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Office of Tax Policy Analysis



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New York State Tax Sourcebook

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Introduction

This book provides a compilation of New York State tax facts and figures. Most of the information is presented in a tabular format for quick and easy reference. The publication will be updated and published annually to reflect changes in New York's tax structure as well as changes in other states' tax systems.

The organization of this Sourcebook is the same as in the previous edition. The report includes a discussion and data showing how New York State taxes compare with those of other states, a description of the current structure and history of major types of New York State taxes: the personal income tax; business taxes; sales and compensating use tax; excise and user taxes and fees; and property transfer taxes. Historical information for most taxes for tax years prior to 1999 is in Appendix C. Appendix A lists other Office of Tax Policy Analysis (OTPA) publications, many of which are also now available on the New York State Department of Taxation and Finance website (<http://www.tax.state.ny.us>). Appendix B shows the duration of major New York State revenue sources.

The Sourcebook includes New York State tax collections data reported by the U.S. Department of Commerce, Bureau of the Census, used to compare tax burdens in the 50 states. The most recent state tax collection data available are for state fiscal year (SFY) 2002-2003. Typically, state fiscal years run from July 1 through June 30, but in New York State the period is April 1 through March 31.

In contrast, State and local tax collection data are available through fiscal year 2001-2002. Local fiscal years differ greatly in New York State and across the nation.

Readers desiring detailed and recent information on New York State tax collections are referred to OTPA's latest *Statistical Report of New York State Tax Collections*.

While OTPA has compiled the information contained in this book, it has not independently verified the data and calculations for information provided by other sources. Questions regarding information printed in the Sourcebook can be directed to the Office of Tax Policy Analysis at (518) 457-3187.

Issues in Comparing State Taxes

Aggregate Tax Comparisons

Debates over state tax policy often lead to comparisons among the states. Policy analysts use a variety of methods to make these comparisons. The most commonly used measures include:

- Taxes per capita.
- Taxes per \$1,000 personal income.
- Top tax rates.

Before discussing some flaws in the specific tax measures noted above, there are some generic problems inherent in any overall measure of tax competitiveness. The primary problem revolves around a state's ability to export taxes.

- First, states rich in economically sensitive natural resources, such as petroleum, coal, natural gas and lumber, can impose severance taxes upon removal of these resources which are primarily paid by the ultimate consumers of these products. To the extent these consumers are located in other states, the tax is exported. For this reason alone, most aggregate comparisons fail to be completely informative.
- Second, states with significant tourist industries, like Hawaii, Florida, California and New York, can export a portion of their sales tax base (and certain selected excise taxes) to nonresident visitors. For example, Hawaii has a very high sales tax rate which results in significant revenue generated from nonresident tourists.
- Third, states with significant economic migration of workers may have the opportunity to shift taxes to nonresidents who work in the state.
- Fourth, some state and local tax sources are deductible from federal taxes. To the degree a state and local tax structure is weighted to federally deductible tax sources, a part of the tax cost is exported to

the federal government. These factors are not recognized in aggregate tax comparisons.

- Fifth, it is extremely difficult to incorporate tax burdens into overall tax capacity measures. While business taxes are allocated to states based on formula apportionment, the question of who actually pays the tax and where they are located is difficult to determine. This is a specific instance of the more generic problem in the overall tax burden of determining the underlying incidence of a tax structure.
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Per Capita Taxes

Per capita taxes are the dollar amount of total tax collections divided by the population of a state. Measuring state tax burdens by using per capita tax collections can seriously mislead the reader. This measure does not reflect ability to pay tax or the demographic composition of taxpayers. Also, as already mentioned, it does not indicate the amount of state tax paid by nonresident workers and consumers, or exported to the federal government through deductibility (i.e., tax incidence, or “who pays the tax”).

Tax to Income Ratio

Taxes per \$1,000 of personal income are the dollar amount of total collections divided by the personal income of the state’s residents in thousands of dollars. Dividing state tax collections by personal income provides a better indicator because it provides some measure of taxpayers’ ability to pay. However, like per capita measures, it does not show who actually pays state taxes.

This measure of tax burden is necessarily imprecise as not all residents pay tax (particularly corporate and certain selective sales taxes). Again, it also includes taxes paid by nonresidents, but not the income they earn. In New York State, nonresidents and part-year residents currently account for approximately 9 and 15 percent, respectively, of all personal income tax taxpayers and tax liability. Moreover, New York’s population is under 7 percent of the national total, but the State accounts for almost 8 percent of total personal income.

A further problem with this measure is that it does not provide control for wealth differences across states. For example, if all states had identical tax structures composed only of a progressive personal income tax, then states with higher per capita incomes would appear as higher-tax states. Additionally, as already discussed, this measure does not correct for the deductibility of certain taxes from federal taxes. Federal

deductibility allows state taxpayers to shift a portion of the cost of the personal income tax to the federal government.

The U.S. Commerce Department's definition of personal income does not include capital gains or nonresident income, each of which may go toward paying a particular state's income taxes and corporate taxes. In the case of New York State, nonresidents and part-year residents are liable for tax on taxable income derived from sources within New York. Additionally, New York State residents pay tax on capital gains realizations. As a result, the tax-to-income ratio is biased in an upward direction because it includes tax but excludes the associated income. New York residents realize a substantial fraction of national capital gains. This means the upward bias in the tax-to-income ratio is even greater for New York. Tax-to-personal income is, however, a more useful interstate comparison than taxes per capita, because it partially adjusts for the relative wealth or poverty of different states.

Top Rates

Top tax rates are usually represented by the state's top marginal tax rate for corporate and personal income taxes. Comparing state tax *rates* can prove especially misleading because state tax *bases* differ widely, particularly for personal income and sales taxes. For example, states with high graduated income tax rates often have more deductions, exclusions and credits than states with lower, less-graduated rate structures. Also, states tax similar bases differently.

Other Factors

More generally, tax collection patterns can vary from state to state, and fluctuate from year to year. Such factors as law changes, audit activities, withholding rules, and the relationship between tax and fiscal years can skew apparent collections in any given period.

Moreover, caution is warranted when comparing U.S. Census Bureau data to State tax collections data provided by individual states (including New York). The Census Bureau includes various license revenues in tax amounts even though particular states may not report these revenues in their tax collections data.

Furthermore, the U.S. Census Bureau's classification scheme does not always capture ways states may chose to impose taxes on similar entities. For example, the State of Washington does not have a corporation income tax, but it collects about one billion dollars from a tax on business receipts, in addition to a retail sales tax. These differences in

classification can hide the fact that the states often elect different approaches to taxing similar entities or activities.

Using the standard measure of tax burden – collections per capita or as a share of personal income – has less meaning for business tax burden than for other taxes. Whereas personal income and sales taxes are at least, in part, paid by individuals out of their personal income, business tax incidence is far less straightforward. Although individuals, as workers, consumers and shareholders, ultimately pay business taxes with their income, where they live may bear little relationship to where the business ultimately pays tax. Also, per-capita and share-of-income burden measures provide little insight on different businesses' ability to pay tax.

**Table 1: State Taxes
(\$000), Fiscal Year 2003**

State	Total State Taxes	State	Total State Taxes
U.S. Total	\$546,694,430	Montana	\$1,487,019
Alabama	6,416,351	Nebraska	3,347,700
Alaska	1,069,319	Nevada	4,129,137
Arizona	8,691,761	New Hampshire	1,959,211
Arkansas	5,145,554	New Jersey	19,936,266
California	79,198,255	New Mexico	3,607,156
Colorado	6,636,190	New York	40,558,349
Connecticut	9,508,645	North Carolina	15,848,650
Delaware	2,125,504	North Dakota	1,177,727
Florida	26,905,405	Ohio	20,651,597
Georgia	13,411,632	Oklahoma	5,905,884
Hawaii	3,569,824	Oregon	5,701,691
Idaho	2,344,344	Pennsylvania	23,187,248
Illinois	22,148,339	Rhode Island	2,256,654
Indiana	11,216,456	South Carolina	6,353,115
Iowa	5,059,449	South Dakota	1,009,888
Kansas	5,008,411	Tennessee	8,811,612
Kentucky	8,318,707	Texas	29,098,584
Louisiana	7,447,533	Utah	3,950,720
Maine	2,697,275	Vermont	1,558,712
Maryland	10,980,324	Virginia	12,969,165
Massachusetts	15,610,825	Washington	12,960,220
Michigan	22,748,159	West Virginia	3,589,366
Minnesota	13,403,699	Wisconsin	12,184,852
Mississippi	4,947,396	Wyoming	1,217,154
Missouri	8,627,396		

Source: "State Tax Collections" (2003), U.S. Department of Commerce, Bureau of the Census.

Table 2: State Taxes (\$000), Selected Fiscal Years

State	2002	2001	2000	1999	1997
U.S. Total	\$533,432,378	\$559,765,398	\$539,640,411	\$499,510,046	\$443,493,281
Alabama	6,878,923	6,368,026	6,438,438	6,032,234	5,484,161
Alaska	1,089,504	1,428,698	1,423,287	905,135	1,619,110
Arizona	8,477,001	8,456,739	8,100,737	7,542,735	6,833,806
Arkansas	5,034,109	4,911,035	4,870,561	4,608,936	3,776,577
California	77,755,376	90,453,746	83,807,959	72,387,698	61,666,886
Colorado	6,923,171	7,566,919	7,075,047	5,987,125	5,289,824
Connecticut	9,032,787	10,590,296	10,171,242	9,623,591	8,145,787
Delaware	2,173,600	2,174,440	2,132,131	2,030,789	1,743,234
Florida	24,815,964	24,938,748	24,817,263	23,791,570	21,080,121
Georgia	13,772,147	14,368,505	13,511,275	12,461,790	10,897,538
Hawaii	3,420,671	3,507,770	3,334,743	3,166,663	3,087,946
Idaho	2,271,075	2,558,098	2,377,251	2,171,127	1,960,505
Illinois	22,460,190	23,150,229	22,788,799	21,211,263	18,544,570
Indiana	9,994,595	10,204,197	10,104,353	9,736,077	9,100,842
Iowa	5,006,251	5,158,780	5,185,394	4,868,494	4,686,396
Kansas	4,808,361	4,993,526	4,865,305	4,589,475	4,229,721
Kentucky	7,974,690	7,850,908	7,694,610	7,355,861	6,818,992
Louisiana	7,345,994	7,193,998	6,512,382	6,029,883	5,646,253
Maine	2,626,830	2,668,938	2,661,080	2,540,581	2,019,491
Maryland	10,821,276	10,785,695	10,354,447	9,479,949	8,604,406
Massachusetts	14,819,794	17,225,270	16,152,874	14,731,769	13,305,431
Michigan	21,864,052	22,263,874	22,756,403	23,334,348	20,325,851
Minnesota	12,936,369	13,534,585	13,338,532	12,481,688	11,223,269
Mississippi	4,728,905	4,749,481	4,711,594	4,573,825	4,016,548
Missouri	8,678,611	8,837,196	8,571,548	8,563,594	7,815,966
Montana	1,442,731	1,495,805	1,410,760	1,365,304	1,259,226
Nebraska	2,992,522	3,028,204	2,981,047	2,662,103	2,548,174
Nevada	3,945,329	3,832,227	3,717,255	3,430,007	3,034,156
New Hampshire	1,883,924	1,775,810	1,696,085	1,070,803	914,847
New Jersey	18,328,814	19,253,297	18,147,604	16,926,421	14,414,778
New Mexico	3,628,055	4,002,246	3,743,178	3,484,206	3,102,174
New York	43,262,137	44,855,582	41,735,841	38,700,773	34,864,623
North Carolina	15,535,277	15,625,133	15,216,066	14,436,294	12,633,319
North Dakota	1,117,299	1,231,049	1,172,373	1,106,499	1,064,010
Ohio	19,616,569	19,617,950	19,676,365	18,175,451	16,420,636
Oklahoma	6,052,680	6,341,714	5,851,814	5,417,232	5,060,601
Oregon	5,139,322	5,892,963	5,945,675	5,341,403	4,946,303
Pennsylvania	22,135,537	22,562,195	22,466,906	21,588,754	19,377,456
Rhode Island	2,127,609	2,243,295	2,034,909	1,895,196	1,644,047
South Carolina	5,748,585	6,147,594	6,381,391	5,823,476	5,381,412
South Dakota	976,596	977,469	927,245	868,211	768,491
Tennessee	7,797,681	7,821,984	7,739,590	7,191,307	6,616,357
Texas	28,662,395	29,422,936	27,424,142	25,675,587	23,024,628
Utah	3,925,382	4,065,364	3,978,697	3,644,467	3,010,697
Vermont	1,533,982	1,552,739	1,470,828	1,011,616	899,161
Virginia	12,781,149	13,085,329	12,648,071	11,562,735	9,627,591
Washington	12,628,567	12,679,410	12,567,383	12,337,555	11,202,296
West Virginia	3,551,756	3,422,875	3,343,266	3,148,108	2,905,947
Wisconsin	11,813,832	11,768,235	12,643,015	11,627,782	10,186,770
Wyoming	1,094,402	1,124,296	963,650	812,556	662,350

Source: State Tax Collections (Selected Years), U.S. Department of Commerce, Bureau of the Census.

Table 3: State Taxes by Type of Tax (Percent), Fiscal Year 2003

State	General Sales Tax	Personal Income Tax	Corporate Income Tax	Excise & Gross Receipts Taxes	License Taxes	Other
U.S. Total	33.76	33.28	5.21	15.98	6.58	5.19
Alabama	27.50	31.72	3.78	24.71	6.23	6.05
Alaska	(X)	(X)	19.37	14.23	6.56	59.85
Arizona	49.85	24.19	4.48	13.56	3.12	4.80
Arkansas	37.93	29.70	3.44	13.73	4.01	11.20
California	31.44	41.30	8.59	8.86	6.21	3.60
Colorado	27.62	48.76	3.01	14.48	4.75	1.38
Connecticut	32.24	38.27	3.62	18.15	4.08	3.64
Delaware	(X)	33.48	9.80	15.76	35.51	5.46
Florida	55.62	(X)	4.56	20.53	6.53	12.77
Georgia	35.57	46.76	3.61	9.37	3.37	1.31
Hawaii	50.22	29.07	0.86	15.60	3.49	0.77
Idaho	35.92	35.99	3.99	13.88	9.44	0.78
Illinois	28.94	33.14	6.23	21.79	8.33	1.57
Indiana	37.54	32.49	6.50	17.96	3.70	1.81
Iowa	34.13	35.40	2.77	15.40	10.63	1.67
Kansas	37.71	35.48	2.49	15.49	5.12	3.72
Kentucky	28.70	33.83	4.44	17.99	6.45	8.59
Louisiana	33.42	25.07	2.67	25.33	5.73	7.79
Maine	31.79	39.85	3.38	15.72	5.57	3.69
Maryland	24.77	42.64	3.45	19.53	4.01	5.59
Massachusetts	23.75	51.41	7.59	10.91	3.82	2.51
Michigan	33.78	28.66	8.10	11.03	5.89	12.54
Minnesota	29.12	40.10	4.45	16.13	6.79	3.41
Mississippi	49.72	20.62	5.84	16.03	6.36	1.43
Missouri	32.68	40.80	2.38	16.30	6.52	1.30
Montana	(X)	36.03	2.97	25.95	13.95	21.10
Nebraska	42.62	33.54	3.33	13.74	5.96	0.80
Nevada	53.09	(X)	(X)	31.72	10.88	4.31
New Hampshire	(X)	2.81	20.22	32.30	9.82	34.85
New Jersey	29.78	33.78	12.02	15.48	5.87	3.07
New Mexico	37.93	25.59	2.82	14.01	4.22	15.44
New York	21.80	55.84	5.15	11.36	2.57	3.27
North Carolina	25.27	44.73	5.67	17.33	5.91	1.08
North Dakota	30.64	16.93	4.75	24.52	8.72	14.43
Ohio	32.74	38.33	3.85	16.12	8.24	0.71
Oklahoma	25.06	35.79	1.77	12.85	13.29	11.24
Oregon	(X)	70.57	3.95	13.09	10.11	2.28
Pennsylvania	32.61	28.73	5.13	19.02	9.55	4.96
Rhode Island	33.87	36.55	2.97	20.81	4.12	1.67
South Carolina	40.23	36.74	2.74	13.78	5.12	1.40
South Dakota	53.41	(X)	4.35	26.91	12.34	2.98
Tennessee	61.45	1.31	6.96	16.41	10.83	3.05
Texas	49.31	(X)	(X)	30.98	13.68	6.04
Utah	37.64	39.74	3.75	13.32	3.76	1.79
Vermont	14.17	26.39	2.67	20.96	6.59	29.23
Virginia	20.76	52.25	2.53	15.97	4.54	3.96
Washington	61.78	(X)	(X)	16.17	5.18	16.86
West Virginia	27.25	29.41	5.08	27.04	5.19	6.03
Wisconsin	30.68	43.11	4.32	14.06	6.08	1.76
Wyoming	34.94	(X)	(X)	7.51	8.08	49.48

(X) Does not impose tax.

Source: "State Tax Collections" (2003), U.S. Department of Commerce, Bureau of the Census.

Table 4: State Taxes Per \$1,000 Personal Income, Fiscal Year 2003

Rank	State	Total State Taxes	Rank	State	Total State Taxes
	U.S. Average	\$61.43	26	Connecticut	\$64.74
1	Hawaii	96.31	27	Kansas	63.90
2	Vermont	84.96	28	Nevada	62.34
3	West Virginia	83.58	29	Massachusetts	62.20
4	Delaware	82.19	30	Ohio	62.00
5	Arkansas	80.71	31	Iowa	61.35
6	Minnesota	80.05	32	South Carolina	60.71
7	Kentucky	79.79	33	Arizona	60.60
8	Wyoming	78.66	34	Pennsylvania	60.44
9	New Mexico	78.46	35	New York	59.20
10	Mississippi	76.53	36	New Jersey	58.92
11	Michigan	75.97	37	Oregon	56.25
12	Wisconsin	74.54	38	Alabama	56.07
13	Maine	74.29	39	Maryland	55.49
14	North Dakota	69.19	40	Tennessee	55.12
15	Utah	69.15	41	Georgia	54.46
16	North Carolina	68.68	42	Virginia	54.27
17	California	68.59	43	Florida	54.17
18	Idaho	68.51	44	Missouri	53.37
19	Rhode Island	68.45	45	Illinois	53.24
20	Nebraska	66.40	46	Alaska	50.82
21	Montana	65.78	47	South Dakota	49.25
22	Louisiana	65.77	48	Texas	46.10
23	Washington	65.45	49	New Hampshire	45.24
24	Oklahoma	65.25	50	Colorado	43.72
25	Indiana	64.99			

Source: "State Tax Collections" (2003), U.S. Department of Commerce, Bureau of the Census.

Table 5: State Taxes Per \$1,000 Personal Income, Selected Fiscal Years

State	2002	2001	2000	1999	1997	Rank 2002	Rank 2001	Rank 2000	Rank 1999	Rank 1997
U.S. Average	\$61.47	\$67.52	\$69.52	\$68.12	\$68.64					
Hawaii	96.33	103.85	102.13	99.41	102.69	1	1	1	1	2
Vermont	87.50	94.62	95.69	69.63	67.98	2	3	3	22	29
West Virginia	86.14	86.94	88.25	86.09	87.65	3	5	7	7	6
New Mexico	85.66	100.12	98.45	94.97	96.29	4	2	2	2	3
Delaware	84.07	88.97	91.93	92.89	86.75	5	4	4	3	7
Arkansas	81.71	83.46	85.82	85.79	79.37	6	7	9	8	14
Kentucky	78.70	80.57	83.60	84.28	88.69	7	12	11	10	5
Minnesota	78.60	85.97	90.71	90.25	93.89	8	6	5	4	4
Maine	76.40	82.34	86.32	86.66	77.30	9	11	8	6	17
Mississippi	76.07	79.87	82.26	84.06	84.14	10	13	13	11	10
Wyoming	75.25	82.82	76.12	69.62	63.87	11	9	20	23	37
Wisconsin	74.72	78.00	88.53	84.72	84.66	12	14	6	9	9
Michigan	73.47	76.93	82.07	88.38	84.93	13	18	14	5	8
Utah	71.52	77.47	80.22	78.01	76.81	14	16	16	15	18
Idaho	69.83	83.17	83.17	79.89	83.10	15	8	12	12	11
Oklahoma	69.77	77.76	75.92	73.85	78.44	16	15	21	19	15
North Carolina	68.97	72.00	76.48	75.98	77.69	17	23	19	16	16
California	68.92	82.62	84.54	78.64	76.32	18	10	10	14	19
North Dakota	67.99	77.35	79.36	75.79	80.86	19	17	17	17	12
Louisiana	67.05	69.77	65.20	62.24	66.00	20	25	35	37	33
Montana	66.57	73.34	72.58	73.12	74.53	21	21	23	20	20
Rhode Island	66.50	73.31	69.91	67.89	67.57	22	22	26	26	30
Washington	65.86	68.81	71.83	75.53	80.39	23	26	24	18	13
New York	63.18	68.42	67.68	66.38	65.70	24	27	29	30	34
Alabama	62.66	60.90	64.09	62.86	63.75	25	40	38	34	38
Iowa	62.66	66.75	70.55	68.77	73.67	25	29	25	24	21
Nevada	62.66	64.26	66.23	67.36	72.76	25	31	32	28	25
Kansas	62.47	67.64	68.34	68.11	70.99	28	28	28	25	27
Connecticut	62.15	76.02	78.86	78.76	73.44	29	20	18	13	22
Arizona	61.73	65.49	67.30	66.77	72.24	30	30	30	29	26
Nebraska	60.47	63.86	66.15	61.83	67.30	31	32	33	39	31
Ohio	59.85	61.83	64.38	62.03	62.66	32	38	37	38	40
Massachusetts	59.71	71.85	73.58	71.58	73.31	33	24	22	21	23
Indiana	58.83	62.39	65.04	65.50	68.95	34	35	36	31	28
Pennsylvania	58.64	62.16	65.48	65.48	64.80	35	36	34	32	35
Maryland	57.21	60.42	61.67	60.47	61.43	36	41	42	42	41
Georgia	57.17	62.83	63.45	63.16	64.50	37	34	39	33	36
South Carolina	56.85	63.76	69.75	67.80	72.83	38	33	27	27	24
New Jersey	56.10	61.53	62.69	60.81	57.59	39	39	40	40	44
Alaska	55.47	76.76	80.39	52.86	109.33	40	19	15	46	1
Virginia	54.83	59.32	61.78	60.69	57.20	41	42	41	41	45
Missouri	54.61	57.97	59.43	62.62	63.36	42	44	44	36	39
Illinois	54.49	58.42	60.33	58.87	58.31	43	43	43	44	43
Oregon	52.54	62.03	66.35	62.81	66.91	44	37	31	35	32
Florida	52.29	55.79	59.12	59.45	60.43	45	45	45	43	42
Tennessee	50.34	52.94	55.19	54.17	56.67	46	47	47	45	46
South Dakota	48.41	49.72	50.50	50.10	50.22	47	49	49	49	49
Texas	47.03	50.66	50.94	51.34	54.02	48	48	48	47	47
Colorado	46.82	53.91	55.29	50.29	53.84	49	46	46	48	48
New Hampshire	43.83	43.38	45.38	30.63	29.57	50	50	50	50	50

Source: Calculated as FY total taxes divided by prior year personal income from State Government Finances (Selected Years), and Survey of Current Business (Selected Years), respectively, U.S. Department of Commerce, Bureau of the Census & Economic Analysis.

Table 6: State Taxes by Selected Tax Amounts Per \$1,000 Personal Income, Fiscal Year 2003

Rank	Total Tax		General Sales Tax		Motor Fuel Tax (1)		Personal Income Tax	
	Amount	U.S. Average	Amount	U.S. Average	Amount	U.S. Average	Amount	U.S. Average
	\$61.43		\$20.74		\$3.62		\$20.44	
1	Hawaii	96.31	Hawaii	48.37	Montana	8.53	Oregon	39.70
2	Vermont	84.96	Washington	40.44	Arkansas	6.77	New York	33.06
3	West Virginia	83.58	Mississippi	38.05	North Dakota	6.72	Wisconsin	32.13
4	Delaware	82.19	Tennessee	33.87	West Virginia	6.66	Minnesota	32.10
5	Arkansas	80.71	Nevada	33.10	Mississippi	6.44	Massachusetts	31.98
6	Minnesota	80.05	Arkansas	30.61	South Dakota	6.39	North Carolina	30.72
7	Kentucky	79.79	Arizona	30.21	Idaho	6.17	Maine	29.60
8	Wyoming	78.66	Florida	30.13	Nebraska	6.09	Virginia	28.35
9	New Mexico	78.46	New Mexico	29.76	Utah	5.83	California	28.33
10	Mississippi	76.53	Nebraska	28.30	Wisconsin	5.41	Hawaii	28.00
11	Michigan	75.97	Wyoming	27.48	Maine	5.36	Delaware	27.51
12	Wisconsin	74.54	South Dakota	26.30	Kansas	5.25	Utah	27.48
13	Maine	74.29	Utah	26.03	Tennessee	5.10	Kentucky	26.99
14	North Dakota	69.19	Michigan	25.66	North Carolina	5.01	Georgia	25.47
15	Utah	69.15	Idaho	24.61	Louisiana	4.91	Rhode Island	25.02
16	North Carolina	68.68	South Carolina	24.42	Pennsylvania	4.61	Connecticut	24.78
17	California	68.59	Indiana	24.39	Alabama	4.52	Idaho	24.66
18	Idaho	68.51	Kansas	24.09	Kentucky	4.51	West Virginia	24.58
19	Rhode Island	68.45	Maine	23.62	New Mexico	4.50	Arkansas	23.97
20	Nebraska	66.40	Minnesota	23.31	Texas	4.50	Ohio	23.77
21	Montana	65.78	Rhode Island	23.18	Oklahoma	4.49	Montana	23.70
22	Louisiana	65.77	Kentucky	22.90	Arizona	4.48	Maryland	23.66
23	Washington	65.45	Wisconsin	22.87	Ohio	4.37	Oklahoma	23.36
24	Oklahoma	65.25	West Virginia	22.77	Missouri	4.36	Kansas	22.67
25	Indiana	64.99	Texas	22.73	Indiana	4.35	Vermont	22.42
26	Connecticut	64.74	Louisiana	21.98	Iowa	4.23	South Carolina	22.30
27	Kansas	63.90	California	21.56	Rhode Island	4.21	Nebraska	22.27
28	Nevada	62.34	North Dakota	21.20	Delaware	4.15	Missouri	21.77
29	Massachusetts	62.20	Iowa	20.94	Oregon	4.14	Michigan	21.77
30	Ohio	62.00	Connecticut	20.87	Nevada	4.01	Iowa	21.72
31	Iowa	61.35	Ohio	20.30	Wyoming	3.97	Colorado	21.32
32	South Carolina	60.71	Pennsylvania	19.71	Vermont	3.93	Indiana	21.11
33	Arizona	60.60	Georgia	19.37	Minnesota	3.81	New Mexico	20.08
34	Pennsylvania	60.44	New Jersey	17.54	Colorado	3.81	New Jersey	19.90
35	New York	59.20	Missouri	17.44	Washington	3.80	Alabama	17.79
36	New Jersey	58.92	North Carolina	17.35	Michigan	3.68	Illinois	17.65
37	Oregon	56.25	Oklahoma	16.35	Florida	3.67	Pennsylvania	17.37
38	Alabama	56.07	Alabama	15.42	Maryland	3.62	Louisiana	16.49
39	Maryland	55.49	Illinois	15.40	Virginia	3.62	Mississippi	15.78
40	Tennessee	55.12	Massachusetts	14.77	South Carolina	3.57	Arizona	14.66
41	Georgia	54.46	Maryland	13.75	Illinois	3.34	North Dakota	11.71
42	Virginia	54.27	New York	12.91	Connecticut	3.07	New Hampshire	1.27
43	Florida	54.17	Colorado	12.08	New Hampshire	2.90	Tennessee	0.72
44	Missouri	53.37	Vermont	12.04	California	2.77	Alaska	(X)
45	Illinois	53.24	Virginia	11.26	Georgia	2.75	Florida	(X)
46	Alaska	50.82	Alaska	(X)	Massachusetts	2.69	Nevada	(X)
47	South Dakota	49.25	Delaware	(X)	Hawaii	2.16	South Dakota	(X)
48	Texas	46.10	Montana	(X)	Alaska	1.78	Texas	(X)
49	New Hampshire	45.24	New Hampshire	(X)	New Jersey	1.57	Washington	(X)
50	Colorado	43.72	Oregon	(X)	New York	0.80	Wyoming	(X)

(1) Does not include other taxes on motor fuel products, such as taxes on petroleum businesses.

(X) Does not impose tax.

Table 6: State Taxes by Selected Tax Amounts Per \$1,000 Personal Income, Fiscal Year 2003 (Cont'd)

Rank	Death & Gift Taxes		Corporate Income Tax		Corp. License & Business Occup. Taxes		Income/License & Business Occup. Taxes	
	Taxes	Amount	Taxes	Amount	Taxes	Amount	Taxes	Amount
	U.S. Average	\$0.75	U.S. Average	\$3.20	U.S. Average	\$1.75	U.S. Average	\$4.95
1	Pennsylvania	1.76	Alaska	9.84	Delaware	26.68	Delaware	34.73
2	Delaware	1.51	New Hampshire	9.15	Texas	4.30	New Hampshire	10.62
3	Connecticut	1.35	Delaware	8.05	Tennessee	3.98	Alaska	10.33
4	South Dakota	1.33	New Jersey	7.08	Pennsylvania	3.22	New Jersey	8.95
5	New Jersey	1.32	Michigan	6.15	Nevada	3.02	California	8.25
6	New Hampshire	1.30	California	5.89	Ohio	2.96	Tennessee	7.82
7	Indiana	1.15	Massachusetts	4.72	Kentucky	2.88	Michigan	6.81
8	Florida	1.13	Mississippi	4.47	Oklahoma	2.47	Mississippi	6.69
9	New York	1.03	West Virginia	4.25	Louisiana	2.38	Kentucky	6.42
10	Arkansas	1.00	Indiana	4.22	South Dakota	2.38	Pennsylvania	6.32
11	Wyoming	0.97	North Carolina	3.89	California	2.36	North Carolina	5.71
12	Kentucky	0.94	Tennessee	3.83	Mississippi	2.22	Wisconsin	5.42
13	Iowa	0.88	Minnesota	3.56	Wisconsin	2.20	Ohio	5.34
14	Vermont	0.85	Kentucky	3.54	North Dakota	2.03	North Dakota	5.32
15	Maine	0.84	Illinois	3.32	New Jersey	1.87	West Virginia	5.26
16	Oklahoma	0.83	North Dakota	3.29	North Carolina	1.82	Massachusetts	5.24
17	Rhode Island	0.82	Wisconsin	3.22	Vermont	1.72	Minnesota	5.19
18	California	0.81	Pennsylvania	3.10	Minnesota	1.63	South Dakota	4.52
19	Minnesota	0.76	New York	3.05	Alabama	1.52	Indiana	4.47
20	Massachusetts	0.72	Arkansas	2.77	South Carolina	1.48	Illinois	4.44
21	Maryland	0.72	Idaho	2.73	New Hampshire	1.47	Texas	4.30
22	Arizona	0.68	Arizona	2.71	Nebraska	1.37	Louisiana	4.14
23	Washington	0.63	Utah	2.59	Montana	1.36	Idaho	4.03
24	New Mexico	0.62	Maine	2.51	Idaho	1.30	Vermont	3.99
25	Virginia	0.60	Florida	2.47	Iowa	1.30	Maine	3.77
26	Kansas	0.60	Ohio	2.39	Wyoming	1.27	Alabama	3.64
27	Montana	0.59	Connecticut	2.35	Maine	1.26	Oklahoma	3.63
28	Utah	0.58	Vermont	2.27	Oregon	1.23	Nebraska	3.59
29	North Carolina	0.57	Oregon	2.22	Missouri	1.17	Oregon	3.45
30	Illinois	0.57	Nebraska	2.21	Illinois	1.12	Florida	3.37
31	Nevada	0.56	New Mexico	2.21	Rhode Island	1.07	New York	3.34
32	Tennessee	0.53	South Dakota	2.14	Washington	1.02	Arkansas	3.32
33	Louisiana	0.52	Alabama	2.12	West Virginia	1.01	Montana	3.32
34	Oregon	0.51	Rhode Island	2.04	Florida	0.89	Arizona	3.18
35	Missouri	0.49	Georgia	1.97	Connecticut	0.82	Connecticut	3.17
36	Idaho	0.47	Montana	1.95	Kansas	0.81	South Carolina	3.15
37	North Dakota	0.43	Maryland	1.92	Virginia	0.76	Rhode Island	3.11
38	Wisconsin	0.42	Louisiana	1.75	Maryland	0.69	Utah	3.07
39	Hawaii	0.42	Iowa	1.70	Michigan	0.66	Nevada	3.02
40	South Carolina	0.42	South Carolina	1.66	Hawaii	0.63	Iowa	2.99
41	Texas	0.41	Kansas	1.59	Arkansas	0.55	New Mexico	2.70
42	Georgia	0.36	Virginia	1.37	Georgia	0.53	Maryland	2.61
43	Colorado	0.36	Colorado	1.32	Massachusetts	0.52	Georgia	2.49
44	Mississippi	0.35	Missouri	1.27	New Mexico	0.49	Missouri	2.45
45	Michigan	0.33	Oklahoma	1.15	Alaska	0.49	Kansas	2.40
46	Nebraska	0.30	Hawaii	0.83	Utah	0.47	Virginia	2.13
47	Ohio	0.30	Nevada	0.00	Arizona	0.46	Colorado	1.66
48	Alabama	0.29	Texas	0.00	Colorado	0.34	Hawaii	1.46
49	West Virginia	0.25	Washington	(X)	New York	0.29	Wyoming	1.27
50	Alaska	0.06	Wyoming	(X)	Indiana	0.24	Washington	1.02

Source: "State Tax Collections" (2003), U.S. Department of Commerce, Bureau of the Census.

Table 7: State Taxes Per Capita, Fiscal Year 2003

Rank	State	Total State Taxes	Rank	State	Total State Taxes
	U.S. Average	\$1,883.56	26	Kansas	\$1,838.62
1	Hawaii	2,837.70	27	Indiana	1,810.27
2	Connecticut	2,730.02	28	Ohio	1,805.84
3	Minnesota	2,649.48	29	Virginia	1,755.91
4	Delaware	2,601.60	30	Illinois	1,750.30
5	Vermont	2,518.11	31	Iowa	1,718.56
6	Wyoming	2,429.45	32	Mississippi	1,717.25
7	Massachusetts	2,426.68	33	Idaho	1,716.21
8	New Jersey	2,307.97	34	Oklahoma	1,681.63
9	Michigan	2,256.76	35	Utah	1,680.44
10	California	2,231.94	36	Louisiana	1,656.48
11	Wisconsin	2,226.76	37	Alaska	1,647.64
12	Washington	2,113.88	38	Montana	1,619.85
13	New York	2,113.51	39	Oregon	1,601.60
14	Rhode Island	2,097.26	40	Florida	1,580.90
15	Maine	2,065.29	41	Arizona	1,557.38
16	Kentucky	2,021.56	42	Georgia	1,544.23
17	Maryland	1,993.16	43	South Carolina	1,531.98
18	West Virginia	1,983.08	44	New Hampshire	1,521.13
19	Nebraska	1,925.07	45	Missouri	1,512.52
20	New Mexico	1,923.82	46	Tennessee	1,508.32
21	Arkansas	1,887.58	47	Colorado	1,458.18
22	North Carolina	1,885.17	48	Alabama	1,425.54
23	Pennsylvania	1,875.23	49	South Dakota	1,321.84
24	North Dakota	1,857.61	50	Texas	1,315.55
25	Nevada	1,842.54			

Source: "State Tax Collections" (2003), U.S. Department of Commerce, Bureau of the Census.

Table 8: State Taxes Per Capita, Selected Fiscal Years

State	2002	2001	2000	1999	1997	Rank 2002	Rank 2001	Rank 2000	Rank 1999	Rank 1997
U.S. Average	\$1,853.50	\$1,969.44	\$1,921.45	\$1,835.27	\$1,660.36					
Hawaii	2,747.53	2,865.83	2,751.44	2,671.17	2,601.47	1	2	2	3	2
Delaware	2,693.43	2,731.71	2,719.55	2,695.01	2,381.47	2	3	3	2	5
Connecticut	2,609.88	3,092.06	2,986.27	2,932.21	2,491.07	3	1	1	1	3
Minnesota	2,576.97	2,722.16	2,711.63	2,613.69	2,395.06	4	4	4	4	4
Vermont	2,486.19	2,533.02	2,415.15	1,703.80	1,526.59	5	7	7	27	29
Massachusetts	2,305.51	2,700.31	2,544.16	2,385.65	2,174.80	6	5	5	5	6
New York	2,258.18	2,359.45	2,199.40	2,126.81	1,922.29	7	8	11	10	10
California	2,214.24	2,621.77	2,474.25	2,183.96	1,911.08	8	6	6	8	11
Wyoming	2,193.19	2,275.90	1,950.71	1,694.23	1,379.90	9	9	17	29	43
Michigan	2,175.53	2,228.39	2,289.84	2,365.66	2,079.58	10	12	9	6	7
Wisconsin	2,171.26	2,178.50	2,357.01	2,214.63	1,970.36	11	14	8	7	9
New Jersey	2,133.74	2,269.37	2,156.83	2,078.54	1,789.99	12	10	12	11	14
Washington	2,080.83	2,117.47	2,132.23	2,143.29	1,996.84	13	16	13	9	8
Maine	2,030.01	2,073.77	2,087.12	2,027.53	1,626.00	14	17	14	12	22
Rhode Island	1,988.42	2,118.31	1,941.71	1,912.76	1,665.70	15	15	18	14	18
Maryland	1,982.64	2,006.64	1,955.14	1,833.07	1,689.13	16	18	16	18	17
West Virginia	1,971.01	1,899.49	1,849.15	1,742.24	1,600.19	17	23	22	23	25
New Mexico	1,955.82	2,188.22	2,057.82	2,002.60	1,793.16	18	13	15	13	13
Kentucky	1,948.37	1,930.87	1,903.66	1,857.15	1,744.88	19	21	19	17	15
North Carolina	1,867.22	1,908.76	1,890.43	1,886.90	1,701.46	20	22	20	16	16
Arkansas	1,857.60	1,824.31	1,822.13	1,806.45	1,496.86	21	28	27	19	33
Nevada	1,815.61	1,819.67	1,860.49	1,895.81	1,809.28	22	30	21	15	12
Pennsylvania	1,794.53	1,836.27	1,829.40	1,799.96	1,612.10	23	26	25	20	24
Illinois	1,782.41	1,854.69	1,834.99	1,748.90	1,558.89	24	24	24	21	26
Kansas	1,770.38	1,852.89	1,810.01	1,729.23	1,629.95	25	25	28	25	21
North Dakota	1,762.30	1,941.72	1,826.13	1,746.19	1,659.92	26	19	26	22	19
Virginia	1,752.28	1,820.44	1,786.70	1,682.36	1,429.70	27	29	29	30	42
Oklahoma	1,732.31	1,832.87	1,695.69	1,613.21	1,525.66	28	27	35	34	30
Nebraska	1,730.78	1,767.78	1,742.28	1,597.87	1,537.82	29	32	32	37	28
Ohio	1,717.59	1,724.81	1,733.14	1,614.64	1,467.96	30	34	34	33	35
Iowa	1,704.55	1,764.89	1,772.18	1,696.69	1,643.20	31	33	31	28	20
Utah	1,694.90	1,790.91	1,781.77	1,711.15	1,462.21	32	31	30	26	36
Idaho	1,693.57	1,936.49	1,837.13	1,734.54	1,620.25	33	20	23	24	23
Alaska	1,691.78	2,249.92	2,270.00	1,461.07	2,658.64	34	11	10	44	1
Mississippi	1,646.55	1,661.82	1,656.10	1,652.02	1,470.72	35	39	37	31	34
Louisiana	1,638.63	1,611.20	1,457.23	1,379.19	1,297.39	36	41	45	46	45
Indiana	1,622.76	1,668.72	1,661.90	1,638.27	1,551.99	37	38	36	32	27
Georgia	1,608.90	1,713.80	1,650.53	1,600.08	1,455.72	38	35	38	36	37
Montana	1,587.16	1,654.65	1,564.04	1,546.60	1,432.57	39	40	42	41	40
Arizona	1,553.70	1,593.51	1,578.78	1,578.53	1,500.29	40	42	41	38	32
Colorado	1,536.09	1,712.75	1,644.98	1,476.07	1,358.80	41	36	39	43	44
Alabama	1,533.08	1,426.53	1,447.82	1,380.42	1,269.78	42	46	46	45	46
Missouri	1,529.81	1,569.66	1,532.00	1,566.03	1,446.87	43	43	44	40	38
Florida	1,484.83	1,520.93	1,552.83	1,574.43	1,438.52	44	44	43	39	39
New Hampshire	1,477.59	1,410.49	1,372.24	891.49	779.92	45	47	47	50	50
Oregon	1,459.21	1,696.79	1,737.99	1,610.72	1,525.22	46	37	33	35	31
South Carolina	1,399.70	1,513.07	1,590.58	1,498.68	1,431.23	47	45	40	42	41
Tennessee	1,345.12	1,362.71	1,360.45	1,311.44	1,232.56	48	49	48	47	47
Texas	1,316.00	1,379.74	1,315.18	1,280.95	1,184.46	49	48	49	48	48
South Dakota	1,283.31	1,291.24	1,228.14	1,184.25	1,041.32	50	50	50	49	49

Source: State Government Finances (Selected Years), U.S. Department of Commerce, Bureau of the Census.

Table 9: State Taxes by Selected Tax Amounts Per Capita, Fiscal Year 2003

Rank	Total Tax	General Sales		Motor Fuel		Personal Income		
		Amount	Tax	Amount	Tax (1)	Amount	Tax	
	U.S. Average	\$1,883.56	U.S. Average	\$635.96	U.S. Average	\$110.87	U.S. Average	\$626.82
1	Hawaii	2,837.70	Hawaii	1,425.04	Montana	209.99	Massachusetts	1,247.65
2	Connecticut	2,730.02	Washington	1,306.04	North Dakota	180.46	New York	1,180.22
3	Minnesota	2,649.48	Nevada	978.28	Nebraska	176.64	Oregon	1,130.22
4	Delaware	2,601.60	Tennessee	926.85	South Dakota	171.64	Minnesota	1,062.37
5	Vermont	2,518.11	Connecticut	880.13	Wisconsin	161.68	Connecticut	1,044.89
6	Wyoming	2,429.45	Florida	879.22	Arkansas	158.27	Wisconsin	959.89
7	Massachusetts	2,426.68	Mississippi	853.86	West Virginia	158.02	California	921.82
8	New Jersey	2,307.97	Wyoming	848.79	Idaho	154.67	Virginia	917.38
9	Michigan	2,256.76	Nebraska	820.54	Kansas	151.05	Delaware	870.96
10	California	2,231.94	Arizona	776.38	Maine	148.91	Maryland	849.86
11	Wisconsin	2,226.76	Minnesota	771.64	Mississippi	144.49	North Carolina	843.24
12	Washington	2,113.88	Michigan	762.43	Pennsylvania	142.97	Hawaii	825.00
13	New York	2,113.51	New Mexico	729.71	Utah	141.71	Maine	822.99
14	Rhode Island	2,097.26	Arkansas	715.93	Tennessee	139.54	New Jersey	779.73
15	Maine	2,065.29	Rhode Island	710.24	North Carolina	137.61	Rhode Island	766.61
16	Kentucky	2,021.56	South Dakota	706.02	Delaware	131.29	Georgia	722.09
17	Maryland	1,993.16	California	701.70	Maryland	130.09	Colorado	711.01
18	West Virginia	1,983.08	Kansas	693.30	Connecticut	129.29	Ohio	692.24
19	Nebraska	1,925.07	New Jersey	687.20	Rhode Island	128.98	Kentucky	683.83
20	New Mexico	1,923.82	Wisconsin	683.11	Texas	128.39	Utah	667.74
21	Arkansas	1,887.58	Indiana	679.51	Ohio	127.33	Vermont	664.53
22	North Carolina	1,885.17	Maine	656.58	Colorado	127.17	Kansas	652.31
23	Pennsylvania	1,875.23	Texas	648.63	Minnesota	126.25	Michigan	646.79
24	North Dakota	1,857.61	Utah	632.54	Missouri	123.60	Nebraska	645.71
25	Nevada	1,842.54	Idaho	616.40	Louisiana	123.58	Idaho	617.70
26	Kansas	1,838.62	South Carolina	616.31	Washington	122.72	Missouri	617.08
27	Indiana	1,810.27	Pennsylvania	611.50	Wyoming	122.63	Iowa	608.40
28	Ohio	1,805.84	Ohio	591.25	Indiana	121.06	Oklahoma	601.92
29	Virginia	1,755.91	Iowa	586.59	Nevada	118.63	Indiana	588.15
30	Illinois	1,750.30	Kentucky	580.12	Iowa	118.38	Montana	583.69
31	Iowa	1,718.56	Massachusetts	576.41	Oregon	117.79	West Virginia	583.16
32	Mississippi	1,717.25	North Dakota	569.13	Virginia	117.15	Illinois	580.13
33	Idaho	1,716.21	Louisiana	553.52	Vermont	116.58	South Carolina	562.83
34	Oklahoma	1,681.63	Georgia	549.32	Oklahoma	115.62	Arkansas	560.61
35	Utah	1,680.44	West Virginia	540.34	Arizona	115.04	Pennsylvania	538.76
36	Louisiana	1,656.48	Illinois	506.45	Alabama	114.83	New Mexico	492.33
37	Alaska	1,647.64	Missouri	494.36	Kentucky	114.20	Alabama	452.24
38	Montana	1,619.85	Maryland	493.77	New Mexico	110.45	Louisiana	415.29
39	Oregon	1,601.60	North Carolina	476.40	Illinois	109.71	Arizona	376.70
40	Florida	1,580.90	New York	460.75	Michigan	109.22	Mississippi	354.05
41	Arizona	1,557.38	Oklahoma	421.45	Florida	107.02	North Dakota	314.50
42	Georgia	1,544.23	Colorado	402.81	Massachusetts	105.15	New Hampshire	42.79
43	South Carolina	1,531.98	Alabama	392.04	New Hampshire	97.53	Tennessee	19.79
44	New Hampshire	1,521.13	Virginia	364.49	California	90.25	Alaska	(X)
45	Missouri	1,512.52	Vermont	356.75	South Carolina	90.14	Florida	(X)
46	Tennessee	1,508.32	Alaska	(X)	Georgia	78.08	Nevada	(X)
47	Colorado	1,458.18	Delaware	(X)	Hawaii	63.75	South Dakota	(X)
48	Alabama	1,425.54	Montana	(X)	New Jersey	61.47	Texas	(X)
49	South Dakota	1,321.84	New Hampshire	(X)	Alaska	57.55	Washington	(X)
50	Texas	1,315.55	Oregon	(X)	New York	28.50	Wyoming	(X)

(1) Does not include other taxes on motor fuel products, such as taxes on petroleum businesses.

