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THE DEDUCTIBILITY OF STATE AND
LOCAL TAXES: IMPACT EFFECTS BY
STATE AND INCOME CLASS

Daniel R. Feenberg

Harvey S. Rosen

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ABSTRACT

This paper provides careful estimates of the impact of removing the deductibility of state and local taxes by state and by income class. We show how deductibility affects marginal and average tax rates for both state and federal tax systems. One striking result is that combined federal income tax and state tax burdens would generally fall under the President's tax reform proposal, even for high income people in high tax states.

Daniel R. Feenberg
NBER
1050 Massachusetts Avenue
Cambridge, MA 02138

Harvey S. Rosen
Department of Economics
Princeton University
Princeton, NJ 08544

I. Introduction

President Reagan's tax reform proposal calls for the elimination of the deductibility of state and local taxes. The President and his spokesmen have stated that this is one part of the proposal that is not negotiable. Presumably, this is because the increased revenue from eliminating state and local tax deductibility--about \$33 billion according to the President's proposal¹--is needed to finance tax reductions contained in other portions of the proposal. Critics of the President have argued that elimination of deductibility would put an unfair burden on residents of high tax states; and would have a disastrous impact on state and local public finance.

Who would be most hurt if this part of the President's proposal were adopted? The purpose of this paper is to provide estimates of the impact of removing the deductibility of state and local taxes by state and by income class. We show how deductibility affects marginal and average tax rates for both state and federal tax systems. We provide relatively detailed information on the impact upon state tax structures. Due to lack of appropriate data, we cannot consider property taxes in comparable detail.²

Obviously, the potential impact of removing state and local tax deductibility depends upon what the rest of the tax code looks like. At this point, no one knows exactly what will emerge from the legislative process. We examine the impact of deductibility both under the status quo and under the President's

¹This is the figure for the fiscal year 1987. See the President's Tax Proposals to the Congress for Fairness, Growth, and Simplicity [1985], p. 453].

²In 1982, state individual income and sales taxes (which are potentially deductible on federal tax returns) totaled \$125.5 billion; local property taxes were \$78.8 billion. (U.S. Bureau of the Census [1984, p. 265].

proposal. These results should be of some use in assessing the implications of any "in-between" proposals that are presented.

Section II describes our data and methods. Section III shows how marginal and average tax rates for state and federal tax systems are affected by the deductibility of state taxes. One striking result is that combined federal income tax and state tax burdens would generally fall under the President's proposal, even for high income individuals in high tax states. A concluding section offers some brief comments on the political debate surrounding the deductibility of state taxes.

II. Data and Methods

The basic data source for this study is a stratified random sample of 88,000 Federal Income Tax returns for the year 1982. (The computer file with these data is documented by Strudler [undated]). Most returns include the taxpayer's state.³ However, tax returns with Adjusted Gross Income (AGI) over \$200,000 do not include a state identifier and are therefore excluded. Nor does our sample include individuals who file state tax returns but not federal returns; this group probably comprises mostly older persons expecting property tax rebates.

We have programmed the major individual income and general sales tax rules (which together comprise about 60 percent of states' revenues from their own sources) for every state for the year 1982.⁴ With this information, we can estimate each taxpaying unit's state individual income and general sales tax liabilities under any given set of rules. For purposes of simplicity, instead of reporting results for the income and general sales tax separately, we view them as two components of a single structure. Thus, for example, "the" marginal tax rate is the increment to the sum of income and sales taxes associated with a dollar increase in income. Unless otherwise noted, then, when we refer to state "tax structure," we mean the combined individual income-sales tax structure.

³ In some cases the return address on a tax form may be that of a lawyer or accountant in a different state than the taxpayer.

⁴ Details on the procedure are provided in Feenberg and Rosen [1986].

Our tax simulation model allows us to compute any desired summary measure of each state's tax structure under alternative tax regimes. As is well known, for complicated non-proportional tax systems, generally there is no single number that can characterize the entire system. Our focus is on marginal and average rates (with respect to Adjusted Gross Income) faced by members of different income groups. To be more concrete, we adopt the following notation:

T_s, T_f = state and federal tax liabilities, respectively.

t_s, t_f = state and federal gross marginal tax rates, respectively.

These are obtained by finding the incremental tax liability associated with a one dollar increase in taxable wage income, and not taking into account the fact that states taxes can (sometimes) be deducted on federal income tax returns, and federal taxes can (sometimes) be deducted on state income tax returns.

I_f = 1 if the taxpayer itemizes on the Federal income tax return, and takes the value zero otherwise.

I_s = 1 if the taxpayer can deduct federal taxes on the state return, and takes the value zero otherwise.

Y = adjusted gross income.

In general, an individual's state and federal tax liabilities are non-linear functions of income. Hence, we can write

$$(1) \quad T_f = f(Y - I_f T_s - a_f)$$

$$(2) \quad T_s = g(Y - I_s T_f - a_s)$$

where a_f represents reductions in taxable income (other than state income and sales taxes but including local taxes) that are allowed in the computation of federal income taxes, and a_s is defined analogously.

In reality deductions of tax payment are always done on a cash rather than liability basis. This avoids burdening the taxpayer with solving a system of nonlinear equations, but requires knowing the cash payments, which are not

available to us. Therefore we approximate the cash payment with the calculated liability. In a steady state these should be identical, but the difference might be significant during the transition to a broad-based tax.

It is interesting to note the considerable differences among states with respect to the deductibility of federal taxes. Eight states (Alabama, Arizona, Colorado, Kentucky, Louisiana, Minnesota, Missouri, and Utah) allow a full deduction for Federal income taxes on the state return. Montana allows only itemizers to deduct federal taxes; it is the only state to distinguish between itemizers and non-itemizers in this way. Four states set a maximum for the deduction: Delaware allows up to \$300 (single) or \$600 (joint), Oregon up to \$7000, South Carolina up to \$500, and Kansas up to \$5000 (single) or \$10,000 (joint). For taxpayers whose federal tax payments exceed the ceiling, Kansas also allows one half of the difference as a deduction. Iowa allows its non-itemizers to deduct 85% of their federal taxes. North Dakota and Oklahoma have optional tax tables (with higher rates) that allow a deduction for federal taxes. Four states (Arizona, Hawaii, Oklahoma and Mississippi) allow a deduction for their own state income tax payments, this is also treated as if liabilities were deductible and therefore lowers t_s .

Consider now a one dollar decrease (in absolute value) of a_s , i.e., a change in the state tax law that increases state taxable income by one dollar. We define the state net marginal tax rate, τ_s , as the sum of the associated changes in state and federal tax liability.⁵ That is, it is the total increase in tax liability, taking into account the fact that changes in the state tax law have an impact upon federal tax liability.

In terms of the notation developed above,

⁵ Another possible conceptual experiment is to compute the increase in tax liability associated with a one dollar increase in income, which would have first order effects on both federal and state tax liabilities. As this seems less interesting for policy purposes, we do not consider it here.

$$(3) \quad \tau_s = - \left[\frac{dT_s}{da_s} + \frac{dT_f}{da_s} \right].$$

To find (dT_s/da_s) , substitute equation (1) into equation (2) and take the total differential:

$$(4) \quad \frac{dT_s}{da_s} = \frac{-g'}{1 - I_s I_f g'_i f'}$$

where g'_i is the marginal tax rate of the individual income tax component of the state income-sales tax system. The presence of g'_i is due to the fact that when $I_s = 1$, only state income tax liability is affected.

Operating similarly on equation (1), we find

$$(5) \quad \frac{dT_f}{da_s} = \frac{f' g' I_f}{1 - I_s I_f g'_i f'}$$

Substituting (4) and (5) into (3) yields

$$(6) \quad \tau_s = \frac{g'(1 - f' I_f)}{1 - I_s I_f g'_i f'}$$

The interpretation of equation (6) is straightforward. For individuals who do not itemize deductions on their federal returns ($I_f = 0$), the state marginal tax rate is determined entirely by the slope of state tax structure, g' . For individuals who itemize on their federal returns ($I_f = 1$), the incremental tax burden is reduced by the federal marginal tax rate, f' , times the increase in states taxes, g' . Hence the presence of $(1 - f' I_f)$ in the numerator. However, for individuals who also can deduct federal taxes on their state tax returns, the fact that federal tax liability has gone down creates a second order increase in state tax liability.⁶ This accounts for the presence of the term $(1 - I_s I_f g'_i f')$ in the denominator.

⁶Again, it is the steady state liability that increases. In a literal sense there is no change in liability for the current year, because of the cash basis for deductions.

The federal net marginal tax rate, τ_f , is defined symmetrically,

$$(7) \quad \tau_f = \frac{f'(1-g'_i I_s)}{1-I_s I_f g'_f f'}$$

Average tax rates under various tax regimes are also of interest; these are defined in the obvious way as T_s/Y and T_f/Y for state and federal tax structures, respectively.

