

Nickels & Dimes

**How Sales & Excise Taxes
Add Up in the 50 States**



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**A joint project with
the Institute on Taxation and Economic Policy
March 1988**

TICT 0014938

Nickels & Dimes

Nickels and dimes. That's how sales taxes add up. Little by little. Hardly ever a single, large payment, like you have with the property tax. No aggravation about getting the right amount of tax withheld from your paycheck, no bother with filling out forms telling what you made and what deductions you are entitled to, like you have with the income tax.

And everyone pays the sales tax, rich and poor alike, every time they buy something at the store. The richest man in America, billionaire Samuel Walton, has to pay the same amount of sales tax on the shampoo he buys at one of the Walmart stores he owns as does the poorest person in the land. Sounds like a pretty good deal, doesn't it?

Well, sales taxes are a good deal, in fact they are a great deal, for Mr. Walton and his brethren on *Forbes Magazine's* list of America's super-rich. But for the vast majority of Americans, sales taxes are another story altogether.

The nickels and dimes add up. And when they do, they take a far greater chunk out of the pockets of middle-income families and the poor than they do of the bankrolls of the rich.

This report reveals just how large the chunk taken out by sales taxes is—for families at seven different income levels in each of the fifty states and the District of Columbia. It looks at the composition of the total sales tax bill as well—at how taxing or not taxing various items affects the rich, the poor and middle-income families differently.

As a result, some informed judgments can be reached about the merits of taxing services as opposed to goods, about the effects of expanding the sales tax base more generally and about the impacts of some of the more common exemptions to sales taxes that states have instituted over the years.

Our study concludes that, by making careful choices about what to tax and by providing rebates to low- and moderate-income families, states can, to a degree, mitigate the unfairness of their sales taxes. Some states have in fact taken such steps, and their sales taxes are less unjust as a result. But even the most comprehensive sales tax reforms cannot make the sales tax truly equitable. Only by increasing their reliance on taxes that are based on people's ability to pay them—primarily personal and corporate income taxes—can states achieve the goal of making their overall tax structures a better deal for their citizens.

Too often, sales taxes get overlooked by academicians, analysts and reformers. There is no real dispute about who pays sales taxes—everyone agrees that consumers do. But there is no well-heeled constituency putting up money to fund research and lobbyists to reform this particular tax—because the sales tax, as the following pages will attest to, is not the problem of the well-heeled. It is instead a tax that hits hardest those with limited means, those with the least access to the corridors of power.

Sales taxes are an important source of state revenues—revenues essential to pay for important programs that the public demands and needs. But that's no excuse for failing to give sales taxes the same careful scrutiny about fairness that is usually reserved for income and property taxes. They certainly warrant it. With the data provided by this report, we hope to get the debate going.

Terminology

Before we delve into the major findings of our study, we should have a common understanding of some terms and concepts.

There are basically two types of sales taxes. The first is what we typically think of when we hear the words "sales tax": a tax on a broad list of goods and services that is assessed as a percentage of the price of those items and then added to the bill paid by the consumer. When you read "sales tax," we are referring to this type of tax—a "general" sales tax.¹

But there is another major category of sales taxes—sales taxes that are not general, sales taxes that are levied on specific products such as tobacco, alcoholic beverages, gasoline, and real estate transactions. These taxes can be levied either as a percentage of the price of the product or as a flat amount per unit of the item that is consumed. For instance, most gasoline taxes are levied on a per gallon basis. This type of tax, a selective sales tax, will be referred to as an "excise tax" for the remainder of the paper. (We in fact provide state-by-state data for both gasoline and tobacco taxes, two of the most prevalent types of excise taxes).

Next, we should have a clear understanding of what is meant by the terms "progressive," "proportional," and "regressive." These buzzwords pack a powerful political wallop when it comes to taxes, because they go to the heart of the question: who pays?

A "progressive" tax is one that takes a greater share of people's income as their income rises. Thus, a tax that equals 1 percent of the income of a \$15,000-a-year family, 3 percent of the income of a \$30,000-a-year family, and 5 percent of the income of a millionaire is a "progressive" tax.

A "proportional" tax is one that takes a consistent and equal share of people's income as income rises. A tax, then, that amounts to 3 percent for each of the families above is a "proportional" tax.

Finally, a "regressive" tax is one that takes a bigger share of people's income as income *falls*. A tax that takes 5 percent of the income of the \$15,000-a-year family, 3 percent of the income of the \$30,000-a-year family, and 1 percent of the millionaire's income is a "regressive" tax.

Note that a tax that amounts to \$1,000 for someone making \$25,000 a year and \$2,000 for someone making \$100,000 a year is "regressive." Even though the richer person pays more tax in absolute terms, as a share of income the richer person pays only half as much—2 percent versus 4 percent.

¹Our "general" sales tax figures also reflect utility (including telephone) gross receipts taxes and motor vehicle excise taxes (which often are imposed in lieu of sales taxes). Alcohol taxes imposed in lieu of sales taxes are included as well, but only up to the regular sales tax rate.

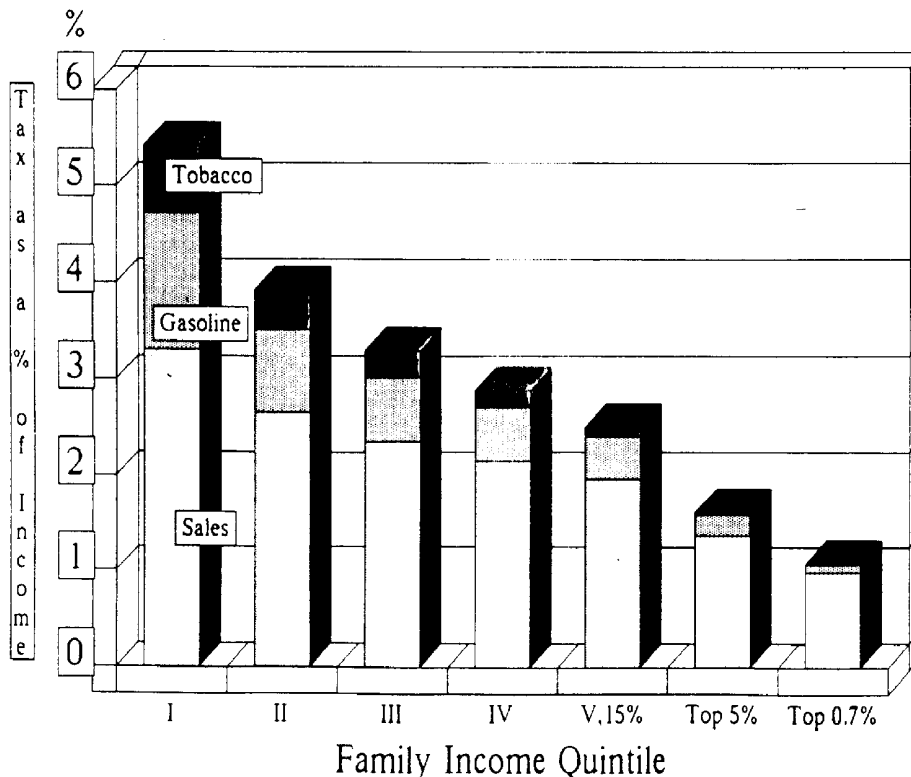
I. State Sales and Excise Taxes: Who Pays?

When it comes to sales and excise taxes, wherever they exist, the data are clear and disturbing: there is no such thing as a progressive or even a proportional sales tax in any of the states. In fact, no state sales tax comes close. The story is the same for the two excise taxes we examined—gasoline and tobacco taxes.

Sales and excise taxes everywhere are regressive, often shockingly so: they can create unconscionable hardships for people living in poverty, they represent real financial burdens for middle-income families, and they let the rich, particularly the super-rich, off the hook almost entirely.

Average Sales & Excise Taxes As Shares of Income for Families of Four

Quintile:	I	II	III	IV	V, 15%	Top 5%	Top 0.7%
Average Inc.:	\$8,581	\$20,535	\$31,497	\$44,910	\$66,912	\$187,316	\$612,122
Sales Tax	3.3%	2.7%	2.3%	2.1%	2.0%	1.4%	1.0%
Tobacco Tax	0.7%	0.4%	0.3%	0.2%	0.1%	0.0%	0.0%
Gasoline Tax	1.4%	0.9%	0.7%	0.6%	0.5%	0.2%	0.1%
TOTAL	5.4%	3.9%	3.3%	2.9%	2.5%	1.6%	1.1%



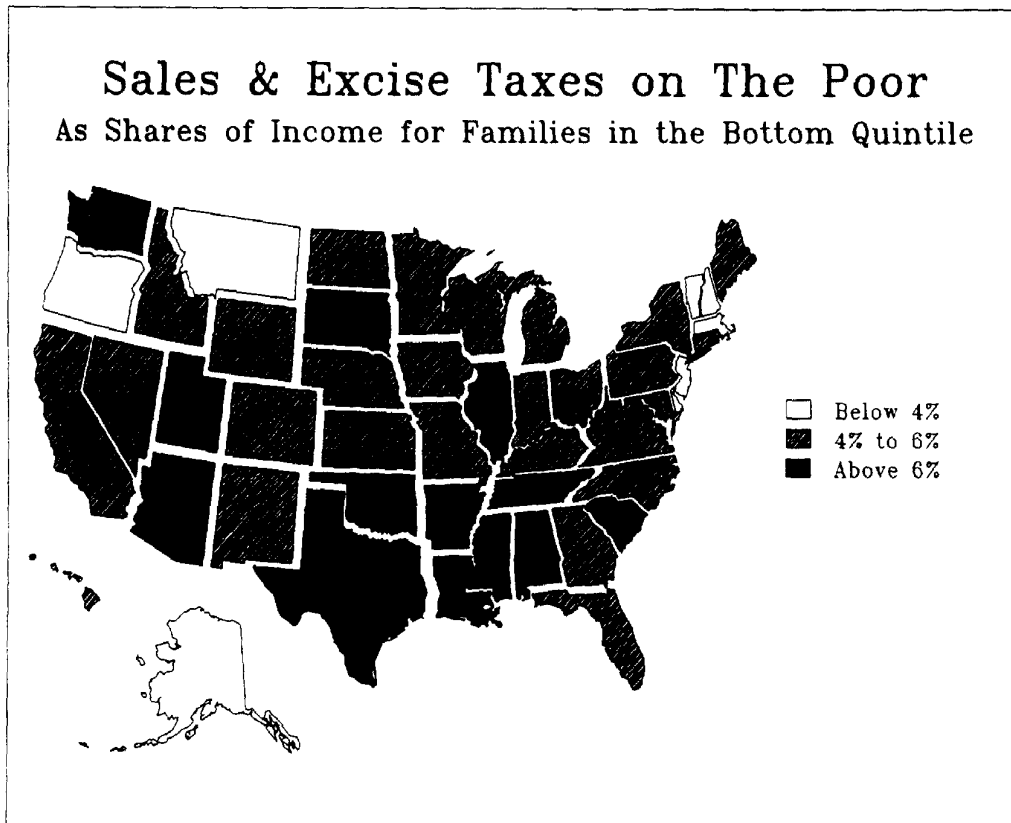
On average, families with incomes that put them among the richest one percent of all families (the average income for this group exceeds \$600,000 per year) pay only one-fifth as much of their incomes in state sales and excise taxes as do families with incomes that place them among the poorest twenty percent of American families (the typical income for this group is less than \$9,000 a year).

Or, to state the case differently, families living below the poverty line shell out five times as much of their incomes for state sales and excise taxes as do the richest families in the country. That pretty much sums up what regressive is all about.

Nationwide, families in the lowest income quintile pay 5.4 percent of their annual incomes in state sales and excise taxes. Families in the super-rich stratum, on the other hand, pay a mere 1.1 percent of their incomes in state sales and excise taxes.

The issue of unfair relative tax burdens is one that demands attention and corrective action at the state level. A related, but separate issue also must be considered: the serious burden—in absolute terms—placed on poor families by state sales and excise taxes.

Do we really wish to drive the poor deeper into poverty by exacting more than 5 percent of their meager incomes for these taxes? To their credit, some states have indeed tried to mitigate the harsh impact of sales and excise on the poor. But in a number of states, the sales and excise tax burden on the poor is considerably more than the national average.



Total Sales & Excise Tax Burdens by State

Shares of Income for Families of Four in 1987*

QUINTILE:	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Top .7%/I	Top .7%/III
Mississippi	9.6%	6.5%	5.2%	4.3%	3.7%	2.3%	1.4%	14%	26%
Tennessee	9.3%	6.6%	5.4%	4.6%	4.0%	2.5%	1.6%	17%	29%
Louisiana	8.6%	5.7%	4.8%	4.1%	3.6%	2.4%	1.5%	18%	32%
Alabama	7.8%	5.2%	4.2%	3.5%	3.0%	1.8%	1.1%	14%	26%
South Dakota	7.7%	5.4%	4.5%	3.9%	3.3%	2.1%	1.3%	18%	30%
Oklahoma	7.6%	5.4%	4.5%	3.9%	3.3%	2.1%	1.3%	17%	28%
Utah	7.3%	5.5%	4.6%	4.1%	3.5%	2.3%	1.4%	19%	30%
Arkansas	7.1%	5.2%	4.2%	3.5%	2.9%	1.8%	1.1%	15%	25%
Texas	7.1%	5.0%	4.2%	3.7%	3.3%	2.2%	1.5%	21%	36%
Washington	6.9%	5.0%	4.3%	3.9%	3.5%	2.4%	1.6%	24%	38%
Illinois	6.4%	4.5%	3.7%	3.3%	2.9%	1.8%	1.2%	19%	32%
Dist. of Col.	6.2%	4.2%	3.4%	2.9%	2.6%	1.6%	1.2%	20%	36%
Arizona	6.1%	4.4%	3.7%	3.3%	2.9%	1.9%	1.3%	21%	35%
South Carolina	6.0%	4.3%	3.6%	3.0%	2.6%	1.6%	1.0%	16%	28%
Wisconsin	5.9%	4.2%	3.6%	3.1%	2.8%	1.8%	1.2%	20%	32%
North Dakota	5.9%	4.2%	3.5%	3.1%	2.7%	1.7%	1.1%	19%	32%
Missouri	5.9%	4.4%	3.6%	3.2%	2.7%	1.8%	1.1%	19%	31%
Minnesota	5.9%	4.1%	3.5%	3.0%	2.6%	1.6%	1.1%	19%	32%
New York	5.8%	4.2%	3.5%	3.2%	2.8%	1.8%	1.4%	23%	38%
West Virginia	5.8%	4.0%	3.4%	3.0%	2.6%	1.8%	1.1%	19%	32%
North Carolina	5.6%	4.1%	3.4%	2.9%	2.5%	1.6%	0.9%	17%	27%
Hawaii	5.5%	4.2%	3.3%	2.9%	2.5%	1.5%	1.0%	19%	31%
Indiana	5.5%	3.9%	3.3%	2.9%	2.5%	1.7%	1.0%	19%	31%
Idaho	5.4%	4.2%	3.6%	3.1%	2.7%	1.8%	1.1%	20%	30%
Maine	5.4%	3.9%	3.3%	2.8%	2.5%	1.6%	1.0%	19%	31%
Nebraska	5.4%	3.8%	3.2%	2.8%	2.4%	1.5%	1.0%	18%	30%
Nevada	5.3%	3.9%	3.4%	3.0%	2.6%	1.7%	1.1%	21%	33%
Ohio	5.3%	3.8%	3.2%	2.9%	2.5%	1.7%	1.1%	20%	33%
Kentucky	5.3%	3.6%	3.0%	2.7%	2.3%	1.6%	1.0%	19%	33%
Georgia	5.3%	3.7%	3.0%	2.6%	2.2%	1.3%	0.9%	16%	28%
Connecticut	5.2%	3.8%	3.3%	2.9%	2.6%	1.6%	1.3%	24%	39%
Iowa	5.1%	3.6%	3.1%	2.7%	2.3%	1.5%	0.9%	18%	31%
Virginia	5.0%	3.6%	3.0%	2.6%	2.2%	1.4%	0.9%	17%	29%
Florida	5.0%	3.7%	3.1%	2.8%	2.4%	1.6%	1.1%	23%	36%
New Mexico	5.0%	5.8%	4.7%	4.1%	3.5%	2.3%	1.4%	28%	30%
Michigan	5.0%	3.4%	2.8%	2.4%	2.1%	1.3%	0.8%	17%	30%
Colorado	4.9%	3.6%	3.1%	2.8%	2.4%	1.6%	1.1%	22%	35%
Rhode Island	4.7%	3.4%	2.9%	2.5%	2.2%	1.4%	1.0%	20%	34%
Pennsylvania	4.5%	3.3%	2.8%	2.5%	2.2%	1.4%	1.0%	21%	34%
California	4.5%	3.3%	2.8%	2.5%	2.2%	1.4%	1.0%	22%	35%
Maryland	4.4%	3.1%	2.7%	2.4%	2.2%	1.4%	1.0%	22%	35%
Wyoming	4.2%	3.2%	2.7%	2.4%	2.1%	1.4%	0.9%	20%	32%
Kansas	4.1%	3.9%	3.2%	2.8%	2.4%	1.5%	1.0%	24%	30%
New Jersey	4.0%	2.9%	2.5%	2.2%	2.0%	1.3%	1.0%	24%	39%
Vermont	3.8%	3.2%	2.7%	2.4%	2.1%	1.4%	0.9%	24%	34%
Montana	3.5%	2.1%	1.7%	1.4%	1.1%	0.5%	0.2%	6%	13%
Massachusetts	3.3%	2.4%	2.0%	1.8%	1.6%	1.0%	0.8%	23%	38%
Alaska	2.5%	1.6%	1.2%	1.0%	0.8%	0.5%	0.3%	13%	26%
New Hampshire	2.5%	1.7%	1.4%	1.2%	1.0%	0.6%	0.4%	16%	28%
Delaware	2.5%	1.5%	1.1%	0.9%	0.7%	0.4%	0.2%	9%	19%
Oregon	2.4%	1.5%	1.1%	0.9%	0.7%	0.3%	0.1%	5%	10%
U.S. Average	5.4%	3.9%	3.3%	2.9%	2.5%	1.6%	1.1%	20%	33%

*Ranked by taxes as a share of income on the poor (quintile I). The last two columns compare taxes as a share of income on the rich (the top 0.7%) to taxes on poor and middle-income (quintile III) families.

For the poor, nickels and dimes add up very quickly—depriving them of scarce dollars that might otherwise have been used for heat or food or housing. Yet as the table on the previous page illustrates, in 13 states and in the District of Columbia, sales and excise taxes amount to more than 6 percent of the income of low-income families. Tennessee and Mississippi both take more than 9 percent of the incomes of their poorest residents in these taxes—more than seven times the share of income that they ask the super-rich to pay!

Both in absolute and relative terms, sales and excise taxes place an unacceptable burden on the poorest among us. But these taxes are no bargain for middle-income families either.

As a share of income, the richest one percent of all families pay less than one-third of what families in the middle income quintile (with average incomes of just under \$31,500 a year) pay in state sales and excise taxes.

In other words, sales and excise taxes take three times as large a share of the incomes of a middle-income family as they take from an extremely rich one.

Specifically, state sales and excise taxes account, on average, for 3.3 percent of the incomes of families in the middle quintile. Again, nickels and dimes add up—nationally, to nearly \$740 a year for a family falling in the middle of the income range. In both Tennessee and Mississippi, sales and excise taxes account for more than 5 percent of the incomes of these middle-class families. That amounts to almost \$1,400 a year in Tennessee and more than \$1,100 a year in Mississippi.

To this point, we have lumped sales and excise taxes together, providing an overview of the major state taxes on consumer spending. If one looks at general sales taxes alone, the aggregate findings are similar: nationally, as a share of total family income, the richest one percent of all families pays less than one third (30 percent, to be exact) as much in state sales taxes as do the poorest families, and less than one-half (42 percent) of what families in the middle income quintile pay. But *among* the states, sales taxes *do* differ markedly, depending upon what states choose to tax and whether they provide any offsetting relief for the poor.

II. Why Sales & Excise Taxes Are Regressive: What Gets Taxed.

There is a simple reason why sales and excise taxes are regressive: the poorer the family, the greater the share of income that is spent on items that are subject to tax.

Take food, for example. Let's define food in a way that doesn't count soft drinks or candy, and doesn't count meals eaten outside the home. Fami-

lies that rank among the poorest twenty percent of all families spend nearly 30 percent of their incomes on food. The richest five percent spends a mere 3.4 percent of income on food; the richest one percent spends a trifling 1.4 percent of income on food.

It doesn't take a genius to figure out that a sales tax on food takes a far bigger bite out of the pocketbooks of the poor than out of the bankrolls of the rich—twenty times as large a share of income, in fact. In recognition of the extreme regressivity of taxing food, a majority of states have removed food from their sales tax bases altogether. But 16 states still fully tax food—in fact over 22 percent of all food purchases in the United States are subject to state sales tax.

Not surprisingly, the ten states with the most regressive sales taxes in the land have one feature in common—they all tax food.

And this isn't an issue of concern only to poor people. Middle-income families typically spend three times as much of their incomes on food as do the richest five percent and five times as much as the richest one percent.



Taxing food is just one of the more outstanding illustrations of how sales taxes place unfair burdens on lower- and middle-income families. Taxes that apply to other necessities of life, such as utilities, provide additional insight into the fundamental regressivity of sales and excise taxes.

The poor shell out 6.2 percent of their incomes to cover their electricity bills—more than twice as much as the typical middle-income family, which in turn shells out more than three times as much of its income as does a very well-off family making \$200,000 a year. The pattern holds for spending on natural gas and telephone bills, as well—the poor devote six times as great a share of their incomes to these items as do the those who rank in the top five percent of the income scale.

So called “sin” taxes—excise taxes on tobacco products and alcoholic beverages—can also be analyzed in this context. Indeed, a tax on cigarettes is even more regressive than a tax on food. The super-rich families in our survey spend a mere one percent of what poor families spend on cigarettes as a share of income. They spend only 15 percent of what poor families spend on beer, calculated the same way.

Remember, this doesn't mean that poor families are boozing it up in comparison to their richer fellow citizens; in fact, better-off families spend considerably more dollars on cigarettes and alcohol than do the poor. The key consideration is how large a share of the family income—income serving as the best indicator of ability to pay taxes—is devoted to these items.

Although taxes on the vast majority of goods and services that are subject to sales and excise taxes wind up exacting a greater share of the incomes of the poor than the rich, this is not always the case. There are a number of items that take up a larger portion of the budgets of the rich than they amount to for either poor or middle-income families and, thus, when taxed yield a progressive distribution of the tax burden.

Not surprisingly, for example, the super-rich spend 31 times as large a share of their income on landing and docking fees for boats and yachts as do the poor. The very rich spend six times as much of their incomes on hotels or lodging while out-of-town as do the poor. They spend twice as much of their incomes on accounting fees and more than three times as much on wine consumed at home. And they devote thirteen times as large a share of their incomes to gardening and lawn care, twice as large a share to the purchase of new cars.

There also are a number of goods and services that compose about an equal part of the incomes of the rich and poor. Taxing these items, therefore, yields a proportional distribution of the burden. For instance, spending on personal legal services equals half a percent of the incomes of both rich and poor families. The rich and the poor devote just about the same portion of their family incomes to admission to movies and plays, fresh flowers and plants and fees for participant sports (ranging from bowling to polo).

On the next page is a table that ranks, from most regressive to most progressive, the distribution of the burden from taxing different types of goods and services. The table on pages 10-11 shows the impact by income group of exempting various items from sales tax (with offsetting rate increases to keep revenues constant). Starting on page 36 is a list of which items are subject to sales tax in each state.

Regressivity Index by Item

Spending by the Rich as a Share of Income Compared to Spending by the Poor as a Share of Income*

	% of				% of						
	Rich/ Poor	Total Per.Inc.	% Now Taxed		Rich/ Poor	Total Per.Inc.	% Now Taxed				
REGRESSIVE:											
Coin-op. laundry/dry clean.	0%	0.1%	20%	Personal care products . . . . .	.24%	0.8%	98%			
Coin-op laundry/dry clean. (nc).	0%	0.0%	19%	Televisions, radios, stereos. . . . .	.25%	1.0%	98%			
Other home fuels	1%	0.1%	47%	Towing charges . . . . .	.26%	0.0%	26%			
Cigarettes	1%	1.1%	86%	Beer & ale (away). . . . .	.31%	0.2%	99%			
Clothing material	1%	0.1%	84%	Personal care services . . . . .	.35%	1.1%	11%			
Motor oil.	1%	0.0%	98%	Wine (away) . . . . .	.39%	0.1%	99%			
Minor vehicle maint. on trips.	1%	0.0%	40%	Spirits (away). . . . .	.42%	0.4%	99%			
Appliance rental	1%	0.0%	98%	Veterinary expenses. . . . .	.42%	0.1%	1%			
Service policies	1%	0.0%	16%	Clothing rental . . . . .	.44%	0.0%	78%			
Motorcycles	1%	0.1%	94%	Clothing & shoes . . . . .	.46%	4.7%	84%			
Funerals	1%	0.1%	35%	Housefurnishings and equip.. . . .	.47%	4.6%	98%			
Septic tank cleaning.	1%	0.0%	9%	Stationery, giftwraps . . . . .	.59%	0.2%	98%			
Campers	3%	0.1%	94%	Pets, food, supplies . . . . .	.59%	0.1%	98%			
Used cars & trucks	3%	2.1%	94%	Misc. home services . . . . .	.62%	0.1%	8%			
Gasoline	4%	3.2%	37%	College books & supplies . . . . .	.70%	0.1%	54%			
School lunches	4%	0.3%	1%	Dry clean./laundry. . . . .	.73%	0.2%	32%			
Home impr./maint. goods	5%	0.7%	98%	Photographic equipment. . . . .	.76%	0.1%	98%			
Carbonated drinks	5%	0.5%	81%	Tool rental . . . . .	.77%	0.0%	73%			
Food less candy & soft drinks	5%	9.3%	22%	Furniture repair. . . . .	.81%	0.1%	72%			
Campers (trailers,attachable).	5%	0.1%	98%	Admiss. to movies, plays, etc.. . . .	.97%	0.3%	45%			
Moving & storage.	5%	0.1%	1%	Fresh flowers and house plants. . . .	.98%	0.2%	98%			
Cable fees	5%	0.4%	14%	Accessories. . . . .	.99%	0.2%	97%			
Electricity	6%	2.1%	56%	Total/Average (Regressive):.	49.0%	65%					
Prescription drugs.	6%	0.4%	1%	PROGRESSIVE:							
Natural gas.	6%	0.9%	56%	Legal fees	100%	0.4%	6%				
Tires, batteries & access.. . . .	7%	0.7%	98%	Fees for participant sports	104%	0.3%	41%				
Water/sewer	7%	0.5%	10%	Sports, hunting, etc. equip.. . . .	122%	0.3%	98%				
TV, etc. repair & rental	8%	0.1%	73%	Laundry/dry clean. sent out (nc) . . .	140%	0.0%	31%				
Newspapers	8%	0.2%	15%	Spirits (home)	140%	0.4%	97%				
Telephone	8%	1.3%	68%	Admissions to sporting events	156%	0.1%	52%				
Other school books & supp.	9%	0.0%	35%	Home impr./maint. services	161%	1.5%	23%				
Water softening serv.	10%	0.0%	38%	Watch & jewelry repair	169%	0.0%	49%				
Cigars, other tobacco	10%	0.1%	98%	New cars & trucks	218%	4.2%	94%				
Soaps,clean.,paper,misc.ho.prod. . . .	10%	0.8%	92%	Fees for recre. lessons	220%	0.3%	6%				
Fuel oil	11%	0.3%	53%	Boats & boat motors	238%	0.2%	98%				
Mowing equipment, etc.	11%	0.1%	98%	Parking fees	245%	0.1%	37%				
OTC drugs, dressings, med.equip. . . .	11%	0.3%	68%	Car, truck & other rental	251%	0.1%	94%				
Eyeglasses	11%	0.1%	15%	Jewelry & watches	259%	0.6%	98%				
Trash/garbage collection.	13%	0.1%	9%	Accounting fees.	296%	0.1%	6%				
Candy & chewing gum.	13%	0.2%	62%	Apparel/accessory alter.	310%	0.0%	31%				
Beer and ale (home)	15%	0.8%	96%	Wine (home).	324%	0.2%	96%				
Magazines or periodicals	17%	0.1%	42%	Lawn & garden supplies	334%	0.1%	98%				
Toys, hobbies, bikes, etc..	17%	0.5%	98%	Club membership dues & fees	370%	0.2%	27%				
Purchase of film	18%	0.1%	98%	Lodging while out of town.	613%	0.6%	90%				
Books	19%	0.2%	98%	Gardening/lawn care	1336%	0.1%	23%				
Meals away except at school	20%	4.7%	98%	Landing & docking fees	3119%	0.1%	13%				
Car repairs	21%	1.4%	63%	Total/Average (Progressive):.	9.9%	71%					
Shoe repair.	22%	0.0%	42%								
Developing of film	23%	0.1%	54%								

*Column one (Rich/Poor) compares the share of income spent by the rich (the top 0.7%) on each category to the share of income spent by the poor (quintile I). Column two reflects the percent of total personal income spent on each item by all families. Column three shows how much of total spending on each item is currently subject to state sales tax.