(X) Does not impose tax.

Table 9: State Taxes by Selected Tax Amounts Per Capita, Fiscal Year 2003 (Cont'd)

Rank	Death & Gift Taxes		Corporate Income Tax		Corp. License & Business Occup. Taxes		Income/License & Business Occup. Taxes	
	Taxes	Amount	Income Tax	Amount	Occup. Taxes	Amount	Occup. Taxes	Amount
	U.S. Average	\$23.03	U.S. Average	\$98.09	U.S. Average	\$53.66	U.S. Average	\$151.75
1	Connecticut	56.79	Alaska	319.07	Delaware	844.53	Delaware	1,099.46
2	Pennsylvania	54.47	New Hampshire	307.58	Texas	122.75	New Hampshire	357.02
3	New Jersey	51.55	New Jersey	277.50	Tennessee	108.97	New Jersey	350.63
4	Delaware	47.74	Delaware	254.94	Pennsylvania	99.75	Alaska	335.00
5	New Hampshire	43.86	California	191.74	Nevada	89.23	California	268.50
6	New York	36.89	Massachusetts	184.15	Ohio	86.08	Tennessee	213.89
7	South Dakota	35.63	Michigan	182.84	California	76.77	Massachusetts	204.27
8	Florida	32.84	Minnesota	117.93	New Jersey	73.13	Michigan	202.41
9	Indiana	31.95	Indiana	117.68	Kentucky	72.86	Pennsylvania	195.93
10	Wyoming	29.90	Illinois	109.05	Wisconsin	65.76	Minnesota	171.71
11	Massachusetts	28.18	New York	108.86	South Dakota	63.78	Kentucky	162.67
12	California	26.27	North Carolina	106.86	Oklahoma	63.77	Wisconsin	161.98
13	Maryland	25.80	Tennessee	104.92	Louisiana	59.97	North Carolina	156.74
14	Rhode Island	25.26	West Virginia	100.75	North Dakota	54.59	Ohio	155.57
15	Minnesota	25.24	Mississippi	100.24	Minnesota	53.79	Mississippi	150.16
16	Vermont	25.21	Connecticut	98.96	Vermont	51.02	Illinois	145.97
17	Iowa	24.76	Wisconsin	96.22	Mississippi	49.92	North Dakota	142.90
18	Kentucky	23.73	Pennsylvania	96.18	North Carolina	49.88	Connecticut	133.50
19	Maine	23.37	Kentucky	89.81	New Hampshire	49.44	West Virginia	124.75
20	Arkansas	23.31	North Dakota	88.31	Nebraska	39.84	Indiana	124.38
21	Oklahoma	21.33	Florida	72.09	Wyoming	39.10	Texas	122.75
22	Washington	20.29	Maine	69.82	Alabama	38.62	South Dakota	121.34
23	Virginia	19.40	Arizona	69.77	South Carolina	37.45	New York	119.36
24	Illinois	18.70	Ohio	69.49	Illinois	36.92	Vermont	118.29
25	Arizona	17.36	Maryland	68.80	Iowa	36.28	Maine	104.86
26	Kansas	17.24	Idaho	68.44	Maine	35.03	Louisiana	104.17
27	Nevada	16.62	Vermont	67.27	Oregon	34.90	Nebraska	104.01
28	North Carolina	15.68	Arkansas	64.88	Connecticut	34.54	Idaho	101.04
29	New Mexico	15.15	Nebraska	64.17	Montana	33.56	Oregon	98.24
30	Tennessee	14.62	Oregon	63.34	Missouri	33.27	Florida	98.21
31	Montana	14.49	Utah	63.04	Washington	33.00	Rhode Island	95.18
32	Oregon	14.45	Rhode Island	62.38	Rhode Island	32.80	Maryland	93.72
33	Utah	14.03	South Dakota	57.56	Idaho	32.60	Oklahoma	93.51
34	Missouri	13.75	Georgia	55.74	Florida	26.12	Alabama	92.48
35	Louisiana	13.14	New Mexico	54.16	Maryland	24.92	Nevada	89.23
36	Wisconsin	12.58	Alabama	53.86	Virginia	24.61	Iowa	83.84
37	Hawaii	12.34	Montana	48.08	West Virginia	24.00	Montana	81.64
38	Colorado	11.93	Iowa	47.56	Kansas	23.42	Arizona	81.63
39	Idaho	11.67	Kansas	45.71	Massachusetts	20.12	South Carolina	79.38
40	Texas	11.59	Virginia	44.47	Michigan	19.56	Arkansas	77.70
41	North Dakota	11.52	Louisiana	44.20	Hawaii	18.67	Utah	74.53
42	South Carolina	10.55	Colorado	43.91	Alaska	15.94	Georgia	70.69
43	Georgia	10.34	South Carolina	41.93	Georgia	14.94	Missouri	69.34
44	Michigan	9.78	Missouri	36.07	Arkansas	12.82	Kansas	69.14
45	Ohio	8.82	Oklahoma	29.74	New Mexico	12.11	Virginia	69.08
46	Nebraska	8.78	Hawaii	24.33	Arizona	11.85	New Mexico	66.26
47	Mississippi	7.78	Nevada	(X)	Utah	11.48	Colorado	55.33
48	Alabama	7.45	Texas	(X)	Colorado	11.41	Hawaii	42.99
49	West Virginia	5.99	Washington	(X)	New York	10.50	Wyoming	39.10
50	Alaska	1.88	Wyoming	(X)	Indiana	6.69	Washington	33.00

Source: "State Government Finances" (2003), U.S. Department of Commerce, Bureau of the Census.

Table 10: State & Local Taxes (\$000), Fiscal Year 2002

State	State & Local Taxes	State Taxes	Percent	Local Taxes	Percent
U.S. Total	\$904,961,664	\$535,241,161	59%	\$369,720,503	41%
Alabama	9,718,827	6,509,765	67%	3,209,062	33%
Alaska	2,069,908	1,089,504	53%	980,404	47%
Arizona	14,420,322	8,477,321	59%	5,943,001	41%
Arkansas	6,459,524	5,226,050	81%	1,233,474	19%
California	120,415,691	77,755,376	65%	42,660,315	35%
Colorado	13,900,024	6,923,171	50%	6,976,853	50%
Connecticut	15,124,928	9,032,787	60%	6,092,141	40%
Delaware	2,687,098	2,173,600	81%	513,498	19%
Florida	44,840,449	25,352,237	57%	19,488,212	43%
Georgia	24,058,380	13,772,147	57%	10,286,233	43%
Hawaii	4,239,557	3,420,671	81%	818,886	19%
Idaho	3,291,095	2,271,075	69%	1,020,020	31%
Illinois	41,569,580	22,474,774	54%	19,094,806	46%
Indiana	16,986,637	10,200,590	60%	6,786,047	40%
Iowa	8,330,414	5,006,251	60%	3,324,163	40%
Kansas	7,974,975	4,808,361	60%	3,166,614	40%
Kentucky	10,780,757	7,974,690	74%	2,806,067	26%
Louisiana	12,182,065	7,356,936	60%	4,825,129	40%
Maine	4,541,146	2,626,830	58%	1,914,316	42%
Maryland	19,874,281	10,821,276	54%	9,053,005	46%
Massachusetts	23,895,436	14,822,592	62%	9,072,844	38%
Michigan	30,644,184	21,864,052	71%	8,780,132	29%
Minnesota	18,456,409	13,224,036	72%	5,232,373	28%
Mississippi	6,523,722	4,728,905	72%	1,794,817	28%
Missouri	15,123,432	8,728,932	58%	6,394,500	42%
Montana	2,135,182	1,442,731	68%	692,451	32%
Nebraska	5,316,341	2,992,522	56%	2,323,819	44%
Nevada	6,432,564	3,945,329	61%	2,487,235	39%
New Hampshire	3,598,862	1,897,021	53%	1,701,841	47%
New Jersey	34,628,804	18,328,814	53%	16,299,990	47%
New Mexico	4,877,614	3,628,055	74%	1,249,559	26%
New York	88,878,112	43,262,137	49%	45,615,975	51%
North Carolina	22,576,419	15,537,366	69%	7,039,053	31%
North Dakota	1,728,755	1,117,299	65%	611,456	35%
Ohio	36,165,190	20,130,415	56%	16,034,775	44%
Oklahoma	8,781,889	6,052,680	69%	2,729,209	31%
Oregon	9,003,237	5,163,687	57%	3,839,550	43%
Pennsylvania	37,626,620	22,135,537	59%	15,491,083	41%
Rhode Island	3,622,244	2,127,609	59%	1,494,635	41%
South Carolina	9,751,701	6,087,792	62%	3,663,909	38%
South Dakota	1,841,448	976,596	53%	864,852	47%
Tennessee	12,973,768	7,797,681	60%	5,176,087	40%
Texas	58,980,508	28,662,395	49%	30,318,113	51%
Utah	6,026,142	3,925,382	65%	2,100,760	35%
Vermont	1,965,132	1,518,479	77%	446,653	23%
Virginia	22,131,246	12,781,149	58%	9,350,097	42%
Washington	19,513,503	12,628,567	65%	6,884,936	35%
West Virginia	4,641,349	3,551,756	77%	1,089,593	23%
Wisconsin	18,609,916	11,813,831	63%	6,796,085	37%
Wyoming	1,818,368	1,094,402	60%	723,966	40%

Source: "State & Local Government Finance Estimates" (2002), U.S. Department of Commerce, Bureau of the Census.

Table 11: State & Local Taxes by Level of Government (Percent), Selected Fiscal Years

State	2000		1999		1998		1997		1996	
	State	Local								
U.S. Total	62	38	61	39	61	39	61	39	61	39
Alabama	68	32	69	31	69	31	69	31	69	31
Alaska	62	38	51	49	59	41	67	33	66	34
Arizona	61	39	62	38	63	37	63	37	63	37
Arkansas	82	18	76	24	75	25	74	26	76	24
California	70	30	69	31	69	31	68	32	67	33
Colorado	54	46	54	46	54	46	52	48	52	48
Connecticut	65	35	65	35	65	35	64	36	62	38
Delaware	81	19	82	18	83	17	81	19	82	18
Florida	59	41	59	41	59	41	59	41	59	41
Georgia	58	42	58	42	59	41	60	40	59	41
Hawaii	81	19	81	19	81	19	80	20	80	20
Idaho	72	28	71	29	72	28	72	28	73	27
Illinois	57	43	56	44	55	45	54	46	54	46
Indiana	62	38	63	37	62	38	62	38	65	35
Iowa	64	36	63	37	64	36	65	35	64	36
Kansas	64	36	63	37	63	37	63	37	62	38
Kentucky	76	24	75	25	76	24	77	23	77	23
Louisiana	60	40	62	38	60	40	61	39	58	42
Maine	62	38	62	38	59	41	57	43	59	41
Maryland	57	43	57	43	57	43	58	42	58	42
Massachusetts	67	33	66	34	67	33	66	34	65	35
Michigan	72	28	73	27	73	27	75	25	75	25
Minnesota	73	27	73	27	70	30	71	29	70	30
Mississippi	75	25	75	25	75	25	75	25	75	25
Missouri	60	40	61	39	62	38	62	38	62	38
Montana	66	34	66	34	66	34	68	32	68	32
Nebraska	60	40	58	42	58	42	57	43	57	43
Nevada	64	36	65	35	65	35	67	33	68	32
New Hampshire	52	48	34	66	35	65	33	67	32	68
New Jersey	55	45	54	46	52	48	53	47	52	48
New Mexico	78	22	77	23	78	22	79	21	79	21
New York	48	52	47	53	46	54	46	54	47	53
North Carolina	71	29	71	29	72	28	71	29	72	28
North Dakota	66	34	66	34	66	34	67	33	68	32
Ohio	57	43	56	44	57	43	56	44	56	44
Oklahoma	71	29	70	30	71	29	71	29	70	30
Oregon	63	37	63	37	61	39	61	39	60	40
Pennsylvania	61	39	61	39	61	39	61	39	60	40
Rhode Island	60	40	59	41	59	41	58	42	57	43
South Carolina	67	33	68	32	68	32	69	31	70	30
South Dakota	53	47	53	47	52	48	53	47	51	49
Tennessee	62	38	61	39	62	38	62	38	62	38
Texas	53	47	52	48	53	47	53	47	53	47
Utah	68	32	67	33	68	32	67	33	68	32
Vermont	79	21	78	22	56	44	55	45	55	45
Virginia	60	40	59	41	58	42	57	43	57	43
Washington	67	33	68	32	68	32	68	32	68	32
West Virginia	77	23	77	23	76	24	76	24	76	24
Wisconsin	68	32	67	33	67	33	65	35	63	37
Wyoming	64	36	60	40	61	39	61	39	61	39

Source: Government Finances (Selected Fiscal Years), U.S. Department of Commerce, Bureau of the Census.

Table 12: State & Local Taxes Per \$1,000 Personal Income, Fiscal Year 2002

Rank	State	State & Local Taxes	Rank	State	State Taxes	Rank	State	Local Taxes
	U.S. Average	\$103.98		U.S. Average	\$61.50		U.S. Average	\$42.48
1	New York	130.79	1	Hawaii	97.33	1	New York	67.13
2	Maine	130.16	2	Delaware	86.75	2	Maine	54.87
3	Wyoming	121.97	3	Vermont	85.46	3	Ohio	49.20
4	Hawaii	120.62	4	West Virginia	85.46	4	Texas	49.09
5	Wisconsin	117.26	5	Arkansas	84.14	5	New Jersey	49.05
6	Rhode Island	113.63	6	New Mexico	82.90	6	Alaska	48.67
7	Minnesota	113.14	7	Minnesota	81.07	7	Wyoming	48.56
8	West Virginia	111.68	8	Kentucky	78.57	8	Maryland	47.56
9	New Mexico	111.45	9	Mississippi	75.33	9	Nebraska	47.08
10	Louisiana	111.26	10	Maine	75.29	10	Rhode Island	46.88
11	Ohio	110.96	11	Wisconsin	74.44	11	Illinois	46.53
12	Vermont	110.60	12	Michigan	74.08	12	Colorado	46.33
13	Utah	108.39	13	Wyoming	73.41	13	Louisiana	44.07
14	Nebraska	107.71	14	Utah	70.61	14	Arizona	43.06
15	Delaware	107.24	15	North Carolina	68.94	15	Georgia	42.91
16	Kentucky	106.22	16	Idaho	68.90	16	Wisconsin	42.82
17	California	106.01	17	Oklahoma	68.60	17	South Dakota	42.44
18	North Dakota	105.19	18	California	68.46	18	Connecticut	41.71
19	Arizona	104.47	19	North Dakota	67.98	19	Pennsylvania	41.55
20	Maryland	104.42	20	Louisiana	67.19	20	Iowa	41.44
21	New Jersey	104.20	21	Rhode Island	66.74	21	Kansas	41.16
22	Arkansas	104.00	22	Montana	66.25	22	Florida	40.74
23	Mississippi	103.92	23	Washington	65.30	23	Missouri	40.62
24	Iowa	103.85	24	New York	63.66	24	Virginia	40.21
25	Michigan	103.83	25	Kansas	62.50	25	Indiana	40.11
26	Kansas	103.66	26	Iowa	62.41	26	New Hampshire	40.03
27	Connecticut	103.56	27	Nevada	62.07	27	Nevada	39.13
28	Alaska	102.76	28	Connecticut	61.84	28	Oregon	38.78
29	Illinois	101.31	29	Ohio	61.76	29	Utah	37.79
30	Nevada	101.20	30	Arizona	61.42	30	California	37.56
31	Pennsylvania	100.91	31	Nebraska	60.63	31	North Dakota	37.20
32	Washington	100.90	32	Indiana	60.29	32	Massachusetts	36.40
33	Indiana	100.39	33	South Carolina	59.82	33	South Carolina	36.00
34	Georgia	100.36	34	Massachusetts	59.47	34	Washington	35.60
35	North Carolina	100.17	35	Pennsylvania	59.37	35	Tennessee	33.47
36	Idaho	99.84	36	Alabama	58.66	36	Minnesota	32.08
37	Oklahoma	99.53	37	Georgia	57.45	37	Montana	31.80
38	Montana	98.05	38	Maryland	56.85	38	North Carolina	31.23
39	Missouri	96.06	39	Missouri	55.45	39	Idaho	30.94
40	Massachusetts	95.87	40	New Jersey	55.15	40	Oklahoma	30.93
41	South Carolina	95.82	41	Virginia	54.97	41	Michigan	29.75
42	Texas	95.49	42	Illinois	54.77	42	Alabama	28.92
43	Virginia	95.18	43	Alaska	54.09	43	Mississippi	28.59
44	Florida	93.74	44	Florida	53.00	44	New Mexico	28.55
45	Colorado	92.30	45	Oregon	52.15	45	Kentucky	27.65
46	Oregon	90.93	46	Tennessee	50.42	46	West Virginia	26.22
47	South Dakota	90.37	47	South Dakota	47.93	47	Vermont	25.14
48	Alabama	87.58	48	Texas	46.41	48	Hawaii	23.30
49	New Hampshire	84.65	49	Colorado	45.97	49	Delaware	20.49
50	Tennessee	83.89	50	New Hampshire	44.62	50	Arkansas	19.86

Source: "State & Local Government Finance Estimates" (2002), U.S. Department of Commerce, Bureau of the Census.

Table 13: State & Local Taxes Per \$1,000 Personal Income, Selected Fiscal Years

State	2000	1999	1998	1997	1992	Rank 2000	Rank 1999	Rank 1998	Rank 1997	Rank 1992
U.S. Average	\$112.13	\$110.48	\$111.70	\$104.95	\$115.57					
New York	141.04	140.34	141.92	136.21	157.71	1	1	2	2	2
Maine	139.10	139.08	144.46	127.47	128.72	2	2	1	3	7
Alaska	131.58	102.62	122.29	146.75	187.66	3	39	9	1	1
Wisconsin	128.93	127.08	129.10	120.40	130.61	4	3	4	7	6
New Mexico	127.09	121.73	131.39	121.43	124.81	5	7	3	6	9
Hawaii	125.92	123.01	125.89	123.05	141.08	6	5	6	4	3
Minnesota	123.72	123.26	127.69	121.87	130.72	7	4	5	5	5
California	120.69	113.58	114.50	104.92	113.80	8	15	18	24	24
Vermont	120.66	121.82	125.08	117.53	128.06	9	6	7	10	8
Utah	120.05	116.78	118.15	106.86	119.00	10	9	13	19	14
Connecticut	119.69	121.48	124.52	117.95	117.18	11	8	8	9	17
North Dakota	119.10	114.89	122.02	118.02	100.08	12	12	11	8	46
Rhode Island	118.69	115.56	117.15	110.01	116.37	13	11	14	11	19
Wyoming	117.05	113.41	122.04	109.50	139.51	14	16	10	13	4
West Virginia	116.37	116.65	112.30	109.33	116.61	15	10	25	14	18
Delaware	115.11	112.34	118.84	106.24	114.31	16	19	12	20	23
Idaho	113.87	112.63	113.76	106.88	119.09	17	17	20	18	13
Michigan	113.81	113.60	112.75	105.51	117.39	18	14	23	23	16
New Jersey	113.70	113.68	115.10	104.42	114.88	19	13	16	26	20
Ohio	112.44	109.86	110.35	103.70	109.76	20	23	26	30	30
Kentucky	111.67	110.99	112.84	106.94	113.54	21	21	22	17	26
Iowa	110.96	107.95	109.80	105.55	118.10	22	28	27	22	15
Massachusetts	110.88	108.53	113.28	104.14	111.00	23	26	21	27	27
Arizona	110.88	108.65	106.77	100.27	124.62	24	25	34	33	10
Mississippi	110.67	110.54	109.73	104.00	100.12	25	22	28	29	45
Montana	110.00	108.85	113.78	109.18	114.83	26	24	19	15	21
Louisiana	109.92	108.02	109.02	104.12	110.62	27	27	29	28	28
Nebraska	109.84	107.66	112.36	109.52	114.64	28	30	24	12	22
Maryland	109.36	104.63	107.86	100.08	106.34	29	38	30	35	39
Kansas	108.87	107.59	115.74	105.91	108.08	30	31	15	21	34
Georgia	108.77	107.74	106.15	98.69	107.12	31	29	36	38	36
Illinois	107.76	104.95	104.66	100.13	107.02	32	34	38	34	37
Washington	107.47	111.25	115.00	108.11	122.17	33	20	17	16	11
Pennsylvania	106.82	107.18	107.27	101.22	113.76	34	32	32	32	25
Oklahoma	106.51	104.78	107.17	102.00	106.21	35	35	33	31	40
Arkansas	106.44	112.62	106.51	99.73	104.71	36	18	35	36	41
North Carolina	105.75	105.52	107.40	98.65	109.19	37	33	31	39	32
Oregon	105.65	100.19	100.96	99.54	121.47	38	45	41	37	12
Indiana	105.63	104.70	105.75	104.87	109.44	39	37	37	25	31
Nevada	105.27	101.79	100.82	96.61	106.81	40	41	43	40	38
South Carolina	104.58	104.75	103.50	96.13	103.66	41	36	39	41	42
Colorado	103.10	102.24	100.87	92.47	107.30	42	40	42	46	35
Virginia	102.88	101.64	100.81	93.23	100.48	43	42	44	45	44
Missouri	99.50	101.56	101.57	95.59	93.50	44	43	40	42	50
Florida	98.74	100.24	100.50	94.63	102.79	45	44	45	43	43
Texas	96.83	96.79	98.71	93.78	109.83	46	46	46	44	29
South Dakota	94.49	95.06	97.80	89.36	98.04	47	47	47	47	47
Alabama	93.65	91.11	91.33	86.64	93.56	48	48	48	48	49
Tennessee	88.09	87.99	90.01	84.27	94.62	49	50	49	50	48
New Hampshire	88.00	88.37	88.39	84.53	108.60	50	49	50	49	33

Source: Calculated as FY total taxes divided by prior year personal income from State Government Finances (Selected Years), and Survey of Current Business (Selected Years), respectively, U.S. Department of Commerce, Bureaus of the Census & Economic Analysis.

Table 14: State & Local Taxes Per Capita, Fiscal Year 2002

Rank	State	State & Local Taxes	Rank	State	State Taxes	Rank	State	Local Taxes
	U.S. Average	\$3,215.67		U.S. Average	\$1,901.92		U.S. Average	\$1,313.76
1	New York	4,683.71	1	Hawaii	2,822.34	1	New York	2,403.88
2	Connecticut	4,440.67	2	Delaware	2,772.45	2	New Jersey	1,937.25
3	New Jersey	4,115.62	3	Minnesota	2,688.36	3	Connecticut	1,788.65
4	Massachusetts	3,763.65	4	Connecticut	2,652.02	4	Maryland	1,709.40
5	Maryland	3,752.70	5	Vermont	2,493.40	5	Colorado	1,622.15
6	Minnesota	3,752.07	6	Massachusetts	2,334.63	6	Alaska	1,563.64
7	Wyoming	3,680.91	7	California	2,295.56	7	Illinois	1,537.55
8	Maine	3,561.68	8	New York	2,279.83	8	Maine	1,501.42
9	California	3,555.02	9	Wyoming	2,215.39	9	Wyoming	1,465.52
10	Hawaii	3,497.98	10	Wisconsin	2,202.43	10	Texas	1,453.97
11	Wisconsin	3,469.41	11	Michigan	2,200.05	11	Massachusetts	1,429.02
12	Rhode Island	3,456.34	12	New Jersey	2,178.37	12	Rhode Island	1,426.18
13	Delaware	3,427.42	13	Washington	2,142.61	13	Ohio	1,412.38
14	Illinois	3,347.26	14	Maine	2,060.26	14	New Hampshire	1,376.89
15	Washington	3,310.74	15	Maryland	2,043.29	15	Nebraska	1,358.16
16	Alaska	3,301.29	16	Rhode Island	2,030.16	16	Virginia	1,320.82
17	Colorado	3,231.81	17	New Mexico	1,994.53	17	Wisconsin	1,266.98
18	Vermont	3,226.82	18	Nevada	1,974.64	18	Pennsylvania	1,261.39
19	Nevada	3,219.50	19	Kentucky	1,972.96	19	California	1,259.46
20	Ohio	3,185.52	20	West Virginia	1,964.47	20	Georgia	1,256.56
21	Virginia	3,126.32	21	Arkansas	1,955.13	21	Nevada	1,244.86
22	Nebraska	3,107.15	22	North Carolina	1,930.35	22	Florida	1,219.39
23	Michigan	3,083.54	23	Illinois	1,809.71	23	Kansas	1,178.06
24	Pennsylvania	3,063.81	24	Virginia	1,805.50	24	Washington	1,168.13
25	Kansas	2,966.88	25	Pennsylvania	1,802.42	25	Arizona	1,158.25
26	Georgia	2,938.97	26	Kansas	1,788.82	26	South Dakota	1,145.50
27	New Hampshire	2,911.70	27	Ohio	1,773.14	27	Missouri	1,142.90
28	Iowa	2,847.03	28	Utah	1,757.90	28	Iowa	1,136.08
29	Texas	2,828.53	29	Idaho	1,755.08	29	Oregon	1,122.35
30	Arizona	2,810.43	30	Oklahoma	1,753.89	30	Indiana	1,116.13
31	Florida	2,805.68	31	Nebraska	1,748.99	31	Louisiana	1,079.69
32	North Carolina	2,804.87	32	North Dakota	1,740.34	32	Minnesota	1,063.71
33	Indiana	2,793.85	33	Alaska	1,737.65	33	North Dakota	952.42
34	Louisiana	2,725.90	34	Iowa	1,710.95	34	Utah	940.78
35	Missouri	2,703.03	35	Georgia	1,682.40	35	South Carolina	913.24
36	Utah	2,698.68	36	Indiana	1,677.73	36	Tennessee	909.84
37	North Dakota	2,692.76	37	Mississippi	1,662.18	37	Michigan	883.49
38	New Mexico	2,681.48	38	Arizona	1,652.18	38	North Carolina	874.53
39	Kentucky	2,667.18	39	Louisiana	1,646.22	39	Oklahoma	790.85
40	Oregon	2,631.76	40	Colorado	1,609.67	40	Idaho	788.27
41	West Virginia	2,567.12	41	Montana	1,599.48	41	Montana	767.68
42	Oklahoma	2,544.74	42	Florida	1,586.30	42	Vermont	733.42
43	Idaho	2,543.35	43	Missouri	1,560.13	43	Alabama	721.62
44	South Dakota	2,439.00	44	New Hampshire	1,534.81	44	Kentucky	694.23
45	South Carolina	2,430.63	45	South Carolina	1,517.40	45	New Mexico	686.95
46	Arkansas	2,416.58	46	Oregon	1,509.41	46	Hawaii	675.65
47	Montana	2,367.16	47	Alabama	1,463.86	47	Delaware	654.97
48	Mississippi	2,293.05	48	Texas	1,374.56	48	Mississippi	630.87
49	Tennessee	2,280.50	49	Tennessee	1,370.66	49	West Virginia	602.65
50	Alabama	2,185.48	50	South Dakota	1,293.50	50	Arkansas	461.46

Source: "State & Local Government Finance Estimates" (2002), U.S. Department of Commerce, Bureau of the Census.

Table 15: State & Local Taxes Per Capita, Selected Fiscal Years

State	2000	1999	1998	1997	1995	Rank 2000	Rank 1999	Rank 1998	Rank 1997	Rank 1995
U.S. Average	\$3,099.80	\$2,991.58	\$2,863.36	\$2,721.23	\$2,514.04					
Connecticut	4,595.15	4,536.46	4,424.92	4,205.30	3,687.37	1	1	1	1	3
New York	4,577.79	4,514.69	4,318.28	4,158.96	3,932.54	2	2	2	2	2
New Jersey	3,902.77	3,877.67	3,698.07	3,400.76	3,284.75	3	3	3	4	4
Massachusetts	3,786.75	3,606.38	3,531.18	3,290.77	2,980.06	4	4	4	6	7
Minnesota	3,694.43	3,598.80	3,489.74	3,356.27	2,996.16	5	5	5	5	6
Alaska	3,687.08	2,841.30	3,279.25	3,953.44	4,459.98	6	22	7	3	1
California	3,544.74	3,167.21	3,021.89	2,812.66	2,570.07	7	12	14	15	14
Wisconsin	3,457.60	3,317.64	3,185.88	3,002.38	2,831.37	8	6	10	8	8
Maryland	3,453.53	3,201.57	3,126.02	2,912.23	2,757.87	9	11	11	12	9
Hawaii	3,384.17	3,302.63	3,293.38	3,228.77	3,057.81	10	7	6	7	5
Maine	3,342.86	3,258.08	3,225.34	2,862.09	2,466.31	11	9	8	13	18
Delaware	3,340.09	3,278.19	3,217.50	2,932.93	2,703.93	12	8	9	10	11
Rhode Island	3,256.06	3,226.32	3,116.54	2,954.35	2,660.47	13	10	12	9	12
Illinois	3,241.49	3,130.76	2,958.52	2,855.73	2,618.83	14	14	15	14	13
Washington	3,178.46	3,147.69	3,037.89	2,915.89	2,727.88	15	13	13	11	10
Michigan	3,167.05	3,031.72	2,873.72	2,721.53	2,453.69	16	15	18	17	20
Vermont	3,079.71	3,004.06	2,910.51	2,746.43	2,468.56	17	16	16	16	17
Colorado	3,072.82	2,987.40	2,762.80	2,595.05	2,332.93	18	17	21	23	25
Wyoming	3,045.87	2,827.30	2,901.00	2,584.45	2,358.09	19	23	17	24	24
Ohio	3,015.83	2,869.45	2,750.16	2,596.76	2,405.33	20	20	23	22	21
Pennsylvania	2,978.67	2,934.18	2,802.37	2,654.21	2,476.63	21	18	20	20	16
Virginia	2,978.24	2,845.58	2,675.41	2,497.88	2,307.31	22	21	25	27	27
Nevada	2,915.33	2,924.68	2,727.04	2,720.27	2,567.07	23	19	24	18	15
Nebraska	2,906.47	2,775.46	2,751.44	2,711.17	2,397.64	24	24	22	19	22
Georgia	2,840.65	2,761.05	2,552.45	2,425.97	2,214.54	25	25	29	32	31
Kansas	2,833.46	2,747.71	2,805.32	2,600.02	2,369.33	26	26	19	21	23
Iowa	2,765.05	2,674.48	2,606.12	2,521.15	2,465.53	27	27	27	25	19
North Dakota	2,754.07	2,631.47	2,549.33	2,463.52	2,183.43	28	30	30	29	34
Oregon	2,751.18	2,574.25	2,478.75	2,487.35	2,309.15	29	33	33	28	26
Indiana	2,691.35	2,620.86	2,499.90	2,510.54	2,200.99	30	31	32	26	33
North Carolina	2,663.69	2,648.85	2,557.40	2,387.42	2,209.68	31	29	28	33	32
New Hampshire	2,652.41	2,589.58	2,415.92	2,347.77	2,267.09	32	32	36	34	29
New Mexico	2,639.13	2,568.39	2,637.02	2,462.02	2,147.01	33	34	26	30	36
Utah	2,630.15	2,567.51	2,458.50	2,265.08	2,058.81	34	35	34	38	40
Florida	2,623.99	2,663.29	2,544.59	2,427.81	2,252.29	35	28	31	31	30
Arizona	2,598.64	2,561.32	2,371.48	2,289.63	2,291.60	36	37	38	36	28
Missouri	2,558.33	2,565.42	2,448.90	2,329.03	2,147.78	37	36	35	35	35
Idaho	2,545.78	2,427.59	2,334.25	2,248.97	2,062.23	38	40	40	39	39
Kentucky	2,516.68	2,464.23	2,376.86	2,275.11	2,100.78	39	38	37	37	37
Texas	2,504.63	2,456.18	2,343.89	2,247.07	2,066.31	40	39	39	40	38
Louisiana	2,436.21	2,409.26	2,303.00	2,211.77	1,838.53	41	41	41	41	46
West Virginia	2,412.78	2,367.90	2,182.76	2,122.39	1,954.91	42	43	45	44	42
Oklahoma	2,391.02	2,313.25	2,239.83	2,145.07	1,935.05	43	45	43	43	43
South Carolina	2,378.59	2,333.29	2,186.73	2,059.79	1,921.99	44	44	44	45	44
Montana	2,363.46	2,311.95	2,291.19	2,196.92	2,037.65	45	46	42	42	41
South Dakota	2,298.85	2,255.30	2,157.51	1,983.20	1,914.21	46	47	46	47	45
Arkansas	2,230.20	2,382.20	2,142.80	2,029.45	1,764.64	47	42	47	46	49
Mississippi	2,214.20	2,198.23	2,057.05	1,962.59	1,776.33	48	48	49	49	48
Tennessee	2,185.13	2,142.30	2,079.20	1,978.06	1,790.36	49	49	48	48	47
Alabama	2,117.18	2,006.96	1,915.66	1,841.31	1,713.02	50	50	50	50	50

Source: Government Finances (Selected Years), U.S. Department of Commerce, Bureau of the Census.

Table 16: Top State Personal Income Tax Rates as of January 1, 2004

Rank	State	Rate (Percent)	Rank	State	Rate (Percent)
1	Montana (1)	11.00	26	Louisiana	6.00
2	Rhode Island (2)	9.90	27	Missouri	6.00
3	Vermont	9.50	28	Delaware	5.95
4	California	9.30	29	Virginia	5.75
5	Oregon	9.00	30	North Dakota (8)	5.54
6	Iowa	8.98	31	Massachusetts (9)	5.30
7	New Jersey	8.97	32	Arizona	5.04
8	Maine	8.50	33	Alabama	5.00
9	Hawaii	8.25	34	Connecticut	5.00
10	North Carolina (3)	8.25	35	Mississippi	5.00
11	Minnesota	7.85	36	Maryland	4.75
12	Idaho	7.80	37	Colorado	4.63
13	New York (4)	7.70	38	Michigan (10)	3.95
14	Ohio	7.50	39	Indiana	3.40
15	Arkansas (5)	7.21	40	Pennsylvania	3.07
16	South Carolina	7.00	41	Illinois	3.00
17	Utah	7.00	42	Alaska	(X)
18	Nebraska	6.84	43	Florida	(X)
19	New Mexico (6)	6.80	44	Nevada	(X)
20	Wisconsin	6.75	45	New Hampshire (11)	(X)
21	Oklahoma (7)	6.65	46	South Dakota	(X)
22	West Virginia	6.50	47	Tennessee (12)	(X)
23	Kansas	6.45	48	Texas	(X)
24	Georgia	6.00	49	Washington	(X)
25	Kentucky	6.00	50	Wyoming	(X)

(X) Does not impose tax.

(1) The rate is scheduled to decrease to 6.9% beginning in tax year 2005.

(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 7.75% for tax year 2006 and thereafter.

(4) The tax rate is scheduled to decrease to 6.85% for tax year 2006 and thereafter.

(5) The rate is 7% plus a 3% surcharge on tax liability (tax years 2003 and 2004 only).

(6) The tax rate is scheduled to decrease to 6.0% in 2005, 5.3% (2006), and 4.9% (2007 and thereafter).

(7) Taxpayers deducting Federal income taxes pay a rate of 10%. For taxpayers computing tax prior to deducting Federal taxes the top rate can be either 7% or 6.65% determined each December for the upcoming year.

(8) Taxpayers retain the option of filing at 12% Federal income tax liability.

(9) Capital gains are taxed at 12.5%.

(10) The tax rate fell to 3.9% effective July 1, 2004. A 3.95% blended rate will be administered for the 2004 tax year.

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

(12) 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.

Table 17: Income Tax-Free Levels of Income, Two Parent Family of Four, 2003 Tax Year

Rank	State	Tax-Free Income Level (1)	Amount Above/Below Poverty Line (2)
1	California	40,200	21,389
2	Pennsylvania	31,000	12,189
3	Minnesota	30,200	11,389
4	Vermont	30,200	11,389
5	Rhode Island	28,700	9,889
6	Maryland	28,500	9,689
7	New York	27,700	8,889
8	Maine	24,600	5,789
9	Kansas	24,400	5,589
10	Connecticut	24,100	5,289
11	Massachusetts	24,000	5,189
12	Arizona	23,600	4,789
13	South Carolina	23,200	4,389
14	Wisconsin	23,000	4,189
15	North Dakota	22,200	3,389
16	New Mexico	22,000	3,189
17	Idaho	21,800	2,989
18	Colorado	21,700	2,889
19	Nebraska	21,700	2,889
20	Utah	21,700	2,889
21	Delaware	20,300	1,489
22	New Jersey	20,000	1,189
23	Mississippi	19,600	789
24	Virginia	18,400	(411)
25	North Carolina	18,000	(811)
26	Iowa	17,900	(911)
27	Oklahoma	16,600	(2,211)
28	Missouri	16,200	(2,611)
29	Oregon	16,000	(2,811)
30	Georgia	15,900	(2,911)
31	Louisiana	15,600	(3,211)
32	Arkansas	15,500	(3,311)
33	Illinois	15,000	(3,811)
34	Indiana	14,400	(4,411)
35	Michigan	13,600	(5,211)
36	Ohio	13,000	(5,811)
37	Hawaii	11,500	(7,311)
38	Montana	10,100	(8,711)
39	West Virginia	10,000	(8,811)
40	Kentucky	5,500	(13,311)
41	Alabama	4,600	(14,211)

(1) The tax-free income level is the level of income above which a family of four begins owing state income tax. Only deductions, exemptions and credits generally available to all taxpayers are included. Amounts are rounded to the nearest \$100.

(2) Amount of tax-free income level differs from the estimated 2003 poverty threshold of \$18,811 as noted by the U.S. Department of Commerce, Bureau of the Census, Poverty thresholds for 2003, issued in 2004.

Source: Center on Budget and Policy Priorities and OTPA calculations.

Table 18: Top State Income Tax Rates on Corporations as of January 1, 2004

Rank	State	Rate (Percent)	Rank	State	Rate (Percent)
1	Iowa	12.00	26	Maryland	7.00
2	North Dakota	10.50	27	Arizona	6.97
3	Pennsylvania	9.99	28	North Carolina	6.90
4	Minnesota (1)	9.80	29	Montana (12)	6.75
5	Vermont	9.75	30	Oregon	6.60
6	Massachusetts (2)	9.50	31	Alabama	6.50
7	Alaska (3)	9.40		Arkansas (13)	6.50
8	New Jersey (4)	9.00		Tennessee	6.50
	Rhode Island	9.00	34	Hawaii	6.40
	West Virginia	9.00	35	Missouri	6.25
11	Maine (5)	8.93	36	Georgia	6.00
12	California (6)	8.84		Oklahoma	6.00
13	Delaware	8.70		Virginia	6.00
14	Indiana	8.50	39	Florida (14)	5.50
	New Hampshire (7)	8.50	40	Mississippi	5.00
	Ohio (8)	8.50		South Carolina	5.00
17	Kentucky	8.25		Utah	5.00
18	Louisiana	8.00	43	Illinois (15)	4.80
19	Wisconsin	7.90	44	Colorado	4.63
20	Nebraska	7.81	45	Texas	4.50
21	Idaho	7.60	46	Michigan (16)	1.90
	New Mexico	7.60	47	Nevada (17)	(X)
23	Connecticut (9)	7.50		South Dakota	(X)
	New York (10)	7.50		Washington (18)	(X)
25	Kansas (11)	7.35		Wyoming	(X)

(X) Does not impose tax on net income.

(1) Alternative minimum tax (AMT) imposed at a rate of 5.8%.

(2) Plus 2.6 mills of tangible property or net worth allocated to Massachusetts. Rates include 14% surtax.

(3) AMT rate on capital gains is 4.5%. AMT on tax preference items is 18% of the applicable Federal AMT.

(4) Corporations not subject to the franchise tax are subject to a 7.25% income tax. Corporations with net income under \$100,000 are taxed at 6.5%.

(5) AMT imposed equal to the amount by which the state minimum tax (27% of adjusted federal tentative minimum tax) exceeds Maine income tax liability, other than withholding tax liability.

(6) A 1.5% rate applies to S corporations. A 6.65% alternative minimum tax is imposed.

(7) Rate is 8.5% of taxable business profits if gross income over \$50,000. For gross income over \$150,000 or base over \$75,000, rate is .75% of business enterprise value base.

(8) Rate is greater of 5.1% on the first \$50,000 of taxable income plus 8.5% on taxable income in excess of \$50,000, or 4 mills times taxable net worth.

(9) Tax is the greater of the applicable net income tax rate, 3.1 mills per dollar of capital holding, or the minimum tax of \$250. A 10% surcharge also applies.

(10) Tax equals higher of 7.5% net income, AMT at the rate of 2.5%, 1.78 mills per dollar of allocated capital, or a minimum tax. Additional 9/10 mill per dollar of allocated subsidiary capital is also imposed.

(11) A 3.35% surtax is imposed on taxable income in excess of \$50,000.

(12) Taxpayer's making a water's edge election are taxed at 7%.

(13) Additional 3% surcharge imposed.

(14) Taxpayers who pay federal AMT are liable for the greater of the income tax or the 3.3% Florida AMT.

(15) Additional 2.5% personal property replacement tax imposed.

(16) Single Business tax at the rate of 1.9%.

(17) Imposes a business payroll tax of 0.7%.

(18) Business and Occupation (B&O) Tax with rates dependent on business type; maximum rate is 2.5%.

Source: Commerce Clearing House "State Tax Guide."

**Table 19: State Gross Receipts
Tax Rates on Utility Service
Providers as of January 1, 2004**

State	Rate (Percent)		State	Rate (Percent)	
	Gas	Electricity		Gas	Electricity
Alabama (1)	2.00%	2.00%	Montana	(X)	(X)
Alaska	(X)	(X)	Nebraska	(X)	(X)
Arizona	(X)	(X)	Nevada	(X)	(X)
Arkansas	(X)	(X)	New Hampshire	(X)	(X)
California	(X)	(X)	New Jersey	(X)	(X)
Colorado	(X)	(X)	New Mexico	0.50%	0.50%
Connecticut	5.00%	5.00%	New York	(4)	(4)
Delaware	4.25%	4.25%	North Carolina	(5)	3.22%
Florida	2.50%	2.50%	North Dakota (6)	(X)	2.00%
Georgia	(X)	(X)	Ohio	4.75%	4.75%
Hawaii (2)	8.20%	8.20%	Oklahoma (7)	(X)	4.00%
Idaho	(X)	(3)	Oregon	(X)	(X)
Illinois	(X)	(X)	Pennsylvania (8)	(X)	5.90%
Indiana	(X)	(X)	Rhode Island	3.00%	4.00%
Iowa	(X)	(X)	South Carolina	(X)	(9)
Kansas	(X)	(X)	South Dakota (10)	0.15%	0.15%
Kentucky	(X)	(X)	Tennessee	1.50%	3.00%
Louisiana	(X)	(X)	Texas (11)	1.997%	1.997%
Maine	(X)	(X)	Utah	(X)	(X)
Maryland	2.00%	2.00%	Vermont	(X)	(X)
Massachusetts	(X)	(X)	Virginia	2.00%	2.00%
Michigan	(X)	(X)	Washington	3.60%	3.62%
Minnesota	(X)	(X)	West Virginia	4.29%	(12)
Mississippi	(X)	(X)	Wisconsin	0.97%	3.19%
Missouri	(X)	(X)	Wyoming	(X)	(X)

(X) Does not impose a tax on gross receipts (GRT).

(1) Graduated rates. Top rate is 2.20% for companies with monthly sales exceeding \$60,000. Companies also pay a state license "fee" of 2.2%.

(2) Graduated rate from 5.885% up to 8.20%.

(3) Electricity generation is taxed per kilowatt hour (KWH); Co-ops pay 3.50% on gross earnings.

(4) New York's GRT rate will continue to phase-down through 2005, when only transmission and distribution will be subject to tax at a rate of 2.0%. The rate for gas and electric commodity charges is 0.4%, while the rate for transmission and distribution of these services is 2.125%.

(5) Gas rate graduated by therms used.

(6) Rate is 4.10% for coal conversion.

(7) Rate is 2.00% for rural cooperatives.

(8) Pennsylvania GRT is 4.4% with an additional 1.5% revenue-neutral reconciliation tax imposed on gross receipts.

(9) South Carolina imposes an electric power tax equal to 0.5 mills per KWH.

(10) South Dakota imposes a 2.00% GRT on rural electric companies.

(11) Texas' GRT is a graduated tax based on population. The top rate is shown here.

(12) West Virginia imposes a two part tax on electric companies. The capacity tax equals \$22.78 per KWH and the business tax has a top rate of 4.10%

Source: OTPA compilation from Commerce Clearing House "State Tax Guide."