Before proceeding to our results, several limitations to our methodology should be noted:

(a) We do not allow for any behavioral response to tax code changes. Presumably, if deductibility were removed, states and localities would modify their spending and taxing decisions (See Inman [1985] and Noto and Zimmerman [1984].) Since we ignore these effects, our results are best viewed as estimates of the initial impact. Our reason for neglecting behavioral responses is not that we think that they are unimportant, but rather that estimating them in a reliable way would carry us too far afield.

(b) Closely related to point (a) is the fact that our results tell us only about the statutory incidence of the various tax systems. Standard theoretical considerations suggest that economic incidence may be quite different. Having made this observation, we hasten to add that any serious study of the economic incidence of state and local tax deductibility must begin with careful analysis of its statutory impact.

(c) Our income variable is annual Adjusted Gross Income. For many problems, some indicator of permanent income is more appropriate.

(d) Our simulations are not revenue neutral. That is, when revenues are gained due to the removal of deductibility, we do not lower taxes elsewhere in the system in order to keep revenues constant. In the current political environment, it is impossible to predict with any confidence whether Congress

would lower marginal tax rates, increase exemptions, or what. Indeed adjustments might take place entirely outside of the income tax system in the form of changes in business taxes, or perhaps reductions in the deficit. In the face of such uncertainty, it seemed that our results would be most compelling if we simply refrained from hazarding a guess.

III. Results

As noted above, the potential impact of removing state and local tax deductibility depends upon what the rest of the tax code looks like. We begin by examining the impact of deductibility under the status quo, i.e., the tax law as it existed in 1982. We then go on to study the impact of deductibility under the President's proposal. The President's proposal, which incorporates many modifications to the existing tax code, is described in detail in the President's Tax Proposals to the Congress for Fairness, Growth, and Simplicity [1985]. For the most part, we were able to simulate the President's proposal using information available in the 1982 data. However, in some cases the President's proposal adds new elements to the tax base, e.g., certain fringe benefits and more social security receipts. In such cases, it was necessary to make some imputations; these are described in Lindsey [1986].⁷

The overall results for each state are summarized in Table 1; the last line in the table shows averages for each of the columns. Columns (1) through (10) refer to the status quo, i.e., the federal and state tax laws as they stood in 1982. Column (1) shows t_s , the gross state marginal tax rate; column (2) shows t_f , the gross federal income tax rate. Columns (3) and (4) convey information on the extent of deductibility; column (3) shows the percentage of state individual income tax returns on which federal income taxes are fully deductible on the margin;⁸ column (4) shows the percentage of

⁷We would like to thank Larry Lindsey for allowing us to use the tax calculator for simulating the President's tax plan.

⁸As noted above, some states allow the deductibility of federal taxes but only up to some ceiling.

federal tax returns on which state tax liability is deductible. Net state marginal tax rates (τ_s) and net federal income tax rates (τ_f) are in columns (5) and (6), respectively. Average tax rates for the state and federal systems with deductibility are in columns (7) and (8), respectively; the corresponding average rates without deductibility are in columns (9) and (10). As noted earlier, local tax deductibility is taken into account in the computation of federal tax liabilities.⁹

Columns (11) through (15) pertain to the President's proposal.¹⁰ Specifically, we analyze the President's proposal as it would have applied to the year 1982.¹¹ Column (11) shows gross marginal federal income tax rates. Column (12) shows the percentage of state individual income tax returns on which federal taxes are fully deductible on the margin. Column (13) shows the net marginal federal income tax rate. Column (14) shows federal average tax rates. Columns (15) and (16) show state and federal average tax rates if state deductibility is allowed, but the President's proposal is otherwise unaltered.

The following are the main results that emerge from Table 1:

(a) From columns (1) and (5), we see that on average, under the status quo there is only one-half of a percentage point difference between gross and net state marginal tax rates.

(b) Similarly, from columns (7) and (9), the burden of state personnel income and general sales taxes expressed as a proportion of income is not massively affected by deductibility--the mean difference between average

⁹ In our data set, local tax payments are subject to an unusual form of rounding called "blurring." (See Strudler [undated] for details.) We judge this to be an insignificant source of error.

¹⁰ Note that under the President's proposal, there is no need to exhibit an analogue to column (4)--it is just a vector of zeros.

¹¹ All money values are deflated by the change in the consumer price index for urban wage earners between March 1, 1981 and March 1, 1985. Because the President's proposal is completely indexed, this is an attractive method of using our 1982 data set.

tax rates with and without deductibility is about 0.1 percentage points. Note that in effect, the figures in column (9) would be the (gross and net) state average tax rates under the President's proposal.

(c) From columns (2) and (6), the ability to deduct federal taxes on state returns does not have much of an impact on federal marginal tax rates-- the average difference between gross and net is only 0.1 percentage points.

(d) From columns (8) and (10), the average decrease in federal average tax rates due to the deductibility of state personal income and general sales taxes and local taxes is only 1.3 percentage points.

(e) The small changes in means noted in items (a) through (d) above mask considerable differences across states. For example, while the mean difference between gross and net state marginal tax rates is 0.5 percentage points, for Minnesota and New York the corresponding figures are 1.4 and 1.9 percentage points, respectively. Similarly, while the national decrease in federal average tax rates due to deductibility is 1.3 percentage points, for Minnesota it is 2.1 percentage points, and for New York it is 2.6 percentage points. Having pointed out that differences do exist between states, we are left with the question of whether they are large enough to account for the enormous interstate differences in states' political reactions to deductibility. We return to this question later.

(f) From columns (2) and (11), under the President's proposal gross federal marginal tax rates fall substantially for every state; so do net federal marginal tax rates (from columns (6) and (13)); and the mean difference between net and gross federal marginal tax rates is still small. From columns (8) and (14), federal average tax rates also fall. None of this is too surprising given that lowering individual income tax rates is the centerpiece of the President's proposal. Still, it is worth noting that even in high tax states, the effect of removing the deductibility of state and local taxes is overwhelmed by the reduction in federal tax rates, at least on average.

(g) The last two columns are present to give a sense of what would happen if deductibility of state and local taxes were restored, but the rest of the President's proposal were intact. (Implicitly, we assume that the lost revenues would be raised outside the individual income tax system.) The main lesson here is that even if deductibility were reinstated under the President's plan, its (incremental) impact would be relatively small because of the relatively low marginal tax rates that characterize the plan. From columns (14) and (16), if deductibility were restored under the President's Proposal, the mean federal average tax rate would fall by only 0.7 percentage points; under the status quo, the mean difference (from comparing columns (8) and (10)) is 1.3 percentage points.

Results by Income Class. We next consider the differential impact of deductibility by income class. Table 2 shows results for households with AGI under \$10,000; Table 3, AGI between \$10,000 and \$20,000; Table 4, AGI between \$20,000 and \$40,000; and Table 5, AGI in excess of \$40,000.¹² Examination of these tables yields the following observations:

(a) Comparing the column (1) results for the various income groups, we see that on average, state tax systems are characterized by increasing gross marginal tax rates, and thus can be considered "progressive." But when state net marginal tax rates (from column (5)) are considered, the following striking result occurs: not only do state net marginal tax rates increase more slowly with income than do their gross counterparts, but the net marginal tax rate for the over \$40,000 income class is less than that for the \$20-40,000 income class. Thus, the increasing incidence of itemization at high income levels plus increasing federal marginal tax rates "overcomes" the higher state statutory rates. However, it may be inappropriate to think about progressivity

¹²We do not display separately summaries of the few returns with negative adjusted gross income, although these are included in Table 1. Also, recall from Section II above that returns with AGI in excess of \$200,000 are omitted from consideration.

only for one component of the tax system as a whole; columns (5) and (6) of the various tables make it clear that the state and federal marginal tax rates combined increase throughout the income scale.

(b) For the groups represented in Tables 2 and 3, i.e., the low income groups, the issue of deductibility is not very important simply because the proportion of itemized federal tax returns is so low. (See column (4) in each Table.) In these two groups, state gross and net tax rates, both marginal and average, are very close to each other, and the same is true for federal tax liabilities.

(c) In the upper income groups (Tables 4 and 5), a high incidence of itemization together with high marginal tax rates leads to sharp divergence between net and gross marginal state tax rates under the status quo. For example, from columns (1) and (5) of Table 5, itemization for households with AGI in excess of \$40,000 cuts state marginal tax rates by a third, from 6.6 percent to 4.4 percent. For the same group, removing deductibility under the status quo would increase average federal tax rates by 2.7 percentage points, from 20.5 percent to 23.2 percent (see columns (8) and (10).) Again, though, there are considerable differences across states. In Table 5, New York is the most dramatic example--deductibility lowers state marginal tax rates from 18.8 percent to 11.3 percent, and lowers average federal tax rates from 25.0 percent to 20.1 percent.

