-521-6320

Texas Taxpayers and Research Association
Bill Allaway, 512-472-8838

Utah Taxpayers Association
Howard Stephenson, 801-972-8814

Wisconsin Taxpayers Alliance
Todd Berry, 608-241-9789

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Executive Summary

- This study compares Minnesota's 2003 individual income taxes with those of 41 other states and the District of Columbia and is a re-benchmarking of our 1997 and 1999 individual income tax studies, published in March of 1999 and February 2001 respectively. Calculations were made using H&R Block's tax year 2003 TaxCut 2003[®] software. Taxes were calculated on four filer types at four to ten different income levels ranging from \$10,000 to \$1,000,000. Assumptions about income, deductions, and credits that were used for this study were based on actual tax profiles generated by the Minnesota Department of Revenue from 2001 tax returns and adjusted using IRS data from Statistics of Income.
- The findings indicate that Minnesota's personal income tax still places a relatively high burden on high-income filers and negative tax burdens on low-income taxpayers, but that significant progress was made in both the 1999 and 2000 legislative sessions in reducing Minnesota's high income tax rankings reported in our 1997 study. This report supports a position that if further cuts are to be made, they should be proportionate cuts in all three income tax rates. Such cuts would reduce the effective tax rates for all income tax filers uniformly by the same percentage, favoring neither high-income nor low-income taxpayers, and preserving the current high degree of rate progressivity.
- Compared to other states, Minnesota's highest income tax ranking occurs for single filers with gross income of \$100,000 and seniors with \$50,000 of gross income. At \$100,000, Minnesota single filers pay the 7th highest income tax in the nation, up from 9th highest in 1999. Senior filers with \$50,000 of gross income also pay the 7th highest income tax in the nation for their status. (The highest ranking over all is for seniors with \$10,000 of income, 6th highest in the nation, but that is a tie ranking with 26 other states, all with zero tax liability). Table 1 summarizes the rankings of all filer types and income levels from both the 1999 and 2003 studies.
- The most recent aggregate ranking of Minnesota's income tax collections is for 2003, when Minnesota was 4th highest in total income tax collections. The difference between that higher ranking and that reported in this study is likely due to income types and amounts included in aggregate numbers that are not readily captured in specific examples such as those used in this study. Examples in this study include median amounts of income types, deductions, and capital gains. Large amounts of income present in the aggregate statewide numbers would not be reflected in our study.
- Of the income levels examined in this study, Minnesota's income tax ranks among the top ten states only at an income level of \$250,000 and above for married filers; at no income levels for head of household filers; at income levels of \$50,000 and above for single filers; and at income levels of \$10,000, \$35,000 and \$50,000 for married senior filers. The high ranking for seniors is due to the fact that Minnesota does not generally exclude retirement income, unlike many other states.
- At least one proposal to raise income tax rates that may be considered during the 2005 legislative session would increase the current top rate from 7.85% to 8.5% and add an additional higher rate of 10% or more beginning at taxable incomes of \$150,000 and up (FAGI of about \$200,000). If such a proposal were enacted, Minnesota's married filing joint tax rankings would increase from 10th, 10th, and 9th highest for incomes of \$250,000, \$500,000, and \$1 million respectively to 3rd, 1st, and 1st highest respectively. The resulting number one ranking for a married couple with \$500,000 income would be at least 6% higher than the current number one ranking for the District of Columbia. The tax resulting in the

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number one ranking for the \$1 million income example would be nearly 10% above California's current number one ranked tax burden.

Table 1. Minnesota's 1997, 1999, and 2003 Individual Income Tax Rank by Filer Type and Income

Married Joint, 2 dependents									
FAGI*	1997		1999		2003		% Change		
	Rank	Tax	Rank	Tax	Rank	Tax	from 1997	from 1999	
\$10,000	39	\$ (548)	41	\$ (840)	39	\$ (815)	-48.7%	3.0%	
\$20,000	40	(140)	41	(888)	42	(1,472)	-951.4%	-65.9%	
\$35,000	12	993	17	888	26	714	-28.1%	-19.6%	
\$50,000	9	1,993	14	1,773	21	1,491	-25.2%	-15.9%	
\$75,000	8	3,857	14	3,463	19	3,063	-20.6%	-11.6%	
\$100,000	6	5,621	11	5,061	18	4,567	-18.8%	-9.8%	
\$150,000	Data not available				14	8,040	n.a.	n.a.	
\$200,000	5	13,901	9	12,703	Data not available				
\$250,000	Data not available				10	15,910	n.a.	n.a.	
\$500,000	Data not available				10	36,202	n.a.	n.a.	
\$1,000,000	Data not available				9	76,192	n.a.	n.a.	
Head of Household**									
FAGI*	1997		1999		2003		% Change		
	Rank	Tax	Rank	Tax	Rank	Tax	from 1997	from 1999	
\$10,000	39	\$ (548)	41	\$ (840)	39	\$ (637)	-16.2%	24.2%	
\$20,000	35	70	41	(690)	40	(177)	-352.9%	74.4%	
\$35,000	11	1,185	38	520	22	1,174	-0.9%	125.8%	
\$50,000	9	2,285	16	2,046	17	2,010	-12.0%	-1.8%	
\$75,000	7	4,269	13	3,844	12	3,624	-15.1%	-5.7%	
\$100,000	7	6,085	11	5,490	12	5,269	-13.4%	-4.0%	
Single									
FAGI*	1997		1999		2003		% Change		
	Rank	Tax	Rank	Tax	Rank	Tax	from 1997	from 1999	
\$10,000	15	\$ 195	17	\$ 162	22	\$ 97	-50.3%	-40.1%	
\$20,000	10	795	16	712	19	655	-17.6%	-8.0%	
\$35,000	7	1,778	10	1,602	14	1,598	-10.1%	-0.3%	
\$50,000	7	2,938	10	2,653	11	2,430	-17.3%	-8.4%	
\$75,000	7	4,869	9	4,413	9	4,103	-15.7%	-7.0%	
\$100,000	7	6,909	9	6,333	7	5,997	-13.2%	-5.3%	
\$150,000	Data not available				10	9,785	n.a.	n.a.	
\$200,000	5	15,533	9	12,703	Data not available				
\$250,000	Data not available				9	17,850	n.a.	n.a.	
Married Joint Senior									
	1997		1999		2003		% Change		
	Rank	Tax	Rank	Tax	Rank	Tax	from 1997	from 1999	
\$10,000	Data not available				6***	\$ 0	n.a.	n.a.	
\$20,000	Data not available				14	136	n.a.	n.a.	
\$35,000	Data not available				10	939	n.a.	n.a.	
\$50,000	Data not available				7	1,823	n.a.	n.a.	

