

***A RIPEC Report on Rhode Island's
State and Local Tax System***

March 25, 2008

Compiled as a public service by the Rhode Island Public Expenditure Council

A RIPEC Report on Rhode Island's State and Local Tax System

TABLE OF CONTENTS

	Pages
1. Executive Summary and RIPEC Comments	3
2. Highlights of Report	7
3. Overview of Rhode Island's Tax System	10
4. Personal Income Tax	13
5. Sales & Consumption Taxes	15
6. Business Taxes	17
7. Property Tax	21
8. Three State Comparison	24
9. Appendices	25

1. Executive Summary and RIPEC Comments

Based on Census data, in FY 2005, the most recent year for which nationally comparable data are available, Rhode Island's state and local tax collections amounted to \$122.68 per \$1,000 of personal income. This amount of taxes paid to support government ranks Rhode Island 7th highest among the 50 states. This effectively means the State's tax collections account for 12.3 percent of personal income, which is higher than the national average and also Connecticut and Massachusetts.

Between FY 1995 and FY 2005, total State and local tax collections in Rhode Island increased by 4.6 percent on a per \$1,000 of personal income basis. By contrast, total collections across the United States and in both Connecticut and Massachusetts decreased during that time period.

In October 2007, the Tax Foundation ranked Rhode Island the worst business climate in the country for the third year in a row. Rhode Island ranked 48th on the property tax, last on the unemployment index, 34th on the corporate tax, and 33rd on the sales tax index.

Recently, progress has been made to improve Rhode Island's tax climate and also control the rate of growth in local property taxes.

There are currently various bills introduced in the House and Senate that will have an impact on the State's tax structure. Tax policy changes must be carefully considered to ensure that the resulting State-local tax structure is equitable, fair, balanced and serves to strengthen the State's economy – in both the short term as well as the long term.

A revenue system includes the entire means by which governments acquire financial resources to pay for public goods and services. While each state makes individual decisions concerning its particular revenue system, a core set of principles has evolved over the years. While the relative weight given to any one principle will vary in developing or modifying a revenue system, each of these criteria should be considered.

A high-quality state revenue system should:

1. Comprise elements that are complementary, including the finances of both state and local governments;
2. Produce revenue in a reliable manner;
3. Rely on balanced and diversified revenue sources;
4. Treat individuals equitably and minimize regressivity;
5. Facilitate taxpayer compliance;
6. Promote fair, efficient and effective administration;
7. Respond to interstate and international economic competition;
8. Have minimal involvement in spending decisions and any such involvement should be made explicit; and
9. Be accountable to taxpayers.

To reflect the economy of tomorrow and improve Rhode Island's fiscal position, State and local leaders should develop a multi-year strategic tax plan with the objective of:

- Lessening the overall tax burden
- Ensuring a proper balance between state and local taxes
- Reducing tax inequities among localities in the state
- Equitably and efficiently funding public services, particularly education, and
- Improving Rhode Island's competitive position

A thoughtful tax restructuring effort, distinct from a piecemeal approach will enable the establishment of a tax system that reflects the Rhode Island of tomorrow instead of the Rhode Island of yesterday. The fiscal and economic impacts of tax changes should be thoroughly and carefully evaluated before actions are undertaken that fundamentally change the system of taxation in Rhode Island. The following provides an overview of some areas that should be looked at before any changes to the tax structure be made.

Personal Income Tax Issues

- The personal income tax is the largest single source of State general revenues. Therefore, a comprehensive discussion of the State's tax structure cannot ignore issues revolving around the fairness, administration, and competitiveness of the State's largest tax generator;
- To improve Rhode Island's income tax system, one should consider the following:
 - Economic Competitiveness – A quality tax system should not create barriers that discourage economic activity. The income tax should not be perceived to discourage job creation and investment. Because states have increased the level of competition for economic development, Rhode Island should continue to assess whether the State's personal income tax system encourages or discourages economic expansion and job retention;
 - Equity and Fairness – The personal income tax introduces progressivity into the State's tax system, helping reduce the generally regressive nature of other State and other local taxes, particularly the property tax. Therefore, issues of both vertical and horizontal equity must be considered in any reform of the State's personal income tax system;
 - Simplicity – Simplicity is another characteristic of a quality income tax system. Taxes should be easy to calculate and comply with, and easy to administer. It takes a knowledgeable tax practitioner to determine which credits to take and in which order to take them. While some taxpayers have complex filing requirements because of the nature of their income and deductions, the average state tax return should be a fairly simple undertaking. Simplicity is also related to administrative efficiency and effectiveness where tax collections and compliance imposes as little costs as possible on both the State and taxpayer;
 - Transparency – A key principle of a quality tax system is transparency, including tax rates, income brackets, and personal exemptions that are indexed to an inflation factor. The public should be able to understand how it is being taxed compared to other states. Recently, the Assembly undertook efforts to increase transparency within Rhode Island's income tax system.
- Historic Structures Tax Credits, Motion Picture Tax Credits, and a number of other credits have had a significant impact on State income tax revenues. There is a need to carefully

examine both credits to determine if they are meeting their objectives and whether, and how, to modify the credits.

Sales Tax Issues

- Exemptions in Rhode Island's sales tax code have reduced the State's reliance on the sales tax as a revenue source, and increased reliance on other taxes;
- Sales taxes, particularly excise taxes, are among the most regressive forms of taxation. Revisions to the sales tax code should be made with caution to ensure that these changes do not increase the regressive nature of the system;
- Changes to sales taxes should be evaluated in terms of the impact of sales tax pyramiding may have on the consumer;
- Consideration should be given to the impact of remote sales on main street business and efforts made by the Streamlined Sales Tax Project.

Business Tax Issues

- Over the past years, businesses in Rhode Island have borne an increased share of the growth in the overall State and local tax burden;
- Changes to the business taxes should be considered in the context of the long-range economic policy objectives of the State. The 2007 Assembly directed the Division of Taxation, with assistance of the Office of Revenue Analysis, to prepare and submit to the Assembly a report, due December of 2008, concerning the policy and fiscal ramifications of changing the corporation tax and other business income taxes to a combined entity method reporting. This report should be used as basis for potential changes to the structure of the business taxes;
- The impact of the continued shifting of the property tax burden to commercial and industrial property and the impact on Rhode Island's ability to attract business, especially in the State's urban core cities, should be carefully examined;
- Differential tax rates on businesses that provide similar or the same goods and the erosion of horizontal equity as providers diversify the services offered should be analyzed;
- The impact of the State's high corporate income tax rate, as well as the consequences of potentially reversing recently enacted tax policy changes on business location decisions in an era of highly mobile capital should be evaluated.

Property Tax Issues

- The recent enacted legislation that statutorily achieves the objective of limiting the growth in property taxes should be kept in place. This legislation closed a major loop hole in the State's existing property tax cap by applying the cap to only the levy rather than the rate or the levy and reduces the cap from 5.5 percent to 4.0 percent by FY 2013 in 0.25 percent increments;
- Property tax administration should be standardized (e.g., standards for local classification systems). Legislation adopted in 2000 established a statewide standard for local classification schemes. This legislation provides that upon the completion of any revaluation a municipality may adopt a property tax classification plan. However, local classification plans are limited to four classes of property, and the effective tax rate applicable to any class cannot exceed 50 percent of the rate applicable to any other class; however, exemptions from this law given to various cities and towns have limited its uniform statewide application;

- The current property reappraisal and revaluation schedule should be kept. This legislation advanced the ten-year mandate revaluation by one year, requiring a comprehensive revaluation every nine years. In addition, in order to maintain assessments that reflect market changes, the 1997 Act requires cities and towns to conduct a statistical update in the third and sixth year after each revaluation. Decreasing the frequency of property revaluations could result in less equity within and among jurisdictions; reduce the accuracy and reliability of data used to calculate and distribute State aid in the future; and result in credit rating agencies having less “real time” data to use in determining the credit worthiness of Rhode Island’s 39 cities and towns;
- Implement a new education finance system to reduce the proportion of education funds derived from local property taxes.

This report provides an overview of Rhode Island’s current tax structure and highlights some issues that need to be further examined before any changes are made. RIPEC will issue a report in the upcoming weeks that will provide further analysis to help guide the discussion. Recently, progress has been made to improve Rhode Island’s tax climate. As Rhode Island moves forward, it is incumbent upon the State’s leaders to focus attention on the overall structure of our State and local tax system and provide for a competitive tax structure.

2. Highlights of Report

Overall Tax System

- Based on Census data, in FY 2005, the most recent year for which nationally comparable data are available, Rhode Island collected \$122.68 per \$1,000 of personal income. This amount of taxes paid to support government ranks Rhode Island 7th highest among the 50 states;
- The State's tax collections as of FY 2005 account for 12.3 percent of personal income as compared to the national average of 11.3 percent;
- On a per capita basis, Rhode Island's total state and local tax collections of \$4,191 per capita in FY 2005 rank the Ocean State 9th highest in the country;
- Between FY 1995 and FY 2005, total State and local tax collections in Rhode Island increased by 4.6 percent on a per \$1,000 of personal income basis. By contrast, total collections across the United States and in both Connecticut and Massachusetts decreased during this time period;
- On a per capita basis, between FY 1995 and FY 2005, Rhode Island has seen total tax collections increase by 57.6 percent. Nationally, total state and local tax collections increased by 47.1 percent. Massachusetts and Connecticut saw total tax collections per capita increase by 50.0 percent and 46.4 percent, respectively.