Percent Changes in Sales Taxes From Exempting Particular Items

Compared to Taxing—With Revenue-Neutral Rate Adjustments*
(National Averages)

	Quintile: I	II	III	IV	V,15%	Top 5%	Top 0.7%	% Now Exempt
	INCOME: \$8,581	\$20,535	\$31,497	\$44,910	\$66,912	\$187,316	\$612,122	
Food less candy & soft drinks . . .	-7.8%	-7.4%	-3.3%	a/	+3.5%	+9.6%	+15.4%	78%
Gasoline	-5.5%	-2.2%	-1.0%	a/	+1.1%	+3.9%	+6.4%	63%
Electricity	-4.3%	-1.6%	-0.6%	+0.2%	+1.0%	+2.3%	+3.5%	44%
Cigarettes	-4.0%	-2.0%	-0.9%	+0.2%	+1.3%	+2.3%	+2.6%	14%
Used cars & trucks	-2.6%	-3.6%	-1.6%	+0.1%	+1.6%	+3.6%	+4.8%	5%
Telephone	-2.1%	-0.8%	-0.3%	+0.1%	+0.5%	+1.1%	+1.7%	32%
Natural gas	-1.5%	-0.6%	-0.2%	a/	+0.3%	+0.9%	+1.5%	44%
Tires, batteries & access	-1.3%	-0.5%	-0.2%	+0.1%	+0.3%	+0.7%	+1.0%	2%
Coin-op. laundry	-1.2%	-0.3%	a/	+0.1%	+0.2%	+0.2%	+0.2%	80%
Soaps, clean. paper, misc. prod. . . .	-1.0%	-0.4%	-0.2%	a/	+0.2%	+0.6%	+1.0%	8%
Meals away except at school	-0.8%	-0.4%	-0.4%	-0.3%	+0.1%	+1.4%	+4.1%	2%
Beer and ale (home)	-0.7%	-0.3%	-0.1%	a/	+0.2%	+0.4%	+0.7%	4%
Prescription drugs	-0.7%	-0.3%	-0.1%	a/	+0.2%	+0.4%	+0.6%	99%
Carbonated drinks	-0.6%	-0.5%	-0.2%	a/	+0.2%	+0.6%	+0.9%	19%
Water/sewer	-0.6%	-0.2%	-0.1%	a/	+0.1%	+0.5%	+0.9%	90%
Cable fees	-0.6%	-0.2%	-0.1%	a/	+0.1%	+0.4%	+0.8%	86%
Motorcycles	-0.5%	-0.1%	a/	a/	+0.1%	+0.2%	+0.2%	5%
Funerals	-0.5%	-0.1%	a/	a/	+0.1%	+0.2%	+0.2%	65%
School lunches	-0.5%	-0.2%	-0.1%	a/	+0.1%	+0.3%	+0.6%	99%
Toys, hobbies, bikes, etc.	-0.4%	-0.2%	-0.1%	a/	+0.1%	+0.2%	+0.4%	2%
OTC drugs, dressings, med. equip. .	-0.3%	-0.1%	-0.1%	a/	+0.1%	+0.2%	+0.4%	32%
Moving & storage	-0.3%	-0.1%	a/	a/	+0.1%	+0.1%	+0.2%	99%
Coin-op. laundry/dry clean. (nc) . .	-0.2%	a/	a/	a/	a/	a/	a/	81%
Campers	-0.2%	a/	a/	a/	a/	+0.1%	+0.1%	5%
Minor vehicle maint. on trips . . .	-0.2%	-0.1%	a/	a/	a/	+0.1%	+0.1%	60%
Motor oil	-0.2%	a/	a/	a/	a/	+0.1%	+0.1%	2%
Clothing material	-0.2%	-0.1%	-0.1%	a/	+0.1%	+0.2%	+0.2%	16%
Taxis	-0.2%	a/	a/	a/	a/	+0.1%	+0.1%	93%
Newspapers	-0.1%	-0.1%	a/	a/	a/	+0.2%	+0.4%	85%
Trash/garbage collection	-0.1%	-0.1%	a/	a/	a/	+0.1%	+0.1%	91%
TV, etc. repair & rental	-0.1%	-0.1%	a/	a/	a/	+0.1%	+0.1%	27%
Service policies	-0.1%	a/	a/	a/	a/	a/	a/	84%
Cigars, other tobacco	-0.1%	a/	a/	a/	a/	+0.1%	+0.1%	2%
Other school books & supp.	-0.1%	a/	a/	a/	a/	a/	+0.1%	65%
Appliance rental	-0.1%	a/	a/	a/	a/	a/	a/	2%
Personal care products	a/	a/	a/	a/	a/	+0.1%	+0.4%	2%
Mowing equipment, etc.	a/	a/	a/	a/	a/	+0.1%	+0.1%	2%
Septic tank cleaning	a/	a/	a/	a/	a/	a/	a/	91%
Fuel oil	a/	-0.1%	-0.2%	a/	+0.2%	+0.1%	+0.5%	47%
Other home fuels	a/	-0.1%	-0.2%	-0.1%	+0.1%	+0.3%	+0.3%	53%
Beer & ale (away)	a/	a/	a/	a/	a/	a/	a/	1%
Water softening serv.	a/	a/	a/	a/	a/	a/	a/	62%
Clothing rental	a/	a/	a/	a/	a/	a/	a/	22%
Shoe repair	a/	a/	a/	a/	a/	a/	a/	58%
Towing charges	a/	a/	a/	a/	a/	a/	a/	74%
Car repairs	a/	a/	-0.1%	-0.1%	a/	+0.3%	+1.0%	37%
Purchase of film	a/	a/	a/	a/	a/	a/	+0.1%	2%
Tool rental	a/	a/	a/	a/	a/	a/	a/	27%
Wine (away)	a/	a/	a/	a/	a/	a/	a/	1%
Laundry/dry clean. sent out (nc) . .	a/	a/	a/	a/	a/	a/	a/	69%
Candy and chewing gum	a/	-0.1%	a/	a/	a/	+0.1%	+0.2%	38%

	Quintile: INCOME:	I \$8,581	II \$20,535	III \$31,497	IV \$44,910	V,15% \$66,912	Top 5% \$187,316	Top 0.7% \$612,122	% Now Exempt
Eyeglasses	a/	a/	a/	a/	a/	a/	+0.1%	+0.2%	85%
Magazines & periodicals.	a/	a/	a/	a/	a/	a/	a/	+0.2%	58%
Apparel/accessory alter.	a/	a/	a/	a/	a/	a/	a/	a/	69%
Watch & jewelry repair	a/	a/	a/	a/	a/	a/	a/	a/	51%
Books	+0.1%	a/	a/	a/	a/	a/	a/	+0.2%	2%
Developing of film	+0.1%	a/	a/	a/	a/	a/	a/	+0.1%	46%
Veterinary expenses.	+0.1%	a/	a/	a/	a/	a/	a/	a/	99%
Furniture repair	+0.1%	a/	a/	a/	a/	a/	-0.1%	-0.1%	28%
Misc. home services	+0.1%	a/	a/	a/	a/	a/	-0.1%	-0.2%	92%
College books & supplies	+0.1%	a/	a/	a/	a/	a/	-0.1%	a/	46%
Stationery, giftwraps	+0.1%	+0.1%	a/	a/	a/	a/	-0.1%	-0.3%	2%
Pets, food, supplies	+0.1%	+0.1%	a/	a/	a/	a/	-0.1%	-0.1%	2%
Home impr./maint. goods	+0.1%	-0.1%	-0.3%	-0.5%	a/	a/	+1.2%	+1.6%	2%
Photographic equipment.	+0.1%	+0.1%	a/	a/	-0.1%	-0.1%	a/	a/	2%
Landing & docking fees	+0.1%	+0.1%	+0.1%	+0.1%	+0.1%	+0.1%	-0.6%	-0.4%	87%
Campers (trailers,attachable).	+0.1%	+0.2%	-0.2%	-0.3%	+0.2%	+0.2%	+0.2%	+0.3%	2%
Parking fees	+0.1%	+0.1%	+0.1%	a/	-0.1%	-0.1%	-0.1%	-0.1%	63%
Spirits (away).	+0.1%	+0.1%	a/	a/	a/	a/	-0.1%	-0.2%	1%
Accessories.	+0.2%	+0.1%	+0.1%	a/	a/	a/	-0.2%	-0.4%	3%
Gardening/lawn care	+0.2%	+0.1%	+0.1%	a/	-0.1%	-0.1%	-0.3%	-0.9%	77%
Accounting fees.	+0.2%	+0.1%	+0.1%	a/	a/	a/	-0.3%	-0.7%	94%
Car, truck, & other rental	+0.2%	+0.1%	+0.1%	a/	-0.1%	-0.1%	-0.2%	-0.2%	6%
Fresh flowers & house plants	+0.2%	+0.1%	+0.1%	a/	-0.1%	-0.1%	-0.2%	-0.3%	2%
Admissions to sporting events	+0.2%	+0.1%	+0.1%	a/	-0.1%	-0.1%	-0.2%	-0.3%	48%
Televisions, radios, stereos.	+0.3%	+0.1%	a/	-0.1%	-0.1%	-0.1%	+0.1%	+0.7%	2%
Dry clean./laundry	+0.3%	+0.2%	+0.1%	a/	-0.1%	-0.1%	-0.1%	a/	68%
Lawn & garden supplies.	+0.3%	+0.2%	+0.1%	a/	-0.2%	-0.2%	-0.3%	-0.1%	2%
Wine (home).	+0.3%	+0.2%	+0.1%	+0.1%	a/	a/	-0.5%	-1.5%	4%
Fees for participant sports	+0.3%	+0.2%	+0.1%	a/	-0.1%	-0.1%	-0.4%	-0.8%	59%
Legal fees	+0.4%	+0.2%	+0.1%	a/	a/	a/	-0.5%	-1.0%	94%
Admiss to movies, plays, etc.	+0.4%	+0.2%	+0.1%	a/	-0.1%	-0.1%	-0.3%	-0.4%	55%
Personal care services	+0.4%	+0.2%	+0.1%	a/	-0.1%	-0.1%	-0.2%	a/	89%
Boats & boat motors	+0.4%	+0.3%	+0.1%	a/	-0.2%	-0.2%	-0.4%	-0.6%	2%
Club membership dues & fees	+0.4%	+0.3%	+0.2%	a/	-0.1%	-0.1%	-0.4%	-0.9%	73%
Sports, hunting, etc. equip..	+0.4%	+0.2%	+0.1%	a/	-0.1%	-0.1%	-0.4%	-0.6%	2%
Fees for recre. lessons	+0.5%	+0.4%	+0.2%	a/	-0.2%	-0.2%	-0.5%	-0.7%	94%
Spirits (home)	+0.7%	+0.4%	+0.2%	a/	-0.3%	-0.3%	-0.5%	-0.6%	3%
Jewelry & watches	+1.0%	+0.6%	+0.4%	+0.2%	-0.1%	-0.1%	-1.5%	-4.0%	2%
Lodging while out of town.	+1.1%	+0.8%	+0.5%	+0.3%	-0.1%	-0.1%	-2.1%	-6.8%	10%
Home impr./maint. service.	+2.5%	+1.5%	+0.8%	+0.1%	-0.8%	-0.8%	-2.1%	-3.6%	77%
Clothing & shoes	+3.1%	+1.7%	+0.6%	-0.1%	-0.8%	-0.8%	-2.2%	-2.5%	16%
Furnishings & equip.	+3.9%	+2.0%	+0.8%	-0.2%	-1.2%	-1.2%	-2.1%	-1.5%	2%
New cars & trucks	+8.9%	+5.8%	+3.3%	+0.5%	-3.5%	-3.5%	-7.8%	-10.7%	6%
ADDENDUM:									
Rent	-22.5%	-5.3%	+0.4%	+3.1%	+4.7%	+4.7%	+6.0%	+6.3%	100%
Health insurance	-2.2%	-0.7%	-0.2%	+0.1%	+0.5%	+0.5%	+0.9%	+1.2%	100%
Hospital, health care	-1.5%	-0.7%	-0.4%	-0.1%	+0.2%	+0.2%	+1.5%	+3.0%	99%
Babysitting	-0.8%	-0.3%	-0.1%	a/	+0.2%	+0.2%	+0.4%	+0.7%	100%
Vehicle insurance.	-0.5%	-0.2%	-0.1%	a/	+0.1%	+0.1%	+0.3%	+0.8%	100%
Care of invalids, elderly, etc.	-0.1%	a/	a/	a/	a/	a/	a/	a/	100%
Recreation expenses on trips.	+0.1%	a/	a/	a/	a/	a/	-0.1%	-0.1%	100%
Day care centers, preschools	+0.2%	+0.1%	a/	a/	a/	a/	-0.2%	-0.4%	99%
Housing while at school	+0.2%	+0.2%	+0.1%	a/	-0.1%	-0.1%	-0.2%	a/	100%
Domestic service	+0.5%	+0.5%	+0.4%	+0.3%	-0.1%	-0.1%	-1.4%	-11.2%	100%
Tuition & related fees.	+2.1%	+1.4%	+0.7%	a/	-1.0%	-1.0%	-1.3%	+0.2%	100%

*For example, if all food purchases were taxed, the revenue-neutral sales tax rate, on all taxable items, would be 4.7%. If all food were exempt, the rate would have to be 5.9%. The table shows the percent change in sales taxes for each income group from moving from a 4.7% rate system that taxes food to a 5.9% system that exempts food.

a/ Change in sales tax of less than .05%.

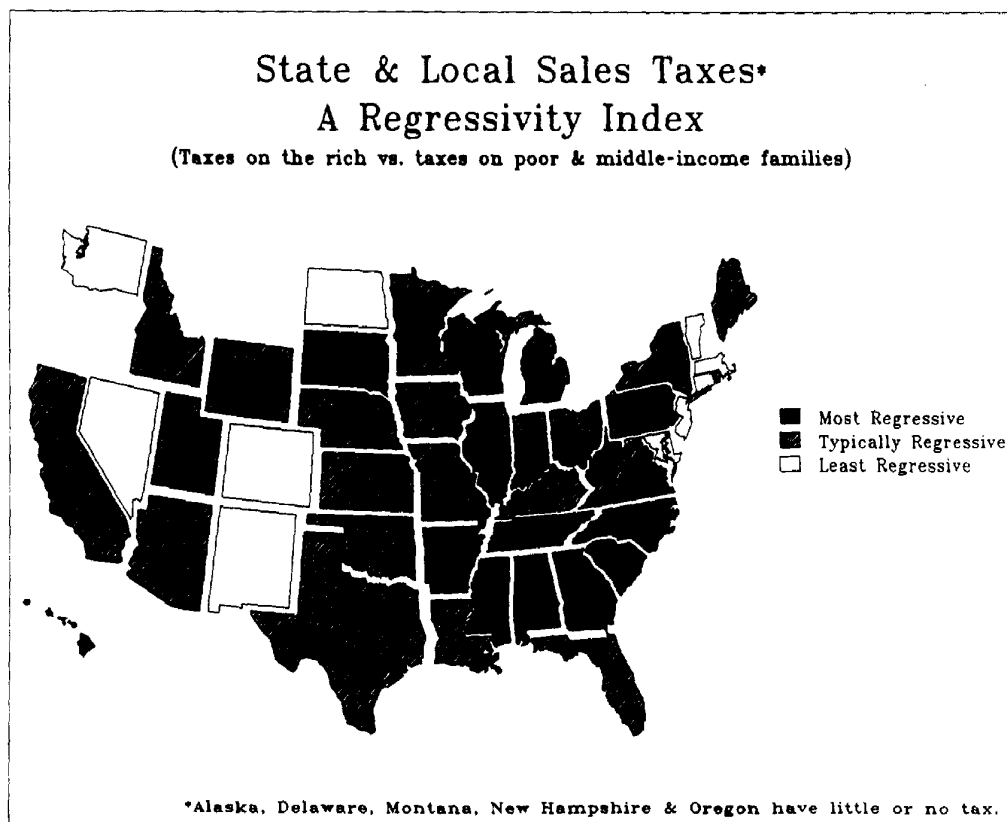
III. State-by-State Sales Tax Results

This report contains an analysis of who bears the burden of sales and excise taxes in each of the fifty states and the District of Columbia. (The complete tables begin on page 28.) We now want to focus specifically on state **sales taxes**, as paid by families at seven different income levels. The table on the next page summarizes our results.

Two findings immediately leap from the data:

- There is not a state in the union that has devised a sales tax system that is even close to yielding a proportional result. Indeed, every single state sales tax system is regressive, sometimes astonishingly so. The "best" sales tax system in the country from the point of view of fairness—New Mexico's—still requires the poor to pay a 50 percent greater share of their incomes in taxes than the richest citizens in the state.
- But within this sea of regressivity, there are crests and troughs: while some states have taken steps to reduce the burden on the poor, others seem completely oblivious to the hardships they impose on low-income families.

We have ranked the states with sales taxes using a "regressivity index," based on comparing the taxes imposed on the rich as a share of income with the burdens on poor and middle-income families.



State & Local Sales Tax Burdens on Families of Four in 1987*

QUINTILE:	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Top .7%/I	Top .7%/III
Alabama	4.6%	3.4%	2.8%	2.5%	2.2%	1.5%	0.9%	20%	33%
Mississippi	5.6%	4.2%	3.5%	3.0%	2.7%	1.9%	1.2%	21%	33%
Georgia	3.6%	2.7%	2.3%	2.0%	1.8%	1.2%	0.8%	22%	34%
North Carolina	3.4%	2.8%	2.4%	2.1%	1.8%	1.2%	0.8%	23%	33%
South Carolina	3.7%	2.9%	2.5%	2.2%	1.9%	1.3%	0.9%	23%	34%
Arkansas	3.7%	3.2%	2.7%	2.4%	2.1%	1.4%	0.9%	25%	34%
Tennessee	5.8%	4.6%	3.9%	3.4%	3.1%	2.1%	1.4%	24%	36%
South Dakota	4.8%	3.8%	3.2%	2.9%	2.6%	1.8%	1.2%	25%	37%
Virginia	3.0%	2.4%	2.0%	1.8%	1.6%	1.1%	0.8%	25%	37%
Hawaii	3.7%	3.0%	2.5%	2.2%	2.0%	1.3%	1.0%	26%	38%
Missouri	3.8%	3.1%	2.7%	2.4%	2.2%	1.5%	1.0%	27%	38%
Utah	4.2%	3.5%	3.1%	2.8%	2.5%	1.8%	1.2%	28%	38%
Oklahoma	4.0%	3.3%	2.8%	2.5%	2.3%	1.6%	1.1%	27%	38%
Dist. of Col.	4.6%	3.3%	2.8%	2.5%	2.3%	1.5%	1.2%	25%	41%
Wyoming	2.7%	2.2%	2.0%	1.8%	1.6%	1.1%	0.8%	28%	39%
Illinois	4.1%	3.1%	2.8%	2.5%	2.3%	1.6%	1.1%	27%	40%
West Virginia	3.7%	2.8%	2.5%	2.2%	2.0%	1.6%	1.0%	27%	41%
California	3.3%	2.6%	2.3%	2.1%	1.9%	1.3%	0.9%	28%	40%
Indiana	3.2%	2.5%	2.3%	2.1%	1.9%	1.3%	0.9%	28%	40%
Michigan	2.5%	1.9%	1.7%	1.6%	1.4%	1.0%	0.7%	28%	42%
Louisiana	4.8%	3.7%	3.3%	3.0%	2.7%	2.0%	1.4%	28%	42%
Idaho	2.8%	2.6%	2.3%	2.1%	1.9%	1.4%	0.9%	33%	40%
Ohio	3.1%	2.5%	2.2%	2.1%	1.9%	1.4%	1.0%	31%	43%
New York	4.4%	3.3%	2.9%	2.7%	2.5%	1.7%	1.3%	30%	44%
Pennsylvania	2.8%	2.3%	2.0%	1.9%	1.7%	1.2%	0.9%	31%	43%
Iowa	2.6%	2.1%	1.8%	1.7%	1.6%	1.1%	0.8%	31%	43%
Maine	2.7%	2.2%	2.0%	1.8%	1.7%	1.3%	0.9%	32%	43%
Kentucky	2.7%	2.1%	1.9%	1.8%	1.6%	1.2%	0.9%	31%	44%
Florida	3.4%	2.7%	2.5%	2.3%	2.1%	1.5%	1.1%	32%	44%
Nebraska	2.5%	2.0%	1.8%	1.7%	1.6%	1.1%	0.8%	32%	44%
Minnesota	2.9%	2.3%	2.1%	1.9%	1.8%	1.3%	1.0%	33%	46%
Arizona	3.5%	2.8%	2.5%	2.3%	2.1%	1.6%	1.1%	33%	46%
Kansas	2.1%	2.7%	2.3%	2.1%	1.9%	1.3%	0.9%	42%	38%
Wisconsin	2.9%	2.4%	2.1%	2.0%	1.9%	1.4%	1.0%	34%	46%
Rhode Island	2.5%	2.0%	1.8%	1.7%	1.6%	1.2%	0.9%	35%	47%
Texas	3.9%	3.2%	2.9%	2.7%	2.5%	1.8%	1.4%	35%	48%
North Dakota	2.7%	2.2%	2.0%	1.9%	1.8%	1.3%	1.0%	36%	47%
Washington	4.2%	3.4%	3.1%	2.9%	2.7%	2.0%	1.5%	35%	48%
Nevada	2.6%	2.2%	2.1%	1.9%	1.8%	1.4%	1.0%	37%	47%
Maryland	2.2%	1.9%	1.7%	1.6%	1.5%	1.1%	0.8%	38%	49%
New Jersey	2.5%	2.0%	1.9%	1.8%	1.7%	1.1%	0.9%	37%	49%
Connecticut	3.1%	2.5%	2.3%	2.2%	2.1%	1.4%	1.2%	37%	50%
Colorado	2.4%	2.0%	1.9%	1.8%	1.7%	1.2%	0.9%	39%	49%
Massachusetts	1.7%	1.4%	1.3%	1.3%	1.2%	0.9%	0.7%	43%	54%
Vermont	1.6%	1.8%	1.6%	1.5%	1.4%	1.1%	0.8%	50%	49%
New Mexico	1.9%	4.0%	3.4%	3.0%	2.6%	1.9%	1.2%	66%	37%
U.S. Average**	3.3%	2.7%	2.3%	2.1%	2.0%	1.4%	1.0%	30%	42%

*Ranked by the average of the ratios of sales taxes as a share of income on the rich (the top 0.7%) compared to sales taxes on the poor (quintile I) and to sales taxes on middle-income families (quintile III).

**Weighted averages include very small amounts for Alaska, Delaware, Montana and New Hampshire, whose extremely limited sales taxes (averaging less than 0.5% of personal income) are not listed above.

The 10 Most Regressive Sales Taxes:

The 10 states with the *most* regressive sales taxes are: Alabama, Mississippi, Georgia, North Carolina, South Carolina, Arkansas, Tennessee, South Dakota, Virginia and Hawaii.

A look at the states with the most unfair sales taxes reveals that they have much in common. First, as mentioned earlier, they all tax food. Most tax utilities, sometimes at a higher rate than other items. All collect sales taxes on cigarettes. And in every case, the rich receive what amounts to a virtual tax holiday: as a share of income, they pay as little as 20 percent (and in no case more than 26 percent) of what the poor must come up with in sales taxes.

Nor are sales taxes in these states a bargain for middle-income families. In the states with the most regressive sales taxes, very rich families pay as little as one-third of what middle-income families pay in sales taxes—and no more than 38 percent in any case.

These states, which are so adept at taxing the necessities of life for working families and the poor, seem to lose their courage when it comes to taxing some of the favorite spending of the well-heeled. Alabama, for instance, which taxes food and over-the-counter drugs, exempts legal and accounting fees, as well as landing and docking fees.

The 10 Least Regressive Sales Taxes:

The ten states with the *least* regressive sales taxes are: New Mexico, Vermont, Massachusetts, Colorado, Connecticut, New Jersey, Maryland, Nevada, Washington and North Dakota.

One secret behind the success of these least regressive sales-tax states is simple: they either exempt food altogether (nine of the states) or they provide some sort of sales tax rebate mechanism for low-income taxpayers (New Mexico and Vermont). One state, Vermont, does both. But success is really too generous a term to describe what these ten states have accomplished: they have merely alleviated some of the most egregious results of the decision to tax consumer spending.

Even in these, our "best" states, the rich pay as little as 38 percent of what the poor pay in sales taxes as a share of income. Only in Vermont and New Mexico, do the rich pay as much as half of what the poor pay! And as far as middle-income families are concerned, even in the "best" states they shell out around twice as much of their incomes in sales taxes as do the rich. Yes, that's better than paying three times as much, like those middle-income families in our list of the ten most regressive sales-tax states, but it's still a long way off from what most people would consider fair.

IV. Policy Options

Last year, Citizens for Tax Justice published a report called *The Sorry State of State Taxes*. In that study, we compiled a list of states we called "The Terrible Ten." These ten states earned that regrettable distinction by imposing overall tax systems in which poor families paid twice as much of their incomes in combined income, property and sales taxes as did rich families. One thing that the members of "The Terrible Ten" had in common was an unusually large reliance on sales taxes.

Of course, sales taxes help pay for essential public services. All of us want our state and local governments to provide the best possible education system for our children. We want well-maintained roads, bridges and sewers, adequate health care, ample libraries and parks, excellent police and fire protection and a decent system of aid to the needy. We want our states to be good places for businesses to grow and prosper, which, besides providing basic infrastructure and a good quality of life, means that states must take the lead in promoting things such as research and job-training.

