



CRC Memorandum

TAX REVENUE COMPARISON: MICHIGAN AND THE U.S.

Estimates of 1999 revenues of state and local government in the 50 states and the District of Columbia recently released by the U.S. Department of Commerce, Bureau of Census provides an opportunity to examine Michigan's comparative tax ranking 5 years after the changes brought about by Proposal A of 1994. These data show that Michigan total state and local tax revenues were close to the U.S. average in 1999, unlike years prior to 1994 when Michi-

gan taxed its residents at above average levels. Further analysis, evident by comparing 1999 data with data from recent years, shows that some of the interstate advantage Michigan gained by cutting property tax rates and capping assessment increases has eroded since 1994. Finally, Proposal A has been successful in creating greater balance among the property, sales, and income taxes.

Total Taxes

Michigan

In the last 20 years, Michigan's total tax revenue, both per capita and per \$1000 of personal income, has been gradually approaching that of the U.S. average.

**Total Tax Collections:
Michigan as a Percent of U.S. Average**

	Per Capita		Per \$1000 Pers. Inc.	
	Rank	Value	Rank	Value
1979	12	112.4	13	108.0
1989	14	105.1	13	106.1
1999	16	101.3	15	102.8

Although property, sales and income taxes make up the bulk of the state and local revenue, other taxes such as transportation taxes and business privilege taxes are included in the total as well.

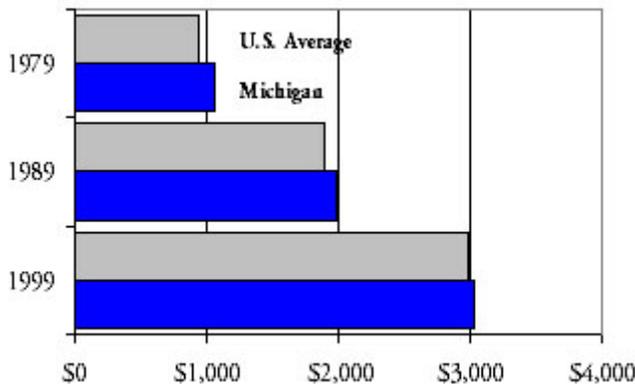
United States

Over the 30-year period, the United States as a whole has been experiencing a steady increase in total tax revenue per \$1000 of personal income. The change from 1979 to 1989 was due mainly to increases in sales tax and income tax revenue. The change in property tax revenue was very minor. From 1989 to 1999, property taxes played a stronger although still not equal role with income and sales taxes in increasing U.S. total tax revenue per \$1000 of personal income. From 1989 to 1999, income tax revenue grew the fastest (9.48 percent), followed by sales tax revenue (8.12 percent). Property tax revenue increased by 2.23 percent per \$1000 of personal income.

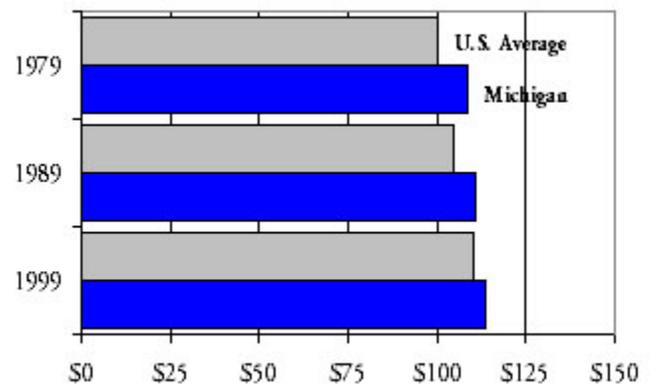
Charts 1 & 2

Total State and Local Government Tax Revenue

Per Capita



Per \$1000 Personal Income



CRC Memorandum

Michigan Trends

Property Taxes

In 1999, Michigan property tax revenues were about equal to the U.S. average. This was in marked contrast to the years prior to 1994, when Michigan property tax collections were well above the U.S. average.

Prior to 1994, Michigan's rank had been steadily increasing.

Table 1 shows that Michigan's rank went from 17th in 1979 (per \$1000 of personal income) to 10th in 1989 and then fell to 23rd in 1999, largely as a result of Proposal A in 1994.