Table 20: State Taxation of Utility Service Providers as of January 1, 2004

State	Provider of:	Corp. Income	Gross Receipts Tax (GRT)			Sales & Excise Tax		
			Instate Consumption	Out of State Purchase	Major Exemptions	Instate Consumption	Use Tax	Major Exemptions
Alabama	Gas	X	X	X	RSL (1)	Exempt	Exempt	Exempt
	Electricity	X	X	X	RSL (2)	Exempt	Exempt	Exempt
	Local Trans. & Distrib. of Gas & Electricity	X	X (3)	X	RSL	Exempt	Exempt	Exempt
Alaska	Gas	X	---	---	---	---	---	---
	Electricity	X	---	---	---	---	---	---
	Local Trans. & Distrib. of Gas & Electricity	X	---	---	---	---	---	---
Arizona	Gas	X	---	---	---	X	X	Exempt
	Electricity	X	---	---	---	X	X	Exempt
	Local Trans. & Distrib. of Gas & Electricity	X	---	---	---	X	Exempt	Exempt
Arkansas	Gas	X	---	---	---	X	X	(4)
	Electricity	X	---	---	---	X	X	(5)
	Local Trans. & Distrib. of Gas & Electricity	X	---	---	---	X	X	Exempt
California	Gas	X	---	---	---	Exempt	Exempt	Exempt
	Electricity	X	---	---	---	Exempt	Exempt	Exempt
	Local Trans. & Distrib. of Gas & Electricity	X	---	---	---	Exempt	Exempt	Exempt
Colorado	Gas	X	---	---	---	X	X	MFG RES (6)
	Electricity	X	---	---	---	X	X	MFG RES
	Local Trans. & Distrib. of Gas & Electricity	X	---	---	---	X	X	MFG RES
Connecticut	Gas	X	X	X	MFG RSL	X	Exempt	AGR MFG RES
	Electricity	X	X	X	MFG RSL	X	Exempt	AGR MFG RES (7)
	Local Trans. & Distrib. of Gas & Electricity	X	X	X	MFG RSL	X	Exempt	AGR MFG RES
Delaware	Gas	X	X	X	MFG RSL RES (8)	---	---	---
	Electricity	X	X	X	MFG RSL RES	---	---	---
	Local Trans. & Distrib. of Gas & Electricity	X	X	X	MFG RSL RES	---	---	---
Florida	Gas	X	X	X	RSL	X (9)	X	RES (10)
	Electricity	X	X	X	RSL	X	X	RES
	Local Trans. & Distrib. of Gas & Electricity	X	? (11)	(11)	RSL	X	X	RES
Georgia	Gas	X	---	---	---	X	X	Exempt (12)
	Electricity	X	---	---	---	X	X	MFG (13)
	Local Trans. & Distrib. of Gas & Electricity	X	---	---	---	X (14)	X	Exempt
Hawaii	Gas	X	X	---	---	Exempt	Exempt	Exempt
	Electricity	X	X	---	---	Exempt	Exempt	Exempt
	Local Trans. & Distrib. of Gas & Electricity	X	X	---	---	Exempt	Exempt	Exempt

Table 20: State Taxation of Utility Service Providers as of January 1, 2004 (Cont'd)

State	Provider of:	Corp. Income	Gross Receipts Tax (GRT)			Sales & Excise Tax		
			Instate Consumption	Out of State Purchase	Major Exemptions	Instate Consumption	Use Tax	Major Exemptions
Idaho	Gas	X	---	---	---	Exempt	Exempt	Exempt
	Electricity	X	---	---	---	Exempt	Exempt	Exempt
	Local Trans. & Distrib. of Gas & Electricity	X	---	---	---	Exempt	Exempt	Exempt
Illinois	Gas	X	---	---	---	X	X	Exempt
	Electricity	X	---	---	---	Exempt	Exempt	Exempt
	Local Trans. & Distrib. of Gas & Electricity	X	---	---	---	X	X	Exempt
Indiana	Gas	X (15)	X	---	---	X	X	AGR MFG
	Electricity	X	X	---	---	X	X	AGR MFG
	Local Trans. & Distrib. of Gas & Electricity	X	X	---	---	X	X	AGR MFG
Iowa	Gas	X	---	---	---	X	X	AGR MFG
	Electricity	X	---	---	---	X	X	AGR MFG
	Local Trans. & Distrib. of Gas & Electricity	X	---	---	---	?	?	?
Kansas	Gas	X	---	---	---	X	X	AGR MFG RES
	Electricity	X	---	---	---	X	X	AGR MFG RES
	Local Trans. & Distrib. of Gas & Electricity	X	---	---	---	?	?	?
Kentucky	Gas	X	---	---	---	X	X	AGR MFG RES
	Electricity	X	---	---	---	X	X	AGR MFG RES
	Local Trans. & Distrib. of Gas & Electricity	X	---	---	---	Exempt	Exempt	Exempt
Louisiana	Gas	X	---	---	---	X	X	(16)
	Electricity	X	---	---	---	X	X	(16)
	Local Trans. & Distrib. of Gas & Electricity	X	---	---	---	Exempt	Exempt	Exempt
Maine	Gas	X	---	---	---	X	X	AGR MFG RES
	Electricity	X	---	---	---	X	X	AGR MFG RES
	Local Trans. & Distrib. of Gas & Electricity	X	---	---	---	?	?	?
Maryland	Gas	X	Exempt	---	RSL MUN	X	X	AGR MFG RES
	Electricity	X	Exempt	---	RSL MUN	X	X	AGR MFG RES
	Local Trans. & Distrib. of Gas & Electricity	Exempt	X	---	RSL MUN	X (17)	X	AGR MFG RES

Table 20: State Taxation of Utility Service Providers as of January 1, 2004 (Cont'd)

State	Provider of:	Corp. Income	Gross Receipts Tax (GRT)			Sales & Excise Tax		
			Instate Consumption	Out of State Purchase	Major Exemptions	Instate Consumption	Use Tax	Major Exemptions
Massachusetts	Gas	X	---	---	---	X	X	AGR MFG RES Small Bus.
	Electricity	X	---	---	---	X	X	AGR MFG RES Small Bus.
	Local Trans. & Distrib. of Gas & Electricity	X	---	---	---	Exempt (18)	Exempt	Exempt
Michigan	Gas	X (19)	---	---	---	X	X	AGR MFG (20)
	Electricity	X	---	---	---	X	X	AGR MFG
	Local Trans. & Distrib. of Gas & Electricity	X	---	---	---	?	?	?
Minnesota	Gas	X	---	---	---	X	X	AGR MFG RES (21)
	Electricity	X	---	---	---	X	X	AGR MFG RES
	Local Trans. & Distrib. of Gas & Electricity	X	---	---	---	Exempt (22)	Exempt	Exempt
Mississippi	Gas	X	---	---	---	X	X	AGR MFG (23)
	Electricity	X	---	---	---	X	X	AGR MFG
	Local Trans. & Distrib. of Gas & Electricity	X	---	---	---	X	X	AGR MFG
Missouri	Gas	X	---	---	---	X	X	Domestic Use
	Electricity	X	---	---	---	X	X	Domestic Use
	Local Trans. & Distrib. of Gas & Electricity	X	---	---	---	X	X	Domestic Use
Montana	Gas	X	--- (24)	---	---	---	---	---
	Electricity	X	---	---	---	---	---	---
	Local Trans. & Distrib. of Gas & Electricity	X	---	---	---	---	---	---
Nebraska	Gas	X	---	---	---	X	X	MFG (25)
	Electricity	X	---	---	---	X	X	MFG
	Local Trans. & Distrib. of Gas & Electricity	X	---	---	---	X	X	MFG
Nevada	Gas	---	---	---	---	X	X	Domestic Use
	Electricity	---	---	---	---	X	X	Domestic Use
	Local Trans. & Distrib. of Gas & Electricity	X (26)	---	---	---	X	X	Domestic Use
New Hampshire	Gas	X	---	---	---	---	---	---
	Electricity	X	---	---	---	---	---	---
	Local Trans. & Distrib. of Gas & Electricity	X	---	---	---	---	---	---
New Jersey	Gas	X	---	---	---	X	X	MUN (27)
	Electricity	X	---	---	---	X	X	MUN
	Local Trans. & Distrib. of Gas & Electricity	X	---	---	---	X	X	MUN
New Mexico	Gas	X	X (28)	Exempt	Exempt	X	X	(29)
	Electricity	X	X	Exempt	Exempt	X	X	Exempt
	Local Trans. & Distrib. of Gas & Electricity	X	X	Exempt	Exempt	X	X	Exempt

Table 20: State Taxation of Utility Service Providers as of January 1, 2004 (Cont'd)

State	Provider of:	Corp. Income	Gross Receipts Tax (GRT)			Sales & Excise Tax		
			Instate Consumption	Out of State Purchase	Major Exemptions	Instate Consumption	Use Tax	Major Exemptions
New York	Gas	X	X	X	MUN PUB RSL MFG	X	Exempt	MFG RSL
	Electricity	X	X	X	MFG	X	Exempt	MFG RSL
	Local Trans. & Distrib. of Gas & Electricity	X	X	X	MFG	X	X	---
North Carolina	Gas	X	X (30)	X (30)	RSL	X (30)	X (30)	AGR MFG (31)
	Electricity	X	X	Exempt	RSL	X	X	AGR MFG (31)
	Local Trans. & Distrib. of Gas & Electricity	X	X	Exempt	RSL	X	X	AGR MFG
North Dakota	Gas	X	Exempt	Exempt		X	X	AGR (32)
	Electricity	X	X	Exempt		X	X	AGR
	Local Trans. & Distrib. of Gas & Electricity	X	X (33)	Exempt		X	X	AGR
Ohio	Gas	Exempt	X	Exempt	RSL	Exempt	Exempt	Exempt
	Electricity	Exempt	X	Exempt	RSL	Exempt	Exempt	Exempt
	Local Trans. & Distrib. of Gas & Electricity	Exempt	X	Exempt	RSL	Exempt	Exempt	Exempt
Oklahoma	Gas	X	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt
	Electricity	X	X	Exempt	Rural Electric Co-ops (35)	X	X	AGR MFG (34)
	Local Trans. & Distrib. of Gas & Electricity	X (36)	X	Exempt	Rural Electric Co-ops	X	X	AGR MFG
Oregon	Gas	X	---	---	---	---	---	---
	Electricity	X	---	---	---	---	---	---
	Local Trans. & Distrib. of Gas & Electricity	X	---	---	---	---	---	---
Pennsylvania	Gas	X	Exempt	Exempt	MFG RSL	X	X	MFG RES
	Electricity	X	X	X	MFG RSL	X	X	MFG RES
	Local Trans. & Distrib. of Gas & Electricity	X	X	Exempt	MFG RSL	X (37)	X	MFG RES
Rhode Island	Gas	Exempt	X	Exempt	MFG RSL	X	X	AGR MFG RES
	Electricity	Exempt	X	Exempt	MFG RSL	X	X	AGR MFG RES
	Local Trans. & Distrib. of Gas & Electricity	Exempt	X	Exempt	MFG RSL	X	X	AGR MFG RES
South Carolina	Gas	X	X (38)	Exempt	MFG MUN	X	X	AGR MFG RES
	Electricity	X	X (39)	(40)	MFG MUN	X	X	AGR MFG RES
	Local Trans. & Distrib. of Gas & Electricity	X	X	(40)	MFG MUN	X	X	AGR MFG RES
South Dakota	Gas	---	X	---	---	X	X	Exempt
	Electricity	---	X (41)	---	---	X	X	Exempt
	Local Trans. & Distrib. of Gas & Electricity	---	X	---	---	(42)	(42)	Exempt

Table 20: State Taxation of Utility Service Providers as of January 1, 2004 (Cont'd)

State	Provider of:	Corp. Income	Gross Receipts Tax (GRT)			Sales & Excise Tax		
			Instate Consumption	Out of State Purchase	Major Exemptions	Instate Consumption	Use Tax	Major Exemptions
Tennessee	Gas	X	X	Exempt	MFG RSL	X	X	MFG (43) RES
	Electricity	X	X	Exempt	MFG RSL	X	X	MFG RES
	Local Trans. & Distrib. of Gas & Electricity	X	X	Exempt	MFG RSL	X	X	MFG RES
Texas	Gas	---	X	Exempt	EXO	X	X	AGR MFG RES
	Electricity	---	X	Exempt	EXO	X	X	AGR MFG RES
	Local Trans. & Distrib. of Gas & Electricity	---	Exempt	Exempt	EXO	X	X	AGR MFG RES
Utah	Gas	X	---	---	---	X	X	AGR MFG RES (44)
	Electricity	X	---	---	---	X	X	AGR MFG RES
	Local Trans. & Distrib. of Gas & Electricity	X	---	---	---	X	X	AGR MFG RES
Vermont	Gas	X	---	---	---	X	X	AGR MFG RES
	Electricity	X	---	---	---	X	X	AGR MFG RES
	Local Trans. & Distrib. of Gas & Electricity	X	---	---	---	Exempt	Exempt	Exempt
Virginia	Gas	Exempt		(45)	RSL (46)	Exempt	Exempt	Exempt
	Electricity	Exempt	X	(47)	RSL	Exempt	Exempt	Exempt
	Local Trans. & Distrib. of Gas & Electricity	Exempt	X	Exempt	RSL	Exempt	Exempt	Exempt
Washington	Gas	---	X	X	MUN RSL (48)	Exempt	Exempt	Exempt
	Electricity	---	X	Exempt	MUN RSL	Exempt	Exempt	Exempt
	Local Trans. & Distrib. of Gas & Electricity	---	X	X	MUN RSL	Exempt	Exempt	Exempt
West Virginia	Gas	X	X	Exempt	MFG (49) MUN RSL	Exempt	Exempt	Exempt
	Electricity	X	X	Exempt	MFG MUN RSL	Exempt	Exempt	Exempt
	Local Trans. & Distrib. of Gas & Electricity	X	X	Exempt	MFG MUN RSL	Exempt	Exempt	Exempt
Wisconsin	Gas	X	X	Exempt	MUN	X	X	AGR MFG RES (50)
	Electricity	X	X	Exempt	MUN RSL (51)	X	X	AGR MFG (50) RES
	Local Trans. & Distrib. of Gas & Electricity	X	X	Exempt	MUN	Exempt	Exempt	Exempt

Table 20: State Taxation of Utility Service Providers as of January 1, 2004 (Cont'd)

State	Provider of:	Corp. Income	Gross Receipts Tax (GRT)				Sales & Excise Tax		Major Exemptions
			Instate Consumption	Out of State Purchase	Major Exemptions	Instate Consumption	Use Tax		
Wyoming	Gas	---	---	---	---	X	X	AGR MFG	
	Electricity	---	---	---	---	X	X	AGR MFG	
	Local Trans. & Distrib. of Gas & Electricity	---	---	---	---	X	X	AGR MFG	

N/A - Tax does not apply to these sales/purchases. Empty cells indicate no State tax of this type exists.

Exemption Codes: AGR (Sales for agricultural use), EXO (Sales by exempt Organizations), MFG (Sales for manufacturing use), MUN (Sales by municipal providers), PUB (Sales by public authorities), RES (Sales for residential use), and RSL (Sales for resale).

Notes:

- (1) Tax does not apply to sales of gas and electricity used to heat chicken houses or used in electro thermal manufacturing or compounding.
- (2) Heads of households over age 62 with household annual incomes below \$12,000 receive a credit on their electricity bills to equal a full exemption.
- (3) Charges for transportation and distribution are only taxable if rendered by a utility company.
- (4) Sales of gas or electricity for use by certain steel mills and glass manufacturers are exempt.
- (5) The sale of the first 500 kilowatt hours (KWH) per month to residential customers with household incomes below \$12,000 are exempt.
- (6) Sales of gas or electricity for use in processing, manufacturing, mining, refining, irrigation, construction, and all industrial uses are exempt (includes uses as diverse as cooking and dry cleaning).
- (7) The first \$150 of electricity sales not qualifying for the agricultural, manufacturing or residential exemptions are otherwise exempt from Connecticut's sales tax.
- (8) Sales to qualifying businesses are partially exempt (rate reduced to 2.0%), and sales to car manufacturing plants are wholly exempt.
- (9) Florida's sales tax rate on sales of gas, electricity and other utility services is 7.0%; whereas the general sales tax rate is 6.0%.
- (10) Electricity used in transportation and distribution.
- (11) The taxability of separately billed transportation and distribution services under Florida's gross receipts tax remains undecided.
- (12) Sales of gas used to heat chicken houses are exempt.
- (13) Georgia provides a full sales tax exemption on electricity sales if electricity exceeds 50% of the cost of production of products for sale.
- (14) Transportation and distribution charges are taxable if part of a retail sale. Bundling or unbundling of charges is immaterial in determining taxability.
- (15) Same as all other corporations.
- (16) Residential exemption has been suspended for last 14 years. Residential is subject to a lower sales tax than other commodities.
- (17) Department has ruled that T&D is taxable. Have asked General Assembly to address legislatively.
- (18) Transmission and distribution charges are only taxable if the charges are "bundled" into the cost of the product.
- (19) Corporations subject to Michigan's normal Single Business Tax.
- (20) Residential receives reduced rate.
- (21) Part-year residential exemption for heating fuels.
- (22) T&D separately stated not taxable if the product is not sold by the public utility.
- (23) Reduced rate of 1.5% for farming and manufacturing.
- (24) Tax on KWH.
- (25) Fifty percent exemption for manufacturing and hospitals.
- (26) No general franchise or corporate income tax; however, there is a tax on electric and gas utilities.
- (27) Gas used to generate electricity (if not self-use), Co-generators if in service in 1997.
- (28) The tax is an inspection and supervision fee for companies subject to Public Service supervision.
- (29) Gas used in the production of electricity is exempt.
- (30) Effective 7/1/99, the gross receipts tax on gas becomes a per therm based excise tax dependent on volume on the end user.
- (31) Farmers and Manufacturers reduced rate of 2.83%.
- (32) Gas subject to reduced rate at 2%, use tax on gas enacted in 1997.
- (33) Electricity only.
- (34) Rural Electric Cooperatives exempt; in addition, they are not required to collect sales and use tax.
- (35) Rural Electric Cooperatives reduced rate of 2%.
- (36) Rural Electric Cooperatives exempt.
- (37) If the charges are separately billed, Pennsylvania does not apply sales tax to T&D for gas services. The total charge for all components of electricity service is taxable whether billed as a single charge by one vendor, or billed separately by one or more vendors.
- (38) South Carolina has a corporate license fee based on both property and gross receipts.
- (39) South Carolina also imposes an Electric Power Tax based on KWH.
- (40) The Electric Power Tax applies to any company bringing power into South Carolina.
- (41) Rural electric companies pay a tax
- (42) South Dakota's sales and use tax applies only to distribution of electricity.
- (43) Tennessee imposes a reduced sales tax rate of 1.5% on energy used in manufacturing.
- (44) Utah also imposes a lower sales and use tax rate on energy used for residential purposes.
- (45) Effective 1/1/01, a consumption tax per CCF is added.
- (46) Virginia allows energy utilities a tax credit for Virginia coal used in production.
- (47) Effective 1/1/01, a consumption tax per KWH is added.
- (48) Washington exempts the first \$2,000 of receipts per month from tax.
- (49) West Virginia limits its manufacturing exemption to only certain processes.
- (50) Wisconsin exempts residential sales of energy purchased during November-April.
- (51) Wisconsin allows co-ops to deduct the full cost of purchased power. Private companies, under some limited situations, may deduct 100% or 50% of the cost of purchased power.

Source: OTPA compilation from CCH State Tax guides for respective states.

Table 21: State Taxation of Selected Telecommunications Providers as of January 1, 2004

State	Provider	Corporate Income Tax	Gross Receipts Tax		Sales & Excise Tax		Real/Personal Property Tax*
			Intrastate	Interstate & International	Intrastate	Interstate & International	
Alabama							
	LEC	X	X	X	X (1)	N/A	X
	IXC	X	X	X	X (1)	Exempt	X
	Cable TV	X	---	N/A	Exempt	N/A	X
Alaska							
	LEC	X	X (2)	N/A	---	N/A	X
	IXC	X	Exempt	Exempt	---	---	X
	Cable TV	X	Exempt	N/A	---	N/A	X
Arizona							
	LEC	X	---	N/A	X	N/A	X
	IXC	X	---	---	X	Exempt	X
	Cable TV	X	---	N/A	Exempt	N/A	X
Arkansas							
	LEC	X	---	N/A	X	N/A	X
	IXC	X	---	---	X	X	X
	Cable TV	X	---	N/A	X	N/A	X
California							
	LEC	X	---	N/A	Exempt	N/A	X
	IXC	X	---	---	Exempt	Exempt	X
	Cable TV	X	---	N/A	Exempt	N/A	X
Colorado							
	LEC	X	---	N/A	X	N/A	X
	IXC	X	---	---	X	Exempt	X
	Cable TV	X	---	N/A	Exempt	N/A	X
Connecticut							
	LEC	X	Exempt	N/A	X	N/A	X
	IXC	X	Exempt	Exempt	X	X	X
	Cable TV	X	X	N/A	X	N/A	X
Delaware							
	LEC	X	X (3)	N/A	---	N/A	X
	IXC	X	X	Exempt	---	---	X
	Cable TV	X	X	N/A	---	N/A	X
Florida							
	LEC	X	X	N/A	X	N/A	X
	IXC	X	X	X	X	X	X
	Cable TV	X	Exempt	N/A	X	N/A	X
Georgia							
	LEC	X	---	N/A	X (4)	N/A	X
	IXC	X	---	---	Exempt	Exempt	X
	Cable TV	X	---	N/A	Exempt	N/A	X
Hawaii							
	LEC	X	X (5)	N/A	X	N/A	Exempt
	IXC	X	---	---	X	X	Exempt
	Cable TV	X	---	N/A	Exempt	N/A	X
Idaho							
	LEC	X	---	N/A	Exempt	N/A	X
	IXC	X	---	---	Exempt	Exempt	X
	Cable TV	X	---	N/A	Exempt	N/A	X

Table 21: State Taxation of Selected Telecommunications Providers as of January 1, 2004 (Cont'd)

State	Provider	Corporate Income Tax	Gross Receipts Tax		Sales & Excise Tax		Real/Personal Property Tax*
			Intrastate	Interstate & International	Intrastate	Interstate & International	
Illinois							
	LEC	X	Exempt	N/A	X	N/A	X
	IXC	X	Exempt	Exempt	X	X	X
	Cable TV	X	Exempt	N/A	Exempt	N/A	X
Indiana							
	LEC	X	X	N/A	X	N/A	X
	IXC	X	X	Exempt	X	Exempt	X
	Cable TV	X	Exempt	N/A	X	N/A	X
Iowa							
	LEC	X	---	N/A	X	N/A	X
	IXC	X	---	---	X	Exempt	X
	Cable TV	X	---	N/A	X	N/A	X
Kansas							
	LEC	X	---	N/A	X	N/A	X
	IXC	X	---	---	X	X	X
	Cable TV	X	---	N/A	X	N/A	X
Kentucky							
	LEC	X	---	N/A	X	N/A	X
	IXC	X	---	---	X	Exempt	X
	Cable TV	X	---	N/A	Exempt	N/A	X
Louisiana							
	LEC	X	X	N/A	X	N/A	X
	IXC	X	X	Exempt	X	X	X
	Cable TV	X	X	N/A	Exempt	N/A	X
Maine							
	LEC	X	---	N/A	X	N/A	X
	IXC	X	---	---	X	Exempt	X
	Cable TV	X	---	N/A	X (6)	N/A	X
Maryland							
	LEC	Exempt	X (7)	N/A	X (8)	N/A	X
	IXC	X	X	X	X (8)	Exempt	X
	Cable TV	X	Exempt	N/A	Exempt	N/A	X
Massachusetts							
	LEC	X	---	N/A	X	N/A	X
	IXC	X	---	---	X	X	X
	Cable TV	X	---	N/A	Exempt	N/A	X
Michigan							
	LEC	X (9)	---	N/A	X	N/A	X
	IXC	X	---	---	X	X	X
	Cable TV	X	---	N/A	Exempt	N/A	X
Minnesota							
	LEC	X	---	N/A	X	N/A	X
	IXC	X	---	---	X	X (10)	X
	Cable TV	X	---	N/A	X	N/A	X
Mississippi							
	LEC	X	---	N/A	---	N/A	X
	IXC	X	---	---	---	---	X
	Cable TV	X	---	N/A	---	N/A	X

Table 21: State Taxation of Selected Telecommunications Providers as of January 1, 2004 (Cont'd)

State	Provider	Corporate Income Tax	Gross Receipts Tax		Sales & Excise Tax		Real/Personal Property Tax*
			Intrastate	Interstate & International	Intrastate	Interstate & International	
Missouri							
	LEC	X	---	N/A	X	N/A	X
	IXC	X	---	---	X	Exempt	X
	Cable TV	X	---	N/A	Exempt	N/A	X
Montana							
	LEC	X	X	N/A	X	N/A	X
	IXC	X	X	Exempt	Exempt	Exempt	X
	Cable TV	X	Exempt	N/A	Exempt	N/A	X
Nebraska							
	LEC	X	---	N/A	X	N/A	X
	IXC	X	---	---	X	Exempt	X
	Cable TV	X	---	N/A	X	N/A	X
Nevada							
	LEC	---	---	N/A	Exempt	N/A	X
	IXC	---	---	---	Exempt	Exempt	X
	Cable TV	---	---	N/A	Exempt	N/A	X
New Hampshire							
	LEC	X	---	N/A	X (11)	N/A	X
	IXC	X	---	---	X	X	X
	Cable TV	X	---	N/A	Exempt	N/A	X
New Jersey							
	LEC	Exempt	X	N/A	X	N/A	X
	IXC	X	Exempt	Exempt	X	X	X
	Cable TV	X	Exempt	N/A	Exempt	N/A	X
New Mexico							
	LEC	X	---	N/A	X (12)	N/A	X
	IXC	X	---	X	X	X	X
	Cable TV	X	---	N/A	X	N/A	X
New York							
	<i>LEC</i>	<i>Exempt</i>	<i>X</i>	<i>X</i>	<i>X</i>	<i>N/A</i>	<i>X</i>
	<i>IXC</i>	<i>Exempt</i>	<i>X</i>	<i>X</i>	<i>X</i>	<i>Exempt</i>	<i>X</i>
	<i>Cable TV</i>	<i>X</i>	<i>Exempt</i>	<i>N/A</i>	<i>Exempt</i>	<i>N/A</i>	<i>X</i>
North Carolina							
	LEC	X	X (13)	N/A	Exempt	N/A	X
	IXC	X	Exempt	Exempt	X	Exempt	X
	Cable TV	X	Exempt	N/A	Exempt	N/A	X
North Dakota							
	LEC	X	X	N/A	X	N/A	Exempt
	IXC	X	X	X	X	Exempt	Exempt
	Cable TV	X	Exempt	N/A	Exempt	N/A	X
Ohio							
	LEC	Exempt	X	N/A	Exempt (14)	N/A	X
	IXC	X	Exempt	Exempt	X	X	X
	Cable TV	X	Exempt	N/A	X	N/A	X
Oklahoma							
	LEC	X	---	N/A	X	N/A	X
	IXC	X	---	---	X	X	X
	Cable TV	X	---	N/A	Exempt	N/A	X

Table 21: State Taxation of Selected Telecommunications Providers as of January 1, 2004 (Cont'd)

State	Provider	Corporate Income Tax	Gross Receipts Tax		Sales & Excise Tax		Real/Personal Property Tax*
			Intrastate	Interstate & International	Intrastate	Interstate & International	
Oregon							
	LEC	X	---	N/A	---	N/A	X
	IXC	X	---	---	---	---	X
	Cable TV	X	---	N/A	---	N/A	X
Pennsylvania							
	LEC	X	X	N/A	X	N/A	X
	IXC	X	X	X	X	X	X
	Cable TV	X	Exempt	N/A	X	N/A	X
Rhode Island							
	LEC	Exempt	X	N/A	X	N/A	X
	IXC	Exempt	X	X	X	X	X
	Cable TV	Exempt	X	N/A	X	N/A	X
South Carolina							
	LEC	X	---	N/A	X (15)	N/A	X
	IXC	X	---	---	Exempt	Exempt	X
	Cable TV	X	---	N/A	X	N/A	X
South Dakota							
	LEC	---	X	N/A	X	N/A	X (16)
	IXC	---	Exempt	Exempt	X	Exempt	X
	Cable TV	---	Exempt	N/A	X	N/A	X
Tennessee							
	LEC	X	---	N/A	X	N/A	X
	IXC	X	---	---	X	X	X
	Cable TV	X	---	N/A	X (17)	N/A	X
Texas							
	LEC	---	---	N/A	X	N/A	X
	IXC	---	---	---	X	X	X
	Cable TV	---	---	N/A	X	N/A	X
Utah							
	LEC	X	---	N/A	X	N/A	X
	IXC	X	---	---	X	Exempt	X
	Cable TV	X	---	N/A	Exempt	N/A	X
Vermont							
	LEC	X	---	N/A	X (18)	N/A	X
	IXC	X	---	---	X	Exempt	X
	Cable TV	X	---	N/A	X	N/A	X
Virginia							
	LEC	X (19)	---	N/A	Exempt	N/A	X
	IXC	X (19)	---	---	Exempt	Exempt	X
	Cable TV	X	---	N/A	Exempt	N/A	X
Washington							
	LEC	---	X	N/A	X	N/A	X
	IXC	---	X	X	X	X	X
	Cable TV	---	Exempt	N/A	X	N/A	X
West Virginia							
	LEC	X	X	N/A	Exempt	N/A	X
	IXC	X	X	X	Exempt	Exempt	X
	Cable TV	X	Exempt	N/A	Exempt	N/A	X

Table 21: State Taxation of Selected Telecommunications Providers as of January 1, 2004 (Cont'd)

State	Provider	Corporate Income Tax	Gross Receipts Tax		Sales & Excise Tax		Real/Personal Property Tax*
			Intrastate	Interstate & International	Intrastate	Interstate & International	
Wisconsin							
	LEC	X	---	N/A	X	N/A	Exempt
	IXC	X	---	---	X	X	X
	Cable TV	X	---	N/A	X	N/A	X
Wyoming							
	LEC	---	---	N/A	X	N/A	X
	IXC	---	---	---	X	Exempt	X
	Cable TV	---	---	N/A	Exempt	N/A	X

Notes:

* In a number of states, the poles, wires and cables of telecommunications companies are considered personal, rather than real property.

N/A = Not applicable, provider does not typically offer this form of service.

LEC = Local Exchange Carrier.

IXC = Interexchange (long-distance) Carrier.

--- = No tax of this type is imposed.

(1) Public utility license tax.

(2) Tax on cooperative telephone companies only. Many of the State's utilities are publicly-owned co-ops.

(3) Residential service is exempt; mile of wire charge.

(4) Applies to charges for local telephone service only.

(5) Only certain companies are subject to the general public service company tax. Generally, companies pay the excise tax.

(6) Applies to charges for extended (non-basic) cable television service only.

(7) LECs may credit corporate income tax paid against their gross receipts tax liability. As a result, they are effectively exempt from the corporate income tax.

(8) Only charges for cellular service; 900-, 976-, 915-, other 900- like services; custom calling services; telephone answering; and pay-per-view TV are subject to tax.

(9) Alternative GRT method is allowed under the Single Business Tax (SBT), Michigan's corporate income tax.

(10) Charges for international calls are exempt from Minnesota's sales tax.

(11) The first \$12 of charges for residential customer access and exchange service is exempt from the tax.

(12) Rate is higher on intrastate than interstate/international.

(13) Applies to charges for local telephone service only.

(14) Telephone companies providing local exchange service and subject to the GRT are exempt from the sales tax.

(15) Applies to charges for local telephone service only.

(16) Small telephone companies (less than \$25 million in receipts) pay a gross receipts tax in lieu of property tax.

(17) Tax is imposed on charges for non-basic cable television service only.

(18) The tax rate is 4.36%, but there is a \$20 per month per line deduction for residential purchases or users of local exchange services.

(19) Virginia does not impose a gross receipts tax on LECs or IXCs. However, these companies are subject to a minimum tax calculated as a percentage of gross receipts.

Source: OTPA compilation from CCH State Tax guides for respective states.

Table 22: Tax Rates on Insurance Corporations as of January 1, 2004

State	Basis of Tax	Credit/Exemption for Other Taxes (1)(2)	Top Rate on Life Insurance Premiums		Top Rate on P/C* Insurance Premiums		Top Rate on Income
			Domestic	Foreign	Domestic	Foreign	
Alabama	Premiums	N/A	2.30%	2.30%	3.60%	3.60%	N/A
Alaska	Premiums	Exemption	2.80%	2.80%	2.80%	2.80%	N/A
Arkansas	Premiums	N/A	2.50%	2.50%	2.50%	2.50%	N/A
Arizona	Premiums	Exemption	2.00%	2.00%	2.00%	2.00%	N/A
California	Premiums	N/A	2.35%	2.35%	2.35%	2.35%	N/A
Colorado	Premiums	N/A	1.00%	2.00%	1.00%	2.00%	N/A
Connecticut (3)	Income & Premiums	Credit	1.75%	1.75%	1.75%	1.75%	7.50%
Delaware (4)	Premiums	None	1.75%	1.75%	1.75%	1.75%	N/A
Florida (5)	Income & Premiums	Credit	1.75%	1.75%	1.75%	1.75%	5.50%
Georgia	Premiums	N/A	2.50%	2.50%	2.50%	2.50%	N/A
Hawaii (6)	Premiums	N/A	2.75%	2.75%	4.27%	4.27%	N/A
Idaho	Premiums	N/A	2.75%	2.75%	2.75%	2.75%	N/A
Illinois (7)	Income & Premiums	Credit	2.00%	2.00%	2.00%	2.00%	7.30%
Indiana (8)	Income or Premiums	None	1.50%	1.50%	1.50%	1.50%	8.50%
Iowa	Premiums	N/A	1.50%	1.50%	1.75%	1.75%	N/A
Kansas	Premiums	N/A	2.00%	2.00%	2.00%	2.00%	N/A
Kentucky (9)	Capital & Reserves or Premiums	N/A	N/A	2.00%	N/A	2.00%	N/A
Louisiana	Income & Premiums	Credit	2.25%	2.25%	3.00%	3.00%	8.00%
Maine	Premiums	N/A	2.00%	2.00%	2.00%	2.00%	N/A
Maryland	Premiums	N/A	2.00%	2.00%	2.00%	2.00%	N/A
Massachusetts (10)	Premiums	N/A	2.28%	2.28%	2.28%	2.28%	N/A
Michigan (11)	Gross Receipts (SBT)	N/A	N/A	N/A	N/A	N/A	N/A
Minnesota	Premiums	N/A	2.00%	2.00%	2.00%	2.00%	N/A
Mississippi	Income & Premiums	Credit	3.00%	3.00%	3.00%	3.00%	5.00%
Missouri	Premiums	Exemption	2.00%	2.00%	2.00%	2.00%	N/A
Montana	Premiums	Exemption	2.75%	2.75%	2.75%	2.75%	N/A
Nebraska (12)	Income & Premiums	Credit	1.00%	1.00%	1.00%	1.00%	7.81%
Nevada (13)	Premiums	N/A	3.50%	3.50%	3.50%	3.50%	N/A
New Hampshire (14)	Income & Premiums	Credit	2.00%	2.00%	2.00%	2.00%	8.50%
New Jersey	Premiums	N/A	2.10%	2.10%	2.10%	2.10%	N/A
New Mexico	Premiums	N/A	3.00%	3.00%	3.00%	3.00%	N/A
New York (15)	Income & Premiums	None	1.50%	1.50%	2.00%	2.00%	7.50%
North Carolina	Premiums	Exemption	1.90%	1.90%	1.90%	1.90%	N/A
North Dakota	Premiums	N/A	2.00%	2.00%	1.75%	1.75%	N/A
Ohio (16)	Income or Premiums	None	1.40%	1.40%	1.40%	1.40%	N/A
Oklahoma	Premiums	N/A	2.25%	2.25%	2.25%	2.25%	N/A
Oregon (17)	Income	N/A	N/A	N/A	N/A	N/A	6.60%
Pennsylvania	Premiums	N/A	2.00%	2.00%	2.00%	2.00%	N/A
Rhode Island	Premiums	N/A	2.00%	2.00%	2.00%	2.00%	N/A
South Carolina (18)	Premiums	N/A	0.75%	(17)	1.25%	(17)	N/A
South Dakota	Premiums	Exemption	2.58%	2.58%	2.50%	2.50%	N/A
Tennessee	Income & Premiums	N/A	1.75%	1.75%	2.50%	2.50%	N/A
Texas	Premiums	N/A	1.75%	1.75%	1.60%	1.60%	N/A
Utah	Premiums	N/A	2.25%	2.25%	2.25%	2.25%	N/A
Vermont	Premiums	N/A	2.00%	2.00%	2.00%	2.00%	N/A
Virginia	Premiums	N/A	2.25%	2.25%	2.25%	2.25%	N/A

Table 22: Tax Rates on Insurance Corporations as of January 1, 2004 (Cont'd)

State	Basis of Tax	Credit/Exemption for Other Taxes (1)(2)	Top Rate on Life Insurance Premiums		Top Rate on P/C* Insurance Premiums		Top Rate on Income
			Domestic	Foreign	Domestic	Foreign	
Washington	Premiums	N/A	2.00%	2.00%	2.00%	2.00%	N/A
West Virginia	Premiums	N/A	3.00%	3.00%	3.00%	3.00%	N/A
Wisconsin (19)	Income or Premiums	None	3.50%	2.00%	2.00%	2.00%	7.90%
Wyoming	Premiums	N/A	0.75%	0.75%	0.75%	0.75%	N/A

* Property-Casualty.

(1) Several states impose both an income based franchise tax and a premiums based tax on insurance corporations. Two of these provide a credit against the income based tax for the amount of the premiums tax paid. Five states provide a credit against the premiums based tax for the amount of the income tax paid.

(2) Several states imposing both a franchise tax and a premiums based tax on insurance corporations provide that the premiums tax is paid in lieu of the franchise tax. These states are described in the table as imposing only a premiums based tax. They may be identified by the "exemption" notation in Credit/Exemption column.

(3) Domestic corporations are required to pay the franchise tax plus the premiums tax. Foreign corporations pay only the premiums tax.

(4) Delaware imposes a graduated privilege tax on domestic insurers with gross receipts of \$1 million or more.

(5) A credit is allowed against the premiums tax for the amount of income tax paid.

(6) Rates are rounded.

(7) Illinois income tax imposed on net receipts.

(8) Domestic corporations may elect to pay the tax on premiums or the tax on income.

(9) Domestic insurance corporations are taxed on taxable capital and reserves. All others are taxed on premiums.

(10) Includes 14% surtax.

(11) Single business tax. Rate equals 1.9%, plus a 0.26% surcharge on pre-credit liability.

(12) Foreign insurers may pay the lower of the Nebraska corporate income tax rate or the corporate tax rate that applies in their state of domicile.

(13) A Nevada domestic insurer maintaining a qualified home office in Nevada pays a reduced premiums rate of 1.75%. This also applies to a foreign insurer that establishes a qualified regional home office.

(14) A credit is allowed against the premiums tax equal to the amount of business enterprise tax paid (0.25% of compensation, interest and dividends).

(15) Life insurers are taxed on income and premiums. Non-life insurers are taxed only on premiums. Tax liability for life insurers is capped at 2.0% of gross premiums, but cannot be less than 1.5% of gross premiums.

(16) Rate is 1.0% for health insurers.

(17) All insurers are subject to corporate excise tax only.

(18) Foreign insurers are subject to a rate equal to the rate imposed by their home state on South Carolina companies if the rate is higher than the South Carolina tax.

(19) Foreign insurers are exempt from the franchise and income tax.

Source: OTPA compilation from Commerce Clearing House, State Tax Guide.

Table 23: Top State Bank Tax Rates as of January 1, 2004

Rank	Taxes Measured by Income State	Rate	Rank	Taxes Not Measured by Income State	Rate
1	California (1)	10.84	1	Nevada	2.0000
2	Massachusetts (2)	10.50	2	Ohio (19)	1.3000
3	Minnesota (3)	9.80	3	Pennsylvania	1.2500
4	Alaska (4)	9.40	4	Kentucky	1.1000
5	New Jersey (5)	9.00	5	Virginia	1.0000
	Rhode Island (6)	9.00	6	West Virginia	0.7000
	West Virginia	9.00	7	New Hampshire	0.5000
8	Delaware (7)	8.70	8	Georgia	0.2500
9	Indiana	8.50	9	Indiana	0.2500
	New Hampshire (8)	8.50	10	Mississippi	0.2500
11	Kentucky	8.25	11	Tennessee	0.2500
12	Louisiana	8.00	12	Texas (20)	0.2500
13	Hawaii	7.92	13	Florida	0.1500
14	Wisconsin	7.90	14	Oklahoma	0.1250
15	Idaho	7.60	15	Vermont	0.0096
	New Mexico	7.60	16	Maine (21)	0.0080
17	Connecticut (9)	7.50	17	North Carolina	0.0030
	New York (10)	7.50			
19	Maryland	7.00			
	Missouri (11)	7.00			
	North Dakota (12)	7.00			
22	Arizona	6.97			
23	North Carolina	6.90			
24	Montana	6.75			
25	Oregon	6.60			
26	Alabama	6.50			
	Arkansas (13)	6.50			
	Tennessee	6.50			
29	Georgia	6.00			
	Oklahoma	6.00			
	South Dakota	6.00			
	Virginia	6.00			
33	Florida (14)	5.50			
34	Iowa	5.00			
	Mississippi	5.00			
	Utah	5.00			
37	Illinois (15)	4.80			
38	Colorado	4.63			
39	South Carolina (16)	4.50			
	Texas	4.50			
41	Kansas (17)	2.25			
42	Michigan	1.90			
43	Maine (18)	1.00			
44	Nebraska	(X)			
	Nevada	(X)			
	Ohio	(X)			
	Pennsylvania	(X)			
	Vermont	(X)			
	Washington	(X)			
	Wyoming	(X)			

(X) Does not impose tax.

(1) A 3.5% tax rate applies to financial S corporations. A 6.65% alternative minimum tax (AMT) is imposed.

(2) Plus 7.0 mills of tangible property or net worth allocated to Massachusetts. Rates include 14% surtax.

(3) AMT imposed at a rate of 5.8%

(4) AMT rate on capital gains is 4.5%. AMT on tax preference items is 18% of the applicable Federal AMT.

(5) Corporations not subject to the franchise tax are subject to a 7.25% income tax. Corporations with net income under \$100,000 are taxed at 6.5%.

(6) Banks may pay an alternative tax of .25 mills of capital stock.

(7) The tax rate gradually decreases from 8.7% on net income of \$20 million or less to 1.7% on net income exceeding \$650 million.

(8) Rate is 8.5% of taxable business profits if gross income over \$50,000. For gross income over \$150,000 or base over \$75,000, rate is .75% of business enterprise value base.

(9) Tax is the greater of the applicable net income tax rate, 3.1 mills per dollar of capital holding, or the minimum tax of \$250. A 10% surcharge also applies.

(10) Tax equals greater of 7.5% of entire net income, 3% of allocated alternative entire net income, up to 1/50th mill of allocated taxable assets, or a minimum tax of \$250.

(11) Tax equals sum of the greater of \$25 or 1/20th of 1% of the par value of outstanding shares and surplus employed in Missouri, and 7% of net income minus the tax computed shares and surplus and the credits allowable for other state and local taxes.

(12) Tax is in lieu of the corporate income tax.

(13) Additional 3% surcharge imposed.

(14) Taxpayers who pay federal AMT are liable for the greater of the income tax or the 3.3% Florida AMT.

(15) Additional 2.5% personal property replacement tax imposed.

(16) Savings and loan associations are taxed at a rate of 6%.

(17) A 2.125% surtax is imposed on taxable income in excess of \$25,000.

(18) AMT imposed equal to the amount by which the state minimum tax (27% of adjusted federal tentative minimum tax) exceeds Maine income tax liability, other than withholding tax liability.

(19) Rate is greater of 5.1% on the first \$50,000 of taxable income plus 8.5% on taxable income in excess of \$50,000, or 4 mills times taxable net worth.

(20) An additional tax of 4.5% of net taxable earned surplus applies.

(21) The tax equals 0.008% of assets plus a 1% tax on net income.

Source: Commerce Clearing House "State Tax Guide."

Table 24: Maximum State & Local Combined Sales Tax Rates as of January 1, 2004

State Sales Tax Rate			Maximum State & Local Sales Tax Rate		
Rank	State	Rate (Percent)	Rank	State	Rate (Percent)
	Average (1)	5.314		Average (1)	7.479
1	Mississippi	7.000	1	Alabama	11.000
	Rhode Island	7.000	2	Louisiana	10.750
	Tennessee	7.000	3	Arkansas	10.625
4	Minnesota	6.500	4	Oklahoma	10.500
	Nevada	6.500	5	Arizona	10.100
	Washington	6.500	6	Colorado	9.900
7	Illinois	6.250	7	Tennessee	9.750
	Texas	6.250	8	Illinois	9.250
9	California	6.000	9	Idaho	9.000
	Connecticut	6.000	10	Washington	8.900
	Florida	6.000	11	California	8.750
	Idaho	6.000		New York (2)	8.750
	Indiana	6.000	13	Missouri	8.725
	Kentucky	6.000	14	Kansas	8.300
	Michigan	6.000	15	Texas	8.250
	New Jersey	6.000	16	Ohio	8.000
	Ohio	6.000		Utah	8.000
	Pennsylvania	6.000	18	Florida	7.500
	Vermont	6.000		Minnesota	7.500
	West Virginia	6.000		Nevada	7.500
21	Arizona	5.600		North Carolina	7.500
22	Nebraska	5.500		North Dakota	7.500
23	Kansas	5.300	23	Mississippi	7.250
24	Arkansas	5.125		New Mexico	7.250
25	Iowa	5.000	25	Alaska (3)	7.000
	Maine	5.000		Georgia	7.000
	Maryland	5.000		Iowa	7.000
	Massachusetts	5.000		Nebraska	7.000
	New Mexico	5.000		Pennsylvania	7.000
	North Dakota	5.000		Rhode Island	7.000
	South Carolina	5.000		South Carolina	7.000
	Wisconsin	5.000		Vermont	7.000
33	Utah	4.750	33	Connecticut	6.000
34	North Carolina	4.500		Indiana	6.000
	Oklahoma	4.500		Kentucky	6.000
36	New York (2)	4.250		Michigan	6.000
37	Missouri	4.225		New Jersey	6.000
38	Alabama	4.000		South Dakota	6.000
	Georgia	4.000		West Virginia	6.000
	Hawaii	4.000		Wisconsin	6.000
	Louisiana	4.000		Wyoming	6.000
	South Dakota	4.000		Maine	5.000
	Wyoming	4.000		Maryland	5.000
44	Virginia	3.500		Massachusetts	5.000
45	Colorado	2.900	45	Virginia	4.500
46	Alaska	(X)	46	Hawaii	4.000
	Delaware	(X)	47	Delaware	(X)
	Montana	(X)		Montana	(X)
	New Hampshire	(X)		New Hampshire	(X)
	Oregon	(X)		Oregon	(X)

(X) Does not impose tax.

(1) The U.S. Average is based upon only those states and/or states and localities imposing a sales tax.

(2) New York's rate increased by 1/4% effective June 1, 2003 making the State rate 4.25% and the maximum combined State and Local rate 8.75%. The 1/4% increase is scheduled to expire on May 31, 2005. New York City's combined State and Local rate is 8.625% effective June 4, 2003 through May 31, 2005.

(3) Local tax only; Alaska does not impose a state sales tax.

Source: OTPA compilation from Commerce Clearing House "State Tax Guide" and "Electronic Library," Sales Tax Institute "Sales Tax Rates."

Table 25: State Cigarette Tax Rates as of October 1, 2004

Rank	State	Rate (1)
1	Rhode Island	246.0
2	New Jersey	240.0
3	Michigan	200.0
4	Connecticut	151.0
	Massachusetts	151.0
6	New York (2)	150.0
7	Washington	142.5
8	Hawaii (3)	140.0
9	Pennsylvania	135.0
10	Vermont	119.0
11	Arizona	118.0
	Oregon	118.0
13	Alaska (2)(4)	100.0
	Maine	100.0
	Maryland	100.0
16	Illinois (2)	98.0
17	New Mexico	91.0
18	California	87.0
19	Nevada	80.0
20	Kansas	79.0
21	Wisconsin	77.0
22	Montana	70.0
23	Utah	69.5
24	Nebraska	64.0
25	Wyoming	60.0
26	Arkansas	59.0
27	Idaho (5)	57.0
28	Indiana	55.5
29	Delaware	55.0
	Ohio (2)	55.0
	West Virginia	55.0
32	South Dakota	53.0
33	New Hampshire	52.0
34	Minnesota	48.0
35	North Dakota	44.0
36	Alabama (2)	42.5
37	Texas	41.0
38	Georgia	37.0
39	Iowa	36.0
	Louisiana	36.0
41	Florida	33.9
42	Oklahoma	23.0
43	Colorado	20.0
	Tennessee (2)	20.0
	Virginia (2)(6)	20.0
46	Mississippi	18.0
47	Missouri (2)	17.0
48	South Carolina	7.0
49	North Carolina	5.0
50	Kentucky	3.0

(1) All rates are in cents per pack of 20 cigarettes excluding local taxes, federal offsets and other associated taxes.