(d) In our discussion of Table 1 we noted that when all income groups are considered together, under the President's proposal the impact of removing deductibility of state and local taxes is overwhelmed by the reduction in federal tax rates, even in high tax states.¹³ Table 5 indicates that this statement holds even for the very highest income group. From columns (9) and (14), we see that for those with AGI in excess of \$40,000, under the President's Proposal the average tax rate for state and federal income taxes taken together is 22.2

¹³ Of course, there are other aspects of the President's proposal, such as higher exemptions, that also contribute to lower average tax rates.

percent (= 5.4 + 16.8). Under the status quo, the overall average tax rate is higher, 25.7 percent. (Add together columns (7) and (8).) As a proportion of income, then, the state and federal tax liabilities of high income people fall under the President's proposal.

This result, of course, is for the average high income household. What about those who reside in high tax states? Calculations analagous to those presented in the preceding paragraph indicate that for high income New Yorkers, overall average tax rates fall from 31.5 percent to 29.1 percent under the President's Proposal; for Minnesota the President's proposal induces a slight rise, from 28.3 percent to 28.8 percent. In short, just like their middle income and low income counterparts, on average high income people come out ahead when they trade deductibility of state and local taxes in exchange for lower federal marginal income tax rates. And even in states where one would expect high income to be very adversely affected, they either come out ahead like everybody else, or suffer very small increases in their overall average tax burdens.

IV. Concluding Remarks

We have shown how effective state sales and income tax rates are affected by the federal income tax system and vice versa. The analysis has been conducted in the contexts of both the status quo and the President's proposal. In our discussion of the method for doing the calculations, we were careful to stress its limitations. At this juncture we would like to note again one of these limitations--the calculations are "static" in the sense that they do not take into account possible behavioral reactions by governments and households. The reason for emphasizing this point is because we think it helps explain a puzzle raised by our calculations. Namely, we have shown that the trade of state and local deductibility in return for lower federal tax rates (in conjunction with other provisions of the President's proposal) is a good deal for all income groups in virtually all states. If that is true, why is the idea so con-

troversial? Two possible explanations hinge on beliefs that people might have regarding behavioral responses to the proposal:

(a) People may not believe that federal marginal tax rates will stay at the levels in the President's proposal. A federal income tax base including state and local taxes may ultimately lead to higher tax burdens than are possible under the status quo. Thus, the lower average tax rates reported in our tables might be perceived as only temporary.

(b) The opposition to the removal of deductibility may be coming not from "ordinary" citizens, but from those who have a special interest in the existence of large state and local public sectors--elected officials, civil servants, public sector union leaders, et al. For example, to those connected with state government the key columns in the tables are (1) and (5), which show how federal deductibility changes the tax price of state provided goods and services. Our figures indicate that for high income people, the change would on average be an increase of 33%, and in a state like New York, it would be almost double that. No one knows exactly how such an increase in tax prices would change voter behavior. Perhaps those who are against the proposal anticipate substantial pressure to lower state expenditures.

Table 1
All Income Groups

State	Status Quo									
	gross mtr		% deductible		net mtr		atr		atr w/o deduc	
	state	fed	state	fed	state	fed	state	fed	state	fed
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
alabama	4.8	17.3	88.6	32.8	4.4	16.6	5.0	12.6	5.7	13.5
alaska	0.0	25.8	0.0	36.2	0.0	25.8	0.0	17.7	0.0	18.1
arizona	4.7	18.8	95.1	41.4	4.1	18.0	3.8	12.8	4.6	13.9
arkansas	4.9	16.3	0.0	26.9	4.5	16.3	5.5	12.1	5.5	12.9
california	5.3	19.4	0.0	39.7	4.5	19.4	5.5	13.5	5.5	15.2
colorado	5.3	20.0	100.0	43.6	4.6	19.1	3.9	14.1	4.9	15.5
connecticut	1.5	21.0	0.0	31.7	1.5	21.0	3.4	16.0	3.4	17.2
delaware	5.8	18.1	32.4	32.8	5.1	18.0	4.6	13.6	4.6	15.3
district	8.3	21.2	0.0	38.1	7.2	21.2	7.7	15.5	7.7	17.5
florida	1.0	19.3	0.0	30.5	1.0	19.3	2.3	14.6	2.3	15.2
georgia	5.3	18.0	0.0	31.2	4.8	18.0	5.4	13.1	5.4	14.4
hawaii	8.2	19.3	0.0	39.1	7.3	19.3	7.8	13.5	7.8	15.2
idaho	6.1	16.6	0.0	33.2	5.6	16.6	5.6	12.0	5.6	13.1
illinois	3.6	20.3	0.0	35.6	3.3	20.3	4.9	14.9	4.9	16.0
indiana	2.8	19.2	0.0	28.8	2.7	19.2	3.8	13.9	3.8	14.6
iowa	5.5	16.5	100.0	32.8	4.9	15.6	4.7	13.4	5.8	14.6
kansas	5.1	19.1	96.7	34.0	4.5	18.2	4.3	14.5	5.4	15.5
kentucky	5.6	18.1	100.0	36.4	5.1	17.3	5.2	12.9	5.9	14.0
louisiana	1.8	19.0	100.0	24.8	1.7	18.7	1.9	14.3	2.4	14.8
maine	5.3	17.5	0.0	17.1	5.0	17.5	5.8	12.8	5.8	13.8
maryland	5.2	20.8	0.0	43.3	4.6	20.8	5.5	14.4	5.5	16.5
massachusetts	4.8	20.1	0.0	37.2	4.3	20.1	6.0	14.6	6.0	16.3
michigan	6.8	20.1	0.0	43.1	6.1	20.1	5.9	13.9	5.9	15.8
minnesota	11.4	18.8	100.0	42.3	10.0	16.7	7.2	13.3	9.1	15.4
mississippi	3.1	16.2	0.0	25.9	2.9	16.2	5.0	11.7	5.0	12.4
missouri	4.3	18.5	100.0	30.9	3.9	17.7	3.9	13.9	4.7	14.9
montana	4.7	18.0	46.1	27.0	4.2	17.2	3.2	14.0	4.0	14.7
nebraska	4.3	19.0	0.0	35.4	3.7	19.0	4.4	14.3	4.5	15.6
nevada	1.0	21.5	0.0	39.0	1.0	21.5	2.5	14.6	2.5	15.2
new hampshire	0.0	18.1	0.0	20.1	0.0	18.1	0.6	13.9	0.6	14.7
new jersey	2.7	21.3	0.0	38.1	2.4	21.3	3.6	15.4	3.6	17.1
new mexico	3.4	17.2	0.0	28.4	3.0	17.2	3.7	13.4	3.7	14.1
new york	10.2	20.2	0.0	43.6	8.3	20.2	8.8	14.0	8.8	16.6
n carolina	6.0	17.7	0.0	28.8	5.5	17.7	6.4	12.0	6.4	13.1
n dakota	3.4	18.9	98.2	29.6	3.0	18.3	3.2	13.8	3.9	14.5
ohio	3.4	19.8	0.0	29.9	3.1	19.8	4.4	14.0	4.4	15.0
oklahoma	4.9	19.0	90.1	36.6	4.3	18.1	3.6	14.2	3.8	15.2
oregon	4.8	18.2	90.0	41.9	4.0	17.3	2.0	13.0	2.8	14.7
pennsylvania	3.1	19.6	0.0	28.0	2.9	19.6	4.3	14.2	4.3	15.2
rhode island	4.8	16.8	0.0	29.6	4.3	16.8	5.3	12.9	5.5	14.3
s carolina	5.6	17.8	30.9	33.4	5.1	17.7	5.8	12.2	5.8	13.4
s dakota	1.2	15.0	0.0	16.9	1.2	15.0	3.1	13.0	3.1	13.4
tennessee	1.2	18.1	0.0	23.9	1.2	18.1	3.4	13.6	3.4	14.1
texas	0.8	19.4	0.0	26.8	0.8	19.4	1.8	15.1	1.8	15.6
utah	7.3	18.8	100.0	49.3	6.5	17.6	6.4	12.1	7.4	13.6
vermont	5.2	19.5	0.0	42.5	4.5	19.5	4.4	13.2	4.5	14.5
virginia	5.0	19.6	0.0	34.5	4.4	19.6	5.2	14.1	5.2	15.5
washington	1.4	20.3	0.0	37.4	1.4	20.3	3.3	14.4	3.3	15.2
w virginia	4.5	19.1	0.0	18.6	4.2	19.1	5.1	13.9	5.1	14.4
wisconsin	6.0	18.7	0.0	40.3	5.2	18.7	5.2	13.4	5.2	15.3
wyoming	0.8	19.5	0.0	31.3	0.8	19.5	1.9	15.2	1.9	15.6
mean	4.5	19.3	17.3	34.6	4.0	19.2	4.8	14.1	4.9	15.4

