

July 15, 1988



PUBLIC POLICY ADVISOR

STATE GOVERNMENT TAX REVENUE, 1987

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The U.S. Department of Commerce recently released its 1987 report on state government tax collections. The report shows that Michigan tax collections grew more slowly than the national average in both 1986 and 1987 (see Exhibit 1). These numbers are not adjusted for changes in tax rates and bases. The small increase in Michigan tax collections in 1986, 1.9 percent, was due largely to the reduction of the income tax rate from 5.1 percent to 4.6 percent as of January 1, 1986.

Michigan per capita tax revenue in 1987 was \$1,071, 5.2 percent above the national average; Michigan ranked sixteenth among the states. Michigan ranked highest for personal income taxes (14) and lowest for general sales taxes (24). (See Exhibit 2.)

As shown in Exhibit 3, Michigan has slightly above-average reliance on the individual income tax (32.5 percent of total taxes) and below-average dependence on general sales taxes (28.7 percent) and selective sales taxes (12.8 percent). The exhibit indicates that the corporation net income tax generates 16.7 percent of total tax revenue in Michigan, well above the national average. This is misleading, however, because Michigan does not levy a corporate income tax as such. Michigan levies the single business tax, which is a modified value added tax. It is a substitute for a number of business taxes and has a much broader base than does a corporate income tax.

These data are useful for evaluating the relative strength and balance of a state revenue system and measuring the state tax burden. For example, Michigan has a fairly good balance between the income and sales tax, whereas Indiana uses the sales tax much more heavily than the income tax. Balance is important because heavy reliance on one revenue source tends to bring out the weaknesses inherent in any tax and to overburden certain sectors of the economy relative to others.

EXHIBIT 1

SUMMARY OF STATE GOVERNMENT TAX REVENUE
BY STATE: 1985-1987

State	Amounts (thousands of dollars)			Percent Change Year-to-year		Per Capita, 1987 (dollars)
	1987 (preliminary)	1986	1985	1986 to 1987	1985 to 1986	
All states	\$247,148,658	\$228,294,540	\$215,893,155	8.3	5.7	\$1,018.00
Alabama	3,222,201	2,997,093	2,941,336	7.5	1.9	789.17
Alaska	1,062,391	1,869,913	1,885,811	-43.2	-0.8	2,023.60
Arizona	3,469,477	3,195,720	2,945,422	8.6	8.5	1,024.65
Arkansas	1,889,066	1,826,733	1,744,954	3.4	4.7	791.07
California	35,790,750	31,078,383	28,952,494	15.2	7.3	1,293.81
