Tax Structures of Kansas and Nearby States

Part 1. Description and Data

Final Report to Kansas, Inc.

prepared by

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Executive Summary

This study reviews the tax structure of Kansas and six nearby states: Colorado, Iowa, Missouri, Nebraska, and Oklahoma. While the study focuses on business taxes, personal income taxes and residential property taxes are also examined. The findings of the study show that:

1) Most Kansas tax rates are about average for the region.
2) Per capita tax collections, state and local, were about $1350 for Kansas in 1985. This was considerably less than for Colorado ($1450), and considerably more than for Missouri ($1090).
3) All of the states in the region offer tax incentives for firms which create new jobs.
4) All of the states in the region offer some form of property tax abatements to new and expanding firms. Restrictions on these abatements differ considerably across states.
5) Sales tax exemptions for machinery and equipment have been increasingly common as economic development incentives.
6) All but one state in the region, Oklahoma, exempt inventories from property taxes. Kansas's exemption becomes effective in 1989.
7) The complex pattern of tax credits, exemptions, and deductions make it difficult to generalize about whether a firm will pay high or low taxes in any specific state. The details of the firm, the exemption credits, and deductions for which it qualifies must be examined on a case-by-case basis.

Introduction

All states want a tax structure that invites new business and encourages expansion. Of equal importance is the desire to obtain sufficient revenue to provide public services for citizens and businesses. Often, these two goals conflict, and states must balance the demand for low business taxes with the demand for adequate public services. Today states aim at attaining a healthy tax climate which consists of a combination of sufficiently low rates and encouraging industrial incentives.

Our study records and compares the major state and local taxes faced by businesses and their employees in Kansas and five nearby states: Colorado, Iowa, Missouri, Nebraska and Oklahoma. The major taxes reviewed are: the corporate income tax, personal income tax, property tax, sales tax, and franchise tax. Because labor costs are very significant to firms, unemployment insurance taxes and workers' compensation payments are also examined. The economic development incentives offered in all six states are recorded and contrasted. The more common industrial incentives that are reviewed are income tax credits, enterprise zone credits, sales tax exemptions, and property tax abatements.

The purpose of the study is to evaluate the competitiveness of Kansas's tax structure regarding business investment decisions. While the focus of the study falls on business taxes, personal income taxes and residential property taxes are also reviewed. For most of the taxes examined, Kansas's rates are basically average. None of the Kansas tax rates are the highest or lowest in the region. To give examples, Kansas ranks fourth lowest in the corporate income tax rate, fourth lowest in the franchise tax, and has the same state sales tax as four other states. Kansas has the third lowest average effective property tax rate on residential real estate. Regionally, it appears that Kansas's tax rates are fairly competitive.

Tax rates are only one consideration of firms when making investment decisions. Economic development incentives such as tax credits and exemptions are also important. Here the Kansas tax structure reveals some distinctive features. One positive factor is the research and development tax credit incentive offered only by Kansas and Iowa. Another incentive for firms to locate or expand in Kansas is that potential property tax abatements apply to land as well as to improvements, in contrast to many other states. On the negative side, Kansas imposes the sales tax on replacement machinery, unlike several of the states. Kansas does not allow for federal deductibility on the state corporate income tax, a very significant incentive found in Iowa and Missouri. A comparison of tax rates is incomplete without consideration of the mitigating exemptions and credits for which a firm may qualify.

An overview of the Kansas tax structure indicates that most Kansas tax rates compare favorably with surrounding states. However, the taxes which would be paid by a firm starting production in Kansas or one of the other six states depend enormously on the details of whether the firm qualifies for various development incentives. To get a clearer picture of the impact of Kansas taxes on business enterprises, we look at several prototype firms in Part 2 of this study.

Overview of State and Local Tax Structures

For most of the states studied in this report, the sales tax, the corporate income tax, and the individual income tax together provide at least 60 percent of state tax revenue. The exception is Oklahoma, where severance taxes on oil and gas supply almost 20 percent of state tax funds. Figures 1 through 3 show the 1986 taxes generated from various sources in total dollar, percentage of tax revenue, and per capita terms. In percentage and per capita terms, the Kansas individual income tax and sales tax are average for the region. The corporate income tax is the highest in the region both as a percentage of total state taxes and per capita. This indicates that Kansas depends more on corporate taxes than do nearby states. However, Figure 4 shows that corporate income taxes as a percentage of state taxes show a downward trend in Kansas over the last five years. Overall, per capita state tax revenue in Kansas was third highest in the region in 1986.

Local taxes include taxes on property and, depending on the state, income and sales. Property taxes are the major component of local tax revenue in all of the states in the region, as illustrated in Figure 7. For Kansas, Iowa, Colorado, and Nebraska, property taxes amounted to about $500 per capita in 1985. 1985 property taxes were much lower in Missouri and Oklahoma, averaging about $200 per capita. In these two states, local sales taxes provided a substantial amount of revenue. Colorado had the highest per capita level of total local tax revenue in 1985, $741. Local taxation in Kansas was average, $574 per capita. The lowest level of local taxation was found in Oklahoma, where local taxes averaged $385 per capita in 1985.

Total state and local tax revenue for 1985 is illustrated in Figure 11. While the breakdown between state and local taxed varied considerably across the states, the combined revenue per capita was near $1300 for four of the states in the study, Kansas ($1355), Iowa ($1331), Nebraska ($1256), and Oklahoma ($1282). On the high end, Colorado tax revenue per capita was about $1450, while on the low end, Missouri tax revenue per capita was less than $1100.

Figure 1

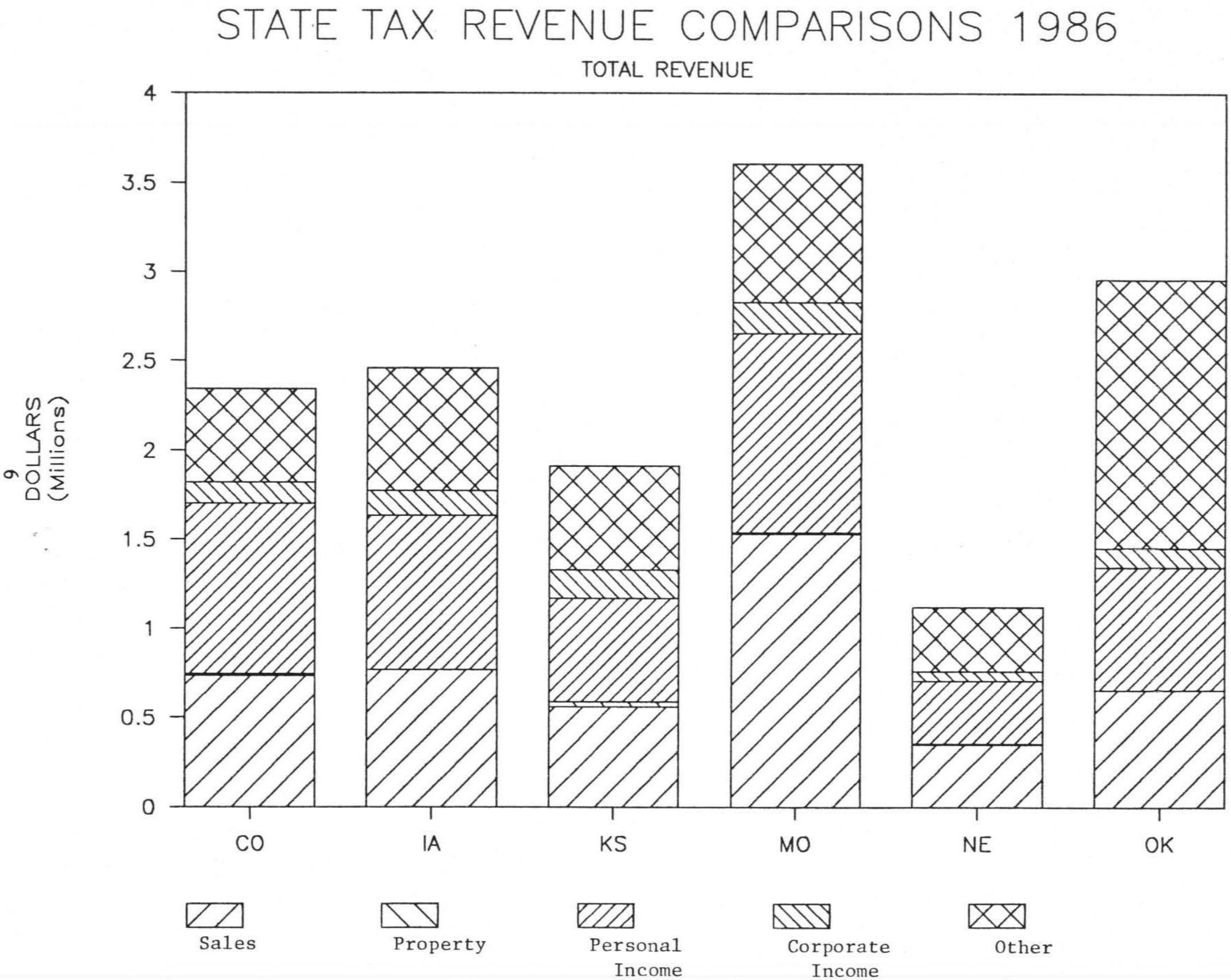

STATE TAX REVENUE COMPARISONS 1986
TOTAL REVENUE
DOLLARS (Millions)
4
3.5
3
2.5
2
1.5
1
0.5
0
CO
IA
KS
MO
NE
OK
Sales
Property
Personal Income
Corporate Income
Other

