MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on January 12, 2006 in Room 519-S of the Capitol.

All members were present except:
>   Representative Anthony Brown - excused
>   Representative Sydney Carlin - excused
>   Representative Paul Davis - excused

Committee staff present:
>   Chris Courtwright, Legislative Research Department
>   Martha Dorsey, Legislative Research Department
>   Gordon Self, Revisor of Statutes
>   Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:
>   Dr. John Wong, Wichita State University

Others attending:
>   See attached list.

The Chairman called for bill introductions

Representative O'Malley requested a bill introduction regarding property tax deferral program for seniors. It was seconded by Representative Hill. The motion carried.

Marlee Carpenter, Kansas Chamber of Commerce, requested a bill be introduced regarding a property tax exemption for telecommunications machinery and equipment. Representative Siegfreid moved that in motion form and it was seconded by Representative O'Malley. The motion carried.

Representative Huff requested a Committee bill be introduced regarding the Kansas and Missouri regional investment district compact. Representative Owens seconded. The motion carried.

Representative Hill introduced his intern, Melissa Miller, a student at Emporia State University.

The Chairman introduced Dr. John Wong of Wichita State University. Mr. Wong made a presentation on the extent to which the elasticity of the major tax sources had declined over time. He said one reason behind the declining elasticity relates to the fact that the economy today is much different than it was in the 1930s when the sales and income taxes were imposed. He said that as the economy and technology continue to change, government should keep an eye on those things generating economic activity and recognize the reallocation of resources in the private market. When the economy changes and the tax structure does not, a lag in revenues is likely to occur until the tax policies have been modified.

Dr. Wong also said that the declining elasticity of major taxes was indicative of the rapid changes occurring in the Kansas economy. He said that Kansas was currently in a transitional period and was seeing agriculture and manufacturing become relatively less important while services were becoming more important. According to Wong, if Kansas is unable to begin taxing more services, the elasticity of the sales tax is expected to continue to decline, based on the expectation that the relative economic contribution of services in comparison to goods is expected to continue to grow.

Dr. Wong briefed the Committee using a power point presentation with a series of charts that reflected categories relevant to elasticity of taxes (Attachment 1). Discussion followed regarding Dr. Wong's methodology of reflecting data on his reports and his ability to pull specific information from existing data in order to provide additional information for the use of the Committee. Dr. Wong provided a CD which was converted to a Portable Document Format (PDF), which will be an attachment to the minutes.

During the interim, Chairman Wilk and staff, discussed the possibility of obtaining additional specific information that could be used to help determine the outcome of past legislative decisions.

MINUTES OF THE House Taxation Committee at 9:00 A.M. on January 12, 2006 in Room 519-S of the Capitol.

Chris Courtwright said that Legislative Research could provide a limited amount of additional information regarding hard data, some apocryphal, as well as anecdotal. He explained the process of gathering information and the basis for determination of fiscal notes. He added that traditionally data is not tracked based on what actually happened and due to the multitude of variables, even with the help of Department of Revenue, some of the Committee requests would be nearly impossible to reconstruct.

The meeting was adjourned at 10:25 A. M. The next meeting is January 18, 2006.

HOUSE TAXATION COMMITTEE GUEST LIST

DATE: January 12, 2006

NAME	REPRESENTING
Derek Hein	Hein Law Firm
Dan Korber	Kansas Inc.
Harrit Lange	Ks Assn of B'Casters
Leslie Kaufman	Ks Coop Council
Bill Henry	Ks Credit Union Assn

ELASTICITY OF MAJOR TAX SOURCES OVER TIME

Before the House Taxation Committee
Kansas Statehouse, Room 519-S
Thursday, January 12, 2006, 9:00 A.M.
By
Professor John D. Wong, J.D., Ph.D.
Hugo Wall School of Urban and Public Affairs
Wichita State University
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Wichita, Kansas 67260
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STATE OF KANSAS ADJUSTED GENERAL FUND TAX RECEIPTS, RATES OF CHANGE, ELASTICITIES, COMPOSITION, AND EFFECTIVE TAX RATES: FISCAL YEARS 1989 THROUGH 2005
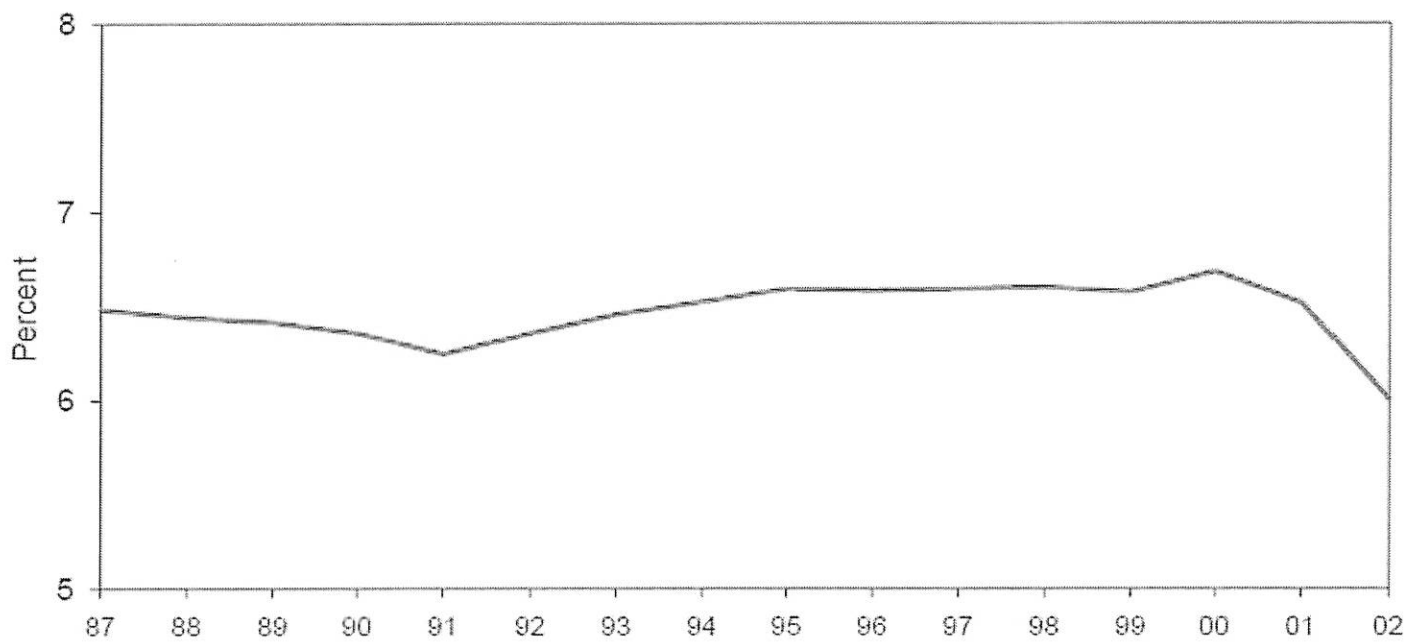
prepared for

State of Kansas
Department of Administration
Division of the Budget

by

John D. Wong, J.D., Ph.D.
Consulting Economist

August 2005

State Tax Revenue as a Percent of Personal Income, 1987-2002

W.F. Fox, CBER, The University of Tennessee, Knoxville

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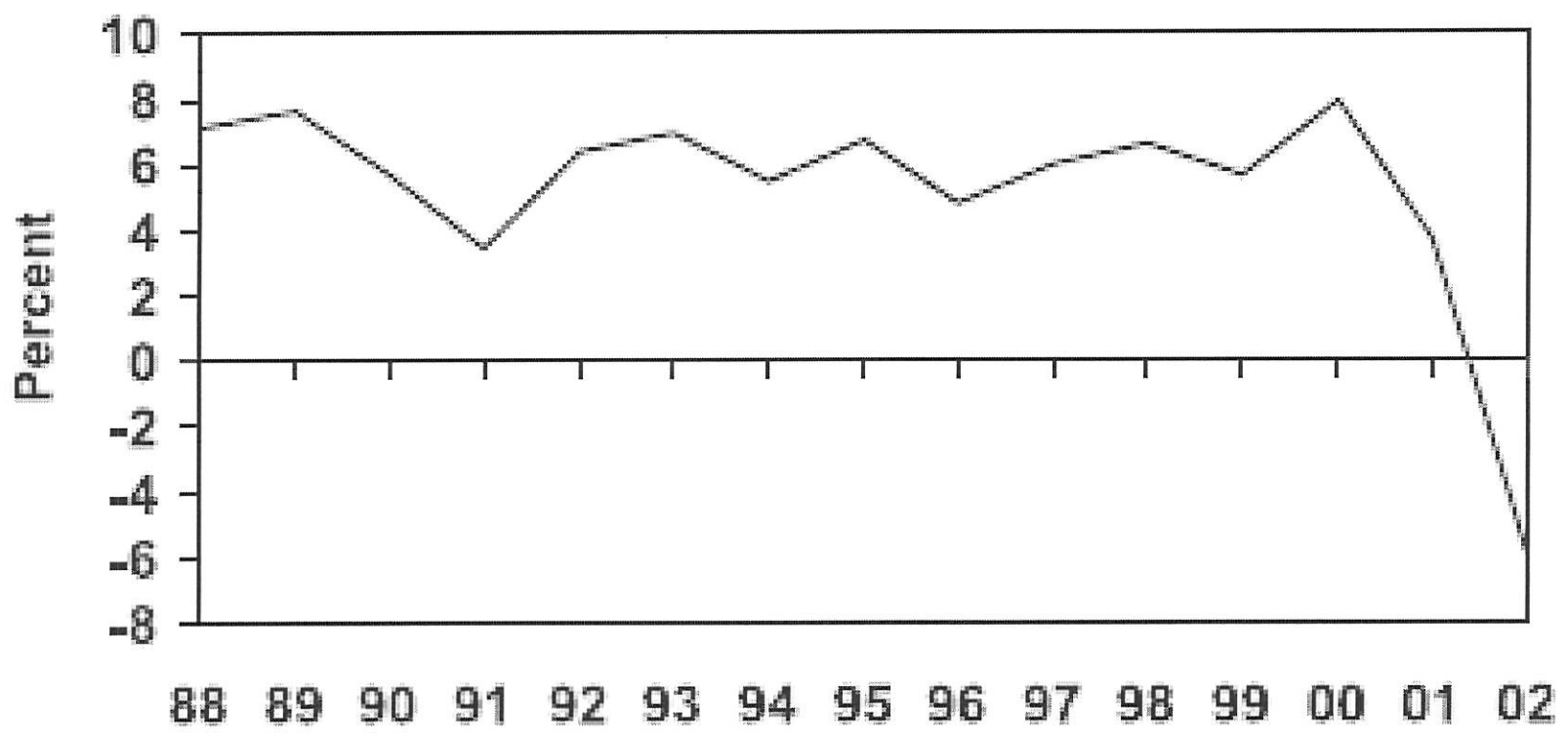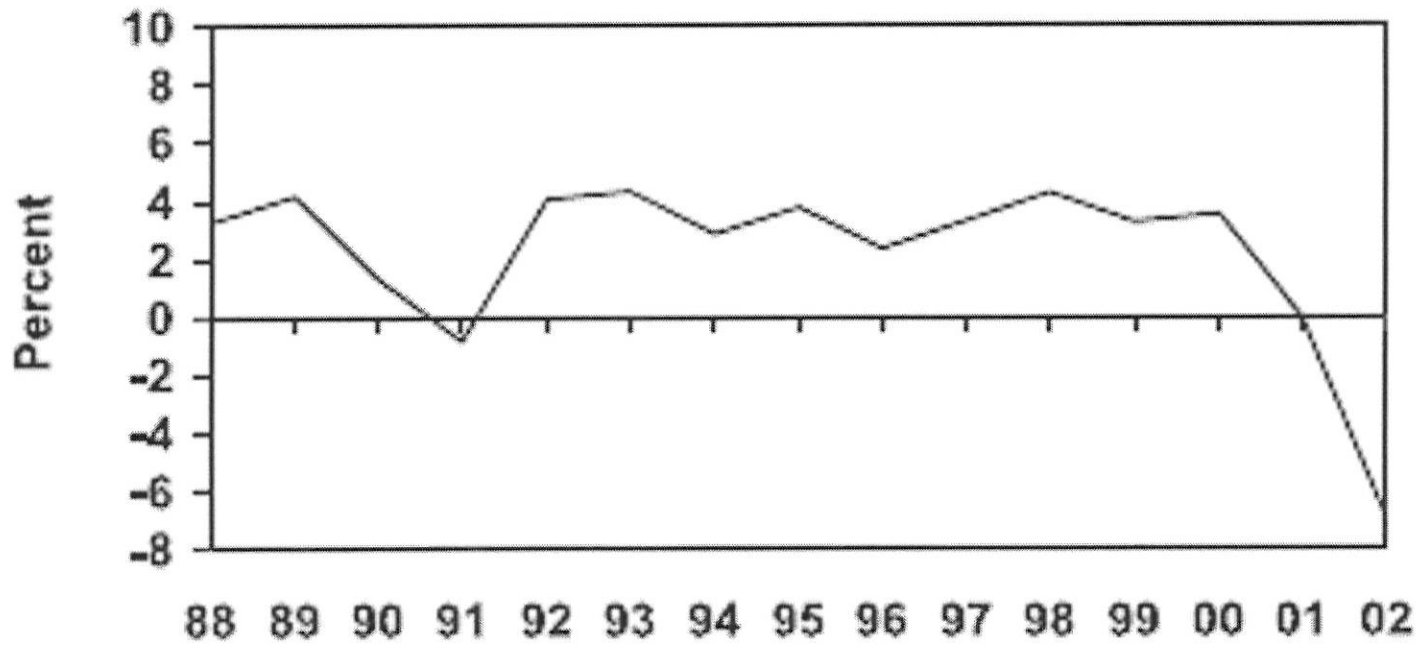
Figure 2
Total State Tax Revenue Growth, 1988-2002

Figure 3
Inflation-Adjusted State Tax
Revenue Growth, 1988-2002

AVERAGE ANNUAL RATES OF CHANGE FOR ADJUSTED GENERAL FUND TAX RECEIPTS

TAX SOURCE	FY 1989-FY 2005		FY 1996-FY 2005		FY 2002-FY 2005	
	2-POINT	TREND	2-POINT	TREND	2-POINT	TREND
PROPERTY TAX						
Motor Carrier	5.28%	4.54%	4.59%	2.65%	1.76%	8.06%
INCOME AND PRIVILEGE TAXES						
Individual	8.15%	5.38%	5.90%	4.24%	4.08%	4.62%
Corporation	2.61%	0.34%	1.23%	-4.42%	46.87%	29.29%
Financial Institutions	-1.70%	-3.20%	-6.04%	-6.19%	-6.99%	-10.49%
ESTATE TAX	4.72%	3.83%	4.21%	3.07%	1.36%	-1.18%
SALES, USE, AND EXCISE TAXES						
Retail Sales	6.09%	4.33%	4.18%	3.42%	3.63%	3.10%
Compensating Use	7.18%	5.30%	6.69%	4.90%	1.09%	-0.53%
Cigarette	-1.10%	-0.99%	-1.34%	-1.52%	-1.38%	-2.89%
Tobacco Products	13.89%	7.35%	8.03%	6.25%	5.71%	5.49%
Cereal Malt Beverages	-2.34%	-2.76%	-2.00%	-2.09%	-4.24%	-4.61%
Liquor Gallonage	1.97%	1.77%	2.93%	2.63%	2.52%	3.49%
Liquor Enforcement	7.45%	4.93%	6.66%	5.34%	3.99%	3.73%
Private Clubs	8.39%	5.10%	6.11%	5.24%	4.18%	4.03%
Corporate Franchise	15.07%	7.36%	14.68%	8.73%	20.50%	15.95%
Severance	4.67%	1.29%	8.44%	5.50%	28.56%	19.38%
GROSS RECEIPTS TAXES						
Insurance Premiums	9.14%	5.46%	7.90%	6.35%	8.58%	8.73%
Miscellaneous	2.73%	3.15%	2.37%	1.34%	-0.25%	-6.23%
TOTAL	6.64%	4.56%	5.03%	3.64%	6.00%	5.49%
KANSAS PERSONAL INCOME	6.89%	4.70%	5.34%	4.48%	2.52%	2.71%

Wong, 2005.

Revenue Elasticities

- ## Adjusted general fund tax receipts
  - Because of periodic changes in statutes, regulations, and administrative procedures, direct comparisons of Actual General Fund Tax Receipts over time may be misleading
  - In order to facilitate valid comparisons over time, Actual General Fund Tax Receipts must be adjusted such that all past years reflect present statutes, regulations, and administrative procedures
- ## Elasticities
  - Revenue elasticity is a measure of the responsiveness of a revenue source to changes in the level of personal income
    - An elasticity of less than one indicates that the revenue source is not highly response to changes in personal income
    - An elasticity of more than one indicates that the revenue source is highly responsive to changes in personal income
  - Two methods may be used to compute revenue elasticities
    - Two-point method
    - Trend method
  - It should be noted that the revenue elasticities may be somewhat misleading because of the impact of the unprecedented declines in several state general fund revenue sources during Fiscal Year 2002

Two Point Revenue Elasticity

- The two-point method is computed by dividing the percentage change in receipts by the percentage change in income
- A problem with the two-point method is that its value is totally dependent on the values in the end-point years
- Therefore, if unusual circumstances exist in one or both of the end-point years, the elasticity will be misleading

$$Elasticity = \left[\frac{\dfrac{Receipts\ in\ Last\ Year - Receipts\ in\ First\ Year}{Receipts\ in\ Last\ Year + Receipts\ in\ First\ Year}}{\dfrac{Income\ in\ Last\ Year - Income\ in\ First\ Year}{Income\ in\ Last\ Year + Income\ in\ First\ Year}} \right]$$

Trend Revenue Elasticity

- With the trend method all values in the time period under consideration are used
- The trend method is computed using a double-log regression of the natural logarithm of receipts as the dependent variable and the natural logarithm of personal income as the independent variable
- In a double-log linear regression the coefficient of the slope variable is an estimate of the elasticity
- Alpha (α) is the intercept term, beta (β) is the slope term, and epsilon (ε) is the random error term

$$ln\ (Receipts) = a + b\ (Personal\ Income) + e$$

Aggregate State Revenue Elasticity

Years	1991-2002
Total Tax Revenue	0.93
Per Income Tax	1.12
Sales Tax	0.96
Selective Sales Tax	0.75
Corp Income Tax	0.45

W.F. Fox, CBER, The University of Tennessee, Knoxville   14

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ELASTICITIES FOR ADJUSTED GENERAL FUND TAX RECEIPTS

TAX SOURCE	FY 1989-FY 2005		FY 1996-FY 2005		FY 2002-FY 2005	
	2-POINT	TREND	2-POINT	TREND	2-POINT	TREND
PROPERTY TAX						
Motor Carrier	0.84	0.95	0.85	0.60	1.49	3.17
INCOME AND PRIVILEGE TAXES						
Individual	1.11	1.16	1.04	0.98	1.39	1.83
Corporation	0.49	0.06	0.26	-1.01	9.94	10.69
Financial Institutions	-0.44	-0.65	-1.86	-1.42	-2.82	-4.14
ESTATE TAX	0.77	0.82	0.79	0.69	0.48	-0.38
SALES, USE, AND EXCISE TAXES						
Retail Sales	0.92	0.93	0.79	0.76	1.24	1.02
Compensating Use	1.03	1.15	1.15	1.17	0.39	0.10
Cigarette	-0.27	-0.21	-0.32	-0.34	-0.51	-1.11
Tobacco Products	1.48	1.54	1.32	1.33	1.90	1.87
Cereal Malt Beverages	-0.65	-0.56	-0.49	-0.38	-1.64	-1.57
Liquor Gallonage	0.38	0.36	0.58	0.59	0.88	1.14
Liquor Enforcement	1.05	1.03	1.15	1.17	1.36	1.29
Private Clubs	1.13	1.08	1.07	1.06	1.42	1.39
Corporate Franchise	1.54	1.49	1.98	1.79	5.67	5.81
Severance	0.77	0.24	1.37	1.10	7.22	6.68
GROSS RECEIPTS TAXES						
Insurance Premiums	1.19	1.09	1.30	1.17	2.75	2.79
Miscellaneous	0.50	0.69	0.48	0.38	-0.09	-2.59
TOTAL	0.98	0.97	0.92	0.79	1.99	1.95

Table 1: Elasticity of State Total Tax Revenue
with respect to State Personal Income, annual 1965-2002

State	Long-run	(t)	Short-run	(t)
Alabama	0.930	(63.37)	1.312	(4.04)
Alaska	1.573	(2.05)	2.744	(3.11)
Arizona	0.974	(39.22)	0.778	(2.81)
Arkansas	1.142	(43.79)	1.129	(3.75)
California	1.226	(48.06)	1.305	(2.86)
Colorado	0.936	(42.17)	0.580	(1.62)
Connecticut	1.498	(30.87)	1.275	(2.28)
Delaware	1.129	(38.46)	0.814	(2.06)
Florida	1.006	(32.82)	1.718	(6.43)
Georgia	0.985	(198.71)	1.738	(9.99)
Hawaii	1.145	(33.39)	1.347	(4.77)
Idaho	1.141	(44.17)	0.414	(1.14)
Illinois	1.275	(18.62)	1.567	(2.34)
Indiana	1.303	(36.38)	0.976	(2.63)
Iowa	1.356	(28.16)	1.133	(4.15)
Kansas	1.276	(39.68)	1.284	(5.46)
Kentucky	1.214	(46.36)	0.990	(2.63)
Louisiana	0.708	(22.48)	0.698	(1.81)
Maine	1.291	(29.83)	0.704	(1.31)
Maryland	1.033	(76.06)	1.739	(5.78)
Massachusetts	1.268	(23.25)	1.574	(3.77)
Michigan	1.333	(23.34)	1.949	(5.46)
Minnesota	1.214	(29.00)	1.455	(3.43)
Mississippi	0.999	(92.76)	1.037	(3.13)
Missouri	1.259	(39.59)	1.829	(4.26)
Montana	1.433	(37.43)	0.602	(1.48)
Nebraska	1.552	(27.23)	0.483	(0.86)
Nevada	1.050	(46.48)	0.540	(1.37)
New Hampshire	0.968	(19.54)	1.034	(1.47)
New Jersey	1.608	(22.60)	1.873	(2.86)
New Mexico	1.055	(39.66)	0.573	(1.36)
New York	1.038	(17.96)	1.907	(4.30)
North Carolina	1.011	(78.96)	1.458	(6.39)
North Dakota	1.342	(22.00)	0.477	(1.59)
Ohio	1.661	(37.92)	1.189	(3.07)
Oklahoma	1.175	(33.24)	1.168	(3.62)
Oregon	1.115	(31.86)	1.200	(3.17)
Pennsylvania	1.112	(18.43)	1.828	(2.86)
Rhode Island	1.143	(28.06)	1.290	(3.20)
South Carolina	0.953	(44.40)	1.898	(7.23)
South Dakota	0.983	(38.55)	0.634	(3.20)
Tennessee	0.934	(49.72)	1.831	(4.86)
Texas	1.003	(36.45)	0.852	(2.43)
Utah	1.082	(65.43)	1.026	(2.32)
Vermont	1.023	(21.65)	1.391	(2.53)
Virginia	1.032	(39.86)	2.207	(4.42)
Washington	1.022	(47.98)	0.465	(1.60)
West Virginia	1.233	(37.58)	0.720	(1.61)
Wisconsin	1.098	(31.58)	1.139	(2.57)
Wyoming	1.263	(18.71)	1.036	(3.94)

Dye and Merriman, 2004.

Revenue elasticity is declining slowly and is expected to fall to between 0.85 and 0.90 over the next decade.

	Average Annual Personal Income Growth	Average Annual Revenue Growth*	Elasticity
Past 30 years	8.8%	8.3%	0.94
Past 20 years	6.9%	6.0%	0.87
Past 10 years	6.1%	5.5%	0.91
Forecast	5.9%	5.0%	0.85

*Excluding tax base and rate changes.

Washington State Legislative Tax Structure
Committee, 2003.

Tax Elasticities

Tax	Elasticity	Adjusted Elasticity
General Excise	1.04	
Individual Income	1.47	
Corporate Income	-1.18	
Public Service Co.	3.08	
Insurance Premiums	2.23	
Tobacco & License	3.72	
Liquor & permits	-.37	
Bank & Financial Co.	-31.03	-1.52
Inheritance & Estate	2.65	
Transient Accommodations	4.01	1.36
Fuel	1.31	
Motor Vehicle	6.80	
Conveyance	2.90	
All Other	4.43	
Total Taxes	1.16	1.11

Short Term Elasticities

Year	Public Service Co	Bank Franchise	TAT	Fuel	Conveyance	Motor Vehicle	All Other
1991	1.45	0.53	-0.30	0.25	-5.82	0.91	1.23
1992	1.56	2.74	0.15	3.87	-4.56	14.48	-7.36
1993	1.11	-0.20	0.10	0.39	-1.49	10.64	10.78
1994	3.04	10.29	-2.04	3.30	44.90	-1.27	15.09
1995	5.74	-27.15	18.14	-0.66	-6.00	4.14	24.96
1996	5.69	0.56	28.65	4.58	-29.10	0.05	77.81
1997	3.62	-15.91	3.10	-0.35	2.20	0.68	-2.72
1998	2.69	30.80	0.66	-0.98	7.89	0.76	-4.53
1999	0.26	-14.45	2.90	0.01	4.31	1.11	-1.53
2000	-0.39	-7.98	6.74	0.07	6.86	5.59	0.22
2001	3.18		1.29	1.23	2.60	1.71	-1.48

Year	GET	Individual Income	Corporate Income	Insurance Premium	Tobacco	Liquor	Inheritance
1991	1.64	4.96	5.49	4.30	2.29	0.22	-5.31
1992	0.20	0.62	-8.57	5.36	0.67	0.27	6.06
1993	0.15	0.40	-7.60	2.48	4.09	-1.19	-6.52
1994	0.97	1.86	14.22	-2.03	0.56	-0.39	60.05
1995	1.50	-2.47	-14.46	-1.47	5.38	-1.05	-26.78
1996	7.93	12.64	94.81	-7.87	18.65	-2.26	10.57
1997	0.65	-0.87	7.15	-2.07	-2.93	0.52	9.72
1998	-1.13	5.67	-10.37	3.32	-0.47	0.74	-5.87
1999	0.60	-0.54	-3.01	-4.56	6.67	-0.39	18.03
2000	1.77	-0.11	17.24	8.85	0.04	0.37	-5.96
2001	1.70	0.95	-2.75	1.27	7.59	-0.79	-5.81

Kimzey and Wilson, 2002.