Snapshots of these 3 decades, however, miss the trend that has developed in

Year	US Average		Michigan					
	Per Capita	Per \$1000 Pers. Inc.	Per Capita			Per \$1000 Pers. Inc.		
			Amount	as % of U.S. Avg.	Rank	Amount	as % of U.S. Avg.	Rank
1979	\$310	\$31.72	\$376	121.3	12	\$38.81	122.4	17
1989	566	32.10	766	132.8	9	42.57	133.8	10
1999	881	32.52	893	101.4	20	33.47	102.9	23

recent years showing Michigan has risen from below average in the years immediately after adoption of Proposal A of 1994 to above average in 1999. (CRC has detected a discrepancy in the tax revenues reported by the Bureau of the Census for 1995. The Census property tax amount

shows Michigan at 12.3 percent below the U.S. average, while the Michigan Department of Treasury amount shows Michigan at only 5.3 percent below average. The numbers reported for 1999 are more consistent with each other, showing Michigan at 1.5 to 2.9 percent above average.)

Sales Taxes

Michigan sales tax revenues also were about equal to the U.S. average in 1999. In the years prior to Proposal A of 1994, Michigan sales tax revenues were well below the U.S. average.

Prior to 1994, sales tax revenue was decreasing as a percentage of personal income, driving Michigan's rank from 35th in 1979 to 41st in 1989. In exchange for Proposal A's property tax reduction, the general sales tax rate was increased to 6 percent. This increase positioned Michigan at 25th in 1999, almost exactly at the U.S. average. Similarly, in terms

Year	US Average		Michigan					
	Per Capita	Per \$1000 Pers. Inc.	Per Capita			Per \$1000 Pers. Inc.		
			Amount	as % of U.S. Avg.	Rank	Amount	as % of U.S. Avg.	Rank
1979	\$195	\$22.47	\$184	94.4	25	\$19.09	85.0	35
1989	415	24.59	338	74.1	41	18.79	74.8	41
1999	736	27.17	733	99.6	22	27.47	98.9	25

of sales tax revenue per capita, Michigan ranked 25th in 1979, dropped to 41st in 1989 and jumped to 22nd in 1999.

Similar to the property tax, snapshots of these 3 decades masks changes in

sales tax revenue since Proposal A was enacted. Michigan's rank for sales tax revenue per capita went from 42nd in 1993 to 22nd in 1995. In the years that followed, Michigan's rank climbed as high as 19th in 1996 and 1997, falling back to 25th by 1999.

Total Income Taxes

Michigan's position in income tax revenues has changed little over the years. Michigan's relatively high individual

income tax rate and Single Business Tax have combined to keep income tax revenues above average. Michigan's rank among the states has

remained in the range of 10th to 13th throughout most of the past two decades (See **Table 3**).

¹ The displayed data in Tables 1-3 are based on tax revenues per capita and per \$1000 of personal income. Data Source: U.S. Department of Commerce, Bureau of the Census

CRC Memorandum

Separation of individual and corporate income tax revenues shows that Michigan's above average tax collections and high ranking were greatly influenced by the Single Business Tax.

Individual Income Taxes. In 1999, Michigan's individual income taxes were about 10 percent above the U.S. average, ranking Michigan 20th among the 50 states and Washington, D.C.. Future comparisons of Michigan's individual income tax collections are not likely to match 1999's collections due to tax rate reductions being implemented at the state and local levels. Public Acts 1-6 of 1999 are reducing the personal income tax rate by 0.1 percentage points per year from 4.4 percent in 2000 to 3.9 percent in 2004. The Uniform City Income Tax Act was amended to reduce Detroit's maximum tax rate over 10 years from 3 to 2 percent on residents and from 1.5 to 1 percent on nonresidents. These income tax reductions will shift Michigan's rank closer to the United

Year	US Average		Michigan					
	Per Capita	Per \$1000 Pers. Inc.	Per Capita			Per \$1000 Pers. Inc.		
			Amount	as % of U.S. Avg.	Rank	Amount	as % of U.S. Avg.	Rank
Total Income Taxes								
1979	\$208	\$22.96	\$ 341	163.9	10	\$35.39	154.1	10
1989	495	25.80	654	130.5	11	36.36	131.7	12
1999	819	30.23	1,003	122.5	11	37.57	124.3	13
Individual Income Taxes								
1999	\$694	\$25.64	\$758	109.2	5	\$28.40	110.8	20
Corporate Income Taxes								
1999	\$124	\$4.59	\$245	196.8	5	\$9.17	199.6	20

States' average as long as current national trends do not change.

