

CTP
CENTER FOR TAX POLICY

TAXPAYER REPORT

Vol. LIII, No. 1
June, 2006

STATE GOVERNMENT TAX COLLECTIONS FOR 2005

Colorado Near the Bottom in State Government Tax Collections

Colorado remains as one of the states that collects the least amount of state government taxes. In 2005, Colorado ranked 47th in per capita state taxes and 49th when those tax receipts were related to personal income. Over the past few decades Colorado has continued to maintain a fiscally decentralized system with low state government taxes and high local government taxes.

When comparing states, it is important to keep in mind the relative strengths and weaknesses of state and/or local government. In some states exclusive authority for certain taxes, such as income and sales taxes, is reserved to state government. Many states do not allow local governments to collect sales tax receipts. Differing systems will give different results. Some states control K-12 education at the state level (Hawaii) while most delegate that to local school districts. In 2002, Colorado placed 19th in per capita state and local taxes and 46th when related to income. However, it ranked 5th in per capita local taxes and 11th in local taxes per \$1,000 of income.

There are two major methods to compare tax collections. Per capita divides tax collections by a state's total population. The second method, per \$1,000 of income, compares tax receipts to the state's total personal income. This serves to mitigate differences in wealth such as that between Connecticut and Mississippi. While the per capita method is more easily understood, the per \$1,000 of income method allows for differences in income to be factored into the comparisons.

In per capita terms, the states with the largest state government tax collections were located primarily in New England and the West and the smallest in the South and the West. There was little geographical weight in terms of state taxes per \$1,000 for the high and low end, except for Colorado and New Hampshire.

State Government Tax Collections, 2005

<u>Per Capita</u>		<u>Per \$1,000 of Income</u>	
1 Vermont	\$ 3,600	1 Vermont	\$ 108.02
2 Hawaii	3,478	2 Hawaii	100.68
3 Wyoming	3,418	3 Wyoming	92.88
4 Connecticut	3,300	4 Arkansas	87.73
5 Delaware	3,229	5 Delaware	87.16
6 Minnesota	3,094	6 West Virginia	86.99
7 Massachusetts	2,815	7 New Mexico	83.88
8 Alaska	2,799	8 Minnesota	82.79
9 California	2,724	9 Alaska	78.63
10 New Jersey	2,631	10 Louisiana	76.94
11 New York	2,607	11 Kentucky	76.40
12 Rhode Island	2,443	12 Maine	74.36
13 Wisconsin	2,430	13 California	73.56
14 Maryland	2,410	14 Mississippi	73.45
15 West Virginia	2,367	15 Idaho	72.92
16 Washington	2,360	16 Wisconsin	72.39
17 Arkansas	2,358	17 North Carolina	70.26
18 Michigan	2,324	18 North Dakota	70.21
19 Maine	2,323	19 Michigan	70.19
20 New Mexico	2,319	20 Connecticut	69.01
21 North Dakota	2,203	21 Montana	68.21
22 Pennsylvania	2,193	22 Utah	67.63
		23 Rhode Island	67.56
<i>United States</i>	<i>2,190</i>	24 Washington	66.65
		25 Oklahoma	65.91
23 Kentucky	2,178	26 Indiana	65.53
24 Nebraska	2,158	27 Ohio	64.48
25 North Carolina	2,147	28 New York	64.35
26 Virginia	2,104	29 Nebraska	64.21
27 Ohio	2,094	30 Massachusetts	63.57
28 Nevada	2,075		
29 Illinois	2,069	<i>United States</i>	<i>63.39</i>
30 Idaho	2,054		
31 Indiana	2,049	31 Pennsylvania	62.85
32 Kansas	2,040	32 Kansas	62.12
33 Montana	2,004	33 Arizona	61.24
34 Iowa	1,939	34 South Carolina	60.66
35 Oklahoma	1,933	35 New Jersey	60.10
36 Louisiana	1,910	36 Iowa	59.99
37 Florida	1,905	37 Alabama	58.74
38 Utah	1,897	38 Nevada	57.82
39 Mississippi	1,860	39 Maryland	57.71
40 Arizona	1,854	40 Florida	57.36
41 Oregon	1,791	41 Illinois	57.29
42 Georgia	1,728	42 Oregon	55.80
43 South Carolina	1,720	43 Georgia	55.52
44 Alabama	1,711	44 Virginia	54.80
45 Tennessee	1,678	45 Tennessee	53.95
46 Missouri	1,645	46 Missouri	51.58
47 Colorado	1,640	47 South Dakota	45.25
48 New Hampshire	1,544	48 Texas	44.18
49 Texas	1,434	49 Colorado	43.21
50 South Dakota	1,430	50 New Hampshire	40.19