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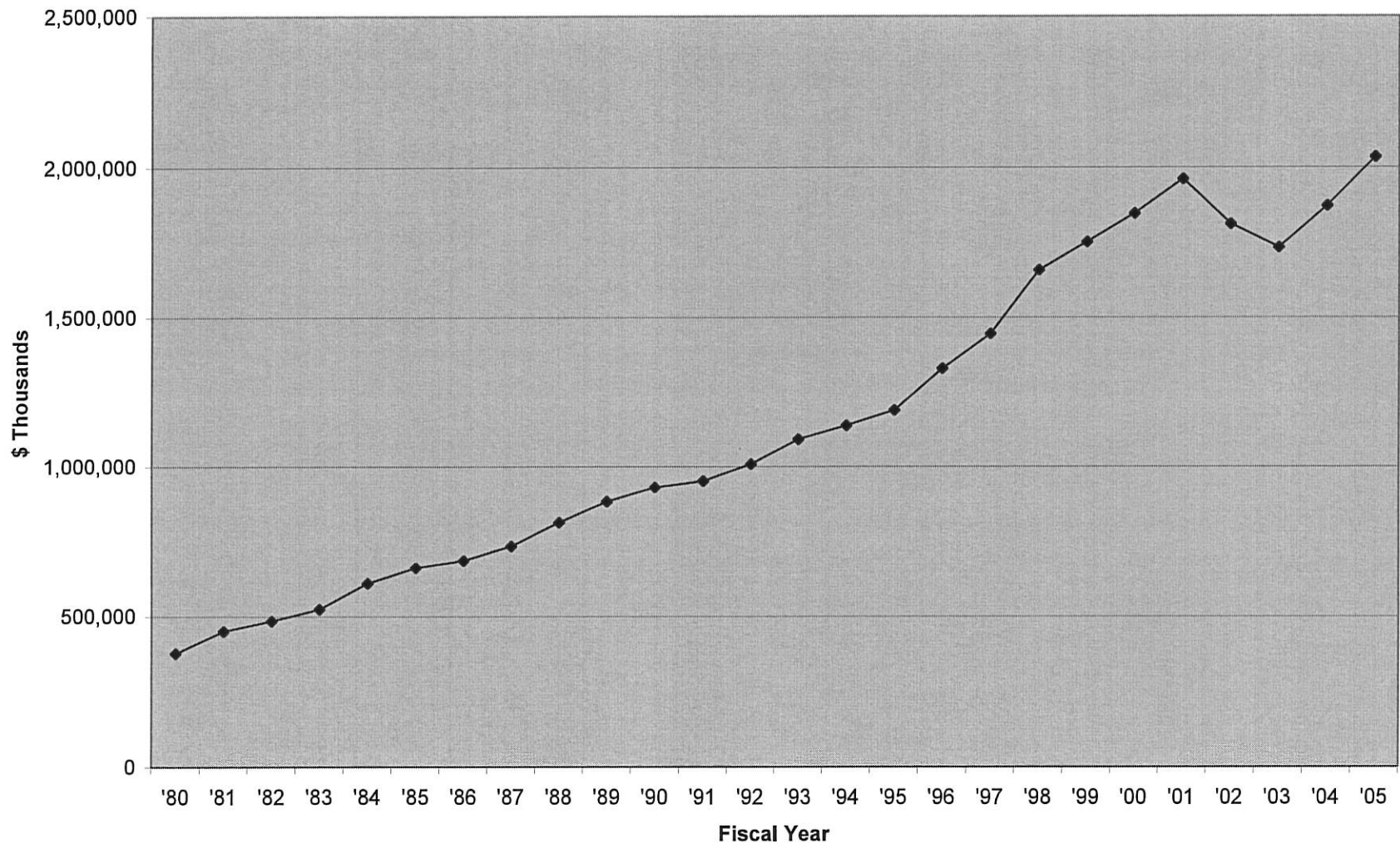# Chart 20: Kansas Personal Income
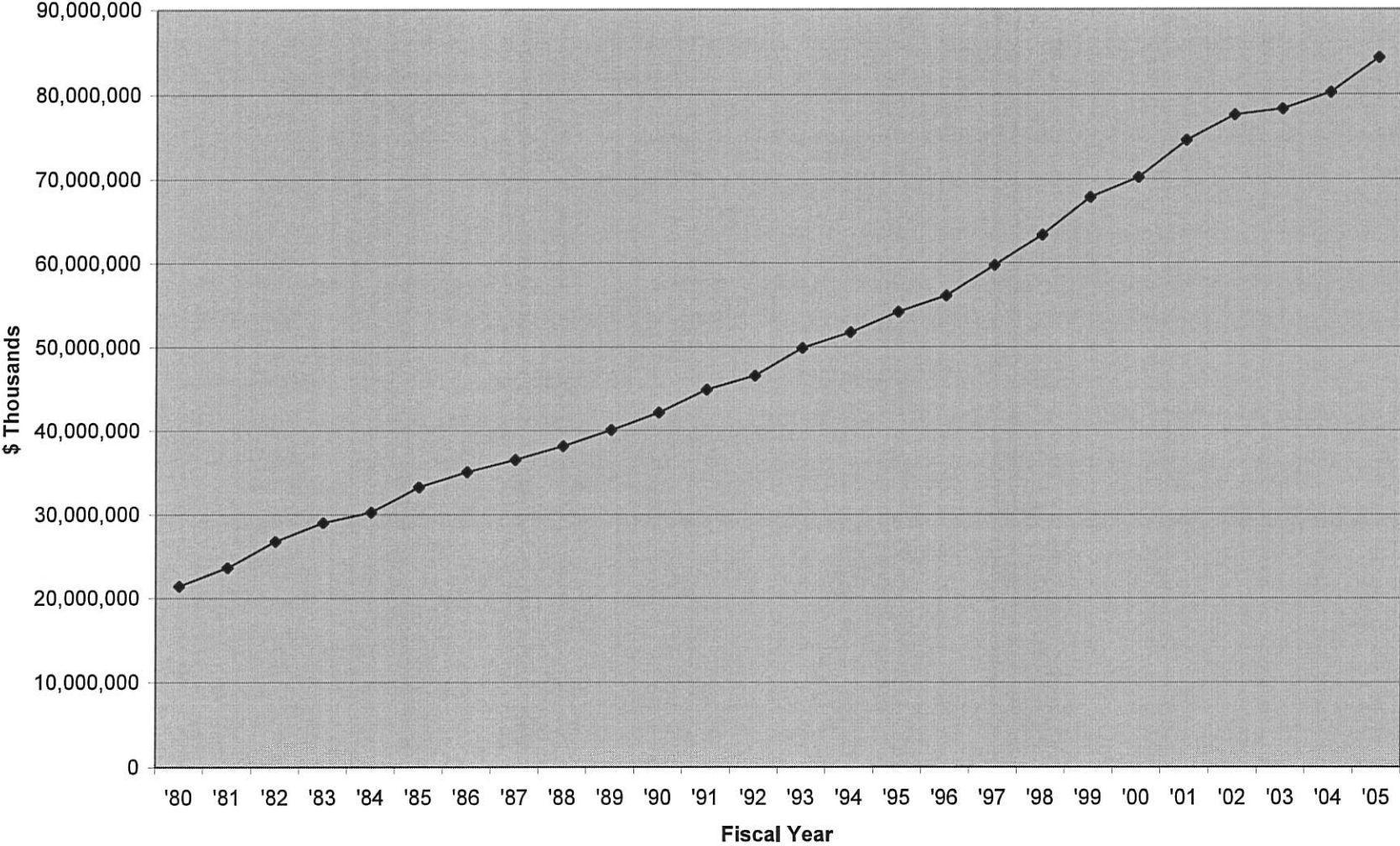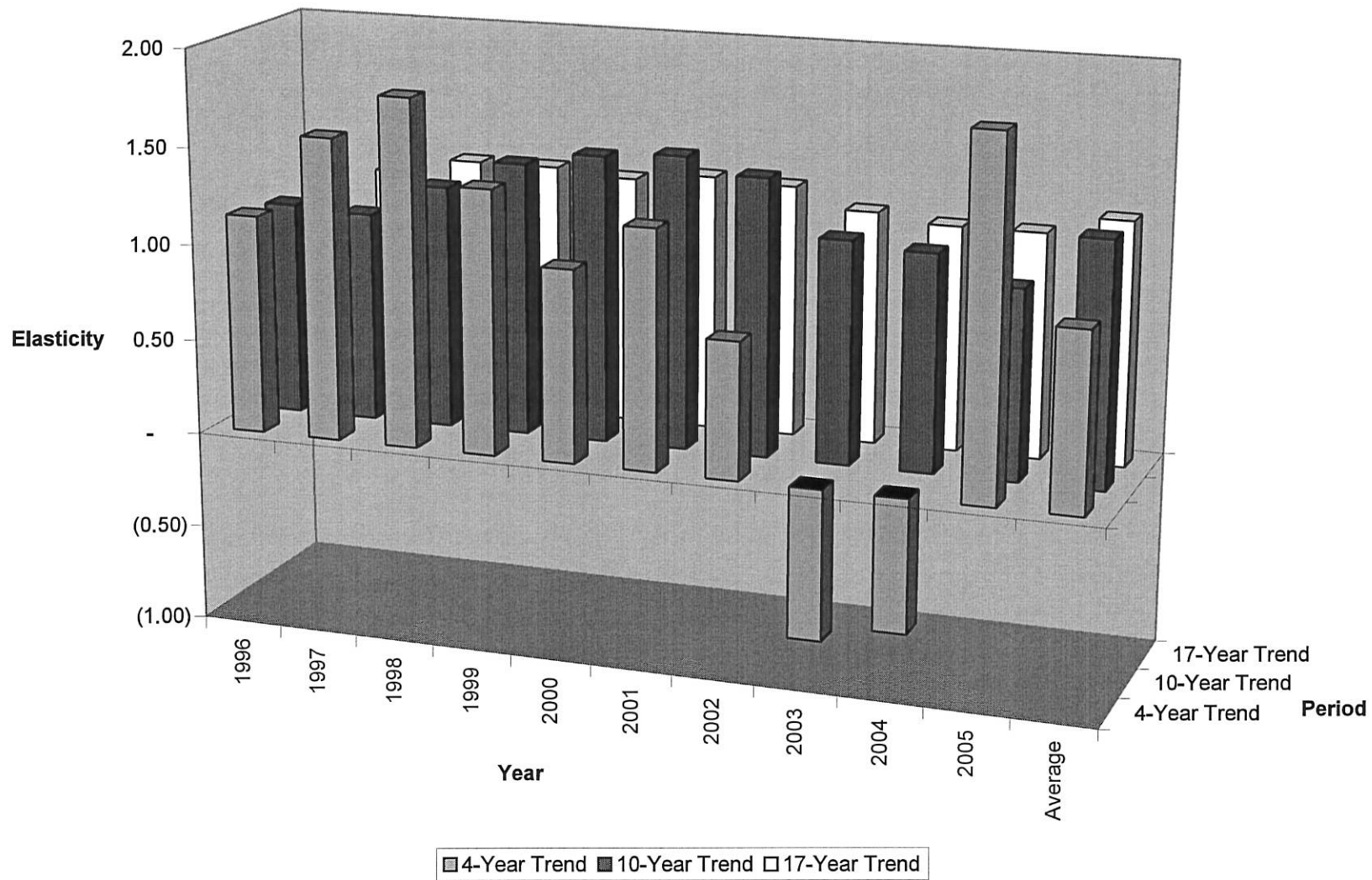
Chart 2: Adjusted Individual Income Taxes

Individual Income

Chart 23: Effective Adjusted Individual Income Tax Rate

FIGURE 2: Personal Income Tax Long-Run Elasticities
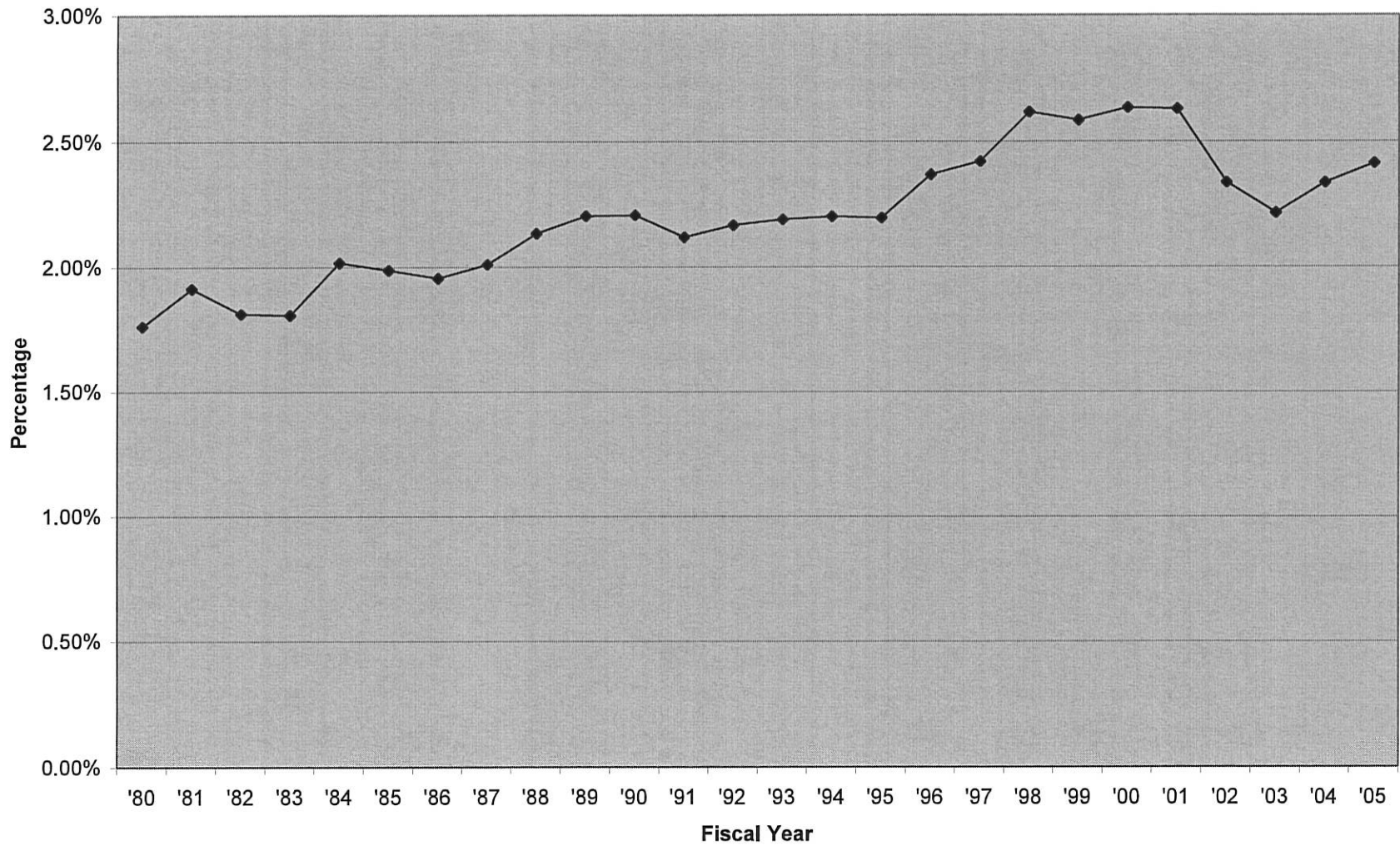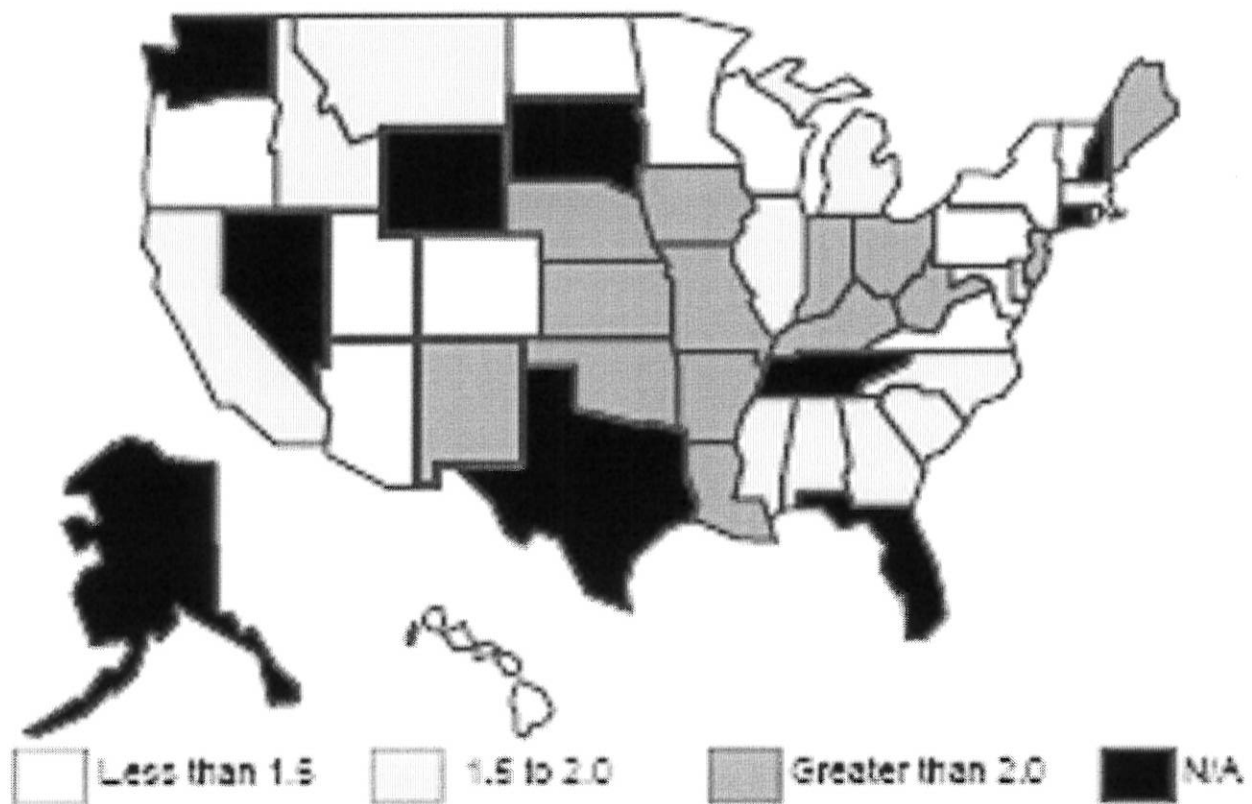

Less than 1.5   1.5 to 2.0   Greater than 2.0   N/A

Bruce, Fox, and Tuttle, 2004.

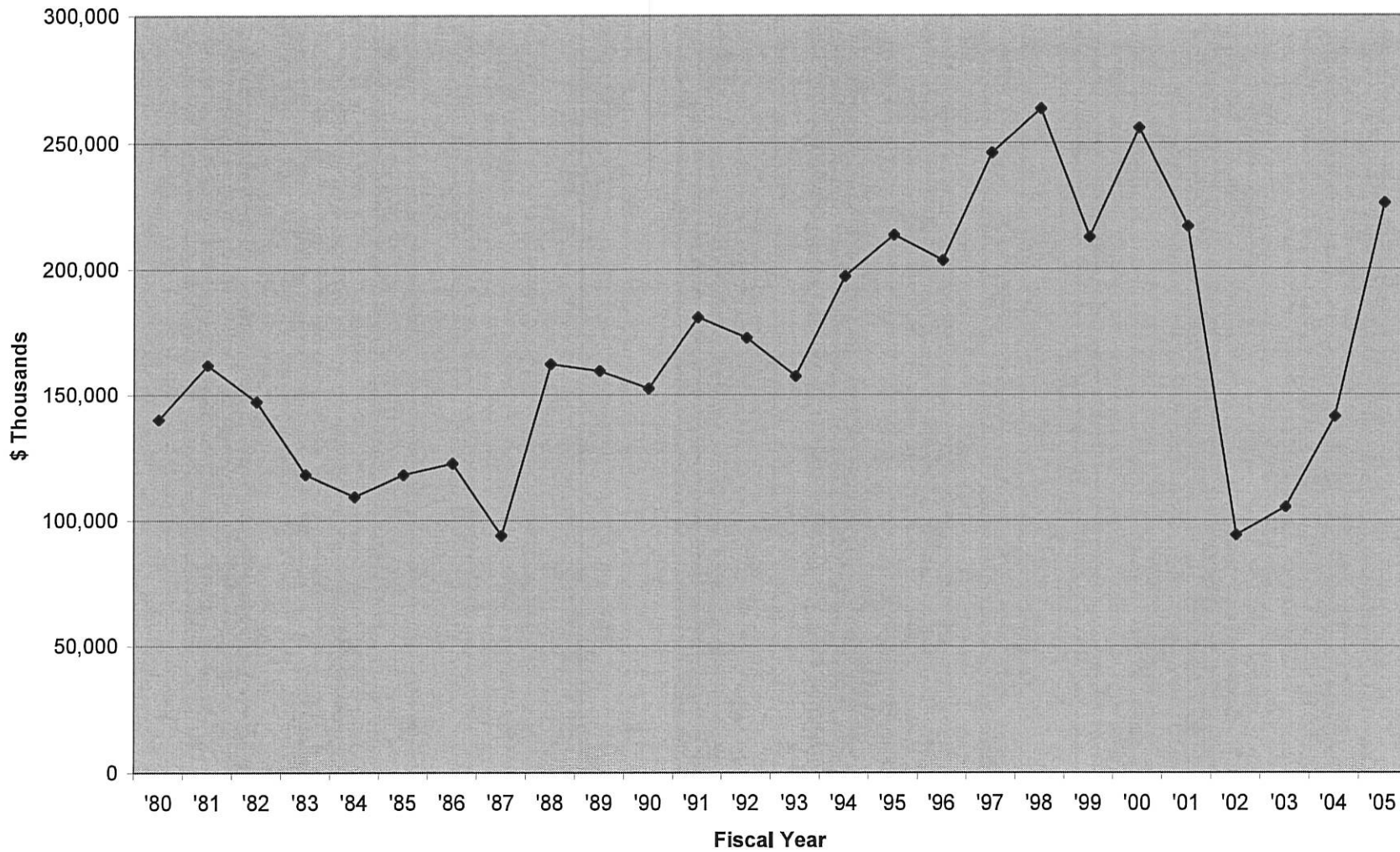### Table 2: Elasticity of State Individual Income Tax Revenue with respect to State Personal Income, annual 1965-2002

State	Long-run	(6)	Short-run	(1)
Alabama	1.839	(48.82)	2.416	(4.45)
Arizona	1.510	(34.37)	1.605	(2.96)
Arkansas	2.128	(48.62)	2.603	(4.10)
California	1.949	(25.93)	2.202	(1.84)
Colorado	1.491	(83.66)	0.615	(1.67)
Delaware	1.065	(17.54)	-0.170	(0.26)
Georgia	1.739	(55.00)	2.014	(4.10)
Hawaii	1.385	(56.73)	1.510	(2.76)
Idaho	1.456	(46.58)	1.051	(1.54)
Illinois	1.406	(29.14)	0.940	(1.57)
Indiana	2.182	(35.38)	0.103	(0.17)
Iowa	2.302	(17.06)	2.466	(3.46)
Kansas	2.157	(35.44)	3.545	(3.02)
Kentucky	1.967	(58.24)	1.928	(2.80)
Louisiana	2.211	(18.67)	0.162	(0.13)
Maine	2.618	(56.50)	2.111	(3.21)
Maryland	1.575	(55.68)	2.020	(6.80)
Massachusetts	1.723	(19.43)	1.677	(2.80)
Michigan	1.646	(12.25)	2.151	(2.37)
Minnesota	1.382	(54.13)	1.334	(2.02)
Mississippi	2.387	(20.68)	2.192	(1.58)
Missouri	2.287	(36.60)	2.748	(3.56)
Montana	1.652	(19.47)	0.788	(1.03)
Nebraska	2.345	(26.80)	1.923	(1.49)
New York	1.496	(21.53)	2.114	(3.75)
North Carolina	1.549	(69.93)	1.972	(6.51)
North Dakota	1.682	(10.03)	0.786	(1.20)
Oklahoma	2.513	(52.78)	1.327	(2.31)
Oregon	1.423	(49.16)	1.930	(3.70)
Rhode Island	1.737	(28.80)	-0.066	(0.12)
South Carolina	1.587	(29.96)	2.806	(5.84)
Utah	1.530	(48.76)	0.915	(1.03)
Vermont	1.087	(29.37)	1.814	(3.17)
Virginia	1.481	(81.56)	1.848	(4.16)
West Virginia	2.699	(31.34)	2.615	(2.86)
Wisconsin	1.240	(31.13)	1.609	(2.56)

Table 4: Personal Income Tax Elasticities

	Long-Run Elasticity	Short Run Elasticities		Speed of Adjustment	
		When Current Revenue Value is Below Long-Run Equilibrium	When Current Revenue Value is Above Long-Run Equilibrium	When Current Revenue Value is Below Long-Run Equilibrium	When Current Revenue Value is Above Long-Run Equilibrium
Alabama	1.623**	1.393**	3.009**	-0.221	-1.216**
Arizona	1.140**	0.768**	0.768**	-0.271**	-0.271**
Arkansas	2.102**	0.833	0.833	-0.508**	-0.508**
California	1.740**	-1.536	3.223**	-0.718**	-0.718**
Colorado	1.256**	-1.040	0.962*	-0.181*	-0.181*
Delaware	1.016**	-0.585	1.088*	-0.174*	-0.174*
Georgia	1.690**	0.130	1.799**	-0.172**	-0.172**
Hawaii	1.320**	-0.786	2.613**	-0.687**	-0.687**
Idaho	1.565**	-0.001	2.382**	-0.683**	-0.683**
Illinois	1.565**	0.298	2.682**	-1.017**	-1.017**
Indiana	2.435**	-0.783	1.702**	0.445	-0.611**
Iowa	2.349**	1.175**	-2.679	-0.256**	-0.256**
Kentucky	2.600**	0.465	0.465	0.015	0.015
Kansas	2.090**	0.461	6.223**	-0.609**	-0.609**
Louisiana	2.272**	1.122	8.938**	-0.292*	-1.176**
Maine	2.873**	0.403	2.639**	-0.051	-1.638**
Maryland	1.183**	0.510*	1.996**	-0.814**	-0.814**
Massachusetts	1.415**	0.538	1.680**	-0.246**	-1.548**
Michigan	1.879**	0.670	3.210**	-0.388**	-0.998**
Minnesota	1.320**	-0.128	2.300**	-0.262	-0.930**
Mississippi	1.910**	2.400**	2.400**	-0.583**	-0.583**
Missouri	2.292**	0.048	8.242**	-0.370**	-1.784**
Montana	1.604**	-0.485	2.313**	-0.302**	-0.902**
Nebraska	2.491**	1.170*	1.170*	-0.811**	-0.811**
New Jersey	2.016**	-0.195	2.631**	-0.470**	-0.470**
New Mexico	3.024**	-6.222	8.370*	-0.207**	-0.207**
New York	1.295**	-1.189*	2.160**	-0.309**	-0.309**
North Carolina	1.545**	0.787**	2.505**	-0.285**	-1.181**
North Dakota	0.809	0.197	0.197	-0.298**	-0.298**
Ohio	3.083**	-2.479	2.620*	-0.966**	-0.138
Oklahoma	2.613**	1.731**	4.250**	-0.434**	-0.434**
Oregon	1.440**	0.100	4.383**	-0.991**	-0.991**
Pennsylvania	1.431**	2.042**	5.736**	-0.312**	0.084
Rhode Island	1.758**	2.344**	2.344**	-0.841**	-0.311*
South Carolina	1.564**	1.535**	1.526**	-0.550**	-0.550**
Utah	1.477**	1.379**	1.379**	-0.827**	-0.827**
Virginia	1.474**	0.140	1.775**	-0.655**	-0.655**
Vermont	0.974**	0.216	0.216	-0.549**	-0.549**
West Virginia	2.580**	1.681*	4.770**	-0.296**	-0.296**
Wisconsin	1.215**	0.186	2.594**	-0.485**	-0.485**

Note: * and ** indicate statistically significant differences from zero at the 10% and 5% levels, respectively. Bold, italicized, and underlined type indicate statistically significant differences from one, two, and three, respectively, at the 5% level. Bold type for speed of adjustment results indicates that the coefficient is not statistically different from -1.0.

Bruce, Fox, and Tuttle, 2004.

Chart 3: Adjusted Corporation Income Taxes

Corporation Income

Chart title: Corporation Income; Y-axis: Elasticity (15.00, 10.00, 5.00, -, (5.00), (10.00), (15.00)); X-axis: Year (1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, Average); Depth axis: Period (4-Year Trend, 10-Year Trend, 17-Year Trend)
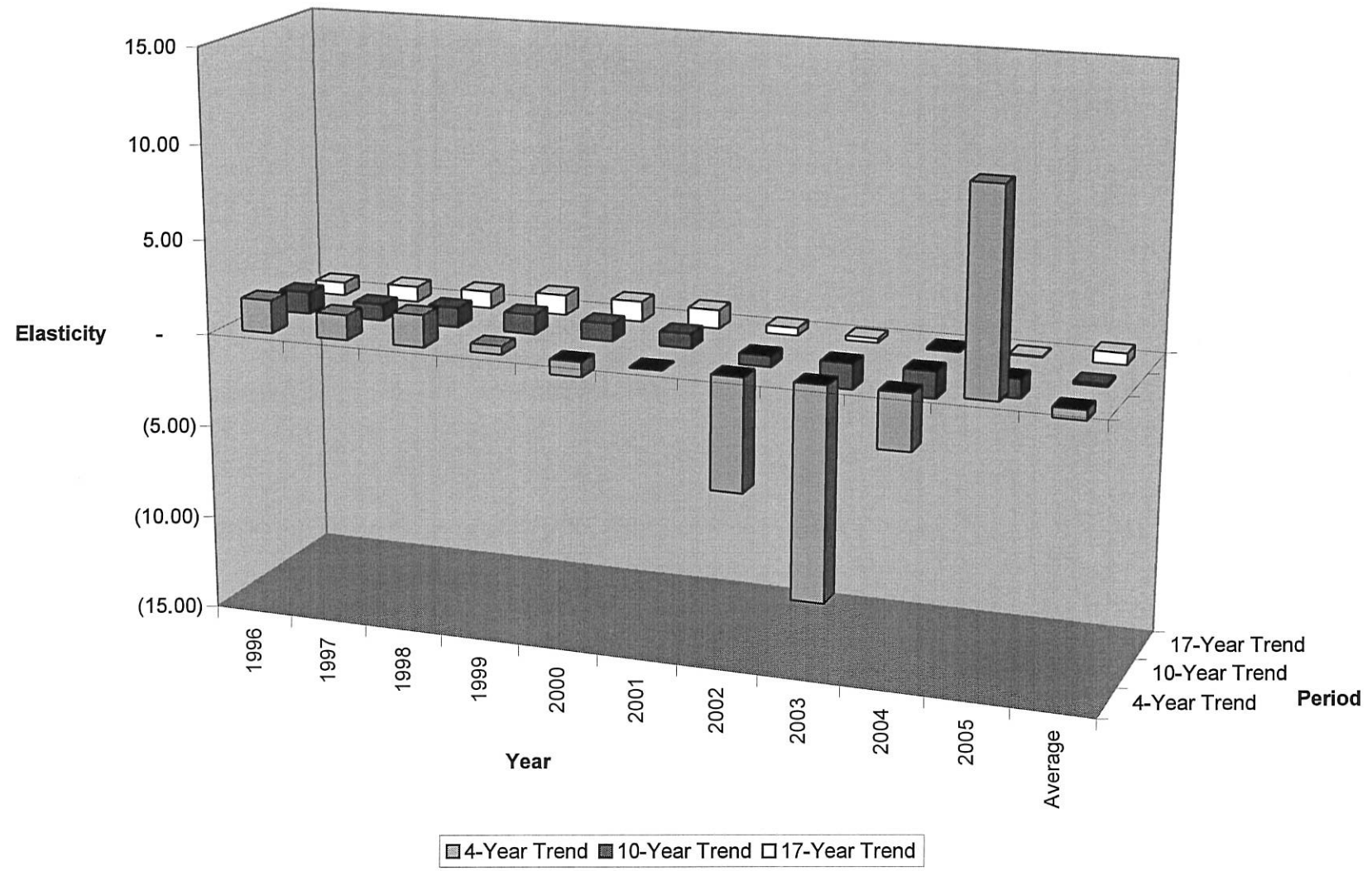
Legend: ■ 4-Year Trend ■ 10-Year Trend □ 17-Year Trend
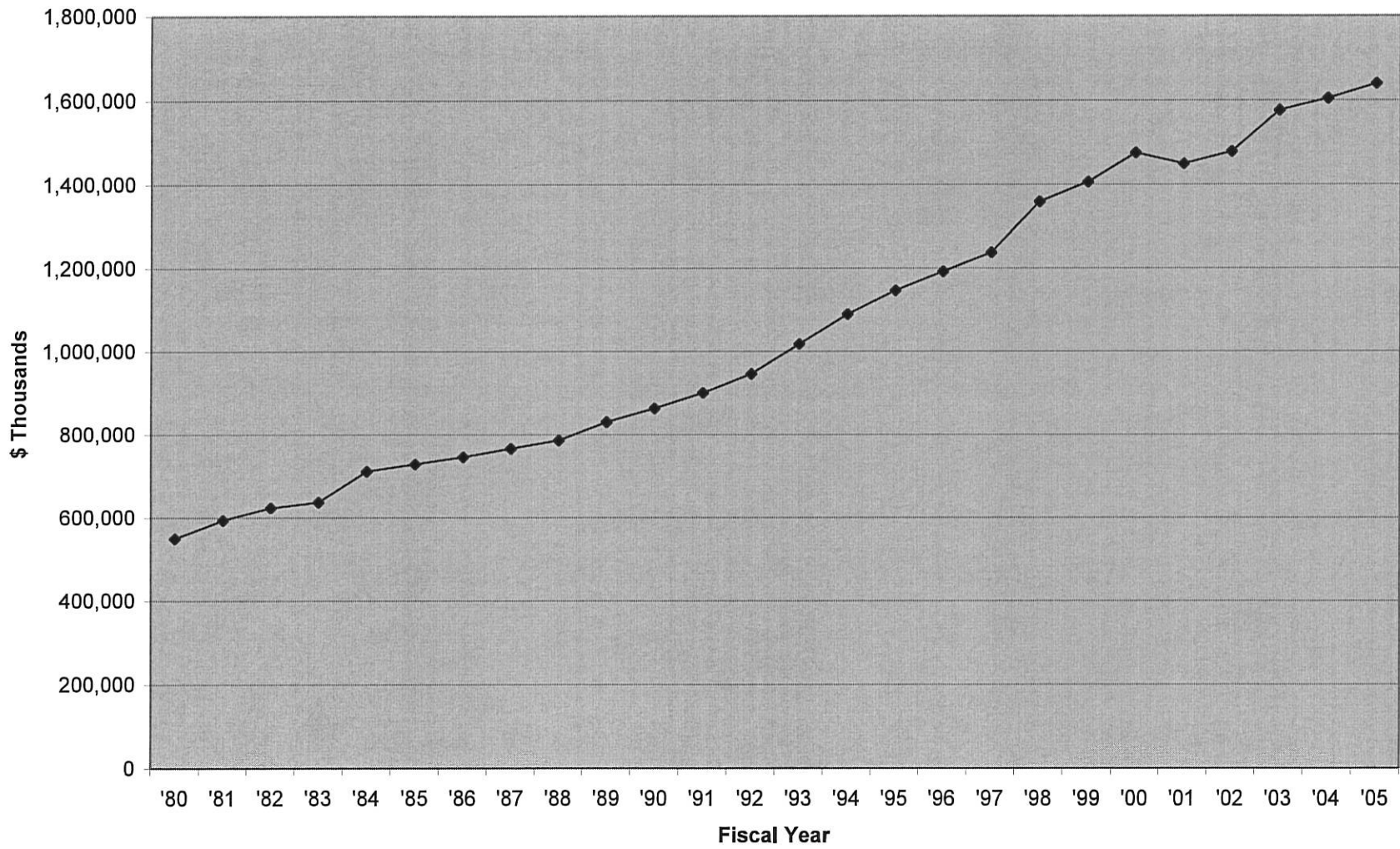
Chart 24: Effective Adjusted Corporation Income Tax Rate
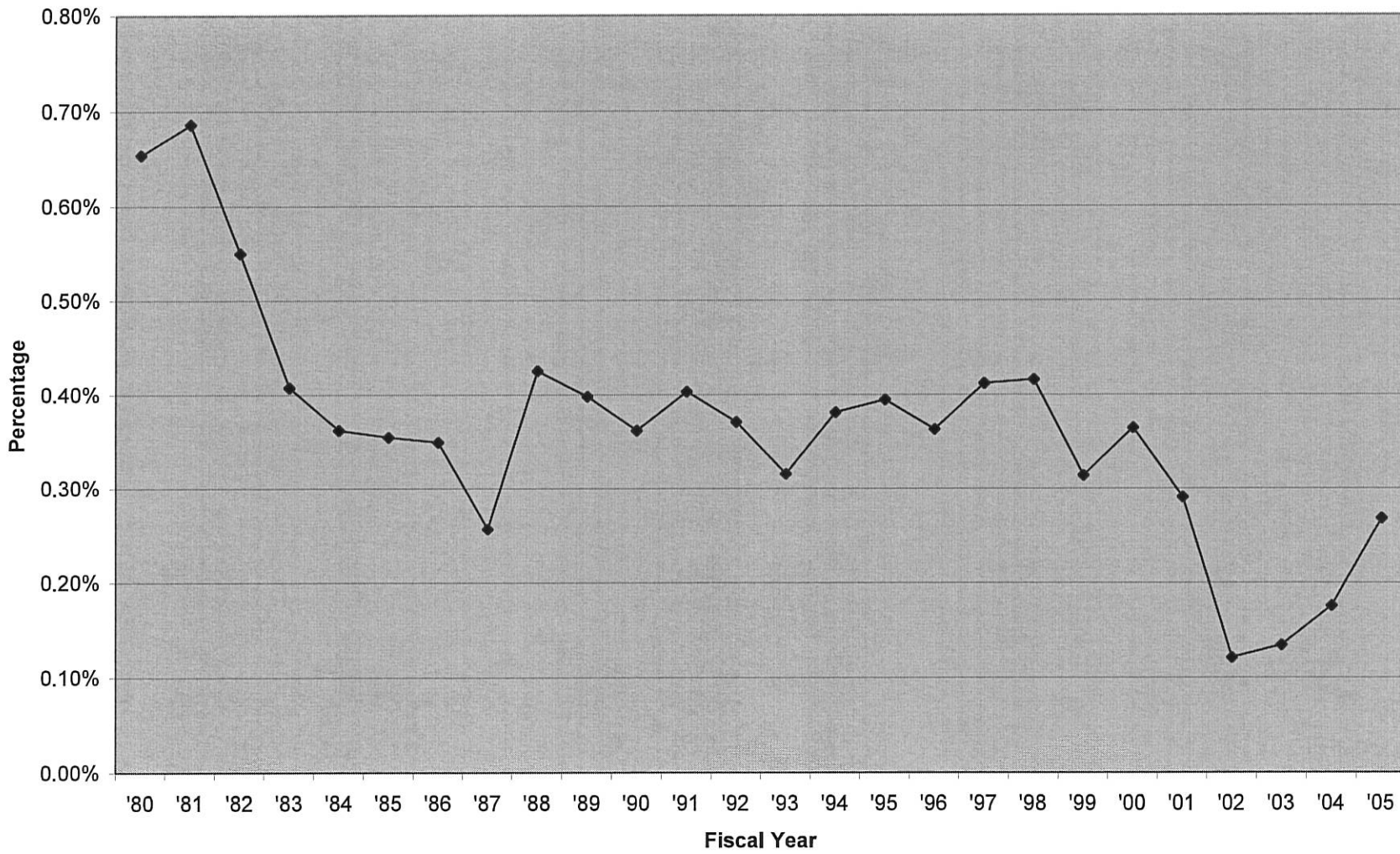
STATE CORPORATE PROFITS TAXES AS A PERCENT OF CORPORATE PROFITS
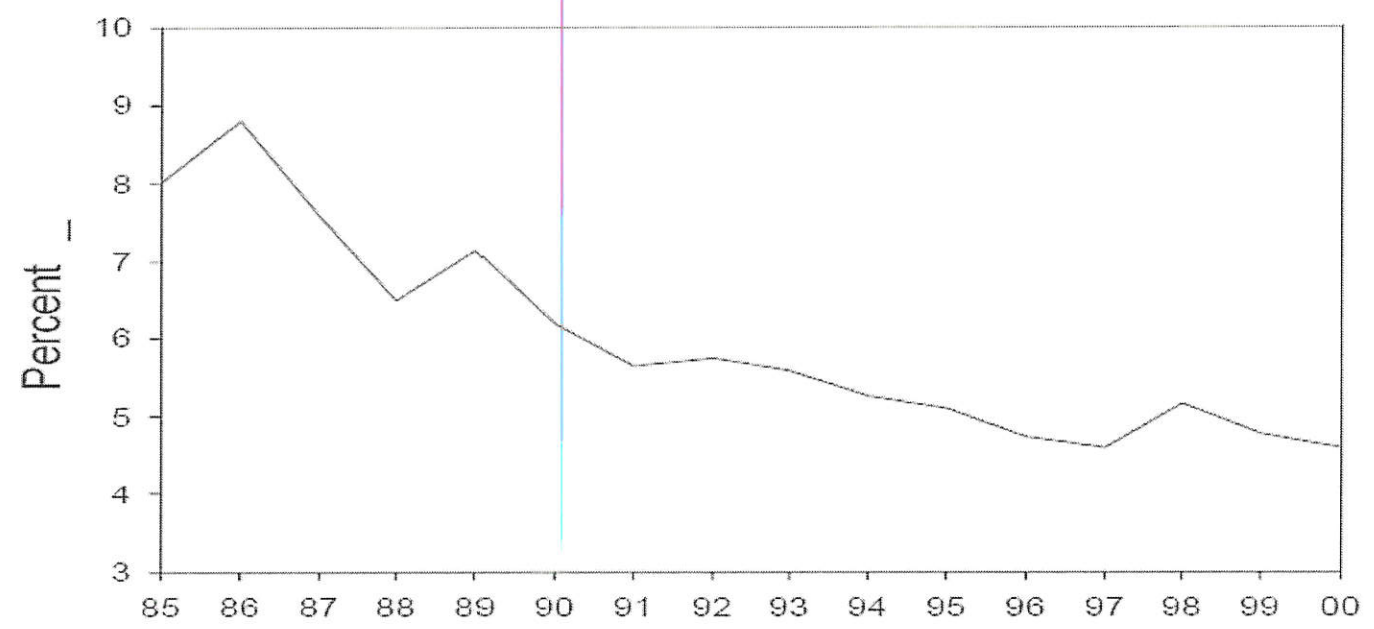
Chart 7: Adjusted Retail Sales Taxes

