

Table 10: Top State Personal Income Tax Rates as of January 1, 2008

Rank	State	Rate (Percent)	Rank	State	Rate (Percent)
1	California (1)	10.30	26	Virginia	5.75
2	Rhode Island (2)	9.90	27	North Dakota	5.54
3	Vermont	9.50	28	Maryland	5.50
4	Oregon	9.00		Oklahoma (3)	5.50
5	Iowa	8.98	30	Massachusetts (4)	5.30
6	New Jersey	8.97		New Mexico (5)	5.30
7	Maine	8.50	32	Alabama	5.00
8	Hawaii	8.25		Connecticut	5.00
9	Minnesota	7.85		Mississippi	5.00
10	Idaho	7.80		Utah	5.00
11	North Carolina	7.75	36	Colorado	4.63
12	Arkansas	7.00	37	Arizona	4.54
	South Carolina	7.00	38	Michigan (6)	4.35
14	Montana	6.90	39	Indiana	3.40
15	<i>New York</i>	<i>6.85</i>	40	Pennsylvania	3.07
16	Nebraska	6.84	41	Illinois	3.00
17	Wisconsin	6.75	42	Alaska	(X)
18	West Virginia	6.50		Florida	(X)
19	Kansas	6.45		Nevada	(X)
20	Ohio	6.24		New Hampshire (7)	(X)
21	Georgia	6.00		South Dakota	(X)
	Kentucky	6.00		Tennessee (8)	(X)
	Louisiana	6.00		Texas	(X)
	Missouri	6.00		Washington	(X)
25	Delaware	5.95		Wyoming	(X)

(X) Does not impose tax.

(1) The tax rate includes an additional 1% tax on taxpayers with incomes over \$1million to support the provision of local government mental health services.

(2) State liability is 25% of Federal rates prior to enactment of the Economic Growth and Tax Relief Act of 2001.

(3) The tax rate is scheduled to decrease to 5.25% in 2009 and thereafter.

(4) Certain unearned income is taxed at 12%.

(5) The tax rate is scheduled to decrease to 4.9% for tax years 2008 and thereafter.

(6) Effective October 1, 2011 the rate will decrease 0.1% and annually thereafter until it reaches 3.95% in 2015.

(7) A tax rate of 5% applies on interest and dividends only.

(8) A tax rate of 6% applies on interest and dividends only.

Source: OTPA compilation from Commerce Clearing House State Tax Guide and Federation of Tax Administrators.