Table 1 (Continued)

All Income Groups

State	President's Proposal					
	gross	%	net fed	fed	state atr	fed atr
	<u>fed mtr</u>	<u>deduc</u>	<u>mtr</u>	<u>atr</u>	<u>w/deduc</u>	<u>w/deduc</u>
	(11)	(12)	(13)	(14)	(15)	(16)
alabama	13.1	86.1	12.5	9.9	5.0	9.4
alaska	18.8	0.0	18.8	14.0	0.0	13.8
arizona	14.5	92.6	13.7	10.7	3.8	10.1
arkansas	12.0	0.0	12.0	9.8	5.3	9.3
california	14.7	0.0	14.7	11.7	5.2	10.7
colorado	15.9	100.0	14.9	11.9	4.2	11.1
connecticut	15.7	0.0	15.7	12.6	3.2	12.0
delaware	13.0	31.8	13.0	10.7	4.5	9.8
district	15.9	0.0	15.9	12.8	7.5	11.7
florida	14.7	0.0	14.7	11.6	2.2	11.2
georgia	13.8	0.0	13.8	10.8	5.4	10.1
hawaii	14.8	0.0	14.8	11.2	7.7	10.3
idaho	13.9	0.0	13.9	10.4	6.2	9.7
illinois	15.6	0.0	15.6	11.9	4.8	11.3
indiana	14.2	0.0	14.2	10.7	3.7	10.3
iowa	12.8	100.0	11.9	11.3	4.8	10.7
kansas	15.5	93.7	14.6	12.2	4.5	11.6
kentucky	14.4	100.0	13.6	10.5	5.3	9.9
louisiana	14.4	100.0	14.0	11.0	2.2	10.8
maine	13.3	0.0	13.3	9.9	5.5	9.4
maryland	15.9	0.0	15.9	12.0	5.4	10.9
massachusetts	15.7	0.0	15.7	12.0	5.7	11.1
michigan	15.1	0.0	15.1	11.4	5.9	10.4
minnesota	14.4	100.0	12.4	11.8	7.3	10.5
mississippi	11.3	0.0	11.3	9.4	4.8	9.0
missouri	14.3	100.0	13.5	11.1	4.1	10.6
montana	13.8	34.9	13.3	11.9	3.5	11.5
nebraska	13.6	0.0	13.6	12.3	3.8	11.6
nevada	16.7	0.0	16.7	11.8	2.3	11.5
new hampshire	13.5	0.0	13.5	10.7	0.5	10.3
new jersey	16.1	0.0	16.1	12.5	3.4	11.6
new mexico	12.1	0.0	12.1	10.4	4.1	10.1
new york	15.7	0.0	15.7	12.1	8.6	10.8
n carolina	13.5	0.0	13.5	9.6	6.1	9.0
n dakota	14.6	98.5	14.0	12.5	3.3	12.2
ohio	14.7	0.0	14.7	10.9	4.3	10.4
oklahoma	15.1	64.5	14.7	11.7	3.8	11.1
oregon	14.5	92.2	13.5	11.4	2.6	10.4
pennsylvania	14.6	0.0	14.6	11.2	4.1	10.7
rhode island	12.7	0.0	12.7	10.5	4.6	9.8
s carolina	13.4	30.8	13.4	9.8	5.6	9.1
s dakota	10.9	0.0	10.9	11.1	2.9	11.0
tennessee	13.4	0.0	13.4	10.5	3.3	10.2
texas	14.6	0.0	14.6	11.9	1.7	11.6
utah	14.3	100.0	13.1	10.4	6.6	9.5
vermont	15.0	0.0	15.0	11.4	3.8	10.6
virginia	14.7	0.0	14.7	11.5	5.1	10.7
washington	15.0	0.0	15.0	11.6	3.2	11.2
w virginia	15.7	0.0	15.7	10.3	5.1	10.0
wisconsin	14.2	0.0	14.2	11.4	4.7	10.4
wyoming	16.0	0.0	16.0	12.2	1.8	12.0
mean	14.7	16.8	14.6	11.5	4.7	10.8

Table 2

AGI Under \$10,000

State	Status Quo									
	gross mtr		% deductible		net mtr		atr		atr w/o deduc	
	state	fed	state	fed	state	fed	state	fed	state	fed
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
alabama	3.9	8.5	73.9	4.4	3.9	8.2	5.3	2.3	5.4	2.4
alaska	0.0	12.9	0.0	1.9	0.0	12.9	0.0	5.6	0.0	5.6
arizona	3.0	10.0	89.5	11.3	2.9	9.8	2.0	3.2	2.2	3.4
arkansas	2.9	6.6	0.0	9.2	2.9	6.6	4.1	1.9	4.1	2.0
california	2.4	8.4	0.0	6.7	2.4	8.4	3.5	2.6	3.5	2.6
colorado	3.6	9.4	100.0	6.3	3.6	9.1	3.5	4.5	3.7	4.5
connecticut	2.0	7.7	0.0	2.8	2.0	7.7	5.2	4.0	5.2	4.1
delaware	3.1	7.2	67.7	4.3	3.1	7.1	1.8	3.1	1.8	3.1
district	5.1	6.6	0.0	2.1	5.1	6.6	4.4	2.7	4.4	2.7
florida	1.2	9.3	0.0	7.9	1.2	9.3	3.3	3.6	3.3	3.6
georgia	3.7	8.8	0.0	3.1	3.7	8.8	4.7	3.0	4.7	3.1
hawaii	6.9	9.8	0.0	6.3	6.8	9.8	6.5	4.0	6.5	4.1
idaho	4.6	9.5	0.0	9.7	4.5	9.5	4.0	5.2	4.0	5.3
illinois	4.0	8.2	0.0	6.8	4.0	8.2	6.0	3.7	6.0	3.8
indiana	3.1	7.8	0.0	4.8	3.1	7.8	4.3	2.6	4.3	2.6
iowa	3.6	6.4	100.0	10.1	3.6	6.0	3.6	2.8	3.8	2.8
kansas	3.2	7.8	91.0	5.7	3.2	7.6	4.1	2.9	4.2	2.9
kentucky	4.1	7.7	100.0	5.8	4.1	7.4	5.1	2.9	5.3	2.9
louisiana	1.0	8.9	100.0	1.3	1.0	8.8	1.9	3.5	1.9	3.5
maine	3.0	9.7	0.0	6.2	3.0	9.7	4.1	4.4	4.1	4.4
maryland	4.4	8.8	0.0	6.1	4.3	8.8	5.3	3.3	5.3	3.3
massachusetts	3.2	9.2	0.0	8.1	3.1	9.2	3.8	3.9	3.8	4.1
michigan	8.2	8.3	0.0	4.9	8.2	8.3	2.0	3.1	2.0	3.1
minnesota	5.8	8.4	100.0	6.4	5.7	7.8	-7.5	3.6	-7.2	3.7
mississippi	2.2	8.6	0.0	0.5	2.2	8.6	5.7	1.5	5.7	1.5
missouri	2.4	7.5	100.0	4.2	2.4	7.3	3.7	3.0	3.8	3.1
montana	2.2	7.8	9.7	9.7	2.2	7.8	1.4	2.3	1.5	2.3
nebraska	2.8	8.9	0.0	4.4	2.8	8.9	3.5	4.5	3.8	4.6
nevada	1.3	12.5	0.0	2.3	1.3	12.5	3.6	5.2	3.6	5.2
new hampshire	0.0	8.7	0.0	4.2	0.0	8.7	0.2	4.1	0.2	4.2
new jersey	2.0	9.1	0.0	5.3	2.0	9.1	3.3	3.8	3.3	3.9
new mexico	1.8	5.8	0.0	7.3	1.8	5.8	2.7	0.7	2.7	0.8
new york	3.9	9.0	0.0	6.9	3.9	9.0	4.3	3.5	4.3	3.6
n carolina	4.6	9.4	0.0	4.7	4.6	9.4	5.8	2.9	5.8	3.0
n dakota	1.0	11.8	95.5	2.0	1.0	11.8	2.3	4.3	2.3	4.3
ohio	2.1	8.0	0.0	5.5	2.1	8.0	4.2	2.6	4.2	2.7
oklahoma	1.8	7.8	83.5	6.1	1.8	7.7	2.6	1.8	2.7	1.8
oregon	0.3	7.3	91.5	10.6	0.3	7.3	0.0	3.6	0.2	3.7
pennsylvania	3.2	8.8	0.0	3.8	3.2	8.8	4.8	3.4	4.8	3.5
rhode island	2.9	7.3	0.0	2.5	2.9	7.3	4.7	2.9	5.1	2.9
s carolina	4.3	9.8	65.2	5.7	4.2	9.7	5.8	3.1	5.9	3.1
s dakota	1.7	6.1	0.0	3.8	1.7	6.1	4.6	2.9	4.6	2.9
tennessee	1.7	7.8	0.0	4.4	1.7	7.8	5.2	1.3	5.2	1.4
texas	1.0	8.4	0.0	4.7	1.0	8.4	2.7	2.9	2.7	2.9
utah	6.0	7.6	100.0	4.0	6.0	7.0	6.8	2.6	7.0	2.6
vermont	2.5	7.6	0.0	13.9	2.4	7.6	2.2	2.0	2.4	2.1
virginia	3.6	8.6	0.0	1.5	3.6	8.6	5.1	3.6	5.1	3.6
washington	2.0	8.7	0.0	6.7	2.0	8.7	5.2	3.1	5.2	3.2
w virginia	3.5	9.3	0.0	0.8	3.5	9.3	5.1	3.6	5.1	3.6
wisconsin	2.8	7.5	0.0	6.9	2.8	7.5	1.0	3.2	1.0	3.2
wyoming	1.3	6.4	0.0	1.2	1.3	6.4	3.5	1.8	3.5	1.8
mean	3.0	8.5	17.7	5.7	3.0	8.4	3.7	3.1	3.8	3.2