Retail Sales
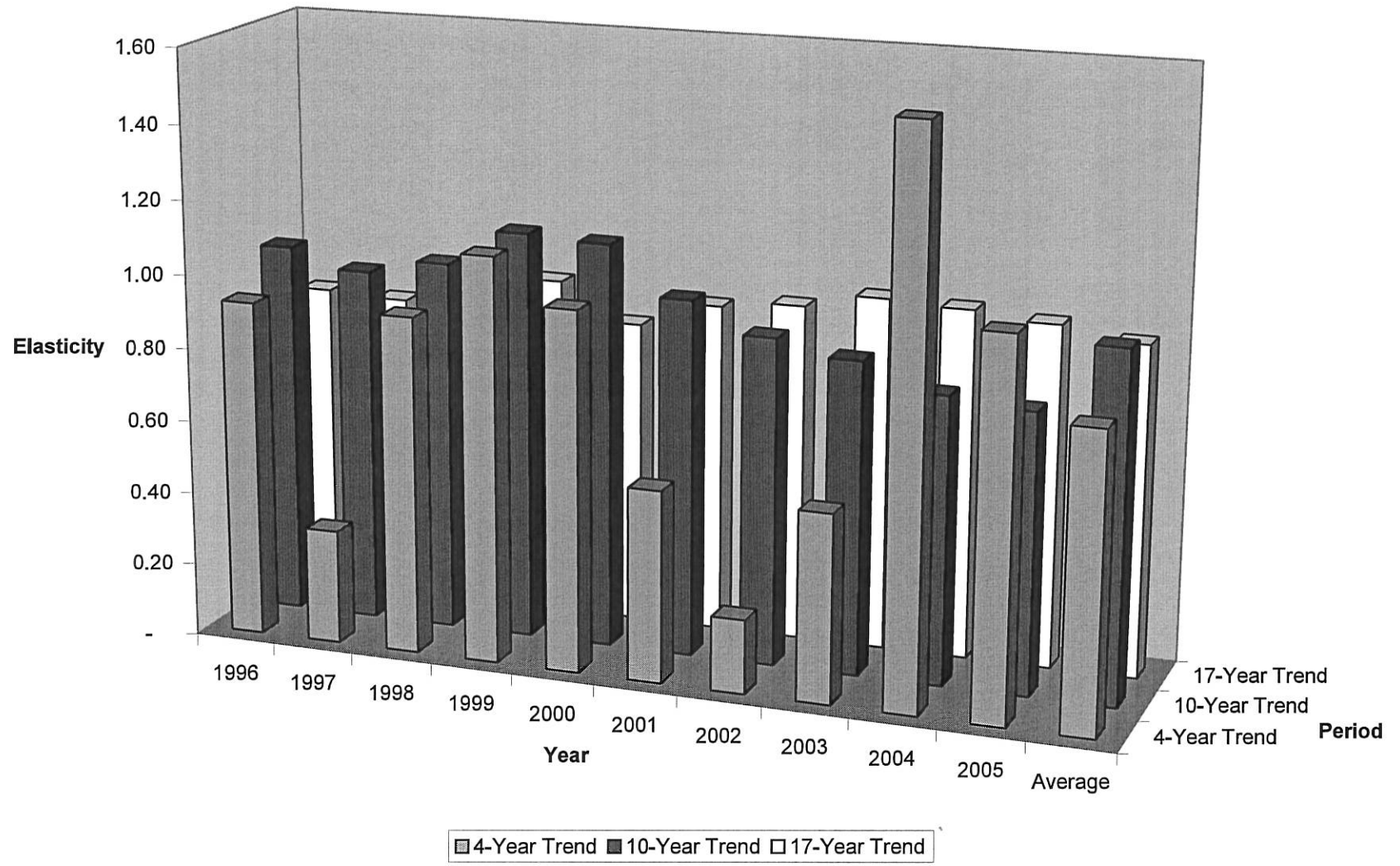
Chart 25: Effective Adjusted Retail Sales Tax Rate
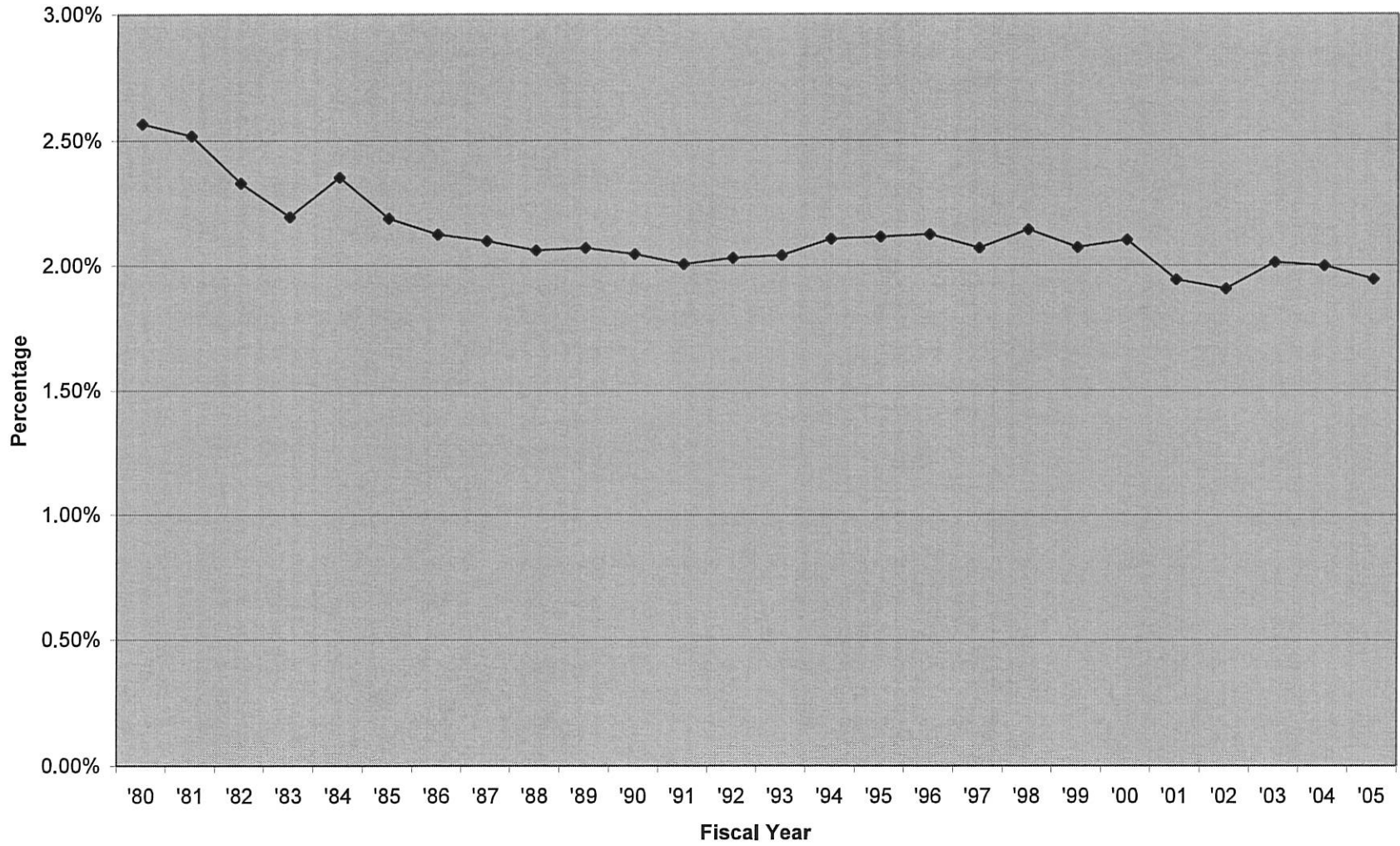
Taxable Sales as a Percentage of GSP

United States*

1977	1982	1987	1992	1997	1999	2000	FY2001
36.6	36.0	35.7	34.2	35.3	34.8	34.8	34.9

Tannenwald, 2004.
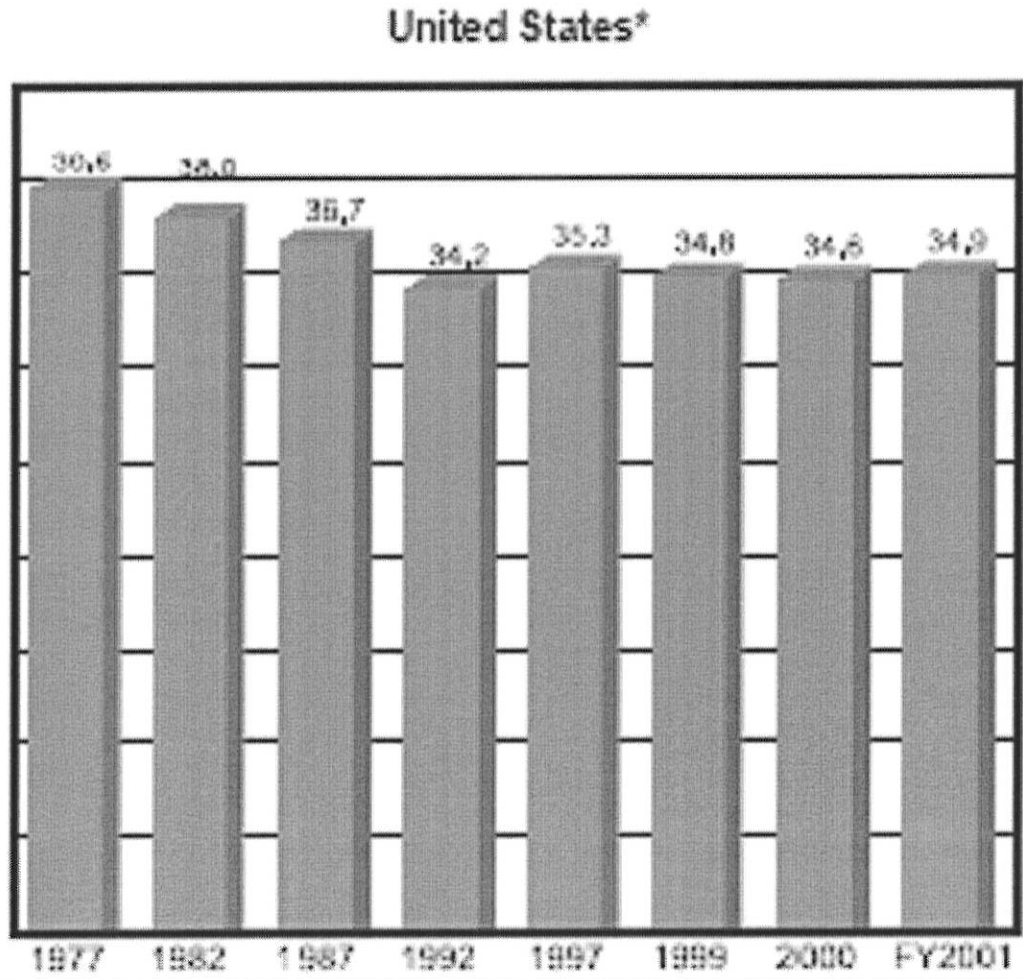
U.S. SALES TAX BASE AS A PERCENT OF PERSONAL INCOME, 1979-2001

10
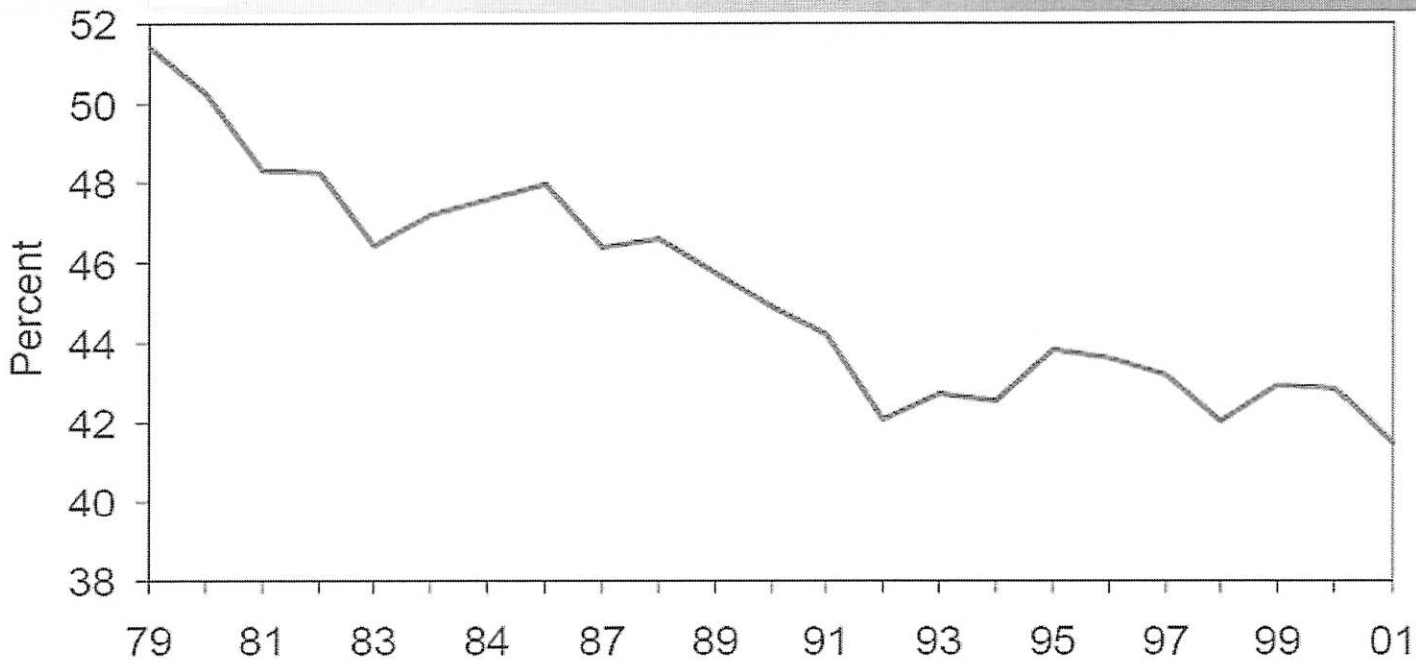
Figure 3: Comparison of State Sales Tax Revenues as a Percent of Personal Income

Utah

Hawaii

New Mexico

South Dakota

Revenues as a Percent of Personal Income ▬▬ Trendline
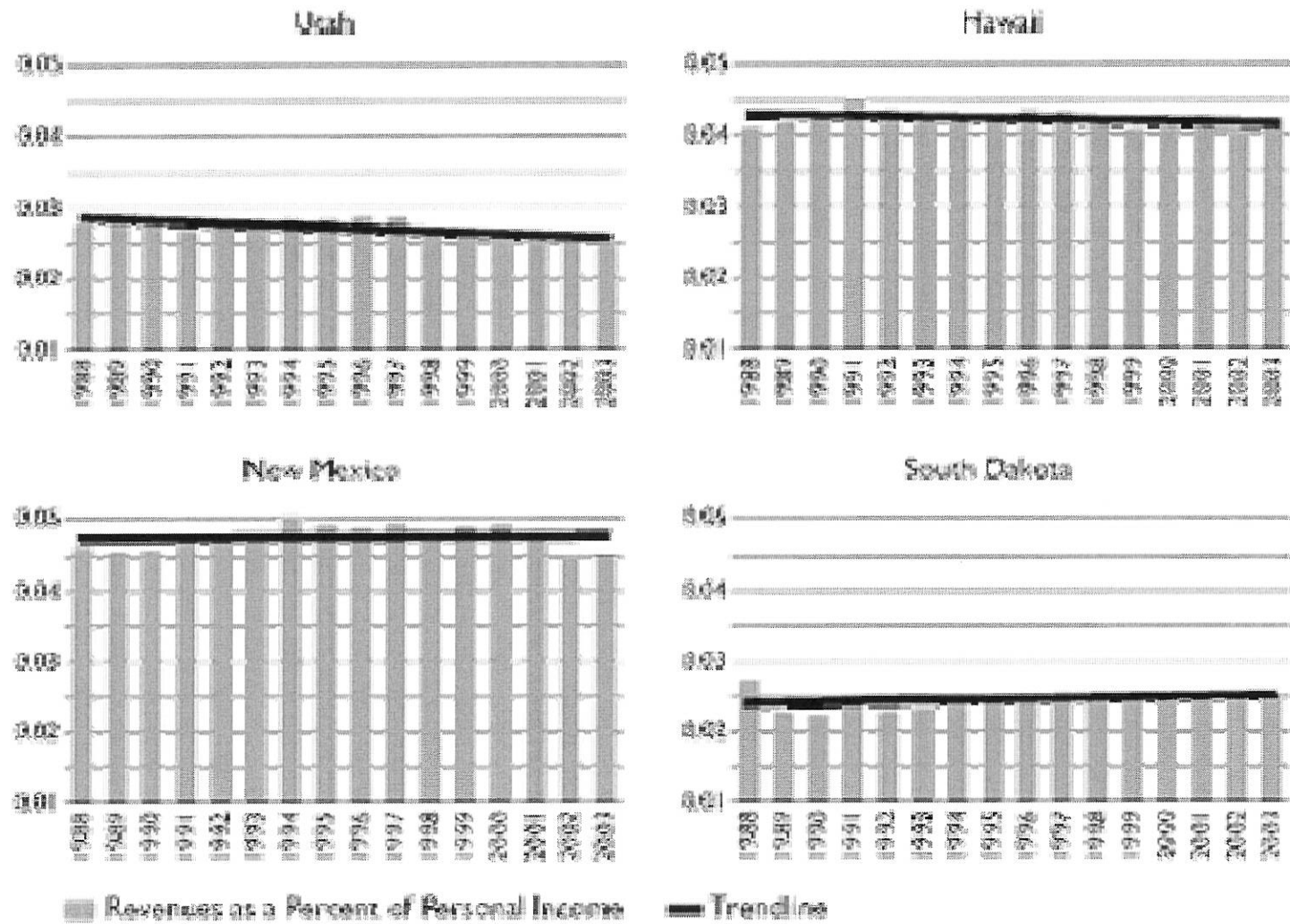
Source: Individual State Departments of Revenue; Bureau of Economic Analysis.
Calculations by Utah Foundation

Pak and Kroes, 2005.

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Table 1: Sales Tax Base as a Percentage of Personal Income, 1996 and 2003

State	1996	2003
AL	39.9	37.8
AR	64.9	61.7
AZ	47.8	45.3
CA	39.6	37.3
CO	45.1	43.0
CT	36.7	34.6
DC	44.0	41.6
FL	55.4	52.2
GA	56.7	53.6
HI	109.2	102.3
IA	46.4	44.5
ID	51.3	48.8
IL	32.2	30.7
IN	44.3	42.1
KS	48.7	46.4
KY	46.5	44.2
LA	64.7	61.9
MA	29.0	27.4
MD	35.8	33.7
ME	42.3	39.9
MI	47.8	45.5
MN	46.6	44.3
MO	48.1	45.7
MS	55.5	52.9
NC	45.8	43.3
ND	51.9	50.0
NE	43.1	41.1
NJ	29.1	27.5
NM	86.2	81.8
NV	58.4	55.4
NY	34.4	32.5
OH	38.8	36.9
OK	67.2	64.3
PA	32.2	30.5
RI	27.6	26.0
SC	52.6	49.7
SD	65.9	62.8
TN	51.0	48.3
TX	48.7	46.3
UT	61.8	58.9
VA	42.8	40.3
VT	41.6	39.3
WA	49.9	47.3
WI	45.5	43.3
WV	48.0	45.8
WY	71.5	68.9

Source: Authors' calculations.

FIGURE 1: Sales Tax Long-Run Elasticities

Less than 0.75   0.75 to 0.90   Greater than 0.90   N/A
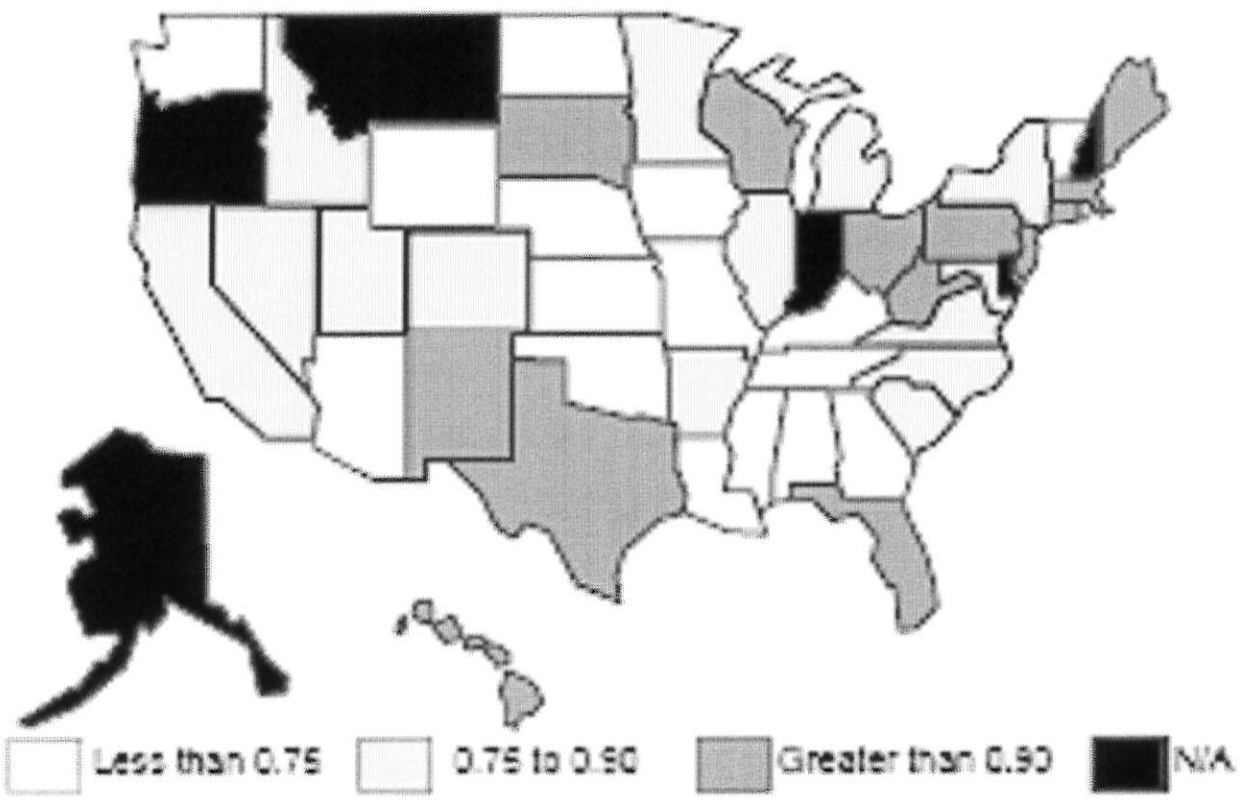
Bruce, Fox, and Tuttle, 2004.

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Table 3: Elasticity of State General Sales Tax Base
with respect to State Personal Income, annual 1963-2003

State	Long-run	(t)	Short-run	(t)
Alabama	0.682	(25.65)	1.580	(6.49)
Arizona	0.760	(32.58)	1.691	(5.91)
Arkansas	0.853	(40.86)	1.237	(6.25)
California	0.774	(31.16)	1.336	(4.00)
Colorado	0.706	(25.51)	1.530	(2.65)
Connecticut	1.110	(27.27)	1.351	(6.54)
Florida	0.903	(32.58)	1.477	(3.71)
Georgia	0.746	(38.56)	1.898	(5.88)
Hawaii	1.079	(48.86)	1.285	(6.99)
Idaho	0.768	(16.78)	2.316	(3.02)
Illinois	-0.009	(0.14)	1.824	(4.58)
Indiana	-0.023	(0.38)	2.225	(4.40)
Iowa	0.414	(11.08)	1.018	(3.16)
Kansas	0.675	(19.14)	1.184	(2.75)
Kentucky	0.546	(14.67)	0.515	(1.00)
Louisiana	0.486	(9.66)	1.293	(2.63)
Maine	0.865	(23.98)	1.815	(4.55)
Maryland	0.761	(25.10)	1.284	(3.44)
Massachusetts	1.236	(17.97)	-0.083	(0.07)
Michigan	0.714	(16.87)	1.106	(2.52)
Minnesota	0.828	(22.97)	-0.046	(0.10)
Mississippi	0.542	(15.75)	1.221	(4.75)
Missouri	0.996	(20.88)	1.626	(3.76)
Nebraska	0.283	(7.44)	-0.600	(0.61)
Nevada	0.704	(25.85)	0.021	(0.05)
New Jersey	0.868	(14.08)	-0.325	(0.35)
New Mexico	0.843	(25.47)	1.875	(2.45)
New York	0.631	(18.87)	1.038	(3.91)
North Carolina	0.812	(33.98)	1.709	(4.65)
North Dakota	0.399	(4.30)	0.267	(1.30)
Ohio	1.018	(28.79)	1.393	(3.00)
Oklahoma	0.640	(11.27)	1.786	(3.67)
Pennsylvania	0.961	(23.64)	1.520	(2.66)
Rhode Island	0.535	(9.64)	1.435	(2.65)
South Carolina	0.748	(43.32)	1.637	(4.77)
South Dakota	1.050	(23.68)	0.689	(2.40)
Tennessee	0.714	(18.08)	1.112	(2.88)
Texas	0.901	(40.57)	1.254	(3.05)
Utah	0.845	(38.40)	0.821	(1.48)
Vermont	0.528	(7.86)	1.335	(1.97)
Virginia	0.753	(12.85)	0.490	(1.02)
Washington	0.740	(15.95)	1.023	(3.59)
West Virginia	-0.474	(2.37)	3.035	(2.93)
Wisconsin	1.397	(13.98)	1.795	(1.67)
Wyoming	0.865	(11.48)	1.627	(3.52)

Dye and Merriman, 2004.