Figure 2

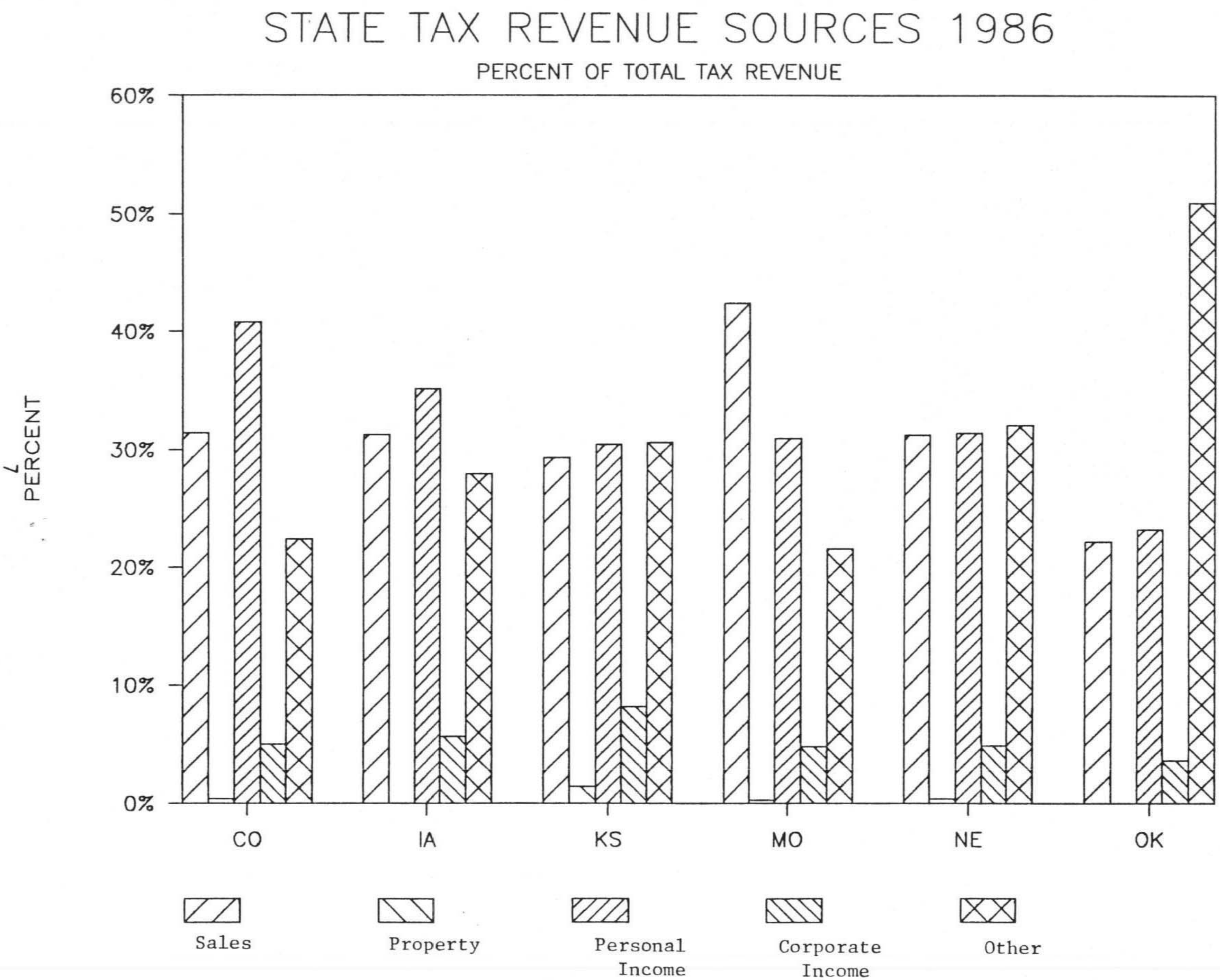

STATE TAX REVENUE SOURCES 1986
PERCENT OF TOTAL TAX REVENUE
PERCENT
60%
50%
40%
30%
20%
10%
0%
CO
IA
KS
MO
NE
OK
Sales
Property
Personal Income
Corporate Income
Other

