

COMPARATIVE STATE/LOCAL TAXES

Fiscal Year 2009

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COMPARATIVE TAXES 2009

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INTRODUCTION AND OVERVIEW

Taxpayers and government officials have shown considerable interest in Washington's relative tax position among the states. In order to properly compare tax burdens, uniform and reliable data must be utilized. The best source of tax collection figures for all state and local governments in the nation is compiled annually by the Census Bureau of the U.S. Department of Commerce. The figures covering Fiscal Year 2008-2009 were posted to the Census Bureau website (census.gov) on October 31, 2011. The specific data appear under the field of Government, the category of Government Finance Statistics, and the subcategory of State and Local Government Finances.

For Fiscal Year 2009, the amount of taxes reported for Washington State equaled \$27.0 billion (\$26,980,749,000). This figure includes all state and local taxes, according to the definitions used by the Census Bureau. The majority of Washington's taxes – \$16.4 billion – went to state government, while \$10.6 billion was attributable to local jurisdictions. Compared with the previous year, the Washington state tax amount decreased by \$1.6 billion to \$16.4 billion, while local government taxes remained at the same level, \$10.6 billion.

Taxes are defined to include compulsory payments not related to particular governmental services; that is, tax liability is independent from the benefit taxpayers receive from government operations. Instead, taxes are determined by other measures such as income, purchases, and property values. However, license fees are included by the Bureau in the tax collection data, even though these receipts are associated with specific rights or privileges. Tax revenues are the source of funding for general programs over which legislatures typically have the most discretion in terms of spending, since nontax revenue sources are often dedicated to specific programs.

Examples of revenues excluded from the tax category are sales of commodities and services directly benefiting individuals (e.g., utility charges, tuitions, and fees). Also, enterprise revenues from liquor sales and utility operations are omitted. Required payments for unemployment and workmen's compensation programs are other significant exclusions; these are not considered general tax revenues because they are earmarked to provide assistance to employees who are laid off from work or injured while on the job.

Tax burdens can be measured in several ways. Each approach has its own merits and is suited to a particular purpose. The two primary methods used in this report are the amount of taxes in relation to population and in relation to personal income.

PER CAPITA TAXES

A first step often taken in measuring relative tax burdens is to divide total state and local tax collections for each state by their respective populations. For the Fiscal Year 2009 calculations, this report uses the July 1, 2009, Census Bureau population estimates for each state – Washington's population was then indicated as 6,664,195. This calculation results in a state and local tax amount of \$4,049 for each Washington resident and gives Washington a ranking among the 50 states of 21st from the highest state for Fiscal Year 2009 (Table 7).

For the second year in a row, Washington per capita taxes were below the national average (\$4,141). Further, Washington's ranking of 21st matches its all-time low (since 1960) in per capita taxes; the position of 21st was also achieved in 1981 and 2005. Chart 2 portrays the change in per capita state and local taxes since 1975 for Washington and the average for all states.

A per capita tax comparison is far from complete, however, because differences in the level of income among the states greatly influence their capability to finance the cost of government services. Furthermore, the per capita approach assumes that all citizens are identical for purposes of computing the "average" tax burden. In addition to income, many other factors - age, family size, and consumption preferences for housing and other taxable items, etc. - are significant in determining the tax burden for any particular individual or family. Also, tax collections include taxes initially paid by businesses, so the per capita amount does not correspond to what the "average" individual would pay in direct state and local taxes.

TAXES PER \$1,000 PERSONAL INCOME

For another measure of tax burden, one that considers the relative ability of states to finance the cost of government, the total state and local tax receipts may be divided by total state personal income - a statistic representing the "wealth" of all residents living in each state. For purposes of this report, the latest personal income data for calendar year 2008 (covering the first half of Fiscal Year 2009) compiled by the U.S. Bureau of Economic Analysis is used. The calendar year 2008 personal income figure for Washington was \$289.4 billion.

This computation produces a Fiscal Year 2009 Washington state and local tax burden of \$93.24 for each \$1,000 of personal income (Table 1). Stated another way, Washington state and local taxes equaled about 9.3 percent of personal income in Fiscal Year 2009. By this measure Washington ranks 35th in the nation and 9th among the 13 western states. For the third year in a row, Washington's tax burden dropped significantly, and the state's ranking of 35th dropped by five places from the prior year. The tax burden of \$93.24 is the all-time lowest level for this state in the past fifty years (see Table 6). The ranking of 35th has only been lower twice - in 1981 (39th) and 2005 (37th).

Washington's average tax burden remains well below the national average - \$93.24 compared with the U.S. at \$102.10. The reason that Washington ranks higher in per capita taxes than for taxes in relationship to personal income is that Washington enjoys relatively high per capita personal income (see Table 5). Even during the past three years of economic recession, Washington has remained high in average personal income, ranking 11th from the highest in 2008 (the year used for the Fiscal Year 2009 comparisons in this report), then increasing to 10th in 2009 and finally dropping slightly to 13th for 2010.

Chart 1 illustrates the trend in state and local taxes per \$1,000 of personal income since 1975 for Washington and the national average.

STATE TAXES VS. LOCAL TAXES

Both of the above tax comparison methods include state and local government taxes, since most taxpayers are concerned with their total tax burden. (Federal taxes are assumed to apply uniformly

throughout the country and therefore are not significant in explaining differences in tax burden among the states.) Another comparison that is sometimes made is to look at only state or local taxes. Washington has traditionally ranked high in state taxes but low in local taxes. For Fiscal Year 2009, Washington state taxes per \$1,000 of income are ranked 33rd, while Washington local taxes are ranked 32nd (Table 3). On the per capita basis, Washington state taxes are ranked 19th and local taxes are in 25th place (Table 9).

The explanation for these differences is provided in Table 12 which indicates that over 60 percent of Washington's state and local tax dollar is collected at the state level while less than 40 percent is attributable to local taxes. (Note: the ratio of state taxes to the total in Washington is significantly lower for Fiscal Year 2009 compared with earlier years, because of the large reduction in state tax collections for this year.) This is in contrast to many other states in which the relative share of state and local taxes is more evenly balanced. In fact, in five states (CO, FL, NH, NY, and TX) local tax collections exceed the amount received by the state. Washington collects a greater share of total state and local taxes at the state level for several reasons: limitations have been placed upon the revenue-producing ability of the property tax; Washington funds public education and certain other programs to a larger degree by state tax sources than many states; and local taxing authority is controlled by state law and new local tax sources must be authorized by the Legislature.

ANALYSIS OF TAX BURDEN

Both the per capita and the personal income approach are based on total state and local tax collections obtained from surveys of governmental jurisdictions by the Census Bureau. Taxes include amounts paid by individuals as well as businesses, and there is no accurate way of classifying tax burdens by type of taxpayer for most tax sources. For example, in Washington it is estimated that households pay about 60 percent of total sales tax collections, with the remainder paid by businesses (supplies, nonmanufacturing machinery, construction, etc.), government, and tourists. But the exact amounts are not known because vendors do not record the type of purchaser who pays the tax. Similarly, the actual burden of the property tax and other major taxes by taxpayer type is not precisely known in this or other states.

Further, the initial tax burdens may be shifted to other entities. Business taxes are particularly susceptible to shifting, either forward to consumers (increased prices) or backward to owners (reduced earnings) and workers (lower wages). Tax burdens may also be shifted to persons in other states. For example, Alaska typically has a very high tax burden due to its petroleum tax revenues. However, consumers in many other states pay a portion of this tax, which is included in the price of oil delivered via Alaska's pipeline. Unfortunately, there is no adequate way to estimate such shifts of tax burden. Some studies attempt to do so, but they require significant resources to model tax impacts, and the results are no better than the underlying assumptions.

Many state and local taxes in Washington are based on consumption expenditures. Thus, revenues are dependent upon price changes, and inflation can have a direct influence upon collections. Population growth is also a major factor, but the rate of increase in tax collections typically exceeds the rate of population growth. Therefore, per capita taxes usually increase from year to year; the last two years were a notable exception to this general trend.

Two factors influence the tax burden calculation in relation to income: the amount of state/local tax collections and the rate of growth in state personal income. Often the income statistic, which is the denominator of the calculation, is a more significant variable than the tax figure, which tends to fluctuate less dramatically. As noted above, the state's tax burden ranking is dependent upon not only changes in Washington, but also in the other states.

In the 1960's, state and local tax burdens of about \$115 per \$1,000 of personal income were typical for Washington, and the state usually ranked about 18th among all states. The economic downturn, which occurred around 1970, caused some reduction in the growth rate of tax collections. However, the fall-off in personal income was even greater. The relatively smaller income caused the tax burden calculation to rise to as high as \$128 in 1972 and 1973. Rankings ranged from as high as 17th to as low as 25th during this period.

In the late 1970's, growth in consumer expenditures exceeded the rate of income growth due to strong demand for housing and durable goods. Such purchases are often financed from savings or by borrowing rather than current income; thus short-term tax elasticity was very high. The result was a very high tax burden, reaching \$127 in 1978.

During the recession of 1981-82, the percentage of personal income devoted to taxable retail purchases - a major driver of Washington tax revenues - dropped from over 70 percent to less than 60 percent in just two years. Also contributing to the reduction in Washington tax revenues was the exemption of food from sales tax in 1978, limitation of local special school levies, extension of the 106 percent limit on property taxes to the state levy, and repeal of the state's inheritance tax. Somewhat ironically, personal income remained rather high during most of this period, at least compared with many other states. The high level of income, coupled with the reduced tax collections, produced a precipitous drop in the tax burden for this state to \$100 in 1981 and the lowest-ever ranking of 39th.

Later in the 1980's, Washington's tax burden returned to about \$115, and rankings of about 16th were common. In the 1990's, Washington's tax burden by the income measure declined steadily from \$123 in 1995 to \$100.90 in 2002, and the state's ranking dropped from 11th to 32nd. By the midpoint of the decade, Washington's tax burden ranking had fallen to 37th - the second lowest since the tax comparisons have been compiled.

The latest state/local tax figures used for this report cover the fiscal year which ended on June 30, 2009. This year included the onset of the current economic recession which began in the fall of 2008. Washington State tax receipts in Fiscal Year 2009 were 8.0 percent lower than Fiscal Year 2008 - by far the largest year-to-year drop in collections on record in this state. Nearly all other states also experienced comparable declines in revenues. As a result, most states experienced reduced tax burdens in Fiscal Year 2009 by either the income or the population measure. However, the reduction in Washington's tax collections was far greater in comparison with the change in personal income or population; hence the drop in both tax measures for this state was among the largest in the nation.

**Table 1. State and Local Tax Collections Per \$1,000 Personal Income
Fiscal Years 2005 - 2009**

State	Amount					Rank				
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
Alaska	\$132.40	\$150.98	\$188.17	\$347.31	\$206.46	5	3	1	1	1
Wyoming	150.76	165.92	141.71	151.03	150.49	1	1	3	2	2
New York	149.70	156.52	157.36	149.49	142.85	2	2	2	3	3
North Dakota	114.62	116.82	121.86	135.60	123.22	18	21	10	4	4
Vermont	131.91	135.30	130.97	125.38	118.10	6	7	5	7	5
Maine	133.04	142.94	127.06	128.58	116.58	4	4	6	6	6
Hawaii	134.30	140.00	133.64	128.93	115.55	3	6	4	5	7
New Jersey	117.19	125.34	124.91	123.67	112.14	15	9	8	8	8
Wisconsin	121.28	122.60	117.52	117.63	112.10	8	11	14	13	9
West Virginia	121.14	122.83	117.55	117.83	111.19	9	10	13	12	10
Rhode Island	122.68	121.91	117.74	115.07	108.02	7	12	12	16	11
Indiana	113.78	118.70	102.01	107.33	106.51	20	16	41	26	12
Minnesota	113.76	118.05	114.99	114.23	105.35	21	19	17	18	13
California	115.62	121.45	115.63	118.31	105.32	16	13	15	11	14
Ohio	118.31	118.16	117.88	115.14	104.87	12	17	11	15	15
Connecticut	119.17	118.89	114.74	119.11	104.54	11	15	18	10	16
New Mexico	119.69	129.17	125.83	122.61	103.89	10	8	7	9	17
Louisiana	117.44	140.46	122.76	116.07	103.85	14	5	9	14	18
Iowa	106.38	110.04	108.85	108.36	102.89	35	34	29	24	19
Illinois	111.09	112.35	109.04	108.47	102.39	26	27	27	23	20
Michigan	110.21	108.99	110.81	109.58	102.33	27	37	23	22	21
Nebraska	117.97	119.19	113.53	111.93	101.33	13	14	20	19	22
Pennsylvania	111.27	113.58	113.02	111.54	101.21	25	25	21	20	23
Montana	105.57	110.58	107.41	106.17	101.19	38	32	32	29	24
Kansas	109.75	116.55	115.21	114.38	100.98	28	22	16	17	25
Delaware	111.85	116.09	109.85	107.49	100.28	23	23	25	25	26
Arkansas	113.67	116.91	110.65	105.00	99.86	22	20	24	34	27
Kentucky	109.60	114.51	108.32	107.09	99.33	29	24	30	27	28
Mississippi	107.86	110.65	107.62	106.74	98.66	33	31	31	28	29
Maryland	108.34	111.08	107.07	104.59	97.13	31	30	33	35	30
Utah	115.06	118.13	113.64	110.63	96.31	17	18	19	21	31
Massachusetts	107.31	109.26	105.32	105.37	96.12	34	35	37	31	32
Nevada	113.97	108.23	106.77	100.74	95.88	19	38	34	38	33
North Carolina	108.25	112.59	108.96	105.08	95.15	32	26	28	33	34
WASHINGTON	105.91	111.99	109.25	105.49	93.24	37	28	26	30	35
Florida	105.95	108.06	105.70	102.81	92.67	36	40	36	36	36
Georgia	103.83	109.21	106.28	101.92	92.44	40	36	35	37	37
Arizona	111.69	110.25	112.75	105.16	91.18	24	33	22	32	38
Virginia	103.69	104.75	102.59	98.17	89.88	41	42	40	42	39
Texas	100.12	99.70	99.53	98.37	89.34	44	45	44	41	40
Idaho	109.41	111.58	102.99	100.34	88.99	30	29	38	39	41
Oregon	99.77	108.13	100.03	93.94	88.50	45	39	43	45	42
Oklahoma	100.70	105.74	100.63	99.40	88.49	42	41	42	40	43
South Carolina	103.85	102.76	102.86	93.19	87.67	39	43	39	46	44
Colorado	95.22	98.01	95.85	95.53	86.82	46	46	46	44	45
Missouri	100.40	100.68	96.61	95.75	85.97	43	44	45	43	46
New Hampshire	91.43	92.30	88.38	88.30	85.76	49	49	50	49	47
Alabama	92.27	95.97	93.17	92.29	83.33	47	47	47	47	48
Tennessee	91.68	93.38	92.32	90.11	81.51	48	48	48	48	49
South Dakota	87.46	91.03	90.04	86.10	79.32	50	50	49	50	50
U.S. Average	\$112.84	\$116.22	\$113.32	\$111.99	\$102.10					

Table 2
State & Local Tax Collections Per \$1,000 Personal Income
Thirteen Western States - Fiscal Year 2009

State	Amount	National Rank	Western Rank
Alaska	\$206.46	1	1
Wyoming	150.49	2	2
Hawaii	115.55	7	3
California	105.32	14	4
New Mexico	103.89	17	5
Montana	101.19	24	6
Utah	96.31	31	7
Nevada	95.88	33	8
WASHINGTON	93.24	35	9
Arizona	91.18	38	10
Idaho	88.99	41	11
Oregon	88.50	42	12
Colorado	86.82	45	13

**Table 3. Washington Taxes Per \$1,000 Personal Income
State, Local and Total Taxes for Past Ten Years**

Fiscal Year	<u>State Taxes</u>		<u>Local Taxes</u>		<u>Combined Total</u>	
	Amount	Rank	Amount	Rank	Amount	Rank
2009	\$56.70	33	\$36.54	32	\$93.24	35
2008	66.27	28	39.22	29	105.49	30
2007	70.20	24	39.05	29	109.25	26
2006	73.02	22	38.97	31	111.99	28
2005	68.41	27	37.50	34	105.91	37
2004	68.92	21	37.35	33	106.27	29
2003*	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2002	65.30	23	35.60	34	100.90	32
2001*	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2000	72.14	24	35.39	34	107.53	32

*Local data for fiscal years 2001 and 2003 not compiled by the U.S. Census Bureau.