Corporate Income Taxes. Because the Single Business Tax (SBT), a form of value added tax, is considered a corporate income tax by the Census, Michigan ranks high in state and local corporate income tax collections. In 1999, Michigan's corporate income taxes were almost double the U.S. average, ranking Michigan 5th. This is somewhat misleading, since the SBT

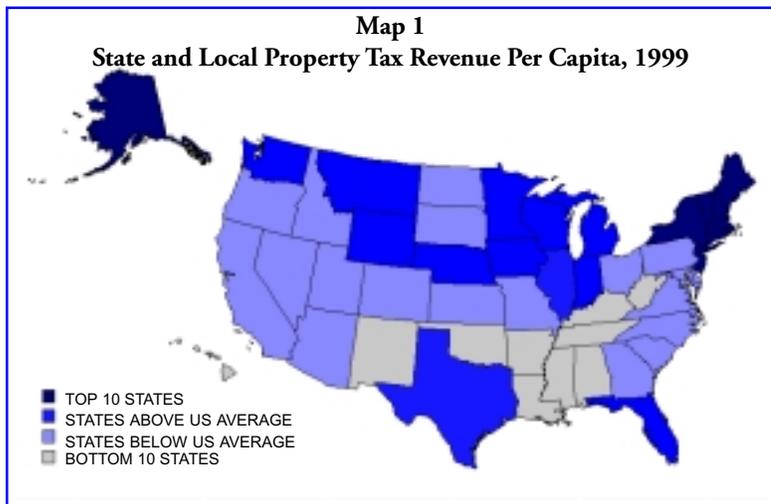
replaced 8 taxes, including property taxes, that many other states continue to collect individually.

As is the case for individual income tax revenues, comparisons of 1999 tax revenues do not take into account tax rate reductions being implemented. Public Act 115 of 1999 began the reduction of the Single Business Tax rate by 0.1 percentage points per year from its 1998 rate of 2.3 percent until the tax is eliminated in 23 years.

Regional Patterns

Taxing patterns vary from one region of the U.S. to another.

- Property Tax Revenue:** The top 10 per capita property tax revenue generating states were Alaska and those states in the Northeast. Besides Florida, Texas, and Washington, other states with per capita property tax revenue above average tended to be in the upper Midwest. The states generating the lowest property tax revenue were generally in the South. New Hampshire, New Jersey, and Connecticut were the top property tax rev-



CRC Memorandum

Table 4
State and Local Tax Revenue, 1999

STATE	Property Tax				Sales Tax				Motor Fuel Tax			
	per \$1000		per capita		per \$1000		per capita		per \$1000		per capita	
	Value	Rank	Value	Rank	Value	Rank	Value	Rank	Value	Rank	Value	Rank
Alabama	\$12.38	51	\$273	51	\$28.47	21	\$627	28	\$5.59	16	\$123	25
Alaska	42.40	8	1,174	10	7.35	47	204	47	2.21	48	61	48
Arizona	31.82	25	750	33	38.12	7	899	12	5.19	20	122	29
Arkansas	25.98	37	550	41	37.42	9	792	20	7.04	5	149	9
California	27.51	34	767	32	30.01	19	837	14	3.28	44	92	44
Colorado	28.80	32	842	24	28.53	20	834	15	4.35	33	127	22
Connecticut	42.22	10	1,577	3	26.26	26	981	7	4.44	31	166	4
Delaware	15.84	50	462	45	0.00	48	0	48	4.69	28	137	17
District of Columbia	34.56	21	1,309	5	30.14	18	1,142	3	1.57	50	60	49
Florida	34.62	20	920	19	36.03	12	957	8	5.21	19	139	15
Georgia	27.17	35	696	35	35.64	13	913	10	2.84	46	73	46
Hawaii	18.69	46	502	43	45.49	3	1,221	2	4.22	36	113	37