Table 3: Sales Tax Elasticities

	Long-Run Elasticity	Short-Run Elasticities		Speed of Adjustment	
		When Current Revenue Value is Below Long-Run Equilibrium	When Current Revenue Value is Above Long-Run Equilibrium	When Current Revenue Value is Below Long-Run Equilibrium	When Current Revenue Value is Above Long-Run Equilibrium
Alabama	0.712**	0.660	1.120**	-0.152	-0.152
Arizona	0.744**	-1.232**	1.452**	-0.742**	-0.742**
Arkansas	0.835**	0.323	1.308**	-0.916**	-0.119
California	0.833**	-1.408**	1.148**	-1.874**	-0.198
Colorado	0.781**	1.859**	1.869**	-0.183*	-0.183*
Connecticut	1.242**	1.152**	2.781**	-0.188*	-0.188*
Florida	0.926**	-0.049	1.445**	-0.528**	-0.528**
Georgia	0.708**	0.171	1.209**	-0.265**	-0.265**
Hawaii	1.110**	0.829**	1.285**	-0.476**	-0.476**
Idaho	0.647**	0.865**	1.455**	-0.248**	-0.248**
Illinois	0.871**	0.028	0.028	-0.226	-0.226
Indiana	—	0.723*	0.723*	—	—
Iowa	0.374**	-0.056	0.853**	-0.850**	-0.850**
Kentucky	0.654**	0.826**	0.826**	-0.255**	-0.255**
Kansas	0.690**	0.466*	0.466*	-0.119	-0.119
Louisiana	0.514**	-0.347	1.631**	-0.182*	-0.182*
Maine	0.904**	-0.857	1.047	-0.360**	-0.360**
Maryland	0.797**	1.162**	1.162**	-0.154	-0.154
Massachusetts	1.365**	0.354	2.375**	-0.320**	-0.320**
Michigan	0.772**	-0.017	1.713**	-0.511**	-0.511**
Minnesota	0.676**	-0.226	0.903**	-1.082**	-0.409**
Mississippi	0.486**	-0.188	1.340**	-0.262*	-0.262*
Missouri	0.630**	-2.192**	0.507*	-0.612**	-0.612**
Nebraska	0.431*	0.191	16.779**	-0.905**	-0.905**
Nevada	0.781**	-0.500	1.600**	-0.508**	-0.508**
New Jersey	1.049**	-0.297	1.652**	-0.601**	-0.601**
New Mexico	0.934**	-0.628	2.070**	-1.188**	-0.399*
New York	0.750**	0.126	1.571**	-0.438**	-0.438**
North Carolina	0.674**	0.501	1.820**	-1.046**	-0.124
North Dakota	0.839	0.256	-0.506*	-0.483**	0.290
Ohio	1.093**	1.602**	1.862**	-0.957**	-0.957**
Oklahoma	0.695**	1.890**	1.890**	-0.124*	-0.124*
Pennsylvania	1.065**	1.504**	1.504**	-0.218**	-0.218**
Rhode Island	0.531**	0.515	1.848**	-0.124	-0.124
South Carolina	0.775**	-1.150	1.143**	-0.510**	-0.510**
South Dakota	1.145**	0.471**	0.471**	-0.582**	-0.582**
Tennessee	0.714**	0.508	1.271**	-0.340*	-0.340*
Texas	0.897**	1.580**	1.680**	-0.749**	-0.749**
Utah	0.873**	-1.544	1.760**	-0.234**	-0.234**
Virginia	0.600**	-0.645	0.828**	-0.299**	-0.299**
Vermont	0.795**	0.779	2.289**	-0.840**	-0.681
Washington	0.740**	0.045	1.722**	-1.404**	-0.548**
West Virginia	1.013**	-1.748	3.295**	-0.829**	-0.108
Wisconsin	1.113**	-0.623	1.373	-0.269**	-0.269**
Wyoming	0.720**	1.443**	1.443**	-0.134	-0.134

Note: * and ** indicate statistically significant differences from zero at the 10% and 5% levels, respectively. Bold, italicized, and underlined type indicate statistically significant differences from one, two, and three, respectively, at the 5% level. Bold type for speed of adjustment results indicates that the coefficient is not statistically different from -1.0.

Figure 6A
The Majority of
Potentially Taxable Sales
Are Purchases by Businesses

U.S. Bureau of Economic Analysis,
U.S. Department of Commerce,
Survey of Current Business, May
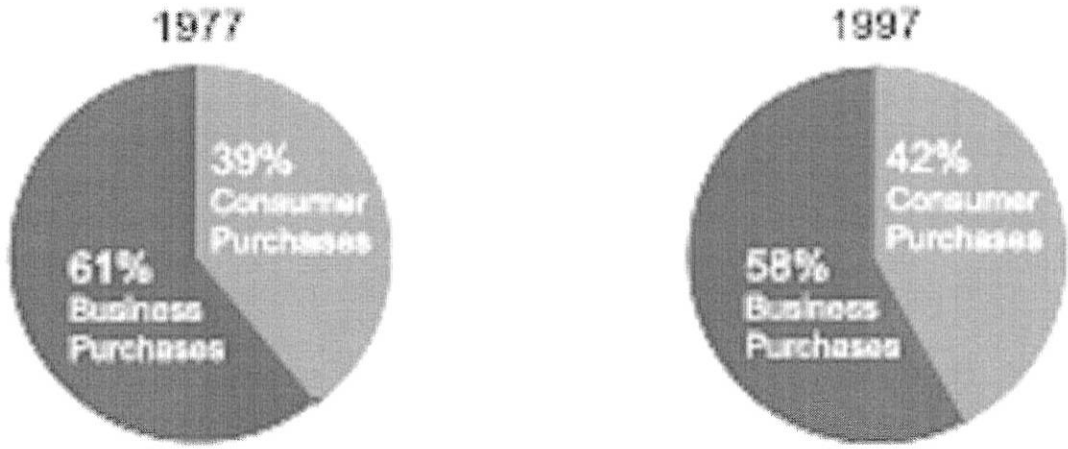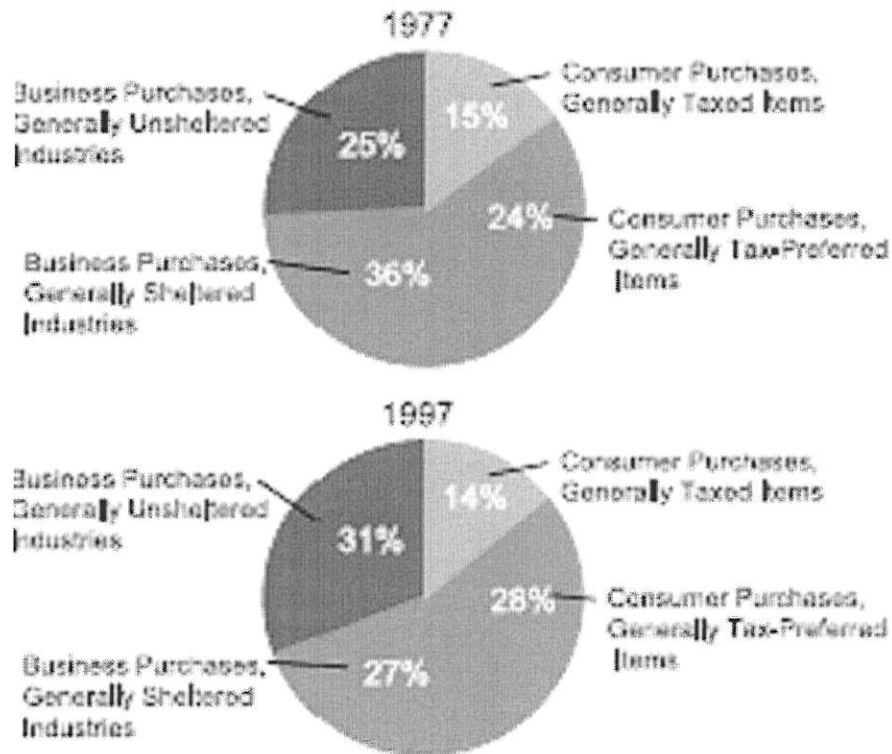1984 and January 2001, Table 2

1977

39% Consumer Purchases

61% Business Purchases

1997

42% Consumer Purchases

58% Business Purchases

Tannenwald, 2004.

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Figure 68

Purchases by Consumers Include
Both Generally Tax-Preferred and
Generally Taxed Items

Note: Taxed items for consumer
purchases consist of all goods
except food consumed at
home. Tax-preferred items
consist of all services and
goods consumed at home.

1977

15% — Consumer Purchases, Generally Taxed Items

24% — Consumer Purchases, Generally Tax-Preferred Items

61% Business Purchases

1997

14% — Consumer Purchases, Generally Taxed Items

28% — Consumer Purchases, Generally Tax-Preferred Items

58% Business Purchases
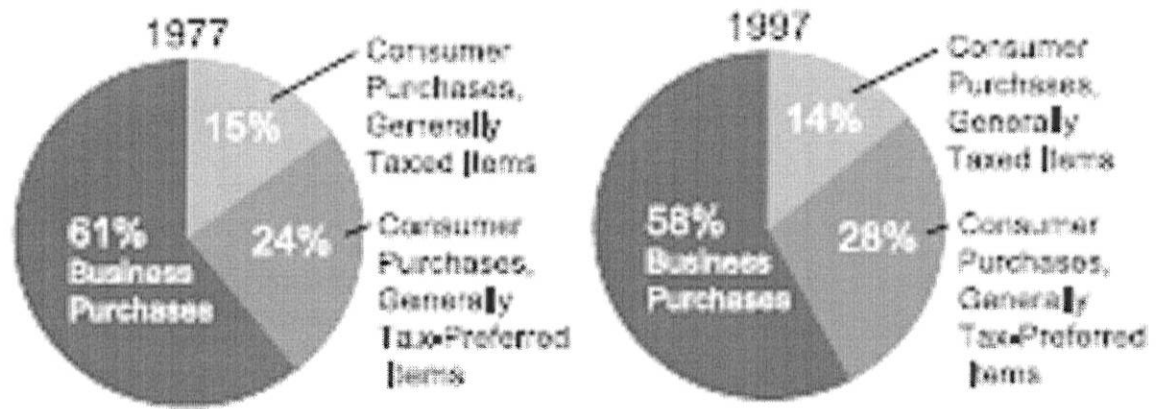
Percentage of Purchases by Businesses Made by Firms in Generally Unsheltered Industries Has Grown

1977

- Business Purchases, Generally Unsheltered Industries — 25%
- Consumer Purchases, Generally Taxed Items — 15%
- Consumer Purchases, Generally Tax-Preferred Items — 24%
- Business Purchases, Generally Sheltered Industries — 36%

1997

- Business Purchases, Generally Unsheltered Industries — 31%
- Consumer Purchases, Generally Taxed Items — 14%
- Consumer Purchases, Generally Tax-Preferred Items — 28%
- Business Purchases, Generally Sheltered Industries — 27%

- **Consumer purchases**
  - Taxed items consist of all goods except food consumed at home
  - Tax-preferred items consist of all services and goods consumed at home
- **Unsheltered industries**
  - Construction
  - Transportation & warehousing
  - Communications
  - Private utilities
  - Wholesale & retail trade
  - Finance & insurance
  - Real estate
  - Some services
- **Sheltered industries**
  - Agriculture
  - Mining
  - Manufacturing
  - Health services
  - Educational services
  - Social services
  - Nonprofit organizations
  - Federal, state, and local governments

Percentage of Purchases by Businesses Made by Firms in Generally Unsheltered Industries That Are Generally Tax Preferred Has Grown

1977

- Business Purchases, Unsheltered Industries, Generally Taxed Items — 13%
- Consumer Purchases, Generally Taxed Items — 15%
- Business Purchases, Unsheltered Industries, Generally Tax-Preferred Items — 12%
- Consumer Purchases, Generally Tax-Preferred Items — 24%
- Business Purchases, Generally Sheltered Industries — 36%

1997

- Business Purchases, Unsheltered Industries, Generally Taxed Items — 12%
- Consumer Purchases, Generally Taxed Items — 14%
- Business Purchases, Unsheltered Industries, Generally Tax-Preferred Items — 17%
- Consumer Purchases, Generally Tax-Preferred Items — 29%
- Business Purchases, Generally Sheltered Industries — 27%

Tannenwald, 2004.

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Table 2: Estimated Sales Tax Revenue Losses from E-Commerce

(Billions)	1999	2000	2001	2002	2003
Total Business-to-Business[1]	106.59	244.87	486.63	821.80	1,297.80
Less Exempt Sales	-47.54	-105.05	-208.76	-369.81	-616.45
Less B2B on which sales/use tax collected	-34.07	-80.96	-164.77	-281.59	-444.24
Equals B2B Base Loss	24.98	58.87	113.09	170.40	237.11
Less substitution for other remote sales	-12.49	-29.43	-56.55	-85.20	-118.55
Equals Incremental B2B Base Loss	12.49	29.43	56.55	85.20	118.55
Approximate Revenue Loss from B2B	0.80	1.88	3.61	5.44	7.57
Total Business-to-Consumer[1]	19.75	37.79	62.59	98.62	140.19
Less Exempt B2C	-8.32	-15.34	-23.53	-32.74	-41.78
Less B2C on which sales/use tax collected	-1.14	-2.60	-5.51	-10.54	-20.57
Equals B2C Base Loss	10.29	19.85	33.55	55.34	77.85
Less substitution for other remote sales	-3.60	-6.95	-11.74	-19.37	-27.25
Equals Incremental B2C Base Loss	6.69	12.90	21.81	35.97	50.60
Approximate Revenue Loss from B2C	0.43	0.82	1.39	2.30	3.23
Approximate Incremental Revenue Loss	1.23	2.70	5.00	7.74	10.80

1. Sales taxing states only.

Source: Authors' calculations based on E-Commerce forecasts provided by Forrester Research, Inc.

Bruce, and Fox, 2000.

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Table 3: Combined State and Local Revenue Losses in 2003 (Millions)

(1) = Revenue Loss Without E-Commerce
(2) = Total Revenue Loss Due to E-Commerce
(3) = Incremental Revenue Loss Due to E-Commerce
(4) = Total Combined Revenue Loss

State	(1)	(2)	(3)	(4)
AL	177.2	269.7	144.8	322.1
AR	113.9	188.6	101.3	215.1
AZ	218.7	341.4	183.4	402.1
CA	1,964.4	2,780.2	1,493.2	3,457.6
CO	167.5	290.7	156.2	323.6
CT	201.5	288.0	154.7	356.2
DC	38.6	55.1	29.6	68.2
FL	1,006.8	1,403.0	753.6	1,760.4
GA	419.6	620.7	333.4	752.9
HI	127.0	158.6	85.2	212.2
IA	82.4	162.7	87.4	169.8
ID	39.9	67.1	36.0	75.9
IL	497.7	844.8	453.7	951.5
IN	202.1	324.6	174.3	376.5
KS	112.3	189.5	101.8	214.1
KY	145.3	238.6	128.2	273.4
LA	239.2	453.9	243.8	483.0
MA	207.6	303.6	163.1	370.7
MD	215.9	294.1	158.0	373.8
ME	56.7	78.5	42.1	98.9
MI	460.7	757.5	406.8	867.6
MN	254.3	408.6	219.5	473.8
MO	243.8	395.0	212.1	456.0
MS	119.9	206.1	110.7	230.6
NC	300.1	444.9	239.0	539.1
ND	17.7	38.6	20.7	38.4
NE	59.4	105.6	56.7	116.1
NJ	360.0	510.7	274.3	634.2
NM	119.8	191.1	102.6	222.4
NV	122.8	191.1	102.7	225.5
NY	1,073.1	1,581.3	849.3	1,922.4
OH	411.4	671.4	360.6	772.0
OK	155.5	298.3	160.2	315.7
PA	427.6	666.8	358.2	785.7
RI	39.5	55.5	29.8	69.3
SC	158.6	231.4	124.3	282.9
SD	33.8	57.7	31.0	64.8
TN	361.1	545.6	293.0	654.2
TX	1,039.5	1,735.9	932.4	1,971.9
UT	91.9	158.2	85.0	176.9
VA	262.6	363.8	195.4	458.0
VT	22.4	31.8	17.1	39.5
WA	422.0	646.2	347.1	769.1
WI	193.5	320.1	171.9	365.4
WV	57.9	104.7	56.2	114.1
WY	16.9	38.5	20.7	37.6
US	13,060.3	20,109.9	10,801.0	23,861.4

Source: Authors' calculations.

Bruce and Fox, 2000.

Table 4: State Revenue Losses as Percentages of Total State Taxes, 2003

(1) = Revenue Loss Without E-Commerce
(2) = Total Revenue Loss Due to E-Commerce
(3) = Incremental Revenue Loss Due to E-Commerce
(4) = Total Combined Revenue Loss

State	(1)	(2)	(3)	(4)
AL	1.37	2.09	1.12	2.49
AR	1.81	3.00	1.61	3.42
AZ	1.80	2.82	1.51	3.32
CA	1.87	2.65	1.42	3.30
CO	1.28	2.22	1.19	2.47
CT	1.75	2.50	1.34	3.09
DC	1.06	1.51	0.81	1.87
FL	3.33	4.64	2.49	5.83
GA	2.01	2.97	1.59	3.60
HI	2.67	3.33	1.79	4.46
IA	1.35	2.66	1.43	2.78
ID	1.55	2.60	1.40	2.95
IL	1.74	2.95	1.58	3.32
IN	1.70	2.73	1.47	3.17
KS	1.69	2.85	1.53	3.22
KY	1.60	2.63	1.41	3.01
LA	1.94	3.68	1.98	3.91
MA	1.15	1.68	0.90	2.05
MD	1.77	2.41	1.29	3.06
ME	2.01	2.78	1.49	3.50
MI	1.76	2.90	1.55	3.32
MN	1.75	2.81	1.51	3.25
MO	1.70	2.76	1.48	3.19
MS	2.25	3.86	2.07	4.32
NC	1.34	1.99	1.07	2.41
ND	1.28	2.79	1.50	2.78
NE	1.56	2.78	1.49	3.05
NJ	1.70	2.41	1.29	2.99
NM	2.27	3.62	1.94	4.21
NV	2.82	4.39	2.36	5.18
NY	1.16	1.72	0.92	2.09
OH	1.58	2.58	1.38	2.96
OK	1.77	3.40	1.83	3.60
PA	1.61	2.51	1.35	2.96
RI	1.71	2.41	1.29	3.01
SC	2.07	3.02	1.62	3.69
SD	2.57	4.39	2.36	4.93
TN	3.08	4.65	2.50	5.58
TX	2.92	4.88	2.62	5.54
UT	1.89	3.26	1.75	3.65
VA	1.61	2.22	1.19	2.80
VT	1.81	2.57	1.38	3.19
WA	2.24	3.43	1.84	4.08
WI	1.37	2.27	1.22	2.60
WV	1.54	2.79	1.50	3.04
WY	1.49	3.39	1.82	3.31
US	1.85	2.84	1.52	3.37

Source: Authors' calculations.

Bruce and Fox, 2000.

Table 5: Sales Tax Rate Changes Necessary in 2003 to Maintain Constant Revenue

(1) = Without E-Commerce
(2) = Total Due to E-Commerce
(3) = Incremental Due to E-Commerce
(4) = Total Combined Rate Change

State	(1)	(2)	(3)	(4)
AL	0.40	0.67	0.36	0.76
AR	0.29	0.53	0.29	0.58
AZ	0.38	0.65	0.35	0.73
CA	0.47	0.72	0.39	0.86
CO	0.30	0.57	0.31	0.61
CT	0.37	0.58	0.32	0.69
DC	0.35	0.55	0.30	0.66
FL	0.39	0.60	0.33	0.72
GA	0.33	0.54	0.29	0.63
HI	0.28	0.38	0.21	0.48
IA	0.23	0.50	0.27	0.50
ID	0.26	0.48	0.26	0.52
IL	0.39	0.72	0.39	0.78
IN	0.27	0.48	0.26	0.53
KS	0.31	0.57	0.31	0.62
KY	0.32	0.58	0.31	0.64
LA	0.36	0.74	0.40	0.75
MA	0.30	0.48	0.26	0.56
MD	0.32	0.48	0.26	0.58
ME	0.38	0.58	0.32	0.70
MI	0.32	0.58	0.31	0.64
MN	0.36	0.64	0.34	0.71
MO	0.33	0.58	0.31	0.64
MS	0.36	0.68	0.37	0.73
NC	0.31	0.50	0.27	0.58
ND	0.22	0.52	0.28	0.50
NE	0.29	0.57	0.31	0.60
NJ	0.37	0.58	0.32	0.69
NM	0.34	0.59	0.32	0.66
NV	0.39	0.67	0.36	0.75
NY	0.45	0.73	0.40	0.85
OH	0.32	0.57	0.31	0.63
OK	0.30	0.62	0.33	0.63
PA	0.35	0.59	0.32	0.67
RI	0.44	0.68	0.37	0.82
SC	0.31	0.49	0.27	0.58
SD	0.27	0.50	0.27	0.54
TN	0.47	0.78	0.42	0.89
TX	0.40	0.72	0.39	0.79
UT	0.30	0.57	0.31	0.61
VA	0.27	0.41	0.22	0.50
VT	0.31	0.48	0.26	0.57
WA	0.47	0.79	0.43	0.91
WI	0.28	0.50	0.27	0.55
WV	0.29	0.58	0.31	0.61
WY	0.19	0.48	0.26	0.45

Source: Authors' calculations.

Bruce and Fox, 2000.

Appendix Table 1: Local Revenue Losses as Percentages of Total Local
Taxes, 2003

(1) = Revenue Loss Without E-Commerce
(2) = Total Revenue Loss Due to E-Commerce
(3) = Incremental Revenue Loss Due to E-Commerce
(4) = Total Combined Revenue Loss

State	(1)	(2)	(3)	(4)
AL	2.15	3.27	1.76	3.91
AR	1.28	2.11	1.13	2.41
AZ	1.01	1.57	0.85	1.85
CA	0.86	1.22	0.66	1.52
CO	1.36	2.36	1.27	2.63
CT	0.00	0.00	0.00	0.00
DC	0.00	0.00	0.00	0.00
FL	0.15	0.21	0.11	0.26
GA	1.18	1.74	0.94	2.11
HI	0.00	0.00	0.00	0.00
IA	0.10	0.19	0.10	0.20
ID	0.00	0.00	0.00	0.00
IL	0.36	0.61	0.33	0.69
IN	0.00	0.00	0.00	0.00
KS	0.58	0.98	0.52	1.10
KY	0.00	0.00	0.00	0.00
LA	2.34	4.44	2.38	4.72
MA	0.00	0.00	0.00	0.00
MD	0.00	0.00	0.00	0.00
ME	0.00	0.00	0.00	0.00
MI	0.00	0.00	0.00	0.00
MN	0.03	0.05	0.03	0.05
MO	1.13	1.83	0.98	2.11
MS	0.01	0.01	0.01	0.01
NC	1.04	1.54	0.83	1.86
ND	0.25	0.54	0.29	0.54
NE	0.36	0.64	0.34	0.70
NJ	0.00	0.00	0.00	0.00
NM	1.88	2.99	1.61	3.48
NV	0.31	0.49	0.26	0.58
NY	0.88	1.30	0.70	1.58
OH	0.37	0.61	0.33	0.70
OK	1.78	3.42	1.83	3.61
PA	0.04	0.07	0.04	0.08
RI	0.00	0.00	0.00	0.00
SC	0.13	0.20	0.10	0.24
SD	0.81	1.38	0.74	1.55
TN	1.56	2.36	1.27	2.83
TX	0.60	1.00	0.54	1.13
UT	0.84	1.44	0.77	1.61
VA	0.51	0.70	0.38	0.88
VT	0.00	0.00	0.00	0.00
WA	1.15	1.76	0.95	2.10
WI	0.12	0.21	0.11	0.24
WV	0.00	0.00	0.00	0.00
WY	0.59	1.34	0.72	1.31
US	0.57	0.89	0.48	1.05

Source: Authors' calculations.

Bruce and Fox, 2000.

Chart 8: Adjusted Compensating Use Taxes
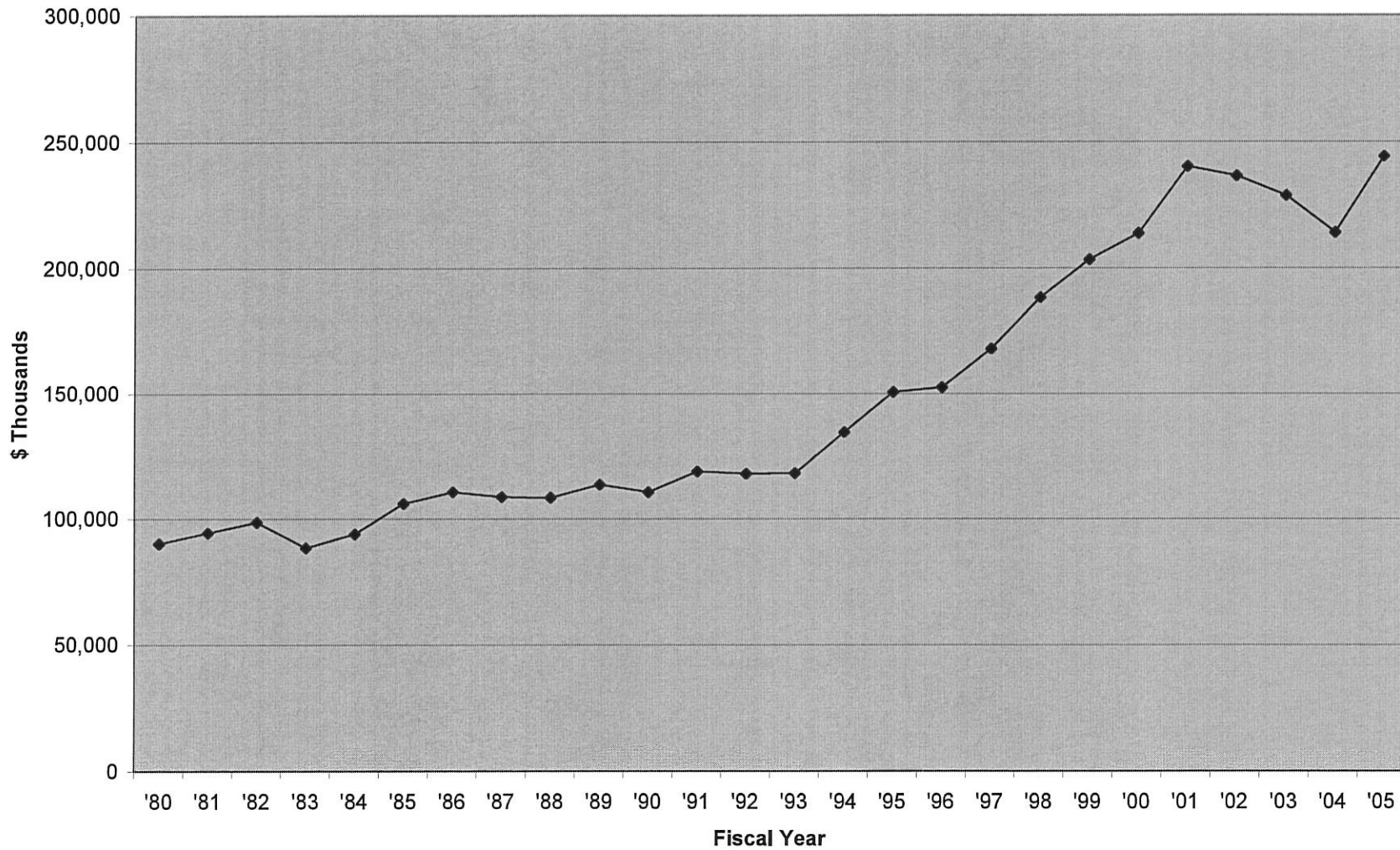
Compensating Use
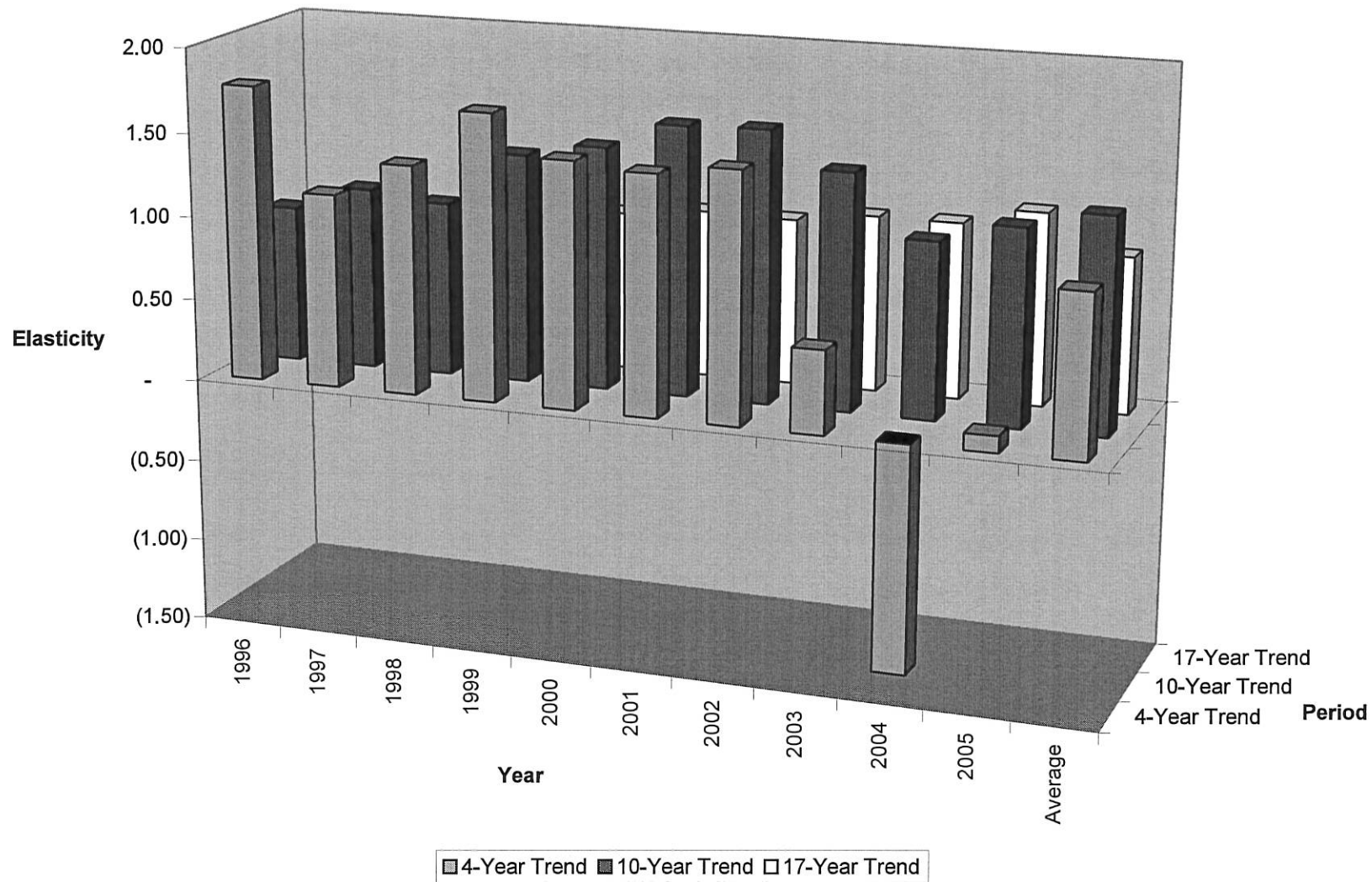
Chart 26: Effective Adjusted Compensating Use Tax Rate
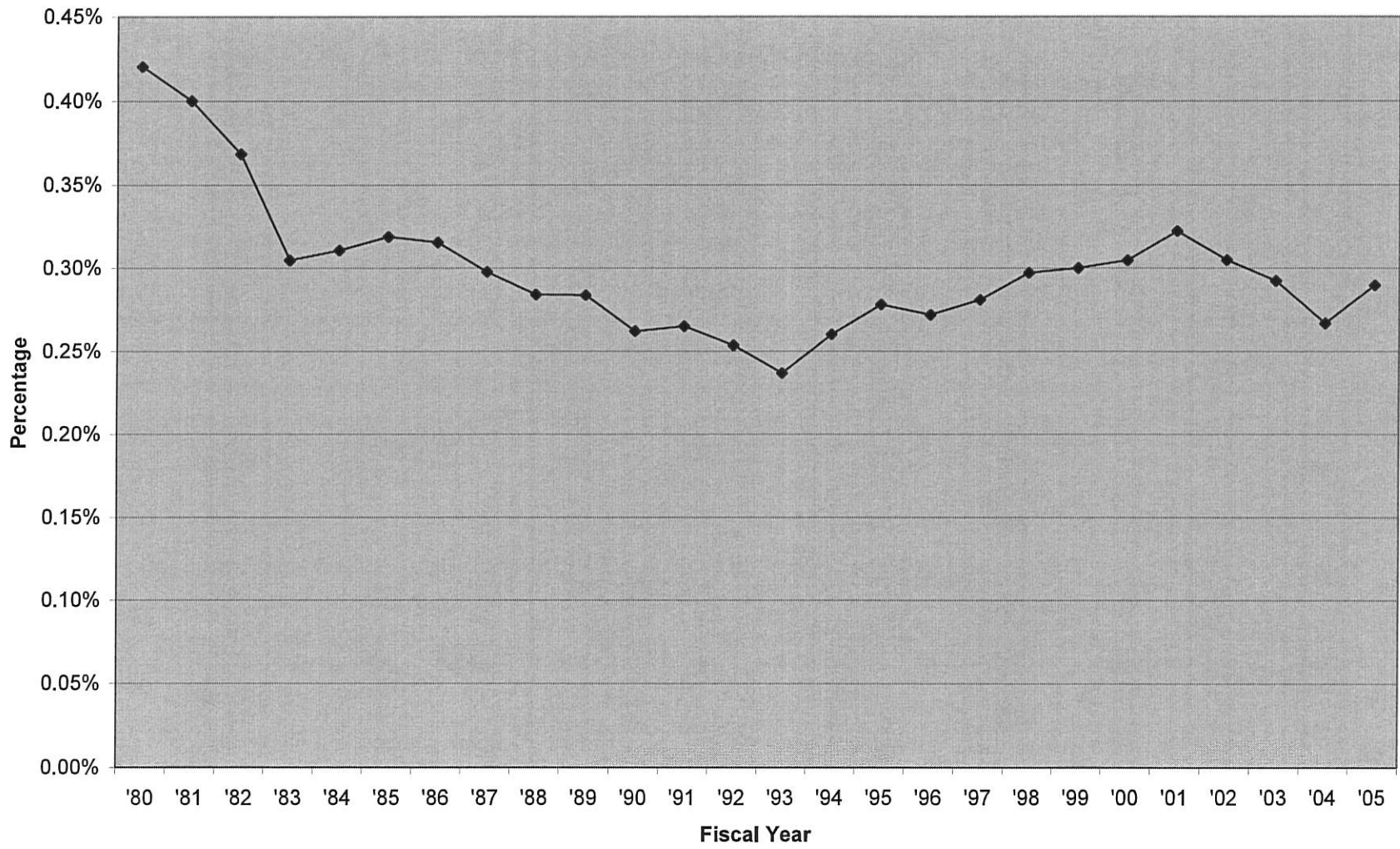
Chart 9: Adjusted Cigarette Taxes