**Table 4. Property Taxes Per \$1,000 Personal Income
Fiscal Years 2007 - 2009**

State	FY 2007		FY 2008		FY 2009	
	Amount	Rank	Amount	Rank	Amount	Rank
New Hampshire	\$54.26	2	\$54.39	1	\$55.22	1
Vermont	55.10	1	50.27	4	52.22	2
New Jersey	52.18	4	52.21	2	51.22	3
Rhode Island	48.30	5	48.72	5	48.23	4
Wyoming	52.24	3	51.52	3	47.00	5
Maine	46.43	6	46.75	6	45.01	6
Connecticut	43.88	8	42.90	7	43.56	7
New York	44.71	7	42.43	9	43.37	8
Wisconsin	42.33	10	42.61	8	42.90	9
Michigan	43.43	9	41.12	11	41.06	10
Illinois	40.44	12	39.94	12	41.06	11
Florida	38.87	14	42.41	10	39.90	12
Alaska	39.41	13	38.12	14	38.88	13
Texas	41.49	11	38.19	13	37.53	14
Montana	36.34	16	36.18	16	37.00	15
Massachusetts	36.21	17	36.15	17	36.24	16
Nebraska	37.92	15	37.05	15	35.74	17
Iowa	36.00	18	34.92	19	34.14	18
Kansas	35.09	19	35.51	18	33.59	19
California	27.90	34	33.56	20	33.46	20
Nevada	29.39	31	30.60	30	33.30	21
Indiana	29.70	30	32.43	22	32.29	22
Virginia	31.75	24	31.72	26	32.20	23
Oregon	31.06	25	31.91	25	31.51	24
Ohio	34.20	20	33.49	21	31.21	25
Arizona	30.06	28	32.40	23	31.18	26
Minnesota	29.73	29	30.65	29	31.06	27
Georgia	30.52	27	30.97	28	30.62	28
Pennsylvania	33.44	21	32.03	24	30.23	29
South Carolina	32.00	23	30.44	31	29.63	30
Colorado	29.12	33	29.82	32	29.17	31
North Dakota	32.70	22	31.61	27	28.64	32
WASHINGTON	29.25	32	28.82	34	28.02	33
South Dakota	30.85	26	29.58	33	27.69	34
Mississippi	27.19	35	26.64	35	25.69	35
Utah	26.01	37	26.18	37	25.63	36
Maryland	25.90	38	25.01	38	24.76	37
Idaho	24.09	40	23.98	41	24.71	38
Missouri	26.46	36	26.40	36	24.69	39
North Carolina	24.55	39	24.90	39	24.46	40
Hawaii	23.14	41	23.98	40	23.80	41
West Virginia	21.90	43	22.69	42	22.68	42
Tennessee	22.38	42	22.15	43	21.41	43
Kentucky	20.39	44	21.03	44	20.45	44
Louisiana	18.21	45	18.35	45	18.63	45
New Mexico	17.03	47	17.79	46	18.21	46
Delaware	17.08	46	17.52	47	17.63	47
Arkansas	16.26	49	16.32	49	16.78	48
Oklahoma	16.26	48	17.05	48	15.95	49
Alabama	14.51	50	15.16	50	14.88	50
U.S. Average	\$34.04		\$34.49		\$34.05	

**Table 5. Per Capita Personal Income
Calendar Years 2008 - 2010**

State	2008*		2009		2010	
	Amount	Rank	Amount	Rank	Amount	Rank
Connecticut	\$56,904	1	\$53,573	1	\$54,945	1
Massachusetts	51,897	3	49,816	2	51,302	2
New Jersey	52,128	2	49,568	3	51,167	3
Maryland	48,854	6	47,674	4	49,070	4
New York	49,369	4	46,699	5	48,450	5
Wyoming	49,222	5	43,489	6	44,861	6
Virginia	44,688	8	43,187	8	44,246	7
Alaska	44,801	7	43,233	7	44,205	8
New Hampshire	44,194	9	42,443	9	43,586	9
Minnesota	43,463	14	41,223	13	42,847	10
North Dakota	40,903	17	39,644	17	42,764	11
California	43,993	12	41,353	11	42,578	12
WASHINGTON	44,098	11	41,795	10	42,570	13
Colorado	44,164	10	41,317	12	42,226	14
Rhode Island	41,819	15	40,706	15	42,095	15
Illinois	43,498	13	41,058	14	42,057	16
Hawaii	41,507	16	40,681	16	41,661	17
Pennsylvania	40,671	18	39,420	18	40,599	18
Vermont	39,403	26	38,849	19	40,098	19
Nebraska	40,391	21	38,657	20	39,674	20
Delaware	40,549	19	38,626	21	39,664	21
South Dakota	40,306	22	38,240	23	39,593	22
Kansas	40,456	20	38,246	22	39,005	23
Florida	39,958	23	37,387	24	38,222	24
Wisconsin	38,151	28	36,927	26	38,177	25
Iowa	38,313	27	37,074	25	38,084	26
Texas	39,704	25	36,458	28	37,706	27
Louisiana	37,944	29	36,157	30	37,021	28
Missouri	37,737	30	36,243	29	36,965	29
Nevada	39,824	24	36,519	27	36,919	30
Maine	36,434	33	36,058	31	36,717	31
Oregon	37,399	32	35,571	32	36,427	32
Ohio	36,392	34	35,145	33	36,180	33
Oklahoma	37,690	31	34,004	36	35,396	34
Montana	35,302	38	33,708	39	35,068	35
North Carolina	35,740	37	34,108	34	34,977	36
Tennessee	35,126	40	33,802	38	34,955	37
Georgia	35,863	36	34,081	35	34,800	38
Michigan	35,282	39	33,514	40	34,691	39
Arizona	36,054	35	33,957	37	34,553	40
Indiana	34,890	41	33,363	41	34,042	41
Alabama	33,952	43	32,661	42	33,516	42
New Mexico	33,505	44	32,394	43	33,368	43
Arkansas	32,834	47	31,969	44	32,678	44
Utah	34,034	42	31,886	46	32,473	45
South Carolina	32,962	46	31,646	47	32,460	46
Kentucky	32,525	48	31,957	45	32,376	47
West Virginia	31,310	49	31,075	48	31,999	48
Idaho	33,108	45	31,031	49	31,986	49
Mississippi	30,949	50	30,006	50	31,046	50
U.S. Average	\$40,947		\$38,846		\$39,945	

*Calendar year 2008 personal income used for 2008-2009 tax calculations in Tables 1 - 4.

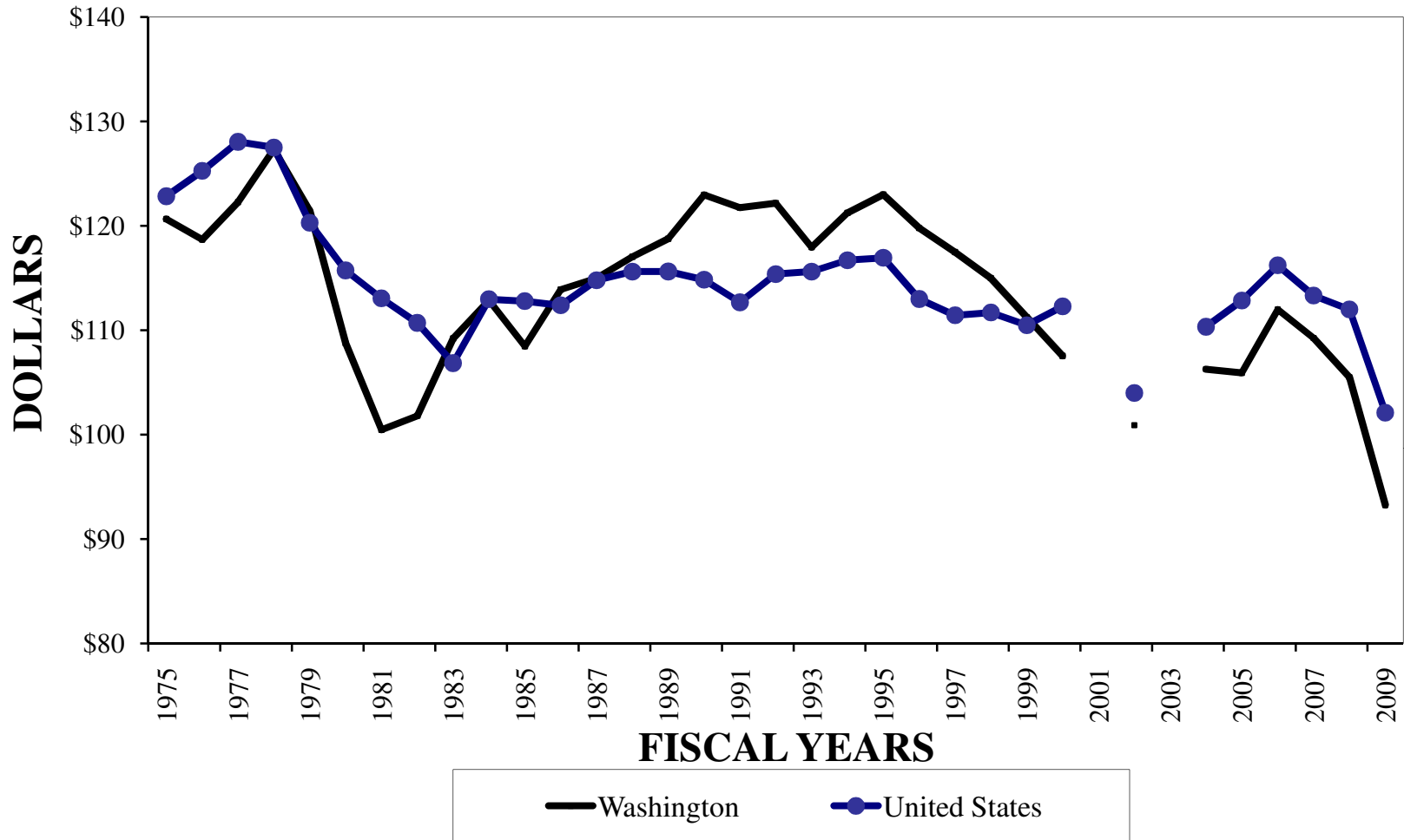
Source: Bureau of Economic Analysis, U.S. Dept. of Commerce, September 22, 2011.

**Table 6. History of Washington's Tax Burden Ranking
State/Local Taxes Per \$1,000 Personal Income Since 1960**

Fiscal Year	State/Local Taxes		Wash. Ranking	Fiscal Year	State/Local Taxes		Wash. Ranking
	Wash.	U.S. Ave.			Wash.	U.S. Ave.	
2009	\$93.24	\$102.10	35	1984	112.85	112.97	21
2008	105.49	111.99	30	1983	109.22	106.85	16
2007	109.25	113.32	26	1982	101.80	110.70	34
2006	111.99	116.22	28	1981	100.45	113.05	39
2005	105.91	112.94	37	1980	108.75	115.73	28
2004	106.27	110.33	29				
2003	n.a.	n.a.	n.a.	1979	121.44	120.29	22
2002	100.90	103.98	32	1978	127.34	127.51	17
2001	n.a.	n.a.	n.a.	1977	122.27	128.05	23
2000	107.53	112.28	32	1976	118.68	125.27	25
				1975	120.65	122.84	20
1999	111.25	110.48	20	1974	122.38	123.58	18
1998	115.00	111.70	17	1973	127.97	129.47	19
1997	117.49	111.43	11	1972	128.26	126.94	18
1996	119.79	112.99	12	1971	122.83	118.87	21
1995	123.00	116.94	11	1970	115.33	116.58	24
1994	121.24	116.71	15				
1993	117.95	115.62	17	1969	115.49	112.20	22
1992	122.17	115.38	11	1968	114.70	108.10	18
1991	121.75	112.67	9	1967	112.12	105.50	18
1990	122.98	114.84	10	1966	115.49	106.63	17
				1965	111.84	104.36	20
1989	118.76	115.63	16	1964	109.19	103.52	20
1988	117.04	115.62	18	1963	105.15	96.50	18
1987	114.99	114.79	19	1962	101.74	94.44	16
1986	113.89	112.36	16	1961	100.68	93.86	19
1985	108.47	112.79	25	1960	98.43	90.29	21

Note: The U.S. Census Bureau did not compile local tax collections in 2001 and 2003.

CHART 1. STATE AND LOCAL TAXES PER \$1,000 OF PERSONAL INCOME WASHINGTON AND ALL STATE AVERAGE 1975-2009



**Table 7. State and Local Taxes Per Capita
Fiscal Years 2007 - 2009**

State	FY 2007		FY 2008		FY 2009	
	Amount	Rank	Amount	Rank	Amount	Rank
Alaska	\$7,268	1	\$14,147	1	\$9,104	1
Wyoming	6,205	3	6,930	3	7,432	2
New York	6,898	2	7,103	2	6,934	3
Connecticut	6,044	4	6,599	4	5,995	4
New Jersey	5,944	5	6,209	5	5,848	5
North Dakota	4,085	22	4,948	9	5,123	6
Hawaii	5,139	6	5,233	6	4,933	7
Massachusetts	4,966	7	5,196	7	4,894	8
Maryland	4,817	8	4,887	10	4,733	9
Vermont	4,714	10	4,727	12	4,671	10
California	4,754	9	5,085	8	4,588	11
Minnesota	4,566	11	4,727	11	4,562	12
Rhode Island	4,545	12	4,626	13	4,525	13
Illinois	4,290	13	4,503	14	4,397	14
Maine	4,280	14	4,496	15	4,287	15
Wisconsin	4,169	19	4,331	17	4,266	16
Pennsylvania	4,208	17	4,306	18	4,119	17
Nebraska	4,034	23	4,213	21	4,092	18
Kansas	4,088	21	4,246	19	4,070	19
Delaware	4,245	16	4,237	20	4,061	20
WASHINGTON	4,269	15	4,354	16	4,049	21
Virginia	4,205	18	4,196	22	3,992	22
Iowa	3,665	31	3,855	29	3,954	23
Louisiana	4,020	24	4,032	25	3,891	24
Nevada	4,089	20	4,048	23	3,834	25
Ohio	4,012	25	4,048	24	3,808	26
New Hampshire	3,614	32	3,754	31	3,765	27
Colorado	3,848	27	3,979	27	3,731	28
Indiana	3,332	40	3,593	32	3,717	29
Florida	4,009	26	3,981	26	3,701	30
Michigan	3,691	29	3,764	30	3,602	31
Montana	3,419	36	3,562	34	3,577	32
West Virginia	3,371	38	3,542	36	3,520	33
New Mexico	3,797	28	3,899	28	3,482	34
Texas	3,441	35	3,554	35	3,480	35
North Carolina	3,586	33	3,591	33	3,375	36
Oklahoma	3,312	41	3,379	40	3,319	37
Arkansas	3,242	43	3,280	44	3,262	38
Oregon	3,413	37	3,313	42	3,261	39
Kentucky	3,235	44	3,302	43	3,213	40
Missouri	3,265	42	3,336	41	3,210	41
Georgia	3,481	34	3,468	38	3,206	42
South Dakota	3,009	47	3,107	47	3,145	43
Utah	3,337	39	3,436	39	3,135	44
Arizona	3,673	30	3,538	37	3,130	45
Mississippi	2,989	49	3,133	46	3,049	46
Idaho	3,185	45	3,234	45	2,925	47
South Carolina	3,134	46	2,923	50	2,869	48
Tennessee	3,005	48	3,045	48	2,841	49
Alabama	2,909	50	3,002	49	2,835	50
U.S. Average	\$4,234		\$4,371		\$4,141	

**Table 8. State and Local Tax Collections Per Capita
Thirteen Western States - Fiscal Year 2009**

State	Amount	National Rank	Western Rank
Alaska	\$9,104	1	1
Wyoming	7,432	2	2
Hawaii	4,933	7	3
California	4,588	11	4
WASHINGTON	4,049	21	5
Nevada	3,834	25	6
Colorado	3,731	28	7
Montana	3,577	32	8
New Mexico	3,482	34	9
Oregon	3,313	42	10
Utah	3,135	44	11
Arizona	3,130	45	12
Idaho	2,925	47	13

**Table 9. Washington Taxes Per Capita
State, Local and Total State/Local Taxes for Past Ten Years**

Fiscal Year	<u>State Taxes</u>		<u>Local Taxes</u>		<u>Combined Total</u>	
	Amount	Rank	Amount	Rank	Amount	Rank
2009	\$2,462	19	\$1,587	25	\$4,049	21
2008	2,735	16	1,619	23	4,354	16
2007	2,743	14	1,526	24	4,269	15
2006	2,574	16	1,374	28	3,948	18
2005	2,358	17	1,293	27	3,651	21
2004	2,239	13	1,213	28	3,452	18
2003*	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2002	2,081	13	1,135	25	3,216	16
2001*	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2000	2,132	13	1,046	24	3,178	15

* Local data for fiscal years 2001 and 2003 not compiled by U.S. Census Bureau.