Colorado	2,561,477	2,344,375	2,287,738	9.3	2.5	777.15
Connecticut	4,359,175	3,836,804	3,529,194	13.6	8.7	1,357.58
Delaware	989,298	882,666	818,579	12.1	7.8	1,536.18
Florida	9,846,189	9,120,166	8,334,433	8.0	9.4	818.95
Georgia	5,323,689	4,917,070	4,525,038	8.3	8.7	855.62
Hawaii	1,697,424	1,490,665	1,362,595	13.9	9.4	1,567.34
Idaho	829,698	744,739	733,575	11.4	1.5	831.36
Illinois	10,429,524	9,800,757	9,227,777	6.4	6.2	900.49
Indiana	4,774,190	4,458,168	4,336,068	7.1	2.8	863.17
Iowa	2,662,110	2,459,172	2,307,406	8.3	6.6	939.35
Kansas	2,085,490	1,911,548	1,915,199	9.1	-0.2	842.28
Kentucky	3,520,409	3,520,343	3,012,713	9.5	6.8	944.57
Louisiana	3,448,641	3,629,513	3,855,780	-5.0	-5.9	773.06
Maine	1,288,480	1,101,381	1,005,216	17.0	9.6	1,085.49
Maryland	5,204,499	4,669,561	4,321,772	11.5	8.0	1,147.63
Massachusetts	8,463,874	7,668,440	6,620,595	10.4	15.8	1,445.58
MICHIGAN	9,857,122	9,314,194	9,141,953	5.8	1.9	1,071.43
Minnesota	5,546,422	4,898,456	5,228,004	13.2	-6.3	1,306.27
Mississippi	1,943,388	1,917,330	1,811,598	1.4	5.8	740.34
Missouri	3,942,295	3,608,083	3,352,482	9.3	7.6	772.54
Montana	591,001	617,082	640,750	-4.2	-3.7	730.53
Nebraska	1,203,344	1,119,382	1,040,064	7.5	7.6	754.92
Nevada	1,118,326	1,048,301	940,622	6.7	11.4	1,110.55
New Hampshire	562,712	494,454	434,048	13.8	13.9	532.37
New Jersey	9,491,417	8,360,193	7,718,790	13.5	8.3	1,237.15
New Mexico	1,574,692	1,462,123	1,440,312	7.7	1.5	1,049.79
New York	24,676,346	22,766,888	20,702,069	8.4	10.0	1,384.37
North Carolina	6,235,163	5,579,710	5,198,024	11.7	7.3	972.27
North Dakota	573,465	616,076	692,213	-6.9	-11.0	853.37
Ohio	9,717,146	9,059,970	8,651,790	7.3	4.7	901.07
Oklahoma	2,669,188	2,959,632	2,982,106	-9.8	-0.8	815.77
Oregon	2,235,073	1,931,346	1,982,956	15.7	-2.6	820.51
Pennsylvania	11,378,764	10,683,238	10,162,436	6.5	5.1	953.31
Rhode Island	1,050,144	885,557	861,836	18.6	2.8	1,065.05
South Carolina	3,339,515	2,887,103	2,732,346	15.7	5.7	975.04
South Dakota	416,386	403,741	355,452	3.1	13.6	587.29
Tennessee	3,603,331	3,271,963	2,998,373	10.1	9.1	742.19
Texas	11,227,796	11,124,708	11,556,056	0.9	-3.7	668.76
Utah	1,438,325	1,364,835	1,323,699	5.4	3.1	856.15
Vermont	537,905	499,519	458,654	7.7	8.9	981.58
Virginia	5,526,557	4,846,627	4,469,391	14.0	8.4	936.07
Washington	5,639,369	5,219,292	4,585,551	8.0	13.8	1,242.70
West Virginia	1,830,168	1,848,552	1,848,439	-1.0	--	964.77
Wisconsin	5,673,577	5,491,530	5,113,133	3.3	7.4	1,180.27
Wyoming	631,669	795,445	806,416	-20.6	-1.4	1,289.12
District of Columbia	1,914,657	1,717,201	1,574,448	11.5	9.1	3,078.23

