

# RIPEC

## NEWS RELEASE

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### **MEDIA ADVISORY**

#### **Property Taxes Cause of Rhode Island's High Tax Burden**

#### **Property Taxes Account for 42¢ of Every \$1.00 Rhode Islanders Pays in State and Local Taxes**

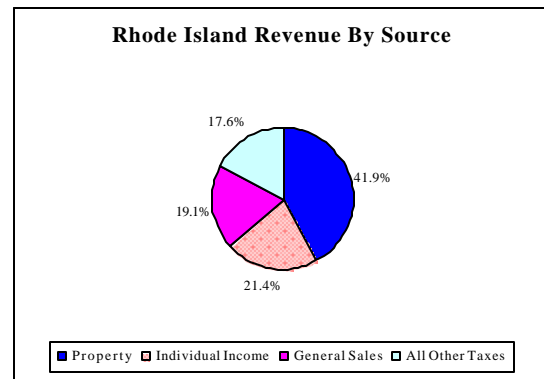
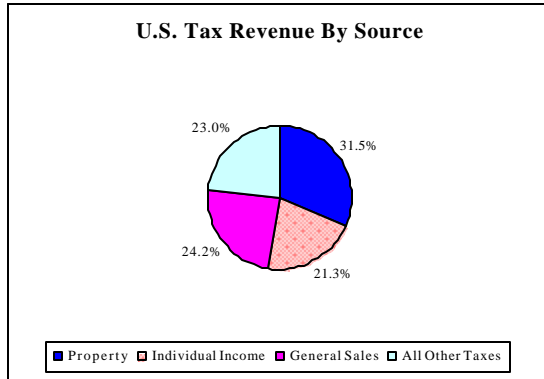
On Tuesday, June 20, 2006, RIPEC will release its annual report, *How Rhode Island Compares – 2006 Edition*. The report will be posted on RIPEC's website at [www.ripec.org](http://www.ripec.org).

This RIPEC report shows how Rhode Island's state and local tax burden compares to the other 49 states both on a per capita basis and per \$1,000 of personal income for FY 2004. This data is based on the most recent data published by the United States Department of Commerce, Bureau of the Census.

According to the RIPEC study, Rhode Island's tax burden continues to be one of the highest in the United States. The reason for this is primarily due to the Ocean State's over-reliance on the property tax, which is 45 percent above the United States average. Property taxes accounted for 42¢ of every dollar Rhode Islander paid in State and local taxes, whereas the sales tax paid took 19¢, and the State's personal income tax accounted for almost 22¢.

Between FY 1994 and FY 2004, Rhode Island's total tax burden increased from the 19<sup>th</sup> highest in the Nation to 7<sup>th</sup> highest. This is in sharp contrast to neighboring Massachusetts where the tax burden declined from 22<sup>nd</sup> highest in FY 1994 to 31<sup>st</sup> in FY 2004.

**RIPEC is an independent, non-partisan voice and catalyst for effective, efficient and equitable government in Rhode Island**



Some of the key findings in the RIPEC report are as follows:

*Total state and local tax collections*

- In FY 2004, Rhode Island's state and local tax collections of \$120.35 per \$1,000 of personal income were 9.1 percent above the United States average. Rhode Island ranked 7<sup>th</sup> highest in tax collections within the nation in FY 2004, up from 19<sup>th</sup> highest in FY 1994.
- Connecticut ranked 10<sup>th</sup> highest in FY 2004 in total tax collections with \$115.71 per \$1,000 of personal income, up from 13<sup>th</sup> highest in FY 1994.
- Massachusetts's ranking declined from 22<sup>nd</sup> highest in FY 1994 to 31<sup>st</sup> in FY 2004. The Bay State's FY 2004 tax collections were \$105.77 per \$1,000 of personal income.

