



Louisiana Fiscal Focus

Public Affairs Research Council of La., Inc.

The 1992 tax burdens of four hypothetical families with income levels of \$25,000, \$50,000, \$75,000, and \$100,000 living in the largest city of each state, including New Orleans, are examined. The taxes used to calculate the family tax burden include the federal income tax, state and local income taxes, state and local sales taxes, state and local property taxes on residences, and state and local automobile taxes (i.e., motor vehicle registration fees, gasoline taxes and property taxes). Fees, charges, "sin" taxes and excise taxes were not considered.

Family Tax Burdens: A National Comparison

PAR assumed that the hypothetical families at each income level had the same spending patterns and housing values, regardless of the city of residence. Thus, any differences in tax burdens reflect differences among state and local tax structures rather than variations in spending choices, purchasing power or housing markets.

The study also compares the tax structures of Louisiana's eight largest cities to those of selected cities in 15 southern states. It further examines the regressivity or progressivity of state and local taxes and the impact of their deductibility for federal income tax purposes. Finally, the major tax proposals in Louisiana's 1993 special and regular legislative sessions are

Where Louisiana Stands

PAR compared the 1992 taxes paid by four hypothetical families in New Orleans of different income levels to the taxes paid by similar families residing in the largest city of each of the other states. PAR found that a **\$50,000** income family in New Orleans would have paid:

- the 13th **lowest** total taxes;
- the fifth **highest** federal income tax;
- the **highest** state and local sales taxes;
- the third **lowest** residential property taxes;

- a **small share** of its state and local tax bill (61.5%) in taxes deductible for federal income tax purposes; other cities ranged from 50.0% to as high as 95.4%;
- **higher** state and local taxes than the same families in Louisiana's seven other largest cities;
- \$163 **more** in taxes if the governor's 1993 proposed plan to increase gasoline and residential property taxes, and suspend the sales tax exemption had passed, and
- \$63 **more** in taxes due to the one-cent sales tax on food and utilities added in 1993.

PAR also compared the 1992 taxes of the **\$50,000** income family in 30 southern cities, including the eight largest cities in Louisiana. The family's total tax bill was:

- **highest** in Louisville, Kentucky at \$10,083;
- **lowest** in Nashville, Tennessee at \$6,530;
- \$7,932 for the 30-city average, and
- \$7,666 in New Orleans; \$7,544 in Shreveport; \$7,205 in Lake Charles; \$7,202 in Alexandria; \$7,005 in Lafayette; \$6,985 in Monroe; \$6,954 in Baton Rouge; and \$6,825 in Houma.

TABLE 1-A
Estimated Tax Burden for a Family of Four in Largest City of Each State
\$25,000 Income^a

State	City	Auto Taxes ^b	Percent of State/Local Total Taxes	State/Local Income Tax	Percent of State/Local Total Taxes	Residential Property Tax	Percent of State/Local Total Taxes	Sales Tax	Percent of State/Local Total Taxes	State/Local Total Taxes	State/Local as Percent of Total Taxes	Federal Income Tax	Federal Income as Percent of Total Taxes	Total Taxes	Rank
WI	Milwaukee	\$159	4.7%	\$ 640	18.7%	\$2,358	70.2%	\$219	6.4%	\$3,416	74.4%	\$1,174	25.6%	\$4,590	1
MI	Detroit	109	3.2%	211 c	6.2%	2,842	83.7%	234	6.8%	3,396	74.3%	1,174	25.7%	4,570	2
PA	Philadelphia	88	2.6%	1,569	47.4%	1,468 d	44.4%	185	5.5%	3,156	74.2%	1,168	25.8%	4,316	3
IA	Des Moines	193	5.7%	768	20.9%	1,955	61.3%	292	9.1%	3,209	72.5%	1,219	27.5%	4,427	4
KY	Louisville	211	6.7%	1,864 c	59.6%	813	25.0%	239	7.0%	3,127	72.1%	1,211	27.9%	4,338	5
CT	Bridgeport	504	18.4%	11	0.4%	1,979	72.4%	239	8.7%	2,733	86.0%	1,269	32.0%	4,019	6
MD	Baltimore	153	5.0%	857 c	32.2%	1,451	54.5%	199	7.5%	2,550	67.4%	1,286	32.6%	3,846	7
IL	Chicago	209	8.2%	571	22.4%	1,167 d	46.5%	587	23.0%	2,354	65.1%	1,369	34.9%	3,923	8
GA	Atlanta	216	9.5%	469	18.6%	1,337	53.0%	503	19.9%	2,525	65.3%	1,333	34.7%	3,858	9
NE	Omaha	395	13.0%	432	17.2%	1,491 d	59.5%	259	10.3%	2,507	65.0%	1,316	34.4%	3,823	10
OR	Portland	149	8.2%	850	45.3%	1,407	58.5%	0	0.0%	2,406	65.0%	1,294	35.0%	3,700	11
RI	Providence	625	28.9%	366	15.8%	1,144	49.3%	185	8.0%	2,320	63.5%	1,331	35.5%	3,651	12
AL	Birmingham	184	8.5%	927 c	49.4%	353	16.5%	670	31.4%	2,194	59.9%	1,429	40.1%	3,623	13
OH	Columbus	132	6.0%	870	39.3%	983	44.4%	229	10.3%	2,214	62.6%	1,324	37.4%	3,538	14
NC	Charlotte	219	10.3%	674	31.7%	748 d	35.2%	484	22.8%	2,125	60.2%	1,406	36.8%	3,531	15
ME	Portland	240	11.4%	261	12.0%	1,420 e	65.5%	239	11.0%	2,168	61.4%	1,361	38.6%	3,529	16
UT	Salt Lake City	227	10.7%	823	28.3%	797	37.5%	481	22.6%	2,128	60.3%	1,369	38.7%	3,497	17
IN	Indianapolis	278	12.9%	861 c	40.1%	810	37.7%	199	9.3%	2,148	61.3%	1,354	38.7%	3,502	18
SD	Sioux Falls	126	6.0%	0	0.0%	1,473	70.5%	491	23.5%	2,090	59.8%	1,406	40.2%	3,496	19
AR	Little Rock	202	9.0%	655	31.3%	681	34.2%	461	22.0%	2,095	60.0%	1,399	40.0%	3,494	20
VA	Virginia Beach	348	17.5%	668	33.6%	681	34.2%	293	14.7%	1,980	58.9%	1,391	41.1%	3,381	21
MS	Jackson	423	21.9%	195	10.1%	727 d	37.6%	586	30.6%	1,932	57.2%	1,444	42.8%	3,376	22
MO	Kansas City	233	11.8%	364 c	19.5%	833	47.3%	422	21.4%	1,972	58.8%	1,378	41.1%	3,348	23
SC	Columbia	396	20.4%	325	13.8%	891 d	46.0%	326	16.8%	1,938	58.0%	1,405	42.0%	3,344	24
MN	Minneapolis	220	13.6%	591	31.3%	784	40.4%	315	16.7%	1,890	56.9%	1,428	43.1%	3,316	25
KS	Wichita	160	9.1%	369	21.6%	695	48.2%	403	21.7%	1,856	56.5%	1,429	43.5%	3,285	26
NH	Manchester	170	8.9%	0 c	0.0%	1,738	91.1%	0	0.0%	1,908	58.4%	1,361	41.6%	3,269	27
NJ	Newark	81	4.1%	390	19.6%	2,022	101.5%	159	8.0%	1,993 f	61.1%	1,271	39.9%	3,264	28
AZ	Phoenix	263	14.5%	365	20.2%	733	40.9%	441	24.4%	1,808	55.6%	1,444	44.4%	3,252	29
NY	New York City	77	4.3%	825 c	48.6%	544 d	30.2%	354	19.7%	1,800	55.9%	1,421	44.1%	3,221	30
WY	Charleston	292	13.3%	592	33.3%	456	26.1%	478	27.9%	1,748	54.5%	1,459	45.5%	3,207	31
TX	Houston	186	9.7%	507	30.6%	1,223 d	71.2%	328	19.1%	1,717	54.3%	1,444	45.7%	3,161	32
CO	Denver	222	13.0%	684	29.6%	884	40.0%	297	17.4%	1,710	54.4%	1,456	45.6%	3,146	33
MA	Boston	238	13.1%	983	57.6%	369	21.6%	132	7.7%	1,707	54.7%	1,414	45.3%	3,121	34
ND	Fargo	140	8.1%	194	11.3%	1,167	67.9%	219	12.7%	1,720	55.4%	1,384	44.6%	3,104	35
WA	Seattle	334	20.7%	0	0.0%	802	49.7%	479	29.7%	1,615	52.3%	1,474	47.7%	3,089	36
ID	Boise City	154	9.5%	449	22.7%	690	42.6%	326	20.1%	1,619	52.6%	1,459	47.4%	3,078	37
MT	Billings	247	14.8%	522	31.4%	896	53.8%	0	0.0%	1,663	54.3%	1,399	45.7%	3,064	38
OK	Oklahoma City	194	12.3%	346	22.1%	543	30.7%	481	30.7%	1,584	51.5%	1,474	48.5%	3,058	39
NM	Albuquerque	166	9.9%	262	17.0%	688 d	44.6%	487	31.6%	1,543	51.1%	1,474	48.9%	3,017	40
VT	Burlington	122	7.8%	363	23.1%	952 d	60.6%	133	6.6%	1,570	52.5%	1,429	47.7%	2,999	41
TN	Memphis	126	8.3%	0	0.0%	958 d	56.4%	538	35.3%	1,522	50.8%	1,474	49.2%	2,996	42
CA	Los Angeles	250	18.1%	43	3.0%	781 d	55.3%	328	23.3%	1,411	48.9%	1,474	51.1%	2,885	43
LA	New Orleans	181	20.3%	325	29.5%	65 d	4.7%	710	51.4%	1,381	48.4%	1,474	51.6%	2,855	44
DE	Wilmington	122	8.7%	591 c	41.9%	897 d	49.4%	0	0.0%	1,410	50.3%	1,391	48.7%	2,801	45
FL	Jacksonville	111	6.4%	0	0.0%	840	62.9%	360	28.7%	1,221	47.3%	1,474	52.7%	2,795	46
HI	Honolulu	211	16.9%	624	49.0%	42	6.5%	335	26.8%	1,252	45.9%	1,474	54.1%	2,725	47
AK	Anchorage	102	8.0%	0	0.0%	1,070 d	91.4%	0	0.0%	1,181	44.8%	1,466	55.4%	2,647	48
WY	Cheyenne	173	16.3%	0	0.0%	470	44.3%	419	39.4%	1,082	41.9%	1,474	58.1%	2,556	49
NV	Las Vegas	161	15.9%	0	0.0%	650	63.1%	219	21.3%	1,090	41.1%	1,474	58.9%	2,564	50
Average		\$212	10.0%	\$488	29.4%	\$1,016	50.7%	\$920	16.0%	\$2,003 g	59.1%	\$1,365	40.9%	\$3,367	

^a All amounts are rounded.