But does imposing high sales and excise tax burdens on the poor give those states that choose to do so a greater ability to pay for needed public services? It would be very surprising if that were true. Because the poor, by definition, don't make very much money, taxing them heavily doesn't produce very much in the way of revenues.

A statistical analysis shows that there is, in fact, no correlation at all between heavy sales and excise taxes on the poor and a state's capability to fund needed programs.

Indeed, the 10 states with the highest sales and excise taxes on the poor—an average of 7.7 percent of their meager incomes—turn out to have *the least* ability to pay for needed programs compared to other states. In contrast, the 10 states with the lowest sales and excise tax burdens on the poor—an average of 3.5 percent of their incomes—nevertheless manage to raise significantly larger revenues, as a share of their total personal income, to pay for public services.

	Sales & Excise Taxes on the Poor	Revenues Available to Pay for Public Services (as % of state pers. inc.)
10 Highest	7.7%	10.3%
Middle 31	5.3%	11.4%
10 Lowest	3.5%	11.8%

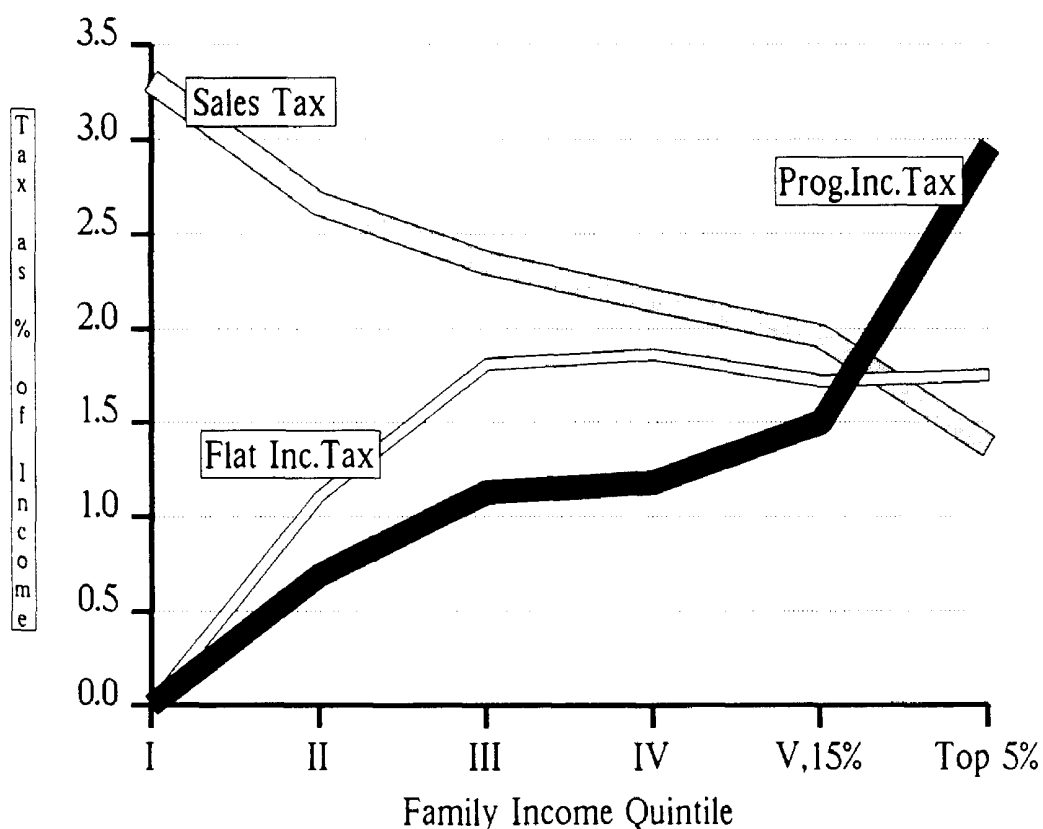
The fact is that the best-off 20 percent of the population makes more than all the rest of the people put together. The richest one percent alone makes more than the bottom 40 percent of all families. In terms of taxes, asking the best-off five percent of the people to contribute one percent of their income raises almost nine times as much revenue as a similar tax on

the poorest 20 percent. Thus, how a state decides to share the cost of government has important ramifications not only for fairness, but also for state's ability to pay for needed programs.

Recognizing that unfair taxes are such an inefficient way to raise needed revenues, representatives of state and local government workers have a long history of encouraging states to make their tax systems fairer and more progressive. Public employee unions have joined with their private-sector brethren in promoting relief from regressive sales taxes for low-income families, and in encouraging states to make progressive income taxes the cornerstone of their tax systems.

Make no mistake about it, the decision to rely heavily on sales taxes to raise state revenues constitutes an explicit choice to sock it to lower- and middle-income families. By contrast to the sales tax, state income taxes, warts and all, yield a progressive distribution of the tax burden. The fact is, for the overwhelming majority of American families, state income taxes, even the least progressive, offer a better deal than do state sales taxes.²

Current Average U.S. Sales Taxes vs. Flat-Rate & Progressive Income Taxes Producing the Same Revenues



²The income taxes shown in the graph use the federal rules on what's taxable (including the federal standard deduction and personal exemptions), and apply either a flat 3.2% rate or rates graduated from 2% to 8%. Both reflect the fact that, unlike sales taxes, state income taxes are deductible in computing federal taxable income (for families that itemize). This means that about one-fifth of state income taxes are "exported" out of state.

If one analyzes state tax systems from the point of view of fairness or revenue-raising efficiency, sales taxes are bad, period. Even with the most carefully designed sales tax base and even with a complicated system of rebates for the poor, it is almost impossible to implement a sales tax system that is proportional, let alone progressive. Thus, anyone who cares about fair taxes—and almost everyone who cares about their own pocketbook—will always prefer an income tax to a sales tax, and do so without hesitation. The first task of a reformer at the state level should be to move in the direction of increasing reliance on income taxes and reducing excessive reliance on sales taxes. This is particularly true in those states that currently don't have any income tax at all, where the shortage of funds to pay for needed public services tends to be particularly acute.

But sales taxes are not going to disappear; indeed, in many states, today's political reality is such that the sales tax, not the income tax, is the tax of least resistance. And states, faced with ever-growing public demands on their budgets for better education, improved roads and so on, are bound to consider the sales tax as a means of paying for a portion of those public services. Although progressive taxes clearly are a much better deal for most families than regressive taxes, most people will reluctantly tolerate even a somewhat regressive tax if the only alternative is for their state to leave basic public needs unmet.

Increased reliance on progressive income taxes, and adoption of income taxes in those states that now don't have them, should be the primary goal. But if sales taxes must be increased, they can and should be increased in ways that do not unduly burden working families and the poor. And, even where no new revenues are needed, sales taxes can and should be changed in ways that will make them better—that is, less regressive.

States have significant choices when it comes to sales taxes. They can choose to exempt from their sales tax bases those goods and services that take the largest chunks out of the wallets of working families and the poor or they can choose to keep them in. They can choose to include those items on which the rich spend more of their incomes or they can choose to keep them out. They can design their sales tax bases with an eye to fairness or they can close their eyes altogether.

Besides making careful choices about what to tax, states may also, should they desire, adopt a system of rebates or credits to try to alleviate the burden of sales taxes on the poor. One version of such a credit mechanism provides a refund when the state income tax return is filed, even if no income tax is due.

Even the best choices will not reverse the fundamental regressivity of sales taxes. But good choices can make a difference, as the following sections of this report will illustrate.

A. Should States Broaden their Sales Tax Bases?

The answer is: it depends. Many states have already taken steps to mitigate the regressivity of their sales taxes by exempting some of the necessities of life, such as food, shelter and utilities. If base-broadening means sticking these items back on the list of what's taxable, then the goal of fairness is not furthered.

In fact, a revenue-neutral trade-off of a truly comprehensive, broad sales tax base for lower rates—the idea that was at the heart of progressive federal income tax reform—would only make matters worse when it comes to sales taxes.

Currently, the average statutory state and local sales tax rate in the United States is 5.6 percent. If the sales tax bases in all states were broadened to the fullest possible extent, the rate required to generate the same amount of revenue would fall to 3.5 percent. But this combination of a broader base and lower rates would constitute a raw deal for the vast majority of state taxpayers: the poorest fifth of American families, already paying the highest sales taxes of any group as a share of income, would see their sales taxes rise by 10 percent. The next 40 percent of the families on the income ladder would see their sales taxes go up as well. Only the best-off fifth of families would enjoy a tax cut from a switch to a broad-base, low-rate sales tax. For the very richest people, the reduction in their sales tax bill would amount to 11 percent.

Indiscriminate base-broadening, then, would make a bad situation worse. The best sales tax base is one that is selective, excluding those items that poor people spend a lot of money on, while including those items that take up a bigger piece of the budgets of the well-to-do.

To illustrate this point, we have constructed a model sales tax base that *excludes* a number of the goods and services that are big ticket items for low-income families, most notably food, gasoline and utilities, and *includes* those items that are disproportionately consumed by the well off. This new modified narrow base is designed to yield the most progressive possible distribution of the sales tax burden at the current average statutory rate of 5.6 percent, while generating just as much money as present law.

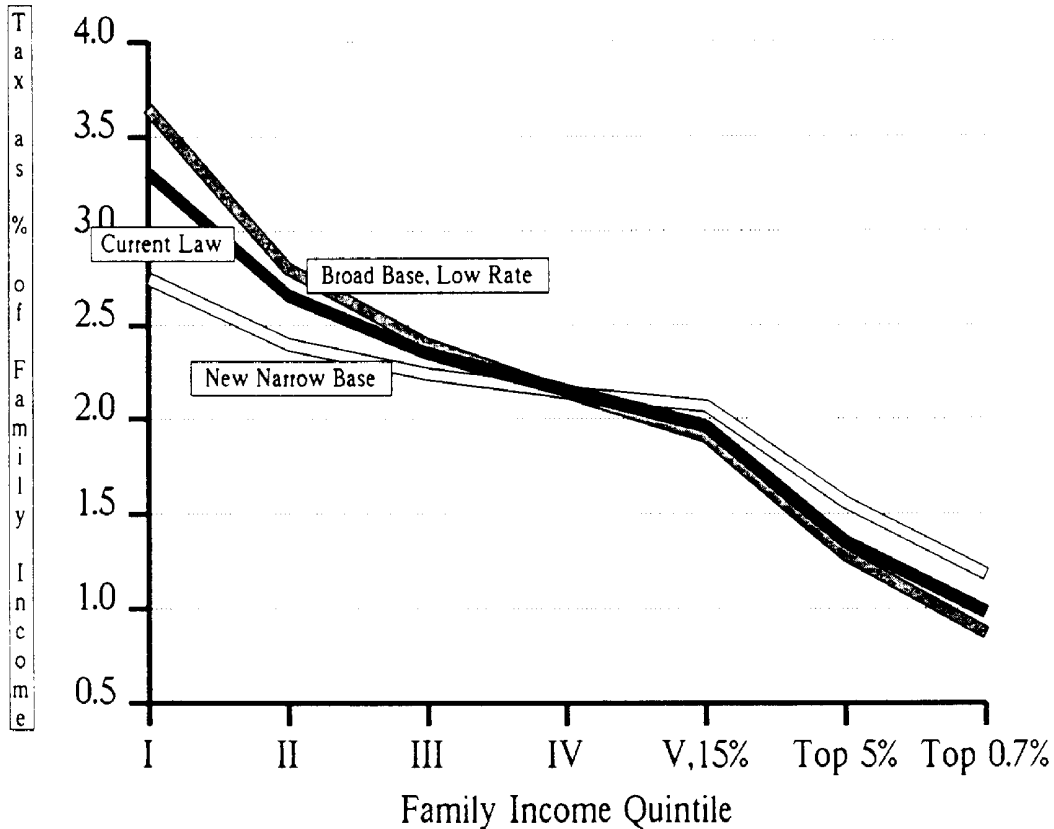
The result of this experiment include:

- a sales tax cut of 17 percent for the poor;
- tax reductions (albeit smaller ones) for everyone else falling in the bottom three-fifths of the income range; and
- tax hikes limited to the richest fifth of families, primarily the top 5 percent.

Under our "model" sales tax base, the share of family income paid out in sales taxes drops from 3.3 percent to 2.7 percent for the poorest twenty percent of American families, and rises from 1.4 percent to 1.6 percent for the richest one percent of all families (whose incomes average more than

\$600,000 a year). This is hardly a radical outcome, since the poor still pay twice as much of their incomes in sales taxes than the rich, but it is still a step in the right direction. (Details are in the tables on pages 24 and 48.)

Sales Taxes as a Share of Family Income Under Current Law (5.6% rate), A Broad-Base Tax (3.5%) & A Modified Narrow-Base Tax (5.6%)



B. What Should Be Taxed: Goods or Services?

On this question, the story is straightforward: more aggressive taxation of services purchased by consumers³ will lessen the regressivity of state sales taxes.

It's not always easy to categorize what is a "good" and what is a "service," but common sense usually shows the way. Food, for instance, clearly falls in the "goods" category, as does clothing or a new car. Law-

³Taxation of services purchased by businesses raises different issues that are not dealt with in this report. See the methodological appendix, which begins at page 51.

yers obviously provide a service, as do accountants and hair stylists. Utilities are a hybrid of sorts, containing elements of both a good and a service, and probably deserve their own separate category. There are some items that, regardless of how they are categorized, are either administratively or politically difficult or impossible to make subject to sales tax—medical care, house purchases, home and apartment rents, babysitting fees, domestic service (which is usually wages), care of invalids, education and insurance. Based on these criteria, we have constructed a list of what we think constitutes the broadest possible base of personal services on which to levy a sales tax.

To illustrate the advantage of taxing services, let's look at what would happen if states taxed this broad base of services (excluding utilities) *exclusively*, at a rate just high enough to guarantee that precisely the same amount of revenue would be raised as under current state sales tax laws. As the tables on the next page illustrate, it turns out that the poor would enjoy a full 16 percent reduction in their sales taxes, while the richest five percent of the nation's families would see their taxes rise 23 percent. The \$600,000 a year crowd would witness a 45 percent jump in their sales taxes. Now you can better understand why lobbyists for the well-off always wheel into motion whenever the idea of taxing services is broached in our state capitols.

As a share of income, spending by the rich on *goods* equals only 24 percent of what is spent on goods by the poor. The share of income spent by the rich on *services*, however, amounts to 51 percent of what is spent by the poor. Taxing services would still leave us a long way from fairness, since poor families devote twice as much of their meager incomes to our broad list of services as do the well-heeled. But, again, the inclusion of a broader base of consumer-purchased services in state sales tax bases represents a solid step in the right direction—and is one we urge on state lawmakers.

Of course, it is possible to construct a list restricted to those services on which spending as a share of income increases as income rises. Such a list would include legal and accounting fees, participant sports, home improvement and maintenance, jewelry repair, lessons, parking, appliance repair, club memberships, lawn care, and landing and docking fees. Taxing each of these services would yield a proportional or progressive distribution of the tax burden, but at present each is taxed less than half of the time by the states.

The addition of these progressively consumed services to the sales tax base in a state that currently exempts them would boost sales tax revenues by 8 percent. But it would impose only a 3 percent sales tax increase on the poor, while raising the sales taxes of the richest five percent by 14 percent (see the tables on page 22).

These progressive spending items constitute only a small portion of overall consumer spending, however, and therefore cannot be counted on to solve a state's fiscal distress or alleviate in any major way the fundamental regressivity of sales taxes. But, on the margin, these are good things to add to a sales tax base—and reformers should pay attention to them.

TAXING GOODS VERSUS TAXING SERVICES

Sales Taxes as % of Family Income

QUINTILE:	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
Avg. Income:	\$8,581	\$20,535	\$31,497	\$44,910	\$66,912	\$187,316	\$612,122	\$40,507
Current Law (5.6% rate):								
Tax on Goods	2.7%	2.2%	2.0%	1.8%	1.7%	1.1%	0.8%	1.7%
Tax on Services	0.6%	0.4%	0.4%	0.3%	0.3%	0.2%	0.2%	0.3%
TOTAL:	3.3%	2.7%	2.3%	2.1%	2.0%	1.4%	1.0%	2.1%

COMPARE (with revenue-neutral rate adjustments)

QUINTILE:	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
All goods & services* (3.6%)	3.6%	2.8%	2.4%	2.1%	1.9%	1.3%	0.9%	2.1%
All goods w/o utilities** (4.9%)	3.5%	2.8%	2.4%	2.2%	1.9%	1.3%	0.8%	"
All services w/o util.** (27.1%)	2.8%	2.3%	2.2%	2.1%	2.1%	1.7%	1.4%	"
All G&S, w/o utilities** (4.0%)	3.4%	2.7%	2.4%	2.1%	1.9%	1.3%	0.9%	"

% CHANGE IN TAX FROM CURRENT LAW:

QUINTILE:	I	II	III	IV	V,15%	Top 5%	Top 0.7%
All goods & services*	+8%	+5%	+2%	-0%	-2%	-6%	-9%
All goods w/o utilities**	+6%	+6%	+3%	+0%	-3%	-8%	-15%
All services w/o utilities**	-16%	-12%	-8%	-3%	+5%	+23%	+45%
All G&S, w/o utilities**	+2%	+3%	+1%	-0%	-1%	-3%	-5%

	Spending as a Share of Income for the Rich vs. the Poor	Rev-Neutral Tax Rates
Current Law Base . . . . .	.30%	5.6%
Current Goods . . . . .	.29%	"
Current Services . . . . .	.34%	"
All Goods & Services* . . . . .	.25%	3.6%
All Goods exc. Utilities** . . . . .	.24%	4.9%
All Services exc. Utilities** . . . . .	.51%	27.1%
All Goods & Serv exc. Utilities** . . . . .	.28%	4.0%
ADDENDUM: Utilities	7%	N/A

* Except medical, home rentals, babysitting, domestic service (wages), care of invalids, education, and insurance.

**Excludes items in note *, plus electricity, natural gas, water & telephone.

NOTE: Exemption for food stamps and existing (minor) tax credits retained in all cases.

Selected Services Now Less than Half Taxed That are Progressive to Tax

(Legal, participant sports, home impr./maint. services, watch repair,
lessons, parking, accounting, appliance repair, club memberships,
lawn care, and landing & docking fees)

QUINTILE:	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
Avg. Income:	\$8,581	\$20,535	\$31,497	\$44,910	\$66,912	\$187,316	\$612,122	\$40,507
Current Law (5.6%)	3.31%	2.66%	2.35%	2.15%	1.96%	1.37%	0.98%	2.06%
Exempt Selected Services (5.6%)	3.29%	2.63%	2.32%	2.11%	1.92%	1.33%	0.94%	2.02%
Tax Selected Services (5.6%)	3.39%	2.76%	2.46%	2.27%	2.11%	1.52%	1.12%	2.18%

TAX vs. EXEMPT (as a revenue raiser)								
QUINTILE:	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
Change/Income.	+0.10%	+0.12%	+0.14%	+0.16%	+0.18%	+0.18%	+0.17%	+0.16%
% change.	+3%	+5%	+6%	+7%	+9%	+14%	+18%	+8%

REVENUE NEUTRAL EFFECTS								
QUINTILE:	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
Current Law (5.6%)	3.31%	2.66%	2.35%	2.15%	1.96%	1.37%	0.98%	2.06%
Exempt Selected Services (5.7%)	3.35%	2.68%	2.36%	2.15%	1.96%	1.36%	0.96%	"
Tax Selected Services (5.2%)	3.19%	2.60%	2.32%	2.14%	1.98%	1.43%	1.05%	"

TAX vs. EXEMPT (as a revenue-neutral reform)								
QUINTILE:	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
Change/Income.	-0.16%	-0.08%	-0.04%	-0.01%	+0.03%	+0.07%	+0.09%	—
% change.	-5%	-3%	-2%	-0%	+1%	+5%	+9%	—

Taxable Spending as a Share of Income for the Rich vs. the Poor	Rev-Neutral Rates
Current Tax Base. . . . .	.30%
Exempt Selected Services . . . . .	.29%
Tax Selected Services . . . . .	.33%
	5.6%
	5.7%
	5.2%

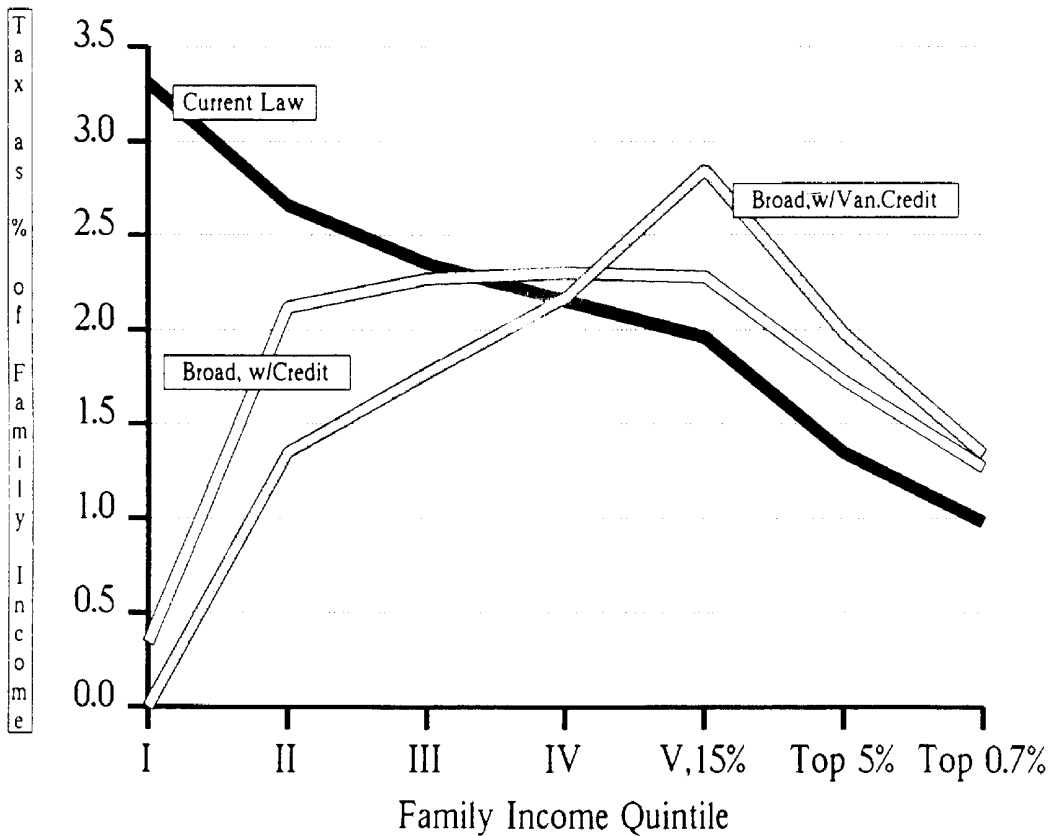
C. Credits & Rebates

On paper, a system of income tax credits or direct rebates looks like a powerful tool to mitigate the inequity of sales taxes, at least for the poorest taxpayers. In practice, rebates can in fact make a significant difference, but they're not all they're cracked up to be.

To illustrate the theory, let's go back to the broadest possible sales tax base—the base that generates an amount of revenue equal to current law at a 3.5 percent tax rate. Let's take that broad base, and instead apply the actual average current rate of 5.6 percent to it. That provides us with enough additional revenue to fund either: (A) a tax rebate of up to \$457 for every family of four or (B) a "vanishing credit" of up to \$613 that is phased out at a 2 percent rate for families with incomes in excess of \$40,000 a year.

If everyone eligible for the credits actually applied for and received them, most or all of the sales tax bill of the poor could be eliminated. Middle-income families would get net sales tax cuts amounting to 4 percent under Plan A and 25 percent under plan B, compared to existing law. Meanwhile, the best-off five percent of the population would experience a 26 percent increase in their sales taxes under Plan A and a 44 percent increase under Plan B.

Current U.S. Average Sales Taxes Compared to Taxes with a Broad Base & Two Theoretical Rebate Systems



**Current U.S. Sales Taxes Compared to
A Broad-Based, Low-Rate Tax;
A Modified Narrow-Based Tax at the Current Rate;
A Broad-Based Tax at the Current Rate
With Two Possible Tax Credits; &
A Narrow-Based Tax with a Credit
—All Raising the Same Revenues—**

(Sales Taxes as Shares of Family Income)

QUINTILE: Avg. Income:	I \$8,581	II \$20,535	III \$31,497	IV \$44,910	V,15% \$66,912	Top 5% \$187,316	Top 0.7% \$612,122
Current (5.6% rate)	3.3%	2.7%	2.3%	2.1%	2.0%	1.4%	1.0%
Broad Base (3.5% rate)	3.7%	2.8%	2.4%	2.1%	1.9%	1.3%	0.9%
Narrow Base (5.6% rate)	2.7%	2.4%	2.2%	2.1%	2.1%	1.6%	1.2%
Broad Base (5.6% rate)— w/\$457 Credit	0.3%	2.1%	2.3%	2.3%	2.3%	1.7%	1.3%
w/Vanishing Credit*	0.0%	1.4%	1.8%	2.2%	2.8%	2.0%	1.3%
Narrow Base (6.6% rate), w/Vanishing Credit**	0.0%	1.5%	2.2%	2.5%	2.4%	1.8%	1.4%

**Change In Tax As A Percent Of Income
Compared To Current Law**

	I	II	III	IV	V,15%	Top 5%	Top 0.7%
Broad Base (3.5% rate)	+0.3%	+0.1%	+0.1%	-0.0%	-0.1%	-0.1%	-0.1%
Narrow Base (5.6% rate)	-0.6%	-0.3%	-0.1%	-0.0%	+0.1%	+0.2%	+0.2%
Broad (5.6%) w/\$457 Credit	-3.0%	-0.5%	-0.1%	+0.1%	+0.3%	+0.4%	+0.3%
Broad (5.6%) w/Van.Credit*	-3.3%	-1.3%	-0.6%	+0.0%	+0.9%	+0.6%	+0.4%
Narrow (6.6%) w/Van.Credit*	-3.3%	-1.2%	-0.2%	+0.4%	+0.4%	+0.4%	+0.4%

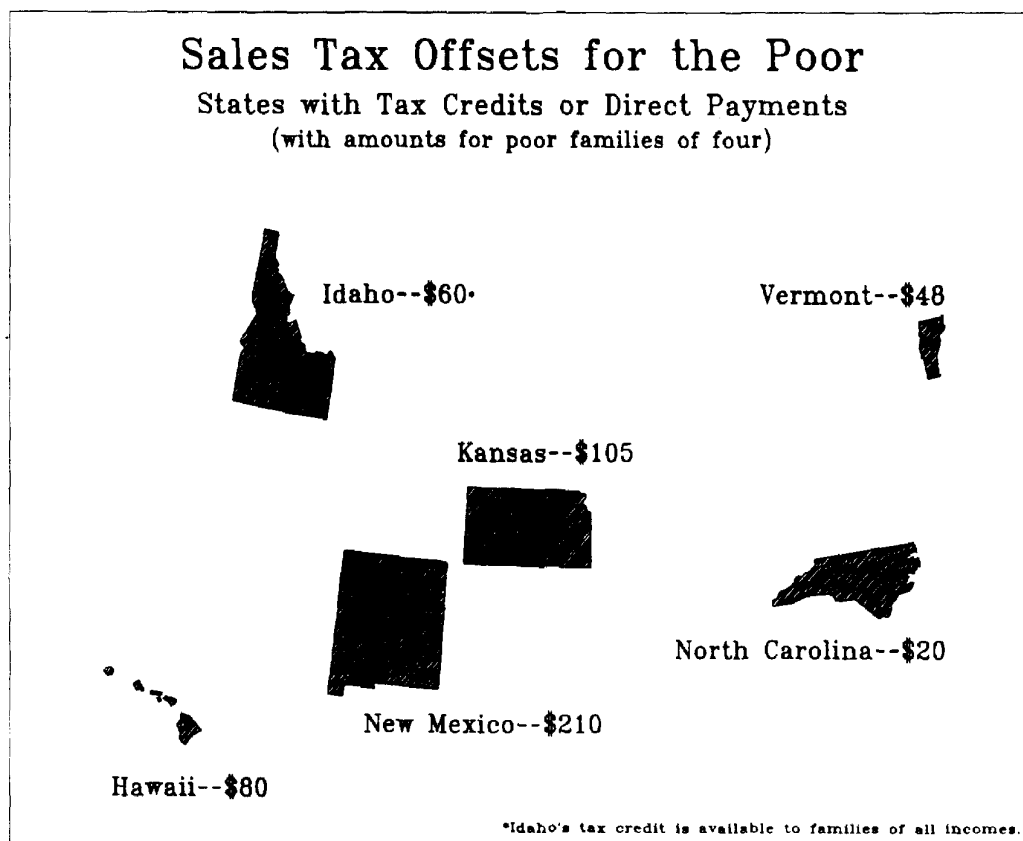
*Vanishing credit of up to \$613 (but no larger than estimated sales tax actually paid), phased out above \$40,000 in family income at a 2 percent rate.