SOURCE: U.S. Department of Commerce, State Government Tax Collections in 1987 (Washington, D.C.: March 1988).

NOTE: Because of rounding, detail may not add to totals. Population figures as of July 1, 1987, were used to calculate per capita amounts; totals exclude data for the District of Columbia.

EXHIBIT 2

STATES RANKED ACCORDING TO SELECTED PER CAPITA TAX REVENUES: 1987

Rank	Total Tax (thousands of dollars)		Percent Change 1986 to 1987		General Sales Tax		Personal Income Tax		Motor Fuel Sales Tax		Motor Vehicle Licenses		Death and Gift Taxes			
	All States	\$247,148,658	All States	8.3	All States	\$1,018.00	All States	\$328.77	All States	\$313.20	All States	\$64.51	All States	\$34.22	All States	\$12.45
1	CA	35,790,750	RI	18.6	AK	2,023.60	HI	754.87	NY	699.97	MT	105.67	WY	74.39	CT	55.08
2	NY	24,676,346	ME	17.0	HI	1,567.34	WA	723.75	MA	679.59	NE	101.53	OK	66.63	MA	36.11
3	PA	11,378,764	OR	15.7	DE	1,536.18	CT	567.74	DE	670.32	TN	100.77	DE	66.16	PA	31.15
4	TX	11,227,796	SC	15.7	MA	1,445.58	NV	549.15	MN	544.52	WA	98.87	OR	62.71	NJ	24.81
5	IL	10,429,524	CA	15.2	NY	1,384.37	NH	466.38	OR	536.57	NV	97.22	MN	62.47	NY	22.03
6	MI	9,857,122	VA	14.0	CT	1,357.58	AZ	457.01	CA	501.54	AZ	91.42	IA	62.27	NH	20.04
7	FL	9,846,189	HI	13.9	MN	1,306.27	FL	455.65	HI	501.47	IA	88.93	VT	59.18	DE	19.92
8	OH	9,717,146	NH	13.8	CA	1,293.81	WV	416.66	MD	480.94	CO	88.46	CT	54.41	IA	18.83
9	NJ	9,491,417	CT	13.6	WY	1,289.12	TN	410.78	WI	462.67	WI	87.07	AZ	53.04	RI	18.72
10	MA	8,463,874	NJ	13.5	WA	1,242.70	IN	407.17	VA	414.26	AR	86.46	IL	50.06	WI	17.81
11	NC	6,235,163	MN	13.2	NJ	1,237.15	SC	396.05	NC	400.11	NC	86.43	NV	49.57	ME	16.41
12	WI	5,673,577	DE	12.1	WI	1,180.27	CA	395.28	RI	364.10	WV	85.21	SD	47.72	OK	14.48
13	WA	5,639,369	NC	11.7	MD	1,147.63	MS	386.82	ME	356.54	MN	84.05	ND	46.27	SD	14.25
14	MN	5,546,422	MD	11.5	NV	1,110.55	NJ	379.53	MI	348.75	ND	82.50	NJ	42.24	KY	13.24
15	VA	5,526,557	ID	11.4	ME	1,085.49	ME	370.18	GA	345.41	ID	82.39	TX	41.54	KS	12.78
16	GA	5,323,689	MA	10.4	MI	1,071.43	RI	355.79	NJ	339.33	ME	81.95	NH	40.73	FL	12.61
17	MD	5,204,499	TN	10.1	RI	1,065.05	MN	345.88	IA	337.06	LA	80.12	ME	39.31	OR	12.36
18	IN	4,774,190	KY	9.5	NM	1,049.79	WI	343.65	UT	316.47	SD	80.04	VA	38.57	NC	12.08
19	CT	4,359,175	MO	9.3	AZ	1,024.65	UT	332.86	CO	313.92	CT	79.14	KY	37.68	MD	10.34
20	MO	3,942,295	CO	9.3	VT	931.58	MA	318.83	OH	298.40	NH	79.11	MT	37.66	CA	10.18
