

# Issue Paper

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**Senate Fiscal Agency**

## THE MICHIGAN ECONOMY AND STATE REVENUE: A 10-YEAR HISTORY (1999-2009)

by

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## **INTRODUCTION**

Michigan's economy has suffered through one of the most difficult periods in its history. At the center of this economic malaise have been the difficulties faced by the domestic auto industry and the "Detroit Three" (Chrysler Corporation, Ford, and General Motors). At the beginning of the 2000s, despite some rhetoric to the contrary, Michigan remained very dependent on the domestic auto industry as an economic driver.

The 2001 national recession was short lived, lasting only nine months. In response to the recession and the 9/11 terrorist attacks, the Federal Reserve Board of Governors quickly lowered interest rates to provide liquidity to the national economy. Over time, this policy did lead to growth in the national economy. Michigan, however, did not participate in that period of economic growth from 2002 through 2008.

Since 2001, Michigan has lost jobs in every year. These job and income losses are primarily due to the faltering domestic auto industry. Job losses also occurred, however, in other sectors of the Michigan economy, as well as in the retail, wholesale, information, and construction sectors. Even as the national economy grew through the early 2000s, Michigan fell into a significant period of retraction.

Nevertheless, the period of 2001 through 2007 was mild in comparison to the events following the 2008 financial panic. This panic created conditions that were extremely unfavorable to the durable manufacturing sector and Michigan's economy. Car sales slumped to a degree never imagined as a general credit freeze took hold of the nation.

By the end of 2009, the composition of Michigan's economy had been dramatically altered. Manufacturing employment and wages, particularly in the transportation subsector, had tumbled by two thirds in some cases. Health care services now stand as the largest private employer in the Michigan economy.

This transformation has important implications for economic and tax policy for the State. In some ways, it represents Michigan's final transition from a manufacturing-dominated state to a state where the leading sectors are service-based industries. That said, manufacturing does remain important to Michigan's future.

The Michigan revenue system, in parallel fashion to the economic system, has experienced significant changes over the decade. By some measures, the revenue system actually has declined disproportionately to the economic decline. This Issue Paper explores the performance of the Michigan economy and the Michigan revenue system over the past decade. The objective is to use this 10-year retrospective view to provide a backdrop for future policy discussions. The paper is divided into two sections. The first section describes the 10-year history of Michigan's economy. This section serves as a backdrop against which to discuss the changes and trends in the Michigan tax and revenue system, the focus of the second section.

## **MICHIGAN'S ECONOMY (1999-2009)**

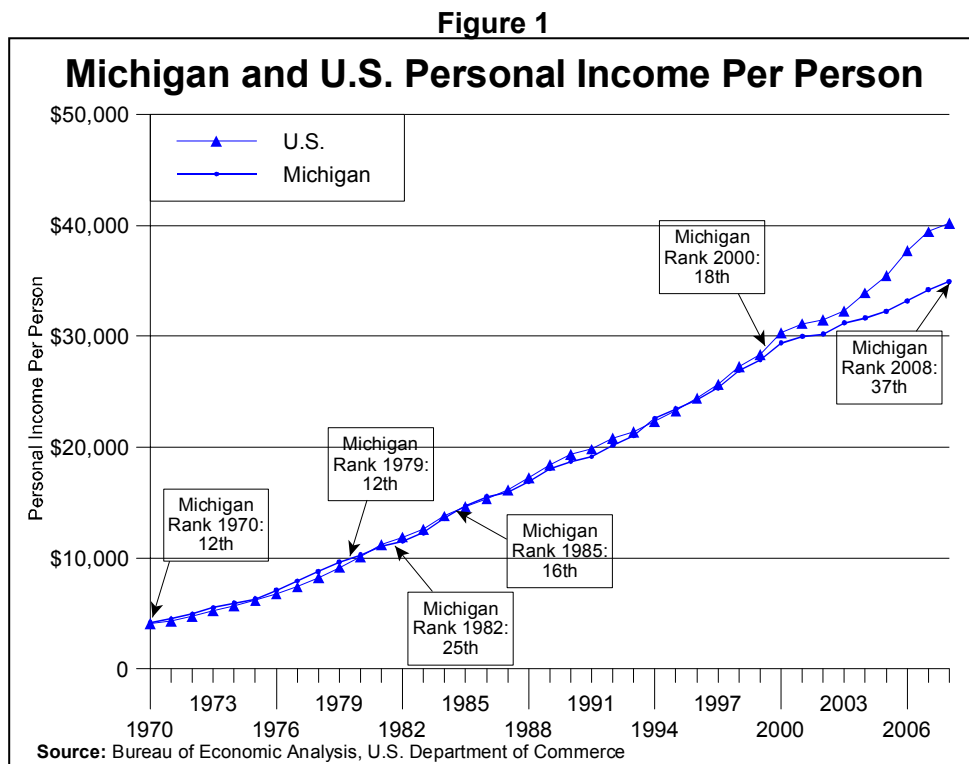
In order to assess the performance of the Michigan economy over the past decade, several different components are analyzed. The best measure of a state's overall economic welfare is income per person. While this is the best overall measure, income is composed of several factors that should be analyzed separately.

State personal income is the most comprehensive measure of a state's economy. For Michigan, State personal income was nearly \$350.0 billion in 2008. On this basis, Michigan had the ninth largest economy in the United States. Given a State population of close to 10.0 million, this translated into an income per person of \$34,000. On an income-per-person basis, Michigan ranked 37<sup>th</sup> in 2008.

Income is primarily, although not exclusively, made up of wage and salary sources from jobs. Nearly three fourths of State personal income is made up of wage and salary earnings. Thus, jobs and the wages or salaries associated with those jobs are critical in assessing a state's economic fortunes. However, there are several other significant components to income, including dividends, interest, rent, and government transfer payments. These components make up the other quarter of State personal income. Government transfer payments that are part of income include social security, unemployment insurance, and medical payments. Each of these components is important to an understanding of the overall status and trend in income per person.

Michigan Income Per Person Ranking

As described above, State personal income, and especially income per person, is generally considered by economists as the best measure of a state's overall economic prosperity. Figure 1 shows the history of Michigan's income per person over the past 40 years.



Michigan has seen a fairly volatile ranking in income per person typically associated with economic recessions over the past several decades. Several forces are probably responsible for this volatility. Past declines, often due to severe recessions, were often followed by significant rebounds. For example, in the deep recession of the early 1980s, Michigan went from a ranking of 12<sup>th</sup> in 1979 to 25<sup>th</sup> in 1982 and then back to 16<sup>th</sup> in 1985. These income-per-person rankings typically have followed the fortunes of the auto industry.

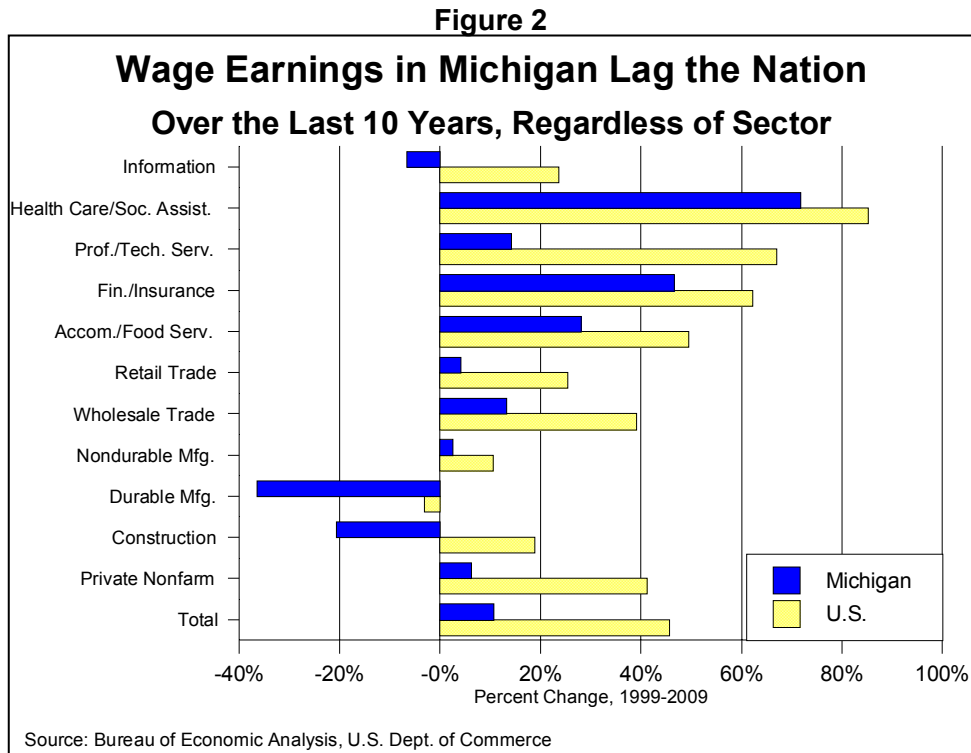
The past 10 years saw a long and persistent decline in per capita income ranking. From being ranked 18<sup>th</sup> in 2000, Michigan fell to an all time low of 37<sup>th</sup> in 2008. This ranking may fall further after the impact of the 2009 recession is taken into account. This decline also is associated with a major decline in the automobile industry. Unlike previous economic recoveries, however, this decline in income per person may represent a new reality rather than a temporary blip due to an economic downturn.



## Total Wage Earnings by Sector

Wages are the most important element in state personal income. Total wage earnings by sector provide an overall perspective on the growth of different industries across the decade. [Figure 2](#) reveals these trends for total wage earnings in Michigan and compares the State's performance to the rest of the nation's over the past decade.

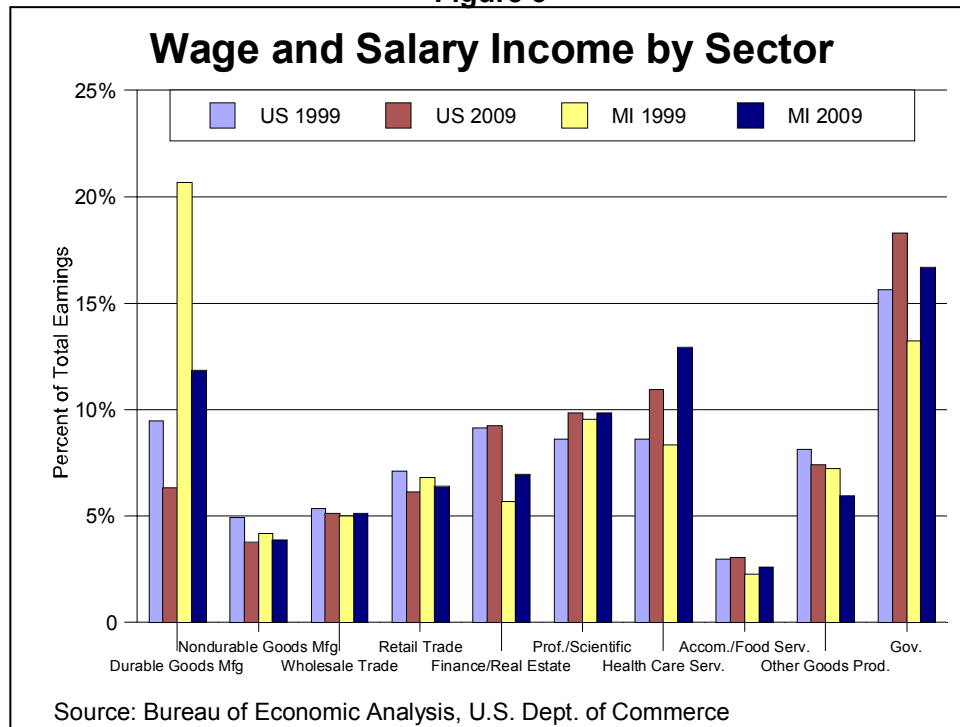
Health care services exhibited over 60% growth in wage earnings between 1999 and 2009. Over the same time, the durable goods manufacturing sector experienced a nearly 40% decline in wage earnings. With the exception of construction and information, most other sectors of the economy experienced growth in their wage earnings. It should be noted that Michigan lagged behind the U.S. overall in every sector.



## Wage and Salary Income by Sector

Another view of the composition of the economy can be seen through the relative shares of wage and salary income by sector. Traditionally, manufacturing was the largest share of wage and salary income, accounting for nearly one-fifth in 1999, as shown in [Figure 3](#). By 2009, this share had fallen to only 12.0% of the wage and salary income of the State. The major changes in wage and salary income mimic the changes in a sector's share of employment in the State. Large losses in the manufacturing sector were offset by large gains in the health services area and small gains in the government sector primarily driven by local government and school districts. Few changes were seen in other sectors of the economy.

Figure 3



### Average Annual Earnings Growth Per Worker

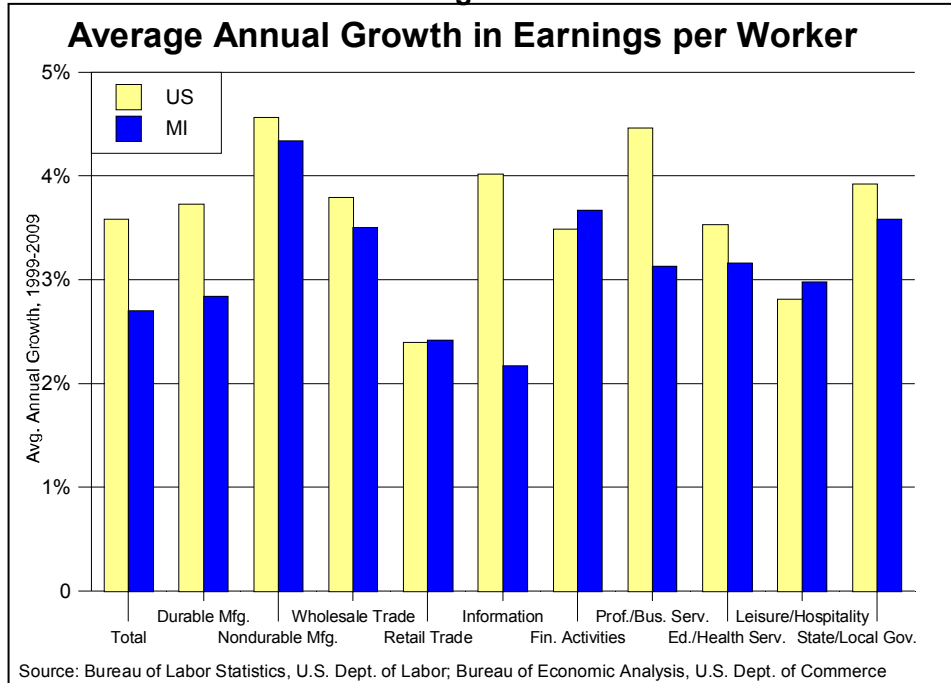
Along with income per person, average earnings per worker provide an important snapshot of the overall health and changes in the State economy, as shown in [Figure 4](#). This measure captures jobs-related income as opposed to income per person, which captures jobs income plus a host of other sources of income such as social security, unemployment insurance, and dividend and interest payments. Not surprisingly, in overall terms, Michigan fell behind the U.S. as a whole in terms of average earnings, as [Figure 4](#) shows. This problem was most pronounced in the durable manufacturing, professional services, and information sectors. Generally, other sectors of the Michigan economy kept pace with the U.S. average.

This information tells the same story as the income-per-person rankings. Overall, Michigan workers' earnings failed to keep pace with the nation. One important note is that, despite the difficult economic challenges, average annual earnings for those with jobs, grew over the decade by a pace of over 2.0% per year. Thus, the economy was balancing job losses by some with gains by others who had jobs. The fall in relative income per person indicates that, at least partly, job losses were outpacing any wage gains.