Personal Income Tax

- In FY 2005, Rhode Island ranked 16th highest in the country for individual income tax collections on a per capita basis and 21st highest on a per \$1,000 of personal income basis, below both Massachusetts and Connecticut who ranked 3rd and 4th, respectively, on a per capita basis, and 5th and 13th on a per \$1,000 of personal income basis;
- While Rhode Island has the lowest income tax collections compared to both Connecticut and Massachusetts by either measure, the state is still higher than the national average. As measured on a per \$1,000 of personal income basis, Rhode Island's FY 2005 income tax collections were 9.7 percent higher than the national average. On a per capita basis Rhode Island income tax revenues were 14.3 percent above the national average;
- Rhode Island's top marginal rate of 9.9 percent is one of the highest in the 41 states that levy a broad-based income tax, effective on incomes over \$349,700. At the same time, Connecticut's top marginal rate is 5.0 percent on incomes over \$10,000 and Massachusetts has a 5.3 percent tax on income. One should note that the 2006 Assembly enacted legislation to allow taxpayers to opt for a tax of 8.0 percent of adjusted gross income for tax year 2006 in lieu of the current tax in determining tax liability. The 8.0 percent flat tax will decrease by 0.5 percent per year until reaching 5.5 percent for tax year 2011. Filers opting for the flat tax would be ineligible for credits or deductions;
- In tax year 2005, of the 486,209 resident tax filers in Rhode Island with Adjusted Gross Income (AGI) over \$200,000 accounted for 24.1 percent of statewide AGI, but for 40.3 percent of total net tax liability. One should note that tax liability may be overstated due to historic tax credits and film credits that are not factored into the calculation;
- Conversely, tax filers with AGI of less than \$30,000 account for 11.6 percent of state AGI, and 3.8 percent of total net tax liability.

Sales Taxes

- Sales taxes across the country range from 2.9 percent in Colorado to a high of 7.0 percent in Rhode Island, Mississippi, New Jersey and Tennessee. However, 13 states have a combined state and local rate of 7.0 or greater, and when local taxes are considered, sales taxes range from a low of 1.45 percent in Alaska, which has no statewide sales tax, to 9.45 percent in Tennessee. Five states, Alaska, Delaware, Montana, New Hampshire and Oregon, have no state sales tax;
- However, one should note that Rhode Island exempts a number of categories from the sales tax, including food (excluding food intended for immediate consumption), prescription drugs, non-prescription drugs, services, clothing, and footwear;
- In FY 2005, Rhode Island ranked 37th in the country for sales tax collections per \$1,000 of personal income and 29th in the country on a per capita basis. In both cases, the State's sales tax collections were below the national average.

Business Taxes

- Rhode Island's business tax burden does not compare favorably on either a national or a regional scale. In October of 2007, the Tax Foundation ranked Rhode Island the worst business climate in the country for the third year in a row. Rhode Island ranked 48th on the property tax, last on the unemployment tax index, 34th on the corporate tax, and 33rd on the sales tax index;
- According to Ernst & Young businesses in Rhode Island paid 46.0 percent of total state and local taxes in FY 2006, which was similar to the national average of 45.0 percent, but in marked contrast to our neighboring states. In FY 2006 businesses' taxes as a share of total state and local tax collections were 38.7 percent in Massachusetts and 34.3 percent in Connecticut;
- According to Ernst & Young, Rhode Island businesses paid 55 percent of the total increase in state and local tax collections between FY 2002 and FY 2006. This compares to 33.0 percent in Connecticut and 46.0 percent in Massachusetts. Nationally, businesses paid 49.0 percent of the total increase in tax collections during this time period;
- Property taxes accounted for the largest share of all state and local business tax collections in all three states. In Rhode Island, property taxes accounted for 41.7 percent of taxes paid by businesses. Sales tax represented the second largest share in Rhode Island, as was the case nationally; however, all three states were below the national average of 23.0 percent of total state and local business taxes. A greater share of total business tax collections come from the corporate income tax in both Rhode Island and Massachusetts. Of the three, only Connecticut was below the national average of 9.4 percent;
- The business share of sales taxes increased from a 40 percent share (\$243.4 million) in FY 2000 to a 46 percent share (approximately \$400.0 million) in FY 2006. At the same time, the share of property taxes supported by businesses increased 25 percentage points, from a 33 percent share to almost 58 percent of all property taxes collected in the State.

Property Taxes

- Across the United States, property taxes, on average, account for the largest single portion of total state and local tax collections. However, New England states rely more heavily on the property tax to fund local governments than does the rest of the country;

- In FY 2005, Rhode Island property tax collections of \$49.60 per \$1,000 of personal income were 43.6 percent above the national average of \$34.55 per \$1,000 of personal income, ranking the Ocean State 6th highest in the country;
- Rhode Island property tax collections as percent of personal income were higher than in either Massachusetts or Connecticut;
- To address the high property tax burden in Rhode Island, in 2006 the General Assembly passed the “Property Tax Relief Act of 2006”. The legislation provided for a cap on the amount the property tax levy can grow annually beginning in FY 2008;
- Property tax rates vary significantly across the communities in the State. FY 2008 actual tax rates on residential real estate range from a low of \$3.17 per \$1,000 of assessed value in New Shoreham to a high of \$22.84 per \$1,000 of assessed value in Providence (not taking into account homestead exemptions, other taxing authorities, or classification structures);
- Property values continue to shift away from commercial and industrial property to residential.

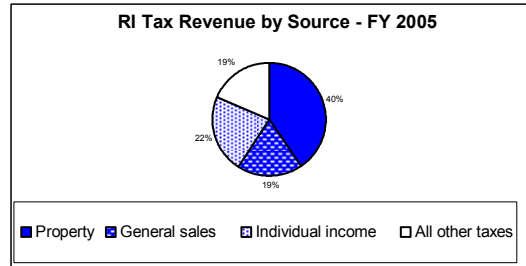
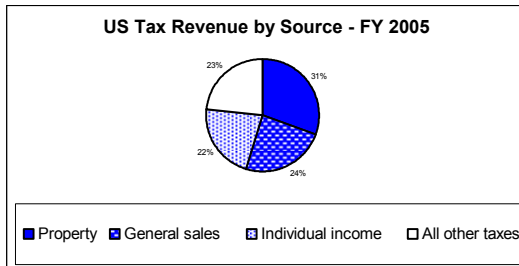
3. Overview of Rhode Island's Tax System

According to Census Bureau estimates, in FY 2005, the most recent year for which nationally comparable data are available, Rhode Island total state and local tax collections totaled \$4,499.6 million, an increase of \$1,865.7 million (70.1 percent) from FY 1995. The three primary sources for tax collections in the State are property (\$1,819.4 million in FY 2005), individual income (\$998.0 million), and general and specific sales and use taxes (\$1,386.5 million).

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 2005

Selected Tax Revenues	Per \$1,000 of Personal Income				Per Capita			
	US	RI	Rank	% of US	US	RI	Rank	% of US
Property	\$34.55	\$49.60	6	143.6%	\$1,132	\$1,695	7	149.7%
Individual Income	24.80	27.21	21	109.7%	813	930	16	114.4%
General Sales	27.06	23.01	37	85.0%	887	786	29	88.7%
Total State and Local Taxes	\$112.84	\$122.68	7	108.7%	\$3,698	\$4,191	9	113.3%
Charges and Misc Revenues	\$50.06	\$42.03	43	84.0%	\$1,640	\$1,436	40	87.5%
All Revenues*	\$259.67	\$265.26	23	102.2%	\$8,509	\$9,062	8	106.5%

*Revenues include: intergovernmental revenues; all tax revenues; charges and misc. general revenues; utility, liquor store, and insurance trust revenues.
 Source: US Census Bureau, Government Finance, FY 2005 Data, Bureau of Economic Analysis for personal income data, RIPEC calculations



Census Bureau data for fiscal year 2005, indicates that state and local governments in the Ocean State collect \$122.68 in taxes for every \$1,000 of personal income. This amount of taxes paid to support government ranks Rhode Island 7th highest among the 50 states. In other words, the State's tax collections account for 12.3 percent of personal income. By contrast, total state and local tax collections in the United States as a whole accounted for 11.3 percent of personal income.

On a per capita basis, Rhode Island's total state and local tax collections of \$4,191 per capita were 13.3 percent higher than the national average of \$3,698 per capita. The largest component of total state and local taxes in the State were property taxes, which accounted for 40.4 percent of total tax collections. By contrast, 30.6 percent of total national collections were from the property tax. This reliance on the property tax as a means of revenue generation in Rhode Island is out of step with the rest of the country and is ultimately an unbalanced system of taxation.

All three southern New England states were above the national average in FY 2005 on both income and property tax by either measure. At the same time, all three states were below the national average for sales tax collections. On a per \$1,000 of personal income basis, Rhode Island ranked higher than either of its neighboring states for both the property and the sales tax, and below for the personal income tax. On a per capita basis, Rhode Island is lower than Connecticut on all measures, but surpassed Massachusetts on both property and sales tax collections for FY 2005.

The following analysis examines how Rhode Island, Connecticut and Massachusetts compare on their income, property and sales tax collections, and how their tax burdens compare over time.

FY 1995-FY 2005 State and Local Tax Collections per \$1,000 of Personal Income

Between FY 1995 and FY 2005, total State and local tax collections in Rhode Island increased by 4.6 percent on a per \$1,000 of personal income basis. By contrast, total collections in across the United States and in both Connecticut and Massachusetts decreased during this time period.

	FY 1995			FY 2005			Actual Increase			Percent Increase		
	RI	MA	CT	RI	MA	CT	RI	MA	CT	RI	MA	CT
Income	\$23.63	\$37.26	\$25.13	\$27.21	\$36.16	\$31.74	\$3.58	-\$1.10	\$6.61	15.2%	-3.0%	26.3%
Property	50.67	39.42	46.20	49.60	38.59	45.13	-1.07	-0.83	-1.07	-2.1%	-2.1%	-2.3%
Sales	20.34	15.48	24.05	23.01	14.52	20.61	2.67	-0.96	-3.44	13.1%	-6.2%	-14.3%
Total	\$117.32	\$112.90	\$122.64	\$122.68	\$107.31	\$119.17	\$5.36	-\$5.59	-\$3.47	4.6%	-5.0%	-2.8%

Source: US Census Bureau, Government Finance, FY 2005 Data, Bureau of Economic Analysis for personal income data, RIPEC calculations

Personal income taxes in Rhode Island increased by the greatest amount, growing from \$23.63 per \$1,000 of personal income in FY 1995 to \$27.21 per \$1,000 of personal income in FY 2005, a 15.2 percent increase. Rhode Island's personal income tax burden was the lowest of the three comparison states in both years.