^b Includes gasoline tax, motor vehicle registration tax and vehicle property tax.

^c Includes local income tax.

^d No state residential property tax.

^e Tax calculated by using half of 1991-92 tax and half of 1992-93 tax.

^f Figure is less the applicable homestead property tax rebate.

^g Averages do not add due to the treatment of Newark, New Jersey's property tax rebate.

45.9%

TABLE 1-B
Estimated Tax Burden for a Family of Four in Largest City of Each State
\$50,000 Income

State	City	Auto Taxes b	Percent of State/Local Total Taxes	State/Local Income Tax	Percent of State/Local Total Taxes	Residential Property Tax	Percent of State/Local Total Taxes	Sales Tax	Percent of State/Local Total Taxes	State/Local Total Taxes	State/Local as Percent of Total Taxes	Federal Income Tax	Federal as Percent of Total Taxes	Total Taxes	Rank
MI	Detroit	\$150	1.8%	\$2,053 c	24.8%	\$5,663	68.6%	\$306	4.8%	\$8,282	71.2%	\$3,356	28.8%	\$11,638	1
WI	Milwaukee	215	2.7%	2,532	31.8%	4,797	60.3%	405	5.1%	7,550	69.9%	3,416	30.1%	11,366	2
IA	Des Moines	316	4.6%	1,858	27.2%	4,166	51.0%	495	7.2%	6,855	85.4%	3,611	34.6%	10,466	3
PA	Philadelphia	119	1.8%	3,170	48.0%	2,875 d	45.0%	346	5.2%	6,610	64.8%	3,596	35.2%	10,206	4
KY	Louisville	388	8.0%	3,992 c	61.9%	1,826	25.2%	443	6.9%	6,449	64.0%	3,634	36.0%	10,083	5
OT	Bridgport	945	14.7%	1,071	39.5%	3,958	61.7%	443	6.9%	6,417	63.7%	3,656	36.3%	10,073	6
MD	Baltimore	212	3.7%	2,189 c	38.6%	2,882	51.2%	369	6.5%	5,672	60.2%	3,754	39.8%	9,426	7
GA	Atlanta	417	7.6%	1,462	26.6%	2,790	50.8%	618	14.9%	5,487	58.9%	3,829	41.1%	9,316	8
OR	Portland	212	4.0%	2,209	43.2%	2,814	52.8%	0	0.0%	5,325	58.7%	3,746	41.3%	9,071	9
NE	Omaha	568	11.5%	1,119	21.6%	2,981 d	57.6%	480	9.3%	5,176	57.4%	3,844	42.6%	9,020	10
NY	New York City	105	2.0%	3,345 c	64.9%	1,089 d	21.1%	612	11.9%	5,152	57.2%	3,851	42.8%	9,003	11
ME	Portland	388	7.8%	1,395	27.5%	2,840 e	55.9%	443	8.7%	5,076	56.9%	3,844	43.1%	8,920	12
MIN	Minneapolis	422	8.5%	1,866	36.3%	2,237	44.8%	521	10.4%	4,989	56.1%	3,511	43.9%	8,500	13
IL	Chicago	265	5.8%	1,261	25.7%	2,374 d	48.5%	978	20.0%	4,898	56.2%	3,971	44.8%	8,869	14
OH	Columbus	196	5.6%	2,375	48.0%	1,966	39.7%	425	6.6%	4,959	56.2%	3,896	43.8%	8,819	15
RI	Providence	1,219	24.8%	1,063	21.6%	2,286	46.6%	346	7.0%	4,917	56.0%	3,866	44.0%	8,783	16
UT	Salt Lake City	408	8.8%	1,846	39.7%	1,594	34.3%	802	17.2%	4,652	54.0%	3,964	46.0%	8,616	17
MO	Kansas City	433	9.3%	1,620 c	34.9%	1,865	40.2%	720	15.5%	4,338	54.0%	3,948	46.0%	8,587	18
IN	Indianapolis	497	10.6%	1,886 c	40.1%	1,948	41.4%	369	7.9%	4,700	54.8%	3,881	45.2%	8,581	19
SC	Columbia	782	16.9%	1,523	32.8%	1,782 d	38.4%	556	12.0%	4,643	54.2%	3,926	45.8%	8,569	20
AR	Little Rock	358	7.9%	1,879	41.4%	1,553 d	34.2%	750	16.5%	4,540	53.3%	3,971	46.7%	8,511	21
NC	Charlotte	871	8.2%	1,861	41.2%	1,495 d	33.1%	793	17.5%	4,519	53.1%	3,986	46.9%	8,505	22
MS	Jackson	330	18.9%	922	29.3%	1,885 d	38.5%	954	23.7%	4,402	52.2%	4,024	47.8%	8,426	23
NJ	Newark	108	2.3%	1,003	21.6%	4,044	86.8%	296	6.4%	4,657 f	55.3%	3,761	44.7%	8,418	24
ID	Boise City	207	4.8%	1,882	43.7%	1,657	38.5%	556	12.9%	4,302	51.9%	3,966	48.1%	8,268	25
AL	Birmingham	308	7.4%	2,003 c	47.8%	787	18.6%	1,080	26.0%	4,186	50.7%	4,075	49.3%	8,264	26
VA	Virginia Beach	568	15.5%	1,711	40.4%	1,363	32.2%	820	11.8%	4,232	51.5%	3,979	48.5%	8,211	27
OK	Oklahoma City	347	8.9%	1,551	36.8%	1,176	30.2%	620	21.0%	3,856	48.7%	4,108	51.3%	8,002	28
SD	Sioux Falls	172	4.4%	0	0.0%	2,946	75.1%	806	20.5%	3,924	49.1%	4,076	50.9%	8,000	29
MT	Billings	459	11.4%	1,781	44.2%	1,792	44.4%	0	0.0%	4,032	50.6%	3,954	49.4%	7,986	30
MA	Boston	327	5.3%	2,289	58.1%	1,866	27.4%	247	6.2%	3,959	49.8%	3,985	50.2%	7,945	31
DE	Wilmington	170	4.3%	2,412 c	60.7%	1,384 d	35.1%	0	0.0%	3,976	50.2%	3,941	49.8%	7,917	32
AZ	Phoenix	463	12.7%	1,131	29.2%	1,478	36.9%	731	19.2%	3,803	48.3%	4,076	51.7%	7,879	33
WV	Charleston	418	11.3%	1,607	48.0%	913	24.7%	667	18.1%	3,085	47.5%	4,084	52.5%	7,779	34
KS	Wichita	186	5.0%	1,632	28.0%	1,788	46.5%	681	18.5%	3,668	47.4%	4,091	52.6%	7,779	35
CO	Denver	351	9.5%	1,482	38.7%	1,366	37.0%	552	14.9%	3,704	47.7%	4,069	52.3%	7,773	36
NH	Manchester	241	6.5%	1,475	39.5%	3,475	93.5%	0	0.0%	3,716	48.2%	3,986	51.8%	7,702	37
LA	New Orleans	486	14.0%	935	26.9%	885 d	25.5%	1,164	33.5%	3,470	45.3%	4,196	54.7%	7,666	38
NM	Albuquerque	168	4.0%	1,089	31.1%	1,448 d	41.4%	792	22.7%	3,497	45.8%	4,136	54.2%	7,633	39
TX	Houston	217	6.9%	0	0.0%	2,642 d	76.2%	610	17.6%	3,469	45.7%	4,121	54.3%	7,590	40
ND	Fargo	183	5.2%	571	16.3%	2,334	66.8%	406	11.6%	3,494	46.2%	4,076	53.8%	7,570	41
GA	Los Angeles	469	13.7%	782	28.1%	1,563 d	45.5%	610	17.6%	3,434	45.5%	4,114	54.5%	7,548	42
VT	Burlington	160	4.6%	1,155	33.4%	1,903 d	55.0%	240	6.9%	3,458	46.0%	4,054	54.0%	7,512	43
HI	Honolulu	300	9.0%	2,160	94.8%	327	9.6%	345	16.4%	3,332	44.6%	4,144	55.4%	7,476	44
WA	Seattle	922	20.5%	0	0.0%	1,605	52.8%	612	26.7%	3,039	41.9%	4,211	58.1%	7,250	45
RI	Jacksonville	165	5.5%	0	0.0%	2,214	73.2%	644	21.3%	3,023	42.0%	4,181	58.0%	7,204	46
TN	Memphis	177	5.9%	0	0.0%	1,716 d	61.1%	617	32.6%	2,610	39.6%	4,256	60.2%	7,066	47
AK	Anchorage	150	6.5%	0	0.0%	2,158 d	93.5%	0	0.0%	2,306	35.6%	4,181	64.4%	6,489	48
NV	Las Vegas	342	16.7%	0	0.0%	1,300	63.7%	400	19.6%	2,042	32.2%	4,301	67.8%	6,343	49
WY	Cheyenne	289	15.1%	0	0.0%	941	49.2%	681	35.7%	1,911	30.5%	4,346	59.5%	6,257	50
Average		\$361	8.1%	\$1,423	32.1%	\$2,115	47.6%	\$545	12.3%	\$4,427 g	52.8%	\$3,958	47.2%	\$8,385	

7.8%

a All amounts are rounded.
b Includes gasoline tax, motor vehicle registration tax and vehicle property tax.
c Includes local income tax.
d No state residential property tax.
e Tax calculated by using half of 1991-92 tax and half of 1992-93 tax.
f Figure is less the applicable homestead property tax rebate.
g Averages do not add due to the treatment of Newark, New Jersey's property tax rebate.