Table 10. Per Capita Property Tax Collections
Fiscal Years 2007 - 2009

State	FY 2007		FY 2008		FY 2009	
	Amount	Rank	Amount	Rank	Amount	Rank
New Jersey	\$2,483	1	\$2,621	1	\$2,671	1
Connecticut	2,311	2	2,377	2	2,498	2
New Hampshire	2,219	4	2,313	4	2,424	3
Wyoming	2,288	3	2,364	3	2,321	4
New York	1,960	6	2,007	5	2,105	5
Vermont	1,983	5	1,895	7	2,065	6
Rhode Island	1,865	7	1,959	6	2,020	7
Massachusetts	1,707	8	1,783	8	1,845	8
Illinois	1,591	9	1,658	9	1,763	9
Alaska	1,522	11	1,553	13	1,714	10
Maine	1,564	10	1,635	11	1,655	11
Wisconsin	1,502	12	1,569	12	1,633	12
Florida	1,474	13	1,642	10	1,593	13
Texas	1,434	15	1,380	17	1,461	14
California	1,147	26	1,442	14	1,458	15
Michigan	1,447	14	1,412	15	1,445	16
Nebraska	1,347	16	1,395	16	1,443	17
Virginia	1,301	17	1,356	18	1,430	18
Kansas	1,245	18	1,318	19	1,354	19
Minnesota	1,181	21	1,268	20	1,345	20
Nevada	1,126	28	1,229	24	1,331	21
Iowa	1,212	20	1,242	22	1,312	22
Montana	1,156	25	1,214	25	1,308	23
Colorado	1,169	22	1,242	21	1,253	24
Pennsylvania	1,245	19	1,236	23	1,230	25
WASHINGTON	1,143	27	1,189	26	1,217	26
Maryland	1,165	23	1,168	28	1,206	27
North Dakota	1,096	29	1,154	29	1,191	28
Oregon	1,060	30	1,125	30	1,161	29
Ohio	1,164	24	1,177	27	1,133	30
Indiana	970	35	1,086	31	1,127	31
South Dakota	1,031	31	1,067	32	1,098	32
Arizona	979	33	1,032	34	1,071	33
Georgia	1,000	32	1,054	33	1,062	34
Hawaii	890	37	973	35	1,016	35
South Carolina	975	34	955	36	970	36
Missouri	894	36	920	37	922	37
North Carolina	808	38	851	38	867	38
Utah	764	39	813	39	834	39
Idaho	745	41	773	41	812	40
Mississippi	755	40	782	40	794	41
Tennessee	728	42	748	42	746	42
West Virginia	628	44	682	44	718	43
Delaware	660	43	691	43	714	44
Louisiana	596	46	638	46	698	45
Kentucky	609	45	648	45	662	46
New Mexico	514	48	566	48	611	47
Oklahoma	535	47	580	47	598	48
Arkansas	476	49	510	49	548	49
Alabama	453	50	493	50	506	50
U.S. Average	\$1,272		\$1,346		\$1,381	

**Table 11. Per Capita State and Local Sales Tax Collections
Fiscal Year 2009**

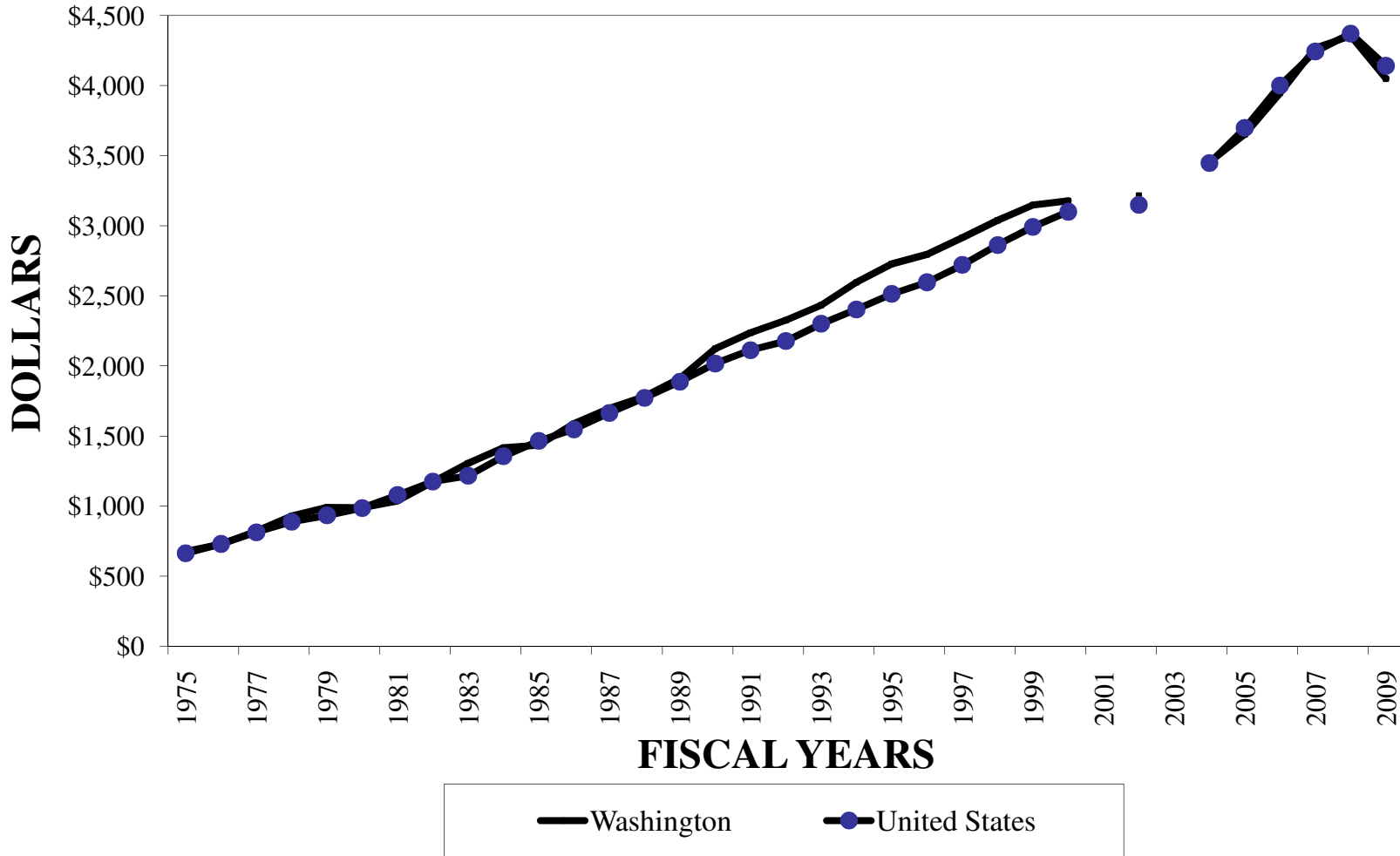
State	General Sales Taxes [1]		Selective Sales Taxes [2]		Total Sales and Gross Receipts Taxes	
	Amount	Rank	Amount	Rank	Amount	Rank
Hawaii	\$1,901	2	\$673	5	\$2,573	1
Wyoming	2,238	1	299	47	2,538	2
WASHINGTON	1,850	3	624	7	2,474	3
Louisiana	1,480	4	572	11	2,052	4
Nevada	1,133	10	857	1	1,990	5
Florida	1,111	12	616	8	1,727	6
New York	1,153	9	572	12	1,725	7
South Dakota	1,274	7	428	28	1,701	8
New Mexico	1,348	5	349	39	1,697	9
Arkansas	1,271	8	398	32	1,669	10
Tennessee	1,318	6	330	41	1,648	11
North Dakota	1,090	13	549	16	1,640	12
Texas	1,071	14	538	19	1,609	13
Connecticut	935	23	608	9	1,543	14
Illinois	836	29	688	3	1,524	15
Minnesota	852	27	599	10	1,452	16
Arizona	1,123	11	327	42	1,450	17
Mississippi	1,025	16	411	31	1,436	18
Kansas	1,048	15	366	36	1,414	19
Indiana	966	21	434	27	1,400	20
New Jersey	940	22	421	29	1,361	21
Iowa	934	24	419	30	1,352	22
Nebraska	1,000	20	351	38	1,351	23
Vermont	529	45	816	2	1,345	24
Oklahoma	1,018	17	318	45	1,336	25
Alabama	822	30	514	20	1,336	26
California	1,010	18	321	43	1,331	27
Rhode Island	773	36	554	14	1,328	28
Colorado	1,008	19	295	48	1,303	29
West Virginia	610	42	680	4	1,289	30
Michigan	903	26	377	35	1,280	31
Pennsylvania	699	38	556	13	1,255	32
Maine	768	37	480	22	1,248	33
Wisconsin	778	35	467	24	1,245	34
Ohio	779	34	437	26	1,216	35
Kentucky	662	41	544	18	1,206	36
Georgia	914	25	275	49	1,189	37
Missouri	802	31	383	34	1,185	38
Utah	844	28	340	40	1,184	39
North Carolina	785	32	398	33	1,184	40
Maryland	676	40	506	21	1,182	41
Idaho	780	33	255	50	1,035	42
Virginia	559	44	461	25	1,020	43
South Carolina	686	39	309	46	996	44
Massachusetts	588	43	366	37	954	45
Alaska	288	46	470	23	759	46
New Hampshire	--	--	626	6	626	47
Delaware	--	--	549	15	549	48
Montana	--	--	548	17	548	49
Oregon	--	--	318	44	318	50

[1] Includes retail sales taxes that apply to most goods and gross receipts taxes measured by sales (e.g., Washington's B&O tax), per Census Bureau classifications which do not separate general sales taxes from gross receipts taxes.

[2] Specific taxes upon particular items, such as gasoline, alcoholic beverages, tobacco products and public utilities.

CHART 2. STATE AND LOCAL TAXES PER CAPITA

WASHINGTON AND ALL STATE AVERAGE 1975-2009



**Table 12. State/Local Tax Collections
Selected States - Fiscal Year 2009**

State	Percent of Total Collections	
	State Level	Local Level
WASHINGTON	60.8 %	39.2 %
Oregon	57.0	43.0
Idaho	70.2	29.8
California	59.6	40.4
All States	56.3 %	43.7 %

**Table 13. Percentage of Reliance on
Major State and Local Taxes
Selected States - Fiscal Year 2009**

State	General Sales [1]	Selective Sales [2]	Property	Income	Other [3]
WASHINGTON	45.7 %	15.4 %	30.0 %	---	8.9 %
Oregon	---	9.7	35.6	43.7	11.0
Idaho	26.7	8.7	27.8	29.1	7.7
California	22.0	7.0	31.8	31.8	7.4
All States	22.9 %	11.2 %	33.4 %	24.9 %	7.6 %

[1] Includes retail sales/use taxes and gross receipts (B&O) taxes levied on gross sales.

[2] Includes taxes on specific items, e.g., gasoline, liquor, cigarettes and public utilities.

[3] Includes motor vehicle licenses and all other taxes.

Table 14. 2011 Rates of Selected Major State Taxes

State	Retail Sales		Personal Income [1]				Corporation Income %	Gasoline Per Gal. (cents)	Cigarette Per Pkg. (\$/pack)
	State Rate %	Local Rate (Largest City) %	Lowest Bracket	Rate %	Highest Bracket	Rate %			
Alabama	4	6	1st \$500	2	Over \$3,000	5 [2]	6.5	18 [2]	0.425 [2]
Alaska	--	0 [3]	--	--	--	--	1 to 9.4	8	2.00
Arizona	6.6	2.7	1st \$10,000	2.59	Over \$150,000	4.54	6.968	19	2.00
Arkansas	6	1.5	1st \$3,899	1	Over \$32,600	7	1 to 6.5 [2]	21.8	1.15
California	7.25 [4]	1.5	1st \$7,124	1.25	Over \$46,767	9.3 [2]	8.84	35.7 [2]	0.87
Colorado	2.9	4.82	4.63% of federal taxable income				4.63	22	0.84
Connecticut	6	--	1st \$10,000	3	Over \$500,000	6.5	7.5	25	3.40
Delaware	--	--	1st \$5,000	2.2	Over \$60,000	6.75 [2]	8.7	23	1.60
Florida	6	1	--	--	--	--	5.5	16.2 [2]	1.339
Georgia	4	4	1st \$750	1	Over \$7,000	6	6	17.6	0.37
Hawaii	4	0.5	1st \$2,400	1.4	Over \$200,000	11	4.4 to 6.4	17 [2]	3.00
Idaho	6	--	1st \$1,314	1.6	Over \$26,320	7.8	7.6	26	0.57
Illinois	6.25	3.5	5% of taxable income				9.5	20.1 [2]	0.98 [2]
Indiana	7	--	3.4% of adjusted gross income [2]				8.5	18	0.995
Iowa	6	--	1st \$1,439	0.36	Over \$64,756	8.98	6 to 12	22	1.36
Kansas	6.3	1	1st \$15,000	3.5	Over \$30,000	6.45	4 [2]	24	0.79
Kentucky	6	--	1st \$3,000	2	Over \$75,000	6 [2]	4 to 6 [2]	25.9	0.60
Louisiana	4	5	1st \$12,500	2	Over \$50,000	6	4 to 8	20	0.36
Maine	5	--	1st \$4,949	2	Over \$19,750	8.5	3.5 to 8.93	30	2.00
Maryland	6	--	1st \$1,000	2	Over \$500,000	5.5 [2]	8.25	23.5	2.00
Massachusetts	6.25	--	5.3% of taxable income				8.25	21	2.51
Michigan	6	--	4.35% of adjusted gross income [2]				6	19	2.00
Minnesota	6.875	0.9	1st \$22,770	5.35	Over \$74,781	7.85	9.8	29.6	1.23
Mississippi	7	--	1st \$5,000	3	Over \$10,000	5	3 to 5	18.4	0.68
Missouri	4.225	4.5	1st \$1,000	1.5	Over \$9,000	6 [2]	6.25	17.3	0.17[2]

Sources: Federation of Tax Administrators; "State Tax Guide," Commerce Clearing House, Inc.; Energy Information Administration; Research Institute of America (RIA); state revenue agency web sites.

NOTE: This table is intended only as a general guide. Tax rates may change frequently, and some changes are only in effect temporarily. Also, there may be differences of interpretation whether a tax is considered as a state tax or a state-collected local tax and whether a rate has been implemented or merely authorized.

Tax rates generally reflect those in effect as of October 1, 2011.

Table 14. 2011 Rates of Selected Major State Taxes

State	Retail Sales		Personal Income [1]				Corporation Income %	Gasoline Per Gal. (cents)	Cigarette Per Pkg. (\$/pack)
	State Rate %	Local Rate (Largest City) %	Lowest Bracket	Rate %	Highest Bracket	Rate %			
Montana	--	--	1st \$2,600	1	Over \$15,601	6.9	6.75	27	1.70
Nebraska	5.5	1.5	1st \$2,400	2.56	Over \$27,001	6.84	5.58 to 7.81	27.3	0.64
Nevada	6.85	1.25	--	--	--	--	--	24.805	0.80
New Hampshire	--	--	Interest and dividends - 5%				8.5	19.625	1.68
New Jersey	7	--	1st \$20,000	1.4	Over \$500,000	8.97 [2]	9	14.5	2.70 [2]
New Mexico	5.125	1.875	1st \$5,500	1.7	Over \$16,000	4.9	4.8 to 7.6	18.875	1.66
New York	4	4.875	1st \$8,000	4	Over \$500,000	8.97 [2]	7.1 [2]	25	4.35 [2]
North Carolina	4.75	2.5	1st \$12,750	6	Over \$60,000	7.75	6.9	35.25	0.45
North Dakota	5	2	1st \$34,000	1.84	Over \$373,650	4.86	2.1 to 6.4	23	0.44
Ohio	5.5	1.25	1st \$5,050	0.587	Over \$200,000	5.925 [2]	--	28	1.25
Oklahoma	4.5	3.875	1st \$1,000	0.5	Over \$8,701	5.5	6	17	1.03
Oregon	--	--	1st \$2,000	5	Over \$250,000	11 [2]	6.6 - 7.6 [2]	30 [2]	1.18
Pennsylvania	6	2	3.07% of taxable income [2]				9.99 [2]	31.2	1.60
Rhode Island	7	--	1st \$55,000	3.75	Over \$125,000	5.99	9	33	3.46
South Carolina	6	1	1st \$2,740	0	Over \$13,701	7	5	16.75	0.57
South Dakota	4	2	--	--	--	--	--	24 [2]	1.53
Tennessee	7	2.25	Interest and dividends - 6%				6.5	21.4	0.62 [2]
Texas	6.25	2	--	--	--	--	--	20	1.41
Utah	4.7	2.16	5.0% of taxable income				5	24.5	1.70
Vermont	6	1	1st \$34,000	3.55	Over \$373,651	8.95	6.0 to 8.5	24.98	2.24
Virginia	5 [4]	--	1st \$3,000	2	Over \$17,000	5.75	6	17.5 [2]	0.30 [2]
Washington	6.5	3	--	--	--	--	--	37.5	3.025
West Virginia	6	--	1st \$10,000	3	Over \$60,000	6.5	8.5	32.2	0.55
Wisconsin	5	0.6	1st \$10,070	4.6	Over \$221,661	7.75	7.9	32.9	2.52
Wyoming	4	2	--	--	--	--	--	14	0.60

[1] Generally the brackets indicated apply to single taxpayers, but most states double the brackets for joint filers.