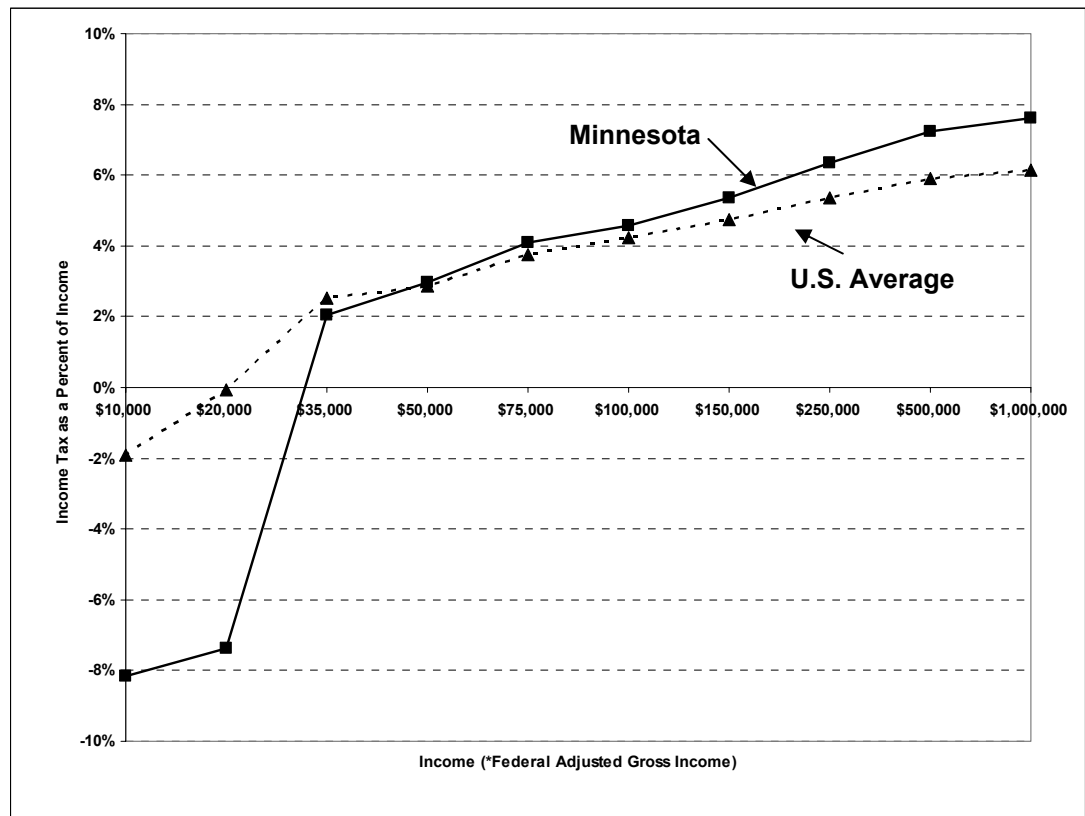
*FAGI--Federal Adjusted Gross Income

** Note: Because of changes in dependents claimed, the 1999 average Head of Household filer claimed 2 dependents, while the 2003 average filer claimed only 1.

***26 states besides Minnesota show no tax liability for seniors with \$10,000 of income and are thus tied for 6th highest.

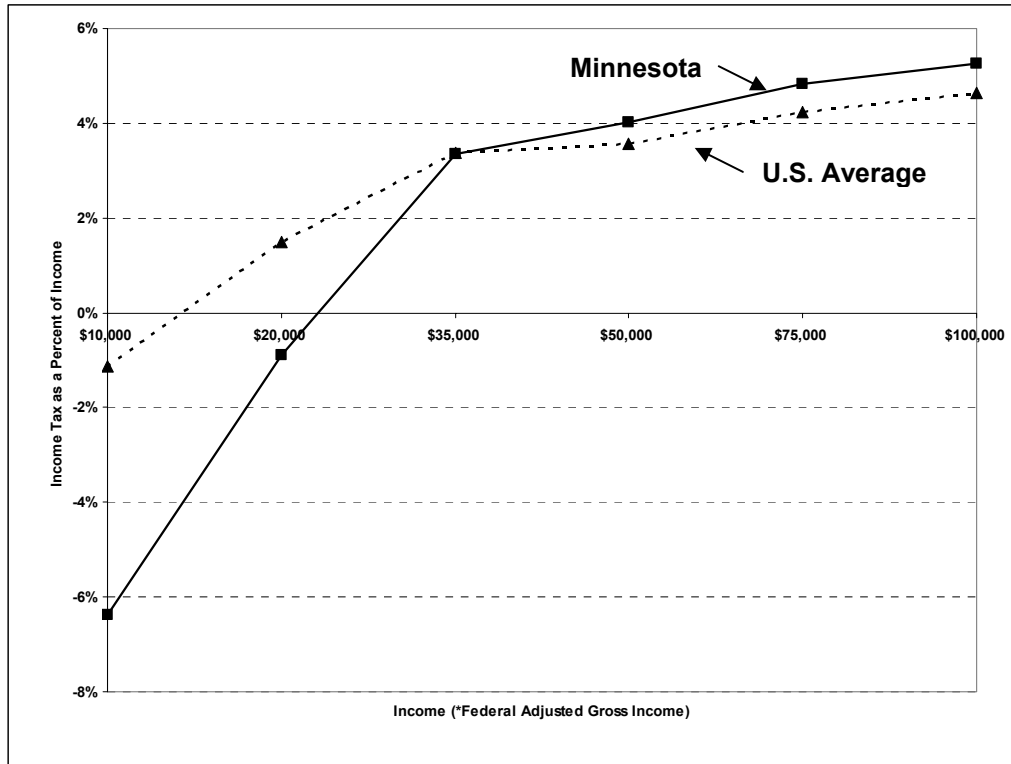
- Minnesota's income tax system is significantly more progressive than the average state income tax system (but was made slightly less progressive by the 1999 and 2000 changes). The charts below show the effective tax rates (taxes as a percent of income) at the various income levels by filer type with respect to the U.S. average for 2003. The pattern of Minnesota liabilities for married joint and head of household filers are similar to each other, and both pay much higher liabilities as a percent of their income at high incomes than at lower incomes. Patterns for those filer types in the charts below also clearly show that lower income Minnesotans pay much less tax than average, while the higher incomes pay more than average. The pattern for singles and seniors is different, in that all liabilities for both in our study are above the U.S. average (except for the \$10,000 example for singles).

**Figure 1. Minnesota State Income Taxes as a Percent of Income*, 2003
Married Joint Filers, 2-Wage Earners (various wage splits)
2 Dependents (ages 3 and 5)**



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**Figure 2. Minnesota State Income Taxes as a Percent of Income*, 2003
Head of Household Filers,
1 Dependent (age 5)**