Cigarette

Elasticity

Year

Period

17-Year Trend
10-Year Trend
4-Year Trend

☐ 4-Year Trend ■ 10-Year Trend ☐ 17-Year Trend
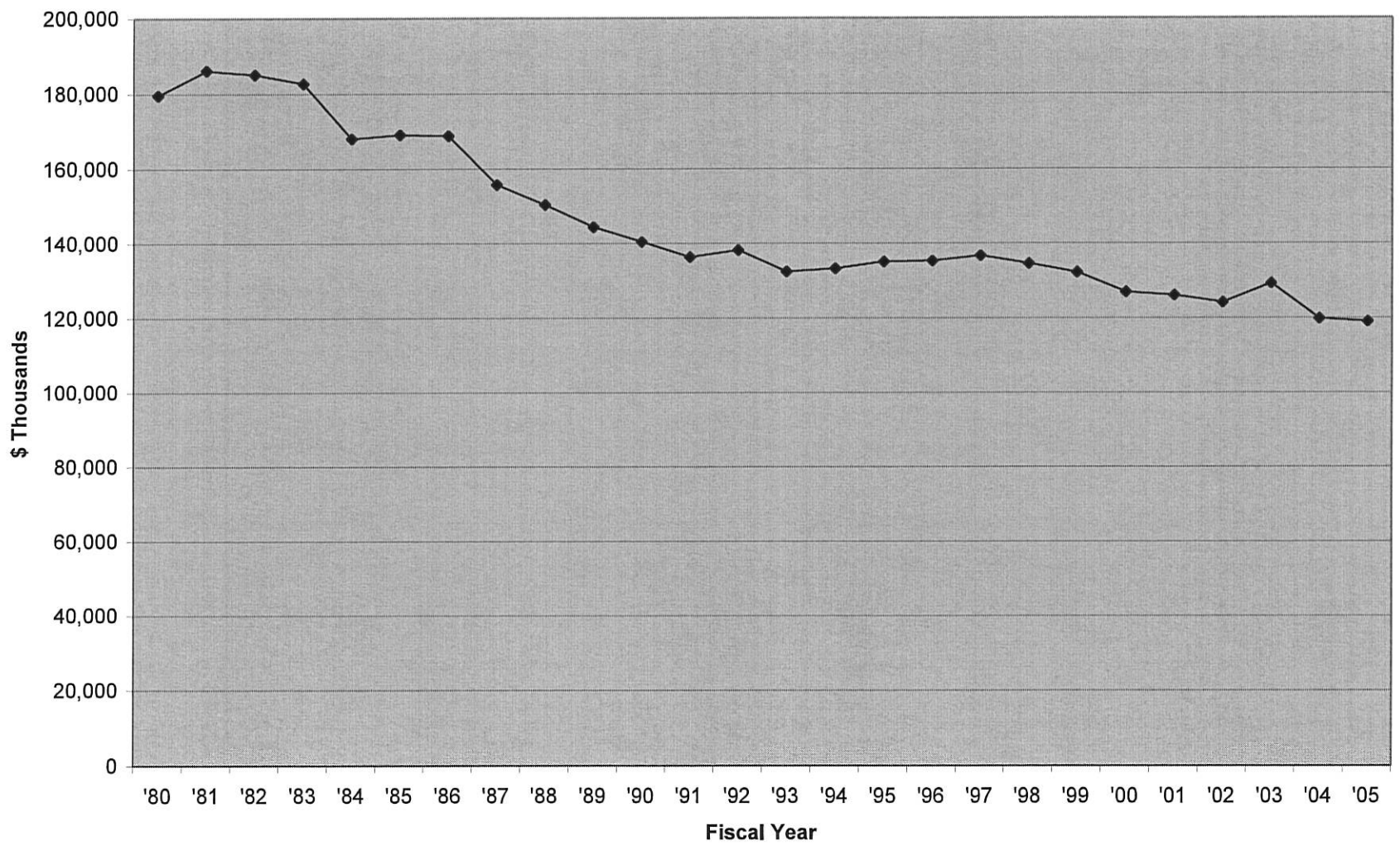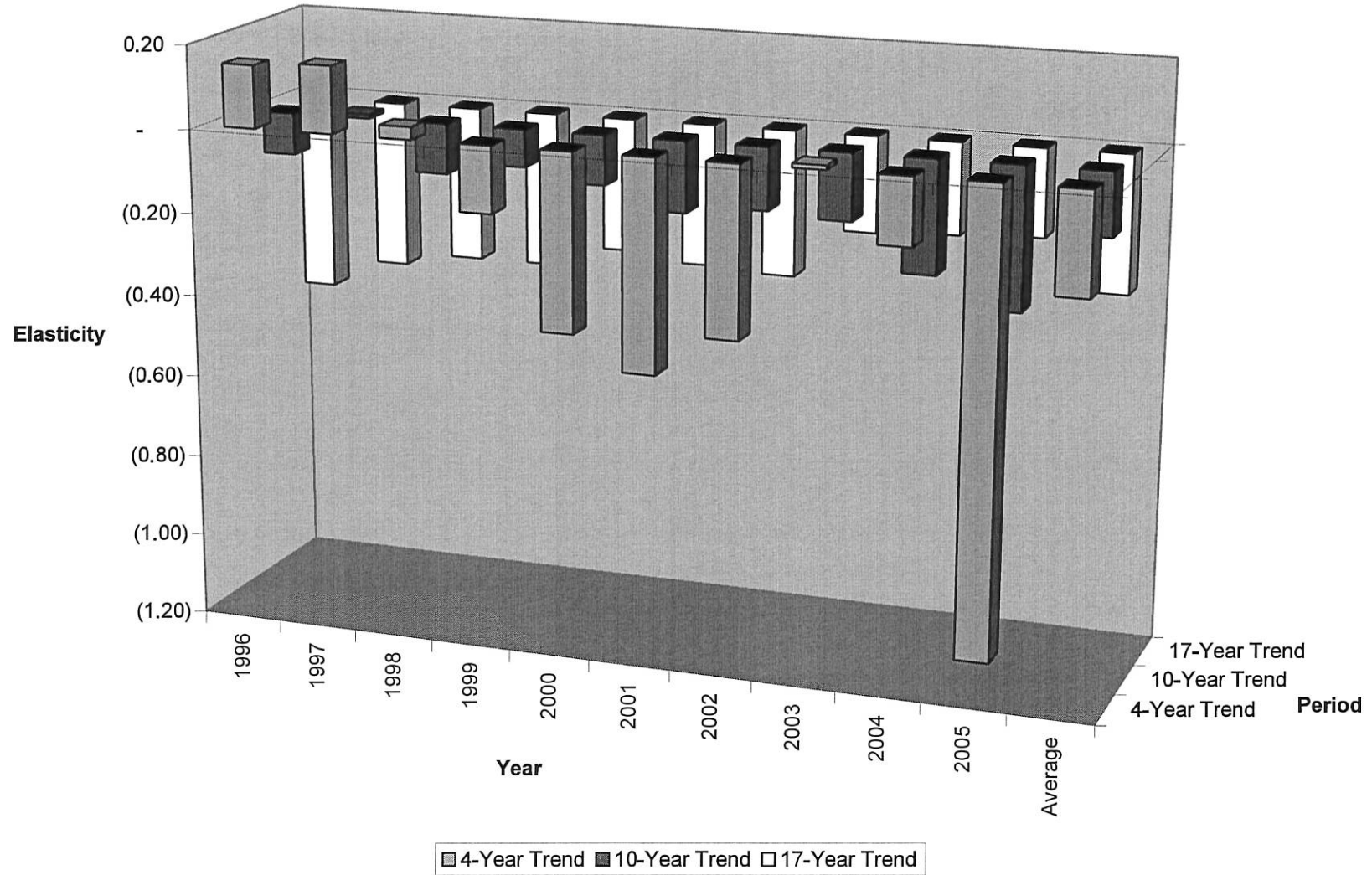
Chart 27: Effective Adjusted Cigarette Tax Rate

Chart showing Percentage (y-axis, 0.00% to 0.90%) versus Fiscal Year (x-axis, '80 to '05). The effective adjusted cigarette tax rate declines from approximately 0.84% in '80 to approximately 0.14% in '05.
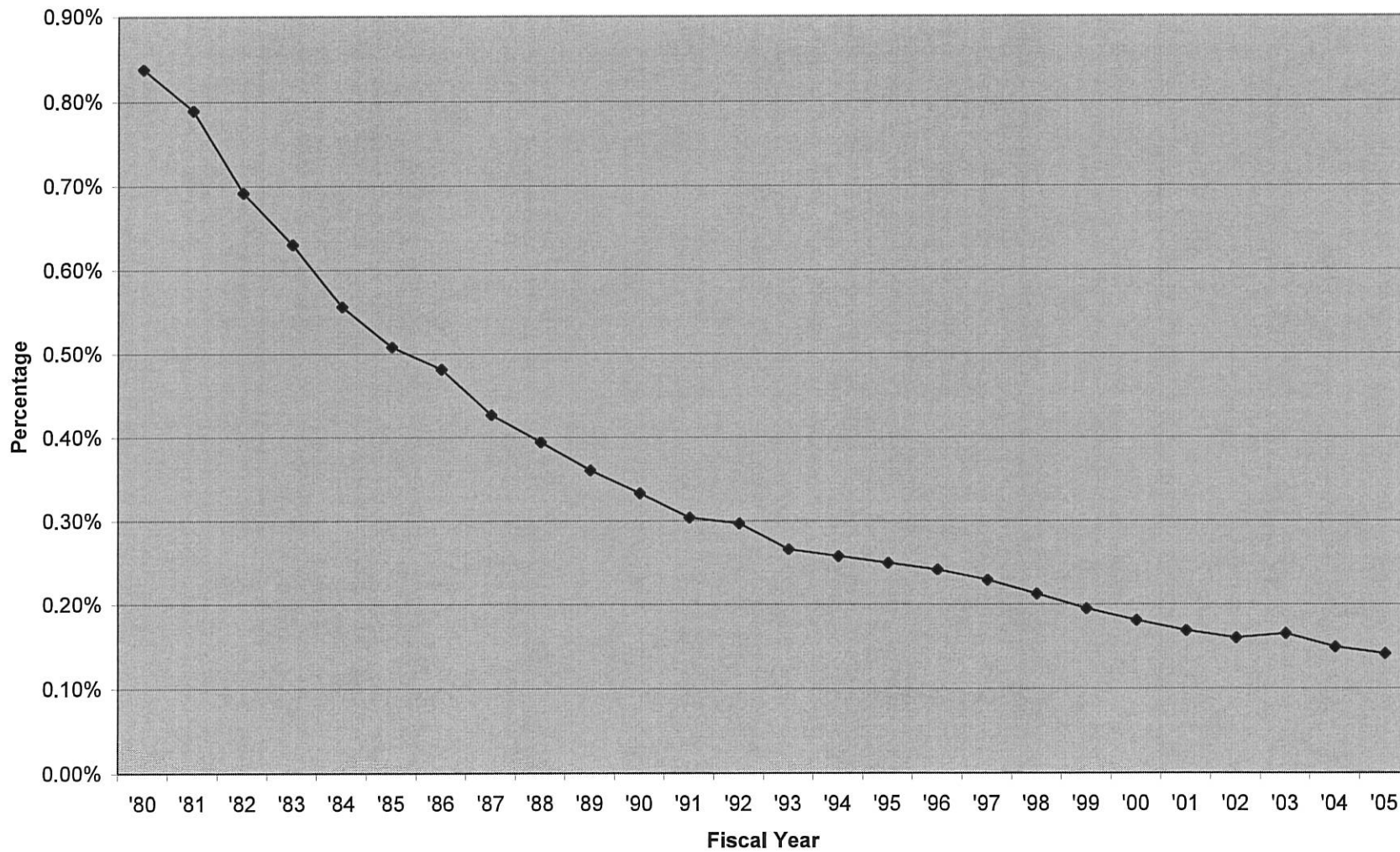
Chart 19: Adjusted Total Taxes
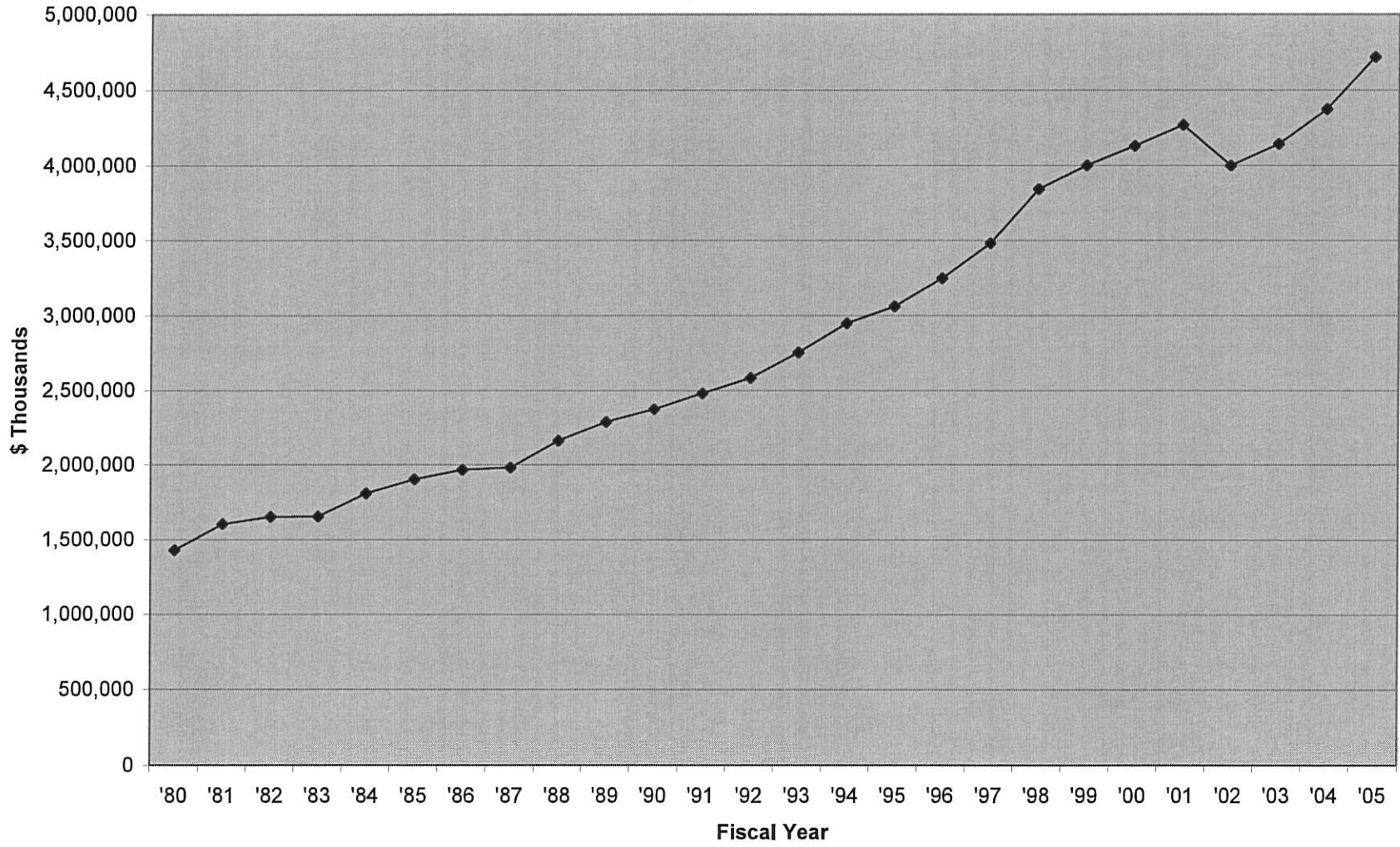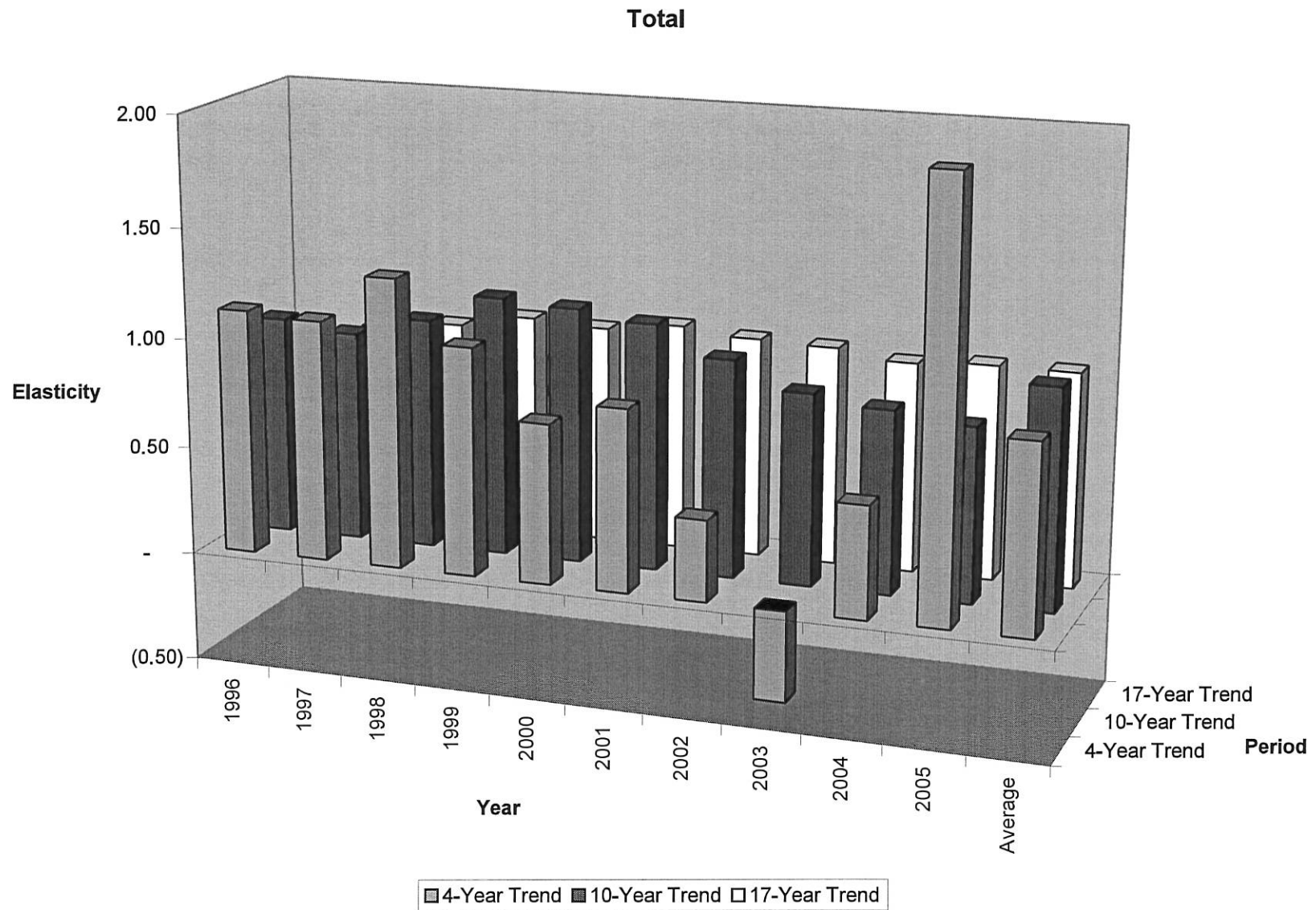
Total

Chart 22: Effective Adjusted Total Tax Rate
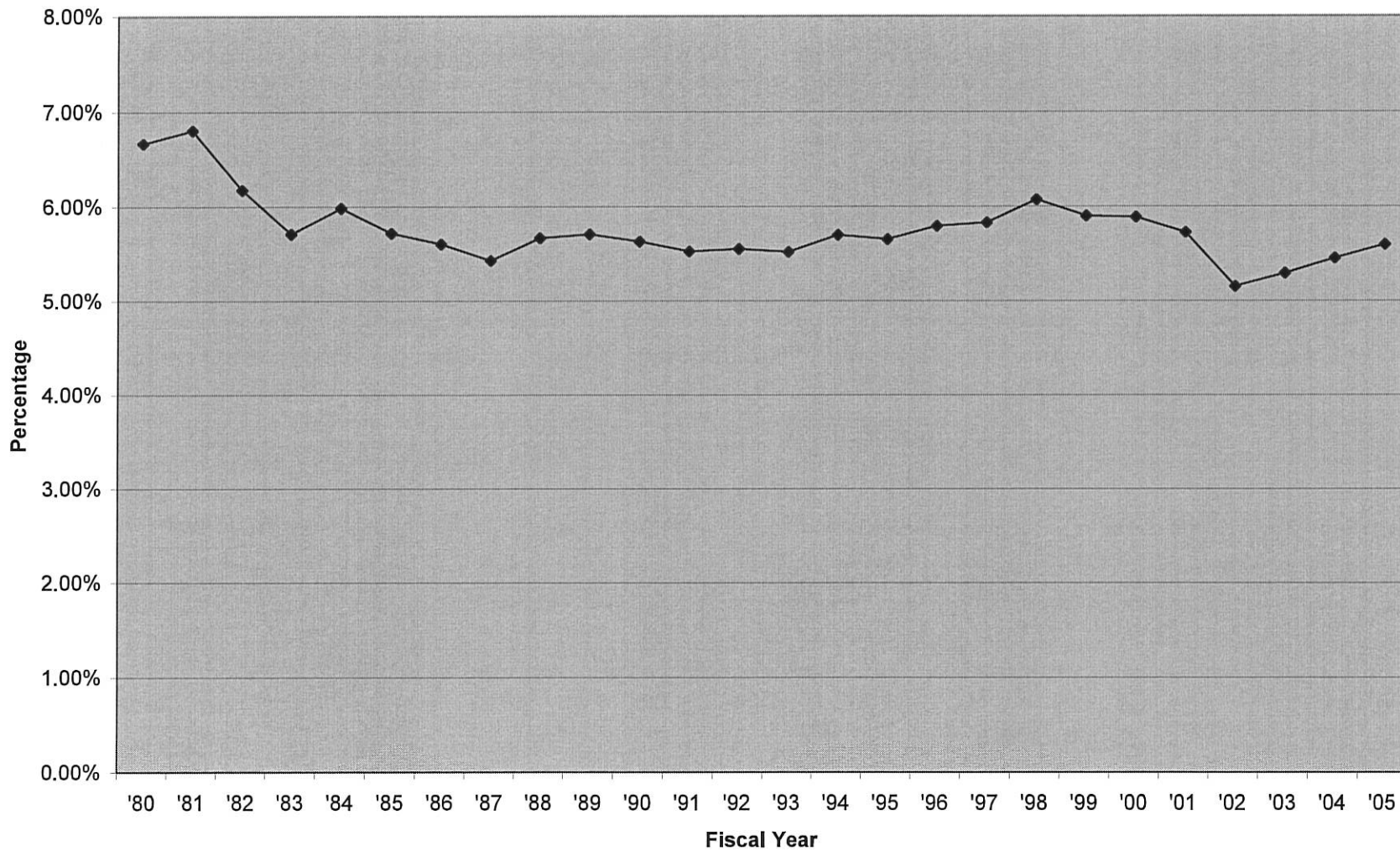
DISTRIBUTION OF U.S. STATE TAXES, 2002

Licenses & Fees 3.7%
Other 4.8%
General Sales 33.8%
Income 35.4%
Corp 7.6%
Selective Sales 14.7%

W.F. Fox, CBER, The University of Tennessee, Knoxville

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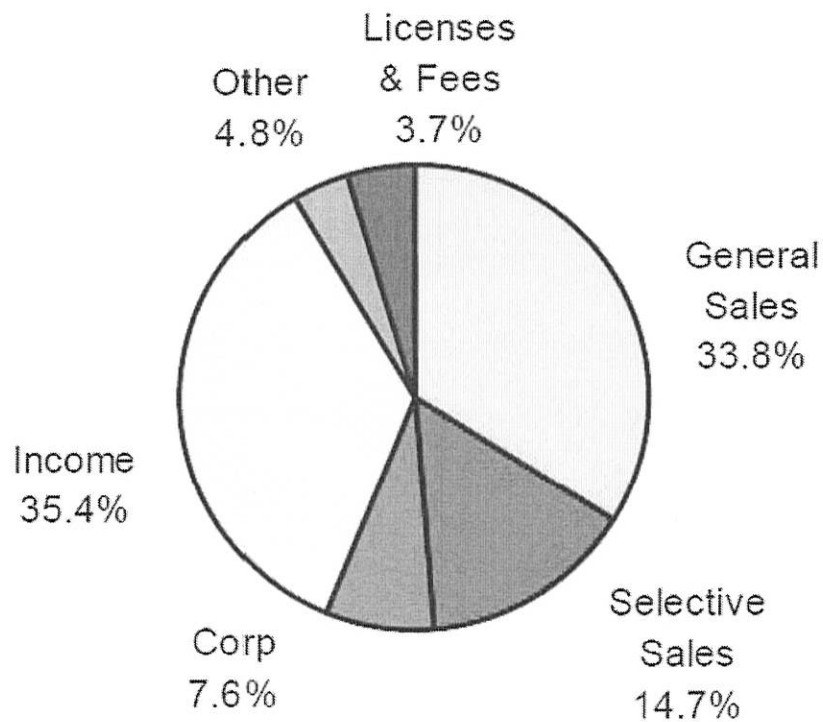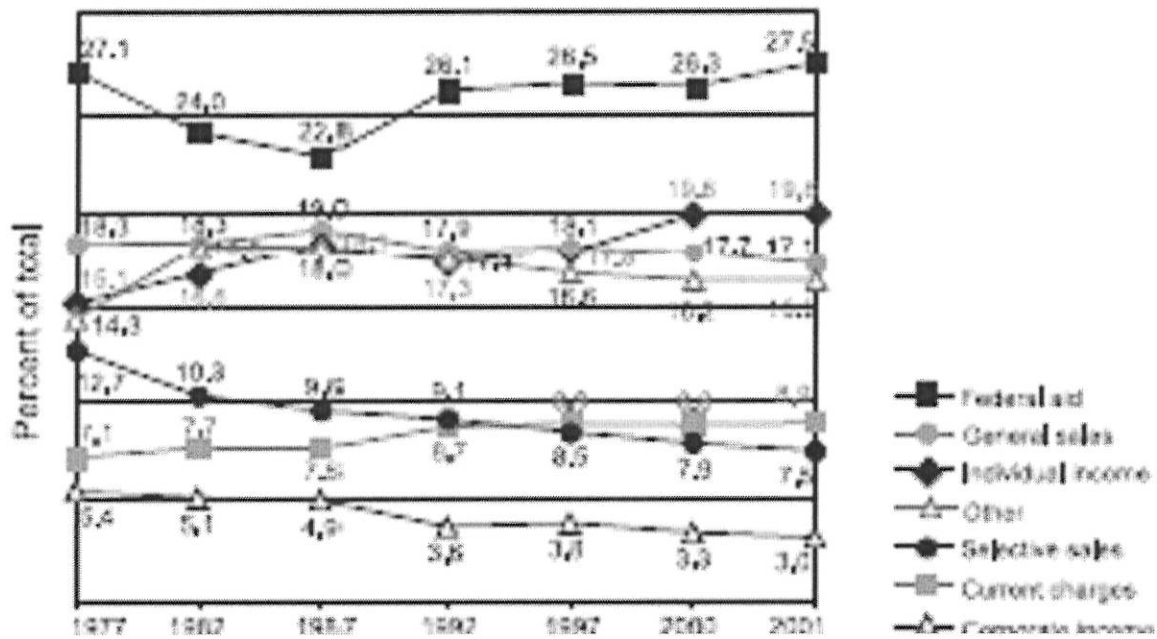
Figure 1:
The Mix of State General Revenues of the United States, 1977 to 2000

Note: The 'Other' category consists of local government aid, property tax, motor vehicle license tax, other taxes and miscellaneous revenue.