(2) Counties and/or cities in these states may impose additional taxes per pack.

(3) Scheduled to revert to 100.0 on July 1, 2006.

(4) Scheduled to increase to 160.0 on January 1, 2005.

(5) Scheduled to revert to 28.0 on July 1, 2005.

(6) Scheduled to increase to 30.0 on July 1, 2005.

Sources: OTPA compilation from various sources including CCH State Tax Guide and Federation of Tax Administrators.

Table 26: State Alcoholic Beverage Excise Tax Rates as of January 1, 2004

Beer Over 3.2% Alcohol			Table Wine			Distilled Spirits (1)		
Rank	State	Rate (2)	Rank	State	Rate (2)	Rank	State	Rate (2)
1	Alaska	\$1.07	1	Alaska	\$2.50	1	Alaska	\$12.80
2	Hawaii	\$0.93	2	Florida	\$2.25 under 17.259%	2	Washington (3)(6)	\$9.24
3	South Carolina	\$0.77	3	Iowa (3)	\$1.75	3	Florida	\$6.50 17.259-55.78%
4	Alabama (3)	\$0.53	4	Alabama (3)	\$1.70	4	New York	\$6.43 over 24%
5	North Carolina (3)	\$0.53	5	New Mexico	\$1.70 14% or less	5	New Mexico	\$6.06
6	Florida	\$0.48	6	Georgia	\$1.51 14% or less	6	Hawaii	\$5.92
7	Georgia	\$0.48	7	Virginia (3)	\$1.51	7	Oklahoma	\$5.56
8	Mississippi (3)	\$0.43	8	Hawaii	\$1.36 still	8	Minnesota	\$5.03 over 25%
9	New Mexico	\$0.41	9	Tennessee	\$1.21	9	Connecticut	\$4.50
10	Utah (3)	\$0.41	10	Montana (3)	\$1.06	10	Illinois	\$4.50 over 14%
11	Oklahoma	\$0.40	11	West Virginia (3)	\$1.00	11	New Jersey	\$4.40
12	Maine (3)	\$0.35	12	Delaware	\$0.97	12	Tennessee	\$4.40 over 15%
13	Louisiana	\$0.32	13	Nebraska	\$0.95 14% or less	13	Massachusetts	\$4.05
14	Nebraska	\$0.31	14	South Dakota	\$0.93	14	South Dakota	\$3.93 over 7%
15	New Hampshire (3)	\$0.30	15	South Carolina	\$0.90	15	Georgia	\$3.79 over 14%
16	South Dakota	\$0.27	16	Washington (3)	\$0.87 14% or less	16	Delaware	\$3.75
17	Vermont (3)	\$0.27	17	Arizona	\$0.84	17	Nebraska	\$3.75
18	Virginia (3)	\$0.26	18	North Carolina (3)	\$0.79	18	Rhode Island	\$3.75
19	Washington (3)	\$0.26	19	Arkansas	\$0.75	19	Nevada	\$3.60
20	Arkansas	\$0.23	20	Illinois	\$0.73 14% or less	20	California	\$3.30
21	California	\$0.20	21	Oklahoma	\$0.72 14% or less	21	Wisconsin	\$3.25
22	Michigan (3)	\$0.20	22	Nevada	\$0.70 14% or less	22	Arizona	\$3.00
23	Connecticut	\$0.19	23	New Jersey	\$0.70	23	South Carolina	\$2.72
24	Iowa (3)	\$0.19	24	Oregon (3)	\$0.67	24	Indiana	\$2.68 21% or more
25	Texas	\$0.19	25	Connecticut	\$0.60 21% or less	25	Arkansas	\$2.50
26	Illinois	\$0.185	26	Maine (3)	\$0.60	26	Kansas	\$2.50
27	Kansas	\$0.18	27	Rhode Island	\$0.60 still	27	Louisiana	\$2.50
28	Ohio (3)	\$0.18	28	Massachusetts	\$0.55	28	North Dakota	\$2.50 distilled
29	West Virginia (3)	\$0.18	29	Vermont (3)	\$0.55	29	Texas	\$2.40
30	Arizona	\$0.16	30	Michigan (3)	\$0.51	30	Colorado	\$2.28
31	Delaware	\$0.16	31	Kentucky	\$0.50	31	Missouri	\$2.00
32	Nevada	\$0.16	32	North Dakota	\$0.50 17% or less	32	Kentucky	\$1.92
33	North Dakota	\$0.16	33	Indiana	\$0.47 15% or less	33	Maryland	\$1.50
34	Idaho (3)	\$0.15	34	Idaho (3)	\$0.45	34	Oregon (3)	106% markup
35	Minnesota	\$0.15	35	Maryland	\$0.40	35	North Carolina (3)	80% markup
36	Montana (3)	\$0.14	36	Missouri	\$0.36	36	Maine (3)	75% markup +
37	Tennessee	\$0.14	37	Mississippi (3)	\$0.35	37	Michigan (3)	65% markup
38	New Jersey	\$0.12	38	Colorado	\$0.32	38	Virginia (3)	62% markup
39	Indiana	\$0.12	39	Ohio (3)	\$0.32	39	Utah (3)(6)	61% markup
40	Massachusetts	\$0.11	40	Kansas	\$0.30 14% or less	40	Iowa (3)	50% markup
41	New York	\$0.11	41	Minnesota	\$0.30 14% or less	41	Idaho (3)	48% markup
42	Rhode Island	\$0.10	42	Wyoming (3)(4)	\$0.28	42	New Hampshire (3)	47% markup
43	Maryland	\$0.09	43	Wisconsin	\$0.25 14% or less	43	Montana (3)	40% markup
44	Colorado	\$0.08	44	California	\$0.20	44	Ohio (3)	35% markup
45	Kentucky	\$0.08	45	Texas	\$0.20 14% or less	45	Alabama (3)	30% retail markup
46	Oregon (3)	\$0.08	46	New York	\$0.19 still	46	Pennsylvania (3)	30% markup
47	Pennsylvania (3)	\$0.08	47	Louisiana	\$0.11 14% or less	47	Vermont (3)	25% markup
48	Missouri	\$0.06	48	New Hampshire (3)	66% markup	48	West Virginia (3)	25% markup
49	Wisconsin	\$0.06	49	Utah (3)(5)	61% markup	49	Wyoming (3)(4)	17.6% markup
50	Wyoming (3)	\$0.02	50	Pennsylvania (3)	30% markup	50	Mississippi (3)	3% markup

(1) All taxes on spirits are levied for a "proof gallon" defined as a gallon of liquor containing 50% ethyl alcohol. Taxes on liquor containing more or less than 50% alcohol are prorated accordingly.

(2) Rates are in cents per gallon.

(3) Indicates control states. In general, these states have a monopoly on the wholesale distribution of distilled spirits. Revenues in control states are derived from a markup on the wholesale price that yields profits plus additional excise taxes in some states. In some of these states, the state also monopolizes retail sales and applies sales taxes.

(4) In addition, a 17.6% markup is applied.

(5) In addition, a 13.0% school lunch tax markup is applied.

(6) In addition, a 39.2% markup and a 20.5% liquor sales tax is applied.

Source: OPA compilation from various sources including CCH State Tax Guide, Federation of Tax Administrators, and the Distilled Spirits Council of the United States.

Table 27: State Death & Gift Taxes as of January 1, 2004

State	Type of Tax (1)
Alabama	Pick-up tax only
Alaska	Pick-up tax only
Arizona	Pick-up tax only
Arkansas (2)	Pick-up tax only
California	Pick-up tax only
Colorado	Pick-up tax only
Connecticut (3)	Inheritance tax
Delaware	Pick-up tax only
Florida	Pick-up tax only
Georgia	Pick-up tax only
Hawaii	Pick-up tax only
Idaho	Pick-up tax only
Illinois (2)	Pick-up tax only
Indiana	Inheritance tax
Iowa	Inheritance tax
Kansas (2)	Pick-up tax only
Kentucky	Inheritance tax
Louisiana (3)	Inheritance tax
Maine (2)	Pick-up tax only
Maryland	Inheritance tax
Massachusetts (2)	Pick-up tax only
Michigan	Pick-up tax only
Minnesota (2)	Pick-up tax only
Mississippi	Pick-up tax only
Missouri	Pick-up tax only
Montana	Pick-up tax only
Nebraska (2)	Inheritance tax
Nevada	Pick-up tax only
New Hampshire	Inheritance tax
New Jersey	Inheritance tax
New Mexico	Pick-up tax only
New York (2)	Pick-up tax only
North Carolina (2)(3)	Pick-up tax only
North Dakota	Pick-up tax only
Ohio	Estate tax
Oklahoma	Estate tax
Oregon (2)	Pick-up tax only
Pennsylvania	Inheritance tax
Rhode Island (2)	Pick-up tax only
South Carolina	Pick-up tax only
South Dakota	Pick-up tax only
Tennessee (3)	Inheritance tax
Texas	Pick-up tax only
Utah	Pick-up tax only
Vermont (2)	Pick-up tax only
Virginia (2)	Pick-up tax only
Washington (2)	Pick-up tax only
West Virginia	Pick-up tax only
Wisconsin (2)	Pick-up tax only
Wyoming	Pick-up tax only

(1) All states have the federal credit for state death tax as a minimum tax.

(2) States which have not conformed to 2001 federal legislation which reduces the maximum federal credit for state death tax, and therefore impose pick-up taxes at pre-2002 rates.

(3) States with added gift tax.

Source: NYS Department of Taxation and Finance, Office of Tax Policy Analysis.

Table 28: State & Local Tax Rates on Gasoline as of January 1, 2004

State Excise Taxes			All State & Local Taxes		
Rank	State	Tax Rate (1)	Rank	State	Tax Rate (1)(2)
	Average	19.73		Average	23.41
1	Wisconsin	32.10	1	Hawaii	39.88
2	Rhode Island	30.00	2	Illinois	36.25
3	Washington	28.00	3	Nevada	34.00
4	Montana	27.00	4	New York	32.63
5	Connecticut	25.00	5	Wisconsin	32.10
	Idaho	25.00	6	Florida	32.00
7	Nebraska	24.80	7	Rhode Island	31.00
8	Maine	24.60	8	Connecticut	30.00
9	Utah	24.50	9	California	29.41
10	North Carolina (3)	24.30	10	Washington	28.00
11	Kansas	24.00	11	Montana	27.80
	Nevada	24.00	12	Pennsylvania	26.20
	Ohio (4)	24.00	13	Idaho	26.00
	Oregon	24.00	14	Nebraska	25.70
15	Maryland	23.50	15	West Virginia	25.40
16	Delaware	23.00	16	Kansas	25.00
17	Colorado	22.00		Michigan	25.00
	South Dakota	22.00	18	Utah	24.75
19	Arkansas	21.50	19	Maine	24.60
20	Massachusetts	21.00		North Carolina	24.60
	North Dakota	21.00	21	Indiana	24.10
22	West Virginia	20.50	22	Oregon	24.00
23	Iowa	20.00		South Dakota	24.00
	Louisiana	20.00	24	Maryland	23.50
	Minnesota	20.00	25	Alabama	23.00
	Tennessee	20.00		Delaware	23.00
	Texas	20.00	27	Colorado	22.00
28	Illinois	19.00		Ohio	22.00
	Michigan	19.00	29	Arkansas	21.70
30	Vermont	19.00	30	Tennessee	21.40
31	Arizona	18.00	31	Iowa	21.00
	California	18.00		Massachusetts	21.00
	Indiana	18.00		North Dakota	21.00
	Mississippi	18.00	34	Mississippi	20.40
	New Hampshire	18.00	35	Louisiana	20.00
36	Virginia	17.50		Minnesota	20.00
37	Missouri	17.00		Texas	20.00
	New Mexico	17.00		Vermont	20.00
39	Alabama	16.00	39	New Hampshire	19.50
	Hawaii	16.00	40	Georgia	19.30
	Oklahoma	16.00	41	Arizona	19.00
	South Carolina	16.00	42	New Mexico	18.90
43	Kentucky	15.00	43	Virginia	17.50
44	Florida	14.30	44	Missouri	17.30
45	Wyoming	13.00	45	Oklahoma	17.00
46	Pennsylvania	12.00	46	South Carolina	16.80
47	New Jersey	10.50	47	Kentucky	16.40
48	Alaska	8.00	48	New Jersey	14.50
	New York	8.00	49	Wyoming	14.00
50	Georgia	7.50	50	Alaska	8.00

(1) Rates are in cents per gallon.

(2) Maximum combined rate includes all state and local sales, gross receipts, excise, and other non-income taxes of at least 0.4 cents per gallon. Computation starts with assumed price of \$1.00 per gallon, including federal excise taxes, before state or local taxes.

(3) Increased to 24.6 cents per gallon effective July 1, 2004.

(4) Increased to 26 cents per gallon effective July 1, 2004.

Source: OTPA compilation from various sources including CCH State Tax Guide and Federation of Tax Administrators.

Table 29: Major State Tax Increases or Decreases, 1992-2003 (Cont'd)

Tax Increases (1)					
1998	1999	2000	2001	2002	2003
Personal Income					
	Wisconsin		North Carolina	California	Arkansas
			Oklahoma	Connecticut (2)	Connecticut
				Louisiana	New York
				Massachusetts	North Carolina
				Minnesota	Pennsylvania
				North Carolina (2)	
				Ohio	
				Oklahoma	
				Oregon	
				Vermont	
Sales & Use					
	Nebraska	Louisiana	Arkansas	Indiana	Connecticut
			Minnesota	Kansas	Florida
			North Carolina	Nebraska	Idaho
				Tennessee	Illinois
					Montana
					Nebraska
					New York
					North Carolina
					Ohio
					Rhode Island
					Utah
					Vermont
Corporate Income & Other Major Business					
	Alabama	Alabama	New Hampshire	Alabama	California
	New Hampshire		New Jersey	Arizona	Connecticut
			North Carolina	California	Delaware
				Kansas	Illinois
				Michigan (2)	Maine
				New Jersey	Massachusetts
				North Carolina	Nevada
				Ohio	New Jersey
				Pennsylvania (2)	North Carolina
				Tennessee	Pennsylvania
Cigarettes					
	Maryland	New York	Maine	Arizona	Arkansas
			Oregon	Connecticut	Delaware
			Rhode Island	Hawaii	Florida
			Washington	Illinois	Hawaii
				Indiana	Idaho
				Kansas	Montana
				Louisiana	Nevada
				Maryland	New Jersey
				Massachusetts	New Mexico
				Michigan	Pennsylvania
				Nebraska	West Virginia
				New Jersey	Wyoming
				New York	
				Ohio	
				Oregon	
				Pennsylvania	
				Rhode Island	
				Tennessee	
				Utah	
				Vermont	
Motor Fuel					
	Oregon		Kansas	Connecticut	Kansas
				Indiana	Maine
				Kansas	Washington
				Maine	West Virginia
				Rhode Island	
Alcoholic Beverages					
			Arkansas	Alaska	Arkansas
			North Carolina	Tennessee	Nebraska
					Nevada
					Utah

Table 30: Dates of Adoption of Major State Taxes

Individual Income					
Before 1911	1911-20	1921-30	1931-40	1941-60	Since 1961
Hawaii, 1901	Wisconsin, 1911	North Carolina, 1921	Idaho, 1931	Alaska, 1949	West Virginia, 1961
Total: 1	Mississippi, 1912	South Carolina, 1922	Tennessee, 1931 (1)	Total: 1	Indiana, 1963
	Oklahoma, 1915	New Hampshire, 1923 (1)	Utah, 1931		Michigan, 1967
	Massachusetts, 1916	Arkansas, 1929	Vermont, 1931		Nebraska, 1967
	Virginia, 1916	Georgia, 1929	Alabama, 1933		Connecticut, 1969 (2) 1991 (3)
	Delaware, 1917	Oregon, 1930	Arizona, 1933		Illinois, 1969
	Missouri, 1917	Total: 6	Kansas, 1933		Maine, 1969
	New York, 1919		Minnesota, 1933		Ohio, 1971
	North Dakota, 1919		Montana, 1933		Pennsylvania, 1971
	Total: 9		New Mexico, 1933		Rhode Island, 1971
			Iowa, 1934		New Jersey, 1976
			Louisiana, 1934		Total: 11
			California, 1935		
			Kentucky, 1936		Repealed
			Colorado, 1937		Alaska, 1979
			Maryland, 1937		
			Total: 16		Grand Total: 43
Corporation Income					
Before 1911	1911-20	1921-30	1931-40	1941-60	Since 1961
Hawaii, 1901	Wisconsin, 1911	Mississippi, 1921	Idaho, 1931	Rhode Island, 1947	Indiana, 1963
Total: 1	Connecticut, 1915	North Carolina, 1921	Oklahoma, 1931	Alaska, 1949	Michigan, 1967
	Virginia, 1915	South Carolina, 1922	Utah, 1931	Delaware, 1957	Nebraska, 1967
	Missouri, 1917	Tennessee, 1923	Vermont, 1931	New Jersey, 1958	West Virginia, 1967
	Montana, 1917	Arkansas, 1929	Alabama, 1933	Total: 4	Illinois, 1969
	New York, 1917	California, 1929	Arizona, 1933		Maine, 1969
	Massachusetts, 1919	Georgia, 1929	Kansas, 1933		New Hampshire, 1970
	North Dakota, 1919	Oregon, 1929	Minnesota, 1933		Florida, 1971
	Total: 8	Total: 8	New Mexico, 1933		Ohio, 1971
			Iowa, 1934		Total: 9
			Louisiana, 1934		
			Pennsylvania, 1935		
			Kentucky, 1936		Repealed
			Colorado, 1937		Michigan, 1976
			Maryland, 1937		
			Total: 15		Grand Total: 44
General Sales					
	1930-40	1941-50	1951-60	Since 1961	
Mississippi, 1930	West Virginia, 1933	Connecticut, 1947	Georgia, 1951	Texas, 1961	
Arizona, 1933	Missouri, 1934	Maryland, 1947	Maine, 1951	Wisconsin, 1961	
California, 1933	Ohio, 1934	Rhode Island, 1947	South Carolina, 1951	Idaho, 1965	
Illinois, 1933	Arkansas, 1935	Tennessee, 1947	Pennsylvania, 1953	New York, 1965	
Indiana, 1933 (4)	Colorado, 1935	Florida, 1949	Nevada, 1955	Massachusetts, 1966	
Iowa, 1933	Hawaii, 1935	Total: 5	Kentucky, 1960	New Jersey, 1966	
Michigan, 1933	North Dakota, 1935		Total: 6	Virginia, 1966	
New Mexico, 1933	Wyoming, 1935			Minnesota, 1967	
Oklahoma, 1933	Alabama, 1936			Nebraska, 1967	
North Carolina, 1933	Kansas, 1937			Vermont, 1969	
South Dakota, 1933	Louisiana, 1938			Total: 10	
Utah, 1933	Total: 24				
Washington, 1933					Grand Total: 45

Table 30: Dates of Adoption of Major State Taxes (Cont'd)

Gasoline				
1911-20	1921-30			Since 1931
Colorado, 1919	Arizona, 1921	California, 1923	Iowa, 1925	Hawaii, 1932
New Mexico, 1919	Arkansas, 1921	Delaware, 1923	Kansas, 1925	Alaska, 1946
North Dakota, 1919	Connecticut, 1921	Idaho, 1923	Michigan, 1925	Total: 2
Oregon, 1919	Florida, 1921	Indiana, 1923	Minnesota, 1925	
Kentucky, 1920	Georgia, 1921	Maine, 1923	Missouri, 1925	
Total: 5	Louisiana, 1921	Nevada, 1923	Nebraska, 1925	
	Montana, 1921	New Hampshire, 1923	Ohio, 1925	
	North Carolina, 1921	Oklahoma, 1923	Rhode Island, 1925	
	Pennsylvania, 1921	Tennessee, 1923	Wisconsin, 1925	
	Washington, 1921	Texas, 1923	Illinois, 1927	
	Maryland, 1922	Utah, 1923	New Jersey, 1927	
	Mississippi, 1922	Vermont, 1923	Massachusetts, 1929	
	South Carolina, 1922	Virginia, 1923	New York, 1929	
	South Dakota, 1922	West Virginia, 1923	Total: 43	
	Alabama, 1923	Wyoming, 1923		Grand Total: 50
Cigarettes				
1921-30	1931-40	1941-50	1951-60	Since 1961
Iowa, 1921	Ohio, 1931	Illinois, 1941	Wyoming, 1951	Colorado, 1964
South Carolina, 1923	Texas, 1931	Maine, 1941	Missouri, 1955	Oregon, 1965
South Dakota, 1923	Louisiana, 1932	Delaware, 1943	Maryland, 1958	North Carolina, 1969
Utah, 1923	Mississippi, 1932	Florida, 1943	California, 1959	Total: 3
Tennessee, 1925	Oklahoma, 1933	New Mexico, 1943	Virginia, 1960	
Kansas, 1927	Alabama, 1935	Idaho, 1945	Total: 5	
North Dakota, 1927	Arizona, 1935	Indiana, 1947		
Arkansas, 1929	Connecticut, 1935	Michigan, 1947		
Total: 8	Washington, 1935	Minnesota, 1947		
	Kentucky, 1936	Montana, 1947		
	Georgia, 1937	Nebraska, 1947		
	Pennsylvania, 1937	Nevada, 1947		
	Vermont, 1937	West Virginia, 1947		
	Hawaii, 1939	New Jersey, 1948		
	Massachusetts, 1939	Alaska, 1949		
	New Hampshire, 1939	Total: 15		
	New York, 1939			
	Rhode Island, 1939			
	Wisconsin, 1939			
	Total: 19			Grand Total: 50

Table 30: Dates of Adoption of Major State Taxes (Cont'd)

				Distilled Spirits	
1933-40				Since 1941	
Arizona, 1933	Kentucky, 1934	Nevada, 1935		Kansas, 1948	
Colorado, 1933	Louisiana, 1934	South Carolina, 1935		Alaska, 1959	
Delaware, 1933	Minnesota, 1934	South Dakota, 1935		Oklahoma, 1959	
Indiana, 1933	Missouri, 1934	Texas, 1935		Mississippi, 1966	
Maryland, 1933	New Mexico, 1934	North Dakota, 1936		Total: 4	
Massachusetts, 1933	Wisconsin, 1934	Connecticut, 1937			
New Jersey, 1933	Arkansas, 1935	Georgia, 1937			
New York, 1933	California, 1935	Hawaii, 1939			
Rhode Island, 1933	Florida, 1935	Tennessee, 1939			
Illinois, 1934	Nebraska, 1935	Total: 29		Grand Total: 33	

Individual Income:

A total of 43 states impose an individual income tax. Those without a tax are: Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming.

New Hampshire and Tennessee impose a narrow-based tax on interest and dividends only.

Corporation Income:

A total of 44 states impose a corporation income tax. Those without a tax are: Nevada, South Dakota, Washington, and Wyoming. Michigan repealed the corporate income tax in 1976 and replaced it with a single business tax, which is a modified value-added tax. Washington has a business and occupation tax.

- (1) Interest and dividends only.
- (2) Capital gains, interest and dividends only.
- (3) Tax on all income.

General Sales:

A total of 45 states impose a general sales tax. Those without a tax are: Alaska, Delaware, Montana, New Hampshire, and Oregon.

- (4) Gross income tax. In 1963, Indiana enacted a 2% retail sales and use tax.

Source: Adapted from U.S. Advisory Commission on Intergovernmental Relations, Significant Features of Fiscal Federalism, Volume 1, 1995.

Table 31: State Personal Income Tax Linkages to Federal Law as of January 1, 2004

No Personal Income Tax	No Federal Linkage	Automatically Linked to FAGI*	Linked to FAGI* at a Point in Time	Automatically Linked to Federal Taxable Income	Linked to Federal Taxable Income at a Point in Time	Linked to Federal Tax Liability
Alaska	Alabama	Connecticut	Arizona	Colorado (3)	Hawaii	None
Florida	Arkansas	Delaware	California	New Mexico (4)	Idaho (7)	
Nevada	Mississippi	Illinois	Georgia	North Dakota	Minnesota	
South Dakota	New Hampshire (1)	Kansas	Indiana	Oklahoma	North Carolina	
Texas	New Jersey	Louisiana	Iowa	Rhode Island (5)	South Carolina	
Washington	Pennsylvania	Maryland	Kentucky	Utah (6)		
Wyoming	Tennessee (1)	Massachusetts	Maine			
		Michigan (2)	Nebraska			
		Missouri	Vermont			
		Montana	Virginia			
		New York	West Virginia			
		Ohio	Wisconsin			
		Oregon				

* Federal adjusted gross income.

(1) Tax on certain sources of unearned income only.

(2) Michigan provides for the option of linking to FAGI as of 1/1/96.

(3) Requires add-back of deduction for state income taxes.

(4) Technically linked to FAGI, but exemption and deduction amounts are equal to federal amounts.

(5) Rhode Island calculates their tax as a percentage of the federal tax rates. Previously, tax was calculated as a share of federal tax liability.

(6) Allow only 75% of federal personal exemptions.

(7) Linked to exemptions and certain deductions, not directly to taxable income.

Source: NYS Department of Taxation and Finance, Office of Tax Policy Analysis.

Table 32: State Earned Income Tax Credits as of January 1, 2004

State	Max. Percentage of Federal Credit or Approximate Equivalent	Link to Federal Structure	Refundable for Residents	Eligibility for Workers Without Children
Colorado (1)	10.0%	Credit	Yes	Yes
Illinois	5.0%	Credit	Yes	Yes
Indiana	6.0%	Credit	Yes	No
Iowa	6.5%	Credit	No	Yes
Kansas	15.0%	Credit	Yes	Yes
Maine	4.92%	Credit	No	Yes
Maryland	50.0%	Credit	Partially	Partially
Massachusetts	15.0%	Credit	Yes	Yes
Minnesota (2)	45.0%	NA	Yes	Yes
New Jersey (3)	20.0%	Credit	Yes	No
New York (4)	30.0%	Credit	Yes	Yes
Oklahoma	5.0%	Credit	Yes	Yes
Oregon	5.0%	Credit	No	Yes
Rhode Island (5)	25.0%	Credit	Partially	Yes
Vermont	32.0%	Credit	Yes	Yes
Virginia (6)	20.0%	Credit	No	Yes
Wisconsin (6)	43.0%	Credit	Yes	No

Notes:

(1) Credit is only available if state revenues exceed constitutional spending limitations. The credit is currently suspended but may be reinstated for tax year 2006.

(2) Credit is not based on the federal credit, but on earned income at various rates for each filing status. Average credit is approximately 33 percent.

(3) The credit is available for taxpayers with gross incomes of \$20,000 or less.

(4) Credit is reduced by any Household Credit used by taxpayers.

(5) Only a small portion (5 percent) of the credit is refundable.

(6) Credit is first effective for tax year 2006.

(7) Percentage of federal credit varies by number of children - 4% (one child), 14% (two children), and 43% (three or more children)

Source: Office Tax Policy Analysis compilation from various sources, including CCH State Tax Guide and Lloberera, J., and R. Zahradrik (2004, May).

A Hand Up: How State Earned Income Tax Credits Help Working Families in Poverty in 2004, "Washington D.C. Center for Budget and Policy Priorities.

Table 33: State Child & Dependent Care Tax Provisions as of January 1, 2004

State	Maximum Percentage of Federal Credit	Link to Federal Structure	Refundable for Residents	Income Measure	Maximum Benefit Income Range (1)	Maximum Effective State Benefit Rate (2)	Minimum Benefit Income Range (1)	Minimum Effective State Benefit Rate (2)
<i>Federal</i>	100%	N/A	No	FAGI	\$0 - \$15,000	35.00%	\$43,001 and over	20.00%
Arkansas (3)	20%	Credit	Yes/No	N/A	Same as Federal	7.00%	Same as Federal	4.00%
California	50%	Credit	Yes	California AGI	\$0 - \$40,000	17.50%	\$100,001 and over	0.00%
Colorado (4)	50%	Credit	Yes	Same as Federal	\$0 - \$25,000	17.50%	\$60,001 and over	0.00%
Delaware	50%	Credit	No	N/A	Same as Federal	17.50%	Same as Federal	10.00%
Hawaii (5)	25%	Expense	Yes	Hawaii AGI	\$0 - \$22,000	25.00%	\$40,001 and over	15.00%
Idaho (6)	Subtraction	Expense	N/A	N/A	\$44,148 and over	7.80%	\$0 - \$2,208	1.60%
Iowa	75%	Credit	Yes	Iowa Net Income	\$0 - \$9,999	26.25%	\$40,000 and over	0.00%
Kansas	25%	Credit	No	N/A	Same as Federal	8.75%	Same as Federal	5.00%
Kentucky	20%	Credit	No	N/A	Same as Federal	7.00%	Same as Federal	4.00%
Louisiana (7)(8)(9)	50%	Credit	No	Same as Federal	\$0 - \$25,000	17.50%	\$60,001 and over	3.50%
Maine (10)	21.5%	Credit	Yes	N/A	Same as Federal	7.525%	Same as Federal	4.30%
Maryland (11)	32.5%	Credit	No	Same as Federal	\$0 - \$41,000	11.375%	\$50,001 and over	0.00%
Massachusetts (6)	Deduction	Expense	N/A	N/A	N/A	5.30%	N/A	5.30%
Minnesota	100%	Credit	Yes	Household Income	\$0 - \$18,600	35.00%	\$33,000 and over	0.00%
Montana (12)	Itemized Deduction	N/A	N/A	Montana AGI	\$0 - \$18,000	5.00%	\$18,001 and over	2.00%
Nebraska (13)	100%	Credit	Yes/No	Same as Federal	\$0 - \$22,000	35.00%	\$29,001 and over	5.00%
New Mexico (14)	N/A	N/A	Yes	NM Modified Gross Income	\$0 - \$21,424	NA	\$21,425 and over	0.00%
New York	110%	Credit	Yes	New York AGI	\$0 - \$25,000	38.50%	\$65,000 and over	4.00%
North Carolina (15)(16)	13%	Expense	No	Same as Federal	\$0 - \$25,000	13.00%	\$40,001 and over	10.00%
Ohio	100%	Credit	No	Ohio AGI	\$0 - \$19,999	35.00%	\$40,001 and over	0.00%
Oklahoma	20%	Credit	No	N/A	Same as Federal	7.00%	Same as Federal	4.00%
Oregon (17)	40%	Expense	Yes	FAGI/Poverty Level	\$0 - \$36,488	14.00%	\$45,610 and over	0.00%
Rhode Island	25%	Credit	No	Same as Federal	Same as Federal	8.75%	Same as Federal	5.00%
South Carolina (18)	7%	Expense	No	N/A	Same as Federal	7.00%	N/A	N/A
Vermont (19)	50%	Credit	Yes	Same as Federal	\$0 - \$40,000	17.50%	\$40,001 and over	0.00%
Virginia	Deduction	Expense	No	N/A	Same as Federal	5.75%	Same as Federal	2.00%

Notes:

- (1) The maximum Federal credit is 35% of qualifying expenses in the Federal Adjusted Gross Income (FAGI) range \$0 - \$15,000. The minimum percentage is 20% of qualifying expenses for taxpayers with FAGI over \$43,000. Qualifying expenses must exceed earned income. Maximum qualifying expenses are \$3,000 for one dependent and \$6,000 for two or more dependents.
- (2) Maximum or minimum effective state benefit rates are calculated for comparison with Federal benefit rates.
- (3) Taxpayers can choose between a nonrefundable credit equal to 20% of the current Federal credit or, if a dependent is under age 6, a refundable "early childhood" credit equal to 20% of the Federal credit when a dependent child is placed in an approved Child Care Facility approved by the Arkansas Department of Education.
- (4) A larger credit is available for many taxpayers with FAGI under \$60,000 if certain State budgetary conditions are met. The larger credit was not available for tax year 2002.
- (5) The state credit is calculated as a percentage of the federal calculated expense allowed prior to 2003 (i.e., \$2,400 for one dependent, \$4,800 for two or more dependents).
- (6) State allows a subtraction from FAGI or deduction for qualifying expenses in excess of current federal expense amounts (maximum \$4,800 for one dependent and \$9,600 for two or more dependents). Benefit rates are minimum and maximum state tax rates at specified taxable incomes for married taxpayers filing jointly.
- (7) The credit is refundable if FAGI is \$25,000 or less.
- (8) Unused credit may be carried forward for 5 years.
- (9) The maximum credit is capped at \$25 for taxpayers with FAGI over \$60,000.
- (10) A maximum \$500 of the credit is refundable. The credit allowed is doubled if child care expenses are incurred through the use of "quality child care" as defined in Tax Law §5219-Q(1).
- (11) Taxpayers may also claim a deduction up to the Federal expense amounts.
- (12) Montana allows an itemized deduction for child and dependent care expenses.
- (13) Credit is nonrefundable for residents with FAGI over \$29,000 and refundable for residents with FAGI of \$29,000 or less.
- (14) New Mexico's child day care credit is calculated as qualifying (non-federal) expenses minus the portion of the federal credit actually used. Qualifying expenses are the lesser of \$1,200 or \$8.00 per child per day times 40% (but not exceeding \$480 per child).
- (15) The state credit is calculated as a percentage of the prior federal calculated expense amounts (i.e., \$2,400 for one dependent, \$4,800 for two or more dependents).
- (15) FAGI ranges for state credit vary by filing status. Credit percentages also vary based on age of children.
- (17) Credit amount is based on the ratio of FAGI over Census Poverty thresholds. Approximate minimum and maximum benefit ranges are shown for a family of four.
- (18) The state credit is calculated as a percentage of the federal calculated expense for 2003 (i.e., \$3,000 for one dependent, \$6,000 for two or more dependents).
- (19) The range is \$0-\$30,000 for taxpayers other than marrieds filing jointly.

Source: Office of Tax Policy Analysis compilation from various sources including Commerce Clearing House State Tax Guide.

Personal Income Tax

New York adopted its personal income tax in 1919. Currently 41 states impose a broad-based personal income tax. In addition, two states – New Hampshire and Tennessee – tax only certain forms of unearned income. New York’s personal income tax consistently accounts for more than half of all State tax revenues

Adjusted Gross Income

New York’s personal income tax starts from federal adjusted gross income (FAGI). Taxpayers may exclude from FAGI U.S. government bond interest, social security benefits, all federal, New York State and local pension income, up to \$20,000 of qualifying private pension and annuity income, a limited amount of long-term care insurance costs, and certain other items of income.

Individuals may contribute up to \$5,000 per year under the College Choice Tuition Savings Program. Aggregate contributions may not exceed \$235,000 per beneficiary subject to increases by the Office of the State Comptroller (OSC) to reflect increases in higher education costs. Contributions are deductible from FAGI. Distributions are exempt from tax if used to pay for qualified higher education expenses.

Taxpayers must then add back interest on bonds issued by other states and their localities and other special items exempt from federal tax but taxable for New York purposes. This results in New York adjusted gross income (NYAGI).

Deductions

Taxpayers may choose either the standard deduction or New York itemized deductions. However, taxpayers using the federal standard deduction must use the New York standard deduction. For 2004, the New York standard deduction equals:

Table 34: New York Standard Deductions, 2004

Married Filing Jointly*	\$14,600
Heads of Households	\$10,500
Single Individuals	\$7,500
Married Filing Separately	\$6,500
Dependent Filers**	\$3,000

** Those claimed as a dependent on someone else's return.

Taxpayers who itemize federal deductions may itemize deductions for New York. Taxpayers use their federal itemized deductions as the starting point for calculating their New York itemized deductions. They must then make certain adjustments. The most common is the disallowance of State and local income taxes paid and the allowance of deductions for expenses incurred to carry other states' bonds.

In addition, high income taxpayers face limitations on their New York itemized deductions. For tax year 2004, federal law requires taxpayers with FAGI in excess of 142,700 to reduce their itemized deductions (except those for medical expenses, casualty losses, wagering losses and investment interest expense) by 3 percent of the amount by which their FAGI exceeds \$142,700. The threshold is annually indexed for inflation. This limitation cannot reduce the selected deductions by more than 80 percent. New York itemized deductions conform to this limitation.

Taxpayers may also claim an itemized deduction for college tuition expenses paid by taxpayers on behalf of the taxpayer, the taxpayer's spouse, or dependents to enroll or attend qualifying in- or out-of-state institutions of higher education. The deduction is available only for undergraduate study. Resident taxpayers may choose between the itemized deduction and a refundable credit; nonresident taxpayers may claim only the itemized deduction. The maximum amount of allowable college tuition expenses is \$10,000 per qualifying student. The itemized deduction equals the applicable percentage of allowed tuition expenses in a given year.

Qualifying tuition expenses are defined as net of scholarships or financial aid. Institutions of higher education include business, trade, technical or other occupational schools, recognized and approved by the regents of the University of the State of New York, or national recognized accrediting agency accepted by the regents, which provides a course of study leading to the granting of a post-secondary degree, certificate or diploma.

New York's Tax Law also limits itemized deductions of upper income taxpayers through a percentage reduction. The limitation begins at 25 percent of deductions for single taxpayers with NYAGI over \$100,000 and married taxpayers with NYAGI over \$200,000, and it reaches 50 percent of itemized deductions for all taxpayers with New York adjusted gross income above \$525,000.

Exemptions

The Tax Law permits an exemption of \$1,000 for each dependent who qualifies for a federal personal exemption. The exemption does not apply to taxpayers and their spouses, including dependents filing their own tax returns.

Tax Rates and Brackets

For tax year 2004, New York imposes a graduated income tax with rates ranging between 4.0 and 7.7 percent of taxable income. Taxable income equals NYAGI less the deductions and exemptions described above. The tax provides separate rate schedules for married couples, single individuals and heads of households.

The top rate of 7.7 percent applies to taxable incomes in excess of \$500,000 for all filing statuses.

Table 35: Levels of Taxable Income at Which the Top Tax Rate Applies, 2004

Married Joint	\$500,000
Single and Married Separately	\$500,000
Head of Household	\$500,000

A supplemental income tax for the purpose of recapturing the benefits conferred to taxpayers through tax brackets with rates lower than the maximum rate applies to all taxpayers with NYAGI over \$100,000. Generally, once taxpayers' New York adjusted gross income exceeds \$500,000, all of their taxable income becomes effectively subject to a flat 7.7 percent tax rate.

Credits

To provide targeted tax relief to low-income and moderate-income taxpayers, New York enacted a household credit (HHC) in 1978. It provides nonrefundable tax relief to taxpayers whose deductions and exemptions do not bring their taxable income to zero. The credit increases as family size increases. Also, the value of this credit decreases as income rises. It phases out at \$28,000 of federal adjusted gross income (FAGI) for single taxpayers and \$32,000 for all others.

Qualified resident taxpayers may claim the refundable real property tax circuit breaker credit in the amount of 50 percent of excess real property taxes, determined according to the level of household gross income, subject to certain specified conditions and limits. Eligibility for the credit depends on the size of household income (\$18,000 or less). The maximum credit is \$375 for taxpayers over age 65 and over and \$75 for taxpayers under age 65. The amount of the credit decreases as household income increases. Only one credit is allowed per household.

New York provides a credit for child care expenses equal to a minimum of 20 percent of the corresponding federal credit. The credit equals 110 percent of the federal child care credit for taxpayers with incomes under \$25,000. Percentages ranging from 110 percent to 20 percent apply for those with incomes from \$25,000 to \$65,000. Taxpayers with incomes over \$65,000 receive 20 percent of the federal credit. The credit is refundable to resident taxpayers.

New York allows an earned income tax credit (EITC) for low and moderate-income working families equal to 30 percent of the corresponding federal credit. The credit is refundable to residents. Taxpayers must subtract any HHC used from their EITC. Taxpayers who do not use the EITC receive the full HHC.

Taxpayers can claim a refundable credit or an itemized deduction for college tuition expenses paid on behalf of the taxpayer, the taxpayer's spouse, or dependents to enroll or attend qualifying in- or out-of-state institutions of higher education. Like the itemized deduction, the refundable credit is available only for undergraduate study. For taxpayers with allowable expenses of \$5,000 to \$10,000 per qualifying student, the credit equals allowed tuition expenses times 4 percent. Taxpayers with expenses of less than \$5,000 may claim a credit equal to the lesser of allowed tuition expenses or \$200.

New York also allows a 4 percent investment credit (7 percent for research and development property) for certain business investments in qualifying production facilities. Residents may claim credit for income taxes paid to other states and their political subdivisions or provinces of Canada. Also, a real property tax “circuit breaker” credit and a household credit provide tax relief to low and moderate-income taxpayers. Taxpayers can claim a refund of their unused real property tax credit.

There is also a credit for the rehabilitation of historic barns which equals 25 percent of qualified expenditures for the rehabilitation of historic barns in New York State. The agricultural school property tax credit provides a refundable credit for farmers with a phase-out of the credit for taxpayers with NYAGI in excess of \$100,000. Taxpayers may subtract principal payments on farm indebtedness from NYAGI in order to calculate the income limitation.

Tax credits for emerging technology companies that invest in research and development in New York State are permitted under the personal income tax. Other credits apply for taxes on accumulation distributions and certain activities in Empire Zones (formerly known as economic development zones) and for residential investments in solar electric generating equipment. There is also an employment incentive credit (EIC) available to small businesses such as partnerships, S corporations, LLCs, LLPs and sole proprietorships whose owners pay tax under the personal income tax. The Empire Zone employment incentive credit (EZ-EIC) also applies to these taxpayers.

There is also a *Qualified Empire Zone Enterprise* program of various tax credits to encourage the creation and expansion of businesses in such zones throughout the State. Qualified Empire Zone enterprises (QEZE) include business enterprises certified as EZ businesses prior to July 1, 2005.

Tax reduction provisions available under the personal income tax and business taxes include a tax reduction credit and a credit for real property taxes for property owned by a QEZE.

Minimum Tax

A 6 percent minimum tax applies to certain items of federal tax preference (e.g., intangible drilling costs). Taxpayers subject to the minimum tax pay this tax in addition to the regular income tax. The law permits a “specific deduction” equal to \$5,000, and a deduction for regular income tax.

Business Taxpayers

The personal income tax also applies, at the individual level, to persons receiving income from business entities in which they perform services or hold an interest. For example, while sole proprietorships do not pay an entity-level tax, they pay tax on their businesses’ net earnings. Also, partnerships do not pay an entity-level tax, but individual partners pay tax on their distributive share of the partnership’s income.

New York State also allows for the formation of limited liability companies (LLCs) and limited liability partnerships (LLPs). Based on existing New York law and practice, the LLC/LLP statute borrows heavily from New York partnership law and provisions of the Business Corporation Law. LLCs classified as partnerships for federal income tax purposes are treated as partnerships for New York State tax purposes. The LLC/LLP offers one major non-tax benefit which makes it an attractive form of business organization: the protection of a member from liability for the debts and other obligations of the LLC/LLP. LLCs and LLPs, whether foreign or domestic, with New York source income must pay an annual filing fee determined by multiplying the number of members (partners) of the LLC/LLP by \$100. The LLC/LLP cannot pay less than the annual minimum payment of \$500 or more than the annual maximum payment of \$25,000.

Non-Resident Taxpayers

Nonresident individuals, estates and trusts pay New York State income tax if they derive income from New York sources. They first compute a base tax using the same rates, exemptions, deductions, and most credits applicable to residents. Next, nonresidents multiply this base tax by the ratio of New York source NYAGI to total NYAGI as a resident. The result ensures that nonresidents pay tax only on income earned or derived within New York.

Withholding

New York requires employers to withhold and remit personal income taxes on wages, salaries, bonuses, commissions and similar income. Employers must remit withholding liability within three business days after each payroll once the cumulative amount of liability reaches \$700. Certain small businesses and educational and health care organizations

may make their withholding remittance within five business days, and employers with less than \$700 of withheld tax can remit it on a quarterly basis. Large employers (aggregate tax of more than \$100,000 per year) must make timely payment by electronic funds transfer or by certified check.

As under federal law, New York requires withholding of personal income tax on lottery winnings of \$5,000 or more. Tax is withheld at the highest tax rate in effect.

Estimated Tax

New York residents, part-year residents and nonresidents with New York-source income, must make payments of estimated tax under certain conditions. The estimated tax rules apply if they expect to owe at least \$300 of tax for the current tax year and they expect their withholding and credits will not equal at least a) 90 percent of the current-year tax or b) 100 percent of the prior-year tax (110 percent if NYAGI exceeds \$150,000). Penalties apply for failure to accurately estimate and pay tax for any of the installments. Taxpayers must make up to four installment payments (i.e., April 15, June 15, September 15, and January 15) depending on when income is earned.

**Table 36: 2004 New York State
Personal Income Tax Rates**

Married Filing Jointly	
Taxable Income	Tax (1)
Not over \$16,000	4.00% of taxable income
Over \$16,000 but not over \$22,000	\$ 640 plus 4.50% of excess over \$16,000
Over \$22,000 but not over \$26,000	\$ 910 plus 5.25% of excess over \$22,000
Over \$26,000 but not over \$40,000	\$ 1,120 plus 5.90% of excess over \$26,000
Over \$40,000 but not over \$150,000	\$ 1,946 plus 6.85% of excess over \$40,000
Over \$150,000 but not over \$500,000	\$ 9,481 plus 7.375% of excess over \$150,000
Over \$500,000	\$35,294 plus 7.7% of excess over \$500,000
Single, Married Filing Separately, Estates and Trusts	
Taxable Income	Tax (1)
Not over \$8,000	4.00% of taxable income
Over \$ 8,000 but not over \$11,000	\$ 320 plus 4.50% of excess over \$ 8,000
Over \$11,000 but not over \$13,000	\$ 455 plus 5.25% of excess over \$11,000
Over \$13,000 but not over \$20,000	\$ 560 plus 5.90% of excess over \$13,000
Over \$20,000 but not over \$100,000	\$ 973 plus 6.85% of excess over \$20,000
Over \$100,000 but not over \$500,000	\$ 6,453 plus 7.375% of excess over \$100,000
Over \$500,000	\$35,953 plus 7.7% of excess over \$500,000
Head of Household	
Taxable Income	Tax (1)
Not over \$11,000	4.00% of taxable income
Over \$11,000 but not over \$15,000	\$ 440 plus 4.50% of excess over \$11,000
Over \$15,000 but not over \$17,000	\$ 620 plus 5.25% of excess over \$15,000
Over \$17,000 but not over \$30,000	\$ 725 plus 5.90% of excess over \$17,000
Over \$30,000 but not over \$125,000	\$ 1,492 plus 6.85% of excess over \$30,000
Over \$125,000 but not over \$500,000	\$ 8,000 plus 7.375% of excess over \$125,000
Over \$500,000	\$35,656 plus 7.7% of excess over \$500,000

(1) Certain high income taxpayers lose the benefit of the lower rates applicable to the lower income brackets. In 2004, taxpayers with taxable incomes in the second to highest bracket, the recapture of rates below this bracket begins when New York adjusted gross income (NYAGI) is \$150,000, and is completed when NYAGI equals \$200,000. The complete recapture of rates below the highest rate occurs when NYAGI exceeds \$500,000, with an overall limitation on tax liability equal to the highest tax rate multiplied by taxable income. Thus, a flat rate of 7.7 percent of taxable income applies for taxpayers with NYAGI in excess of \$500,000.

