

COMPARISON OF TAX STRUCTURES IN LOUISIANA AND STATES WITH AND WITHOUT INCOME TAXES

ECONOMIC ADVISORY SERVICES

Informational Report
Issued December 12, 2022

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December 12, 2022

The Honorable Patrick Page Cortez,
President of the Senate
The Honorable Clay Schexnayder,
Speaker of the House of Representatives

Dear Senator Cortez and Representative Schexnayder:

This report provides the results of our analysis comparing tax structures in Louisiana and states with and without individual income taxes. The purpose of this report was to provide information relevant to the House Ways and Means Committee in support of their work related to House Resolution 178 of the 2022 Regular Legislative Session. I hope this report will benefit you in your legislative decision-making process.

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

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TAX STRUCTURE INFORMATIONAL BRIEF





Informational Report Comparison of Tax Structures in Louisiana and States With and Without Income Taxes

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Economic Advisory Services – December 2022

Background

Louisiana is one of 42 states (including the District of Columbia) that levy an individual income tax (IIT) and one of 46 states that levy a corporation income tax (CIT). House Resolution (HR) 178 of the 2022 Regular Legislative Session directs the House Ways and Means Committee to study the state's tax structure, including state tax exemptions and credits, and to make recommendations concerning eliminating the state's individual and corporation income taxes. The resolution says that the legislative auditor and other state agencies shall provide any necessary support to carry out the purpose of the resolution. This report provides background information on Louisiana's income tax and a comparison of state and local government revenue structures between Louisiana and other states.

Why We Compiled This Informational Report

We compiled this information in response to HR 178 of the 2022 Regular Legislative Session to provide information to the House Ways and Means Committee to assist with studying the state's tax structure.

Louisiana's IIT generated an estimated \$4.4 billion in fiscal year (FY) 2022, while the state's CIT generated an estimated \$672.8 million,¹ collectively accounting for 35.5% of the \$14.4 billion in taxes, licenses, and fees included in the state's official revenue forecast. Both taxes were first enacted by Act 21 of the 1934 Regular Legislative Session as a means of providing for property tax relief, specifically to pay for the newly-created homestead exemption.² The dollar amounts for the tax brackets and exemptions have been modified over the years, but, until the changes that took effect in 2022, the rates for the IIT remained the same, at 2%, 4%, and 6%. Because of inflation and general economic growth, the amount of IIT and CIT collected has increased from \$0.95 in taxes out of \$289 in personal income per

¹ The Revenue Estimating Conference (REC) did not separately estimate corporation income taxes from corporation franchise taxes in its May 9, 2022 forecast. The \$672.8 million figure is 75% of the total corporation income and franchise taxes for FY 2022, consistent with the 75%-25% ratio of corporation income and franchise taxes in the REC's reported actual collections for FY 2021.

² The avails of the income tax, net of collection costs, were dedicated to the Property Tax Relief Fund, which reimbursed local taxing bodies for property tax revenues that they were deprived of as a result of homestead-exempt properties. The state's income tax was decoupled from the homestead exemption in 1972 and now flows into the State General Fund by way of the Bond Security and Redemption Fund, less a dedication of income taxes paid by nonresident athletes and sports franchises to the Sports Facility Assistance Fund (Louisiana Revised Statute (R.S.) 39:100.1) and of corporation income and franchise taxes exceeding \$600 million each fiscal year to the Revenue Stabilization Trust Fund (La. Const. Art. VII § 10.15 and R.S. 39:100.112), and a designation of 1% of all income taxes collected by the Department of Revenue as self-generated revenue to fund the department (R.S. 47:1608).

capita in 1935, to \$986 in taxes out of \$54,217 in personal income per capita in 2021. A 1935 report from the Supervisor of Public Accounts reported that 19,915 taxable resident returns were filed from a state population of 2.2 million, versus 2 million taxable resident returns reported by the Department of Revenue for FY 2021 from a population of 4.6 million. Exhibit 1 shows the original rates, brackets, and exemptions for Louisiana’s IIT and CIT in comparison to the 2022 values.

Exhibit 1		
Comparison of Original and Current Income Tax Parameters		
Item	Effective January 1, 1935	Effective January 1, 2022
Rates and Brackets, by Earnings/Income	<i>Individual:</i> \$0 to \$10,000 @ 2% \$10,000 to \$50,000 @ 4% \$50,000 and over @ 6% <i>Corporation:</i> \$3,000 and over @ 4%	<i>Individual:*</i> \$0 to \$12,500 @ 1.85% \$12,500 to \$50,000 @ 3.5% \$50,000 and over @ 4.25% <i>Corporation:</i> \$0 to \$50,000 @ 3.5% \$50,000 to \$150,000 @ 5.5% \$150,000 and over @ 7.5%
Single Filer	First \$1,000 of income exempt	First \$4,500 of income exempt
Married/Head of Household	First \$2,500 of income exempt	First \$9,000 of income exempt
Dependents	Additional \$400 of income exempt	Additional \$1,000 of income exempt
*The brackets are effectively doubled for married couples filing jointly. Source: Prepared by legislative auditor’s staff using Act 21 of 1934, R.S. 47:32, R.S. 47:287.12, and R.S. 47:294.		

Nine states do not levy an IIT or have enacted laws to phase theirs out: Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington, and Wyoming. Tennessee phased out its IIT, which had only applied to dividends and interest on securities, between 2017 and 2021. New Hampshire is phasing out its IIT, also on interest and dividends only, between 2023 and 2026. Alaska repealed its income tax in 1980. Washington may eventually be excluded from this list because it enacted a 7% excise tax on realized capital gains in 2021, but the law has been ruled unconstitutional by lower courts and is pending review by the Washington Supreme Court. The remaining 42 states (counting the District of Columbia as a state) levy IITs. Of these 42, 13³ levy local as well as state IITs; in the District of Columbia, the Census Bureau classifies the IIT and CIT as local, not state, taxes; and in the remaining 28 states, the state levies an IIT, but local entities do not. Of the nine states without IITs, five also have no CIT: Nevada,

³ The thirteen states with local income taxes are Alabama, Delaware, Indiana, Iowa, Kansas, Kentucky, Maryland, Michigan, Missouri, New York, Ohio, Oregon, and Pennsylvania. Eight of these states also have local CITs; the five without local CITs are Alabama, Iowa, Kansas, Maryland, and Michigan. The Tax Foundation in 2019 also identified California, Colorado, New Jersey, and West Virginia as having local income taxes, despite not being reported as such by the Census Bureau.

South Dakota,⁴ Texas, Washington, and Wyoming. However, of these five states, three have either a margins tax (Texas) or gross receipts tax (Nevada and Washington) that imposes a similar tax burden on business income. All states with IITs also have CITs.

Louisiana's \$5.1 billion in IIT and CIT revenues in FY 2022 represented 60% of the potential \$8.5 billion in potential revenues from these sources, before accounting for \$3.4 billion in exemptions, deductions, credits, abatements, and rebates.⁵ The actual cost to the state of repealing these taxes could be larger than the \$5.1 billion in actual revenues that the state received from them. States without IITs cannot utilize the IIT as a mechanism to provide these types of benefits to taxpayers, but they can utilize other taxes to do so. For example, the Texas Comptroller's December 2020 Tax Exemptions and Tax Incidence Report estimated that exemptions, exclusions, and discounts applicable to the Texas sales tax would amount to \$45 billion for FY 2022, more than the \$39.8 billion that the tax generated in actual revenue FY 2022. Throughout this report, we compare states on the basis of actual revenues, net of any deductions and refunds issued.

What We Found

HR 178 of the 2022 Regular Legislative Session calls for a study of Louisiana's tax structure to make recommendations prior to the 2023 legislative session concerning eliminating the state's IIT and CIT. Based on our comparison of Louisiana to other states with and without these types of taxes, particularly those without IITs, we identified the following:

- **Louisiana's IIT and CIT accounted for 15.3% of state and local general revenues, excluding hospital revenues, in FY 2019. Without the IIT and CIT, Louisiana would go from the sixteenth-lowest to the second-lowest among states in terms of state and local government revenues as a percentage of personal income.**
- **States without IITs on average collect more in sales taxes to fund state and local government than states with IITs. However, even with these additional revenues from other sources, states without IITs take in less revenue overall as a percentage of personal income.**

⁴ The Tax Foundation classifies South Dakota as a state with no corporate income tax, but the state has a Bank Franchise Tax on net income of financial institutions that appears to be classified as a corporate income tax by the U.S. Census Bureau.

⁵ Louisiana Department of Revenue's (LDR) Tax Exemption Budget for 2021-2022 estimated revenue losses of \$1.9 billion in IIT and \$1.1 billion in CIT for FY 2022. The \$3.4 billion amount reported here includes these amounts plus \$374 million in revenue losses from tax incentive and exemption contracts allocated to IIT and CIT assuming the same proportional distribution as in FY 2021.

- **Louisiana has relatively low property taxes (ranking 46th) and relatively high sales taxes (ranking 5th) received by state and local government.**
- **State governments in states with IITs take in a larger share, 57.2% on average, of state and local government revenues than the 50.2% states without IITs receive. Louisiana's state government share is 57.3%, ranking 35th highest among states.**
- **Louisiana local governments are less reliant on the state for their financial support than are local governments in other states with IITs, and before the COVID-19 pandemic were about as reliant on the state as local governments in states without IITs.**

Results of our analysis are discussed in detail through the remainder of the report, and Appendix A provides detailed data on Louisiana and the nine states that do not have IITs or have enacted plans to phase theirs out, which includes the five states that do not have CITs. Appendix B provides a comparison of revenue types across states and groups of states, normalized by personal income, population, and gross domestic product.

Louisiana’s IIT and CIT accounted for 15.3% of state and local general revenues, excluding hospital revenues, in FY 2019. Without the IIT and CIT, Louisiana would go from the sixteenth-lowest to the second-lowest among states in terms of state and local government revenues as a percentage of personal income.⁶

Louisiana state and local government general revenues from own sources,⁷ excluding hospital charges,⁸ were 12.7% of the state’s personal income in 2019,⁹ but this percentage would fall to 11.0% without the IIT and 10.8% without the IIT and CIT. If the IIT and CIT were eliminated with no revenue offsets, the state’s balanced budget requirement, La. Const. Art. VII § 10(E), would reduce the amount of revenue available for the legislature to appropriate. The \$4.8 billion in revenue that the IIT and CIT are forecast to generate in FY 2023 also exceeds the \$3.1 billion designated by the Office of Planning and Budget as discretionary state general fund appropriations for this year. Exhibit 2 shows state and local general revenues for all 50 states and the District of Columbia, the averages for states with and without IITs, and where Louisiana would rank if it eliminated its IIT, or its IIT and CIT.

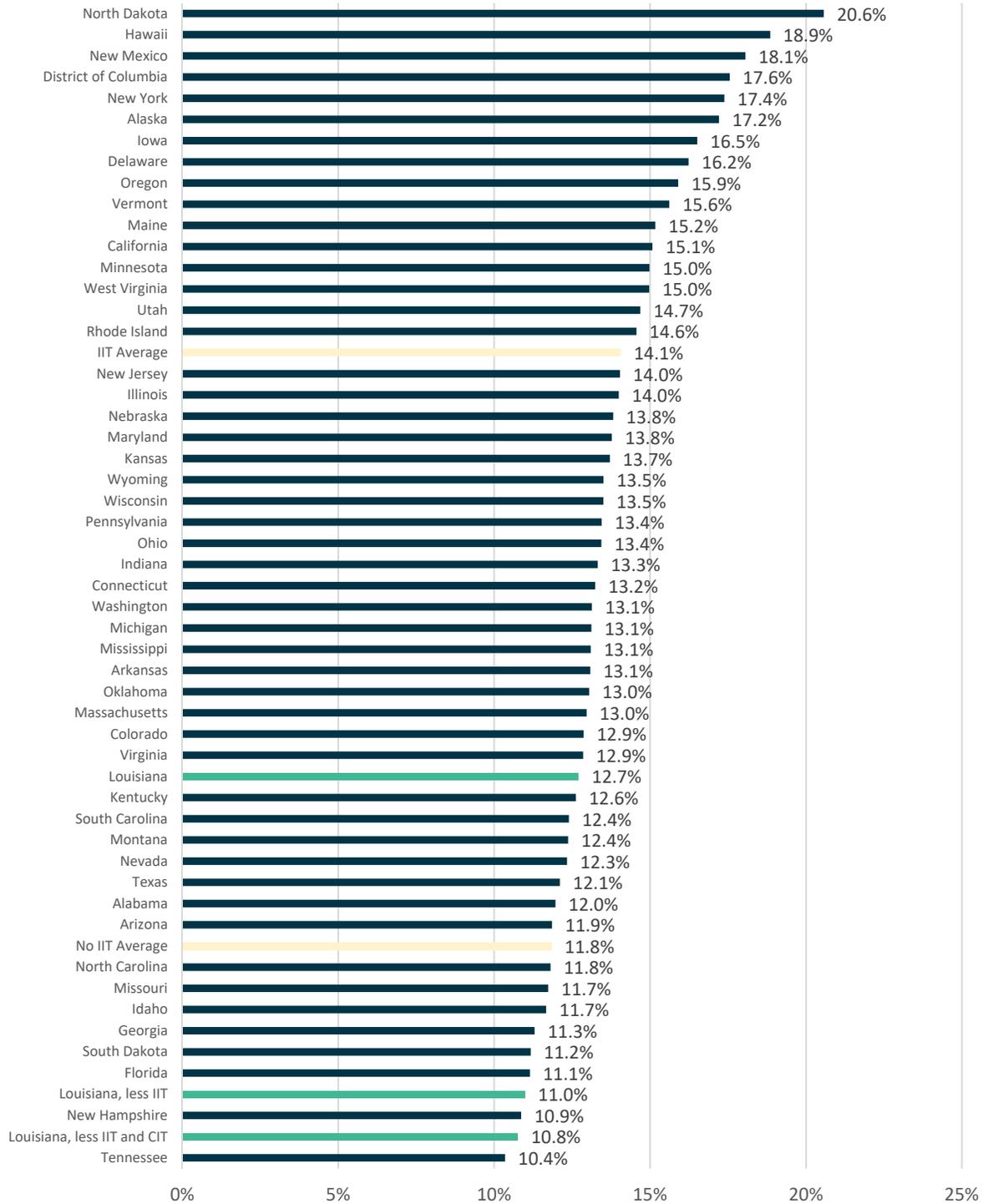
⁶ We normalize revenues by expressing them as a percentage of personal income to make them more comparable across states. According to the U.S. Bureau of Economic Analysis, personal income by state is the income people living in each state and the District of Columbia get from wages, proprietors’ income, dividends, interest, rents, and government benefits. Personal income is the economic indicator used to determine the state expenditure limit per La. Const. Art. VII § 10(C), and it is the denominator in the Tax Foundation’s Tax Freedom Day calculation. Taking state and local revenues as a percentage of state-level gross domestic product, instead of personal income, Louisiana ranked twelfth-lowest in FY 2019 and would have ranked fourth-lowest without the IIT and CIT.

⁷ Unless noted otherwise, throughout this report we exclude intergovernmental revenues, which are monies received from other governments, such as Federal Medicaid or the Louisiana Minimum Foundation Program. We exclude intergovernmental revenues because the amount available is based on the revenue raising power of the paying government, not the recipient.

⁸ According to the U.S. Census Bureau, hospital charges include revenues received by public hospitals as charges from patients, private insurance companies, and public insurance programs such as Medicare, but not Medicaid. We exclude hospital revenues because the amount received by public hospitals may be more a reflection of the decision to organize hospitals as public, as opposed to private, entities, rather than a reflection of how much state and local governments collect from their citizens to provide public services. In 2019, hospital revenues ranged from 21.4% of state and local general revenues in Wyoming, versus 0.0% in Vermont.