*Property Tax Collections*

- Rhode Island's FY 2004 property tax burden of \$50.38 ranked the State 5<sup>th</sup> highest, up from 8<sup>th</sup> highest in FY 1994.
- Connecticut's property tax collections ranked 7<sup>th</sup> highest in the nation in FY 2004, up from 11<sup>th</sup> highest in FY 1994. Collections were \$45.70 per \$1,000 of personal income in FY 2004.
- In FY 2004, Massachusetts ranked 15<sup>th</sup> highest in property tax collections, with \$38.43 per \$1,000 of personal income. In FY 1994, the Bay state was 18<sup>th</sup> highest.

*Individual Income Tax Collections*

- Rhode Island's income tax revenues of \$25.77 per \$1,000 of personal income ranked the State 20<sup>th</sup> highest in the nation in FY 2004, behind Connecticut and Massachusetts.
- Connecticut's income tax revenues of \$29.02 per \$1,000 of personal income placed the state 15<sup>th</sup> highest within the nation, up from 27<sup>th</sup> highest in FY 2004.
- Massachusetts' ranked 5<sup>th</sup> highest in the nation in FY 2004, with \$34.57 per \$1,000 of personal income compared to 4<sup>th</sup> highest in FY 1994.

### General Sales Tax Collections

- Rhode Island's sales tax collections ranked the Ocean State 36<sup>th</sup> highest in FY 2004, with \$23.04 per \$1,000 of personal income, 13.8 percent below the national average. In FY 1994, Rhode Island ranked 40<sup>th</sup> highest.
- Connecticut's ranking declined from 35<sup>th</sup> highest in FY 1994 to 38<sup>th</sup> highest in FY 2004, with \$21.01 per \$1,000 of personal income.
- Massachusetts ranked 43<sup>rd</sup> highest in FY 2004 with \$14.66 per \$1,000 of personal income, compared to 44<sup>th</sup> highest in FY 1994.

**Table 1**  
**State and Local Revenues Per \$1,000 of Personal Income and Per Capita**  
**How Rhode Island Compares to the United States Average**  
**Fiscal Year 2004**

State and Local Revenues	Per \$1,000 of Personal Income			Per Capita		
	U.S.	R.I.	% of U.S.	U.S.	R.I.	% of U.S.
Selected Tax Revenues						
Property	\$34.75	\$50.38	145.0%	\$1,086	\$1,629	150.0%
Individual Income	23.50	25.77	109.7%	734	833	113.5%
General Sales	26.74	23.04	86.2%	836	745	89.1%
Total State and Local Taxes	\$110.33	\$120.35	109.1%	\$3,447	\$3,891	112.9%
Charges and Misc. Revenues	\$49.55	\$41.10	82.9%	\$1,548	\$1,329	85.9%
All Revenues*	\$265.92	\$276.80	104.1%	\$8,308	\$8,949	107.7%

\*Revenues: Include intergovernmental revenues; tax revenues; charges and misc. general revenues; utility, liquor store, and insurance trust revenues.  
 Source: U.S. Census Bureau, Government Finance, FY 2004 Data, Bureau of Economic Analysis for personal income data, and RIPEC calculations.

**Table 2**  
**Various State and Local Tax Collections**  
**Per \$1,000 of Personal Income**

<u>Total Tax Collections</u>					<u>Individual Income Tax Collections</u>				
	1994	Rank	2004	Rank		1994	Rank	2004	Rank
US	\$116.71		\$110.33		US	\$24.03		\$23.50	
CT	122.99	13	115.71	10	CT	24.41	27	29.02	15
MA	116.39	22	105.77	31	MA	38.67	4	34.57	5
RI	117.46	19	120.35	7	RI	24.91	25	25.77	20
<u>Property Tax Collections</u>					<u>General Sales Tax Collections</u>				
	1994	Rank	2004	Rank		1994	Rank	2004	Rank
US	\$36.78		\$34.75		US	\$27.81		\$26.74	
CT	47.80	11	45.70	7	CT	23.84	35	21.01	38
MA	40.43	18	38.43	15	MA	15.65	44	14.66	43
RI	49.45	8	50.38	5	RI	19.47	40	23.04	36