SOURCE: U.S. Census Bureau, State Government Tax Collections, 2005; Internet, last revised May 23, 2006. Per capita computed by Census Bureau, Per \$1,000 income computed by CTP from Bureau of Economic Analysis income series, Internet, revised May 30, 2006

**State Government Tax Collections, United States and Colorado
Per Capita and Per \$1,000 of Income, 2000-2005**

	2000	2001	2002	2003	2004	2005
Per Capita						
United States	\$ 1,922	\$ 1,966	\$ 1,862	\$ 1,892	\$ 2,014	\$ 2,190
Colorado	1,645	1,708	1,539	1,459	1,532	1,640
<i>Colorado Rank</i>	39	36	41	47	48	47
Per \$1,000 of Income						
United States	\$ 64.25	\$ 64.39	\$ 60.49	\$ 60.13	\$ 61.01	\$ 63.39
Colorado	49.00	49.55	45.23	42.26	42.43	43.21
<i>Colorado Rank</i>	47	47	49	50	49	49

SOURCE: U.S. Census Bureau, State Government Tax Collections, Internet, last revised May 23, 2006;
Per capita calculated by Census Bureau; Per \$1,000 Income calculated by CTP based on Bureau of
Economic Analysis personal income series, Internet, May 30, 2006. D.C. excluded from income series.

Colorado Fell to 50th in State Government Taxes During Past Six Years

In looking at Colorado's ranking in per capita state government tax receipts over the past six years, Colorado rose to 36th in 2001. This was the highpoint of the state's economic boom, but the state fell to 48th by 2004 as a result of the economic downturn and the ratchet-effect of the TABOR amendment. In per income terms, Colorado fell from 47th in 2000 to 50th in 2003. The improving economy was responsible for the slight growth in 2004 and 2005.

Colorado Was Three-Fourths of National State Tax Collections in 2005

In per capita terms, Colorado was three-fourths of the 50-state government average tax collections in 2005. While Colorado fell below the national average in sales, licenses and other taxes, it matched the national average in income taxes. Colorado was less than 60% of the national average for sales and gross tax receipts, falling below 50% for general sales but reaching nearly 68% of selective sales. Colorado exceeded the national average for motor fuels taxes by 8%, but was only 5% of the per capita tax collections for public utilities. Colorado was at only 50% of the average of total licenses in per capita terms, exceeding the national average only in hunting and fishing, by three times or 300%. However, it was less than 4% of the national average for corporation license receipts. While Colorado matched the national per capita rate for income taxes, it slightly exceeded the national average for individual income taxes (109%), but fell below the average for corporation income taxes (52%). Finally, Colorado was below the other states in terms of other taxes at less than 45%. It did surpass the national average for severance taxes by 13%.

**State Government Tax Collections, United States and Colorado
Per Capita, by Type, 2005**

	<u>United States</u>	<u>Colorado</u>	<i>CO as Percent of U.S.</i>
Total Taxes	2,189.84	1,639.54	74.9%
Property Taxes	38.36	-	
Sales and gross receipts	1,051.42	655.40	62.3%
General Sales	717.39	429.38	59.9%
Selective Sales	334.03	226.02	67.7%
Alcoholic beverages	15.99	6.77	42.3%
Amusements	17.72	21.24	119.9%
Insurance premiums	50.17	41.14	82.0%
Motor fuels	116.85	126.23	108.0%
Pari-mutuals	1.05	0.82	78.1%
Public utilities	37.26	1.92	5.2%
Tobacco products	44.67	27.89	62.4%
Other selective sales	50.33	-	
Licenses	144.33	72.15	50.0%
Alcoholic beverages	1.32	1.22	92.4%
Amusements	0.82	0.20	24.4%
Corporation	24.61	0.94	3.8%
Hunting and Fishing	4.27	13.62	319.0%
Motor vehicle	61.59	43.84	71.2%
Motor vehicle operators	7.13	3.15	44.2%
Public utility	1.60	-	
Occupation and business	40.79	9.02	22.1%
Other licenses	2.21	0.16	7.2%
Income taxes	875.23	876.01	100.1%
Individual income	744.46	808.30	108.6%
Corporation net income	130.77	67.70	51.8%
Other Taxes	80.49	35.99	44.7%
Death and gift	18.05	4.88	27.0%
Documentary and stock transfer	33.97	-	
Severance	27.48	31.11	113.2%
Other	0.99	-	

SOURCE: U.S. Census Bureau, State Government Tax Collections, 2005; Internet, last revised May 23, 2006.
Per capita computed by Census Bureau.