

**Table 10: Top State Personal Income Tax Rates as of January 1, 2009**

| Rank | State               | Rate<br>(Percent) | Rank | State             | Rate<br>(Percent) |
|------|---------------------|-------------------|------|-------------------|-------------------|
| 1    | Oregon (1)          | 11.80             | 26   | Missouri          | 6.00              |
| 2    | Hawaii              | 11.00             | 27   | Ohio              | 5.925             |
| 3    | New Jersey          | 10.75             | 28   | Virginia          | 5.75              |
| 4    | California (2)      | 10.55             | 29   | Oklahoma          | 5.50              |
| 5    | Rhode Island (3)    | 9.90              | 30   | Massachusetts (6) | 5.30              |
| 6    | Vermont             | 9.40              | 31   | Alabama           | 5.00              |
| 7    | Iowa                | 8.98              | 32   | Mississippi       | 5.00              |
| 8    | <i>New York (4)</i> | <i>8.97</i>       | 33   | Utah              | 5.00              |
| 9    | Maine (5)           | 8.50              | 34   | New Mexico        | 4.90              |
| 10   | Minnesota           | 7.85              | 35   | North Dakota      | 4.86              |
| 11   | Idaho               | 7.80              | 36   | Colorado          | 4.63              |
| 12   | North Carolina      | 7.75              | 37   | Arizona           | 4.54              |
| 13   | Wisconsin           | 7.75              | 38   | Michigan (7)      | 4.35              |
| 14   | Arkansas            | 7.00              | 39   | Indiana           | 3.40              |
| 15   | South Carolina      | 7.00              | 40   | Pennsylvania      | 3.07              |
| 16   | Delaware            | 6.95              | 41   | Illinois          | 3.00              |
| 17   | Montana             | 6.90              | 42   | Alaska            | (X)               |
| 18   | Nebraska            | 6.84              | 43   | Florida           | (X)               |
| 19   | Connecticut         | 6.50              | 44   | Nevada            | (X)               |
| 20   | West Virginia       | 6.50              | 45   | New Hampshire (8) | (X)               |
| 21   | Kansas              | 6.45              | 46   | South Dakota      | (X)               |
| 22   | Maryland            | 6.25              | 47   | Tennessee (9)     | (X)               |
| 23   | Georgia             | 6.00              | 48   | Texas             | (X)               |
| 24   | Kentucky            | 6.00              | 49   | Washington        | (X)               |
| 25   | Louisiana           | 6.00              | 50   | Wyoming           | (X)               |

(X) Does not impose tax.

(1) The top rate is scheduled to decrease to 9.9% in 2012 and thereafter.

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

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

(4) The tax rate is scheduled to decrease to 6.85% in 2011 and thereafter.

(5) The top tax rate is scheduled to decrease to 6.85% in 2011 and thereafter.

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

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

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

(9) 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.