TABLE 1-C
Estimated Tax Burden for a Family of Four in Largest City of Each State
\$75,000 Income^a

State	City	Auto Taxes ^b	Percent of State/Local Total Taxes	State/Local Income Tax	Percent of State/Local Total Taxes	Residential Property Tax	Percent of State/Local Total Taxes	Sales Tax	Percent of State/Local Total Taxes	State/Local Total Taxes	State/Local as Percent of Total Taxes	Federal Income Tax	Federal Income as Percent of Total Taxes	Total Taxes	Rank
MI	Detroit	\$266	2.0%	\$4,156 ^c	31.0%	\$8,525	63.5%	\$477	3.6%	\$13,424	68.9%	\$6,049	31.1%	\$19,473	1
WI	Milwaukee	375	3.1%	4,125	33.8%	7,195	58.9%	513	4.2%	12,208	65.5%	6,427	34.5%	18,635	2
CT	Bridgport	1,905	16.7%	3,038	26.7%	5,937	51.9%	560	4.9%	11,440	63.1%	6,879	39.1%	18,319	3
IA	Des Moines	589	5.8%	3,200	29.7%	6,366	59.2%	597	5.5%	10,762	60.9%	6,917	39.1%	17,679	4
KY	Louisville	789	7.8%	6,042 ^c	51.6%	2,440	24.9%	560	5.7%	9,811	58.1%	7,071	41.9%	16,882	5
PA	Philadelphia	203	2.1%	4,535	47.6%	4,463 ^d	45.9%	422	4.3%	9,728	58.0%	7,043	42.0%	16,771	6
MIN	Minneapolis	859	9.6%	3,321	37.2%	4,146	46.4%	504	5.3%	8,930	54.3%	7,505	45.7%	16,435	7
MD	Baltimore	367	4.2%	3,630 ^c	41.2%	4,353	49.3%	467	5.3%	8,828	54.5%	7,365	43.5%	16,191	8
ME	Portland	930	10.6%	3,008	34.3%	4,259 ^e	48.6%	560	6.4%	8,757	54.3%	7,378	45.7%	16,136	9
GA	Atlanta	856	10.0%	2,536	29.6%	4,243	49.5%	932	10.9%	8,567	53.4%	7,491	46.6%	16,058	10
NE	Omaha	1,181	13.6%	2,235	28.3%	4,472 ^d	52.6%	607	7.1%	8,495	53.1%	7,491	46.9%	15,986	11
NY	New York City	204	2.4%	5,022 ^c	69.1%	1,033 ^d	19.4%	764	9.1%	8,423	52.9%	7,503	47.1%	15,928	12
OR	Portland	363	4.2%	4,042	46.9%	4,231	46.9%	0	0.0%	8,265	54.2%	7,281	46.8%	15,507	13
RI	Providence	2,493	29.7%	2,056	24.5%	3,433	40.8%	422	5.0%	8,404	52.9%	7,477	47.1%	15,881	14
OH	Columbus	320	4.1%	4,048	51.5%	2,949	37.5%	537	6.8%	7,854	50.7%	7,631	49.3%	15,485	15
SC	Columbia	1,602	20.7%	2,825	36.5%	2,673 ^d	34.5%	647	8.4%	7,747	50.2%	7,673	49.8%	15,420	16
NJ	Newark	215	2.7%	1,815	22.7%	6,067	75.9%	382	4.5%	7,997 ^f	52.0%	7,993	48.0%	15,390	17
ID	Boise City	363	4.9%	3,431	45.9%	3,037	40.6%	617	8.7%	7,478	48.0%	7,765	51.0%	15,263	18
MS	Jackson	1,700	20.2%	1,875	25.6%	2,662 ^d	36.3%	1,087	14.8%	7,324	48.0%	7,925	52.0%	15,249	19
IN	Indianapolis	1,097	14.5%	2,911 ^c	38.5%	3,066	40.8%	467	6.2%	7,561	49.6%	7,673	50.4%	15,234	20
IL	Chicago	495	6.9%	1,952	27.3%	3,561 ^d	49.7%	1,152	16.1%	7,160	47.1%	8,051	52.9%	15,211	21
UT	Salt Lake City	789	11.0%	3,126	43.2%	2,392	33.0%	922	12.7%	7,239	47.8%	7,911	52.2%	15,150	22
NC	Charlotte	705	9.9%	3,251	45.8%	2,243 ^d	31.6%	906	12.8%	7,105	47.2%	7,953	52.8%	15,056	23
MO	Kansas City	867	12.1%	2,668 ^c	37.2%	2,798	39.1%	898	11.7%	7,165	47.6%	7,883	52.4%	15,048	24
AR	Little Rock	684	9.6%	3,233	45.5%	2,380 ^d	32.8%	854	12.0%	7,161	47.3%	7,925	52.7%	15,026	25
VA	Virginia Beach	1,354	16.6%	2,834	41.7%	2,044	30.1%	562	8.6%	6,794	46.1%	7,989	53.9%	14,773	26
OK	Oklahoma City	756	11.8%	2,970	44.9%	1,814	28.4%	954	14.9%	6,394	43.5%	8,269	56.5%	14,663	27
MT	Billings	997	13.0%	3,331	48.2%	2,688	38.9%	0	0.0%	6,916	47.2%	7,743	52.8%	14,659	28
MA	Boston	783	11.4%	3,853	57.3%	1,803	26.8%	302	4.5%	6,721	45.0%	7,883	54.0%	14,604	29
CA	Los Angeles	1,066	16.8%	2,159	34.1%	2,844 ^d	37.0%	770	12.1%	6,339	43.9%	8,107	56.1%	14,446	30
DE	Wilmington	293	4.5%	4,195 ^c	53.8%	2,081 ^d	26.1%	0	0.0%	6,579	45.8%	7,841	54.2%	14,420	31
AL	Birmingham	593	9.7%	3,033 ^c	49.8%	1,222	20.1%	1,243	20.4%	6,091	42.3%	8,317	57.7%	14,408	32
KS	Wichita	510	8.2%	2,248	36.1%	2,684	43.1%	789	12.7%	6,231	43.3%	8,149	56.7%	14,380	33
WV	Charleston	825	13.3%	3,230	52.1%	1,369	22.1%	776	12.5%	6,201	43.2%	8,149	56.8%	14,350	34
AZ	Phoenix	1,117	18.2%	1,934	31.5%	2,216	36.1%	869	14.2%	6,136	42.8%	8,191	57.2%	14,327	35
CO	Denver	753	12.7%	2,427	40.9%	2,053	34.6%	685	11.7%	5,929	41.9%	8,233	58.1%	14,162	36
LA	New Orleans	850	15.2%	1,525	27.2%	1,892 ^d	33.8%	1,336	23.8%	5,003	39.8%	8,485	60.2%	14,088	37
NM	Albuquerque	264	5.0%	2,302	40.4%	2,208 ^d	38.8%	903	15.6%	5,698	40.8%	8,331	59.4%	14,029	38
SD	Sioux Falls	300	5.3%	0	0.0%	4,419	78.3%	925	16.4%	5,644	40.3%	8,359	59.7%	14,003	39
VT	Burlington	284	4.8%	2,416	41.1%	2,855 ^d	48.6%	321	5.5%	5,676	42.0%	8,121	58.0%	13,997	40
HI	Honolulu	519	9.2%	3,912	69.6%	572	10.2%	631	11.0%	5,624	40.3%	8,345	59.7%	13,959	41
NH	Manchester	573	9.9%	0 ^c	0.0%	5,213	90.1%	0	0.0%	5,786	41.8%	8,051	59.2%	13,837	42
ND	Fargo	344	6.2%	1,160	21.0%	3,501	63.4%	513	9.3%	5,518	40.0%	8,269	60.0%	13,807	43
TX	Houston	375	7.3%	0	0.0%	3,997 ^d	77.7%	770	15.0%	5,142	37.6%	8,471	62.2%	13,613	44
WA	Seattle	1,378	28.9%	0	0.0%	2,407 ^d	20.5%	978	20.5%	4,763	35.5%	8,639	64.5%	13,402	45
FL	Jacksonville	295	6.3%	0	0.0%	3,598	77.1%	775	18.3%	4,668	35.2%	8,583	64.8%	13,251	46
TN	Memphis	304	7.7%	0	0.0%	2,573 ^d	65.2%	1,068	27.1%	3,645	30.8%	8,977	69.2%	12,622	47
AK	Anchorage	287	9.1%	0	0.0%	3,236 ^d	91.9%	0	0.0%	3,233	28.9%	8,653	71.1%	12,176	48
NV	Las Vegas	771	23.8%	0	0.0%	1,950	60.1%	522	16.1%	3,243	26.6%	8,933	73.4%	12,175	49
WY	Cheyenne	716	24.7%	0	0.0%	1,411	48.6%	777	26.6%	2,904	24.3%	9,045	75.7%	11,949	50
Average		\$729	10.2%	\$2,526	35.5%	\$9,233	45.4%	\$948	9.1%	\$7,128 ^g	47.5%	\$7,970	52.5%	\$14,998	

^a All amounts are rounded.

^b Includes gasoline tax, motor vehicle registration tax and vehicle property tax.

^c Includes local income tax.

^d No state residential property tax.

^e Tax calculated by using half of 1991-92 tax and half of 1992-93 tax.

^f Figure is less the applicable homestead property tax rebate.

^g Averages do not add due to the treatment of Newark, New Jersey's property tax rebate.

TABLE 1-D
Estimated Tax Burden for a Family of Four in Largest City of Each State
\$100,000 Income^a