Source: NYS Department of Taxation and Finance, Office of Tax Policy Analysis.

**Table 37: New York State
Personal Income Tax Rates,
1919-2004**

Year	Earned Income		Unearned Income	
	Top Rate (Percent)	Taxable Income in Excess of	Top Rate (Percent)	Taxable Income in Excess of
1919-1930	3.00	50,000		
1931-1933	6.00	50,000		
1934-1940	8.00	9,000		
1941-1944	5.25	9,000		
1945-1946	3.50	9,000		
1947	4.20	9,000		
1948-1953	6.30	9,000		
1954-1957	7.00	9,000		
1958	No tax, except 1957 rates on capital gain, and income from estates and trusts (a)			
1959	10.00	15,000	*	
1960	9.10	15,000		
1961-1968	14.00	23,000	*	
1969-1972	15.00 (b)	25,000	*	
1973-1974	15.00	25,000	*	
1975-1976	15.00 (b)	25,000	*	
1977	15.00 (c)	30,000	*	
1978	12.00	21,000	15.00	30,000
1979	12.00	21,000	14.00	23,000
1980	11.00	19,000	14.00	23,000
1981-1984	10.00	17,000	14.00	23,000
1985	9.50	15,000	13.75 (d)	23,000
1986	9.50	16,000	13.50	26,000
1987	8.75	(g)	8.75 (e)	*
1988	8.38	(g)	8.375 (f)	*
1989	7.875	(g)	*	*
1990	7.875	(g)	*	*
1991-1994	7.875 (h)	(g)	*	*
1995	7.59375	(g)	*	*
1996	7.125	(g)	*	*
1997-2002	6.85	(g)	*	*
2003-2004	7.70 (i)	(g)	*	*

* No differential between earned and unearned income.

Notes: The top rates between 1933 and 1957 reflect various statutory reductions and surcharges.

(a) General Withholding of tax from wages commenced in 1959. Because this withholding would have required payment of two years' taxes within one year, taxes for calendar years 1958 and fiscal years ending for calendar year 1959 were cancelled. Taxes on capital gains and the income of estates and trusts were not cancelled.

(b) An additional 2.5% surcharge was imposed on tax liabilities prior to adjustment for credits for years 1972-1976. This means the top rate was 15.375%. The surcharge was suspended for 1973 and 1974.

(c) Governor Carey signed legislation on 5/20/77 repealing the 2.5% surcharge effective 1/1/77. In 1976, Governor Carey had the surcharge extended until 4/1/77.

(d) Effective rate. The rate was lowered from 14% to 13.5% on 7/1/85.

(e) An additional tax of up to 3% on unearned income was imposed on taxpayers with NYAGI in excess of \$100,000.

(f) An additional tax of up to 2% on unearned income was imposed on taxpayers with NYAGI in excess of \$100,000.

(g) The rate is imposed on taxable income in excess of the amounts shown in the following table:

Year	Single	Married (Joint)	Head of Household
1987	\$14,000	\$23,000	\$15,400
1988	17,000	34,000	18,300
1989-1994	13,000	26,000	17,000
1995	12,500	25,000	19,000
1996	13,000	26,000	17,000
1997-2002	20,000	40,000	30,000
2003-2004	500,000	500,000	500,000

(h) A supplemental tax recaptures the tax benefits of tax rates below the top marginal rate, creating a flat tax on taxable income where NYAGI exceeds \$150,000.

(i) A supplemental tax recaptures the tax benefits of tax rates below the top marginal rate for taxpayers with NYAGI over \$100,000. Generally, once taxpayers' NYAGI exceeds \$500,000, all of their taxable income becomes subject to a flat 7.7 percent tax rate.

Source: NYS Department of Taxation and Finance, Office of Tax Policy Analysis.

Table 38: Federal Poverty Level and Point of Zero State Tax Liability, 1985-2004

	Single	Head of Household, 1 Child	Married, No Children	Married, 2 Children
2004				
Federal Poverty Level (1)	\$9,774	\$12,644	\$12,644	\$19,052
Point of Zero Tax Liability (2)	\$8,961	\$21,773	\$16,487	\$28,152
% of Poverty Level	91.68%	172.20%	130.39%	147.77%
2003				
Federal Poverty Level (1)	\$9,573	\$12,384	\$12,384	\$18,660
Point of Zero Tax Liability (2)	\$8,869	\$21,410	\$16,487	\$27,683
% of Poverty Level	92.65%	172.88%	133.13%	148.35%
2002				
Federal Poverty Level	\$9,359	\$12,047	\$12,047	\$18,244
Point of Zero Tax Liability (2)	\$8,735	\$20,772	\$16,087	\$26,838
% of Poverty Level	93.33%	172.42%	133.54%	147.11%
2001				
Federal Poverty Level	\$9,214	\$11,859	\$11,859	\$17,960
Point of Zero Tax Liability (2)	\$8,637	\$19,880	\$15,287	\$24,903
% of Poverty Level	93.74%	167.64%	128.91%	138.66%
2000				
Federal Poverty Level	\$8,959	\$11,531	\$11,531	\$17,463
Point of Zero Tax Liability (2)	\$8,637	\$19,040	\$14,887	\$23,759
% of Poverty Level	96.41%	165.12%	129.10%	136.05%
1999				
Federal Poverty Level	\$8,667	\$11,156	\$11,156	\$16,895
Point of Zero Tax Liability (2)	\$8,637	\$18,353	\$14,887	\$22,991
% of Poverty Level	99.65%	164.51%	133.44%	136.08%
1998				
Federal Poverty Level	\$8,480	\$10,915	\$10,915	\$16,530
Point of Zero Tax Liability (2)	\$8,637	\$18,156	\$14,887	\$22,748
% of Poverty Level	101.85%	166.34%	136.39%	137.62%
1997				
Federal Poverty Level	\$8,350	\$10,748	\$10,748	\$16,276
Point of Zero Tax Liability (2)	\$8,637	\$17,840	\$14,887	\$22,335
% of Poverty Level	103.44%	165.98%	138.51%	137.23%
1996				
Federal Poverty Level	\$8,155	\$10,554	\$10,554	\$16,016
Point of Zero Tax Liability (2)	\$8,537	\$17,258	\$14,237	\$21,611
% of Poverty Level	104.68%	163.52%	134.90%	134.93%
1995				
Federal Poverty Level	\$7,941	\$10,277	\$10,277	\$15,595
Point of Zero Tax Liability (2)	\$7,835	\$14,340	\$12,459	\$18,672
% of Poverty Level	98.67%	139.53%	121.23%	119.73%
1994				
Federal Poverty Level	\$7,710	\$9,978	\$9,978	\$15,141
Point of Zero Tax Liability (2)	\$7,371	\$13,084	\$11,387	\$16,916
% of Poverty Level	95.60%	131.13%	114.12%	111.72%

(1) Federal poverty level for 2004 based on projected change in the Consumer Price Index of 2.1% from 2003 to 2004.

(2) State computation includes household credit and earned income credit (first effective in 1994) when applicable.

Source: OTPA calculations. Poverty levels from "Poverty in the United States: 2003" (September 2004), U.S. Department of Commerce, Bureau of the Census.

Table 38: Federal Poverty Level and Point of Zero State Tax Liability, 1985-2004 (Cont'd)

	Single	Head of Household, 1 Child	Married, No Children	Married, 2 Children
1993				
Federal Poverty Level	\$7,518	\$9,726	\$9,726	\$14,765
Point of Zero Tax Liability (2)	\$7,125	\$9,875	\$11,375	\$14,125
% of Poverty Level	94.77%	101.53%	116.95%	95.67%
1992				
Federal Poverty Level	\$7,299	\$9,443	\$9,443	\$14,335
Point of Zero Tax Liability (2)	\$7,125	\$9,875	\$11,375	\$14,125
% of Poverty Level	97.62%	104.57%	120.46%	98.54%
1991				
Federal Poverty Level	\$7,086	\$9,165	\$9,165	\$13,924
Point of Zero Tax Liability (2)	\$7,125	\$9,875	\$11,375	\$14,125
% of Poverty Level	100.55%	107.75%	124.11%	101.44%
1990				
Federal Poverty Level	\$6,800	\$8,794	\$8,794	\$13,359
Point of Zero Tax Liability (2)	\$7,125	\$9,875	\$11,375	\$14,125
% of Poverty Level	104.78%	112.29%	129.35%	105.73%
1989				
Federal Poverty Level	\$6,450	\$8,340	\$8,340	\$12,674
Point of Zero Tax Liability (2)	\$7,125	\$9,875	\$11,375	\$14,125
% of Poverty Level	110.47%	118.41%	136.39%	111.45%
1988				
Federal Poverty Level	\$6,155	\$7,958	\$7,958	\$12,092
Point of Zero Tax Liability (2)	\$6,667	\$9,500	\$11,000	\$14,000
% of Poverty Level	108.32%	119.38%	138.23%	115.78%
1987				
Federal Poverty Level	\$5,909	\$7,641	\$7,641	\$11,611
Point of Zero Tax Liability (2)	\$6,500	\$9,300	\$10,167	\$12,967
% of Poverty Level	110.00%	121.71%	133.06%	111.68%
1986				
Federal Poverty Level	\$5,701	\$7,372	\$7,372	\$11,203
Point of Zero Tax Liability (2)	\$5,783	\$8,000	\$8,000	\$10,566
% of Poverty Level	101.44%	108.52%	108.52%	94.31%
1985				
Federal Poverty Level	\$5,593	\$7,231	\$7,231	\$10,989
Point of Zero Tax Liability (2)	\$5,517	\$6,283	\$6,283	\$7,817
% of Poverty Level	98.64%	86.89%	86.89%	71.13%

(1) Federal poverty level for 2004 based on projected change in the Consumer Price Index of 2.1% from 2003 to 2004.

(2) State computation includes household credit and earned income credit (first effective in 1994) when applicable.

Source: OTPA calculations. Poverty levels from "Poverty in the United States: 2003" (September 2004),

U.S. Department of Commerce, Bureau of the Census.

Table 39: History of Top New York State Effective Tax Rate on Capital Gains

Year	Rate (1)
1954-58	3.50%
1959	5.00%
1960-69	7.00%
1970-71	8.28%
1972	11.13%
1973-74	10.86%
1975-76	11.13%
1977-78	10.86%
1979-81	9.79%
1982-84	8.86%
1985	8.77%
1986	8.68%
1987	8.75%
1988	8.375%
1989-94	7.875%
1995	7.59375%
1996	7.125%
1997-02	6.85%
2003-2004	7.70%

(1) Rates include add-on minimum tax on the excluded portion of capital gains, effective for 1970 through 1986. Also includes deductibility of regular tax against minimum tax.

Source: NYS Department of Taxation and Finance, Office of Tax Policy Analysis.

Table 40: New York and U.S. Average Effective State Personal Income Tax Rates, 1970-2003

Fiscal Year	New York	Percent Change	U.S. Average	Percent Change	New York - U.S. Difference	Percent Change
2003	3.31%	-0.11	2.04%	-0.04	1.27%	-0.21
2002	3.73%	-0.08	2.13%	-0.15	1.60%	0.04
2001	4.03%	0.07	2.50%	0.00	1.53%	0.23
2000	3.76%	0.07	2.51%	0.07	1.25%	0.05
1999	3.53%	0.06	2.34%	-0.02	1.19%	0.27
1998	3.33%	0.01	2.39%	0.06	0.94%	-0.11
1997	3.31%	-0.04	2.25%	0.03	1.06%	-0.15
1996	3.44%	-0.25	2.19%	-0.01	1.25%	-0.24
1995	3.69%	0.19	2.20%	0.04	1.49%	0.15
1994	3.50%	-0.05	2.16%	-0.06	1.34%	0.01
1993	3.55%	-0.04	2.22%	0.01	1.33%	-0.16
1992	3.68%	0.01	2.19%	0.02	1.49%	-0.01
1991	3.64%	-0.10	2.14%	-0.03	1.50%	-0.33
1990	4.04%	0.01	2.21%	0.00	1.83%	0.03
1989	4.00%	-0.05	2.20%	0.03	1.80%	-0.30
1988	4.23%	0.03	2.13%	-0.01	2.10%	0.16
1987	4.10%	0.01	2.16%	0.05	1.94%	-0.07
1986	4.06%	-0.01	2.05%	-0.03	2.01%	0.04
1985	4.09%	0.00	2.12%	-0.02	1.97%	0.04
1984	4.09%	0.07	2.16%	0.11	1.93%	0.06
1983	3.81%	-0.04	1.94%	0.02	1.87%	-0.20
1982	3.98%	0.09	1.91%	-0.01	2.07%	0.34
1981	3.66%	0.02	1.93%	0.00	1.73%	0.06
1980	3.60%	0.04	1.93%	0.01	1.67%	0.12
1979	3.47%	0.04	1.92%	0.00	1.55%	0.13
1978	3.34%	-0.06	1.92%	0.03	1.42%	-0.29
1977	3.57%	0.08	1.86%	0.09	1.71%	0.10
1976	3.32%	0.03	1.71%	0.05	1.61%	0.02
1975	3.22%	-0.02	1.63%	0.01	1.59%	-0.08
1974	3.29%	-0.02	1.62%	-0.03	1.67%	0.00
1973	3.34%	0.22	1.67%	0.10	1.67%	0.45
1972	2.74%	-0.06	1.52%	0.19	1.22%	-0.40
1971	2.90%	-0.06	1.28%	0.03	1.62%	-0.22
1970	3.08%	N/A	1.24%	N/A	1.84%	N/A

Source: Calculated as FY PIT collections divided by prior year personal income from State Government Finances (Selected Years), and Survey of Current Business (Selected Years), respectively, U.S. Department of Commerce, Bureaus of the Census & Economic Analysis.

Table 41: Significant Changes in New York State's Personal Income Tax Structure, 1999-2004

Tax Structure	1999	2000	2001
Rates			
Maximum Rates	6.85%		
Minimum Rates	4.0%		
Filing Requirements			
Filing Status	Married joint rate schedule reflecting a 50/50 income split.		
Point of Zero Tax Liability			
Single aged 15-64	\$8,637	\$8,637	\$8,637
Married aged 15-64	\$14,887	\$14,887	\$15,287
Head of Household (1 child)	\$18,353	\$19,040	\$19,880
Nonresidents	Allocation of income and deductions to NY prior to application of tax rates.		
Personal Exemptions			
Dependent	\$1,000 each		
Deductions			
Standard Deduction	\$7,500 Single		
	\$13,000 Married		\$13,400 Married
	\$10,500 Head of Household		
Itemized Deductions			
Allowed Deductions	Allowed, upper income taxpayers subject to a maximum 50% limitation after federal limitation.		
New York Modifications & Adjustments			
Savings for Higher Education	College Choice Tuition Savings Program enacted allowing individuals to make tax deductible contributions of \$5,000 per year (not exceeding an aggregate \$100,000 per beneficiary). Distributions are exempt if used to pay for qualified higher education expenses.		
Credits			
Household Credit	Single taxpayers receive a credit ranging from \$75 for FAGI below \$5,000 to \$20 for FAGI of \$25,000 - \$28,000. All others receive a credit ranging from \$75 (plus \$15 per dependent) for FAGI below \$5,000 to \$15 for FAGI \$28,000 - \$32,000. Household Credit is subtracted from Earned Income Credit.		
Real Property Tax Circuit Breaker	NYS resident taxpayers with household gross income of less than \$18,000 are eligible. The value of the property must be less than \$85,000 or the average monthly rent cannot exceed \$450. The credit ranges up to \$375 for elderly (\$75 non-elderly) and is refundable.		
Child & Dependent Care Credit	Up to 100% of federal credit (refundable) for taxpayers with NYAGI below \$35,000 phasing down to 20% at \$50,000.	Up to 110% of federal credit (refundable) for taxpayers with NYAGI below \$25,000 phasing down to 100% from \$25,000-\$40,000, 100% from \$40,000-\$50,000, then phasing down to 20% at \$65,000.	
Earned Income Credit	20% of federal credit.	Credit increased to 22.5% of federal credit in 2000.	Credit increased to 25% of federal credit in 2001.
Credit for Rehabilitation of Historic Barns	ITC expanded to include qualified expenditures for the rehabilitation of historic barns. Credit is 25% of expenditures.		

Table 41: Significant Changes in New York State's Personal Income Tax Structure, 1999-2004 (Cont'd)

2002	2003	2004
	7.70%	
\$8,735	\$8,869	\$8,961
\$16,087	\$16,487	\$16,487
\$20,772	\$21,410	\$21,773
	Required to make estimated tax payments on sales of real property.	Sales of cooperatives deemed New York source income. Required to pay tax on gains and make estimated tax payments.
\$14,200 Married	\$14,600 Married	
	Aggregate limit increased to \$235,000 subject to increases by the Office of the State Comptroller (OSC) to reflect increases in higher education costs.	
Credit increased to 27.5% of federal credit in 2002.	Credit increased to 30% of federal credit in 2003 and thereafter (subject to budgetary approval).	

Table 41: Significant Changes in New York State's Personal Income Tax Structure, 1999-2004 (Cont'd)

Tax Structure	1999	2000	2001
Farmer School Property Tax Credit	Various percentages of school property; phases out for taxpayers with NYAGI above \$100,000. Credit enhanced to exempt up to \$30,000 of non-farm federal gross income in determining eligibility for the credit. Also may subtract principal payments on farm debt when calculating limit for the credit phase-out.		
Credit for Employers Who Hire Persons With Disabilities	Credit equals 35% of the first \$6,000 of qualified wages (maximum of \$2,100 per employee).		
Investment Activity, Broker/Dealers	Credit for equipment/buildings used in broker/dealer and related activity. Effective for property placed in service from 10/1/98-9/30/08.		
College Tuition Tax Credit/Deduction	Taxpayers may deduct up to \$10,000 of allowable tuition expenses per student or choose a refundable credit. If expenses are less than \$5,000, the credit is the lesser of tuition and \$200; if over \$5,000, the credit is 4% of allowable expenses. Both are phased-in ratably over 4 years beginning in tax year 2001.		
Residential Fuel Cell Credit			
Petroleum Tank Replacement Credit	Effective for tax years 2001 through 2003, a credit applies for up to \$500 of costs associated with removing or permanently closing existing residential fuel oil storage tanks and purchasing/installing new tanks.		

Note: Table does not include federal conformity items: e.g., income exclusions, itemized deductions.

Business Taxes

Typically, general business corporations pay taxes computed under Article 9-A of the Tax Law. Separate articles of the law apply to corporations other than general business corporations. Article 32 applies to banking corporations. Article 33 taxes insurance corporations. Article 33-A taxes anyone who buys insurance from an insurance company that is not authorized to write insurance in New York State. Article 9 imposes tax on transportation and transmission corporations except airlines (Section 183/184), utility companies (Section 186-a and formerly under Section 186), telecommunications services (Section 186-e), anyone importing natural gas for their own consumption (Section 189), and agricultural cooperatives (Section 185). Article 13 imposes tax on the unrelated business income of nonstock not-for-profit corporations. Article 13-A imposes tax on petroleum businesses.

Since 1982, the Metropolitan Transportation Authority (MTA) surcharge (currently at a rate of 17 percent) applies to business taxes otherwise due (except the petroleum business tax), after deduction of credits and allocable to the 12-county Metropolitan Commuter Transportation District. This region includes the City of New York, Long Island and the mid-to-lower Hudson River Valley. The MTA surcharge remains in effect through tax years ending before December 31, 2009.

Corporation Franchise Tax

Currently 45 states, including New York, impose some type of corporate tax measured by net income. Article 9-A imposes tax on corporations for the privilege of exercising their corporate franchise in New York. It applies to general business corporations not taxed under another article of the Tax Law.

Tax Bases and Rates

Corporations compute tax under four bases, and pay tax on the base yielding the highest liability. An additional tax applies based on the corporation's subsidiary capital allocated to New York, at a rate of 0.09 percent. The four bases include 1) a tax of 7.5 percent on allocated entire net income, 2) a tax of 0.178 percent on business and investment capital allocated to New York after deduction for short- and long-term

liabilities (the maximum tax on this alternative equals \$350,000), 3) a 2.5 percent tax on the alternative minimum taxable base, or 4) a separate minimum tax at fixed dollar amounts.

For tax years beginning after June 30, 1999, the corporate franchise tax rate imposed under the entire net income (ENI) base was reduced over a three year period from 9 percent to 7.5 percent. The rate was also reduced for small business taxpayers. The general corporate rate equals 7.5 percent for the taxable years beginning after June 30, 2001. For small business taxpayers, the rate decreases from 7.5 percent, for tax years beginning after June 30, 1999 to 6.85 percent for tax years beginning after June 30, 2003.

Taxpayers with gross payrolls of \$500,000 or less pay fixed dollar minimum tax of \$100. Taxpayers with gross payrolls of more than \$500,000, but not more than \$1,000,000, pay \$325 in fixed dollar minimum tax.

If payroll exceeds \$1 million, but is less than \$6.25 million, the tax equals \$425. If payroll exceeds \$6.25 million, but is less than \$25,000,000, the tax equals \$5,000. If payroll is more than or equal to \$25 million, the tax equals \$10,000. If the taxable period does not equal a full year, the taxpayer can reduce the fixed dollar minimum tax by 50 percent for a period of 6 months or less and 25 percent for a period of more than 6 months but less than or equal to 9 months. Corporations whose gross payroll, total receipts and average value of gross assets each equals \$1,000 or less must pay an \$800 fixed dollar minimum tax.

The entire net income base equals federal taxable income modified for income and deduction items that New York treats differently. For example, New York's tax base excludes subsidiary income items and does not allow deductions directly and indirectly attributable to subsidiary capital.

New York uses a three-factor formula to allocate business income. The factors include property, payroll (excluding general executive officers) and receipts, with the latter factor being double weighted. Taxpayers allocate investment income by a formula that reflects the New York presence of the issuers of the obligations generating such investment income.

The alternative minimum taxable income base equals entire net income plus certain federal items of tax preference and adjustments. The alternative minimum tax rate for Article 9-A corporation franchise taxpayers is 2.5 percent for tax years beginning after June 30, 2000. Taxpayers may use a net operating loss deduction (NOLD) in computing alternative minimum taxable income. This deduction is comprised of all net operating losses (NOLs) existing at the start of the 1994 tax year and any accumulated thereafter. The law limits the deduction to 90 percent of alternative minimum taxable income without regard to the NOLD.

Firms that paid additional tax during the 1990 through the 1993 period, because of disallowed net operating losses under the AMT, receive credits to use against future regular tax liability based on entire net income (ENI). Taxpayers may calculate the alternative minimum tax credit retroactively for taxable years after 1989 and carry forward the credit indefinitely. The taxpayer may use the remainder of any unused credit in full for years after 1998.

S Corporations

General business corporations that file as S corporations for federal tax purposes may also elect S status for New York State franchise tax purposes. This election requires the shareholders to report their Proportional share of S corporation income or loss and deductions on their personal income tax returns.

S corporations pay an entity-level tax under Article 9-A. For tax years beginning prior to January 1, 2003, S corporations were subject to the franchise tax computed on the higher of the tax on the entire net income (ENI) base or the fixed dollar minimum tax, reduced by the Article 22 tax equivalent. For tax years beginning in 2003, 2004, and 2005, the tax on the ENI base is eliminated and only the fixed dollar minimum tax applies. S corporations are subject to the fixed dollar minimum tax in the same manner as other Article 9-A taxpayers.

Tax Incentives

New York provides tax incentives in the form of tax credits, deductions, and allocation formula adjustments. These incentives are intended to encourage business investment and economic development within the State. Major provisions include:

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- An investment tax credit (ITC) of 5 percent of the first \$350 million of investments, plus 4 percent for investments over that amount, for certain eligible property;
 - A refundable ITC for certain new businesses;
 - An ITC on research and development property at an optional rate of 9 percent;
 - An ITC for rehabilitation of historic barns based on 25 percent of qualified rehabilitation expenditures;
 - An ITC for corporations, banks and personal income taxpayers that are brokers or dealers in securities. The credit is available for equipment or buildings used in the broker/dealer activity and for associated activities. The credit also extends to national security exchanges. The credit is available for property placed in service for the five-year period between October 1, 1998 and September 30, 2008;
 - Credits for businesses locating in *Empire Zones* (EZs) and credits for businesses that meet a job creation standard, making them Qualified Empire Zone Enterprises (QEZEs). Empire Zone credits include a wage tax credit, an investment tax credit, and a capital credit; QEZE credits include a tax reduction credit and a credit for real property taxes paid by a qualified zone enterprise. Sales tax exemptions are also available to certain EZ businesses or QEZEs.
 - A school property tax credit for eligible farmers. The credit is based on the amount of school district real property taxes paid on qualified farmland and buildings, subject to certain acreage and income limitations;
 - An employment incentive credit (EIC) available to employers who add jobs and are eligible for the ITC. A sliding scale links larger EIC amounts with increasing employment;
 - A credit of up to \$2,100 per qualified employee to employers who employ disabled individuals;
 - A credit for electric vehicles, clean fuel vehicles using natural gas, methanol and other alternative fuels, hybrid-electric vehicles, and clean fuel refueling facility property;

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- Credits under the “New York State Emerging Industry Jobs Act” for qualified emerging technology companies that invest in research and development in New York State. The provisions include an employment tax credit equal to \$1,000 per qualified employee and merging technology capital credits that vary depending on how long the investment is held;
 - A credit for purchases of automated external defibrillators. The credit is capped at \$500 for each purchase;
 - A credit for the purchase of long-term care insurance. The credit equals 10 percent of the cost of insurance. Unused credit may be carried forward;
 - A credit for the purchase of recyclable building materials and other environmentally preferable tangible personal property;
 - A credit for industrial or manufacturing businesses for taxes paid for gas, electricity, steam, water, or refrigeration;
 - Credits for cleanup and redevelopment of brownfields;
 - A credit for film and television ; production in New York State;
 - Various special methods for allocating receipts from certain types of services, such as advertising, publishing and printing, broadcasting and motion pictures, and financial services; and
 - The exclusion from entire net income of interest income and gains from subsidiary capital.

Taxpayers may apply credits against tax computed on the apportioned entire net income base or the apportioned business and investment capital base. Some credits, such as the QEZE tax reduction credit, may be applied against the alternative minimum tax.

Unrelated Business Income Tax

Article 13 imposes a tax on the income of tax-exempt organizations derived from the conduct of a trade or business. Approximately 1,000 organizations pay this tax. The tax equals 9 percent of the unrelated business income allocated to New York. The tax base equals federal unrelated business taxable income with certain modifications. Taxpayers may subtract net operating losses and tax credits. A fixed dollar minimum tax of \$250 applies. Article 13 does not apply to corporations subject to the Article 9-A tax, certain nonprofit organizations providing insurance, and certain income derived from operating licensed games of chance.

Corporation and Utility Tax

Article 9 of the Tax Law applies taxes to a variety of specialized businesses and imposes initial taxes and fees on domestic and foreign corporations. The MTA surcharge of 17 percent applies to each of these taxes for the portion of the tax attributable to the Metropolitan Commuter Transportation District.

The former Section 186 Franchise Tax on Water-Works Companies, Electric or Steam Heating, Lighting and Power Companies was repealed as of January 1, 2000. Utilities formerly subject to the tax are now subject to the Article 9-A corporation franchise tax.

Historically, with the exception of the special additional mortgage recording tax credit, Article 9 taxpayers could neither earn, nor apply, credits against their Article 9 tax liability. However, three new credits have been added in recent years: the alternative fuels vehicle credit; the employment of disabled individuals credit; and the power for jobs credit. (See Table 46 for a more detailed description of these credits).

Organization Tax; Taxes on Changes in Capital (§ 180)

This tax applies to domestic (in-state) corporations. The rate equals 0.05 percent of the total amount of the par value of authorized capital stock. The rate for shares without par value equals 5 cents per share. The tax also applies to any subsequent increases in authorized stock or other changes in capital structure. Domestic corporations must pay a minimum tax of \$10. State and national banks, trust companies, building, mutual loan, accumulating fund and corporative associations do not pay this tax.

License and Maintenance Fees on Foreign (Out-of-State) Corporations (§ 181)

The Tax Law imposes a license fee on the value of capital stock employed within New York on out-of-state corporations for the privilege of exercising its corporate franchise or conducting business in New York. A rate of 0.05 percent applies to issued par value capital stock. A rate of 5 cents per share applies to capital stock without par value. A minimum payment of \$10 is required for the first payment. The fee also applies to any subsequent changes in the capital share structure or increases in the amount of capital stock employed in New York State.

The law also imposes an annual maintenance fee of \$300 on all foreign (out-of-state) corporations, including foreign S corporations. Foreign corporations may credit this fee against any tax due under Article 9 (except Sections 180 or 181), Article 9-A or Article 32.

Most foreign banks, national banking associations, federal savings banks, federal savings and loans associations, fire, marine, casualty and life insurance companies, and building and loans associations do not pay these fees.

Franchise Tax on
Transportation and
Transmission
Corporations and
Associations (§ 183)

This tax is imposed on corporations, joint stock companies, or associations *principally engaged* in transportation, telephone, or other transmission businesses. The tax equals the highest of the following calculations: 1) 1.5 mills on each dollar of net value of issued capital stock; 2) if the share of dividends paid on capital stock is 6 percent or more, 0.375 mills per dollar of par value for each one percent of dividends paid; or 3) \$75. Trucking and railroad companies are subject to the corporate franchise tax (Article 9-A) unless they had elected to remain in Article 9.

Section 183 exempts foreign taxicab and omnibus corporations which do not own or lease property in New York and which make fewer than 12 trips into the State in a calendar year. Omnibus and taxicab corporations (other than those making fewer than 12 trips) must pay tax under Article 9-A when the motor fuel tax exceeds 2 cents per gallon. This tax does not apply to aviation companies. These companies are taxed under Article 9-A. For tax years after 2001, Section 183 does not apply to telephone companies with 1 million or more lines in New York.

Additional Franchise Tax
on Transportation and
Transmission
Corporations and
Associations (§ 184)

This tax is imposed on corporations, joint stock companies, or associations *principally engaged* in transportation, local telephone business, or other transmission businesses. It applies a rate of 0.375 percent on gross earnings from all sources in the State. This tax also applies to an allocated portion of receipts from interstate and international activities (except for railroads). The gross receipts tax, as it applies to truckers and railroads that elected to remain taxable within Article 9, is also 0.375 percent.

In the case of local telephone businesses, receipts from sales for ultimate consumption from 1) inter-LATA, interstate, or international telecommunications services, and 2) 30 percent of intra-LATA toll telecommunications services, including interregion regional calling plan services, are excluded from the tax.

Foreign taxicabs and omnibuses which do not own or lease property in New York (except the vehicle), and which make fewer than 12 trips into the State in a calendar year, must pay an annual tax equal to \$15 per trip rather than the tax on gross earnings. This tax does not apply to aviation companies which are taxed under Article 9-A. Omnibus and taxicab corporations (other than those making fewer than 12 trips) must pay tax under Article 9-A when the motor fuel tax exceeds 2 cents per gallon.

Companies that elected to remain taxable within Article 9 engaged in the conduct of subway, railroad, elevated railroad, or surface railroad not operated by steam, whose property is leased to another railroad corporation, pay an annual tax of 4.5 percent on dividends paid during the year in excess of 4 percent of paid-in capital employed in the State.

Franchise Tax on
Agricultural Co-operatives
(§ 185)

This tax applies to farmers, fruit growers and other like agricultural corporations operated on a co-operative basis. The tax equals the greatest of the following: 1) 1 mill per dollar of the net value of issued capital stock allocated to New York (based on gross assets); 2) for corporations with stock without nominal or par value, if dividends paid equals 6 percent or more of the amount paid in on such stock, 1/4 mill for each percent of dividends paid; or 3) \$10.

Gross Receipts Tax on
the Furnishing of Utility
Services (§ 186-a)

This tax is imposed on any business selling utility services such as gas, electricity, steam, water, or refrigeration. Effective January 1, 2000 the tax rate is phased-down and eliminated for receipts from the sale of utility services other than those receipts derived from the transportation and distribution components of these services. For the year 2004, the rate in effect for receipts from commodities charges is 0.85 percent. Transportation and distribution receipts are subject to a phase-down also. For the year 2004, the rate applied to these receipts is 2.125 percent and phases-down to 2.0 percent in 2005.

Some businesses selling telecommunications services are subject to tax under Section 186-a as well as the Section 186-e tax on telecommunications services. However, this is limited to those businesses selling telecommunications services which are also subject to the supervision of the Public Service Commission. The companies must pay the tax only on their non-telecommunications receipts.

Effective January 1, 2002, an exclusion is phased-in for receipts received from nonresidential customers representing the non-commodity charges for gas and electric service. For tax year 2003, the exclusion is 50 percent, and phases up to 100 percent by 2005.

Tax on
Telecommunications
Services (§ 186-e)

Section 186-e imposes a tax of 2.5 percent on receipts from the sale of telecommunications services. Telecommunications services are defined to include services provided by wires, cables, satellites, fiber-optics, lasers, microwaves, radiowaves or similar media.

The *Goldberg* allocation method is used to determine New York taxable telecommunications receipts from interstate and international services. Under this method, receipts from telecommunications

services are allocated to New York if the call originates or terminates in this State and is charged to a services address in this State. This *Goldberg* method is also used to calculate any associated metropolitan transportation business tax surcharge.

Effective August 2, 2002 , however, charges for a service or property billed by or for a mobile telecommunications customer's home service provider are deemed to be provided by the home service provider. Charges that are provided or deemed to be provided by a mobile telecommunications customer's home service provider are sourced to the taxing jurisdiction where the mobile telecommunications customer's place of primary use is located, regardless of where the mobile telecommunications service originates, terminates or passes through.

An exclusion exists under Section 186-e for sales for resale, where the sale is made to either an interexchange carrier, a local carrier or a facilities-based cellular carrier. Telecommunications companies must include sales for resale to companies other than an interexchange carrier or a local carrier in their Section 186-e tax base. However, the law allows a credit to purchasers that subsequently resell these services.

Privilege Tax on
Importation of Gas
Services for
Consumption (§ 189)

This tax applies at the rate of 1.9 percent of the consideration given by a gas importer for gas services imported into the State for its own use or consumption. The rate will continue to be phased-down parallel to the phase-down for gas commodity receipts in Section 186-a until a complete phase-out in 2005 and thereafter. The tax applies to every individual or business importing gas into this State for its own use or consumption in New York. The tax does not apply to public utilities subject to the supervision of the Public Service Commission (PSC).

A public utility, subject to the supervision of the PSC, that delivers gas services to a gas importer, acting as a trustee for the State, is required to collect the tax on a monthly basis from gas importers and remit the tax to the Department of Taxation and Finance on a quarterly basis. The public utility determines the amount to be collected from the gas importer by multiplying the average annual gas price, published by the Department, by the quantity of gas services delivered. Importers whose gas is delivered by a PSC regulated utility presenting a direct pay permit, remit the Section 189 tax to the Department. In this case, the utility is not responsible for collecting the tax. Gas importers must pay the tax directly to the Department on a quarterly basis for gas services delivered by other than a public utility.

The tax provides an exemption for the portion of natural gas imported by a cogeneration facility to produce steam or electricity for its host. Beginning in 2001, the tax is eliminated for gas used to generate electricity sold to an end user by independent generators, co-generators, and plants formerly owned by utilities. In 2005 the entire tax will be eliminated.

Petroleum Business Tax

Article 13-A of the Tax Law imposes privilege taxes on petroleum businesses operating in New York State. This tax is in addition to other corporate taxes (e.g., corporation franchise tax) that may be due. Imposition of the tax occurs at different points in the distribution chain depending upon the type of petroleum product. Motor fuel (gasoline) becomes subject to tax at the initial point in the New York distribution chain (e.g., importation), while automotive-type diesel motor fuel becomes taxable upon the first otherwise non-exempt sale or use of the product in New York. Nonautomotive-type diesel motor fuel and residual petroleum product generally become taxable on the final sale or use of the product in New York.

The Article 13-A tax also applies to motor carriers on the fuel they purchase outside New York State, but consume in the operation of motor vehicles within the State. The carriers pay this tax, with their fuel use tax, at a per gallon rate equal to the rate for motor fuel or automotive-type diesel motor fuel. This tax is administered with the fuel use tax (see page 131).

Exemptions, Reimbursements and Credits

The petroleum business tax (PBT) excludes sales of kerosene, crude oil, and liquefied petroleum gas from the tax. It also excludes sales of petroleum for export, sales of fuel oil for residential use, sales to government entities for their own use, and provides refunds for the PBT attributable to certain consumer bad debt. In addition, the PBT provides exemptions, reimbursements and credits based on certain uses of petroleum. Table 44 shows the current rate structure as well as exemptions, reimbursements and credits as of January 1, 2003. The tax rates shown include the basic tax and the supplemental tax for the period. The cents-per-gallon rates vary by product and/or transaction type. Also, the law requires annual indexing of the tax rates to reflect changes in product prices.

There is full reimbursement of the PBT paid on diesel motor fuel and residual oil used in mining and/or extracting processes.

Dedication of Revenue

Various percentages of the petroleum business tax are allocated to the Dedicated Mass Transportation Fund, the Dedicated Highway and Bridge Trust Fund and the Mass Transportation Operating Assistance Fund. For the 2003 fiscal year, the Dedicated Highway and Bridge Trust Fund and the Dedicated Mass Transportation Fund received approximately 88 percent of PBT revenues. The Mass Transportation Operating Assistance Fund received the remaining share of 12 percent of PBT revenues.

Bank Tax

Article 32 of the Tax Law levies a franchise tax on banking corporations doing business in the State. This tax consists of the highest of 1) 7.5 percent of allocated entire net income, 2) 3 percent of such income without regard to certain specified exclusions, 3) \$250, or 4) one-tenth of 1 mill upon each dollar of taxable assets allocated to New York. This asset alternative applies to institutions with a net worth exceeding 5 percent of total assets. It also provides lower tax rates for institutions having both mortgages comprising 33 percent or more of total assets and lower net worth ratios.

Banks conducting business both inside and outside New York allocate their income and assets by applying a three-factor allocation formula consisting of payroll, deposits and receipts. For the tax on entire net income and the tax on assets, the deposits and receipts factors have a weight of 40 percent each, and the wage factor has a weight of 20 percent. In addition, the law discounts the numerator of the wage factor by 20 percent, making the maximum allocation percentage 96 percent. For the 3 percent tax on allocated entire net income without exclusions, the three factors have equal weighting, and no discount applies to the numerator of the wage factor.

Insurance Tax

Article 33 imposes a franchise tax on insurance companies. There are two components of the tax: 1) a tax based on the higher of four bases plus a tax on subsidiary capital; and 2) a tax based on gross direct premiums written on State-located risks or residents in the State. Life insurance companies are subject to both the income tax component and the premiums tax. Non-life insurance companies are subject only to the tax on premiums.

The first component of the tax is based on one of four alternative bases. A life insurance corporation's tax liability for this component is based on the alternative that results in the largest tax, plus an additional 0.08 percent tax on subsidiary capital allocated to New York. The four bases are:

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- 7.5 percent of allocated entire net income with the allocation percentage equal to the weighted average of the New York premium percentage (weighted as nine) and the New York payroll percentage (weighted as one);
 - 0.16 percent of allocated business and investment capital;
 - 9 percent of entire net income plus officers' salaries basis. The basis equals 30 percent of the sum of entire net income plus officers' salaries minus \$15,000 and any net loss for the reported year; or
 - a minimum tax of \$250.

The second component of the Article 33 tax is a tax on gross premiums, less return premiums thereon, written on risks located or resident in New York. The rate of the tax on premiums varies according to the type of insurance risk covered by a premium, except for accident and health premiums which are taxed at different rates dependent on the type of insurer. Premiums received by corporations licensed as life and health insurers, including premiums on accident and health contracts, are taxed at the rate of 0.7 percent. Premiums written by corporations licensed as property and casualty insurers are taxed at the rate of 2.0 percent, excepting premiums on accident and health contracts which are taxed at the rate of 1.75 percent. All premiums are computed as received during the taxable year and allocated to New York.

In computing the Article 33 tax, life insurance corporations add the tax on gross premiums to the highest of the four alternative taxes. The total tax liability of the two components, less empire Zone (EZ) credits, cannot be greater than 2 percent or less than 1.5 percent of taxable premiums. Taxpayers may then claim credits other than EZ credits against the total tax liability. The Article 33 tax for non-life insurance corporations is solely the tax on gross premiums, although a fixed dollar minimum tax of \$250 still applies.

Insurance – Direct Writings Tax

Article 33-A of the Tax Law, the direct writings tax, imposes a 3.6 percent tax on premiums paid by persons who buy or renew insurance policies from companies not authorized to do business in New York. These persons must file a return and pay the tax within 60 days of the end of the calendar quarter in which any policy purchased or renewed takes effect. Federal, New York State and local governments, the United Nations and foreign governments are exempt.

Article 33-A exempts insurance premiums purchased from unauthorized carriers through an excess line broker, because the Insurance Law taxes those premiums at the same rate of 3.6 percent. Where insurance covers risks located or residing both in and out of New York, the Commissioner of Taxation and Finance regulates allocation of the tax.

Table 42: History of Corporate Tax Rates in New York State, 1917-2004

Year	Corporation		
	Franchise (1) (Income Base)	Banks (2) (Income Base)	Insurance (3) (Income Base)
1917	3.000%	--	--
1918-25	4.500%	--	--
1926-34	4.500%	4.500%	--
1935-44	6.000%	4.500%	--
1945-48	4.500%	4.500%	--
1948-67	5.500%	4.500%	--
1968-70	7.000%	6.000%	--
1971-73	9.000%	8.000%	--
1974	9.000%	8.000%	9.000%
1975-76 (4)	12.000%	15.600%	9.000%
1977 (5)	10.000%	15.600%	9.000%
1978-84	10.000%	12.000%	9.000%
1985-86	10.000%	9.000%	9.000%
1987-88	9.000%	9.000%	9.000%
1989 (6)	9.000%	9.225%	9.225%
1990-93 (7)	10.350%	10.350%	10.350%
1994 (8)	10.125%	10.125%	10.125%
1995 (9)	9.675%	9.675%	9.675%
1996 (10)	9.225%	9.225%	9.225%
1997-99	9.000%	9.000%	9.000%
1999-00 (11)	8.500%	9.000%	9.000%
2000-01 (12)	8.000%	8.500%	8.500%
2001-02	7.500%	8.000%	8.000%
2002-03 (13)	7.500%	7.500%	7.500%
2003-05 (14)	7.500%	7.500%	7.500%

- (1) The franchise tax on corporations dates back to 1874, but the tax imposed on net income began in 1917.
- (2) Bank tax revenues went to local governments until 1940 when it became a state revenue source.
- (3) Prior to 1974, insurance companies were taxed under Article 9.
- (4) Includes a 20% surcharge on corporations and 30% on banks.
- (5) Includes a 30% surcharge on banks.
- (6) Includes a 2.5% surcharge on banks and insurance companies.
- (7) Includes a 15% surcharge on corporations, banks and insurance companies.
- (8) Includes a 12.5% surcharge on corporations, banks and insurance companies.
- (9) Includes a 7.5% surcharge on corporations, banks and insurance companies.
- (10) The tax rate on corporations, banks and insurance companies is 9% plus a 2.5% surcharge.
- (11) The tax rate fell to 8% after 6/30/00.
- (12) The tax rate fell to 7.5% after 6/30/01.
- (13) The bank and insurance tax rate reductions were effective for tax years beginning after 6/30/01. The tax rate fell to 7.5% after 7/1/02.
- (14) Non-life insurance companies are not subject to the corporate income tax after 2002-03. They are now subject only to the insurance premiums tax.

Source: NYS Department of Taxation and Finance, Office of Tax Policy Analysis.

Table 43: Corporation Franchise Tax (Art. 9-A): Number of Taxpayers, Tax Years 1944-45 to 2001-02

Tax Year (1)	Total (Excl. "S" Corps.)	Paying Above Fixed Dollar Minimum	Paying Fixed Dollar Minimum (2)	Number of "S" Corporations
2001-02	261,146	98,208	162,938	309,230
2000-01	265,872	104,556	161,316	300,435
1999-00	259,961	106,538	153,423	286,122
1998-99	259,093	87,580	171,513	280,051
1997-98	254,464	77,680	176,784	265,429
1996-97	259,285	77,826	181,459	254,236
1995-96	257,448	76,524	180,924	243,976
1994-95	250,504	75,266	175,238	229,649
1993-94	248,328	73,331	174,997	220,689
1992-93	250,316	72,998	177,318	211,945
1991-92	203,397	68,053	135,344	203,898
1990-91	239,542	69,369	170,173	193,615
1989-90	257,325	71,539	185,786	191,695
1988-89	252,105	71,515	180,590	173,562
1987-88	274,375	82,149	192,226	159,677
1986-87	235,785	108,785	127,000	109,798
1985-86	279,199	119,199	160,000	91,856
1984-85	297,303	113,303	184,000	51,210
1983-84	311,398	115,398	196,000	1,376
1982-83	339,037	116,037	223,000	222
1981-82	345,553	120,553	225,000	25
1980-81	415,187	146,063	269,124	--
1979-80	406,209	142,878	263,331	--
1978-79	381,394	134,135	247,259	--
1977-78	368,325	124,720	243,605	--
1976-77	352,683	111,466	241,217	--
1975-76	350,440	113,953	236,487	--
1974-75	351,743	136,157	215,586	--
1973-74	351,392	142,085	209,307	--
1972-73	345,717	140,412	205,305	--
1971-72	340,550	137,306	203,244	--
1970-71	343,003	238,040	104,963	--
1969-70	325,104	112,513	212,591	--
1968-69	345,291	110,074	235,217	--
1967-68	333,016	150,841	182,175	--
1966-67	309,828	162,128	147,700	--
1965-66	302,067	159,625	142,442	--
1964-65	275,788	138,072	137,716	--
1963-64	276,715	148,736	127,979	--
1962-63	268,591	144,323	124,268	--
1961-62	215,838	115,893	99,945	--
1960-61	192,820	103,054	89,766	--
1959-60	186,031	99,230	86,801	--
1958-59	179,449	93,054	86,395	--
1957-58	169,356	88,624	80,732	--
1956-57	157,403	86,347	71,056	--
1955-56	155,136	82,006	73,130	--
1954-55	149,220	77,134	72,086	--
1953-54	142,710	73,684	69,026	--
1952-53	134,846	71,543	63,303	--
1951-52	131,911	69,508	62,403	--
1950-51	123,471	67,589	55,882	--
1949-50	119,372	61,258	58,114	--
1948-49	120,390	64,589	55,801	--
1947-48	----- Not Available -----			--
1946-47	101,476	57,722	43,754	--
1945-46	87,379	51,843	35,536	--
1944-45	74,997	43,632	31,365	--

(1) Corporate fiscal years ending between December 1 and November 30 (July 1 to June 30 for 1951-52 and prior).