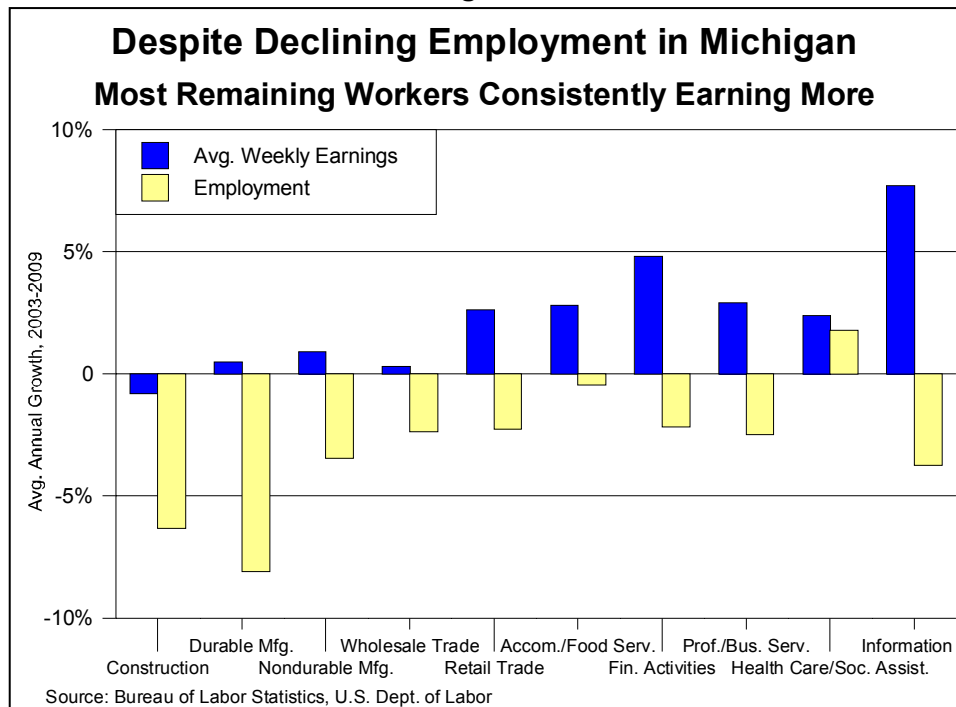
### Jobs and Average Weekly Earnings

The issue of job losses versus wage growth also is illustrated in [Figure 5](#). For those who were employed, average weekly earnings grew over the period 2003 through 2009. Even in the durable and nondurable goods manufacturing sectors, average weekly earnings rose for those who had jobs. These trends were more pronounced in financial services, retail trade, and food and lodging accommodation, and the information sector. In many sectors, job losses and lost wages were greater than any wage gains for those remaining. As discussed in other portions of the paper, the health care sector stands out as the lone industry in which both jobs and average weekly earnings grew.

**Figure 4**



**Figure 5**

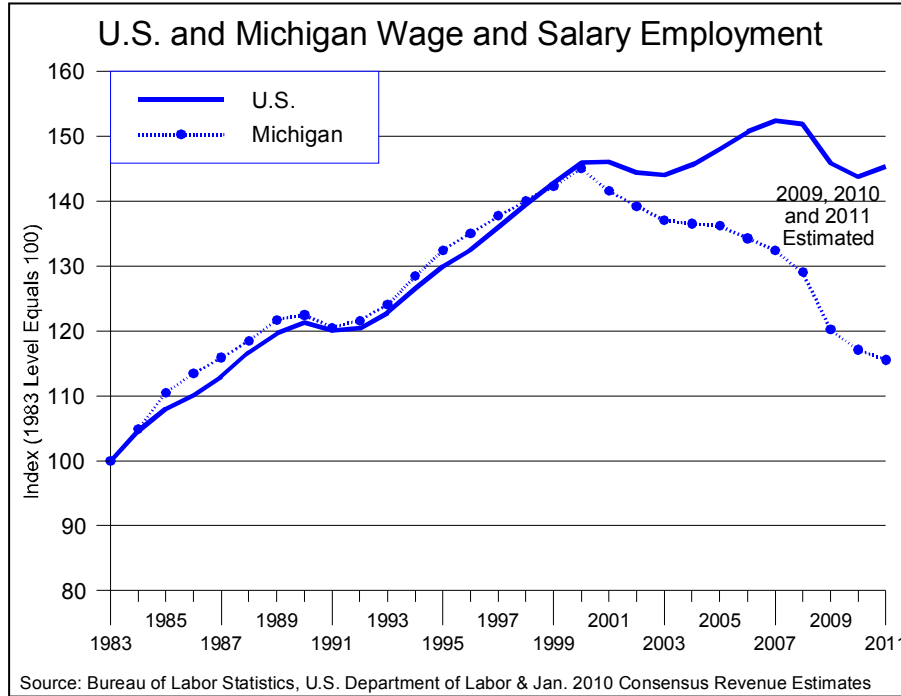


U.S. and Michigan Wage and Salary Employment

In addition to income and wage measures, an assessment of the job market situation over the past decade is useful. From 1983 through 2000, Michigan was able to keep pace with the nation in terms of wage and salary employment. This trend collapsed starting in 2001 and has not recovered since.

Michigan's job losses have led to a situation in which the State's job base is equal to what it was in the mid-1980s. The scale of these losses will be difficult to overcome in the short- or medium-term. [Figure 6](#) depicts U.S. and Michigan total wage and salary employment over the last 30 years. The large gap can be seen starting in 2001 and accelerating through the decade.

**Figure 6**



Michigan and U.S. Employment Change

Both the United States and Michigan have lost jobs from the peak of the previous economic boom in June 2000 through the current recession in 2009. However, Michigan's job losses were far more severe, at nearly 18.0%, compared with only 0.7% for the United States, as depicted in [Figure 7](#). Besides examining the aggregate change, a second perspective is to review changes across economic sectors.

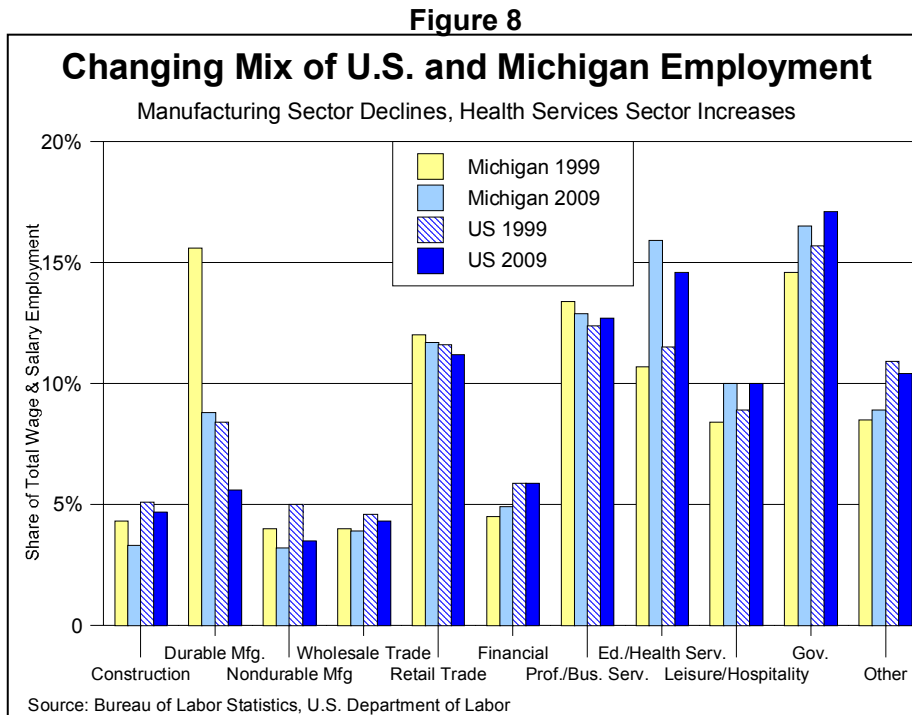
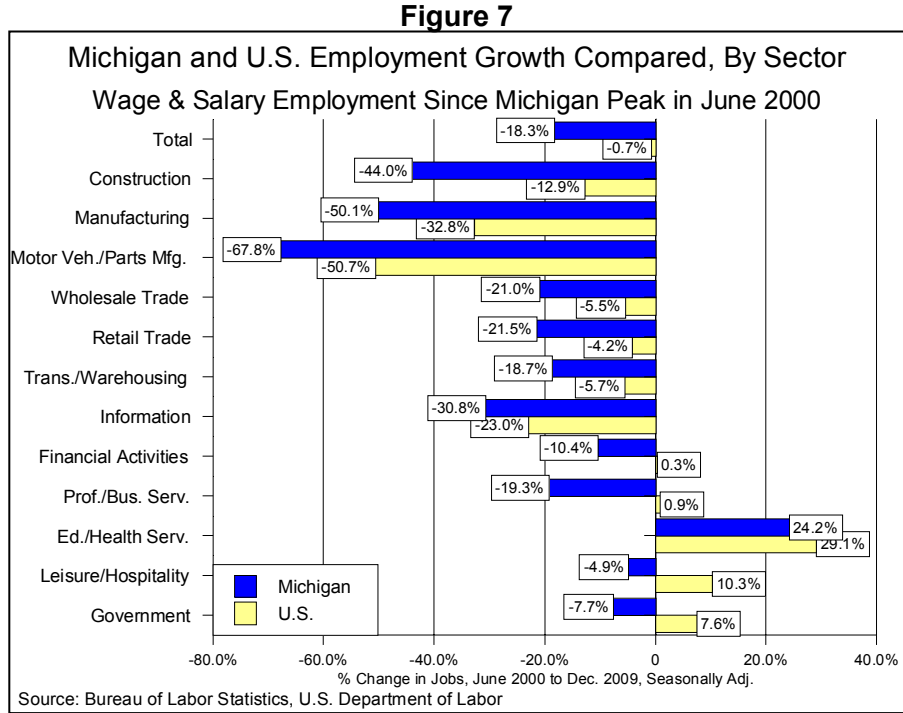
These job losses were not evenly distributed across Michigan's economic sectors. The biggest losses were in manufacturing (-50.0%), construction (-44.0%), information sector (-30.0%), wholesale trade (-21.0%), and retail trade (-20.0%). Although to a lesser degree, the U.S. job loss concentrations were in the same sectors. Michigan was following national trends in terms of overall job losses, although the greater percentage losses in the State indicate a potential loss in overall business competitiveness.

Despite the losses, Michigan did exhibit some job gains. Education and health services jobs, led by specific organizations such as hospitals and physician offices, increased by over 20.0%. These gains were not nearly enough to cover all of the job losses in other sectors.

Michigan Employment Mix

There have been some significant changes in the composition of the Michigan economy due to the differing employment growth rates depicted in the previous section. While the Michigan economy was shrinking throughout the decade, the decline was not consistent across all sectors. Michigan's

economy and the composition of jobs across the economy were dramatically different in 2009 than they were in 1999. These changes will have important implications for future economic development strategies and revenue and spending trends. [Figure 8](#) reveals the share of the labor market held by different industries for 1999 and 2009 for Michigan and the United States.



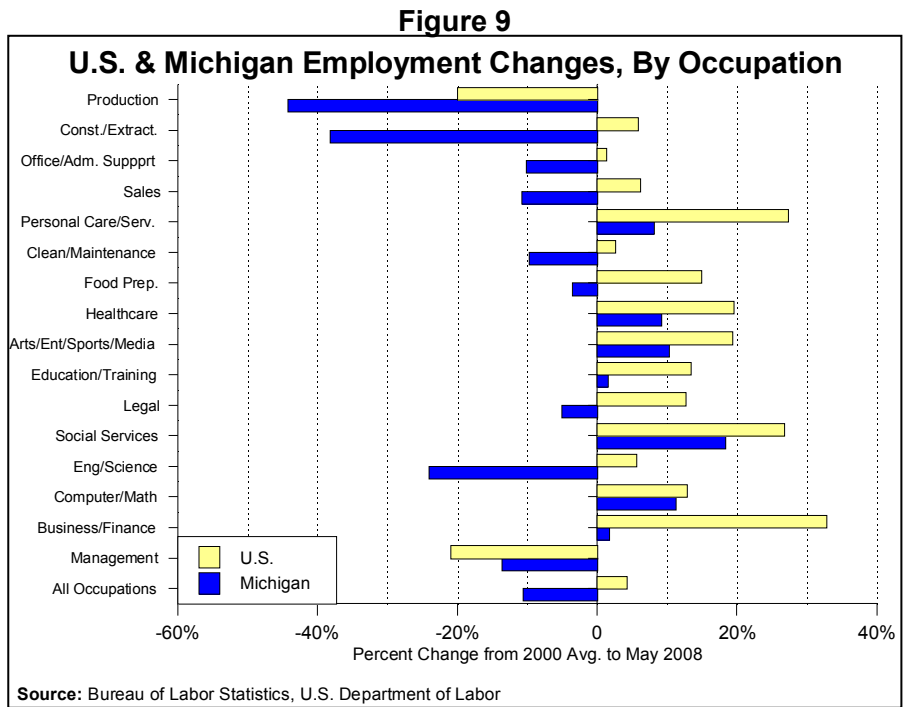
The changes came primarily in two sectors: durable manufacturing and health care services. For example, in 1999, durable manufacturing represented 15.0% of the Michigan economy and by 2009 it had fallen to 8.0%. The biggest increase in employment share was in the health care and private education sectors: Those sectors now represent over 16.0% of the economy after being at 11.0% in 1999.

In the span of a decade, Michigan's economy went from one in which durable manufacturing was the dominant private sector employer to one in which health care services and private education are the dominant private sector employers. The same trends are evident to a lesser degree at the national level. Most other sectors retained their share of the economy throughout the decade.

Michigan Job Loss by Occupation

A different view of Michigan's economic decline can be seen through the lens of occupational categories. Occupations can be divided into production workers, sales, managers, engineering and science, and other categories, as depicted in Figure 9. Based on the declines in durable manufacturing, production worker positions in Michigan, as well as in the United States, fell by nearly 40.0% between 2000 and 2008.

This was not the only occupational arena where job losses occurred. Construction jobs, office and administrative support, sales, and engineering and science jobs all declined in the State. In some cases, this is more worrisome as the nation saw an increase in these occupational categories, including engineering and science and computer and math based-positions. Between 2000 and 2008, nearly 11.0% of all jobs in various occupational categories were eliminated. However, this time period fails to capture the major losses suffered during the great recession of 2008-2009.

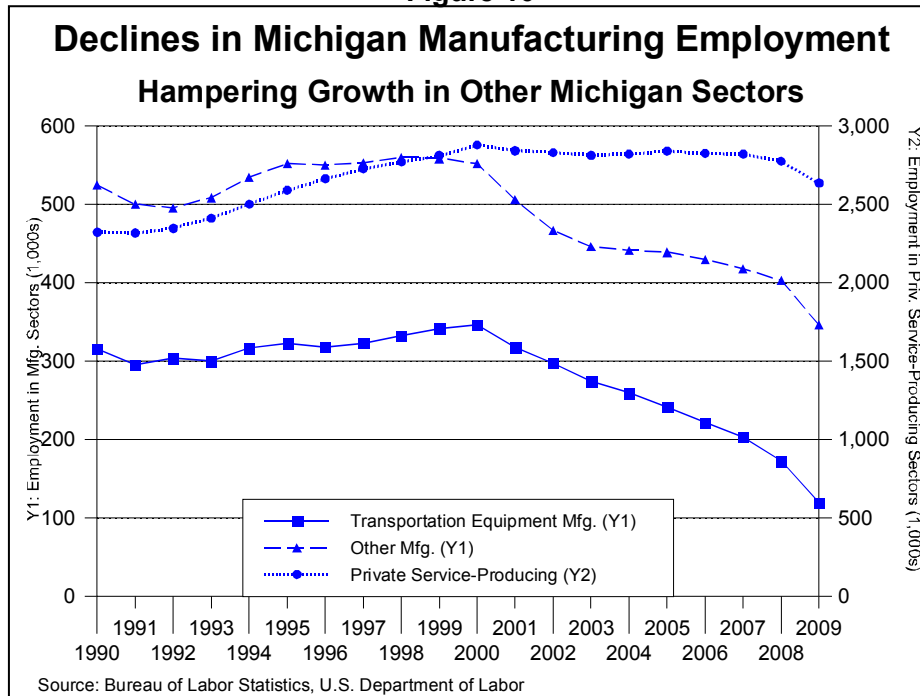


Declines in Michigan's Manufacturing Employment

Manufacturing has been at the center of Michigan's economy for decades. The last 10 years were particularly harsh to this keystone sector, as shown in Figure 10. Since 2000, transportation equipment manufacturing fell from 300,000 jobs to just over 100,000 jobs in 2009. It also should be noted that

almost a quarter of a million jobs were lost in other parts of the manufacturing sector in Michigan. This manufacturing decline was echoed in several other retail and service sectors in Michigan that were reliant on spending from the transportation manufacturing sector. There was little growth in retail, wholesale, and other service sector parts of the economy throughout this period.