Table 2 (Continued)

AGI Under \$10,000

State	President's Proposal					
	gross	%	net fed	fed	state atr	fed atr
	fed mtr (11)	deduc (12)	mtr (13)	atr (14)	w/deduc (15)	w/deduc (16)
alabama	5.1	70.9	5.0	-0.3	5.2	-0.3
alaska	8.2	0.0	8.2	4.3	0.0	4.3
arizona	7.1	85.3	7.0	1.3	1.8	1.3
arkansas	1.8	0.0	1.8	0.4	4.0	0.4
california	4.7	0.0	4.7	0.8	3.3	0.8
colorado	7.0	100.0	6.7	3.2	3.6	3.2
connecticut	5.0	0.0	5.0	2.7	5.1	2.7
delaware	3.4	70.0	3.3	0.4	1.8	0.4
district	3.8	0.0	3.8	1.7	4.3	1.7
florida	5.5	0.0	5.5	1.7	3.3	1.6
georgia	5.6	0.0	5.6	0.8	4.6	0.8
hawaii	6.3	0.0	6.3	1.2	6.5	1.2
idaho	6.3	0.0	6.3	3.9	5.6	3.9
illinois	4.9	0.0	4.9	2.1	6.0	2.1
indiana	5.0	0.0	5.0	1.0	4.2	0.9
iowa	4.1	100.0	3.9	1.9	3.7	1.9
kansas	5.5	89.8	5.3	2.2	4.2	2.2
kentucky	5.1	100.0	4.8	1.3	5.1	1.3
louisiana	5.7	100.0	5.6	1.7	2.1	1.7
maine	7.0	0.0	7.0	2.1	4.1	2.1
maryland	5.9	0.0	5.9	1.2	5.3	1.2
massachusetts	6.9	0.0	6.9	2.4	3.6	2.3
michigan	4.8	0.0	4.8	1.6	2.1	1.6
minnesota	5.9	100.0	5.4	2.5	-7.1	2.4
mississippi	3.2	0.0	3.2	-1.2	5.4	-1.2
missouri	4.8	100.0	4.6	1.6	3.6	1.6
montana	7.1	3.6	7.1	3.1	1.6	3.0
nebraska	6.1	0.0	6.1	3.5	3.3	3.5
nevada	9.2	0.0	9.2	3.3	3.5	3.3
new hampshire	5.9	0.0	5.9	2.9	0.2	2.9
new jersey	6.7	0.0	6.7	1.9	3.1	1.9
new mexico	0.0	0.0	0.0	-0.6	3.0	-0.7
new york	6.1	0.0	6.1	1.3	4.3	1.3
n carolina	6.0	0.0	6.0	1.0	5.7	1.0
n dakota	6.9	95.9	6.9	4.8	2.2	4.8
ohio	4.6	0.0	4.6	1.0	4.0	1.0
oklahoma	5.5	79.3	5.3	-0.2	2.6	-0.3
oregon	5.6	92.3	5.5	3.3	0.0	3.3
pennsylvania	5.2	0.0	5.2	1.7	4.5	1.7
rhode island	5.2	0.0	5.2	1.4	4.3	1.4
s carolina	5.9	63.3	5.8	1.1	5.7	1.1
s dakota	4.1	0.0	4.1	1.8	4.5	1.8
tennessee	4.6	0.0	4.6	0.0	5.1	0.0
texas	5.1	0.0	5.1	0.7	2.7	0.7
utah	2.7	100.0	2.3	0.6	6.8	0.6
vermont	5.4	0.0	5.4	2.5	2.1	2.5
virginia	5.1	0.0	5.1	1.4	5.1	1.4
washington	5.5	0.0	5.5	1.9	5.0	1.9
w virginia	7.0	0.0	7.0	2.5	5.0	2.5
wisconsin	5.2	0.0	5.2	2.0	0.9	2.0
wyoming	3.8	0.0	3.8	1.1	3.2	1.1
mean	5.3	17.5	5.3	1.4	3.7	1.4

Table 3

AGI Between \$10,000 and \$20,000

State	Status Quo									
	gross mtr		% deductible		net mtr		atr		atr w/o deduc	
	state	fed	state	fed	state	fed	state	fed	state	fed
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
alabama	5.4	18.3	100.0	33.2	5.2	17.5	5.1	8.2	5.5	8.5
alaska	0.0	20.7	0.0	5.2	0.0	20.7	0.0	10.0	0.0	10.1
arizona	4.9	19.2	100.0	30.9	4.6	18.4	3.5	9.1	3.9	9.4
arkansas	5.7	19.6	0.0	16.1	5.5	19.6	4.8	9.4	4.8	9.6
california	4.7	19.4	0.0	26.9	4.6	19.4	4.2	9.5	4.2	9.8
colorado	5.2	19.8	100.0	36.1	4.9	18.8	3.6	9.9	4.2	10.3
connecticut	1.7	20.5	0.0	17.4	1.6	20.5	3.8	10.6	3.8	10.8
delaware	7.0	19.1	13.5	28.6	6.6	19.0	3.5	9.4	3.5	9.7
district	9.0	22.0	0.0	30.5	8.5	22.0	6.9	11.4	6.9	11.9
florida	0.9	19.2	0.0	24.9	0.9	19.2	2.6	9.4	2.6	9.6
georgia	6.2	18.9	0.0	20.5	6.1	18.9	5.2	8.9	5.2	9.1
hawaii	9.0	20.1	0.0	29.8	8.4	20.1	7.8	10.6	7.8	11.0
idaho	7.1	18.2	0.0	30.3	6.8	18.2	4.8	8.6	4.8	8.8
illinois	3.5	20.1	0.0	23.5	3.4	20.1	5.3	10.0	5.3	10.3
indiana	2.8	20.2	0.0	15.6	2.7	20.2	4.0	9.9	4.0	10.1
iowa	6.1	18.4	100.0	27.0	5.8	17.3	4.2	8.7	4.7	9.0
kansas	4.9	18.6	100.0	29.8	4.7	17.8	4.0	9.1	4.5	9.4
kentucky	6.3	19.0	100.0	29.4	6.0	18.0	5.2	8.9	5.7	9.3
louisiana	1.6	19.2	100.0	14.5	1.6	19.0	1.8	9.1	1.9	9.2
maine	5.5	18.5	0.0	5.9	5.5	18.5	4.4	9.4	4.4	9.5
maryland	5.7	21.3	0.0	31.6	5.4	21.3	5.5	10.0	5.5	10.5
massachusetts	5.8	19.5	0.0	24.8	5.6	19.5	5.2	9.7	5.2	10.1
michigan	6.3	20.1	0.0	31.4	5.9	20.1	6.2	9.5	6.2	10.0
minnesota	13.5	19.7	100.0	29.0	12.9	17.2	6.9	9.8	8.1	10.1
mississippi	3.3	19.1	0.0	30.1	3.1	19.1	4.6	8.7	4.6	9.0
missouri	4.8	19.0	100.0	20.4	4.6	18.2	3.8	9.3	4.2	9.5
montana	4.9	18.2	30.4	13.1	4.8	17.8	2.3	8.6	2.4	8.8
nebraska	4.3	19.5	0.0	28.0	4.1	19.5	3.6	8.4	3.7	8.8
nevada	1.0	19.8	0.0	28.7	1.0	19.8	2.8	9.9	2.8	10.1
new hampshire	0.0	20.4	0.0	5.8	0.0	20.4	0.7	10.2	0.7	10.3
new jersey	2.8	20.2	0.0	24.5	2.7	20.2	3.4	10.3	3.4	10.7
new mexico	3.1	19.0	0.0	14.7	3.1	19.0	3.0	9.4	3.0	9.5
new york	10.1	20.1	0.0	29.8	9.3	20.1	5.9	10.0	5.9	10.6
n carolina	6.6	18.9	0.0	22.1	6.4	18.9	6.0	8.7	6.0	9.0
n dakota	4.1	18.3	100.0	13.7	4.0	17.6	2.5	8.4	2.8	8.5
ohio	3.5	21.0	0.0	18.3	3.4	21.0	3.9	10.1	3.9	10.2
oklahoma	4.3	18.5	99.4	27.7	4.2	17.8	2.6	8.4	2.9	8.6
oregon	5.8	19.9	100.0	30.8	5.6	18.6	1.0	9.4	1.8	9.9
pennsylvania	3.1	20.7	0.0	19.3	3.0	20.7	4.5	10.2	4.5	10.5
rhode island	5.3	20.2	0.0	19.7	5.2	20.2	4.8	9.8	4.9	10.2
s carolina	6.1	18.7	9.7	29.7	5.8	18.7	5.6	8.8	5.6	9.1
s dakota	1.0	19.4	0.0	15.4	1.0	19.4	3.1	9.3	3.1	9.4
tennessee	1.0	19.4	0.0	11.3	1.0	19.4	3.8	9.5	3.8	9.6
texas	0.7	19.5	0.0	15.0	0.7	19.5	2.1	9.5	2.1	9.6
utah	7.1	17.7	100.0	39.0	6.8	16.6	6.3	8.2	6.8	8.7
vermont	5.1	19.4	0.0	41.1	4.8	19.4	3.4	8.3	3.6	8.6
virginia	5.3	19.7	0.0	19.5	5.1	19.7	5.1	10.0	5.1	10.2
washington	1.2	21.0	0.0	25.4	1.2	21.0	3.8	10.5	3.8	10.8
w virginia	4.4	19.1	0.0	11.6	4.4	19.1	4.9	9.2	4.9	9.4
wisconsin	6.9	20.3	0.0	30.7	6.6	20.3	4.0	10.5	4.0	10.9
wyoming	0.7	18.0	0.0	18.1	0.7	18.0	2.3	9.4	2.3	9.5
mean	4.6	19.7	17.1	23.7	4.4	19.6	4.3	9.6	4.4	9.9