State	City	Auto Taxes ^b	Percent of State/Local Total Taxes	State/Local Income Tax	Percent of State/Local Total Taxes	Residential Property Tax	Percent of State/Local Total Taxes	Sales Tax	Percent of State/Local Total Taxes	State/Local Total Taxes	State/Local as Percent of Total Taxes	Federal Income Tax	Federal Income as Percent of Total Taxes	Total Taxes	Rank
MI	Detroit	\$ 248	1.3%	\$6,978 c	36.3%	\$11,365	59.1%	\$ 636	3.3%	\$19,228	65.7%	\$10,853	34.0%	\$29,281	1
WI	Milwaukee	352	2.1%	5,773	35.2%	9,584	58.5%	665	4.2%	16,404	60.1%	10,879	39.9%	27,283	2
IL	Bridgeport	2,395	15.1%	4,500	29.0%	7,916	51.1%	747	4.8%	15,469	58.1%	11,173	41.9%	26,642	3
MO	St. Louis	676	4.6%	4,500	31.0%	6,566	58.9%	795	5.5%	14,540	54.4%	11,523	44.2%	26,063	4
LA	Louisville	925	7.1%	6,132 c	62.3%	3,253	24.9%	747	5.7%	13,057	62.5%	11,803	47.5%	24,860	5
MN	Minneapolis	973	7.7%	4,765	37.8%	6,056	48.1%	805	6.4%	12,599	50.9%	12,153	49.1%	24,752	6
PA	Philadelphia	195	1.5%	6,168	47.9%	5,850 d	44.4%	563	4.4%	12,676	52.2%	13,789	47.8%	26,465	7
ME	Portland	1,067	8.6%	4,649	36.3%	5,679 e	42.9%	747	5.7%	11,140	49.3%	12,069	49.8%	23,211	8
MD	Baltimore	342	2.9%	5,031 c	42.5%	5,805	49.2%	622	5.3%	11,460	49.3%	12,069	50.7%	23,529	9
NE	Omaha	1,418	12.1%	3,494	29.6%	5,862 d	51.0%	809	6.9%	11,583	48.8%	12,237	51.2%	23,820	10
GA	Atlanta	1,074	9.3%	3,571	30.8%	5,857	49.2%	1,243	10.7%	11,585	48.5%	12,321	51.5%	23,906	11
NY	New York City	211	1.6%	8,204 c	70.7%	2,178 d	18.8%	1,018	8.8%	11,611	48.6%	12,279	51.4%	23,890	12
RI	Providence	3,124	26.9%	3,954	28.9%	4,578	34.4%	563	4.8%	11,619	48.9%	12,195	51.2%	23,814	13
OR	Portland	337	2.8%	5,713	48.9%	5,828	49.2%	0	0.0%	11,678	49.1%	12,013	50.7%	23,691	14
OH	Columbus	298	2.7%	6,013	54.9%	3,951	35.9%	716	6.5%	10,958	46.9%	12,405	53.1%	23,363	15
NU	Newark	179	1.6%	3,228	28.6%	8,089	72.1%	482	4.3%	11,217 f	48.3%	12,013	51.7%	23,230	16
ID	Boise City	340	3.2%	4,951	41.8%	4,418	38.2%	863	8.2%	10,572	45.7%	12,559	54.3%	23,131	17
SC	Columbia	2,015	19.2%	2,078	20.0%	3,564 d	34.2%	863	8.2%	10,520	45.6%	12,845	54.4%	23,365	18
MS	Jackson	2,131	21.3%	2,802	28.0%	3,929 d	36.2%	1,450	14.5%	10,012	43.8%	12,853	56.2%	22,865	19
IN	Indianapolis	1,272	12.7%	3,926 c	39.2%	4,223	42.0%	622	6.2%	10,053	44.4%	12,601	55.6%	22,654	20
UT	Salt Lake City	944	9.8%	4,315	44.6%	3,189	33.0%	1,230	12.7%	9,678	42.9%	12,895	57.1%	22,573	21
IL	Chicago	464	4.9%	2,043	28.1%	4,749 d	50.6%	1,536	16.4%	9,362	41.7%	13,119	58.3%	22,511	22
AR	Charlotte	798	8.3%	4,588	47.5%	2,950 d	32.4%	1,208	12.6%	9,584	42.6%	12,895	57.4%	22,485	23
ND	Little Rock	797	8.3%	4,557	47.5%	3,107 d	32.4%	1,199	11.9%	9,560	42.6%	12,861	57.4%	22,441	24
MO	Kansas City	1,061	11.1%	3,652 c	36.2%	3,750	39.0%	1,117	11.7%	9,560	42.6%	12,861	57.4%	22,441	25
CA	Los Angeles	1,223	13.2%	3,850	42.0%	3,125 d	33.7%	1,027	11.1%	9,265	41.7%	12,951	58.3%	22,216	26
MT	Billings	1,075	11.4%	4,762	50.5%	3,584	39.0%	0	0.0%	9,421	42.7%	12,829	57.3%	22,050	27
OK	Oklahoma City	846	9.7%	4,134	47.5%	2,449	28.1%	1,272	14.0%	8,701	39.5%	13,949	60.5%	21,644	28
MA	Boston	864	9.5%	5,318	56.4%	2,520	27.7%	402	4.4%	9,104	41.5%	12,839	58.5%	21,943	29
VA	Virginia Beach	1,647	16.6%	3,711	41.9%	2,725	30.6%	778	8.9%	8,659	40.5%	12,903	59.5%	21,562	30
WV	Charleston	993	11.4%	4,955	53.6%	1,925	21.0%	1,035	11.9%	8,708	39.9%	13,105	60.1%	21,813	31
KS	Wichita	527	6.1%	3,455	40.1%	3,579	41.6%	1,033	12.2%	8,614	39.6%	13,147	60.4%	21,761	32
DE	Wilmington	273	3.0%	5,944 c	66.0%	2,787 d	31.0%	0	0.0%	9,004	41.4%	12,741	58.6%	21,745	33
AZ	Phoenix	1,285	15.6%	2,857	34.5%	2,855	35.3%	1,159	14.0%	8,265	38.4%	13,259	61.6%	21,515	34
AL	Birmingham	677	6.4%	4,034 c	50.3%	1,656	20.6%	1,557	20.7%	8,024	37.9%	13,469	62.7%	21,493	35
VT	Burlington	268	5.2%	3,935	46.5%	3,807 d	45.1%	428	5.1%	8,438	39.3%	13,321	60.7%	21,459	36
NM	Albuquerque	280	3.4%	3,667	45.2%	2,970 d	36.6%	1,204	14.8%	8,121	37.9%	13,329	62.1%	21,450	37
LA	New Orleans	909	12.9%	2,055	26.6%	2,900 d	37.5%	1,702	23.1%	7,726	36.2%	13,609	63.8%	21,335	38
CO	Denver	848	10.7%	3,964	42.6%	2,708	34.7%	928	11.8%	7,698	37.2%	13,359	62.8%	21,227	39
HI	Honolulu	497	6.2%	5,661	72.7%	1,817	23.1%	829	10.5%	7,814	36.9%	13,371	63.1%	21,185	40
SD	Sioux Falls	281	3.0%	0	0.0%	5,892	79.5%	1,204	16.7%	7,407	35.4%	13,539	64.6%	20,940	41
ND	Fargo	327	4.3%	1,970	24.5%	4,668	61.6%	565	9.1%	7,550	36.1%	13,337	63.9%	20,907	42
NH	Manchester	610	6.0%	30 c	0.4%	6,650	91.6%	0	0.0%	7,590	36.6%	13,147	60.4%	20,737	43
TX	Houston	382	5.4%	0	0.0%	5,952 d	79.4%	1,027	15.2%	6,741	33.0%	13,693	67.0%	20,434	44
FL	Jacksonville	266	4.2%	0	0.0%	4,951	79.3%	1,034	16.5%	6,281	31.3%	13,791	68.7%	20,072	45
WA	Seattle	1,589	25.0%	0	0.0%	3,209	52.8%	1,304	21.4%	6,082	30.4%	13,945	69.6%	20,027	46
TN	Memphis	263	5.5%	30	0.6%	4,451 d	66.4%	1,423	27.5%	5,167	26.7%	13,211	73.3%	19,376	47
AK	Anchorage	314	5.9%	0	0.0%	4,315 d	93.2%	0	0.0%	4,629	24.9%	13,931	75.1%	18,560	48
NV	Las Vegas	851	20.5%	0	0.0%	2,801	62.7%	698	16.3%	4,148	22.5%	14,309	77.5%	18,457	49
WY	Cheyenne	844	22.4%	0	0.0%	1,861	50.0%	1,036	27.5%	3,761	20.6%	14,463	79.4%	18,224	50
Average		\$831	8.6%	\$3,664	37.8%	\$4,351	44.9%	\$864	8.9%	\$9,695 g	43.1%	\$12,797	56.9%	\$22,492	

^a All amounts are rounded.
^b Includes gasoline tax, motor vehicle registration tax and vehicle property tax.
^c Includes local income tax.
^d No state residential property tax.
^e Tax calculated by using half of 1991-92 tax and half of 1992-93 tax.
^f Figure is less the applicable homestead property tax rebate.
^g Averages do not add due to the treatment of Newark, New Jersey's property tax rebate.

TABLE 2
New Orleans' Rank Among the 50 Cities^a

Income	Rank Auto Taxes	Over/Under 50-City Average	Rank State/Local Income Tax	Over/Under 50-City Average	Rank Property Tax	Over/Under 50-City Average	Rank Sales Tax	Over/Under 50-City Average	Rank State/Local Total Taxes	Over/Under 50-City Average	Rank Federal Income Tax	Over/Under 50-City Average	Over/Under 50-City Total Taxes Average
\$25,000	8	\$ 69	33 ^b	\$ (143)	50	\$ (951)	1	\$390	45	\$ (622)	1 ^c	\$ 89	\$ (532)
\$50,000	9	125	38	(488)	48	(1,230)	1	619	40	(957)	5	238	(719)
\$75,000	16	122	40	(1,003)	43	(1,341)	1	688	42	(1,525)	7	615	(910)
\$100,000	16	158	40	(1,609)	39	(1,451)	1	918	40	(1,969)	8	812	(1,157)

^a The ranking is from highest to lowest.

^b Tied with one other city.

^c Tied with nine other cities.

examined by calculating their impact on the hypothetical families' tax burdens.

The basic characteristics of the hypothetical families are as follows:

- earn gross federal income of \$25,000, \$50,000, \$75,000 or \$100,000;

- married with two wage-earning spouses and two school-age children;

- file joint income tax returns and itemize their federal income tax when possible;

- own one automobile at the \$25,000 and \$50,000 income levels and two automobiles at the \$75,000 and \$100,000 income levels;

- own a single-family home valued at 2.5 times their federal adjusted gross income (AGI), and

- reside and work in the largest city of the state for the 50-city comparison. Additional cities are used for the southern region and in-state comparisons.

Details of the assumptions used to develop the hypothetical families and their income and expenditure levels are shown on page 15. Using assumptions other than those stated would have produced somewhat different results. Expanding the number of hypothetical families to include lower and higher incomes or renters might have also altered the results.

New Orleans' Ranking Among the 50 Cities

Total tax burdens (total state and local taxes plus the federal income tax) could differ substantially depending on the city and state of residence. (See tables 1A through 1D.) Total family tax burdens in New Orleans were relatively low, ranking 44th, 38th, 37th and 38th for the \$25,000, \$50,000, \$75,000 and \$100,000 income families, respectively. Total taxes paid by the families in New Orleans ranged from \$532 to \$1,157 below the 50-city average.