(2) Total number of taxpayers paying no tax because of credits (in years when credits could reduce tax to zero) is not available.

Source: NYS Department of Taxation and Finance, Office of Tax Policy Analysis.

Table 44: Rate Structure of the Petroleum Business Tax as of January 1, 2004

Taxable Product	Rate (Per Gallon)	Refunds, Credits or Exemptions	Imposition of Tax
Motor Fuels:			
Gasoline	14.6¢	Refund of tax for fuel used in farm production and motor fuel used in commercial fishing vessels engaged in harvesting fish.	Initial point in the NYS distribution chain (e.g., first import).
Alternative Fuels (e.g., Compressed Natural Gas)	14.6¢	Liquefied Petroleum Gases exempt.	When identified as a "motor fuel."
Aviation Fuels:			
Aviation Gasoline	5.8¢	Net rate after refund/credit.	Initial point in the NYS distribution chain (e.g., first import).
Kero-Jet Fuel	5.8¢	No special treatment.	On consumption in NYS.
Automotive Type Diesel Fuel:	12.25¢	Exemption for fuel used in farm production and motor fuel used in commercial fishing vessels engaged in harvesting fish.	First taxable sale or use (e.g., when identified as "automotive-type diesel fuel").
for Railroad Use	7.5¢	Lower rate for automotive diesel fuel used to power railroad locomotives.	
Non-Automotive Type Diesel Fuel: 13.2¢ (Basic Rate)			
for Manufacturing production of TPP for sale	No tax	Exemption and reimbursement of full PBT.	No tax.
for Commercial Gallonage	7.9¢	Exemption and reimbursement of supplemental tax.	On final sale or use of product in NYS.
for Non-Residential heating purposes	4.3¢	Partial exemption and reimbursement of full PBT.	Same as above.
Electric Utility for electric generation (1)	Tax free with direct pay permit	Tax paid on quantity of fuel used and a credit against the basic tax of 5.28¢ allowed.	Same as above.
All other	13.7¢	Farmers' exemption/refund for fuel used in farm production. Full exemption for sales for residential heating and sales to exempt organizations.	Same as above.
Residual Fuel: 11.4¢ (Basic Rate)			
for Manufacturing production of TPP for sale	No tax	Exemption and reimbursement of full PBT.	No tax.
for Commercial Gallonage	6.0¢	Exemption and reimbursement of supplemental tax.	On final sale or use of product in NYS.
for Non-Residential heating purposes	3.2¢	Partial exemption of full PBT.	Same as above.
Electric Utility for electric generation (1)	Tax free with direct pay permit	Tax paid on quantity of fuel used and a credit against the basic tax on base of 5.25¢ allowed.	Same as above.
All other	11.8¢	Farmers' exemption/refund for fuel used in farm production. Full exemption for sales for residential heating, residual fuels used as bunker fuel, and sales to exempt organizations.	Same as above.

Petroleum Business Tax Exemptions:

Sales for export; sales to governmental entities when purchasing petroleum for their own use; sales of kerosene, except when blended with diesel motor fuels, motor fuels or residual fuels or when used to operate a motor vehicle; certain omnibus carriers; and nonpublic school operators.

(1) Available to utilities which are rate regulated by the New York Public Service Commission (PSC). Such fuels used by non-rate regulated entities in generating electricity are taxed at the applicable PBT commercial gallonage rate.

Source: NYS Department of Taxation and Finance, Office of Tax Policy Analysis.

Table 45: New York State Petroleum Business Tax (Article 13-A) Rates, 1983-2004

Year	Effective Date	Gasoline and		Residual Petroleum Products
		Automotive Diesel	Nonautomotive Diesel	
1983	--	3.25% of Gross Receipts	3.25% of Gross Receipts	3.25% of Gross Receipts
1984-1990	--	2.75% of Gross Receipts	2.75% of Gross Receipts	2.75% of Gross Receipts
1990	Sept. 1	6.33¢ per gallon	5.75¢ per gallon	4.60¢ per gallon
1991	April 1	7.59¢ per gallon	6.90¢ per gallon	5.52¢ per gallon
1991	July 1	12.77¢ per gallon	12.08¢ per gallon - 6.90¢ (farm use)	10.70¢ per gallon
1992	Jan. 1	14.84¢ per gallon	14.03¢ per gallon - 8.05¢ (farm use)	12.42¢ per gallon
1994--a	June 1	14.51¢ per gallon	13.73¢ per gallon - 7.88¢ (farm use)	12.15¢ per gallon
1994--b	Sept. 1	14.51¢ per gallon - no tax on farm use (1)	13.73¢ per gallon - no tax on farm use or electrical corps. with direct pay permits - 10.80¢ (exempt organizations) - 7.88¢ (manufacturing) - 10.80¢ (commercial gallonage)	12.15¢ per gallon - no tax on farm use
1995--a	June 1	13.87¢ per gallon - no tax on farm use (1)	13.12¢ per gallon - no tax on farm use or electrical corps. with direct pay permits - 10.32¢ (exempt organizations) - 7.53¢ (manufacturing) - 10.32¢ (commercial gallonage)	11.61¢ per gallon - no tax on farm use
1995--b	Sept. 1	13.87¢ per gallon - no tax on farm use (1)	13.12¢ per gallon - no tax on farm use or electrical corps. with direct pay permits - 7.53¢ (exempt organizations) - 7.53¢ (manufacturing) - 10.32¢ (commercial gallonage)	11.61¢ per gallon - no tax on farm use
1996--a	Jan. 1	14.41¢ per gallon - no tax on farm use (1)	13.66¢ per gallon - no tax on farm use, exempt organizations or electrical corps. with direct pay permits (2) - 7.85¢ (manufacturing) - 10.75¢ (commercial gallonage)	12.05¢ per gallon - no tax on farm use
1996--b	June 1	13.74¢ per gallon - no tax on farm use (1)	13.02¢ per gallon - no tax on farm use, exempt organizations or electrical corps. with direct pay permits (2) - 7.48¢ (manufacturing) - 10.25¢ (commercial gallonage)	11.49¢ per gallon - no tax on farm use - 5.95¢ (manufacturing) - 8.72¢ (commercial gallonage)
1997--a	Jan. 1	14.35¢ per gallon - no tax on farm use (1) - 7.28¢ (rail use)	13.53¢ per gallon - no tax on farm use, exempt organizations or electrical corps. with direct pay permits (2) - 7.79¢ (manufacturing) - 7.79¢ (commercial gallonage) (3)	11.89¢ per gallon - no tax on farm use - 6.15¢ (manufacturing) - 6.15¢ (commercial gallonage) (3)
1997--b	June 1	14.0¢ per gallon - no tax on farm use (1) - 7.1¢ (rail use)	13.2¢ per gallon - no tax on farm use, exempt organizations or electrical corps. with direct pay permits (2) - 7.6¢ (manufacturing) - 7.6¢ (commercial gallonage)	11.6¢ per gallon - no tax on farm use, exempt organizations or electrical corps. with direct pay permits (2) - 6.0¢ (manufacturing) - 6.0¢ (commercial gallonage)
1998	Jan. 1	Gasoline: 14.6¢ per gallon - no tax on farm use (1) Automotive Diesel: 13.85¢ per gallon - no tax on farm use (1) - 7.5¢ (rail use)	13.7¢ per gallon - no tax on farm use, exempt organizations or electrical corps. with direct pay permits (2) - no tax (manufacturing) (4) - 7.9¢ (commercial gallonage)	12.1¢ per gallon - no tax on farm use, exempt organizations or electrical corps. with direct pay permits (2) - no tax (manufacturing) (4) - 6.3¢ (commercial gallonage)

Table 45: New York State Petroleum Business Tax (Article 13-A) Rates, 1983-2004 (Cont'd)

Year	Effective Date	Gasoline and Automotive Diesel	Nonautomotive Diesel	Residual Petroleum Products
1999	Jan. 1	Gasoline: 14.0¢ per gallon - no tax on farm use (1) Automotive Diesel: 13.25¢ per gallon - no tax on farm use (1) - 7.1¢ (rail use)	13.2¢ per gallon - no tax on farm use, exempt organizations or electrical corps. with direct pay permits (2) - no tax (manufacturing) (4) - 7.6¢ (commercial gallonage)	11.6¢ per gallon - no tax on farm use, exempt organizations or electrical corps. with direct pay permits (2) - no tax (manufacturing) (4) - 6.0¢ (commercial gallonage)
1999	April 1	Gasoline: 14.0¢ per gallon - no tax on farm use (1) Automotive Diesel: 12.25¢ per gallon - no tax on farm use (1) - 7.1¢ (rail use)	13.2¢ per gallon - no tax on farm use, exempt organizations or electrical corps. with direct pay permits (2) - no tax (manufacturing) (4) - 7.6¢ (commercial gallonage)	11.6¢ per gallon - no tax on farm use, exempt organizations or electrical corps. with direct pay permits (2) - no tax (manufacturing) (4) - 6.0¢ (commercial gallonage)
2000	January 1	Gasoline: 13.4¢ per gallon - no tax on farm use (1) Automotive Diesel: 11.65¢ per gallon - no tax on farm use (1) - 6.7¢ (rail use)	12.7¢ per gallon - no tax on farm use, exempt organizations or electrical corps. with direct pay permits (2) - no tax (manufacturing) (4) - 7.3¢ (commercial gallonage)	11.1¢ per gallon - no tax on farm use, exempt organizations or electrical corps. with direct pay permits (2) - no tax (manufacturing) (4) - 5.7¢ (commercial gallonage)
2001	January 1	Gasoline: 14¢ per gallon - no tax on farm use (1) Automotive Diesel: 12.25¢ per gallon - no tax on farm use (1) - 7.1¢ (rail use)	13.2¢ per gallon - no tax on farm use, exempt organizations or electrical corps. with direct pay permits (2) - no tax (manufacturing) (4) - 7.6¢ (commercial gallonage)	11.5¢ per gallon - no tax on farm use, exempt organizations or electrical corps. with direct pay permits (2) - no tax (manufacturing) (4) - 5.9¢ (commercial gallonage)
2002	January 1	Gasoline: 14.6¢ per gallon - no tax on farm use (1) Automotive Diesel: 12.85¢ per gallon - no tax on farm use (1) - 7.5¢ (rail use)	13.7¢ per gallon - no tax on farm use, exempt organizations or electrical corps. with direct pay permits (2) - no tax (manufacturing) (4) - 7.9¢ (commercial gallonage) - 6.3¢ (non-residential heating)	11.9¢ per gallon - no tax on farm use, exempt organizations or electrical corps. with direct pay permits (2) - no tax (manufacturing) (4) - 6.1¢ (commercial gallonage) - 4.9¢ (non-residential heating)
2002	September 1	Gasoline: 14.6¢ per gallon - no tax on farm use (1) Automotive Diesel: 12.85¢ per gallon - no tax on farm use (1) - 7.5¢ (rail use)	13.7¢ per gallon - no tax on farm use, exempt organizations or electrical corps. with direct pay permits (2) - no tax (manufacturing) (4) - 7.9¢ (commercial gallonage) - 4.3¢ (non-residential heating)	11.9¢ per gallon - no tax on farm use, exempt organizations or electrical corps. with direct pay permits (2) - no tax (manufacturing) (4) - 6.1¢ (commercial gallonage) - 3.3¢ (non-residential heating)

Table 45: New York State Petroleum Business Tax (Article 13-A) Rates, 1983-2004 (Cont'd)

Year	Effective Date	Gasoline and Automotive Diesel	Nonautomotive Diesel	Residual Petroleum Products
2003	January 1	Gasoline: 14¢ per gallon - no tax on farm use (1) Automotive Diesel: 12.25¢ per gallon - no tax on farm use (1) - 7.1¢ (rail use)	13.2¢ per gallon - no tax on farm use, exempt organizations or electrical corps. with direct pay permits (2) - no tax (manufacturing) (4) - 7.6¢ (commercial gallonage) - 4.1¢ (non-residential heating)	11.4¢ per gallon - no tax on farm use, exempt organizations or electrical corps. with direct pay permits (2) - no tax (manufacturing) (4) - 5.8¢ (commercial gallonage) - 3.1¢ (non-residential heating)
2004	January 1	Gasoline: 14.6¢ per gallon - no tax on farm use (1) Automotive Diesel: 12.85¢ per gallon - no tax on farm use (1) - 7.5¢ (rail use)	13.7¢ per gallon - no tax on farm use, exempt organizations or electrical corps. with direct pay permits (2) - no tax (manufacturing) (4) - 7.9¢ (commercial gallonage) - 4.3¢ (non-residential heating)	11.8¢ per gallon - no tax on farm use, exempt organizations or electrical corps. with direct pay permits (2) - no tax (manufacturing) (4) - 6.0¢ (commercial gallonage) - 3.2¢ (non-residential heating)

(1) Effective 9/1/94, non-automotive and residual fuel use for farm production are exempt from the petroleum business tax. Reimbursement can also be claimed for motor used for farm production.

(2) Effective 1/1/96, purchases of non-automotive diesel fuel and residual petroleum products by exempt organizations, for self-use, are exempt from the tax.

(3) Effective 3/1/97.

(4) Effective 1/1/98, non-automotive diesel and residual fuel used in manufacturing are exempt from PBT.

Source: NYS Department of Taxation and Finance, Office of Tax Policy Analysis.

Table 46: Significant Changes to New York State's Corporate Franchise Tax Structure, 1999-2004

Tax Structure Component	1999	2000	2001
Bases & Rates			
Net Income			
Rate	Tax rate on entire net income is 9.0% before 6/30/99 and 8.5% thereafter phasing down to 7.5% beginning 7/1/01. A lower tax rate applies to small businesses with ENI allocated to NY of \$200,000 or less (8.0% before 6/30/99, 7.5% thereafter).	The rate equals 8.0% for tax years beginning after 6/30/00 and before 7/1/01. The rate remains at 7.5% for small businesses.	The rate equals 7.5% for tax years beginning on or after 7/11/01.
Starting Point	Federal taxable income.		
Modifications to Federal Taxable Income			
<i>Additions</i>			
Interest of federal, state, municipal and other obligations.	Required		
Interest paid to stockholders.	Interest paid less 10% or \$1,000, whichever is larger.		
Deductions directly attributable to subsidiary capital.	Taxpayers required to trace all expenses directly attributable.		
Deductions indirectly attributable to subsidiary capital.	Taxpayers required to trace interest and all other expenses indirectly attributable.		
State franchise tax deducted on federal return.	Follows federal rules.		
ACRS/MACRS deduction	Required, but limited to non-NY property.		
<i>Intangible royalty payments</i>			
<i>Subtractions</i>			
Foreign dividend gross up.	Follows federal rules.		
Depreciation	Partial ACRS.		
Investment income	50% of all dividends from nonsubsidiary corporations.		
Interest, dividends and gains from subsidiary capital.	100% deductible.		
Net Operating Losses	15 year carryover and 3 year carryback permitted. For tax years after 6/30/89, carryback limited to \$10,000.		
Allocation	Three factor, receipts double weighted. Property factor includes leased personal property.		
Business & Investment Capital			
Rate	0.178% of allocated business and investment capital. Tax on capital limited to \$350,000.		
Base	Total assets minus current liabilities. Deduction allowed for long-term liabilities.		
Allocation	Product of AFMV of taxpayer's investments times issuer's allocation percentage. Denominator includes NY and federal obligations in the denominator.		
Entire Net Income Plus Compensation			
Rate	Previously repealed.		
Base	Previously repealed.		
Alternative Minimum Taxable Income			
	Rate is 3.25% definition of minimum taxable income which is similar to federal alternative minimum taxable income. The rate is reduced to 3.0% for tax years beginning after 6/30/99. Net operating loss deduction and double weighting of receipts allowed.	Reduced to 2.5% for tax years beginning after 6/30/00.	

Table 46: Significant Changes to New York State's Corporate Franchise Tax Structure, 1999-2004 (Cont'd)

Tax Structure Component	1999	2000	2001
Minimum Tax			
	Tax is \$100 for gross payrolls of \$250,000 or less and \$225 for gross payrolls of less than \$500,000 but more than \$250,000. Phased-in over two years beginning after 6/30/98.		
Subsidiary Capital			
	0.09% tax imposed on investments in stock of subsidiaries, plus advances, less liabilities.		
Credits			
Investment Tax Credit (ITC)	Research and Development credit previously merged with ITC provision. Entire stock of credits limited to 15 year carryover. Rate is 5% of first \$350 million of investments plus 4% for investments over that amount. Credit allowed for equipment or buildings used in broker/dealer and related activities. Effective for property placed in service from 10/1/98-9/30/03.		Retroactively repeals mergers & acquisitions provisions to 1/1/97. Amended returns cannot be filed prior to 4/1/01.
Employment Incentive	Credit allowed for two years if employment is 101% of employment in prior year. Credit amount increases with employment. Carryover period is 10 years.		
Eligible Business Facility	Rate equals average of value of eligible property and certain wages. Credit can only be used for tax years prior to 1/1/00.		
Empire Zone	Empire zone wage credit, Empire zone capital corporation credit and Empire zone investment tax credit allowed. Two year credit allowed for business in zone eligible areas.	Doubled EZ/ZEA wage credit amounts and lengthened period from 2 to 5 years.	Empire zone employment incentive credit allowed against AMT effective 1/1/01.
Rehabilitation Expenditures of a Retail Enterprise	Rehabilitation expenditures calculated by ITC rates and bases.		
Special Additional Mortgage Recording Tax (SAMRT)	Up to 100% of SAMRT paid. Excess treated as overpayment for 9-A taxpayers, including S corps.		
Alternative Minimum Tax (AMT)	Credit allowed. Net operating loss and double weighting of receipts allowed.		
Credit for Rehabilitation of Historic Barns	ITC includes qualified expenditures for the rehabilitation of historic barns. Credit is 25% of expenditures.		
Farmer School Property Tax Credit	Various expenditures of school property tax on farm property; phases out for taxpayers with ENI above \$100,000. \$30,000 of nonfarm federal gross income exempt when determining eligibility for the credit. Also may subtract principal payments on farm debt when		

Table 46: Significant Changes to New York State's Corporate Franchise Tax Structure, 1999-2004 (Cont'd)

2002	2003	2004
Minimum Tax (Cont'd)		
		Payroll greater than \$25 million, increased to \$10,000; payroll greater than \$6.25 million but no more than \$25 million, increased to \$5,000; payroll greater than \$500,000 but no more than \$1 million, \$325; for payroll less than \$500,000, \$100. Values will revert to previous levels for taxable beginning on or after 1/1/06.
Subsidiary Capital (Cont'd)		
Credits (Cont'd)		
Financial Services ITC extended to property placed in service before 10/1/08.		
		Empire zone program extended to 3/31/05. Clarified to provide that taxpayers would receive full term of benefits regardless of whether the zone designation expires.
	Taxpayers allowed to elect three year average of federal gross income from farming to determine eligibility.	

Table 46: Significant Changes to New York State's Corporate Franchise Tax Structure, 1999-2004 (Cont'd)

Tax Structure Component	1999	2000	2001
Credits (Cont'd)			
Alternative Fuels Vehicle Credit	Credit equals 50% of incremental costs (capped at \$5,000 per vehicle); 60% of the cost of clean-fuel components (capped at \$5,000 or \$10,000 per vehicle depending on weight); and 50% of the cost of new clear-fuel refueling property.	Expanded credit to vehicles leased to government entities provided the company produces vehicles in New York and creates 25 new jobs.	
Credit for Employers Who Hire Persons With Disabilities	Credit equals 35% of the first \$6,000 of qualified wages (maximum of \$2,100 per employee).		
Qualified Emerging Technology Company (QETC) Credits	Employment tax credit and capital tax credits for qualified emerging technology companies effective for tax years beginning on or after 1/1/99.		Extended credit to remanufacturing of certain commodities that would otherwise enter the solid waste stream.
Qualified Empire Zone Enterprises (QEZE)			Real property tax credit, tax reduction credit, sales and use tax exemptions for QEZEs.
Green Building Tax Credits			Tax credits for construction/rehabilitation of green buildings. Applies to certificate of occupancy in tax years beginning on or after 1/1/01.
Low Income Housing Credit			Tax credit based on qualified basis of each low-income building. Immediate effective date.
Industrial or Manufacturing Business (IMB) Credit		Tax credit for Industrial and Manufacturing Business (IMB); Credit is allowed against corporate Franchise Tax for any taxes paid or passed through to the IMB under the corporation Tax. Effective for taxable periods ending after 1/1/00.	
Automated External Defibrillator Credit			Tax credit for the purchase of an automated external defibrillator. The credit is capped at \$500 for each purchase.
Long-Term Care Insurance Credit			
Brownfields Tax Credit			
Empire State Film Production Credit			
Temporary Surcharge			
	Previously repealed.		
MCTD Surcharge			
	17%		
Special Treatment			
Subchapter S Corporations	An S corp. and its shareholders are treated in the same manner as partnerships and its partners. Shareholders calculate the S corps. items of income, loss and deductions on a pro rata basis. Automatic conformity to federal S corporation changes.		
Tax Rates			
For shareholders	The top rate on all income equals 6.85%.		
For S corporations	S. corps are subject to the Article 9-A corporate franchise tax. S corp. differential tax rate is 7.525% for taxable years beginning after 6/30/99 and 7.875% before), 7.175% for taxable years beginning after 6/30/00 and 6.85% beginning 7/1/01 through 6/30/03. The differential rate percentage equals 0.975, 0.825, and 0.65, respectively.	S corporation rate differential drops from 0.65 to 0.3575 effective 7/1/03.	
Filing fee	Previously repealed.		

Table 46: Significant Changes to New York State's Corporate Franchise Tax Structure, 1999-2004 (Cont'd)

2002	2003	2004
Credits (Cont'd)		
Extended credit for vehicles placed in service on or before 12/31/03. Expanded credit to cover hybrid vehicles.		Extended credit for vehicles placed in service before 1/1/05.
		Investments in biotechnology companies made eligible for capital tax credit program extended to 3/31/05.
Aggregate limit increased to \$4 million per year.		Aggregate limit increased to \$6 million per year.
Tax credit for the purchase of long-term care insurance. Credit equals 10% of cost of insurance. Unused credit may be carried forward.	Credits enacted for remediation, redevelopment, and remediation insurance costs. Credits apply to tax years beginning on or after 4/1/05.	Credit increased to 20% of cost of insurance.
		A 10% credit enacted for qualified costs incurred in film or television production in New York.
Temporary Surcharge (Cont'd)		
MCTD Surcharge (Cont'd)		
Special Treatment (Cont'd)		
For tax years beginning in 2003, 2004, and 2005, S corporations are subject only to minimum tax.		

Table 47: Significant Changes to New York State's Corporate Franchise Tax on Insurance Companies, 1999-2004

Tax Structure Component	1999	2000	2001
Bases & Rates			
Net Income			
Rate	9% on allocated entire net income.	Tax rate decreases to 8.5% for taxable years beginning after 6/30/00; 8.0% for taxable years beginning after 6/30/01; and 7.5% for taxable years beginning on or after 7/1/02.	
Starting Point	Federal taxable income.		
Modifications to Federal Taxable Income			
<i>Additions</i>			
Federal dividends-received deduction.	Required		
Other dividend or interest income not deducted from federal taxable income.	Required		
Interest paid to stockholders.	Interest paid less 10% or \$1,000, whichever is larger.		
Federal net operating loss.	Required		
Deductions attributable to subsidiary capital.	Required		
NYS franchise tax.	Required		
ACRS/MACRS deduction	Follows federal rules.		
Provisions decoupling from federal treatment of unearned premiums and unpaid losses for property and casualty insurers.	Decoupled from federal treatment including IRC section 847.		
<i>Subtractions</i>			
Depreciation	Follows federal rules.		
Investment Income	50% of all dividends from nonsubsidiary corporations.		
Interest, dividends and gains from subsidiary capital.	100% deductible.		
Net Operating Losses	15 year carryover and 3 year carryback are permitted.		
Provisions decoupling from federal treatment of unearned premiums and unpaid losses for property and casualty insurers.	Decoupled from federal treatment including IRC section 847.		
Allocation	Two factor formula based on premiums and wages.		
Business & Investment Capital			
Rate	0.16% of allocated business and investment capital.		
Allocation	Two factor formula based on premiums and wages.		
Entire Net Income Plus Compensation			
Rate	9%		
Base	ENI plus officers' compensation minus \$30,000 and any net loss multiplied by 30%.		
Allocation	Two factor formula based on premiums and wages.		
Minimum Tax			

Table 47: Significant Changes to New York State's Corporate Franchise Tax on Insurance Companies, 1999-2004 (Cont'd)

Tax Structure Component	1999	2000	2001
Subsidiary Capital			
	0.08% tax imposed on investments in stock of subsidiaries, plus advances, less liabilities.		
Premiums			
Rate	Life - 0.7%		
	Accident and Health - 1%		
	Property and Casualty - 1.3%		
	Captive Insurers - top rate of 0.4% or \$5,000.		
Base	Premiums received for insuring New York State risks.		
Allocation	Two-factor formula based on premiums and wages.		
Limitation on Tax (Cap)			
	Equals 2.0% of premiums before certain credits for life insurers.	Decreased to 2.4% of premiums before certain credits for non-life insurers effective 7/1/00.	Decreased to 2.2% for non-life insurers effective 7/1/01.
Limitation on Tax (Floor)			
Credits			
Retaliatory Tax Credit	Up to 90% of retaliatory taxes paid to other states by New York domiciled or organized insurers.		
Fire Insurance Tax Credits	Allowed for taxes paid on certain fire insurance premiums.		
Eligible Business Facility	Rate equals average of value of eligible property and certain wages.		
Qualified Empire Zone Enterprises (QEZE)	Real property tax credit, tax reduction credit, sales and use tax exemptions for QEZEs.		
Credit for Investment in Certified Capital Companies (CAPCOs)	Credit equals 100% of amount invested in CAPCOs, rate equal 10% per year for 10 years.		
Credit for Employers Who Hire Persons With Disabilities	Credit equals 35% of the first \$6,000 of qualified wages (maximum of \$2,100 per employee)		
Special Additional Mortgage Recording Tax (SAMRT)	Up to 100% of SAMRT paid. Carryforward allowed.		
Investment Activity Broker/Dealers	Credit allowed for equipment or buildings used in broker/dealer activity and related activities. Effective for property placed in service from 1/1/01-9/30/08.		
Temporary Surcharge			
	N/A		
MCTD Surcharge			
	17%		

Table 48: Significant Changes to New York State's Franchise Tax on Banking Corporations, 1999-2004

Tax Structure Component	1999	2000	2001
Bases & Rates			
Net Income			
Rate	9% on allocated entire net income.	Tax rate decreases to 8.5% for taxable years beginning after 6/30/00; 8.0% for taxable years beginning after 6/30/01; and 7.5% for taxable years beginning on or after 7/1/02.	
Starting Point	Federal taxable income.		
Modifications to Federal Taxable Income			
<i>Additions</i>			
Dividends and interest effectively connected with US business.	Required		
NYS franchise tax, foreign country taxes.	Required		
ACRS/MACRS deduction	Follows federal rules.		
Federal bad debt deduction	Required		
<i>Subtractions</i>			
Foreign dividend gross up.	Deductible		
New York depreciation	Follows federal rules.		
Wages not deducted on federal return due to Jobs Credit.	Deductible		
FDIC/FSLIC	Deductible		
Percentage of interest and dividend income, gains, losses from subsidiary capital.	Deductible, limited to percentage of excess gains over losses.		
International Banking Facility (IBF) Income	Deductible, taxpayers can elect to take deduction or exclude IBF income from ENI allocation percentage.		
Percentage of interest income from US/NYS obligations.	Deductible		
NYS bad debt deduction.	Deductible		
Recaptured reserve	Deductible		
Net Operating Loss Deduction	Effective for losses incurred on or after 1/1/2001.		
Allocation	Three-factor formula - payroll, deposits, receipts.		
Capital Stock (Commercial Banks Only)	Previously repealed.		
Interest and Dividends (Thriffs Only)	Previously repealed.		
Allocated Taxable Assets			
Base	Average total value of assets minus FDIC/FSLIC and interbank placements.		
Rate	1/10th, 1/25th or 1/50th of a mill (based on net worth to assets ratio).		
Allocation	Based on payroll, receipts and deposits.		
Allocated Alternative Entire Net Income			
Rate	3.0%		
Base	Same as ENI, but includes income from subsidiary capital.		
Minimum Tax			
	\$250		

Table 48: Significant Changes to New York State's Franchise Tax on Banking Corporations, 1999-2004 (Cont'd)

Tax Structure Component	1999	2000	2001
Credits			
Eligible Business Facility	Rate equals average of value of eligible property and certain wages. New projects not approved after 3/31/83.		
Qualified Empire Zone Enterprises (QEZE's)		Real property tax credit, tax reduction credit, sales and use tax exemptions for QEZE's.	
Special Additional Mortgage Recording Tax (SAMRT)	Up to 100% of SAMRT paid. Carryforward allowed.		
Mortgage Servicing	Allowed for servicing mortgages acquired by SONYMA.		
Investment Activity, Brokers/Dealers	Credit allowed for equipment or buildings used in broker/dealer activity and related activities. Effective for property placed in service from 10/1/98 - 9/30/03.		
Temporary Surcharge			
	N/A		
MCTD Surcharge			
	17%		
Universe of Taxpayers			
	Includes only taxpayers doing a banking business in New York.		
Returns			
	Group of affiliated corporations computed on consolidated basis.		

Table 48: Significant Changes to New York State's Franchise Tax on Banking Corporations, 1999-2004 (Cont'd)

2002	2003	2004
Credits (Cont'd)		
Temporary Surcharge (Cont'd)		
MCTD Surcharge (Cont'd)		
Universe of Taxpayers (Cont'd)		
Returns (Cont'd)		

Table 49: Significant Changes in New York State's Taxation of Utility Corporations & Other Specified Companies, 1999-2004

Tax Structure Component	1999	2000	2001
Organized Tax, Tax on Changes of Capital of Capital of Domestic Corporations (Section 180)	0.05% on the total amount of the par value of stock authorized to be issued and 5¢ per share for shares without par value.		
License and Maintenance Fees on Foreign (out-of-state) Corporations (Section 181)	0.05% on the total amount of the par value of stock authorized to be issued and 5¢ per share for shares without par value.		
Franchise Tax on Transportation and Transmission Corporations and Associations (Section 183)	Tax based on the higher of 1) 1.5 mills on each dollar of net value of issued capital stock in New York State; 2) 0.375 mills per dollar of par value for each one percent of dividends paid in excess of 6%; and 3) a \$75 minimum tax. Exclusion for companies principally engaged in providing telecom. services for the purposes of air safety and navigation enacted in 1995. May include some trucking and railroad companies which opted to be taxed under Article 9 instead of 9-A.		
Additional Franchise Tax on Transportation and Transmission Corporations and Associations (Section 184)	Applies to all corporations principally engaged in transportation or transmission. Tax rate equals 0.75% on gross earnings of all transportation and transmission companies (0.60% for trucking and railroad companies remaining under Article 9). Exclusions for companies principally engaged in providing telecommunications services for the purposes of air safety/navigation, corporations not principally engaged in local telephone services, and all interLATA, interstate, and international telecommunication services enacted in 1995. Exclusion of 30% of interLATA toll receipts.	Rate falls to 0.375% effective 7/1/00.	
Franchise Tax on Farmers', Fruit Growers', and Other Like Agricultural Corporations Organized and Operated on a Co-Operative Basis (Section 185)	Tax based on the higher of 1) 1 mill on each dollar of the value of the value of issued capital stock allocated to New York State; 2) 0.25 mills for each percent of dividends paid in excess of 6% on the value of issued capital stock allocated to New York State; or 3) a \$10 minimum tax.		
Franchise Tax on Water-Works Companies, Gas Companies, Electric or Steam Heating, Lighting and Power Companies (Section 186)	Applies to corporations principally engaged in the business of supplying water, steam or gas through mains or pipes and electricity. Tax rate is 0.75% on gross earnings.	Tax is repealed effective 1/1/00.	
Tax on the Furnishing of Utility Services (Section 186-a)	Applies to any person engaged in the business of providing transportation service on the public highways of the State or who sells gas, electricity, steam, water, refrigerator, telephone or telegraph service through mains, pipes or wires. Tax rate equals 3.25% on the gross income of companies under the supervision of the Department of Public Service and 3.0% on the gross operating income of all other utility service providers. Excludes receipts from the sale of telecommunication services beginning in 1995.	Rate on commodity charges reduced to 2.1% effective 1/1/00; phases out by 2005. Rate on transportation and distribution receipts phases down to 2.0% for 2005 and thereafter.	Rate on commodity charges reduced to 2.0% effective 1/1/01. Also, rate on transportation and distribution (T&D) reduced to 2.45%.
Transportation Business Tax on Utility Services in Erie County (Section 186-d)	Erie County authorized to adopt a tax not exceeding 0.75% of gross income or gross operating income of utility service providers.		
Tax on the Furnishing of Telecommunications Services (Section 186-e)	Tax is a 3.25% excise tax on receipts from telecommunications services. Uses the Goldberg allocation method. Initialsells claim access deduction.	Rate falls further to 2.5% effective 1/1/00.	
Privilege Tax on Importation of Gas Services for Consumption (Section 189)	Tax rate equals 4.25% on the consideration given or contracted to be given by a gas importer for gas services imported or caused to be imported into New York by a gas importer for its own use or consumption in the state.	Rate reduced to 2.1% effective 1/1/00, phases out by 2005.	Rate reduced to 2.0% effective 1/1/01.
MCTD Surcharge (Sections 183-a, 184-a, 186-b, 186-c and 189-a)	17% surcharge also applies on tax attributable to MCTD (Metropolitan Commuter Transportation District) under §§ 183, 184, 186 and 186-a. Also applies to § 186-e beginning in 1995.	Surcharge § 186-b repealed with § 186 effective 1/1/00.	
Credit for Special Additional Mortgage Recording (Section 187)	Credit allowed on all Article 9 taxes (except §§ 180, 181 and 186-a) equal to the amount of special additional mortgage recording taxes paid. Credit against § 184 tax is the excess of the special additional mortgage recording tax over any credit allowed against the § 183 tax.		

Table 49: Significant Changes in New York State's Taxation of Utility Corporations & Other Specified Companies, 1999-2004 (Cont'd)

2002	2003	2004
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Rate on commodity charges reduced to 1.9% effective 1/1/02. Also, rate on transportation and distribution (T&D) reduced to 2.4%.

Rate on commodity charges reduced to 0.85% effective 1/1/03. Also, rate on transportation and distribution (T&D) reduced to 2.25%.

Rate on commodity charges reduced to 0.4% effective 1/1/04. Also, rate on transportation and distribution (T&D) reduced to 2.125%.

Rate reduced to 1.9% effective 1/1/02.

Rate reduced to 0.85% effective 1/1/03.

Table 49: Significant Changes in New York State's Taxation of Utility Corporations & Other Specified Companies, 1999-2004 (Cont'd)

Tax Structure Component	1999	2000	2001
Alternative Fuels Vehicle Credit	Credit equals 50% of incremental costs (capped at \$5,000 per vehicle); 60% of the cost of clean-fuel components (capped at \$5,000 or \$10,000 per vehicle depending on weight); and 50% of the cost of new clean-fuel refueling property.	Expanded credit to vehicles leased to government entities provided the company produces vehicles in New York and creates 25 new jobs.	
Credit for Employers Who Hire Persons With Disabilities	Credit equals 35% of the first \$6,000 of qualified wages (maximum of \$2,100 per employee).		
Power for Jobs Credit	Credit is based upon net revenue loss of the utility associated with the retail sale of low cost power to selected customers.		

Table 49: Significant Changes in New York State's Taxation of Utility Corporations & Other Specified Companies, 1999-2004 (Cont'd)

2002	2003	2004
Extended credit for vehicles placed in service on or before 12/31/03. Expanded credit to cover hybrid vehicles.		Extended credit for vehicles placed in service before 1/1/05.

Table 50: Significant Changes in the Structure of New York State's Petroleum Business Gross Receipts Tax, 1983-1990

	June 30, 1983 through March 31, 1984	April 1, 1984 through December 31, 1986	January 1, 1987 through March 31, 1988	April 1, 1988 through August 31, 1990
Gross Receipts				
Rate	3.25% of taxable gross receipts or \$250, whichever is higher, effective 7/1/83.	Rate decreased to 2.75% or \$250, whichever is higher, effective 4/1/84.		Rate increased in effect between 7/1/90 and 8/1/90 of 7.2%. Tax surcharge also imposed. Effective rate is 8.28%.
Modifications to Base				
	Sections 182-a and 182-b of Article 9 repealed effective 6/30/83.	Inclusion of businesses that import petroleum, or cause it to be imported for their own consumption, effective 4/1/84.	Formal registration of petroleum businesses is imposed effective 1/1/87.	Federal excise tax on motor fuel is no longer excluded from taxable gross receipts effective 4/1/88.
	Article 13-A enacted effective 7/1/83.	Excluded from new requirement is petroleum brought into the State in ordinary fuel tanks of motor vehicles effective 4/1/84.	Tax on aviation fuels shifted to the ultimate consumer effective 10/1/87.	
		Computation of petroleum "consumed" in the State is revised effective 7/1/85.		
		Military jet fuel and naphtha and naphtha-based aviation fuel made exempt effective 12/29/86.		

Table 51: Significant Changes in New York State's Petroleum Business Tax, 1999-2004

	Jan. 1, 1999 through March 31, 1999 (1)	April 1, 1999 through Dec. 31, 1999 (1)	Jan. 1, 2000 through Dec. 31, 2000	Jan. 1, 2001 through March 31, 2001	April 1, 2001 through Dec. 31, 2001
Product Bases and Rates					
Motor Fuel	14	14	13.4	14	14
Automotive Type Diesel Motor Fuel	13.25	12.25	11.65	12.25	12.25
Railroad Diesel	7.1	7.1	6.7	7.1	7.1
Nonautomotive Type Diesel Motor Fuel					
Farm Use	0	0	0	0	0
Not-for-Profit Use (2)	0	0	0	0	0
Manufacturing Use (3)	0	0	0	0	0
Commercial Gallonage	--	--	--	--	7.6
Nonresidential Heating Use	--	--	--	--	6.1
All Other	13.2	13.2	12.7	13.2	13.2
Residual Petroleum Product					
Farm Use	0	0	0	0	0
Not-for-Profit Use (2)	0	0	0	0	0
Manufacturing Use (3)	0	0	0	0	0
Commercial Gallonage	--	--	--	--	5.9
Nonresidential Heating Use	--	--	--	--	4.7
All Other	11.6	11.6	11.1	11.5	11.5
Aviation Gasoline	5.6	5.6	5.4	5.6	5.6
Kero-jet Fuel	5.6	5.6	5.4	5.6	5.6
Natural Gas (4)	--	--	--	--	--
Electric Utility Credit/Refund					
No. 2 Heating Oil	4.59	5.09	4.87	5.08	5.08
Residual Petroleum Product	4.55	5.05	4.83	5.04	5.04
Natural Gas (4)	--	--	--	--	--
Manufacturing Credit/Reimbursement					
Nonautomotive Diesel Fuel	--	--	--	--	--
Residual Petroleum Product	--	--	--	--	--
Commercial Gallonage Credit/Reimbursement					
Nonautomotive Diesel Fuel (5)	5.6	5.6	5.4	5.6	5.6
Residual Petroleum Product (5)	5.6	5.6	5.4	5.6	5.6
Farm Use Reimbursement					
Motor Fuel	14	14	13.4	14	14

Table 51: Significant Changes in New York State's Petroleum Business Tax, 1999-2004 (Cont'd)

	Jan. 1, 2002 through Aug. 31, 2002	Sept. 1, 2002 through Dec. 31, 2002	Jan. 1, 2003 through Dec. 31, 2003	Jan. 1, 2004 through Dec. 31, 2004
Product Bases and Rates (Con't)				
Motor Fuel	14.6	14.6	14	14.6
Automotive Type Diesel Motor Fuel	12.85	12.85	12.25	12.85
Railroad Diesel	7.5	7.5	7.1	7.5
Nonautomotive Type Diesel Motor Fuel				
Farm Use	0	0	0	0
Not-for-Profit Use (2)	0	0	0	0
Manufacturing Use (3)	0	0	0	0
Commercial Gallonage	7.9	7.9	7.6	7.9
Nonresidential Heating Use	6.3	4.3	4.1	4.3
All Other	13.7	13.7	13.2	13.7
Residual Petroleum Product				
Farm Use	0	0	0	0
Not-for-Profit Use (2)	0	0	0	0
Manufacturing Use (3)	0	0	0	0
Commercial Gallonage	6.1	6.1	5.8	6
Nonresidential Heating Use	4.9	3.3	3.1	3.2
All Other	11.9	11.9	11.4	11.8
Aviation Gasoline	5.8	5.8	5.6	5.8
Kero-jet Fuel	5.8	5.8	5.6	5.8
Natural Gas (4)	--	--	--	--
Electric Utility Credit/Refund				
No. 2 Heating Oil	5.3	5.3	5.06	5.28
Residual Petroleum Product	5.26	5.26	5.03	5.25
Natural Gas (4)	--	--	--	--
Manufacturing Credit/Reimbursement				
Nonautomotive Diesel Fuel	--	--	--	--
Residual Petroleum Product	--	--	--	--
Commercial Gallonage Credit/Reimbursement				
Nonautomotive Diesel Fuel (5)	5.8	5.8	5.6	5.8
Residual Petroleum Product (5)	5.8	5.8	5.6	5.8
Farm Use Reimbursement				
Motor Fuel	14.6	14.6	14	14.6

Table 51: Significant Changes in New York State's Petroleum Business Tax, 1999-2004 (Cont'd)

	Jan. 1, 1999 through March 31, 1999 (2)	April 1, 1999 through Dec. 31, 1999	Jan. 1, 2000 through Dec. 31, 2000	Jan. 1, 2001 through March 31, 2001	April 1, 2001 through Dec. 31, 2001
Legislative Amendments	--	Utility credit for non-automotive diesel fuel increased from 4.59¢ to 5.09¢ per gallon. Credit for residual petroleum product increased from 4.55¢ to 5.05¢ per gallon effective 4/1/99.	--	--	New categories of non-residential heating gallonage for diesel residual petroleum product; 20% rate reduction from commercial gallonage rate effective 4/1/01.
	--	Rate reduction for automotive diesel fuel. PBT rate is reduced from 13.25¢ to 12.25¢ per gallon effective 4/1/99.	--	--	Full refund of diesel fuel and residual petroleum product used in mining and extracting 4/1/01.
	Annual indexing of rates on 1/1/99.	--	Annual indexing of rates on 1/1/00.	Annual indexing of on 1/1/01.	--
	--	--	--	Reimbursement of tax for diesel fuel and residual petroleum product used in passenger commuter ferries effective 12/1/00.	--
	--	--	--	--	--
	--	--	--	--	--
	--	--	--	--	Elimination of PBT minimum taxes effective 3/1/01.

Table 51: Significant Changes in New York State's Petroleum Business Tax, 1999-2004 (Cont'd)

	Jan. 1, 2002 through Aug. 31, 2002	Sept. 1, 2002 through Dec. 31, 2002	Jan. 1, 2003 through Dec. 31, 2003	Jan. 1, 2004 through Dec. 31, 2004
Legislative Amendments (Con't)	--	Rate reduction of 33 percent for diesel fuel and residual petroleum product if used for non-residential heating purposes.	--	--
	--	--	--	--
	Annual indexing of rates on 1/1/02.	--	Annual indexing of rates on 1/1/03.	Annual indexing of rates on 1/1/04.
	--	--	--	--
	--	--	--	--
	--	--	--	--
	--	--	--	Elimination of PBT on kero jet fuel used during overflight miles on intra-state flights eff. 11/1/04.

(1) Rates are an aggregate of base tax and supplemental tax.
 (2) Exempt Organizations defined as those covered by Section 1116(a)(4) or (5) are allowed an exemption from the supplemental tax effective 9/1/95 and for the entire tax effective 1/1/96.
 (3) Manufacturing use became fully exempt from PBT effective 1/1/98.

Sales and Compensating Use Tax

Forty-five states impose a sales tax. Apart from a short-lived emergency tax on retail sales in 1933-34, New York had no general State sales tax until 1965. At that time, Article 28 imposed the State sales and use taxes, and provided authority for similar taxes to counties and cities choosing to adopt them (although some counties and cities already levied their own sales taxes). The State collects the local portion of the sales tax and distributes net collections to localities.

Tax Rates

The current statewide State tax rate equals 4.25 percent. Many cities, and most counties, impose an additional tax of 4 percent for a combined State and local rate of 8.25 percent. The State currently imposes a 4 1/8th percent tax in New York City for the benefit of the Municipal Assistance Corporation.

The State also imposes the Metropolitan Commuter Transportation District tax of 0.25 percent in 12 downstate counties. Table 53 shows combined State and local sales tax rates in each county and in cities which impose sales and use taxes.

An additional 5 percent tax applies to charges for passenger car rentals. An additional 5 percent State tax also applies to information and entertainment services furnished by telephone (e.g., “900” numbers) and received exclusively aurally. These taxes are in addition to the regular State and local sales tax on such services.

Tax Base and Exemptions

The sales tax applies to retail sales of tangible personal property (unless specifically exempt) and to certain services. A compensating use tax applies to the use within the State of tangible personal property and services purchased outside the State. Sales and use taxes do not apply to sales or rentals of real property. The Tax Law also exempts purchases for resale, most sales to or by federal and New York State governments,

charitable organizations and certain other exempt organizations, sales of most food for home consumption, and sales of both prescription and nonprescription medicines. Also, the sales tax does not apply to most services. Examples of services not subject to tax include medical care, transportation, education, and personal and professional services.

Economic Development Exemptions and Credits

New York State and its localities exempt machinery, equipment, tools, parts, and supplies used directly and predominantly in manufacturing property for sale. The State and its localities also exempt fuels and utility services used in manufacturing property for sale.

An exemption also applies to tangible personal property used directly in experimental research and development activity. Also, gas, electricity, refrigeration and steam (and related services) used or consumed directly and exclusively for research and development is exempt from sales and use taxes.

The *Qualified Empire Zone Enterprise* program encourages the development of businesses in Empire Zones throughout the state. In addition to property tax and income tax reductions, this program provides a State sales tax exemption (with a local option) for tangible personal property and most services used or consumed by a zone enterprise.

In addition, the law permits a refund or credit for sales and use taxes paid on materials used to expand, construct or restore certain industrial and commercial projects within designated Empire Zones.

