

Tax burden: Local and State Taxes in Texas

Texas State-Local Tax Burden Compared to U.S. Average (1970-2007)

Year	State				U.S. Average				
	State-Local Tax Burden	State Rank (1 is highest)	Federal Tax Burden	State Rank (1 is highest)	Total Tax Burden*	State Rank (1 is highest)	Average State-Local Tax Burden	Average Federal Tax Burden	Total Tax Burden*
1970	8.0%	49	20.1%	19	28.1%	44	10.0%	19.9%	29.9%
1971	8.2%	48	19.3%	12	27.5%	41	10.2%	19.0%	29.2%
1972	8.5%	48	20.4%	11	28.9%	35	10.6%	19.8%	30.3%
1973	8.3%	47	21.0%	9	29.3%	32	10.3%	20.1%	30.4%
1974	8.3%	48	22.0%	6	30.3%	28	10.3%	20.7%	31.0%
1975	8.2%	49	19.4%	13	27.6%	38	10.3%	19.1%	29.4%
1976	8.2%	48	20.4%	10	28.6%	36	10.4%	19.7%	30.1%
1977	8.3%	47	21.1%	6	29.4%	30	10.4%	20.0%	30.4%
1978	8.2%	47	21.3%	7	29.5%	29	9.9%	20.4%	30.4%
1979	7.8%	48	22.0%	6	29.8%	28	9.5%	20.9%	30.4%
1980	7.7%	49	22.8%	6	30.6%	24	9.5%	21.2%	30.7%
1981	7.7%	49	23.7%	4	31.4%	21	9.4%	21.9%	31.3%
1982	7.9%	48	22.6%	4	30.5%	22	9.8%	20.9%	30.7%
1983	7.9%	48	21.3%	4	29.2%	23	9.8%	19.8%	29.7%
1984	8.2%	48	20.9%	6	29.1%	22	9.8%	19.6%	29.4%
1985	8.5%	44	20.7%	7	29.1%	27	9.9%	19.9%	29.8%
1986	8.9%	41	20.2%	13	29.1%	27	10.1%	19.9%	29.9%
1987	9.6%	36	20.9%	15	30.4%	21	10.3%	20.7%	31.0%
1988	9.8%	30	20.8%	13	30.5%	21	10.3%	20.5%	30.7%
1989	9.8%	29	21.1%	10	30.9%	19	10.3%	20.7%	31.0%
1990	9.7%	33	20.8%	11	30.5%	23	10.3%	20.5%	30.8%
1991	10.0%	32	20.4%	11	30.4%	23	10.6%	20.1%	30.7%
1992	9.9%	33	20.1%	15	30.0%	29	10.6%	19.8%	30.5%
1993	9.8%	38	20.2%	15	30.0%	28	10.5%	20.1%	30.7%
1994	9.8%	38	20.7%	17	30.5%	32	10.6%	20.6%	31.2%
1995	9.6%	43	21.1%	15	30.7%	31	10.5%	21.0%	31.6%
1996	9.5%	42	21.5%	18	31.0%	30	10.5%	21.5%	32.0%
1997	9.2%	45	21.8%	21	31.1%	38	10.4%	22.1%	32.5%
1998	9.2%	45	22.5%	20	31.8%	33	10.5%	22.7%	33.2%
1999	9.1%	45	22.4%	23	31.5%	37	10.5%	22.9%	33.3%
2000	9.1%	46	22.7%	24	31.8%	36	10.5%	23.5%	34.0%
2001	9.4%	44	21.9%	20	31.3%	32	10.5%	22.5%	33.0%
2002	9.5%	40	19.6%	20	29.1%	26	10.3%	19.9%	30.3%
2003	9.4%	40	18.8%	19	28.2%	30	10.4%	19.1%	29.5%
2004	9.4%	42	18.6%	22	28.0%	33	10.6%	19.1%	29.7%
2005	9.4%	43	19.7%	26	29.1%	40	10.9%	20.6%	31.5%
2006	9.1%	43	20.2%	26	29.4%	42	10.8%	21.5%	32.3%
2007	9.3%	43	20.5%	27	29.8%	41	11.0%	21.7%	32.7%

Source: Tax Foundation calculations based on data from the Bureau of Economic Analysis, Department of Commerce

Last updated July 2007



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State and Local Tax Burdens Compared to Other U.S. States (2007)