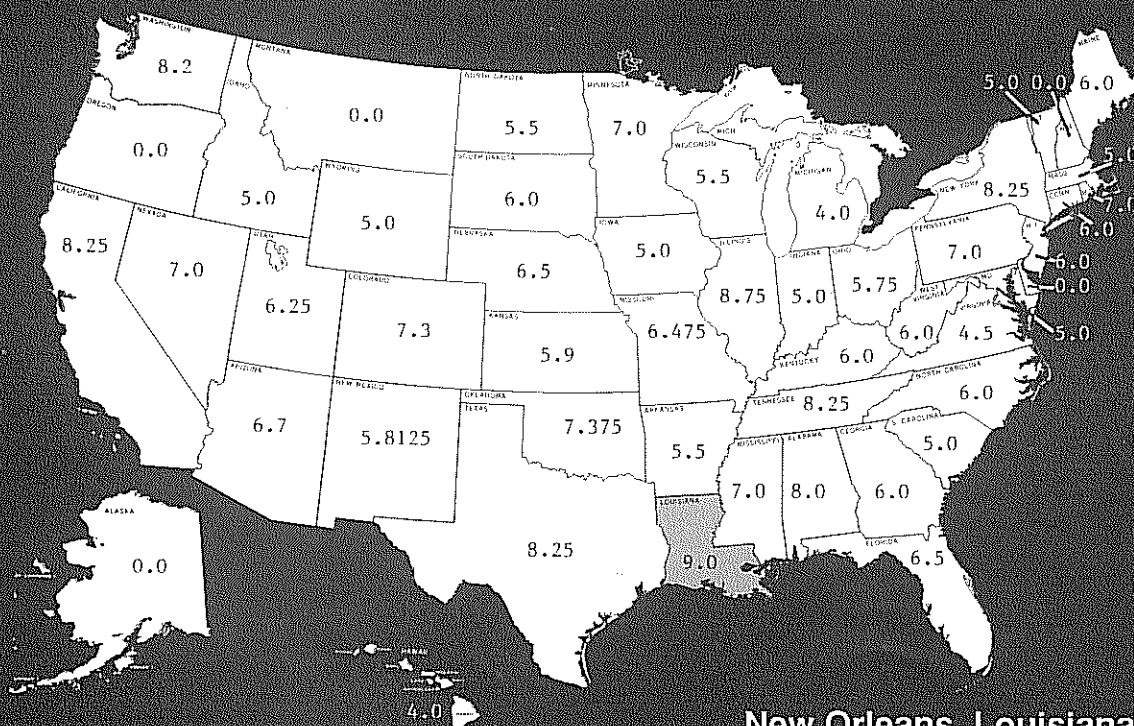
(See Table 2.) However, federal income taxes paid by the families in New Orleans were well above average; ranging from first (tied with nine other cities) to eighth highest.

State and local auto taxes, income taxes, residential property taxes and sales taxes were added together to form the total state and local tax bill. The families in New Orleans paid relatively low total state and local taxes, ranging from \$1,381 at the \$25,000 income level (45th) to \$7,726 (40th) at the \$100,000 income level. These amounts were \$622 to \$1,969 below the 50-city average state and local total taxes.

Even though total state and local taxes were low in New Orleans at each income level, two out of four of the specific state and local taxes paid by the families were relatively high at all income levels. New Orleans had the highest sales tax rate (9.0%) of all 50 cities. (See Figure 1.) Therefore, at each income level, the sales taxes paid in New Orleans ranked the highest, with family sales taxes ranging from \$390 to \$918 above the 50-city average. The auto taxes paid by the families in New Orleans also were among the highest, ranking from 8th to 16th.

In contrast, the residential property taxes and state income taxes paid in New Orleans ranked low at all income levels. The \$25,000 income family paid the lowest property tax of all 50 cities (only \$65) and the \$100,000 income family's bill of \$2,900 ranked 39th. In a 50-city comparison of effective residential property tax rates on a \$125,000 home, New Orleans' rate ranked third lowest at 71 cents per \$100 of market value. (See Figure 2.) The state income taxes paid by the families in New Orleans were also relatively low, ranking in the lower third at all income levels, with the highest rank of 33rd occurring at the \$25,000 income level. (Note: As of 1992, Louisiana and 36 other states prohibited a local income tax. Of the 13 states that allowed localities to tax income, only nine cities examined in this study did so.)

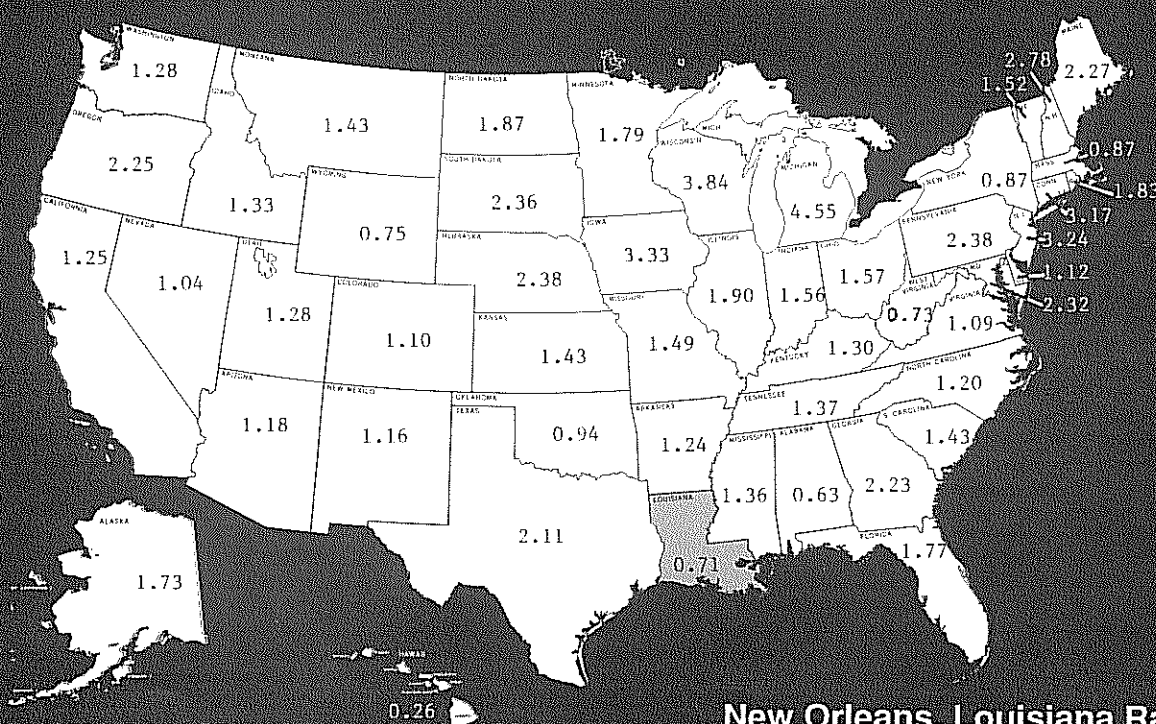
FIGURE 1
1992 State and Local Sales Tax Rate In Largest City of Each State



New Orleans, Louisiana Rank--1st

SOURCE: Commerce Clearing House.

FIGURE 2
1992 Effective Property Tax Rates Per \$100 of Value
(\$125,000 Single-Family Home in Largest City of Each State)



New Orleans, Louisiana Rank--48th

NOTE: Effective tax rate of 1.00 equals \$100 of value or \$1,250 on a \$125,000 home.
 SOURCE: PAR Calculations.

Makeup of the Tax Burden

On a 50-city average, the federal income tax accounted for 40.9% and 47.2% of the two lower income families total tax burden and 52.5% and 56.9% of the two higher income families total tax burden. However, in New Orleans, all the families paid at least 51.6% of their total taxes to the federal government. (See Table 3.)

Residential property taxes made up the largest share of the 50-city average state and local total tax burden at all income levels, followed by state and local income taxes, sales taxes and auto taxes. (See Table 4.) The only exception to this was at the \$75,000 income level where auto taxes accounted for a larger share of the burden than sales taxes.

In New Orleans, the makeup of the state and local tax bill followed the same order as the 50-city average at the \$75,000 and \$100,000 income levels. Yet, at the two lower income levels the sales and auto taxes were of much greater importance, and property taxes fell in importance.

Compared to the 50-city average, the percentages of state and local taxes paid by New Orleans families were 2.5 to 3 times higher for sales taxes, somewhat higher for auto taxes, and generally lower for both residential property taxes and income taxes.

TABLE 3
Federal Income Tax as a Percentage of Total Taxes:
New Orleans and 50-City Average

<u>Income</u>	<u>New Orleans</u>	<u>50 – City Average</u>
\$25,000	51.6%	40.9%
\$50,000	54.7	47.2
\$75,000	60.2	52.5
\$100,000	63.8	56.9

Combined Tax Burden

The state and local total tax burdens for all four families were combined and the totals ranked as shown on Table 5. The combined taxes collected from the four families in each of the 50 cities varied significantly from a high of \$44,330 in Detroit, Michigan to a low of \$9,638 in Cheyenne, Wyoming. The \$18,180 combined state and local tax bill paid by the four families in New Orleans ranked 42nd and was \$5,073 below the 50-city average.

Cities with the highest combined state and local taxes tended to rely most on state and local income taxes or residential property taxes. In contrast, cities with lower combined state and local total tax burdens tended to use residential property taxes or state and local income taxes very little, if any. They also tended to rely more on

sales taxes than the higher tax burden cities. This was true in New Orleans where sales taxes were the highest of all 50 cities and the residential property tax was one of the lowest.

Deductibility of Taxes

Of the taxes examined in this study, the state and local income tax, the residential property tax and the auto property tax were deductible for federal income tax purposes. Most of the hypothetical families were able to itemize deductions. Therefore the federal income tax paid by families of the same income varied by as much as \$308 at the \$25,000 income level and \$4,410 at the \$100,000 income level, depending on the amount of state and local taxes which could be itemized as deductions. (See tables 1A through 1D.)

TABLE 4
Each Tax as a Percentage of Total State and Local Taxes:
New Orleans and 50-City Average

<u>Tax</u>	<u>\$25,000 Income</u>		<u>\$50,000 Income</u>		<u>\$75,000 Income</u>		<u>\$100,000 Income</u>	
	<u>New Orleans</u>	<u>50–City Average</u>	<u>New Orleans</u>	<u>50–City Average</u>	<u>New Orleans</u>	<u>50–City Average</u>	<u>New Orleans</u>	<u>50–City Average</u>
Auto	20.3%	10.6%	14.0%	8.1%	15.2%	10.2%	12.8%	8.6%
State/Local Income	23.5	23.4	26.9	32.1	27.2	35.5	26.6	37.8
Residential Property	4.7	50.7	25.5	47.8	33.8	45.4	37.5	44.9
State/Local Sales	51.4	16.0	33.5	12.3	23.8	9.1	23.1	8.9
State/Local Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

NOTE: Does not add to 100% due to rounding.