⁹ The latest available figures for the Census State and Local Government Finances survey are for 2020, so throughout this report, we use FY 2019 data as a baseline to avoid transitory effects from the COVID-19 pandemic and discuss any significant changes that occurred in 2020.

Exhibit 2 State and Local General Revenues (Excluding Hospitals) as a Percentage of Personal Income Fiscal Year 2019



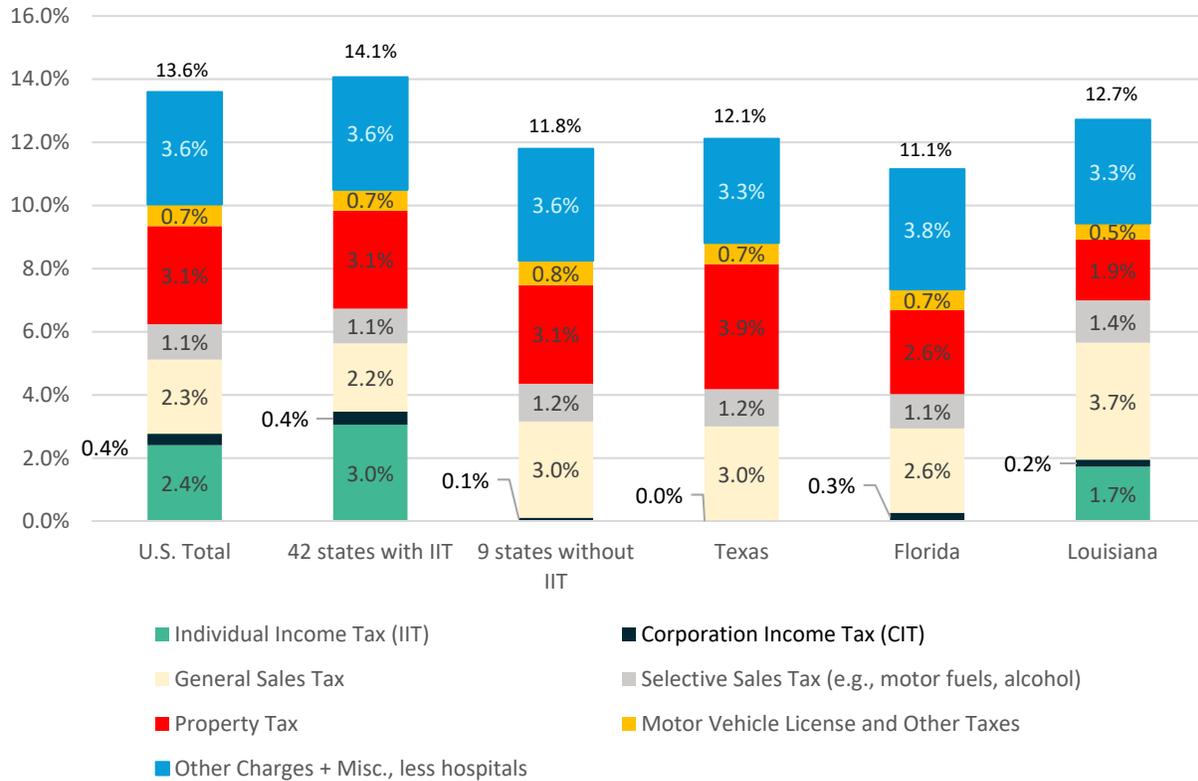
Source: Prepared by legislative auditor’s staff using data from the U.S. Census Bureau and Bureau of Economic Analysis.

States without IITs on average collect more in sales taxes to fund state and local government than states with IITs. However, even with these additional revenues from other sources, states without IITs take in less revenue overall as a percentage of personal income. In 2019, IITs accounted for 3.0% of personal income in the 42 states with IITs, and CITs contributed another 0.4%. States without IITs collected 0.0% of personal income in IIT¹⁰ and only 0.1% of personal income in CIT. Combining these two revenue sources, the non-IIT states took in 3.3% of personal income less in state and local government income tax revenues. The non-IIT states made up for part of this revenue loss by collecting 0.8% of personal income more in sales taxes,¹¹ as well as 0.2% of personal income more in other taxes such as selective sales taxes (e.g., gasoline, alcohol taxes), motor vehicle licenses and other taxes, and other charges and miscellaneous revenues less hospital charges. Property taxes were the same, 3.1% of personal income, in both groups of states. Thus, non-IIT states only make up 1.0% (30.3%) of the 3.3% of personal income they lose from not having IITs and/or CITs. The net effect is that state and local governments in states with no IIT collect 11.8% of personal income, 2.3 percentage points less than the 14.1% of personal income received in IIT states. Exhibit 3 shows the state and local revenue structures for selected states and groups of states, and Appendix B provides additional exhibits showing the composition of state and local government revenues normalized by population and GDP.

¹⁰ Both New Hampshire and Tennessee had IITs in effect in FY 2019, and each collected 0.1% of personal income in IIT. However, the overall average IIT collections as a percentage of personal income for the nine states without IITs was only 0.01%.

¹¹ The Census general sales tax revenue figures for Texas also appear to include the Texas Franchise Tax, a tax on business gross receipts with limited deductions. This tax generated \$4.2 billion (or 0.3% of personal income) in FY 2019. The combined sales and franchise tax revenues reported in the state of Texas's Annual Comprehensive Financial Report for FY 2019 were \$38.2 billion, approximately equal to the \$38.1 billion in state general sales and gross receipts taxes reported by the Census Bureau. The Census classifies general sales taxes in the same category as general gross receipts taxes.

Exhibit 3 Composition of State and Local General Revenues Percentage of Personal Income Fiscal Year 2019



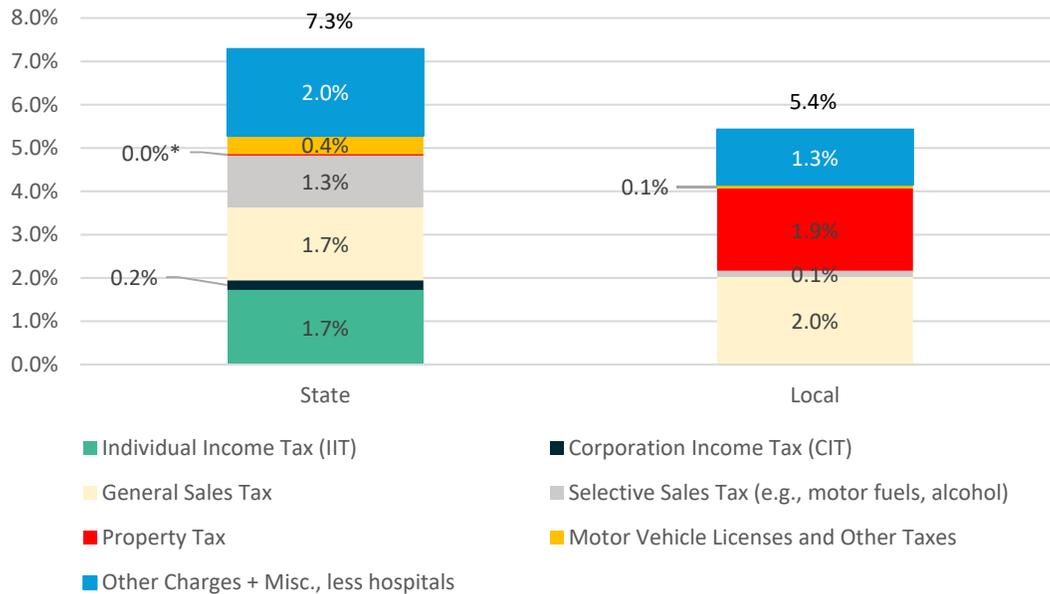
Note: Louisiana’s corporation franchise tax would be classified by the Census as a “Corporations in General License” tax, which is included in this bar graph in the “Motor Vehicle License and Other Taxes” category.

Source: Prepared by legislative auditor’s staff using data from the U.S. Census Bureau and Bureau of Economic Analysis.

Louisiana has relatively low property taxes (ranking 46th) and relatively high sales taxes (ranking 5th) received by state and local government. In both cases, Louisiana’s status as an outlier is driven by its local governments, which had the second highest sales taxes as a percentage of personal income (ranking behind the District of Columbia) and had the 42nd lowest property taxes in fiscal year 2019. Louisiana’s state sales tax collections of 1.7% of personal income in FY 2019 put the state in 30th place among states and were below the national average of 1.8% and only 0.1 percentage points above the average for IIT states of 1.6%. Texas state and local government has the ninth highest property taxes among states and the eleventh highest general sales taxes.

Florida’s state and local revenue structure ranks 31st for property tax and 16th for general sales tax.¹² Louisiana has no statewide property tax, and state government property tax collections nationwide were typically low, amounting to only 0.1% of personal income, with only 17 states having state government property tax revenues greater than 0.1% of personal income. Exhibit 4 shows Louisiana state and local general revenues by type as percentage of personal income for FY 2019.

**Exhibit 4
Louisiana State and Local General Revenues by Type
Percentage of Personal Income
Fiscal Year 2019**



* The Census Bureau attributed \$76.1 million in property tax revenues (0.03% of personal income) to Louisiana’s state government in FY 2019. The statistics do not indicate the specific source of these revenues, but the Census does classify certain political subdivisions that receive property taxes as part of the state government, such as the Southeast Louisiana Flood Protection Authorities East and West. A detailed listing can be found in the Census of Governments Individual State Descriptions for 2017 (URL: <https://www.census.gov/content/dam/Census/library/publications/2017/econ/2017isd.pdf>).

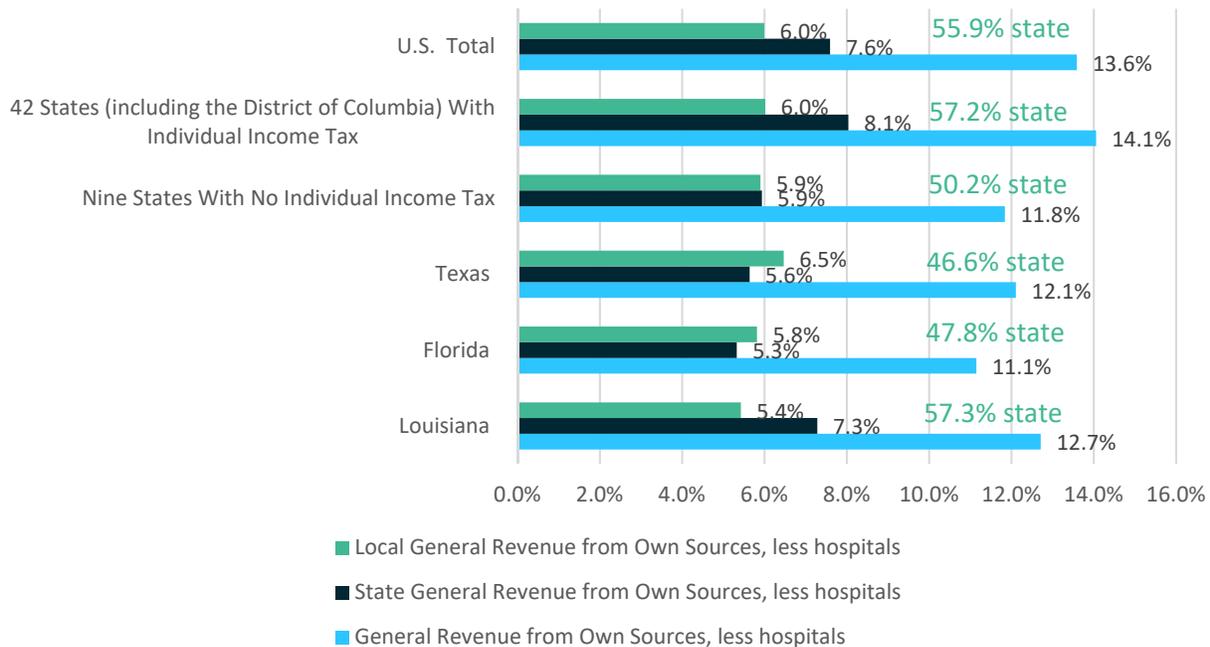
Source: Prepared by legislative auditor’s staff using data from the U.S. Census Bureau and Bureau of Economic Analysis.

State governments in states with IITs take in a larger share, 57.2% on average, of state and local government revenues than the 50.2% states without IITs receive. Louisiana’s state government share is 57.3%, ranking 35th highest among other states. As of 2019, Louisiana’s overall state and local government revenue structure could be described as falling closer to the

¹² Florida’s state and local revenues were 11.1% of personal income, ranking 49th among states, but the state ranks 39th in state and local revenues per capita and 31st as a percentage of gross domestic product (GDP). Florida has the highest personal income-to-GDP ratio among states. Appendix B provides additional exhibits showing the composition of state and local general revenues normalized by population and by GDP.

42 states with IITs than to the nine states without IITs in terms of the state's share of state and local revenues. Generally, the 42 states with IITs collected more revenue at the state than local level and had more state and local revenues overall in comparison to the nine states without IITs. Specifically, in the 42 states with IITs, states took in 57.2% of state and local revenues on average, versus 50.2% in the nine states without IITs. Louisiana’s state government took in 57.3% of state and local revenues, more than the average for either group. However, the state still only ranked 35th for its state revenue percentage. Florida and Texas had two of the most locally-weighted state and local revenue structures in the country, ranking 47th and 49th for their state’s share of state and local revenues. Exhibit 5 shows a comparison of state and local government revenues from own sources as a percentage of personal income in 2019.

Exhibit 5
State vs. Local Government Revenues as a Percentage of Personal Income
Fiscal Year 2019



Source: Prepared by legislative auditor’s staff using data from the U.S. Census Bureau and Bureau of Economic Analysis.

In FY 2020, Louisiana’s state and local government revenue share of personal income decreased to 11.7%, more than the 11.5% received by the nine states without but more than the 13.1% received by the 42 states with IITs. State and local revenues in Louisiana fell 2.0% in 2020, while personal income increased 6.3%. As a result, Louisiana fell from 36th to 39th in state and local revenues as a percentage of personal income. Furthermore, the state’s revenues decreased 2.8%, while local revenues only decreased by 1%, causing the state’s share of state and local revenues to decrease from 57.3% to 56.8%.