Since FY 1995, all three states saw a decrease in the property tax as a percent of personal income; however, all remain significantly above the national average of \$34.55 per \$1,000 of personal income. Rhode Island's property tax burden was higher than either Connecticut or Massachusetts in both years.

General sales tax collections in Rhode Island increased between FY 1995 and FY 2005, when measured on a per \$1,000 of personal income basis, in contrast to the other southern New England states and the national average. In FY 1995, sales tax collections in the State were \$20.34 per \$1,000 of personal income. In FY 2005, general sales tax collections increased by \$3.25, or 13.1 percent, to \$23.01 per \$1,000 of personal income.

FY 1995-FY 2005 State and Local Tax Collections per Capita

Between FY 1995 and FY 2005, Rhode Island has seen total tax collections increase by 57.6 percent. Nationally, total state and local tax collections increased by 47.1 percent. Massachusetts and Connecticut saw total tax collections per capita increase by 50.0 percent and 46.4 percent, respectively.

Table 3
FY 1995-FY 2005 Tax Collections Per Capita

	FY 1995			FY 2005			Actual Increase			Percent Increase		
	RI	MA	CT	RI	MA	CT	RI	MA	CT	RI	MA	CT
Income	\$536	\$984	\$756	\$930	\$1,506	\$1,438	\$394	\$522	\$682	73.5%	53.0%	90.2%
Property	1,149	1,040	1,389	1,695	1,607	2,044	546	567	655	47.5%	54.5%	47.2%
Sales	461	409	723	786	605	933	325	196	210	70.5%	47.9%	29.0%
Total	\$2,660	\$2,980	\$3,687	\$4,191	\$4,470	\$5,398	\$1,531	\$1,490	\$1,711	57.6%	50.0%	46.4%

Source: US Census Bureau, Government Finance, FY 2005 Data, Bureau of Economic Analysis for personal income data, RIPEC calculations

During this time period income tax collections in Rhode Island increased from \$536 to \$930 per capita, a 73.5 percent increase. Massachusetts had the smallest increase in income tax collections among the three comparison states on a per capita basis, and was the only state that was close to the national average increase of 53.0 percent (\$522).

Property tax collections in Rhode Island increased from \$1,149 to \$1,695 per capita between FY 1995 and FY 2005, a 47.5 percent increase. In absolute terms, this was the smallest increase of the southern New England states; however, the increase was almost \$200 (16.0 percent) more than the average increase nationally.

Between FY 1995 and FY 2005, sales tax collections in Rhode Island increased from \$461 to \$786 per capita, a 70.5 percent increase. Rhode Island's rate of increase in the sales tax was approximately a third faster than both Massachusetts and the national average, and was more than twice as fast as in Connecticut. Massachusetts had the lowest sales tax collections per capita in southern New England for both years.

On a per capita basis, property taxes accounted for the largest share of the total growth in tax collections in Rhode Island, accounting for 35.7 percent of the total increase in state and local tax collections between FY 1995 and FY 2005. Individual income tax collections accounted for 25.7 percent of the growth since FY 1995. Sales tax collections accounted for the smallest share of the increase of the three taxes examined here, increasing by 21.2 percent; however, sales tax in Rhode Island accounted for a larger portion of the increase in total state and local tax collections than in either neighboring state.

4. Personal Income Tax

	Per \$1k of Personal Income		Per Capita	
	Amount	Rank	Amount	Rank
U.S Average	\$24.80	-	\$813	-
Connecticut	31.74	13	1,438	4
Massachusetts	36.16	5	1,506	3
Rhode Island	27.21	21	930	16

SOURCE: US Bureau of the Census; the Bureau of Economic Analysis; RIPEC calculations

Census Bureau data from FY 2005 show the Ocean State ranked 16th highest in the country for individual income tax collections on a per capita basis and 21st highest on a per \$1,000 of personal income basis, significantly below both Massachusetts and Connecticut who ranked 3rd and 4th respectively on a per capita basis, and 5th and 13th on a per \$1,000 of personal income basis. While

Rhode Island has the lowest income tax collections compared to both Connecticut and Massachusetts by either measure, the state is still higher than the national average. As measured on a per \$1,000 of personal income basis, Rhode Island's FY 2005 income tax collections were 9.7 percent higher than the national average. On a per capita basis Rhode Island income tax revenues were 14.3 percent above the national average. One should note that Rhode Island implemented a flat tax option for tax year 2007, which will have an impact on current and future income tax collections.

Rhode Island's top marginal rate of 9.9 percent is one of the highest in the 41 states that levy a broad-based income tax. California has a higher top rate of 10.3 percent; however, it is only levied on incomes over \$1.0 million, while Rhode Island's top rate is effective on incomes over \$349,700. At the same time, Connecticut's top marginal rate is 5.0 percent on incomes over \$10,000 and Massachusetts has a 5.3 percent tax on income with a 12.0 percent tax on capital gains, as shown on Table 5. While Rhode Island has a significantly higher top marginal rate than the

	Marginal Rates and Tax Brackets*	Standard		Personal Exemptions	
		Single	Joint	Single	Dependents
Connecticut**	3.0% > \$0 5.0% > \$10,000	n.a	n.a	\$12,625	\$0
Massachusetts	5.3% and 12%***	n.a.	n.a.	\$4,125	\$1,000
Rhode Island****	3.75% > \$0 7% > \$31,850 7.75% > \$77,100 9% > \$160,850 9.9% > \$349,700	\$5,350	\$10,700	\$3,400	\$3,400

* Single filers
 ** Exemption value decreases as income increases and is phased out at \$37,250 for a single taxpayer; a credit is also offered that is equal to a percentage of tax owed, phasing out as income increases, up to \$55,000.
 *** The 12% rate applies to short-term capital gains, long- and short-term capital gains
 **** 8.0 percent flat tax option; taxpayers calculate and pay the lesser liability.
 SOURCE: The Tax Foundation

other Southern New England states, the State's income tax is significantly more progressive than most other states, meaning that lower-income families pay less in personal income taxes as a percentage of personal income than do upper-income families. Compared to Rhode Island, the majority of states have a flatter tax system or a lower income threshold at which income is taxed.

One should note that the 2006 Assembly enacted legislation to allow taxpayers to opt for a tax of 8.0 percent of adjusted gross income for tax year 2006 in lieu of the current tax in determining tax liability. The 8.0 percent flat tax will decrease by 0.5 percent per year until reaching 5.5 percent for tax year 2011. Filers opting for the flat tax would be ineligible for credits or deductions;

Table 6
Analysis of Rhode Island Tax Returns, Tax Year 2005

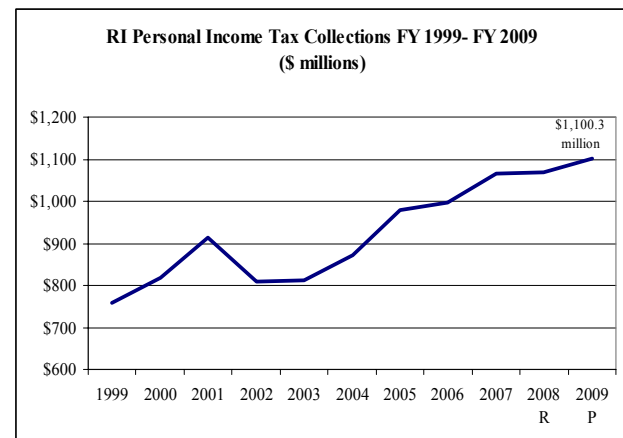
	<\$30,000	\$30,001- \$50,000	\$50,001- \$75,000	\$75,001- \$100,000	\$100,001- \$200,000	\$200,001+	Total
Number of Returns	236,964	87,060	68,060	40,395	41,817	11,913	486,209
% of Total Returns	48.7%	17.9%	14.0%	8.3%	8.6%	2.5%	100.0%
Tax Liability (\$ millions)							
Adj. Gross Income	\$2,991.2	\$3,405.8	\$4,189.4	\$3,489.1	\$5,485.3	\$6,214.5	\$25,775.3
Regular Tax Liability	42.1	80.6	115.1	108.1	209.0	311.9	866.9
Capital Gains Liability	0.4	0.6	1.5	2.2	10.4	74.9	90.1
AMT Liability	0.1	0.0	0.2	0.3	1.8	5.5	7.9
Net RI Tax incl. Credits	\$36.2	\$80.3	\$116.0	\$109.9	\$219.8	\$380.0	\$942.2
% of AGI	1.2%	2.4%	2.8%	3.2%	4.0%	6.1%	3.7%

* Exclusive of Historic Structures Tax Credit and film credits
Source: HFS Rhode Island Revenue Facts, November, 2007

As shown on Table 6, the House Fiscal Staff reports there were 486,209 tax filers in the State in tax year 2005. Those with Adjusted Gross Income (AGI) over \$200,000 accounted for 2.5 percent of all filers and 24.1 percent of statewide AGI, but 40.3 percent of total net tax liability. Conversely, tax filers with AGI of less than \$30,000 account for 48.7 percent of all filers, 11.6 percent of state AGI, and 3.8 percent of total net tax liability.

The personal income tax is the State's largest single source of general revenue, accounting for \$1,100.3 million, or 32.9 percent of total general revenues in FY 2009. Over the last ten fiscal years Rhode Island's personal income tax collections have increased by \$342.7 million, or 45.2 percent. Recently, the State has taken steps in recent years to lower the personal income tax burden including:

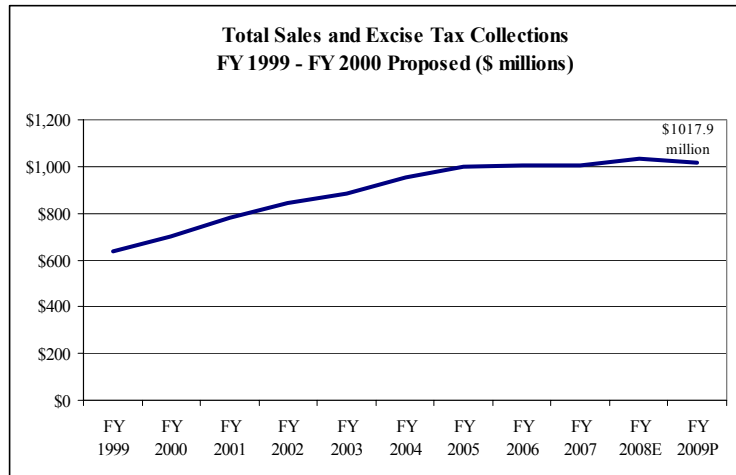
- Phasing down the marginal rates for each income bracket beginning in 1998 which has reduced the top marginal rate from a high of 10.9 percent to 9.9 percent;
- Passing legislation to allow taxpayers to opt for a flat tax option if the flat tax rate is lower than it would be otherwise, targeting high marginal rate taxpayers; and
- Reducing the capital gains tax on assets held more than five years to 1.67 percent of federal capital gains.