**Figure 10**



The problems in manufacturing can be further illuminated through an examination of the Detroit Three's situation. The most significant part of the Michigan economic story over the past decade has been the problems facing the Detroit Three. The Detroit Three have faced a very difficult environment, especially beginning in the late 1990s and early 2000s. In the mid-1990s, their market share exceeded 70.0% but began a steep fall. Over the course of the next 10 years, the Detroit Three's market share fell almost in half to approximately 35.0% of the U.S. market, as shown in [Figure 11](#).

The falloff in market share occurred at the same time as a major increase in car sales began in the early 2000s. Some have actually called this period an "auto bubble". It was a bubble in which the Detroit Three failed to keep up with their foreign competition. This fall in market share would eventually translate into serious problems for the Michigan economy and revenue system.

[Figure 12](#) depicts how closely the automobile industry and the Michigan economy are linked. Over the course of the past 30 years, there was a very strong relationship between the direction of Michigan's income per person and the level of production in the automobile industry. An upturn or downturn in automobile production directly affected the direction of Michigan's per capita income. There remains an open question as to whether this relationship will exist between automobile production and Michigan income in the future.

There are several measures to assess the degree to which Michigan remains and will remain dependent on the auto industry both today and in the future. One measure is to compare this State's relative concentration in the industry to other states' on the basis of employment shares in the transportation equipment manufacturing sector.

Figure 11

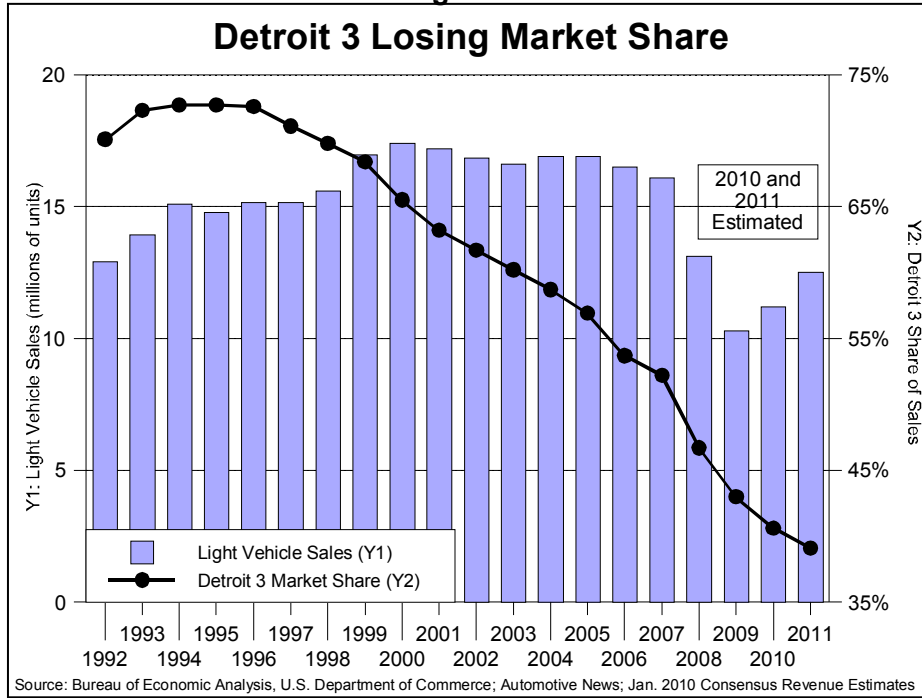
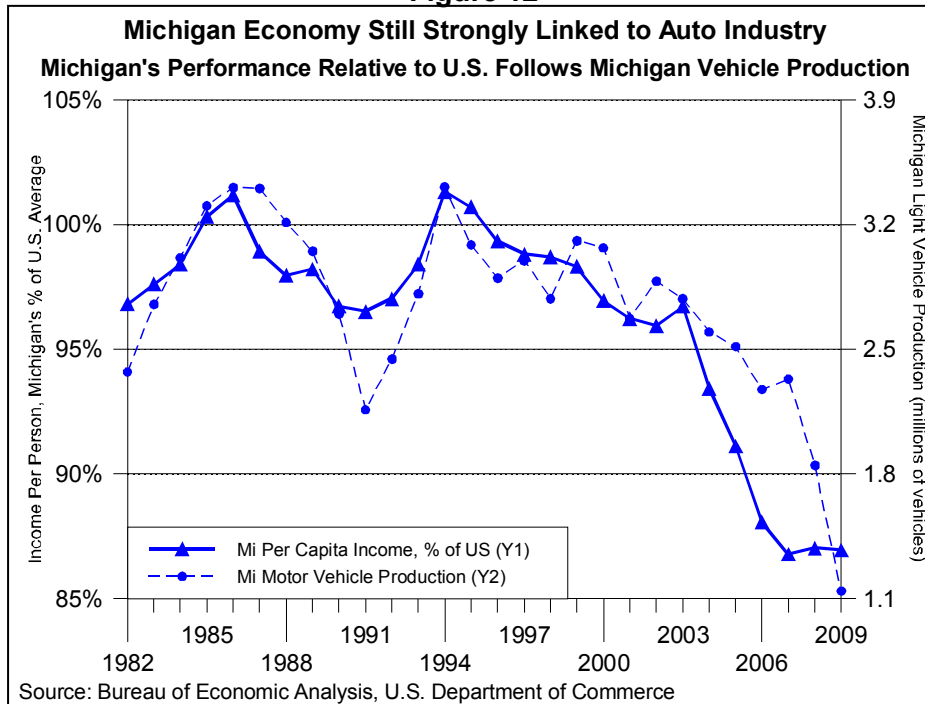


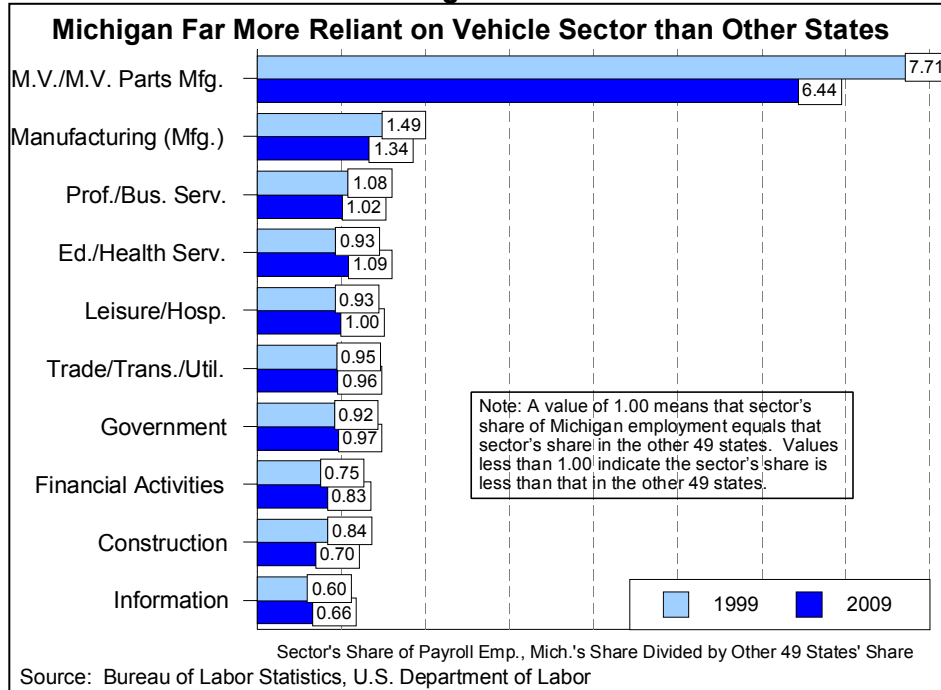
Figure 12



According to [Figure 13](#), Michigan's dependence on the auto industry has fallen. Despite the fall, however, the State is still significantly reliant on the auto industry in terms of industry employment. A second view of this issue can be undertaken using wages and earnings instead of employment.



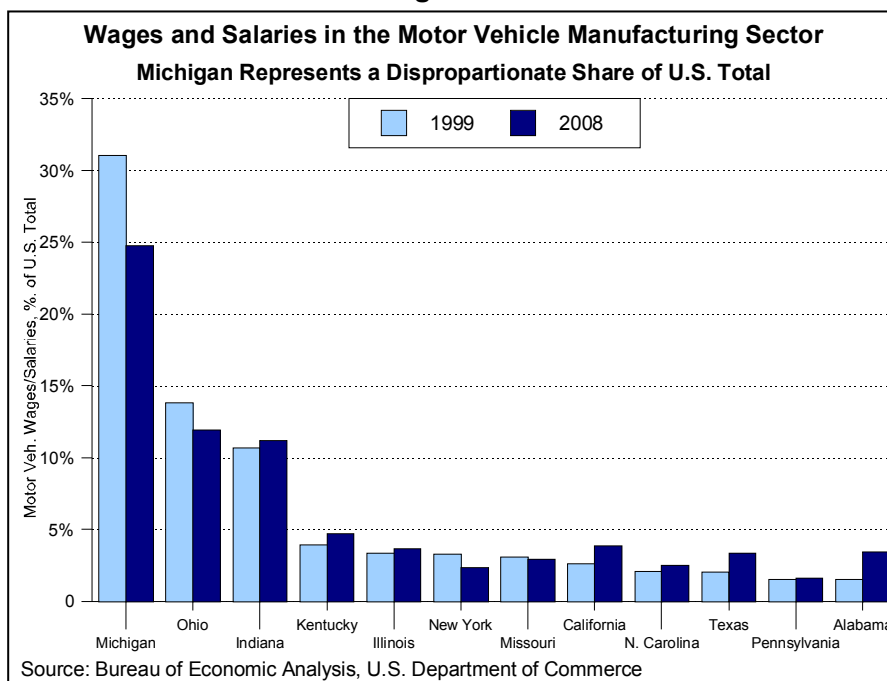
**Figure 13**



As depicted in [Figure 14](#), Michigan is well above any other state or the U.S. average in terms of auto manufacturing wages and salaries as a percentage of total wages and salaries. The closest states to Michigan are Indiana, Kentucky, and Ohio. Based on these two measures, Michigan does remain dependent on the automobile industry, albeit to a smaller degree than was true in 2000 or previously.

Health care services have become the single largest private sector employer in the State and in this regard Michigan mirrors other states. However, despite their relative decline, the automobile manufacturing production and employment that remain in Michigan are still far more concentrated here than in any other state.

**Figure 14**



## Summary

In summary, the Michigan economy experienced an unprecedented period of stress over the past 10 years. While the first eight years of the decade were difficult, 2009 turned into the worst recession since World War II and Michigan was at the heart of the economic difficulties. These difficulties cumulated in the bankruptcy of two of the state's biggest companies.

Even before these challenges, the automobile industry was losing market share and shedding jobs. Along with other manufacturing losses, Michigan saw in aggregate over 800,000 jobs eliminated over the past decade. These losses translated into large losses in wages and salaries in the manufacturing sector and some related sectors such as construction.

These enormous changes spawned several important structural differences in the Michigan economy. The most important economic story is that these job losses and wage stagnation led to a decline in Michigan income per person from 18<sup>th</sup> to 37<sup>th</sup> in national rankings.

There is, however, a second important economic story concerning the composition of the Michigan economy. Health care is now the largest private sector employer in the State. This includes doctors' and dentists' offices, hospitals, clinics, and other related industries. This is the one sector of the economy that saw growth in both jobs and wages over the past decade. While not enough to offset the auto sector losses, it does portend a different type of economy in the future.

## **MICHIGAN TAX AND REVENUE SYSTEM (1999-2009)**

This section of the Issue Paper is designed to highlight the significant changes in Michigan's tax and revenue system from 1999 through 2009. This was a decade in which State revenue saw significant declines parallel to and in some cases even greater than the economic decline the State faced.

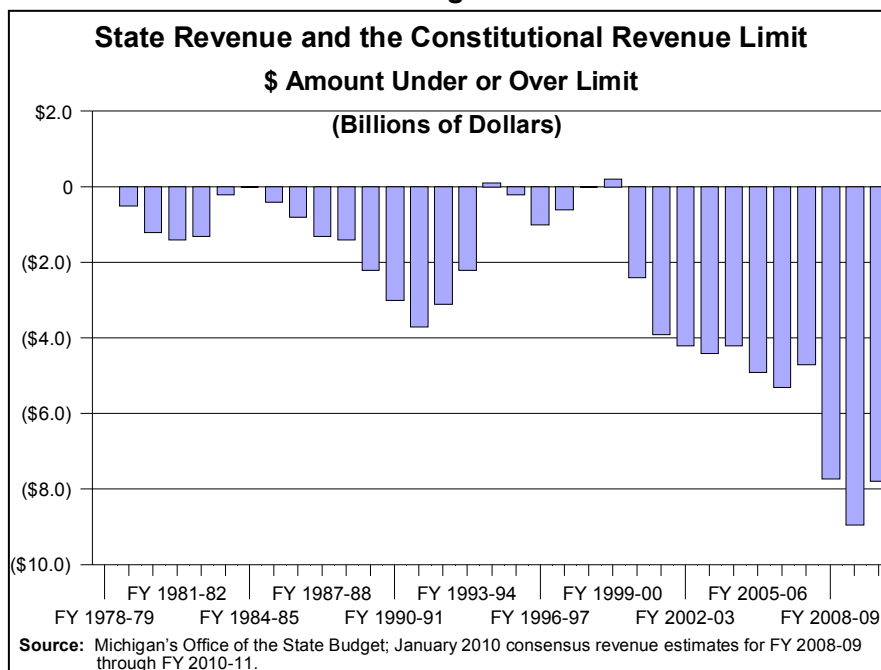
State revenue is a combination of State sources and Federal sources. The most important sources of State revenue are the individual income tax, Michigan Business Tax, the general and selective sales taxes, and a State property tax (the State Education Tax). Local revenue is driven by the property tax and State-shared revenue. To differing degrees, changes in the aggregate growth rate and the composition of the economy have implications for the State and local revenue system.

### Constitutional Revenue Limit

The status of the revenue system is perhaps best illustrated with reference to the constitutional revenue limit first imposed in 1979 by the "Headlee" amendment. The State revenue limit is based on a 1978 constitutional amendment. According to this amendment, State-collected revenue is restricted to 9.49% of total State personal income. This is the percentage that State revenue during fiscal year (FY) 1978-79 was of total State personal income in 1977. In essence, it acts as a tax burden restriction. Federal revenue is not counted in the State revenue limit. Figure 15 depicts the history of the constitutional revenue limit. The change between FY 1993-94 and FY 1999-2000 reflected Proposal A's shift in school financing from local property taxes to a variety of State tax revenue sources.

In FY 1999-2000, the State actually slightly exceeded the revenue limit. Ten years later, in FY 2009-10, the State is nearly 25.0% or \$8.0 billion below the limit. As Figure 15 shows, recessions typically cause State revenue to fall below the limit. However, in the case of the 2000s, the falloff is very large and is likely to be protracted for a long period of time. This figure also implicitly establishes that the tax burden fell on average for Michigan across the decade.