21	TN	3,603,331	KS	9.1	SC	975.04	MD	318.25	VT	295.57	KY	79.01	MI	36.93	IN	9.75
22	KY	3,520,409	AZ	8.6	NC	972.27	OH	313.70	SC	294.58	MI	78.02	MO	36.26	MI	9.73
23	AZ	3,469,477	NY	8.4	WV	964.77	WY	307.51	IL	267.24	SC	76.51	WV	36.05	LA	9.00
24	LA	3,448,641	GA	8.3	PA	953.31	MI	307.45	ID	265.87	TX	75.83	CA	34.21	MT	8.91
25	SC	3,339,515	IA	8.3	KY	944.57	AR	299.68	IN	263.04	UT	75.82	PA	33.92	SC	7.88
26	AL	3,222,201	WA	8.0	IA	939.35	PA	299.00	KS	256.25	VA	74.30	AK	33.49	AZ	7.59
27	OK	2,669,188	FL	8.0	VA	936.07	ID	298.49	WV	254.19	VT	73.37	ID	32.89	WY	7.20
28	IA	2,662,110	NM	7.7	OH	901.07	IL	294.02	KY	247.11	MD	72.40	NC	31.87	IL	7.02
29	CO	2,561,477	VT	7.7	IL	900.49	KS	293.55	MO	244.47	WY	72.36	NE	31.74	TX	6.77
30	OR	2,235,073	AL	7.5	IN	863.17	IA	291.50	MT	240.64	IN	71.82	OH	31.45	TN	6.54
31	KS	2,085,490	NE	7.5	UT	856.15	SD	289.82	PA	230.38	NM	71.79	WI	31.02	MO	6.36
32	MS	1,943,388	OH	7.3	GA	855.62	ND	288.36	NE	225.72	AL	64.35	WA	30.37	VA	5.56
33	AR	1,889,066	IN	7.1	ND	853.37	MD	287.20	AZ	225.08	IL	63.96	FL	30.20	CO	5.54
34	WV	1,830,168	NV	6.7	KS	842.28	NY	285.99	AR	224.17	KS	63.31	KS	29.85	MN	5.09
35	HI	1,697,424	PA	6.5	ID	831.36	GA	279.54	AL	217.44	OK	62.63	AR	29.08	WA	4.89
36	NM	1,574,692	IL	6.4	OR	820.51	TX	274.07	OK	207.47	GA	61.99	RI	27.85	GA	4.87
37	UT	1,438,325	MI	5.8	FL	818.95	LA	266.69	NM	161.75	AK	61.18	TN	26.85	HI	4.78
38	ME	1,288,480	UT	5.4	OK	815.77	NE	245.01	CT	145.12	FL	59.55	AL	25.49	VT	4.66
39	NE	1,203,344	AR	3.4	AR	791.07	KY	239.35	MS	120.17	OH	59.51	NM	24.42	OH	4.21
40	NV	1,118,326	WI	3.3	AL	789.17	NC	227.04	ND	119.27	OR	55.19	UT	23.73	AL	4.00
41	AK	1,062,391	SD	3.1	CO	777.15	CO	218.04	LA	98.33	PA	54.55	CO	23.52	MS	3.97
42	RI	1,050,144	MS	1.4	LA	773.06	AL	216.45	TN	14.03	RI	53.41	NY	23.00	WV	3.56
43	DE	989,298	TX	.9	MO	772.54	VT	199.73	NH	8.21	MA	53.01	MA	22.48	ND	2.89
44	ID	829,698	WV	-1.0	NE	754.92	OK	187.58	AK	.81	DE	51.74	MS	21.99	NE	2.81
45	WY	631,669	MT	-4.2	TN	742.19	VA	186.77	FL	(X)	MS	48.81	SC	21.40	AR	2.52
46	MT	591,001	LA	-5.0	MS	740.34	AK	(X)	NV	(X)	CA	45.12	MD	18.86	NM	2.25
47	ND	573,465	ND	-6.9	MT	730.53	DE	(X)	SD	(X)	NJ	44.78	HI	16.25	AK	2.04
48	NH	562,712	OK	-9.8	TX	668.76	MT	(X)	TX	(X)	HI	44.40	IN	16.18	ID	1.53
49	VT	537,905	WY	-20.6	SD	587.29	NH	(X)	WA	(X)	MO	42.17	LA	15.98	UT	1.38
50	SD	416,386	AK	-43.2	NH	552.37	OR	(X)	WY	(X)	NY	27.82	GA	11.75	NV	(X)