5. Sales and Consumption Taxes

General sales taxes are estimated to net \$888.4 million (26.5 percent) of total general revenues based on the Governor's FY 2009 Proposed budget. When excise taxes on gasoline, cigarettes and alcohol are added, state revenues from consumption taxes are expected in net \$1,017.9 million in the FY 2009 proposed budget, or 30.4 percent of total general revenues.

Based on the Governor's proposed budget, total consumption taxes (sales and excise) have increased approximately 60 percent since FY 1999. The majority of the increase is from growth in sales tax revenues, which increased \$323.6 million (57.3 percent) during the ten-year period. However, while cigarette taxes did not increase as much in absolute terms, expected to net \$117.3 million in FY 2009, this equated to a 90.4 percent increase over FY 1999 collections.



General Sales Taxes

General sales taxes across the country range from 2.9 percent in Colorado to a high of 7.0 percent in Rhode Island, Mississippi, New Jersey and Tennessee. However, 13 states have a combined state and local rate of 7.0 or greater, and when local taxes are considered, sales taxes range from a low of 1.45 percent in Alaska, which has no statewide sales tax, to 9.45 percent in Tennessee. Five states, Alaska, Delaware, Montana, New Hampshire and Oregon, have no state sales tax. Rhode Island also collects an additional 1.0 percent consumption tax on meals and beverages consumed on premises, which is returned to cities and towns.

Table 7
FY 2005 Total State and Local Government
General Sales Tax Collection

	Per \$1k of Personal Income		Per Capita	
	Amount	Rank	Amount	Rank
U.S Average	\$27.06	-	\$887	-
Connecticut	20.61	38	933	16
Massachusetts	14.52	44	605	41
Rhode Island	23.01	37	786	29

SOURCE: US Bureau of the Census; the Bureau of Economic Analysis; RIPEC calculations
Does not include excise taxes on gasoline, alcohol or cigarettes.

When comparing rates, one must also look at the impact of exemptions to the sales tax code. Rhode Island exempts a number of categories from the sales tax, including food (excluding food intended for immediate consumption), prescription drugs, non-prescription drugs, services, clothing, and footwear. In total, Rhode Island law includes 59 categories of exemptions. Further, the State does not allow municipalities to levy a local-option sales tax. These two factors help explain why the State

has relatively low sales tax collections in comparison to the rest of the country, despite the high tax rate.

In FY 2005, Rhode Island ranked 37th in the country for sales tax collections per \$1,000 of personal income and 29th in the country on a per capita basis. In both cases, the State's sales tax collections were below the national average. In comparison to the other southern New England states, Rhode Island ranked above both Connecticut and Massachusetts based on the personal income measure, but was below Connecticut when tax collections were measured on a per capita basis.

Excise Taxes

Excise taxes are taxes paid on the purchase of a specific good rather than on a general tax base. In most cases, excise taxes are included in the purchase price of the good, reducing the transparency of the tax system. All states have excise taxes on goods and services, the most common being gasoline, cigarettes, and alcohol. Often, these taxes are used to reduce consumption or to fund specific projects such as road construction.

All states levy an excise tax on gasoline, which ranges from a low of \$0.08/gallon in Alaska to \$0.45/gallon. Rhode Island's motor fuel tax of \$0.31/gallon ranked the state 14th highest in the country. Similarly, all states tax cigarettes, but at significantly different rates, ranging from \$0.07/pack in South Carolina to \$2.58/pack in New Jersey. Rhode Island's cigarette tax of \$2.46/pack was 45.2 percent higher than the national average. Different types of alcohol are taxed at different rates per gallon depending on the alcohol content. New Hampshire and Wyoming are the only states that do not levy a tax on spirits or table wine, but do collect a tax on beer; Vermont does not levy a tax on spirits. Rhode Island has among the lowest excise tax rates on alcohol in the country.

When comparing excise taxes it is important to consider the variety of factors. For example, many states allow a local-option excise tax on gasoline, which impacts the overall cost to the consumer but might not appear in a state-to-state comparison of state levies on motor fuel. Another example is how states treat the sales of cigarettes. A number of policies, such as minimum markup provisions, general sales tax rates, and local-option sales taxes, will have an impact on the final price paid by the consumer. Further complicating comparisons is whether a state allows a sales tax to be applied at the final sale in addition to the excise taxes. For example, Rhode Island taxes beer sales while Massachusetts does not.

	Gas*	Rank	Cigarettes**	Rank	Spirits*	Rank	Table Wine*	Rank	Beer*	Rank
U.S Average	\$0.25	-	\$1.11	-	\$5.59	-	\$0.73	-	\$0.27	-
Connecticut	\$0.44	2	\$2.00	4	\$4.50	22	\$0.60	25	\$0.20	21
Massachusetts	\$0.24	26	\$1.51	15	\$4.05	26	\$0.55	28	\$0.11	40
Rhode Island	\$0.31	14	\$2.46	2	\$3.75	30	\$0.60	25	\$0.10	42

* per gallon; ** per pack
SOURCE: The Tax Foundation, RIPEC calculations

6. Business Taxes

Business taxes include property taxes, sales and excise taxes, gross receipts taxes, corporate income and franchise taxes, unemployment payroll taxes, a range of licenses, charges and fees, and assessments on financial institutions, insurance companies, bank deposits and health care providers. Taxes paid by businesses to state and local governments are clearly varied and complex, but it is critical that the level at which businesses are taxed, and how they are taxed, are examined in the context of the State's long-term economic policy objectives and the impact on Rhode Island's economic competitiveness.

Rhode Island's business tax burden does not compare favorably on either a national or a regional scale. In October of 2007, the Tax Foundation ranked Rhode Island the worst business climate in the country for the third year in a row. The study ranks states on their performance on a number of business taxes and the personal income tax. Rhode Island ranked 48th for property taxes, 50th for unemployment taxes, 34th for corporate taxes, and 33rd for sales taxes.

Ernst & Young: Total State and Local Business Taxes – 50 State Estimate for Fiscal Year 2006

Ernst & Young's most recent study on business taxation, entitled *Total State and Local Business Taxes – 50 State Estimate for Fiscal Year 2006* includes data on multiple business taxes at both the state and local level in order to show how heavily state and local governments rely on businesses to finance public services.

In this study, the analysis examines business property taxes, sales and excise taxes paid by businesses on their input purchases, gross receipts taxes, corporate income and franchise taxes, business and corporate license taxes, unemployment payroll taxes, the individual income taxes paid by owners of non-corporate (pass-through) businesses, and other state and local taxes that are the statutory liability of business taxpayers.

	Rhode Island		Connecticut		Massachusetts	
	Amount	Percent	Amount	Percent	Amount	Percent
Property Taxes	\$1.0	41.7%	\$2.7	39.7%	\$5.9	45.0%
Business Sales and Use	0.4	16.7%	1.5	22.1%	1.6	12.2%
Excise and Gross Receipts	0.3	12.5%	0.7	10.3%	0.9	6.9%
Corporate income	0.3	12.5%	0.6	8.8%	1.8	13.7%
Unemployment Insurance	0.2	8.3%	0.6	8.8%	1.7	13.0%
Individual Income*	0.1	4.2%	0.5	7.4%	0.8	6.1%
Licenses and Other	0.1	4.2%	0.2	2.9%	0.4	3.1%
Total	\$2.4	100.0%	\$6.8	100.0%	\$13.1	100.0%

* Only pass-through business income
SOURCE: Ernst and Young "Total State and Local Business Taxes - 50-State Estimate for Fiscal Year 2006"

Table 9 outlines how taxes, as defined in the study, paid by businesses in Rhode Island compare to business taxes in the other southern New England states. Property taxes accounted for the largest share of all state and local business tax collections in all three states. Nationally, property taxes accounted for 37.0 percent of taxes paid by businesses. Sales tax revenues represented the second

largest share, as was the case nationally; however, all three states were below the national average of 23.0 percent of total state and local business taxes. A greater share of total business

tax collections come from the corporate income tax in both Rhode Island and Massachusetts. Of the three, only Connecticut was below the national average of 9.4 percent.

According to the Ernst & Young study, Rhode Island businesses paid 55 percent of the total increase in state and local tax collections between FY 2002 and FY 2006. This compares to 33.0 percent in Connecticut and 46.0 percent in Massachusetts. Nationally, businesses paid 49.0 percent of the total increase in tax collections during this time period.

Businesses in Rhode Island paid 46.0 percent of total state and local taxes in FY 2006, which was similar to the national average of 45.0 percent, but in marked contrast to our neighboring states. In FY 2006 businesses taxes as a share of total state and local tax collections were 38.7 percent in Massachusetts and 34.3 percent in Connecticut.

As Table 10 shows, all business specific taxes amount to \$366.4 million in FY 2006. Another category of taxes paid by businesses are general taxes, or taxes that businesses pay a portion of but are not levied specifically on businesses. The two most significant of these are sales and use taxes, and the property tax. According to additional estimates by Ernst and Young, businesses in Rhode Island pay approximately 46 percent of all sales tax in the State, and 58 percent of all State property taxes. Table 11 outlines the share of taxes paid by businesses in Rhode Island for FY 2006. As seen in Table 11, property taxes were the largest component of taxes paid by businesses in FY 2006, followed by sales and use taxes.