Source: U.S. Census Bureau, Census of Governments: 1977, 1982, 1987, 1992, 1997, State and Local Government Finances 2000

Chart 21: Composition of Adjusted General Fund Tax Receipts

Other Taxes

Compensating Use Taxes

Retail Sales Taxes

Corporation Income Taxes

Individual Income Taxes

Percentage

'80 '81 '82 '83 '84 '85 '86 '87 '88 '89 '90 '91 '92 '93 '94 '95 '96 '97 '98 '99 '00 '01 '02 '03 '04 '05

Fiscal Year
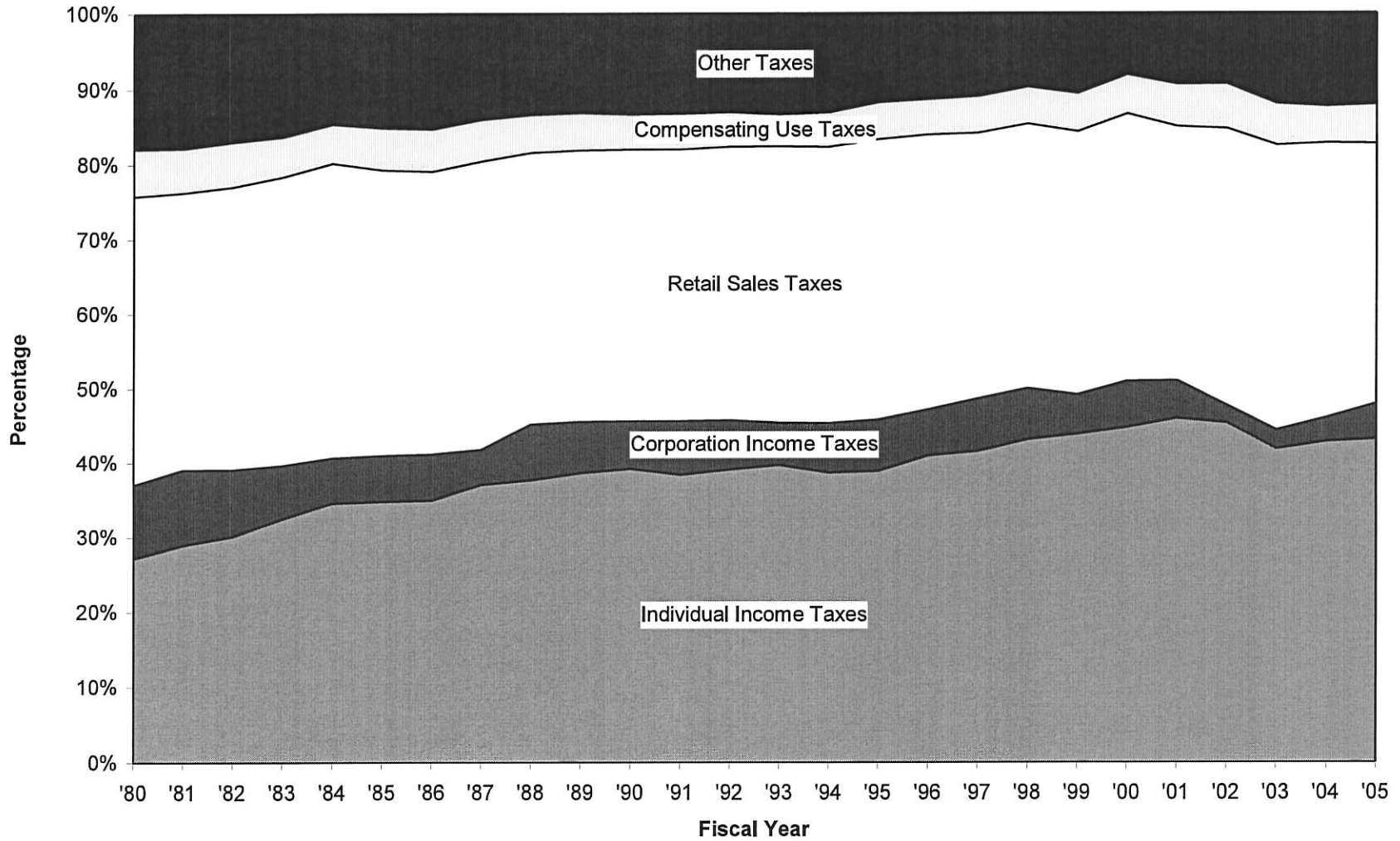
TABLE 2
MIX OF STATE TAX REVENUES BY MAJOR TYPE OF TAX
(Percent of Total Tax Revenues in 2001)

	General Sales	Personal Income	All Other
United States	33.0	37.2	30.8
Alabama	25.4	36.1	38.5
Alaska	0.0	0.0	100.0
Arizona	45.8	27.6	26.7
Arkansas	36.3	31.4	32.4
California	26.9	49.3	23.8
Colorado	26.0	51.5	22.5
Connecticut	31.9	42.7	25.3
Delaware	0.0	34.2	65.8
Florida	59.0	0.0	41.0
Georgia	34.1	48.2	17.6
Hawaii	46.8	31.5	21.7
Idaho	30.6	40.3	29.1
Illinois	27.3	33.1	39.6
Indiana	35.6	37.4	27.0
Iowa	34.0	36.6	29.3
Kansas	35.0	39.9	25.1
Kentucky	28.8	33.8	37.5
Louisiana	33.3	24.3	42.3
Maine	30.6	43.5	25.8
Maryland	24.5	43.8	31.7
Massachusetts	21.8	57.5	20.7
Michigan	34.7	30.5	34.6
Minnesota	27.9	43.6	28.5
Mississippi	49.0	21.8	29.3
Missouri	31.7	43.2	25.1
Montana	0.0	37.2	62.8
Nebraska	34.0	40.4	25.6
Nevada	53.5	0.0	46.5
New Hampshire	0.0	4.4	95.6
New Jersey	29.9	41.5	28.6
New Mexico	40.5	20.7	38.8
New York	19.6	58.0	21.5
North Carolina	22.2	48.2	29.6
North Dakota	29.2	18.3	52.5
Ohio	32.1	43.3	25.6
Oklahoma	24.2	35.0	39.6
Oregon	0.0	74.4	25.6
Pennsylvania	32.1	31.7	36.2
Rhode Island	31.0	41.3	27.7
South Carolina	39.0	39.0	22.1
South Dakota	52.7	0.0	47.3
Tennessee	58.5	2.5	39.1
Texas	50.0	0.0	50.0
Utah	36.3	41.9	21.8
Vermont	13.8	31.1	55.1
Virginia	20.2	55.2	24.6
Washington	63.6	0.0	36.4
West Virginia	27.1	29.8	43.1
Wisconsin	30.7	43.8	25.6
Wyoming	36.1	0.0	63.9

Source: U.S. Census Bureau, Governments Division (http://www.census.gov/govs/www/statab01.html).

Other General Fund Tax Sources

Chart 1: Adjusted Motor Carrier Taxes

Motor Carrier

Wong, 2005.

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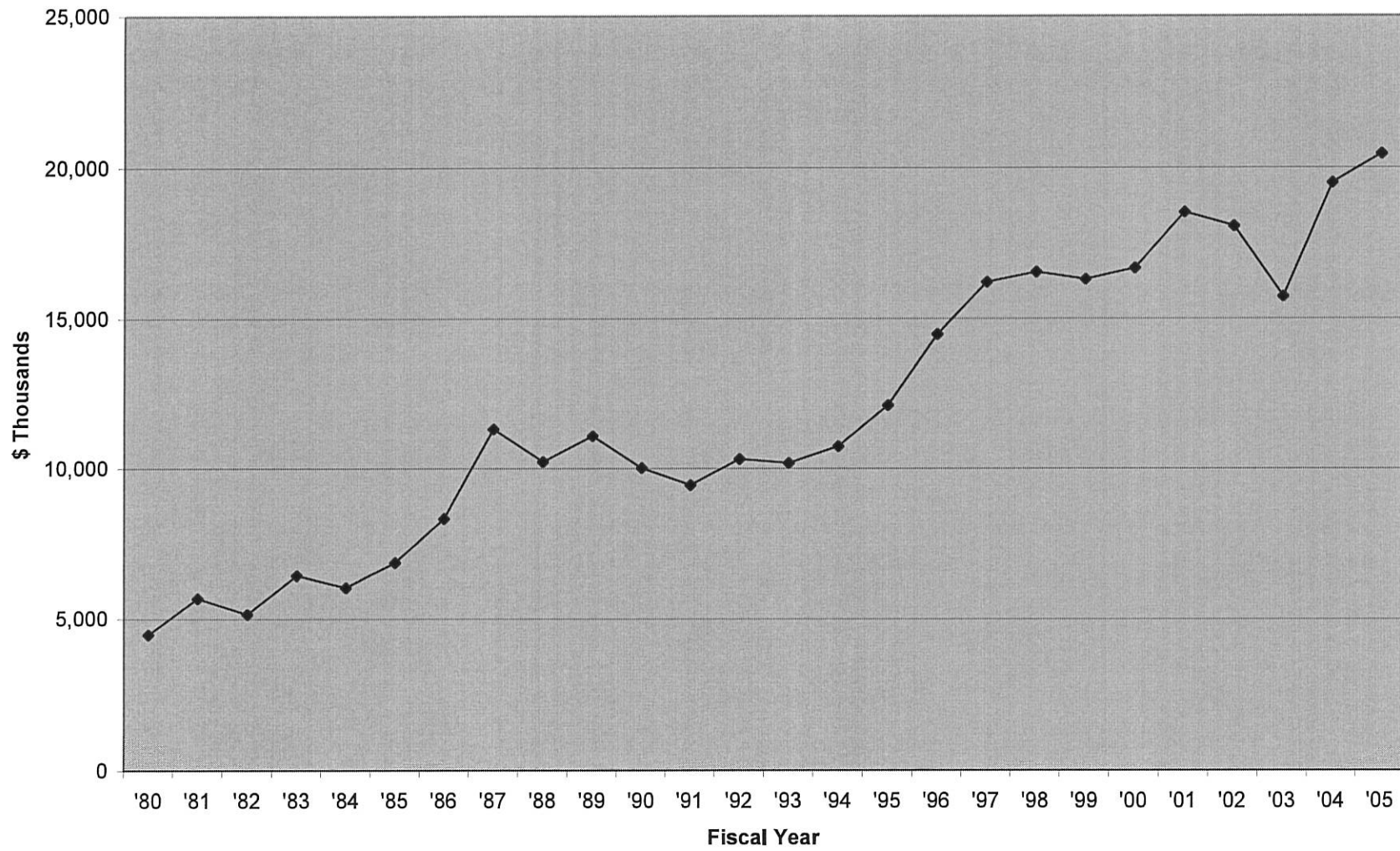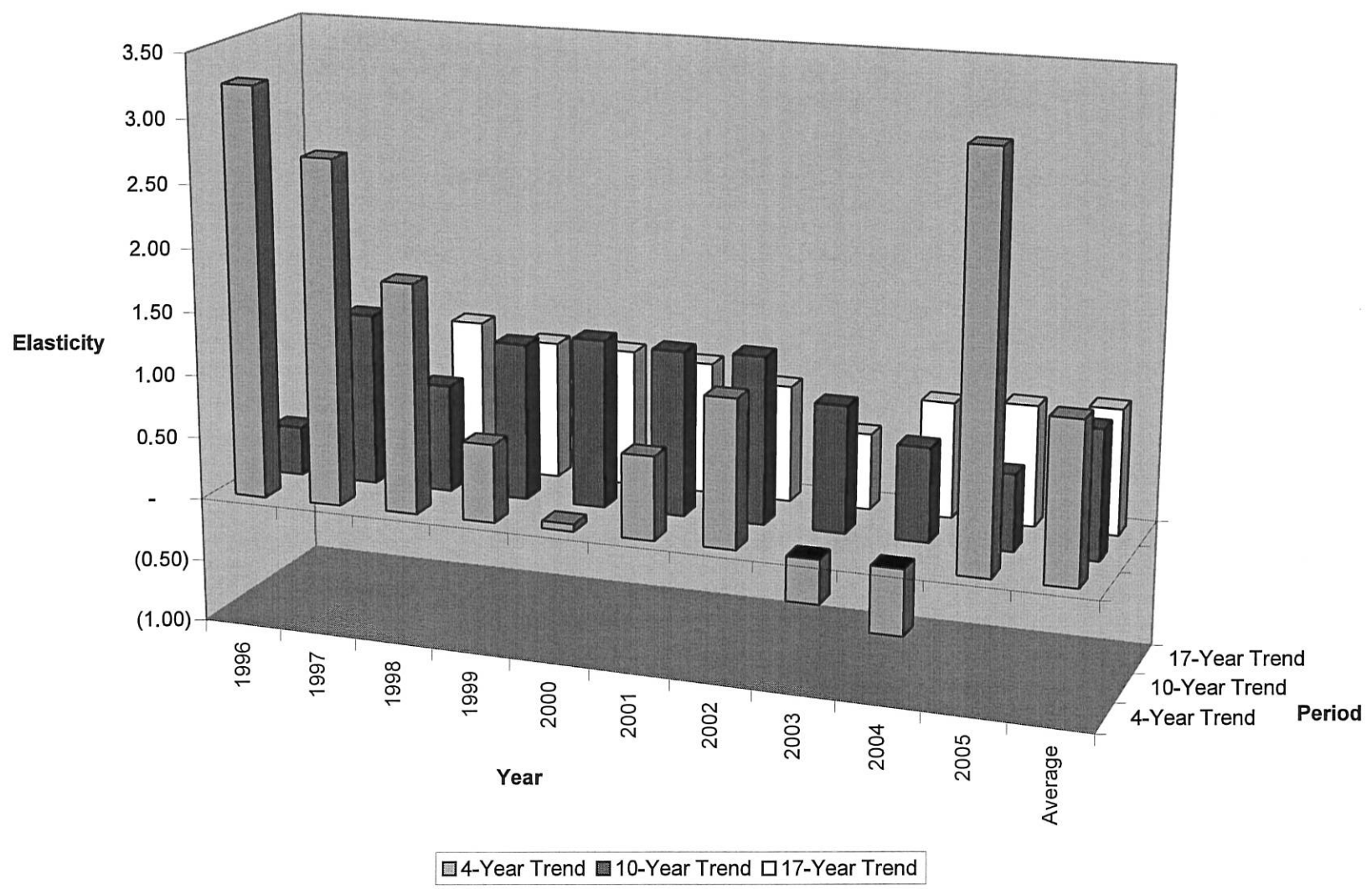
Chart 4: Adjusted Financial Institutions Taxes
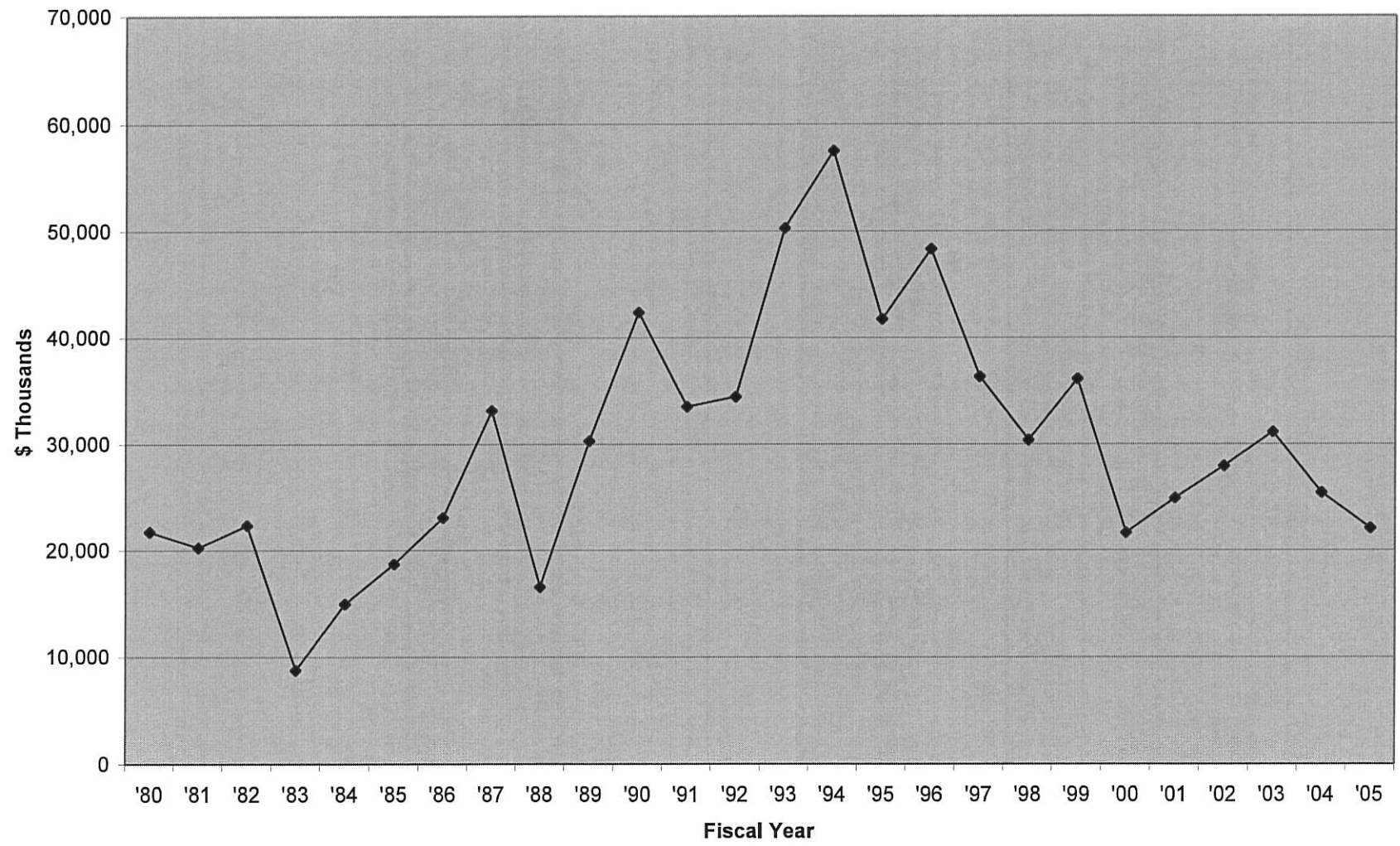
Financial Institutions
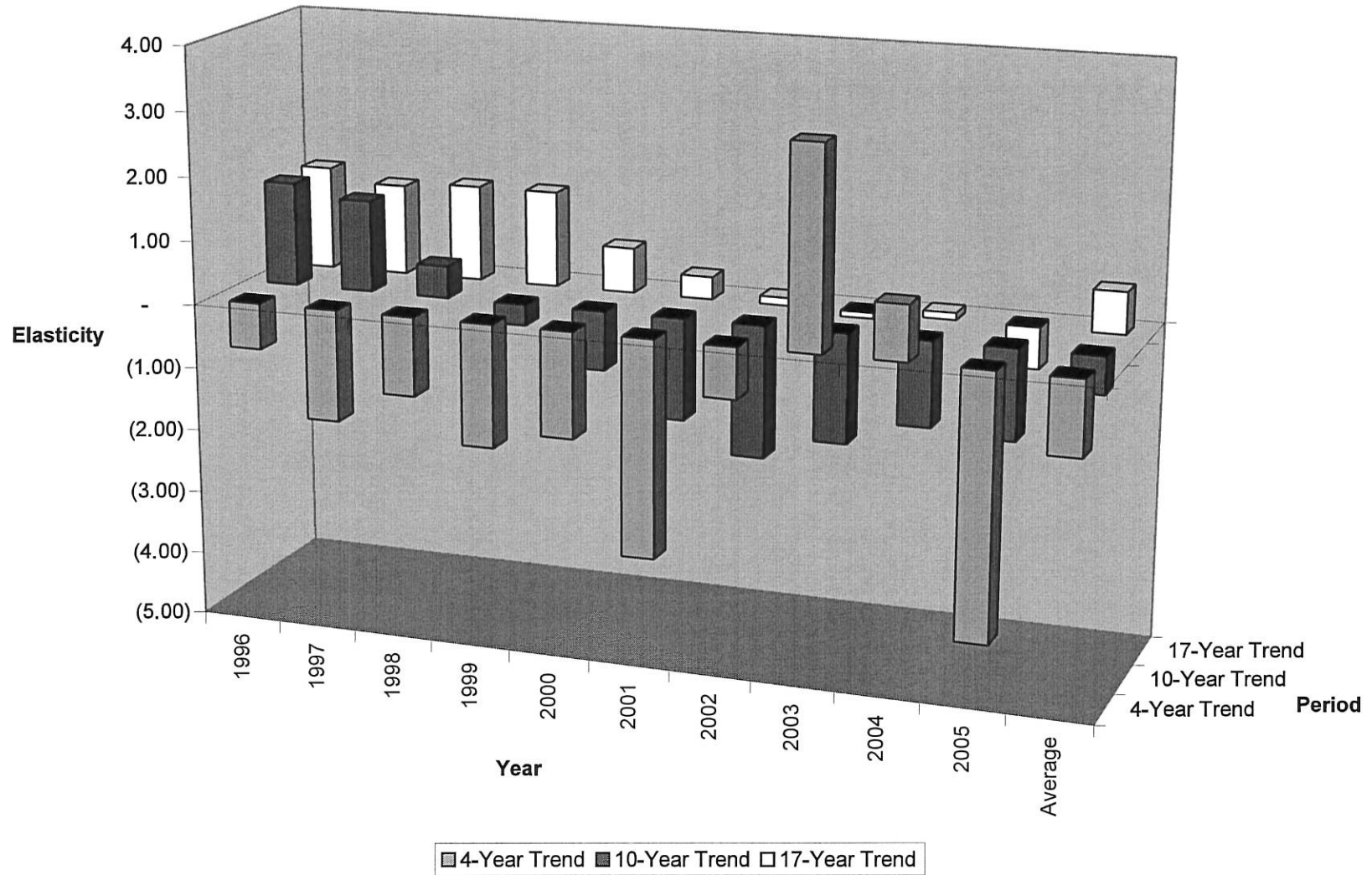
Chart 6: Adjusted Estate Taxes
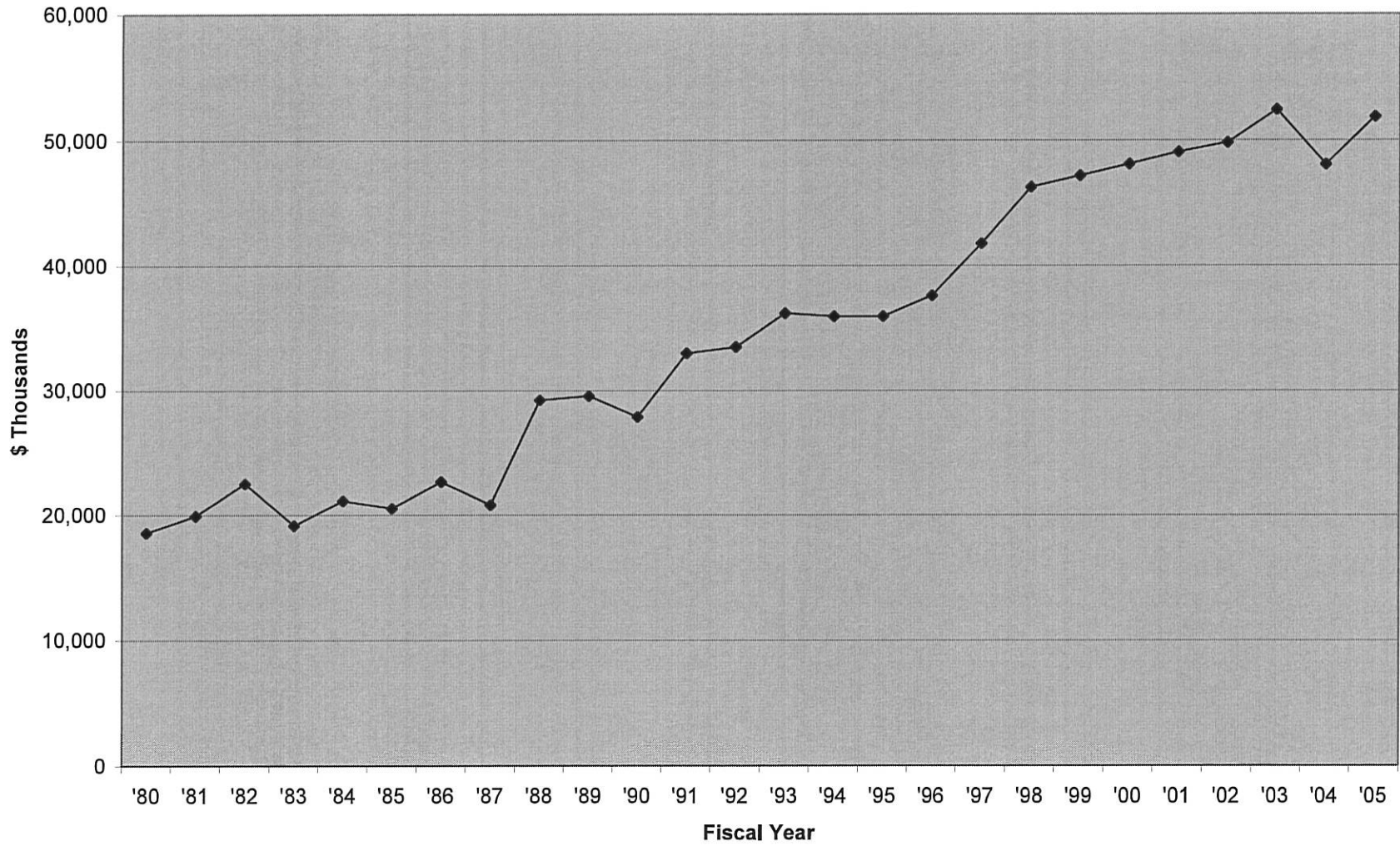
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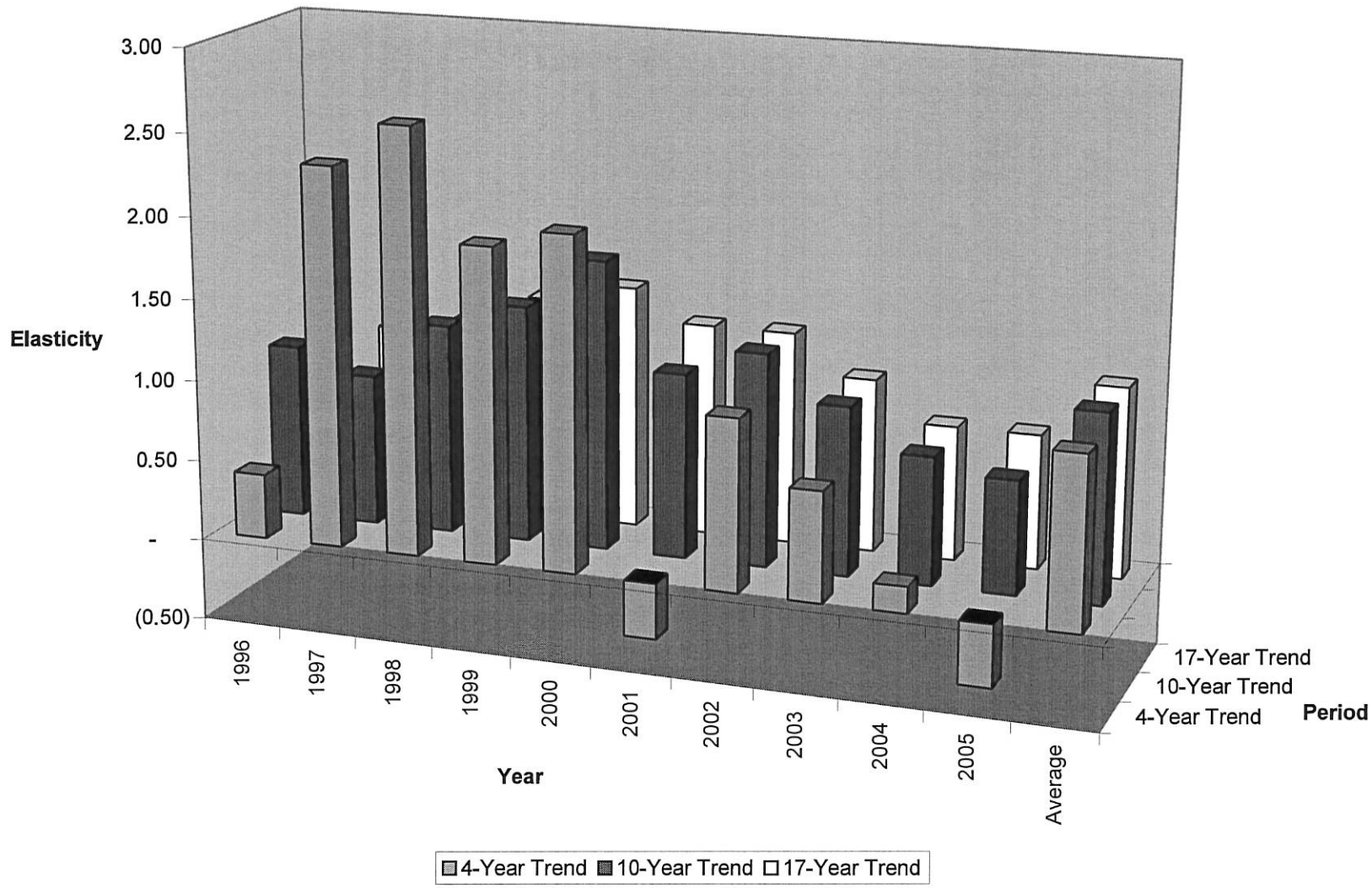
Chart 10: Adjusted Tobacco Product Taxes