**Figure 15**



General Fund and School Aid Fund Revenue Performance

The State of Michigan has two principal funds, the School Aid Fund and the General Fund. Figure 16 demonstrates the trend in overall revenue for these two funds across the decade.<sup>1</sup> As shown, the General Fund has been a poor performer compared with the School Aid Fund. This difference is because the primary source of the General Fund revenue stream, the individual income tax, was cut in the late 1990s. The second reason for the difference is that the School Aid Fund revenue sources are more stable over the same period. The next section provides more detail around trends in the individual income and sales taxes.

Income and Sales Tax Trends

The individual income tax and the sales tax are the two most important revenue sources for Michigan's General Fund and School Aid Fund. The growth rate over the past 15 years is shown in Figure 17. These two taxes had very different paths over the last decade. The individual income tax growth rate fell sharply through the late 1990s and early 2000s as rate cuts went into effect. Growth returned to a small degree in the mid-2000s. Since 2007, the tax boomeranged from a faster growth rate due to a tax hike, to a sharp drop-off as the full effects of the 2009 recession hit.

The sales tax took a different path. From 2000, the sales tax barely grew over the decade, ranging from zero to one or two percent growth. However, unlike the income tax, it did not experience a precipitous decline in the early part of the decade and remained more stable throughout. In FY 2008-09, the sales tax fell by almost 10.0% due to the full effects of the great recession. This was due to the large drop in retail sales in Michigan as job losses accelerated and consumer confidence rapidly deteriorated.

<sup>1</sup> The trend in the constitutional revenue limit between FY 1993-94 and FY 1999-2000 partly reflected the strength of the economy and partly reflected the shift in school financing in Proposal A. Proposal A was a constitutional amendment passed in 1994. The proposal switched Michigan's school funding system from one based primarily on local property taxes to one based on a variety of State taxes, including sales tax, income tax, and a State-based property tax.

Figure 16

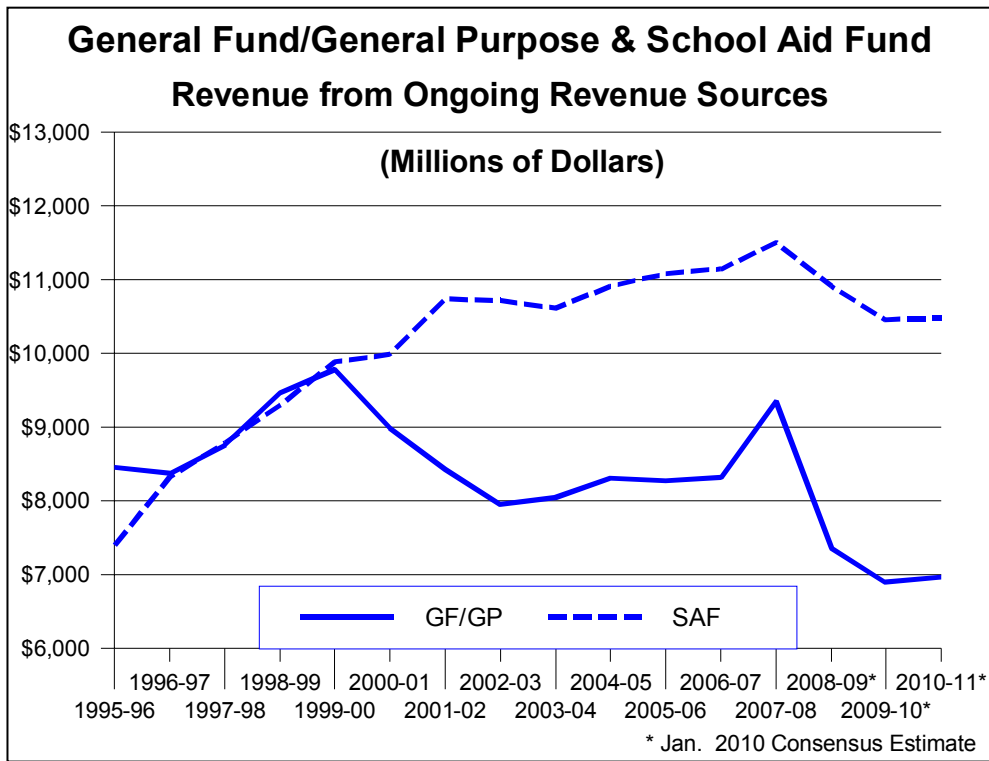
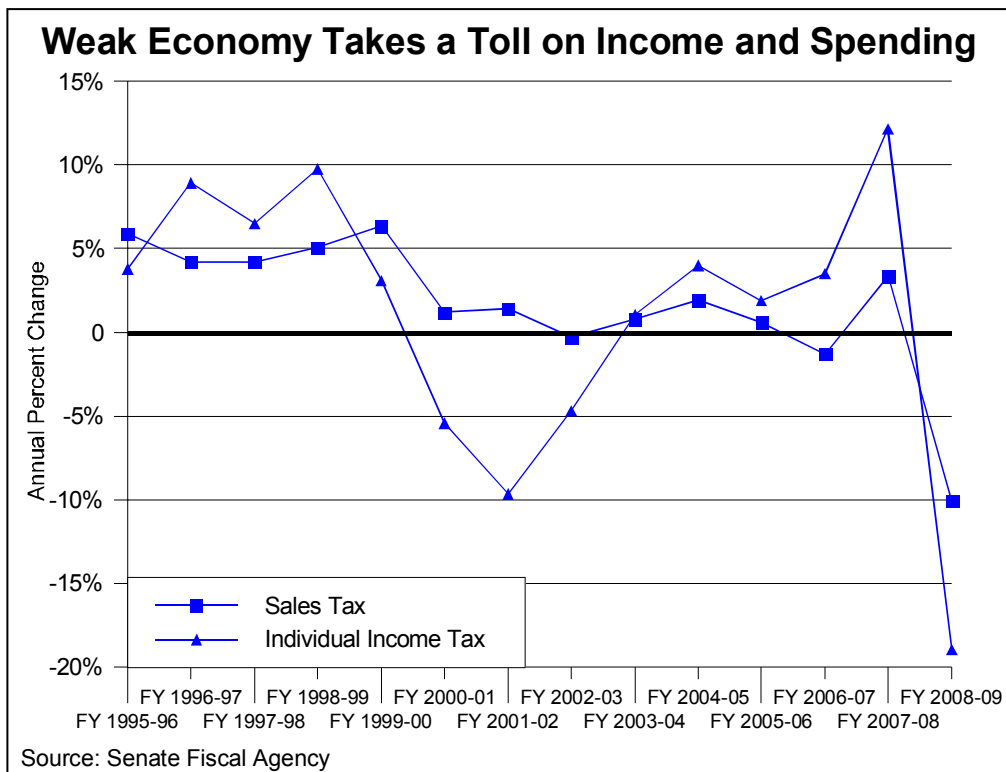


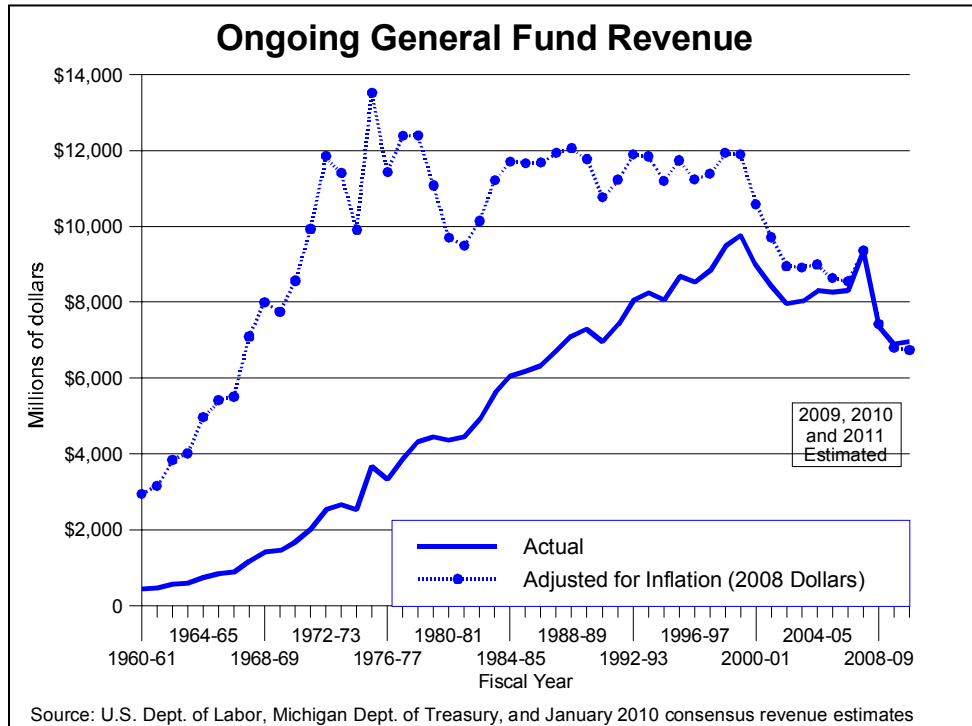
Figure 17



## Ongoing General Fund Revenue

Another view is from the perspective of General Fund revenue adjusted for inflation, as shown in [Figure 18](#). Looking back to 1960, the General Fund did grow at a substantial pace from 1960 through the late 1970s. With the advent of the Headlee amendment, State revenue, as measured in inflation-adjusted dollars, stayed in a constant range of around \$10.0 billion to \$12.0 billion per year. However, with the start of the 2001 Michigan recession, that number fell significantly. Today, the revenue for the General Fund is around \$7.0 billion. After adjusting for inflation, State revenue is approximately 5.0% less than the level in FY 1967-68.

Figure 18

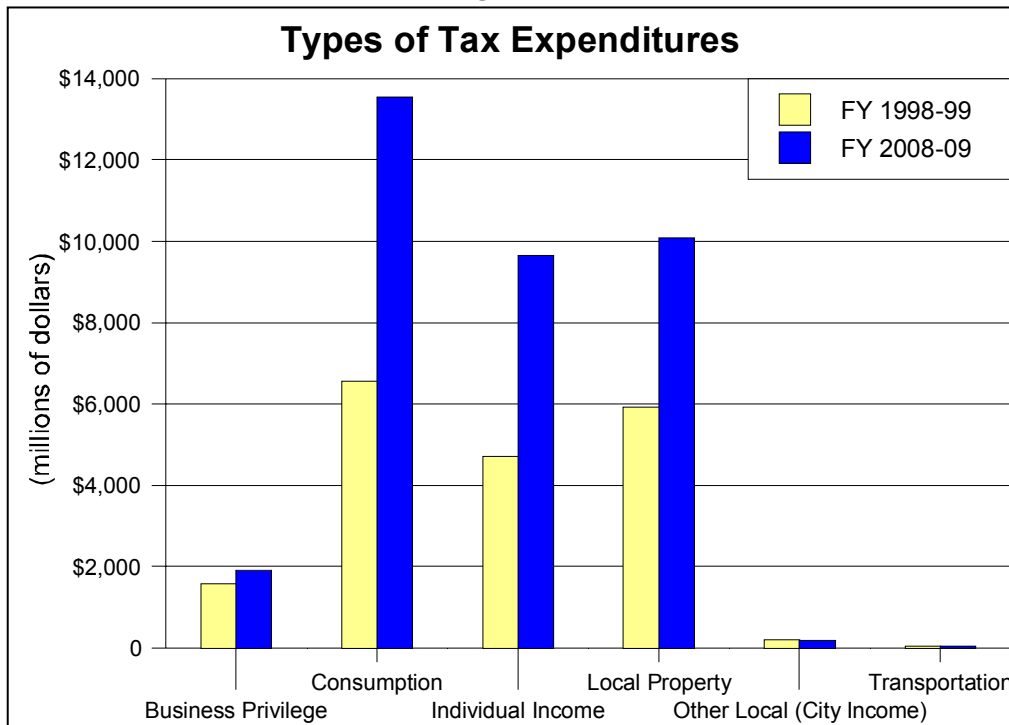


## Michigan Tax Expenditures

The revenue system's overall performance is based on changes in the economy along with policy changes that affect the rate or base of the tax system. The base of the tax is the economic activity that is the source of the liability. The concept of tax base is critical because as the base is restricted to a smaller amount of economic activity, the rate must rise to generate the same amount of revenue. The income tax base is based on income earned. However, as with the Federal income tax, a significant amount of income is exempt from taxation. With the sales tax, a significant number of services and some goods are excluded from the tax. These amounts are compiled in a report called the Executive Budget Appendix on Tax Credits, Deductions, and Exemptions, published by the Michigan Department of Treasury. The amounts in this report represent revenue foregone because the tax base is altered. ([Table 1](#) in the Appendix lists Michigan's major tax expenditures in FY 1998-99 and FY 2008-09.)

In FY 1999-2000, tax expenditures from all sources were about \$20.0 billion, as shown in [Figure 19](#). The biggest sources of tax expenditures were consumption (sales) tax exemptions, income source exemptions, and property exemptions due to Proposal A in particular. With the income tax, the biggest income source exemptions were from personal adjustments such as retirement income.

Figure 19



By FY 2008-09, the tax expenditure figure had grown to nearly \$36.0 billion, as [Figure 19](#) shows. The source of these tax expenditures had remained similar, with the homestead property tax credit against the property tax, personal adjustments such as retirement and pension for the income tax, and the exemption of most services from the sales tax. The Michigan earned income tax credit is another recent example of a narrowing of the income tax base.

The sales tax base has been growing smaller over time as the economy shifts from a goods-based system to a service-based system. Michigan does not tax many services. The Federation of Tax Administrators conducts a survey of sales tax on services across the states every few years. This survey was last conducted in 2007 ([Table 2](#), Appendix). In the survey, there were a total of 168 possible services that could be taxed by a state. According to the survey, Michigan taxed 26 out of the 168 services. Out of the 50 states, Michigan was ranked 37<sup>th</sup>. For example, Michigan taxed only one out of the possible 21 admissions and amusement sector categories. In the area of personal services, Michigan taxed only two out of the possible 20 categories. Further, fabrication and repair and business services do not incur a sales or use tax in Michigan. Nationally, consumption of services grew 68.6%, compared with the consumption of durable goods (the manufacturing of which Michigan is heavily concentrated in), which rose only 20.7%.

The change in the cost of tax expenditures between FY 1999-2000 and FY 2008-09 represented a growth rate of nearly 80.0%, far higher than the general rate of inflation. The growth in tax expenditures certainly accounted for some of the changes in the performance of the major tax sources over the decade. Tax expenditures grew so significantly for two principal reasons: 1) policy changes that narrowed the tax base, and 2) reliance on taxes in areas where the tax base grew more slowly than in nontaxed activity.

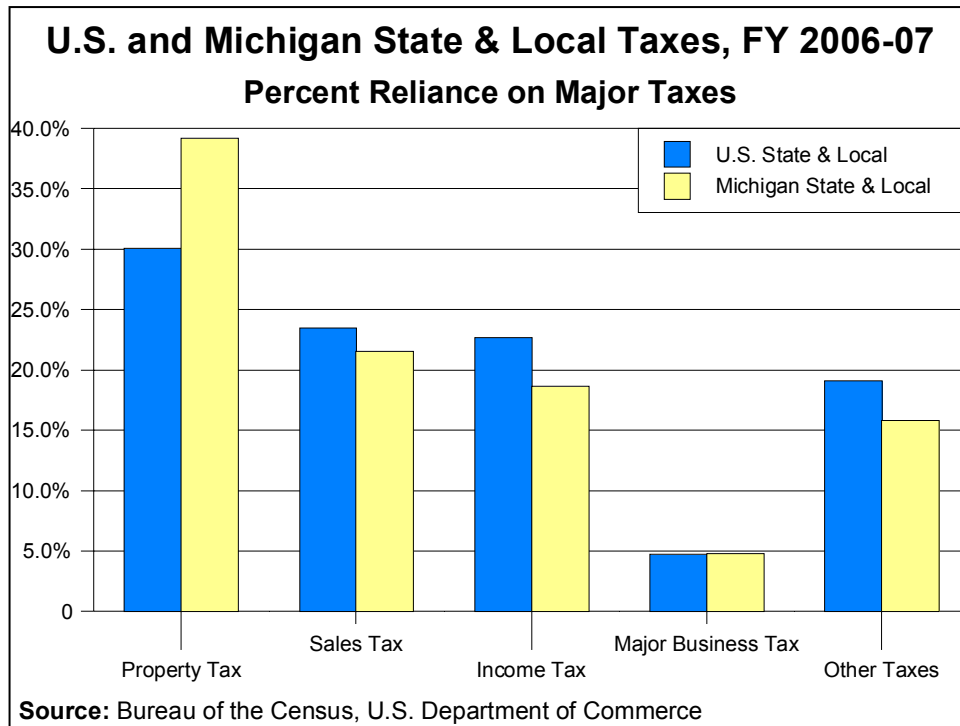
### U.S. and Michigan Reliance on Tax Sources

[Figure 20](#) shows the differences in reliance on major tax categories by Michigan and the nation as a whole. For Michigan, the property tax is significantly more important as a revenue source, even post-

Proposal A, than for the nation. The same is true of the Michigan Business Tax. For the other major taxes, Michigan is actually below average in terms of reliance. This figure does not reveal tax burden but rather total reliance on revenue sources.