The business share of sales taxes increased from a 40 percent share (\$243.4 million) in FY 2000 to a 46 percent share (approximately \$400.0 million) in FY 2006. At the same time, the share of property taxes supported by businesses increased 25 percentage points, from a 33 percent share to almost 58 percent of all property taxes collected in the State. In part, this increase is due to the shifting of the property tax to commercial and industrial property through the use of classification structures designed to provide property tax relief to homeowners. According to FY 2008 tax rate data from the Office of Municipal Affairs, 17 municipalities had differential rates for residential and commercial property; all had higher rate for commercial property.

Tax	All State Taxes	Paid by Businesses	
		% of Total	\$ Amount
General Taxes *			
Sales and Use Taxes	\$869.2	46%	\$400.0
Property Taxes	1,730.1	58%	1,000.0
<i>Subtotal</i>	<i>\$2,599.2</i>	<i>54%</i>	<i>\$1,400</i>
Business-Specific Taxes	\$366.4	100%	\$366.4
Unemployment Insurance	\$191.8	100%	\$191.8

* Based on Ernst and Young "Total State and Local Business Taxes - 50-State Estimate for Fiscal Year 2006".
Does not include income taxes paid by owners of pass-through businesses

SOURCE: HFS "Rhode Island Revenue Facts, November, 2007"; Ernst and Young "Total State and Local Business Taxes - 50-State Estimate for Fiscal Year 2006"; Department of Labor and Training; RIPEC Calculations.

Rhode Island's business-specific tax collections

In the Governor's FY 2009 proposed budget, total State-levied business taxes are anticipated to be \$394.7 million, or 11.8 percent of the general revenue budget. This represents an increase of 103.3 percent since FY 1999.

	FY 1999	FY 2009 P	Change	
			Amount	Percent
Business-Specific Taxes				
Business Corporations	\$74.4	\$160.3	\$85.9	115.5%
Public Utilities	66.3	104.0	37.7	56.7%
Financial Institutions	(1.6)	0.4	2.0	-
Insurance Companies	31.6	75.1	43.5	137.3%
Bank Deposits	(0.6)	1.7	2.3	-
Health Care Provider	24.0	53.2	29.3	122.0%
Total	\$194.1	\$394.7	\$200.6	103.3%

SOURCE: HFS "Rhode Island Revenue Facts, November, 2007"; State budget documents, RIPEC calculations

The largest component of business-specific taxes is the business corporations, or the corporate income and franchise tax, accounting for \$160.3 million (40.6 percent) of all estimated business-specific tax collections in the FY 2009 Proposed budget. This tax also accounts for the largest share of the increase in state-level business taxes over the past ten years; since FY 1999 revenue collections from the business corporations tax have increased 115.5 percent and account for 42.8 percent of the total share of the increase. As noted above, Rhode Island's corporate income tax rate of nine percent of net income is among the

highest corporate tax rates in the country. It is important to note that business corporation taxes do not account for taxes paid by a number of businesses, such as sole proprietorships, partnerships and S-corporations which report their income through their personal income taxes, and thus understate the total income tax liability paid by businesses.

The tax on insurance companies is the second largest share of business-specific taxes in the State and represents the largest increase in State business tax revenues since FY 1999. In the FY 2009 budget these assessments accounted for 21.7 percent of total business specific taxes. These revenues increased 137.3 percent, from \$31.6 million in FY 1999 to \$75.1 million in the FY 2009 Proposed budget. This increase can be attributed, in part, to two notable changes to the tax base over the past few years. Non-profit hospital service corporations and health maintenance organizations were specifically excluded from this levy; however, in 2007, the General Assembly removed this exemption, effective January 1, 2008. For-profit health management organizations are taxed as business corporations. In addition, prior to July 1, 2005 the Beacon Mutual Insurance Group was also exempt.

The third largest component of Rhode Island business-specific taxes is the public utilities gross earning tax. Revenue from this tax is an estimated \$104.0 million in FY 2009, or 26.3 percent of all business-specific taxes collected by the State. Covered in this category are communications companies, gas and electric utility companies, steamboat or ferry companies, and public service cable corporations, all of whom pay a different tax rate based on the service they provide. This

tax continues to present a specific problem for policymakers with regard to horizontal equity as companies that may provide similar services are taxed at differential rates (i.e. a cable company that provides telecommunications is taxed at a different rate than a telecommunications company even though they perform the same service).

During the 2007 session legislation has been passed related to business taxes, including imposing a throwback rule in determining a company's Rhode Island corporate tax liability. The legislation requires Rhode Island corporations with transactions outside Rhode Island to add into the sales factor used in the multi-state apportionment formula the gross sales from shipments made from within Rhode Island into states where the corporation is not taxable. The Uniform Distribution of Income for Tax Purposes Act established a mechanism for dividing all of a business' income so that all states in which the business had transactions or nexus would receive an appropriate share for taxation purposes.

However, a business may be doing transactions with the federal government, foreign countries, or states that do not collect income taxes. Absence of a mechanism for capturing these sales would negate the purpose of the Act. For these sales, the Act included a "throwback" rule to reassign those sales to the state from which goods were shipped.

7. Property Taxes

Across the United States, property taxes, on average, account for the largest single portion of total tax collections; in FY 2005, property tax collections were 30.6 percent of all state and local tax collections for the United States as a whole. Similarly, property taxes are the largest source of state and local tax collections in the three southern New England states. However, New England relies more heavily on the property tax to fund local governments than does the rest of the country, in part because the majority of the states do not have, or only limited, the ability to levy a local-option sales tax, and they rely less on fees and other non-tax sources.

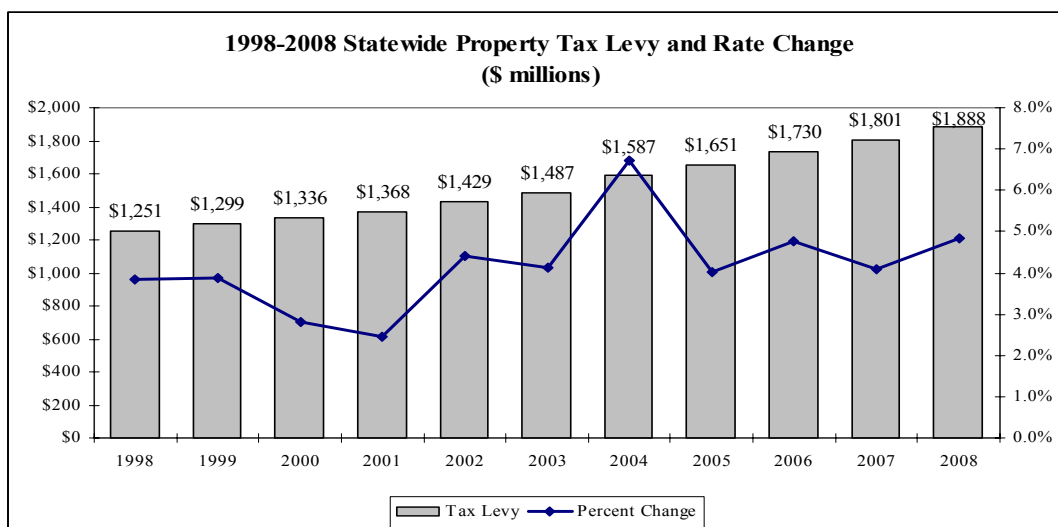
In FY 2005, Rhode Island property tax collections of \$49.60 per \$1,000 of personal income were 43.6 percent above the national average of \$34.55 per \$1,000 of personal income. Further, Rhode Island property tax collections as percent of personal income were higher than in either Massachusetts or Connecticut. When property taxes were measured on a per capita basis, Rhode

	Per \$1k of Personal Income		Per Capita	
	Amount	Rank	Amount	Rank
U.S Average	\$34.55	-	\$1,132	-
Connecticut	45.13	8	2,044	2
Massachusetts	38.59	16	1,607	9
Rhode Island	49.60	6	1,695	7

SOURCE: US Bureau of the Census; the Bureau of Economic Analysis; RIPEC calculations

Island collections of \$1,695 per capita were 49.7 percent higher than the national average of \$1,132 per capita and were lower than in Connecticut but higher than in Massachusetts. Connecticut's property tax collections of \$2,044 per capita were the highest in New England.

In FY 2008 Rhode Island cities and towns anticipate total property tax collections of \$1,887.6 million. Since FY 1998, the statewide property tax levy in Rhode Island has increased \$637.0 million (50.9 percent). This represents an average annual increase of 4.2 percent.



In 2006 the General Assembly passed the “Property Tax Relief Act of 2006”, commonly referred to as S-3050. The legislation provided for a cap on the amount the property tax levy can grow annually beginning in FY 2008, changes the criteria for exemptions from the cap, limits the amount of money school committees can request from municipal funds, amended the definition of state mandates, and required the Office of Municipal Affairs to conduct a property tax study relating to tax treaties.

Table 13
FY 2008 Percent Increase in
Property Tax Levy by Municipality

Below Cap	Rate	At Cap	Permission to Exceed Cap	Rate
Barrington	5.09	Cranston	Charlestown	5.79
Bristol	2.44	Foster	E. Greenwich	6.85
Burrillville	4.61	Little Compton	Glocester	9.38
Central Falls	1.07	N. Smithfield	Tiverton	6.82
Coventry	4.99	Portsmouth	Westerly	7.72
Cumberland*	3.37	Scituate	W. Greenwich	8.74
East Providence**	4.01	Smithfield		
Exeter	5.07	S. Kingstown		
Hopkinton	3.55	W. Warwick		
Jamestown	5.15			
Johnston	3.28			
Lincoln	5.05			
Middletown	5.02			
Narragansett	3.22			
Newport	2.76			
New Shoreham	5.04			
N. Kingstown	4.55			
N. Providence	1.37			
Pawtucket	4.35			
Providence	5.16			
Richmond	5.18			
Warren	3.22			
Warwick	5.12			
Woonsocket	5.16			
Average	4.08	5.25		7.55

* Estimate; final levy will be set in May, 2008
 ** Estimate; final levy will be set June, 2008
 SOURCE: Division of Property Valuation, "Report on the Property Tax Cap, Fiscal Year 2008", October 1, 2007; RIPEC calculations

Cities and towns were restricted to a 5.25 percent increase in the total property tax levy in FY 2008, with the percent growth to be reduced one-quarter of a percent each subsequent year until FY 2013, when the levy may not grow more than 4.0 percent per year. The Office of Municipal Affairs notes that if each municipality were to increase their levy by the maximum amount allowable under the law (5.0 percent) in FY 2009, the total statewide levy would be \$1,981.5 million.

