



CENTER FOR TAX POLICY

# TAXPAYER REPORT

Vol. LIV, No. 2  
May, 2008

## **STATE GOVERNMENT TAX COLLECTIONS FOR 2006**

### Colorado Near the Bottom in State Government Tax Collections

Colorado state government tax collections rose by over 11% between 2005 and 2006, placing the state 15<sup>th</sup> in growth. Even with a more robust economy, combined with the ability to retain tax revenues under the voter-approved Referendum C\*\*, Colorado remained as one of the states that collected the least amount of state government taxes. In 2006, Colorado ranked 45<sup>th</sup> in per capita state taxes and 48<sup>th</sup> 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. Authority over governmental functions also differs among the states. Some states control K-12 education at the state level (Hawaii) while most, like Colorado, delegate that to local school districts.

It is important to note that while Colorado has low state government taxes, it has relatively high local government taxes. In 2004, Colorado ranked 8<sup>th</sup> in per capita local taxes and 13<sup>th</sup> in local taxes per \$1,000 of income. Colorado placed 3<sup>rd</sup> in the local government share of state and local taxes and 48<sup>th</sup> in the state government share of state and local taxes in 2004. When state and local government tax receipts were combined, Colorado placed 24<sup>th</sup> in per capita state and local taxes and 47<sup>th</sup> when state and local tax receipts were related to income in 2004.

State Government Tax Collections, United States and Colorado Per Capita and Per \$1,000 of Income, 2000-2006							
	2000	2001	2002	2003	2004	2005	2006
<b>Per Capita</b>							
United States	\$ 1,916	\$ 1,967	\$ 1,863	\$ 1,894	\$ 2,018	\$ 2,194	\$ 2,369
Colorado	1,635	1,707	1,536	1,457	1,530	1,636	1,788
Colorado Rank	39	35	42	47	48	47	45
<b>Per \$1,000 of Income</b>							
United States	\$ 64.25	\$ 64.39	\$ 60.49	\$ 60.17	\$ 60.98	\$ 63.19	\$ 64.60
Colorado	49.00	49.55	45.23	42.86	43.05	43.50	45.29
Colorado Rank	47	47	49	50	49	48	48
SOURCE: U.S. Census Bureau, State Government Tax Collections, 2006, released March 30, 2007							
Population from U.S. Census Bureau, Annual Estimates, released December 27, 2007							
Personal Income from Bureau of Economic Analysis, SA1-3, September 20, 2007; Excludes the District of Columbia							

### Colorado Fell to 50<sup>th</sup> in State Government Taxes During Past Seven Years

In looking at Colorado's ranking in per capita state government tax receipts over the past seven years, Colorado rose to 35<sup>th</sup> in 2001. This was the highpoint of the state's economic boom, but the state fell to 48<sup>th</sup> by 2004 as a result of the economic downturn and the ratchet-effect of the TABOR\*\* amendment. Colorado rose from 47<sup>th</sup> to 45<sup>th</sup> between 2005 and 2006 as the state's economy began to pick up, along with the ability to retain excess TABOR revenues under voter-approved Referendum C in 2005. Colorado's state government tax collections rose by 11.4% between 2005 and 2006, compared with the national average gain of 9.0%. Nevertheless, in per income terms, Colorado fell from 47<sup>th</sup> in 2000 to 50<sup>th</sup> in 2003. Colorado dropped below New Hampshire, which does not have either a state income tax or state general sales tax. The improving economy was responsible for the slight growth to 49<sup>th</sup> in 2004 and 48<sup>th</sup> in 2005 and 2006.

### Colorado Was Three-Fourths of Per Capita National Average in State Tax Collections in 2006

In per capita terms, Colorado was only 75% 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 slightly above 60% of the national average for sales and gross tax receipts, above 58% for general sales but reaching only 69% of selective sales. Colorado exceeded the national average for motor fuels taxes by 3%, but was only 5% of the per capita tax collections for public utilities. Colorado was less than 50% of the national average of total licenses in per capita terms, exceeding the national average only in hunting and fishing, by three times or 334%. However, it was only 2% of the national average for corporation license receipts. While Colorado matched the national per capita rate for total income taxes, it slightly exceeded the national average for individual income taxes (109%), but fell below the average for corporation income taxes (60%). Finally, Colorado was below the other states in terms of other taxes at less than 50%. It did surpass the national average for severance taxes by about 25%.

\*\* The voter-approved constitutional amendment, TABOR, restricts annual state spending to changes in population and inflation. Referendum C, adopted by the voters in 2005, created a five-year "time-out" from the spending restriction.