Figure 3

STATE TAX REVENUE SOURCES 1986

PER-CAPITA

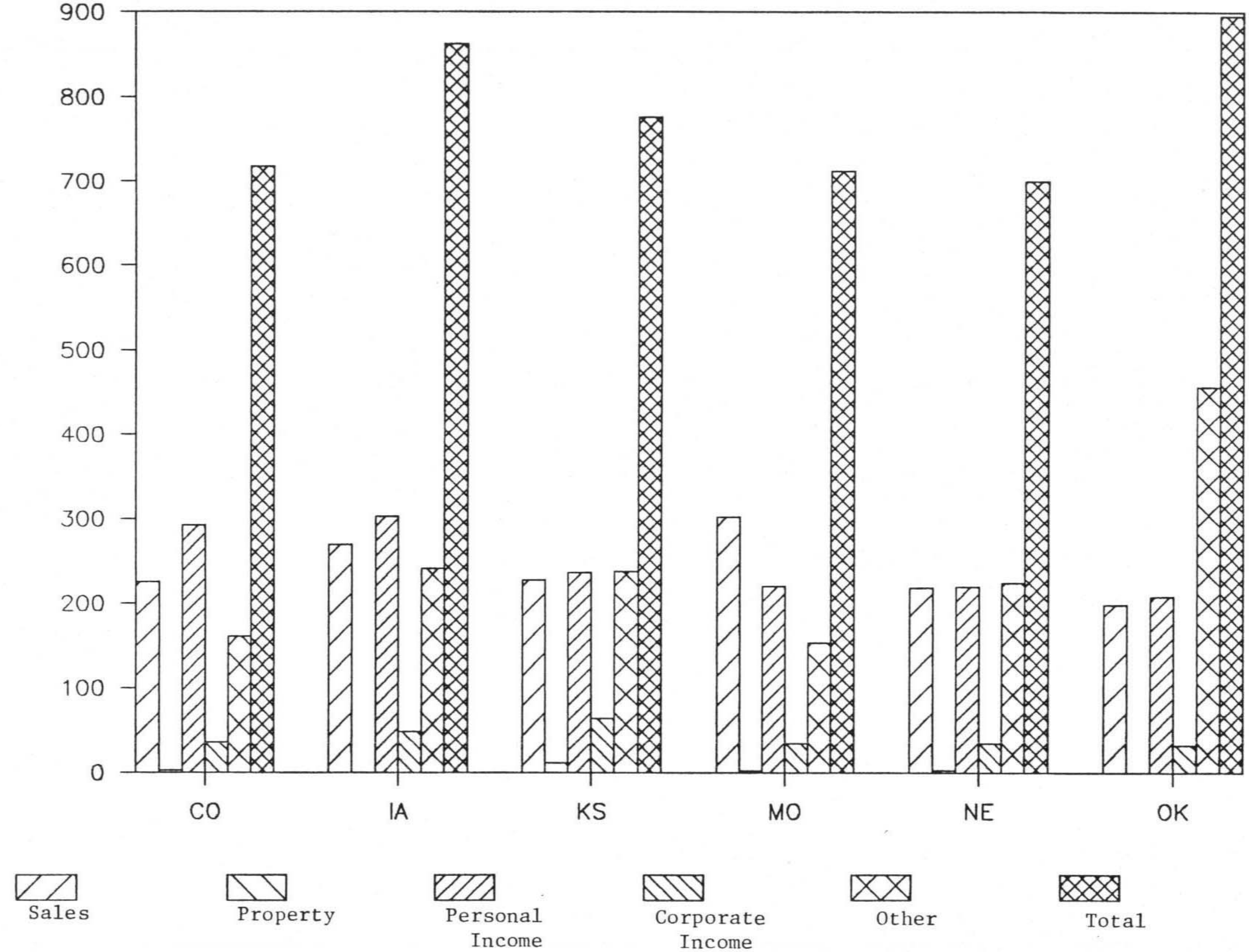
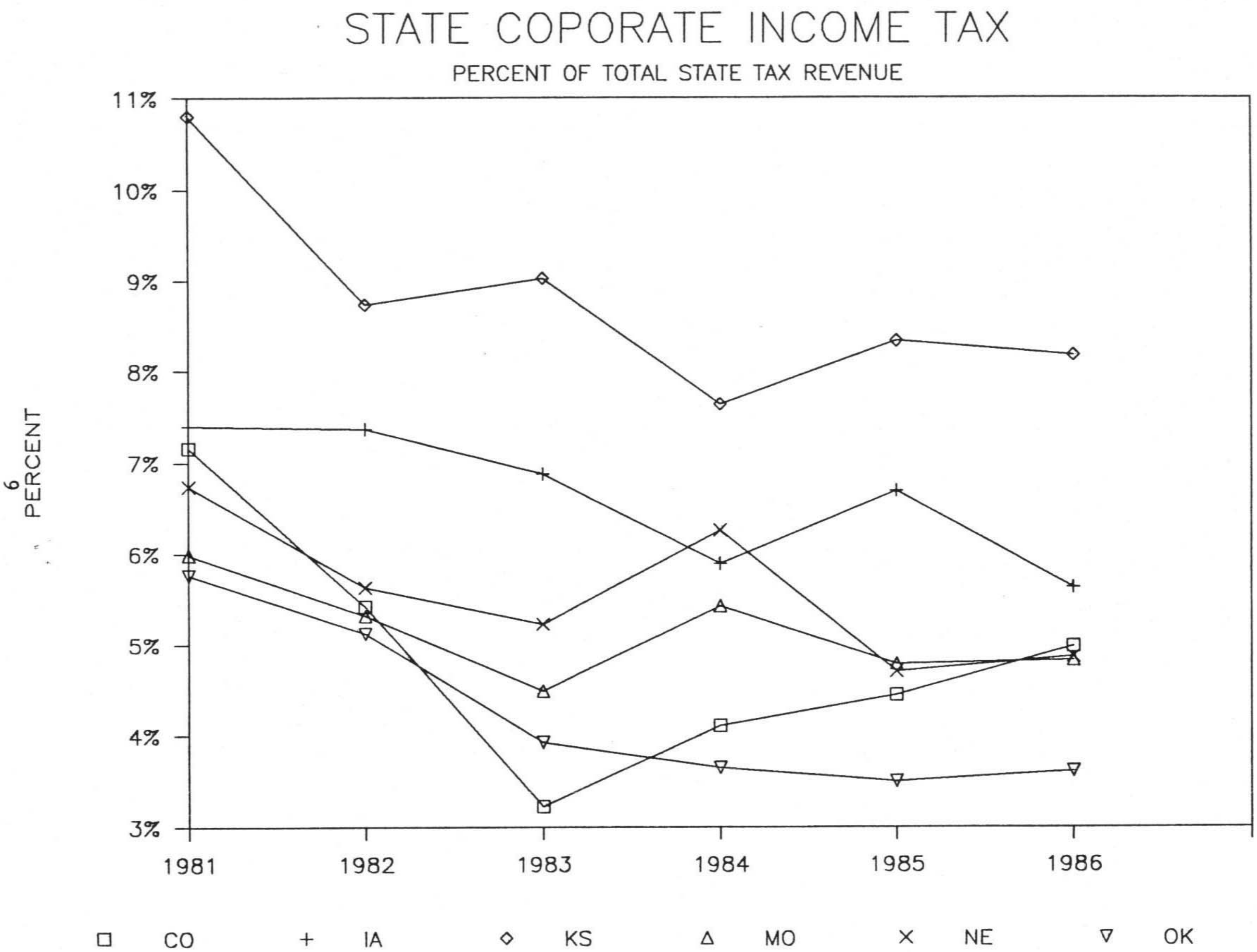


Figure 4



STATE COPORATE INCOME TAX
PERCENT OF TOTAL STATE TAX REVENUE
PERCENT
11%
10%
9%
8%
7%
6%
5%
4%
3%
1981
1982
1983
1984
1985
1986
CO
IA
KS
MO
NE
OK

6

Figure 5

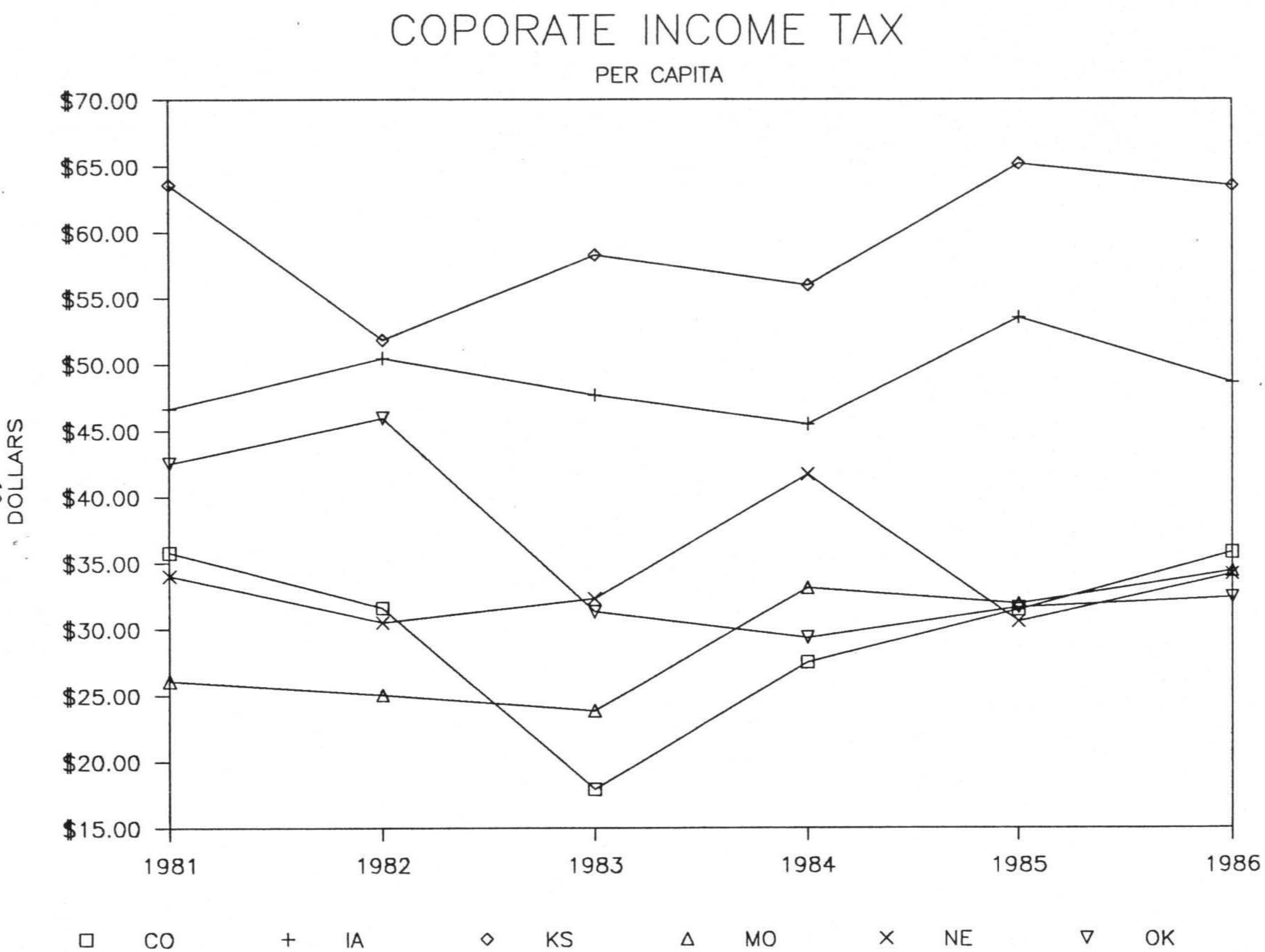

COPORATE INCOME TAX
PER CAPITA
DOLLARS
$70.00
$65.00
$60.00
$55.00
$50.00
$45.00
$40.00
$35.00
$30.00
$25.00
$20.00
$15.00
1981
1982
1983
1984
1985
1986
CO
IA
KS
MO
NE
OK