**Vanishing credit of up to \$275 (but no larger than estimated sales tax actually paid), phased out above \$25,000 in family income at a 2 percent rate.

<Information on the tax bases used in these examples can be found on pages 48-50.>

Each of these credit systems, combined with the broadest possible sales tax base and a 5.6 percent rate, theoretically would yield a progressive distribution of the sales tax burden most of the way through the income distribution—until the top 5 percent plateau is reached. Under Plan A's \$457 credit, for example, the poorest 20 percent of all families would pay only 0.3 percent of their incomes in net sales taxes, the next quintile would pay 2.1 percent and middle- and upper-middle-income families would pay 2.3 percent. Even though they would pay more sales tax than under current law, however, the richest 5 percent would continue to expend a lower share of their income on sales taxes than middle-income families—still only 1.7 percent of their income. But this is certainly an improvement. And, as the graph on page 23 and the table on page 24 illustrate, the vanishing credit system yields even more favorable results.

No other policy option comes even close to a credit system in terms of its theoretical potential and power to mitigate in a meaningful way the inherent inequity of sales taxes. But rebates, for all their merits, are no panacea.



Although six states have adopted sales tax credits, only one—New Mexico—tries to cut the burden of sales taxes on poor families by more than half. None of these states attempts to reduce the share of income paid in sales taxes by the poor to less than the share paid by the very rich, nor do any of them seriously address the high burdens that sales taxes impose on middle-income families compared to the rich.

State with credit	theoretical reduction in burden on poor ⁴
New Mexico	-64%
Kansas	-35%
Vermont	-26%
Idaho	-22%
Hawaii	-17%
North Carolina	-7%

Whatever states attempt to do with sales tax rebates, administering them is not easy. Most poor families—especially after federal tax reform—don't owe state income taxes and don't have to file tax returns. Some of the states with rebates—again, notably, New Mexico—have worked to publicize their programs and to get poor families to submit income tax returns to get the rebates even if they otherwise don't have to file. But a 1984 U.S. Treasury Department study of a potential national sales tax concluded that, in practice, even the most effective credit or rebate system imaginable would offset considerably less than half the sales tax burden on poor families.⁵

We don't mean in any way to discourage state governments from trying to mitigate the regressivity of their existing sales taxes through rebate systems. Clearly, rebates can help. But there's a bit of a Rube Goldberg quality to the idea of imposing heavy sales taxes and then trying to solve their problems with a complicated rebate scheme. (The rebates in our theoretical credit plans amount to more than a third of the sales taxes that would be collected!) Thus, while we strongly recommend adoption of sales tax rebate plans, along with careful choices about the sales tax base, as important steps for states to take to reform their sales taxes, states should not think that these measures will eliminate the inherent regressivity of sales taxes.

Besides reforming their sales taxes, states need to increase their reliance on taxes based on people's ability to pay them—primarily personal and corporate income taxes. Only by making progressive taxes the centerpiece of their approach to taxes can states achieve the goal of a fair overall tax system.

⁴These figures assume that each state's credit system is fully taken advantage of by all eligible families.

⁵The Treasury study recommended against adoption of a federal sales tax (or "value-added tax"), but the idea is still being promoted by a number of Washington business lobbyists. The public needs to know that a federal sales tax would be at least as unfair as state sales taxes, taking 3 1/2 to 5 times as high a share of the income of the poor as from the rich. The five-percent national sales tax that some in Washington are suggesting would about double the average sales tax American consumers have to pay when they buy products.

Conclusion

Can you imagine the political firestorm that state legislators would face if they devised a tax that explicitly took four or five times as great a share of the incomes of poor families as from the rich? The most conservative editorial writers would decry such a tax as cruel, unfair and dastardly. Advocates for low-income people would hold protest marches. Even the lobbyists for the rich would be hard pressed to defend such a scheme.

Yet when all the nickels and dimes are added up, that in fact is exactly what state sales and excise taxes do.

So where are the howls of protest?

Sometimes, those of us who want to do right by the working families and the poor people of this country when it comes to taxes, get too caught up in various struggles about how to create the perfect income tax, all the while ignoring less glamorous issues, such as what to do about the sales tax.

And that's a mistake, because the worst state income tax in the nation is still a far sight fairer than any state sales tax.

We need to begin howling about over-reliance on sales and excise taxes. They extract much greater shares of the incomes of the poor and ordinary working families than of the rich. They often impose unconscionable absolute burdens on the poor, who often are forced to pay sales tax on the very necessities that make life possible. They are taxes on those with the least access to the corridors of power.

And they are inefficient ways of raising revenues, imposing high rates on those with the least income and low rates on those with the most.

It's time to begin to change the political climate in the states that too often makes sales and excise taxes somehow more palatable than income taxes. The goal of sales tax reform is not to starve state treasuries of the money needed to pay for required public programs and services. That would be a Pyrrhic victory. The aim, instead, is to make the way states pay for those programs and services fairer, to make government a better deal for most American families. It won't be easy—it won't happen overnight and the opponents of fair taxes won't roll over and play dead. But the data in this report provide us with a starting point from which to organize. Let's get started!

Sales & Excise Taxes by Family Income

ALABAMA								
(5.3% rate)	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
Avg. Income:	\$5,971	\$15,134	\$24,638	\$36,531	\$54,472	\$152,387	\$497,982	\$32,245
Taxable Spending/Income:	85%	64%	53%	46%	40%	27%	17%	44%
SALES TAX/Income:	4.6%	3.4%	2.8%	2.5%	2.2%	1.5%	0.9%	2.4%
TOB. TAX/Income:	1.0%	0.5%	0.4%	0.3%	0.1%	0.0%	0.0%	0.2%
GAS. TAX/Income:	2.3%	1.3%	1.0%	0.8%	0.7%	0.3%	0.1%	0.8%
TOTAL/Income:	7.8%	5.2%	4.2%	3.5%	3.0%	1.8%	1.1%	3.4%
ALASKA								
(1.0% rate)	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
Avg. Income:	\$9,571	\$25,267	\$40,821	\$60,287	\$89,126	\$228,278	\$745,978	\$51,972
Taxable Spending/Income:	90%	68%	58%	52%	48%	33%	25%	51%
SALES TAX/Income:	0.9%	0.7%	0.6%	0.5%	0.5%	0.3%	0.3%	0.5%
TOB. TAX/Income:	0.7%	0.4%	0.2%	0.1%	0.1%	0.0%	0.0%	0.1%
GAS. TAX/Income:	1.0%	0.5%	0.4%	0.3%	0.3%	0.1%	0.1%	0.3%
TOTAL/Income:	2.5%	1.6%	1.2%	1.0%	0.8%	0.5%	0.3%	1.0%
ARIZONA								
(6.0% rate)	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
Avg. Income:	\$8,102	\$18,752	\$28,862	\$41,385	\$61,822	\$174,263	\$569,469	\$37,407
Taxable Spending/Income:	58%	46%	42%	39%	36%	26%	19%	37%
SALES TAX/Income:	3.5%	2.8%	2.5%	2.3%	2.1%	1.6%	1.1%	2.2%
TOB. TAX/Income:	0.5%	0.3%	0.2%	0.1%	0.1%	0.0%	0.0%	0.1%
GAS. TAX/Income:	2.1%	1.3%	1.0%	0.8%	0.7%	0.3%	0.1%	0.8%
TOTAL/Income:	6.1%	4.4%	3.7%	3.3%	2.9%	1.9%	1.3%	3.2%
ARKANSAS								
(4.4% rate)	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
Avg. Income:	\$5,763	\$13,898	\$21,977	\$32,866	\$49,924	\$147,026	\$480,460	\$29,741
Taxable Spending/Income:	84%	72%	62%	53%	47%	32%	21%	51%
SALES TAX/Income:	3.7%	3.2%	2.7%	2.4%	2.1%	1.4%	0.9%	2.2%
TOB. TAX/Income:	1.1%	0.6%	0.5%	0.3%	0.2%	0.0%	0.0%	0.3%
GAS. TAX/Income:	2.3%	1.4%	1.1%	0.8%	0.7%	0.3%	0.1%	0.8%
TOTAL/Income:	7.1%	5.2%	4.2%	3.5%	2.9%	1.8%	1.1%	3.3%
CALIFORNIA								
(6.0% rate)	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
Avg. Income:	\$9,301	\$22,145	\$34,558	\$49,869	\$75,448	\$212,745	\$695,219	\$45,129
Taxable Spending/Income:	55%	44%	38%	35%	32%	21%	15%	33%
SALES TAX/Income:	3.3%	2.6%	2.3%	2.1%	1.9%	1.3%	0.9%	2.0%
TOB. TAX/Income:	0.3%	0.2%	0.1%	0.1%	0.0%	0.0%	0.0%	0.1%
GAS. TAX/Income:	0.9%	0.5%	0.4%	0.3%	0.3%	0.1%	0.1%	0.3%
TOTAL/Income:	4.5%	3.3%	2.8%	2.5%	2.2%	1.4%	1.0%	2.4%
COLORADO								
(5.5% rate)	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
Avg. Income:	\$9,164	\$21,195	\$31,810	\$44,693	\$66,407	\$185,635	\$606,628	\$40,615
Taxable Spending/Income:	43%	37%	34%	33%	31%	23%	17%	31%
SALES TAX/Income:	2.4%	2.0%	1.9%	1.8%	1.7%	1.2%	0.9%	1.7%
TOB. TAX/Income:	0.6%	0.4%	0.3%	0.2%	0.1%	0.0%	0.0%	0.2%
GAS. TAX/Income:	1.9%	1.2%	1.0%	0.8%	0.6%	0.3%	0.1%	0.8%
TOTAL/Income:	4.9%	3.6%	3.1%	2.8%	2.4%	1.6%	1.1%	2.7%
CONNECTICUT								
(7.5% rate)	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
Avg. Income:	\$12,854	\$29,555	\$42,701	\$59,273	\$89,001	\$256,601	\$838,535	\$55,057
Taxable Spending/Income:	42%	34%	31%	29%	28%	18%	15%	28%
SALES TAX/Income:	3.1%	2.5%	2.3%	2.2%	2.1%	1.4%	1.2%	2.1%
TOB. TAX/Income:	0.7%	0.4%	0.3%	0.2%	0.1%	0.0%	0.0%	0.2%
GAS. TAX/Income:	1.4%	0.9%	0.7%	0.6%	0.5%	0.2%	0.1%	0.6%
TOTAL/Income:	5.2%	3.8%	3.3%	2.9%	2.6%	1.6%	1.3%	2.8%

DELAWARE								
(0.0% rate) Avg. Income:	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
	\$9,360	\$22,401	\$34,373	\$48,770	\$72,763	\$199,463	\$651,820	\$43,868
Taxable Spending/Income:	0%	0%	0%	0%	1%	1%	1%	1%
SALES TAX/Income:	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%
TOB. TAX/Income:	0.6%	0.3%	0.2%	0.1%	0.1%	0.0%	0.0%	0.2%
GAS. TAX/Income:	1.9%	1.1%	0.9%	0.7%	0.6%	0.3%	0.1%	0.7%
TOTAL/Income:	2.5%	1.5%	1.1%	0.9%	0.7%	0.4%	0.2%	0.9%
DIST. OF COL.								
(6.0% rate) Avg. Income:	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
	\$7,096	\$19,679	\$33,216	\$53,045	\$87,939	\$261,312	\$853,929	\$48,863
Taxable Spending/Income:	77%	55%	47%	42%	38%	24%	18%	39%
SALES TAX/Income:	4.6%	3.3%	2.8%	2.5%	2.3%	1.5%	1.2%	2.3%
TOB. TAX/Income:	0.7%	0.4%	0.2%	0.1%	0.1%	0.0%	0.0%	0.1%
GAS. TAX/Income:	0.9%	0.5%	0.4%	0.3%	0.2%	0.1%	0.0%	0.3%
TOTAL/Income:	6.2%	4.2%	3.4%	2.9%	2.6%	1.6%	1.2%	2.7%
FLORIDA								
(5.0% rate) Avg. Income:	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
	\$7,601	\$17,429	\$27,011	\$39,709	\$61,493	\$184,679	\$603,506	\$36,808
Taxable Spending/Income:	69%	55%	49%	45%	42%	30%	22%	43%
SALES TAX/Income:	3.4%	2.7%	2.5%	2.3%	2.1%	1.5%	1.1%	2.1%
TOB. TAX/Income:	1.0%	0.5%	0.4%	0.3%	0.1%	0.0%	0.0%	0.3%
GAS. TAX/Income:	0.6%	0.4%	0.3%	0.2%	0.2%	0.1%	0.0%	0.2%
TOTAL/Income:	5.0%	3.7%	3.1%	2.8%	2.4%	1.6%	1.1%	2.6%
GEORGIA								
(3.9% rate) Avg. Income:	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
	\$7,193	\$18,127	\$28,989	\$42,532	\$64,303	\$185,417	\$605,916	\$38,285
Taxable Spending/Income:	92%	70%	59%	51%	45%	30%	20%	49%
SALES TAX/Income:	3.6%	2.7%	2.3%	2.0%	1.8%	1.2%	0.8%	1.9%
TOB. TAX/Income:	0.6%	0.3%	0.2%	0.1%	0.1%	0.0%	0.0%	0.1%
GAS. TAX/Income:	1.1%	0.7%	0.5%	0.4%	0.3%	0.2%	0.1%	0.4%
TOTAL/Income:	5.3%	3.7%	3.0%	2.6%	2.2%	1.3%	0.9%	2.4%
HAWAII								
(4.0% rate) Avg. Income:	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
	\$10,451	\$24,147	\$37,900	\$55,257	\$82,295	\$221,890	\$725,107	\$48,990
Taxable Spending/Income:	111%	76%	63%	55%	50%	33%	24%	54%
SALES TAX/Income:	3.7%	3.0%	2.5%	2.2%	2.0%	1.3%	1.0%	2.1%
TOB. TAX/Income:	0.6%	0.3%	0.2%	0.1%	0.1%	0.0%	0.0%	0.1%
GAS. TAX/Income:	1.3%	0.8%	0.6%	0.5%	0.4%	0.2%	0.1%	0.5%
TOTAL/Income:	5.5%	4.2%	3.3%	2.9%	2.5%	1.5%	1.1%	2.8%
IDAHO								
(5.0% rate) Avg. Income:	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
	\$7,514	\$17,098	\$25,828	\$36,661	\$53,858	\$149,196	\$487,551	\$32,959
Taxable Spending/Income:	71%	59%	51%	46%	41%	29%	19%	44%
SALES TAX/Income:	2.8%	2.6%	2.3%	2.1%	1.9%	1.4%	0.9%	2.0%
TOB. TAX/Income:	0.6%	0.4%	0.3%	0.2%	0.1%	0.0%	0.0%	0.2%
GAS. TAX/Income:	2.0%	1.2%	1.0%	0.8%	0.7%	0.3%	0.1%	0.8%
TOTAL/Income:	5.4%	4.2%	3.6%	3.1%	2.7%	1.8%	1.1%	3.0%
ILLINOIS								
(6.3% rate) Avg. Income:	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
	\$9,321	\$23,362	\$35,043	\$48,625	\$71,569	\$196,995	\$643,754	\$43,855
Taxable Spending/Income:	65%	50%	44%	40%	36%	25%	18%	38%
SALES TAX/Income:	4.1%	3.1%	2.8%	2.5%	2.3%	1.6%	1.1%	2.4%
TOB. TAX/Income:	1.0%	0.5%	0.4%	0.2%	0.1%	0.0%	0.0%	0.3%
GAS. TAX/Income:	1.3%	0.8%	0.6%	0.5%	0.4%	0.2%	0.1%	0.5%
TOTAL/Income:	6.4%	4.5%	3.7%	3.3%	2.9%	1.8%	1.2%	3.2%

INDIANA								
(5.0% rate) Avg. Income:	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
	\$8,878	\$20,254	\$29,924	\$41,420	\$59,631	\$159,561	\$521,422	\$37,018
Taxable Spending/Income:	65%	51%	45%	41%	38%	27%	18%	40%
SALES TAX/Income:	3.2%	2.5%	2.3%	2.1%	1.9%	1.3%	0.9%	2.0%
TOB. TAX/Income:	0.7%	0.4%	0.3%	0.2%	0.1%	0.0%	0.0%	0.2%
GAS. TAX/Income:	1.6%	1.0%	0.8%	0.7%	0.5%	0.3%	0.1%	0.6%
TOTAL/Income:	5.5%	3.9%	3.3%	2.9%	2.5%	1.7%	1.0%	2.8%
IOWA								
(4.0% rate) Avg. Income:	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
	\$8,961	\$20,561	\$30,382	\$42,109	\$61,573	\$170,481	\$557,105	\$38,163
Taxable Spending/Income:	63%	51%	46%	42%	39%	28%	20%	41%
SALES TAX/Income:	2.6%	2.1%	1.8%	1.7%	1.6%	1.1%	0.8%	1.6%
TOB. TAX/Income:	0.8%	0.5%	0.3%	0.2%	0.1%	0.0%	0.0%	0.2%
GAS. TAX/Income:	1.7%	1.1%	0.9%	0.7%	0.6%	0.3%	0.1%	0.7%
TOTAL/Income:	5.1%	3.6%	3.1%	2.7%	2.3%	1.5%	0.9%	2.6%
KANSAS								
(4.7% rate) Avg. Income:	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
	\$9,602	\$21,651	\$32,317	\$45,366	\$67,328	\$191,835	\$626,889	\$41,478
Taxable Spending/Income:	69%	57%	50%	45%	41%	27%	19%	43%
SALES TAX/Income:	2.1%	2.7%	2.3%	2.1%	1.9%	1.3%	0.9%	2.0%
TOB. TAX/Income:	0.7%	0.4%	0.3%	0.2%	0.1%	0.0%	0.0%	0.2%
GAS. TAX/Income:	1.2%	0.7%	0.6%	0.5%	0.4%	0.2%	0.1%	0.5%
TOTAL/Income:	4.1%	3.9%	3.2%	2.8%	2.4%	1.5%	1.0%	2.6%
KENTUCKY								
(5.0% rate) Avg. Income:	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
	\$5,857	\$14,882	\$24,343	\$36,066	\$53,469	\$150,342	\$491,296	\$31,767
Taxable Spending/Income:	55%	43%	39%	35%	33%	25%	17%	34%
SALES TAX/Income:	2.7%	2.1%	1.9%	1.8%	1.6%	1.2%	0.9%	1.7%
TOB. TAX/Income:	0.2%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
GAS. TAX/Income:	2.4%	1.4%	1.0%	0.8%	0.7%	0.4%	0.1%	0.8%
TOTAL/Income:	5.3%	3.6%	3.0%	2.7%	2.3%	1.6%	1.0%	2.6%
LOUISIANA								
(7.3% rate) Avg. Income:	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
	\$5,360	\$14,607	\$24,535	\$36,207	\$54,706	\$160,100	\$523,186	\$32,353
Taxable Spending/Income:	66%	51%	45%	41%	37%	27%	19%	39%
SALES TAX/Income:	4.8%	3.7%	3.3%	3.0%	2.7%	2.0%	1.4%	2.8%
TOB. TAX/Income:	0.9%	0.5%	0.3%	0.2%	0.1%	0.0%	0.0%	0.2%
GAS. TAX/Income:	2.8%	1.6%	1.2%	1.0%	0.8%	0.4%	0.2%	0.9%
TOTAL/Income:	8.6%	5.7%	4.8%	4.1%	3.6%	2.4%	1.5%	4.0%
MAINE								
(5.0% rate) Avg. Income:	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
	\$8,707	\$18,955	\$28,326	\$39,902	\$58,025	\$156,907	\$512,750	\$35,727
Taxable Spending/Income:	54%	44%	40%	37%	34%	25%	17%	36%
SALES TAX/Income:	2.7%	2.2%	2.0%	1.8%	1.7%	1.3%	0.9%	1.8%
TOB. TAX/Income:	1.0%	0.6%	0.4%	0.3%	0.2%	0.0%	0.0%	0.3%
GAS. TAX/Income:	1.6%	1.0%	0.8%	0.7%	0.6%	0.3%	0.1%	0.7%
TOTAL/Income:	5.4%	3.9%	3.3%	2.8%	2.5%	1.6%	1.0%	2.8%
MARYLAND								
(5.0% rate) Avg. Income:	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
	\$10,376	\$24,999	\$37,608	\$53,142	\$78,501	\$209,457	\$684,476	\$47,473
Taxable Spending/Income:	44%	37%	34%	33%	31%	22%	17%	31%
SALES TAX/Income:	2.2%	1.9%	1.7%	1.6%	1.5%	1.1%	0.8%	1.6%
TOB. TAX/Income:	0.4%	0.2%	0.2%	0.1%	0.1%	0.0%	0.0%	0.1%
GAS. TAX/Income:	1.7%	1.0%	0.8%	0.7%	0.6%	0.3%	0.1%	0.7%
TOTAL/Income:	4.4%	3.1%	2.7%	2.4%	2.2%	1.4%	1.0%	2.3%

MASSACHUSETTS	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
(5.0% rate) Avg. Income:	\$11,118	\$26,247	\$39,239	\$54,907	\$81,172	\$222,046	\$725,615	\$49,580
Taxable Spending/Income:	33%	28%	27%	25%	25%	17%	14%	24%
SALES TAX/Income:	1.7%	1.4%	1.3%	1.3%	1.2%	0.9%	0.7%	1.2%
TOB. TAX/Income:	0.8%	0.5%	0.3%	0.2%	0.1%	0.0%	0.0%	0.2%
GAS. TAX/Income:	0.8%	0.5%	0.4%	0.3%	0.3%	0.1%	0.1%	0.3%
TOTAL/Income:	3.3%	2.4%	2.0%	1.8%	1.6%	1.0%	0.8%	1.8%
MICHIGAN	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
(4.0% rate) Avg. Income:	\$8,633	\$21,204	\$32,363	\$45,287	\$66,164	\$175,040	\$572,004	\$40,174
Taxable Spending/Income:	63%	49%	43%	39%	36%	26%	18%	38%
SALES TAX/Income:	2.5%	1.9%	1.7%	1.6%	1.4%	1.0%	0.7%	1.5%
TOB. TAX/Income:	0.8%	0.5%	0.3%	0.2%	0.1%	0.0%	0.0%	0.2%
GAS. TAX/Income:	1.6%	1.0%	0.8%	0.6%	0.5%	0.3%	0.1%	0.6%
TOTAL/Income:	5.0%	3.4%	2.8%	2.4%	2.1%	1.3%	0.8%	2.4%
MINNESOTA	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
(6.1% rate) Avg. Income:	\$9,802	\$22,755	\$33,958	\$47,039	\$68,789	\$191,499	\$625,790	\$42,604
Taxable Spending/Income:	47%	38%	34%	32%	30%	21%	16%	31%
SALES TAX/Income:	2.9%	2.3%	2.1%	1.9%	1.8%	1.3%	1.0%	1.9%
TOB. TAX/Income:	1.1%	0.7%	0.4%	0.3%	0.2%	0.0%	0.0%	0.3%
GAS. TAX/Income:	1.9%	1.1%	0.9%	0.8%	0.6%	0.3%	0.1%	0.7%
TOTAL/Income:	5.9%	4.1%	3.5%	3.0%	2.6%	1.6%	1.1%	2.9%
MISSISSIPPI	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
(6.0% rate) Avg. Income:	\$5,108	\$12,902	\$21,222	\$32,238	\$49,284	\$143,776	\$469,840	\$28,876
Taxable Spending/Income:	94%	71%	59%	51%	45%	31%	20%	49%
SALES TAX/Income:	5.6%	4.2%	3.5%	3.0%	2.7%	1.9%	1.2%	2.9%
TOB. TAX/Income:	1.1%	0.5%	0.4%	0.3%	0.2%	0.0%	0.0%	0.3%
GAS. TAX/Income:	2.9%	1.7%	1.3%	1.0%	0.8%	0.4%	0.2%	1.0%
TOTAL/Income:	9.6%	6.5%	5.2%	4.3%	3.7%	2.3%	1.4%	4.2%
MISSOURI	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
(5.5% rate) Avg. Income:	\$8,037	\$18,809	\$29,058	\$41,508	\$61,439	\$171,598	\$560,757	\$37,278
Taxable Spending/Income:	68%	56%	49%	44%	39%	27%	19%	42%
SALES TAX/Income:	3.8%	3.1%	2.7%	2.4%	2.2%	1.5%	1.0%	2.3%
TOB. TAX/Income:	0.7%	0.4%	0.3%	0.2%	0.1%	0.0%	0.0%	0.2%
GAS. TAX/Income:	1.4%	0.9%	0.7%	0.6%	0.5%	0.2%	0.1%	0.5%
TOTAL/Income:	5.9%	4.4%	3.6%	3.2%	2.7%	1.8%	1.1%	3.0%
MONTANA	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
(0.0% rate) Avg. Income:	\$7,558	\$17,490	\$26,500	\$37,210	\$54,375	\$149,150	\$487,401	\$33,365
Taxable Spending/Income:	2%	1%	1%	1%	1%	0%	0%	1%
SALES TAX/Income:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
TOB. TAX/Income:	0.5%	0.3%	0.2%	0.2%	0.1%	0.0%	0.0%	0.2%
GAS. TAX/Income:	2.9%	1.8%	1.4%	1.2%	1.0%	0.5%	0.2%	1.2%
TOTAL/Income:	3.5%	2.1%	1.7%	1.4%	1.1%	0.5%	0.2%	1.3%
NEBRASKA	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
(4.6% rate) Avg. Income:	\$9,432	\$21,591	\$32,088	\$44,778	\$66,126	\$186,593	\$609,760	\$40,826
Taxable Spending/Income:	55%	45%	40%	37%	34%	24%	18%	36%
SALES TAX/Income:	2.5%	2.0%	1.8%	1.7%	1.6%	1.1%	0.8%	1.6%
TOB. TAX/Income:	0.8%	0.5%	0.3%	0.2%	0.1%	0.0%	0.0%	0.2%
GAS. TAX/Income:	2.0%	1.3%	1.0%	0.8%	0.7%	0.3%	0.1%	0.8%
TOTAL/Income:	5.4%	3.8%	3.2%	2.8%	2.4%	1.5%	1.0%	2.7%