**Figure 3. Minnesota State Income Taxes as a Percent of Income*, 2003
Single Filers, No Dependents**

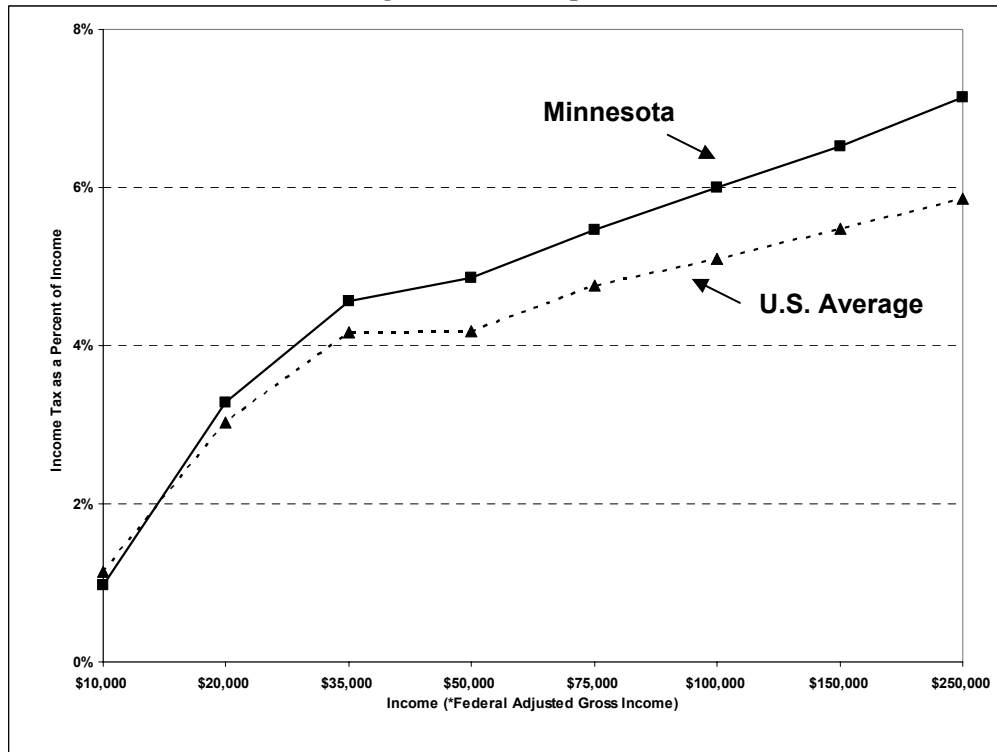
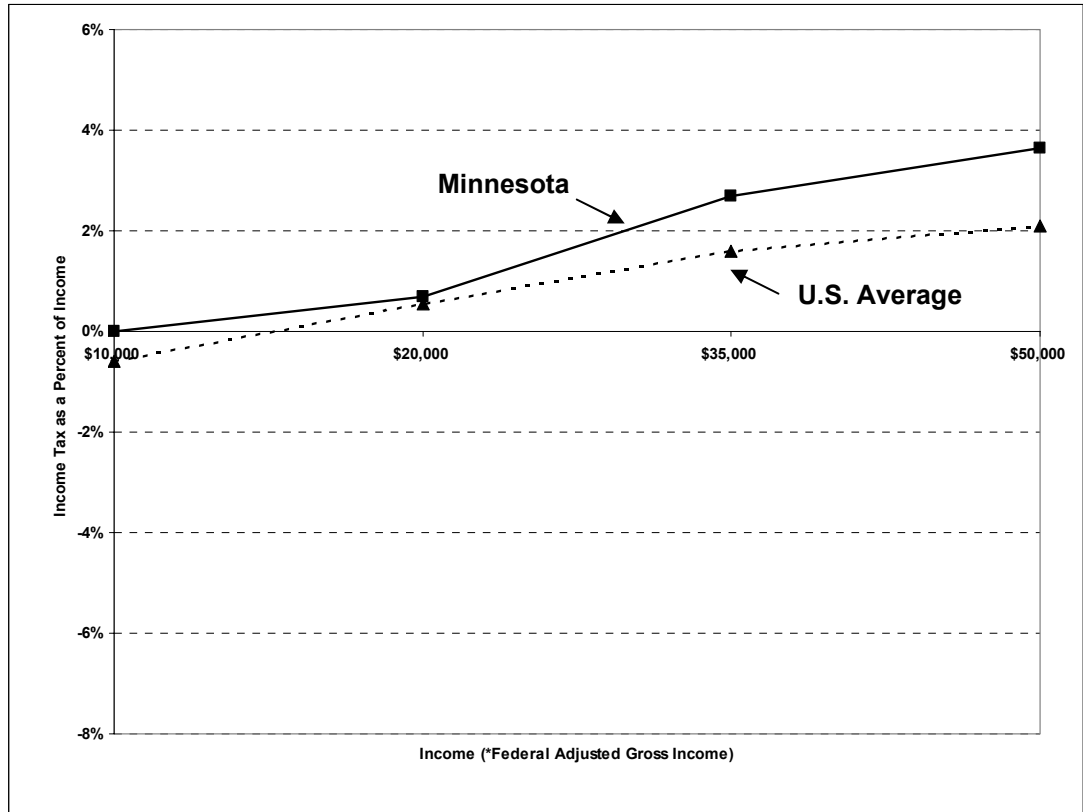


Figure 4. Minnesota State Income Taxes as a Percent of Income*, 2003
Senior Married Filers, No Dependents



- As a further measure of the relative progressivity of Minnesota’s income tax system, the following table shows the relationship between states’ income tax rank at \$10,000 of income versus each of the examples at \$150,000 and higher. (The larger the number, the more progressive is a state’s income tax system relative to other states.)

Table 2. Measure of Relative Progressivity of Income Tax Systems by Comparing Tax Rankings at Lower and Higher Incomes, Ten Most Progressive Income Tax States, Selected Incomes.

Married Filing Joint Returns							
\$10,000 vs. \$150,000		\$10,000 vs. \$250,000		\$10,000 vs. \$500,000		\$10,000 vs. \$1 million	
10 Most Progressive Income Tax States	Rank Gap*	10 Most Progressive Income Tax States	Rank Gap*	10 Most Progressive Income Tax States	Rank Gap*	10 Most Progressive Income Tax States	Rank Gap*
1. D.C.	36	1. D.C.	35	1. D.C.	36	1. D.C.	35
2. New York	33	2. New York	34	2. Vermont	34	2. Vermont	35
3. Maryland	29	3. MINNESOTA	29	3. MINNESOTA	29	3. MINNESOTA	30
4. Wisconsin	26	4. Maryland	28	4. New York	28	4. New York	30
5. MINNESOTA	25	5. Wisconsin	22	5. Maryland	24	5. Maryland	22
6. Hawaii	20	6. Hawaii	21	6. Hawaii	19	5. Wisconsin	22
7. Idaho	18	7. Idaho	19	6. Wisconsin	19	7. Rhode Island	21
7. Oklahoma	18	8. Kansas	15	8. Idaho	18	8. Hawaii	18
9. Kansas	17	9. Oklahoma	12	9. Kansas	16	9. Idaho	16
10. Vermont	13	10. Rhode Island	11	10. Oklahoma	13	10. Kansas	16

*"Rank Gap" refers to the difference between the state's relative ranking at \$10,000 versus the higher income examples shown. For example, Minnesota's ranking for married filing joint returns at \$10,000 is 39th highest, and at \$150,000 it is 14th highest. 39 minus 14 = 25, the fifth largest gap between those two examples of the 42 states.

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I. Introduction

This study provides a comparison of Minnesota's 2003 individual income tax burdens with those of 41 other states and the District of Columbia. It is a complete revision of our 1997 and 1999 burden studies, in which we used assumptions about income and deductions based on aggregate data from actual 1996 tax returns. The assumptions used in this study were developed using aggregate data from actual 2001 tax returns, and in a few cases, sample data from 2000 tax returns. This report uses H&R Block's tax year 2003 TaxCut 2003[®] software to calculate the tax liability for four different filer types at four to ten different income levels in each of the 41 states with significant income taxes and the District of Columbia.

In making the calculations, a standard set of assumptions were made for each filer type and, in some cases, the Minnesota tax return data was adjusted to more accurately determine the actual tax that would be paid in the other states. These adjustments are described in the paper.

Why Do Rankings Matter?

In today's world of increased mobility and competition for economic development, states are increasingly watching each other. They must balance the need to provide the high-quality public services and infrastructure improvements needed to encourage economic growth with the need to be fiscally competitive. States that fail to provide adequate services and public investments are likely to lose ground to those that do. On the other hand, if they don't control costs and let their tax burdens rise too far above those of other states, they could lose their competitive edge and fail to attract the kind of jobs and workers needed for long-term prosperity. The tax rankings provided in this report combined with other tax and spending measures can help policy makers assess the state's competitive position.

The rankings provided in this report also give us information about how our income tax treats taxpayers at different income levels, that is, the progressivity or "vertical equity" of our income tax.

Our findings that Minnesota's income tax is among the country's most progressive state income taxes is relevant to the debate about what form further income tax rate reductions should take. Except for singles and senior citizens filing jointly, Minnesotans with incomes of \$35,000 or less pay taxes roughly equal to the U.S. average or much lower, while those with higher incomes pay significantly above the U.S. average. Cuts that continue to favor lower income taxpayers will result in an even more progressive income tax system, with its inherent instability and lack of accountability.

Measuring the Burden of the Income Tax

There are three ways to look at relative income tax burdens. The first is to compare aggregate income tax collections. The latest such data that include both state and local income taxes, comparable to this study, are provided by the U.S. Department of Commerce for fiscal year 2002. In that year, Minnesota's individual income tax collections ranked 5th highest per capita at \$1,083.25, 53.8% above the U.S. average (27.8% above the average for the 43 states with an income tax), and 7th per \$1,000 of personal income at \$33.03, 41.3% above the U.S. average (18.6% above the 43-state average). See Table 3 on the next page.