TABLE 5
State and Local Tax Burdens--Four Families Combined

<u>State</u>	<u>City</u>	<u>Total</u>	<u>Rank</u>
MI	Detroit	\$44,380	1
WI	Milwaukee	39,978	2
CT	Bridgeport	36,089	3
IA	Des Moines	35,345	4
PA	Philadelphia	32,564	5
KY	Louisville	32,444	6
MD	Baltimore	28,959	7
MN	Minneapolis	28,409	8
GA	Atlanta	28,163	9
ME	Portland	28,143	10
OR	Portland	28,035	11
NE	Omaha	27,861	12
RI	Providence	27,260	13
NY	New York City	26,986	14
OH	Columbus	25,978	15
NJ	Newark	25,864	16
SC	Columbia	24,847	17
IN	Indianapolis	24,463	18
IL	Chicago	24,004	19
ID	Boise City	23,970	20
UT	Salt Lake City	23,698	21
MS	Jackson	23,671	22
AR	Little Rock	23,336	23
MO	Kansas City	23,335	24
NC	Charlotte	23,333	25
MT	Billings	22,034	26
VA	Virginia Beach	21,876	27
MA	Boston	21,491	28
DE	Wilmington	20,969	29
OK	Oklahoma City	20,555	30
CA	Los Angeles	20,449	31
AL	Birmingham	20,437	32
KS	Wichita	20,389	33
WV	Charleston	20,353	34
AZ	Phoenix	20,004	35
VT	Burlington	19,340	36
CO	Denver	19,242	37
SD	Sioux Falls	19,065	38
NH	Manchester	19,000	39
NM	Albuquerque	18,659	40
ND	Fargo	18,282	41
LA	New Orleans	18,180	42
HI	Honolulu	18,022	43
TX	Houston	17,069	44
WA	Seattle	15,499	45
FL	Jacksonville	15,293	46
TN	Memphis	13,444	47
AK	Anchorage	11,641	48
NV	Las Vegas	10,463	49
WY	Cheyenne	9,638	50
Average		\$23,253	

Families that lived in cities that relied heavily on federally deductible state and local taxes and that imposed higher taxes on those deductible taxes paid less federal income taxes than families in other cities. For example, 95.4% of the \$19,228 state and local taxes paid by the \$100,000 family in Detroit, Michigan were deductible from the federal income tax and the \$10,053 federal income tax bill was the lowest of all 50 cities. In contrast, the same family in Cheyenne, Wyoming paid \$3,761 in state and local taxes, of which only 50.0% was deductible resulting in the highest federal income tax bill (\$14,463).

In New Orleans, less than 73.5% of the state and local taxes paid were deductible for federal income tax purposes, in part, because Louisiana state and local governments relied heavily on the sales tax which was not deductible.

To examine the impact of deductibility on Louisiana families' total tax burdens, PAR devised a scenario where the amount of sales taxes paid by each of the four hypothetical families in New Orleans was reduced by half and the amount of property taxes was increased by an equivalent amount. The federal and state income taxes were then recalculated. These changes resulted in a decreased tax burden for all but the lowest income family which was unable to itemize deductions. The savings would have ranged from \$102 at the \$50,000 income level to \$282 at the \$100,000 income level. (See Table 6.)

Most of the decrease was accounted for by a lower federal income tax. The income tax paid to the state of Louisiana was lowered slightly (\$20-\$30) because Louisiana taxable income was calculated after both itemized deductions and federal income taxes paid were subtracted from federal AGI. The increase in itemized deductions (\$562, \$648 and \$861) more than offset the decrease in federal income taxes paid at the three

TABLE 6
Difference in Taxes Paid in New Orleans
If Property Taxes Increased and Sales Taxes Lowered*

Tax	\$25,000 Income		\$50,000 Income		\$75,000 Income		\$100,000 Income	
	Taxes	Amount of Change	Taxes	Amount of Change	Taxes	Amount of Change	Taxes	Amount of Change
Federal Income Tax	\$1,474	\$0	\$4,114	(\$82)	\$8,303	(\$182)	\$13,357	(\$252)
State & Local Income Tax	325	0	915	(20)	1,505	(20)	2,025	(30)
Sales Tax	355	(355)	582	(582)	668	(668)	891	(891)
Property Tax	420	355	1,467	582	2,560	668	3,791	891
Auto Taxes	281	0	486	0	850	0	989	0
Total State/Local Taxes	\$1,381	\$0	\$3,450	(\$20)	\$5,583	(\$20)	\$7,696	(\$30)
TOTAL	\$2,855	\$0	\$7,564	(\$102)	\$13,886	(\$202)	\$21,053	(\$282)

* The amount of sales taxes paid was halved, and that amount added to the property taxes already calculated for the hypothetical family in New Orleans. Federal and state income taxes were then recalculated based on the revised numbers.

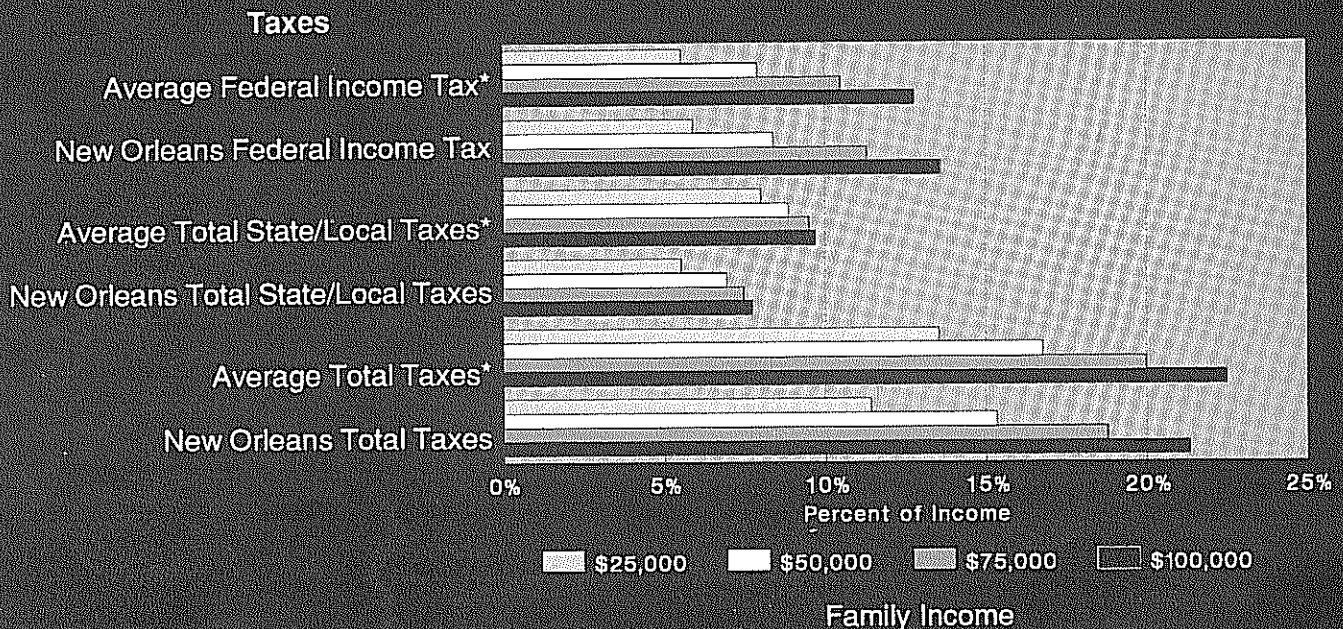
highest income levels. Therefore, any tax structure change that would raise the amount of itemized deductions for federal income tax purposes would lower both the federal income taxes and state income taxes paid by a family in New Orleans.

Regressivity/ Progressivity of Taxes

The 50-city average family paid 13.5% of their income to total taxes at the \$25,000 income level, 16.8% at

the \$50,000 income level, 20.0% at the \$75,000 income level and 22.5% at the \$100,000 income level. (See Figure 3.) The 50-city average total tax structure was progressive in effect because the percentage of taxes paid increased as income increased. Much

Figure 3
Taxes as Percentage of Income:
New Orleans and 50-City Average



of this progressivity was due to the progressive design of the federal income tax. In contrast, a tax structure in which the percentage of taxes paid decreases as income increases is said to be regressive. A tax system in which the percentage of taxes paid remains the same regardless of income is considered proportional.

At least among the income levels examined in this study, the 50-city average of the total state and local tax structure was also progressive. (See Figure 3.) The percentage of family income paid in state and local taxes at the \$25,000 income level was divided by the percentage paid at the \$100,000 income level to develop a regressivity index (See Table 7, where 1.00 equals a proportional tax system, greater than 1.00 is a regressive tax system and less than 1.00 is a progressive tax system.) This index shows that the state and local tax structure in New Orleans was slightly more progressive (0.71) than that of the 50-city average (0.83). Of the 50 localities examined, only ten had regressive state and local tax systems.

Of the four specific state and local taxes examined, only the income tax was very progressive, on average. (See Figure 4). For the 50-city average, the auto taxes and residential property taxes were almost proportional, while the sales tax was regressive in relation to income.