[2] Local units of government may impose additional taxes.

[3] Alaskan cities and boroughs may impose sales taxes ranging from 2% to 7%.

[4] Includes statewide mandatory local sales tax of 1.0%.

Table 15. Utilization of Retail Sales and Income Taxes, 2011

State	Retail Sales Tax		Corporate Net Income Tax	Personal Income Tax	
	State	Local		Broad-based	Interest/Dividends Only
Alabama	X	X	X	X	
Alaska		X	X		
Arizona	X	X	X	X	
Arkansas	X	X	X	X	
California	X	X	X	X	
Colorado	X	X	X	X	
Connecticut	X		X	X	
Delaware			X	X	
Florida	X	X	X		
Georgia	X	X	X	X	
Hawaii	X	X	X	X	
Idaho	X	X	X	X	
Illinois	X	X	X	X	
Indiana	X		X	X	
Iowa	X	X	X	X	
Kansas	X	X	X	X	
Kentucky	X		X	X	
Louisiana	X	X	X	X	
Maine	X		X	X	
Maryland	X		X	X	
Massachusetts	X		X	X	
Michigan	X		X	X	
Minnesota	X	X	X	X	
Mississippi	X	X	X	X	
Missouri	X	X	X	X	
Montana			X	X	
Nebraska	X	X	X	X	
Nevada	X	X			
New Hampshire			X		X
New Jersey	X		X	X	
New Mexico	X	X	X	X	
New York	X	X	X	X	
North Carolina	X	X	X	X	
North Dakota	X	X	X	X	
Ohio	X	X		X	
Oklahoma	X	X	X	X	
Oregon			X	X	
Pennsylvania	X	X	X	X	
Rhode Island	X		X	X	
South Carolina	X	X	X	X	
South Dakota	X	X			
Tennessee	X	X	X		X
Texas	X	X			
Utah	X	X	X	X	
Vermont	X	X	X	X	
Virginia	X	X	X	X	
WASHINGTON	X	X			
West Virginia	X		X	X	
Wisconsin	X	X	X	X	
Wyoming	X	X			
Number of States					
Imposing This Tax	45	36	44	41	2

of states imposing a state or local sales tax = 46 (all except DE, MT, NH, and OR)

of states imposing some form of income tax = 45 (all except NV, SD, TX, WA, and WY)

of states imposing both a state or local sales tax and some form of an income tax = 41

Table 16. Comparison of State/Local Retail Sales Taxes - 2011

State	Food Items [1] Taxable (T) Exempt (E)	State Rate	Local Rate in Largest City [2]	Combined State/Local Rate [2]
Alabama	T**	4.00	6.00	10.000
Illinois	T**	6.25	3.50	9.750
WASHINGTON	E	6.50	3.00	9.500
Arizona	E [3]	6.60	2.70	9.300
Tennessee	T**	7.00	2.25	9.250
Louisiana	E [3]	4.00	5.00	9.000
New York	E	4.00	4.875	8.875
California	E	7.25	1.50	8.750
Missouri	T**	4.225	4.500	8.725
Oklahoma	T	4.50	3.875	8.375
Texas	E	6.25	2.00	8.250
Nevada	E	6.85	1.25	8.100
Georgia	E [3]	4.00	4.00	8.000
Pennsylvania	E	6.00	2.00	8.000
Minnesota	E	6.875	0.90	7.775
Colorado	E	2.90	4.82	7.720
Arkansas	T**	6.00	1.50	7.500
Kansas	T*	6.30	1.00	7.300
North Carolina	E [3]	4.75	2.50	7.250
Florida	E	6.00	1.00	7.000
Indiana	E	7.00	---	7.000
Mississippi	T	7.00	---	7.000
Nebraska	E	5.50	1.50	7.000
New Jersey	E	7.00	---	7.000
New Mexico	E	5.125	1.875	7.000
North Dakota	E	5.00	2.00	7.000
Rhode Island	E	7.00	---	7.000
South Carolina	E [3]	6.00	1.00	7.000
Vermont	E	6.00	1.00	7.000
Utah	T**	4.70	2.16	6.860
Ohio	E	5.50	1.25	6.750
Massachusetts	E	6.25	---	6.250
Connecticut	E	6.00	---	6.000
Idaho	T*	6.00	---	6.000
Iowa	E	6.00	---	6.000
Kentucky	E	6.00	---	6.000
Maryland	E	6.00	---	6.000
Michigan	E	6.00	---	6.000
South Dakota	T*	4.00	2.00	6.000
West Virginia	T**	6.00	---	6.000
Wyoming	E*	4.00	2.00	6.000
District of Columbia	E	---	6.00	6.000
Wisconsin	E	5.00	0.60	5.600
Maine	E	5.00	---	5.000
Virginia	T**	5.00	---	5.000
Hawaii	T*	4.00	0.50	4.500
Alaska	T	---	0.00 [4]	0.000

[1] Food products purchased for consumption off-premises of the seller.

[2] Aggregate local rate levied in the largest city in the state. Includes local taxes for general purposes and those earmarked for specific purposes (e.g. transit). Taxes on specified sales (e.g. lodging or meals) are excluded.

[3] Food products are exempt from state tax, but subject to local taxes.

[4] Alaskan cities and boroughs may levy local sales taxes ranging from 2% to 7%. (Anchorage does not.)

Tax rates generally as of October 2011.

* Income tax credit allowed to offset sales tax on food.

** Food taxed at lower rate.

Sources: "State Tax Guide," Commerce Clearing House, Inc.; Federation of Tax Administrators; state web pages.

Table 17. Comparison of Business Taxes
Major State Taxes on General Business Activities, 2011

State	Net Income	Other General Business Taxes*			Comments
	Tax On Corporations	Tax	Tax Base	Major Rates	
Alabama	Yes				
Alaska	Yes				
Arizona	Yes	Transaction Privilege	gross income	6.6%	basically a sales tax
Arkansas	Yes				
California	Yes				
Colorado	Yes				
Connecticut	Yes				
Delaware	Yes	Gross Receipts	gross receipts	0.1037 - 2.074%	broader form of sales tax
Florida	Yes				
Georgia	Yes				
Hawaii	Yes	General Excise	gross income	0.096 - 4%	broader form of sales tax
Idaho	Yes				
Illinois	Yes				
Indiana	Yes				
Iowa	Yes				
Kansas	Yes				
Kentucky	Yes	Alternative Minimum	gross receipts	0.095%	part of corporate income tax
Louisiana	Yes				
Maine	Yes				
Maryland	Yes				
Massachusetts	Yes				
Michigan	Yes**				
Minnesota	Yes				
Mississippi	Yes				
Missouri	Yes				
Montana	Yes				
Nebraska	Yes				
Nevada	No	Modified Bus. Tax	wages paid	0.63%	
New Hampshire	Yes	Bus. Enterprise Tax	gross receipts	0.75%	
New Jersey	Yes	Minimum Tax	gross receipts	\$500-\$2000	part of corporate income tax
New Mexico	Yes	Gross Receipts Tax	gross receipts	5%	broader form of sales tax
New York	Yes				
North Carolina	Yes				
North Dakota	Yes				
Ohio	No	Commercial Activities	gross receipts	0.26% (2010)	receipts > \$1 million
Oklahoma	Yes				
Oregon	Yes				
Pennsylvania	Yes				
Rhode Island	Yes				
South Carolina	Yes				
South Dakota	No				
Tennessee	Yes				
Texas	No	Franchise Tax	value-added**	0.5 - 1%	adopted 5/06; effective 1/08
Utah	Yes				
Vermont	Yes				
Virginia	Yes				
WASHINGTON	No	B&O Tax	gross receipts	0.484%	in addition to retail sales tax
West Virginia	Yes				
Wisconsin	Yes				
Wyoming	No				

*Excludes taxes on specific industries or activities (utilities, insurance, severance, etc.) & corporate franchise or license fees.

**Michigan's new corporate net income tax replaces their Single Business Tax, effective 1/1/2012.

**Based on total revenue but allows deduction of wages paid or cost of goods sold; sole proprietors are exempt.

of states levying a corporate net income tax = 44 (all except OH, NV, SD, TX, WA, and WY)

of states with a gross receipts tax that is broader than a traditional retail sales tax = 6 (AZ, DE, HI, NH, OH, & WA)

of states that rely exclusively on a gross receipts business tax = 2 (OH & WA)

Table 18. Comparison of State Cigarette and Gasoline Taxes, 2011

Cigarette Tax		Gasoline Tax	
State	\$ Per Pack	State	¢ Per Gallon
New York [1]	4.35	WASHINGTON	37.5
Rhode Island	3.46	California [1][3]	35.7
Connecticut	3.40	North Carolina [2]	35.25
WASHINGTON	3.025	Rhode Island [2]	33
Hawaii	3.00	Wisconsin [2]	32.9
New Jersey [1]	2.70	West Virginia	32.2
Wisconsin	2.52	Pennsylvania	31.2
Massachusetts	2.51	Maine	30
Vermont	2.24	Oregon [1]	30
Alaska	2.00	Minnesota	29.6
Arizona	2.00	Ohio	28
Maine	2.00	Nebraska [2]	27.3
Maryland	2.00	Montana	27
Michigan	2.00	Idaho	26
Montana	1.70	Kentucky [2]	25.9
Utah	1.70	Connecticut	25
New Hampshire	1.68	New York [3]	25
New Mexico	1.66	Vermont	24.98
Delaware	1.60	Nevada [1]	24.805
Pennsylvania	1.60	Utah	24.5
South Dakota	1.53	Kansas	24
Texas	1.41	South Dakota [1]	24
Iowa	1.36	Maryland	23.5
Florida	1.339	Delaware	23
Ohio	1.25	North Dakota	23
Minnesota	1.23	Colorado	22
Oregon	1.18	Iowa	22
Arkansas	1.15	Arkansas	21.8
Oklahoma	1.03	Tennessee [1]	21.4
Indiana	0.995	Massachusetts [2]	21
Illinois [1]	0.98	Illinois[1][3]	20.1
California	0.87	Louisiana	20
Colorado	0.84	Texas	20
Nevada	0.80	New Hampshire	19.625
Kansas	0.79	Arizona	19
Mississippi	0.68	Michigan [2][3]	19
Nebraska	0.64	New Mexico	18.875
Tennessee [1]	0.62	Mississippi	18.4
Kentucky	0.60	Alabama [1]	18
Wyoming	0.60	Indiana [3]	18
Idaho	0.57	Georgia [3]	17.6
South Carolina	0.57	Virginia [1]	17.5
West Virginia	0.55	Missouri	17.3
North Carolina	0.45	Hawaii [1][3]	17
North Dakota	0.44	Oklahoma	17
Alabama [1]	0.425	South Carolina	16.75
Georgia	0.37	Florida [1][3]	16.2
Louisiana	0.36	New Jersey	14.5
Virginia [1]	0.30	Wyoming	14
Missouri [1]	0.17	Alaska	8

[1] Plus local taxes.

[2] Variable rate based on fuel price, consumption, or highway maintenance costs.

[3] Gasoline is also subject to retail sales tax.

Sources: See Table 14. Rates are generally as of October, 2011.

Chart 3. Historical Summary of Washington Taxes Major Tax Rate and Base Changes

	Early History	1929	1931	1933	1935	1937
PROPERTY	1853, U.S. Organic Act established territorial government; all taxes to be assessed uniformly; exemption for U.S. property, churches, benevolent institutions. 1886, revenue producing property of churches is taxable. 1889, State Constitution: property to be assessed uniformly; Legislature may grant exemptions. 1900, \$300 personal property per household exempt. 1925, exemption for private schools and colleges.	14th Amendment (1930): classification of property is allowed, real estate must be one class; yield tax on reforestation land and mines is permitted.	Exemption for intangibles. Yield tax on reforestation lands. 1932, initiative imposing 40 mill limit.	1932, <u>Redd</u> case limited state authority over local property assessments.	Exemption for all household goods and personal effects.	Motor vehicles exempt from property tax.
VEHICLE EXCISE						Motor vehicle excise tax, 1.5% of value.
OTHER TAXES IN LIEU OF PROPERTY TAX						
RETAIL SALES AND USE					2% tax on sales to or use by consumers of tangible personal property. Exemption for dairy products, fruit, vegetables, eggs and bread.	1939, tax is extended to all food, liquor and services to tangible property.
BUSINESS AND OCCUPATION				Occupation tax on gross income: extracting 0.3%; mfg. 0.25%; wholesaling 0.20%; retailing 0.5%; most services 0.5%.	B&O replaced occupation tax. Basic rate 0.25% (mfg., wholesaling, retailing); service 0.5%. Farming and employees exempt. Minimum, \$200/month (\$500 retailers).	
PUBLIC UTILITY				Occupation tax: 3% basic rate; gas 2%; vessels and transit 0.5%; all others 1.5%.	Public utility tax separated from B&O. 1933 rates retained.	
GASOLINE	1921, tax of 1¢ per gallon.	Rate increased from 1¢ to 2¢.	Rate increased from 2¢ to 4¢.	Rate increased from 4¢ to 5¢. Refunds for off-highway use.	Fuel oil tax of 1/4 cents per gallon.	
CIGARETTE AND TOBACCO					Cigarette tax of 1¢ per package.	(1939) Rate increased from 1¢ to 2¢.
ALCOHOLIC BEVERAGES				1934, beer excise tax: \$1.00/barrel.	10% tax on sales of liquor by Control Board. 10¢ per gallon on wine.	
INHERITANCE AND GIFT	1901, inheritance tax: Class A, 1% (\$10,000 exempt); Class B, 3% - 6%; Class C, 6% - 12%. 1917, increased rates for each class; \$1,000 family allowance. 1923, rates increased.	Exemption for each Class A descendent. All maximum rates lowered.	Adjustment in Class B tax rates.		Revision of rates and tax brackets. Exemptions for first \$40,000 of paid insurance and \$1,000 for Class B.	
INSURANCE	1891, tax of 2% levied on gross premiums. 1911, retaliatory clause adopted.					Domestic rate 1%; foreign rate 2.25%.
ADMISSION AND AMUSEMENT				5% tax on gross receipts of boxing, wrestling, and pari-mutuel betting.	State admissions tax of 1¢ per 20¢ of ticket price.	