Table 13 outlines the municipalities that were below, at, and above the FY 2008 levy cap. Twenty-four of the State’s 39 municipalities, including all the urban core cities, were below the maximum levy increase for FY 2008. Nine communities were at the cap, and six received permission to exceed the maximum levy increase.

Property tax rates vary significantly across communities in the State. FY 2008 actual tax rates on residential real estate range from a low of \$3.17 per \$1,000 of assessed value in New Shoreham to a high of \$22.84 per \$1,000

of assessed value in Providence. The statewide median actual rate was \$12.54 per \$1,000 of assessed value.

These rates do not take into account homestead exemptions, other taxing authorities (e.g. fire districts), or classification structures. For example, Providence has a homestead exemption equal to 50.0 percent of the value for owner-occupied houses, effectively reducing the taxpayer burden by half. As of FY 2007, nine communities had homestead exemptions; East Greenwich and Newport have enabling legislation but do not currently employ the exemption. Conversely, taxing authorities, such as fire districts, can increase the taxpayer burden. The fire district in East Greenwich assesses an additional tax of \$1.41 per \$1,000 of property value in addition to the \$13.54 per \$1,000 of assessed value.

According to the most recent published data, property values continue to shift away from commercial and industrial property to residential. As Table 14 shows, the commercial and industrial share of total property wealth in the State has decreased 7.1 percentage points between FY 1997 and FY 2007. At the same time, residential value increased 9.7 percentage points.

Like homestead exemptions, classification structures have been implemented in response to this rapid growth in residential property values compared to commercial and industrial property values. As a result, some of the burden is shifted away from homeowners to commercial and industrial real property. Application of property tax classifications continues to spread throughout the state; for FY 2007, 17 communities used some form of classification for real property. As a result, even though values for commercial and industrial property have been declining, a larger share of the property tax burden has shifted to businesses.

Table 14
Share of Total Value by Property Class
FY 1997-FY 2007

Fiscal Year	Commercial /Industrial	Motor Vehicle
1997	70.6%	7.4%
2002	70.3%	8.2%
2007	80.3%	5.7%

SOURCE: Office of Municipal Affairs

8. Three State Comparison

A recent report issued by the Center on Budget and Policy Priorities noted that across the country approximately 25 states are facing projected deficits for fiscal year 2009. The amount of the combined total deficits of the 22 states that have specific estimates available is approximately \$39 billion. Even states that do not project a deficit for the coming fiscal year are anticipating future fiscal problems as economies adjust to the tighter economic conditions. Both Massachusetts and Rhode Island are facing significant budget shortfalls for the 2009 fiscal year. In Massachusetts, Governor Patrick is looking to close an anticipated \$1.2 billion (4.2 percent of FY 2008 general revenues). The FY 2009 deficit in Rhode Island is expected to be roughly \$380 million, which equates to 11.2 percent of State general revenues. Of the three states, Connecticut is the only one that does not currently project a deficit in the upcoming fiscal years.

All three states rely on broad-based taxes to support state government spending. Based on budgets submitted by all three Governors for FY 2009, taxes are expected to be over 77 percent of total general revenues in all three states. In FY 2009, all three states anticipate the majority of tax revenue to come from the personal income tax. The portion of revenues from the personal income tax in Rhode Island is 18.4 percent less than in Massachusetts and 18.0 percent less than in Connecticut. Conversely, the portion of general

sales and use taxes used to support state government in Rhode Island is 5.8 percent more than in Connecticut and 19.4 percent more than in Massachusetts. General sales and use taxes in all three states are anticipated to make up the second largest source of total tax revenue for FY 2009. Rhode Island also relies more heavily on general business taxes, than either state. General

business taxes in Rhode Island are expected to be 15.2 percent of all general revenue taxes, 4.5 percent and 5.5 percent more than in Massachusetts or Connecticut, respectively.

Table 16 shows the relative tax burden in all three states from 2002-2007. As the Table shows, Rhode Island continues to rank higher than our neighbor states when tax burdens are measured as a percent of personal income.

Table 15
FY 2009 Anticipated Tax Collections as a
Percent of Percent of Total Taxes

	RI	CT	MA
Personal Income Tax	42.3%	60.2%	60.7%
General Business Taxes*	15.2%	9.7%	10.6%
General Sales & Use Tax	34.1%	28.3%	14.8%
Other Taxes	8.5%	1.8%	13.9%
Total Taxes as a % of General Revenue**	77.8%	77.8%	77.5%

* RI includes: Corporations, Financial Institutions, Public Utilities, Insurance Companies, Bank Deposits, and the Health Care Provider Assessment; CT includes Corporations, Public Services, Insurance Companies; MA includes: Corporations, Financial Institutions, Public Utilities, and Insurance Companies.

** CT Total taxes is net of credits and refunds

Source: Rhode Island, Connecticut, and Massachusetts State Budget Documents, RIPEC calculations

Table 16
State-Local Burden Compared to US Average, 2002-2007

Year	Rhode Island		Connecticut		Massachusetts	
	Burden	Rank	Burden	Rank	Burden	Rank
2002	11.4%	5	10.8%	10	9.8%	35
2003	11.5%	5	11.1%	8	10.0%	32
2004	11.8%	5	11.3%	8	10.2%	29
2005	12.4%	4	11.9%	9	10.5%	27
2006	12.5%	4	12.0%	8	10.5%	28
2007	12.7%	4	12.2%	8	10.6%	28

SOURCE: The Tax Foundation

9. Appendix

All State and Local Tax Collections Per \$1,000 of Pers. Inc., FY 2005, FY 1995	Table 1
All State and Local Tax Collections Per Capita, FY 2005, FY 1995	Table 2
State and Local Property Tax Collections Per \$1,000 of Pers. Inc., FY 2005, FY 1995	Table 3
State and Local Property Tax Collections Per Capita, FY 2005, FY 1995	Table 4
State and Local Individual Income Tax Collections Per \$1,000 of Pers. Inc., FY 2005, FY 1995	Table 5
State and Local Individual Income Tax Collections Per Capita, FY 2005, FY 1995	Table 6
State and Local General Sales Tax Collections Per \$1,000 of Pers. Inc., FY 2005, FY 1995	Table 7
State and Local General Sales Tax Collections Per Capita, FY 2005, FY 1995	Table 8
All State and Local Tax Collections, Charges, and Misc. General Revenue Per \$1,000 of Pers. Inc., FY 2005, FY 1995	Table 9
All State and Local Tax Collections, Charges, and Misc. General Revenue Per Capita, FY 2005, FY 1995	Table 10

Table 1
All State and Local Tax Collections
Per \$1,000 of Personal Income
Fiscal Years 2005 and 1995

	FY 2005		FY 1995	
	Amount	Rank	Amount	Rank
United States*	\$112.84	-	\$113.23	-
Wyoming	150.76	1	114.97	19
New York	149.70	2	149.84	2
Hawaii	134.30	3	123.36	6
Maine	133.04	4	127.04	5
Alaska	132.40	5	178.25	1
Vermont	131.91	6	122.29	8
Rhode Island**	122.68	7	117.32	14
Wisconsin	121.28	8	131.95	3
West Virginia	121.14	9	114.17	22
New Mexico	119.69	10	121.96	9
Connecticut	119.17	11	122.64	7
Ohio	118.31	12	110.77	27
Nebraska	117.97	13	115.40	17
Louisiana	117.44	14	99.73	45
New Jersey	117.19	15	118.16	13
California	115.62	16	111.13	26
Utah	115.06	17	116.64	15
North Dakota	114.62	18	114.20	21
Nevada	113.97	19	110.20	29
Indiana	113.78	20	106.19	37
Minnesota	113.76	21	130.34	4
Arkansas	113.67	22	101.30	44
Delaware	111.85	23	114.82	20
Arizona	111.69	24	118.52	12
Pennsylvania	111.27	25	109.64	30
Illinois	111.09	26	108.50	32
Michigan	110.21	27	107.57	36
Kansas	109.75	28	112.20	24
Kentucky	109.60	29	115.60	16
Idaho	109.41	30	111.96	25
Maryland	108.34	31	108.19	34
North Carolina	108.25	32	108.43	33
Mississippi	107.86	33	109.37	31
Massachusetts	107.31	34	112.90	23
Iowa	106.38	35	121.08	10
Florida	105.95	36	103.42	40
Washington	105.91	37	120.16	11
Montana	105.57	38	115.24	18
South Carolina	103.85	39	103.74	39
Georgia	103.83	40	107.58	35
Virginia	103.69	41	99.38	46
Oklahoma	100.70	42	105.22	38
Missouri	100.40	43	103.01	42
Texas	100.12	44	103.23	41
Oregon	99.77	45	110.34	28
Colorado	95.22	46	102.04	43
Alabama	92.27	47	91.91	49
Tennessee	91.68	48	88.90	50
New Hampshire	91.43	49	96.49	48
South Dakota	87.46	50	98.47	47

* US average includes District of Columbia

**Rhode Island Ranked 7th in FY 2004

Source: US Bureau of the Census, the Bureau of Economic Analysis, RIPEC calculations

Table 2
All State and Local Tax Collections
Per Capita
Fiscal Years 2005 and 1995