(X) = Tax not levied.

SOURCE: U.S. Department of Commerce, State Government Tax Collections in 1987 (Washington, D.C.: March 1988).

EXHIBIT 3

PERCENT DISTRIBUTION OF STATE GOVERNMENT TAX REVENUE FOR SELECTED TAXES 1987

State	Sales and Gross Receipts			License Taxes						
	Total	Total	General Sales	Selective Sales			Motor Vehicle Licenses	Individual Incomes	Corporation Net Income	Other
				Total	Motor Fuels	Total				
Average, all states	100	48.5	32.3	16.2	6.3	6.5	3.4	30.8	8.4	5.8
Alabama	100	54.0	27.4	26.6	8.2	8.7	3.2	27.6	5.0	4.7
Alaska	100	7.7	(X)	7.7	3.0	6.5	1.7	--	13.3	72.5
Arizona	100	61.2	44.6	16.6	8.9	7.0	5.2	22.0	5.7	4.1
Arkansas	100	57.3	37.9	19.4	10.9	6.6	3.7	28.3	6.1	1.7
California	100	38.4	30.6	7.9	3.5	4.0	2.6	38.8	13.3	5.5
Colorado	100	47.5	28.1	19.4	11.4	5.5	3.0	40.4	4.8	1.7
Connecticut	100	61.8	41.8	20.0	5.8	5.6	4.0	10.7	15.6	6.2
Delaware	100	9.5	(X)	9.5	3.4	30.1	4.3	43.6	12.2	4.6
Florida	100	77.1	55.6	21.4	7.3	6.7	3.7	(X)	6.1	10.1
Georgia	100	46.7	32.7	14.0	7.2	3.2	1.4	40.4	8.4	1.3
Hawaii	100	61.3	48.2	13.2	2.8	1.6	1.0	32.0	4.5	0.5
Idaho	100	52.9	35.9	17.0	9.9	9.2	4.0	32.0	5.7	0.3
Illinois	100	51.7	32.7	19.0	7.1	7.4	5.6	29.7	8.3	3.0
Indiana	100	59.8	47.2	12.7	8.3	2.8	1.9	30.5	4.9	2.0
Iowa	100	46.8	31.0	15.7	9.5	9.6	6.6	35.9	5.6	2.1
Kansas	100	50.9	34.9	16.1	7.5	6.1	3.5	30.4	6.6	6.0
Kentucky	100	44.4	25.3	19.1	8.4	7.2	4.0	26.2	7.6	14.6
Louisiana	100	56.7	34.5	22.2	10.4	10.7	2.1	12.7	5.5	14.3
Maine	100	51.9	34.1	17.8	7.5	6.8	3.6	32.8	5.3	3.2
Maryland	100	44.3	25.0	19.3	6.3	3.2	1.6	41.9	5.2	5.4
Massachusetts	100	32.6	22.1	10.5	3.7	3.0	1.6	47.0	14.2	3.2
MICHIGAN	100	41.5	28.7	12.8	7.3	5.7	3.4	32.5	16.7	3.5
Minnesota	100	43.4	26.5	16.9	6.4	6.6	4.8	41.7	7.6	0.7
Mississippi	100	66.9	52.2	14.7	6.6	8.4	3.0	16.2	5.3	3.1
Missouri	100	53.1	41.2	11.9	5.5	8.2	4.7	31.6	6.0	1.1
Montana	100	25.2	(X)	25.2	14.5	10.3	5.2	32.9	5.8	25.7
Nebraska	100	55.2	32.5	22.7	13.4	8.3	4.2	29.9	5.6	1.1
Nevada	100	85.5	49.4	36.1	8.8	11.0	4.5	(X)	(X)	3.4
New Hampshire	100	43.2	(X)	43.2	14.9	15.0	7.7	1.5	27.0	13.3
New Jersey	100	51.7	30.7	21.1	3.6	6.1	3.4	27.4	11.5	3.3
New Mexico	100	58.7	44.4	14.3	6.8	4.2	2.3	15.4	6.3	15.3
New York	100	31.9	20.7	11.3	2.0	3.0	1.7	50.6	8.7	5.9
North Carolina	100	40.6	23.4	17.2	8.9	6.7	3.3	41.2	9.1	2.5
North Dakota	100	52.3	33.8	18.5	9.7	10.5	5.4	14.0	5.8	17.4
Ohio	100	52.8	34.8	18.0	6.6	8.5	3.5	33.1	4.9	0.7
Oklahoma	100	43.8	23.0	20.8	7.7	11.5	8.2	25.4	3.1	16.2
Oregon	100	13.5	(X)	13.5	6.7	11.9	7.6	65.4	6.1	3.1
Pennsylvania	100	50.4	31.4	19.0	5.7	10.3	3.6	24.2	8.9	6.3
Rhode Island	100	50.6	33.4	17.2	5.0	3.9	2.6	34.2	8.3	3.0
South Carolina	100	57.5	40.6	16.9	7.8	5.0	2.2	30.2	5.7	1.5
South Dakota	100	78.4	49.3	29.1	13.6	12.0	8.1	(X)	5.8	3.7
Tennessee	100	77.3	55.3	22.0	13.6	9.7	3.6	1.9	8.3	2.8
Texas	100	72.3	41.0	31.3	11.3	16.2	6.2	(X)	(X)	11.5
Utah	100	52.3	38.9	13.5	8.9	4.8	2.8	37.0	4.2	1.7
Vermont	100	51.6	20.3	31.2	7.5	8.7	6.0	30.1	7.1	2.5
Virginia	100	40.9	20.0	20.9	7.9	6.0	4.1	44.3	5.8	3.1
Washington	100	75.3	58.2	17.0	8.0	5.2	2.4	(X)	(X)	19.5
West Virginia	100	62.0	43.2	18.8	8.8	6.1	3.7	26.3	4.9	0.7
Wisconsin	100	43.6	29.1	14.5	7.4	5.1	2.6	39.2	8.3	3.8
Wyoming	100	33.4	23.9	9.5	5.6	9.2	5.8	(X)	(X)	57.4
District of Columbia	100	29.3	19.8	9.5	1.3	2.0	1.0	26.5	8.8	33.3

(X) = Tax not levied.

SOURCE: U.S. Department of Commerce, State Government Tax Collections in 1987 (Washington, D.C.: March 1988).

NOTE: Because of rounding, detail may not add to total. Percentages were computed based on amounts in thousands of dollars.