Combined State and Local Tax Burdens by Rank			Adding Federal Taxes to State/Local Changes Rankings		
State	Tax Burden	Rank	State	Tax Burden	Rank
Total	11.0%		Total	32.7%	
Vermont	14.1%	1	Vermont	35.1%	5
Maine	14.0%	2	Maine	33.9%	10
New York	13.8%	3	New York	37.1%	2
Rhode Island	12.7%	4	Rhode Island	35.1%	6
Ohio	12.4%	5	Ohio	32.4%	18
Hawaii	12.4%	6	Hawaii	33.0%	16
Wisconsin	12.3%	7	Wisconsin	33.3%	13
Connecticut	12.2%	8	Connecticut	38.3%	1
Nebraska	11.9%	9	Nebraska	31.8%	22
New Jersey	11.6%	10	New Jersey	35.6%	3
Minnesota	11.5%	11	Minnesota	33.9%	11
California	11.5%	12	California	34.3%	8
Arkansas	11.3%	13	Arkansas	30.7%	32
Michigan	11.2%	14	Michigan	31.9%	21
Kansas	11.2%	15	Kansas	31.0%	27
Washington	11.1%	16	Washington	34.0%	9
Louisiana	11.0%	17	Louisiana	29.1%	44
Iowa	11.0%	18	Iowa	30.6%	33
North Carolina	11.0%	19	North Carolina	31.3%	24
Kentucky	10.9%	20	Kentucky	30.4%	34
West Virginia	10.9%	21	West Virginia	29.8%	40
Illinois	10.8%	22	Illinois	33.2%	14
Maryland	10.8%	23	Maryland	33.1%	15
Pennsylvania	10.8%	24	Pennsylvania	31.9%	20
Indiana	10.7%	25	Indiana	30.8%	30
South Carolina	10.7%	26	South Carolina	30.3%	35
Utah	10.7%	27	Utah	30.3%	36
Massachusetts	10.6%	28	Massachusetts	34.4%	7
Mississippi	10.5%	29	Mississippi	28.1%	47
Colorado	10.4%	30	Colorado	31.8%	23
Arizona	10.3%	31	Arizona	31.3%	25
Georgia	10.3%	32	Georgia	30.9%	28
Virginia	10.2%	33	Virginia	32.9%	17
Missouri	10.1%	34	Missouri	30.2%	38

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City of Dallas

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State and Local Tax Burdens Compared to Other U.S. States (2007)

Combined State and Local Tax Burdens by Rank			Adding Federal Taxes to State/Local Changes Rankings		
State	Tax Burden	Rank	State	Tax Burden	Rank
Idaho	10.1%	35	Idaho	29.6%	42
Nevada	10.1%	36	Nevada	35.2%	4
Oregon	10.0%	37	Oregon	30.7%	31
Florida	10.0%	38	Florida	33.6%	12
North Dakota	9.9%	39	North Dakota	30.2%	37
New Mexico	9.8%	40	New Mexico	28.8%	45
Montana	9.7%	41	Montana	29.8%	39
Wyoming	9.5%	42	Wyoming	32.1%	19
Texas	9.3%	43	Texas	29.8%	41
South Dakota	9.0%	44	South Dakota	29.3%	43
Oklahoma	9.0%	45	Oklahoma	27.8%	50
Alabama	8.8%	46	Alabama	28.0%	49
Delaware	8.8%	47	Delaware	31.2%	26
Tennessee	8.5%	48	Tennessee	28.8%	46
New Hampshire	8.0%	49	New Hampshire	30.8%	29
Alaska	6.6%	50	Alaska	28.1%	48
D.C.	12.5%	-	D.C.	36.4%	-

Source: Tax Foundation calculations based on data from the Bureau of Economic Analysis, Department of Commerce

* During the past three decades Texas' state and local tax burden has been consistently below the national average. Estimated at 9.3% of income, Texas's state and local tax burden percentage ranks 43rd highest nationally, well below the national average of 11.0%. Texans pay \$3,533 per capita in state and local taxes, and per capita state income is \$38,005. (Source: Tax Foundation)

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Specifics on Dallas and Texas taxes:

Income Tax - The State of Texas does not have a personal or corporate income tax nor does Texas have a State unitary tax.

Sales Tax - The State of Texas sales tax rate is 6.25 percent. The City of Dallas and Dallas Area Rapid Transit each levy a 1 percent sales tax resulting in an 8.25 percent total sales tax. This tax applies to the sale of tangible personal property, with exemptions for items such as utilities, raw materials, manufacturing equipment and groceries.

Corporate Franchise Tax - The Corporate Franchise Tax or Capital Values Tax is a business privilege tax assessed by the State of Texas and is applicable to all corporations operating in the state. Corporations are taxed on the greater of 0.25 percent of taxable capital or 4.50 percent of net taxable earned surplus.

Unemployment Insurance - Texas has low unemployment insurance tax liability. New employers pay unemployment insurance at a rate of 2.7 percent per employee, per year for the first \$9,000 of gross earnings with a maximum of \$36 per employee annually. After six quarters, companies received a reduced experience rate of 0.67 percent up to 8.26 percent of the first \$9,000 of gross earnings on a historical base.

Hotel/motel Occupancy Tax - The State of Texas hotel room rates are taxed at 6 percent. The City of Dallas levies a city tax of 9 percent making a total tax rate of 15 percent.

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