Idaho	30.23	28	651	36	26.00	29	560	39	7.87	2	170	3
Illinois	38.97	12	1,163	11	18.85	41	562	38	4.19	37	125	23
Indiana	34.80	19	871	22	22.24	38	557	40	4.46	30	112	39
Iowa	35.63	15	883	21	24.93	31	618	32	4.79	26	119	34
Kansas	31.20	27	797	29	31.78	15	812	17	4.81	25	123	26
Kentucky	18.95	45	421	47	23.74	36	527	42	5.06	23	112	38
Louisiana	16.61	48	371	48	41.88	4	934	9	5.50	17	123	27
Maine	52.70	2	1,235	8	28.23	23	661	26	5.89	13	138	16
Maryland	26.18	36	801	28	14.53	45	445	45	4.30	35	131	18
Massachusetts	35.58	16	1,182	9	15.94	44	530	41	3.10	45	103	41
Michigan	33.47	23	893	20	27.47	25	733	22	4.08	40	109	40
Minnesota	31.98	24	934	18	24.63	32	719	23	4.17	38	122	32
Mississippi	25.24	39	502	42	40.50	6	805	18	7.33	3	146	12
Missouri	23.93	41	604	38	28.42	22	718	24	4.82	24	122	31
Montana	47.51	5	1,009	14	0.00	49	0	49	8.56	1	182	1
Nebraska	36.49	14	941	16	23.95	34	617	33	6.17	11	159	7
Nevada	24.26	40	697	34	37.34	10	1,073	4	5.77	14	166	5
New Hampshire	57.24	1	1,677	2	0.00	50	0	50	3.40	43	100	42
New Jersey	51.61	4	1,761	1	18.20	42	621	31	1.74	49	59	50
New Mexico	16.01	49	338	50	49.36	2	1,041	5	6.73	6	142	13
New York	42.30	9	1,361	4	26.06	28	838	13	0.86	51	28	51
North Carolina	22.65	42	569	39	22.91	37	575	35	5.97	12	150	8
North Dakota	34.24	22	784	30	26.19	27	600	34	7.22	4	165	6
Ohio	31.75	26	829	26	23.81	35	622	30	4.69	29	122	28
Oklahoma	16.70	47	369	49	31.21	17	689	25	5.19	21	114	36
Oregon	30.03	29	771	31	0.00	51	0	51	4.76	27	122	30
Pennsylvania	29.42	31	805	27	20.75	39	568	36	2.27	47	62	47
Rhode Island	46.45	6	1,297	6	20.28	40	566	37	4.32	34	120	33
South Carolina	28.60	33	637	37	28.00	24	624	29	4.05	41	90	45
South Dakota	35.49	17	842	23	32.40	14	769	21	6.18	10	147	11
Tennessee	20.10	44	489	44	41.52	5	1,011	6	5.77	15	140	14
Texas	36.97	13	938	17	31.65	16	803	19	5.10	22	129	21
Utah	25.45	38	559	40	37.67	8	828	16	6.68	7	147	10
Vermont	52.27	3	1,289	7	14.04	46	346	46	3.87	42	95	43
Virginia	29.92	30	838	25	16.08	43	450	44	4.13	39	116	35
Washington	35.39	18	1,001	15	51.13	1	1,446	1	4.41	32	125	24
West Virginia	22.13	43	449	46	24.47	33	497	43	6.46	9	131	19
Wisconsin	40.31	11	1,052	13	25.10	30	655	27	6.63	8	173	2
Wyoming	43.68	7	1,089	12	36.16	11	901	11	5.23	18	130	20
U.S. Average	\$32.05		\$853		\$26.49		\$681		\$4.85		\$122	
MI Difference	\$1.42		\$40		\$0.98		\$52		-\$0.76		-\$13	
from U.S Average												