## State Government Tax Collections, 2006

<u>Per Capita</u>		<u>Per \$1,000 of Income</u>	
Wyoming	\$ 4,139	1 Vermont	\$ 111.41
Vermont	3,877	2 Hawaii	103.90
Hawaii	3,847	3 Wyoming	101.58
Alaska	3,667	4 Alaska	96.00
Connecticut	3,470	5 West Virginia	89.31
Minnesota	3,362	6 New Mexico	87.96
Delaware	3,355	7 Arkansas	87.05
California	3,072	8 Minnesota	86.56
Massachusetts	3,014	9 Delaware	85.98
New Jersey	2,867	10 Maine	85.08
New York	2,829	11 Kentucky	79.62
Maine	2,730	12 California	77.60
New Mexico	2,631	13 North Dakota	77.21
Maryland	2,597	14 Mississippi	76.48
Rhode Island	2,583	15 Montana	72.88
Washington	2,574	16 Wisconsin	72.01
North Dakota	2,544	17 North Carolina	71.94
West Virginia	2,520	18 Utah	71.91
Arkansas	2,477	19 Louisiana	71.76
Wisconsin	2,475	20 Idaho	71.56
Nevada	2,469	21 Michigan	69.53
<i>United States</i>	2,369	22 Rhode Island	68.92
Kentucky	2,367	23 Connecticut	68.16
Michigan	2,347	24 Washington	67.40
Pennsylvania	2,342	25 Oklahoma	67.13
North Carolina	2,323	26 Indiana	66.97
Kansas	2,277	27 Kansas	65.34
Louisiana	2,275	28 Nebraska	65.15
Virginia	2,250	29 Massachusetts	65.14
Nebraska	2,246	<i>United States</i>	64.60
Montana	2,246	30 Ohio	64.62
Illinois	2,202	31 New York	64.27
Oklahoma	2,176	32 Pennsylvania	63.65
Indiana	2,162	33 Nevada	63.20
Ohio	2,149	34 Iowa	62.15
Idaho	2,147	35 Oregon	61.68
Utah	2,116	36 New Jersey	61.48
Mississippi	2,066	37 South Carolina	60.49
Florida	2,060	38 Alabama	60.14
Iowa	2,058	39 Arizona	59.45
Oregon	2,056	40 Maryland	59.19
Arizona	1,900	41 Illinois	57.24
Alabama	1,858	42 Virginia	56.86
Georgia	1,823	43 Georgia	56.80
South Carolina	1,792	44 Florida	56.09
<b>Colorado</b>	<b>1,788</b>	45 Tennessee	54.59
Tennessee	1,753	46 Missouri	53.13
Missouri	1,744	47 South Dakota	46.65
New Hampshire	1,586	<b>48 Colorado</b>	<b>45.29</b>
Texas	1,563	49 Texas	44.40
South Dakota	1,499	50 New Hampshire	39.90

SOURCE: U.S. Census Bureau, State Government Tax Collections, 2006, released March 30, 2007

Population from U.S. Census Bureau, Annual Estimates, released December 27, 2007

Personal Income from Bureau of Economic Analysis, SA1-3, September 20, 2007; Excludes D.C.

**State Government Tax Collections, United States and Colorado  
Per Capita, by Type, 2006**

	<u>United States</u>	<u>Colorado</u>	<i>Colorado Average as a Percent of U.S. Average</i>
Total Taxes	2,368.90	1,788.05	75.5%
Property Taxes	39.37	-	-
Sales and gross receipts	1,106.86	682.52	61.7%
General Sales	759.71	441.66	58.1%
Selective Sales	347.15	240.87	69.4%
Alcoholic beverages	16.52	6.97	42.2%
Amusements	18.57	22.15	119.3%
Insurance premiums	51.66	37.30	72.2%
Motor fuels	119.91	123.69	103.1%
Pari-mutuals	1.02	0.71	69.9%
Public utilities	38.21	1.95	5.1%
Tobacco products	48.56	48.09	99.0%
Other selective sales	52.70	-	-
Licenses	151.84	69.86	46.0%
Alcoholic beverages	1.36	1.21	88.6%
Amusements	0.88	0.21	24.3%
Corporation	25.41	0.55	2.2%
Hunting and Fishing	4.44	14.83	334.2%
Motor vehicle	63.77	42.41	66.5%
Motor vehicle operators	7.17	2.60	36.2%
Public utility	1.56	-	-
Occupation and business	44.78	7.91	17.7%
Other licenses	2.46	0.15	6.1%
Income taxes	978.51	989.59	101.1%
Individual income	819.57	893.56	109.0%
Corporation net income	158.94	96.02	60.4%
Other Taxes	92.32	46.08	49.9%
Death and gift	15.92	1.44	9.1%
Documentary and stock transfer	39.90	-	-
Severance	35.75	44.64	124.8%
Other	0.75	-	-

SOURCE: U.S. Census Bureau, State Government Tax Collections, 2006, released March 30, 2007

Population from U.S. Census Bureau, Annual Estimates, released December 27, 2007; Excludes D.C.