Reliance on a tax is not the same as tax burden, which is discussed in the next section. This is essential to understanding the relative importance of revenue sources in funding government and the potential implications of policy changes.

**Figure 20**



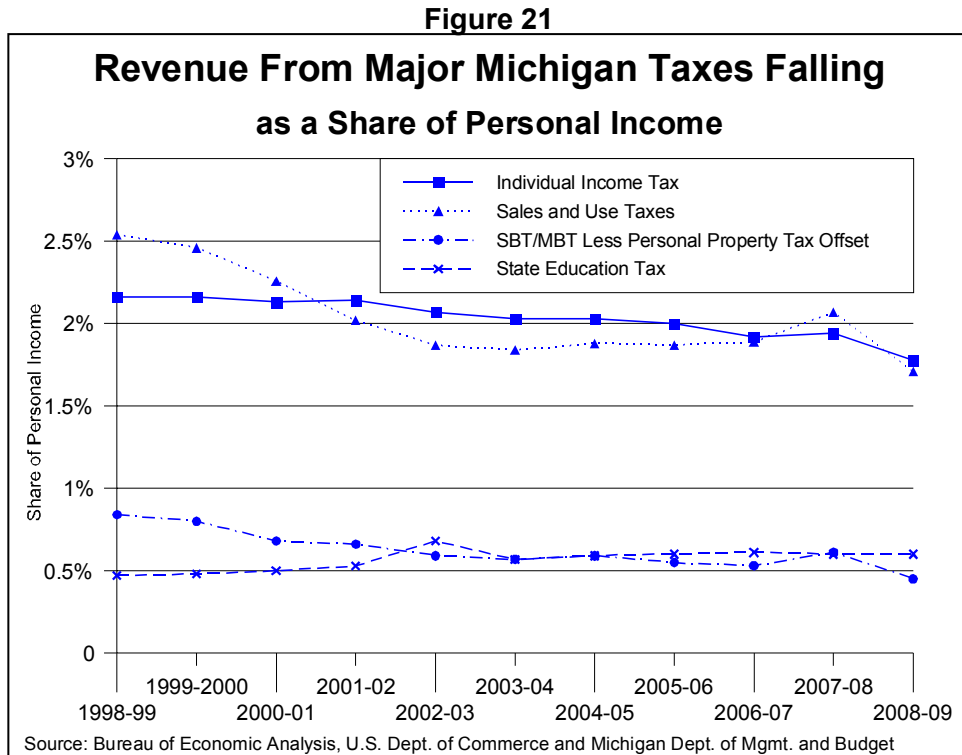
U.S. and Michigan Tax Burdens

Critical to any discussion of the State's economic performance, both past and future, is an analysis of tax burden. Tax burden is a measure of the amount of personal income that is sent to the government versus the amount available for consumer spending or saving. Public finance economists measure tax burden as tax revenue as a percentage of personal income. Tax burden can be examined comparing Federal, State, and local governments. Here, an examination is made of Michigan relative to State and local tax burden.

For Michigan, the overall State and local tax burden compared with other states has been falling throughout the 2000s (Table 3, Appendix). In terms of State taxes, the nominal (before inflation adjustment) State tax burden grew at the slowest pace of any state in the nation from 1999 through 2007<sup>2</sup> (Table 4, Appendix). In terms of taxes per person, Michigan ranked 28<sup>th</sup> in 2007 after being ranked as high as 7<sup>th</sup> in 1999. In terms of taxes as a percentage of State personal income, Michigan was ranked 21<sup>st</sup> after being ranked as high as 10<sup>th</sup> in 1999. The falloff in the tax burden is due partially to a slowing economy and partly to changes in the tax base over the decade.

<sup>2</sup> 2007 is the latest year for which tax burden data are available from the U.S. Census Bureau. The data include the individual income tax increase that passed the Legislature in 2007.

Each major State tax also can be examined as depicted in [Figure 21](#). For the sales tax, the burden fell as a percentage of personal income from 2.6% to 2.3% between 1999 and 2007 ([Table 5](#), Appendix). Michigan ranked 41<sup>st</sup> in terms of sales tax burden. For the individual income tax, the burden fell by 8.9% between 1999 and 2007 and Michigan ranked 43<sup>rd</sup> in the nation ([Table 6](#), Appendix). Finally, the State and local property tax burden rose by 1.0% and Michigan was ranked first in the increase in property tax burden ([Table 7](#), Appendix). This is one area in which Michigan's tax burden has increased relative to that of all other states.



In terms of local tax burden, primarily composed of the local property tax, Michigan was lower than the national average ([Table 8](#), Appendix). Michigan was ranked 36<sup>th</sup> in 1999 and rose to 32<sup>nd</sup> in 2007. While there was an increase despite the Headlee amendment and Proposal A, Michigan remained below the national average.

Finally, Michigan has a business tax called the Michigan Business Tax. In this tax policy area there have been significant changes with the switch from the Single Business Tax to the Michigan Business Tax. Despite all of these changes, Michigan's corporate tax burden fell from 12<sup>th</sup> in 1989 to 39<sup>th</sup> in 2007 ([Table 9](#), Appendix). This was the largest drop in tax burden among all the states.

Compared with other tax burdens, Michigan's State property tax burden does remain high relative to other states'. This is likely due to the State Education Tax. Most state governments do not levy a property tax. The local tax burden, which is driven by the local property tax but excludes the State Education Tax, remains below average compared with other states. The Michigan local tax burden ranks 32<sup>nd</sup> overall. It should be noted that, as a percentage of personal income, Michigan's local government tax burden did rise the second-fastest in the nation. This correlates to the States' ranking in the increase in the property tax burden from 1999 to 2007.



## Summary

Michigan's tax and revenue system has changed dramatically over the 2000s. These changes have a multifaceted explanation. In part, the source of the changes relates to the tremendous growth in tax expenditures, by over 80.0% from FY 1999-2000 to FY 2008-09. A second critical part of the story is the massive economic challenges the State has faced since 2000 with a major decline in jobs and very slow growth in State personal income. All of these changes led to a situation in which General Fund and School Aid Fund revenue declined or stagnated over the decade. The culmination of these challenges is represented by the relative decline of State taxes as a share of State personal income, as embodied in the State's constitutional revenue limit and changes in the State tax burden.

## **CONCLUSION**

Michigan's economy has struggled mightily over the past decade under the weight of job losses stemming from major declines in the auto and manufacturing sectors. Overall, the Michigan economy has shed nearly one out of every five jobs that existed in 2000. By the end of the first decade of the 21<sup>st</sup> century, health care and other services had supplanted manufacturing as the State's largest economic sector. However, service sector growth was not able to offset losses in manufacturing. On top of these already significant problems, the 2008-2009 great recession made an even more serious dent in Michigan's labor market.

Not surprisingly, these economic problems have translated into a severe contraction in the State revenue stream. Despite some tax increases in 2007, State taxes as a percentage of personal income fell throughout the period. Michigan ranked in the middle or bottom tier of states in terms of tax burden.

Further, tax expenditures grew at a very high rate throughout the decade. Thus, the overall picture is one in which State revenue is now at a historic low and tax burdens have fallen significantly.

## APPENDIX

The economic scorecard is designed to provide a summary view of Michigan's economic performance relative to that of other states over the past decade. Each category represents an important economic variable such as unemployment, income, or population change. In each of these categories, a ranking is assigned to Michigan based on this State's relative performance compared with other states'.

<b>Michigan Economic Scorecard</b>			
	<b>State Ranking (2008)</b>	<b>State Ranking (2000)</b>	<b>Comments</b>
Change in Population (2000-2009)	47 <sup>th</sup>	---	One of the smallest population increases
Change in Employment (2000-2008)	51 <sup>st</sup>	---	Smallest increase in employment in U.S.
Unemployment Rate (2009)	1 <sup>st</sup>		Highest in nation for most of decade
Per Capita Income (2008)	37 <sup>th</sup>	18 <sup>th</sup>	Dropped 19 positions over the decade
Poverty Rate (2008)	25 <sup>th</sup>	31 <sup>st</sup>	Increase in poverty rate relative to other states
Average Earnings Per Job (2008)	21 <sup>st</sup>		Drop in ranking due to loss of above average paying jobs
Employment/Population (2008)	29 <sup>th</sup>	21 <sup>st</sup>	Fewer jobs per person working

The scorecard is a ranking of Michigan relative to the 50 other states and the District of Columbia. Thus, Michigan can score anywhere from 1<sup>st</sup> through 51<sup>st</sup> with the potential for a tie score in some cases. Generally, Michigan has scored at the bottom of many of these indicators. These rankings reflect the poor state of the economy throughout the first decade of the 2000s.

As the scorecard reveals, Michigan has been at the bottom in most categories, such as change in unemployment, change in employment growth, and change in the ratio of employment to population. These low rankings have driven Michigan's overall economic standing down compared with other states nearly across the board. For example, Michigan has the highest unemployment rate of all the states. Michigan moved up six places in poverty rankings from 31<sup>st</sup> to 25<sup>th</sup>. Even more significantly, Michigan's per capita income, the broadest measure of a state's overall economic welfare, fell dramatically from 19<sup>th</sup> to 38<sup>th</sup> in the span of a decade.

Table 1

Major Tax Expenditures in the Michigan State Tax Structure (Dollars in Millions)		
Tax	FY 1998-99	FY 2008-09
<b>Business Taxes</b>		
Excess Compensation Reduction.....	\$ 290.0	\$ 0.0
Compensation Credit.....	0.0	191.9
Gross Receipts Reduction.....	210.0	0.0
Gross Receipts Exclusions.....	0.0	279.0
Small Business Credit.....	145.0	319.6
Capital Acquisition Deduction.....	295.0	0.0
Investment Tax Credit.....	0.0	111.4
Personal Property Tax Credit.....	0.0	153.6
Business Loss Deduction.....	110.0	23.9
MEGA.....	18.1	94.6
Other Credits.....	110.1	397.8
Other Misc. ....	405.9	329.6
<b>Total Business Taxes.....</b>	<b>\$1,584.1</b>	<b>\$1,901.5</b>
<b>Consumption Taxes</b>		
Food.....	900.0	1,151.8
Government.....	180.3	150.6
Agricultural/Horticultural Products.....	130.0	235.2
Industrial Processing.....	540.0	808.0
Nonprofit Organizations.....	105.0	164.1
Prescription Drugs.....	185.0	514.1
Services.....	3,960.0	9,709.7
Newspapers/Periodicals/Films.....	66.0	98.8
Residential Utilities.....	90.0	152.5
Other.....	398.0	567.6
<b>Total Consumption Taxes.....</b>	<b>\$6,554.3</b>	<b>\$13,552.3</b>
<b>Income Taxes</b>		
Adjustments to State Income.....	1,350.0	4,389.0
Homestead Property Tax Credit.....	445.0	940.5
Personal Exemption.....	980.0	1,153.7
Child Deduction.....	29.4	55.4
Earned Income Credit.....	0.0	140.0
Federal Provisions.....	1,710.2	2,676.1
Other Credits.....	119.0	174.1
Other Misc. ....	71.1	120.7
<b>Total Income Taxes.....</b>	<b>\$4,704.7</b>	<b>\$9,649.5</b>
Transportation Tax Expenditures.....	49.7	47.9
<b>Total State Tax Expenditures.....</b>	<b>\$12,892.9</b>	<b>\$25,151.1</b>
Local Tax Expenditures.....	6,129.2	10,264.0
<b>Total State and Local Tax Expenditures.....</b>	<b>\$19,022.1</b>	<b>\$35,415.0</b>

Source: Executive Budget Appendix on Tax Credits, Deductions and Exemptions, Fiscal Year 2010  
Published by the Office of Revenue and Tax Analysis, Michigan Department of Treasury

Table 2

## Number of Services Taxed by Category and State - July 2007

	Personal Services		Business Services		Computer Services	Admissions/ Amusements	Professional Services	Fabrication, Repair & Installation		Other Services		Total	Rank		
	Utilities	Rank	Rank	Rank				Rank	Rank	Rank	Rank				
Alabama	12	2	34	6	28	3	10	21	0	1	38	3	35	37	28
Alaska *	0	0	48	0	48	0	0	48	0	0	45	1	45	1	50
Arkansas	16	7	17	12	17	1	12	11	0	11	22	13	17	72	15
Arizona	12	2	34	7	23	0	9	27	0	2	34	23	7	55	24
California	2	2	34	7	23	2	1	43	0	3	31	4	30	21	42
Colorado *	4	0	48	2	45	1	2	41	0	3	31	2	38	14	48
Connecticut	10	9	13	20	7	6	10	21	0	10	23	14	15	79	9
Delaware *	9	20	1	33	2	6	10	21	9	19	1	37	5	143	5
District of Columbia	13	7	17	15	11	6	8	30	0	12	20	12	19	73	14
Florida	7	4	25	9	19	0	14	1	0	16	5	13	17	63	20
Georgia *	10	4	25	5	33	2	8	30	0	1	38	6	27	36	29
Hawaii	16	20	1	34	1	8	14	1	9	18	2	41	2	160	1
Iowa	13	15	7	18	8	1	14	1	0	13	14	20	9	94	7
Idaho	0	3	30	5	33	0	11	15	0	6	25	4	30	29	34
Illinois	12	1	40	1	47	1	0	48	0	1	38	1	45	17	47
Indiana	7	4	25	3	44	2	3	38	0	1	38	4	30	24	41
Kansas	10	11	9	9	19	1	13	6	0	15	8	15	12	74	12
Kentucky	11	2	34	4	38	0	6	33	0	4	27	1	45	28	36
Louisiana	10	8	15	5	33	3	9	27	0	13	14	7	26	55	24
Maine	9	1	40	6	28	0	3	38	0	4	27	2	38	25	40
Maryland	5	3	30	13	15	1	11	15	0	4	27	2	38	39	27
Massachusetts	9	1	40	4	38	0	1	43	0	2	34	1	45	18	43
<b>Michigan</b>	<b>12</b>	<b>2</b>	<b>34</b>	<b>7</b>	<b>23</b>	<b>1</b>	<b>1</b>	<b>43</b>	<b>0</b>	<b>1</b>	<b>38</b>	<b>2</b>	<b>38</b>	<b>26</b>	<b>37</b>
Minnesota	15	7	17	12	17	2	13	6	0	6	25	11	22	66	19
Mississippi	10	5	22	8	21	3	11	15	0	13	14	22	8	72	15
Missouri	8	1	40	2	45	2	10	21	0	0	45	3	35	26	37
Montana	12	0	48	0	48	0	2	41	0	0	45	4	30	18	43
Nebraska	14	9	13	14	12	3	12	11	0	13	14	12	19	77	10
Nevada	0	1	40	4	38	0	7	32	0	2	34	4	30	18	43
New Hampshire *	6	1	40	0	48	2	0	48	0	0	45	2	38	11	49