CRC Memorandum

**Table 4 (continued)
State and Local Tax Revenue, 1999**

STATE	Alcoholic Beverage Taxes				Tobacco Products Taxes				Public Utility Tax			
	per \$1000		per capita		per \$1000		per capita		per \$1000		per capita	
	Personal Income Value	Rank	Value	Rank	Personal Income Value	Rank	Value	Rank	Personal Income Value	Rank	Value	Rank
Alabama	\$1.56	1	\$34	2	\$0.86	38	\$19	39	\$5.03	4	\$111	8
Alaska	0.76	17	21	13	3.02	1	84	1	0.22	45	6	45
Arizona	0.43	27	10	31	1.45	13	34	20	1.32	30	31	30
Arkansas	0.54	22	11	27	1.75	8	37	15	1.40	27	30	31
California	0.30	38	8	40	0.97	32	27	28	2.16	17	60	15
Colorado	0.22	43	6	42	0.59	45	17	41	0.91	37	27	34
Connecticut	0.36	31	13	23	1.07	26	40	12	1.37	29	51	19
Delaware	0.51	24	15	19	1.11	23	32	22	1.18	32	34	27
District of Columbia	0.25	42	9	36	0.87	37	33	21	9.17	1	347	1
Florida	1.44	3	38	1	1.13	22	30	24	4.98	5	132	4
Georgia	1.19	6	30	5	0.46	47	12	47	0.81	39	21	38
Hawaii	1.21	5	32	3	1.33	16	36	17	4.69	6	126	5
Idaho	0.21	44	5	47	1.06	27	23	35	0.47	42	10	43
Illinois	0.16	48	5	45	1.58	11	47	10	5.37	3	160	2
Indiana	0.21	45	5	44	0.60	44	15	44	0.04	49	1	49
Iowa	0.17	47	4	49	1.38	15	34	19	0.21	46	5	46
Kansas	1.04	8	26	8	0.80	40	21	37	1.51	23	39	24
Kentucky	0.79	16	17	17	0.20	51	4	51	1.68	21	37	25
Louisiana	0.54	21	12	26	0.88	36	20	38	1.45	25	32	28
Maine	1.11	7	26	9	2.67	2	63	2	0.02	50	0	50
Maryland	0.15	49	5	46	0.81	39	25	30	1.85	19	57	17
Massachusetts	0.30	37	10	32	1.39	14	46	11	0.00	51	0	51
Michigan	0.48	26	13	24	2.34	3	62	3	0.19	47	5	47
Minnesota	0.42	28	12	25	1.33	17	39	13	0.38	44	11	42
Mississippi	0.72	18	14	21	1.03	29	21	36	0.57	41	11	41
Missouri	0.18	46	5	48	0.95	33	24	31	2.40	12	61	14
Montana	0.86	14	18	15	0.75	41	16	42	0.88	38	19	39
Nebraska	0.40	30	10	30	1.10	24	28	25	1.03	35	27	33
Nevada	0.30	39	8	38	1.23	18	35	18	1.42	26	41	23
New Hampshire	0.33	34	10	33	2.10	6	61	5	1.61	22	47	21
New Jersey	0.27	41	9	35	1.50	12	51	7	3.95	7	135	3
New Mexico	0.97	11	20	14	0.67	42	14	45	1.11	33	24	36
New York	0.35	32	11	28	1.19	20	38	14	3.58	8	115	7
North Carolina	1.03	9	26	10	0.23	50	6	50	1.79	20	45	22
North Dakota	0.40	29	9	37	1.59	10	36	16	2.21	16	51	20
Ohio	0.32	35	8	39	1.01	30	26	29	2.37	13	62	13
Oklahoma	0.80	15	18	16	1.05	28	23	33	1.23	31	27	32
Oregon	0.14	50	4	50	2.27	4	58	6	1.39	28	36	26
Pennsylvania	0.52	23	14	22	1.01	31	28	27	2.32	14	64	12
Rhode Island	0.34	33	9	34	2.22	5	62	4	2.41	11	67	11
South Carolina	1.44	2	32	4	0.35	48	8	48	1.07	34	24	35
South Dakota	0.62	19	15	20	1.17	21	28	26	0.16	48	4	48
Tennessee	1.24	4	30	6	0.64	43	15	43	0.40	43	10	44
Texas	0.95	13	24	11	1.23	19	31	23	2.31	15	59	16
Utah	0.48	25	11	29	1.08	25	24	32	1.47	24	32	29
Vermont	0.96	12	24	12	0.93	34	23	34	0.63	40	15	40
Virginia	0.60	20	17	18	0.26	49	7	49	2.74	10	77	10
Washington	0.98	10	28	7	1.71	9	48	9	3.40	9	96	9
West Virginia	0.29	40	6	43	0.90	35	18	40	6.01	2	122	6
Wisconsin	0.31	36	8	41	1.95	7	51	8	2.15	18	56	18
Wyoming	0.11	51	3	51	0.48	46	12	46	0.94	36	23	37
U.S. Average	\$0.59		\$15		\$1.18		\$31		\$1.92		\$53	
MI Difference from U.S Average	-\$0.11		-\$2		\$1.16		\$31		-\$1.73		-\$47	