Tobacco Products

Elasticity
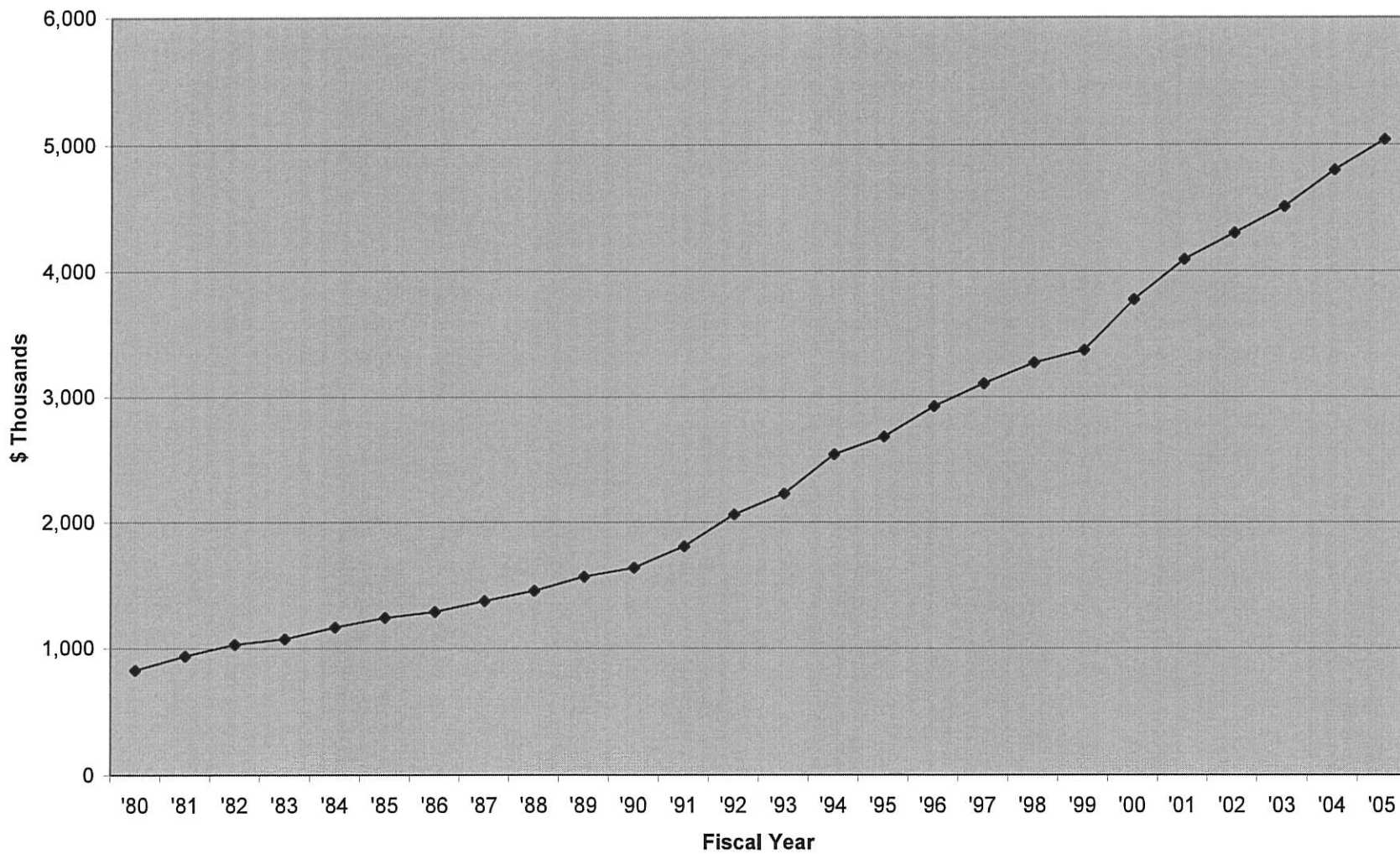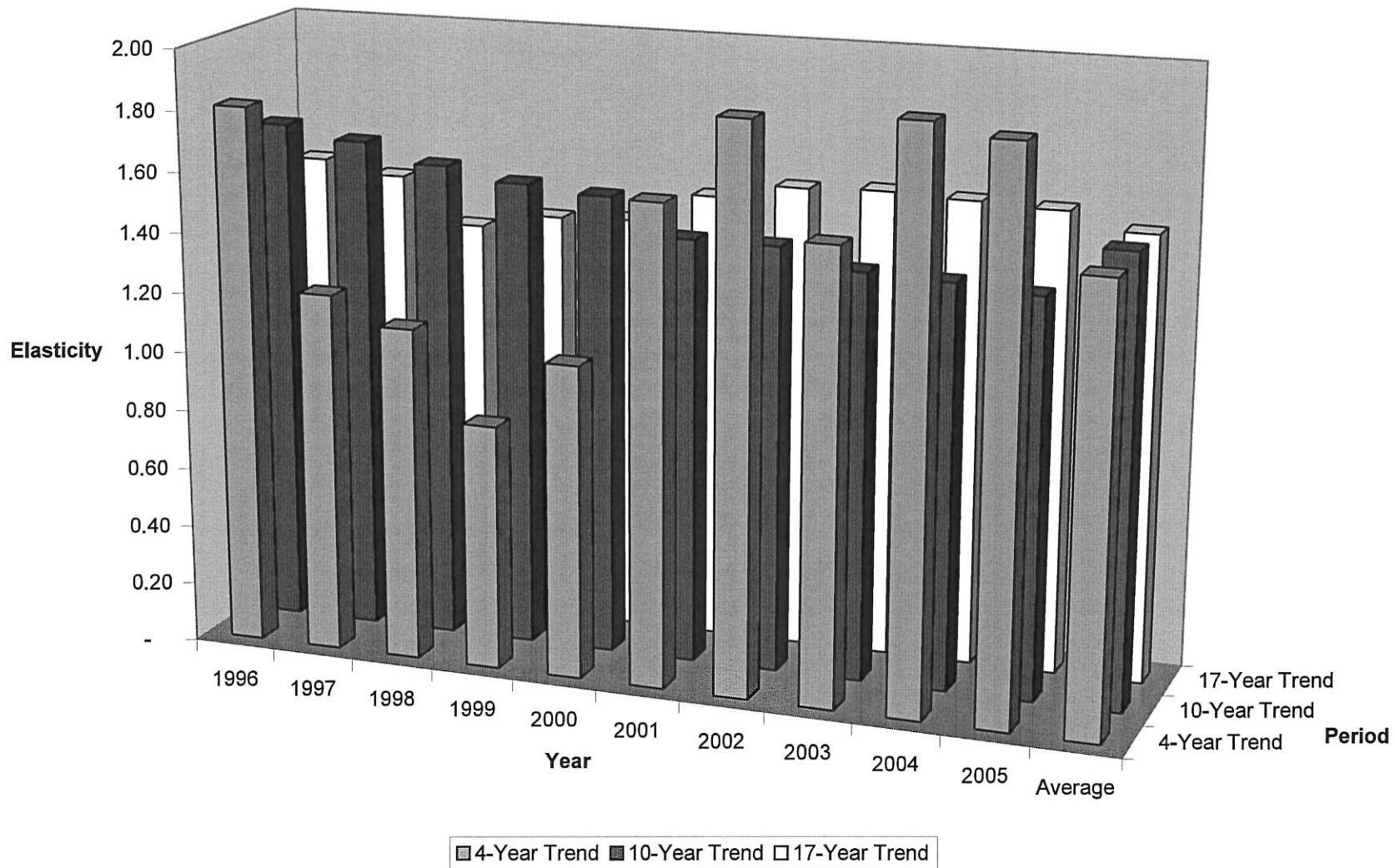
Chart 11: Adjusted Cereal Malt Beverage Taxes
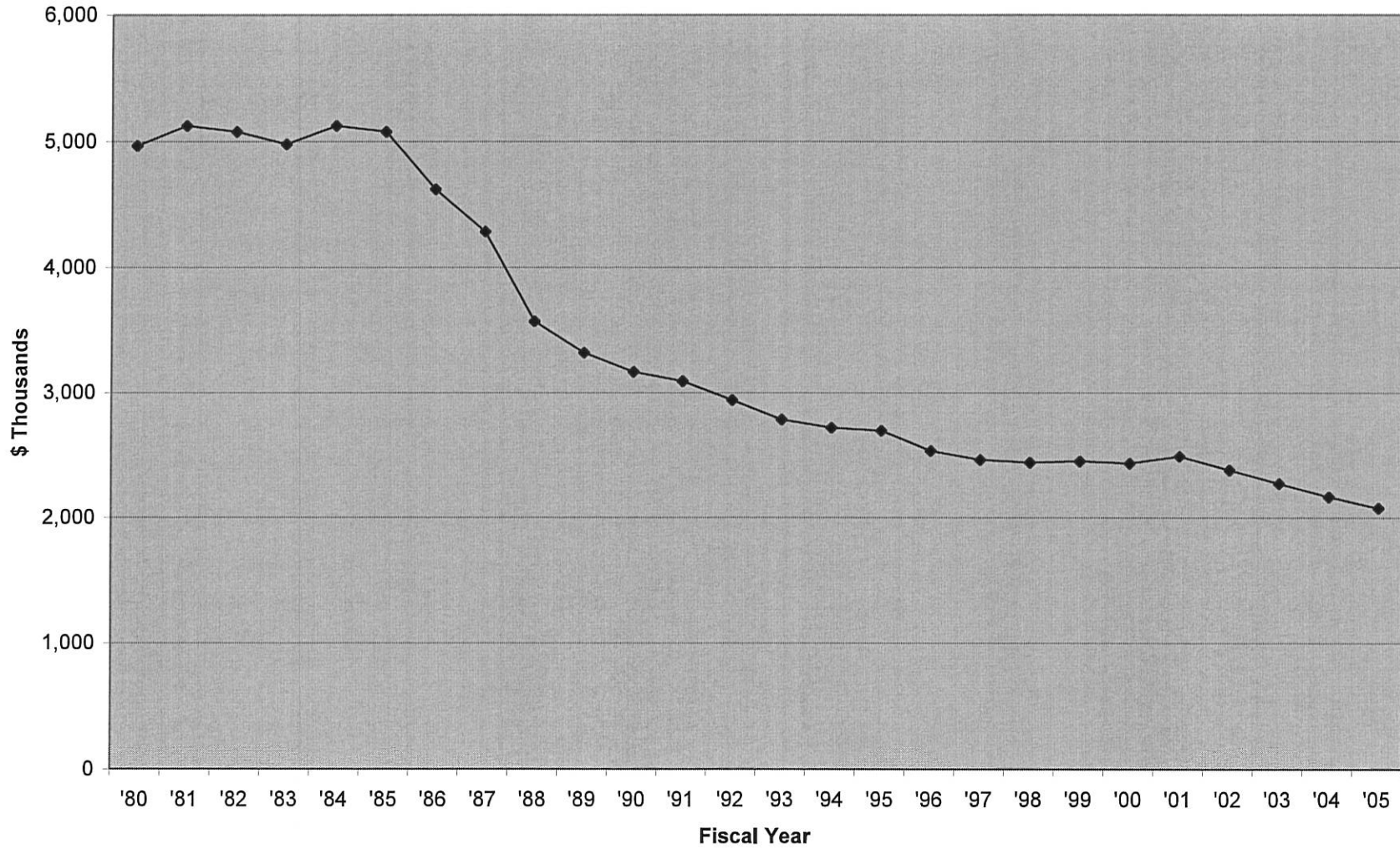
Cereal Malt Beverages
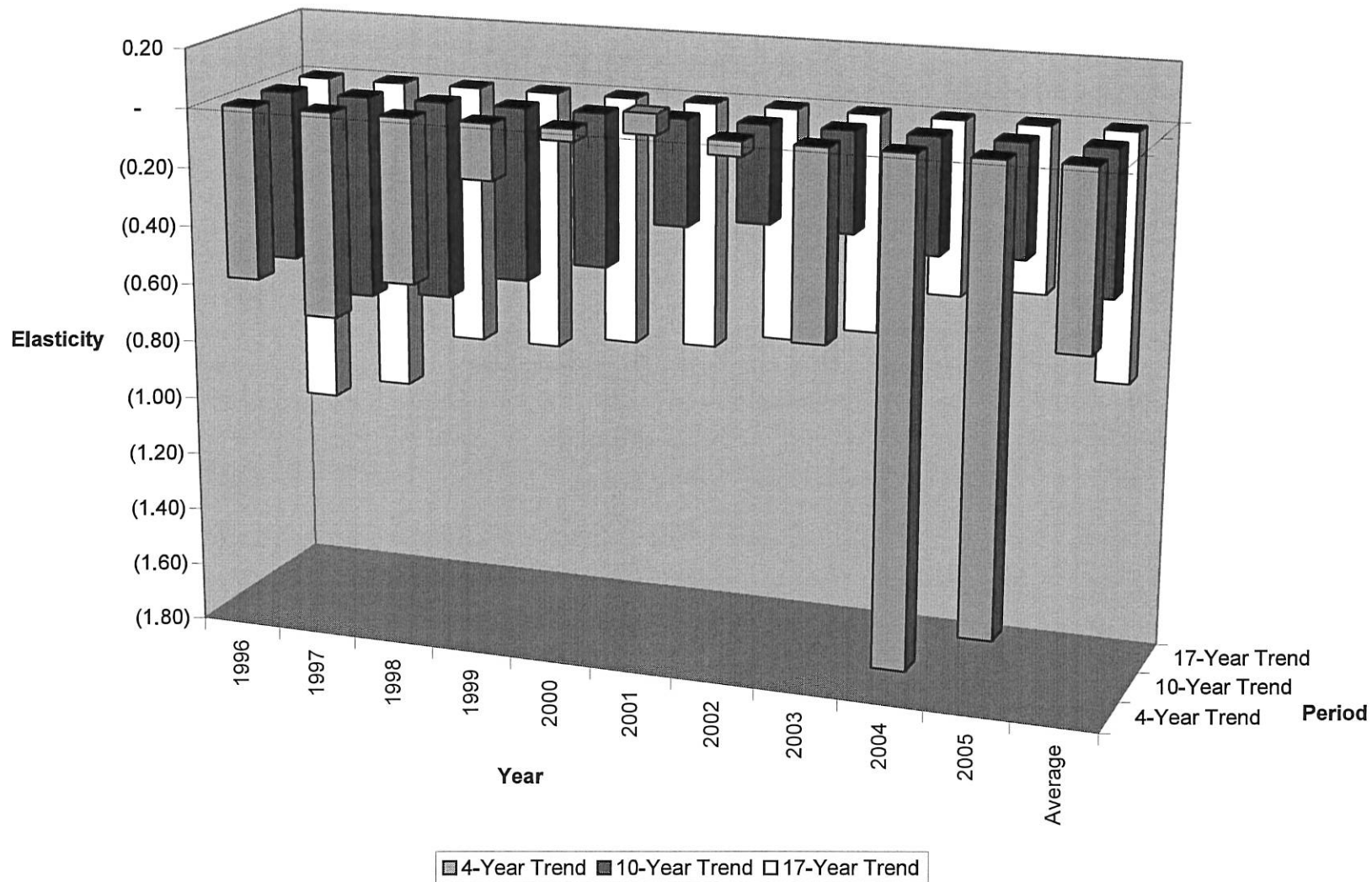
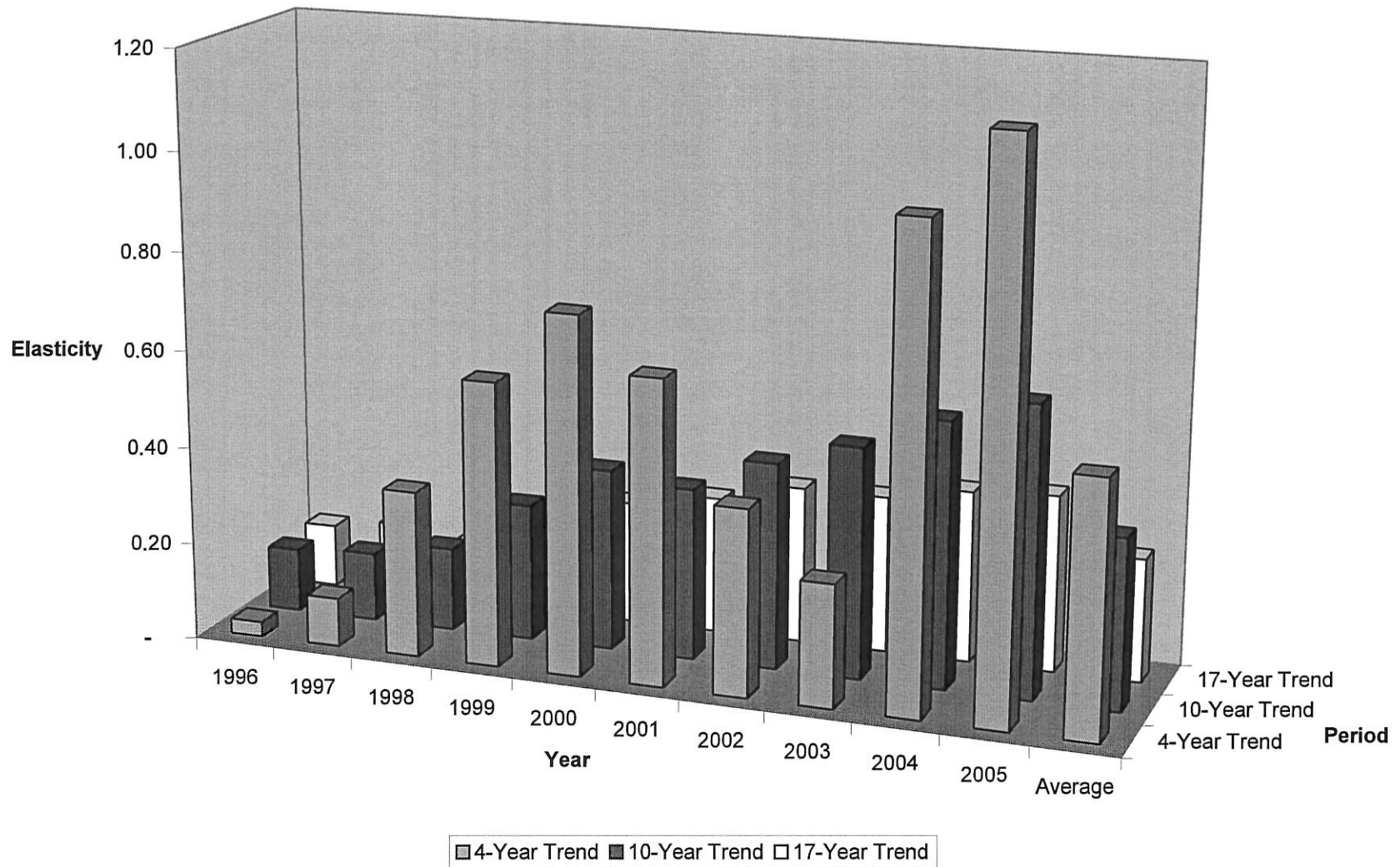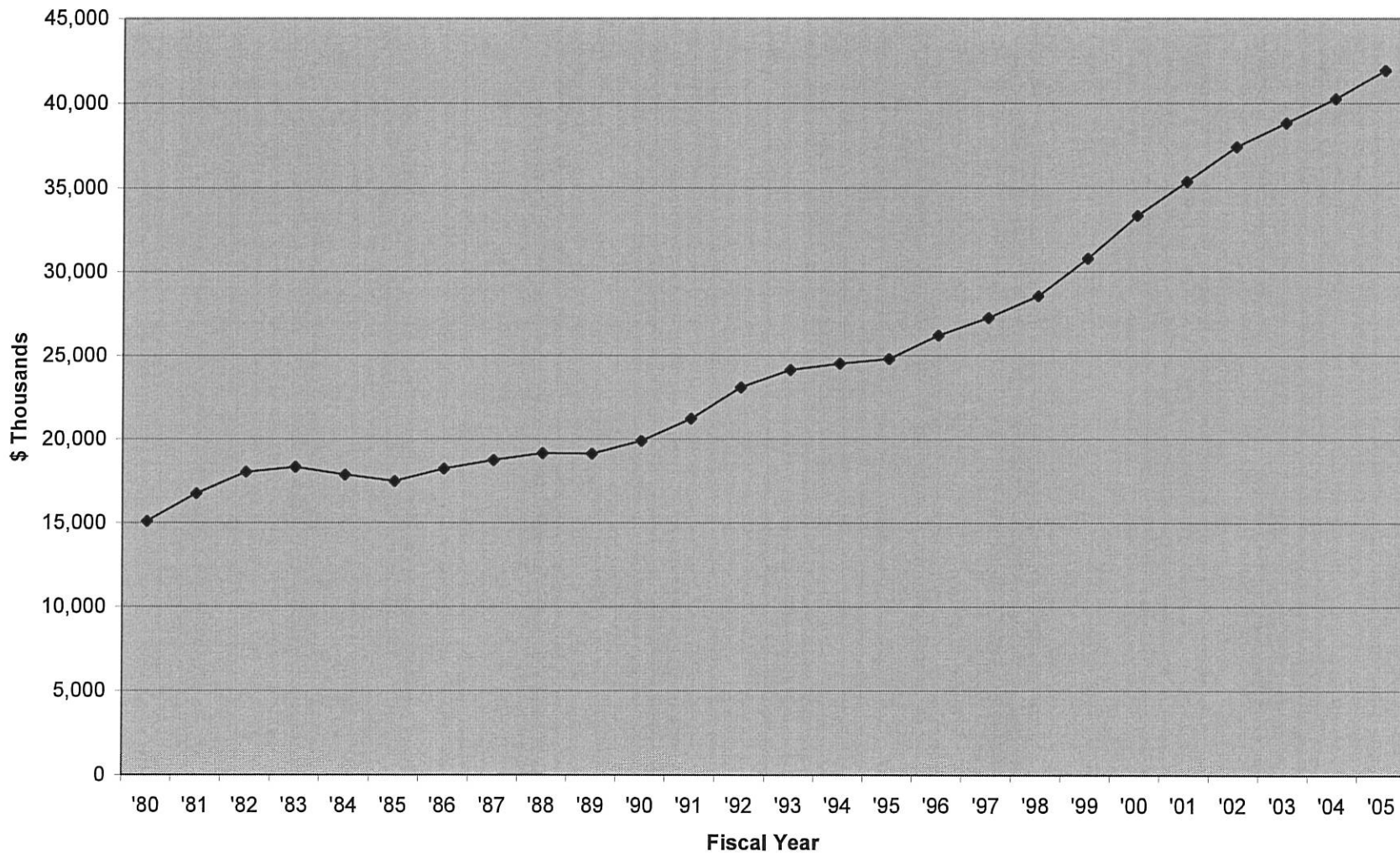# Chart 12: Adjusted Liquor Gallonage Taxes

Liquor Gallonage

Legend: 4-Year Trend ■ 10-Year Trend □ 17-Year Trend
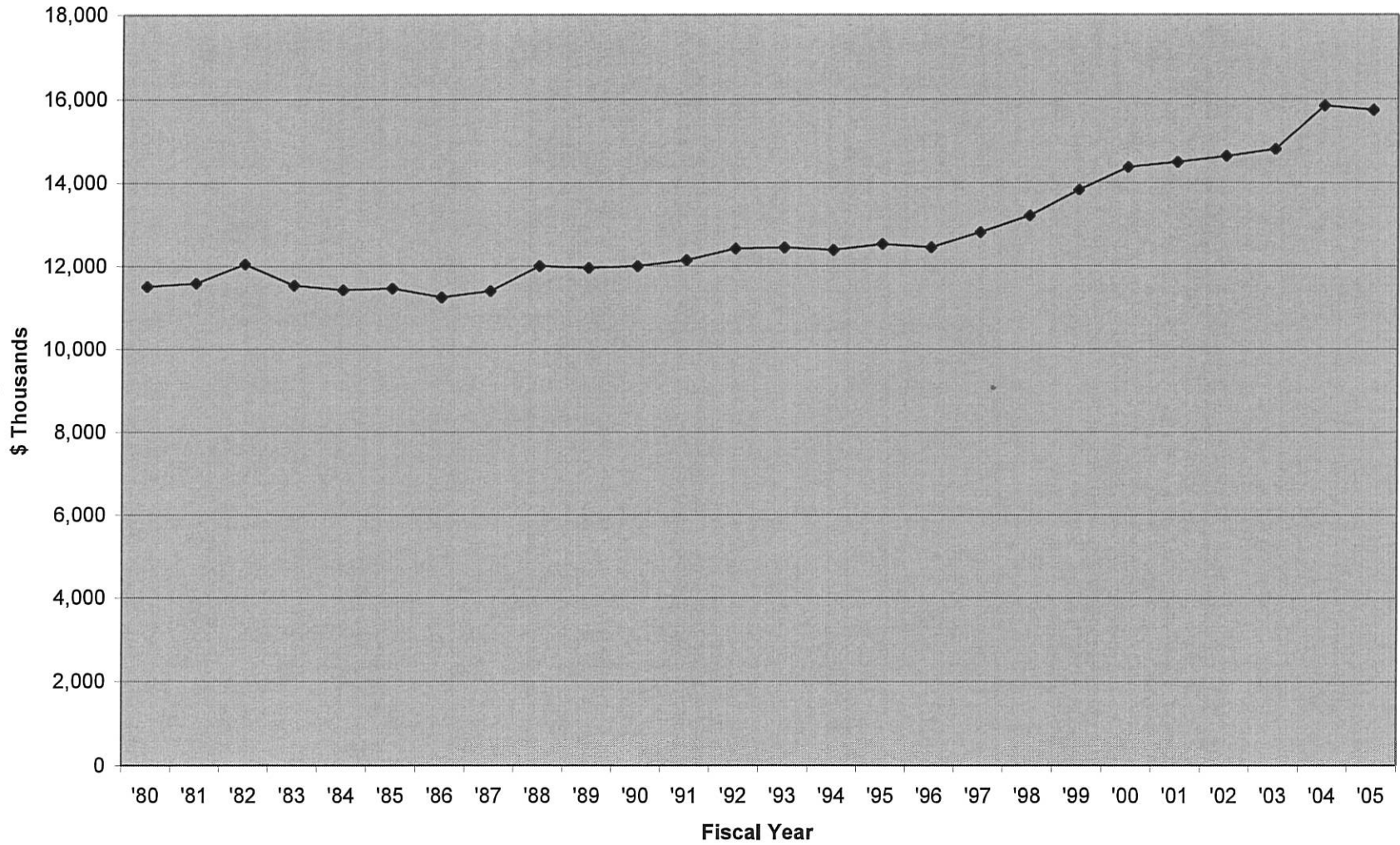
Chart 13: Adjusted Liquor Enforcement Taxes

Liquor Enforcement

Wong, 2005.