Table 3(Continued)

AGI Between \$10,000 and \$20,000

State	President's Proposal					
	gross	%	net fed	fed	state atr	fed atr
	<u>fed mtr</u>	<u>deduc</u>	<u>mtr</u>	<u>atr</u>	<u>w/deduc</u>	<u>w/deduc</u>
	(11)	(12)	(13)	(14)	(15)	(16)
alabama	16.2	92.4	15.5	6.1	5.1	6.0
alaska	15.6	0.0	15.6	8.3	0.0	8.3
arizona	15.4	95.5	14.8	7.3	3.4	7.2
arkansas	17.9	0.0	17.9	7.2	4.8	7.1
california	15.4	0.0	15.4	7.3	4.1	7.1
colorado	17.1	100.0	16.2	7.7	3.8	7.5
connecticut	16.2	0.0	16.2	7.9	3.7	7.8
delaware	16.6	12.0	16.6	6.6	3.5	6.5
district	16.4	0.0	16.4	8.1	6.9	7.9
florida	16.5	0.0	16.5	7.1	2.5	7.0
georgia	16.8	0.0	16.8	6.8	5.3	6.7
hawaii	16.5	0.0	16.5	8.0	8.0	8.0
idaho	19.6	0.0	19.6	7.8	6.2	7.7
illinois	17.5	0.0	17.5	7.6	5.2	7.5
indiana	16.0	0.0	16.0	7.4	3.9	7.3
iowa	15.7	100.0	14.8	7.3	4.3	7.1
kansas	18.7	90.3	18.0	7.9	4.2	7.8
kentucky	18.5	100.0	17.5	7.1	5.4	7.0
louisiana	15.5	100.0	15.2	6.4	2.0	6.4
maine	15.4	0.0	15.4	7.4	4.5	7.5
maryland	17.0	0.0	17.0	7.7	5.5	7.5
massachusetts	15.8	0.0	15.8	7.6	5.0	7.5
michigan	16.0	0.0	16.0	7.4	6.2	7.2
minnesota	15.6	100.0	13.5	8.4	7.2	8.2
mississippi	15.4	0.0	15.4	6.7	4.4	6.6
missouri	16.9	100.0	16.1	7.0	3.9	7.0
montana	14.9	12.7	14.8	7.2	2.6	7.2
nebraska	13.7	0.0	13.7	7.8	3.4	7.6
nevada	15.4	0.0	15.4	7.5	2.8	7.4
new hampshire	16.6	0.0	16.6	7.5	0.7	7.4
new jersey	15.9	0.0	15.9	8.2	3.3	8.0
new mexico	17.9	0.0	17.9	6.0	3.4	6.0
new york	16.5	0.0	16.5	7.8	5.8	7.6
n carolina	16.5	0.0	16.5	6.4	5.9	6.3
n dakota	16.7	100.0	16.4	8.0	2.1	7.9
ohio	17.0	0.0	17.0	7.3	3.7	7.2
oklahoma	16.9	96.1	16.2	7.2	2.8	7.0
oregon	16.9	98.0	15.7	7.6	1.4	7.3
pennsylvania	16.3	0.0	16.3	7.7	4.3	7.6
rhode island	15.9	0.0	15.9	8.1	4.4	8.0
s carolina	16.4	16.4	16.3	6.4	5.5	6.2
s dakota	14.6	0.0	14.6	8.7	3.0	8.7
tennessee	16.3	0.0	16.3	7.0	3.7	7.0
texas	16.5	0.0	16.5	7.2	2.0	7.1
utah	15.4	100.0	14.3	5.9	6.5	5.7
vermont	16.9	0.0	16.9	8.1	3.3	7.9
virginia	16.4	0.0	16.4	7.5	5.1	7.4
washington	16.0	0.0	16.0	8.2	3.6	8.1
w virginia	19.2	0.0	19.2	6.5	4.8	6.4
wisconsin	15.9	0.0	15.9	8.1	3.7	7.9
wyoming	16.8	0.0	16.8	6.8	2.2	6.8
mean	16.4	16.6	16.2	7.4	4.2	7.3