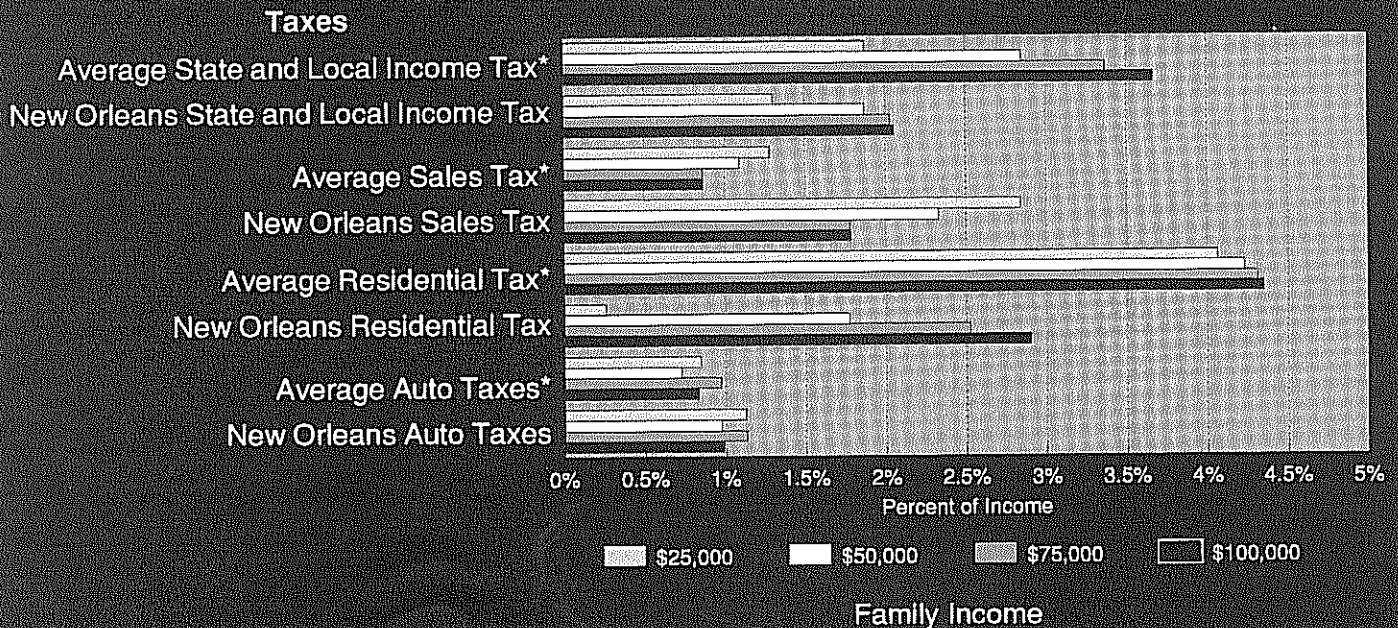
In New Orleans, auto taxes were nearly proportional, mirroring the 50-city average. (See Figure 4.) The income tax in Louisiana was less progressive than that of the 50-city average, and the local residential property tax structure was far more progressive than that of the 50-city average. The progressive residential property tax structure was due to Louisiana's generous homestead exemption which effectively exempted up to \$75,000 of the market value of a home in New Orleans from all but 0.47 mills of residential property taxes. In contrast, the high rate and the broad base of the sales tax in New Orleans resulted in the sales tax being much more regressive than the 50-city average.

TABLE 7
Regressivity/Progressivity Index
For Total State and Local Taxes

State	City	Total State/Local Taxes as a Percent of Income at:		Index*
		\$25,000	\$100,000	
TN	Memphis	6.1%	5.2%	1.18
WY	Cheyenne	4.2%	3.8%	1.13
SD	Sioux Falls	8.4%	7.4%	1.13
IL	Chicago	10.2%	9.4%	1.09
AL	Birmingham	8.5%	8.0%	1.06
WA	Seattle	6.5%	6.1%	1.06
PA	Philadelphia	13.4%	12.9%	1.04
AK	Anchorage	4.7%	4.6%	1.02
TX	Houston	6.9%	6.7%	1.02
NH	Manchester	7.6%	7.6%	1.01
NV	Las Vegas	4.1%	4.1%	0.99
KY	Louisville	12.5%	13.1%	0.96
ND	Fargo	6.9%	7.5%	0.91
MD	Baltimore	10.6%	11.8%	0.90
VA	Virginia Beach	8.0%	8.9%	0.90
NC	Charlotte	8.5%	9.6%	0.89
IA	Des Moines	12.8%	14.5%	0.88
UT	Salt Lake City	8.5%	9.7%	0.88
AZ	Phoenix	7.2%	8.3%	0.88
AR	Little Rock	8.4%	9.6%	0.87
GA	Atlanta	10.1%	11.6%	0.87
CO	Denver	6.8%	7.9%	0.87
KS	Wichita	7.4%	8.6%	0.86
NE	Omaha	10.0%	11.7%	0.86
IN	Indianapolis	8.6%	10.1%	0.85
FL	Jacksonville	5.3%	6.3%	0.84
WI	Milwaukee	13.7%	16.4%	0.83
MO	Kansas City	7.9%	9.6%	0.83
OR	Portland	9.6%	11.7%	0.82
OH	Columbus	8.9%	11.0%	0.81
WV	Charleston	7.0%	8.7%	0.80
RI	Providence	9.3%	11.6%	0.80
MS	Jackson	7.7%	10.0%	0.77
NM	Albuquerque	6.2%	8.1%	0.76
MA	Boston	6.8%	9.1%	0.75
VT	Burlington	6.3%	8.4%	0.74
SC	Columbia	7.8%	10.5%	0.74
OK	Oklahoma City	6.3%	8.7%	0.72
LA	New Orleans	5.5%	7.7%	0.71
ME	Portland	8.7%	12.1%	0.71
NJ	Newark	8.0%	11.2%	0.71
MT	Billings	6.7%	9.4%	0.71
MI	Detroit	13.6%	19.2%	0.71
CT	Bridgeport	10.9%	15.5%	0.71
HI	Honolulu	5.0%	7.8%	0.64
DE	Wilmington	5.6%	9.0%	0.63
NY	New York City	7.2%	11.6%	0.62
ID	Boise City	6.5%	10.6%	0.61
CA	Los Angeles	5.6%	9.3%	0.61
MN	Minneapolis	7.6%	12.6%	0.60
Average		8.0%	9.7%	0.83

* 1.0 is a proportional tax, less than 1.0 is a progressive tax and greater than 1.0 is a regressive tax.

FIGURE 4
State and Local Taxes as Percentage of Income:
New Orleans and 50-City Average



* 50-city average.

TABLE 8
Estimated Tax Burden for a Family of Four in Selected Southern Cities--\$50,000 Income^a

State	City	Population In Thousands	Auto Taxes ^b	State/Local Income Tax	Residential Property Tax	Sales Tax	State/Local Total Taxes	Federal Income Tax	Total Taxes	Rank
KY	Louisville	269	\$388	\$3,992 ^c	\$1,626	\$443	\$6,449	\$3,634	\$10,083	1
MD	Baltimore	736	212	2,189 ^c	2,902	369	5,672	3,754	9,426	2
GA	Atlanta*	394	417	1,462	2,790	818	5,487	3,829	9,316	3
KY	Frankfort*	26	340	2,900 ^c	1,448	443	5,131	3,829	8,960	4
VA	Richmond*	203	698	1,683	1,813	500	4,694	3,911	8,605	5
NC	Raleigh*	208	382	1,854	1,597	793	4,626	3,971	8,597	6
SC	Columbia*	98	782	1,523	1,782 ^d	556	4,843	3,926	8,569	7
AR	Little Rock*	176	358	1,879	1,553 ^d	750	4,540	3,971	8,511	8
NC	Charlotte	396	370	1,861	1,495 ^d	793	4,519	3,986	8,505	9
MS	Jackson*	197	831	922	1,695 ^d	954	4,402	4,024	8,426	10
MD	Annapolis*	33	212	2,289	1,577	369	4,447	3,934	8,381	11
AL	Birmingham	266	308	2,003 ^c	787	1,090	4,188	4,076	8,264	12
VA	Virginia Beach	394	658	1,711	1,363	500	4,232	3,979	8,211	13
OK	Oklahoma City*	445	347	1,551	1,178	820	3,896	4,106	8,002	14
TX	Austin*	466	217	0	3,068	591	3,876	4,054	7,930	15
WV	Charleston*	57	418	1,697	913	667	3,695	4,084	7,779	16
LA	New Orleans	497	486	935	885 ^d	1,164	3,470	4,196	7,666	17
TX	Houston	1631	217	0	2,642 ^d	610	3,469	4,121	7,590	18
LA	Shreveport	199	173	935	1,219	1,028	3,355	4,189	7,544	19
FL	Tallahassee*	125	165	0	2,290	693	3,148	4,174	7,322	20
AL	Montgomery*	187	264	1,283	390	1,090	3,027	4,256	7,283	21
LA	Lake Charles	71	173	945	886	960	2,964	4,241	7,205	22
FL	Jacksonville	635	165	0	2,214	644	3,023	4,181	7,204	23
LA	Alexandria	49	173	955	790	1,028	2,946	4,256	7,202	24
TN	Memphis	610	177	0	1,716 ^d	917	2,810	4,256	7,066	25
LA	Lafayette	94	173	955	646	960	2,734	4,271	7,005	26
LA	Monroe	55	173	955	694	892	2,714	4,271	6,985	27
LA	Baton Rouge*	220	173	965	494 ^d	1,028	2,660	4,294	6,954	28
LA	Houma	30	173	955	629	789	2,546	4,279	6,825	29
TN	Nashville*	488	177	0	1,082	917	2,176	4,354	6,530	30
Average		309	\$327	\$1,280	\$1,472	\$773	\$3,851	\$4,080	\$7,932	

^a All amounts are rounded.

^b Includes gasoline tax, motor vehicle registration and motor vehicle property taxes.

^c Includes local income tax.

^d No state residential property tax.

* Indicates capital city.

TABLE 9
Estimated State and Local Tax Burden for a Family of Four
In Largest Cities of Louisiana

City	\$25,000 Income		\$50,000 Income		\$75,000 Income		\$100,000 Income	
	Total Taxes	Rank	Total Taxes	Rank	Total Taxes	Rank	Total Taxes	Rank
Alexandria	\$1,180	3	\$2,946	4	\$4,648	4	\$6,383	4
Baton Rouge	1,123	7	2,660	7	4,088	7	5,540	7
Houma	1,028	8	2,546	8	4,033	8	5,486	8
Lafayette	1,123	6	2,734	5	4,279	5	5,831	5
Lake Charles	1,149	5	2,964	3	4,769	3	6,573	3
Monroe	1,177	4	2,714	6	4,166	6	5,620	6
New Orleans	1,381	2	3,470	1	5,603	1	7,726	1
Shreveport	1,389	1	3,355	2	5,291	2	7,240	2
Average	\$1,194		\$2,924		\$4,610		\$6,300	

As expected, the types of state and local taxes relied on most affected the overall regressivity or progressivity of a city's taxing structure. The cities with the most progressive tax structure used a graduated income tax rate and did not rely heavily on sales taxes. In contrast, the localities with the most regressive tax structure did not levy an income tax, or did so only at the higher income levels, and relied more on sales taxes.

Southern Region Comparison

The largest city and the capital city of each of the 15 southern states, and the eight largest cities in Louisiana were compared to determine regional patterns if any, possible effects of population size, and tax burden variations within states. To simplify the comparison, only the \$50,000 income level family was analyzed. (NOTE: Some of the largest cities were also capital cities.)

At this income level, the total tax burden of the families living in the largest cities in the southern states tended to be distributed fairly evenly throughout the national rankings, and thus no regional patterns were observed. There also did not appear to be any relationship between city size

and family tax burden, nor did living in a capital city systematically influence a family's total tax burden. However, on average, the southern capitals' state and local tax structure relied less on residential property taxes (40.7%) and more on the sales tax (19.0%) than the 50-city average (47.8% and 12.3%).

