



# RESULTS AMERICA

## Tax Burden

*Wyoming has the lowest tax burden, New York the highest*



Results America considers fiscal measures aimed at efficient and effective government. The amount of taxes owed by the citizens of states is one such measure. Since the deadline for state, local, and federal taxes having just passed, many may wonder what their own tax burden may be.

The data we have gathered is from the Tax Foundation, an organization that has been analyzing taxes since 1937. Their data accounts for taxes in state and local government in areas of income, property, sales, etc. All data is for 2011, the most recently compiled year.

“...Taxation and debt are not everything. A healthy economy is a key to a state's fiscal health as well.”

Wyoming, Alaska, and South Dakota have the lowest tax burden. These states have often traded ranking positions back and forth over the last few decades. With the lowest 2011 burden (6.9% of average income), Wyoming's taxes have not exceeded 8% in 40 years. Alaska boasted its lowest tax burdens in the 2000's, when the average was as low as 4.66% in 2001. Part of the reason these states perennially hold top ranking is their fiscal political culture. This is neither a positive or negative circumstance, but rather it reflects the populace and their propensity to tolerate higher taxes.

### HIGHLIGHTS

Wyoming, Alaska, and South Dakota have the lowest tax burden in the US.

New York, New Jersey, and Connecticut have the highest tax burden.

Tax burden, like debt to GDP, is only one measure in explaining a state's efficiency and effectiveness.

New York, New Jersey, and Connecticut hold the lowest rankings as they have the largest tax burdens in the union. New York with 12.6% average tax burden is equal to \$7,441 per capita.

There are several issues to note regarding this measure. First, it does not account for the cost of living, which could alter the ranking of some states. Second, the average tax burden doesn't account for the level of progression in the tax structure. A state with a progressive tax system may appear lower in the ranking even though most citizens pay a smaller percentage in taxes than listed.

Important to note in this analysis is the U.S. national average, which in 2011 was 9.8% for citizen's state and local tax burden across the nation. This number remained almost unchanged since 1977. This indicates that the relative burden on citizens remains constant at the state and local level. States that ranked higher in this measure also hold top ranking in other areas. Wyoming is #1 in state debt and has one of the strongest credit ratings. New York and New Jersey have some of the nation's highest debt figures. Yet, while New Jersey has a low credit rating, New York's credit is stable. Internal economic factors as well as stability in the state contribute to this. This indicates that taxation

Rank	State	Tax Burden Rate
1	Wyoming	6.9%
2	Alaska	7.0%
3	South Dakota	7.1%
4	Texas	7.5%
5	Louisiana	7.6%
6	Tennessee	7.6%
7	New Hampshire	8.0%
8	Nevada	8.1%
9	South Carolina	8.3%
10	Alabama	8.3%

Rank	State	Tax Burden Rate
41	Pennsylvania	10.3%
42	Vermont	10.5%
43	Rhode Island	10.5%
44	Maryland	10.6%
45	Minnesota	10.7%
46	Wisconsin	11.0%
47	California	11.4%
48	Connecticut	11.9%
49	New Jersey	12.3%
50	New York	12.6%

and debt are not everything. A healthy economy is a key to a state's fiscal health as well.

One factor to study in future white papers is the level of federal grants-in-aid to the states. While New York has the highest tax burden, they remain relatively independent of federal aid. Wyoming however, is very dependent on federal grants. This measure is a significant factor in the amount of needed state taxes and will be explored in future research.

References & Data Sources

*The Tax Foundation*

*Results America is a non-partisan, non-profit organization that exists to inspire and enable the spread of results-driven government. Its sole purpose is to demonstrate how focusing government on results is key to fulfilling the promise of America.*

More information and measures data available at [www.resultsamerica.org](http://www.resultsamerica.org)