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Table 3. Fiscal Year 2002 State and Local Individual Income Tax Collections, Amounts and Rank

Individual Income Tax Collections- State & Local FY2002				
State	Per Capita		Per \$1,000 of Income	
	Amount	Rank	Amount	Rank
Alabama	\$474.78	38	\$19.44	37
Alaska	-	-	-	-
Arizona	384.24	40	15.22	41
Arkansas	578.66	33	25.54	21
California	944.14	10	29.25	15
Colorado	772.22	18	23.45	29
Connecticut	1,065.41	6	25.32	22
Delaware	947.16	9	29.79	13
D.C.	1,668.15	1	40.80	2
Florida	-	-	-	-
Georgia	759.32	21	27.06	17
Hawaii	895.72	13	31.20	11
Idaho	627.23	30	26.03	19
Illinois	593.63	32	18.09	38
Indiana	669.36	25	24.44	26
Iowa	618.01	31	22.73	34
Kansas	683.94	24	24.14	27
Kentucky	854.85	15	34.54	6
Louisiana	399.67	39	16.36	39
Maine	828.46	16	31.11	12
Maryland	1,402.35	3	40.23	3
Massachusetts	1,232.16	4	31.81	9
Michigan	656.95	28	22.25	35
MINNESOTA	1,083.25	5	33.03	7
Mississippi	343.61	41	15.91	40
Missouri	692.87	22	24.69	25
Montana	568.76	36	23.78	28
Nebraska	667.50	26	23.24	32
Nevada	-	-	-	-
New Hampshire	56.07	43	1.67	43
New Jersey	800.85	17	20.89	36
New Mexico	530.72	37	23.26	31
New York	1,578.75	2	44.12	1
North Carolina	874.70	14	32.42	8
North Dakota	314.81	42	12.15	42
Ohio	1,033.72	8	36.08	5
Oklahoma	655.05	29	26.41	18
Oregon	1,044.02	7	37.49	4
Pennsylvania	771.34	19	25.13	23
Rhode Island	771.09	20	25.69	20
South Carolina	572.42	35	23.28	30
South Dakota	-	-	-	-
Tennessee	25.27	44	0.95	44
Texas	0.00	45	0.00	45
Utah	692.24	23	29.31	14
Vermont	662.07	27	23.14	33
Virginia	920.83	11	28.84	16
Washington	-	-	-	-
West Virginia	573.22	34	25.13	24
Wisconsin	914.27	12	31.51	10
Wyoming	-	-	-	-
U.S. Average	\$704.43		\$23.38	
44-State Avg.	\$847.32		\$27.85	
Minnesota History				
1996	887.84	6	37.43	5
1997	1,028.18	5	39.15	6
1998	1,005.25	8	36.78	9
1999	1,111.02	6	38.05	6
2000 (2001 not avail.)	1,127.73	6	37.76	5

Note: New Hampshire and Tennessee have small income tax systems and are not included in this study.
Source: U.S. Census Bureau Government Finances, calculations by MTA.

Aggregate collections data provide an important overall measure of a state's tax burden, but they provide no information about the distribution of the tax burden across income classes. For this information, we rely on two other sources of information on who pays the income tax. One is a recent report prepared by Citizens for Tax Justice and the Institute on Taxation and Economic Policy published in January of 2003. Using data from 2002 federal income tax returns, this report compares the "incidence" of the personal income tax by income class across the 50 states. Table 4 below shows the incidence of the Minnesota individual income tax by population quintiles for tax year 2002.

Table 4. Personal Income Tax as a Share of Family Income, 2002							
(Non-Elderly Married Couples)							
	Bottom 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	Top 1%
MINNESOTA	0.4	2.5	3.5	4.2	4.8	5.5	6.5
Illinois	1.5	2.1	2.3	2.3	2.4	2.5	2.6
Iowa	0.7	2.7	3.2	3.7	4.0	4.2	5.1
N. Dakota	0.3	0.8	1.2	1.4	1.8	2.0	3.3
S. Dakota	-	-	-	-	-	-	-
Wisconsin	0.5	2.7	3.7	4.2	4.9	5.2	5.0
U.S. Average	0.5	1.6	2.2	2.7	3.2	3.7	4.5

Source: Who Pays? A Distributional Analysis of the Tax Systems of all 50 States, 2nd Edition, Citizens for Tax Justice and the Institute on Taxation & Economic Policy, January 2003

It is clear from the table that compared to our neighboring states Minnesota's personal income tax is relatively low for the lowest quintile, and relatively high at the highest incomes. In the first quintile, Minnesota's burden of 0.4% of family income is below the average state rate of 0.5%, and below three of the four neighboring states with an income tax. From the second quintile up, the Minnesota burden is well above the U.S. average, ranging from 56% to 59% higher and somewhere near 50% in the fifth decile (the percentages are 50%, 49%, and 44% above the U.S. average for the last three columns of Table 4). Though the definitions of income are not comparable, the pattern of effective tax rates across the income levels for Minnesota are similar to those reported in the 2003 Tax Incidence Study prepared by the Minnesota Department of Revenue for taxes paid in 2000.

Studies like this one provide another way of looking at the distribution of the personal income tax. Instead of examining aggregate patterns of tax collections by income class, it looks at the actual taxes paid by hypothetical families using reasonable assumptions about sources of income, deductions, and credits taken.

One final note: the Minnesota Department of Revenue has prepared studies with conclusions similar to this one in past years, the most recent being for tax year 1994. While the general approach of their study is similar to this one, they are not strictly comparable because of differences in assumptions used.

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II. Methodology

As indicated above, this report calculates income tax burdens for tax year 2003 using H&R Block's TaxCut 2003[®] software and a set of assumptions about income, deductions, credits, and other tax provisions. In general the assumptions reflect actual data collected from actual 2001 income tax returns, and in some cases, a random sample of 2000 income tax returns maintained by the Minnesota Department of Revenue. For some data items (primarily property tax, mortgage interest, and charitable contribution deductions), adjustments were made when calculating other states' income taxes. We developed new assumptions for this study compared to the 1997 and 1999 studies, due to the four-year gap since the last study was conducted.

Filer Types, Income Levels and Profiles

To determine the assumptions used in this report, the Minnesota Department of Revenue provided taxpayer profiles for four filer types and four to ten income levels. The filer types profiled for this report are Minnesota residents with wage income, no taxes paid to another state, and who are not claimed as a dependent on another tax return. Profile data was provided for single filers, married joint filers with two dependents, head of household filers with 0-2 dependents (the sample size was too small to provide data for two dependents only), and senior citizens (aged 65 and older) filing jointly. For the married filing joint and senior calculations, incomes are assumed to be earned by the two spouses in a split as suggested by actual wage splits on married joint returns, varying by income (ranging from 100%/0% for the \$10,000 senior example to 65%/35% for the \$100,000 non-senior example).

For married filers, the ten gross incomes selected for study are \$10,000, \$20,000, \$35,000, \$50,000, \$75,000, \$100,000, \$150,000, \$250,000, \$500,000, and \$1,000,000. For singles, the top two incomes were excluded, while for heads of households, the top four were excluded. For seniors, only the lowest four incomes were studied. Higher income levels were deleted because of small sample size problems. 2001 income tax returns were aggregated and median values provided by assuming some range of income around each of the income levels used. Table 5 on page 6 shows the distribution of filers for tax year 2000, the year closest to those used to develop a profile that is readily available. The Minnesota profiles for different types of income reported were used for all states in the study.

Itemizers and the 50% Rule

Separate profile data was provided for itemizers and non-itemizers. If more than 50% of filers at a given income level itemized deductions, profile data for itemizers was used to determine assumptions, and conversely, if less than 50% itemized, profiles for non-itemizers were used. The data shows that at \$35,000 and under taxpayers tend to be non-itemizers. Consequently, we assume taxpayers use the standard deduction at and below \$35,000, and itemize starting at \$50,000 of gross income. Moreover, the data also indicates that all senior citizens filing jointly should be considered non-itemizers.

The 50% rule was used for all line items of the return. For all filer types, whenever fewer than 50% of filers at a given income level reported data for a given line item, that line item was assumed to be zero. Median values for each item passing the 50% rule were used in this study.