Louisiana local governments are less reliant on the state for their financial support than are local governments in other states with IITs, and before the COVID-19 pandemic were about as reliant on the state as local governments in states without IITs.¹³ Local governments in the 42 states with IITs are more reliant on their state governments than in the nine states without IITs. Specifically, in fiscal year 2019, the 42 states with IITs provided 31.9% of the general revenues received by their local governments on average, versus 25.9% in the nine states without IITs. Louisiana local governments received 25.9% of their general revenues from state-to-local-government transfers, putting Louisiana in line with states without IITs. The Census Bureau's definition of intergovernmental transactions appears to include Louisiana-specific expenditures such as the

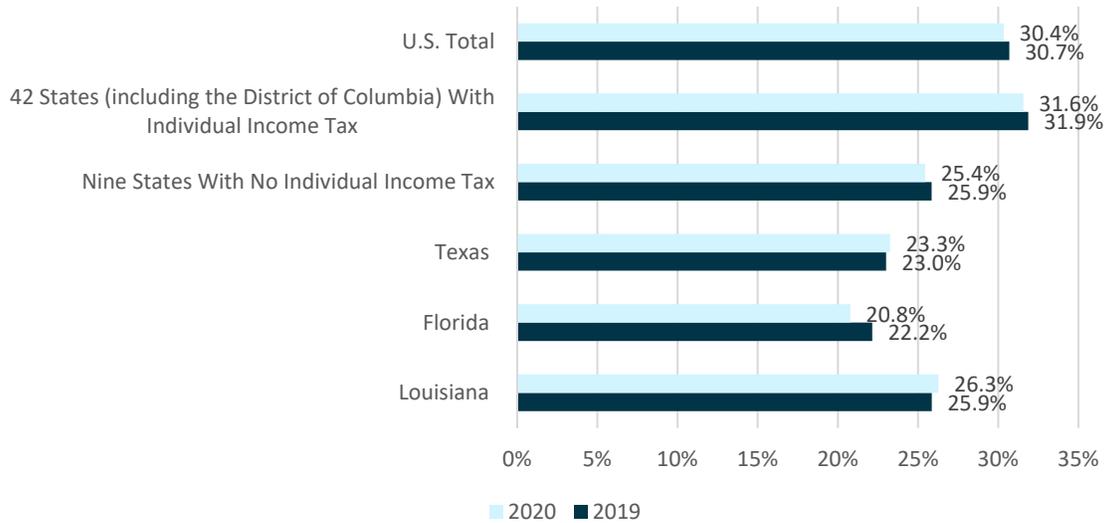
Minimum Foundation Program, the Revenue Sharing fund, the Parish Transportation Fund, the Parish Royalty Fund, local capital outlay, and law enforcement supplemental pay,¹⁴ but not the state's collection of motor vehicle sales taxes on behalf of local governments.¹⁵ Exhibit 6 shows state-to-local revenue transfers as a percentage of local government revenues.

¹³ The Census State and Local Government Finance data do not disaggregate hospital-related intergovernmental transfers, so we use all state and local general revenues from own sources, including hospital-related revenues, as the denominator. Excluding hospital revenues from the denominator results in 30.8% of Louisiana local government revenues coming from the state, below the average of 33.8% for the U.S. as a whole and the 35.0% for states with IITs, but more than the 28.9% for states without IITs.

¹⁴ The Census's definition of intergovernmental revenue comprises monies from other governments, including grants, shared taxes, and contingent loans and advances for support of particular functions or for general financial support; any significant and identifiable amounts received as reimbursements for performance of governmental services for other governments; and any other form of revenue representing the sharing by other governments in the financing of activities administered by the receiving government.

¹⁵ In general, the Census assigns taxes based on which governmental entity controls at least two of the following three factors: imposition, collection, and retention (or distribution) of tax proceeds.

Exhibit 6 Percentage of Local Government General Revenues Derived from State Government Transfers Fiscal Years 2019 and 2020



Note: All local government general revenues, including intergovernmental and hospital revenues, are included in the denominator for this exhibit.

Source: Prepared by legislative auditor’s staff using data from the U.S. Census Bureau and Bureau of Economic Analysis.

In fiscal year 2020, Louisiana local governments received 26.3% of their revenues from state government, compared to 31.6% in the 42 states with IIT and 25.4% in the nine states without IIT. The increase in Louisiana local governments’ reliance on state government relative to the nine states without IIT occurred because Louisiana local government revenues (including intergovernmental and hospital revenues) decreased 1.5% in 2020, compared to a 2.6% increase in the 42 states with IIT and a 4.8% increase in the nine states without IIT. State-to-local intergovernmental revenues increased less in dollar terms in Louisiana than the average for other states, increasing 0.2% in Louisiana, versus 2.1% in the 42 states with IIT and 3.1% in the nine states without IIT.

APPENDIX A: COMPARISON OF REVENUES BY STATE

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Nevada	A.11
New Hampshire.....	A.15
South Dakota.....	A.19
Tennessee	A.22
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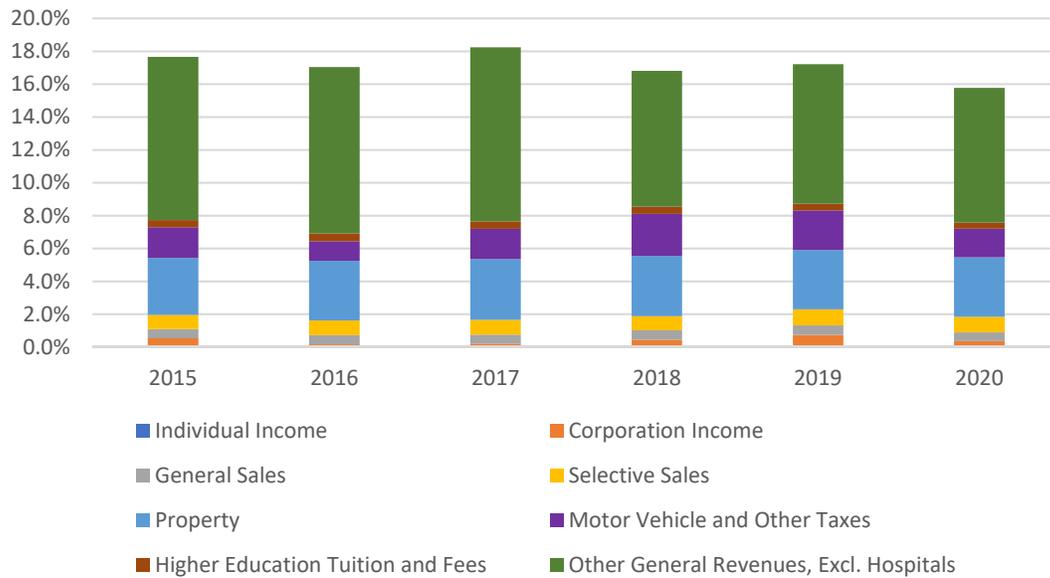
Alaska

Highlights

- Alaska abolished its individual income tax in 1980, but it still levies a corporate income tax that generated \$162.6 million in FY 2020, or 0.7% of personal income, which is the fifth-highest percentage among states.
- Alaska's state government invests 25% of its mineral royalties into the Alaska Permanent Fund, which generated an average of \$4.8 billion annually over FYs 2013 through 2022, or an estimated 10.8% of personal income in Alaska. The Alaska Department of Revenue's December 2021 Forecast projected that Alaska Permanent Fund revenues would contribute at least 54% of the state's Unrestricted General Fund revenues in each of the next ten years. The fund's earnings have been used to pay dividends to Alaska residents, to add to the fund's principal, to pay investment expenses, and to support general state government services.

Alaska State and Local Government Revenues as a Percentage of Personal Income	
Individual Income Tax Rate	None
Corporate Income Tax Rate	2% to 9.4%
State Sales Tax Rate	0.00%
Maximum Local Sales Tax Rate	7.50%
Average Combined State and Local Sales Tax Rate	1.76%
Property Taxes as a Percentage of Owner-Occupied Housing Values	1.02%
Tax Foundation 2023 Business Tax Climate Ranking	3rd
Source: Prepared by legislative auditor's staff using information from the Tax Foundation.	

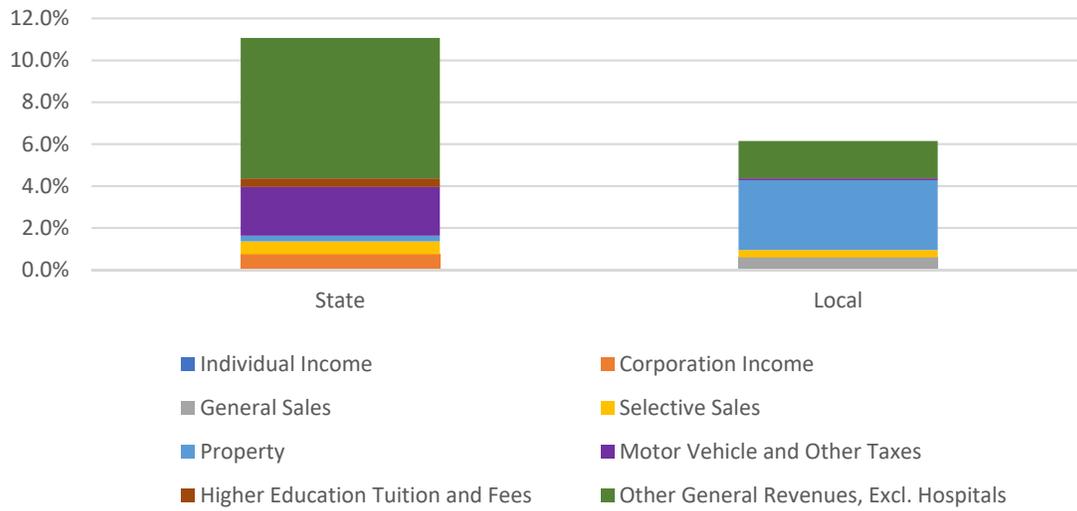
Alaska State and Local General Revenues as a Percentage of Personal Income Fiscal Years 2015 through 2020



Source: Prepared by legislative auditor’s staff using data from the U.S. Bureau of Economic Analysis and Census Bureau.

Alaska State and Local Government Revenues as a Percentage of Personal Income						
Revenue Type	2015	2016	2017	2018	2019	2020
Individual Income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Corporation Income	0.5%	0.2%	0.2%	0.4%	0.7%	0.4%
General Sales	0.6%	0.6%	0.6%	0.6%	0.6%	0.5%
Selective Sales	0.9%	0.9%	0.9%	0.9%	1.0%	0.9%
Property	3.5%	3.6%	3.7%	3.7%	3.6%	3.6%
Motor Vehicle and Other Taxes	1.9%	1.2%	1.8%	2.6%	2.4%	1.7%
Higher Education Tuition and Fees	0.4%	0.5%	0.5%	0.4%	0.4%	0.4%
Other General Revenues, Excl. Hospitals	9.9%	10.0%	10.5%	8.2%	8.5%	8.3%
Total Taxes and General Revenues, Excl. Hospitals	17.7%	17.0%	18.2%	16.8%	17.2%	15.8%
Personal Income (Billions)	\$42.6	\$41.8	\$42.4	\$44.0	\$45.1	\$46.0
Personal Income Per Capita	\$57,575	\$56,278	\$57,189	\$59,618	\$61,317	\$62,756
Source: Prepared by legislative auditor’s staff using data from the U.S. Bureau of Economic Analysis and Census Bureau.						

Alaska Sources of State and Local Revenues as a Percentage of Personal Income Fiscal Year 2019



Source: Prepared by legislative auditor’s staff using data from the U.S. Bureau of Economic Analysis and Census Bureau.

Alaska Sources of State and Local Government Revenue as a Percentage of Personal Income Fiscal Year 2019			
Revenue Type	State	Local	Combined
Individual Income	0.0%	0.0%	0.0%
Corporation Income	0.7%	0.0%	0.7%
General Sales	0.0%	0.6%	0.6%
Selective Sales	0.6%	0.4%	1.0%
Property	0.3%	3.3%	3.6%
Motor Vehicle and Other Taxes	2.3%	0.1%	2.4%
Higher Education Tuition and Fees	0.4%	0.0%	0.4%
Other General Revenues, Excl. Hospitals	6.8%	1.7%	8.5%
Total Taxes and General Revenues, Excl. Hospitals	11.1%	6.1%	17.2%
Source: Prepared by legislative auditor's staff using data from the U.S. Bureau of Economic Analysis and Census Bureau.			

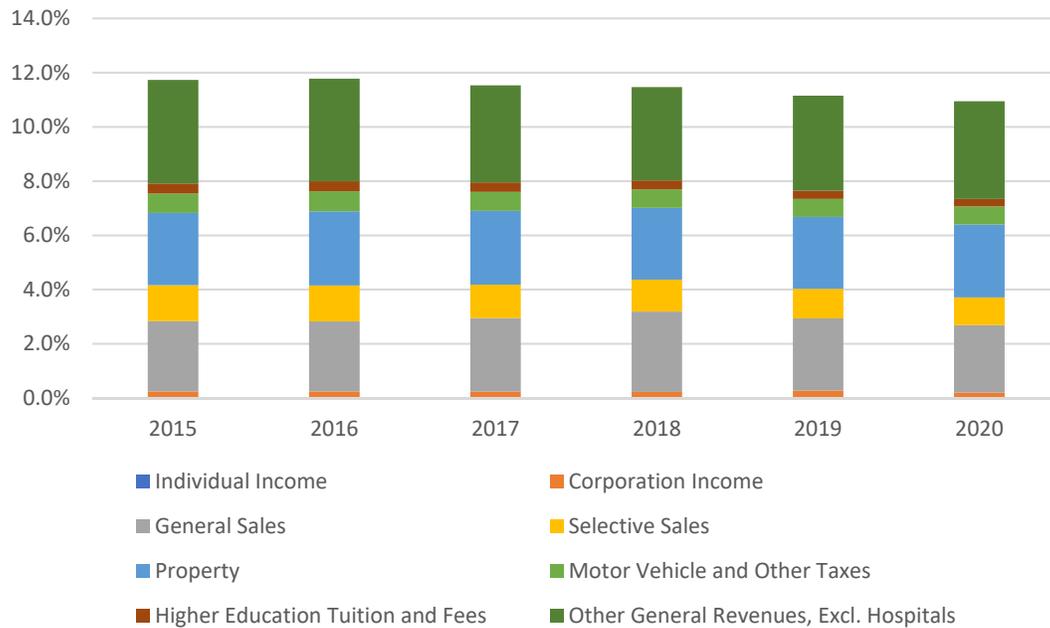
Florida

Highlights

- Although Florida does not have an individual income tax, it does have a corporation income tax that yielded 0.3% of personal income in FY 2019.
- Florida’s documentary stamp tax, a tax on certain types of real estate and securities transactions, yielded \$2.6 billion in FY 2019, or 0.2% of personal income.
 - La. Const. Art. VII § 2.3 prohibits the state of Louisiana or any of its political subdivisions from levying new taxes on the sale or transfer of immovable property.
- Florida’s state and local government revenue structure places more emphasis on local rather than state government. Florida’s state government collected 47.8% of state and local government revenues in FY 2019, which was the 47th lowest percentage among states.

Florida State and Local Government Revenues as a Percentage of Personal Income	
Individual Income Tax Rate	None
Corporate Income Tax Rate	5.50%
State Sales Tax Rate	6.00%
Maximum Local Sales Tax Rate	2.00%
Average Combined State and Local Sales Tax Rate	7.01%
Property Taxes as a Percentage of Owner-Occupied Housing Values	0.91%
Tax Foundation 2023 Business Tax Climate Ranking	4th
Source: Prepared by legislative auditor’s staff using information from the Tax Foundation.	

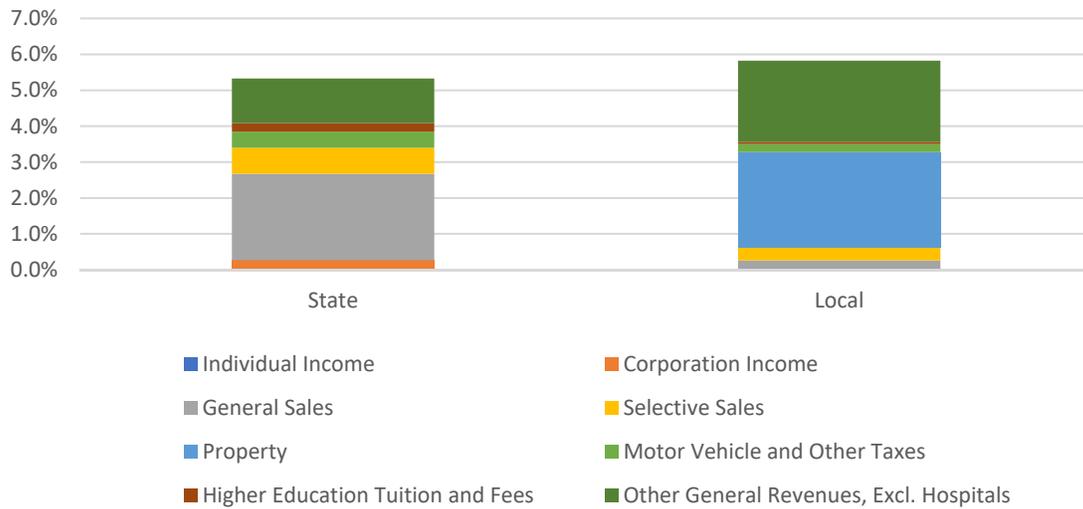
Florida State and Local General Revenues as a Percentage of Personal Income Fiscal Years 2015 through 2020



Source: Prepared by legislative auditor’s staff using data from the U.S. Bureau of Economic Analysis and Census Bureau.