Chart 3. Historical Summary of Washington Taxes Major Tax Rate and Base Changes

	1941	1943	1944	1949	1951	1955	1959	1961
PROPERTY		Exemption for house trailers.	17th Amendment: assessment at 50% of true and fair value; 40 mill limitation in Constitution.			Property revaluation cycle: four-year interval.		Freeport exemption for goods in transit.
VEHICLE EXCISE		Inclusion of house trailers at 1.5%.		1% excise tax on value of aircraft.		Rate reduced to 1% for house trailers (1957).	Motor vehicle rate increased from 1.5% to 2.0%.	
OTHER TAXES IN LIEU OF PROPERTY TAX	PUD tax in lieu of property tax; 2% of PUD gross revenues.			Extension of PUD to self-generated energy at 5% of gross revenue.			PUD tax on self-generated energy changed to 5% of first 4 mills.	
RETAIL SALES AND USE	Rate increased from 2% to 3%. Tax extended to services rendered to real property.	Exemption for seed fertilizer, chemical sprays.	1945, exemption of breeding livestock.		Extension to hotels and motels. Exemption of liquor but subject to 10% excise tax.	Rate increased from 3% to 3.33%.	Rate increased from 3.33% to 4%. Extension to rental of personal property, clearing/ moving land, and services to buildings.	Extended to various services: recreation, amusement, title escrow and parking.
BUSINESS AND OCCUPATION	Uniform minimum of \$300 per month. Elimination of tax on internal distributions.				Surtax of 20%: basic rate 0.3%, service 0.6%.	Increase of surtax to 60%: basic rate 0.4%, service 0.8%. Internal distribution restored to tax base.	Surtax on basic rate increased to 76% (0.44%). Service rate 1%. Extension to rental property: 1960, ruled to be unconstitutional.	
PUBLIC UTILITY					Surtax of 10%.	Increase of surtax to 20% (1957).		
GASOLINE	Use fuel tax, 5¢/gallon on diesel, etc.		18th Amendment earmarked tax for roads.	Rate increased from 5¢ to 6.5¢. Repeal of fuel oil tax (1947).				Increase in rate from 6.5¢ to 7.5¢.
CIGARETTE AND TOBACCO				Rate increased from 2¢ to 4¢.		Rate increased from 4¢ to 5¢.	Rate increased from 5¢ to 6¢. 25% tax on other tobacco products.	Increase in rate from 6¢ to 7¢.
ALCOHOLIC BEVERAGES		10% war liquor tax (20% total).		Repeal of both 10% liquor taxes. 15% discount for Class H.	10% liquor excise tax.		Liquor tax rate increased from 10% to 15% for consumers (not wine or Class H).	Additional liquor sales tax of 1.1¢ per fluid ounce.
INHERITANCE AND GIFT	Gift tax enacted, rates are 90% of inheritance tax schedule.	Minor rate adjustment in Class A.						Repeal of deduction for federal taxes.
INSURANCE				Rate reductions: foreign to 2%, marine to 0.75%.				
ADMISSION AND AMUSEMENT	Mechanical devices taxed at 10% or 20% of gross yield.	Admission tax given to local government.		Mechanical devices tax rates doubled to 20% and 40% (1947).	Slot machines ruled an illegal lottery (1952).			

Chart 3. Historical Summary of Washington Taxes Major Tax Rate and Base Changes

	1965	1967	1969	1970	1971
PROPERTY	47th amendment (1966) allowing exemptions for senior citizens.	Two mills of local school levy shifted to state. \$50 senior citizen exemption. <u>Barlow vs. Kinneer</u> decision provided state with greater assessment equalization power. 1968, 53rd amendment provided current use assessment for open space, timber, and agricultural lands.	State funding of revaluation plan. <u>Carkonen vs. Williams</u> decision required 50% assessment for all property.	Open space law to implement 53rd amendment. <u>Edgewater Inn</u> decision: leases of public property subject to assessment.	\$50 senior citizen exemption replaced by exemption from special levies: \$4,000 and under income receive 100% exemption; \$4,000 to \$6,000 income get 50% exemption. Annual increase in regular levy revenues of local taxing districts limited to 106%, starting with 1974 collections. Expanded exemption for facilities of private schools. Standing timber exempt. Moratorium until 1973 on assessment of leasehold estates. Deduction of selling costs (overruled in 1972). Annual updating of values permitted. Delinquency rate on first \$500 lowered from 10% to 5%.
VEHICLE EXCISE	House trailer rate increased from 1% to 1.5%.	1% aircraft excise replaced by \$15 for single engine and \$25 for multi-engines.			Mobile home and travel trailer tax increased from 1.5% to 2%
OTHER TAXES IN LIEU OF PROPERTY TAX					
RETAIL SALES AND USE	Rate increased from 4% to 4.2%. Extension to bowling.	Rate increased from 4.2% to 4.5%. Exemption for pollution control facilities. King County authorized to share 2% of state 4.5% tax on hotel and motel accommodations for stadium construction.		Local sales/use tax at 0.5% rate authorized. 2% hotel/motel tax extended to Spokane and Tacoma.	Authorization for local 0.3% sales/use tax in King County for transit purposes. Road construction for state defined as retail sale (before only use tax on materials). Chargeback to prior fiscal year for tax received until August 10th.
BUSINESS AND OCCUPATION	Manufacturers tax credit for sales tax paid on qualified improvements.	76% surtax on basic rate repealed but same 0.44% rate is retained. Radio and TV broadcasting is taxable. Pollution credits up to 50% of cost at 2% per year.	Cut-off for new applications for pollution credits except to meet higher standards.	Tax extended to financial institutions as service.	Cut-off of manufacturers tax credits. Tax of 0.015% on businesses whose products relate to litter. First month delinquency penalty increased from 2% to 5%. 0.25% rate for nuclear fuel assemblies.
PUBLIC UTILITY		20% surtax repealed but same rates are retained: basic 3.6%; gas 2.4%; transit 0.6%; others 1.8%.			Rate for gas distribution increased from 2.4% to 3%.
GASOLINE		Rate increased from 7.5¢ to 9¢.			Special fuel tax enacted on diesel, propane and similar fuels other than motor vehicle fuel (gasoline).
CIGARETTE AND TOBACCO	Rates increased from 7¢ to 11¢ and 25% to 30%.				Cigarette tax increased from 11¢ to 16¢ per pack. Tobacco products tax increased from 30% to 45%.
ALCOHOLIC BEVERAGES	Fluid ounce tax increased from 1.1¢ to 2¢. Beer excise of \$1.50 for cans/bottles.		Retail sales of wine permitted: 26% excise tax and 10¢ per gallon.		Fluid ounce tax rate increased from 2¢ to 4¢ per ounce.
INHERITANCE AND GIFT	Exemption for state pensions (also teachers in 1961; federal government in 1963).				Payment period is reduced from 15 months to 9 months.
INSURANCE					
ADMISSION AND AMUSEMENT					

Chart 3. Historical Summary of Washington Taxes Major Tax Rate and Base Changes

	1972	1973	1974	1975
PROPERTY	Residential improvements up to 30% of value exempt for three years. Approval of SJR 1 constitutionally limiting all regular levies to 1%. Removal of 40% requirement for voter turnout for special levies.	Assessment level increased from 50% to 100% of true and fair value for 1975 collections. <u>Hoppe v. Kinnear</u> decision: SJR 1 effective for 1973 taxes; 20 mill maximum regular levy. Statutory levy rates: for 1974 taxes, 20 mill maximum with no state levy; for 1975 \$9.15 per \$1,000 maximum with \$3.60 state levy for schools. Current use assessment of farm lands based on net cash rental value. Administration of exemptions for nonprofit organizations transferred to state.	Inventories exempt from property tax effective in 1984. Phase-in of exemption for livestock. 8% delinquency rate. Service charge authorized for fire districts. Special levy exemption for senior citizens increased: incomes up to \$5,000 are 100% exempt; incomes \$5,000 to \$6,000 are 50% exempt; incomes up to \$4,000 are exempt from regular levies on first \$5,000 of residential value.	Deferral of taxes allowed for senior citizens with income less than \$8,000. Application fee of \$35 for nonprofit organizations is due every four years.
VEHICLE EXCISE	Pickup campers added to travel trailer excise tax; rate reduced from 2% to 1%.	Permanently affixed mobile homes subject to property tax instead of excise tax.		
OTHER TAXES IN LIEU OF PROPERTY TAX	Timber excise tax on stumpage value; initial rate 1.8%, effective 10/1/72.	Timber tax increased from 1.8% to 3.4%. Leasehold tax of 14% for pre-1970 leases; others taxed as personal property.	Timber tax increased from 3.4% to 6.5% until 12/31/78. Phase-in of distributions based on amount of timber harvested.	
RETAIL SALES AND USE	Deferral for 3 years of sales tax paid by manufacturers on plant improvements.	Local 2% hotel/motel tax for stadiums and convention centers is extended to any city or county.	Exemption for prescription drugs and returnable containers. Local 0.3% transit tax extended to any county.	Hotel/motel tax is restricted to city or county; not both. Local transit tax rates: 0.1%, 0.2%, or 0.3%. Tax is extended to government contractors.
BUSINESS AND OCCUPATION			B&O credit for personal property taxes paid on business inventories: 10% in 1974 to 100% in 1983; no credit after 1983.	Rate reduced to 0.25% for travel agents.
PUBLIC UTILITY				
GASOLINE				
CIGARETTE AND TOBACCO	Possession of unstamped cigarettes is illegal. Vietnam veterans bonus.			Exemption repealed for two cartons of unstamped cigarettes.
ALCOHOLIC BEVERAGES		26% wine tax replaced by 75¢ per gallon tax on wine wholesalers.		
INHERITANCE AND GIFT		Exemption for higher education pensions and certain annuities.		
INSURANCE				
ADMISSION AND AMUSEMENT		State mechanical devices tax is repealed. State regulation and licensing of gambling with local taxation up to 10% of gross.		

Chart 3. Historical Summary of Washington Taxes Major Tax Rate and Base Changes

	1976	1977	1979	1980
PROPERTY	Approval of constitutional amendment permitting special levies by school districts for two years.	Phase-in of special M&O school levy limit to 10% of prior year expenditure for basic education; to be fully effective by 1981 levies. Senior citizens exemption income limits increased by \$2,000. Ratio study procedures revised; more input from assessors. Revaluation ratio repealed. Seven-year exemption for solar energy facilities.	State regular levy for schools subject to 106% limit. Senior citizen exemption increased: households with income to \$11,000 exempt from all special levies; in addition, those with incomes to \$7,000 exempt from regular levies on the first \$15,000 value of residence. Open space lands exempt from benefit assessments. Regular levy of \$0.25 authorized for emergency medical service.	Senior citizens exemption: 1/3 exclusion for social security is eliminated but income levels are increased by \$3,000; exemption for life estates. Exemption for added value of unconventional energy systems (until 1987) and for gasohol facilities. Compensating tax on open space lands shifted from buyer to seller. ----- 1% real estate excise tax is a state source as of 9/1/81.
VEHICLE EXCISE		Motor vehicle excise tax increased from 2% to 2.2%. Vehicles licensed all year.		Exemption for ride-sharing vehicles.
OTHER TAXES IN LIEU OF PROPERTY TAX	12% state tax on leases of public property; credit for up to 6% in local taxes.	PUD tax on Hanford nuclear plants changed to 1.5% of wholesale value of energy.	Timber tax reenacted from 1/1/79 to 6/30/81 at 6.5%. Fund A distributions frozen at 80% of timber roll.	Compensating tax on sold timber lands shifted from buyer to seller.
RETAIL SALES AND USE	State rate up from 4.5% to 4.6%, 6/1/76 until 7/1/77. Elimination of revenue chargeback by 1986.	State rate increase of 0.1% is continued two years until 7/1/79. Initiative 345 to exempt food for off-premises consumption approved by voters; effective 7/1/78.	State rate reverts to 4.5%, 7/1/79. Exemption for used mobile homes; but subject instead to 1% real estate excise tax. Local hotel/motel tax may be used for arts centers and tourist promotion.	Maximum transit tax in King County increased from 0.3% to 0.6% if approved by local voters. Exemptions for ride-sharing vehicles, orthotic and ostomic devices, and alcohol used in gasohol.
BUSINESS AND OCCUPATION	Surtax of 6% on all B&O tax rates, 6/1/76 until 6/30/77.	Surtax of 6% is continued two years until 7/1/79. Deduction for minor final assembly.	Surtax of 6% expired, 7/1/79. Minimum taxable amount increased from \$300 to \$1,000 per month. \$1 registration fee replaced by \$25 deposit. Rates reduced to 0.125% for soybean processors and to 0.33% for stevedores and cargo agents. Credit for energy cogeneration facilities.	Exemption for manufacturing and wholesaling of gasohol. Special excise tax on commercial processors of food fish and shellfish is transferred to Department of Revenue, 7/1/80.
PUBLIC UTILITY				Deduction for cost of power produced by cogeneration or from renewable resources.
GASOLINE		Rate increased from 9¢ to 11¢, 7/1/77. Rate may vary between 9¢ and 12¢ starting 1/1/78.	Rate increased from 11¢ to 12¢, 7/1/79. Local gas tax of 2¢ authorized for city of Seattle for bridge construction.	Exemption for alcohol used in gasohol.
CIGARETTE AND TOBACCO				
ALCOHOLIC BEVERAGES				
INHERITANCE AND GIFT			Exemption of \$100,000 for spouse or minor child; \$10,000 for Class B. Revision of Class B and C brackets. Phase-out of community property, 1981-84. Farms and small businesses valued on current use. Gift tax (1/1/80): \$40,000 lifetime exemption; tax rates same as inheritance tax schedule.	
INSURANCE			Exemption for cost of annuities.	
ADMISSION AND AMUSEMENT	\$200 state tax on coin-operated gambling devices.	Local taxes on amusement games limited to 2% of net receipts. Exemption of nonprofit bingo, etc.	Pari-mutuel tax reduced from 5% to 4% or 4.5% for certain horse races.	

Chart 3. Historical Summary of Washington Taxes Major Tax Rate and Base Changes

	1981	1982
PROPERTY	Interest rate on delinquent property taxes increased from 8% to 12%, 7/26/81. New penalty of 11% for first-year delinquencies starting in 1982. Foreclosure period is shortened from 5 to 3 years in May 1983. Forest land values adopted by statute for 1982; to be updated by Department based on five-year average stumpage values. Exemption for nonprofit musical and artistic organizations and public assembly halls. Valuation reduction for natural disasters. Levy allowed for park and recreation service areas.	Physical inspection requirement extended to six years, if assessor follows annual updating. Items leased on long-term basis qualify as inventories. Port industrial development levy extended to 12 years. Community redevelopment program allowing public projects to be repaid by increased property tax revenues, if approved by the voters (failed). Authorization for formation of solid waste disposal districts and cultural arts, stadium and convention districts - both with limited authority. ----- State real estate excise surtax of 4%, 5/1/82, increased to 7% 8/1/82; to expire 6/30/83. Local real estate excise tax of 0.25% may be levied by cities and counties; additional 0.5% may be imposed in lieu of additional 0.5% local sales tax.
VEHICLE EXCISE		Surtax of 4%, 7/1/82, increased to 7%, 10/1/82; to expire 9/30/83. MVET distributions to cities and counties revised to partially equalize disparities in per capita local sales tax receipts.
OTHER TAXES IN LIEU OF PROPERTY TAX	Timber tax for small harvesters based on actual sales receipts instead of stumpage value tables. 6.5% timber tax rate is extended until 6/30/83.	Leasehold and PUD surtaxes: 4%, 4/1/82, increased to 7%, 7/1/82; to expire 6/30/83. Timber tax extended to timber harvested on state and federal lands.
RETAIL SALES AND USE	State rate increased from 4.5% to 5.5%, 12/4/81 - 6/30/83. Due date for monthly excise tax returns is advanced (15th of next month by April 1983). Exemption for nonprofit cultural organizations and youth groups. Manufacturers tax deferral limited to \$30 million investment per taxpayer; program to end 6/30/82. Vending machine food sales: 57% subject to tax. Revenue chargeback advanced from August 10th to July 25th in fiscal 1985.	State rate reduced from 5.5% to 5.4% and tax reimposed on food products (except food stamp purchases), 5/1/82 - 6/30/83. Cities and counties may levy up to 1.0%. Nonresidents exemption fee increased from \$1 to \$5. Credit for sales taxes paid on bad debts, effective 1/1/83. Repayment of manufacturers tax deferral advanced. Prepayment of local sales tax. Hotel/motel tax to fund state convention center: 2% tax on lodgings in King County except within Seattle which is 3% for 1982 and 5% thereafter. Municipal hotel/motel tax of 3% authorized for convention centers.
BUSINESS AND OCCUPATION	Rate changes: cigarette wholesaling increased from 0.176% to 0.44%, 7/1/81; aluminum manufacturing increased from 0.4% to 0.44%, 7/1/81 - 6/30/83; wholesaling of lentils reduced to 0.01%. Dues and charges of youth groups exempt. Deductions for nonprofit cultural organizations and kidney dialysis. Applications for pollution control credits disallowed after 11/30/81.	Surtax of 4%, 4/1/82, increased to 7%, 7/1/82; both to expire 7/1/83. Excise tax registration fee changed from \$25 deposit to \$15 fee. Voluntary estimated tax reporting allowed monthly taxpayers with quarterly reconciliation. Exemption for international banking facilities. Cogeneration credit increased from 2% to 3%. Inventory tax credits for 1983 delayed until fiscal 1984. Disposal of radioactive waste subject to tax of 30%. Municipal business taxes limited to 0.2%.
PUBLIC UTILITY	Competitive telephone services removed from utility tax and subject to B&O and sales tax. County tax of 50¢ per telephone line authorized to fund emergency communication systems.	Surtax of 4%, 4/1/82, increased to 7%, 7/1/82; both to expire 6/30/83. Rate for gas distribution increased from 3.0% to 3.6% (plus surtaxes). Tax applies to electricity sold for resale or consumption out of state. Municipal utility taxes limited to 6%.
GASOLINE	Rate increased from 12¢ to 13.5¢, 7/1/81. Variable rate range increased to 12¢-16¢.	Rate reduced from 13.5¢ to 12¢ under variable rate formula, 1/1/82. Aircraft fuel tax rate increased from 2¢ to 5¢ per gallon.
CIGARETTE AND TOBACCO	Rate increased from 16¢ to 20¢, 7/1/81.	Cigarette tax increased to 20.8¢, 5/1/82 and to 23¢, 8/1/82; tobacco products surtax of 4%, 5/1/82, increased to 7%, 8/1/82; all increases to terminate 6/30/83. Increase in wholesalers and retailers fee; revisions in Unfair Cigarette Sales Act.
ALCOHOLIC BEVERAGES	"Ounce" tax increased from 4¢ per ounce to \$1.72 per liter (equivalent to 5¢/ounce). Beer excise tax increased from \$1 or \$1.50 to \$2.60 per barrel. Wine tax changed from 75¢ per gallon to 20.25¢ per liter.	Liquor sales and liter tax surtaxes: 4%, 5/1/82, increased to 14%, 8/1/82; beer and wine surtaxes: 4%, 5/1/82, increased to 7%, 8/1/82; all increases to expire 6/30/83.
INHERITANCE AND GIFT	State inheritance and gift taxes, except for amount of federal estate tax credit, repealed by the voters 11/81, effective 1/1/82.	
INSURANCE	Advanced payment of estimated premiums tax.	Surtax of 4%, 4/1/82, to expire 6/30/83. All premiums tax rates increased by 0.16%.
ADMISSION AND AMUSEMENT		State lottery established.