Tax burdens in some cases differed more between cities within a state than between the cities of different states. (See Table 8.) For instance, the total tax burden of a family in Annapolis, Maryland (\$8,381), was closer to that of the same family in Jackson, Mississippi (\$8,426) than that of the Baltimore, Maryland family (\$9,426).

Louisiana's Largest Cities

The eight largest incorporated cities in Louisiana were examined. (See Table 9.) As noted in the southern-state comparison, tax burdens may vary widely within a state, this was also true for Louisiana where the total state and local tax burden varied by as much as \$361 at the \$25,000 income level to \$2,240 at the \$100,000 income.

Of the eight Louisiana cities, the state and local taxes paid by families in New Orleans ranked the highest at all, except the \$25,000 income levels. The \$25,000 income level family that lived in Shreveport paid the highest total state and local taxes, while the other three families living there paid the second highest taxes. In New Orleans, the high sales tax rate and the property tax on automobiles resulted in the above average family tax burdens. Whereas Shreveport's high ranking was due to the relatively high municipal property tax millages that were not covered by the homestead exemption. At all income levels, families in Houma and Baton Rouge had the lowest taxes. The low taxes were due in part to Baton Rouge's relatively low property tax rate and Houma's relatively low sales tax rate.

New Orleans' total tax burden placed in the lower third of the national rankings, but ranked highest among the cities in Louisiana. Therefore, if the eight selected Louisiana cities were compared to the largest cities in each state, the cities would consistently rank in the lower third with their total tax burdens, falling well below the 50-city average. Of the 30 southern cities examined, the total taxes in the eight cities in Louisiana ranked in the lower half. (See Table 8.)

Analysis of 1993 Tax Proposals

In the 1993 *Executive Budget*, Governor Edwards proposed a plan to raise an estimated \$370 million by suspending the one-cent sales tax exemption on food and utilities, adding a 5.75 mill residential property tax, and increasing the gasoline tax by ten cents per gallon. To ascertain the effects the suggested plan would have on family tax burdens, the proposed taxes were applied to the hypothetical families in New Orleans.

The Governor's plan would have resulted in an increased tax burden for all families (\$98, \$163, \$246, and \$274 respectively). (See Table 10.) It would have also moved New Orleans up in the 50-city ranking by one place at the \$25,000 income level, four at the \$50,000 income level, two at the \$75,000 income level and four at the \$100,000 income level.

During the 1993 special session, the Governor also recommended a one-cent sales tax increase on all items except for food and utilities to raise an additional \$350 million in state revenues. As seen on Table 10, this change would have resulted in the tax burdens of the New Orleans' families increasing slightly and the rankings moving up at least one place in the 50-city rankings.

Ultimately, only one element of the proposed packages was adopted-- the suspension of the sales tax exemption which was estimated to raise \$96.5 million. Passage of this proposal resulted in an increased tax bill of \$44, \$63, \$62 and \$82 for each of the four families examined, respectively.

Each of the tax plans were regressive--as a percentage of income. The tax hikes would have taken a larger share of the family income at the lower income levels. This was as expected because, as discussed earlier, both sales taxes and auto taxes are, in effect, regressive.

Comment

Comparing family tax burdens in the largest cities of each state, the southern region, the southern capitals and the eight largest cities in Louisiana shows that the tax burdens of Louisiana families would differ markedly if they were residents of other states, or even of another city in Louisiana. The total tax burden of a family was lower in New Orleans

than most cities, however a larger percentage of the total and a larger dollar amount went to the federal government. The federal income taxes paid and the total tax burden of Louisiana families could be lowered if reliance was shifted away from sales taxes (nondeductible taxes) to property taxes or income taxes (deductible taxes). Such a shift would also slightly reduce the state income taxes paid by the families.

TABLE 10
Effect of Implementing 1993 Tax Proposals

**Increase Gasoline and Residential Property Tax, Suspend Sales Tax Exemptions
(As Proposed in 1993-94 Executive Budget)**

<u>Income</u>	<u>Taxes</u>	<u>Increase From 1992</u>
\$25,000	\$ 2,953	\$ 98
\$50,000	7,829	163
\$75,000	14,334	246
\$100,000	21,609	274

**Increase Sales Tax to Five Cents
(As Proposed in 1993 Special Session)**

<u>Income</u>	<u>Taxes</u>	<u>Increase From 1992</u>
\$25,000	\$ 2,895	\$ 40
\$50,000	7,740	74
\$75,000	14,182	94
\$100,000	21,459	124

**Suspend Sales Tax Exemptions
(As Passed in 1993 Regular Session)**

<u>Income</u>	<u>Taxes</u>	<u>Increase From 1992</u>
\$25,000	\$ 2,899	\$ 44
\$50,000	7,729	63
\$75,000	14,150	62
\$100,000	21,417	82

SOURCES AND ASSUMPTIONS

Information on tax rates, exemptions, credits and rebates were obtained from Commerce Clearing House publications unless otherwise noted.

Four hypothetical families were used with gross federal income levels of \$25,000, \$50,000, \$75,000 and \$100,000. Each family consisted of two working spouses and two school-age children. The families in the two lower income brackets each owned one automobile while those in the upper two income brackets owned two automobiles. Each family was assumed to itemize their federal income tax whenever possible and to file joint income tax returns. The more detailed assumptions used to develop the specific tax burdens of each family are outlined below.

Individual Income Tax

Each family's income was divided as follows:

1992 Federal AGI	Wages and Salaries	Interest	Long-Term Capital Gains
\$25,000 Spouse 1	\$17,200	\$ 400	\$0
Spouse 2	7,400		
\$50,000 Spouse 1	\$34,000	\$1,000	\$0
Spouse 2	15,000		
\$75,000 Spouse 1	\$49,000	\$2,000	\$3,000
Spouse 2	21,000		
\$100,000 Spouse 1	\$65,000	\$3,000	\$4,000
Spouse 2	28,000		

Wage and salary income was assumed to be split 70/30 between the two spouses. All other income was assumed to have been split evenly. Each family was assumed to own a single-family home with their residence located within the city limits. All income was assumed to have been earned within the family's city of residence.

Each family was assumed to have \$0 federal and state/local tax refunds from the previous year.

Itemized deductions used in computing income taxes were:

1992 Deduction	Federal AGI			
	\$25,000	\$50,000	\$75,000	\$100,000
Medical (Gross)	\$1,000	\$1,800	\$2,500	\$3,500
Deductible Taxes	--real and personal property taxes/income taxes as computed as paid in 1992--			
Mortgage Interest	\$4,236	\$9,201	\$12,707	\$16,942
Contributions	\$700	1,500	2,200	3,000

Turbotax 1992 federal and state income tax computer software was used to compute these taxes for each family in each state.

Property Tax on Residence

Each family was assumed to have purchased their home in December 1991 with the first mortgage payment due in January 1992. The value of the house was equal to 2.5 times the federal AGI for that family. It was assumed that the mortgage principal equaled 80% of the value and the interest rate was 7.5% on a 30 year loan.

Rather than adjust housing values for each city to account for price differences, a set value for each income group was used. This was done to avoid reflecting differences in housing values and market conditions and instead focus on the difference in property taxes for the same value residence. It is acknowledged that in some cases, the city's economy might not result in a house of that value existing as a single-family dwelling, but again the purpose is to reflect differences in tax burdens in a hypothetical situation not differences in housing and market conditions.

Local property tax rates and assessment ratios were obtained from VERTEX *National Property Tax Manuals*, Commerce Clearing House (CCH) or by contacting local assessors or the local Governmental Research Association organization for assistance.

All property tax calculations reflect homestead exemptions if applicable. Credits given for property taxes on local or state income taxes are reflected in a lower income tax level. Rebates which were given independent of local or state income taxes were subtracted from the state and local total tax burden and so footnoted on the appropriate table.

Sales and Use Tax

Sales taxes were computed based on the average dollar amount spent at various income levels as provided by the Bureau of Labor Statistics 1991 Consumer Expenditure Survey. Major categories of average expenditures were selected rather than total average expenditures in order to effectively reflect the different sales tax exemptions applied by states and localities. The various categories of consumption used were purchases of food for home consumption; food purchased for consumption on the premises; utilities, fuels and public services; apparel and services; personal care products and services; and household furnishings and equipment.

Automobile Taxes

The automobile taxes included were the gasoline tax, motor vehicle registration fees, personal property taxes levied on automobiles and other annual taxes based on the value of the automobile which would be deductible from federal income taxes. This study used the same automobile assumptions as that used by the June 1992 District of Columbia study, *Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison*, and a table outlining these assumptions follows.

1991 Automobile Tax Assumptions

INCOME LEVEL	DESCRIPTION OF AUTO	HORSE- POWER ^a	WEIGHT ^a	YEAR	MARKET VALUES			ESTIMATED MILEAGE PER GALLON ^b	ESTIMATED ANNUAL GASOLINE USAGE ^c
					RETAIL PRICE ^a	TRADE-IN VALUE ^a	LOAN VALUE ^a		
\$25,000	Sedan, 4 Door 4 Cylinder, Automatic	14.3	2,208 lbs.	1990	\$9,149	\$6,725	\$6,075	28	535 Gallons
\$50,000	Sedan, 4 Door 6 Cylinder, Automatic	28.1	3,170 lbs.	1989	22,600	14,525	13,075	19	789 Gallons
\$75,000	Sedan, 4 Door 6 Cylinder, Automatic	31.5	3,570 lbs.	1990	41,500	26,825	24,150	16	937 Gallons
	Sedan, 4 Door 4 Cylinder, Automatic	18.9	2,559 lbs.	1988	11,286	3,975	3,600	19	394 Gallons
\$100,000	Sedan, 4 Door 6 Cylinder, Automatic	29.1	3,315 lbs.	1990	45,950	29,900	26,925	18	833 Gallons
	Sedan, 4 Door 6 Cylinder, Automatic	28.2	3,086 lbs.	1989	16,999	10,600	9,550	19	394 Gallons

^a National Automobile Dealers Association Used Car Guide, October 1991, Eastern edition.

^b Gas Mileage Guide, EPA fuel economy estimates for city driving (for 1988, 1989, 1990), U.S. Department of Energy.

^c Assumes 15,000 miles driven per year for all vehicles except the second car in the \$75,000 and \$100,000 income levels, which are assumed to be driven 7,500 miles.

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