Florida State and Local Government Revenues as a Percentage of Personal Income						
Revenue Type	2015	2016	2017	2018	2019	2020
Individual Income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Corporation Income	0.2%	0.2%	0.2%	0.2%	0.3%	0.2%
General Sales	2.6%	2.6%	2.7%	3.0%	2.6%	2.5%
Selective Sales	1.3%	1.3%	1.2%	1.2%	1.1%	1.0%
Property	2.7%	2.7%	2.7%	2.6%	2.6%	2.7%
Motor Vehicle and Other Taxes	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
Higher Education Tuition and Fees	0.4%	0.4%	0.4%	0.3%	0.3%	0.3%
Other General Revenues, Excl. Hospitals	3.8%	3.9%	3.6%	3.5%	3.5%	3.5%
Total Taxes and General Revenues, Excl. Hospitals	11.7%	11.8%	11.5%	11.5%	11.1%	10.9%
Personal Income (Billions)	\$919.8	\$954.1	\$1,023.9	\$1,088.8	\$1,165.1	\$1,235.8
Personal Income Per Capita	\$45,659	\$46,454	\$49,055	\$51,520	\$54,560	\$57,292
Source: Prepared by legislative auditor’s staff using data from the U.S. Bureau of Economic Analysis and Census Bureau.						

Florida Sources of State and Local Revenues as a Percentage of Personal Income Fiscal Year 2019



Source: Prepared by legislative auditor’s staff using data from the U.S. Bureau of Economic Analysis and Census Bureau.

Florida Sources of State and Local Government Revenue as a Percentage of Personal Income Fiscal Year 2019			
Revenue Type	State	Local	Combined
Individual Income	0.0%	0.0%	0.0%
Corporation Income	0.3%	0.0%	0.3%
General Sales	2.3%	0.3%	2.6%
Selective Sales	0.7%	0.4%	1.1%
Property	0.0%	2.6%	2.6%
Motor Vehicle and Other Taxes	0.5%	0.2%	0.7%
Higher Education Tuition and Fees	0.2%	0.1%	0.3%
Other General Revenues, Excl. Hospitals	1.3%	2.2%	3.5%
Total Taxes and General Revenues, Excl. Hospitals	5.3%	5.8%	11.1%
Source: Prepared by legislative auditor's staff using data from the U.S. Bureau of Economic Analysis and Census Bureau.			

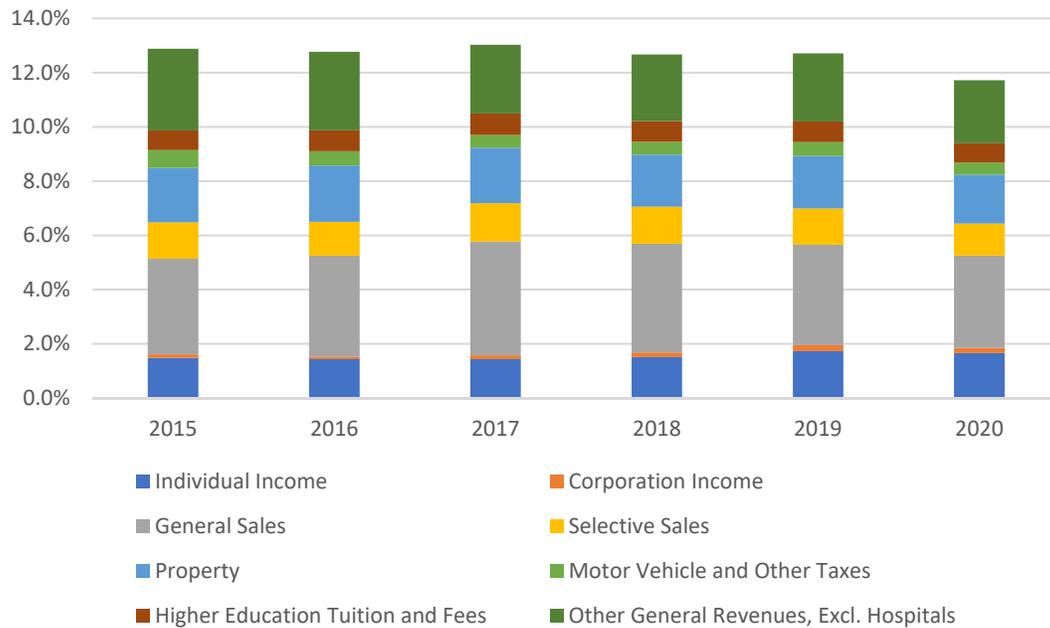
Louisiana

Highlights

- In FY 2019, Louisiana ranked 2nd among states for local government sales taxes as a percentage of personal income and 42nd for local government property tax revenues as a percentage of personal income.
- Louisiana's combined state and local sales tax rate of 9.55% was the highest in the United States in July 2022, according to Tax Foundation data. While Louisiana's state rate of 4.45% was only the 38th highest, the average local rate of 5.10% was the second highest, ranking only behind Alabama, which had a state rate of 4.00% and an average local rate of 5.24%.
- Louisiana's corporation franchise tax would be classified as a corporations in general license tax, included below in the "motor vehicle and other taxes" category.

Louisiana State and Local Government Revenues as a Percentage of Personal Income	
Individual Income Tax Rate	1.85% to 4.25%
Corporate Income Tax Rate	3.5% to 7.5%
State Sales Tax Rate	4.45%
Maximum Local Sales Tax Rate	7.00%
Average Combined State and Local Sales Tax Rate	9.55%
Property Taxes as a Percentage of Owner-Occupied Housing Values	0.54%
Tax Foundation 2023 Business Tax Climate Ranking	39 th
Source: Prepared by legislative auditor's staff using information from the Tax Foundation.	

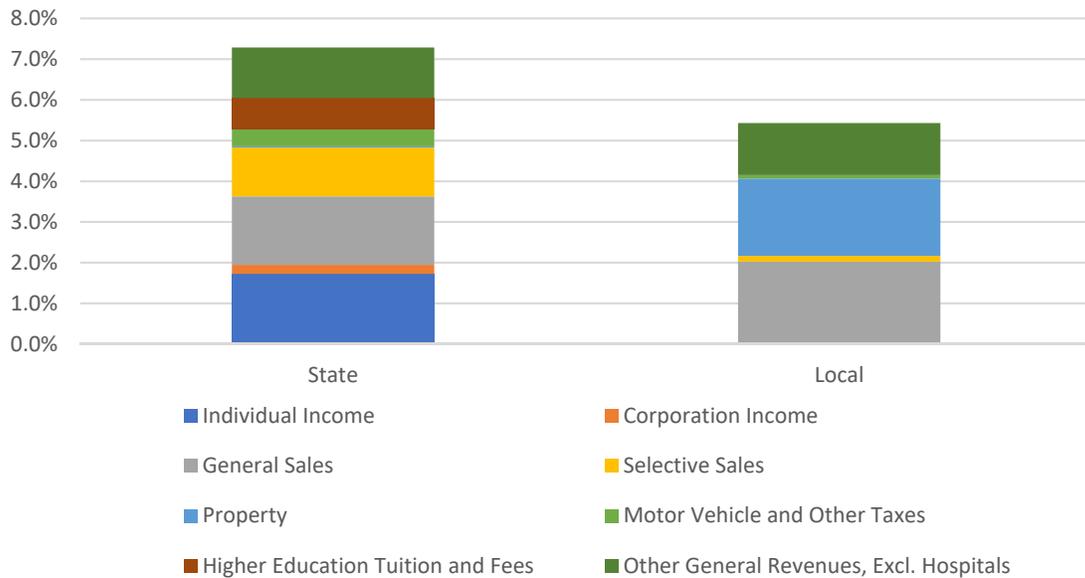
Louisiana State and Local General Revenues as a Percentage of Personal Income Fiscal Years 2015 through 2020



Source: Prepared by legislative auditor’s staff using data from the U.S. Bureau of Economic Analysis and Census Bureau.

Louisiana State and Local Government Revenues as a Percentage of Personal Income						
Revenue Type	2015	2016	2017	2018	2019	2020
Individual Income	1.5%	1.4%	1.4%	1.5%	1.7%	1.7%
Corporation Income	0.1%	0.1%	0.1%	0.2%	0.2%	0.2%
General Sales	3.5%	3.7%	4.2%	4.0%	3.7%	3.4%
Selective Sales	1.3%	1.2%	1.4%	1.4%	1.4%	1.2%
Property	2.0%	2.1%	2.0%	1.9%	1.9%	1.8%
Motor Vehicle and Other Taxes	0.7%	0.5%	0.5%	0.5%	0.5%	0.4%
Higher Education Tuition and Fees	0.7%	0.8%	0.8%	0.8%	0.8%	0.7%
Other General Revenues, Excl. Hospitals	3.1%	3.0%	2.6%	2.4%	2.5%	2.3%
Total Taxes and General Revenues, Excl. Hospitals	12.9%	12.8%	13.0%	12.7%	12.7%	11.7%
Personal Income (Billions)	\$201.4	\$200.2	\$206.1	\$215.1	\$222.3	\$236.3
Personal Income Per Capita	\$43,113	\$42,725	\$44,056	\$46,057	\$47,668	\$50,809
Source: Prepared by legislative auditor’s staff using data from the U.S. Bureau of Economic Analysis and Census Bureau.						

Louisiana Sources of State and Local Revenues as a Percentage of Personal Income Fiscal Year 2019



Source: Prepared by legislative auditor’s staff using data from the U.S. Bureau of Economic Analysis and Census Bureau.

Louisiana Sources of State and Local Government Revenue as a Percentage of Personal Income Fiscal Year 2019			
Revenue Type	State	Local	Combined
Individual Income	1.7%	0.0%	1.7%
Corporation Income	0.2%	0.0%	0.2%
General Sales	1.7%	2.0%	3.7%
Selective Sales	1.3%	0.1%	1.4%
Property	0.0%	1.9%	1.9%
Motor Vehicle and Other Taxes	0.4%	0.1%	0.5%
Higher Education Tuition and Fees	0.8%	0.0%	0.8%
Other General Revenues, Excl. Hospitals	1.2%	1.3%	2.5%
Total Taxes and General Revenues, Excl. Hospitals	7.3%	5.4%	12.7%
Source: Prepared by legislative auditor's staff using data from the U.S. Bureau of Economic Analysis and Census Bureau.			

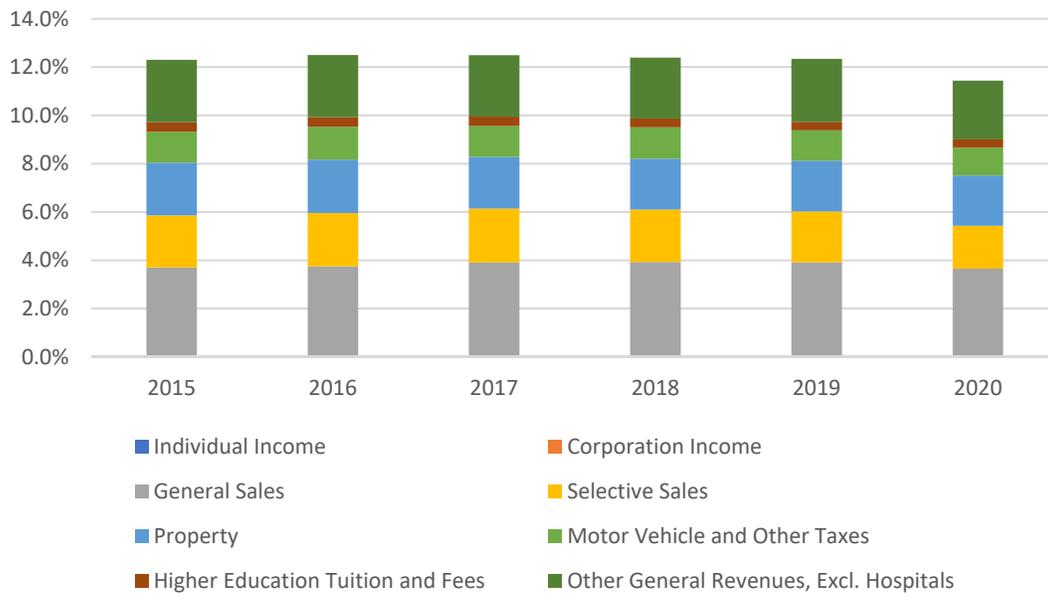
Nevada

Highlights

- Although Nevada does not have an individual income tax or a corporation income tax, the state has a Modified Business Tax on business wages and a Commerce Tax on gross receipts.
- Nevada has additional uncommon sources of revenue, generating 0.8% of personal income in FY 2019:
 - Gaming taxes yielding \$824.2 million in FY 2019, or 0.5% of personal income.
 - Live Entertainment Tax yielding \$131.4 million in FY 2019, or 0.1% of personal income.
 - Real Property Transfer Tax yielding \$190.1 million in FY 2019, or 0.1% of personal income.
 - Excise taxes on marijuana yielded \$99.2 million (0.1% of personal income) for state and local government in FY 2019, in addition to general sales taxes that apply to marijuana sales.
- Although the Census Bureau reported that 80.2% of Nevada's state and local sales taxes were received by the state, the state redistributed \$3.7 billion (58.2%) of these revenues to local governments or to the state's K-12 education system.

Nevada State and Local Government Revenues as a Percentage of Personal Income	
Individual Income Tax Rate	None, but Modified Business Tax, paid by the employer, of 1.378% on wages exceeding \$50,000, or 1.853% of gross wages for financial institutions and mining companies
Corporate Income Tax Rate	None, but Commerce Tax (gross receipts tax) of 0.051% to 0.331% (varies by industry) on revenues exceeding \$4 million
State Sales Tax Rate	6.85%
Maximum Local Sales Tax Rate	1.53%
Average Combined State and Local Sales Tax Rate	8.23%
Property Taxes as a Percentage of Owner-Occupied Housing Values	0.60%
Tax Foundation 2023 Business Tax Climate Ranking	7th
Source: Prepared by legislative auditor's staff using information from the Tax Foundation and Nevada Department of Taxation.	

