

Table 2: State Personal Income Tax Liability as a Share of Federal Income Tax Liability in States with Broad-Based Personal Income Taxes

2014, dollar amounts in thousands

Rank (1 = lowest)	State	State Liability as a Share of Federal*	State Personal Income Tax Liability	Federal Personal Income Tax Liability	Rank (1 = lowest)	State	State Liability as a Share of Federal	State Personal Income Tax Liability	Federal Personal Income Tax Liability
1	North Dakota	11.2%	\$498,753	\$4,442,299	--	Average***	27.8%	--	--
2	Arizona	16.3%	\$3,524,113	\$21,673,435	22	Massachusetts	27.8%	\$13,552,356	\$48,664,798
3	Louisiana	17.2%	\$2,826,331	\$16,447,909	23	Iowa	28.0%	\$3,067,525	\$10,958,223
4 (proposed)	Alaska (HB115)**	17.2%	\$622,664	\$3,613,414	24	Virginia	28.1%	\$11,407,219	\$40,652,839
4	Pennsylvania	19.8%	\$11,077,574	\$55,815,575	25	Vermont	28.4%	\$680,143	\$2,390,890
5	Ohio	20.1%	\$8,295,533	\$41,232,424	26	Nebraska	29.9%	\$2,202,767	\$7,371,579
6	Kansas	20.4%	\$2,369,673	\$11,641,034	27	Wisconsin	30.0%	\$6,567,560	\$21,886,830
7	New Jersey	21.8%	\$12,754,078	\$58,599,114	28	North Carolina	30.4%	\$9,766,966	\$32,140,444
8	Colorado	21.8%	\$5,942,705	\$27,268,972	29	Idaho	30.7%	\$1,378,680	\$4,495,949
9	Michigan	22.0%	\$7,944,462	\$36,056,215	30	Montana	31.0%	\$1,099,330	\$3,544,933
10	New Mexico	22.9%	\$1,316,175	\$5,738,958	31	Arkansas	32.2%	\$2,648,065	\$8,221,950
11	Oklahoma	23.3%	\$3,120,415	\$13,369,253	32	Kentucky	32.5%	\$3,868,569	\$11,908,257
12	Indiana	24.0%	\$5,031,227	\$20,997,759	33	Utah	32.7%	\$2,985,955	\$9,131,144
13	Alabama	24.1%	\$3,215,310	\$13,340,392	34	New York	32.9%	\$43,298,050	\$131,664,844
14	Rhode Island	25.3%	\$1,147,565	\$4,536,501	35	California	34.7%	\$71,212,202	\$205,134,309
15	Connecticut	25.8%	\$7,791,038	\$30,226,236	36	Maine	34.9%	\$1,440,150	\$4,123,343
16	Mississippi	25.9%	\$1,734,033	\$6,692,785	37	Hawaii	36.8%	\$1,820,396	\$4,942,671
17	Illinois	25.9%	\$16,871,520	\$65,117,413	38	Minnesota	38.0%	\$9,942,536	\$26,151,247
18	Maryland	25.9%	\$7,971,142	\$30,742,387	39	Delaware	38.5%	\$1,405,374	\$3,649,720
19	Missouri	26.2%	\$5,482,234	\$20,935,553	40	West Virginia	38.8%	\$1,821,710	\$4,699,162
20	South Carolina	26.3%	\$3,566,922	\$13,568,363	41	Oregon	48.6%	\$6,879,190	\$14,164,823
21	Georgia	26.9%	\$9,304,801	\$34,633,206					

* State income tax liability includes revenue from residents and non-residents, whereas federal tax liability includes payments by residents only. The effect of this discrepancy is to slightly raise the percentages reported in this table.

** While the main feature of the income tax contained in Alaska's HB115 is a calculation equal to 15 percent of federal liability, actual tax revenues exceed 15 percent for three reasons: (1) additional revenue is raised by the 10 percent levy on capital gains income, (2) additional revenue is raised by the \$25 minimum tax, (3) the tax will raise revenue from non-residents whereas the denominator in this calculation is based on the federal tax liability of Alaska residents only. The Alaska income tax revenue estimate in this table is based on the Alaska Department of Revenue's FY2019 estimate of \$643 million for HB115, adjusted to FY2015 levels using a growth rate of 0.81 percent (the average growth rate used by the Department for FY2019 to FY2023). The federal income tax estimate in this table has not been adjusted to account for the fact that Alaskans' federal tax liability would fall under HB115 because of reduced income (from the Permanent Fund Dividend reduction) and increased deductions (from the new tax on personal income). But given the size of the gap between Alaska and the next lowest state (Pennsylvania), making this type of adjustment would not affect the rankings in this table.

*** This is an unweighted average for the 41 states with broad-based personal income taxes.

Source: Analysis by the Institute on Taxation and Economic Policy (ITEP) of Calendar Year 2014 state income tax data from the U.S. Census Bureau and Tax Year 2014 federal income tax data from the Internal Revenue Service (IRS).