III. Methodology

Table 5. Estimated Distribution of Income Tax Filers Studied in This Report Tax Year 2000				
Federal Adjusted Gross Income	Number of Filers		Total Tax Liability (\$000s)	Average Tax (\$)
	All Filers	Filers with Tax		
Single				
Under \$5,000	38,134	280	\$ 31	\$ 110
\$ 5,000- 9,999	64,264	35,039	2,624	75
10,000- 14,999	73,787	72,040	19,034	264
15,000- 19,999	83,601	82,587	43,522	527
20,000- 24,999	85,437	84,275	66,650	791
25,000- 34,999	145,744	145,530	176,701	1,214
35,000- 49,999	115,827	115,546	224,872	1,946
50,000- 74,999	60,686	60,606	184,171	3,039
75,000- 99,999	14,379	14,379	69,760	4,852
100,000- 149,999	6,412	6,412	46,947	7,322
150,000- 199,999	2,244	2,244	24,005	10,700
200,000- 499,999	2,475	2,471	47,611	19,269
500,000 and over	784	768	81,362	105,906
Total	693,773	622,176	\$987,290	\$ 1,587
Married Joint, Two Dependents				
Under \$5,000	220	0	\$ 0	\$ 0
\$ 5,000 – 9,999	1,102	0	0	0
10,000 – 14,999	1,543	0	0	0
15,000 – 19,999	2,535	441	14	31
20,000 – 24,999	6,282	5,621	1,249	222
25,000 – 34,999	12,233	11,351	6,547	577
35,000 – 49,999	30,107	29,887	36,445	1,219
50,000 – 74,999	70,026	70,026	160,421	2,291
75,000 – 99,999	43,621	43,621	161,505	3,702
100,000 – 149,999	28,884	28,808	169,929	5,899
150,000 – 199,999	9,288	9,288	90,164	9,707
200,000 – 499,999	8,837	8,836	158,942	17,987
500,000 and over	1,922	1,918	186,069	97,031
Total	216,601	209,797	\$971,285	\$ 4,630
Head of Household, Two Dependents				
Under \$5,000	3,236	0	\$ 0	\$ 0
\$ 5,000- 9,999	4,314	0	0	0
10,000- 14,999	7,116	210	0	2
15,000- 19,999	7,325	7,325	1,103	151
20,000- 24,999	5,960	5,959	2,258	379
25,000- 34,999	8,405	8,405	5,917	704
35,000- 49,999	6,537	6,327	8,150	1,288
50,000- 74,999	2,497	2,497	5,990	2,399
75,000- 99,999	926	926	3,676	3,968
100,000- 149,999	193	193	1,336	6,912
150,000- 199,999	129	129	1,387	10,765
200,000- 499,999	60	59	1,782	30,417
500,000 and over	19	19	1,343	69,112
Total	46,717	32,049	\$32,943	\$ 1,028

Source: MN Dept. of Revenue, 2000 Sample. Data for residents with wage income only, not a dependent, and FAGI greater than zero.

Other Assumptions

All calculations, except those for senior citizens filing jointly, assume taxpayers are less than 65 years of age. As indicated above, any tax provision used by at least 50% of the filers in the Minnesota Revenue sample is included in this study. We also asked our sister organizations in the National Taxpayers Conference to alert us to any provisions in their state for which the 50% rule would hold and where special additional assumptions are needed. No such provisions have come to light. If taxpayers are qualified for certain provisions, the TaxCut 2003[®] software includes the provision if relevant data are entered into the program.

Circuit Breakers and Other Property Tax Relief and Rebates

Property tax relief provisions which were included on states' income tax returns and which were not simply one-time features, according to Commerce Clearing House's All States Tax Guide, were included as part of the income tax calculations. Minnesota's 1997 property tax rebate was not included in our earlier 1997 study, for example, because it was a one-time reduction. Rent assumptions, where necessary to be made, were based primarily on the renter's rebate information from Wisconsin. Separate data for New Jersey's rent credit was available from that state's program. The only exception was for Hawaii, for which no summary rent data was available. However, sensitivity analysis concluded that rent credits only marginally affected taxes payable. Hawaii's rankings for all filers and income levels remained unchanged regardless of whether rent credits were included on the return. To be conservative, we included the maximum possible rent credits for Hawaii taxpayers. In no case was a rent credit calculated for a state if less than 50% of the filers were eligible.

Adjustments for Other States

By necessity, this study calculates each state's income tax using Minnesota taxpayer profiles. Doing this poses an unavoidable dilemma. On one hand, holding the data constant gives a more accurate comparison of the income tax structures in each state. But on the other hand, some of the tax amounts may deviate from what would actually be paid in the other states. For example, for a Minnesota married joint filer with gross income of \$75,000 we assign a median real property tax deduction of \$1,780. This comes directly from the Department of Revenue profiles. However, we know this deduction amount will vary from state to state because of differences in median home values and effective property tax rates.

Though it can be argued that use of the \$1,780 deduction in all states for this filer would give a more accurate picture of the differences among tax codes of the various states, it is also true that failure to adjust data for known differences across the states will give misleading results in terms of actual taxes paid.

To avoid misleading users of the report, adjustments were made to four itemized deduction amounts—the state income tax deduction (derived by calculating the actual income tax liability, see the next paragraph), the property tax deduction, the mortgage interest deduction, and the charitable contribution deduction. These deduction amounts were adjusted using state-specific data primarily from the *SOI Statistics of Income Bulletin* from the Internal Revenue Service for Spring, 2003.

The itemized deduction for state income taxes was determined by an iterative process within TaxCut 2003[®]. Initially, an estimate of the state income tax amount was used in calculating

III. Methodology

the federal income tax. Then the state income tax was calculated based on the federal tax return data. The resulting net state income tax amount was then used to recalculate the federal tax, and so on. Usually within one or two iterations the state income tax amount on both the federal and state tax returns converged to within a few dollars. For almost all calculations, income taxes withheld were set equal to the final income tax liability so that no refunds, balance due amounts or payment penalties existed. In very few cases, convergence was not possible, and in those cases, the return was manipulated to come as close to convergence as possible. Sensitivity analysis indicated that although non-convergence affected final taxes paid by \$1 to \$5, in no cases did non-convergence affect a state's ranking.

Minnesota's real property tax, mortgage interest, and charitable contributions deductions were adjusted on other states' returns using an index of each of those deductions (Minnesota amount = 100) from SOI's *Statistics of Income* cited above. The index was created by comparing the average amount per return of each deduction for income ranges closest to the examples used in this study for each state to the same average for Minnesota filers. The category "other deductions" was not adjusted by such an index. In each state, these adjustments directly affected the total itemized deduction amount used. "Other deductions" were held constant at the Minnesota level.

III. Conclusion

This study provides insight into just how progressive the Minnesota income tax system is. It shows that (a) as expected, Minnesota taxes high-income taxpayers at a greater rate than low-income taxpayers; and (b) relative to other state income taxes, Minnesota's is one of the most progressive. At high incomes (\$150,000 and above), Minnesota's "rank gap" (see Table 2 on page v of the Executive Summary) is greater than for all but three of the other states and the District of Columbia at \$150,000 of income, and for all but New York (at \$250,000) or Vermont (at \$500,000 and \$1 million) and the District of Columbia for higher incomes.

In light of calls from some to raise tax revenues, the findings of this report do not support raising the rates on high incomes only. Such a selected increase would result in more progressivity in a tax that is already one of the most progressive in the country. Raising the tax for higher incomes would also forfeit some of the competitive advantage Minnesota has achieved in the last several years of rate cuts. At least one proposal that has been circulated would raise the current top rate to 8.5% and add a new top rate of at least 10% at \$150,000 of taxable income. If such a proposal would pass, Minnesota's rankings would move to the highest in the nation at \$500,000 and \$1 million of income, from at least 6% to nearly 10% higher than the next highest income tax burden.*

This study could be used to support raising tax rates relatively more at lower income levels than at higher income levels, though the politics of reducing progressivity are much more difficult than that of maintaining the status quo.