The tax does not apply to purchases of materials incorporated into buildings owned by an industrial development agency (IDA). Recipients of IDA funding may also claim exemption for certain other purchases made as agents of an IDA.

Registration and Payment

Every person who sells tangible personal property or taxable services must register with the Department before commencing business. Currently, approximately 640,000 vendors are registered.

Generally, sales tax vendors must file quarterly tax returns with the Department. However, vendors whose taxable receipts total \$300,000 or more in any quarter must also file monthly returns by the 20th day of the

following month. Vendors who remit tax of \$3,000 or less per year may file an annual return.

Sales tax vendors with annual sales and compensating use tax liability exceeding \$500,000, or with annual liability for prepaid sales tax on motor fuel and diesel motor fuel exceeding \$5 million, must remit monthly payments by electronic funds transfer (EFT). Other monthly filers may participate in the EFT program on a voluntary basis.

Vendors who timely file their sales tax return and remit full payment of tax due with the return may retain, as compensation for expenses, 3.5 percent of the amount of State sales tax collected, up to \$150 per quarter.

Table 52: New York State & Local Sales & Use Tax Rates, Calendar Years Ending 1933-2004

Year	State Rate	Additional MCTD Tax (1)	Top Local Rate	Maximum State & Local Rate
1933	1.00%	--	--	1.00%
1934-40	--	--	2.00%	2.00%
1941-44	--	--	1.00%	1.00%
1945-50	--	--	2.00%	2.00%
1951-64	--	--	3.00%	3.00%
1965-68	2.00%	--	3.00%	5.00%
1969-70	3.00%	--	3.00%	6.00%
1971-73	4.00%	--	3.00%	7.00%
1974-80	4.00%	--	4.00%	8.00%
1981-90	4.00%	0.25%	4.00%	8.25%
1991-2003	4.00%	0.25%	4.25%	8.50%
2003-Present (2)	4.25%	0.25%	4.25%	8.75%

(1) The Metropolitan Commuter Transportation District (MCTD) includes 12 counties: New York, Bronx, Kings, Queens, Richmond, Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk, and Westchester.

(2) The 0.25% State rate increase was effective June 1, 2003 and is scheduled to expire on May 31, 2005.

Source: NYS Department of Taxation and Finance, Office of Tax Policy Analysis.

Table 53: New York State & Local Sales Tax Rates, by Community, as of January 1, 2005

State					
The State sales tax rate is 4% in each county and city.					
Counties					
The following shows the combined State and county sales tax rates:					
County	Rate	County	Rate	County	Rate
Albany	8.25%	Herkimer	8.25%	Richmond (1)	8.625%
Allegany	8.75%	Jefferson	8.00%	Rockland (1)	8.125%
Bronx (1)	8.625%	Kings (1)	8.625%	St. Lawrence	7.25%
Broome	8.25%	Lewis	8.00%	Saratoga	7.25%
Cattaraugus	8.25%	Livingston	8.25%	Schenectady	8.25%
Cayuga	8.25%	Madison	8.25%	Schoharie	8.25%
Chautauqua (4)	7.25%	Monroe	8.25%	Schuylar	8.25%
Chemung	8.25%	Montgomery	8.25%	Seneca	8.25%
Chenango	8.25%	Nassau (1)	8.75%	Steuben	8.25%
Clinton	8.00%	New York (1)	8.625%	Suffolk (1)	8.75%
Columbia	8.25%	Niagara	8.25%	Sullivan	7.75%
Cortland	8.25%	Oneida (4)	8.25%	Tioga	8.25%
Delaware	8.25%	Onondaga	8.25%	Tompkins	8.25%
Dutchess (1)	8.25%	Ontario	7.25%	Ulster	8.25%
Erie	8.25%	Orange (1)	8.25%	Warren	7.25%
Essex	8.00%	Orleans	8.25%	Washington	7.25%
Franklin	7.25%	Oswego	8.25%	Wayne	8.25%
Fulton	7.25%	Otsego	8.25%	Westchester (1)	7.50%
Genesee	8.25%	Putnam (1)	7.50%	Wyoming	8.25%
Greene	8.25%	Queens (1)	8.625%	Yates	8.25%
Hamilton	7.25%	Rensselaer	8.25%		
Cities (2)					
The following shows the combined State, County and City sales tax rates:					
City / County	Rate	City / County	Rate	City / County	Rate
Auburn / Cayuga	8.25%	Ithaca / Tompkins	8.25%	Oswego / Oswego (4)	7.25%
Canandaigua / Ontario	7.25%	Johnstown / Fulton	7.25%	Rome / Oneida (4)	8.25%
Corning / Steuben	8.25%	Mount Vernon / Westchester (1)	8.50%	Saratoga Springs / Saratoga	7.25%
Fulton / Oswego	8.25%	New York City (1)(3)	8.625%	Salamanca / Cattaraugus	8.25%
Geneva / Ontario	7.25%	New Rochelle / Westchester (1)	8.50%	Sherrill / Oneida	8.25%
Glens Falls / Warren	7.25%	Norwich / Chenango	8.25%	Utica / Oneida	8.25%
Gloversville / Fulton	7.25%	Olean / Cattaraugus	8.25%	White Plains / Westchester (1)	8.00%
Hornell / Steuben	8.25%	Oneida / Madison	7.25%	Yonkers / Westchester (1)	8.50%

Note: The State sales tax rate is increased to 4.25% for the period June 1, 2003 through May 31, 2005. For current combined State and local sales tax rates, see New York State Department of Taxation and Finance Publication 718 New York State Sales and Use Tax Rates by Jurisdiction.

(1) Rate includes 0.25% additional tax for the Metropolitan Commuter Transportation District (MCTD).

(2) Total combined rates shown. These do not reflect the amount that the city actually retains.

(3) New York City includes the counties of Bronx, Kings, New York, Queens and Richmond.

(4) The following localities increased their local sales tax rates for a new combined State and local tax rate; effective March 1, 2005 - Chautauqua Co. 8.25%, Oneida Co. 9.75%, City of Rome 9.75%, City of Sherrill 9.75%, and City of Utica 9.75%.

Source: NYS Department of Taxation and Finance, Office of Tax Policy Analysis.

Table 54: Significant Changes in New York State's Sales & Use Tax Structure, 1965-2004

Tax Structure Component	1965-1974	1975-1979	1980-1984	1985-1989
State Tax Rate	In 1969, tax rate increased from 2 to 3%. In 1971, the tax rate increased to 4%.			
Exemptions & Exclusions Added		Medical equipment and supplies.	Certain municipal trash removal services.	Race horses purchased in claiming races.
		Residential energy.	Certain parts, tools and supplies used in production.	Race horses purchased out-of-state but raced in New York.
		Commercial aircraft.		Training and maintaining race horses.
				Commercial fishing vessels.
				Tractor-trailer combinations.
				Building materials used in EDZ.
				Promotional materials printed in New York for out-of-state distribution.
Base Expansion				
Filing Requirements		Established the requirement for certain vendors to "prepay" March sales tax collections.		Gasoline importers and diesel fuel distributors required to prepay sales tax monthly.

Table 54: Significant Changes in New York State's Sales & Use Tax Structure, 1965-2004 (Cont'd)

1990-1994	1995	1996	1997	1998
State Tax Rate (Cont'd)				
Exemptions & Exclusions Added (Cont'd)				
Alternative fuel vehicles.	Dues for homeowner associations (effective September 1).		Printed promotional materials distributed by mail.	Certain clothing purchases exempt for 2 separate weeks.
Electronically transmitted newspapers and periodicals.			Certain clothing purchases exempt for 2 separate weeks.	Computer hardware used in the design and development of computer software, effective June 1.
Sales of registered racehorses.			Certain coin-operated machines, effective December 1.	Certain college textbooks, effective June 1.
				Coin-operated telephone exemption increased to 25 cents, effective September 1.
				Expanded the exemption for telephone central office equipment, effective September 1.
Base Expansion (Cont'd)				
Protective and detective services.				
Parking services.				
Long-term building maintenance.				
Interior decorating and design.				
Accelerated tax payments on auto, boat, and aircraft leases.				
"900" numbers and other telephone information and entertainment services.				
Pre-written computer software.				
Telephone answering services.				
Transportation charges included as part of the taxable receipt.				
Filing Requirements (Cont'd)				
Eliminated the requirement for certain vendors to "prepay" March sales tax collections.	Electronic funds transfer requirement extended to vendors with annual sales tax liability \$1 million.		EFT hardship provided for building materials suppliers.	Annual filing threshold increased from \$250 to \$3,000.
Electronic funds transfer requirement extended to vendors with annual sales tax liability exceeding \$5 million. Later reduced to \$4 million.				
Vendor allowance provided equal to 1.5% of State sales tax owed up to \$100 per quarter.				

Table 54: Significant Changes in New York State's Sales & Use Tax Structure, 1965-2004 (Cont'd)

1999	2000	2001	2002	2003	2004
State Tax Rate (Cont'd)					
				Effective June 1, 2003 rate increased to 4.25%.	
Exemptions & Exclusions Added (Cont'd)					
Clothing and footwear costing less than \$110 are made exempt effective 3/1/00.	Purchases of tangible personal property and most services by a Qualified Empire Zone Enterprise become exempt from State sales tax 3/1/01.	Certain boats sold to nonresidents.			Vessels used to provide local transit services.
	Farm production exemption significantly expanded.	Computer system hardware used in designing and developing internet web sites.			Private aircraft maintenance.
	Purchases by operators of Internet Data Centers.	Industrial pollution control and abatement equipment.			
	The exemption for providers of telecommunications services significantly expanded and extended to Internet access service/providers.	Manufacturers use tax reduction.			
	Cable television system operators upgrading to digital services.	Certain purchases for use in theatrical productions.			
	Purchases by radio and television broadcasters, including cable television networks, when used to produce or distribute programs.				
	State sales tax on charges for separately purchased transmission and distribution of electricity and gas is phased down and gas is phased down and will be eliminated by 9/1/03.				
	Food and drink sold through vending machines at a cost of 75 cents or less.				
Base Expansion (Cont'd)					
	A compensating use tax is imposed on electricity and gas and electric and gas service.			Effective June 1, 2003 clothing and footwear exemption suspended.	
Filing Requirements (Cont'd)					
Vendor allowance increased to 3.5% of State sales tax owed up to \$150 per quarter.			Electronic funds transfer requirement extended to vendors with annual sales tax liability exceeding \$500,000.	Provided for the reporting of consumer use tax on PIT returns.	State contractor compliance provisions added.

Excise and User Taxes and Fees

New York State imposes various excise and user taxes. These include the cigarette and tobacco tax (Article 20), the motor fuel excise tax (Article 12-A), a petroleum testing fee (also Article 12-A), the alcoholic beverage tax (Article 18), the highway use tax (Article 21), the fuel use tax (Article 21-A), the passenger car rental tax (Article 28-A), and the boxing and wrestling exhibitions tax (Article 19). Another excise tax, the beverage container tax (Article 18-A), was repealed effective October 1, 1998.

The Department of Taxation and Finance also administers other taxes and fees. These include the parimutuel and horse racing taxes and the hazardous waste fees contained in Article 27 of the Environmental Conservation Law.

Cigarette and Tobacco Products Taxes and Fees

New York collects the cigarette tax (Article 20) through the sale of tax stamps to licensed agents. Agents must affix the stamps to each package of cigarettes before sale in New York State. The tax rate is \$1.50 per pack of 20 cigarettes. New York City also imposes a separate \$1.50 per pack tax, which brings the combined per pack tax rate in the City to \$3.00.

In State Fiscal Year (SFY) 2004-2005, the General Fund receives 38.78 percent of the cigarette excise tax and the remainder, 61.22 percent, is dedicated to the Tobacco Control and Insurance Initiatives Pool.

Distributors of other tobacco products such as cigars, snuff, pipe and chewing tobacco pay a tax on the wholesale price. Distributors include persons importing, manufacturing or possessing for sale such products in New York. The rate of the tobacco products tax is 37 percent of the wholesale price.

Sellers of cigarettes and other tobacco products must pay an annual \$100 registration fee for every location in the State where they sell product at

retail, and \$25 yearly registration fees for every vending machine handling these products. Vendors must also display valid permits.

Motor Fuel Taxes

Article 12-A imposes an 8 cents per gallon tax on diesel motor fuel at the point of first taxable sale or use in New York. An 8 cents per gallon tax also applies to other motor fuel, including gasoline, upon first import into or production within New York.

The tax has three rate components, as detailed below:

Table 55: Motor Fuel Tax Rate Components Per Gallon, 2004

Regular Tax	4 cents
Additional Tax	3 cents
Supplemental Tax	1 cent
Total	8 cents

The Article 12-A law requires the pass-through of these taxes to consumers. It also exempts from tax purchases by federal, New York State and local government agencies.

An exporter of motor fuel must be registered as a licensed distributor in the jurisdiction to which the fuel is exported in order to qualify for an export credit or refund.

The motor fuel tax usually does not apply to fuel used for non-highway purposes. For example, fuel on which the tax is already paid when it is used exclusively to operate road building machinery, for farming or commercial marine purposes, or in vehicles operated on rails or tracks, is eligible for a refund.

Certain omnibus carriers engaged in local transit service and nonpublic school operators in the State may claim full refund of motor fuel and diesel fuel taxes paid. The law allows partial refunds of 3 cents per gallon of these automotive fuel taxes paid by operators of other private buses and taxicabs.

Dedication of Revenue

Motor fuel tax collections are dedicated to certain highway expenditure funds. The entire gasoline tax and diesel fuel taxes are deposited into dedicated funds established to help finance highway bridge and mass transportation construction and maintenance efforts.

Petroleum Testing Fee

A regulatory fee of one half mill (0.05 cents) per gallon applies to motor fuel (gasoline and other nondiesel automotive fuels) imported, sold or manufactured within New York. The distributor may not pass this fee on to the consumer and the consumer cannot obtain a refund for off-highway use. The fee finances petroleum testing to protect the quality standards of motor fuel supplies.

Alcoholic Beverage Tax

The alcoholic beverage tax (Article 18) imposes liquor, beer, wine and specialty beverages taxes at various rates upon registered distributors and noncommercial importers of alcoholic beverages. The table below shows 2004 tax rates for different beverages:

Table 56: Alcoholic Beverage Tax Rates, 2004

Alcoholic Beverages	Rate Per Liter	Rate Per Gallon
Liquors (Over 24% Alcohol)	\$1.70	\$6.43
Liquors (2% - 24% Alcohol)	67 cents	\$2.53
Beer		11 cents
Still Wine and Wine Coolers		18.93 cents
Sparkling Wine (Carbonated)		18.93 cents
Sparkling Wine (Natural)		18.93 cents
Cider Over 3.2% Alcohol (Still or Carbonated)		3.79 cents

No tax applies to the first 200,000 barrels of beer brewed and sold in New York each year by brewers with headquarters in New York.

Highway/Fuel Use Taxes

The Tax Law imposes three separate highway and fuel use taxes, as described below. Exemptions from tax include motor vehicles owned and operated by governmental entities, fire companies, farmers, and vehicles used exclusively to transport household goods. The Truck Mileage Tax (TMT) also exempts buses used in local transit services.

Truck Mileage Tax

The truck mileage tax (TMT) applies to any motor vehicle with a gross weight over 18,000 pounds, or where elected, the tax applies to trucks with an unloaded weight of over 8,000 pounds and tractors with an unloaded weight in excess of 4,000 pounds. Rates increase according to vehicle weight, and apply to miles traveled on public highways. The truck mileage tax (TMT) is composed of a base tax and a supplemental tax. The truck mileage tax does not apply to mileage on the toll-paid portion of the New York State Thruway.

Highway Use Permits

Highway use permits, issued for not more than three years, identify vehicles subject to the highway use tax. Permit fees equal \$15 per truck, tractor or taxable bus. Each trailer used to haul automotive fuel requires a \$5 permit. Buses not subject to fuel use tax and other trailers do not need a permit. A special \$25 single-trip permit, available to a carrier no more than 10 times per year, exempts a carrier from truck mileage and fuel use taxes for a single 72-hour period.

New York conforms to the International Fuel Tax Agreement (IFTA). New York-based carriers operating in more than one IFTA jurisdiction must obtain an IFTA license and two decals (costing \$4 each) for each qualified vehicle.

Fuel Use Tax

The fuel use tax (Article 21-A) applies to fuel bought outside New York State by truck, tractor and bus carriers, but used while traveling on New York highways. It reduces opportunities for such carriers to buy motor fuel outside New York to avoid State and local taxes. The fuel use tax consists of two components: the motor fuel component and the sales tax component. Carriers also report the petroleum business tax on fuel used, but not purchased, in the State on the same return as the fuel use tax. Carriers may claim credits or refunds for New York taxes on fuel used outside the State.

New York's fuel use tax provisions also conform to those of the International Fuel Tax Agreement (IFTA). The minimum gross vehicle weight of vehicles required to pay the fuel use tax is 26,000 pounds. A special \$25 single fuel use tax trip permit is available which exempts an IFTA licensed carrier from the New York fuel use taxes for a single 72 hour period for that vehicle.

Pari-Mutuel and Horse Racing Taxes

The Racing, Pari-mutuel Wagering and Breeding Law imposes a tax on pari-mutuel wagering at horse racetracks and at off-track betting (OTB) parlors throughout the State for the privilege of conducting pari-mutuel wagering on horse races. The Department of Taxation and Finance administers this tax. Each racing association or corporation pays to the State a portion of the commission withheld from wagering pools. Tax rates vary by type of race and wager. State horse racing revenues also include the racing admission tax, breakage, nonprofit racing association franchise fees, and revenue from uncashed tickets.

Passenger Car Rental Tax

The passenger car rental tax is a sales tax imposed under Article 28-A, which applies to receipts from every rental or use of passenger cars, at a 5 percent rate. The law defines passenger cars as motor vehicles weighing 9,000 pounds or less with seating capacity for 9 or fewer persons, excluding motorcycles. The tax does not apply to leases for terms of one year or longer. This sales and use tax applies in addition to existing State and local sales and use taxes on rentals.

Boxing and Wrestling Exhibitions Tax

Article 19 of the Tax Law imposes tax on certain gross receipts of promoters of boxing and wrestling matches held in New York. The tax is comprised of two components – a tax of 3 percent on gross receipts from ticket sales and a tax of 3 percent on gross receipts from broadcasting rights. Each component of the tax is capped at \$50,000 per match or exhibition resulting in a combined maximum imposition of \$100,000 per event.

Exemptions from the tax apply for certain types of matches including: sparring, boxing, or wrestling matches or exhibitions conducted under the supervision or control of the New York state national guard or naval militia where all of the contestants are members of the active militia; matches or exhibitions of amateurs sponsored by or under the supervision of any university, college, school or other institution of learning recognized by the regents of the state of New York; and matches or exhibitions of amateurs sponsored by or under the supervision of the U.S. Amateur Boxing Federation or its local affiliates or the American Olympic Association.

Waste Tire Fee

A waste tire management fee on sales of new tires in the state is imposed under section 27-1913 of the Environmental Conservation Law. The fee of \$2.50 per new tire sold is administered and collected by the Tax Department. The fee is collected from tire retailers, including car dealers, on sales of new tires for use on cars, trucks, motor homes, buses, trailers, motorcycles, all terrain vehicles and virtually any other self propelled or towed vehicle that could qualify for registration under the NYS Vehicle and Traffic Law. The tire retailer is required to remit to the Department \$2.25 for each new tire sold during a sales tax quarter and is allowed to keep 25 cents per tire sold to cover administrative costs. The tire fee does not apply to recapped or resold (used) tires. It also does not apply to mail-order, phone-order or Internet sales of tires where the tires are delivered to the purchaser by the U.S. Postal Service or a common carrier.

The fee was effective beginning with tires sold on or after September 12, 2003. The fee expires on December 31, 2010.

Revenues from this fee are deposited in the State's new waste tire management and recycling fund. Monies in this fund are used for cleaning up waste tire stockpiles in the State and to develop marketable uses for waste tires such as in raw material for road bases.

Hazardous Waste Fee

Article 27 of the Environmental Conservation Law imposes special assessments on persons involved in the production, treatment, or disposal of hazardous waste. The Tax Department co-administers this fee along with the Department of Environmental Conservation. Every person engaged within New York in the generation of hazardous waste is subject to the special assessments. Persons holding permits or who are required to hold permits, for the storage, treatment or disposal of hazardous wastes are subject to a comparable hazardous waste disposal special assessment.

The term “hazardous waste” means any waste (or combination of wastes) which, because of its quantity, concentration, or physical, chemical or infectious characteristics may 1) cause, or significantly contribute to, an increase in mortality or an increase in serious irreversible or incapacitating reversible illness, or 2) pose a substantial present or potential hazard to human health or the environment when improperly treated, stored, transported, disposed, or otherwise managed.

The special assessments are imposed on the tonnage of hazardous waste produced, disposed of, or treated. The assessments vary by method of treatment or disposal of waste and its treatment, ranging between \$2 to \$27 per ton.

No special assessments are imposed on the resource recovery of any hazardous waste. However, materials remaining from resource recovery which are hazardous wastes and that are subsequently disposed of, treated or incinerated, are subject to the special assessments. “Resource recovery” does not include the removal of water from a hazardous waste.

State Wireless Communications Surcharge

Article 6 of the County Law imposes the State Wireless Communications Service Surcharge on each wireless device used to access wireless communications service. A wireless communications service is any commercial mobile service that offers real-time, two-way voice or data service that is interconnected with the public switched telephone network or otherwise provides access to emergency communications services.

The surcharge is levied on a monthly basis at \$1.20 per device collected by the wireless communications service suppliers from their subscribers. The surcharge appears each month on the subscriber’s bill from the supplier. Wireless devices subject to the surcharge include equipment used to access a wireless communications service such as cellular telephones, two-way beepers, and other devices that have two-way wireless communications capabilities over a public switched network. Service providers must report and remit collections to the Tax Department on a quarterly basis following the rules for sales tax quarters.

Table 57: History of New York State & Local Taxes Imposed on Gasoline, 1929-2004

Years	Motor Fuel Excise Tax (1) (Cents per Gallon)	Max. Combined State & Local Sales Tax (Percent)	Petroleum Business Tax (2)
1929-31	2	--	--
1932	3	--	--
1933	3	1.00%	--
1934-36	3	2.00%	--
1937-40	4	2.00%	--
1941-44	4	1.00%	--
1945-50	4	2.00%	--
1951-55	4	3.00%	--
1956-58	6	3.00%	--
1959-64	7	3.00%	--
1965-68	7	5.00%	--
1969-70	7	6.00%	--
1971	7	7.00%	--
1972-73	8	7.00%	--
1974-80	8	8.00%	--
1981-82	8	8.25%	--
1983	8	8.25%	3.25% of gross receipts
1984-90	8	8.25%	2.75% of gross receipts
1990	8	8.25%	6.33¢ / gal (eff. 09/01/90)
1991	8	8.50%	12.77¢ / gal (eff. 07/01/91)
1992-93	8	8.50%	14.84¢ / gal (eff. 01/01/92)
1994	8	8.50%	14.51¢ / gal (eff. 06/01/94)
1995	8	8.50%	13.87¢ / gal (eff. 06/01/95)
1996	8	8.50%	14.41¢ / gal (eff. 01/01/96)
1997	8	8.50%	14.35¢ / gal (eff. 01/01/97)
1998	8	8.50%	14.6¢ / gal (eff. 01/01/98)
1999	8	8.50%	14.0¢ / gal (eff. 01/01/99)
2000	8	8.50%	13.4¢ / gal (eff. 01/01/00)
2001	8	8.50%	14.0¢ / gal (eff. 01/01/01)
2002	8	8.50%	14.6¢ / gal (eff. 01/01/02)
2003	8	8.75%	14.0¢ / gal (eff. 01/01/03)
2004	8	8.75%	14.6¢ / gal (eff. 01/01/04)

(1) Article 12-A

(2) Article 13-A

Source: NYS Department of Taxation and Finance, Office of Tax Policy Analysis.

Table 58: History of New York State Motor Fuel Excise Tax (Article 12-A) Rates, 1929-2004

Years	Gasoline (Cents Per Gallon)	Diesel (Cents Per Gallon)
1929-31	2	--
1932-35	3	--
1936	3	2
1937-46	4	2
1947-50	4	4
1951-55	4	6
1956-58	6	6
1959-71	7	9
1972-95	8	10
1996-Present	8	8

Source: NYS Department of Taxation and Finance, Office of Tax Policy Analysis.

Table 59: History of New York State Alcoholic Beverage Tax Rates, 1933-2004

Effective Date(s)	Beer	Wine	Distilled Spirits		
1933-8/30/68	3 1/3¢ / gal	Still Wine:	10¢ / gal	24% Alcohol or Less:	50¢ / gal
		Cider Over 3.2% Alcohol:	1.5¢ / gal	All Other Liquors:	\$1.50 / gal
		Artificially Carbonated Sparkling Wine:	20¢ / gal		
		Naturally Sparkling Cider Over 3.2% Alcohol:	1.5¢ / gal		
		Naturally Sparkling Wine:	40¢ / gal		
9/1/68-1/30/72	4 4/9¢ / gal	Artificially Carbonated Sparkling Wine:	26.7¢ / gal	24% Alcohol or Less:	66.7¢ / gal
		Naturally Sparkling Wine:	53.3¢ / gal	All Other Liquors:	\$2.25 / gal
		Unchanged	Unchanged	24% Alcohol or Less:	80¢ / gal
2/1/72-4/30/83	Unchanged	Unchanged	Unchanged	All Other Liquors:	\$3.25 / gal
		5/1/83-4/30/89	5.5¢ / gal	Still Wine:	12.1¢ / gal
5/1/89-5/30/90	11¢ / gal	Artificially Carbonated Sparkling Wine:	33.3¢ / gal	All Other Liquors:	\$4.09 / gal
		Naturally Sparkling Wine:	66.3¢ / gal		
		Still Wine:	18.93¢ / gal	24% Alcohol or Less:	\$2.08 / gal
6/1/90-6/30/94	21¢ / gal	Cider Over 3.2% Alcohol:	3.79¢ / gal	All Other Liquors:	\$5.30 / gal
		Artificially Carbonated Sparkling Wine:	56.8¢ / gal	2% Alcohol or Less: (eff. 07/16/89)	3.7¢ / gal
		Naturally Sparkling Cider Over 3.2% Alcohol:	3.79¢ / gal		
		Naturally Sparkling Wine:	94¢ / gal		
		Artificially Carbonated Sparkling Cider Over 3.2% Alcohol:	3.79¢ / gal		
7/1/94-12/31/95	Unchanged	Unchanged	Unchanged	24% Alcohol or Less:	\$2.53 / gal
		Artificially Carbonated Sparkling Wine:	18.93¢ / gal	Unchanged	Unchanged
1/1/96-12/31/98	16¢ / gal	Naturally Sparkling Wine:	18.93¢ / gal		
		Unchanged	Unchanged	Unchanged	Unchanged
1/1/99-3/31/01	13.5¢ / gal	Unchanged	Unchanged	Unchanged	Unchanged
4/1/01-8/31/03	12.5¢ / gal	Unchanged	Unchanged	Unchanged	Unchanged
9/1/03-Present	11¢ / gal	Unchanged	Unchanged	Unchanged	Unchanged

Source: NYS Department of Taxation and Finance, Office of Tax Policy Analysis.

**Table 60: History of New York
State Cigarette Tax Rates,
1939-2004**

Effective Date(s)	Rate Per Pack (1)
1939-3/31/59	2
4/1/59-3/31/65	5
4/1/65-5/31/68	10
6/1/68-1/30/72	12
2/1/72-3/31/83	15
4/1/83-4/30/89	21
5/1/89-5/31/90	33
6/1/90-5/31/93	39
6/1/93-2/29/00	56
3/1/00-4/2/02	111
04/03/02 - Present	150

(1) Rate shown is in cents per pack of 20 cigarettes.

Source: NYS Department of Taxation and Finance, Office of Tax Policy Analysis.

Table 61: Significant Changes in New York State's Excise Taxes & Fees, 1929-2004

Tax	1929-1949	1950-1959	1960-1969	1970-1979	1980-1989	1990-2004
Motor Fuel Excise Tax (Tax Law Article 12-A)	Motor fuel excise tax in 1929 at 2¢/gal. of gasoline. Expanded to diesel fuel in 1936. By 1949, rates for both fuels were 4¢/gal.	Tax on gasoline increased to 6¢/gal. in 1956 and 7¢ in 1959. Diesel tax increased to 6¢/gal. in 1951 and to 9¢ in 1959.		Legislation in 1972 increased the gasoline tax to 8¢/gal. and the diesel tax to 10¢.	In 1985, the tax on gasoline was changed to require payment by the fuel importer rather than retail seller. Other enforcement measures were also enacted.	In 1990 petroleum testing fee of one-half mill (0.05¢) imposed on gasoline.
					Diesel legislation followed in 1988. It moved the diesel tax to the first "nonexempt" New York sale or use.	Effective 1/1/96, the tax rate on diesel motor fuel is reduced from 10¢ to 8¢ per gallon.
Cigarette Excise Taxes & Tobacco Products (Tax Law Article 20)	Cigarette excise tax enacted in 1939 at 2¢/pack of 20 cigarettes.	In 1959, the tax rate was increased to 5¢/pack.	In 1965, the tax rate was increased to 10¢/pack. Three years later, in 1968, the rate increased again to 12¢/pack.	Legislation in 1972 increased the cigarette tax to 15¢/pack. The 1972 legislation also added a "use tax" component.	The Cigarette Marketing Standards Act was passed in 1985 to regulate and control the cigarette industry. In 1983, the cigarette tax was increased to 21¢/pack. In 1989, the rate increased to 33¢/pack. In 1989, a new tax was added on tobacco products at a rate of 15% of the wholesale price.	The tax rate was increased to 39¢/pack and a new license fee was imposed at \$100 per location where cigarettes are sold at retail and \$25 per cigarette vending machine in 1990. The rate increased in 1993 to 56¢/pack and the tobacco products tax increased to 20%. The tax was increased in 2000 to \$1.11 per pack, and again in 2002 to \$1.50 per pack. Finally, in 2002 the tobacco products tax was increased to 37%.
Alcoholic Beverage Tax (Tax Law Article 18)	Tax imposed in 1933 at the following rates:		Rates increased in 1968 as follows:	Rates increased in 1972 as follows:	Rates increased as follows:	Rates changes as follows:
Beer	3 1/3¢/gal.		4 4/9¢/gal.		1983 - 5.5¢/gal. 1989 - 11¢/gal.	1990 - 21¢/gal. 1996 - 16¢/gal. 1999 - 13.5¢/gal. 2001 - 12.5¢/gal. 2003 - 11¢/gal.
Wine:						
Still Wine	10¢/gal.				1983 - 12.1¢/gal. 1989 - 18.93¢/gal.	
Cider over 3.2%	1.5¢/gal.				1989 - 3.79¢/gal.	
Artificially carbonated sparkling wine	20¢/gal.		26 2/3¢/gal.		1983 - 33.3¢/gal. 1989 - 56.8¢/gal.	18.93¢/gal.
Naturally sparkling cider over 3.2%	1.5¢/gal.					
Naturally sparkling wine	40¢/gal.		53 1/3¢/gal.		1983 - 66.3¢/gal. 1989 - 94.6¢/gal.	18.93¢/gal.
Artificially carbonated sparkling cider over 3.2%	1.5¢/gal.					
Distilled Spirits:						
24% alcohol or less	50¢/gal.		66 2/3¢/gal.	80¢/gal.	1983 - \$1.00/gal. 1989 - \$2.08/gal.	\$2.53/gal.
All other liquors	\$1.50/gal.		\$2.25/gal.	\$3.25/gal.	1983 - \$4.09/gal. 1989 - \$5.30/gal.	\$6.44/gal.
						In 1993, legislation provided for several enforcement initiatives to improve compliance with the alcoholic beverage tax on liquor. This legislation was extended in 1997 and again in 2002.

Table 61: Significant Changes in New York State's Excise Taxes & Fees, 1929-2004 (Cont'd)

Tax	1929-1949	1950-1959	1960-1969	1970-1979	1980-1989	1990-2004
Beverage Container Tax (Tax Law Article 18-A)						1990 Beverage Container Tax imposed at 2¢/container. Rate reduced to 1¢/container effective 12/1/95. The tax was repealed effective 10/1/98.
Highway Use Tax (Tax Law Article 21)		Truck mileage tax imposed in 1952 based on vehicle weight and miles driven in New York (excluding miles driven on New York Thruway).	The alternative "unloaded weight" method of computing tax was established in 1960. This method based tax on the unladen weight of the vehicle power unit.	In 1977, legislation expanded the fuel use tax to include an 8% sales tax component. However, in 1978, the sales tax component reduced to 7%.	The truck mileage tax rate was increased in the top two "unloaded weight" categories in 1987. Also in 1987, a 72-hour "trip permit" was established.	Beginning in 1990, the truck mileage tax applied to New York Thruway miles and the rate for off-Thruway miles was doubled. Effective 1/1/96, the truck mileage tax no longer applies New York Thruway miles. The tax on Thruway miles phased out in 1995 at rates one-half of those applied in 1994. Effective 4/1/01, the supplemental rate portion of the TMT was reduced by 20%. The fuel use tax component rate for diesel fuel declined from 10¢ to 8¢ per gallon effective 1/1/96. Effective 1/1/96, New York State conforms its fuel use tax provisions to those of the International Fuel Use Tax Agreement (IFTA). This conformity requires the following changes to New York's tax law: - Increases the minimum gross vehicle weight subject to tax from 18,000 to 26,000 pounds; - Requires refund of taxes paid on fuel purchased in the State but used out of the State. Effective 1/1/99, the supplemental rate portion of the TMT was reduced by 50%.

Property Transfer Taxes

New York imposes two major property transfer taxes: the estate tax and the real estate transfer tax. The gift tax, formerly part of the estate and gift tax, was repealed effective January 1, 2000. A third tax, the real property transfer gains tax was repealed effective June 15, 1996.

Estate Tax

New York imposes an estate tax equal to the maximum federal credit for state death tax in effect before 2002. Because the maximum federal credit was decreased by 75 percent for deaths in 2004, only 25 percent of the New York tax is allowed as a credit against federal estate tax. Previously, New York had a “pickup tax” equal to 100 percent of the maximum federal credit for state death tax.

By generally conforming to the federal estate tax, estates under \$1 million are exempt from tax. Returns and payments are due within 9 months of the decedent’s death.

Real Estate Transfer Tax

Adopted in 1968, Article 31, New York’s real estate transfer tax, applies to the transfer of each deed which conveys real property with a value over \$500. The tax is due within 15 days of the conveyance. The tax currently equals \$2.00 for each \$500 or additional fraction of \$500. The tax is to be paid by the grantor. However, if the grantor has failed to pay the tax or is exempt from the tax, the grantee has the duty to pay the tax. The grantor and the grantee are jointly and severally liable for the tax.

The tax also applies to transfers of economic interest such as shares in cooperatively-owned apartments. Other such taxable interest transfers include long-term leaseholds and transfers of controlling interest in entities which own real property. Article 31 also imposes an additional tax of 1 percent of the consideration paid for residences selling for \$1 million or more (the so-called “mansion tax”). The person receiving the real property interest, usually the buyer, must pay this additional tax.

A portion of the real estate transfer tax is earmarked to the Environmental Protection Fund. In 2004, the amount equals

\$112.0 million. Any remaining transfer tax revenues are earmarked for the Clean Water/Clean Air fund debt service requirements.

The tax rate is reduced by 50 percent for qualifying transfers of real property to, or acquisition of real property by, a real estate investment trust (REIT) upon its initial formation. Effective July 13, 1996, the reduced rate was expanded to also apply to qualifying transfers to existing REITs. The latter provision is currently scheduled to sunset on September 1, 2005.

Certain counties are required to remit real estate transfer tax revenues on a semi-monthly payment schedule. If total payments remitted during the prior calendar year exceeded \$1.2 million after deduction of statutory fees, monies collected from the 1st to 15th day of a month must be remitted to the Department on the 25th day of that month. Revenues received after the 15th day of the month through the last day of such month would continue to be remitted on the 10th day of the succeeding month as required by law.

Table 62: Significant Changes to New York State's Estate & Gift Taxes, 1983-2004

Event/Changes	1983	1984	1990	1991	1994
Rates	Estate and gift tax rates unified effective 1/1/83. The top rate is 21%.		Generation-Skipping Tax (GST) enacted. Tax equals 5% of federal GST, the maximum federal credit for State GST.		
Base	Partial marital deduction permitted.	Unlimited marital Udeduction permitted effective 10/1/83.	Tax computation amended to calculate marginal tax rate on total estate value.		
Credits	Estate and gift tax credits unified effective 1/1/83.				Unified credit increased from \$2,750 to \$2,950, increasing exemption from \$108,333 to \$115,000.
					Closely-held business credit enacted equal to 5% of the first \$15 million of qualifying property bequeathed to qualifying heirs.
Other			Tax Department assumes primary tax administration responsibility from Surrogate's Courts.	Estimated Estate Tax requirements changed: 90% of tax must be paid within 6 months to avoid penalty.	90% of Gift Tax on prior year gifts must be paid by January 15 to avoid penalty.

Table 62: Significant Changes to New York State's Estate & Gift Taxes, 1983-2004 (Cont'd)

1995	1997	1998	1999	2000-2001	2002-2004
				Effective 2/1/00, the top rate is 16%.	
Deduction for up to \$250,000 of equity in principal residence.				The gift tax was repealed effective 1/1/00 and the estate tax was repealed for decedents dying on or after 2/1/00. New York thereafter imposes a "pickup tax" equal to the maximum federal credit for state death tax in effect before 2002.	
		Unified estate tax credit increased from \$2,950 to \$10,000, increasing exemption from \$115,000 to \$300,000 effective October 1.	Unified gift tax credit increased to \$10,000 effective 1/1/99.	Repealed 2/1/00. Threshold increased to \$675,000.	Threshold is increased to \$1 million.
				Repealed 2/1/00.	
		Estimated Estate Tax requirement extended to 7 months effective October 1.		Repealed 2/1/00, return and tax due within 9 months of death.	

Table 63: Significant Changes to New York State's Property Transfer Taxes, 1906-2004

Real Estate Transfer Tax	1983	1989	1992	1993
Event/Changes	Basic tax increases to \$2 per \$500 paid as consideration for the transfer. The tax was originally adopted in 1968 at a rate of 55¢ per \$500.	Additional 1% "mansion tax" on transfers of personal residences where consideration exceeds \$1 million.		
		Tax is amended to apply to transfers of controlling interest as well as acquisitions.		
Major Exemptions	Conveyances to certain government agencies. Conveyances to secure a debt or other obligation. Corrective conveyances. Conveyances without consideration (such as a gift). Tax sale conveyances. Conveyances pursuant to the Federal Bankruptcy Act. Conveyances to effectuate a mere change in identity.			
Real Estate Gains Tax	1983	1989	1992	1993
Event/Changes	Tax introduced at a rate of 10% of the gain on the transfer of real property.	Tax is amended to apply to transfer of controlling interest as well as acquisitions.	Transferee liability on certain transfers of ownership interest in Cooperative Housing Corporations (CHCs) are exempted from the tax when liens are enforced. Owners of CHC shares remain liable.	Definition of original purchase price (OPP) amended to better reflect actual acquisition costs.
		Installment payments are accelerated and restricted for transfers with min. \$10,000 tax.		Transferee liability eliminated in cases of transfers in lieu of foreclosure.
Major Exemptions	Transfers where consideration is less than \$1 Million. Transfers of the transferor's residence. Mere changes of identity. Transfers pursuant to a contract entered into prior to 3/28/83.			
Mortgage Recording Taxes	1906	1969	1979	1993
Event/Changes	Basic Tax enacted at a rate of 50¢ per \$100 of indebtedness.	Additional Tax enacted at a rate of 25¢ per \$100 of indebtedness.	Special Additional Tax enacted at a rate of 25¢ per \$100 of indebtedness.	
Disposition of Revenue	Cities, towns and villages.	Regional Transportation Authorities serving the county where the tax is collected.	Revenues paid to the State Mortgage Insurance Fund account serving the region where the county is located.	

Appendix A: Office of Tax Policy Analysis Publications (As of March 25, 2005)

The following publications (unless indicated) are available on the Web @ www.tax.state.ny.us

2005

2005-2006
New York State Tax Expenditure Report
(February 2005)

Taxable Sales and Purchases
County and Industry Data for March 2001-February 2002
(March 2005)

Analysis of Article 9-A
General Business Corporation Franchise Tax Credits for 2001
(March 2005)

2001 New York State Corporate Tax Statistical Report
(March 2005)

2003-2004 New York State Tax Collections
Statistical Summaries and Historical Tables
(March 2005)

2004

2002-2003 New York State Tax Collections
Statistical Summaries and Historical Tables
(January 2004)

2004-2005
New York State Tax Expenditure Report
(February 2004)

New York Adjusted Gross Income and Tax Liability
Analysis of 2000 State personal income tax returns
by place of residence
(March 2004)

Tax Amnesty
Review of New York State's 2002-2003 Amnesty Program
(March 2004)

Taxable Sales and Purchases
County and Industry Data for March 2000-February 2001
(April 2004)

Earned Income Tax Credit
Analysis of Credit Claims for 2002
(June 2004)

New York State Tax Sourcebook
(June 2004)

Analysis of 2001 Personal Income Tax Returns
(June 2004)

Analysis of Article 9-A
General Business Corporation Franchise Tax Credits for 2000
(June 2004)

2000 New York State Corporate Tax Statistical Report
(July 2004)

Summary of Tax Provisions 2004-2005
(July 2004)

Handbook of New York State and Local Taxes
(August 2004)

New York Adjusted Gross Income and Tax Liability
(September 2004)

Real Property Circuit Breaker Tax Credit
2002 Credit Use by County
(December 2004)

2003

1998 - New York State Corporate Tax
Statistical Report
(January 2003)

Real Property Circuit Breaker Tax Credit
2000 Credit Use by County
Includes 1999 Credit Use
(January 2003)

2001-2002 New York State Tax Collections
Statistical Summaries and Historical Tables
(January 2003)

Handbook of New York State and Local Taxes
(February 2003)

New York State Tax Sourcebook
(March 2003)

2003-2004
New York State Tax Expenditure Report
(March 2003)

Analysis of Article 9-A
General Business Corporation Franchise Tax Credits for 1999
(May 2003)

Taxable Sales and Purchases
County and Industry Data for
March 1999 - February 2000
(May 2003)

New York Adjusted Gross Income and Tax Liability
Analysis of 1998 State personal income tax returns
by place of residence
(May 2003)

1999 - New York State Corporate Tax
Statistical Report
(June 2003)

Handbook of New York State and Local Taxes
(July 2003)

New York State Clothing Exemption
(September 2003)

Earned Income Tax Credit
Analysis of Credit Claims for 2001
(September 2003)
Analysis of 2000 Personal Income Tax Returns
(September 2003)

Real Property Circuit Breaker Tax Credit
2001 Credit Use by County
(November 2003)

New York State Child and Dependent Care Credit
Background and Statistical Analysis for 2001
(December 2003)

2002

2000-2001 New York State Tax Collections
Statistical Summaries and Historical Tables
(January 2002)

New York Adjusted Gross Income and Tax Liability
Analysis of 1998 State personal income tax returns
by place of residence
(January 2002)

Taxable Sales and Purchases
County and Industry Data for
September 1999 - February 2000
(January 2002)

2002-2003
New York State Tax Expenditure Report
(February 2002)

Handbook of New York State and Local Taxes
(February 2002)

Analysis of Article 9-A
General Business Corporation Franchise Tax Credits for 1998
(March 2002)

New York State Tax Sourcebook
(March 2002)

Summary of Tax Provisions in SFY 2002-03 Budget
(June 2002)

Earned Income Tax Credit
Analysis of Credit Claims for 2000
(June 2002)

New York State Estate Tax
SFY 2000-01
Analysis of Tax Returns
(June 2002)

Handbook of New York State and Local Taxes
(August 2002 - Revised)

Summary of Tax Provisions in SFY 2002-03 Budget
(October 2002)
Analysis of 1999 Personal Income Tax Returns
(November 2002)

2001

Local Telecommunications Taxes and Fees
in New York State
(January 2001)

2001-2002
New York State Tax Expenditure Report
(February 2001)

Analysis of Article 9-A
General Business Corporation Franchise Tax Credits for 1997
(February 2001)

Taxable Sales and Purchases
County and Industry Data for
September 1998 - February 1999
(February 2001)

Real Property Circuit Breaker Tax Credit
1998 Credit Use by County
Includes 1996 and 1997 Credit Use
(February 2001)

1999-2000 New York State Tax Collections
Statistical Summaries and Historical Tables
(March 2001)

1996 New York State Corporate Tax Statistical Report
(March 2001)

Taxable Sales and Purchases
County and Industry Data for
March 1999 - August 1999
(June 2001)

New York State Tax Sourcebook
(July 2001)

Analysis of 1998 Personal Income Tax Returns
(August 2001)

New York State Estate Tax
SFY 1999-00
Analysis of Tax Returns
(August 2001)

Earned Income Tax Credit
Analysis of Credit Claims for 1999
(October 2001)

2000

2000-2001
New York State Tax Expenditure Report
(February 2000)

1998-99 New York State Tax Collections
Statistical Summaries and Historical Tables
(March 2000)

Small Business Report:
Statistics for Tax Year 1996
(March 2000)
Analysis of Article 9-A
General Business Corporation Franchise Tax Credits for 1996
(April 2000)

Summary of Tax Provisions in SFY 2000-01 Budget
(May 2000)

Analysis of 1997 Personal Income Tax Returns
(June 2000)

Income Tax Reduction Act of 1995
Benefit to New Yorkers
(June 2000)

Earned Income Tax Credit
Analysis of Credit Claims for 1998
(July 2000)

New York State Estate Tax
SFY 1998-99
Analysis of Tax Returns
(August 2000)

Summary of Tax Provisions in SFY 2000-01 Budget
(Including Multi-Year Revenue Impacts of Tax Actions)
(August 2000)

New York Adjusted Gross Income and Tax Liability
Analysis of 1997 State Personal Income Tax Returns
by Place of Residence
(October 2000)

1999

The Temporary Clothing Exemptions
Statistical Analysis of the Temporary Sales Tax Exemptions
for Clothing Sales in New York State
(January 1999)

Analysis of Article 9-A
General Business Corporation Franchise Tax Credits for 1995
(January 1999)

Small Business Report
Statistics for Tax Year 1995
(January 1999)

New York State
1999-2000 Tax Expenditure Report
(February 1999)
(Available in Hard Copy Only)

New York Adjusted Gross Income and Tax Liability
Analysis of 1996 State Personal Income Tax Returns
by Place of Residence
(February 1999)

1997-98 New York State Tax Collections
Statistical Summaries and Historical Tables
(February 1999)

Earned Income Tax Credit
Analysis of Credit Claims for 1997
(March 1999)

New York State Estate Tax
SFY 1997-98
Analysis of Tax Returns
(April 1999)
Analysis of 1996 Personal Income Tax Returns
Profile of Income, Deductions, Credits and Tax
(May 1999)

Taxable Sales and Purchases
County and Industry Data for
September 1997 - February 1998
(June 1999)
1995 New York State Corporate Tax Statistical Report
(August 1999)

Real Property Circuit Breaker Tax Credit
1995 Credit Use by County
(August 1999)

Summary of Tax Provisions in SFY 1999-2000 Budget
(September 1999)

Taxable Sales and Purchases
County and Industry Data for
March 1998 - August 1998
(November 1999)

New York State Tax Sourcebook
(November 1999)

1998

New York Adjusted Gross Income and Tax Liability
Analysis of 1995 State Personal Income Tax Returns
by Place of Residence
(January 1998)

Analysis of Article 9-A
General Business Corporation Franchise Tax Credits for 1994
(January 1998)

New York State
1998-1999 Tax Expenditure Report
(February 1998)
(Available in Hard Copy Only)

1990-1994
New York State Corporate Tax Statistical Report
(February 1998)

Taxable Sales and Purchases
County and Industry Data for
August 1996 - February 1997
(February 1998)

Earned Income Tax Credit
Analysis of Credit Claims for 1996
(February 1998)
New York State Estate Tax
SFY 1996-97
Analysis of Tax Returns
(April 1998)

Real Property Circuit Breaker Tax Credit
1994 Credit Use by County
(April 1998)
Analysis of 1995 Personal Income Tax Returns
Profile of Income, Deductions, Credits and Tax from Taxable Returns
(May 1998)

New York State Tax Sourcebook
(July 1998)
(Available in Hard Copy Only)

Summary of 1998-99 Tax Provisions
(August 1998)

Tax Amnesty
Review of New York State's 1996-97 Amnesty Program
(August 1998)

Taxable Sales and Purchases
County and Industry Data for
March 1997 - August 1997
(September 1998)

1997

Improving New York State's Telecommunications Taxes
Final Report and Recommendations
(January 1997)

Taxable Sales and Purchases
County and Industry Data for
March 1995 - February 1996
(January 1997)
New York State Estate Tax
SFY 1995-96
Analysis of Tax Returns
(January 1997)

New York State
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1995-1996

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County and Industry Data for
March 1994 - February 1995
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Appendix B: Duration of Major New York State Revenue Sources

**Table B1: Duration of Major
New York State Revenue
Sources**

Tax	Year Commenced	Year Terminated
Personal Income Tax	1919	-
Corporation Organization Tax	1886	-
Corporation Franchise Tax	1880	-
Income Basis	1917	-
Bank Tax (1)	1940	-
Insurance Tax (2)	1974	-
Direct Writings Tax	1990	-
Unincorporated Business Tax	1935	1980 (3)
Sales Tax	1965	-
Motor Fuel Tax	1929	-
Highway Use Tax		
Truck Mileage Tax	1952	-
Fuel Use	1968	-
Cigarette Tax	1939	-
Other Tobacco Products	1989	-
Alcoholic Beverage Tax	1886, 1933	1919
Estate Tax (4)	1885	-
Gift Tax (5)	1972	2000
Stock Transfer Tax (6)	1905	-
Real Estate Transfer Tax	1968	-
Mortgage Recording Tax	1906	-
Pari-Mutuel Tax	1940	-
OTB	1978	-
Lottery	1967	-
Petroleum Business Tax	1983	-
Real Property Gains Tax (7)	1983	1996
Container Tax (8)	1990	1998
Hotel Occupancy Tax	1990	1994
Auto Rental Tax	1990	-
Lubricating Oils Tax	1990	1994
Hudson River Valley Greenway Fee	1992	1994
Paging Device Fee (9)	1992	1993

(1) Banks were subject to tax prior to 1940, but all revenue went to local governments.