Figure 6

LOCAL TAX REVENUE 1985

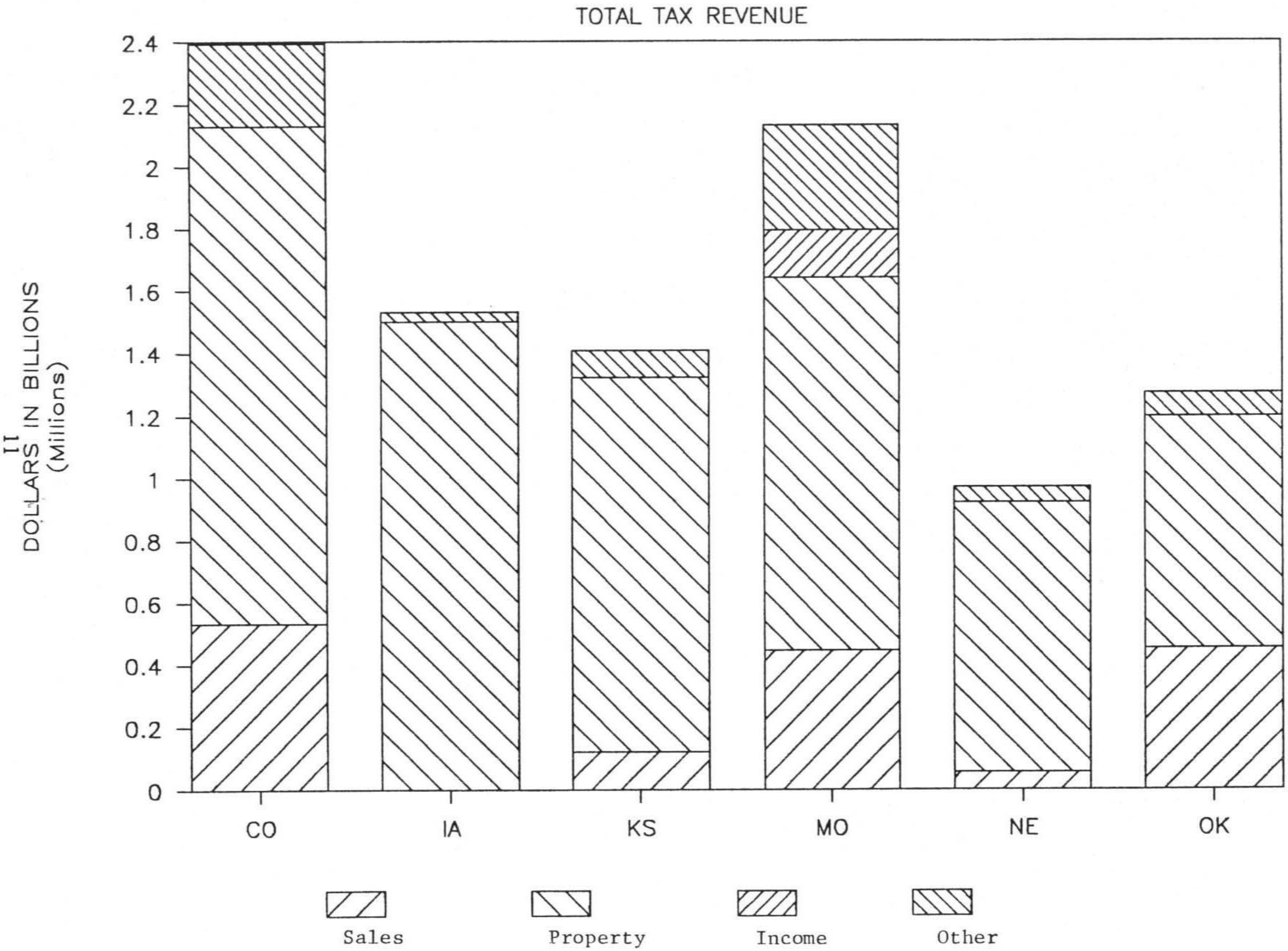
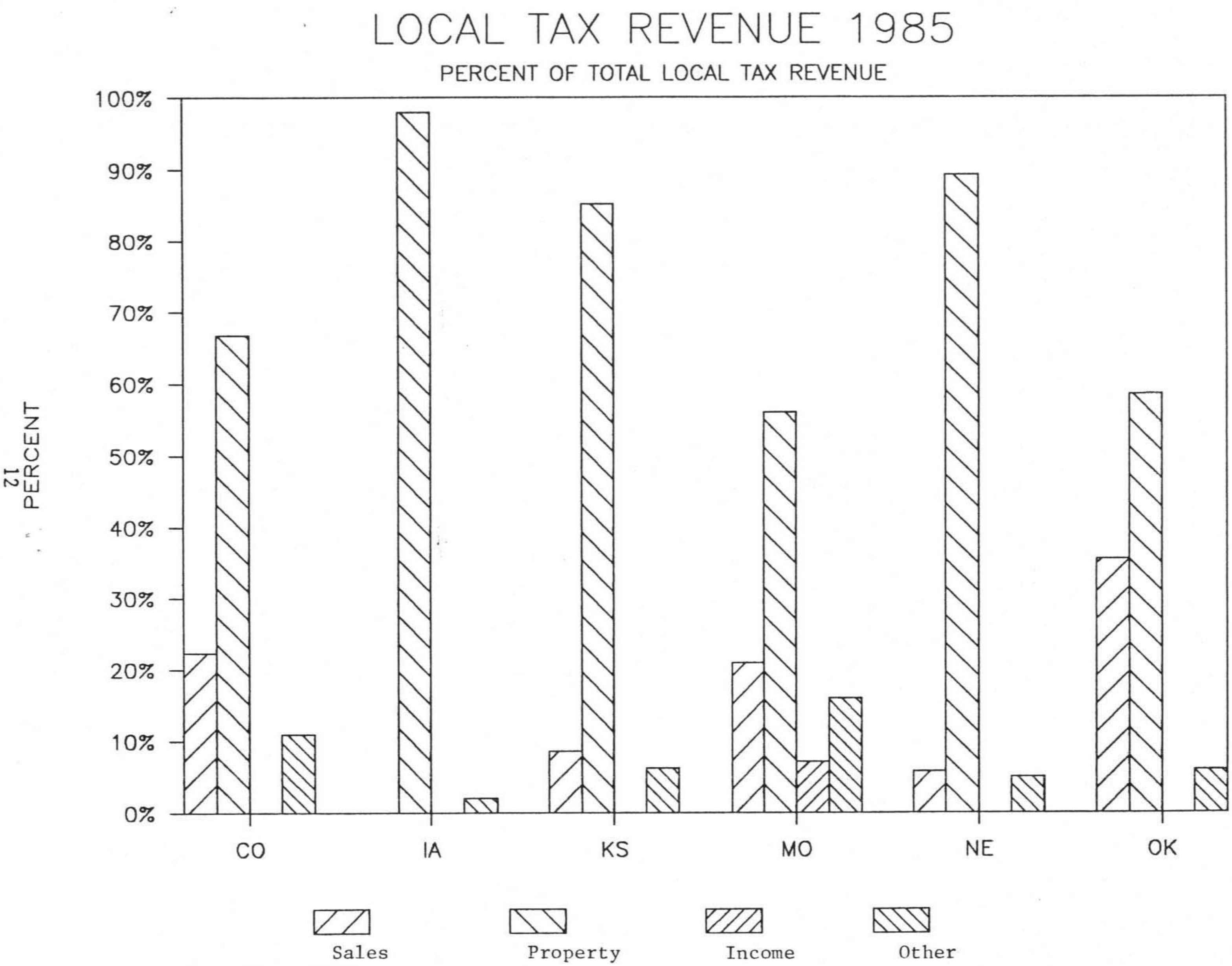


Figure 7



LOCAL TAX REVENUE 1985
PERCENT OF TOTAL LOCAL TAX REVENUE
PERCENT
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
CO
IA
KS
MO
NE
OK
Sales
Property
Income
Other