	FY 2005		FY 1995	
	Amount	Rank	Amount	Rank
United States*	\$3,698	-	\$2,514	-
New York	5,752	1	3,933	2
Connecticut	5,398	2	3,687	3
Wyoming	5,251	3	2,358	24
New Jersey	4,890	4	3,285	4
Massachusetts	4,470	5	2,980	7
Alaska	4,443	6	4,460	1
Hawaii	4,338	7	3,058	5
Maryland	4,276	8	2,758	9
Rhode Island**	4,191	9	2,660	12
Vermont	4,137	10	2,469	17
Minnesota	4,088	11	2,996	6
California	4,055	12	2,570	14
Maine	3,960	13	2,466	18
Delaware	3,894	14	2,704	11
Wisconsin	3,872	15	2,831	8
Illinois	3,849	16	2,619	13
Nevada	3,749	17	2,567	15
Nebraska	3,746	18	2,398	22
Pennsylvania	3,710	19	2,477	16
Virginia	3,657	20	2,307	27
Washington	3,651	21	2,728	10
Ohio	3,637	22	2,405	21
Michigan	3,494	23	2,454	20
Kansas	3,415	24	2,369	23
Indiana	3,405	25	2,201	33
Florida	3,369	26	2,252	30
Colorado	3,363	27	2,333	25
North Dakota	3,343	28	2,183	34
New Hampshire	3,306	29	2,267	29
Iowa	3,273	30	2,466	19
Louisiana	3,173	31	1,839	46
New Mexico	3,151	32	2,147	36
North Carolina	3,149	33	2,210	32
Arizona	3,079	34	2,292	28
West Virginia	3,060	35	1,955	42
Oregon	3,052	36	2,309	26
Texas	3,015	37	2,066	38
Georgia	3,010	38	2,215	31
Missouri	2,997	39	2,148	35
Kentucky	2,939	40	2,101	37
Utah	2,933	41	2,059	40
Idaho	2,926	42	2,062	39
Montana	2,913	43	2,038	41
Arkansas	2,902	44	1,765	49
Oklahoma	2,843	45	1,935	43
South Carolina	2,779	46	1,922	44
South Dakota	2,715	47	1,914	45
Tennessee	2,685	48	1,790	47
Mississippi	2,575	49	1,776	48
Alabama	2,569	50	1,713	50

* US average includes District of Columbia

**Rhode Island Ranked 7th in FY 2004

Source: US Bureau of the Census, the Bureau of Economic Analysis, RIPEC calculations

Table 3
State and Local Property Tax Collections
Per \$1,000 of Personal Income
Fiscal Years 2005 and 1995

	FY 2005		FY 1995	
	Amount	Rank	Amount	Rank
United States*	\$34.55	-	\$34.87	-
New Hampshire	56.09	1	61.85	1
Maine	54.85	2	52.65	4
Vermont	54.12	3	54.64	3
New Jersey	52.86	4	55.38	2
Wyoming	50.26	5	46.21	9
Rhode Island**	49.60	6	50.67	5
New York	46.01	7	47.86	8
Connecticut	45.13	8	46.20	10
Wisconsin	44.17	9	48.04	7
Texas	43.85	10	37.86	18
Illinois	42.25	11	41.56	14
Indiana	40.73	12	35.23	23
Michigan	40.34	13	30.13	33
Alaska	40.09	14	44.78	11
Montana	38.67	15	49.73	6
Massachusetts	38.59	16	39.42	17
Nebraska	37.65	17	43.47	12
Iowa	36.20	18	42.40	13
Kansas	36.14	19	35.70	21
Florida	36.09	20	37.10	20
Ohio	33.96	21	31.90	26
North Dakota	33.49	22	32.34	25
South Carolina	32.90	23	30.32	31
Pennsylvania	32.38	24	31.14	28
Oregon	32.01	25	37.70	19
Virginia	31.45	26	30.36	30
Arizona	31.23	27	34.78	24
Georgia	31.03	28	30.30	32
Washington	30.60	29	35.46	22
South Dakota	30.35	30	39.81	16
Idaho	30.18	31	29.58	34
Colorado	30.00	32	31.83	27
Nevada	29.25	33	22.76	40
Minnesota	28.50	34	40.48	15
Mississippi	28.33	35	25.59	38
Utah	28.24	36	29.04	36
Missouri	27.13	37	26.40	37
California	26.86	38	30.86	29
North Carolina	25.57	39	23.72	39
Maryland	25.36	40	29.08	35
Tennessee	22.32	41	20.24	43
West Virginia	22.01	42	22.13	41
Kentucky	20.08	43	18.74	44
Louisiana	19.95	44	16.53	47
Hawaii	19.89	45	20.80	42
Oklahoma	17.18	46	17.44	45
New Mexico	17.02	47	14.53	49
Delaware	16.58	48	16.75	46
Arkansas	16.55	49	15.03	48
Alabama	14.15	50	11.59	50

* US average includes District of Columbia

**Rhode Island Ranked 5th in FY 2004

Source: US Bureau of the Census, the Bureau of Economic Analysis, RIPEC calculations

Table 4
State and Local Property Tax Collections
Per Capita
Fiscal Years 2005 and 1995

	FY 2005		FY 1995	
	Amount	Rank	Amount	Rank
United States*	\$1,132	-	\$774	-
New Jersey	2,206	1	1,540	1
Connecticut	2,044	2	1,389	3
New Hampshire	2,028	3	1,453	2
New York	1,768	4	1,256	4
Wyoming	1,751	5	948	12
Vermont	1,697	6	1,103	7
Rhode Island**	1,695	7	1,149	5
Maine	1,632	8	1,022	10
Massachusetts	1,607	9	1,040	8
Illinois	1,464	10	1,003	11
Wisconsin	1,410	11	1,031	9
Alaska	1,345	12	1,121	6
Texas	1,320	13	758	21
Michigan	1,279	14	687	30
Indiana	1,219	15	730	24
Nebraska	1,195	16	903	14
Florida	1,148	17	808	17
Kansas	1,125	18	754	22
Iowa	1,114	19	863	16
Virginia	1,109	20	705	27
Pennsylvania	1,079	21	703	28
Montana	1,067	22	879	15
Colorado	1,059	23	728	25
Washington	1,055	24	805	18
Ohio	1,044	25	693	29
Minnesota	1,024	26	931	13
Maryland	1,001	27	741	23
Oregon	979	28	789	19
North Dakota	977	29	618	33
Nevada	962	30	530	37
South Dakota	942	31	774	20
California	942	32	714	26
Georgia	899	33	624	32
South Carolina	880	34	562	34
Arizona	861	35	672	31
Missouri	810	36	550	35
Idaho	807	37	545	36
North Carolina	744	38	483	40
Utah	720	39	513	39
Mississippi	676	40	416	41
Tennessee	654	41	408	42
Hawaii	643	42	516	38
Delaware	577	43	394	43
West Virginia	556	44	379	44
Louisiana	539	45	305	47
Kentucky	538	46	340	45
Oklahoma	485	47	321	46
New Mexico	448	48	256	49
Arkansas	422	49	262	48
Alabama	394	50	216	50

* US average includes District of Columbia

**Rhode Island Ranked 5th in FY 2004

Source: US Bureau of the Census, the Bureau of Economic Analysis, RIPEC calculations

Table 5
State and Local Individual Income Tax Collections
Per \$1,000 of Personal Income
Fiscal Years 2005 and 1995

	FY 2005		FY 1995	
	Amount	Rank	Amount	Rank
United States*	\$24.80	-	\$23.64	-
New York	46.95	1	44.61	1
Oregon	43.38	2	45.56	2
Maryland	41.49	3	39.95	3
Ohio	37.09	4	33.71	9
Massachusetts	36.16	5	37.26	4
Minnesota	34.42	6	34.57	7
California	33.90	7	25.11	22
Kentucky	33.90	8	34.44	8
Hawaii	33.59	9	31.46	11
North Carolina	33.41	10	32.05	10
Maine	33.11	11	26.59	18
Delaware	31.82	12	35.15	6
Connecticut	31.74	13	25.13	21
Virginia	31.31	14	28.09	15
Wisconsin	30.97	15	35.78	5
Utah	30.35	16	29.74	13
Pennsylvania	27.71	17	25.51	20
Georgia	27.67	18	25.92	19
Montana	27.66	19	24.19	27
Idaho	27.22	20	28.00	16
Rhode Island	27.21	21	23.63	28
Arkansas	26.46	22	24.81	26
Indiana	25.66	23	30.42	12
Vermont	25.64	24	21.20	33
West Virginia	25.58	25	22.68	31
Iowa	25.35	26	28.32	14
Nebraska	24.97	27	21.78	32
Missouri	24.95	28	25.03	23
Oklahoma	24.68	29	23.50	29
Kansas	23.98	30	22.76	30
South Carolina	23.69	31	24.33	25
Colorado	22.90	32	24.54	24
New Jersey	22.65	33	20.67	34
New Mexico	21.42	34	20.00	35
Alabama	20.88	35	19.51	36
Michigan	20.50	36	27.04	17
Louisiana	19.65	37	13.26	40
Illinois	17.94	38	18.63	37
Arizona	17.36	39	18.18	38
Mississippi	16.91	40	15.60	17
North Dakota	13.08	41	11.67	41
New Hampshire	1.43	42	1.40	42
Tennessee	0.89	43	0.96	43

* US average includes District of Columbia

**Rhode Island Ranked 20th in FY 2004

Source: US Bureau of the Census, the Bureau of Economic Analysis, RIPEC calculations

Table 6
State and Local Individual Income Tax Collections
Per Capita
Fiscal Years 2005 and 1995

	FY 2005		FY 1995	
	Amount	Rank	Amount	Rank
United States*	\$813	-	\$525	-
New York	1,804	1	1,171	1
Maryland	1,638	2	1,018	2
Massachusetts	1,506	3	984	3
Connecticut	1,438	4	756	9
Oregon	1,327	5	891	4
Minnesota	1,237	6	795	6
California	1,189	7	581	16
Ohio	1,140	8	732	10
Delaware	1,108	9	828	5
Virginia	1,104	10	652	12
Hawaii	1,085	11	780	7
Wisconsin	989	12	768	8
Maine	986	13	516	25
North Carolina	972	14	653	11
New Jersey	945	15	575	19
Rhode Island**	930	16	536	21
Pennsylvania	924	17	576	18
Kentucky	909	18	626	14
Colorado	809	19	561	20
Vermont	804	20	428	32
Georgia	802	21	533	22
Nebraska	793	22	453	28
Iowa	780	23	577	17
Utah	774	24	525	23
Indiana	768	25	631	13
Montana	763	26	428	33
Kansas	746	27	481	27
Missouri	745	28	522	24
Idaho	728	29	516	26
Oklahoma	697	30	432	31
Arkansas	676	31	422	34
Michigan	650	32	617	15
West Virginia	646	33	388	35
South Carolina	634	34	451	29
Illinois	622	35	450	30
Alabama	581	36	364	36
New Mexico	564	37	351	38
Louisiana	531	38	244	40
Arizona	478	39	352	37
Mississippi	404	40	253	39
North Dakota	381	41	223	41
New Hampshire	52	42	33	42
Tennessee	26	43	19	43