CRC Memorandum

Table 4 (continued)
State and Local Tax Revenue, 1999

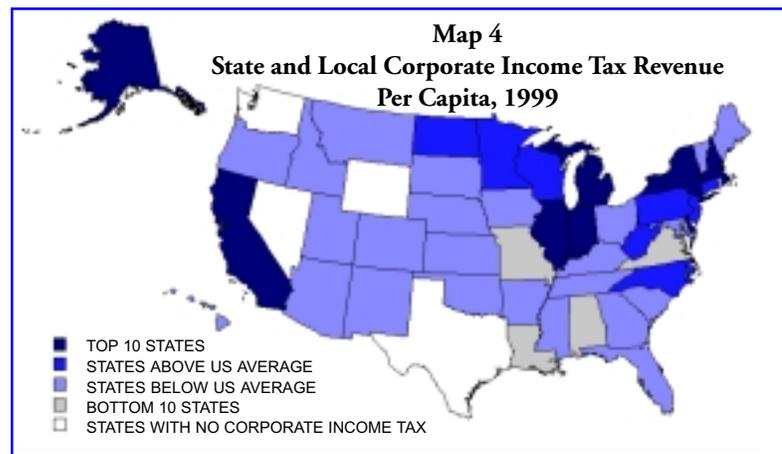
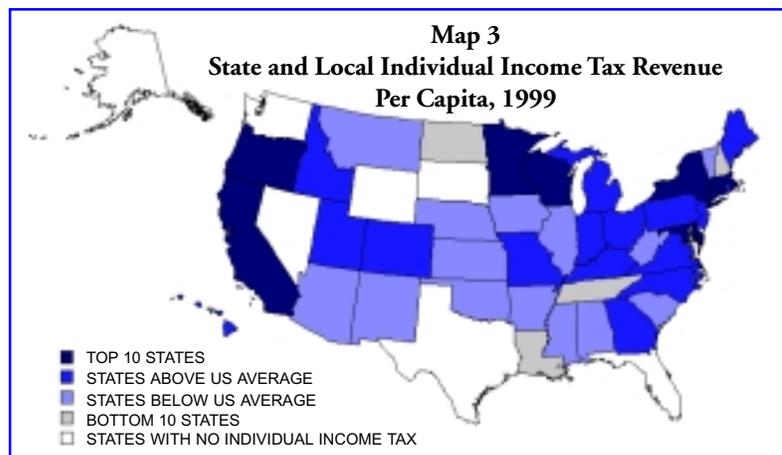
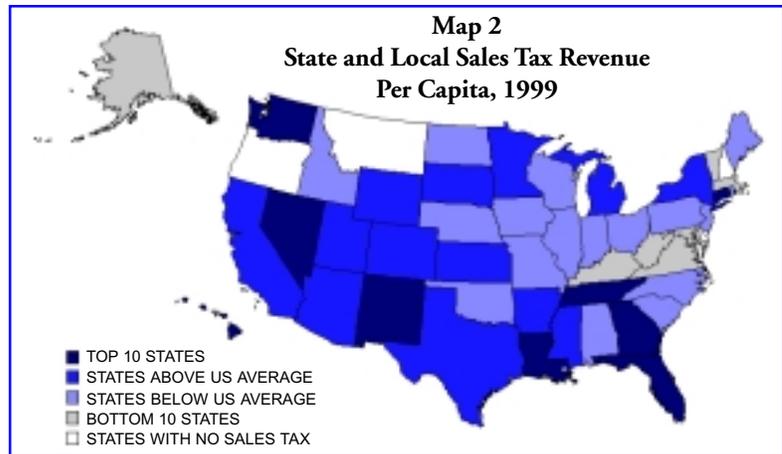
STATE	Individual Income Tax per \$1000				Corporate Income Tax per \$1000				Motor License Tax per \$1000				Total Taxes per \$1000			
	Personal Income		per capita		Personal Income		per capita		Personal Income		per capita		Personal Income		per capita	
	Value	Rank	Value	Rank	Value	Rank	Value	Rank	Value	Rank	Value	Rank	Value	Rank	Value	Rank
Alabama	\$21.24	37	\$468	37	\$ 2.42	43	\$ 53	45	\$2.13	29	\$47	36	\$ 91.11	49	\$2,007	51
Alaska	0.00	45	0	45	12.34	1	342	2	2.56	14	71	12	102.62	40	2,841	23
Arizona	18.63	39	439	39	4.84	16	114	20	1.28	44	30	47	108.65	26	2,561	38
Arkansas	26.57	27	562	34	3.93	25	83	30	1.98	33	42	39	112.62	19	2,382	43
California	33.25	14	927	10	5.91	11	165	10	1.80	37	50	33	113.58	16	3,167	13
Colorado	28.31	22	827	15	2.54	41	74	37	1.67	40	49	34	102.24	41	2,987	18
Connecticut	29.45	18	1,100	7	3.87	26	145	15	1.84	36	69	13	121.48	9	4,536	2
Delaware	36.98	8	1,079	8	10.57	3	308	4	1.38	41	40	40	112.34	20	3,278	9
District of Columbia	48.42	1	1,835	1	11.07	2	419	1	0.91	51	35	45	151.21	1	5,729	1
Florida	0.00	46	0	46	3.16	34	84	28	2.27	20	60	21	100.24	45	2,663	29
Georgia	28.54	19	731	22	3.97	24	102	22	1.09	49	28	49	107.74	30	2,761	26
Hawaii	33.60	13	902	12	1.65	47	44	47	3.34	9	90	6	123.01	6	3,303	8
Idaho	31.39	16	677	26	3.56	30	77	36	3.99	6	86	7	112.63	18	2,428	41
Illinois	20.03	38	598	32	5.82	12	173	8	2.47	15	74	10	104.95	35	3,131	15
Indiana	28.33	21	709	23	6.65	8	167	9	0.95	50	24	51	104.70	38	2,621	32
Iowa	24.69	34	612	31	3.30	33	82	32	4.58	3	113	4	107.95	29	2,674	28
Kansas	25.03	32	639	29	3.75	29	96	25	2.17	27	55	27	107.59	32	2,748	27
Kentucky	36.63	9	813	17	3.55	31	79	34	2.41	17	53	29	110.99	22	2,464	39
Louisiana	15.75	41	351	41	2.94	37	65	42	1.10	48	25	50	108.02	28	2,409	42
Maine	34.75	11	814	16	5.02	14	118	19	2.80	12	66	16	139.08	3	3,258	10
Maryland	41.47	4	1,269	4	2.56	39	78	35	1.12	47	34	46	104.63	39	3,202	12
Massachusetts	39.17	5	1,301	3	6.09	10	202	7	1.14	46	38	43	108.53	27	3,606	5
Michigan	28.40	20	758	20	9.17	5	245	5	2.93	10	78	8	113.60	15	3,032	16