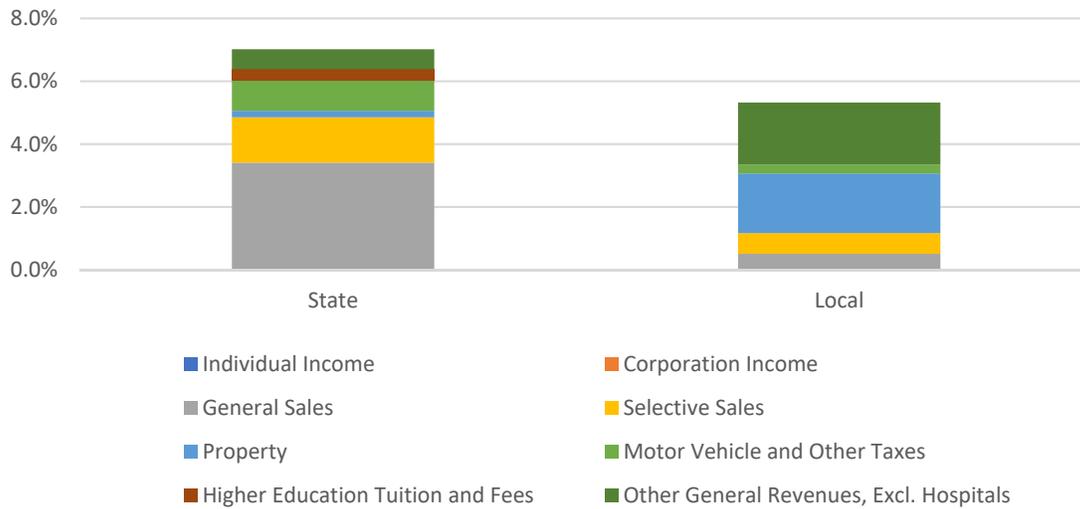
Nevada State and Local General Revenues as a Percentage of Personal Income Fiscal Years 2015 through 2020



Source: Prepared by legislative auditor’s staff using data from the U.S. Bureau of Economic Analysis and Census Bureau.

Nevada State and Local Government Revenues as a Percentage of Personal Income						
Revenue Type	2015	2016	2017	2018	2019	2020
Individual Income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Corporation Income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
General Sales	3.7%	3.7%	3.9%	3.9%	3.9%	3.6%
Selective Sales	2.2%	2.2%	2.2%	2.2%	2.1%	1.8%
Property	2.2%	2.2%	2.1%	2.1%	2.1%	2.1%
Motor Vehicle and Other Taxes	1.3%	1.4%	1.3%	1.3%	1.3%	1.2%
Higher Education Tuition and Fees	0.4%	0.4%	0.4%	0.4%	0.4%	0.3%
Other General Revenues, Excl. Hospitals	2.5%	2.6%	2.6%	2.5%	2.5%	2.4%
Total Taxes and General Revenues, Excl. Hospitals	12.3%	12.5%	12.5%	12.4%	12.3%	11.4%
Personal Income (Billions)	\$127.1	\$132.1	\$140.3	\$149.6	\$161.4	\$172.5
Personal Income Per Capita	\$44,493	\$45,450	\$47,485	\$49,678	\$52,602	\$55,406
Source: Prepared by legislative auditor’s staff using data from the U.S. Bureau of Economic Analysis and Census Bureau.						

Nevada Sources of State and Local Revenues as a Percentage of Personal Income Fiscal Year 2019



Source: Prepared by legislative auditor’s staff using data from the U.S. Bureau of Economic Analysis and Census Bureau.

Nevada Sources of State and Local Government Revenue as a Percentage of Personal Income Fiscal Year 2019			
Revenue Type	State	Local	Combined
Individual Income	0.0%	0.0%	0.0%
Corporation Income	0.0%	0.0%	0.0%
General Sales	3.4%	0.5%	3.9%
Selective Sales	1.4%	0.7%	2.1%
Property	0.2%	1.9%	2.1%
Motor Vehicle and Other Taxes	1.0%	0.3%	1.3%
Higher Education Tuition and Fees	0.4%	0.0%	0.4%
Other General Revenues, Excl. Hospitals	0.6%	1.9%	2.5%
Total Taxes and General Revenues, Excl. Hospitals	7.0%	5.3%	12.3%
Source: Prepared by legislative auditor's staff using data from the U.S. Bureau of Economic Analysis and Census Bureau.			

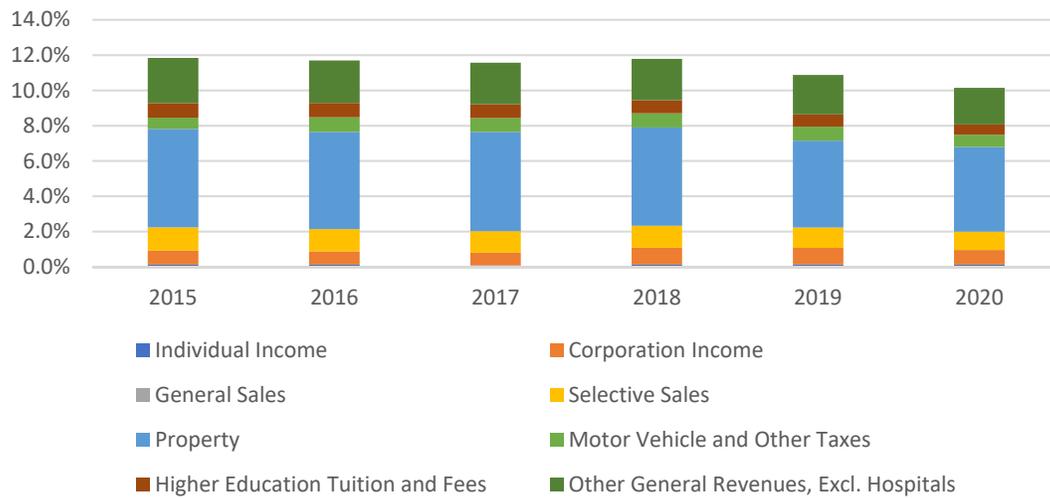
New Hampshire

Highlights

- New Hampshire currently has an income tax, referred to as the Interest and Dividends tax because it applies to interest and dividends only, but the state enacted legislation in 2021 to phase out its income tax between 2023 and 2026, with the tax fully repealed for all taxable periods beginning after December 31, 2026.
- New Hampshire has no state or local sales tax.
- In addition to the local property tax, the New Hampshire state government levies a property tax, which the Census Bureau reported as generating \$408.5 million in FY 2019, or 0.5% of personal income. New Hampshire ranks 4th for state and local government property taxes as a percentage of personal income.
- State and local corporate income taxes as a percentage of personal income were 0.9%, the second-highest among states.
- New Hampshire's state government revenues accounted for 49.8% of state and local revenues in FY 2019, ranking 46th among states, indicating that state and local government receive relatively more revenue at the local level, rather than at the state level.
- Total state and local government revenues amounted to 10.9% of personal income in FY 2019, which was the second lowest percentage among states.

New Hampshire State and Local Government Revenues as a Percentage of Personal Income	
Individual Income Tax Rate	On Interest and Dividends Only: 5% for calendar year 2022 4% for calendar year 2023 3% for calendar year 2024 2% for calendar year 2025 1% for calendar year 2026 Repealed January 1, 2027
Corporate Income Tax Rate	7.6%
State Sales Tax Rate	None
Maximum Local Sales Tax Rate	None
Average Combined State and Local Sales Tax Rate	None
Property Taxes as a Percentage of Owner-Occupied Housing Values	1.96%
Tax Foundation 2023 Business Tax Climate Ranking	6th
Source: Prepared by legislative auditor’s staff using information from the Tax Foundation and New Hampshire Revised Statutes.	

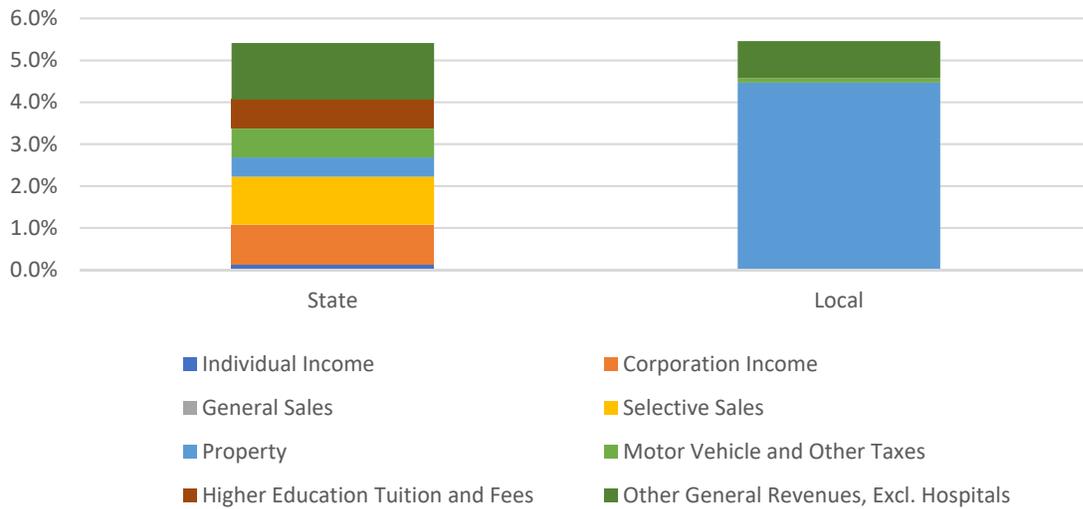
New Hampshire State and Local General Revenues as a Percentage of Personal Income Fiscal Years 2015 through 2020



Source: Prepared by legislative auditor’s staff using data from the U.S. Bureau of Economic Analysis and Census Bureau.

New Hampshire State and Local Government Revenues as a Percentage of Personal Income						
Revenue Type	2015	2016	2017	2018	2019	2020
Individual Income	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Corporation Income	0.8%	0.8%	0.7%	1.0%	0.9%	0.8%
General Sales	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Selective Sales	1.3%	1.3%	1.2%	1.2%	1.2%	1.0%
Property	5.6%	5.5%	5.6%	5.6%	4.9%	4.8%
Motor Vehicle and Other Taxes	0.6%	0.8%	0.8%	0.8%	0.8%	0.7%
Higher Education Tuition and Fees	0.8%	0.8%	0.8%	0.7%	0.7%	0.6%
Other General Revenues, Excl. Hospitals	2.6%	2.4%	2.4%	2.4%	2.3%	2.1%
Total Taxes and General Revenues, Excl. Hospitals	11.8%	11.7%	11.6%	11.8%	10.9%	10.1%
Personal Income (Billions)	\$73.5	\$76.1	\$79.3	\$83.0	\$88.8	\$94.4
Personal Income Per Capita	\$54,684	\$56,320	\$58,362	\$60,830	\$64,747	\$68,542
Source: Prepared by legislative auditor's staff using data from the U.S. Bureau of Economic Analysis and Census Bureau.						

New Hampshire Sources of State and Local Revenues as a Percentage of Personal Income Fiscal Year 2019



Source: Prepared by legislative auditor’s staff using data from the U.S. Bureau of Economic Analysis and Census Bureau.

New Hampshire Sources of State and Local Government Revenue as a Percentage of Personal Income Fiscal Year 2019			
Revenue Type	State	Local	Combined
Individual Income	0.1%	0.0%	0.1%
Corporation Income	0.9%	0.0%	0.9%
General Sales	0.0%	0.0%	0.0%
Selective Sales	1.2%	0.0%	1.2%
Property	0.5%	4.4%	4.9%
Motor Vehicle and Other Taxes	0.7%	0.1%	0.8%
Higher Education Tuition and Fees	0.7%	0.0%	0.7%
Other General Revenues, Excl. Hospitals	1.3%	1.0%	2.3%
Total Taxes and General Revenues, Excl. Hospitals	5.4%	5.5%	10.9%
Source: Prepared by legislative auditor's staff using data from the U.S. Bureau of Economic Analysis and Census Bureau.			

South Dakota

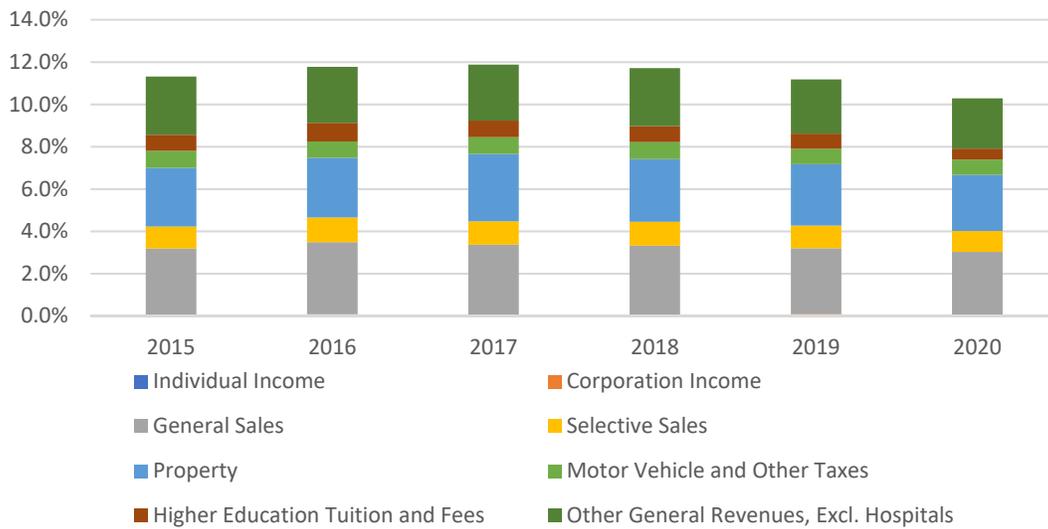
Highlights

- South Dakota has no individual or corporate income tax.
 - Although the Tax Foundation states that South Dakota has neither an individual nor a corporate income tax, the U.S. Census Bureau attributed \$46.3 million in state revenues to corporate income taxes in FY 2019, amounting to 0.1% of personal income. The Census Bureau’s definition of corporation net income taxes includes any taxes on corporations and unincorporated businesses (when taxed separately from individual income), measured by net income, whether on corporations in general or on specific kinds of corporations, such as financial institutions, even if they are not called income taxes. South Dakota requires financial institutions to pay a net income tax, referred to as the Bank Franchise Tax. The rate starts at 6% of net income less than \$400 million and decreases incrementally to 0.25% for amounts over \$1.2 billion. This tax generated \$50.1 million (0.1% of personal income) in FY 2021. The Census Bureau’s public use data do not say which revenue streams specific to South Dakota were classified as corporate income taxes, but the Census Bureau reported that South Dakota received an average of \$30.8 million per year for corporate income tax over FYs 2015 through 2020, while the state’s ACFR reported \$31.6 million in Bank Franchise Tax during the same period.

- South Dakota state and local government revenues, excluding hospital revenues, amounted to 11.2% of personal income in 2019, the fourth-smallest percentage of all states.

South Dakota State and Local Government Revenues as a Percentage of Personal Income	
Individual Income Tax Rate	None
Corporate Income Tax Rate	None, but Bank Franchise Tax of 0.25% to 6% of net income imposed on financial institutions
State Sales Tax Rate	4.5%
Maximum Local Sales Tax Rate	4.50%
Average Combined State and Local Sales Tax Rate	6.40%
Property Taxes as a Percentage of Owner-Occupied Housing Values	1.18%
Tax Foundation 2023 Business Tax Climate Ranking	2nd
Source: Prepared by legislative auditor’s staff using information from the Tax Foundation.	