NEVADA	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
(.75% rate) Avg. Income:	\$9,036	\$19,971	\$29,758	\$41,793	\$61,797	\$174,629	\$570,663	\$38,113
Taxable Spending/Income:	45%	39%	36%	34%	32%	24%	17%	32%
SALES TAX/Income:	2.6%	2.2%	2.1%	1.9%	1.8%	1.4%	1.0%	1.9%
TOB. TAX/Income:	0.7%	0.4%	0.3%	0.2%	0.1%	0.0%	0.0%	0.2%
GAS. TAX/Income:	2.0%	1.3%	1.0%	0.8%	0.7%	0.3%	0.1%	0.8%
TOTAL/Income:	5.3%	3.9%	3.4%	3.0%	2.6%	1.7%	1.1%	2.9%
NEW HAMPSHIRE	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
(0.0% rate) Avg. Income:	\$11,592	\$24,843	\$35,875	\$49,439	\$71,558	\$194,696	\$636,238	\$44,818
Taxable Spending/Income:	11%	9%	8%	7%	7%	5%	4%	7%
SALES TAX/Income:	0.8%	0.6%	0.6%	0.5%	0.5%	0.4%	0.3%	0.5%
TOB. TAX/Income:	0.6%	0.3%	0.2%	0.2%	0.1%	0.0%	0.0%	0.2%
GAS. TAX/Income:	1.2%	0.8%	0.6%	0.5%	0.4%	0.2%	0.1%	0.5%
TOTAL/Income:	2.5%	1.7%	1.4%	1.2%	1.0%	0.6%	0.4%	1.2%
NEW JERSEY	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
(6.0% rate) Avg. Income:	\$11,266	\$27,341	\$41,100	\$57,770	\$85,711	\$234,498	\$766,307	\$52,077
Taxable Spending/Income:	41%	34%	31%	29%	28%	19%	15%	28%
SALES TAX/Income:	2.5%	2.0%	1.9%	1.8%	1.7%	1.1%	0.9%	1.7%
TOB. TAX/Income:	0.9%	0.5%	0.3%	0.2%	0.1%	0.0%	0.0%	0.2%
GAS. TAX/Income:	0.7%	0.4%	0.3%	0.3%	0.2%	0.1%	0.0%	0.3%
TOTAL/Income:	4.0%	2.9%	2.5%	2.2%	2.0%	1.3%	1.0%	2.1%
NEW MEXICO	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
(5.4% rate) Avg. Income:	\$6,271	\$15,443	\$24,709	\$36,425	\$55,087	\$153,333	\$501,071	\$32,499
Taxable Spending/Income:	96%	73%	62%	55%	48%	34%	23%	53%
SALES TAX/Income:	1.9%	4.0%	3.4%	3.9%	2.6%	1.9%	1.2%	2.7%
TOB. TAX/Income:	0.6%	0.3%	0.2%	0.2%	0.1%	0.0%	0.0%	0.1%
GAS. TAX/Income:	2.5%	1.5%	1.2%	0.9%	0.7%	0.4%	0.2%	0.9%
TOTAL/Income:	5.0%	5.8%	4.7%	4.1%	3.5%	2.3%	1.4%	3.8%
NEW YORK	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
(6.9% rate) Avg. Income:	\$8,968	\$22,702	\$35,730	\$51,685	\$78,468	\$221,669	\$724,383	\$46,671
Taxable Spending/Income:	63%	48%	43%	39%	36%	25%	19%	37%
SALES TAX/Income:	4.4%	3.3%	2.9%	2.7%	2.5%	1.7%	1.3%	2.6%
TOB. TAX/Income:	0.8%	0.5%	0.3%	0.2%	0.1%	0.0%	0.0%	0.2%
GAS. TAX/Income:	0.7%	0.4%	0.3%	0.2%	0.2%	0.1%	0.0%	0.2%
TOTAL/Income:	5.8%	4.2%	3.5%	3.2%	2.8%	1.8%	1.4%	3.0%
NORTH CAROLINA	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
(3.9% rate) Avg. Income:	\$7,456	\$17,561	\$27,110	\$38,842	\$57,446	\$163,464	\$534,177	\$34,984
Taxable Spending/Income:	94%	71%	60%	53%	46%	31%	20%	51%
SALES TAX/Income:	3.4%	2.8%	2.4%	2.1%	1.8%	1.2%	0.8%	2.0%
TOB. TAX/Income:	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
GAS. TAX/Income:	2.1%	1.3%	1.0%	0.8%	0.7%	0.3%	0.1%	0.8%
TOTAL/Income:	5.6%	4.1%	3.4%	2.9%	2.5%	1.6%	0.9%	2.8%
NORTH DAKOTA	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
(5.5% rate) Avg. Income:	\$8,582	\$20,089	\$30,631	\$43,457	\$63,520	\$178,419	\$583,048	\$39,001
Taxable Spending/Income:	48%	41%	37%	34%	32%	24%	17%	33%
SALES TAX/Income:	2.7%	2.2%	2.0%	1.9%	1.8%	1.3%	1.0%	1.8%
TOB. TAX/Income:	0.9%	0.5%	0.4%	0.2%	0.1%	0.0%	0.0%	0.2%
GAS. TAX/Income:	2.4%	1.5%	1.1%	1.0%	0.8%	0.4%	0.2%	0.9%
TOTAL/Income:	5.9%	4.2%	3.5%	3.1%	2.7%	1.7%	1.1%	3.0%

OHIO		I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
(5.4% rate) Avg. Income:	\$8,962	\$21,282	\$31,522	\$43,514	\$62,775	\$168,756	\$551,469	\$38,910	
Taxable Spending/Income:	58%	46%	41%	38%	35%	25%	18%	37%	
SALES TAX/Income:	3.1%	2.5%	2.2%	2.1%	1.9%	1.4%	1.0%	2.0%	
TOB. TAX/Income:	0.7%	0.4%	0.3%	0.2%	0.1%	0.0%	0.0%	0.2%	
GAS. TAX/Income:	1.5%	0.9%	0.7%	0.6%	0.5%	0.3%	0.1%	0.6%	
TOTAL/Income:	5.3%	3.8%	3.2%	2.9%	2.5%	1.7%	1.1%	2.8%	
OKLAHOMA		I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
(5.9% rate) Avg. Income:	\$6,783	\$16,068	\$25,188	\$36,517	\$54,855	\$160,883	\$525,744	\$33,184	
Taxable Spending/Income:	67%	55%	48%	43%	38%	27%	18%	41%	
SALES TAX/Income:	4.0%	3.3%	2.8%	2.5%	2.3%	1.6%	1.1%	2.4%	
TOB. TAX/Income:	1.0%	0.6%	0.4%	0.3%	0.2%	0.0%	0.0%	0.3%	
GAS. TAX/Income:	2.7%	1.6%	1.3%	1.0%	0.8%	0.4%	0.2%	1.0%	
TOTAL/Income:	7.6%	5.4%	4.5%	3.9%	3.3%	2.1%	1.3%	3.7%	
OREGON		I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
(0.0% rate) Avg. Income:	\$7,906	\$18,249	\$27,511	\$38,581	\$56,765	\$159,079	\$519,849	\$34,918	
Taxable Spending/Income:	0%	0%	0%	0%	0%	0%	0%	0%	
SALES TAX/Income:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
TOB. TAX/Income:	1.0%	0.6%	0.4%	0.3%	0.2%	0.0%	0.0%	0.3%	
GAS. TAX/Income:	1.5%	0.9%	0.7%	0.6%	0.5%	0.2%	0.1%	0.6%	
TOTAL/Income:	2.4%	1.5%	1.1%	0.9%	0.7%	0.3%	0.1%	0.9%	
PENNSYLVANIA		I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
(6.0% rate) Avg. Income:	\$9,038	\$20,728	\$30,781	\$42,915	\$62,765	\$171,622	\$560,836	\$38,689	
Taxable Spending/Income:	47%	38%	34%	31%	29%	21%	15%	30%	
SALES TAX/Income:	2.8%	2.3%	2.0%	1.9%	1.7%	1.2%	0.9%	1.8%	
TOB. TAX/Income:	0.6%	0.4%	0.3%	0.2%	0.1%	0.0%	0.0%	0.2%	
GAS. TAX/Income:	1.0%	0.6%	0.5%	0.4%	0.4%	0.2%	0.1%	0.4%	
TOTAL/Income:	4.5%	3.3%	2.8%	2.5%	2.2%	1.4%	1.0%	2.4%	
RHODE ISLAND		I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
(6.0% rate) Avg. Income:	\$9,503	\$21,844	\$32,550	\$45,378	\$66,565	\$185,441	\$605,993	\$41,112	
Taxable Spending/Income:	41%	34%	31%	29%	27%	20%	14%	28%	
SALES TAX/Income:	2.5%	2.0%	1.8%	1.7%	1.6%	1.2%	0.9%	1.7%	
TOB. TAX/Income:	1.0%	0.6%	0.4%	0.3%	0.2%	0.0%	0.0%	0.3%	
GAS. TAX/Income:	1.3%	0.8%	0.6%	0.5%	0.4%	0.2%	0.1%	0.5%	
TOTAL/Income:	4.7%	3.4%	2.9%	2.5%	2.2%	1.4%	1.0%	2.5%	
SOUTH CAROLINA		I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
(5.0% rate) Avg. Income:	\$6,890	\$16,788	\$26,198	\$37,668	\$55,359	\$156,324	\$510,843	\$33,629	
Taxable Spending/Income:	74%	59%	50%	44%	39%	26%	17%	42%	
SALES TAX/Income:	3.7%	2.9%	2.5%	2.2%	1.9%	1.3%	0.9%	2.1%	
TOB. TAX/Income:	0.3%	0.2%	0.1%	0.1%	0.1%	0.0%	0.0%	0.1%	
GAS. TAX/Income:	2.0%	1.2%	0.9%	0.8%	0.6%	0.3%	0.1%	0.7%	
TOTAL/Income:	6.0%	4.3%	3.6%	3.0%	2.6%	1.6%	1.0%	2.9%	
SOUTH DAKOTA		I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
(5.9% rate) Avg. Income:	\$7,228	\$17,492	\$27,353	\$39,496	\$58,089	\$163,484	\$534,242	\$35,202	
Taxable Spending/Income:	82%	64%	55%	49%	44%	30%	20%	47%	
SALES TAX/Income:	4.8%	3.8%	3.2%	2.9%	2.6%	1.8%	1.2%	2.8%	
TOB. TAX/Income:	0.8%	0.5%	0.3%	0.2%	0.1%	0.0%	0.0%	0.2%	
GAS. TAX/Income:	2.0%	1.2%	1.0%	0.8%	0.6%	0.3%	0.1%	0.8%	
TOTAL/Income:	7.7%	5.4%	4.5%	3.9%	3.3%	2.1%	1.3%	3.8%	

TENNESSEE								
(7.1% rate) Avg. Income:	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
	\$6,514	\$16,010	\$25,410	\$37,134	\$55,571	\$161,046	\$526,274	\$33,402
Taxable Spending/Income:	82%	64%	55%	48%	43%	30%	20%	46%
SALES TAX/Income:	5.8%	4.6%	3.9%	3.4%	3.1%	2.1%	1.4%	3.3%
TOB. TAX/Income:	0.7%	0.4%	0.3%	0.2%	0.1%	0.0%	0.0%	0.2%
GAS. TAX/Income:	2.8%	1.6%	1.3%	1.0%	0.8%	0.4%	0.2%	1.0%
TOTAL/Income:	9.3%	6.6%	5.4%	4.6%	4.0%	2.5%	1.6%	4.5%
TEXAS								
(6.8% rate) Avg. Income:	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
	\$7,495	\$18,598	\$29,299	\$42,414	\$64,120	\$184,381	\$602,532	\$38,398
Taxable Spending/Income:	58%	46%	42%	39%	37%	27%	20%	38%
SALES TAX/Income:	3.9%	3.2%	2.9%	2.7%	2.5%	1.8%	1.4%	2.6%
TOB. TAX/Income:	1.0%	0.6%	0.4%	0.3%	0.1%	0.0%	0.0%	0.3%
GAS. TAX/Income:	2.2%	1.3%	1.0%	0.8%	0.7%	0.3%	0.1%	0.8%
TOTAL/Income:	7.1%	5.0%	4.2%	3.7%	3.3%	2.2%	1.5%	3.6%
UTAH								
(6.1% rate) Avg. Income:	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
	\$8,900	\$19,631	\$28,752	\$39,791	\$57,941	\$156,688	\$512,035	\$35,940
Taxable Spending/Income:	69%	58%	51%	46%	42%	29%	19%	45%
SALES TAX/Income:	4.2%	3.5%	3.1%	2.8%	2.5%	1.8%	1.2%	2.7%
TOB. TAX/Income:	0.5%	0.3%	0.2%	0.2%	0.1%	0.0%	0.0%	0.2%
GAS. TAX/Income:	2.5%	1.6%	1.3%	1.1%	0.9%	0.5%	0.2%	1.1%
TOTAL/Income:	7.3%	5.5%	4.6%	4.1%	3.5%	2.3%	1.4%	4.0%
VERMONT								
(4.0% rate) Avg. Income:	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
	\$8,762	\$19,040	\$28,272	\$39,858	\$58,893	\$165,467	\$540,722	\$36,294
Taxable Spending/Income:	53%	44%	40%	38%	36%	27%	20%	37%
SALES TAX/Income:	1.6%	1.8%	1.6%	1.5%	1.4%	1.1%	0.8%	1.4%
TOB. TAX/Income:	0.7%	0.4%	0.3%	0.2%	0.1%	0.0%	0.0%	0.2%
GAS. TAX/Income:	1.5%	1.0%	0.8%	0.6%	0.5%	0.3%	0.1%	0.6%
TOTAL/Income:	3.8%	3.2%	2.7%	2.4%	2.1%	1.4%	0.9%	2.3%
VIRGINIA								
(4.3% rate) Avg. Income:	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
	\$9,321	\$22,214	\$34,094	\$49,210	\$74,759	\$204,558	\$668,464	\$44,410
Taxable Spending/Income:	69%	55%	47%	42%	37%	25%	18%	40%
SALES TAX/Income:	3.0%	2.4%	2.0%	1.8%	1.6%	1.1%	0.8%	1.7%
TOB. TAX/Income:	0.2%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.1%
GAS. TAX/Income:	1.9%	1.1%	0.9%	0.7%	0.6%	0.3%	0.1%	0.7%
TOTAL/Income:	5.0%	3.6%	3.0%	2.6%	2.2%	1.4%	0.9%	2.5%
WASHINGTON								
(7.6% rate) Avg. Income:	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
	\$8,712	\$20,430	\$30,749	\$43,199	\$62,454	\$169,500	\$553,900	\$38,461
Taxable Spending/Income:	55%	45%	41%	38%	36%	27%	20%	37%
SALES TAX/Income:	4.2%	3.4%	3.1%	2.9%	2.7%	2.0%	1.5%	2.8%
TOB. TAX/Income:	0.9%	0.5%	0.4%	0.2%	0.1%	0.0%	0.0%	0.2%
GAS. TAX/Income:	1.8%	1.1%	0.9%	0.7%	0.6%	0.3%	0.1%	0.7%
TOTAL/Income:	6.9%	5.0%	4.3%	3.9%	3.5%	2.4%	1.6%	3.8%
WEST VIRGINIA								
(5.0% rate) Avg. Income:	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
	\$6,281	\$15,010	\$23,683	\$33,975	\$49,385	\$135,513	\$442,839	\$29,973
Taxable Spending/Income:	74%	56%	49%	44%	41%	31%	20%	44%
SALES TAX/Income:	3.7%	2.8%	2.5%	2.2%	2.0%	1.6%	1.0%	2.2%
TOB. TAX/Income:	0.8%	0.4%	0.3%	0.2%	0.1%	0.0%	0.0%	0.2%
GAS. TAX/Income:	1.4%	0.8%	0.6%	0.5%	0.4%	0.2%	0.1%	0.5%
TOTAL/Income:	5.8%	4.0%	3.4%	3.0%	2.6%	1.8%	1.1%	2.9%

	I	II	III	IV	V,15%	Top 5%	Top 0.7%	Average
WISCONSIN								
(5.0% rate) Avg. Income:	\$9,615	\$21,547	\$31,553	\$44,054	\$62,249	\$172,358	\$563,242	\$39,309
Taxable Spending/Income:	59%	48%	43%	40%	37%	28%	20%	39%
SALES TAX/Income:	2.9%	2.4%	2.1%	2.0%	1.9%	1.4%	1.0%	1.9%
TOB. TAX/Income:	0.9%	0.6%	0.4%	0.3%	0.2%	0.0%	0.0%	0.3%
GAS. TAX/Income:	2.1%	1.3%	1.1%	0.9%	0.7%	0.4%	0.2%	0.9%
TOTAL/Income:	5.9%	4.2%	3.6%	3.1%	2.8%	1.8%	1.2%	3.1%
WYOMING								
(3.8% rate) Avg. Income:	\$9,411	\$21,476	\$31,148	\$42,097	\$60,637	\$164,024	\$536,006	\$38,123
Taxable Spending/Income:	71%	59%	52%	48%	43%	31%	20%	46%
SALES TAX/Income:	2.7%	2.2%	2.0%	1.8%	1.6%	1.1%	0.8%	1.7%
TOB. TAX/Income:	0.3%	0.2%	0.1%	0.1%	0.1%	0.0%	0.0%	0.1%
GAS. TAX/Income:	1.2%	0.8%	0.6%	0.5%	0.4%	0.2%	0.1%	0.5%
TOTAL/Income:	4.2%	3.2%	2.7%	2.4%	2.1%	1.4%	0.9%	2.3%
U.S. AVERAGE								
(5.6% rate) Avg. Income:	\$8,581	\$20,535	\$31,497	\$44,910	\$66,912	\$187,316	\$612,122	\$40,507
Taxable Spending/Income:	60%	48%	42%	38%	35%	25%	18%	37%
SALES TAX/Income:	3.3%	2.7%	2.3%	2.1%	2.0%	1.4%	1.0%	2.1%
TOB. TAX/Income:	0.7%	0.4%	0.3%	0.2%	0.1%	0.0%	0.0%	0.2%
GAS. TAX/Income:	1.4%	0.9%	0.7%	0.6%	0.5%	0.2%	0.1%	0.5%
TOTAL/Income:	5.4%	3.9%	3.3%	2.9%	2.5%	1.6%	1.1%	2.8%

NOTES:

The results include:

- State and local sales taxes, utility (including telephone) gross receipts taxes, motor vehicle excise taxes and similar sales-type taxes.
- State and local tobacco and gasoline taxes, including taxes on business purchases of gasoline.

Local figures are the estimated averages for each state where applicable.

The figures reflect state laws on what types of spending are subject to tax, and include, among many adjustments, the estimated effects of:

- The federally-mandated exemption for food purchased with food stamps.
- Sales tax income tax credits or rebates for low-income families in Hawaii, Kansas, New Mexico, North Carolina and Vermont and for all families in Idaho.
- Arkansas' exemption for electricity for low-income families.
- South Carolina's maximum tax of \$300 on new cars.
- Partial exemptions for clothing and shoes in Massachusetts and Connecticut.

The results do *not* include Michigan's value-added tax, non-sales-tax-type, non-utility gross receipts taxes, alcohol excise or sales taxes in excess of the statewide sales tax rate, or sales taxes on items purchased by businesses.

Who Applies Sales Taxes To What?

Part I: Alabama to Idaho

	AL	AK	AZ	AR	CA	CO	CT	DE	DC	FL	GA	HI	ID
FOOD:													
Food less candy & soft drinks	100%	100%	—	100%	—	—	—	—	—	—	100%	100%	100%
Carbonated drinks	100%	100%	—	100%	100%	—	100%	—	—	100%	100%	100%	100%
Candy & chewing gum	100%	100%	—	100%	—	—	100%	—	—	100%	100%	100%	100%
Beer & ale (home)	100%	100%	100%	100%	100%	100%	100%	—	100%	100%	100%	100%	100%
Wine (home)	100%	100%	100%	100%	100%	100%	100%	—	100%	100%	100%	100%	100%
Spirits (home)	100%	100%	100%	100%	100%	100%	100%	—	100%	100%	100%	100%	100%
Meals away except at school.	100%	100%	100%	100%	100%	103%	95%	—	133%	100%	100%	100%	100%
School lunches.	15%	—	—	—	—	—	—	—	—	—	—	—	20%
Beer & ale (away)	100%	100%	100%	100%	100%	103%	100%	—	133%	100%	100%	100%	100%
Wine (away)	100%	100%	100%	100%	100%	103%	100%	—	133%	100%	100%	100%	100%
Spirits (away)	100%	100%	100%	100%	100%	103%	100%	—	133%	100%	100%	100%	100%
Cigarettes	84%	100%	100%	100%	100%	—	100%	—	100%	100%	88%	100%	100%
Cigars, other tobacco.	100%	100%	100%	100%	100%	100%	100%	—	100%	100%	100%	100%	100%
CLOTHING:													
Clothing & shoes	100%	100%	100%	100%	100%	100%	5%	—	100%	100%	100%	100%	100%
Jewelry & watches	100%	100%	100%	100%	100%	100%	100%	—	100%	100%	100%	100%	100%
Accessories	100%	100%	100%	100%	100%	100%	100%	—	100%	100%	100%	100%	100%
Clothing material	100%	100%	100%	100%	100%	100%	—	—	100%	100%	100%	100%	100%
Dry clean/laundry	—	100%	—	—	—	—	—	—	—	100%	—	100%	—
Coin-op. laundry.	—	100%	—	—	—	—	—	—	—	—	—	100%	—
Shoe repair	50%	100%	50%	100%	25%	—	—	—	100%	100%	—	100%	—
Apparel/accessory alterations	—	100%	—	—	—	—	—	—	100%	100%	—	100%	—
Clothing rental	—	100%	100%	100%	100%	100%	100%	—	100%	100%	100%	100%	100%
Watch & jewelry repair.	50%	100%	50%	100%	—	—	—	—	100%	100%	100%	100%	—
HOME:													
Mortgage interest	—	—	—	—	—	—	—	—	—	—	—	—	—
Rent	—	—	—	—	—	—	—	—	—	—	—	100%	—
Home impr./maint. services.	—	50%	65%	—	—	—	—	—	—	100%	—	100%	—
Home impr./maint. goods.	100%	100%	100%	100%	100%	100%	100%	—	100%	100%	100%	100%	100%
Furnishings & equipment.	100%	100%	100%	100%	100%	100%	100%	—	100%	100%	100%	100%	100%
Electricity	100%	100%	100%	100%	—	—	53%	—	212%	30%	100%	163%	—
Natural gas	100%	100%	100%	100%	—	—	53%	—	212%	30%	100%	163%	—
Fuel oil	100%	100%	100%	100%	100%	—	—	—	100%	—	100%	100%	—
Other home fuels	100%	100%	100%	100%	100%	—	—	—	100%	—	100%	100%	—
Telephone.	88%	100%	60%	60%	45%	60%	120%	—	107%	90%	40%	98%	—
Water/sewer.	—	—	100%	100%	—	—	—	—	—	—	—	—	—
Trash/garbage collection	—	—	—	—	—	—	—	—	—	—	—	100%	—
Septic tank cleaning	—	100%	—	—	—	—	—	—	—	—	—	100%	—
Water softening service.	—	100%	100%	—	—	100%	—	—	100%	100%	—	100%	—
Domestic service.	—	—	—	—	—	—	—	—	—	—	—	—	—
Gardening/lawn-care service	—	75%	—	—	—	—	—	—	—	75%	—	75%	—
Moving & storage	—	—	—	—	—	—	—	—	—	—	—	100%	—
Furniture repair	50%	100%	50%	100%	50%	50%	50%	—	100%	100%	50%	100%	50%
Tool rental	50%	100%	50%	100%	50%	50%	50%	—	100%	100%	50%	100%	50%
Coin-op laundry/dry clean. (nc)	—	100%	—	—	—	—	—	—	—	—	—	100%	—
Laundry/dry clean. sent out (nc).	—	100%	—	—	—	—	—	—	—	100%	—	100%	—
Appliance rental	100%	100%	100%	100%	100%	100%	100%	—	100%	100%	100%	100%	100%

	AL	AK	AZ	AR	CA	CO	CT	DE	DC	FL	GA	HI	ID
HOME (continued):													
Misc. home services	—	—	—	—	—	—	—	—	—	50%	—	50%	—
Soaps, clean., paper, misc. prod.	100%	100%	100%	100%	100%	100%	100%	—	100%	100%	100%	100%	100%
Stationery, giftwraps	100%	100%	100%	100%	100%	100%	100%	—	100%	100%	100%	100%	100%
Fresh flowers & house plants	100%	100%	100%	100%	100%	100%	100%	—	100%	100%	100%	100%	100%
Lawn & garden supplies	100%	100%	100%	100%	100%	100%	100%	—	100%	100%	100%	100%	100%
Mowing equipment, etc.	100%	100%	100%	100%	100%	100%	100%	—	100%	100%	100%	100%	100%
Other owned housing expenses	—	—	—	—	—	—	—	—	—	—	—	—	—
Lodging while out of town	100%	300%	120%	100%	—	100%	100%	100%	167%	100%	100%	125%	40%
Housing while at school	—	—	—	—	—	—	—	—	—	—	—	—	—
MEDICAL:													
Hospital, health care	—	—	—	—	—	—	—	—	—	—	—	85%	8%
Health insurance	—	—	—	—	—	—	—	—	—	—	—	—	—
Prescription drugs	—	—	—	—	—	—	—	—	—	—	—	—	—
OTC drugs, dressings, med. equip.	100%	100%	100%	100%	100%	70%	—	—	30%	—	100%	100%	100%
Eyeglasses	100%	—	—	—	—	—	—	—	—	—	—	100%	100%
Care of invalids, elderly, etc.	—	—	—	—	—	—	—	—	—	—	—	—	—
EDUCATION, CHILD CARE:													
Tuition & related fees	—	—	—	—	—	—	—	—	—	—	—	—	—
Babysitting	—	—	—	—	—	—	—	—	—	—	—	—	—
Day care centers, preschools	—	—	—	—	—	—	—	—	—	—	—	—	—
College books & supplies	100%	100%	—	100%	100%	100%	100%	—	100%	100%	—	—	100%
Other school books & supp.	—	100%	—	—	100%	100%	100%	—	100%	—	—	—	100%
TRANSPORTATION:													
New cars & trucks	38%	100%	100%	100%	100%	100%	100%	—	100%	100%	100%	100%	100%
Gasoline	—	100%	—	—	100%	—	—	—	—	100%	93%	83%	—
Used cars & trucks	38%	100%	100%	100%	100%	100%	100%	—	100%	100%	100%	100%	100%
Car repairs	40%	50%	40%	100%	40%	40%	40%	—	100%	100%	40%	100%	40%
Vehicle insurance	—	—	—	—	—	—	—	—	—	—	—	—	—
Vehicle finance charges	—	—	—	—	—	—	—	—	—	—	—	—	—
Tires, batteries & access.	100%	100%	100%	100%	100%	100%	100%	—	100%	100%	100%	100%	100%
Trains, buses & planes	—	—	—	—	—	—	—	—	—	—	—	—	—
Car, truck, & other rental	—	100%	100%	100%	100%	103%	100%	—	—	100%	100%	100%	100%
Parking fees	—	100%	—	—	—	—	—	—	200%	100%	—	100%	—
Motor oil	100%	100%	100%	100%	100%	100%	100%	—	100%	100%	100%	100%	100%
Taxis	—	—	100%	—	—	—	—	—	—	—	100%	100%	—
Service policies	—	100%	—	—	—	—	—	—	—	100%	—	100%	—
Towing charges	—	100%	100%	—	—	—	—	—	—	100%	—	100%	—
Other transportation	—	—	—	—	—	—	—	—	—	—	—	—	—
PERSONAL CARE:													
Personal care services	—	50%	—	—	—	—	—	—	—	20%	—	100%	—
Personal care products	100%	100%	100%	100%	100%	100%	100%	—	100%	100%	100%	100%	100%
PERSONAL BUSINESS:													
Legal fees	—	—	—	—	—	—	—	—	—	100%	—	100%	—
Accounting fees	—	—	—	—	—	—	—	—	—	100%	—	100%	—