Figure 8

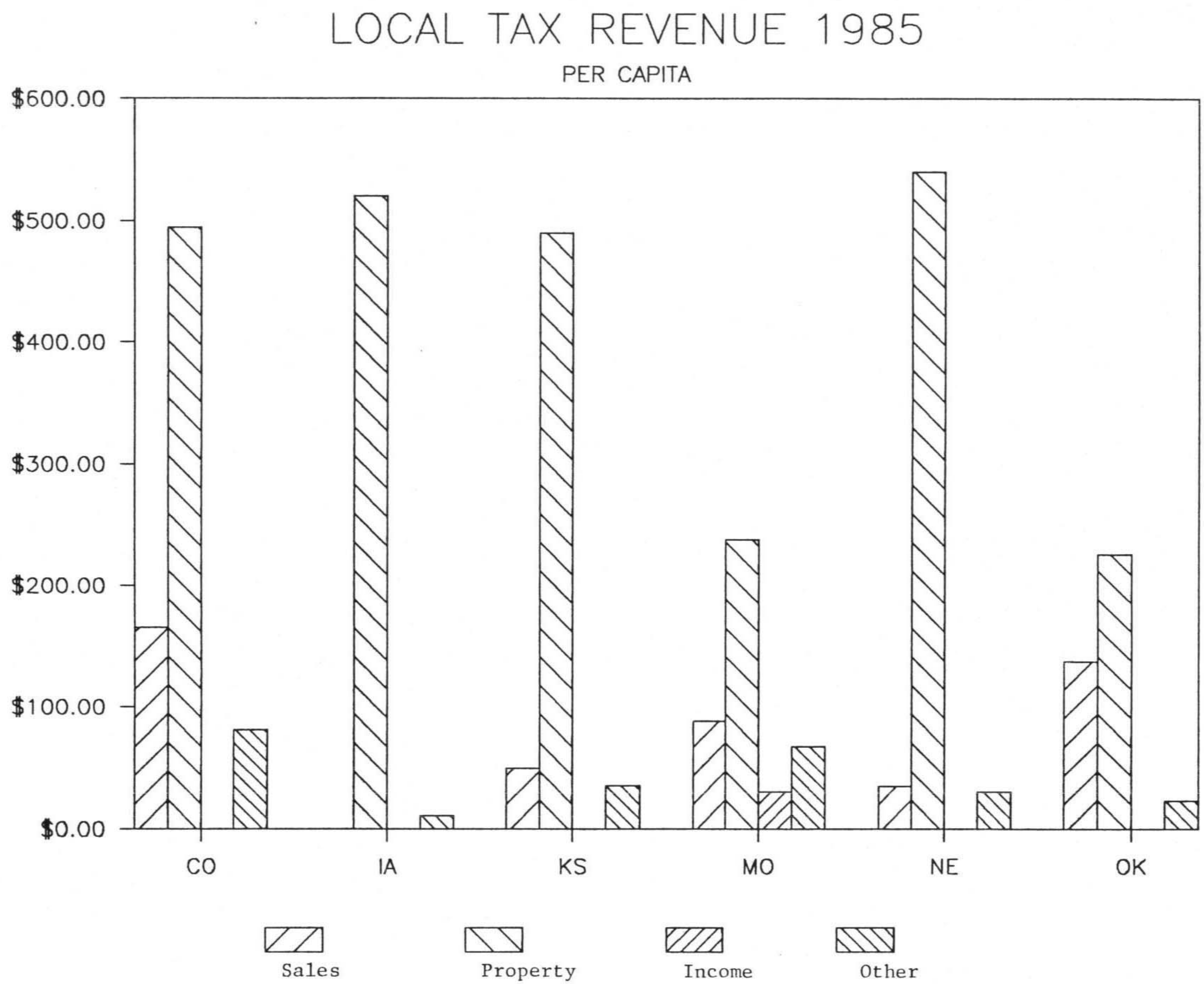

LOCAL TAX REVENUE 1985
PER CAPITA
DOLLARS
$600.00
$500.00
$400.00
$300.00
$200.00
$100.00
$0.00
CO
IA
KS
MO
NE
OK
Sales
Property
Income
Other