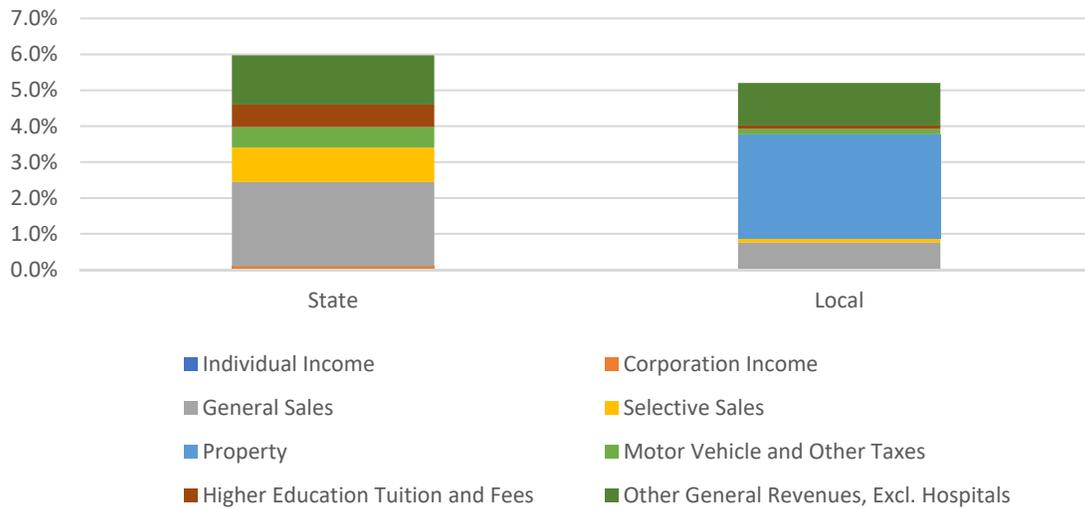
South Dakota State and Local General Revenues as a Percentage of Personal Income Fiscal Years 2015 through 2020



Source: Prepared by legislative auditor’s staff using data from the U.S. Bureau of Economic Analysis and Census Bureau.

South Dakota State and Local Government Revenues as a Percentage of Personal Income						
Revenue Type	2015	2016	2017	2018	2019	2020
Individual Income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Corporation Income	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%
General Sales	3.2%	3.4%	3.3%	3.3%	3.1%	3.0%
Selective Sales	1.0%	1.2%	1.1%	1.1%	1.1%	1.0%
Property	2.8%	2.8%	3.2%	3.0%	2.9%	2.7%
Motor Vehicle and Other Taxes	0.8%	0.8%	0.8%	0.8%	0.7%	0.7%
Higher Education Tuition and Fees	0.8%	0.9%	0.8%	0.8%	0.7%	0.5%
Other General Revenues, Excl. Hospitals	2.7%	2.6%	2.6%	2.6%	2.6%	2.3%
Total Taxes and General Revenues, Excl. Hospitals	11.3%	11.8%	11.9%	11.7%	11.2%	10.3%
Personal Income (Billions)	\$41.9	\$42.3	\$43.6	\$45.7	\$48.8	\$53.6
Personal Income Per Capita	\$49,186	\$49,192	\$50,104	\$52,166	\$55,294	\$60,446
Source: Prepared by legislative auditor's staff using data from the U.S. Bureau of Economic Analysis and Census Bureau.						

South Dakota Sources of State and Local Revenues as a Percentage of Personal Income Fiscal Year 2019



Source: Prepared by legislative auditor’s staff using data from the U.S. Bureau of Economic Analysis and Census Bureau.

South Dakota Sources of State and Local Government Revenue as a Percentage of Personal Income Fiscal Year 2019			
Revenue Type	State	Local	Combined
Individual Income	0.0%	0.0%	0.0%
Corporation Income	0.1%	0.0%	0.1%
General Sales	2.3%	0.8%	3.1%
Selective Sales	1.0%	0.1%	1.1%
Property	0.0%	2.9%	2.9%
Motor Vehicle and Other Taxes	0.6%	0.1%	0.7%
Higher Education Tuition and Fees	0.6%	0.1%	0.7%
Other General Revenues, Excl. Hospitals	1.4%	1.2%	2.6%
Total Taxes and General Revenues, Excl. Hospitals	6.0%	5.2%	11.2%
Source: Prepared by legislative auditor's staff using data from the U.S. Bureau of Economic Analysis and Census Bureau.			

Tennessee

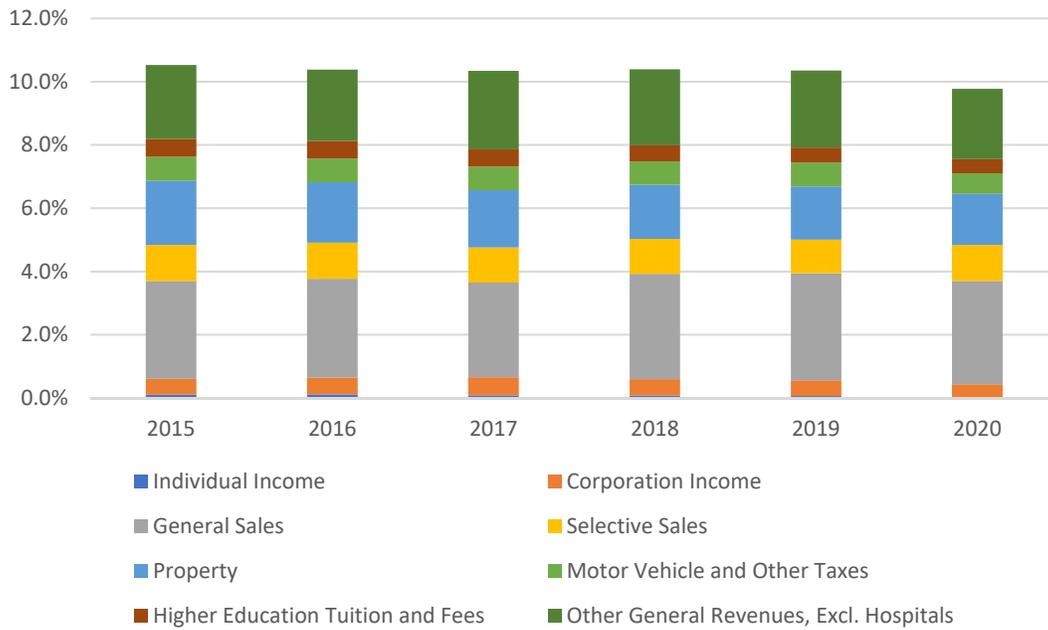
Highlights

- Tennessee fully repealed its income tax in 2021, although Tennessee's individual income tax only applied to dividends and interest on securities.
 - In FY 2016, before this phase out began, the tax only yielded 0.1% of personal income. For comparison, Louisiana's individual income tax, which applies to a broader base that includes wages, generated revenues equivalent to 1.4% of personal income during the same fiscal year.
- The Tax Foundation reports that Tennessee's combined state and local sales tax rate of 9.55% was the second-highest in the country as of July 1, 2022. Louisiana's rate was the highest, exceeding Tennessee's by 0.002 percentage points.
 - Tennessee's state sales tax rate of 7% is one of the highest in the country, where it also ranks second; in contrast, Louisiana's state sales tax rate only ranked 38th.
 - In terms of actual revenues generated, Tennessee received state and local sales taxes amounting to 3.4% of personal income in FY 2019, the eighth-highest percentage in the country.
- Tennessee's state and local property taxes amounted to 1.7% of personal income in FY 2019, the second lowest in the United States.
- The state also levies a Business Tax on gross receipts, a Franchise Tax on business capital stock, an Excise Tax on net earnings or income of corporations, limited liability companies, and other entities, and a separate Gross Receipts Tax on certain businesses not subject to the Business Tax. These generated \$4.5 billion in state and local revenues in FY 2021, or 1.2% of personal income.
 - The Census Bureau includes general gross receipts taxes in the same category as general sales taxes, while selective gross receipts taxes on certain types of businesses are reported in the same category as selective sales taxes. The Excise Tax, as a tax on net earnings or income on incorporated and unincorporated businesses, would still be classified as a corporate income tax. Capital stock taxes are classified as corporations in general license taxes, which are included below in motor vehicle and other taxes.
- Tennessee's state and local property tax revenues were 1.7% of personal income in FY 2019, ranking second-to-last in the country.

- Tennessee’s total state and local tax revenues were 10.4% of personal income in FY 2019, the lowest percentage among states.

Tennessee State and Local Government Revenues as a Percentage of Personal Income	
Individual Income Tax Rate	None
Corporate Income Tax Rate	6.5% + gross receipts tax of 0.02% to 0.3%
State Sales Tax Rate	7.0%
Maximum Local Sales Tax Rate	2.75%
Average Combined State and Local Sales Tax Rate	9.55%
Property Taxes as a Percentage of Owner-Occupied Housing Values	0.68%
Tax Foundation 2023 Business Tax Climate Ranking	8
Source: Prepared by legislative auditor’s staff using information from the Tax Foundation and Tennessee Department of Revenue.	

Tennessee State and Local General Revenues as a Percentage of Personal Income Fiscal Years 2015 through 2020

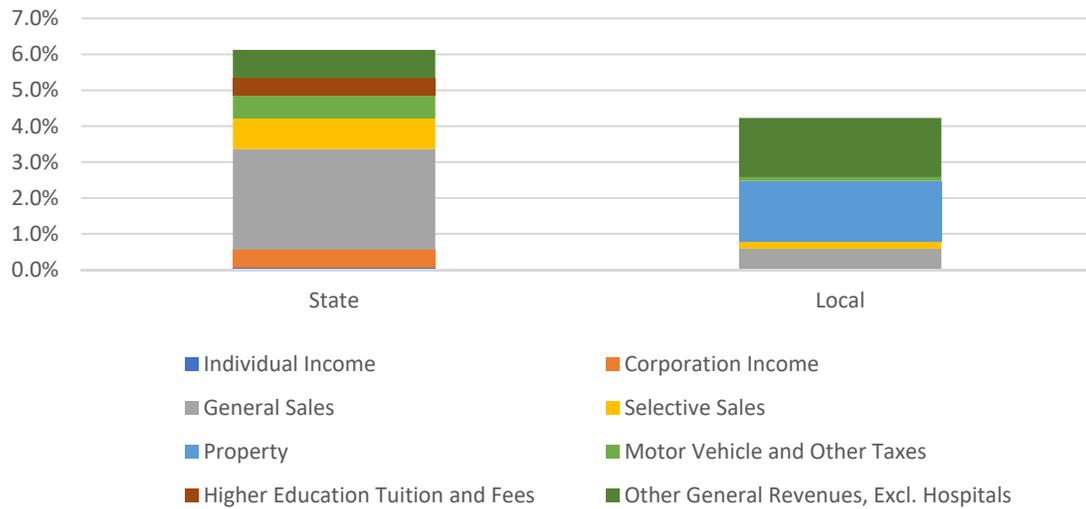


Source: Prepared by legislative auditor’s staff using data from the U.S. Bureau of Economic Analysis and Census Bureau.

Tennessee State and Local Government Revenues as a Percentage of Personal Income						
Revenue Type	2015	2016	2017	2018	2019	2020
Individual Income	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%
Corporation Income	0.5%	0.5%	0.6%	0.5%	0.5%	0.4%
General Sales	3.1%	3.1%	3.0%	3.3%	3.4%	3.3%
Selective Sales	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%
Property	2.0%	1.9%	1.8%	1.7%	1.7%	1.6%
Motor Vehicle and Other Taxes	0.8%	0.7%	0.7%	0.7%	0.8%	0.7%
Higher Education Tuition and Fees	0.6%	0.6%	0.6%	0.5%	0.5%	0.4%
Other General Revenues, Excl. Hospitals	2.3%	2.4%	2.4%	2.5%	2.3%	2.3%
Total Taxes and General Revenues, Excl. Hospitals	10.5%	10.4%	10.3%	10.4%	10.4%	9.8%
Personal Income (Billions)	\$281.3	\$290.2	\$302.5	\$319.0	\$338.6	\$362.3
Personal Income Per Capita	\$42,535	\$43,499	\$44,879	\$46,870	\$49,343	\$52,351

Source: Prepared by legislative auditor’s staff using data from the U.S. Bureau of Economic Analysis and Census Bureau.

Tennessee Sources of State and Local Revenues as a Percentage of Personal Income Fiscal Year 2019



Source: Prepared by legislative auditor’s staff using data from the U.S. Bureau of Economic Analysis and Census Bureau.

Tennessee Sources of State and Local Government Revenue as a Percentage of Personal Income Fiscal Year 2019			
Revenue Type	State	Local	Combined
Individual Income	0.1%	0.0%	0.1%
Corporation Income	0.5%	0.0%	0.5%
General Sales	2.8%	0.6%	3.4%
Selective Sales	0.9%	0.2%	1.1%
Property	0.0%	1.7%	1.7%
Motor Vehicle and Other Taxes	0.6%	0.2%	0.8%
Higher Education Tuition and Fees	0.5%	0.0%	0.5%
Other General Revenues, Excl. Hospitals	0.7%	1.6%	2.3%
Total Taxes and General Revenues, Excl. Hospitals	6.1%	4.3%	10.4%
Source: Prepared by legislative auditor's staff using data from the U.S. Bureau of Economic Analysis and Census Bureau.			

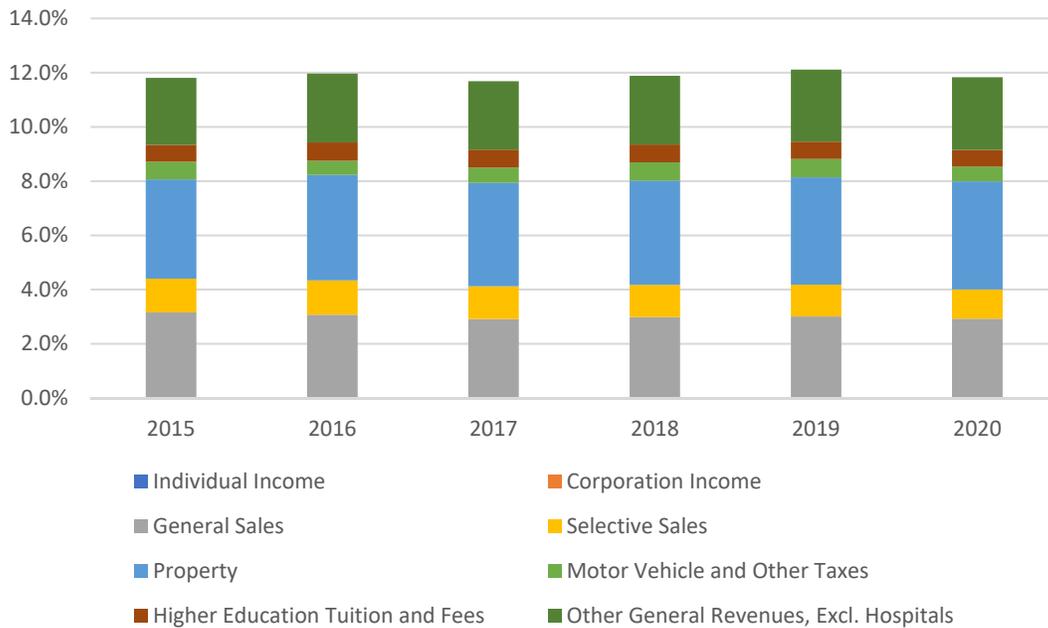
Texas

Highlights

- Although Texas does not have a corporation income tax, it has the Texas Franchise Tax, which generated \$4.2 billion, or 0.3% of personal income, in FY 2019, and which exceeded the 0.2% of personal income generated by Louisiana's corporation income tax.
 - The Texas Franchise Tax applies to corporations, limited liability companies, limited partnerships, and other types of entities.
 - The tax is equal to 0.331% to 0.75% of taxable margins for each entity. Businesses can choose which formula for calculating margins is most favorable to them. Businesses start with their total revenues and then subtract one of the following:
 - Cost of goods sold.
 - Total compensation.
 - 30% of total revenue.
 - \$1 million.
 - The Census Bureau appears to classify the Texas Franchise Tax under the general sales and gross receipts taxes category. The combined sales and franchise tax revenues reported in the state of Texas's Annual Comprehensive Financial Report for FY 2019 were \$38.2 billion, approximately equal to the \$38.1 billion in state general sales and gross receipts taxes reported by the Census Bureau.
- Texas state and local property taxes amounted to 4.0% of personal income in FY 2019, ranking ninth among states.
- Texas's state government took in 46.6% of state and local general revenues in 2019, which was the third-smallest percentage among U.S. states, indicating that Texas's revenue structure puts more emphasis on local rather than state revenues.