	AL	AK	AZ	AR	CA	CO	CT	DE	DC	FL	GA	HI	ID
RECREATION:													
Televisions, radios, stereos . . .	100%	100%	100%	100%	100%	100%	100%	—	100%	100%	100%	100%	100%
Cable fees	—	—	—	—	—	—	—	—	—	100%	—	—	—
TV, etc. repair & rental	50%	100%	50%	100%	50%	50%	50%	—	100%	100%	100%	100%	50%
Fees for participant sports	—	100%	—	100%	—	—	—	—	—	100%	100%	100%	100%
Admiss. to movies, plays, etc. . .	100%	100%	100%	100%	—	—	133%	—	70%	100%	100%	100%	100%
Club membership dues & fees. . . .	—	—	—	—	—	—	133%	—	—	100%	—	—	—
Admissions to sporting events. . .	100%	100%	100%	100%	—	—	133%	—	100%	100%	100%	100%	100%
Toys, hobbies, bikes, etc.	100%	100%	100%	100%	100%	100%	100%	—	100%	100%	100%	100%	100%
Newspapers	100%	—	20%	—	—	—	—	—	—	100%	100%	100%	100%
Books	100%	100%	100%	100%	100%	100%	100%	—	100%	100%	100%	100%	100%
Magazines & periodicals	100%	—	100%	100%	—	100%	20%	—	100%	100%	100%	100%	100%
Campers (trailers,attachable) . . .	100%	100%	100%	100%	100%	100%	100%	—	100%	100%	100%	100%	100%
Motorcycles	38%	100%	100%	100%	100%	100%	100%	—	100%	100%	100%	100%	100%
Campers (self-propelled)	38%	100%	100%	100%	100%	100%	100%	—	100%	100%	100%	100%	100%
Sports, hunting, etc. equip.	100%	100%	100%	100%	100%	100%	100%	—	100%	100%	100%	100%	100%
Fees for recre. lessons	—	—	—	—	—	—	—	—	—	100%	—	100%	—
Boats & boat motors	100%	100%	100%	100%	100%	100%	100%	—	100%	100%	100%	100%	100%
Landing & docking fees	—	—	—	—	—	—	—	—	—	100%	—	100%	—
Developing of film	—	100%	100%	—	—	—	—	—	100%	100%	—	100%	100%
Purchase of film	100%	100%	100%	100%	100%	100%	100%	—	100%	100%	100%	100%	100%
Photographic equipment	100%	100%	100%	100%	100%	100%	100%	—	100%	100%	100%	100%	100%
Pets, food, supplies.	100%	100%	100%	100%	100%	100%	100%	—	100%	100%	100%	100%	100%
Veterinary expenses	—	—	—	—	—	—	—	—	—	—	—	100%	—
Recreation expenses on trips	—	—	—	—	—	—	—	—	—	—	—	—	—
Minor vehicle maint. on trips	—	—	—	100%	—	—	—	—	100%	100%	—	100%	—
OTHER:													
Contributions	—	—	—	—	—	—	—	—	—	—	—	—	—
Life & other non-health ins.	—	—	—	—	—	—	—	—	—	—	—	—	—
Funerals	100%	—	100%	50%	50%	50%	25%	—	50%	50%	50%	100%	—
Federal & state inc. taxes	—	—	—	—	—	—	—	—	—	—	—	—	—
Property taxes	—	—	—	—	—	—	—	—	—	—	—	—	—
Miscellaneous	—	—	—	—	—	—	—	—	—	—	—	—	—

NOTES:

Percentages reflect the degree to which a good or service is taxed. Figures such as "50%" generally means that an item is partially taxed. For example, a 50% figure for car repairs means that parts but not labor costs are taxable. Some less than 100% figures and figures greater than 100% mean that the tax rate on an item is below or above the standard sales tax rate in the state.

Who Applies Sales Taxes To What?

Part II: Illinois to Missouri

	IL	IN	IA	KS	KY	LA	ME	MD	MA	MI	MN	MS	MO
FOOD:													
Food less candy & soft drinks . . .	17%	—	—	100%	—	25%	—	—	—	—	—	100%	100%
Carbonated drinks	100%	100%	100%	100%	100%	—	100%	100%	—	—	100%	100%	100%
Candy & chewing gum	100%	100%	100%	100%	100%	100%	100%	100%	—	—	100%	100%	100%
Beer & ale (home)	100%	100%	100%	100%	100%	100%	100%	100%	39%	100%	100%	100%	100%
Wine (home)	100%	100%	100%	100%	100%	100%	100%	100%	44%	100%	100%	100%	100%
Spirits (home)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Meals away except at school. . .	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
School lunches.	—	—	—	90%	—	—	—	—	—	—	—	—	—
Beer & ale (away)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Wine (away)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Spirits (away)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Cigarettes	100%	100%	100%	100%	100%	100%	100%	—	—	80%	100%	100%	100%
Cigars, other tobacco.	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CLOTHING:													
Clothing & shoes	100%	100%	100%	100%	100%	100%	100%	100%	2%	100%	—	100%	100%
Jewelry & watches	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Accessories	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Clothing material	100%	100%	100%	100%	100%	100%	100%	100%	—	100%	—	100%	100%
Dry clean/laundry	—	—	100%	100%	—	100%	—	—	—	—	100%	100%	—
Coin-op. laundry.	—	—	100%	100%	—	—	—	—	—	—	—	100%	—
Shoe repair	—	50%	100%	100%	50%	100%	—	—	—	35%	—	100%	—
Apparel/accessory alterations . .	—	—	100%	100%	—	100%	—	—	—	—	100%	—	—
Clothing rental	—	100%	100%	100%	100%	100%	—	100%	—	100%	—	100%	100%
Watch & jewelry repair.	—	50%	100%	100%	50%	100%	—	—	—	—	—	100%	50%
HOME:													
Mortgage interest	—	—	—	—	—	—	—	—	—	—	—	—	—
Rent	—	—	—	—	—	—	—	—	—	—	—	—	—
Home impr./maint. services. . . .	—	—	—	—	—	—	—	—	—	—	—	100%	—
Home impr./maint. goods. . . .	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Furnishings & equipment. . . .	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Electricity	100%	100%	100%	—	—	27%	—	40%	—	100%	33%	—	—
Natural gas	100%	100%	100%	—	—	41%	—	40%	—	100%	17%	—	—
Fuel oil	100%	100%	100%	—	—	100%	—	—	—	100%	—	—	—
Other home fuels	100%	100%	100%	—	—	41%	—	—	—	100%	—	—	—
Telephone.	100%	60%	60%	60%	60%	16%	200%	40%	—	60%	175%	60%	60%
Water/sewer.	—	100%	100%	—	—	—	—	—	—	—	—	—	—
Trash/garbage collection	—	—	100%	—	—	—	—	—	—	—	—	—	—
Septic tank cleaning	—	—	100%	—	—	—	—	—	—	—	—	—	—
Water softening service.	—	100%	100%	100%	—	—	—	—	—	100%	—	—	—
Domestic service.	—	—	—	—	—	—	—	—	—	—	—	—	—
Gardening/lawn-care service . .	—	—	75%	—	—	—	—	—	—	—	75%	—	—
Moving & storage	—	—	—	—	—	—	—	—	—	—	—	—	—
Furniture repair	33%	50%	100%	100%	50%	100%	50%	50%	100%	50%	—	100%	50%
Tool rental	33%	50%	100%	100%	50%	100%	50%	50%	100%	50%	50%	100%	50%
Coin-op. laundry/dry clean. (nc). .	—	—	100%	—	—	—	—	—	—	—	—	100%	—
Laundry/dry clean. sent out (nc). .	—	—	100%	—	—	100%	—	—	—	—	100%	100%	—
Appliance rental	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

	IL	IN	IA	KS	KY	LA	ME	MD	MA	MI	MN	MS	MO
HOME (continued):													
Misc. home services	—	—	50%	—	—	—	—	—	—	—	50%	—	—
Soaps, clean., paper, misc. prod.	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Stationery, giftwraps	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Fresh flowers & house plants	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Lawn & garden supplies	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Mowing equipment, etc.	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Other owned housing expenses	—	—	—	—	—	—	—	—	—	—	—	—	—
Lodging while out of town	113%	100%	100%	100%	100%	100%	54%	100%	114%	100%	100%	100%	100%
Housing while at school	—	—	—	—	—	—	—	—	—	—	—	—	—
MEDICAL:													
Hospital, health care	—	—	—	—	—	—	—	—	—	—	—	—	—
Health insurance	—	—	—	—	—	—	—	—	—	—	—	—	—
Prescription drugs	—	—	—	—	—	25%	—	—	—	—	—	—	—
OTC drugs, dressings, med. equip.	—	—	—	—	—	19%	100%	100%	100%	100%	100%	100%	—
Eyeglasses	—	—	—	—	100%	100%	—	—	—	—	—	—	—
Care of invalids, elderly, etc.	—	—	—	—	—	—	—	—	—	—	—	—	—
EDUCATION, CHILD CARE:													
Tuition & related fees	—	—	—	—	—	—	—	—	—	—	—	—	—
Babysitting	—	—	—	—	—	—	—	—	—	—	—	—	—
Day care centers, preschools	—	—	—	—	—	—	—	—	—	—	—	—	—
College books & supplies	100%	100%	—	100%	—	100%	100%	100%	—	100%	—	—	—
Other school books & supp.	100%	—	—	100%	—	100%	100%	100%	—	—	—	—	—
TRANSPORTATION:													
New cars & trucks	100%	100%	100%	100%	90%	100%	100%	100%	100%	100%	100%	50%	94%
Gasoline	87%	77%	—	—	—	25%	—	—	—	85%	—	100%	—
Used cars & trucks	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	50%	94%
Car repairs	27%	40%	100%	100%	40%	100%	40%	40%	40%	40%	40%	100%	40%
Vehicle insurance	—	—	—	—	—	—	—	—	—	—	—	—	—
Vehicle finance charges	—	—	—	—	—	—	—	—	—	—	—	—	—
Tires, batteries & access.	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Trains, buses & planes	—	—	—	—	—	—	—	—	—	—	—	—	—
Car, truck & other rental	100%	—	100%	100%	—	100%	140%	100%	100%	100%	100%	100%	100%
Parking fees	—	—	100%	—	—	100%	—	—	—	—	100%	100%	—
Motor oil	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Taxis	—	—	—	—	—	—	—	—	—	—	—	—	—
Service policies	—	—	100%	100%	—	—	—	—	—	—	—	100%	—
Towing charges	—	—	100%	—	—	—	—	—	—	—	100%	100%	—
Other transportation	—	—	—	—	—	—	—	—	—	—	—	—	—
PERSONAL CARE:													
Personal care services	—	—	100%	—	—	—	—	—	—	—	10%	—	—
Personal care products	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
PERSONAL BUSINESS:													
Legal fees	—	—	—	—	—	—	—	—	—	—	—	—	—
Accounting fees	—	—	—	—	—	—	—	—	—	—	—	—	—

	IL	IN	IA	KS	KY	LA	ME	MD	MA	MI	MN	MS	MO
RECREATION:													
Televisions, radios, stereos . . .	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Cable fees	—	—	—	—	—	—	100%	—	—	—	100%	—	—
TV, etc. repair & rental	33%	50%	100%	100%	50%	100%	50%	—	50%	50%	50%	100%	50%
Fees for participant sports	—	—	100%	75%	—	100%	—	—	—	—	100%	—	100%
Admiss. to movies, plays, etc. . .	—	—	100%	100%	100%	100%	—	—	—	—	100%	75%	100%
Club membership dues & fees. . .	—	—	100%	50%	—	50%	—	—	—	—	25%	—	—
Admissions to sporting events. . .	—	—	100%	100%	100%	100%	—	—	—	—	100%	100%	100%
Toys, hobbies, bikes, etc. . . .	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Newspapers	—	—	—	100%	100%	25%	—	—	—	—	—	—	—
Books.	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Magazines & periodicals	—	100%	20%	100%	100%	100%	—	100%	—	—	—	100%	100%
Campers (trailers,attachable) . .	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Motorcycles	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	50%	94%
Campers (self-propelled)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	50%	94%
Sports, hunting, etc. equip. . . .	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Fees for recre. lessons	—	—	—	—	—	—	—	—	—	—	—	—	—
Boats & boat motors.	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Landing & docking fees	—	—	—	—	—	100%	—	—	—	—	—	—	—
Developing of film	—	—	100%	100%	—	100%	—	—	—	100%	100%	100%	—
Purchase of film	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Photographic equipment	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Pets, food, supplies.	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Veterinary expenses	—	—	—	—	—	—	—	—	—	—	—	—	—
Recreation expenses on trips . . .	—	—	—	—	—	—	—	—	—	—	—	—	—
Minor vehicle maint. on trips . . .	—	—	100%	100%	—	100%	—	—	—	—	—	100%	—
OTHER:													
Contributions	—	—	—	—	—	—	—	—	—	—	—	—	—
Life & other non-health ins. . . .	—	—	—	—	—	—	—	—	—	—	—	—	—
Funerals	50%	50%	50%	50%	50%	50%	—	—	—	50%	—	—	50%
Federal & state inc. taxes	—	—	—	—	—	—	—	—	—	—	—	—	—
Property taxes	—	—	—	—	—	—	—	—	—	—	—	—	—
Miscellaneous	—	—	—	—	—	—	—	—	—	—	—	—	—

NOTES:

Percentages reflect the degree to which a good or service is taxed. Figures such as "50%" generally means that an item is partially taxed. For example, a 50% figure for car repairs means that parts but not labor costs are taxable. Some less than 100% figures and figures greater than 100% mean that the tax rate on an item is below or above the standard sales tax rate in the state.

Who Applies Sales Taxes To What?

Part III: Montana to Pennsylvania

	MT	NE	NV	NH	NJ	NM	NY	NC	ND	OH	OK	OR	PA
FOOD:													
Food less candy & soft drinks	—	—	—	—	—	100%	—	100%	—	—	100%	—	—
Carbonated drinks	—	—	—	—	100%	100%	100%	100%	100%	100%	100%	—	100%
Candy & chewing gum	—	—	—	—	100%	100%	100%	100%	100%	—	100%	—	—
Beer & ale (home)	—	100%	100%	80%	68%	100%	100%	100%	100%	100%	100%	—	100%
Wine (home)	—	100%	100%	100%	68%	100%	100%	100%	100%	100%	100%	—	100%
Spirits (home)	—	100%	100%	100%	68%	100%	100%	100%	100%	100%	100%	—	100%
Meals away except at school	—	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	—	100%
School lunches	—	—	—	—	—	—	—	—	—	—	—	—	—
Beer & ale (away)	—	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	—	100%
Wine (away)	—	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	—	100%
Spirits (away)	—	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	—	100%
Cigarettes	—	100%	100%	—	—	100%	81%	100%	100%	100%	100%	—	100%
Cigars, other tobacco	—	100%	100%	—	100%	100%	100%	100%	100%	100%	100%	—	100%
CLOTHING:													
Clothing & shoes	—	100%	100%	—	—	100%	100%	100%	100%	100%	100%	—	—
Jewelry & watches	—	100%	100%	—	100%	100%	100%	100%	100%	100%	100%	—	100%
Accessories	—	100%	100%	—	100%	100%	100%	100%	100%	100%	100%	—	100%
Clothing material	—	100%	100%	—	—	100%	100%	100%	100%	100%	100%	—	—
Dry clean/laundry	—	—	—	—	—	100%	—	100%	—	—	—	—	—
Coin-op. laundry	—	—	—	—	—	100%	—	100%	—	—	—	—	—
Shoe repair	—	—	—	—	—	100%	—	100%	—	100%	—	—	—
Apparel/accessory alterations	—	—	—	—	—	100%	—	—	—	100%	—	—	—
Clothing rental	—	100%	100%	—	—	100%	100%	100%	100%	100%	100%	—	—
Watch & jewelry repair	—	—	—	—	100%	100%	—	100%	—	100%	—	—	100%
HOME:													
Mortgage interest	—	—	—	—	—	—	—	—	—	—	—	—	—
Rent	—	—	—	—	—	—	—	—	—	—	—	—	—
Home impr./maint. services	—	—	45%	—	45%	100%	45%	—	—	—	—	—	—
Home impr./maint. goods	—	100%	100%	—	100%	100%	100%	100%	100%	100%	100%	—	100%
Furnishings & equipment	—	100%	100%	—	100%	100%	100%	100%	100%	100%	100%	—	100%
Electricity	—	100%	—	14%	83%	100%	94%	207%	—	95%	—	—	75%
Natural gas	—	100%	—	14%	83%	100%	94%	207%	100%	95%	—	—	75%
Fuel oil	—	100%	—	—	—	100%	—	100%	—	100%	100%	—	—
Other home fuels	—	100%	—	—	—	100%	—	100%	34%	100%	41%	—	—
Telephone	60%	60%	—	—	55%	80%	108%	90%	60%	53%	70%	—	45%
Water/sewer	—	100%	—	—	—	100%	—	—	—	—	—	—	—
Trash/garbage collection	—	—	—	—	—	100%	—	—	—	—	—	—	—
Septic tank cleaning	—	—	—	—	—	100%	—	—	—	—	—	—	—
Water softening service	—	100%	100%	—	100%	100%	—	—	—	100%	—	—	—
Domestic service	—	—	—	—	—	—	—	—	—	—	—	—	—
Gardening/lawn-care service	—	—	—	—	75%	75%	75%	—	—	—	—	—	—
Moving & storage	—	—	—	—	—	100%	—	—	—	—	—	—	—
Furniture repair	—	50%	50%	—	100%	100%	100%	50%	50%	100%	50%	—	100%
Tool rental	—	100%	50%	—	100%	100%	100%	50%	50%	100%	50%	—	100%
Coin-op laundry/dry clean. (nc)	—	—	—	—	—	100%	—	100%	—	—	—	—	—
Laundry/dry clean. sent out (nc)	—	—	—	—	—	100%	—	100%	—	—	—	—	—
Appliance rental	—	100%	100%	—	100%	100%	100%	100%	100%	100%	100%	—	100%

	MT	NE	NV	NH	NJ	NM	NY	NC	ND	OH	OK	OR	PA
HOME (continued):													
Misc. home services	—	—	—	—	—	50%	—	—	—	—	—	—	—
Soaps, clean., paper, misc. prod.	—	100%	100%	—	28%	100%	100%	100%	100%	100%	100%	—	28%
Stationery, giftwraps	—	100%	100%	—	100%	100%	100%	100%	100%	100%	100%	—	100%
Fresh flowers & house plants	—	100%	100%	—	100%	100%	100%	100%	100%	100%	100%	—	100%
Lawn & garden supplies	—	100%	100%	—	100%	100%	100%	100%	100%	100%	100%	—	100%
Mowing equipment, etc.	—	100%	100%	—	100%	100%	100%	100%	100%	100%	100%	—	100%
Other owned housing expenses	—	—	—	—	—	—	—	—	—	—	—	—	—
Lodging while out of town	—	125%	17%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Housing while at school	—	—	—	—	—	—	—	—	—	—	—	—	—
MEDICAL:													
Hospital, health care	—	—	—	—	—	85%	—	—	—	—	—	—	—
Health insurance	—	—	—	—	—	—	—	—	—	—	—	—	—
Prescription drugs	—	—	—	—	—	100%	—	—	—	—	—	—	—
OTC drugs, dressings, med. equip.	—	100%	100%	—	—	100%	—	100%	100%	70%	100%	—	—
Eyeglasses	—	—	100%	—	—	100%	—	—	—	100%	100%	—	—
Care of invalids, elderly, etc.	—	—	—	—	—	—	—	—	—	—	—	—	—
EDUCATION, CHILD CARE:													
Tuition & related fees	—	—	—	—	—	—	—	—	—	—	—	—	—
Babysitting	—	—	—	—	—	—	—	—	—	—	—	—	—
Day care centers, preschools	—	—	—	—	—	100%	—	—	—	—	—	—	—
College books & supplies	—	100%	—	—	—	—	—	100%	—	—	—	—	—
Other school books & supp.	—	100%	—	—	—	—	—	—	—	—	—	—	—
TRANSPORTATION:													
New cars & trucks	—	100%	100%	—	100%	58%	100%	100%	100%	100%	81%	—	100%
Gasoline	—	—	—	—	—	—	92%	—	—	—	—	—	—
Used cars & trucks	—	100%	100%	—	100%	58%	100%	100%	100%	100%	41%	—	100%
Car repairs	—	40%	40%	—	100%	100%	100%	40%	40%	100%	40%	—	100%
Vehicle insurance	—	—	—	—	—	—	—	—	—	—	—	—	—
Vehicle finance charges	—	—	—	—	—	—	—	—	—	—	—	—	—
Tires, batteries & access.	—	100%	100%	—	100%	100%	100%	100%	100%	100%	100%	—	100%
Trains, buses & planes	—	—	—	—	—	—	—	—	—	—	—	—	—
Car, truck & other rental	—	100%	100%	—	100%	100%	100%	100%	—	100%	100%	—	100%
Parking fees	—	—	—	—	—	100%	150%	—	—	—	—	—	—
Motor oil	—	100%	100%	—	100%	100%	100%	100%	100%	100%	100%	—	100%
Taxis	—	—	—	—	—	100%	—	—	—	—	100%	—	—
Service policies	—	—	—	—	100%	100%	—	—	—	—	—	—	—
Towing charges	—	—	—	—	—	100%	100%	—	—	—	—	—	—
Other transportation	—	—	—	—	—	—	—	—	—	—	—	—	—
PERSONAL CARE:													
Personal care services	—	—	—	—	—	100%	—	—	—	—	—	—	—
Personal care products	—	100%	100%	—	100%	100%	100%	100%	100%	100%	100%	—	100%
PERSONAL BUSINESS:													
Legal fees	—	—	—	—	—	100%	—	—	—	—	—	—	—
Accounting fees	—	—	—	—	—	100%	—	—	—	—	—	—	—

	MT	NE	NV	NH	NJ	NM	NY	NC	ND	OH	OK	OR	PA
RECREATION:													
Televisions, radios, stereos . . .	—	100%	100%	—	100%	100%	100%	100%	100%	100%	100%	—	100%
Cable fees	—	—	—	—	—	—	—	—	—	—	—	—	—
TV, etc. repair & rental	—	100%	50%	—	100%	100%	100%	50%	50%	100%	50%	—	100%
Fees for participant sports . . .	—	—	—	—	—	100%	100%	—	100%	—	100%	—	—
Admiss. to movies, plays, etc. . .	—	100%	—	—	100%	100%	—	—	100%	—	100%	—	—
Club membership dues & fees. . .	—	—	—	—	—	—	100%	—	—	—	100%	—	—
Admissions to sporting events. . .	—	100%	—	—	100%	100%	100%	—	100%	—	100%	—	—
Toys, hobbies, bikes, etc.	—	100%	100%	—	100%	100%	100%	100%	100%	100%	100%	—	100%
Newspapers	—	—	—	—	—	—	—	20%	—	—	—	—	—
Books	—	100%	100%	—	100%	100%	100%	100%	100%	100%	100%	—	100%
Magazines & periodicals	—	20%	100%	—	—	100%	—	20%	20%	20%	100%	—	—
Campers (trailers,attachable) . . .	—	100%	100%	—	100%	100%	100%	100%	100%	100%	100%	—	100%
Motorcycles	—	100%	100%	—	100%	58%	100%	100%	100%	100%	81%	—	100%
Campers (self-propelled)	—	100%	100%	—	100%	58%	100%	100%	100%	100%	81%	—	100%
Sports, hunting, etc. equip.	—	100%	100%	—	100%	100%	100%	100%	100%	100%	100%	—	100%
Fees for recre. lessons	—	—	—	—	—	100%	—	—	—	—	—	—	—
Boats & boat motors	—	100%	100%	—	100%	100%	100%	100%	100%	100%	100%	—	100%
Landing & docking fees	—	—	—	—	—	100%	—	—	—	—	—	—	—
Developing of film	—	—	—	—	100%	100%	100%	100%	—	100%	—	—	100%
Purchase of film	—	100%	100%	—	100%	100%	100%	100%	100%	100%	100%	—	100%
Photographic equipment	—	100%	100%	—	100%	100%	100%	100%	100%	100%	100%	—	100%
Pets, food, supplies.	—	100%	100%	—	100%	100%	100%	100%	100%	100%	100%	—	100%
Veterinary expenses	—	—	—	—	—	100%	—	—	—	—	—	—	—
Recreation expenses on trips . . .	—	—	—	—	—	—	—	—	—	—	—	—	—
Minor vehicle maint. on trips . . .	—	—	—	—	100%	100%	100%	—	—	100%	—	—	100%
OTHER:													
Contributions	—	—	—	—	—	—	—	—	—	—	—	—	—
Life & other non-health ins.	—	—	—	—	—	—	—	—	—	—	—	—	—
Funerals	—	50%	50%	—	—	100%	—	90%	—	50%	50%	—	—
Federal & state inc. taxes	—	—	—	—	—	—	—	—	—	—	—	—	—
Property taxes	—	—	—	—	—	—	—	—	—	—	—	—	—
Miscellaneous	—	—	—	—	—	—	—	—	—	—	—	—	—

NOTES:

Percentages reflect the degree to which a good or service is taxed. Figures such as "50%" generally means that an item is partially taxed. For example, a 50% figure for car repairs means that parts but not labor costs are taxable. Some less than 100% figures and figures greater than 100% mean that the tax rate on an item is below or above the standard sales tax rate in the state.

Who Applies Sales Taxes To What?