(2) Prior to 1974, insurance companies were taxed under Article 9.

(3) UBT was imposed in 1981, but at a 0% rate.

(4) Prior to 1930, the estate tax was preceded by an inheritance tax. Effective for decedents dying on or after 2/1/00, New York imposes a "pickup tax" equal to the maximum federal credit for a state death tax.

(5) Repealed effective 1/1/00.

(6) Since 1977, nonresident taxpayers were eligible for 100% rebate. Resident taxpayers became eligible for rebates in 1979 with a 100% rebate in 1981.

(7) Applies to transfers occurring before 6/15/96.

(8) Repealed effective 10/1/98.

(9) Declared unconstitutional by State Supreme Court in June 1993.

Source: NYS Department of Taxation and Finance, Office of Tax Policy Analysis.

Appendix C: Significant Changes in New York State Taxes Prior to 1999

Table C41: Significant Changes in New York State's Personal Income Tax Structure, 1984-1998

Tax Structure	1984	1985	1986
Rates			
Maximum Rates	The maximum tax rate on personal service income is 10%. The top rate on unearned income is 14%.	The maximum tax rate on personal service income is effectively 9.5%. The top rate on unearned income is effectively 13.75%.	The maximum tax rate on personal service income is 9.5%. The top rate on unearned income is 13.5%.
Minimum Rates	2% of New York taxable income over \$0, but less than \$1,000.		
Filing Requirements			
Filing Status	Married couples are allowed to file separately on one return. This generally results in a tax benefit.		
Point of Zero Tax Liability			
Single aged 15-64	\$4,967	\$5,517	\$5,783
Married aged 15-64	\$5,767	\$6,283	\$8,000
Head of Household (1 child)	\$5,767	\$6,283	\$8,000
Nonresidents	Allocation of income and deductions to NY prior to application of tax rates.		
Personal Exemptions			
Taxpayer and Spouse	\$800	\$850	\$850
Dependent	\$800	\$850	\$850
Deductions			
Standard Deduction	17% of NYAGI, minimum amount. For single: \$1,500, maximum amount \$2,500.	\$2,500 Single	\$2,600 Single
	All others: minimum amount \$2,000, maximum amount \$2,500.	\$2,750 all others	\$3,000 all others
Itemized Deductions			
NY Itemized Deduction Adjustment	Full amount of itemized deductions are allowable.		
New York Modifications & Adjustments			
Tuition Deduction	Tuition paid on behalf of each dependent, full-time attendee at a college/university in NYS. Deduction limited to 1/2 tuition minus any tuition assistance award or \$1,000, whichever is less.		
Savings for Higher Education	PASS accounts permitted. Amounts up to \$750 contributed to qualified higher education fund for each beneficiary may be deducted from FAGI. Income of the fund, to the extent includible in FAGI, also deducted. Tax paid by beneficiary when college attendance ends.		
Family Adjustment	No provision.	Married taxpayers with aggregate income up to \$36,000 can shift up to \$3,000 in income to the lower-income spouse.	Married taxpayers with aggregate income up to \$38,000 can shift up to \$4,000 to the lower-income spouse.
Low Income Allowance			
	Singles with NYAGI less than \$2,500 are tax exempt. All others with NYAGI less than \$5,000 are tax exempt.		Singles with NYAGI less than \$4,000 are exempt. All others with NYAGI less than \$8,000 are tax exempt.

Table C41: Significant Changes in New York State's Personal Income Tax Structure, 1984-1998 (Cont'd)

1987	1988	1989	1990
Rates (Cont'd)			
The maximum tax rate on all income is 8.75%. A temporary surcharge on unearned income ranges from 0% - 3% for taxpayers with NYAGI over \$100,000. Capital gains and losses, pensions and alimony are not included in unearned income.	The maximum tax rate on all income is 8.375%. A temporary surcharge on unearned income ranges from 0% - 2% for taxpayers with NYAGI over \$100,000. Capital gains and losses, pensions and alimony are not included in unearned income.	The maximum tax rate on all income is 7.875%. The temporary tax surcharge on unearned income is repealed.	
	3%	4%	
Filing Requirements (Cont'd)			
Married joint rate schedule adopted. The joint rate schedule reflects a 60/40 income split between spouses.	Same as 1987, except the joint rate schedule reflects a 50/50 income split between spouses.		
Point of Zero Tax Liability (Cont'd)			
\$6,500	\$6,667	\$7,125	
\$10,167	\$11,000	\$11,375	
\$9,300	\$9,500	\$9,875	
	Nonresidents and part-year residents compute as if they were residents and prorate tax based on ratio of NY source income to all income.		
Personal Exemptions (Cont'd)			
\$900	Personal and spousal exemption repealed.		
\$900	\$1,000 each		
Deductions (Cont'd)			
\$3,600 Single	\$5,000 Single	\$6,000 Single	
\$5,300 Married	\$8,500 Married	\$9,500 Married	
\$4,600 Head of Household	\$6,000 Head of Household	\$7,000 Head of Household	
Itemized Deductions (Cont'd)			
	Upper income taxpayers subject to percentage limitation on itemized deductions.	Same as 1988, except percentage limitation increases to a maximum of 50%.	
New York Modifications & Adjustments (Cont'd)			
		Deduction Repealed	
For contributions made prior to 4/20/87: same as 1986. For accounts opened after 4/20/87: no deduction.	Deduction Repealed		
Repealed			
Low Income Allowance (Cont'd)			
Repealed			

Table C41: Significant Changes in New York State's Personal Income Tax Structure, 1984-1998 (Cont'd)

1991	1992	1993	1994
------	------	------	------

Rates (Cont'd)

Same as 1989, except a supplemental tax is imposed on taxpayers with NYAGI between \$100,000 and \$1150,000.

Filing Requirements (Cont'd)

Point of Zero Tax Liability (Cont'd)

			\$7,371
			\$11,387
			\$13,084

Personal Exemptions (Cont'd)

Deductions (Cont'd)

Itemized Deductions (Cont'd)

New York Modifications & Adjustments (Cont'd)

Low Income Allowance (Cont'd)

Table C41: Significant Changes in New York State's Personal Income Tax Structure, 1984-1998 (Cont'd)

1995	1996	1997	1998
Rates (Cont'd)			
7.59375%			

Filing Requirements (Cont'd)

Point of Zero Tax Liability (Cont'd)			
\$7,835	\$8,537	\$8,637	\$8,637
\$12,459	\$14,237	\$14,887	\$14,887
\$14,340	\$17,258	\$17,840	\$18,156

Personal Exemptions (Cont'd)

Deductions (Cont'd)			
\$6,600 Single	\$7,400 Single	\$7,500 Single	
\$10,800 Married	\$12,350 Married	\$13,000 Married	
\$8,150 Head of Household	\$10,000 Head of Household	\$10,500 Head of Household	

Itemized Deductions (Cont'd)

New York Modifications & Adjustments (Cont'd)

College Choice Tuition Savings Program enacted allowing individuals to make tax deductible contributions of \$5,000 per year (not exceeding an aggregate \$100,000 per beneficiary). Distributions are exempt if used to pay for qualified higher education expenses.

Low Income Allowance (Cont'd)

Table C41: Significant Changes in New York State's Personal Income Tax Structure, 1984-1998 (Cont'd)

Tax Structure	1984	1985	1986
Credits			
Household Credit	Credit available to all taxpayers with household gross income of less than \$25,000. The credit ranges from \$40 -\$70.		Single taxpayers receive a credit ranging from \$75 for NYAGI below \$5,000 to \$20 for NYAGI between \$25,000 - \$28,000. All others receive a credit ranging from \$90 plus \$15 for each exemption minus one for income below \$5,000 to \$20 plus \$5 for each exemption minus one for income between \$28,000 - \$32,000.
Real Property Tax Circuit Breaker	NYS resident taxpayers with household gross income of less than \$16,000 are eligible. The value of the property must be less than \$65,000 or the monthly rent cannot exceed \$300. The credit ranges up to \$200 for an elderly taxpayer (\$45 non-elderly) and is refundable.		NYS resident taxpayers with household gross income of less than \$18,000 are eligible. The value of the property must be less than \$85,000 or the average monthly rent cannot exceed \$450. The credit ranges up to \$375 for elderly (\$75 non-elderly) and is refundable.
Child Care Credit	A nonrefundable credit equal to 20% of the federal credit is allowed against the liability of the lower-income spouse.		
Earned Income Credit			
Credit for Rehabilitation of Historic Barns			
Farmer School Property Tax Credit			
Credit for Employers Who Hire Persons With Disabilities			
Investment Activity, Broker/Dealers			
College Tuition Tax Credit/Deduction			
Residential Fuel Cell Credit			
Petroleum Tank Replacement Credit			

Note: Table does not include federal conformity items: e.g., income exclusions, itemized deductions.

Table C41: Significant Changes in New York State's Personal Income Tax Structure, 1984-1998 (Cont'd)

1987	1988	1989	1990
Credits (Cont'd)			
FAGI used instead of NYAGI.			

20% of federal amount against tax liability.

Note: Table does not include federal conformity items: e.g., income exclusions, itemized deductions.

Table C46: Significant Changes to New York State's Corporate Franchise Tax Structure, 1984-1998

Tax Structure Component	1984	1985	1986
Bases & Rates			
Net Income			
Rate	10% on allocated entire net income.		
Starting Point			
	Federal taxable income.		
Modifications to Federal Taxable Income			
<i>Additions</i>			
Interest of federal, state, municipal and other obligations.	Required		
Interest paid to stockholders.	Interest paid less 10% or \$1,000, whichever is larger.		
Deductions directly attributable to subsidiary capital.	Taxpayers required to trace all expenses directly attributable.		
Deductions indirectly attributable to subsidiary capital.	Taxpayers required to trace interest expense indirectly attributable.		
State franchise tax deducted on federal return.	Required for NYS franchise tax only.		
ACRS/MACRS deduction	Required	Limited to non-New York property.	
Intangible royalty payments			
<i>Subtractions</i>			
Foreign dividend gross up	Deductible		
Depreciation	Asset Depreciation Rules (ADR)	Partial ACRS	
Investment income	50% of all dividends from nonsubsidiary corporations.		
Interest, dividends and gains from subsidiary capital.	100% deductible.		
Net Operating Losses	15 year carryover and 3 year carryback are permitted.		
Allocation	Three factor, receipts double weighted.		
Business & Investment Capital			
Rate	0.178% of allocated business and investment capital.		
Base	Total assets minus current liabilities.		
Allocation	Product of AFMV of taxpayer's investments times issuer's allocation percentage.		
Entire Net Income Plus Compensation			
Rate	10%		
Base	ENI plus officer's compensation minus \$30,000 and any net loss multiplied by 30%.		
Alternative Minimum Taxable Income			
Minimum Tax			
	\$250		

Table C46: Significant Changes to New York State's Corporate Franchise Tax Structure, 1984-1998 (Cont'd)

1987	1988	1989	1990
Bases & Rates (Cont'd)			
Net Income (Cont'd)			
Tax rate on entire net income is reduced from 10% to 9%. A lower rate (8%) applies to small businesses with ENI (allocated to NY) of \$200,000 or less.			
Modifications to Federal Taxable Income (Cont'd)			
Expanded to require indirect tracing of all other expenses.			
Expanded to include other state's taxes.			
For tax years after 6/30/89, carryback limited to \$10,000			
Property factor expanded to include leased personal property.			
Business & Investment Capital (Cont'd)			
Tax on capital limited to \$350,000.			
Allowed deduction for long-term liabilities.			
Modification to include NY and federal obligations in denominator.			
Entire Net Income Plus Compensation (Cont'd)			
Repealed			
Repealed			
Alternative Minimum Taxable Income (Cont'd)			
3.5% of ENI base calculated with three single-weighted factors.		Definition of minimum taxable income similar to federal alternative minimum taxable income. Rate increased to 5%.	
Minimum Tax (Cont'd)			
		Amounts range from \$325 to \$1,500 measured by gross payroll for tax years ending after 6/30/89	

Table C46: Significant Changes to New York State's Corporate Franchise Tax Structure, 1984-1998 (Cont'd)

Tax Structure Component	1984	1985	1986
Subsidiary Capital	0.09% tax imposed on investments in stock of subsidiaries, plus advances, less liabilities.		
Credits			
Investment Tax Credit (ITC)	Rate equaled 6%.		
DISC Export Credit	Allocated eligible base multiplied by 70% and applicable tax rate.		
Employment Incentive	50% allowed for amount of ITC for 3 years after ITC was allowed if employment was 101% of employment in year prior to ITC year.		
Eligible Business Facility	Rate equals average of value of eligible property and certain wages - certificate of eligibility required prior to 1983.	Credit could be used for tax years prior to 1/1/00.	
Empire Zone	Empire zone wage tax credit, Empire zone capital corporation credit and Empire zone investment tax credit allowed.		
Rehabilitation Expenditures of a Retail Enterprise	Rehabilitation expenditures calculated by ITC rates and bases.		
Research and Development Investment Activity, Broker/Dealers	10% credit for investment in R&D property.		
Special Additional Mortgage Recording Tax (SAMRT)	Up to 100% of SAMRT paid. Excess treated as overpayment.		
Alternative Minimum Tax (AMT)			
Credit for Rehabilitation of Historic Barns			
Farmer School Property Tax Credit			

Table C46: Significant Changes to New York State's Corporate Franchise Tax Structure, 1984-1998 (Cont'd)

1987	1988	1989	1990
Subsidiary Capital (Cont'd)			
Credits (Cont'd)			
Research and Development credit merged with ITC provision. Entire stock of credits limited 7 year carryover. Rate changed to 5% of first \$500 million of investments, plus 4% over that amount.			\$500 million amount reduced to \$425 million.
Repealed			
2 year credit phased in over several years. After 1989, credit increases with employment increases.			
Repealed			
			Overpayment provision expired.
Credit added, but not available until 1991.			Credit available.

Table C46: Significant Changes to New York State's Corporate Franchise Tax Structure, 1984-1998 (Cont'd)

1991	1992	1993	1994
Subsidiary Capital (Cont'd)			
Credits (Cont'd)			
	\$425 million amount reduced to \$350 million.		Carryover period extended to 10 years.
			Carryover period extended to 10 years.
		Wage tax credit, investment tax credit and capital corporation credit amended.	Two year wage credit allowed for business in zone eligible areas.
			Excess is treated as overpayment for 9-A taxpayers including S corps.
			Net operating loss deduction allowed.
			Double weighting of receipts allowed.

Table C46: Significant Changes to New York State's Corporate Franchise Tax Structure, 1984-1998 (Cont'd)

Tax Structure Component	1984	1985	1986
Credits (Cont'd)			
Alternative Fuels Vehicle Credit			
Credit for Employers Who Hire Persons With Disabilities			
Temporary Surcharge			
MCTD Surcharge			
	17%		
Special Treatment			
Subchapter S Corporations	An S corporation and its shareholders are treated in the same manner as a partnership and its partners. Shareholders calculate the S corporation's items of income, loss and deductions on a pro rata basis.		
Tax Rates			
For shareholders	The top tax rate on earned income equals 10%; the top tax rate on unearned income equals 14%.	The top tax rate on earned income equals 9.5% the top tax rate on unearned income equals 13.75%.	The top tax rate on earned income equals 9.5%; the top tax rate on unearned income equals 13.5%.
For S corporations	S corporations are not subject to the Article 9-A corporate franchise tax.		
Filing fee	\$0		

Table C46: Significant Changes to New York State's Corporate Franchise Tax Structure, 1984-1998 (Cont'd)

1995	1996	1997	1998
Credits (Cont'd)			
			Credit equals 50% of incremental costs (capped at \$5,000 per vehicle); 60% of the cost of clean-fuel components (capped at \$5,000 or \$10,000 per vehicle depending on weight); and 50% of the cost of new clean-fuel refueling property.
			Credit equals 35% of the first \$6,000 of qualified wages (maximum of \$2,100 per
Temporary Surcharge (Cont'd)			
7.5%	Reduced to 2.5%	Reduced to 0%	
MCTD Surcharge (Cont'd)			
17%			
Special Treatment (Cont'd)			
	Automatic conformity to federal S corporation changes.		
Tax Rates (Cont'd)			
			The top rate on all income equals 6.85%.
			S corporation differential tax rate reduced to 7.525% for taxable years beginning after 6/30/99, 7.175% for taxable years beginning after 6/30/00 and to 6.85% beginning 7/1/01 through 6/30/03. The differential rate percentage equals 0.975, 0.825, and 0.65, respectively.

Table C47: Significant Changes to New York State's Corporate Franchise Tax on Insurance Companies, 1984-1998

Tax Structure Component	1984	1985	1986
Bases & Rates			
Net Income			
Rate	9% on allocated entire net income.		
Starting Point	Federal taxable income.		
Modifications to Federal Taxable Income			
<i>Additions</i>			
Federal dividends-received deduction.	Required		
Other dividend or interest income not deducted from federal taxable income.	Required		
Interest paid to stockholders.	Interest paid less 10% or \$1,000, whichever is larger.		
Federal net operating loss.	Required		
Deductions attributable to subsidiary capital.	Required		
NYS franchise tax.	Required		
ACRS/MACRS deduction	Required	Limited to non-New York property.	
Provisions decoupling from federal treatment of unearned premiums and unpaid losses for property and casualty insurers.			
<i>Subtractions</i>			
Depreciation	Asset depreciation range (ADR).	Partial ACRS/MACRS limited to New York property.	
Investment Income	50% of all dividends from nonsubsidiary corporations.		
Interest, dividends and gains from subsidiary capital.	100% deductible.		
Net Operating Losses	15 year carryover and 3 year carryback are permitted.		
Provisions decoupling from federal treatment of unearned premiums and unpaid losses for property and casualty insurers.			
Allocation	Two-factor formula based on premiums and wages.		
Business & Investment Capital			
Rate	0.16% of allocated business and investment capital.		
Allocation	Two-factor formula based on premiums and wages.		
Entire Net Income Plus Compensation			
Rate	9%		
Base	ENI plus officer's compensation minus \$30,000 and any net loss multiplied by 30%.		
Allocation	Two-factor formula based on premiums and wages.		
Minimum Tax			
	\$250		

Table C47: Significant Changes to New York State's Corporate Franchise Tax on Insurance Companies, 1984-1998 (Cont'd)

Tax Structure Component	1984	1985	1986
Subsidiary Capital			
	0.08% tax imposed on investments in stock of subsidiaries, plus advances, less liabilities.		
Premiums			
Rate	Life - 1%		
	Accident and Health - 1%		
	Property and Casualty - 1.2%		
	Captive Insurers		
Base	Premiums received for insuring New York State risks.		
Allocation	Two-factor formula based on premiums and wages.		
Limitation on Tax (Cap)			
	Equals 2.6% of premiums before certain credits.		
Credits			
Retaliatory Tax Credit	Up to 90% of retaliatory taxes paid to other states by New York domiciled or organized insurers.		
Fire Insurance Tax Credits	Allowed for taxes paid on certain fire insurance premiums.		
Eligible Business Facility	Rate equals average of value of eligible property and certain wages.		
EDZ	EDZ wage tax credit, EDZ capital corporation credit and EDZ investment tax credit allowed.		
Credit for Investment in Certified Capital			
Credit for Employers Who Hire Persons With Disabilities			
Special Additional Mortgage Recording	Up to 100% of SAMRT paid. Carryforward allowed.		
Temporary Surcharge			
MCTD Surcharge			
	17%		

Table C47: Significant Changes to New York State's Corporate Franchise Tax on Insurance Companies, 1984-1998 (Cont'd)

1987	1988	1989	1990
Subsidiary Capital (Cont'd)			
Decreased to 0.8%.			
Limitation on Tax (Cap) (Cont'd)			
Credits (Cont'd)			
Temporary Surcharge (Cont'd)			
		2.5%	15%
MCTD Surcharge (Cont'd)			

Table C47: Significant Changes to New York State's Corporate Franchise Tax on Insurance Companies, 1984-1998 (Cont'd)

1995	1996	1997	1998
Subsidiary Capital (Cont'd)			
			Decreased to 0.7%.
Captive Insurers			
Premiums received for insuring New York State risks.			Top rate of 0.4% or \$5,000.
Two-factor formula based on premiums and wages.			
Limitation on Tax (Cap) (Cont'd)			
			Decreased to 2.0% of premiums before certain
Credits (Cont'd)			
			Credit equals 35% of the first \$6,000 of qualified wages (maximum of \$2,000 per employee).
Temporary Surcharge (Cont'd)			
Reduced to 7.5%.	Reduced to 2.5%.	Reduced to 0%.	
MCTD Surcharge (Cont'd)			

Table C48: Significant Changes to New York State's Franchise Tax on Banking Corporations, 1984-1998

Tax Structure Component	1984	1985	1986
Bases & Rates			
Net Income			
Rate	12% on allocated entire net income.	9% on allocated entire net income.	
Starting Point	Federal taxable income		
Modifications to Federal Taxable Income			
<i>Additions</i>			
Dividends and interest effectively connected with US business.	Required		
NYS franchise tax, foreign country taxes.	Required		
ACRS/MACRS deduction	Required	Limited to non-New York property.	
Federal bad debt deduction			
<i>Subtractions</i>			
Foreign dividend gross up.	Deductible		
New York depreciation	Asset Depreciation Rules (ADR)	Partial ACRS limited to New York property.	
Wages not deducted on federal return due to Jobs Credit.	Deductible		
FDIC/FSLIC	Nondeductible	Deductible	
Percentage of interest and dividend income, gains, losses from subsidiary capital.	Nondeductible	Deductible	
International Banking Facility (IBF) Income	Deductible	Taxpayers can elect to take deduction or exclude IBF income from ENI allocation percentage.	
Percentage of interest income from US/NYS obligations.	Nondeductible	Deductible	
NYS bad debt deduction.			
Recaptured reserve			
Net Operating Loss Deduction			
Allocation	Separate accounting.	Three-factor formula-payroll, deposits, receipts.	
Capital Stock (Commercial Banks Only)	1.6 mills of each dollar of allocated capital stock.	Repealed	
Interest and Dividends (Thriffs Only)	1.6% of allocated interest and dividends credited by bank to depositors/shareholders.	Repealed	
Allocated Taxable Assets			
Base		Average total value of assets minus FDIC/FSLIC and interbank placements.	
Rate		1/10, 1/25, or 1/50 of a mill (based on net-worth-to-assets ratio).	
Allocation		Based on payroll, receipts and deposits.	
Allocated Alternative Entire Net Income			
Rate		3%	
Base		Same as ENI but includes income from subsidiary capital.	
Minimum Tax			
	\$250		

Table C48: Significant Changes to New York State's Franchise Tax on Banking Corporations, 1984-1998 (Cont'd)

Tax Structure Component	1984	1985	1986
Credits			
Eligible Business Facility	Rate equals average of value of eligible property and certain wages. New projects not approved after 3/31/83.		
EDZ	EDZ wage tax credit, EDZ capital corporation credit and EDZ investment tax credit allowed.		
Special Additional Mortgage Recording Tax (SAMRT)	Up to 100% of SAMRT paid. Carryforward allowed.		
Mortgage Servicing	Allowed for servicing mortgages acquired by SONYMA.		
Investment Activity, Brokers/Dealers			
Temporary Surcharge			
MCTD Surcharge			
	17%		
Universe of Taxpayers			
	Includes only taxpayers doing a banking business in New York.	Expanded definition of banking corporation and banking business.	
Returns			
	Group of affiliated corporations computed on consolidated basis.	Group of affiliated corporations computed on combined basis.	

Table C48: Significant Changes to New York State's Franchise Tax on Banking Corporations, 1984-1998 (Cont'd)

1995	1996	1997	1998
Credits (Cont'd)			
Allowed for servicing mortgages acquired by SONYMA.			
Temporary Surcharge (Cont'd)			
MCTD Surcharge (Cont'd)			
Universe of Taxpayers (Cont'd)			
Returns (Cont'd)			

Table C49: Significant Changes in New York State's Taxation of Utility Corporations & Other Specified Companies, 1984-1998

Tax Structure Component	1984	1985	1986
Organized Tax, Tax on Changes of Capital of Domestic Corporations (Section 180)	0.025% on the total amount of the par value of stock authorized to be issued and 5¢ per share for shares without par value.	0.05% on the total amount of the par value of stock authorized to be issued and 5¢ per share for shares without par value.	
License and Maintenance Fees on Foreign (out-of-state) Corporations (Section 181)	0.125% on the total amount of the par value of stock authorized to be issued and 6¢ per share for shares without par value.	0.05% on the total amount of the par value of stock authorized to be issued and 5¢ per share for shares without par value.	
Franchise Tax on Transportation and Transmission Corporations and Associations (SECTION 183)	Tax based on the higher of 1) 1.5 mills on each dollar of net value of issued capital stock in New York State; 2) 0.375 mills per dollar of par value for each one percent of dividends paid in excess of 6%; and 3) a \$75 minimum tax.		
Additional Franchise Tax on Transportation and Transmission Corporations and Associations (Section 184)	Applies to all corporations principally engaged in transportation or transmission. Tax rate equals 0.75% on gross earnings of all transportation and transmission companies.	Tax rate equals 0.30% on the gross earnings of telephone and telegraph companies and 0.75% on the gross earnings of all other transportation and transmission companies.	
Franchise Tax on Farmers', Fruit Growers', and Other Like Agricultural Corporations Organized and Operated on a Co-Operative Basis (Section 185)	Tax based on the higher of 1) 1 mill on each dollar of the value of issued capital stock allocated to New York State; 2) 0.25 mills for each percent of dividends paid in excess of 6% on the value of issued capital stock allocated to New York State; or 3) a \$10 minimum tax.		
Franchise Tax on Water-Works Companies, Gas Companies, Electric or Steam Heating, Lighting and Power Companies (Section 186)	Applies to corporations principally engaged in the business of supplying water, steam or gas through mains or pipes and electricity. Tax rate is 0.75% on gross earnings.		
Tax on the Furnishing of Utility Services (Section 186-a)	Applies to any person engaged in the business of providing transportation service on the public highways of the State or who sells gas, electricity, steam, water, refrigerator, telephone or telegraph service through mains, pipes or wires. Tax rate equals 3.0% on the gross income of companies under the supervision of the Department of Public Service and 3.0% on the gross operating income of all other utility service providers.		
Treatment of Carrier Access	Interexchange carriers pay tax and local exchange carriers claim access deduction.		
Other Sales for Resale	Resellers pay tax and original utility claims sale for resale deduction.		
Economic Development Zone (EDZ) Credit	Regulated utilities may apply 97% of the 3% discount on gas, electric, steam or water sales or services rendered in an economic development zone against tax liability.		
Transportation Business Tax on Utility Services in Erie County (Section 186-d)			
Tax on the Furnishing of Telecommunications Services (Section 186-e)			
Privilege Tax on Importation of Gas Services for Consumption (Section 189)			
Temporary Surcharge (Section 188 and 189-b)			
MCTD Surcharge (Sections 183-a, 184-a, 186-b, 186-c and 189-a)	17% surcharge also applies on tax attributable to MCTD (Metropolitan Commuter Transportation District) under §§ 183, 184, 186 and 186-a.		
Credit for Special Additional Mortgage Recording (Section 187)	Credit allowed on all Article 9 taxes (except §§ 180, 181 and 186-a) equal to the amount of special additional mortgage recording taxes paid. Credit against § 184 tax is the excess of the special additional mortgage recording tax over any credit allowed against the § 183 tax.		

Table C49: Significant Changes in New York State's Taxation of Utility Corporations & Other Specified Companies, 1984-1998 (Cont'd)

1987	1988	1989	1990
		Companies principally engaged in the conduct of aviation (including air freight forwarders and like indirect air carriers) taxed on net income under Article 9-A beginning in tax year 1989.	
		Companies principally engaged in the conduct of aviation (including air freight forwarders and like indirect air carriers) taxed on net income under Article 9-A beginning in tax year 1989.	Tax rate equals 0.75% on the gross earnings of all transportation and transmission companies.
			Local exchange carriers pay tax and interexchange carriers claim access deduction.
		Original utility pays tax and subsequent resellers claim sale for resale deduction.	
			Erie County authorized to adopt a tax not exceeding 0.75% of gross income or gross operating income of utility service providers.
			15% on tax due under §§ 183, 184, 86 and 186-a beginning in 1990 (1991 for § 189). Surcharges phased-out from 1994 to 1997.

Table C49: Significant Changes in New York State's Taxation of Utility Corporations & Other Specified Companies, 1984-1998 (Cont'd)

1995	1996	1997	1998
<p>0.05% on the total amount of the par value of stock authorized to be issued and 5¢ per share for shares without par value. Tax based on the higher of 1) 1.5 mills on each dollar of net value of issued capital stock in New York State; 2) 0.375 mills per dollar of par value for each one percent of dividends paid in excess of 6%; and 3) a \$75 minimum tax. Exclusion for companies principally engaged in providing telecom. services for the purposes of air safety and navigation enacted in 1995.</p>		<p>Trucking and railroad companies are subject to the Article 9-A corporate franchise tax for taxable years beginning after 1997 unless they elect to remain in Article 9.</p>	
<p>Applies to all corporations principally engaged in transportation or transmission. Tax rate equals 0.75% on gross earnings of all transportation and transmission companies. Exclusions for companies principally engaged in providing telecommunications services for the purposes of air safety/navigation, corporations not principally engaged in local telephone services, and all interLATA, interstate, and international telecommunication services enacted in 1995. Tax based on the higher of 1) 1 mill on each dollar of the value of the value of issued capital stock allocated to New York State; 2) 0.25 mills for each percent of dividends paid in excess of 6% on the value of issued capital stock allocated to New York State; or 3) a \$10 minimum tax.</p>	<p>Exclusion of 30% of interLATA toll receipts.</p>	<p>Beginning in 1997, the tax is reduced from 0.75% to 0.60% for truckers and railroads only. These companies will be subject to the corporate franchise tax (Article 9-A) for taxable years beginning after 1997 unless they elect to remain in Article 9.</p>	<p>Rate falls to 0.375% effective 7/1/00.</p>
<p>Tax rate equals 3.5% on the gross income of companies under the supervision of the Department of Public Service and 3.0% on the gross operating income of all other utility service providers. Excludes receipts from the sale of telecommunications services beginning in 1995.</p>			<p>Rate falls to 3.25% effective 10/1/98. The rate falls further to 2.5% effective 1/1/00.</p>
<p>Recodifies the 3.5% excise tax on receipts from telecommunications services. Replaces the property factor with the Goldberg allocation method. Shifts access deduction from interexchange carriers and local carriers who are ultimate sellers to initial sellers.</p>			<p>Rate falls to 3.25% effective 10/1/98.</p>
<p>Surcharge rates for § 186-e equal 7.5% in 1995 and 2.5% in 1996.</p>		<p>The surcharge rate is reduced to 0% effective 6/1/97.</p>	
<p>Also applies to § 186-e beginning in 1995.</p>			

Table C49: Significant Changes in New York State's Taxation of Utility Corporations & Other Specified Companies, 1984-1998 (Cont'd)

Tax Structure Component	1984	1985	1986
Alternative Fuels Vehicle Credit			

Credit for Employers Who Hire Persons With
Disabilities

Power for Jobs Credit

Table C49: Significant Changes in New York State's Taxation of Utility Corporations & Other Specified Companies, 1984-1998 (Cont'd)

1987	1988	1989	1990

Table C49: Significant Changes in New York State's Taxation of Utility Corporations & Other Specified Companies, 1984-1998 (Cont'd)

1991	1992	1993	1994

Table C49: Significant Changes in New York State's Taxation of Utility Corporations & Other Specified Companies, 1984-1998 (Cont'd)

1995	1996	1997	1998
			Credit equals 50% of incremental costs (capped at \$5,000 per vehicle); 60% of the cost of clean-fuel components (capped at \$5,000 or \$10,000 per vehicle depending on weight); and 50% of the cost of new clean-fuel refueling property.
			Credit equals 35% of the first \$6,000 of qualified wages (maximum of \$2,100 per employee).
		Credit is based upon net revenue loss of the utility associated with the retail sale of low cost power to selected customers.	

Table C-51: Significant Changes in New York State's Petroleum Business Tax, 1990-1998

	September 1, 1990 (1) through March 31, 1991 (2)	April 1, 1991 through June 30, 1991 (2)	July 1, 1991 through December 31, 1991 (3)	January 1, 1992 through May 31, 1994 (3)
Product Bases and Rates				
Motor Fuel	6.33	7.59	12.77	14.84
Automotive Type Diesel Motor Fuel	6.33	7.59	12.77	14.84
Railroad Diesel	6.33	7.59	12.77	14.84
Nonautomotive Type Diesel Motor Fuel				
Farm Use	5.75	6.9	6.9	8.05
Not-for-Profit Use (4)	Same as all other	Same as all other	Same as all other	Same as all other
Manufacturing Use	Same as all other	Same as all other	Same as all other	Same as all other
Commercial Gallonage	--	--	--	--
Nonresidential Heating Use	--	--	--	--
All Other	5.75	6.9	12.08	14.03
Residual Petroleum Product				
Farm Use	Same as all other	Same as all other	Same as all other	Same as all other
Not-for-Profit Use (4)	Same as all other	Same as all other	Same as all other	Same as all other
Manufacturing Use	Same as all other	Same as all other	Same as all other	Same as all other
Commercial Gallonage	--	--	--	--
Nonresidential Heating Use	--	--	--	--
All Other	4.6	5.52	10.7	12.42
Aviation Gasoline	6.33	7.59	12.77	14.84
Kero-jet Fuel	1.90 (5)	1.90 (5)	12.77	14.84
Natural Gas (6)	--	--	51.18	--
Electric Utility Credit/Refund				
No. 2 Heating Oil	3.75	4.51	4.51	5.25
Residual Petroleum Product	3.58	4.3	4.3	5.01
Natural Gas (6)	--	--	51.18	--
Manufacturing Credit/Reimbursement (7)				
Nonautomotive Diesel Fuel	--	--	5.18	5.98
Residual Petroleum Product	--	--	5.18	5.98
Commercial Gallonage Credit/Reimbursement				
Nonautomotive Diesel Fuel	--	--	--	--
Residual Petroleum Product	--	--	--	--
Farm Use Reimbursement				
Motor Fuel	--	--	--	--

Table C-51: Significant Changes in New York State's Petroleum Business Tax, 1990-1998 (Cont'd)

	June 1, 1994 through August 31, 1994 (3)	September 1, 1994 through May 31, 1995 (3)	June 1, 1995 through August 31, 1995 (3)	September 1, 1995 through December 31, 1995 (3)
Product Bases and Rates				
Motor Fuel	14.51	14.51	13.87	13.87
Automotive Type Diesel Motor Fuel	14.51	14.51	13.87	13.87
Railroad Diesel	14.51	14.51	13.87	13.87
Nonautomotive Type Diesel Motor Fuel				
Farm Use	7.88	0	0	0
Not-for-Profit Use (4)	Same as all other	Same as all other	Same as all other	7.53
Manufacturing Use	Same as all other	7.88	7.53	7.53
Commercial Gallonage	--	--	--	--
Nonresidential Heating Use	--	--	--	--
All Other	13.73	13.73	13.12	13.12
Residual Petroleum Product				
Farm Use	Same as all other	0	0	0
Not-for-Profit Use (4)	Same as all other	Same as all other	Same as all other	6.02
Manufacturing Use	Same as all other	6.3	6.02	6.02
Commercial Gallonage	--	--	--	--
Nonresidential Heating Use	--	--	--	--
All Other	12.15	12.15	11.61	11.61
Aviation Gasoline	14.51	14.51	13.87	5.59
Kero-jet Fuel	14.51	14.51	13.87	5.59
Natural Gas (6)	--	--	--	--
Electric Utility Credit/Refund				
No. 2 Heating Oil	5.08	5.08	4.73	4.73
Residual Petroleum Product	4.87	4.87	4.59	4.59
Natural Gas (6)	--	--	--	--
Manufacturing Credit/Reimbursement (7)				
Nonautomotive Diesel Fuel	5.85	--	--	--
Residual Petroleum Product	5.85	--	--	--
Commercial Gallonage Credit/Reimbursement				
Nonautomotive Diesel Fuel	--	2.93	2.8	2.8
Residual Petroleum Product	--	2.93	2.8	2.8
Farm Use Reimbursement				
Motor Fuel	--	14.51	13.87	13.87

Table C-51: Significant Changes in New York State's Petroleum Business Tax, 1990-1998 (Cont'd)

	Jan. 1, 1996 through May 31, 1996 (3)	June 1, 1996 through Dec. 31, 1996 (3)	Jan. 1, 1997 through May 31, 1997 (3)	June 1, 1997 through Dec. 31, 1997 (3)	Jan. 1, 1998 through Dec. 31, 1998 (3)
Product Bases and Rates					
Motor Fuel	14.41	13.74	14.35	14	14.6
Automotive Type Diesel Motor Fuel	14.41	13.74	14.35	14	13.85
Railroad Diesel	14.41	13.74	7.28	7.1	7.5
Nonautomotive Type Diesel Motor Fuel					
Farm Use	0	0	0	0	0
Not-for-Profit Use (4)	0	0	0	0	0
Manufacturing Use	7.85	7.48	7.79	7.6	0
Commercial Gallonage	--	--	--	--	--
Nonresidential Heating Use	--	--	--	--	--
All Other	13.66	13.02	13.53	13.2	13.7
Residual Petroleum Product					
Farm Use	0	0	0	0	0
Not-for-Profit Use (4)	0	0	0	0	0
Manufacturing Use	6.24	5.95	6.15	6	0
Commercial Gallonage	--	--	--	--	--
Nonresidential Heating Use	--	--	--	--	--
All Other	12.05	11.49	11.89	11.6	12.1
Aviation Gasoline	5.81	5.54	5.74	5.6	5.8
Kero-jet Fuel	5.81	5.54	5.74	5.6	5.8
Natural Gas (6)	--	--	--	--	--
Electric Utility Credit/Refund					
No. 2 Heating Oil	4.94	4.57	4.79	4.6	4.83
Residual Petroleum Product	4.79	4.5	4.71	4.56	4.78
Natural Gas (6)	--	--	--	--	--
Manufacturing Credit/Reimbursement (7)					
Nonautomotive Diesel Fuel	--	--	--	--	--
Residual Petroleum Product	--	--	--	--	--
Commercial Gallonage Credit/Reimbursement					
Nonautomotive Diesel Fuel	2.91	2.77	2.87	5.6	5.8
Residual Petroleum Product	2.91	2.77	2.87	5.6	5.8
Farm Use Reimbursement					
Motor Fuel	14.41	13.74	14.35	14	14.6

Table C-51: Significant Changes in New York State's Petroleum Business Tax, 1990-1998 (Cont'd)

	September 1, 1990 (1) through March 31, 1991 (2)	April 1, 1991 through June 30, 1991 (2)	July 1, 1991 through December 31, 1991 (3)	January 1, 1992 through May 31, 1994 (3)
Legislative Amendments				
	Tax restructured from a gross receipts tax to a cents-per-gallon tax.	First indexation of tax rates on 4/1/91	Introduction of 4.5¢/gal. supplemental tax; applies to all products.	Annual indexing of rates on 1/1/92.
	Exempts sales to certain government organizations, residential heating, kerosene, bunker fuel, crude oil, and liquefied petroleum.	--	Tax rate on kero-jet increased to equal aviation gasoline.	Temporary surcharge extended through 5/31/93.
	Minimum tax of \$25 per month applies.	--	Introduction of natural gas tax effective for July and August of 1991	1/1/93 indexing disallowed until 1/1/94.
	Joint administration of Article 13-A with Article 12-A.	--	Tax applied to motor carriers on fuel purchased out of state.	1/1/94 indexing disallowed until 1/1/95.
	Business surcharge is carried over to the restructured tax at 15%.	--	--	--
	--	--	--	--
	--	--	--	--

Table C-51: Significant Changes in New York State's Petroleum Business Tax, 1990-1998 (Cont'd)

	June 1, 1994 through August 31, 1994 (3)	September 1, 1994 through May 31, 1995 (3)	June 1, 1995 through August 31, 1995 (3)	September 1, 1995 through December 31, 1995 (3)
Legislative Amendments (Con't)				
	Surcharge decreases to 12.5% and scheduled to decrease further to 7.5% (on 6/1/95), 2.5% (on 6/1/96), and 0% (on 6/1/97).	Manufacturing reimbursement from supplemental tax converted to an exemption as of 9/1/94.	Surcharge decreases to 7.5% on 6/1/95.	Exemption/Reimbursement for not-for-profits on the supplemental tax component as of 9/1/95.
	Indexing of rates disallowed until 1/1/96 when change may not be more than +/- 5%.	Full exemption or reimbursement of tax on farm use from the base tax, supplemental tax and surcharge as of 9/1/94.	--	Tax rate on kero-jet and aviation gas decreases from 13.87¢ to 5.59¢ per gallon effective 9/1/95.
	--	A purchaser of motor fuel using the fuel for farm production is eligible for reimbursement of the tax.	--	Minimum tax of \$25 per month is reduced to \$2 per month for aviation fuel businesses.
	--	Reimbursement of tax paid on in-state purchases of fuel used for commercial fishing as of 9/1/94.	--	--
	--	Credit for commercial gallonage on 1/2 the supplemental tax component.	--	--
	--	Refund provided for bad debt as of 9/1/94.	--	--
	--	Exemption/Reimbursement for not-for-profits on the supplemental tax component as of 9/1/95.	--	--

Table C-51: Significant Changes in New York State's Petroleum Business Tax, 1990-1998 (Cont'd)

	Jan. 1, 1996 through May 31, 1996 (3)	June 1, 1996 through Dec. 31, 1996 (3)	Jan. 1, 1997 through May 31, 1997 (3)	June 1, 1997 through Dec. 31, 1997 (3)	Jan. 1, 1998 through Dec. 31, 1998 (3)
Legislative Amendments					
	Exemption/Reimbursement for not-for-profits for the full PBT tax as of 1/1/96 when fuel is used for their exclusive use and consumption, used on their premises, and used in furtherance of their exempt purposes.	Surcharge decreases to 2.5% on 6/1/96.	Rate reduction for diesel fuel used for railroad purposes; decreases from 14.35¢ to 7.28¢ per gallon effective 1/1/97.	Surcharge eliminated 6/1/97.	Manufacturing gallonage is fully exempt from PBT - effective 1/1/98.
	--	--	--	--	Rate reduction for automotive diesel fuel. PBT rate is reduced from 14.6¢ to 13.85¢ per gallon effective 1/1/98.
	Annual indexing of rates on 1/1/96.	--	Annual indexing of rates on 1/1/97.	--	Annual indexing of rates on 1/1/98.
	--	--	--	--	--
	--	--	Commercial gallonage exempt from full supplemental tax rate effective 3/1/97.	--	--
	--	--	--	--	--
	--	--	--	--	--

(1) September 1, 1990 Article 13-A business privilege tax was amended by altering the tax base from a gross receipts tax to a cent-per-gallon tax based on the type of product.
(2) Rates are an aggregate of the base tax and the applicable surcharge.
(3) Rates are an aggregate of the base tax, supplemental tax and surcharge.
(4) Exempt Organizations defined as those covered by Section 1116(a)(4) or (5) are allowed an exemption from the supplemental tax effective 9/1/95 and for the entire tax effective 1/1/96
(5) Kero-jet rate does not include the 15% surcharge.
(6) Natural gas is measured as cents-per-thousand cubic feet.
(7) Manufacturer's credit/reimbursement became a partial up-front exemption effective 9/1/94.

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