Figure 9

LOCAL PROPERTY TAX

PERCENT OF TOTAL LOCAL TAX REVENUE

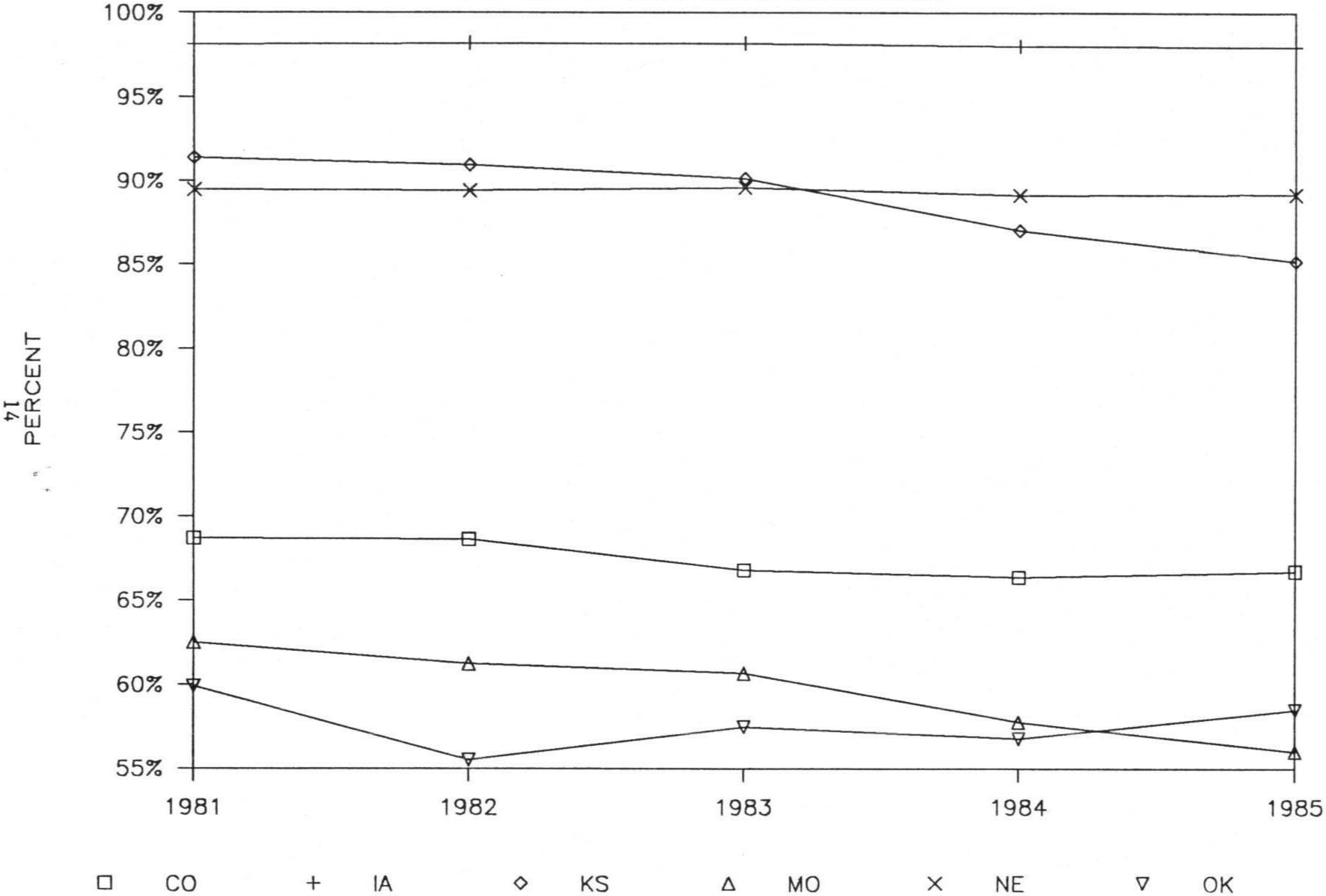


Figure 10

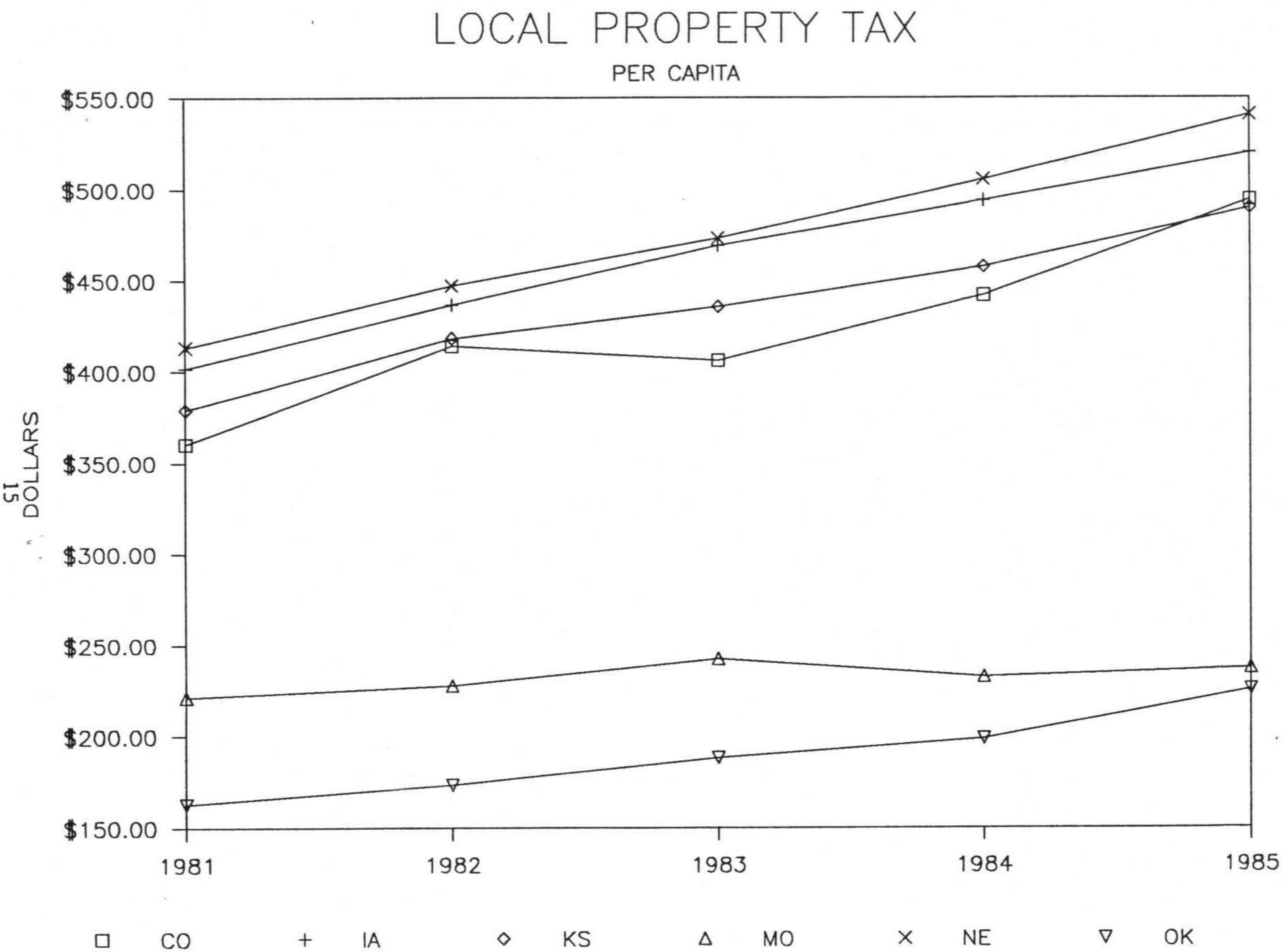
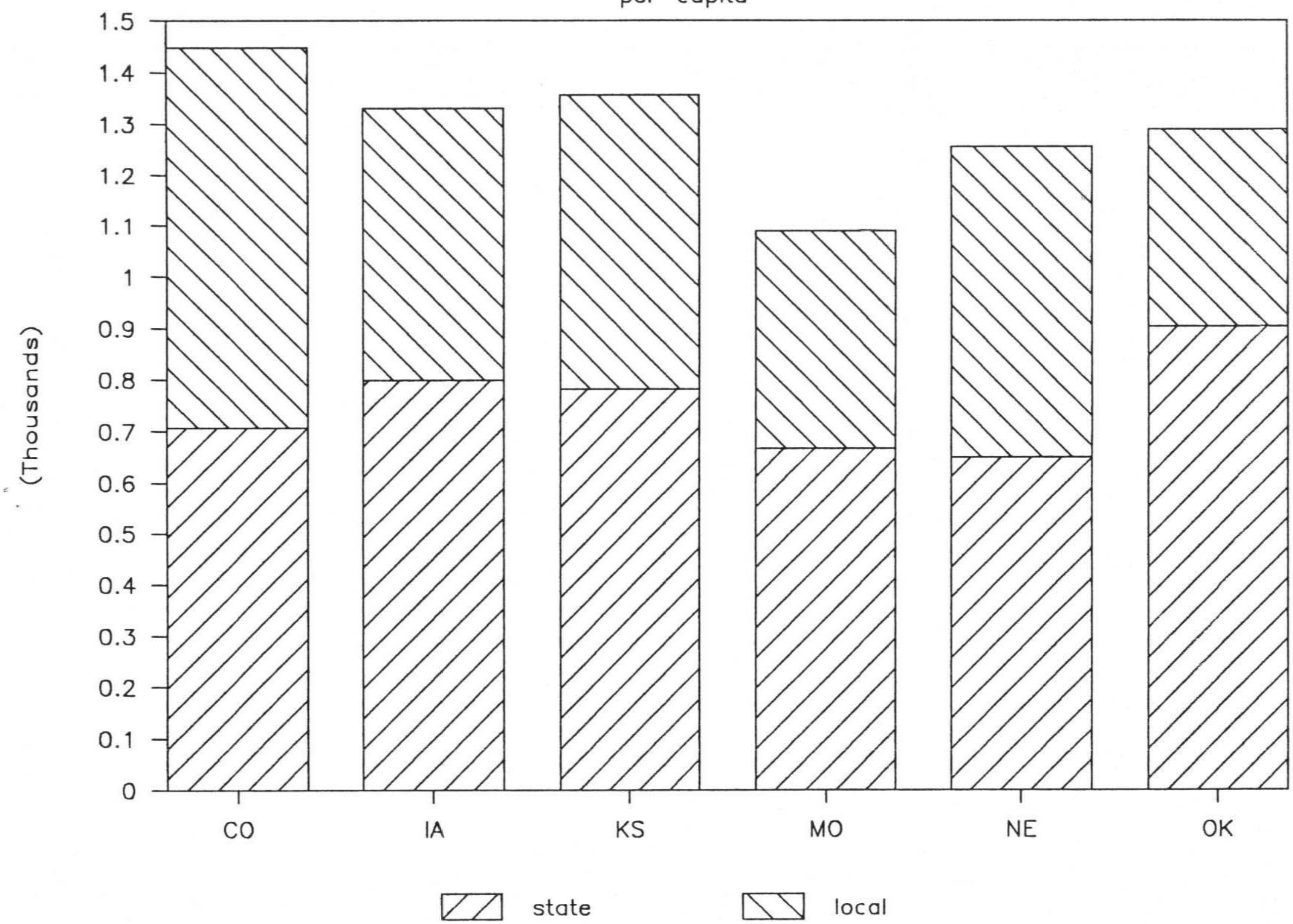

LOCAL PROPERTY TAX
PER CAPITA
$550.00
$500.00
$450.00
$400.00
$350.00
$300.00
$250.00
$200.00
$150.00
DOLLARS
1981
1982
1983
1984
1985
CO
IA
KS
MO
NE
OK

Figure 11

State and Local Tax Revenue, 1985

per-capita



Personal Income Tax

State personal income taxes provide the largest source of state revenue for five of the six states considered in this study. Only in Missouri does the sales tax surpass the personal income tax in generating state funds. In 1986, the personal income tax accounted for a low of 23.2 percent of state revenue in Oklahoma and a high of 40.8 percent in Colorado. The annual tax rate schedule is graduated for various levels of income in all six states. Nebraska revises this schedule annually in accordance with the need for state revenue. Iowa and Oklahoma personal income taxes exhibit the highest degrees of progressivity among the six states. Both states tax the lowest income brackets at 0.5 percent. These two states tax upper income brackets at the highest rates within the six state area. Iowa's rate rises to 13 percent on income over $76,725 and Oklahoma's to 17 percent on income over $49,000 after deduction of federal income taxes paid. The major cities in Missouri, Kansas City and St. Louis, levy an additional local tax on earnings, equal to 1 percent of wages. Personal income tax rates in Kansas are average among the states considered, falling between 2.0 percent and 9.0 percent.

Several studies have noted the importance of state personal income tax rates on the decisions of business executives to relocate their firms to an area.[1] Despite the importance of the personal income tax, accurate comparisons of state personal income tax rates are difficult. This is due to the variability in income brackets, deductions, exemptions, and credits

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[1]See for example Roger Schmenner, Making Business Location Decisions, Englewood Cliffs, New Jersey, Prentice-Hall, 1982. p. 46.

among the states. For example, all of the states in this study except Nebraska allow federal taxes to be deducted from gross income in determining personal income taxes. This lowers the effective personal tax rate.