Chart 3. Historical Summary of Washington Taxes Major Tax Rate and Base Changes

	1983	1984	1985
PROPERTY	Senior citizens exemption: in 1984, maximum income increased to \$15,000, value exempted increased to \$20,000; starting in 1985, two-step regular levy exemption depending upon income and residential value; annual filing eliminated. Reduced back taxes for nonprofit organizations that lose exempt status. Compensation for local taxing districts with large inventory values, 1984-87. Expanded levy authority for flood control and road service districts.	Exemption granted nonprofit cultural or art education programs. Clarification of exemption requirements. Full amount of delinquent property taxes not due until Oct. 31. Department to assess taxable boats. Current use assessment for conservation rights. Uniform eligibility requirements for senior citizens exemption and deferral.	Valuation standards for open space lands under current use assessment to be established by counties. Fire district and emergency medical service levies revised. Exceptions to school M&O levy limit extended to 1993. Improvements to certified historic properties may be exempt for 10 years.
VEHICLE EXCISE	Permanent tax rate, motor vehicle excise, 2.354%. Aircraft excise tax schedule, \$20-\$125. State excise tax on pleasure boats, 0.5% of fair market value.	Revision made to formula for distribution of MVET equalization. Power boats under 16 feet required to be registered.	Boats under 16 ft. and 10 h.p. exempt from state registration.
OTHER TAXES IN LIEU OF PROPERTY TAX	6.5% timber tax rate extended until 6/30/84. Permanent leasehold excise tax rate, 12.84%; PUD tax, 2.14% of gross revenue plus 5.35% of first 4 mills.	Phase down of timber tax from 6.5% to 5%, 1985 to 1988. County tax of 4% credited against state tax, 7/1/84.	
RETAIL SALES AND USE	State rate increased from 5.4% to 6.5% in 36 counties, effective 3/1/83 (remains at 5.4% in 3 border counties). Tax extended to telephone service except local residential service. Revenue chargeback eliminated on 6/30/85.	Maximum transit tax increased from 0.3% to 0.6%. Municipal hotel/motel tax of 3% repealed. Exemption for used floating homes. Exemption for trade-ins adopted by initiative, effective 12/06/84.	Lower state rate in 3 border counties disallowed by the Court, effective 1/1/85. Sales tax deferral programs for new manufacturing or R&D firms; applications through 1986 or 1991. Tax may be included in advertised price. Exemptions for gold bullion and feed for commercial fish raising. Use tax on rental value.
BUSINESS AND OCCUPATION	Permanent tax rates effective 7/1/83; mfg., wholesaling 0.484%; retailing 0.471% (except 0.581% in 3 border counties); insurance 1.1%; service and other 1.5%. Exemption for nonproprietary income of local government and out-of-state direct sellers. Estimated reporting for monthly taxpayers dropped and due date moved back to 25th of following month in April 1985.		Exemptions for raising of animals under contract, commercial production of fish, and all business receipts of nonprofit arts organizations. Rate reduction for meat processing. Credit for B&O taxes paid by Washington manufacturers or extractors in other states.
PUBLIC UTILITY	Permanent tax rates effective 7/1/83: most utilities, 3.852%; urban transit, 0.642%; motor transportation and other, 1.926%.		Rate increase for water distribution from 3.852% to 5.029%, 7/1/85. Activities transferred from B&O tax: sewerage, 3.852% and garbage collection, 5.029%.
GASOLINE	Rate increased from 12¢ to 16¢, 7/1/83. Variable rate calculation repealed. Minimum rate of 5¢ per gallon for aircraft fuel tax.	Rate increased from 16¢ to 18¢, 7/1/84.	
CIGARETTE AND TOBACCO	Permanent tax rate 23¢ per pack; tobacco products, 48.15%.	Revisions in Unfair Cigarette Sales Act: manufacturers' discounts passed on to retailers.	
ALCOHOLIC BEVERAGES	Permanent tax rates effective 7/1/83: liquor sales 17.1% (Class H, 11.4%); liquor liter, \$1.9608; beer excise, \$2.782 per barrel; wine excise, 21.6675¢ per liter.		
OTHER TAXES	Permanent tax rates: state real estate excise tax, 1.07%; conveyance tax, 53.5¢ per \$500; insurance premiums - domestic, 1.21%; foreign, 2.25%; ocean marine, 0.9464%. Uniform unclaimed property act adopted. Hazardous waste tax on selected industries identified by Department of Ecology.	County tax authorized for nonresident employees, 7/1/85.	Conveyance tax increased from 53.5¢ to \$1.00 per \$500. Annual assessment of 0.12% on retailers of new replacement vehicle tires for DOE. Definitional changes for fish privilege tax.

Chart 3. Historical Summary of Washington Taxes Major Tax Rate and Base Changes

	1986	1987	1988
PROPERTY	Revision to 106% limit override provisions. Clarification of historic property exemption. Interstate commerce vessels and commercial fishing boats are exempt if in the state for less than 120 days per year. Levies for school capital purposes may be for up to 6 years.	Reports no longer required: listing of exempt assembly halls, impact of open space program, revaluation progress. Adjustments to state levy clarified. Valuation of motor transportation shifted to assessor. Special M&O school levy limit raised from 10% to 20% of budget; equalization procedure established. Senior citizens exemption income limits increased. Exemptions: leased arts facilities, student loan organizations, dialysis facilities.	Head of household exemption increased from \$300 to \$3,000. State levy excluded from proration; assistance to small counties to avoid proration.
VEHICLE EXCISE		Motor vehicle excise tax increased from 2.354% to 2.454%, January 1989 through December 1990.	
OTHER TAXES IN LIEU OF PROPERTY TAX	Leasehold excise tax credit for the amount that the tax exceeds the equivalent property tax.	Timber tax minimum increased from \$10 to \$50 per quarter; special products allowed small harvester option.	
RETAIL SALES AND USE	Expansion of 1985 sales tax deferral for manufacturers and R&D. Exemptions for hearing aids, livestock for consumption, feed for animals at public livestock markets, material for producing ferrosilicon.	Exemptions for food stamp purchases, fishing boat fuel, state ferry fuel, and Christmas tree production materials. Manufacturers deferral includes aluminum plants. Corporate officers sales tax liability. Revenue chargeback (July 10th) eliminated; fiscal year accounting ends on June 30th.	Sales tax deferral for manufacturing expansions extended through FY 1994. Tax extended to prepared food items. Nonresident permit eliminated as of July 1989. State convention center tax on hotel/motels in King County increased from 5% and 2% to 6% and 2.4%, 7/1/88.
BUSINESS AND OCCUPATION	Credit of \$1,000 for each qualified new employee of manufacturing or R&D firms in distressed counties, effective 4/1/86 - 6/30/88.	Multiple activities exemption repealed; credit for manufacturing tax against selling tax. Credit for B&O tax paid in other states by manufacturers. Rate reduction for pearl barley. Exemptions for Christmas trees, conditioning of seed, processed hops, student loan organizations and adult family homes.	Total exemption for sheltered workshops.
PUBLIC UTILITY	Warehousing transferred from public utility to B&O tax. Garbage collection removed from public utility tax and subject to new tax of 3.6% collected from the customer, 6/11/86.	Sewerage collection does not include transfer and processing; these are subject to B&O tax.	
GASOLINE			
CIGARETTE AND TOBACCO	Rate increased for cigarettes, 23c to 31c, and tobacco products 48.15% to 64.9% earmarked for water quality programs, effective 4/1/86. Changes in Unfair Cigarette Sales Act; to expire in 1991.	Sellers' compensation increased from \$1.85 to \$4.00 per 1,000 stamps.	
ALCOHOLIC BEVERAGES			
OTHER TAXES	Insurance premiums tax rates: 2% for both foreign and domestic companies, 0.95% for ocean marine; effective 7/1/86.	Conveyance tax repealed; incorporated with real estate excise tax with rate increase from 1% to 1.34%. Previous hazardous waste tax replaced by 0.8% tax on wholesale value of selected chemicals and other substances. Fee of \$5 on new wood stoves; collection by DOR. Local hotel/motel tax of 2% for Pierce County.	Local hotel/motel taxes authorized for Spokane, Yakima, Ocean Shores and Pierce and Thurston Counties.

Chart 3. Historical Summary of Washington Taxes Major Tax Rate and Base Changes

	1989	1990	1991
PROPERTY	Revision in exemption for retirement homes for the aged; percentage of exemption depends upon number of residents that would qualify for senior citizens exemption. Various changes that affect property tax administration including authority to pay the tax with credit cards.	Aggregate levy rates of all local taxing districts increased from \$5.55 to \$5.90/\$1000 to relieve prorationing. Special valuation of historic property extended permanently. Exemption for nonprofit shelters for homeless persons. Special levies allowed for hospital and metropolitan park districts. Personal property ratio - may use prior year assessment roll.	Senior citizen exemption income and home value limits increased. Exemption for custom computer software; canned software subject to tax for only the first two years after acquisition.
VEHICLE EXCISE		Rate reduced from 2.454% to 2.2%. Valuation schedules revised and transferred from Department of Revenue to Licensing. Local MVET of 0.8%.	
OTHER TAXES IN LIEU OF PROPERTY TAX		Leasehold tax exemption extended to "officers row" at Fort Vancouver.	
RETAIL SALES AND USE	A special use tax equal to the public utility tax rate of 3.852% is imposed on natural gas purchased from out of state via brokers.	Local sales taxes authorized: 0.1% for 6 counties for criminal justice programs and 1% for high capacity transportation funding. Monthly, rather than bimonthly, distributions of local sales tax receipts, 7/1/90.	Exemption for oxygen concentration equipment. Local sales tax (0.1%) for criminal justice extended to Yakima County. Local sales tax of 0.1% authorized for public facility districts (i.e., Spokane County).
BUSINESS AND OCCUPATION	B&O deduction for nonprofit trade shows and educational seminars.	Rate on disposal of low-level radioactive waste reduced from 33% to 16.5%, 3/13/90. Exemption for small timber harvesters. Electronic transfer of state excise tax payments for large taxpayers, starting 1/1/91.	Rate for disposal of low-level radioactive waste reduced from 16.5% to 11%, 5/20/91; further reduced to 5.5%, 1/1/92 and to 3.3%, 7/1/93. Excise tax interest rates tied to short-term federal rate: for delinquencies, +2% and for refunds, +1%.
PUBLIC UTILITY	Basic rate on electrical power increased from 3.852% to 3.873% to make up for the inability to tax power sold out of state.	Deduction for payments to builders and owners of new residences for meeting energy code requirements.	
GASOLINE		Rate increased from 18¢ to 22¢, 4/1/90; rate increased to 23¢, 4/1/91. Local gas tax authorized rate to equal 10% of state rate.	
CIGARETTE AND TOBACCO	Cigarette tax increased from 31¢ to 34¢, effective 6/1/89, with receipts earmarked for drug enforcement and education programs.	\$250 penalty for possession of unstamped cigarettes.	
ALCOHOLIC BEVERAGES	Taxes increased to fund drug programs: (1) wine tax from 21.92¢ to 22.92¢ (or 45.36¢); (2) beer tax from \$2.78 to \$4.78; (3) additional tax of 7¢ per liter on hard liquor.		
OTHER TAXES	New tax on petroleum products; 0.5% of wholesale value, effective 7/1/89. New tax of 1% on customers of solid waste collection firms, effective 7/1/89. New tax on soft drinks of 1¢ per 12 ounces (or 75¢ per gallon of concentrated syrup) effective 7/1/89 with receipts dedicated to drug programs. Assessment of 0.12% on new replacement vehicle tires is replaced with fee of \$1.00 per tire effective 10/1/89.	Wood stove fee increased from \$5 to \$15. Local employer tax of \$2 authorized. New fees on generators of hazardous waste: \$35 due 10/1/90 plus an unspecified fee, 7/31/91. Mobile home fee replaced by \$65 fee on transfer of title. \$1 lot fee to expire on 12/31/90. Local real estate excise taxes: 0.25% for comprehensive planning and 1% for acquisition of conservation lands.	New tax on crude oil and petroleum products imported via water: 5¢ per 42-gallon barrel. Air pollution fees levied by DOE upon polluters; collection by DOR. Wood stove fee increased from \$15 to \$30, 1/1/92. New tax levied upon hospitals, equal to 20% of Medicaid receipts. Pari-mutuel tax rates reduced, 5/20/91.