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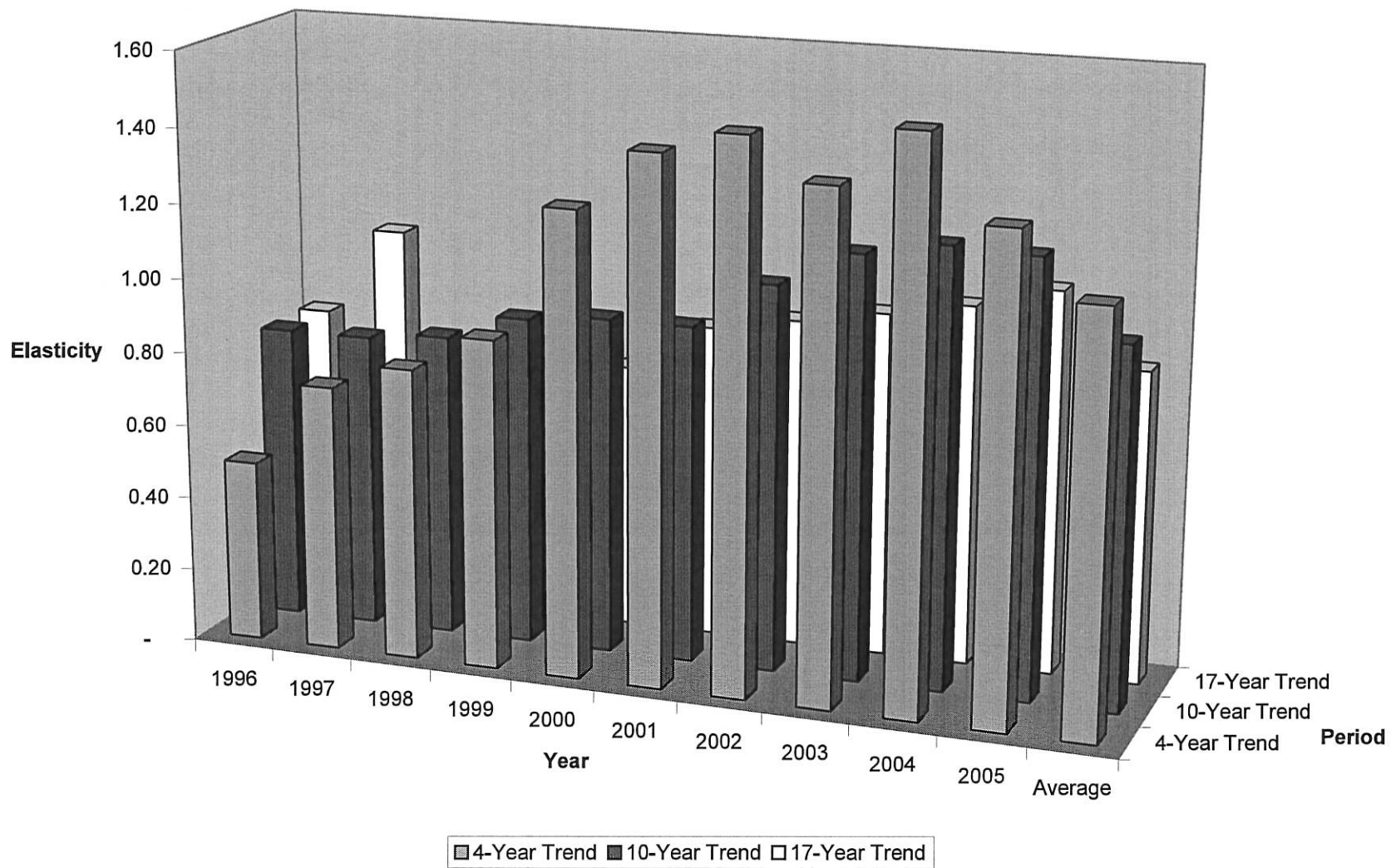
Chart 14: Adjusted Private Club Taxes
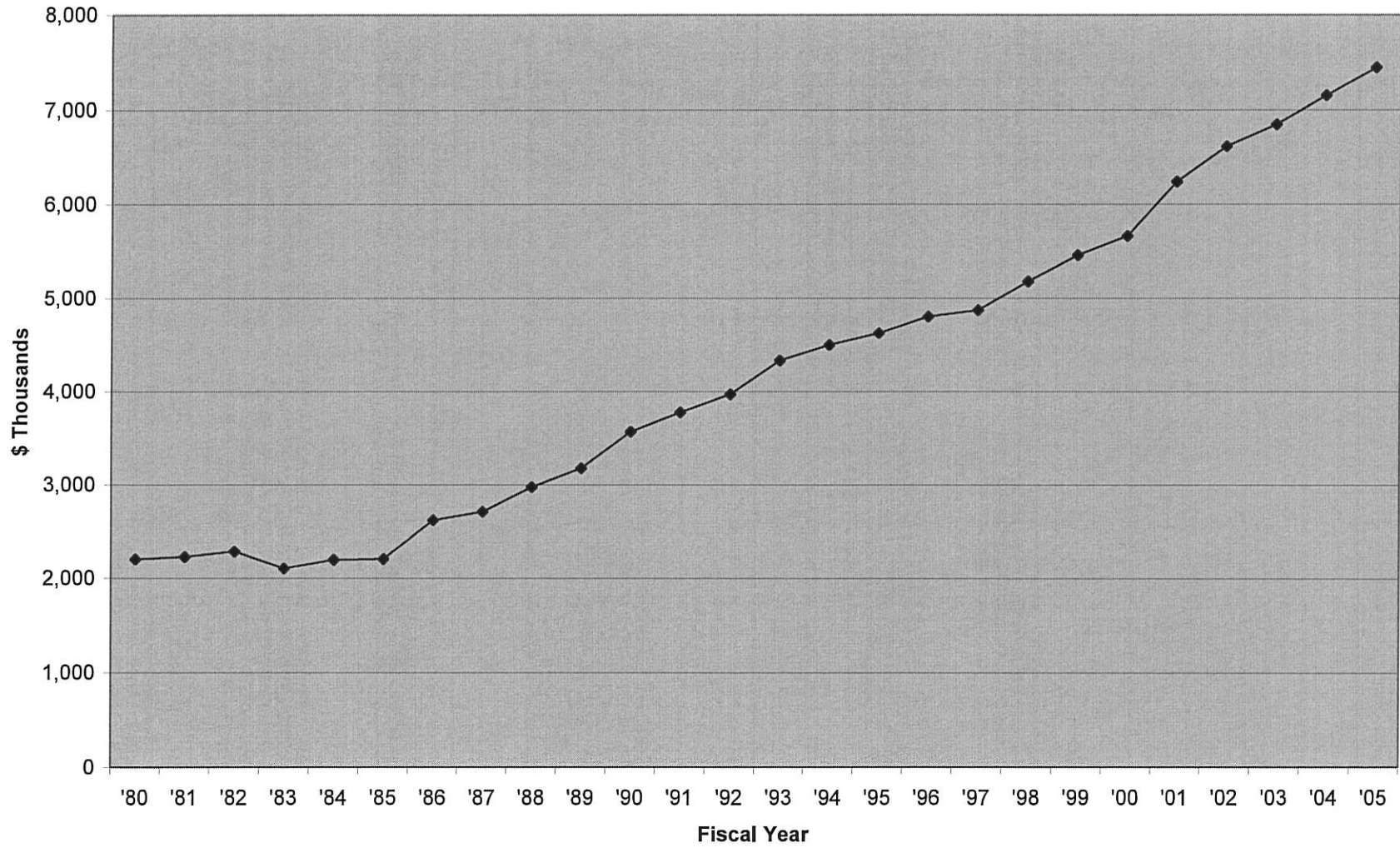
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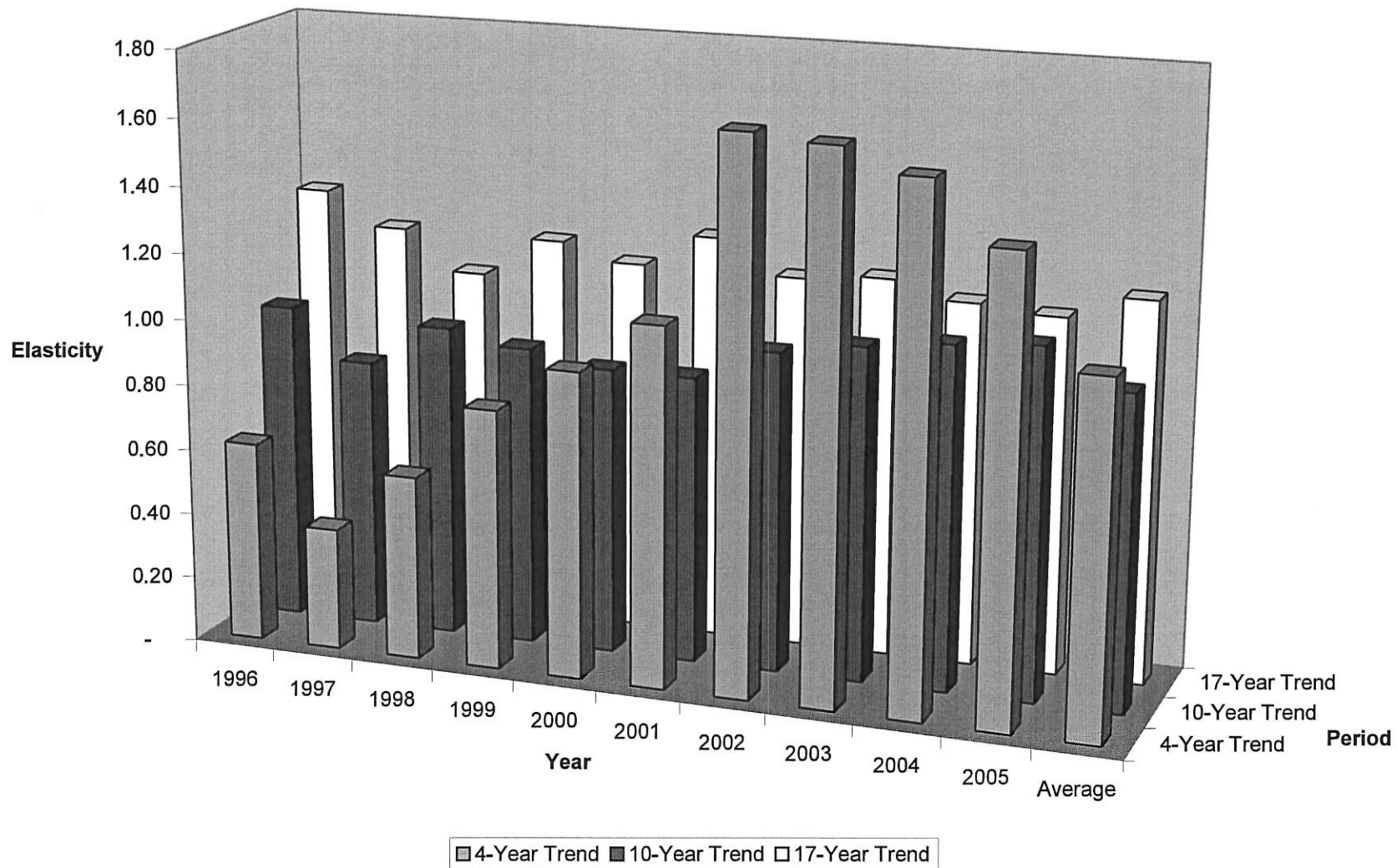
Chart 15: Adjusted Corporate Franchise Taxes
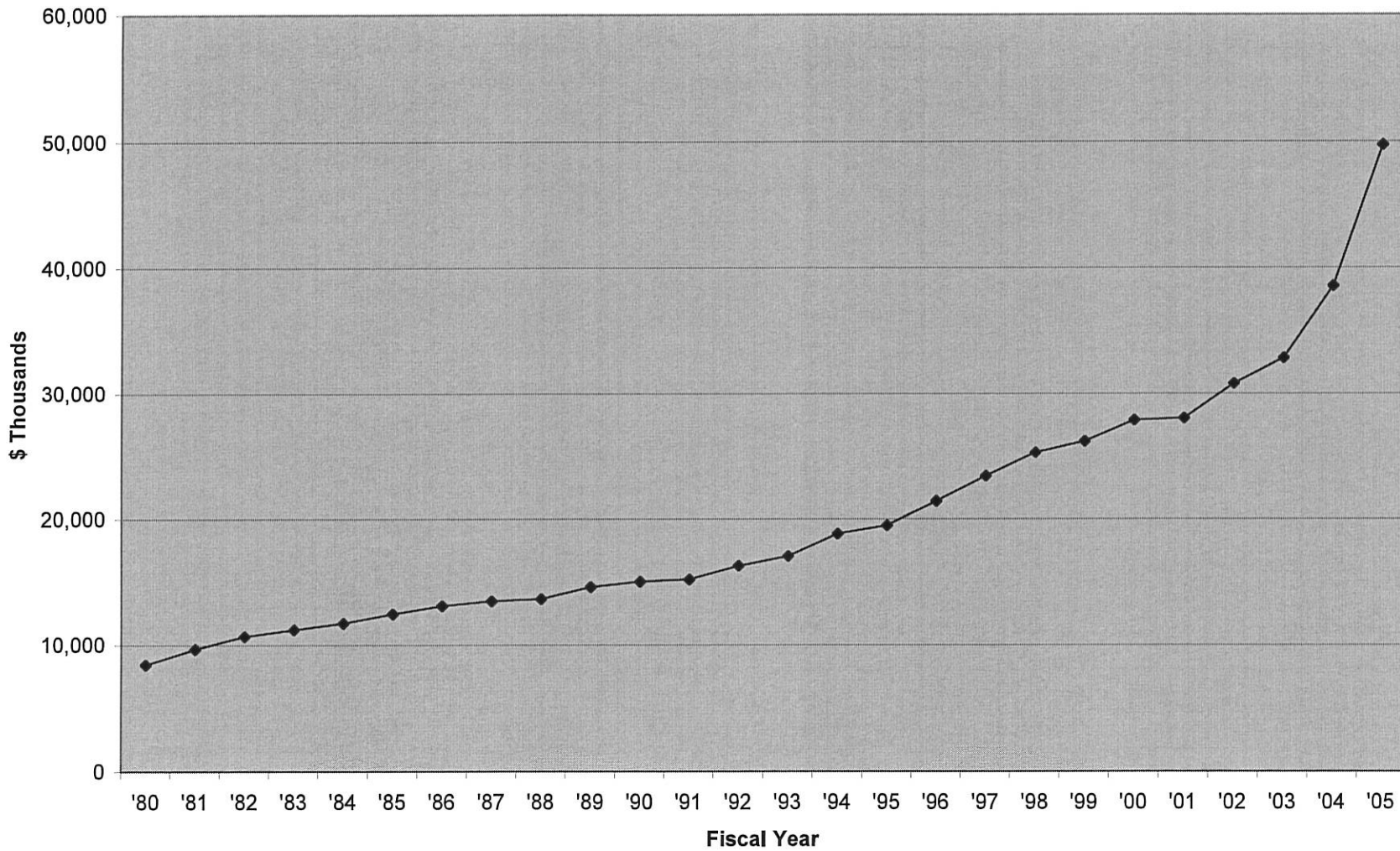
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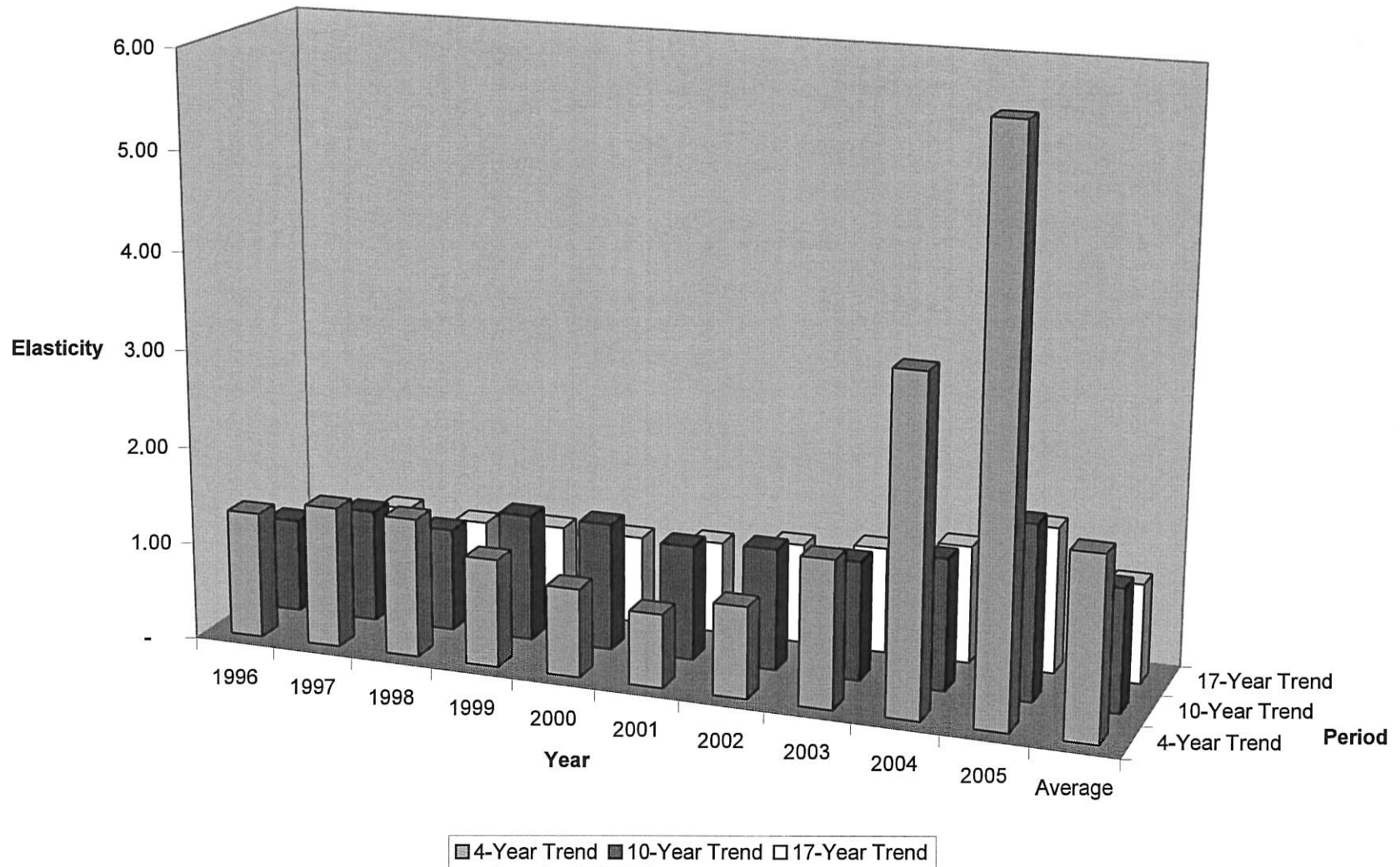
Chart 16: Adjusted Severance Taxes
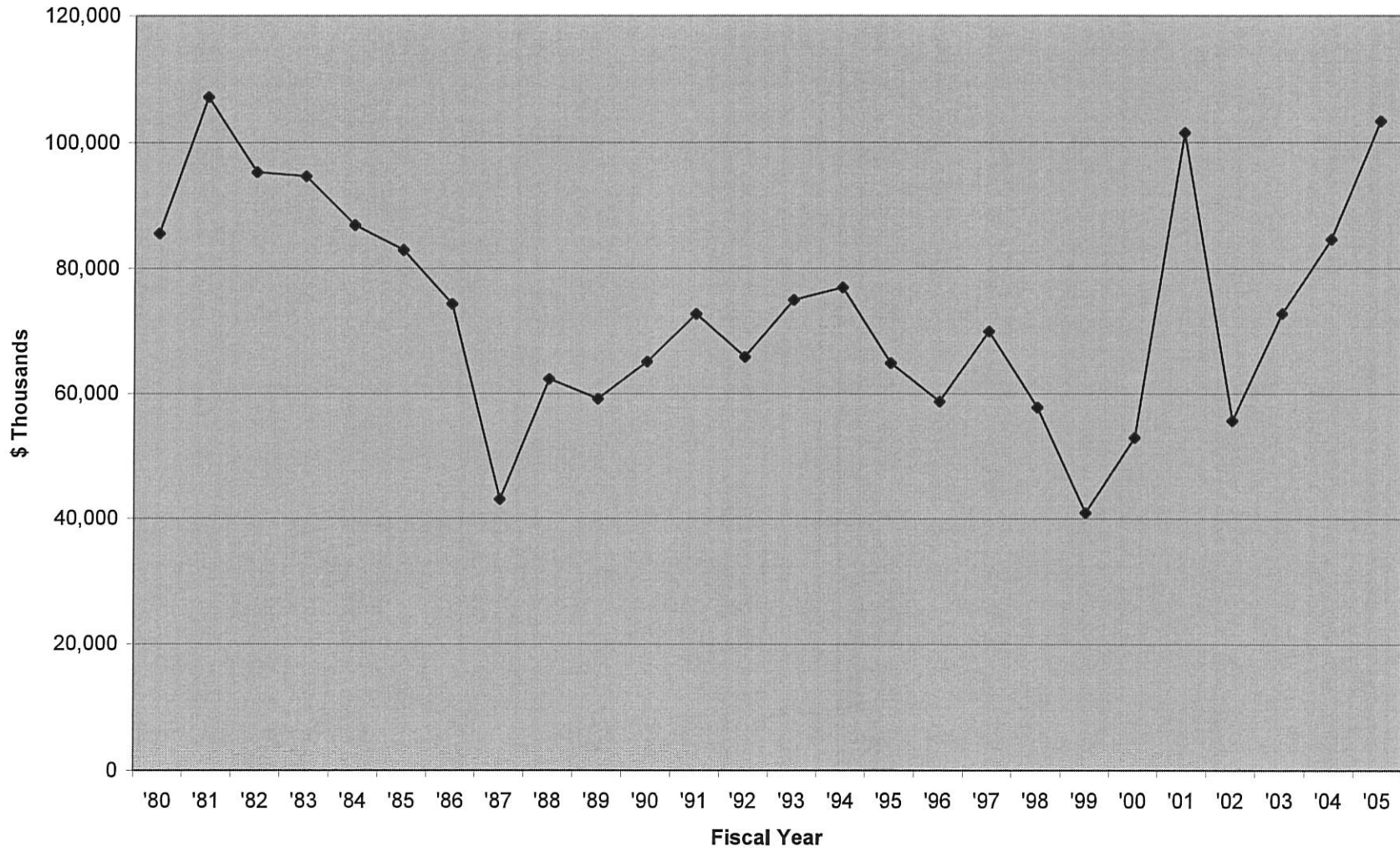
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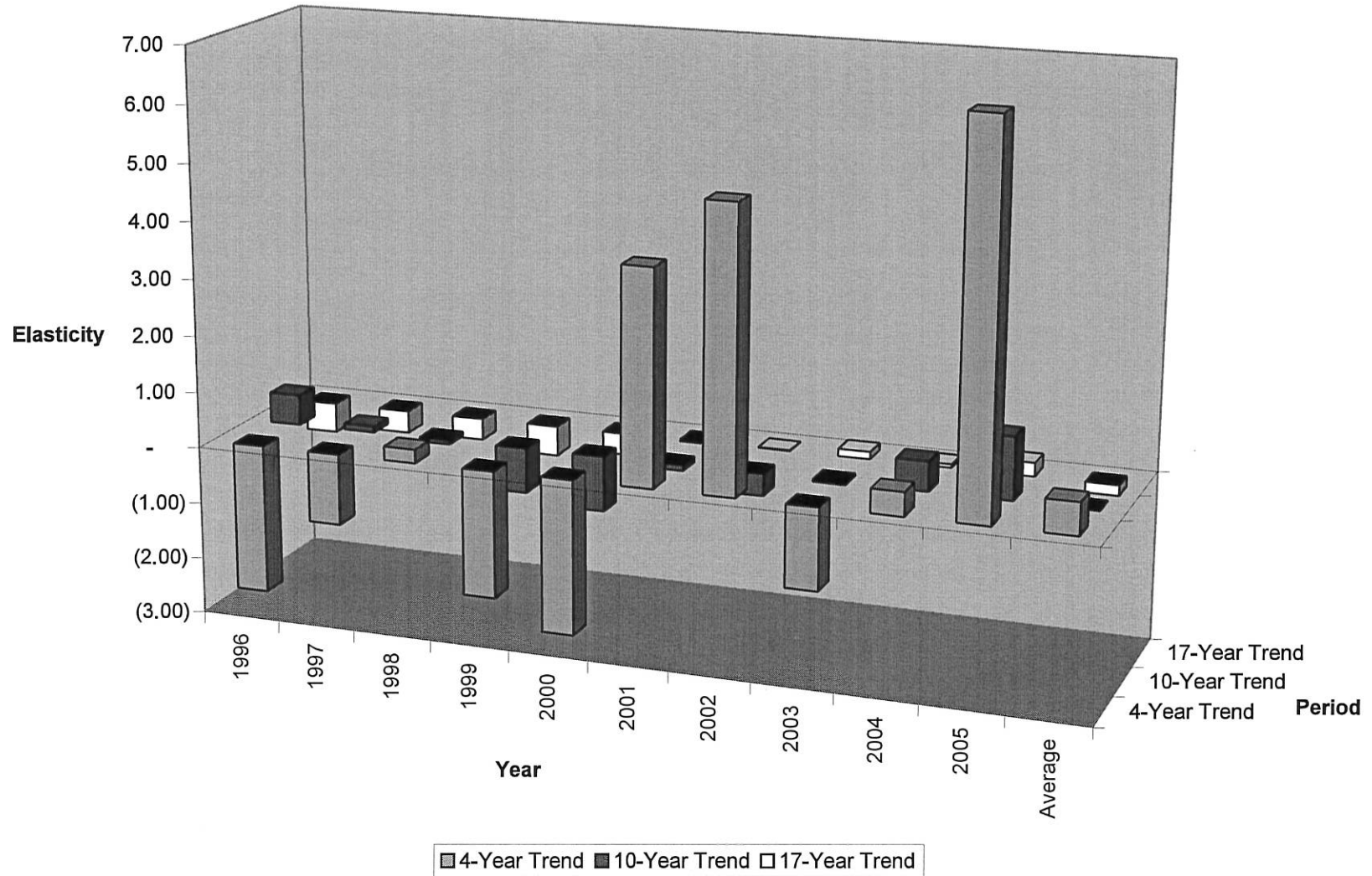
Chart 17: Adjusted Insurance Premium Taxes
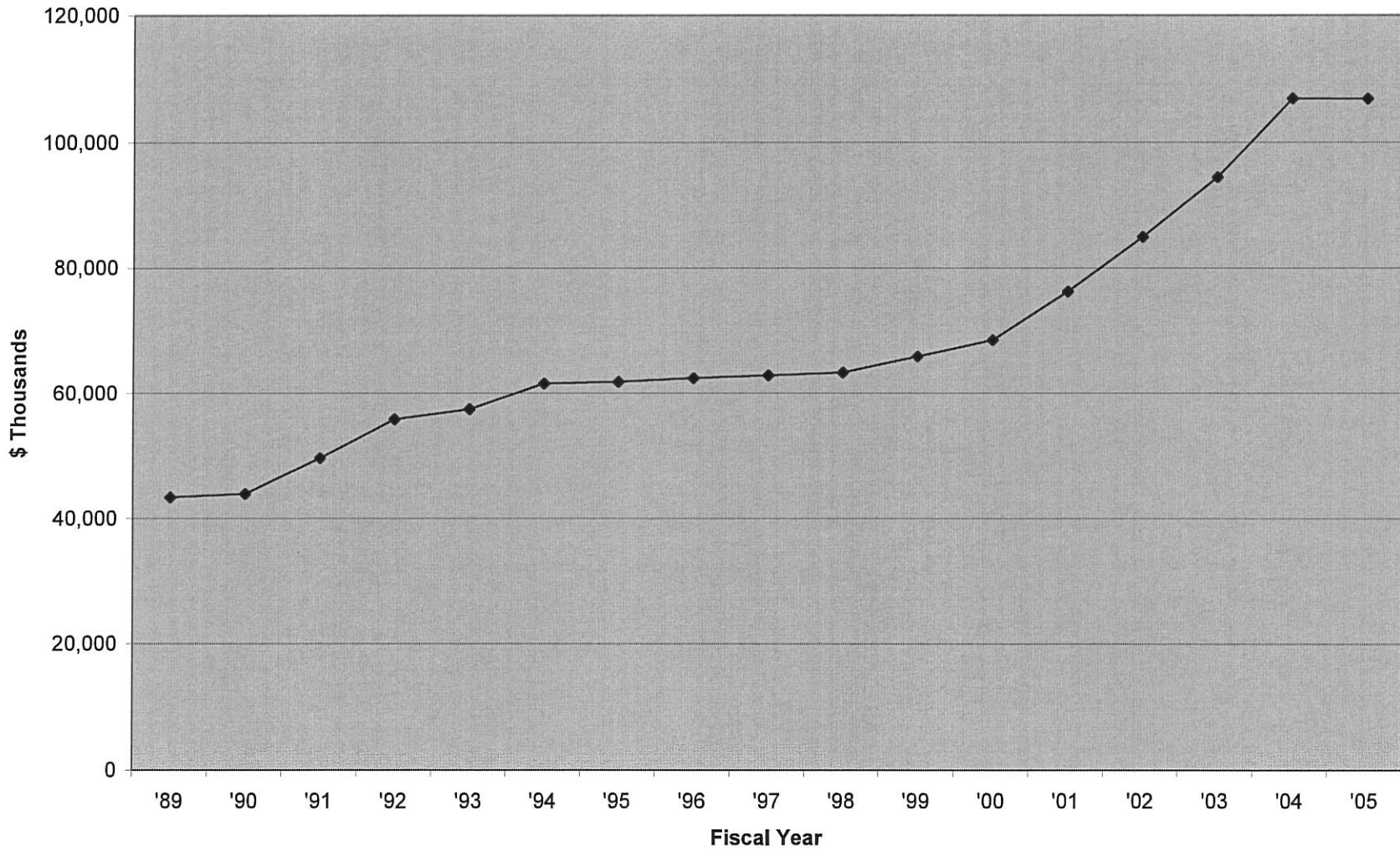
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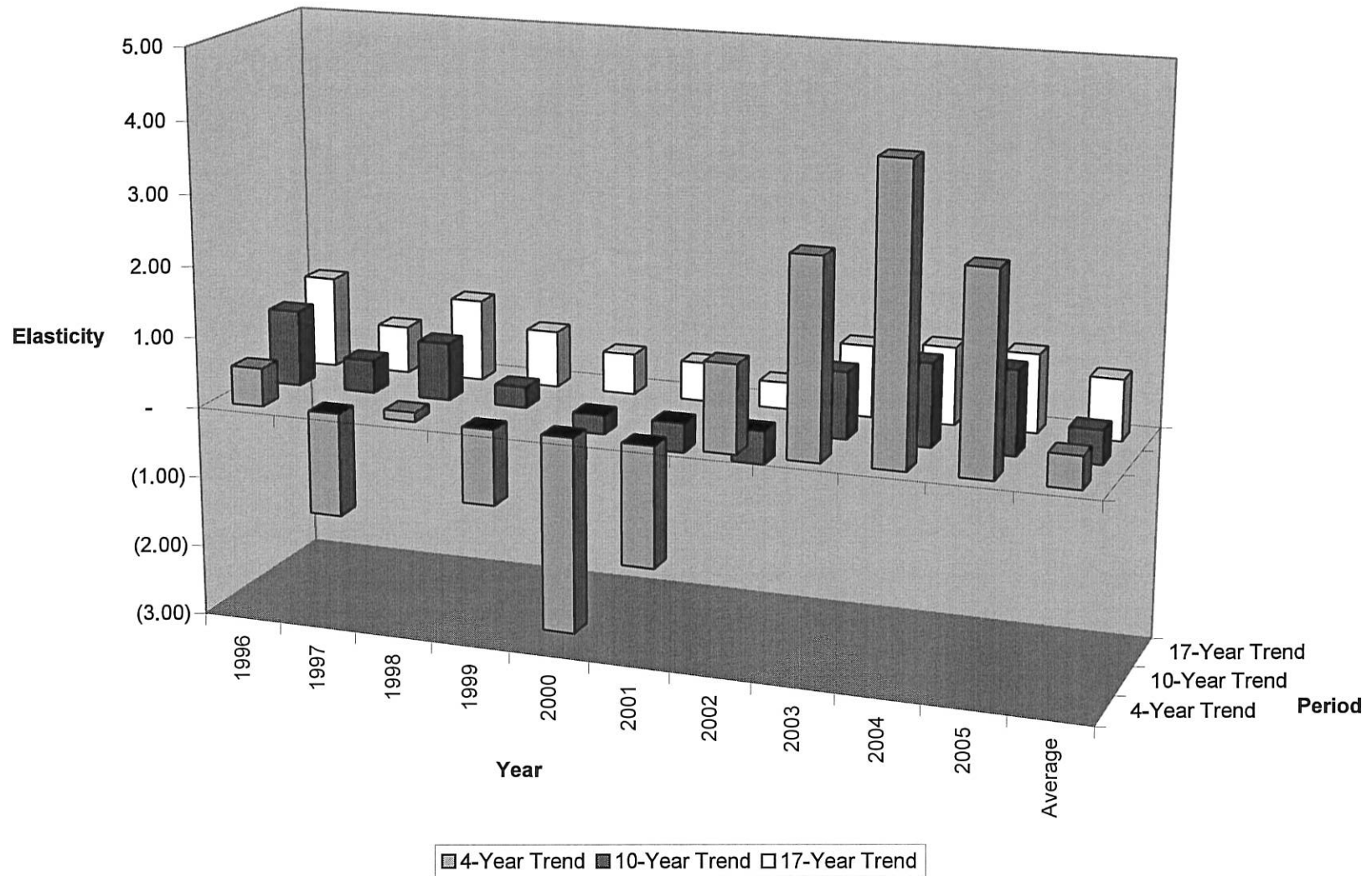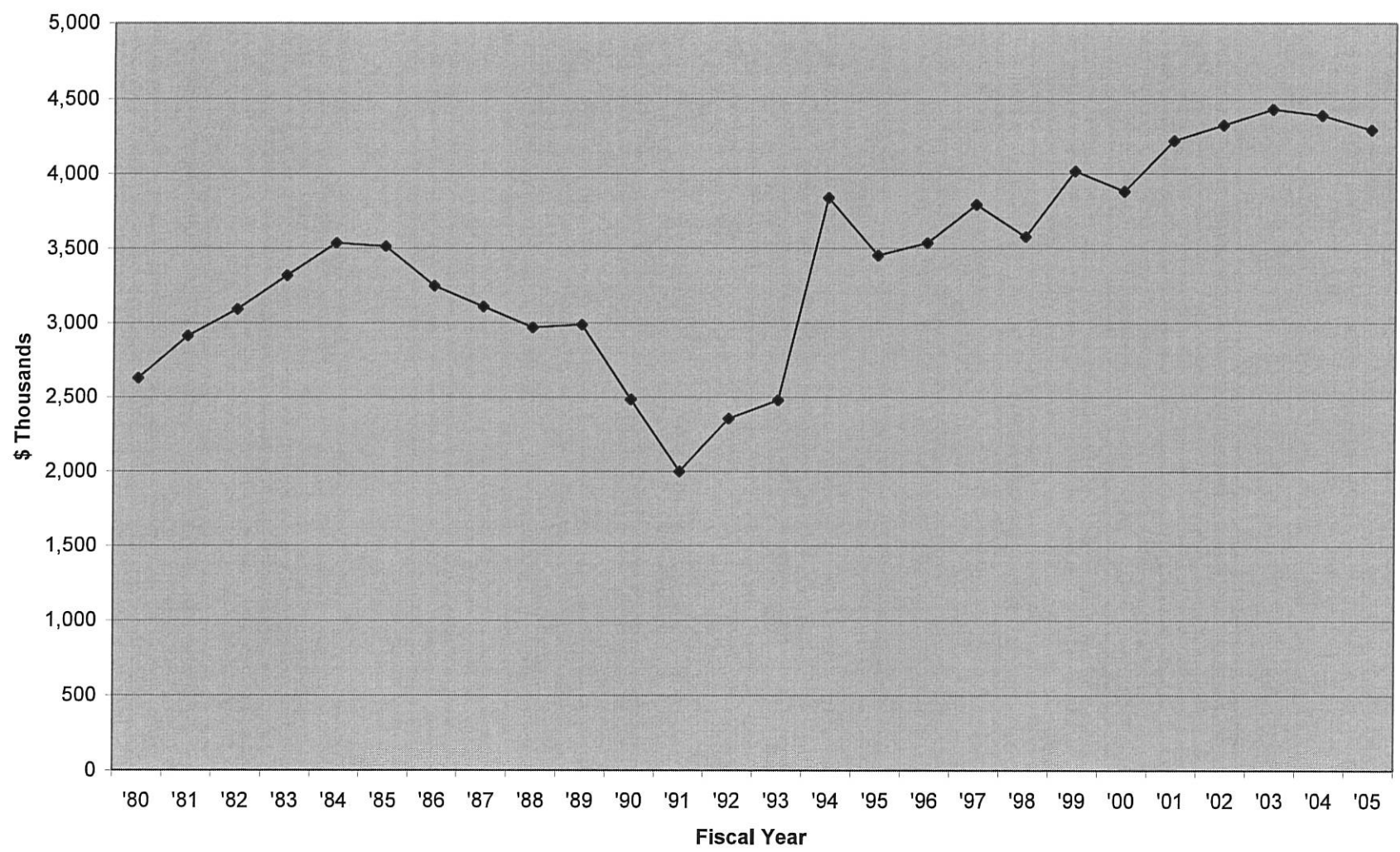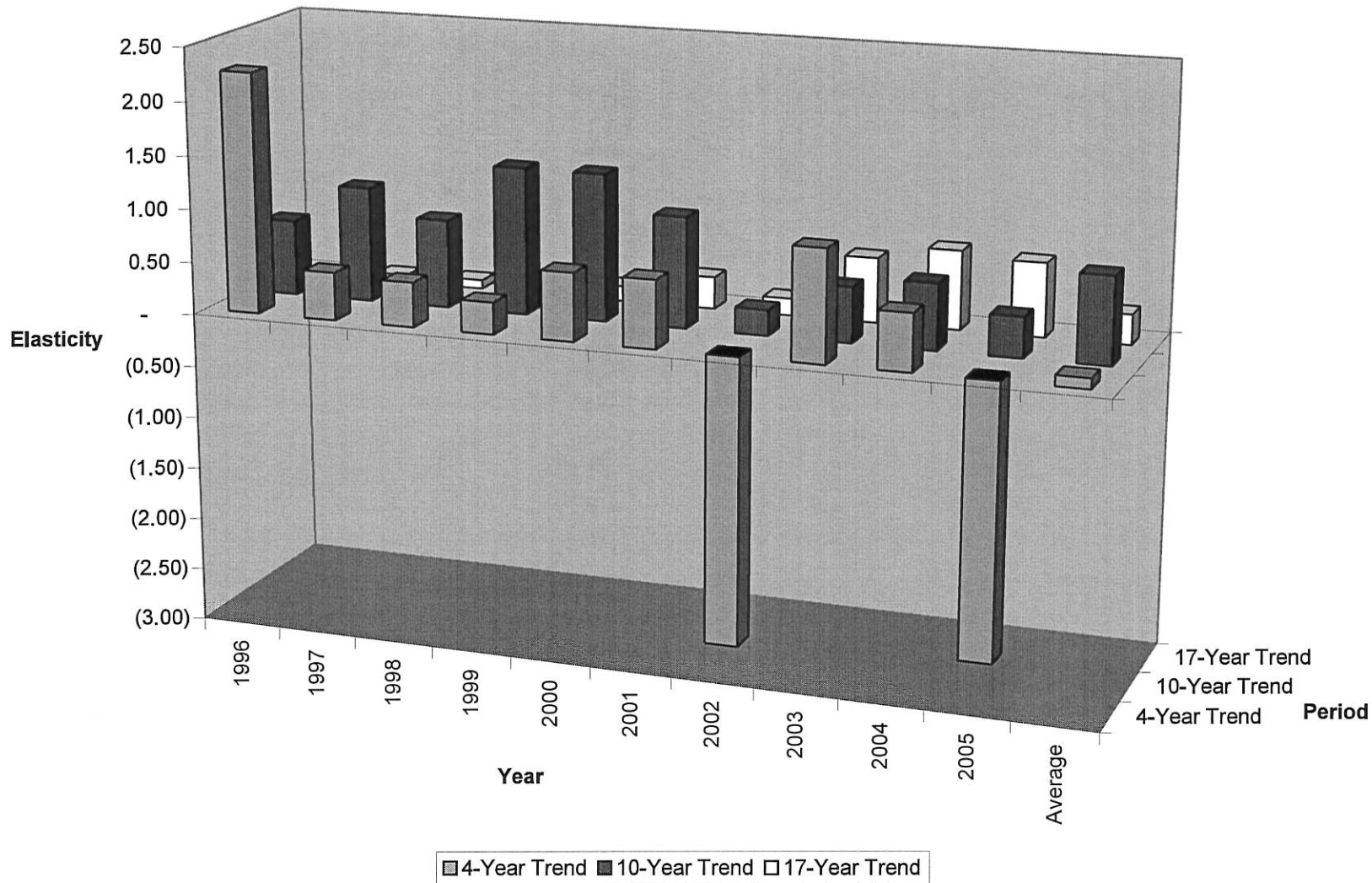
Chart 18: Adjusted Miscellaneous Taxes

Miscellaneous

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