* US average includes District of Columbia

**Rhode Island Ranked 17th in FY 2004

Source: US Bureau of the Census, the Bureau of Economic Analysis, RIPEC calculations

Table 7
State and Local General Sales Tax Collections
Per \$1,000 of Personal Income
Fiscal Years 2005 and 1995

	FY 2005		FY 1995	
	Amount	Rank	Amount	Rank
United States*	\$27.06	-	\$27.45	-
Hawaii	51.95	1	46.33	3
Washington	49.07	2	57.22	1
Arkansas	46.97	3	35.94	10
Louisiana	46.62	4	40.42	7
Tennessee	43.39	5	40.95	6
Arizona	42.81	6	42.36	5
New Mexico	42.51	7	51.02	2
Nevada	38.59	8	42.46	4
Wyoming	38.50	9	27.83	21
Mississippi	37.28	10	38.65	25
Florida	35.54	11	35.65	11
South Dakota	34.66	12	33.05	13
Utah	34.37	13	37.57	9
Nebraska	31.67	14	26.97	24
California	29.63	15	29.78	17
Idaho	29.52	16	26.88	27
Kansas	29.46	17	30.38	16
Texas	29.32	18	33.36	12
Oklahoma	29.29	19	31.66	15
Georgia	28.95	20	32.69	14
New York	28.43	21	26.93	26
Missouri	28.08	22	29.63	18
Alabama	27.90	23	28.44	20
Ohio	27.37	24	23.15	36
South Carolina	26.67	25	27.12	22
Indiana	26.67	26	22.53	37
Colorado	26.66	27	28.49	19
North Dakota	25.88	28	25.53	30
Michigan	25.21	29	26.93	25
North Carolina	24.75	30	24.93	32
Wisconsin	24.36	31	24.69	33
West Virginia	23.91	32	25.35	31
Maine	23.83	33	26.99	23
Iowa	23.67	34	26.33	28
Kentucky	23.29	35	23.96	35
Minnesota	23.18	36	26.02	29
Rhode Island**	23.01	37	20.34	40
Connecticut	20.61	38	24.05	34
Pennsylvania	19.97	39	20.69	39
Illinois	18.90	40	21.18	38
New Jersey	18.04	41	18.71	41
Vermont	16.15	42	14.71	45
Virginia	15.17	43	16.26	42
Massachusetts	14.52	44	15.48	43
Maryland	13.10	45	15.18	44
Alaska	7.07	46	7.05	46

* US average includes District of Columbia

**Rhode Island Ranked 36th in FY 2004

Source: US Bureau of the Census, the Bureau of Economic Analysis, RIPEC calculations

Table 8
State and Local General Sales Tax Collections
Per Capita
Fiscal Years 2005 and 1995

	FY 2005		FY 1995	
	Amount	Rank	Amount	Rank
United States*	\$887	-	\$610	-
Washington	1,692	1	1,299	1
Hawaii	1,678	2	1,148	2
Wyoming	1,341	3	571	24
Tennessee	1,271	4	825	5
Nevada	1,269	5	989	3
Louisiana	1,260	6	745	8
Arkansas	1,199	7	626	19
Arizona	1,180	8	819	6
Florida	1,130	9	776	7
New Mexico	1,119	10	898	4
New York	1,092	11	707	10
South Dakota	1,076	12	642	16
California	1,039	13	689	11
Nebraska	1,006	14	560	25
Colorado	942	15	652	15
Connecticut	933	16	723	9
Kansas	917	17	641	17
Mississippi	890	18	628	18
Texas	883	19	668	13
Utah	876	20	663	14
Ohio	841	21	503	33
Georgia	839	22	673	12
Missouri	838	23	618	20
Minnesota	833	24	598	22
Oklahoma	827	25	582	23
Michigan	799	26	614	21
Indiana	798	27	467	38
Idaho	789	28	495	35
Rhode Island**	786	29	461	39
Wisconsin	778	30	530	28
Alabama	777	31	530	27
North Dakota	755	32	488	36
New Jersey	753	33	520	30
Iowa	728	34	536	26
North Carolina	720	35	508	32
South Carolina	714	36	503	34
Maine	709	37	524	29
Pennsylvania	666	38	467	37
Illinois	655	39	511	31
Kentucky	624	40	435	40
Massachusetts	605	41	409	42
West Virginia	604	42	434	41
Virginia	535	43	377	44
Maryland	517	44	387	43
Vermont	506	45	297	45
Alaska	237	46	177	46

* US average includes District of Columbia

**Rhode Island Ranked 29th in FY 2004

Source: US Bureau of the Census, the Bureau of Economic Analysis, RIPEC calculations

Table 9
All State and Local Tax Collections,
Charges and Misc. General Revenues
Per \$1,000 of Personal Income
Fiscal Years 2005 and 1995

	FY 2005		FY 1995	
	Amount	Rank	Amount	Rank
United States*	\$162.90	-	\$161.25	-
Alaska	326.67	1	514.46	1
Wyoming	240.87	2	211.41	2
New York	195.19	3	197.17	3
New Mexico	192.27	4	196.79	4
West Virginia	192.16	5	168.81	18
Delaware	186.30	6	189.51	6
Utah	185.80	7	177.74	8
Hawaii	184.54	8	173.46	12
Maine	183.69	9	169.91	16
Louisiana	180.89	10	163.30	23
South Carolina	180.59	11	164.64	21
Vermont	179.90	12	169.07	17
North Dakota	176.98	13	176.69	9
Nebraska	171.85	14	167.53	20
Indiana	170.20	15	158.85	29
Ohio	170.12	16	152.20	38
California	169.97	17	161.57	25
Mississippi	169.80	18	168.31	19
Idaho	168.00	19	170.28	15
Wisconsin	167.84	20	178.01	7
Montana	166.15	21	174.98	11
Nevada	165.51	22	156.12	31
Arkansas	165.06	23	145.74	43
Iowa	164.88	24	176.69	10
Michigan	164.83	25	155.06	33
Rhode Island	164.70	26	155.12	32
Minnesota	163.30	27	189.58	5
Oregon	162.32	28	171.15	14
Florida	160.99	29	157.64	30
Alabama	159.19	30	150.56	39
Kentucky	158.35	31	164.34	22
Kansas	158.07	32	162.28	24
North Carolina	157.89	33	154.41	35
Pennsylvania	156.62	34	148.54	42
Washington	156.44	35	173.27	13
Arizona	155.60	36	159.92	27
New Jersey	153.68	37	160.53	26
Oklahoma	152.38	38	154.63	34
Virginia	152.25	39	141.91	47
Colorado	149.91	40	154.34	36
Texas	149.66	41	149.78	40
Georgia	149.61	42	159.26	28
Massachusetts	149.01	43	152.26	37
Illinois	147.76	44	144.85	44
Missouri	146.59	45	140.95	48
Connecticut	146.12	46	149.03	41
Maryland	143.85	47	143.59	46
Tennessee	140.99	48	132.70	50
South Dakota	131.10	49	143.82	45
New Hampshire	128.87	50	136.92	49

* US average includes District of Columbia

**Rhode Island Ranked 26th in FY 2004

Source: US Bureau of the Census, the Bureau of Economic Analysis, RIPEC calculations

Table 10
All State and Local Tax Collections,
Charges and Misc. General Revenues
Per Capita
Fiscal Years 2005 and 1995

	FY 2005		FY 1995	
	Amount	Rank	Amount	Rank
United States*	\$5,338	-	\$3,580	-
Alaska	10,963	1	12,872	1
Wyoming	8,390	2	4,336	7
New York	7,500	3	5,175	2
Connecticut	6,619	4	4,481	3
Delaware	6,485	5	4,463	4
New Jersey	6,413	6	4,462	5
Massachusetts	6,207	7	4,019	9
California	5,961	8	3,736	12
Hawaii	5,961	9	4,300	8
Minnesota	5,868	10	4,358	6
Maryland	5,677	11	3,660	13
Vermont	5,642	12	3,413	25
Rhode Island	5,627	13	3,518	19
Maine	5,467	14	3,299	29
Nebraska	5,457	15	3,481	21
Nevada	5,445	16	3,637	14
Washington	5,393	17	3,934	10
Virginia	5,369	18	3,295	30
Wisconsin	5,359	19	3,820	11
Colorado	5,294	20	3,529	18
Ohio	5,229	21	3,305	28
Michigan	5,226	22	3,537	17
Pennsylvania	5,222	23	3,355	27
North Dakota	5,162	24	3,378	26
Illinois	5,120	25	3,496	20
Florida	5,119	26	3,433	23
Indiana	5,094	27	3,292	31
Iowa	5,072	28	3,598	15
New Mexico	5,062	29	3,464	22
Oregon	4,966	30	3,582	16
Kansas	4,919	31	3,427	24
Louisiana	4,887	32	3,010	40
West Virginia	4,853	33	2,891	44
South Carolina	4,832	34	3,050	39
Utah	4,736	35	3,137	35
New Hampshire	4,659	36	3,217	33
North Carolina	4,592	37	3,147	34
Montana	4,584	38	3,094	37
Texas	4,507	39	2,998	41
Idaho	4,493	40	3,137	36
Alabama	4,433	41	2,806	46
Missouri	4,375	42	2,939	43
Georgia	4,337	43	3,278	32
Oklahoma	4,302	44	2,844	45
Arizona	4,290	45	3,092	38
Kentucky	4,246	46	2,986	42
Arkansas	4,213	47	2,539	50
Tennessee	4,130	48	2,672	49
South Dakota	4,069	49	2,796	47
Mississippi	4,055	50	2,734	48

* US average includes District of Columbia

**Rhode Island Ranked 12th in FY 2004

Source: US Bureau of the Census, the Bureau of Economic Analysis, RIPEC calculations