Chart 3. Historical Summary of Washington Taxes Major Tax Rate and Base Changes

1992

1993

PROPERTY	Maximum income for senior citizens exemption increased from \$18,000 to \$22,000. Renewal applications for senior citizen exemption required every four years. New category for current use assessment: farm conservation land; other changes to the program requirements.	The state to collect the state levy on commercial vessels, starting 1/1/94. Additional local levy of 50¢ to fund low-income housing programs. Various changes to the formula for exemption of homes for the aging. Exemption for nonprofit, nonsectarian fund-raising. Assessments to reflect "governmental policies," e.g., growth management requirements.
VEHICLE EXCISE	Rental cars exempt from MVET.	
OTHER TAXES IN LIEU OF PROPERTY TAX		
RETAIL SALES AND USE		Tax base extended to selected services including landscape maintenance, guided tours, rental of equipment with operator, physical fitness, massage and certain other personal services. The 0.1% local sales tax for criminal justice is extended indefinitely and the levying authority expanded to any county. Sales tax deferral for manufacturers locating in economically distressed areas broadened to include neighborhood reinvestment areas. Prescription drug exemption expanded to include birth control. Exemption for ride-sharing vehicles broadened to include passenger cars which carry as few as five persons. Provisions concerning resale certificates tightened and 50% penalty established for improper use.
BUSINESS AND OCCUPATION	Litter tax revised to allow a taxable percentage of income for an industry's litter products.	New, permanent B&O rate classifications: business services at 2.5% and financial services at 1.7%; the permanent rate for all other services increased from 1.5% to 2%, effective 7/1/93. Temporary surtax of 6.5% applied to most B&O classifications (except business and financial services, retailing, and public/nonprofit hospitals) for four years, effective 7/1/93. B&O tax extended to income of public and nonprofit hospitals; tax rate is 0.75%, 7/1/93 through 6/30/95 and 1.5% thereafter. Credit for jobs created in distressed areas broadened to include neighborhood reinvestment areas and timber impact areas. Magazines removed from printing/publishing classification. Health maintenance organizations removed from B&O tax and subject to new insurance premiums "prepayment" tax of 2%, effective 1/1/94. Exemptions established for credit/debt counseling services and foreign branch campuses.
PUBLIC UTILITY		Deduction for income relating to construction by municipal utilities is repealed.
GASOLINE		
CIGARETTE AND TOBACCO		Cigarette tax increased from 34¢ per pack: to 54¢, 7/1/93; to 56¢, 7/1/94; to 74¢, 7/1/95; and to 75¢, 7/1/96. Tobacco products tax increased from 64.9% to 74.9%, effective 7/1/93. Additional receipts dedicated to health care funding.
ALCOHOLIC BEVERAGES		Various liquor taxes increased on 7/1/93, 7/1/95 and 7/1/97, to provide funding for health care: liquor sales tax, from 17.1% to 18.7%, to 19.7% and to 20.5%; liquor sales tax (Class H purchasers), from 11.4% to 12.5%, to 13.1% and to 13.7%; liquor liter tax from \$2.031 per liter to \$2.231, to \$2.331 and to \$2.441; and beer excise tax from \$4.782 per barrel to \$5.742, to \$7.172 and to \$9.562.
OTHER TAXES	New state tax of 5.9% and authorization for county taxes of 1% levied on rental of passenger vehicles for periods less than one month. Medicaid tax on hospitals is terminated by action of federal OMB; similar tax extended to intermediate residential health care facilities for the mentally retarded.	Fish tax rates increased, effective 1/1/94. Real estate excise tax applied to transfers of the controlling interest in real property; exemption for sales to government is repealed. Local hotel/motel tax of 2% authorized for Pasco and Cowlitz County; maximum rate of tax in Yakima County increased from 2% to 3%. Tax on facilities for mentally retarded persons reduced from 15% to 6%. Insurance premiums tax credit for assessments to cover liability of insolvent companies is repealed.

Chart 3. Historical Summary of Washington Taxes Major Tax Rate and Base Changes

1994

1995

PROPERTY	Authorization for local committee to be established in each county to determine funding of revaluation efforts. Park and recreation levies increased from 15¢ to 60¢ per \$1,000. Exemption renewals for nonprofit organizations required annually instead of every four years. Maximum income for qualified recipients of senior citizen exemption increased from \$26,000 to \$28,000; future limit tied to rate of inflation.	State levy rate reduced by 4.7% for 1996 collections only. Senior citizens exemption and deferral income levels increased. Residential values of eligible senior citizens frozen at 1/1/95 levels.
VEHICLE EXCISE		
OTHER TAXES IN LIEU OF PROPERTY TAX	Purchasers of private timber required to report pertinent data to DOR.	Short-rotation hardwoods, e.g. cottonwoods, subject to property tax instead of timber excise tax. Requirements for small timber harvester expanded.
RETAIL SALES AND USE	New sales tax deferral programs for high-technology firms for research and development facilities and pilot scale manufacturing plants. Sales tax deferral for manufacturers expanded: one new job for each \$750,000 of investment; includes leased structures, machinery with construction, locations adjacent to distressed areas if 75% of the employees live in the distressed area, areas designated by the Governor which experience natural disasters or abnormal economic impacts, etc. Exemption from tax on physical fitness services for nonprofit youth organizations. Equalization provided for local transportation sales/use tax; MVET funds to be used to provide additional funding for those districts which receive less than 80% of the state average per capita local tax.	Exemption established for machinery/equipment purchased by manufacturers, effective 7/1/95. Statewide sales tax deferral for new manufacturing firms repealed; expansion to distressed area deferral program and the 1994 high tech deferral converted to outright exemption. New 0.1% local sales tax for correctional facilities. Local sales tax authority for public facilities districts expanded to any county (formerly only Spokane). Sales tax deferral for construction of professional baseball stadium and thoroughbred horse racing track. Equalization program for local transit taxes. Funding of professional baseball stadium: local sales tax of 0.017% applied on all sales throughout King County; amounts credited against state 6.5% sales/use tax.
BUSINESS AND OCCUPATION	Minimum taxable amount of \$1,000 per month replaced by credit of up to \$35 per month against the computed tax liability. Tax credit for high-technology firms for research and development expenditures. Reduction in B&O surtax rate from 6.5% to 4.5%, effective 1/1/95. Magazines restored to printing and publishing classification. Tax credit for expenditures for ride-sharing programs by large employers in the eight largest counties.	Rate reduction for insurance agents/brokers and international investment management firms.
PUBLIC UTILITY	Tax credit for expenditures for ride-sharing programs by large employers in the eight largest counties. Deduction established for electric power firms whose customers are geographically dispersed.	
GASOLINE	Exemption for gasohol repealed.	
CIGARETTE AND TOBACCO	The 3¢ rate for drug education is increased to 10.5¢, effective 7/1/95.	Administrative revisions for cigarette tax collection; precollection of the tax by wholesalers, stamps required for nontaxed cigarettes for Indian consumption; requirements for transporting cigarettes tightened.
ALCOHOLIC BEVERAGES	Liquor taxes that fund drug education are extended indefinitely.	
OTHER TAXES	Tax on carbonated beverages allowed to expire as scheduled on 7/1/95; however, the tax on "syrup" for carbonated beverages will then be extended indefinitely and the rate increased from 75¢ to \$1.00 per gallon. Local hotel/motel taxes authorized for Snohomish County and the city of Ilwaco. New fee established on metals mining and processing; DOR to administer.	Two new local taxes in King County to fund professional baseball stadium: 0.5% tax on restaurant/bar sales and additional 2% car rental tax. King County may levy a 10% admissions tax on professional baseball stadium events. New tax of 2% on hotels/motels within Seattle adopted to finance expansion of convention center, effective 1/1/2000; tax credited against state sales tax. Various new local hotel/motel taxes authorized.

Chart 3. Historical Summary of Washington Taxes Major Tax Rate and Base Changes

1996

1997

PROPERTY	1996	1997
		State levy rate reduction of 4.7187% extended to 1997. Referendum 47 approved by the voters in November 1997. It will: (1) limit future increases in assessed values of real property generally to 15% per year; (2) reduce the 6% limitation on growth in regular levy receipts for most taxing districts to the rate of inflation; and (3) permanently extend the 4.7187% reduction in the state levy rate. New exemption for parcels of real property and personal property accounts valued at less than \$500. Allowable uses of exempt public assembly halls or meeting places are broadened. Exemption for intangibles is clarified and certain types of intangibles are specifically included in the exemption (e.g., trademarks, patents, etc.), effective for valuations starting on 1/1/98. Exemption for certain sales at nonprofit camps and conference centers. Authorization for four-year M&O school levies approved by the voters in November 1997.
VEHICLE EXCISE		
OTHER TAXES IN LIEU OF PROPERTY TAX		
RETAIL SALES AND USE	Manufacturing machinery exemption expanded to include repairs and R&D equipment. Exemption for materials used in design and development of aircraft parts. Distressed areas sales tax deferral/exemption expanded to cover counties with low median household income.	Remittance for state sales tax paid on construction and equipment purchased for use in certain large warehouse facilities and retail distribution centers. New exemptions for coal-fired, electric generating plants (Centralia) including construction and repair of air pollution control facilities and coal consumed in such facilities. Retail sales tax on mobile homes to be collected by the retail dealer rather than the county auditor. Exemption for certain sales at nonprofit camps and conference centers. New local sales/use tax of 0.04% authorized for economically distressed rural counties, effective 7/1/98; receipts are credited against state sales/use tax. Use tax exemptions for vessel manufacturers and dealers allowing incidental (but not personal) use of boats. Financing of professional football stadium: effective 8/1/97 a new local sales/use tax of 0.016% will apply to transactions in King County with the receipts credited against the state tax. Also, sales tax will be deferred on construction costs and parking at the facility will be exempt from sales tax.
BUSINESS AND OCCUPATION	Permanent service classification rates reduced, effective 1/1/96: business services from 2.5% to 2%; financial services from 1.7% to 1.6% and all other services from 2% to 1.75% (plus surtax). B&O jobs credit doubled to \$2,000 per FTE. New tax credit for training costs of employers in distressed areas. Expansion of tax credits for ride-sharing expenditures of employers. Small firms need not file tax returns unless annual income equals or exceeds \$24,000.	Complete rollback of all B&O service rates to 1.5%, effective 7/1/98, thereby reversing the 1993 rate increases. B&O jobs credit is increased from \$2,000 to \$4,000 if firms can demonstrate that the new positions are paid at least \$40,000 annually. Jobs credit expiration date (7/1/98) is repealed and the \$300,000 cap per firm is eliminated; program limit of \$15 million per biennium is reduced to \$11 million for 1997-99. Simplified small business credit, allowing use of a ranged table instead of calculating the \$35 credit amount. Cubing of hay and alfalfa is removed from manufacturing tax. Exemption for vehicles sold by manufacturers at wholesale auto auctions.
PUBLIC UTILITY	Tax rate for railroads reduced from 3.852% to 1.926% (including surtax). Expansion of tax credits for ride-sharing expenditures of employers. Deduction expanded for power companies with geographically dispersed customers. Small firms with annual incomes of less than \$12,000 don't have to register for tax purposes; tax returns need not be filed unless annual income equals or exceeds \$24,000.	Exemption for small water districts with high rates for residential water service.
GASOLINE		
CIGARETTE AND TOBACCO		Enforcement (not collection) of cigarette and tobacco products taxes transferred from DOR to Liquor Control Board.
ALCOHOLIC BEVERAGES		Beer excise tax rate reduced by \$1.48 per barrel.
OTHER TAXES	New local hotel/motel taxes authorized.	Revision in local hotel/motel taxes; instead of state-shared 2% tax plus specified additional taxes of 2% - 3%, any city or county may levy up to 4% with credit against the state tax limited to 2%. Collection of metals mining fee transferred from DOR to DOE. Revision in application of interest for excise taxes. New local taxes for financing a professional football stadium: extension of hotel/motel tax; county admission tax of 5%; and county tax of 10% on parking.

Chart 3. Historical Summary of Washington Taxes Major Tax Rate and Base Changes

	1998	1999	2000
PROPERTY	Senior citizens exemption income and valuation limits are increased for taxes due in 1999. Valuation of commercial vessels and steamboat companies revised.	Local regular levies for medical services extended. New exemption for low-income rental housing owned by nonprofits.	Property tax exemption for motor vehicles clarified. Initiative 722 approved by voters: limits increase in taxes for individual properties and growth in taxing district revenues; ruled unconstitutional in 2001.
VEHICLE EXCISE	Proposed reduction in MVET if voters approve Referendum 49 in November 1998: a credit of \$30 per vehicle would be allowed and the depreciation schedule for taxable vehicle values would be reduced in the second and third years.	Motor vehicle excise tax repealed by the voters (I-695), eff. 1/1/2000.	Although I-695 was ruled unconstitutional, the Legislature also replaced the MVET and camper/travel trailer excise taxes with a \$30 license fee.
OTHER TAXES IN LIEU OF PROPERTY TAX		Timber tax credit, effective 1/1/2000, for harvests impacted by salmon regulations. The credit effectively reduces the tax from 5% to 4.2%.	
RETAIL SALES AND USE	Elimination of requirement for purchasers of exempt manufacturing machinery to report to the Department. Taxation of computer software is clarified. Comprehensive exemption for fundraising income of nonprofit organizations. Repayment of deferred sales tax on horse racing facility extended by five years. Four-year deferral of sales tax allowed for construction of second bridge across Puget Sound at the Narrows.	Sales tax exemption for manufacturing machinery clarified with respect to logging and rock crushing equipment; exemption extended to testing equipment. Distressed area sales tax deferral/exemption program changed from unemployment basis to population density basis. Authorization for local sales tax (credited against the state tax) of 0.04% changed from unemployment basis to population density basis; maximum rate increased to 0.08%. New local sales tax of 0.2% authorized for public facility districts to finance convention centers; also state-credited 0.033% sales tax. New local sales tax of 0.1% authorized in Pierce County to finance zoos. Exemption for costs related to certain landslides.	Exemption for agricultural field burning equipment. One additional community empowerment zone authorized. Maximum local sales tax for transit increased from 0.6% to 0.9%.
BUSINESS AND OCCUPATION	Consolidation of specialized B&O tax rates: 0.011% rate for grain wholesaling eliminated and other activities shifted to lower rates, effective 7/1/98. Tax on internal distributions repealed, effective 7/1/98. Tax on royalty income reduced from 1.5% to 0.484%, effective 7/1/98. New tax credit of \$3,000 annually for five years for new employees of firms engaged in international services. Comprehensive exemption for fundraising income of nonprofit organizations. Exemption for wages paid to on-site personnel by property management firms, if paid by the property owner.	Existing B&O jobs credit in distressed areas changed to population density basis. New tax credit for employees that produce computer software in rural counties. New tax credit for income derived in rural counties from providing help-desk services to third parties. Existing tax credit for commute trip reduction program extended by six years to 6/30/2006.	Deduction for wholesale sales of electric power.
PUBLIC UTILITY		Tax credit for certain contributions by electric power companies in rural counties relating to economic development.	Deduction for wholesale sales of electric power.
GASOLINE			
CIGARETTE AND TOBACCO			
ALCOHOLIC BEVERAGES			
OTHER TAXES	Litter tax will be reported on each tax return filed by taxpayers, rather than annually, starting 1/1/99. Collection of enhanced 911 telephone tax shifted to Department of Revenue, effective 1/1/99. Reduction in pari-mutuel tax rates.	Real estate excise tax extended to step transfers. Fish tax rate on sea urchins/cucumbers increased.	

Chart 3. Historical Summary of Washington Taxes Major Tax Rate and Base Changes

	2001	2002	2003
PROPERTY	Farm machinery exempt from state levy. DOR to collect deferred property taxes by eligible senior citizens, instead of county treasurers. Authorization for community revitalization (tax increment) financing using local taxing district levies; does not apply to state levy. Voters approve Initiative #747 limiting growth in regular levies to 1% each year.		
VEHICLE EXCISE			
TAXES IN LIEU OF PROPERTY TAX	Timber tax exemption - growing cycle for exempt hardwoods extended from 10 to 15 years.	Local MVET of 2.5% authorized to finance monorail system. Voters approve Initiative #776 repealing local MVET for mass transit.	
RETAIL SALES AND USE	Change regarding resale certificates for certain taxpayers - collection of information electronically. Direct pay permits for remitting of use tax by certain taxpayers. Exemption for pharmaceuticals for livestock. Exemptions for chicken producers - fuel for heating and bedding materials. Exemptions for dairy producers - nutrient management systems and manure digesters. Exemption for pollution control equipment for electrical "peaking" plants.	New local taxes authorized: 0.1% for emergency communication systems and 0.5% for regional transportation improvements. Proposed 1% sales tax on motor vehicles to finance statewide transportation improvements defeated by the voters.	Rate increased by 0.3% for sales and leases of new and used motor vehicles, effective 7/1/2003. Implementation of major provisions of Streamlined Sales Tax Agreement, making Washington's tax base more uniform with other states. New exemptions for construction and computer expenses of airplane manufacturers. New exemptions for construction and certain chemicals of semiconductor manufacturers. New exemptions for producers and sellers of biodiesel and wood biomass alternative fuels.
BUSINESS AND OCCUPATION	Rate reduction for processors of dairy products. Deduction for public and nonprofit hospitals for Medicare income from managed care organizations. Exemption for used vehicles sold at wholesale auto auctions; auto dealers to collect B&O tax on "courtesy" sales made by out-of-state dealers. Tax credit for public utility tax paid by direct service industries.		Due date advanced five days for monthly state excise tax reports to 20th of following month. Tax credit for commute trip reduction restored. Rate reduction and new tax credits for aerospace industry, relating to production of a "super efficient" airplane. Rate reduction and tax credit for new employees for the semiconductor industry.
PUBLIC UTILITY	Tax credit for tax paid by electric utilities that service direct service industries. Tax credit for electric and gas utilities for billing discounts to low-income households. Deduction for expenditures for water efficiency.		Tax credit for commute trip reduction restored.
GASOLINE		Proposed increase in gas tax from 23¢ to 32¢ defeated by the voters.	Rate increased from 23¢ to 28¢, effective 7/1/2003.
CIGARETTE AND TOBACCO	Authorization for the state to enter into contractual agreements with certain Indian tribes providing for tribal cigarette taxes. Voters approve Initiative #773 increasing cigarette tax to \$1.425 and tobacco products tax to 129.4%.		New reporting requirements for manufacturers of tobacco products and out-of-state vendors selling to Washington residents.
ALCOHOLIC BEVERAGES			
OTHER TAXES		Wireless telephone lines: new state tax of 20¢ per month and county tax increased from 25¢ to 50¢ per month. New local real estate excise tax of 0.5% authorized for affordable housing.	New fee for nursing homes of \$6.50 per patient per day; DOR to collect. New local lodging fee of \$2 per night; DOR to collect.