Table 4

AGI Between \$20,000 and \$40,000

State	Status Quo									
	gross mtr		% deductible		net mtr		atr		atr w/o deduc	
	state	fed	state	fed	state	fed	state	fed	state	fed
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
alabama	5.6	26.4	100.0	65.0	4.8	25.4	5.0	13.2	5.6	14.1
alaska	0.0	29.1	0.0	41.4	0.0	29.1	0.0	15.8	0.0	16.0
arizona	6.3	26.6	100.0	79.9	5.1	25.4	3.9	13.0	4.7	14.2
arkansas	7.1	25.3	0.0	64.2	6.0	25.3	5.5	12.8	5.5	13.7
california	7.6	26.5	0.0	69.7	6.4	26.5	5.2	12.9	5.2	14.2
colorado	6.7	26.8	100.0	73.6	5.5	25.4	3.8	13.3	4.7	14.4
connecticut	1.2	27.7	0.0	52.1	1.2	27.7	3.3	14.4	3.3	15.3
delaware	8.1	27.3	0.3	57.4	6.8	27.3	4.8	13.8	4.8	15.0
district	10.4	30.2	0.0	69.1	8.4	30.2	8.0	15.7	8.0	17.7
florida	0.8	26.9	0.0	51.0	0.8	26.9	2.2	14.0	2.2	14.5
georgia	6.6	26.0	0.0	64.7	5.6	26.0	5.4	12.8	5.4	14.0
hawaii	9.2	27.0	0.0	76.9	7.5	27.0	7.9	13.8	7.9	15.0
idaho	8.2	24.2	0.0	67.7	7.0	24.2	5.5	11.0	5.5	12.0
illinois	3.3	27.9	0.0	59.3	2.9	27.9	4.8	14.3	4.8	15.3
indiana	2.6	26.9	0.0	55.1	2.3	26.9	3.8	13.8	3.8	14.5
iowa	7.4	25.8	100.0	59.6	6.4	24.3	4.6	13.0	5.6	13.9
kansas	6.5	26.7	100.0	50.9	5.8	25.3	4.2	13.8	5.2	14.6
kentucky	6.7	26.7	100.0	72.0	5.7	25.4	5.2	12.9	5.9	14.1
louisiana	2.7	27.4	100.0	50.8	2.4	26.8	1.9	14.2	2.3	14.6
maine	8.0	25.5	0.0	40.7	7.2	25.5	5.3	13.1	5.3	14.0
maryland	5.7	27.5	0.0	74.1	4.7	27.5	5.6	13.7	5.6	15.4
massachusetts	5.7	27.4	0.0	64.4	4.8	27.4	6.1	14.1	6.1	15.5
michigan	5.9	26.8	0.0	76.0	4.9	26.8	6.2	13.2	6.2	15.0
minnesota	15.4	26.0	100.0	81.8	12.6	22.9	8.8	12.8	10.7	14.6
mississippi	4.5	24.4	0.0	57.0	4.0	24.4	4.8	12.3	4.8	13.0
missouri	5.8	26.9	100.0	58.7	5.0	25.7	3.9	13.8	4.7	14.6
montana	7.5	28.3	95.4	54.8	6.5	26.5	3.5	15.0	4.4	15.8
nebraska	5.4	26.8	0.0	65.0	4.5	26.8	4.1	13.1	4.1	14.3
nevada	0.8	27.8	0.0	76.2	0.8	27.8	2.3	13.6	2.3	14.2
new hampshire	0.0	26.7	0.0	50.2	0.0	26.7	0.3	14.2	0.3	15.0
new jersey	3.1	27.9	0.0	60.7	2.7	27.9	3.6	14.5	3.6	15.8
new mexico	4.9	26.4	0.0	60.2	4.2	26.4	3.6	13.8	3.6	14.3
new york	14.6	27.1	0.0	79.1	11.5	27.1	9.0	13.3	9.0	15.6
n carolina	7.4	26.0	0.0	62.7	6.3	26.0	6.3	12.9	6.3	14.0
n dakota	5.1	25.2	100.0	59.8	4.4	24.2	3.1	12.7	3.7	13.2
ohio	4.4	27.7	0.0	53.3	3.8	27.7	4.4	14.2	4.4	15.1
oklahoma	7.8	25.9	97.8	59.1	6.8	24.3	3.5	13.3	3.8	14.1
oregon	8.7	26.4	97.4	80.7	7.0	24.6	2.1	12.9	3.3	14.5
pennsylvania	3.0	27.4	0.0	54.1	2.6	27.4	4.3	14.4	4.3	15.3
rhode island	6.5	26.0	0.0	71.3	5.4	26.0	5.2	13.0	5.3	14.0
s carolina	7.0	25.7	0.1	70.9	5.8	25.7	5.7	12.6	5.7	13.8
s dakota	0.8	26.6	0.0	35.6	0.8	26.6	2.5	13.9	2.5	14.3
tennessee	0.8	27.3	0.0	50.2	0.8	27.3	3.1	13.9	3.1	14.4
texas	0.6	27.3	0.0	46.0	0.6	27.3	1.7	14.4	1.7	14.8
utah	8.5	25.3	100.0	81.2	7.1	23.7	6.5	11.9	7.4	13.3
vermont	6.8	26.6	0.0	57.0	5.9	26.6	4.6	14.3	4.7	15.3
virginia	6.1	26.8	0.0	68.2	5.1	26.8	5.2	13.3	5.2	14.5
washington	1.1	26.9	0.0	61.0	1.1	26.9	3.3	13.6	3.3	14.2
w virginia	5.4	27.1	0.0	35.1	4.9	27.1	5.0	14.4	5.0	14.7
wisconsin	8.3	25.8	0.0	72.3	6.9	25.8	5.4	12.9	5.4	14.4
wyoming	0.6	28.0	0.0	56.6	0.6	28.0	1.8	14.5	1.8	14.8
mean	5.8	27.0	17.3	63.3	4.8	26.7	4.8	13.6	4.9	14.7

Table 4 (Continued)
 AGI Between \$20,000 and \$40,000

State	President's Proposal					
	gross	%	net fed	fed	state atr	fed atr
	<u>fed mtr</u>	<u>deduc</u>	<u>mtr</u>	<u>atr</u>	<u>w/deduc</u>	<u>w/deduc</u>
	(11)	(12)	(13)	(14)	(15)	(16)
alabama	18.8	100.0	17.8	10.4	5.0	10.0
alaska	22.2	0.0	22.2	12.5	0.0	12.4
arizona	20.1	100.0	18.8	10.9	3.9	10.4
arkansas	18.0	0.0	18.0	10.1	5.4	9.8
california	20.8	0.0	20.8	11.0	5.0	10.4
colorado	20.4	100.0	19.0	10.8	4.0	10.2
connecticut	19.9	0.0	19.9	10.9	3.2	10.5
delaware	19.7	0.0	19.7	10.1	4.6	9.6
district	23.0	0.0	23.0	13.4	8.0	12.3
florida	19.9	0.0	19.9	10.9	2.1	10.7
georgia	19.2	0.0	19.2	10.5	5.4	9.8
hawaii	21.1	0.0	21.1	10.7	7.8	10.1
idaho	18.2	0.0	18.2	9.5	5.7	8.8
illinois	20.4	0.0	20.4	11.2	4.8	10.7
indiana	19.3	0.0	19.3	10.4	3.7	10.2
iowa	19.4	100.0	17.9	10.7	4.8	10.3
kansas	20.0	100.0	18.7	11.4	4.4	11.0
kentucky	18.7	100.0	17.5	10.5	5.3	10.0
louisiana	19.7	100.0	19.2	10.6	2.2	10.4
maine	18.8	0.0	18.8	10.5	5.4	10.0
maryland	20.6	0.0	20.6	11.2	5.4	10.5
massachusetts	21.2	0.0	21.2	11.5	5.8	10.9
michigan	19.9	0.0	19.9	10.7	6.3	9.8
minnesota	19.6	100.0	16.6	10.9	8.6	10.0
mississippi	17.8	0.0	17.8	10.1	4.7	9.9
missouri	19.8	100.0	18.7	10.8	4.1	10.4
montana	19.4	73.3	18.1	12.1	3.8	11.8
nebraska	18.5	0.0	18.5	10.8	3.5	10.2
nevada	20.8	0.0	20.8	10.7	2.3	10.4
new hampshire	18.9	0.0	18.9	10.8	0.3	10.6
new jersey	20.3	0.0	20.3	11.3	3.4	10.8
new mexico	18.2	0.0	18.2	10.4	3.9	10.2
new york	20.8	0.0	20.8	11.1	8.6	10.2
n carolina	18.8	0.0	18.8	10.2	6.0	9.7
n dakota	18.3	100.0	17.2	11.0	3.4	10.9
ohio	19.5	0.0	19.5	10.7	4.3	10.3
oklahoma	19.3	53.5	18.6	10.7	3.7	10.2
oregon	19.5	99.8	17.5	11.0	2.8	10.3
pennsylvania	20.2	0.0	20.2	11.1	4.1	10.7
rhode island	18.7	0.0	18.7	10.3	4.4	9.9
s carolina	18.6	0.0	18.6	10.0	5.5	9.4
s dakota	19.1	0.0	19.1	11.1	2.4	10.9
tennessee	19.5	0.0	19.5	10.6	3.0	10.4
texas	20.0	0.0	20.0	11.0	1.7	10.8
utah	19.3	100.0	17.7	9.8	6.5	8.9
vermont	19.0	0.0	19.0	11.5	3.8	10.9
virginia	19.4	0.0	19.4	10.6	5.1	9.9
washington	19.5	0.0	19.5	10.4	3.2	10.1
w virginia	18.5	0.0	18.5	10.1	5.0	9.9
wisconsin	19.2	0.0	19.2	10.6	4.8	9.9
wyoming	21.0	0.0	21.0	11.2	1.8	11.2
mean	20.0	16.7	19.7	10.9	4.7	10.3