Part IV: Rhode Island to End

	RI	SC	SD	TN	TX	UT	VT	VA	WA	WV	WI	WY	US
FOOD:													
Food less candy & soft drinks	—	100%	100%	100%	—	100%	—	100%	—	—	—	100%	23%
Carbonated drinks	100%	100%	100%	100%	100%	100%	—	100%	100%	—	100%	100%	85%
Candy & chewing gum	100%	100%	100%	100%	100%	100%	—	100%	—	—	100%	100%	64%
Beer & ale (home)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	96%
Wine (home)	100%	100%	100%	100%	100%	100%	55%	100%	100%	100%	100%	100%	96%
Spirits (home)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	97%
Meals away except at school	100%	100%	100%	100%	100%	100%	150%	100%	100%	100%	100%	100%	98%
School lunches	—	—	15%	—	—	—	—	—	—	—	—	—	1%
Beer & ale (away)	100%	100%	100%	100%	100%	100%	150%	100%	100%	100%	100%	100%	99%
Wine (away)	100%	100%	100%	100%	100%	100%	150%	100%	100%	100%	100%	100%	99%
Spirits (away)	100%	100%	100%	100%	100%	100%	150%	100%	100%	100%	100%	100%	99%
Cigarettes	—	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	—	86%
Cigars, other tobacco	100%	100%	100%	100%	100%	100%	—	100%	100%	100%	100%	100%	98%
CLOTHING:													
Clothing & shoes	—	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	84%
Jewelry & watches	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	98%
Accessories	—	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	97%
Clothing material	—	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	84%
Dry clean./laundry	—	100%	100%	100%	100%	100%	—	—	100%	100%	100%	100%	32%
Coin-op. laundry	—	100%	—	—	100%	—	—	—	100%	100%	100%	100%	20%
Shoe repair	—	—	100%	100%	100%	100%	—	—	100%	100%	100%	100%	42%
Apparel/accessory alterations	—	—	100%	100%	100%	100%	—	—	100%	100%	100%	100%	31%
Clothing rental	—	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	78%
Watch & jewelry repair	—	—	100%	100%	100%	100%	—	—	100%	100%	100%	100%	49%
HOME:													
Mortgage interest	—	—	—	—	—	—	—	—	—	—	—	—	—
Rent	—	—	—	—	—	—	—	—	—	—	—	—	—
Home impr./maint. services	—	—	—	—	100%	—	—	—	100%	—	48%	—	23%
Home impr./maint. goods	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	98%
Furnishings & equipment	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	98%
Electricity	67%	—	100%	55%	30%	41%	—	66%	55%	80%	33%	100%	56%
Natural gas	50%	—	100%	27%	30%	41%	—	66%	55%	86%	17%	100%	56%
Fuel oil	—	—	100%	—	100%	41%	—	—	100%	100%	—	100%	53%
Other home fuels	—	—	100%	—	41%	41%	—	—	100%	100%	—	100%	47%
Telephone	70%	60%	60%	85%	65%	60%	131%	37%	20%	80%	240%	60%	68%
Water/sewer	—	—	—	100%	—	—	—	—	—	88%	—	—	10%
Trash/garbage collection	—	—	—	—	100%	—	—	—	—	—	—	—	9%
Septic tank cleaning	—	—	—	—	100%	—	—	—	—	—	—	—	9%
Water softening service	—	—	100%	—	100%	—	—	—	100%	100%	100%	—	38%
Domestic service	—	—	—	—	—	—	—	—	—	—	—	—	—
Gardening/lawn-care service	—	—	75%	—	75%	—	—	—	75%	—	75%	—	23%
Moving & storage	—	—	—	—	—	—	—	—	—	—	—	—	1%
Furniture repair	50%	50%	100%	100%	100%	100%	50%	50%	100%	100%	100%	100%	72%
Tool rental	50%	50%	100%	100%	100%	100%	50%	50%	100%	100%	100%	100%	73%
Coin-op. laundry/dry clean. (nc)	—	100%	—	—	100%	—	—	—	100%	100%	100%	100%	19%
Laundry/dry clean. sent out (nc)	—	100%	100%	100%	100%	100%	—	—	100%	100%	100%	100%	31%
Appliance rental	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	98%

	RI	SC	SD	TN	TX	UT	VT	VA	WA	WV	WI	WY	US
HOME (continued):													
Misc. home services	—	—	50%	—	50%	—	—	—	—	—	—	—	8%
Soaps, clean., paper, misc. prod. . .	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	92%
Stationery, giftwraps	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	98%
Fresh flowers & house plants . . .	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	98%
Lawn & garden supplies	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	98%
Mowing equipment, etc.	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	98%
Other owned housing expenses . . .	—	—	—	—	—	—	—	—	—	—	—	—	—
Lodging while out of town	100%	140%	100%	100%	100%	100%	150%	100%	100%	100%	100%	100%	90%
Housing while attending school . . .	—	—	—	—	—	—	—	—	—	—	—	—	—
MEDICAL:													
Hospital, health care	—	—	—	—	—	—	—	—	—	—	—	—	1%
Health insurance	—	—	—	—	—	—	—	—	—	—	—	—	—
Prescription drugs	—	—	—	—	—	—	—	—	—	—	—	—	1%
OTC drugs, dressings, med.equip.	—	—	—	—	—	30%	100%	100%	100%	100%	100%	—	100
Eyeglasses	—	100%	—	—	—	100%	—	—	—	—	—	—	15%
Care of invalids, elderly, etc. . . .	—	—	—	—	—	—	—	—	—	—	—	—	—
EDUCATION, CHILD CARE:													
Tuition & related fees	—	—	—	—	—	—	—	—	—	—	—	—	—
Babysitting	—	—	—	—	—	—	—	—	—	—	—	—	—
Day care centers, preschools	—	—	—	—	—	—	—	—	—	—	—	—	1%
College books & supplies	—	—	100%	—	100%	100%	—	—	100%	—	100%	100%	54%
Other school books & supp.	—	—	—	—	100%	100%	—	—	100%	—	—	100%	35%
TRANSPORTATION:													
New cars & trucks	100%	50%	60%	100%	100%	100%	100%	86%	100%	100%	100%	100%	94%
Gasoline	—	—	—	—	—	—	—	—	—	81%	—	—	37%
Used cars & trucks	100%	100%	60%	100%	100%	100%	100%	86%	100%	100%	100%	100%	94%
Car repairs	40%	40%	100%	100%	40%	100%	40%	40%	100%	100%	100%	100%	63%
Vehicle insurance	—	—	—	—	—	—	—	—	—	—	—	—	—
Vehicle finance charges	—	—	—	—	—	—	—	—	—	—	—	—	—
Tires, batteries & access.	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	98%
Trains, buses & planes	—	—	—	—	—	—	—	—	—	—	—	—	—
Car, truck & other rental	100%	100%	100%	100%	100%	100%	—	186%	100%	100%	100%	100%	94%
Parking fees	—	—	100%	100%	100%	—	—	—	100%	100%	100%	—	37%
Motor oil	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	98%
Taxis	—	—	—	—	—	100%	—	—	—	—	—	100%	7%
Service policies	—	—	100%	100%	—	—	—	—	—	100%	—	—	16%
Towing charges	—	—	100%	100%	—	—	—	—	100%	100%	100%	100%	26%
Other transportation	—	—	—	—	—	—	—	—	—	—	—	—	—
PERSONAL CARE:													
Personal care services	—	—	100%	—	100%	—	—	—	—	—	—	—	11%
Personal care products	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	98%
PERSONAL BUSINESS:													
Legal fees	—	—	100%	—	—	—	—	—	—	—	—	—	6%
Accounting fees	—	—	100%	—	—	—	—	—	—	—	—	—	6%

	RI	SC	SD	TN	TX	UT	VT	VA	WA	WV	WI	WY	US
RECREATION:													
Televisions, radios, stereos . . .	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	98%
Cable fees	—	—	—	—	100%	—	—	—	—	—	—	—	14%
TV, etc. repair & rental.	100%	100%	100%	100%	100%	100%	100%	50%	100%	100%	100%	100%	73%
Fees for participant sports	—	—	100%	100%	100%	—	100%	—	100%	100%	100%	—	41%
Admiss. to movies, plays, etc. . .	—	48%	100%	100%	100%	100%	100%	—	—	100%	100%	100%	45%
Club membership dues & fees. . .	—	—	50%	—	100%	—	50%	—	50%	100%	—	—	27%
Admissions to sporting events. . .	—	64%	100%	100%	100%	100%	100%	—	—	100%	100%	100%	52%
Toys, hobbies, bikes, etc.	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	98%
Newspapers	—	—	—	—	—	—	—	20%	—	20%	—	—	15%
Books.	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	98%
Magazines & periodicals	—	100%	100%	100%	50%	100%	100%	20%	100%	100%	20%	20%	42%
Campers (trailers,attachable) . . .	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	98%
Motorcycles	100%	100%	60%	100%	100%	100%	100%	86%	100%	100%	100%	100%	94%
Campers (self-propelled)	100%	100%	60%	100%	100%	100%	100%	86%	100%	100%	100%	100%	94%
Sports, hunting, etc. equip.	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	98%
Fees for recre. lessons	—	—	100%	—	—	—	—	—	—	—	—	—	6%
Boats & boat motors.	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	98%
Landing & docking fees	—	—	100%	—	—	—	—	—	100%	100%	100%	—	13%
Developing of film	100%	—	100%	—	100%	100%	—	—	100%	100%	100%	100%	54%
Purchase of film	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	98%
Photographic equipment	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	98%
Pets, food, supplies.	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	98%
Veterinary expenses	—	—	—	—	—	—	—	—	—	—	—	—	1%
Recreation expenses on trips . . .	—	—	—	—	—	—	—	—	—	—	—	—	—
Minor vehicle maint. on trips . . .	—	—	100%	100%	—	100%	—	—	100%	100%	100%	100%	40%
OTHER:													
Contributions	—	—	—	—	—	—	—	—	—	—	—	—	—
Life & other non-health ins.	—	—	—	—	—	—	—	—	—	—	—	—	—
Funerals	—	50%	100%	25%	—	50%	—	50%	50%	100%	—	50%	35%
Federal & state inc. taxes	—	—	—	—	—	—	—	—	—	—	—	—	—
Property taxes	—	—	—	—	—	—	—	—	—	—	—	—	—
Miscellaneous	—	—	—	—	—	—	—	—	—	—	—	—	—

NOTES:

Percentages reflect the degree to which a good or service is taxed. Figures such as "50%" generally means that an item is partially taxed. For example, a 50% figure for car repairs means that parts but not labor costs are taxable. Some less than 100% figures and figures greater than 100% mean that the tax rate on an item is below or above the standard sales tax rate in the state.

Alternative Sales Tax Bases Compared to Current National Average*

(Equivalent Revenues—Figures are Percent Taxable)

	Current Base (5.6%)	Broad Base (3.5%)	New Narrow Base (5.6%)
FOOD:			
Food less candy & soft drinks	23%	100%	—
Carbonated drinks	85%	100%	100%
Candy & chewing gum.	64%	100%	100%
Beer and ale (home)	96%	100%	100%
Wine (home)	96%	100%	100%
Spirits (home)	97%	100%	100%
Meals away except at school	98%	100%	100%
School lunches . . . . .	.1%	100%	—
Beer & ale (away).	99%	100%	100%
Wine (away)	99%	100%	100%
Spirits (away).	99%	100%	100%
Cigarettes	86%	100%	—
Cigars, other tobacco	98%	100%	100%
CLOTHING:			
Clothing & shoes	84%	100%	100%
Jewelry & watches	98%	100%	100%
Accessories.	97%	100%	100%
Clothing material	84%	100%	100%
Dry clean./laundry	32%	100%	100%
Coin-op. laundry	20%	100%	—
Shoe repair.	42%	100%	100%
Apparel/accessory alter.	31%	100%	100%
Clothing rental	78%	100%	100%
Watch & jewelry repair	49%	100%	100%
HOME:			
Mortgage interest.	—	—	—
Rent.	—	—	—
Home impr./maint. services	23%	100%	100%
Home impr./maint. goods	98%	100%	100%
Furnishings & equip.	98%	100%	100%
Electricity	56%	100%	—
Natural gas.	56%	100%	—
Fuel oil	53%	100%	—
Other home fuels.	47%	100%	—
Telephone	68%	100%	—
Water/sewer	10%	100%	—
Trash/garbage collection . . . . .	.9%	100%	—
Septic tank cleaning. . . . .	.9%	100%	100%
Water softening serv.	38%	100%	100%
Domestic service	—	—	—
Gardening/lawn-care	23%	75%	75%
Moving & storage. . . . .	.1%	100%	—
Furniture repair	72%	100%	100%
Tool rental	73%	100%	100%
Coin-op. laundry/dry clean. (nc)	19%	100%	—
Laundry/dry clean. sent out (nc)	31%	100%	100%
Appliance rental	98%	100%	100%

*This table is an adjunct to the table on page 24.

	Current Base (5.6%)	Broad Base (3.5%)	New Narrow Base (5.6%)
HOME (continued):			
Misc. home services . . . . .	.8%	50%	50%
Soaps, clean., paper, misc. prod.	92%	100%	100%
Stationery, giftwraps	98%	100%	100%
Fresh flowers & house plants	98%	100%	100%
Lawn & garden supplies	98%	100%	100%
Mowing equipment, etc.	98%	100%	100%
Other owned-housing expenses	—	—	—
Lodging while out of town.	90%	100%	100%
Housing while at school	—	—	—
MEDICAL:			
Hospital, health care . . . . .	.1%	100%	—
Health insurance	—	—	—
Prescription drugs . . . . .	.1%	100%	—
OTC drugs, dressings, med. equip.	68%	100%	100%
Eyeglasses	15%	100%	—
Care of invalids, elderly, etc.	—	—	—
EDUCATION, CHILD CARE:			
Tuition and related fees	—	—	—
Babysitting	—	—	—
Day care centers, preschools . . . . .	.1%	—	—
College books and supplies	54%	100%	100%
Other school books and supp.	35%	100%	—
TRANSPORTATION:			
New cars & trucks	94%	100%	100%
Gasoline	37%	100%	—
Used cars & trucks	94%	100%	100%
Car repairs	63%	100%	100%
Vehicle insurance	—	—	—
Vehicle finance charges	—	—	—
Tires, batteries and access.	98%	100%	100%
Trains, buses & planes	—	—	—
Car, truck & other rental	94%	100%	100%
Parking fees	37%	100%	100%
Motor oil.	98%	100%	100%
Taxis. . . . .	.7%	—	—
Service policies	16%	100%	100%
Towing charges.	26%	100%	100%
Other transportation	—	—	—
PERSONAL CARE:			
Personal care services	11%	100%	100%
Personal care products	98%	100%	100%
PERSONAL BUSINESS:			
Legal fees . . . . .	.6%	100%	100%
Accounting fees. . . . .	.6%	100%	100%

	Current Base (5.6%)	Broad Base (3.5%)	Narrow Base (5.6%)
RECREATION:			
Televisions, radios, stereos	98%	100%	100%
Cable fees	14%	100%	100%
TV, etc. repair & rental	73%	100%	100%
Fees for participant sports	41%	100%	100%
Admiss. to movies, plays, etc.	45%	100%	100%
Club membership dues and fees	27%	100%	100%
Admissions to sporting events	52%	100%	100%
Toys, hobbies, bikes, etc.	98%	100%	100%
Newspapers	15%	100%	—
Books	98%	100%	100%
Magazines & periodicals.	42%	100%	100%
Campers (trailers,attachable).	98%	100%	100%
Motorcycles	94%	100%	100%
Campers (self-propelled)	94%	100%	100%
Sports, hunting, etc. equip..	98%	100%	100%
Fees for recre. lessons. . . . .	.6%	100%	100%
Boats & boat motors	98%	100%	100%
Landing & docking fees	13%	100%	100%
Developing of film	54%	100%	100%
Purchase of film	98%	100%	100%
Photographic equipment	98%	100%	100%
Pets, food, supplies	98%	100%	100%
Veterinary expenses. . . . .	.1%	100%	100%
Recreation expenses on trips.	—	—	—
Minor vehicle maint. on trips.	40%	100%	100%
OTHER:			
Funerals	35%	100%	—

NOTES:

Broad base follows the U.S. Treasury Department's definition of the broadest possible base for a national sales tax, as described in U.S. Department of the Treasury, Tax Reform for Fairness, Simplicity, and Economic Growth, Volume 3: Value-Added Tax (November 1984).

Narrow base is the most progressive narrow base possible keeping the sales tax rate at the current 5.6 percent.

Methodology

This study, the product of almost a full year's effort, could not have been undertaken without substantial assistance from other analysts. We are especially grateful to the Internal Revenue Service, which provided us with our basic data and methodology, most of it on computer disk, along with much useful advice. We particularly want to thank Robert O'Keefe, Dennis Cox, and Frank M. Malanga of the IRS for their help. In addition, we relied on published and non-published information from the Commerce Department, the Department of Energy, the American Automobile Association, the Tobacco Institute, the Distilled Spirits Council and others too numerous to mention. Academic work by Charles E. McLure, Jr. and Donald Phares offered us some helpful guidance. Particularly useful papers by Raymond Gieseeman of the Division of Consumer Expenditure Surveys, Bureau of Labor Statistics¹ and Frank J. Sammartino of the Congressional Budget Office² aided our methodological approach. Ultimate responsibility for the accuracy of the results rests, of course, with us.

At the outset:

The IRS shared with us the information that it used in preparing the optional sales tax tables that taxpayers formerly relied on to determine their sales tax deductions for federal income tax purposes (prior to the 1986 Tax Reform Act, which repealed the sales tax deduction). This information included: national data on consumer spending by family income and size, based on the 1981-83 Consumer Expenditure Survey and broken down into 134 spending categories;³ plus a listing of which categories are subject to general sales taxes in each state and the District of Columbia. Our first step was to adjust the spending figures to try to take account of underreporting and, to a limited extent, state-by-state variations in spending patterns.

"Fixing" the IRS Consumer Expenditure Survey data:

In a number of cases, the raw Consumer Expenditure Survey data that we obtained from the IRS showed significantly lower spending than is reflected in the national figures for total consumer spending published by the Commerce Department. Not surprisingly, these understatements were particularly notable in the case of items such as alcohol and tobacco. In all cases for which we had comparable data, we increased the raw Consumer Expenditure Survey data to take account of this apparent underreporting.⁴

Specifically, where possible, we compared the total consumption figures in the Consumer Expenditure Survey (average spending for all households times the number of households) to total personal consumption for 1982 as reported by the Commerce Department. We increased our spending figures where the CES all-household data differed from the Commerce Department numbers.⁵ We also used Commerce data to compute the percentage increase in personal consumption from 1982 to 1986 (on specific items where possible), made a projection for 1987, and augmented our basic data by those changes as well.

Once we had obtained our adjusted consumption figures, we ran regressions to get a formula for spending on each item by income level for families of four. The basic formula we used (suggested by the IRS) was:

$$\text{Expenditures} = a \times \text{Income}^b$$

Generally, this approach produced excellent correlations with the basic data. (Occasionally, we consolidated two or more IRS categories into one to improve the correlations.) In a few cases, we had to devise formulas that better matched the data.⁶

¹Raymond Gieseeman, "The Consumer Expenditure Survey: quality control by comparative analysis," Monthly Labor Review (March 1987), p. 8.

²Congressional Budget Office, "The Distributional Effects of an Increase in Selected Federal Excise Taxes," January 1987.

³The IRS compilation of the consumer expenditure survey includes data from both the "diary survey" and the "interview" survey.

⁴Our methodology was inspired by the Congressional Budget Office report referenced in note 2, supra.

⁵In some cases we increased our spending figures by the entire percentage difference and other times by less than the entire difference. See Gieseeman, supra note 1.

⁶Cigarette consumption, for example, apparently rises with income up to a certain point, and then declines slightly.

The sum of the expenditures that our individual regression formulas predicted for most income groups matched well with the result we obtained from a formula based on regressing total consumption. At the top of the income scale, however, we initially found that our individual items totalled to a much higher number than our overall formula predicted. In a number of cases, we therefore lowered the "b" factor for income in excess of \$102,912—producing a "b' " term and a "K" term (equal to $a \times (102,912^b - 102,912^{b'})$), and a new formula, $\text{Exp.} = a \times \text{Income}^{b'} + K$, for incomes greater than \$102,912.⁷

Having made these adjustments, the sum of our individually calculated items now totalled almost exactly what our overall regression formula predicted.⁸ The formulas we used to compute spending by income on each of the items we analyzed can be found at the end of this appendix.

How state-specific are our findings?

Our consumer expenditure patterns by income are based on national consumer expenditure patterns, with the following exceptions: gasoline, electricity, natural gas, home heating oil, other fuels, alcohol and tobacco. From a variety of sources, we obtained state-by-state average consumption on these items compared to the national averages. Spending in each of these categories was increased or decreased on a state-by-state basis by factors calculated to produce the proper total amount of spending on these items in each state.⁹ Additions or subtractions in these categories were put into a residual category, which was assumed to be taxed in the same proportion that overall sales-taxable spending bears to income.¹⁰

We accounted for the federally-mandated tax exemption for food stamp purchases by reducing the tax on food and related items for the first income quintile by 30 percent. (This adjustment has little or no impact in the majority of states that already generally exempt most food items.)

Which states tax what?

As noted above, the IRS gave us information on what items are subject to general sales taxes in each state on computer disk, along with a program allowing these rules to be applied. Because the IRS data was designed to predict allowable sales tax deductions in computing federal itemized deductions, we had to make some adjustments. In particular, under the former rules governing sales tax deductibility, sales taxes were deductible only when the rate on a particular item of spending was the same as the general state sales tax rate. Thus, as a general rule, when a state had a lower or higher rate on a particular item, the IRS tables showed it to be untaxed. We adjusted the tables to reinclude such taxes. We also included state gross receipts taxes on utilities, such as telephone and electricity, (which often are imposed in lieu of sales taxes) where applicable. Taxes on alcohol are included only insofar as they do not exceed the general sales tax rate in a given state. (In other words, our study does not include the extra burdens typically imposed on alcoholic beverages.) All of the information was updated to reflect state sales taxes as of October 1987. In their final form, our tables break consumer spending into 126 categories, and for each state indicate whether the items is taxable (1), non-taxable (0), or partially taxable (a fraction).¹¹ The estimated effects of unusual sales tax rules for a few items in a handful of states were accounted for as well.

Income levels by quintile:

Our model calculates sales and excise taxes under current state laws (as of October 1987) for families of four in five income quintiles, with the top quintile broken into three subgroups. The state-by-state income levels we used are the estimated averages for all families in those groups in 1987, based on data from the Census and the congressional Joint Committee on Taxation.

⁷There is nothing magical about the \$102,912 figure; it just turned out to be convenient.

⁸Our predicted total expenditures by income group match well with the findings of other analyses, such as the U.S. Treasury Department's 1984 study of a national sales tax.

⁹For example, Texans drink more beer, but less wine than the national average. Similarly, before adjustment our model predicted that California families would spend more than the national average on gasoline (as a result of California's higher average family income). But Californians actually spend almost exactly the national average per family on gasoline. We therefore reduced California gasoline expenditures by a factor that left California families spending an average amount on gasoline, despite their higher incomes.

¹⁰For example, the amounts that we subtracted from California families' spending on gasoline were assumed to be spent on other items that are taxed at the same rate as overall spending by Californians is taxed.

¹¹See pages 36-47 for tables on which states apply sales taxes to what items.

Sales tax rates:

Our model includes both state and local sales taxes. We calculated an average local rate based on the ratio between local sales tax collections and state collections in 1985 (using the 1985 state rate).

Excise taxes:

Our model also computes state-by-state excise taxes on tobacco and gasoline. We converted per-item excise taxes to taxes as a percent of price using the most recent state-by-state price data (generally mid-1987), which we obtained from sources listed at the beginning of this section.

Averages:

Whenever averages appear in the report, they are weighted by state populations.

Deficiencies in the results:**1. Sales taxes on business purchases:**

Nationwide, states collect about a third more in sales tax revenues than our model predicts. In the aggregate, almost all of these added revenues represent sales taxes that initially fall on businesses.¹² Examples include sales taxes on business purchases of electricity, natural gas, equipment and tools, and so forth. Most economists believe that, unlike profits taxes, sales taxes on business, as a general rule, translate into higher consumer prices.¹³ Thus, the overall national sales tax burden on American consumers may actually be 25 percent to 30 percent higher than our model shows.

Our study does not address the issue of sales taxes initially paid by businesses, however. We were unable to devise a consistent way to allocate whatever added burdens may be involved among the citizens of the various states, because we could not separate out taxes on businesses from taxes on tourists, nor could we estimate how much of the business burden may be "exported" out of a given state.¹⁴ There are wide disparities in how different states treat business purchases of various items,¹⁵ not to mention large differences in tourism patterns.¹⁶

By excluding sales taxes on business purchases, our model understates absolute sales tax burdens in every state and the understatements are not uniform. States that tax business purchases heavily, for example, Washington or Florida, will tend to have their absolute sales tax burdens understated the most, but we were unable to quantify the results.

2. Compliance issues:

Our model assumes perfect compliance with the sales tax laws in each state. That means that cheating on sales tax payments is not accounted for, nor are situations in which retailers collect and remit sales taxes when they are not legally due (for example, by charging sales taxes on legally exempt items). We have no data to indicate that over or under collection of sales taxes varies significantly from state to state. We also gave states that provide sales tax rebates to low-income families full credit for those programs, although in practice many eligible families may not obtain the rebates.

¹²As discussed below, many states collect substantial revenues from tourists, but except for tourists from other countries, these taxes ultimately fall on Americans.

¹³On the other hand, in some cases, sales taxes on business purchases may not be passed on, but may result in lower business profits. This result is most likely to occur when a state's sales tax on a particular item (e.g., farm tractors) is higher than the rate in another state where competing products are produced.

¹⁴There have been some academic attempts to take account of tax "exporting" or tax "importing," but we were unable to apply the results of these studies to our work.

¹⁵In contrast, there is virtually no difference among states in how much gasoline excise tax revenues exceed what our model predicts will be paid directly by consumers. Thus, we were able to attribute the business share of gasoline taxes—a 25-percent add-on—to consumers in each state in proportion to their overall consumer spending, and those taxes are included in our gasoline tax results. See Congressional Budget Office, *supra* note 2.

¹⁶Our model does take account of taxes on non-business tourists, but uses the simplifying assumption that the residents of each state spend amounts typical for their income levels on tourism, and pay tourism taxes (e.g., sales taxes on consumer expenditures while traveling) at the rates in their home states. Strictly speaking, of course, this is incorrect, but the errors it introduces are insubstantial.