In any case, there is little evidence to support making the individual income tax more progressive when the individual income tax is considered by itself.*

* The proposal mentioned in the text does not change the income tax in isolation but in combination with cuts in business taxes and the sales tax rate, while expanding the sales tax base. Preliminary data suggests that the overall tax burden under the proposal would move Minnesota's tax system toward proportionality. However, the cost of doing so is high, with a number one ranking so far above the next highest income tax burden in the country.

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IV. State Income Tax Comparison Tables

Table 6. 2003 Income Tax Burdens for MARRIED FILING JOINTLY*, 2 WAGE EARNERS, 2 DEPENDENTS (ages 5 and 3)

STATE	\$10,000		\$20,000		\$35,000		\$50,000		\$75,000	
	Tax	Rank	Tax	Rank	Tax	Rank	Tax	Rank	Tax	Rank
Alabama	\$ 158	1	\$ 543	2	\$ 1,293	11	\$ 1,523	22	\$ 2,433	30
Arizona	(100)	28	(100)	34	460	36	808	38	1,540	39
Arkansas	-	5	441	4	1,391	7	2,133	5	3,833	5
California	-	5	- 21		-	42	85	42	1,285	40
Colorado	-	5	- 21		613	30	1,197	30	2,280	35
Connecticut	-	5	- 21		214	41	449	41	2,314	34
Delaware	-	5	- 21		757	23	1,314	26	2,564	28
District of Columbia	(687)	37	(83)	33	1,814	2	2,277	2	4,406	1
Georgia	(32)	25	136	17	979	19	1,363	25	2,665	25
Hawaii	(245)	32	270	10	1,471	6	1,573	20	3,166	17
Idaho	(70)	27	(70)	32	545	32	1,601	18	3,364	10
Illinois	(103)	29	206	14	810	22	1,195	31	1,934	38
Indiana	(174)	31	246	11	1,148	13	1,716	14	2,729	23
Iowa	-	5	223	12	1,534	4	2,140	4	3,814	6
Kansas	(776)	38	(431)	37	701	27	1,173	32	2,654	26
Kentucky	105	4	688	1	1,710	3	2,182	3	3,589	8
Louisiana	-	5	183	16	685	28	1,225	28	2,488	29
Maine	-	5		21	492	34	1,453	24	3,423	9
Maryland	(585)	35	(313)	35	1,504	5	2,116	6	3,907	3
Massachusetts	(488)	34	(316)	36	878	21	1,646	17	2,939	20
Michigan	(120)	30	283	9	1,148	13	1,891	10	3,128	18
MINNESOTA	(815)	39	(1,472)	42	714	26	1,491	23	3,063	19
Mississippi	-	5	12	20	620	29	1,155	33	2,334	33
Missouri	-	5	76	19	746	25	1,296	27	2,398	31
Montana (see note)	-	5	289	8	1,019	17	1,927	8	3,848	4
Nebraska	-	5	- 21		529	33	1,200	29	2,729	23
New Jersey	(650)	36	(618)	39	455	37	668	39	1,246	41
New Mexico	-	5	- 21		304	38	921	37	2,356	32
New York	(1,032)	40	(790)	40	749	24	1,558	21	3,208	16
North Carolina	-	5	122	18	1,022	16	1,732	13	3,353	11
North Dakota	-	5	- 21		280	39	595	40	1,195	42
Ohio	150	2	445	3	1,338	9	2,041	7	3,661	7
Oklahoma	(288)	33	192	15	1,313	10	1,789	11	3,328	12
Oregon	-	5	401	5	1,905	1	2,463	1	4,321	2
Pennsylvania	110	3	210	13	1,340	8	1,910	9	2,859	22
Rhode Island	(41)	26	(39)	31	558	31	1,021	35	1,970	36
South Carolina	-	5	- 21		243	40	1,075	34	2,654	26
Utah	-	5	- 21		903	20	1,746	12	3,255	14
Vermont	(1,040)	41	(988)	41	481	35	1,003	36	1,960	37
Virginia	-	5	374	7	1,096	15	1,578	19	2,890	21
West Virginia	-	5	382	6	990	18	1,697	15	3,232	15
Wisconsin	(1,099)	42	(442)	38	1,182	12	1,694	16	3,282	13
42 State Average	\$ (186)		\$ 1		\$ 903		\$ 1,468		\$ 2,848	

*For states which offered a combined filing status for separate reporting of each spouse's income, that option was used.
 Note: Some 58% of married couples file separately in MT. Taxes for that status rank 5th, 9th, 18th, 23rd, and 20th highest for incomes of \$10,000, \$20,000, \$35,000, \$50,000, and \$75,000 respectively, if used in place of the married joint tax burdens shown above.

V. State Income Tax Comparison Tables

Table 6 (continued). 2003, MARRIED FILING JOINTLY*, 2 DEPENDENTS

STATE	\$100,000		\$150,000		\$250,000		\$500,000		\$1,000,000	
	Tax	Rank	Tax	Rank	Tax	Rank	Tax	Rank	Tax	Rank
Alabama	\$ 3,268	37	\$ 4,878	39	\$ 8,109	41	\$ 12,266	41	\$ 32,140	41
Arizona	2,355	40	4,158	40	8,541	39	20,356	38	44,708	37
Arkansas	5,443	7	8,698	8	15,594	14	32,834	16	69,317	15
California	2,994	38	7,113	23	15,714	12	40,229	3	88,255	1
Colorado	3,349	36	5,464	37	10,161	36	22,023	35	45,040	36
Connecticut	4,157	23	6,925	25	12,100	27	24,600	32	49,600	32
Delaware	3,885	28	6,297	31	11,961	29	26,093	30	54,521	30
District of Columbia	6,392	1	10,561	1	19,075	2	41,858	1	87,650	2
Georgia	3,925	26	6,510	29	12,074	28	26,315	29	54,971	29
Hawaii	4,829	14	8,266	12	15,731	11	35,102	13	73,778	14
Idaho	5,115	10	8,669	9	16,541	8	36,407	9	74,978	11
Illinois	2,670	39	4,127	41	7,113	42	14,555	42	29,512	42
Indiana	3,743	30	5,761	35	9,861	37	20,111	39	40,611	38
Iowa	5,444	6	8,469	11	14,612	16	30,096	21	59,478	23
Kansas	4,107	25	7,147	21	13,436	23	29,412	22	61,396	22
Kentucky	4,954	11	7,722	17	13,708	22	28,854	24	59,311	24
Louisiana	3,703	31	5,926	33	10,162	35	20,466	37	40,093	39
Maine	5,327	8	9,246	5	17,627	4	38,614	5	80,674	7
Maryland	5,639	4	9,140	6	16,600	7	35,629	11	73,891	13
Massachusetts	4,246	21	6,969	24	12,252	26	25,482	31	52,013	31
Michigan	4,364	19	6,841	26	11,791	31	24,166	33	48,916	33
MINNESOTA	4,567	18	8,040	14	15,910	10	36,202	10	76,192	9
Mississippi	3,476	34	5,779	34	10,564	34	22,947	34	47,720	35
Missouri	3,413	35	6,117	32	11,829	30	26,522	28	56,259	27
Montana (<i>see note</i>)	5,654	3	9,300	4	17,084	5	36,607	8	74,171	12
Nebraska	4,273	20	7,665	18	15,648	13	33,345	15	66,814	18
New Jersey	2,337	41	5,035	38	11,259	33	27,064	26	58,824	25
New Mexico	3,913	27	7,137	22	14,459	18	32,812	17	69,130	16
New York	4,919	12	8,926	7	16,799	6	35,593	12	75,095	10
North Carolina	5,197	9	8,553	10	16,487	9	37,308	6	78,181	8
North Dakota	2,068	42	3,806	42	8,410	40	21,069	36	47,850	34
Ohio	5,517	5	9,449	3	17,794	3	39,681	4	84,710	4
Oklahoma	4,814	15	7,832	15	14,185	21	30,596	20	61,626	21
Oregon	6,349	2	10,428	2	19,212	1	41,408	2	85,947	3
Pennsylvania	3,809	29	5,676	36	9,438	38	18,530	40	37,550	40
Rhode Island	3,490	33	6,467	30	15,430	15	35,066	14	81,274	5
South Carolina	4,148	24	7,337	20	14,451	19	32,326	18	67,071	17
Utah	4,664	17	7,356	19	13,384	24	28,366	25	56,878	26
Vermont	3,494	32	6,625	28	11,276	32	37,034	7	81,069	6
Virginia	4,168	22	6,787	27	12,499	25	26,776	27	55,389	28
West Virginia	4,857	13	8,105	13	14,605	17	30,855	19	63,335	19
Wisconsin	4,799	16	7,787	16	14,206	20	29,397	23	63,233	20
42 State Average	\$ 4,282		\$ 7,217		\$ 13,516		\$ 29,737		\$ 62,123	

*For states which offered a combined filing status for separate reporting of each spouse's income, that option was used.
 Note: Some 58% of married couples file separately in MT. Taxes for that status rank 18th, 15th, 14th, 13th, and 13th highest for incomes of \$100,000, \$250,000, \$500,000, \$1,000,000 respectively, if used in place of the married joint tax burdens shown above.