Texas State and Local Government Revenues as a Percentage of Personal Income	
Individual Income Tax Rate	None
Corporate Income Tax Rate	None, but levies Franchise Tax of 0.331% to 0.75% on "margins"
State Sales Tax Rate	6.3%
Maximum Local Sales Tax Rate	2.00%
Average Combined State and Local Sales Tax Rate	8.20%
Property Taxes as a Percentage of Owner-Occupied Housing Values	1.66%
Tax Foundation 2023 Business Tax Climate Ranking	13
Source: Prepared by legislative auditor's staff using information from the Tax Foundation and Texas Comptroller of Public Accounts.	

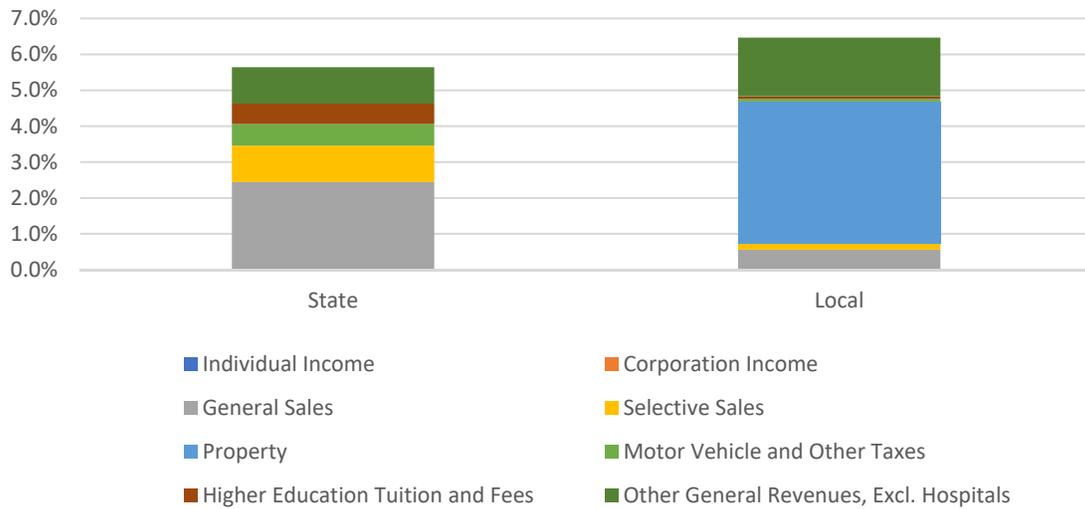
Texas State and Local General Revenues as a Percentage of Personal Income Fiscal Years 2015 through 2020



Source: Prepared by legislative auditor’s staff using data from the U.S. Bureau of Economic Analysis and Census Bureau.

Texas State and Local Government Revenues as a Percentage of Personal Income						
Revenue Type	2015	2016	2017	2018	2019	2020
Individual Income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Corporation Income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
General Sales	3.2%	3.1%	2.9%	3.0%	3.0%	2.9%
Selective Sales	1.2%	1.3%	1.2%	1.2%	1.2%	1.1%
Property	3.7%	3.9%	3.8%	3.8%	3.9%	4.0%
Motor Vehicle and Other Taxes	0.6%	0.5%	0.6%	0.7%	0.7%	0.5%
Higher Education Tuition and Fees	0.6%	0.7%	0.7%	0.7%	0.6%	0.6%
Other General Revenues, Excl. Hospitals	2.5%	2.5%	2.5%	2.5%	2.7%	2.7%
Total Taxes and General Revenues, Excl. Hospitals	11.8%	12.0%	11.7%	11.9%	12.1%	11.8%
Personal Income (Billions)	\$1,300.5	\$1,296.5	\$1,387.9	\$1,482.7	\$1,560.5	\$1,624.5
Personal Income Per Capita	\$47,465	\$46,586	\$49,231	\$52,005	\$54,076	\$55,601
Source: Prepared by legislative auditor’s staff using data from the U.S. Bureau of Economic Analysis and Census Bureau.						

Texas Sources of State and Local Revenues as a Percentage of Personal Income Fiscal Year 2019



Source: Prepared by legislative auditor’s staff using data from the U.S. Bureau of Economic Analysis and Census Bureau.

Texas Sources of State and Local Government Revenue as a Percentage of Personal Income Fiscal Year 2019			
Revenue Type	State	Local	Combined
Individual Income	0.0%	0.0%	0.0%
Corporation Income	0.0%	0.0%	0.0%
General Sales	2.4%	0.6%	3.0%
Selective Sales	1.0%	0.2%	1.2%
Property	0.0%	3.9%	3.9%
Motor Vehicle and Other Taxes	0.6%	0.1%	0.7%
Higher Education Tuition and Fees	0.6%	0.0%	0.6%
Other General Revenues, Excl. Hospitals	1.0%	1.7%	2.7%
Total Taxes and General Revenues, Excl. Hospitals	5.6%	6.5%	12.1%
Source: Prepared by legislative auditor's staff using data from the U.S. Bureau of Economic Analysis and Census Bureau.			

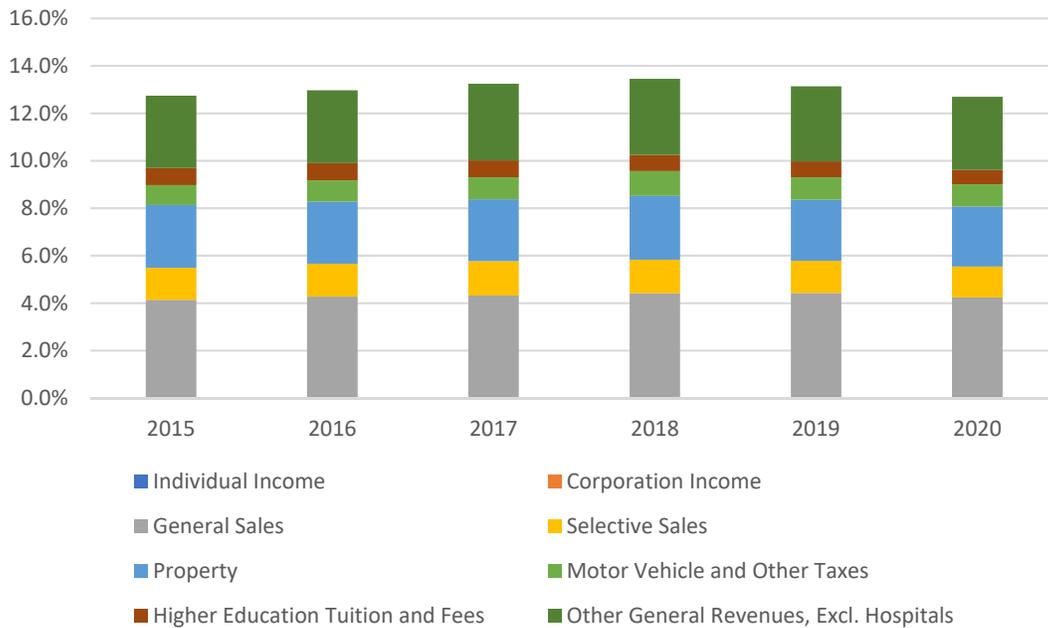
Washington

Highlights

- Washington has no income tax due to a 1933 ruling by its state supreme court.
- Washington enacted a 7% tax on capital gains exceeding \$250,000 per individual effective January 1, 2022, but the constitutionality of the tax is pending judicial review.
- Although the state levies no corporation income tax, it does levy a Business and Occupation Tax on gross receipts ranging from 0.471% on retailing to 3.3% for radioactive waste disposal services. The tax generated \$4.5 billion, or 0.9% of personal income, in FY 2019.

Washington State and Local Government Revenues as a Percentage of Personal Income	
Individual Income Tax Rate	7% on capital gains
Corporate Income Tax Rate	None, but levies Gross Receipts (Business and Occupation/B&O) tax of 0.471% to 3.3% on gross receipts
State Sales Tax Rate	6.5%
Maximum Local Sales Tax Rate	4.00%
Average Combined State and Local Sales Tax Rate	9.29%
Property Taxes as a Percentage of Owner-Occupied Housing Values	0.88%
Tax Foundation 2023 Business Tax Climate Ranking	28th
Source: Prepared by legislative auditor's staff using information from the Tax Foundation and Washington Department of Revenue.	

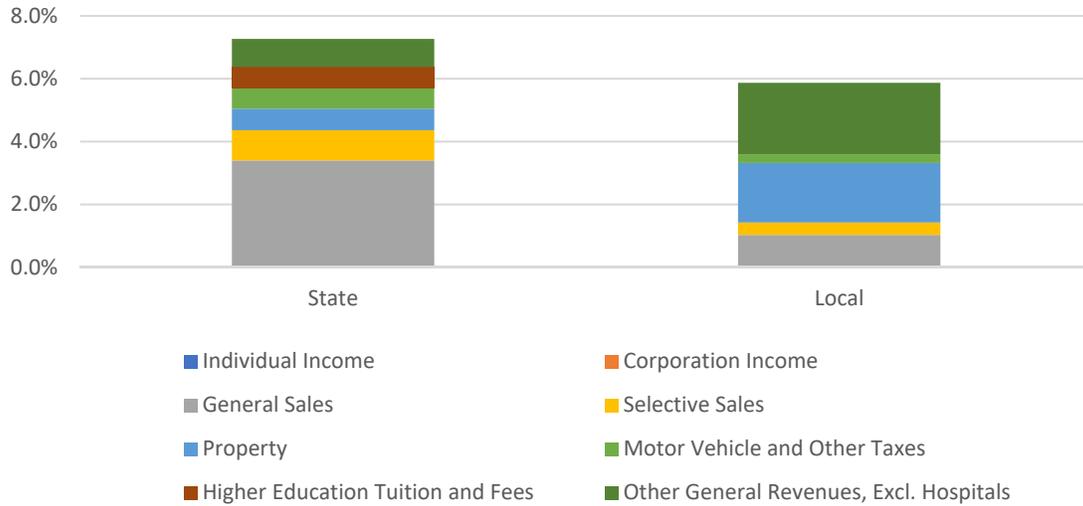
Washington State and Local General Revenues as a Percentage of Personal Income Fiscal Years 2015 through 2020



Source: Prepared by legislative auditor’s staff using data from the U.S. Bureau of Economic Analysis and Census Bureau.

Washington State and Local Government Revenues as a Percentage of Personal Income						
Revenue Type	2015	2016	2017	2018	2019	2020
Individual Income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Corporation Income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
General Sales	4.1%	4.3%	4.3%	4.4%	4.4%	4.2%
Selective Sales	1.3%	1.4%	1.4%	1.4%	1.4%	1.3%
Property	2.6%	2.6%	2.6%	2.7%	2.6%	2.5%
Motor Vehicle and Other Taxes	0.8%	0.9%	0.9%	1.0%	0.9%	0.9%
Higher Education Tuition and Fees	0.7%	0.7%	0.7%	0.7%	0.7%	0.6%
Other General Revenues, Excl. Hospitals	3.2%	3.1%	3.3%	3.3%	3.1%	3.2%
Total Taxes and General Revenues, Excl. Hospitals	12.7%	13.0%	13.2%	13.5%	13.1%	12.7%
Personal Income (Billions)	\$381.2	\$401.8	\$426.4	\$454.6	\$490.3	\$527.6
Personal Income Per Capita	\$53,083	\$54,918	\$57,265	\$60,221	\$64,189	\$68,350
Source: Prepared by legislative auditor’s staff using data from the U.S. Bureau of Economic Analysis and Census Bureau.						

Washington Sources of State and Local Revenues as a Percentage of Personal Income Fiscal Year 2019



Source: Prepared by legislative auditor’s staff using data from the U.S. Bureau of Economic Analysis and Census Bureau.

Washington Sources of State and Local Government Revenue as a Percentage of Personal Income Fiscal Year 2019			
Revenue Type	State	Local	Combined
Individual Income	0.0%	0.0%	0.0%
Corporation Income	0.0%	0.0%	0.0%
General Sales	3.4%	1.0%	4.4%
Selective Sales	1.0%	0.4%	1.4%
Property	0.7%	1.9%	2.6%
Motor Vehicle and Other Taxes	0.6%	0.3%	0.9%
Higher Education Tuition and Fees	0.7%	0.0%	0.7%
Other General Revenues, Excl. Hospitals	0.9%	2.2%	3.1%
Total Taxes and General Revenues, Excl. Hospitals	7.3%	5.8%	13.1%
Source: Prepared by legislative auditor’s staff using data from the U.S. Bureau of Economic Analysis and Census Bureau.			

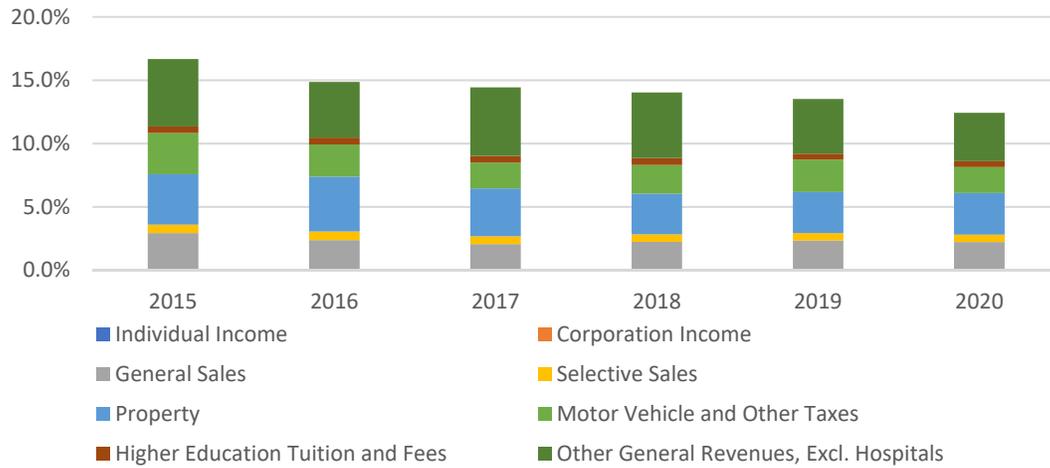
Wyoming

Highlights

- Wyoming levies no individual or corporation income taxes.
- The state of Wyoming received \$1.2 billion, or 3.2% of personal income, in mineral severance taxes, federal mineral royalties, and coal bonus lease payments, and another \$1.1 billion (3.0% of personal income) in investment income in FY 2019.

Wyoming State and Local Government Revenues as a Percentage of Personal Income	
Individual Income Tax Rate	None
Corporate Income Tax Rate	None
State Sales Tax Rate	4.0%
Maximum Local Sales Tax Rate	2.00%
Average Combined State and Local Sales Tax Rate	5.36%
Property Taxes as a Percentage of Owner-Occupied Housing Values	0.56%
Tax Foundation 2023 Business Tax Climate Ranking	1st
Source: Prepared by legislative auditor's staff using information from the Tax Foundation.	