**Number of Services Taxed by Category and State - July 2007**

	Utilities	Personal Services	Rank	Business Services	Rank	Computer Services	Admissions/Amusements	Rank	Professional Services	Fabrication, Repair & Installation	Rank	Other Services	Rank	Total	Rank
New Jersey	12	5	22	16	9	1	6	33	0	15	8	19	10	74	12
New Mexico	16	20	1	32	4	8	14	1	9	18	2	41	2	158	2
New York	4	4	25	13	15	1	6	33	0	14	12	15	12	57	23
North Carolina	10	4	25	5	33	0	9	27	0	1	38	1	45	30	33
North Dakota	6	1	40	4	38	2	11	15	0	0	45	2	38	26	37
Ohio	8	12	8	14	12	5	3	38	0	12	20	14	15	68	17
Oklahoma	9	3	30	4	38	1	10	21	0	0	45	5	28	32	31
Oregon	0	0	48	0	48	0	0	48	0	0	45	0	51	0	51
Pennsylvania	9	5	22	16	9	1	1	43	0	15	8	8	25	55	24
Rhode Island *	10	1	40	6	28	3	4	37	0	3	31	2	38	29	34
South Carolina	4	6	20	7	23	4	10	21	0	1	38	3	35	35	30
South Dakota	14	19	5	28	5	8	13	6	5	18	2	41	2	146	4
Tennessee *	11	10	11	7	23	3	12	11	0	13	14	11	22	67	18
Texas	12	10	11	14	12	8	12	11	1	10	23	16	11	83	8
Utah	7	8	15	6	28	0	11	15	0	15	8	11	22	58	21
Vermont	9	2	34	5	33	2	11	15	0	2	34	1	45	32	31
Virginia *	1	3	30	4	38	0	1	43	0	4	27	5	28	18	43
Washington	16	20	1	33	2	8	13	6	9	16	5	43	1	158	2
West Virginia	6	17	6	26	6	4	13	6	1	13	14	25	6	105	6
Wisconsin	11	11	9	8	21	3	14	1	0	14	12	15	12	76	11
Wyoming	10	6	20	6	28	2	6	33	0	16	5	12	19	58	21
<b>Total</b>	<b>16</b>	<b>20</b>		<b>34</b>		<b>8</b>	<b>15</b>		<b>9</b>	<b>19</b>		<b>47</b>		<b>168</b>	

\* State did not respond, 2004 data reported

**Source:** Federation of Tax Administrators survey

Table 3

## State and Local Tax Burden

	FY 1998-99				FY 2006-07				Change			
	Taxes Per Person		Taxes, % of Personal Income		Taxes Per Person		Taxes, % of Personal Income		Taxes Per Person		% of Personal Income	
	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	
United States	\$2,922		10.3%		\$4,229		10.7%		44.7%		0.4%	
Alabama	\$1,980	51	8.6%	49	\$2,902	51	8.9%	48	46.6%	22	0.2%	26
Alaska	\$2,820	21	9.9%	36	\$7,255	2	17.7%	1	157.3%	1	7.8%	1
Arizona	\$2,436	38	9.9%	35	\$3,668	32	10.7%	22	50.6%	15	0.8%	12
Arkansas	\$2,127	49	9.9%	37	\$3,230	44	10.3%	30	51.9%	14	0.4%	19
California	\$3,134	12	10.2%	24	\$4,774	10	11.0%	16	52.3%	13	0.8%	9
Colorado	\$2,867	19	9.3%	45	\$3,848	28	9.1%	47	34.2%	41	-0.2%	37
Connecticut	\$4,397	2	11.4%	8	\$6,047	5	10.9%	19	37.5%	35	-0.5%	46
Delaware	\$3,189	10	11.0%	13	\$4,230	17	10.6%	24	32.6%	43	-0.4%	45
District of Columbia	\$5,215	1	14.1%	1	\$8,854	1	13.8%	3	69.8%	4	-0.2%	39
Florida	\$2,554	31	9.3%	43	\$3,992	27	10.2%	32	56.3%	10	0.9%	7
Georgia	\$2,673	27	10.0%	32	\$3,477	35	10.1%	36	30.1%	46	0.1%	30
Hawaii	\$3,234	8	11.8%	5	\$5,141	7	12.6%	5	59.0%	6	0.8%	10
Idaho	\$2,383	41	10.2%	23	\$3,177	46	9.7%	42	33.3%	42	-0.6%	48
Illinois	\$3,072	15	10.0%	31	\$4,310	14	10.3%	27	40.3%	30	0.3%	20
Indiana	\$2,577	30	10.0%	33	\$3,327	41	9.9%	39	29.1%	48	-0.1%	35
Iowa	\$2,630	28	10.3%	22	\$3,671	31	10.3%	28	39.6%	33	-0.0%	32
Kansas	\$2,723	25	10.2%	27	\$4,091	21	10.9%	17	50.2%	17	0.8%	11
Kentucky	\$2,429	39	10.6%	17	\$3,220	45	10.4%	26	32.6%	45	-0.2%	36
Louisiana	\$2,361	43	10.5%	18	\$4,020	25	11.4%	10	70.3%	3	0.9%	8
Maine	\$3,223	9	12.8%	3	\$4,273	15	12.2%	7	32.6%	44	-0.6%	49
Maryland	\$3,151	11	9.8%	38	\$4,804	9	10.2%	31	52.5%	12	0.5%	18
Massachusetts	\$3,525	6	10.2%	25	\$4,942	8	10.0%	37	40.2%	32	-0.2%	37
<b>Michigan</b>	<b>\$3,022</b>	<b>16</b>	<b>10.9%</b>	<b>14</b>	<b>\$3,691</b>	<b>30</b>	<b>10.8%</b>	<b>20</b>	<b>22.1%</b>	<b>51</b>	<b>-0.1%</b>	<b>34</b>
Minnesota	\$3,527	5	11.5%	6	\$4,559	12	10.9%	17	29.3%	47	-0.6%	50
Mississippi	\$2,152	48	10.5%	19	\$2,989	49	10.1%	34	38.9%	34	-0.4%	43
Missouri	\$2,522	34	9.6%	41	\$3,248	43	9.3%	46	28.8%	49	-0.4%	44
Montana	\$2,275	45	10.3%	21	\$3,418	37	10.1%	35	50.2%	16	-0.3%	40
Nebraska	\$2,712	26	10.0%	30	\$4,035	24	10.7%	23	48.8%	19	0.6%	15
Nevada	\$2,735	24	9.2%	46	\$4,067	23	9.9%	38	48.7%	20	0.7%	13
New Hampshire	\$2,545	33	8.2%	51	\$3,600	33	8.4%	50	41.5%	28	0.2%	25
New Jersey	\$3,777	4	10.7%	16	\$5,955	6	11.8%	8	57.7%	8	1.1%	5
New Mexico	\$2,472	37	11.5%	7	\$3,787	29	11.8%	9	53.2%	11	0.3%	22
New York	\$4,351	3	13.3%	2	\$6,900	3	14.5%	2	58.6%	7	1.2%	4
North Carolina	\$2,549	32	9.7%	40	\$3,577	34	10.3%	29	40.3%	29	0.6%	16
North Dakota	\$2,590	29	11.0%	12	\$4,082	22	11.1%	15	57.6%	9	0.1%	28
Ohio	\$2,850	20	10.4%	20	\$3,996	26	11.4%	11	40.2%	31	0.9%	6
Oklahoma	\$2,260	46	9.9%	34	\$3,308	42	9.7%	43	46.4%	23	-0.3%	41
Oregon	\$2,515	35	9.3%	44	\$3,415	38	9.6%	44	35.8%	39	0.3%	24
Pennsylvania	\$2,870	18	10.1%	29	\$4,173	19	10.8%	21	45.4%	24	0.7%	14
Rhode Island	\$3,073	14	11.1%	11	\$4,537	13	11.3%	12	47.6%	21	0.2%	27
South Carolina	\$2,281	44	9.7%	39	\$3,120	47	9.8%	40	36.8%	37	0.1%	29
South Dakota	\$2,203	47	8.9%	48	\$3,001	48	8.2%	51	36.2%	38	-0.6%	51
Tennessee	\$2,084	50	8.2%	50	\$2,975	50	8.7%	49	42.8%	26	0.5%	17
Texas	\$2,395	40	9.1%	47	\$3,441	36	9.3%	45	43.7%	25	0.3%	23
Utah	\$2,482	36	10.8%	15	\$3,344	40	10.5%	25	34.7%	40	-0.3%	42
Vermont	\$2,951	17	11.2%	9	\$4,725	11	12.5%	6	60.1%	5	1.3%	3
Virginia	\$2,794	22	9.4%	42	\$4,194	18	9.7%	41	50.1%	18	0.3%	21
Washington	\$3,101	13	10.2%	26	\$4,259	16	10.2%	33	37.3%	36	0.0%	31
West Virginia	\$2,362	42	11.2%	10	\$3,369	39	11.2%	14	42.6%	27	-0.0%	32
Wisconsin	\$3,266	7	11.8%	4	\$4,167	20	11.3%	13	27.6%	50	-0.5%	47
Wyoming	\$2,760	23	10.2%	27	\$6,203	4	13.3%	4	124.7%	2	3.1%	2

Table 4

## State Tax Burden

	FY 1998-99				FY 2006-07				Change			
	Taxes Per Person		Taxes, % of Personal Income		Taxes Per Person		Taxes, % of Personal Income		Taxes Per Person		% of Personal Income	
	Person	Rank	Income	Rank	Person	Rank	Income	Rank	Person	Rank	Income	Rank
United States	\$1,792		6.3%		\$2,510		6.4%		40.1%		0.1%	
Alabama	\$1,362	46	5.9%	34	\$1,912	44	5.8%	38	40.4%	25	-0.1%	28
Alaska	\$1,449	45	5.1%	45	\$5,406	1	13.2%	1	273.1%	1	8.1%	1
Arizona	\$1,501	42	6.1%	31	\$2,264	34	6.6%	27	50.8%	11	0.5%	9
Arkansas	\$1,738	22	8.1%	7	\$2,601	18	8.3%	8	49.7%	12	0.2%	19
California	\$2,161	9	7.0%	17	\$3,167	11	7.3%	14	46.6%	16	0.3%	15
Colorado	\$1,554	37	5.0%	46	\$1,903	45	4.5%	48	22.5%	47	-0.6%	45
Connecticut	\$2,842	1	7.3%	13	\$3,683	5	6.6%	26	29.6%	42	-0.7%	48
Delaware	\$2,620	2	9.0%	2	\$3,360	8	8.4%	6	28.2%	43	-0.6%	46
District of Columbia	\$0	51	0.0%	51	\$0	51	0.0%	51	NA	NA	NA	NA
Florida	\$1,510	41	5.5%	44	\$2,124	40	5.4%	44	40.7%	22	-0.1%	27
Georgia	\$1,549	39	5.8%	38	\$1,921	43	5.6%	43	24.0%	46	-0.2%	35
Hawaii	\$2,616	3	9.5%	1	\$3,987	3	9.7%	3	52.4%	10	0.2%	18
Idaho	\$1,702	26	7.3%	14	\$2,359	29	7.2%	15	38.6%	27	-0.1%	29
Illinois	\$1,716	24	5.6%	41	\$2,353	30	5.6%	41	37.1%	30	0.0%	22
Indiana	\$1,611	32	6.2%	29	\$2,207	37	6.6%	28	37.0%	31	0.3%	12
Iowa	\$1,669	27	6.5%	25	\$2,172	39	6.1%	35	30.1%	40	-0.5%	42
Kansas	\$1,714	25	6.4%	27	\$2,484	23	6.6%	25	44.9%	19	0.3%	17
Kentucky	\$1,831	15	8.0%	9	\$2,325	31	7.5%	12	27.0%	44	-0.5%	43
Louisiana	\$1,455	44	6.5%	26	\$2,507	21	7.1%	18	72.3%	5	0.6%	6
Maine	\$2,005	13	8.0%	8	\$2,719	15	7.8%	10	35.6%	34	-0.2%	34
Maryland	\$1,808	19	5.6%	41	\$2,679	16	5.7%	40	48.2%	13	0.1%	21
Massachusetts	\$2,332	5	6.7%	22	\$3,184	10	6.4%	31	36.5%	33	-0.3%	38
<b>Michigan</b>	<b>\$2,208</b>	<b>7</b>	<b>7.9%</b>	<b>10</b>	<b>\$2,373</b>	<b>28</b>	<b>6.9%</b>	<b>21</b>	<b>7.5%</b>	<b>50</b>	<b>-1.0%</b>	<b>50</b>
Minnesota	\$2,561	4	8.4%	6	\$3,423	6	8.2%	9	33.7%	37	-0.2%	33
Mississippi	\$1,617	31	7.9%	12	\$2,189	38	7.4%	13	35.4%	36	-0.5%	43
Missouri	\$1,540	40	5.9%	36	\$1,812	47	5.2%	46	17.7%	49	-0.7%	47
Montana	\$1,499	43	6.8%	21	\$2,424	26	7.1%	17	61.7%	8	0.3%	11
Nebraska	\$1,562	36	5.8%	39	\$2,300	32	6.1%	35	47.2%	14	0.3%	14
Nevada	\$1,773	20	6.0%	33	\$2,455	25	6.0%	37	38.5%	28	0.0%	23
New Hampshire	\$876	50	2.8%	50	\$1,651	49	3.9%	50	88.5%	3	1.1%	5
New Jersey	\$2,025	12	5.7%	40	\$3,415	7	6.8%	23	68.6%	6	1.1%	4
New Mexico	\$1,911	14	8.9%	3	\$2,808	12	8.8%	4	46.9%	15	-0.2%	31
New York	\$2,050	11	6.3%	28	\$3,252	9	6.8%	22	58.6%	9	0.6%	7
North Carolina	\$1,816	18	6.9%	20	\$2,495	22	7.2%	16	37.4%	29	0.3%	15
North Dakota	\$1,717	23	7.3%	14	\$2,794	13	7.6%	11	62.7%	7	0.3%	13
Ohio	\$1,604	33	5.9%	35	\$2,256	35	6.4%	31	40.6%	23	0.5%	8
Oklahoma	\$1,576	34	6.9%	18	\$2,289	33	6.7%	24	45.2%	18	-0.3%	36
Oregon	\$1,574	35	5.8%	37	\$2,074	41	5.8%	39	31.8%	39	-0.0%	25
Pennsylvania	\$1,760	21	6.2%	30	\$2,463	24	6.4%	33	39.9%	26	0.2%	20
Rhode Island	\$1,822	17	6.6%	24	\$2,622	17	6.5%	29	43.9%	21	-0.0%	26
South Carolina	\$1,550	38	6.6%	23	\$1,964	42	6.2%	34	26.7%	45	-0.4%	41
South Dakota	\$1,160	49	4.7%	49	\$1,588	50	4.4%	49	36.9%	32	-0.3%	39
Tennessee	\$1,276	47	5.0%	46	\$1,845	46	5.4%	45	44.6%	20	0.4%	10
Texas	\$1,249	48	4.7%	48	\$1,691	48	4.6%	47	35.4%	35	-0.1%	30
Utah	\$1,658	28	7.2%	16	\$2,211	36	7.0%	20	33.4%	38	-0.3%	37
Vermont	\$2,296	6	8.7%	4	\$4,132	2	11.0%	2	80.0%	4	2.2%	3
Virginia	\$1,652	29	5.6%	43	\$2,418	27	5.6%	42	46.4%	17	0.0%	23
Washington	\$2,112	10	6.9%	19	\$2,737	14	6.5%	29	29.6%	41	-0.4%	40
West Virginia	\$1,823	16	8.7%	5	\$2,562	20	8.5%	5	40.5%	24	-0.2%	31
Wisconsin	\$2,180	8	7.9%	11	\$2,585	19	7.0%	19	18.6%	48	-0.9%	49
Wyoming	\$1,650	30	6.1%	32	\$3,869	4	8.3%	7	134.5%	2	2.2%	2