Chart 3. Historical Summary of Washington Taxes Major Tax Rate and Base Changes

	2004	2005
PROPERTY	Increase in income and assessed value limits for senior citizens/disabled persons property tax exemption. New property tax levy of 50¢ authorized for criminal justice funding, but only for counties with up to 90,000 residents. Fire districts authorized to form regional fire protection service authorities.	New exemption program for widows/widowers of veterans, similar to senior citizens/disabled persons property tax exemption.
VEHICLE EXCISE		
TAXES IN LIEU OF PROPERTY TAX	Phase-out of state timber tax on public lands; commensurate phase-in of county tax, so that by 2014 the state and county taxes on both private and public lands will be identical. Property tax exemption for standing timber extended to timber on state lands (private and federal lands are already exempt).	
RETAIL SALES AND USE	Deferral of sales tax on construction of eligible R&D facilities and equipment for firms in five "high technology" industries extended to end of 2014; also state universities are added to the program. Deferral of sales tax on eligible construction and equipment purchases by manufacturers in rural counties and CEZs extended by six years until end of FY 2010; also Island County added to the program. Tax credits for sales tax paid by aluminum smelters through 2006. New exemptions for computer equipment used by printers and publishers.	Deferral/exemption extended to fruit and vegetable processing and cold storage facilities. Expansion of the existing tax remittance program for cold storage warehouses. Existing sales and property tax exemptions and B&O tax credits for field burning equipment are replaced by a new sales tax exemption for specific types of agricultural equipment.
BUSINESS AND OCCUPATION	Tax credit for R&D expenditures by firms in five "high technology" industries extended until end of 2014; calculation of the amount of credit is revised. Tax credits for computer software development firms and help-desk services that locate in rural counties extended through 2010. Tax rate reduced for licensed adult boarding homes from 1.5% to 0.275%; deduction allowed for Medicaid receipts. Tax rate reduced from 0.484% to 0.2904% for aluminum smelters through 2006. Tax credit for property taxes paid by aluminum smelters through 2006. Tax credits for firms that supply power to aluminum smelters. New exemptions established for federal grant receipts related to the small business innovation research program and the small business technology transfer program. Deduction allowed for wholesale meat processors exempting all income associated with processing beef, as long as certain import bans by other counties remain in effect. Deduction for governmental grants associated with salmon restoration programs.	New B&O tax on games of chance and pari-mutuel wagering to fund problem gambling program; tax rate is 0.1% through FY 2006, then 0.13%. Total exemption for income related to processing fresh fruit and vegetables, if the products are shipped outside the state. B&O rate reduction for manufacturing of solar energy systems; rate drops from 0.484% to 0.2904% for a ten-year period.
PUBLIC UTILITY	Tax credit for electric companies for contributions to rural economic development is extended by six years to 2011; various other changes to the program. Tax credits for purchases of power by aluminum smelters.	New tax incentive to encourage use of renewable energy resources; customers that invest in such technologies may receive an investment cost recovery of up to \$2,000 from the energy supplier, who in turn may credit these payments against public utility tax liability.
GASOLINE		Phased-in increase in gas tax: from 28 cents to 31 cents, 7/1/2005; to 34 cents, 7/1/2006; to 36 cents, 7/1/2007; and to 37.5 cents, 7/1/2008. Aircraft fuel tax rate increased from 10 cents to 11 cents per gallon.
CIGARETTE AND TOBACCO		Increase of 60 cents in cigarette tax, bringing total to \$2.025 per pack. Tobacco products tax rate rolled back from 129.42% of the wholesale price to 75%, with a maximum tax of 50 cents per cigar. New type of cigarette tax agreement with the Puyallup tribe in which the state will receive 30% of the tribal tax receipts.
ALCOHOLIC BEVERAGES		Liquor liter tax increased from \$2.44 to \$3.77 per liter.
OTHER TAXES	Gift certificates exempt from reporting as unclaimed property.	Washington's estate tax, consisting of the federal estate tax credit for state estate taxes, was ruled unconstitutional by State Supreme Court on 2/3/2005. A new stand-alone estate tax was enacted, effective 5/17/2005. Nursing home quality maintenance fee (\$6.50 per patient per day) phased out over six years; the fee will be repealed on 7/1/2011. Changes in reporting of state real estate excise tax by counties; development of new electronic reporting system and receipts to be forwarded to State Treasurer on last day of the month starting in July 2006. New fee of \$1 per tire on replacement vehicle tires; starts July 2005 and runs for five years.

Chart 3. Historical Summary of Washington Taxes Major Tax Rate and Base Changes

2006

2007

PROPERTY	Exemption for personal property of heads of households is increased from \$3,000 to \$15,000 if HJR 4223 is approved by the voters. Increased assessed value of wind turbines exempt from levy limits. Levy for passenger ferry service broadened to any ferry service.	Constitutional amendment authorized to repeal the super-majority voting requirement for special school levies, subject to approval by the voters in November 2007. Application fees for property tax exemption for nonprofit organizations eliminated. In November State Supreme Court ruled that Initiative 747 limiting the growth in regular property tax levies to 1% annually is unconstitutional; Legislature responded by enacting a new 1% limit. New property tax deferral program with no age restrictions enacted; homeowners with income up to \$57,000 may defer one-half of their annual property taxes up to 40% of the equity value in the residence.
VEHICLE EXCISE		
OTHER TAXES IN LIEU OF PROPERTY TAX	Local MVET authorized for regional transp. investment district. New statutory depreciation schedules for local motor vehicle excise taxes.	Contractual agreement with Quinault tribe to allow a tribal timber excise tax on timber harvested on the reservation, instead of the state timber excise tax.
RETAIL SALES AND USE	Exemption for diesel and aircraft fuel used on farms. Exemption for nutrient mgmt. systems extended to all livestock feeding facilities. Exemption for aluminum smelters extended for five years. Exemption for aerospace computer purchases broadened. Exemption for solar hot water heating equip. New deferral/exemption for biotechnology manufacturing facilities. Exemption for gasses and chemicals for producers of semiconductor materials broadened. Clarification of sales tax on services for insurance companies. Deferral/exemption program for fruit vegetable processors extended to processors of dairy and seafood products. Tax increment financing: (1) new state-credited local sales tax for infra-structure financing related to hospital benefit zones, and (2) new state-credited local sales tax for local infrastructure financing relating to economic development. Max. rate for local sales tax for regional transp. investment district reduced to 0.1%. New local sales tax to finance municipal services in annexation areas. Exemption for equipment to facilitate use of auxiliary power by heavy duty truckers at truck stops.	Final adoption of Streamlined Sales and Use Tax Agreement to make administration of sales tax more uniform throughout the nation. The agreement requires destination-based sourcing of tax on delivered goods; a mitigation program for adversely impacted local jurisdictions is included in the bill. New sales/use tax exemptions for boats either purchased by or already owned by nonresidents for up to one year, if a use permit is purchased. Innovative Partnership Zones – may qualify for funding under the "LIFT" program or the rural county local sales tax. Authorization of new 0.2% local sales tax for health sciences authority. Exemption for agricultural machinery parts is broadened to include repairs. New exemption for electronically transmitted financial data. Rate of local sales tax for rural counties is increased from 0.08 to 0.09%.
BUSINESS AND OCCUPATION	Due date for monthly excise taxpayers moved back five days to the 25th of the following month. Reduced tax rate and credit for property taxes for aluminum smelters extended for five years. Reduced tax rate for manufacturing semiconductor materials broadened. Tax credits for aerospace manufacturing and aircraft repair broadened. Exemption for processors of fruit and vegetables will now expire on 7/1/2012, but is expanded to manufacturers of dairy and seafood products. Reduced tax rate for services performed for canners of salmon. Tax credit for workforce training costs. Deduction for income associated with sales of auxiliary power to heavy duty truckers at truck stops. B&O tax credit for the \$1.00 per gallon tax paid on syrup to produce carbonated beverages. Tax credit for contributions to motion picture competitiveness program. Reduced tax rate for timber and wood products; new surtax of 0.052% to finance riparian habitat.	Extension of deduction for sales of biodiesel and alcohol fuel; definitions include "E85" fuel. New exemption for sales of natural or manufactured gas, if the firm is not engaged in this activity. New exemption for wholesale sales of unprocessed milk. Income from sales of standing timber is subject to B&O. New deduction for income from administering prescription drugs. New exemption for custom services provided to farmers.
PUBLIC UTILITY	Credit for billing discounts increased for FY 2007 only. Deduction for income associated with municipal transit service.	Deduction allowed for agricultural products shipped to marine export facilities.
GASOLINE		
CIGARETTE AND TOBACCO		
ALCOHOLIC BEVERAGES		
OTHER TAXES	Expiration of petroleum products tax (not currently imposed) moved back to 6/1/2013. Regional transp. investment district may levy surcharge on state rental car tax. Nursing home fee (currently \$5.25 per patient per day) is repealed, 7/1/2007.	Sales of standing timber exempted from real estate excise tax.

Chart 3. Historical Summary of Washington Taxes Major Tax Rate and Base Changes

	2008	2009
PROPERTY	Veterans disability and other benefits deducted from income for senior citizens exemption and deferral programs.	Annual updating of real property values required by 2014; program of state assistance. Current use program includes property devoted to equestrian uses; modification of income requirements for standing crops. New local levy authorized for transit purposes in King County.
OTHER TAXES IN LIEU OF PROPERTY TAX		
RETAIL SALES AND USE	Exemptions for certain weatherization materials. Deferral of state/local sales/use tax on replacement of 520 floating bridge. Deferral/exemption for headquarters offices located in a CEZ. Retention of origin-based sales tax sourcing for florists under Streamlined Sales Tax. Remittance of sales tax for low-income working families based on a portion of the federal Earned Income Tax; program depends upon future authorization by the Legislature in the budget.	Elimination of resale certificate; replaced by seller's permit issued by the Department. Exemptions for batteries and infrastructure for electric vehicles. Digital goods (music, books, movies, etc. transmitted by electronic means) are subject to sales tax. New local infrastructure financing program (LIFT-II). Local sales tax for annexation services extended to Seattle. Authorization for high capacity transit districts in Spokane and Clark counties. New exemptions for renewable energy (biomass, tidal and wave, geothermal, solar, hog fuel, etc.) for four years. Exemptions for hybrid vehicles repealed early on August 1, 2009.
BUSINESS AND OCCUPATION	Rate reduction for income from Internet versions of newspapers. Credit for pre-production expenses of a polysilicon manufacturing plant with > \$500 million investment. Credit equivalent to sales tax paid on energy-efficient commercial appliances. Exemptions for beekeepers. Aerospace tax incentives are broadened to include production of tooling used in manufacturing of aircraft, all FAA certified aircraft repair, developmental expenses for all aerospace products, and reduced tax rate for aerospace product development.	Tax on nonprofit and public hospitals goes to general fund, rather than health services account. Digital goods subject to tax. Further rate reduction for manufacturing/wholesaling of solar energy systems. Permanent rate reduction to 0.2904% for newspapers.
PUBLIC UTILITY		Expiration date for exemption for electrolyte processors extended by eight years to 2019. Rate reduction from 1.8% to 1.28% for hauling of logs on public roads for four years.
GASOLINE		
CIGARETTE AND TOBACCO	New agreement authorized with the Yakama Nation providing for a tribal cigarette tax equal to 80% of state cigarette and sales taxes.	Dedicated funds eliminated; all receipts go to general fund.
ALCOHOLIC BEVERAGES		Dedicated funds eliminated; all receipts go to general fund.
OTHER TAXES		Local room fee for lodging firms extended to King County. Replacement tire fee (\$5) continued indefinitely.
TAX ADMINISTRATION & REPORTING	Waiver of excise tax penalties/interest for firms owned by persons in the military who are serving in armed conflict outside the country.	Electronic reporting and payment required for all monthly excise taxpayers. Annual reports required on programs to combat the underground economy. Study of transferring administration of gas tax to DOR. All reports to the Legislature to be delivered only via electronic format.

Chart 3. Historical Summary of Washington Taxes Major Tax Rate and Base Changes

2010

2011

PROPERTY	2010	2011
PROPERTY	Electronic payment of property taxes is authorized. New type of district – Community Facilities District – authorized to impose special assessments on property. Extension of exemptions for alcohol, biodiesel, and wood biomass manufacturing facilities until 2015. New exemptions for nonprofit community centers and nonprofit farmers’ markets.	
OTHER TAXES IN LIEU OF PROPERTY TAX	Leasehold tax exemption for nonprofit community centers. Requirement for timber excise taxpayers to report purchase data is continued through FY 2014.	
RETAIL SALES AND USE	Tax extended to candy on permanent basis and to bottled water through FY 2013. Voter referendum to continue the new sales tax on bottled water after 6/30/2012, if approved by electorate in Nov. 2010. Rural county sales tax deferral program changed from population density basis to unemployment criterion; only 13 of the current 32 counties will continue to qualify. New exemption for electric power infrastructure and equipment used in data centers that contain computer servers which are located in rural counties. New exemption for wax or ceramic materials used to create molds for casting of certain metals. Extension of exemption for clean-burning fuel vehicles until 2015. Local sales tax for public safety extended to cities at max. rate of 0.1%. Local sales tax for mental health extended to certain cities.	Exemption for fuel used in state or county ferries. Tax extended to candy on permanent basis and to bottled water on temporary basis; however, both changes were repealed by initiative of the voters in November 2011. Exemption for machinery & equipment for research programs of public research universities, effective April 11, 2011. Exemption for meals provided without charge to employees of restaurants.
BUSINESS AND OCCUPATION	Service rate increased from 1.5% to 1.8% from 5/1/2010 through 6/30/2013; small business tax credit doubled for service firms on permanent basis. Economic nexus – apportionment of royalties and service income based on location of sales. Tax extended to corporate directors’ fees. Extension of preferential tax rate for aircraft repair until 2024; preferential rate for aluminum smelters continued through 2016.	Exemption for property management companies is replaced by a deduction allowable only for nonprofit property management firms. New deduction for state funds received by nonprofit child welfare organizations.
PUBLIC UTILITY		
GASOLINE		
CIGARETTE AND TOBACCO	Cigarette tax rate increased by \$1.00 to \$3.025, 5/1/2010. Tobacco products tax increased from 75% to 95% of wholesale price; max. tax per cigar raised from 50 to 65 cents.	Earmarking of the portion of the tax for education legacy account eliminated; all receipts go to general fund as of 7/1/2010.
ALCOHOLIC BEVERAGES	Beer excise tax rate increased temporarily from \$8.08 per barrel to \$23.58, 5/1/2010 through 6/30/2013.	
OTHER TAXES	New tax on carbonated beverages: 2 cents per 12 ounce container of canned or bottled soft drinks; tax is imposed on temporary basis from 7/1/2010 – 6/30/2013. State 911 telephone tax rate increased from 20 to 25 cents per line; tax extended to voice over the Internet (VOIP). County 911 tax increased from 50 to 70 cents per line; administration shifted to state DOR. State convention center tax – 7.0% or 2.8% of lodging at hotels with more than 60 units – transferred to a new local public facilities district. Temporary fish tax surtax on sea urchins and cucumbers continued to end of 2013.	New temporary tax of two cents per 12 ounces levied on canned & bottled carbonated beverages; however, this was repealed by initiative of the voters in November 2011. Administration of the Master Licensing System which provides licenses to all businesses transferred from DOL to DOR, effective July 1, 2011.
TAX ADMINISTRATION & REPORTING	Initiative 960 – requiring a two-thirds affirmative vote on tax increases – is temporarily repealed until 7/1/2011. New legislative task force established to review the process of measuring the benefits and effectiveness of tax preferences. Consolidation of annual “accountability” reporting requirements for tax preference participants; due date extended to end of April.	Initiative 1053 approved by the voters in November 2010 re-institutes 2/3 voting majority for legislative approval for new or increased taxes. Electronic filing and payment of state excise taxes mandated for all taxpayers (DOR may excuse annual reporters).