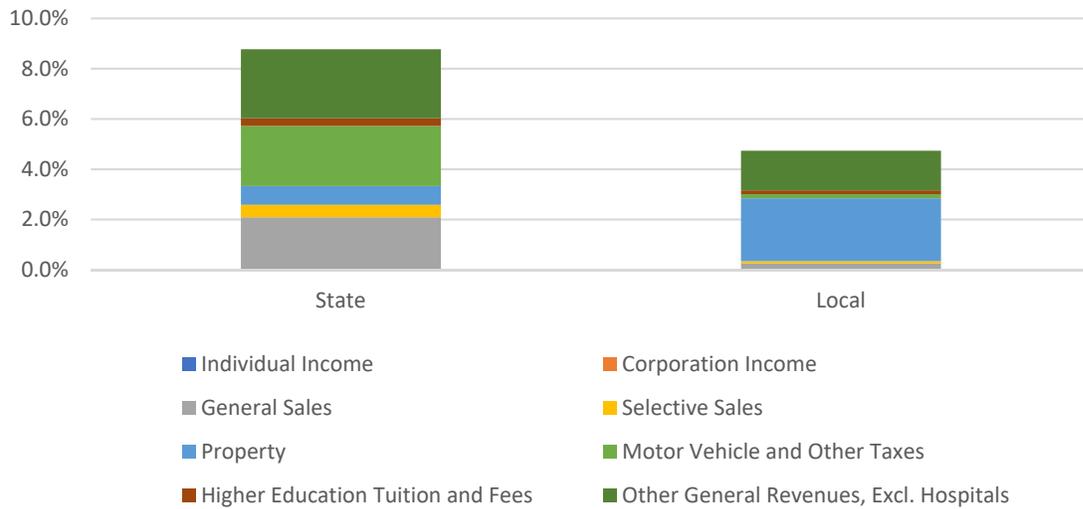
Wyoming State and Local General Revenues as a Percentage of Personal Income Fiscal Years 2015 through 2020



Source: Prepared by legislative auditor’s staff using data from the U.S. Bureau of Economic Analysis and Census Bureau.

Wyoming State and Local Government Revenues as a Percentage of Personal Income						
Revenue Type	2015	2016	2017	2018	2019	2020
Individual Income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Corporation Income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
General Sales	2.9%	2.4%	2.1%	2.2%	2.3%	2.2%
Selective Sales	0.7%	0.7%	0.6%	0.6%	0.6%	0.6%
Property	4.0%	4.3%	3.8%	3.2%	3.2%	3.3%
Motor Vehicle and Other Taxes	3.3%	2.5%	2.0%	2.3%	2.6%	2.0%
Higher Education Tuition and Fees	0.5%	0.5%	0.5%	0.6%	0.5%	0.5%
Other General Revenues, Excl. Hospitals	5.3%	4.5%	5.4%	5.1%	4.3%	3.8%
Total Taxes and General Revenues, Excl. Hospitals	16.7%	14.9%	14.4%	14.0%	13.5%	12.4%
Personal Income (Billions)	\$33.8	\$31.9	\$33.0	\$34.8	\$36.9	\$38.0
Personal Income Per Capita	\$57,846	\$54,827	\$57,184	\$60,472	\$64,117	\$65,782
Source: Prepared by legislative auditor’s staff using data from the U.S. Bureau of Economic Analysis and Census Bureau.						

Wyoming Sources of State and Local Revenues as a Percentage of Personal Income Fiscal Year 2019



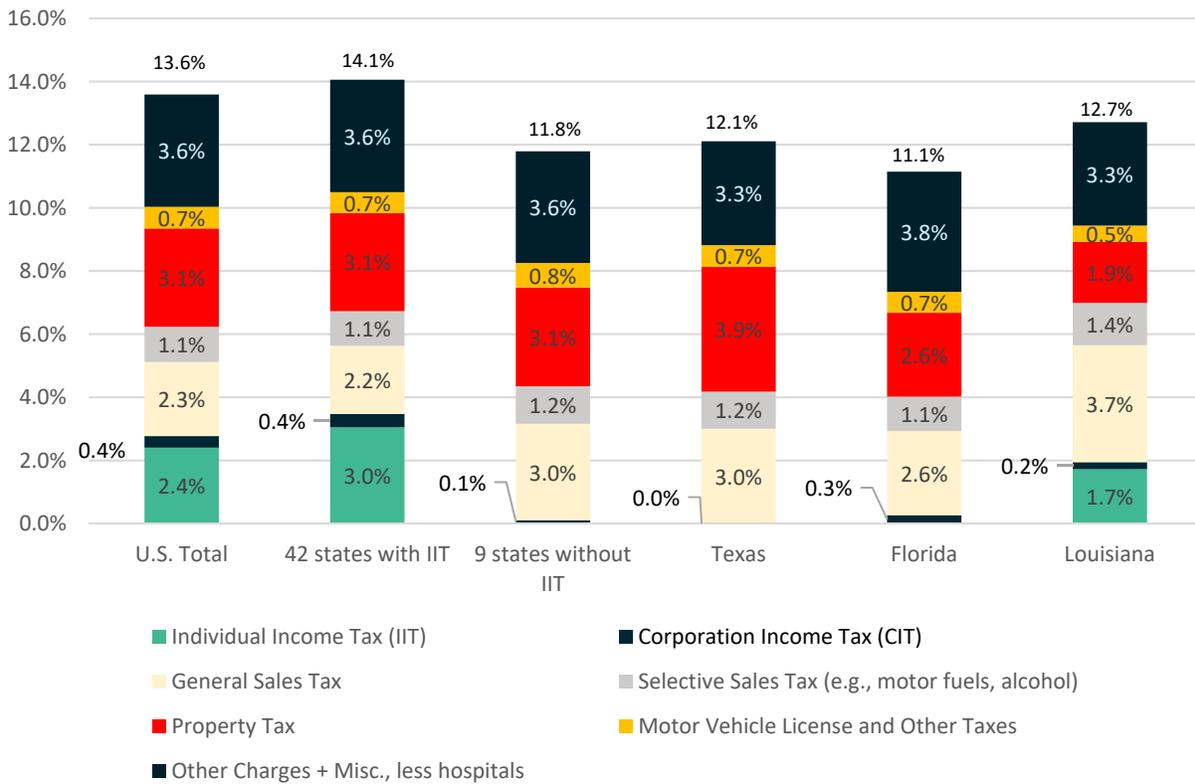
Source: Prepared by legislative auditor’s staff using data from the U.S. Bureau of Economic Analysis and Census Bureau.

Wyoming Sources of State and Local Government Revenue as a Percentage of Personal Income Fiscal Year 2019			
Revenue Type	State	Local	Combined
Individual Income	0.0%	0.0%	0.0%
Corporation Income	0.0%	0.0%	0.0%
General Sales	2.1%	0.2%	2.3%
Selective Sales	0.5%	0.1%	0.6%
Property	0.7%	2.5%	3.2%
Motor Vehicle and Other Taxes	2.4%	0.2%	2.6%
Higher Education Tuition and Fees	0.4%	0.1%	0.5%
Other General Revenues, Excl. Hospitals	2.7%	1.6%	4.3%
Total Taxes and General Revenues, Excl. Hospitals	8.8%	4.7%	13.5%

Source: Prepared by legislative auditor's staff using data from the U.S. Bureau of Economic Analysis and Census Bureau.

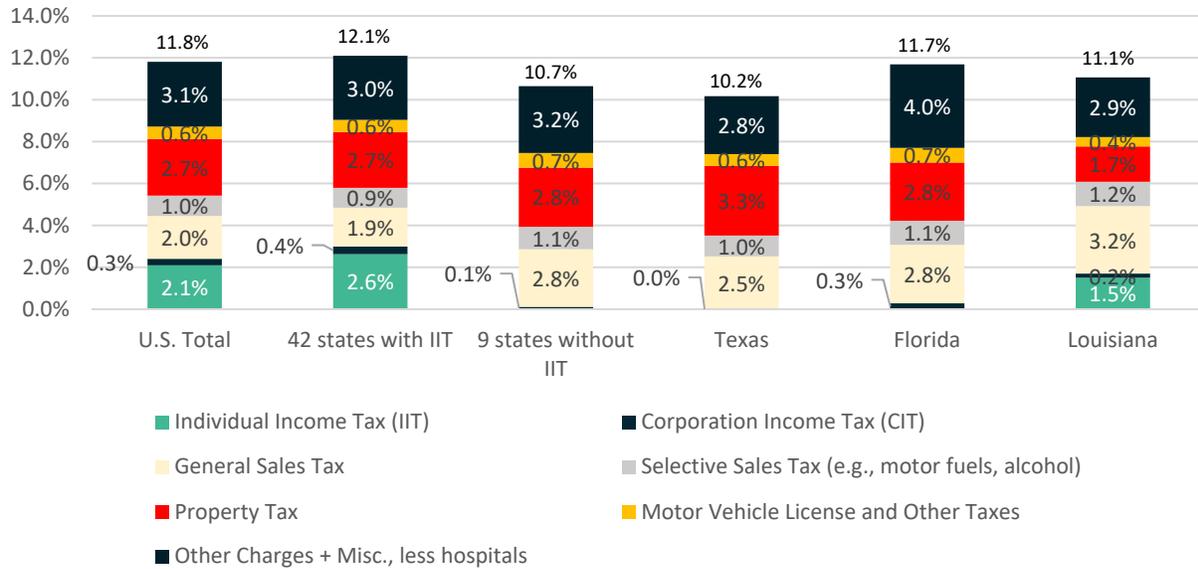
APPENDIX B: COMPARISON OF REVENUE TYPES NORMALIZED BY PERSONAL INCOME, POPULATION, AND GROSS DOMESTIC PRODUCT

Exhibit B.1
Composition of State and Local General Revenues
Percentage of Personal Income
Fiscal Year 2019



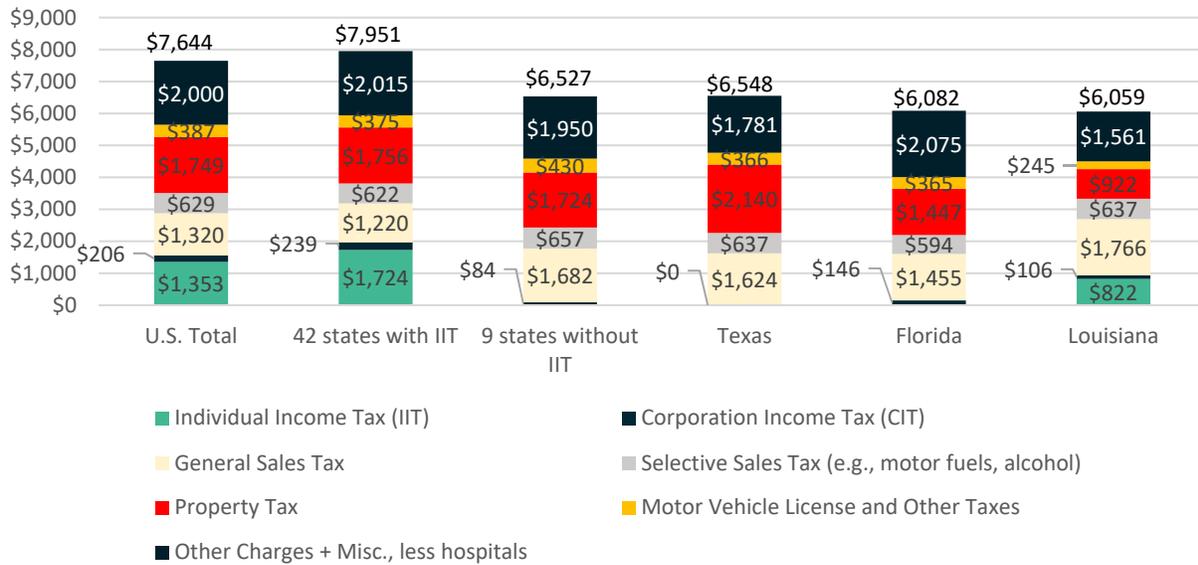
Source: Prepared by legislative auditor’s staff using data from the U.S. Census Bureau and Bureau of Economic Analysis.

Exhibit B.2 Composition of State and Local General Revenues Percentage of Gross Domestic Product Fiscal Year 2019



Source: Prepared by legislative auditor’s staff using data from the U.S. Census Bureau and Bureau of Economic Analysis.

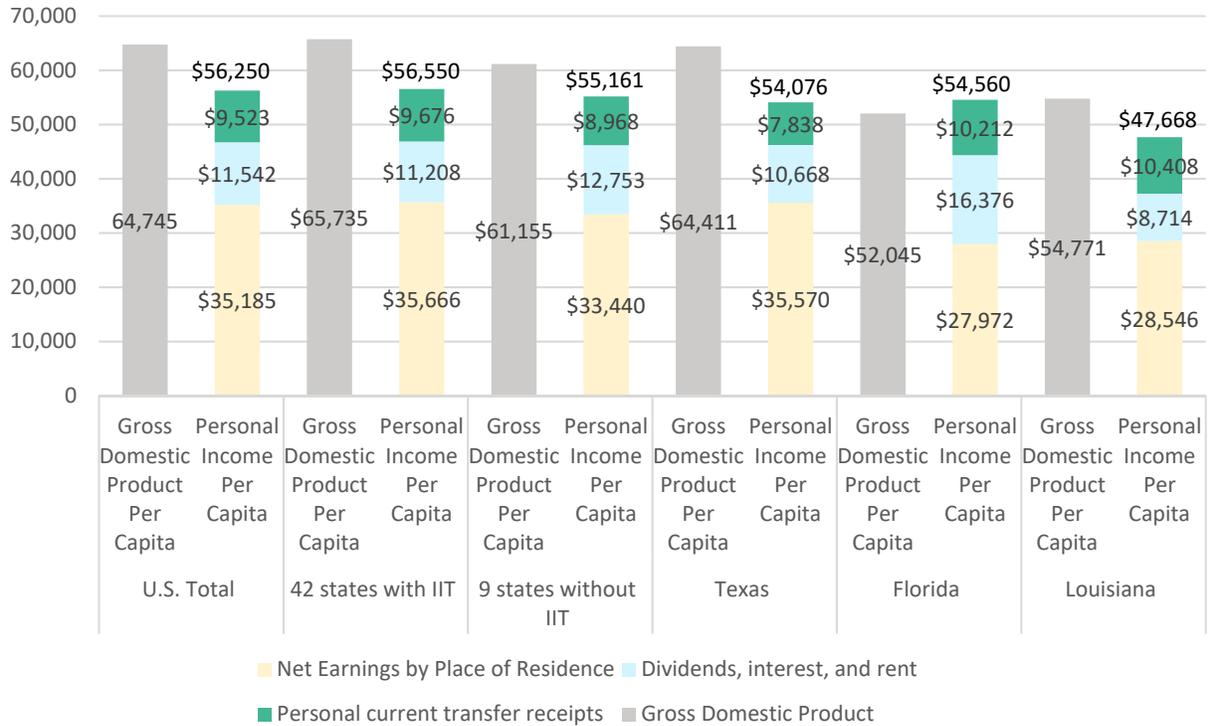
Exhibit B.3 Composition of State and Local General Revenues Dollars Per Capita Fiscal Year 2019



Note: This exhibit excludes \$5 per capita in IIT received by the nine states without IIT.

Source: Prepared by legislative auditor’s staff using data from the U.S. Census Bureau and Bureau of Economic Analysis.

Exhibit B.4 Gross Domestic Product and Components of Personal Income Dollars Per Capita Calendar Year 2019



Source: Prepared by legislative auditor’s staff using data from the U.S. Bureau of Economic Analysis.