Table 7. 2003 Income Tax Burdens for HEAD OF HOUSEHOLD filers, 1 DEPENDENT (age 5)

State	\$10,000		\$20,000		\$35,000		\$50,000	
	Tax	Rank	Tax	Rank	Tax	Rank	Tax	Rank
Alabama	\$ 198	1	\$ 698	4	\$ 1,323	17	\$ 1,483	32
Arizona	(50)	32	26	33	588	38	952	39
Arkansas	-	11	574	8	1,555	7	2,168	10
California	-	11	-	35	12	42	432	42
Colorado	-	11	317	23	1,012	30	1,489	31
Connecticut	-	11	7	34	359	41	1,296	36
Delaware	-	11	366	18	1,157	24	1,534	29
District of Columbia	(443)	36	406	15	1,916	3	2,430	4
Georgia	15	8	463	14	1,363	14	1,681	27
Hawaii	3	10	622	6	1,778	4	1,880	22
Idaho	(30)	30	191	28	1,212	21	2,147	11
Illinois	53	7	403	16	930	33	1,380	34
Indiana	11	9	482	12	1,292	19	1,856	23
Iowa	-	11	364	19	1,407	13	2,018	15
Kansas	(598)	38	(32)	38	1,073	27	1,748	26
Kentucky	125	3	722	3	1,750	5	2,231	6
Louisiana	-	11	355	20	1,038	29	1,848	24
Maine	-	11	95	32	1,088	26	2,172	9
Maryland	(399)	35	-	35	1,966	2	2,598	1
Massachusetts	(382)	34	234	25	1,234	20	2,029	14
Michigan	85	5	566	9	1,432	12	2,174	8
MINNESOTA	(637)	39	(177)	40	1,174	22	2,010	17
Mississippi	-	11	234	25	955	32	1,442	33
Missouri	-	11	279	24	1,066	28	1,515	30
Montana	82	6	467	13	1,294	18	2,070	13
Nebraska	-	11	227	27	824	34	1,607	28
New Jersey	(509)	37	(308)	42	499	39	762	40
New Mexico	-	11	116	30	736	37	1,372	35
New York	(818)	42	(121)	39	1,110	25	2,076	12
North Carolina	-	11	563	10	1,549	8	2,214	7
North Dakota	-	11	145	29	460	40	738	41
Ohio	185	2	614	7	1,489	10	2,439	3
Oklahoma	(136)	33	380	17	1,457	11	1,933	19
Oregon	-	11	835	1	2,100	1	2,586	2
Pennsylvania	110	4	770	2	1,340	15	1,910	21
Rhode Island	(32)	31	(6)	37	822	35	1,244	37
South Carolina	-	11	104	31	963	31	1,838	25
Utah	-	11	350	21	1,335	16	2,014	16
Vermont	(815)	41	(243)	41	790	36	1,219	38
Virginia	-	11	641	5	1,491	9	1,919	20
West Virginia	-	11	542	11	1,171	23	1,937	18
Wisconsin	(730)	40	334	22	1,673	6	2,346	5
42 State Average	\$ (112)		\$ 300		\$ 1,185		\$ 1,779	

V. State Income Tax Comparison Tables

Table 7. (continued) 2003, HEAD OF HOUSEHOLD, 1 DEPENDENT

State	\$75,000		\$100,000	
	Tax	Rank	Tax	Rank
Alabama	\$ 2,633	37	\$ 3,433	38
Arizona	1,679	40	2,522	41
Arkansas	3,830	8	5,410	10
California	2,066	39	4,177	29
Colorado	2,538	36	3,642	37
Connecticut	2,804	30	4,434	26
Delaware	2,745	31	4,108	32
District of Columbia	4,476	2	6,550	2
Georgia	2,959	26	4,267	27
Hawaii	3,466	16	5,269	12
Idaho	3,845	7	5,662	6
Illinois	2,130	38	2,792	39
Indiana	2,868	28	3,888	34
Iowa	3,472	15	5,026	16
Kansas	3,237	22	4,747	21
Kentucky	3,604	13	5,014	17
Louisiana	3,031	25	4,151	30
Maine	4,161	4	6,125	3
Maryland	4,327	3	6,121	4
Massachusetts	3,353	21	4,676	22
Michigan	3,412	20	4,649	23
MINNESOTA	3,624	12	5,269	12
Mississippi	2,594	35	3,652	36
Missouri	2,700	32	4,044	33
Montana	3,792	9	5,510	8
Nebraska	3,197	24	4,802	20
New Jersey	1,308	42	2,764	40
New Mexico	2,898	27	4,523	25
New York	3,699	11	5,315	11
North Carolina	3,785	10	5,556	7
North Dakota	1,578	41	2,429	42
Ohio	4,113	5	5,861	5
Oklahoma	3,439	17	4,973	18
Oregon	4,562	1	6,668	1
Pennsylvania	2,860	29	3,771	35
Rhode Island	2,619	34	4,119	31
South Carolina	3,420	19	5,030	15
Utah	3,429	18	4,841	19
Vermont	2,651	33	4,240	28
Virginia	3,211	23	4,533	24
West Virginia	3,492	14	5,117	14
Wisconsin	3,893	6	5,421	9
42 State Average	\$ 3,170		\$ 4,635	