Table 1

Personal Income Tax

	Rate
Colorado	Graduated in 11 stepped income increments of $1,420 from 3% to 8%.[1]
Iowa	Graduated in 13 stepped increments from .5% to 13%.
Kansas	Graduated in 8 stepped increments from 2% to 9%.
Missouri	Graduated in 10 stepped increments from 1.5% to 6%.[2]
Nebraska	Graduated in 4 stepped increments from 2% to 5.9%.[3]
Oklahoma	Choice of two methods: 1) No deduction of Federal Income Taxes paid: graduated in 7 stepped increments from 0.5% to 6%. 2) With deduction of Federal Income Taxes paid: graduated in 18 stepped increments from 0.5% to 17%.

[1] Federal income tax deductible from gross income in all states in study except Nebraska.

[2] Missouri also has an additional local personal income tax in the cities of Kansas City and St. Louis. This earnings tax must be withheld by employers and is equal to 1% of wages.

[3] Rates are for 1987. Income tax rates are set annually by the Nebraska Legislature in accordance with the need for state revenue. Before 1987, tax was % of federal income tax.

SOURCE: Information provided by individual states. See Appendix A.

Sales Tax

The general sales tax is a tax usually imposed on sellers at the final stage of distribution. It is charged at both the state and local levels, and is an important source of revenue for both levels of government. In our study, 1986 state sales tax revenue as a percentage of total state revenue ranged from 22 percent in Oklahoma to 42 percent in Missouri. Local sales tax revenue as a percentage of local tax collections varied from a low of 0 percent in Iowa, where the authority to levy a local sales tax was not granted until 1985, to a high of 36 percent in Oklahoma. Over the last five years, a trend toward higher sales tax rates has been observed among all the states in our study. Iowa, Kansas, Nebraska, and Oklahoma have all experienced permanent sales tax increases, while Colorado and Missouri have experimented with temporary increases. The data in Appendix B show that Missouri, Oklahoma, and Iowa have become increasingly dependent on sales taxes for state financing; the share of sales taxes in total state revenues has consistently moved upwards.

All six of the state sales tax rates fall within a narrow range. Iowa, Kansas, Nebraska and Oklahoma levy a state sales tax of 4 percent. Missouri's is currently 4.225 percent, and will be 4.125 percent as of July 1, 1990. Colorado's is 3 percent. However, viewing the state sales tax rate alone is inaccurate. Concluding that a Colorado purchaser faces a relatively low rate can be misleading. In some areas of Colorado, the local tax rate exceeds the state rate. For example, in Denver the total sales tax reaches 7.1 percent. Recent legislation (effective August, 1987) gives localities in Missouri the option for relatively high sales taxes. In

St. Louis county the tax may reach 7.6 percent and in other jurisdictions, 7.225 percent. In Kansas the maximum combined state and local rate is 6 percent, with cities and counties each allowed to tax up to 1 percent. To accurately evaluate the sales tax, a specific region must be indicated.

Sales taxes affect firms in two independent ways. First, sales taxes alter the ultimate price of a good, and thus can influence how much of a good will be purchased. Second, sales taxes may add to the price of some business purchases, and hence increase costs of production. The extent to which various goods are exempt from sales taxes determines their impact on production costs. It should be noted that sales tax exemptions on business capital purchases are often used as economic development incentives.

The rules for exemptions from the sales tax are complex. Table 3 identifies which purchases by firms are free from sales tax on a state by state basis. Materials consumed in manufacturing and component parts are universally exempt. Manufacturing machinery and equipment purchases are not taxed for new or expanding businesses, although some states require firms to apply for a refund of taxes paid. Replacement equipment for manufacturers is exempt in all but two of the states. Fuels and energy are exempt in Colorado, Iowa, Kansas and Oklahoma; in Missouri and Nebraska, exemptions apply on a restricted basis. Special sales tax exemptions also exist for firms located in enterprise zones.

Table 2

Sales Tax Rates

	State	Local
Colorado	3%. 0.1% tax on tourism related goods and services.	May be levied, not to exceed 4%.
Iowa	4%.	May be levied up to 1%; also local option hotel/ motel tax may be levied not to exceed 7%.
Kansas	4%.	May be levied at 0.5% or 1% by both counties and cities.
Missouri	4.225%. As of 7/1/90: 4.125%.	May be levied not to exceed 3%; St. Louis county may levy up to 3.375% tax.
Nebraska	4%.	May be levied at 1-1.5%.
Oklahoma	4%.	May be levied, county levy not to exceed 2%.

SOURCE: Information provided by individual states. See Appendix A.

Table 3

Tax Status of Business Property and Goods
With Regard to Sales Tax

Type of Property or Good	Colorado	Iowa	Kansas	Missouri	Nebraska	Oklahoma
Materials consumed in manufacturing	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt
Component parts of manufactured goods	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt
New machinery, equipment used in manufacturing	Exempt (2)	Exempt	Exempt (1)	Exempt	Exempt	Exempt
Replacement machinery used in manufacturing	Exempt (2)	Exempt	Taxed	Exempt	Taxed	Exempt
Fuels and energy used in manufacturing	Exempt	Exempt	Exempt	Taxed (3)	Taxed (4)	Exempt

(1) Refunds for firms outside of Enterprise Zones; exemptions for firms in Enterprise Zones.

(2) $500,000 limit for firms outside Enterprise Zones; $10,000,000 limit for firms inside Enterprise Zones. Effective January 1, 1988, exemption applies to sales tax liability in excess of $1,000. The $1,000 minimum liability does not apply in Enterprise Zones.

(3) Electric energy exempt if the cost of electric energy is greater than 10% of the total production cost.

(4) Fuel and energy exempt when more than 50% of the amount purchased is used directly in processing, manufacturing, or refining.

SOURCE: Individual state statutes and State Tax Guide, Prentice-Hall, 1987.

Table 4

Additional Enterprise Zone Sales Tax Exemptions

Colorado	Same sales and use tax exemption applies to all purchases of machinery and equipment, but $1,000 minimum is eliminated (effective January 1, 1988).
Iowa	No Enterprise Zones.
Kansas	Sales tax exemption on purchases of personal property or services purchased for the purpose of construction or improvement of a qualified facility located within a zone.
Missouri	No additional Enterprise Zone sales tax exemptions.
Nebraska	No Enterprise Zones.
Oklahoma	Additional sales tax exemptions for qualifying manufacturers.

NOTE: For a complete description of Enterprise Zones, see the section "Corporate Income Tax and Enterprise Zone Credits."

SOURCE: Information provided by individual states. See Appendix A.

Corporate Income Tax and Enterprise Zone Credits

All six states impose a corporate income tax. In all the states, the corporate income tax comprises a relatively small share of state revenue. Of the six states, Kansas had the largest percentage of state revenue generated from corporate income tax in 1986, 8.2 percent. Oklahoma had the smallest share, 3.6 percent. The state corporate income tax is a net profits tax imposed on all taxable income derived within the state. Multi-state corporations pay only on taxable income that is calculated to be derived from the operations in that specific state. Missouri, Nebraska and Colorado (fully effective July 1, 1993) all impose a flat 5 percent corporate income tax. Kansas has the next lowest rate with a tax of 4.5 percent plus a 2.25 percent surtax on taxable income over $25,000. Nebraska and Iowa have the highest corporate income tax rates. Income over $50,000 is taxed at a rate of 6.65 percent in Nebraska and in Iowa the tax is broken into four brackets which range from 6.0 percent on the first $25,000 of taxable income to 12 percent on income over $250,000. In Missouri an additional local corporate income tax is added in the cities of Kansas City and St. Louis. This tax equals 1.0 percent of net profits apportioned to activities in the cities.

The six states employ different methods to decide how much of the income of a multi-state firm's profits should be attributed to a particular state for taxation. Nationally, the most common way to compute this is known as the three-factor formula. For each of three factors (sales, property, and payroll) the ratio of in-state values to total firm values are calculated. The average of the three ratios determines the proportion of taxable net income which is assigned to a particular state. Kansas and Oklahoma use the three factor formula exclusively. Colorado and Missouri firms have the option to use the three factor formula or an alternative. In Colorado, the firm may opt for a two-factor formula, based 50 percent on sales and 50 percent on property. A single-factor formula based solely upon sales is an option for multi-state firms in Missouri. The single factor formula is the only method employed in Iowa and Nebraska (fully effective January 1, 1992).

While corporate income taxes comprise only a small share of state revenues, they are a significant tax cost to firms. Each of the six states has chosen to offer corporate income tax credits as economic development incentives. Colorado, Kansas, Nebraska, and Oklahoma have introduced or expanded such credits since 1986.

Some of the incentives offered by states in the region are fairly rare. One significant income tax incentive allows the deduction of the federal income tax on the state return. Only six states in the United States allow such deductions. As shown in Table 6, in our study only Iowa and Missouri permit federal income tax deductions, both with restrictions. Another incentive used by states is the research and development tax credit. Only Iowa and Kansas offer this particular credit, as revealed in Table 7. In both states it is equal to 6.5 percent of qualifying research expenditure.