Table 5

AGI Greater Than \$40,000

State	Status Quo									
	gross mtr		% deductible		net mtr		atr		atr w/o deduc	
	state	fed	state	fed	state	fed	state	fed	state	fed
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
alabama	5.6	37.9	100.0	95.1	3.8	36.7	4.7	21.6	5.8	23.6
alaska	0.0	39.4	0.0	87.1	0.0	39.4	0.0	21.4	0.0	21.9
arizona	7.5	37.3	100.0	95.7	5.2	35.6	4.7	20.1	6.1	22.5
arkansas	7.2	36.6	0.0	93.8	4.9	36.6	6.3	19.7	6.3	22.1
california	10.0	36.7	0.0	97.6	6.6	36.7	6.8	18.5	6.8	21.6
colorado	7.7	37.1	100.0	96.7	5.2	35.4	4.2	19.4	5.6	21.8
connecticut	1.0	40.4	0.0	90.2	1.0	40.4	2.9	22.4	2.9	24.6
delaware	9.6	39.7	0.0	100.0	5.7	39.7	6.0	19.7	6.0	23.6
district	11.1	41.6	0.0	97.3	6.8	41.6	8.7	21.2	8.7	25.1
florida	0.6	40.1	0.0	85.1	0.6	40.1	1.7	22.8	1.7	24.1
georgia	6.4	37.7	0.0	94.5	4.3	37.7	5.5	20.1	5.5	22.9
hawaii	9.9	38.5	0.0	100.0	6.3	38.5	8.0	18.8	8.0	22.4
idaho	8.0	36.4	0.0	84.8	5.7	36.4	6.4	18.6	6.4	21.0
illinois	3.2	38.9	0.0	89.8	2.3	38.9	4.5	21.4	4.5	23.5
indiana	2.5	38.6	0.0	74.9	1.9	38.6	3.4	21.5	3.4	22.9
iowa	9.2	38.9	100.0	92.6	6.2	36.6	5.1	21.5	7.3	23.9
kansas	7.9	38.9	99.7	94.5	5.3	37.0	4.4	21.2	6.1	23.3
kentucky	6.6	38.8	100.0	91.3	4.6	37.2	4.9	21.3	6.2	23.6
louisiana	3.3	37.3	100.0	78.9	2.4	36.5	2.0	21.6	2.9	22.5
maine	10.2	41.1	0.0	80.9	7.0	41.1	10.3	24.4	10.3	28.2
maryland	5.6	38.2	0.0	99.4	3.7	38.2	5.5	19.9	5.5	23.5
massachusetts	5.4	39.6	0.0	97.2	3.5	39.6	7.0	21.8	7.0	25.3
michigan	5.7	37.8	0.0	95.3	3.9	37.8	6.2	20.0	6.2	23.3
minnesota	15.8	36.7	100.0	99.3	10.8	33.0	9.2	19.1	12.1	23.3
mississippi	4.7	35.7	0.0	97.8	3.3	35.7	4.9	20.1	4.9	21.9
missouri	6.3	38.0	100.0	87.1	4.5	36.5	4.0	21.0	5.3	22.9
montana	8.3	37.9	99.0	79.4	5.9	35.6	3.8	20.5	5.5	21.9
nebraska	7.5	38.9	0.0	77.7	5.2	38.9	5.4	22.6	5.4	24.9
nevada	0.7	40.0	0.0	76.6	0.7	40.0	1.9	22.1	1.9	23.2
new hampshire	0.0	40.3	0.0	90.1	0.0	40.3	1.1	24.5	1.1	26.6
new jersey	3.1	39.1	0.0	94.3	2.2	39.1	3.7	21.0	3.7	24.0
new mexico	7.0	38.0	0.0	83.7	5.0	38.0	4.6	19.5	4.6	20.9
new york	18.8	38.5	0.0	98.7	11.3	38.5	11.4	20.1	11.4	25.0
n carolina	7.5	39.1	0.0	93.7	4.9	39.1	7.3	20.4	7.3	23.5
n dakota	6.3	38.0	100.0	87.0	4.4	36.4	3.5	21.1	5.0	22.6
ohio	5.0	38.4	0.0	88.9	3.5	38.4	5.0	21.1	5.0	23.5
oklahoma	8.6	37.5	70.6	90.9	5.8	35.9	4.4	20.9	4.5	22.9
oregon	9.9	37.2	30.1	98.5	6.3	36.6	3.3	19.5	3.6	23.1
pennsylvania	2.9	40.1	0.0	85.8	2.1	40.1	4.0	22.3	4.0	24.7
rhode island	8.6	36.3	0.0	100.0	5.6	36.3	6.3	20.2	6.4	23.7
s carolina	7.4	37.5	1.3	91.7	5.0	37.5	6.0	19.2	6.0	21.9
s dakota	0.7	35.6	0.0	72.3	0.7	35.6	2.1	19.2	2.1	20.2
tennessee	0.7	39.4	0.0	88.0	0.7	39.4	2.7	21.5	2.7	22.7
texas	0.5	38.3	0.0	82.5	0.5	38.3	1.4	21.9	1.4	22.8
utah	8.5	33.2	100.0	99.8	6.1	31.5	5.9	15.6	7.1	18.0
vermont	9.2	36.8	0.0	100.0	5.8	36.8	5.7	19.2	5.7	22.3
virginia	6.1	38.1	0.0	94.5	4.1	38.1	5.2	20.1	5.2	22.9
washington	0.9	37.8	0.0	91.1	0.9	37.8	2.6	20.6	2.6	21.9
w virginia	6.6	37.1	0.0	68.0	5.1	37.1	5.6	21.7	5.6	23.1
wisconsin	9.6	37.8	0.0	96.8	6.3	37.8	7.0	19.5	7.0	23.7
wyoming	0.5	34.9	0.0	74.6	0.5	34.9	1.4	20.8	1.4	21.5
mean	6.6	38.2	15.0	91.9	4.4	37.9	5.2	20.5	5.4	23.2

Table 5 (Continued)

AGI Greater Than \$40,000

State	President's Proposal					
	gross	%	net fed	fed	state atr	fed atr
	<u>fed mtr</u>	<u>deduc</u>	<u>mtr</u>	<u>atr</u>	<u>w/deduc</u>	<u>w/deduc</u>
	(11)	(12)	(13)	(14)	(15)	(16)
alabama	27.7	100.0	26.3	16.3	4.8	15.2
alaska	28.0	0.0	28.0	16.4	0.0	16.1
arizona	27.5	100.0	25.5	16.5	4.7	15.2
arkansas	27.5	0.0	27.5	16.9	6.0	15.4
california	27.5	0.0	27.5	16.3	6.3	14.5
colorado	27.8	100.0	25.6	16.5	4.5	15.0
connecticut	28.8	0.0	28.8	17.4	2.8	16.3
delaware	26.6	0.0	26.6	16.0	5.5	14.0
district	29.4	0.0	29.4	17.9	8.2	15.7
florida	28.3	0.0	28.3	17.8	1.6	17.1
georgia	28.0	0.0	28.0	16.8	5.4	15.2
hawaii	27.5	0.0	27.5	15.9	7.9	14.2
idaho	26.8	0.0	26.8	15.7	6.3	14.2
illinois	27.7	0.0	27.7	16.9	4.4	15.7
indiana	26.6	0.0	26.6	15.9	3.4	15.2
iowa	28.0	100.0	25.3	17.7	5.4	16.4
kansas	27.9	99.9	25.7	17.2	4.7	16.0
kentucky	28.0	100.0	26.3	17.1	5.1	15.7
louisiana	27.4	100.0	26.3	16.2	2.4	15.7
maine	25.0	0.0	25.0	18.1	8.4	16.1
maryland	27.7	0.0	27.7	16.7	5.2	14.6
massachusetts	28.5	0.0	28.5	17.5	6.6	15.6
michigan	27.5	0.0	27.5	16.3	6.2	14.4
minnesota	27.7	100.0	23.3	16.7	9.3	14.2
mississippi	27.3	0.0	27.3	16.5	4.9	15.4
missouri	27.7	100.0	26.0	16.7	4.3	15.7
montana	26.6	100.0	24.1	17.4	4.3	16.6
nebraska	27.8	0.0	27.8	18.2	4.3	16.9
nevada	28.2	0.0	28.2	17.0	1.9	16.3
new hampshire	29.1	0.0	29.1	18.3	0.9	16.9
new jersey	28.2	0.0	28.2	16.9	3.5	15.3
new mexico	27.2	0.0	27.2	15.6	4.8	14.8
new york	28.6	0.0	28.6	17.7	10.9	15.1
n carolina	27.8	0.0	27.8	16.9	6.6	15.3
n dakota	27.5	100.0	25.7	17.8	3.9	16.9
ohio	27.3	0.0	27.3	16.6	4.9	15.4
oklahoma	27.6	1.5	27.6	16.6	4.4	15.4
oregon	26.7	61.3	25.1	16.4	4.0	14.4
pennsylvania	28.1	0.0	28.1	17.5	3.8	16.3
rhode island	27.6	0.0	27.6	16.6	5.1	14.6
s carolina	27.0	0.0	27.0	16.0	5.7	14.5
s dakota	26.0	0.0	26.0	16.5	1.9	16.5
tennessee	27.5	0.0	27.5	16.4	2.6	15.8
texas	27.7	0.0	27.7	17.0	1.3	16.4
utah	25.0	100.0	23.0	13.8	6.3	12.6
vermont	27.4	0.0	27.4	16.6	4.5	14.6
virginia	27.8	0.0	27.8	16.5	5.2	14.9
washington	27.4	0.0	27.4	16.4	2.5	15.7
w virginia	27.6	0.0	27.6	16.6	5.5	15.7
wisconsin	27.6	0.0	27.6	17.1	6.2	14.7
wyoming	28.0	0.0	28.0	16.9	1.3	16.4
mean	27.7	14.3	27.4	16.8	5.0	15.3

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