Table 5

## State and Local Sales Tax Burden

	FY 1998-99				FY 2006-07				Change			
	Taxes Per Person	Rank	Taxes, % of Personal Income	Rank	Taxes Per Person	Rank	Taxes, % of Personal Income	Rank	Taxes Per Person	Rank	% of Personal Income	Rank
United States	\$719		2.54%		\$992		2.52%		38.0%		-0.0%	
Alabama	\$619	28	2.69%	20	\$868	27	2.65%	19	40.2%	17	-0.0%	19
Alaska	\$202	47	0.71%	47	\$263	47	0.64%	47	30.2%	32	-0.1%	23
Arizona	\$855	12	3.48%	9	\$1,472	5	4.28%	4	72.2%	4	0.8%	1
Arkansas	\$761	20	3.53%	7	\$1,333	10	4.23%	6	75.2%	3	0.7%	2
California	\$828	13	2.70%	19	\$1,157	13	2.66%	18	39.7%	20	-0.0%	19
Colorado	\$800	17	2.59%	24	\$1,046	18	2.47%	23	30.8%	31	-0.1%	29
Connecticut	\$950	7	2.45%	28	\$869	26	1.56%	42	-8.5%	47	-0.9%	47
Delaware	\$0	48	0.00%	48	\$0	48	0.00%	48	NA	NA	NA	NA
District of Columbia	\$1,039	3	2.80%	18	\$1,430	6	2.23%	32	37.6%	23	-0.6%	46
Florida	\$918	8	3.36%	11	\$1,324	11	3.39%	10	44.2%	14	0.0%	17
Georgia	\$884	10	3.30%	12	\$1,037	19	3.00%	14	17.3%	45	-0.3%	41
Hawaii	\$1,196	2	4.35%	3	\$2,003	2	4.89%	1	67.5%	5	0.5%	3
Idaho	\$550	38	2.36%	30	\$853	29	2.60%	20	55.1%	11	0.2%	10
Illinois	\$552	37	1.80%	41	\$715	39	1.71%	41	29.5%	33	-0.1%	25
Indiana	\$547	39	2.11%	37	\$855	28	2.54%	22	56.3%	10	0.4%	6
Iowa	\$607	31	2.38%	29	\$779	37	2.18%	33	28.3%	34	-0.2%	34
Kansas	\$804	15	3.00%	15	\$1,087	15	2.90%	15	35.2%	29	-0.1%	27
Kentucky	\$520	41	2.26%	34	\$662	41	2.13%	35	27.3%	36	-0.1%	30
Louisiana	\$915	9	4.08%	4	\$1,610	4	4.56%	3	76.0%	2	0.5%	5
Maine	\$654	26	2.60%	23	\$801	33	2.29%	30	22.5%	41	-0.3%	43
Maryland	\$438	45	1.36%	45	\$612	44	1.30%	45	39.7%	21	-0.1%	21
Massachusetts	\$518	42	1.49%	43	\$627	42	1.26%	46	21.0%	42	-0.2%	38
<b>Michigan</b>	<b>\$731</b>	<b>22</b>	<b>2.62%</b>	<b>22</b>	<b>\$794</b>	<b>34</b>	<b>2.32%</b>	<b>28</b>	<b>8.6%</b>	<b>46</b>	<b>-0.3%</b>	<b>41</b>
Minnesota	\$705	24	2.31%	33	\$876	25	2.10%	36	24.3%	39	-0.2%	35
Mississippi	\$789	18	3.84%	6	\$1,080	16	3.66%	9	36.9%	26	-0.2%	32
Missouri	\$706	23	2.69%	20	\$849	30	2.42%	25	20.3%	43	-0.3%	39
Montana	\$0	48	0.00%	48	\$0	48	0.00%	48	NA	NA	NA	NA
Nebraska	\$603	33	2.23%	36	\$981	21	2.59%	21	62.7%	7	0.4%	7
Nevada	\$1,003	4	3.38%	10	\$1,376	7	3.36%	11	37.2%	25	-0.0%	18
New Hampshire	\$0	48	0.00%	48	\$0	48	0.00%	48	NA	NA	NA	NA
New Jersey	\$605	32	1.71%	42	\$997	20	1.98%	39	64.8%	6	0.3%	9
New Mexico	\$1,002	5	4.67%	1	\$1,366	9	4.26%	5	36.3%	27	-0.4%	44
New York	\$808	14	2.48%	27	\$1,132	14	2.38%	26	40.1%	19	-0.1%	27
North Carolina	\$554	36	2.10%	38	\$785	36	2.25%	31	41.7%	16	0.1%	13
North Dakota	\$590	34	2.51%	26	\$894	24	2.44%	24	51.5%	13	-0.1%	22
Ohio	\$618	29	2.26%	34	\$816	32	2.32%	28	32.0%	30	0.1%	16
Oklahoma	\$673	25	2.96%	17	\$943	23	2.75%	17	40.1%	18	-0.2%	36
Oregon	\$0	48	0.00%	48	\$0	48	0.00%	48	NA	NA	NA	NA
Pennsylvania	\$555	35	1.96%	39	\$709	40	1.83%	40	27.7%	35	-0.1%	30
Rhode Island	\$539	40	1.94%	40	\$830	31	2.07%	37	54.0%	12	0.1%	15
South Carolina	\$610	30	2.59%	24	\$758	38	2.37%	27	24.3%	38	-0.2%	37
South Dakota	\$751	21	3.03%	14	\$1,216	12	3.34%	12	61.9%	8	0.3%	8
Tennessee	\$983	6	3.87%	5	\$1,369	8	4.01%	7	39.3%	22	0.1%	14
Texas	\$783	19	2.97%	16	\$1,062	17	2.88%	16	35.6%	28	-0.1%	26
Utah	\$801	16	3.49%	8	\$961	22	3.02%	13	20.0%	44	-0.5%	45
Vermont	\$340	46	1.29%	46	\$548	46	1.45%	43	61.2%	9	0.2%	12
Virginia	\$442	44	1.49%	43	\$608	45	1.41%	44	37.6%	24	-0.1%	24
Washington	\$1,425	1	4.67%	1	\$2,024	1	4.83%	2	42.0%	15	0.2%	11
West Virginia	\$495	43	2.35%	31	\$625	43	2.07%	37	26.3%	37	-0.3%	40
Wisconsin	\$645	27	2.33%	32	\$794	34	2.15%	34	23.1%	40	-0.2%	33
Wyoming	\$880	11	3.24%	13	\$1,756	3	3.76%	8	99.5%	1	0.5%	4



Table 6

State and Local Individual Income Tax Burden												
	FY 1998-99				FY 2006-07				Change			
	Taxes Per Person	Rank	Taxes, % of Personal Income	Rank	Taxes Per Person	Rank	Taxes, % of Personal Income	Rank	Taxes Per Person	Rank	% of Personal Income	Rank
United States	\$678		2.39%		\$959		2.44%		41.4%		0.1%	
Alabama	\$462	37	2.01%	37	\$659	38	2.01%	36	42.6%	19	0.0%	25
Alaska	\$0	45	0.00%	45	\$0	45	0.00%	45	NA	NA	NA	NA
Arizona	\$418	39	1.70%	39	\$589	40	1.71%	40	40.9%	22	0.0%	23
Arkansas	\$541	34	2.51%	27	\$763	32	2.42%	31	41.0%	21	-0.1%	28
California	\$917	10	2.99%	14	\$1,472	7	3.39%	6	60.5%	6	0.4%	4
Colorado	\$794	17	2.57%	25	\$990	19	2.33%	32	24.7%	39	-0.2%	36
Connecticut	\$1,066	7	2.75%	18	\$1,816	4	3.26%	10	70.4%	4	0.5%	3
Delaware	\$1,050	8	3.61%	6	\$1,241	11	3.11%	11	18.2%	41	-0.5%	42
District of Columbia	\$1,670	1	4.50%	1	\$2,239	1	3.50%	5	34.1%	29	-1.0%	44
Florida	\$0	45	0.00%	45	\$0	45	0.00%	45	NA	NA	NA	NA
Georgia	\$708	22	2.64%	22	\$923	26	2.67%	21	30.4%	32	0.0%	20
Hawaii	\$883	12	3.22%	11	\$1,222	12	2.99%	16	38.4%	25	-0.2%	34
Idaho	\$664	25	2.85%	17	\$938	23	2.86%	18	41.3%	20	0.0%	23
Illinois	\$586	32	1.92%	38	\$736	34	1.76%	39	25.6%	38	-0.2%	31
Indiana	\$697	23	2.69%	20	\$822	30	2.44%	30	17.9%	42	-0.3%	37
Iowa	\$601	31	2.35%	33	\$920	27	2.57%	23	53.1%	10	0.2%	7
Kansas	\$633	28	2.36%	32	\$990	19	2.64%	22	56.4%	9	0.3%	6
Kentucky	\$802	16	3.48%	9	\$950	22	3.06%	13	18.5%	40	-0.4%	40
Louisiana	\$344	41	1.53%	41	\$734	35	2.08%	35	113.4%	1	0.6%	2
Maine	\$805	15	3.20%	12	\$1,031	17	2.94%	17	28.1%	33	-0.3%	38
Maryland	\$1,249	4	3.88%	4	\$1,907	3	4.06%	3	52.7%	11	0.2%	10
Massachusetts	\$1,272	3	3.67%	5	\$1,754	5	3.53%	4	37.9%	27	-0.1%	29
<b>Michigan</b>	<b>\$755</b>	<b>19</b>	<b>2.71%</b>	<b>19</b>	<b>\$688</b>	<b>37</b>	<b>2.01%</b>	<b>36</b>	<b>-8.9%</b>	<b>44</b>	<b>-0.7%</b>	<b>43</b>
Minnesota	\$1,089	6	3.56%	7	\$1,393	8	3.34%	9	27.9%	34	-0.2%	33
Mississippi	\$348	40	1.69%	40	\$480	42	1.62%	41	37.9%	26	-0.1%	26
Missouri	\$693	24	2.64%	22	\$875	28	2.49%	26	26.3%	37	-0.2%	30
Montana	\$538	35	2.44%	29	\$870	29	2.56%	24	61.7%	5	0.1%	16
Nebraska	\$629	29	2.33%	34	\$933	25	2.46%	29	48.3%	13	0.1%	15
Nevada	\$0	45	0.00%	45	\$0	45	0.00%	45	NA	NA	NA	NA
New Hampshire	\$52	43	0.17%	43	\$82	43	0.19%	43	57.7%	8	0.0%	21
New Jersey	\$760	18	2.15%	35	\$1,358	9	2.70%	20	78.7%	2	0.6%	1
New Mexico	\$448	38	2.09%	36	\$598	39	1.86%	38	33.5%	30	-0.2%	34
New York	\$1,379	2	4.23%	2	\$2,197	2	4.61%	1	59.3%	7	0.4%	5
North Carolina	\$829	14	3.15%	13	\$1,168	14	3.35%	8	40.9%	23	0.2%	8
North Dakota	\$282	42	1.20%	42	\$497	41	1.35%	42	76.2%	3	0.2%	12
Ohio	\$908	11	3.33%	10	\$1,193	13	3.39%	6	31.4%	31	0.1%	19
Oklahoma	\$602	30	2.65%	21	\$768	31	2.24%	34	27.6%	35	-0.4%	39
Oregon	\$1,093	5	4.05%	3	\$1,503	6	4.21%	2	37.5%	28	0.2%	11
Pennsylvania	\$721	21	2.54%	26	\$1,062	16	2.74%	19	47.3%	16	0.2%	8
Rhode Island	\$733	20	2.64%	22	\$1,029	18	2.56%	24	40.4%	24	-0.1%	27
South Carolina	\$578	33	2.46%	28	\$732	36	2.29%	33	26.6%	36	-0.2%	32
South Dakota	\$0	45	0.00%	45	\$0	45	0.00%	45	NA	NA	NA	NA
Tennessee	\$28	44	0.11%	44	\$41	44	0.12%	44	46.4%	17	0.0%	22
Texas	\$0	45	0.00%	45	\$0	45	0.00%	45	NA	NA	NA	NA
Utah	\$663	26	2.89%	16	\$961	21	3.02%	15	44.9%	18	0.1%	13
Vermont	\$634	27	2.41%	30	\$937	24	2.48%	28	47.8%	15	0.1%	18
Virginia	\$870	13	2.94%	15	\$1,326	10	3.07%	12	52.4%	12	0.1%	13
Washington	\$0	45	0.00%	45	\$0	45	0.00%	45	NA	NA	NA	NA
West Virginia	\$508	36	2.41%	30	\$751	33	2.49%	26	47.8%	14	0.1%	17
Wisconsin	\$968	9	3.50%	8	\$1,131	15	3.06%	13	16.8%	43	-0.4%	41
Wyoming	\$0	45	0.00%	45	\$0	45	0.00%	45	NA	NA	NA	NA

Table 7

## State and Local Property Tax Burden

	FY 1998-99				FY 2006-07				Change			
	Taxes Per Person	Rank	Taxes, % of Personal Income	Rank	Taxes Per Person	Rank	Taxes, % of Personal Income	Rank	Taxes Per Person	Rank	% of Personal Income	Rank
United States	\$859		3.03%		\$1,270		3.22%		47.8%		0.2%	
Alabama	\$269	51	1.17%	51	\$452	51	1.38%	51	68.0%	5	0.2%	18
Alaska	\$1,165	9	4.08%	7	\$1,520	12	3.70%	15	30.5%	40	-0.4%	42
Arizona	\$713	33	2.90%	27	\$978	34	2.85%	29	37.2%	39	-0.1%	37
Arkansas	\$365	47	1.69%	46	\$475	50	1.51%	50	30.1%	41	-0.2%	40
California	\$759	31	2.47%	35	\$1,152	27	2.65%	35	51.8%	17	0.2%	22
Colorado	\$808	26	2.61%	33	\$1,169	23	2.75%	32	44.7%	32	0.1%	26
Connecticut	\$1,528	3	3.95%	9	\$2,313	3	4.16%	8	51.4%	18	0.2%	19
Delaware	\$450	44	1.55%	49	\$658	44	1.65%	47	NA	NA	NA	NA
District of Columbia	\$1,192	8	3.21%	22	\$2,585	1	4.04%	11	116.9%	1	0.8%	3
Florida	\$882	20	3.23%	20	\$1,468	14	3.76%	14	66.4%	6	0.5%	5
Georgia	\$674	34	2.52%	34	\$999	33	2.88%	27	48.2%	24	0.4%	12
Hawaii	\$491	41	1.79%	45	\$890	37	2.18%	42	81.3%	3	0.4%	10
Idaho	\$639	36	2.75%	31	\$744	42	2.26%	41	16.4%	45	-0.5%	46
Illinois	\$1,141	11	3.73%	12	\$1,601	10	3.84%	13	40.3%	36	0.1%	27
Indiana	\$856	22	3.31%	17	\$969	36	2.87%	28	13.2%	47	-0.4%	44
Iowa	\$868	21	3.40%	14	\$1,214	21	3.40%	19	39.9%	38	0.0%	35
Kansas	\$790	27	2.94%	26	\$1,246	19	3.33%	20	57.7%	11	0.4%	9
Kentucky	\$415	46	1.80%	44	\$606	46	1.95%	45	46.0%	29	0.2%	25
Louisiana	\$363	48	1.62%	47	\$597	47	1.69%	46	64.5%	7	0.1%	32
Maine	\$1,221	7	4.85%	2	\$1,563	11	4.46%	6	28.0%	43	-0.4%	43
Maryland	\$789	28	2.45%	36	\$1,162	24	2.48%	38	47.3%	26	0.0%	34
Massachusetts	\$1,156	10	3.33%	16	\$1,699	9	3.42%	17	47.0%	27	0.1%	30
<b>Michigan</b>	<b>\$890</b>	<b>19</b>	<b>3.20%</b>	<b>23</b>	<b>\$1,446</b>	<b>15</b>	<b>4.23%</b>	<b>7</b>	<b>62.5%</b>	<b>8</b>	<b>1.0%</b>	<b>1</b>
Minnesota	\$915	17	2.99%	25	\$1,179	22	2.83%	30	28.9%	42	-0.2%	39
Mississippi	\$491	41	2.39%	37	\$755	41	2.56%	36	53.8%	16	0.2%	23
Missouri	\$594	38	2.27%	39	\$890	37	2.53%	37	49.8%	20	0.3%	15
Montana	\$993	14	4.50%	5	\$1,156	26	3.41%	18	NA	NA	NA	NA
Nebraska	\$919	16	3.40%	14	\$1,350	17	3.56%	16	46.9%	28	0.2%	24
Nevada	\$652	35	2.20%	40	\$1,120	29	2.74%	33	71.8%	4	0.5%	4
New Hampshire	\$1,648	2	5.31%	1	\$2,210	5	5.18%	2	NA	NA	NA	NA
New Jersey	\$1,715	1	4.85%	2	\$2,488	2	4.94%	3	45.1%	30	0.1%	30
New Mexico	\$325	50	1.51%	50	\$513	49	1.60%	48	57.8%	10	0.1%	29
New York	\$1,311	4	4.02%	8	\$1,960	7	4.12%	9	49.5%	21	0.1%	28
North Carolina	\$547	39	2.08%	42	\$806	39	2.31%	40	47.3%	25	0.2%	16
North Dakota	\$772	30	3.28%	19	\$1,094	30	2.98%	25	41.7%	33	-0.3%	41
Ohio	\$823	23	3.02%	24	\$1,159	25	3.29%	21	40.8%	35	0.3%	14
Oklahoma	\$360	49	1.58%	48	\$535	48	1.56%	49	48.6%	23	-0.0%	36
Oregon	\$754	32	2.79%	28	\$1,060	31	2.97%	26	NA	NA	NA	NA
Pennsylvania	\$788	29	2.78%	29	\$1,235	20	3.19%	22	56.7%	13	0.4%	8
Rhode Island	\$1,235	6	4.45%	6	\$1,861	8	4.64%	5	50.7%	19	0.2%	21
South Carolina	\$623	37	2.65%	32	\$971	35	3.04%	23	55.9%	15	0.4%	10
South Dakota	\$823	23	3.31%	17	\$1,029	32	2.83%	30	25.0%	44	-0.5%	45
Tennessee	\$476	43	1.88%	43	\$709	43	2.08%	43	48.9%	22	0.2%	20
Texas	\$915	17	3.46%	13	\$1,434	16	3.89%	12	56.7%	14	0.4%	7
Utah	\$541	40	2.36%	38	\$765	40	2.41%	39	41.4%	34	0.1%	33
Vermont	\$1,266	5	4.82%	4	\$1,993	6	5.28%	1	57.4%	12	0.5%	6
Virginia	\$822	25	2.78%	29	\$1,298	18	3.01%	24	57.9%	9	0.2%	16
Washington	\$986	15	3.23%	20	\$1,140	28	2.72%	34	15.6%	46	-0.5%	47
West Virginia	\$448	45	2.13%	41	\$627	45	2.08%	43	40.0%	37	-0.1%	37
Wisconsin	\$1,036	13	3.75%	11	\$1,501	13	4.06%	10	44.9%	31	0.3%	13
Wyoming	\$1,063	12	3.91%	10	\$2,287	4	4.89%	4	115.1%	2	1.0%	2

