

Study: Overall, Florida's tax burden one of nation's lowest

WASHINGTON -- April 11, 2005 -- Most states nickel-and-dime you with taxes, and the only fair comparison state-to-state includes a running total of all taxes -- income, sales, property, etc. In that analysis, Florida stacks up pretty well. Only six states take a smaller piece of their residents' income.

The Tax Foundation, a nonpartisan research group that advocates simpler taxation, conducts a yearly analysis of each state's total tax burden. In addition to direct taxes, the foundation factors in business taxes that residents eventually must pay through higher prices or lower wages to create a percentage of per capita income taken by the government.

In Florida, it's 9.2 percent. That compares favorably to the most expensive state for taxes, Maine, which levies 13 percent. But it's higher than Alaska's 6.4 percent, where the state almost pays residents to live there, making it the state with the lowest tax burden. Nationwide, the average per capita tax is 10.1 percent.

While the Tax Foundation compares states, other variables can affect total tax burden. For example, Tennessee and New Hampshire tax investment income, so those living off their savings could pay a higher percentage than wage earners. And New Hampshire relies heavily on property taxes to pay its bills, so homeowners living off investments might pay less overall by moving to another state.

Other factors could influence your total tax burden, such as age, with many states offering tax breaks to older adults. A state's tax rate for gasoline, cigarettes and liquor could also adjust the total percentage paid by an individual resident.

Each states' tax burden, ranked in order as a percentage of per-capita income:

1. Maine: 13.00%
2. New York: 12.00%
3. Hawaii: 11.50%
4. Rhode Island: 11.40%
5. Wisconsin: 11.40%
6. Vermont: 11.10%
7. Ohio: 11.00%
8. Nebraska: 10.90%
9. Utah: 10.90%
10. Minnesota: 10.70%
11. Arkansas: 10.50%
12. Connecticut: 10.50%
13. West Virginia: 10.50%
14. New Jersey: 10.40%
15. Kansas: 10.40%
16. Louisiana: 10.40%

17. Maryland: 10.30%
18. Indiana: 10.30%
19. Kentucky: 10.30%
20. California: 10.30%
21. Arizona: 10.20%
22. Michigan: 10.10%
23. Wyoming: 10.10%
24. Washington: 10.00%
25. Iowa: 10.00%
26. Mississippi: 10.00%
27. Idaho: 10.00%
28. North Carolina: 10.00%
29. New Mexico: 9.90%
30. Illinois: 9.80%
31. Georgia: 9.80%
32. Massachusetts: 9.80%
33. South Carolina: 9.70%
34. Virginia: 9.70%
35. Pennsylvania: 9.70%
36. Oregon: 9.60%
37. Colorado: 9.50%
38. Nevada: 9.50%
39. Montana: 9.50%
40. Oklahoma: 9.40%
41. Missouri: 9.40%
42. North Dakota: 9.40%
43. Texas: 9.30%
44. Florida: 9.20%
45. South Dakota: 8.80%
46. Alabama: 8.70%
47. Tennessee: 8.30%
48. Delaware: 8.00%
49. New Hampshire: 7.40%
50. Alaska: 6.40%
- District of Columbia 12.20%

Source: CNN/Money, April 11, 2005, Jeanne Sahadi

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