Minnesota	38.05	6	1,111	6	5.59	13	163	12	4.28	4	125	2	123.26	5	3,599	6
Mississippi	17.85	40	355	40	4.17	23	83	31	1.99	32	40	41	110.54	23	2,198	49
Missouri	27.91	24	705	24	2.00	46	51	46	1.91	34	48	35	101.56	44	2,565	37
Montana	25.75	30	547	35	4.78	19	101	23	3.41	8	72	11	108.85	25	2,312	47
Nebraska	24.96	33	643	28	3.14	35	81	33	2.20	26	57	25	107.66	31	2,775	25
Nevada	0.00	47	0	47	0.00	48	0	48	2.14	28	61	18	101.79	42	2,925	20
New Hampshire	1.79	43	53	43	7.27	6	213	6	1.74	38	51	32	88.37	50	2,590	33
New Jersey	22.88	35	780	18	4.80	17	164	11	1.31	42	45	38	113.68	14	3,878	4
New Mexico	22.05	36	465	38	4.47	21	94	26	3.61	7	76	9	121.73	8	2,568	35
New York	44.49	2	1,431	2	9.95	4	320	3	1.20	45	39	42	140.34	2	4,515	3
North Carolina	34.29	12	861	14	4.79	18	120	18	2.22	25	56	26	105.52	34	2,649	30
North Dakota	12.53	42	287	42	6.45	9	148	13	2.74	13	63	17	114.89	13	2,631	31
Ohio	34.99	10	914	11	2.56	40	67	40	2.33	18	61	20	109.86	24	2,869	21
Oklahoma	27.93	23	617	30	2.53	42	56	44	7.82	1	173	1	104.78	36	2,313	46
Oregon	43.54	3	1,119	5	3.81	28	98	24	4.00	5	103	5	100.19	46	2,574	34
Pennsylvania	26.94	26	738	21	4.68	20	128	16	2.24	21	61	19	107.18	33	2,934	19
Rhode Island	27.57	25	770	19	2.40	44	67	39	1.90	35	53	30	115.56	12	3,226	11
South Carolina	26.55	28	591	33	2.97	36	66	41	1.31	43	29	48	104.75	37	2,333	45
South Dakota	0.00	48	0	48	2.92	38	69	38	2.81	11	67	15	95.06	48	2,255	48
Tennessee	1.20	44	29	44	4.28	22	104	21	2.23	23	54	28	87.99	51	2,142	50
Texas	0.00	49	0	49	0.00	49	0	49	2.24	22	57	23	96.79	47	2,456	40
Utah	31.20	17	686	25	3.85	27	85	27	1.67	39	37	44	116.78	10	2,568	36
Vermont	26.18	29	646	27	3.39	32	84	29	2.30	19	57	24	121.82	7	3,004	17
Virginia	31.64	15	886	13	2.15	45	60	43	2.08	30	58	22	101.64	43	2,846	22
Washington	0.00	50	0	50	0.00	50	0	50	2.41	16	68	14	111.25	21	3,148	14
West Virginia	25.08	31	509	36	7.17	7	146	14	2.23	24	45	37	116.65	11	2,368	44
Wisconsin	37.67	7	983	9	4.90	15	128	17	2.02	31	53	31	127.08	4	3,318	7
Wyoming	0.00	51	0	51	0.00	51	0	51	4.71	2	117	3	113.41	17	2,827	24
U.S. Average	\$24.39		\$650		\$4.39		\$118		\$2.37		\$60		\$110.56		\$2,905	
MI Difference from U.S Average	\$4.01		\$108		\$4.78		\$127		\$0.56		\$18		\$3.04		\$126	