Table 8

## Local Tax Burden

	FY 1998-99				FY 2006-07				Change			
	Taxes Per Person		Taxes, % of Personal Income		Taxes Per Person		Taxes, % of Personal Income		Taxes Per Person		% of Personal Income	
	Person	Rank	Income	Rank	Person	Rank	Income	Rank	Person	Rank	Income	Rank
United States	\$1,130		4.0%		\$1,720		4.4%		52.2%		0.4%	
Alabama	\$618	44	2.7%	43	\$989	43	3.0%	40	60.0%	11	0.3%	19
Alaska	\$1,371	6	4.8%	6	\$1,849	12	4.5%	14	34.9%	44	-0.3%	43
Arizona	\$935	32	3.8%	23	\$1,404	30	4.1%	25	50.2%	25	0.3%	24
Arkansas	\$389	51	1.8%	51	\$629	50	2.0%	50	61.7%	10	0.2%	33
California	\$973	26	3.2%	36	\$1,606	21	3.7%	30	65.1%	8	0.5%	8
Colorado	\$1,313	9	4.3%	12	\$1,944	9	4.6%	10	48.1%	30	0.3%	20
Connecticut	\$1,555	5	4.0%	18	\$2,364	4	4.3%	21	52.0%	23	0.2%	31
Delaware	\$569	47	2.0%	50	\$870	46	2.2%	49	52.9%	21	0.2%	32
District of Columbia	\$5,215	1	14.1%	1	\$8,854	1	13.8%	1	69.8%	5	-0.2%	42
Florida	\$1,044	21	3.8%	22	\$1,868	11	4.8%	6	78.9%	3	1.0%	1
Georgia	\$1,124	17	4.2%	13	\$1,556	23	4.5%	14	38.4%	41	0.3%	23
Hawaii	\$617	45	2.3%	49	\$1,155	35	2.8%	44	87.2%	2	0.6%	6
Idaho	\$681	42	2.9%	40	\$818	47	2.5%	48	20.1%	47	-0.4%	47
Illinois	\$1,356	7	4.4%	9	\$1,957	7	4.7%	9	44.3%	37	0.3%	27
Indiana	\$966	27	3.7%	27	\$1,119	39	3.3%	36	15.8%	50	-0.4%	46
Iowa	\$961	30	3.8%	24	\$1,499	27	4.2%	22	56.0%	16	0.4%	12
Kansas	\$1,009	23	3.8%	24	\$1,607	20	4.3%	18	59.3%	12	0.5%	7
Kentucky	\$598	46	2.6%	45	\$895	45	2.9%	43	49.7%	27	0.3%	25
Louisiana	\$906	33	4.0%	17	\$1,513	26	4.3%	19	67.0%	7	0.2%	29
Maine	\$1,217	12	4.8%	5	\$1,554	24	4.4%	16	27.7%	46	-0.4%	45
Maryland	\$1,343	8	4.2%	15	\$2,125	6	4.5%	13	58.2%	14	0.4%	16
Massachusetts	\$1,193	13	3.4%	32	\$1,758	14	3.5%	34	47.4%	33	0.1%	37
<b>Michigan</b>	<b>\$813</b>	<b>36</b>	<b>2.9%</b>	<b>40</b>	<b>\$1,318</b>	<b>32</b>	<b>3.9%</b>	<b>28</b>	<b>62.1%</b>	<b>9</b>	<b>0.9%</b>	<b>2</b>
Minnesota	\$966	27	3.2%	37	\$1,136	36	2.7%	45	17.6%	48	-0.4%	48
Mississippi	\$535	50	2.6%	45	\$800	49	2.7%	46	49.5%	28	0.1%	36
Missouri	\$982	25	3.8%	26	\$1,436	28	4.1%	24	46.2%	34	0.3%	17
Montana	\$775	38	3.5%	30	\$994	42	2.9%	42	28.3%	45	-0.6%	49
Nebraska	\$1,151	14	4.3%	11	\$1,735	17	4.6%	10	50.7%	24	0.3%	21
Nevada	\$962	29	3.2%	33	\$1,612	19	3.9%	26	67.6%	6	0.7%	4
New Hampshire	\$1,669	4	5.4%	3	\$1,949	8	4.6%	12	16.8%	49	-0.8%	50
New Jersey	\$1,752	3	5.0%	4	\$2,541	3	5.1%	3	45.0%	36	0.1%	38
New Mexico	\$561	48	2.6%	44	\$980	44	3.1%	39	74.7%	4	0.4%	11
New York	\$2,301	2	7.1%	2	\$3,648	2	7.7%	2	58.5%	13	0.6%	5
North Carolina	\$733	39	2.8%	42	\$1,082	40	3.1%	38	47.6%	32	0.3%	22
North Dakota	\$872	34	3.7%	28	\$1,288	33	3.5%	35	47.7%	31	-0.2%	41
Ohio	\$1,246	11	4.6%	7	\$1,741	16	5.0%	5	39.7%	40	0.4%	14
Oklahoma	\$684	41	3.0%	39	\$1,020	41	3.0%	41	49.1%	29	-0.0%	40
Oregon	\$941	31	3.5%	31	\$1,341	31	3.8%	29	42.5%	38	0.3%	26
Pennsylvania	\$1,109	18	3.9%	20	\$1,710	18	4.4%	17	54.2%	18	0.5%	10
Rhode Island	\$1,252	10	4.5%	8	\$1,915	10	4.8%	7	53.0%	20	0.3%	27
South Carolina	\$731	40	3.1%	38	\$1,156	34	3.6%	32	58.1%	15	0.5%	9
South Dakota	\$1,043	22	4.2%	13	\$1,413	29	3.9%	27	35.5%	43	-0.3%	44
Tennessee	\$807	37	3.2%	35	\$1,130	38	3.3%	37	40.0%	39	0.1%	34
Texas	\$1,146	15	4.3%	10	\$1,750	15	4.8%	8	52.7%	22	0.4%	13
Utah	\$824	35	3.6%	29	\$1,133	37	3.6%	33	37.5%	42	-0.0%	39
Vermont	\$655	43	2.5%	48	\$593	51	1.6%	51	-9.5%	51	-0.9%	51
Virginia	\$1,142	16	3.9%	21	\$1,776	13	4.1%	23	55.5%	17	0.2%	29
Washington	\$989	24	3.2%	33	\$1,522	25	3.6%	31	53.9%	19	0.4%	14
West Virginia	\$539	49	2.6%	47	\$807	48	2.7%	47	49.7%	26	0.1%	35
Wisconsin	\$1,086	20	3.9%	19	\$1,581	22	4.3%	20	45.6%	35	0.3%	17
Wyoming	\$1,109	18	4.1%	16	\$2,334	5	5.0%	4	110.5%	1	0.9%	3

Table 9

State and Local Corporate Income Tax and Other Taxes Burden												
	FY 1998-99				FY 2006-07				Change			
	Taxes Per Person	Rank	Taxes, % of Personal Income	Rank	Taxes Per Person	Rank	Taxes, % of Personal Income	Rank	Taxes Per Person	Rank	% of Personal Income	Rank
United States	\$287		1.01%		\$476		1.21%		65.9%		0.2%	
Alabama	\$213	37	0.93%	25	\$357	29	1.09%	22	67.6%	25	0.2%	21
Alaska	\$1,129	2	3.96%	2	\$4,918	1	11.97%	1	335.6%	1	8.0%	1
Arizona	\$187	41	0.76%	41	\$287	38	0.84%	38	53.5%	28	0.1%	30
Arkansas	\$153	50	0.71%	42	\$227	48	0.72%	46	48.4%	35	0.0%	37
California	\$325	12	1.06%	17	\$580	13	1.34%	14	78.5%	17	0.3%	14
Colorado	\$182	44	0.59%	49	\$274	43	0.64%	48	50.5%	34	0.1%	33
Connecticut	\$312	14	0.81%	37	\$436	22	0.78%	41	39.7%	38	-0.0%	42
Delaware	\$1,293	1	4.45%	1	\$1,751	2	4.38%	2	35.4%	41	-0.1%	45
District of Columbia	\$684	3	1.84%	4	\$1,717	3	2.68%	4	151.0%	5	0.8%	5
Florida	\$291	20	1.06%	17	\$506	18	1.30%	17	73.9%	18	0.2%	15
Georgia	\$177	47	0.66%	47	\$186	51	0.54%	50	5.1%	49	-0.1%	48
Hawaii	\$116	51	0.42%	51	\$197	50	0.48%	51	69.8%	22	0.1%	32
Idaho	\$194	39	0.84%	34	\$273	44	0.83%	39	40.7%	37	-0.0%	40
Illinois	\$272	22	0.89%	29	\$410	25	0.98%	25	50.7%	33	0.1%	27
Indiana	\$215	35	0.83%	35	\$260	46	0.77%	43	20.9%	47	-0.1%	44
Iowa	\$172	48	0.67%	46	\$234	47	0.65%	47	36.0%	40	-0.0%	41
Kansas	\$191	40	0.71%	42	\$342	30	0.91%	31	79.1%	16	0.2%	19
Kentucky	\$272	22	1.18%	15	\$413	24	1.33%	15	51.8%	30	0.2%	23
Louisiana	\$293	19	1.30%	11	\$529	15	1.50%	13	80.5%	15	0.2%	19
Maine	\$214	36	0.85%	31	\$327	32	0.93%	29	52.8%	29	0.1%	31
Maryland	\$266	25	0.83%	35	\$529	15	1.13%	21	98.9%	10	0.3%	12
Massachusetts	\$294	18	0.85%	31	\$493	19	0.99%	24	67.7%	24	0.1%	24
<b>Michigan</b>	<b>\$353</b>	<b>10</b>	<b>1.27%</b>	<b>12</b>	<b>\$284</b>	<b>39</b>	<b>0.83%</b>	<b>39</b>	<b>-19.5%</b>	<b>51</b>	<b>-0.4%</b>	<b>51</b>
Minnesota	\$290	21	0.95%	24	\$438	21	1.05%	23	51.0%	32	0.1%	26
Mississippi	\$185	42	0.90%	27	\$280	40	0.95%	27	51.4%	31	0.1%	33
Missouri	\$180	46	0.69%	45	\$218	49	0.62%	49	21.1%	46	-0.1%	46
Montana	\$329	11	1.49%	9	\$669	9	1.97%	9	103.3%	9	0.5%	8
Nebraska	\$242	29	0.90%	27	\$373	28	0.98%	25	54.1%	27	0.1%	29
Nevada	\$301	16	1.02%	20	\$514	17	1.26%	18	70.8%	21	0.2%	15
New Hampshire	\$372	8	1.20%	13	\$685	8	1.61%	11	84.1%	12	0.4%	10
New Jersey	\$300	17	0.85%	31	\$635	11	1.26%	18	111.7%	7	0.4%	10
New Mexico	\$311	15	1.45%	10	\$795	7	2.48%	6	155.6%	3	1.0%	3
New York	\$496	5	1.52%	8	\$1,021	5	2.14%	8	105.8%	8	0.6%	7
North Carolina	\$234	30	0.89%	29	\$315	34	0.90%	32	34.6%	42	0.0%	37
North Dakota	\$397	7	1.69%	6	\$967	6	2.64%	5	143.6%	6	1.0%	4
Ohio	\$181	45	0.66%	47	\$312	35	0.89%	33	72.4%	20	0.2%	18
Oklahoma	\$225	33	0.99%	21	\$575	14	1.68%	10	155.6%	4	0.7%	6
Oregon	\$321	13	1.19%	14	\$432	23	1.21%	20	34.6%	43	0.0%	36
Pennsylvania	\$451	6	1.59%	7	\$616	12	1.59%	12	36.6%	39	0.0%	39
Rhode Island	\$165	49	0.59%	49	\$299	36	0.74%	45	81.2%	14	0.2%	22
South Carolina	\$227	32	0.96%	23	\$276	41	0.86%	36	21.6%	45	-0.1%	47
South Dakota	\$267	24	1.08%	16	\$275	42	0.75%	44	3.0%	50	-0.3%	50
Tennessee	\$262	26	1.03%	19	\$452	20	1.32%	16	72.5%	19	0.3%	13
Texas	\$208	38	0.79%	39	\$325	33	0.88%	35	56.3%	26	0.1%	27
Utah	\$184	43	0.80%	38	\$270	45	0.85%	37	46.7%	36	0.1%	33
Vermont	\$253	28	0.97%	22	\$293	37	0.78%	41	15.8%	48	-0.2%	49
Virginia	\$234	30	0.79%	39	\$397	27	0.92%	30	69.7%	23	0.1%	25
Washington	\$216	34	0.71%	42	\$400	26	0.95%	27	85.2%	11	0.2%	15
West Virginia	\$366	9	1.74%	5	\$665	10	2.21%	7	81.7%	13	0.5%	9
Wisconsin	\$254	27	0.92%	26	\$328	31	0.89%	33	29.1%	44	-0.0%	42
Wyoming	\$513	4	1.88%	3	\$1,711	4	3.66%	3	233.5%	2	1.8%	2