Formulas for Computing Spending

	Inc < \$102,912		Inc > \$102,912		Corr. R ²
	Exp = a x Inc ^b		Exp = a x Inc ^{b'} + K		
	a	b	b'	K	
FOOD:					
Food less candy & soft drinks	138.35	0.32	0.30	1,040	98%
Carbonated drinks	10.25	0.30	0.29	22	95%
Candy & chewing gum	0.17	0.57	0.55	26	95%
Beer & ale (home)	0.95	0.56	—	—	98%
Wine (home)	0.00	1.28	1.28	—	95%
Spirits (home)	0.00	1.41	1.28	454	92%
Meals away except at school	1.07	0.71	0.67	1,636	94%
School lunches	1.34	0.43	0.15	179	82%
Beer & ale (away)	0.04	0.73	—	—	97%
Wine (away)	0.01	0.78	—	—	90%
Spirits (away)	0.02	0.84	0.82	58	94%
Cigarettes	SPECIAL FORMULA:.....				99%
Cigars, other tobacco	0.10	0.54	0.50	20	87%
CLOTHING:					
Clothing & shoes	0.14	0.90	0.87	1,559	98%
Jewelry & watches	0.00	1.22	—	—	99%
Accessories	0.00	1.05	1.03	38	99%
Clothing material	SPECIAL FORMULA:.....				99%
Dry clean./laundry	0.00	1.36	1.17	233	95%
Coin-op. laundry ¹	4.3E+07	-1.37	—	—	96%
Shoe repair	0.00	0.85	0.75	11	90%
Apparel/accessory alterations	0.00	1.81	1.60	32	97%
Clothing rental	0.00	0.81	—	—	97%
Watch & jewelry repair	0.00	1.64	1.43	36	98%
HOME:					
Mortgage interest	0.01	1.16	0.90	8,293	100%
Rent ¹	3.1E+07	-1.02	—	—	100%
Home impr./maint. services	0.00	1.33	1.25	1,276	96%
Home impr./maint. goods	SPECIAL FORMULA:.....				99%
Furnishings & equipment	0.08	0.96	0.90	2,315	99%
Electricity	19.81	0.36	0.35	182	99%
Natural gas	4.00	0.43	0.38	281	98%
Fuel oil	SPECIAL FORMULA:.....				99%
Other home fuels	SPECIAL FORMULA:.....				99%
Telephone	6.46	0.42	—	—	96%
Water/sewer	0.89	0.53	0.44	246	95%
Trash/garbage collection	0.24	0.52	—	—	89%
Septic tank cleaning	2.80	0.00	—	—	0%
Water softening service ¹	0.00	0.69	—	—	79%
Domestic service	0.00	2.89	2.75	415	94%
Gardening/lawn-care service	0.00	1.90	1.80	143	99%
Moving & storage	2.05	0.29	—	—	97%
Furniture repair	0.00	1.11	1.05	36	83%
Tool rental	0.00	0.94	—	—	97%
Coin-op laundry/dry clean. (nc)	3.9E+04	-0.87	—	—	95%
Laundry/dry clean. sent out (nc) ¹	0.00	7.06	—	—	51%
Appliance rental	4.19	0.00	—	—	0%

¹Maximums: Coin-op. laundry—\$75; rent—\$2,000; water soft.—\$10; laundry (non-clothing)—\$20;

	Inc<\$102,912		Inc>\$102,912		Corr. R ²
	Exp=a x Inc ^b a	b	Exp=a x Inc ^b +K b'	K	
HOME (continued)					
Misc. home services	0.00	0.89	—	—	93%
Soaps, clean., paper, misc. prod.	1.85	0.49	0.48	89	98%
Stationery, giftwraps	0.01	0.88	—	—	95%
Fresh flowers & house plants	0.00	1.13	1.08	92	97%
Lawn & garden supplies	0.00	1.99	1.70	271	83%
Mowing equipment, etc.	0.03	0.66	0.55	47	85%
Other owned-housing expenses	0.14	0.66	0.55	209	98%
Lodging while out of town	0.00	1.43	—	—	98%
Housing while at school	0.00	2.00	1.65	209	98%
MEDICAL:					
Hospital, health care	1.81	0.58	0.45	1,064	97%
Health insurance.	58.04	0.14	—	—	99%
Prescription drugs	2.90	0.38	0.36	44	85%
OTC drugs, dressings, med.equip.	0.33	0.57	0.52	105	90%
Eyeglasses.	0.01	0.82	0.53	107	84%
Care of invalids, elderly, etc.	6.99	0.00	—	—	0%
EDUCATION, CHILD CARE:					
Tuition & related fees	0.00	1.61	1.35	1,820	99%
Babysitting	2.09	0.45	—	—	96%
Daycare centers, preschools.	0.02	0.84	—	—	86%
College books & supplies.	0.00	1.14	1.05	54	96%
Other school books & supp.	0.18	0.43	—	—	64%
TRANSPORTATION:					
New cars & trucks	0.00	1.53	1.40	5,244	94%
Gasoline	17.79	0.41	0.01	2,070	95%
Used cars & trucks.	SPECIAL FORMULA:.....				
Car repairs	0.21	0.75	0.70	564	99%
Vehicle insurance	0.54	0.66	0.64	193	98%
Vehicle finance charges.	0.16	0.73	0.45	714	94%
Tires, batteries & access.	5.65	0.37	—	—	85%
Trains, buses & planes	0.00	1.08	1.05	193	91%
Car, truck & other rental	0.00	1.68	1.50	156	76%
Parking fees	0.00	1.65	1.48	105	99%
Motor oil	14.68	0.00	—	—	0%
Taxis	13.03	0.00	—	—	0%
Service policies	6.99	0.00	—	—	0%
Towing charges	0.00	0.91	0.80	11	95%
Other transportation.	0.14	0.63	—	—	100%
PERSONAL CARE:					
Personal care services	0.07	0.83	0.80	343	99%
Personal care products	0.14	0.73	0.70	196	96%
PERSONAL BUSINESS:					
Legal fees	0.00	1.00	—	—	84%
Accounting fees	0.00	1.33	1.30	39	86%

	Inc<\$102,912		Inc>\$102,912		Corr. R ²
	Exp=a x Inc ^b a	b	Exp=a x Inc ^{b'} +K b'	K	
RECREATION:					
Televisions, radios, stereos	0.08	0.82	0.75	527	96%
Cable fees ²	1.11	0.48	—	—	90%
TV, etc. repair & rental.	0.49	0.40	—	—	87%
Fees for participant sports	0.00	1.06	1.04	61	95%
Admiss. to movies, plays, etc.	0.00	1.17	1.10	185	98%
Club membership dues & fees.	0.00	1.61	1.50	236	97%
Admissions to sporting events.	0.00	1.34	1.25	124	93%
Toys, hobbies, bikes, etc.	0.49	0.58	—	—	93%
Newspapers	0.14	0.62	0.46	156	95%
Books.	0.01	0.87	0.73	128	89%
Magazines & periodicals	0.01	0.84	0.70	94	95%
Campers (trailers,attachable)	SPECIAL FORMULA:.....				99%
Motorcycles	44.24	0.00	—	—	0%
Campers (self-propelled)	SPECIAL FORMULA:.....				99%
Sports, hunting, etc. equip.	0.00	1.21	1.15	186	96%
Fees for recre. lessons	0.00	1.53	1.40	349	99%
Boats & boat motors.	0.00	1.52	1.40	242	84%
Landinganddockingfees	0.00	8.03	6.90	374	68%
Developing of film	0.00	0.95	0.80	85	99%
Purchase of film	0.01	0.80	0.70	52	98%
Photographic equipment	0.00	1.31	1.15	93	95%
Pets, food, supplies.	0.00	1.05	0.98	68	97%
Veterinary expenses	0.00	0.94	0.88	52	99%
Recreation expenses on trips	0.00	1.29	1.20	41	98%
Minor vehicle maint. on trips	17.15	0.00	—	—	0%
OTHER:					
Contributions	0.00	1.25	1.20	2,182	98%
Life & other non-health ins.	0.31	0.74	—	—	99%
Funerals	39.79	0.00	—	—	0%
Federal & state inc. taxes ²	0.00	1.57	1.53	6,657	98%
Property taxes	0.00	1.22	1.16	1,120	99%
Miscellaneous	0.35	0.64	—	—	86%
SPECIAL FORMULAS:					
Cigarettes	MAX(250,510-MAX(0,INC-37000) x 0.0043 -MAX(0,22000-INC) x 0.011)				
Home impr./maint. goods.	490-MAX(0,53000-INC) x 0.009- MIN(190,MAX(0,INC-53000) x 0.003)				
Fuel oil	MAX(40,MIN(300,134-MAX(0,28000-INC) x 0.0073+MAX(0,INC-73000) x 0.0022))				
Other home fuels	MAX(10,61-MAX(0,28000-INC) x 0.0023- MAX(0,INC-53000) x 0.0007)				
Clothing material	MAX(20,48-MAX(0,38000-INC) x 0.0009- MAX(0,INC-53000) x 0.00054)				
Campers (trailers,attachable)	113-MIN(105,MAX(0,38000-INC) x 0.0072) -MIN(85,MAX(0,INC-53000) x 0.0085)				
Used cars & trucks.	974-MAX(0,22000-INC) x 0.041				
Campers (self-propelled)	21+MIN(22,0.00147 x MAX(0,INC-37700))				

²Maximums: Cable fees—\$300; income taxes—28% of income.

Adjust Factors for Certain Items*

	Elec- tricity	Nat. Gas	Fuel Oil	Other Fuel	Gas- line	Beer Home	Wine Home	Spir. Home	Beer Away	Wine Away	Spir. Away	Cigar- ettes	Other Tob.
Alabama	121%	85%	2%	190%	116%	121%	75%	135%	62%	15%	38%	100%	114%
Alaska	78%	72%	440%	17%	136%	140%	156%	180%	229%	222%	166%	136%	112%
Arizona	117%	45%	0%	44%	122%	135%	139%	123%	110%	101%	135%	93%	97%
Arkansas	121%	93%	0%	315%	121%	87%	55%	103%	120%	52%	100%	107%	127%
California	61%	89%	1%	29%	94%	84%	139%	102%	113%	249%	77%	78%	73%
Colorado	80%	125%	5%	97%	111%	104%	119%	109%	112%	90%	148%	87%	87%
Connecticut	94%	69%	387%	40%	94%	78%	110%	90%	65%	87%	124%	104%	84%
Delaware	91%	64%	323%	203%	109%	97%	92%	97%	104%	83%	190%	121%	115%
Dist. of Col.	36%	179%	128%	55%	50%	97%	89%	91%	145%	223%	164%	95%	84%
Florida	137%	8%	6%	85%	103%	118%	134%	139%	104%	87%	144%	105%	111%
Georgia	88%	112%	6%	120%	129%	112%	84%	111%	116%	69%	158%	105%	108%
Hawaii	75%	16%	0%	37%	91%	142%	120%	95%	166%	99%	97%	69%	60%
Idaho	97%	43%	80%	90%	112%	124%	94%	100%	93%	68%	82%	81%	92%
Illinois	81%	186%	25%	88%	89%	96%	87%	81%	70%	75%	121%	104%	99%
Indiana	112%	131%	64%	199%	104%	81%	69%	75%	86%	38%	85%	103%	109%
Iowa	108%	120%	49%	290%	106%	98%	34%	64%	79%	25%	76%	89%	93%
Kansas	99%	113%	3%	105%	104%	73%	34%	60%	91%	48%	88%	92%	91%
Kentucky	98%	88%	30%	235%	114%	91%	54%	82%	79%	33%	98%	99%	113%
Louisiana	120%	95%	0%	61%	122%	124%	89%	120%	101%	153%	155%	115%	131%
Maine	90%	4%	394%	101%	107%	111%	99%	135%	109%	76%	109%	106%	114%
Maryland	90%	98%	204%	66%	99%	104%	91%	92%	78%	59%	118%	95%	85%
Massachusetts	68%	94%	416%	43%	80%	102%	105%	88%	79%	88%	128%	110%	96%
Michigan	72%	192%	83%	154%	100%	102%	85%	106%	80%	83%	80%	108%	108%
Minnesota	75%	103%	103%	165%	113%	89%	80%	116%	96%	44%	109%	94%	91%
Mississippi	132%	74%	0%	189%	130%	122%	42%	144%	125%	45%	45%	108%	129%
Missouri	111%	108%	20%	178%	111%	88%	54%	62%	156%	130%	116%	103%	108%
Montana	87%	104%	70%	107%	132%	146%	95%	75%	112%	54%	187%	77%	86%
Nebraska	90%	119%	22%	147%	108%	91%	50%	68%	88%	32%	69%	86%	87%
Nevada	108%	56%	33%	113%	111%	121%	207%	207%	134%	146%	172%	101%	105%
New Hampshire	89%	30%	421%	161%	94%	137%	117%	102%	120%	101%	90%	99%	93%
New Jersey	82%	110%	302%	27%	87%	80%	125%	88%	80%	111%	125%	110%	92%
New Mexico	69%	103%	2%	175%	143%	115%	133%	75%	131%	66%	98%	78%	88%
New York	75%	117%	244%	52%	75%	86%	126%	98%	77%	83%	116%	100%	91%
North Carolina	128%	37%	139%	138%	113%	90%	81%	116%	61%	56%	35%	96%	105%
North Dakota	108%	77%	199%	137%	136%	99%	48%	125%	98%	42%	106%	86%	88%
Ohio	94%	173%	39%	137%	95%	96%	74%	63%	118%	72%	80%	100%	102%
Oklahoma	137%	117%	4%	139%	146%	85%	58%	120%	66%	45%	53%	101%	113%
Oregon	87%	46%	96%	34%	95%	102%	168%	108%	97%	131%	59%	93%	101%
Pennsylvania	102%	127%	244%	125%	77%	117%	68%	70%	98%	81%	81%	93%	96%
Rhode Island	69%	101%	437%	40%	81%	105%	147%	98%	82%	97%	127%	113%	113%
South Carolina	134%	41%	59%	144%	118%	119%	97%	155%	109%	61%	155%	97%	108%
South Dakota	106%	76%	131%	259%	129%	96%	46%	131%	93%	55%	100%	85%	92%
Tennessee	111%	46%	8%	145%	125%	78%	67%	124%	151%	34%	55%	101%	112%
Texas	121%	68%	2%	67%	120%	131%	65%	103%	153%	94%	91%	102%	105%
Utah	88%	184%	15%	174%	131%	69%	48%	94%	71%	21%	27%	62%	66%
Vermont	116%	16%	572%	256%	116%	135%	152%	149%	115%	122%	59%	111%	119%
Virginia	107%	53%	139%	106%	101%	88%	82%	90%	98%	81%	37%	95%	90%
Washington	92%	32%	90%	40%	87%	97%	185%	109%	82%	130%	108%	90%	93%
West Virginia	95%	132%	42%	96%	96%	113%	50%	86%	107%	40%	50%	95%	112%
Wisconsin	77%	137%	148%	192%	89%	133%	83%	103%	110%	52%	109%	95%	97%
Wyoming	82%	132%	77%	283%	144%	139%	66%	119%	111%	37%	99%	98%	102%

* These adjustments are in addition to variations explained by differences in personal income among the states.

Spending as Shares of Income for Families of 4 National Averages in 1987

	Quintile: INCOME:	I \$8,581	II \$20,535	III \$31,497	IV \$44,910	V,15% \$66,912	Top 5% \$187,316	Top 0.7% \$612,122	Average \$40,507
FOOD:		47.2%	28.8%	22.7%	18.6%	15.0%	8.4%	4.5%	18.2%
Food less candy & soft drinks		28.8%	15.9%	11.9%	9.3%	7.1%	3.4%	1.4%	9.3%
Carbonated drinks		1.7%	0.9%	0.7%	0.5%	0.4%	0.2%	0.1%	0.5%
Candy & chewing gum		0.4%	0.2%	0.2%	0.2%	0.1%	0.1%	0.0%	0.2%
Beer & ale (home)		1.8%	1.2%	1.0%	0.9%	0.7%	0.5%	0.3%	0.8%
Wine (home)		0.1%	0.1%	0.2%	0.2%	0.2%	0.3%	0.4%	0.2%
Spirits (home)		0.2%	0.3%	0.4%	0.4%	0.5%	0.4%	0.3%	0.4%
Meals away except at school		8.0%	6.3%	5.5%	5.0%	4.5%	2.8%	1.6%	4.7%
School lunches		0.8%	0.5%	0.4%	0.3%	0.2%	0.1%	0.0%	0.3%
Beer & ale (away)		0.3%	0.3%	0.2%	0.2%	0.2%	0.1%	0.1%	0.2%
Wine (away)		0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.1%
Spirits (away)		0.5%	0.4%	0.4%	0.4%	0.4%	0.3%	0.2%	0.4%
Cigarettes		4.2%	2.4%	1.6%	1.1%	0.6%	0.1%	0.0%	1.1%
Cigars, other tobacco		0.2%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.1%
CLOTHING:		7.6%	6.6%	6.3%	6.1%	5.9%	4.8%	4.0%	5.9%
Clothing & shoes		5.8%	5.3%	5.1%	4.9%	4.8%	3.7%	2.7%	4.7%
Jewelry & watches		0.4%	0.5%	0.5%	0.6%	0.6%	0.8%	1.0%	0.6%
Accessories		0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Clothing material		0.3%	0.2%	0.1%	0.1%	0.1%	0.0%	0.0%	0.1%
Dry clean./laundry		0.1%	0.1%	0.2%	0.2%	0.2%	0.2%	0.1%	0.2%
Coin-op. laundry		0.9%	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.1%
Shoe repair		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Apparel/accessory alter.		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Clothing rental		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Watch & jewelry repair		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
HOME:		54.6%	31.8%	26.8%	24.5%	23.1%	15.5%	11.8%	24.5%
Mortgage interest		5.8%	6.6%	7.1%	7.5%	7.9%	4.8%	1.7%	6.8%
Rent		23.3%	6.2%	2.6%	1.3%	0.6%	0.1%	0.0%	2.5%
Home impr./maint. service		0.9%	1.2%	1.4%	1.5%	1.7%	1.6%	1.4%	1.5%
Home impr./maint. goods		1.1%	1.0%	0.9%	0.9%	0.7%	0.2%	0.0%	0.7%
Furnishings & equip.		5.3%	5.1%	5.0%	4.9%	4.8%	3.6%	2.5%	4.6%
Electricity		6.2%	3.5%	2.7%	2.2%	1.7%	0.8%	0.4%	2.1%
Natural gas		2.4%	1.5%	1.1%	0.9%	0.7%	0.4%	0.1%	0.9%
Fuel oil		0.5%	0.4%	0.4%	0.3%	0.2%	0.2%	0.0%	0.3%
Other home fuels		0.2%	0.2%	0.2%	0.1%	0.1%	0.0%	0.0%	0.1%
Telephone		3.4%	2.0%	1.6%	1.3%	1.0%	0.6%	0.3%	1.3%
Water/sewer		1.2%	0.8%	0.7%	0.6%	0.5%	0.2%	0.1%	0.5%
Trash/garbage collection		0.3%	0.2%	0.2%	0.1%	0.1%	0.1%	0.0%	0.1%
Septic tank cleaning		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Water softening serv.		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Domestic service		0.0%	0.0%	0.1%	0.1%	0.2%	0.5%	2.4%	0.2%
Gardening/lawn care		0.0%	0.0%	0.1%	0.1%	0.1%	0.2%	0.3%	0.1%
Moving & storage		0.3%	0.2%	0.1%	0.1%	0.1%	0.0%	0.0%	0.1%
Furniture repair		0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.1%
Tool rental		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Coin-op laundry/dry clean. (nc)		0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Laundry/dry clean. sent out (nc)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Appliance rental		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

	Quintile: INCOME:	I \$8,581	II \$20,535	III \$31,497	IV \$44,910	V,15% \$66,912	Top 5% \$187,316	Top 0.7% \$612,122	Average \$40,507
HOME (continued)									
Misc. home services	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Soaps, clean., paper, misc. prod.	1.9%	1.2%	1.0%	0.8%	0.7%	0.4%	0.2%	0.8%	
Stationery, giftwraps	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.1%	0.2%	
Fresh flowers & house plants	0.1%	0.2%	0.2%	0.2%	0.2%	0.2%	0.1%	0.2%	
Lawn & garden supplies	0.0%	0.1%	0.1%	0.1%	0.2%	0.2%	0.1%	0.1%	
Mowing equipment, etc.	0.2%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.1%	
Other owned-housing expenses	0.7%	0.5%	0.4%	0.4%	0.3%	0.2%	0.1%	0.3%	
Lodging while out of town	0.2%	0.4%	0.4%	0.5%	0.6%	0.9%	1.5%	0.6%	
Housing while at school	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%	0.0%	0.1%	
MEDICAL:	8.3%	5.1%	4.0%	3.4%	2.7%	1.3%	0.5%	3.2%	
Hospital, health care	3.9%	2.7%	2.2%	1.9%	1.6%	0.8%	0.3%	1.8%	
Health insurance	2.4%	1.1%	0.8%	0.6%	0.4%	0.2%	0.1%	0.6%	
Prescription drugs	1.0%	0.6%	0.5%	0.4%	0.3%	0.1%	0.1%	0.4%	
OTC drugs, dressings, med.equip.	0.7%	0.5%	0.4%	0.3%	0.3%	0.2%	0.1%	0.3%	
Eyeglasses	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.1%	
Care of invalids, elderly, etc	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
EDUCATION, CHILD CARE:	2.4%	2.1%	2.1%	2.2%	2.3%	1.7%	0.9%	2.1%	
Tuition & related fees	0.4%	0.7%	0.9%	1.1%	1.4%	1.1%	0.5%	1.1%	
Babysitting	1.4%	0.8%	0.7%	0.5%	0.4%	0.2%	0.1%	0.5%	
Day care centers, preschools	0.5%	0.4%	0.4%	0.4%	0.4%	0.3%	0.2%	0.4%	
College books & supplies	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.1%	
Other school books & supp.	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
TRANSPORTATION:	24.9%	19.5%	16.8%	15.3%	14.3%	9.6%	6.4%	14.8%	
New cars & trucks	1.7%	2.8%	3.5%	4.2%	5.2%	4.6%	3.8%	4.2%	
Gasoline	8.7%	5.2%	4.1%	3.3%	2.6%	1.1%	0.3%	3.2%	
Used cars & trucks	4.9%	4.5%	3.1%	2.2%	1.5%	0.5%	0.2%	2.1%	
Car repairs	2.2%	1.8%	1.6%	1.5%	1.3%	0.8%	0.5%	1.4%	
Vehicle insurance	2.4%	1.8%	1.6%	1.4%	1.2%	0.8%	0.5%	1.3%	
Vehicle finance charges	1.4%	1.1%	1.0%	0.9%	0.8%	0.4%	0.1%	0.8%	
Tires, batteries & access..	1.9%	1.1%	0.8%	0.7%	0.5%	0.3%	0.1%	0.7%	
Trains, buses & planes.	0.6%	0.6%	0.6%	0.7%	0.7%	0.6%	0.6%	0.6%	
Car, truck & other rental	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	
Parking fees	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	
Motor oil.	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Taxis.	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Service policies	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Towing charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Other transportation	0.5%	0.4%	0.3%	0.3%	0.2%	0.2%	0.1%	0.3%	
PERSONAL CARE:	2.8%	2.3%	2.1%	2.0%	1.8%	1.3%	0.8%	1.9%	
Personal care services	1.5%	1.3%	1.2%	1.2%	1.1%	0.8%	0.5%	1.1%	
Personal care products	1.2%	1.0%	0.9%	0.8%	0.7%	0.5%	0.3%	0.8%	
PERSONAL BUSINESS:	0.4%	0.5%	0.5%	0.5%	0.5%	0.5%	0.6%	0.5%	
Legal fees	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	
Accounting fees	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%	0.1%	

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RECREATION:		7.4%	5.8%	5.6%	5.5%	5.1%	3.9%	2.7%	5.2%
Televisions, radios, stereos.		1.5%	1.3%	1.2%	1.1%	1.0%	0.7%	0.4%	1.0%
Cable fees		1.0%	0.6%	0.5%	0.4%	0.3%	0.2%	0.0%	0.4%
TV, etc. repair & rental		0.2%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.1%
Fees for participant sports		0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Admiss. to movies, plays, etc..		0.2%	0.3%	0.3%	0.3%	0.3%	0.3%	0.2%	0.3%
Club membership dues & fees		0.1%	0.1%	0.2%	0.2%	0.2%	0.2%	0.3%	0.2%
Admissions to sporting events		0.1%	0.1%	0.1%	0.1%	0.2%	0.1%	0.1%	0.1%
Toys, hobbies, bikes, etc..		1.1%	0.8%	0.7%	0.6%	0.5%	0.3%	0.2%	0.5%
Newspapers		0.5%	0.3%	0.3%	0.2%	0.2%	0.1%	0.0%	0.2%
Books		0.2%	0.2%	0.2%	0.2%	0.2%	0.1%	0.0%	0.2%
Magazines & periodicals.		0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.1%
Campers (trailers,attachable).		0.1%	0.0%	0.2%	0.3%	0.0%	0.0%	0.0%	0.1%
Motorcycles		0.5%	0.2%	0.1%	0.1%	0.1%	0.0%	0.0%	0.1%
Campers (self-propelled).		0.2%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.1%
Sports, hunting, etc. equip..		0.2%	0.2%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Fees for recre. lessons.		0.1%	0.2%	0.2%	0.3%	0.3%	0.3%	0.3%	0.3%
Boats & boat motors		0.1%	0.1%	0.2%	0.2%	0.3%	0.2%	0.2%	0.2%
Landing & docking fees		0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.1%	0.1%
Developing of film		0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.1%
Purchase of film		0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.1%
Photographic equipment.		0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.1%
Pets, food, supplies		0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Veterinary expenses.		0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Recreation expenses on trips.		0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%
Minor vehicle maint. on trips.		0.2%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
OTHER:		12.5%	14.8%	16.6%	18.7%	21.5%	25.0%	33.7%	19.9%
Contributions.		2.4%	3.0%	3.4%	3.7%	4.1%	4.0%	3.9%	3.7%
Life & other non-health ins.		3.0%	2.4%	2.1%	2.0%	1.8%	1.4%	1.0%	1.9%
Funerals		0.5%	0.2%	0.1%	0.1%	0.1%	0.0%	0.0%	0.1%
Taxes & miscellaneous		6.6%	9.1%	11.0%	12.9%	15.6%	19.6%	28.8%	14.2%
SAVINGS		-68.1%	-17.2%	-3.5%	3.4%	7.6%	28.0%	34.2%	3.9%

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Citizens for Tax Justice

Citizens for Tax Justice was formed in 1979 to give ordinary citizens a greater voice in the development of tax laws at the national, state and local levels. Against the armies of special-interest lobbyists for corporations and the wealthy, CTJ fights for a fair shake for middle- and low-income families, based on the idea that people should pay taxes according to their ability to pay them. Dan Rostenkowski, chairman of the House Ways and Means Committee, has called CTJ "the average taxpayer's voice in Washington." *The Washington Monthly* ranked CTJ first in its 1988 list of the "best public interest groups."

CTJ's studies on corporate tax avoidance, including *130 Reasons Why We Need Tax Reform* (1986), *Corporate Taxpayers & Corporate Freeloaders* (1985) and *Money for Nothing: The Failure of Corporate Tax Incentives, 1981-84* (1986), have been widely cited for their important role in the enactment of the Tax Reform Act of 1986—path-breaking federal legislation that curbed tax shelters for corporations and the rich and cut taxes for poor and middle-income families. Indeed, *The Washington Post* called CTJ's reports a "key turning point" in the tax reform debate that "had the effect of touching a spark to kindling" and "helped to raise public ire against corporate tax evaders." *The Wall Street Journal* said that CTJ "helped propel the tax-overall effort," and the Associated Press reported that CTJ's studies "assured that something would be done . . . to make profitable companies pay their share."

Previous CTJ reports on state and local taxes include *The Sorry State of State Taxes* (1987) and *The Impact of Recent Changes in Federal Depreciation Rules on State Tax Revenues* (1981), as well as numerous state-specific studies on a variety of tax issues.

Articles written by CTJ staff members frequently appear in *The New York Times*, *The Washington Post*, *The Los Angeles Times*, *The New Republic* and other publications—big and small—across the country. Through press, television and radio coverage, CTJ's message gets out—to the public and policymakers alike. Working with a growing network of labor, community and church groups from every part of the country, CTJ's goal is to make taxes a better deal for middle- and low-income American families.

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