enue generators. Alabama, New Mexico, Oklahoma, and Louisiana were among the lowest.

- Sales Tax Revenue:** In general, the Southern and Western states generated sales tax revenues more than the U.S average while the Northern states relied less on sales tax revenue. Washington, New Mexico, and Louisiana and Hawaii are the highest sales tax revenue generators while Delaware, New Hampshire, Oregon, and Montana do not levy sales taxes.

- Individual Income Tax Revenue:** The Northeast and Midwest regions tend to rely more on individual income tax revenue than the other states. The District of Columbia, New York, Massachusetts, and Maryland generated the highest income tax revenue. Florida, Nevada, South Dakota, Texas, Washington, and Wyoming do not levy individual income taxes.

- Corporate Income Tax Revenue:** The clusters of New York, Massachusetts, New Hampshire, Connecticut, Pennsylvania, and New Jersey in the Northeast and Michigan, Indiana, Illinois, Wisconsin, Minnesota, and North Dakota in the Midwest, all represent regions of high corporate income taxation. Because a large proportion of the total U.S. population is located in the high tax states, average corporate income tax revenue per capita is relatively high, leaving much of the rest of the nation with below average corporate income tax revenues per capita. Nevada, Texas, Washington, and Wyoming do not levy corporate income taxes.



Tax Elements

The Michigan Tax System is composed of 45 taxes: 30 taxes imposed by or for the state; 15 imposed by or for local governments. The majority of these 45 taxes are divided into three basic categories – property taxes, sales taxes and income taxes. Local government administers the real and personal property taxes as well as three other ad valorem taxes, while state government is authorized to levy three additional ad valorem taxes. Sales-related taxes are levied on the retail sale or use of tangible personal property (sales and use tax) administered solely by the state government and on the purchase of individual products and services (excise taxes). State income taxes are levied based on federally adjusted income earnings.

BOARD OF DIRECTORS

AMANDA VAN DUSEN, Chairman
 W. FRANK FOUNTAIN, Vice Chairman
 JEFFREY K. WILLEMAIN, Treasurer
 VERNICE DAVIS ANTHONY
 RALPH W. BABB JR.
 JEFFREY D. BERGERON
 J. EDWARD BERRY
 WILLIAM M. BRODHEAD
 GARY L. COLLINS
 TERENCE M. DONNELLY
 RANDALL W. EBERTS
 KELLY M. FARR
 EUGENE A. GARGARO
 MARYBETH S. HOWE
 HAROLD KRIVAN
 DANIEL T. LIS
 IRVING ROSE
 S. MARTIN TAYLOR
 KENT J. VANA
 ROBERT J. VITITO
 GAIL L. WARDEN
 RICHARD C. WEBB
 RICHARD T. WHITE
 MARTIN B. ZIMMERMAN
 EARL M. RYAN, President



Citizens Research Council of Michigan
 38777 Six Mile Road, Suite 201A
 Livonia, Michigan 48152-2660

NON PROFIT ORG.
 U.S. POSTAGE

PAID

DETROIT, MI
 PERMIT NO. 210

A Balanced Tax System

Michigan has historically experienced an imbalance in the relationship among the taxes on property, sales, and income when compared with the rule of thumb that the state and local

tax system should have fairly equal reliance on all three basic tax components. Until Proposal A, property and income taxes were each generating substantially more revenue than sales

taxes. Proposal A shifted the tax system away from property taxes toward sales taxes, placing the Michigan reliance closer to the U.S. average in both property and sales tax revenue.

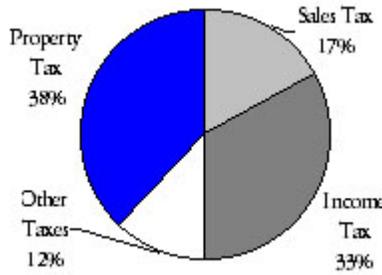
Charts 4 – 9

State and Local Tax Revenue by Source for Michigan and U.S. Average: 1979, 1989, & 1999

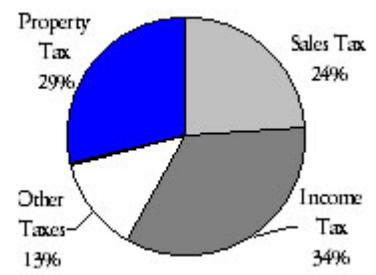
**Chart 4
 Michigan – 1979**



**Chart 5
 Michigan – 1989**



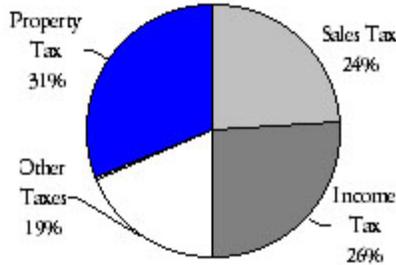
**Chart 6
 Michigan – 1999**



**Chart 7
 U.S. Average – 1979**



**Chart 8
 U.S. Average – 1989**



**Chart 9
 U.S. Average – 1999**