Table 8. 2003 Income Tax Burdens for SINGLE filers, NO DEPENDENTS

STATE	\$10,000		\$20,000		\$35,000		\$50,000		\$75,000	
	<u>Tax</u>	<u>Rank</u>	<u>Tax</u>	<u>Rank</u>	<u>Tax</u>	<u>Rank</u>	<u>Tax</u>	<u>Rank</u>	<u>Tax</u>	<u>Rank</u>
Alabama	\$273	5	\$713	12	\$1,318	26	\$1,518	38	\$2,318	39
Arizona	46	32	411	36	912	40	1,258	40	2,208	40
Arkansas	74	23	614	21	1,595	15	2,323	18	4,034	12
California	-	38	192	41	1,062	35	1,638	37	3,777	17
Colorado	100	20	563	23	1,257	30	1,739	30	2,829	37
Connecticut	-	38	146	42	1,281	27	1,719	33	3,304	29
Delaware	25	36	476	30	1,267	28	1,739	30	3,000	32
District of Columbia	308	4	997	3	2,151	3	2,881	3	5,029	2
Georgia	126	18	713	12	1,613	13	2,027	24	3,359	27
Hawaii	208	11	886	5	2,040	4	2,340	16	4,099	10
Idaho	48	31	704	14	1,835	7	2,751	5	4,592	5
Illinois	235	9	540	25	990	38	1,381	39	2,121	41
Indiana	261	7	677	17	1,394	24	1,907	27	2,981	33
Iowa	183	13	673	18	1,511	21	2,003	25	3,445	25
Kansas	153	15	517	27	1,448	23	2,145	19	3,681	21
Kentucky	135	17	739	9	1,770	8	2,352	15	3,769	18
Louisiana	108	19	405	37	1,043	36	1,778	29	2,931	34
Maine	44	34	554	24	1,762	9	2,841	4	4,881	3
Maryland	345	3	1,150	2	2,305	2	2,940	2	4,743	4
Massachusetts	186	12	807	7	1,574	17	2,368	13	3,690	20
Michigan	238	8	720	11	1,585	16	2,328	17	3,565	23
MINNESOTA	97	22	655	19	1,598	14	2,430	11	4,103	9
Mississippi	51	30	435	34	1,185	34	1,699	35	2,886	35
Missouri	62	25	475	31	1,240	31	1,685	36	3,004	31
Montana	183	13	605	22	1,703	12	2,134	20	3,866	15
Nebraska	64	24	421	35	1,226	32	2,091	21	3,727	19
New Jersey	-	38	216	40	525	42	1,117	41	2,498	38
New Mexico	37	35	324	38	1,186	33	1,882	28	3,553	24
New York	56	27	490	29	1,488	22	2,485	9	4,111	8
North Carolina	272	6	889	4	1,939	5	2,636	6	4,334	6
North Dakota	46	32	257	39	572	41	1,029	42	1,942	42
Ohio	223	10	680	16	1,565	18	2,524	7	4,198	7
Oklahoma	141	16	825	6	1,886	6	2,436	10	3,985	14
Oregon	404	1	1,192	1	2,362	1	3,064	1	5,161	1
Pennsylvania	390	2	770	8	1,340	25	1,910	26	2,859	36
Rhode Island	60	26	458	32	1,021	37	1,707	34	3,278	30
South Carolina	56	27	501	28	1,551	19	2,391	12	4,029	13
Utah	99	21	734	10	1,706	11	2,361	14	3,805	16
Vermont	52	29	441	33	981	39	1,724	32	3,337	28
Virginia	8	37	681	15	1,537	20	2,081	22	3,427	26
West Virginia	-	38	622	20	1,260	29	2,057	23	3,622	22
Wisconsin	(612)	42	519	26	1,718	10	2,498	8	4,096	11
42 State Average	\$114		\$604		\$1,460		\$2,093		\$3,576	

V. State Income Tax Comparison Tables

Table 8. (continued) 2003, SINGLE, NO DEPENDENTS

STATE	\$100,000		\$150,000		\$250,000	
	Tax	Rank	Tax	Rank	Tax	Rank
Alabama	\$3,163	40	\$4,883	41	\$8,169	41
Arizona	3,299	39	5,458	39	10,192	37
Arkansas	5,693	14	9,139	13	16,061	17
California	5,990	8	10,460	4	20,014	3
Colorado	3,967	37	6,191	36	10,898	35
Connecticut	4,624	30	7,300	29	12,300	32
Delaware	4,394	31	7,098	33	12,692	31
District of Columbia	7,206	2	11,602	2	20,465	2
Georgia	4,715	29	7,422	28	13,100	27
Hawaii	5,984	9	9,693	11	17,440	11
Idaho	6,472	5	10,214	6	18,069	7
Illinois	2,868	42	4,345	42	7,340	42
Indiana	4,002	36	6,034	37	10,131	38
Iowa	5,101	24	8,290	23	14,492	23
Kansas	5,239	20	8,334	22	14,743	22
Kentucky	5,224	21	8,108	25	14,176	24
Louisiana	4,075	34	6,303	35	10,463	36
Maine	6,913	3	10,985	3	19,429	4
Maryland	6,603	4	10,270	5	17,881	8
Massachusetts	5,014	25	7,664	26	12,964	30
Michigan	4,803	28	7,278	30	12,228	33
MINNESOTA	5,997	7	9,785	10	17,850	9
Mississippi	4,102	33	6,479	34	11,373	34
Missouri	4,390	32	7,234	31	13,092	28
Montana	5,708	12	9,571	12	17,416	12
Nebraska	5,402	17	8,837	16	16,352	15
New Jersey	4,054	35	7,198	32	13,043	29
New Mexico	5,209	22	8,686	19	16,020	18
New York	5,776	11	9,919	9	17,573	10
North Carolina	6,188	6	9,973	8	18,303	6
North Dakota	2,893	41	4,905	40	9,691	39
Ohio	5,965	10	10,132	7	18,692	5
Oklahoma	5,567	16	8,718	18	15,175	19
Oregon	7,340	1	11,618	1	20,541	1
Pennsylvania	3,778	38	5,665	38	9,377	40
Rhode Island	4,907	26	8,370	21	16,396	14
South Carolina	5,702	13	9,064	14	16,154	16
Utah	5,299	18	8,190	24	14,133	25
Vermont	5,141	23	8,942	15	17,398	13
Virginia	4,804	27	7,544	27	13,328	26
West Virginia	5,247	19	8,495	20	14,995	20
Wisconsin	5,581	15	8,729	17	14,974	21
42 State Average	\$5,105		\$8,217		\$14,646	

Table 9. 2003 Income Tax Burdens for MARRIED SENIORS FILING JOINTLY, NO DEPENDENTS

STATE	\$10,000		\$20,000		\$35,000		\$50,000	
	<u>Tax</u>	<u>Rank</u>	<u>Tax</u>	<u>Rank</u>	<u>Tax</u>	<u>Rank</u>	<u>Tax</u>	<u>Rank</u>
Alabama	\$182	1	\$558	5	\$1,023	8	\$1,048	22
Arizona	(50)	35	(29)	40	415	25	688	27
Arkansas	-	6	143	13	714	15	887	25
California	-	6 -		25	49	34	343	34
Colorado	-	6 -		25	7	36	211	38
Connecticut	-	6	-	25 - 37 - 40				
Delaware	-	6 -		25	206	29	665	30
District of Columbia	-	6	442	8	1,717	1	2,495	1
Georgia	(32)	33	-25		31	35	144	39
Hawaii	(32)	33	179	11	766	13	1,202	17
Idaho	(60)	36	(13)	39	566	20	1,230	16
Illinois	-	6	2	24	266	28	399	33
Indiana	172	2	582	3	1,031	7	1,445	11
Iowa	-	6 -		25	608	19	1,339	13
Kansas	(144)	38	212	10	809	12	1,558	10
Kentucky	24	5	54	19	533	21	848	26
Louisiana	-	6	-	25 - 37			325	35
Maine	-	6	89	17	483	23	1,082	21
Maryland	-	6	734	1	1,428	3	2,108	4
Massachusetts	-	6	580	4	1,194	4	1,318	14
Michigan	(984)	41	(491)	41	377	26	917	24
MINNESOTA	-	6	136	14	939	10	1,823	7
Mississippi	-	6	12	22	418	24	559	32
Missouri	(347)	40	-25		187	30	1,185	18
Montana	-	6	255	9	922	11	2,119	3
Nebraska	-	6	123	15	659	18	1,352	12
New Jersey	-	6	-	25 - 37 - 40				
New Mexico	-	6 -		25	93	33	1,155	19
New York	-	6 -		25	121	32	297	36
North Carolina	-	6	500	7	1,157	6	1,774	8
North Dakota	-	6	53	20	368	27	683	28
Ohio	104	3	116	16	696	16	1,103	20
Oklahoma	-	6	52	21	529	22	1,030	23
Oregon	-	6	632	2	1,479	2	2,163	2
Pennsylvania	80	4	87	18	665	17	656	31
Rhode Island	-	6	153	12	715	14	1,278	15
South Carolina	-	6	-	25 - 37 - 40				
Utah	-	6 -		25	144	31	1,574	9
Vermont	(1,184)	42	(1,044)	42	(64)	42	676	29
Virginia	-	6	-	25 - 37			263	37
West Virginia	(148)	39	542	6	1,171	5	1,937	6
Wisconsin	(68)	37	10	23	993	9	1,970	5
42 State Average	\$ (59)		\$111		\$558		\$1,044	

V. State Income Tax Comparison Tables

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Minnesota Taxpayers Association
85 East 7th Place
Suite 250
Saint Paul, Minnesota 55101
www.mntax.org