More common income tax credits include new job and investment credits, and credits for job expansion. The specifics of the credits vary among the states. Table 8 exhibits each state's particular credits. All states except Kansas allow credit for up to 100 percent of income tax liability. Kansas limits the credit to a maximum of 50 percent of the tax liability.

In 1987 legislation, Nebraska passed two new job and investment credit bills, one of which allows for credit of $1,000 per new job and $1,000 per $100,000 investment. The initial impact of this credit is ten times the credit offered in Kansas, $100 per new job and $100 per $100,000 investment. However, Kansas allows the credit to be claimed for 10 years, while Nebraska only allows unused portions of new job and investment credits to be carried over. Kansas and Missouri extend job and investment credits over the longest time period, ten years. Only Missouri distinguishes the credit between new and expanding firms. An expanding firm receives $25 more per job and per $100,000 investment in Missouri.

Special tax credits are also offered to firms located in specified distressed areas or enterprise zones. All of the six states except Iowa and Nebraska employ this kind of designation. In 1986, Colorado passed legislation allowing for the establishment of enterprise zones. The definition of a "distressed" area and the criteria making a firm eligible for enterprise zone credit varies with each state. Eligibility requirements are listed in Table 9, and enterprise zone tax credits are denoted in Table 10. Enterprise zone corporate income tax credits are significantly larger than those for firms outside of the enterprise zone. Colorado triples the 1 percent statewide investment tax credit for firms in an enterprise zone, and lessens the restrictions. Kansas's enterprise zone credit per new job can reach $500 if the employee is eligible for federal targeted jobs tax credits. Missouri's credit may be up to $1,200 per job plus $400 for training a zone resident. Missouri also allows an exemption from state income taxation on up to half of the Missouri taxable income earned by a business within the zone for up to 15 years. Within enterprise zones, Oklahoma doubles the statewide 1 percent investment tax credit.

Table 5

State Corporate Income Tax Rates and Apportionment Allocation Method for Multi-State Corporations

	Rate	Apportionment Allocation Method for Multi-State Corporations
Colorado	For FY 1987-1988: First $50,000 -- 5.5% Excess of $50,000 -- 6% Beginning in FY 1989: flat 5% rate will be phased in, fully effective July 1, 1993.	Choice of two-factor formula (sales, property) or three-factor formula (sales, property, payroll).
Iowa	First $25,000 -- 6% Next $75,000 -- 8% Next $150,000 -- 10% Over $250,000 -- 12%	Single-factor formula (sales).
Kansas	First $25,000 -- 4.5% Over $25,000 -- 6.75%	Three factor formula.
Missouri	Flat 5%.*	Choice of single-factor formula or three-factor formula.
Nebraska	First $50,000 -- 4.75% Over $50,000 -- 6.65%	Single-factor formula will be phased into law over a five-year period, effective January 1, 1988. Until then, the single-factor and three-factor formula will be combined at varying weights.
Oklahoma	Flat 5%	Three factor formula.

*Missouri also has a local corporate income tax in the cities of Kansas City and St. Louis. This earnings tax is equal to 1% of net profits from activities in the city.

SOURCE: Information provided by individual states. See Appendix A.

Table 6

Federal Corporate Income Tax Deductibility

Colorado	No
Iowa	Yes (50% of federal income tax is deductible)
Kansas	No
Missouri	Yes (specifically limited to federal income tax on income taxed by Missouri)
Nebraska	No
Oklahoma	No

SOURCE: State Tax Guide, Prentice-Hall, 1987.

Table 7

Research and Development Tax Credit

Colorado	--
Iowa	6.5% of apportioned share of qualifying research expenditure in Iowa (qualifications tied to federal credit).
Kansas	Beginning in 1988, credit for research and development expenditures in Kansas is 6.5% of the amount by which such expenditures exceed the taxpayer's average actual expenditures for R and D in the taxable year and the next two preceding taxable years. In any taxable year, the maximum deduction from tax liability is 25% of the earned credit plus carryovers. Any amount by which the allowed portion of the credit exceeds the taxpayer's total Kansas tax liability may be carried forward until used.
Missouri	--
Nebraska	--
Oklahoma	--

SOURCE: Information provided by individual states. See Appendix A.

Table 8

New Job and Investment Tax Credit

	Tax Credit	Limitation
Colorado	1% tax credit for investment in qualified depreciable property (effective January 1, 1988).	100% of tax liability up to $1,000. Excess may be forwarded up to 3 years.
Iowa	6% of wages subject to unemployment insurance for new jobs created.	a) Must enter into agreement with an area community college. b) Must increase employment 10% above existing base level. c) Excess may be forwarded up to 10 years.
Kansas	$100/new job. $100/$100,000 investment.	50% of tax liability. Can be claimed for maximum of 10 years.
Missouri	New Firm: $75/ new job; $75/$100,000 investment. Expanding Firm: $100/new job; $100/$100,000 investment.	100% of tax liability. Can be claimed for 10 years. a) can be deferred for up to three years. b) must add at least two new employees. c) office tenants must employ 50 or more persons.
Nebraska	For smaller businesses: $1,000/new job; $1,000/$100,000 investment.	a) Must increase business by 2 full-time employees. b) Minimum of $100,000 investment. c) Cannot exceed 50% of tax liability for 5 years. d) Must meet qualifying criteria.
	For larger businesses: 1) a) Tax credit equal to 5% of compensation paid to each new employee.	1) a) At least $3 million investment and 30 new jobs.

	b) 10% tax credit for investment in qualified depreciable property. c) Refund of sales and use taxes for all purchases of depreciable property. d) Up to 15 years use of sales-factor only formula.	b) Up to 100% of tax liability. Firm stays eligible for 7 years. c) Excess must be used within 15 years.
	2) In addition to a-d: e) Personal property tax exemption for 15 years for turbine-powered aircraft and mainframe computer. f) Personal property tax exemption for 15 years for equipment used in the manufacturing or processing of agricultural products.	2) a) At least \$10 million investment and 100 new jobs. b) Up to 100% of liability for 7 years, excess may be used during a 15-year period.
	3) a) Immediate use of sales-factor only formula. b) Refund of all sales and use taxes for all purchases of depreciable property.	3) At least \$20 million investment in qualified property.
Oklahoma	For each new worker, 1% of new investment in depreciable property placed in service before 1995. Investment qualified for credit cannot exceed \$50,000/new employee.	100% of liability for 5 years a) must be a manufacturing or processing firm. b) investment must be at least \$50,000. c) investment cannot decrease number of full-time employees in the state. d) minimum annual salary/new job must be at least \$7,000.

SOURCE: Information provided by individual states. See Appendix A.

Table 9

Enterprise Zone Credits

	Eligibility
Colorado	Business must qualify under federal investment tax credit guidelines which existed in 1986. Business must reside in Enterprise Zone for at least one year, and be a new facility used to operate a revenue producing enterprise or be an expansion of at least $1,000,000 or double original investment.
Iowa	No Enterprise Zones.
Kansas	Business in an Enterprise Zone must be revenue-producing enterprise paying Kansas income tax. In addition, a business must invest at least $51,000. There must be at least two new employees as a direct result of the investment.
Missouri	Business must establish or expand operations in an Enterprise Zone involving new capital investment and/or the creation of new jobs. In addition, qualifying criteria include: 1) At least 30% of persons employed must reside within the zone. [A temporary waiver or reduction of this requirement may be granted for up to 18 months to small businesses employing 20 or fewer full-time employees.] 2) Included are all revenue-producing businesses including offices that employ 50 or more, as well as businesses that sell products or lease/rent residential property to low and moderate income persons.
Nebraska	No Enterprise Zones.
Oklahoma	Business must be involved in manufacturing or processing.

SOURCE: Information provided by individual states. See Appendix A.

Table 10

Enterprise Zone Job and Investment Tax Credits

	Tax Credit	Limitations
Colorado	Option of tripling statewide investment tax credit of 1% or enterprise zone tax credit of 3% (restrictions on statewide investment tax credit are less favorable). $500 per new job.	100% of liability up to $5,000 plus 25% of tax liability above $500. Excess may be carried forward 7 years and back 3 years.
Iowa	No Enterprise Zones.	
Kansas	$350/new job ($500/new job if employer is eligible for federal targeted jobs tax credit) and $350/ $100,000 of new investment.	50% of liability for 10 years.
Missouri	Up to $1,200/new job plus up to $400/new job for training zone resident or employee who is considered unemployable and 10% credit for first $10,000 investment, 5% credit for next $90,000, and 2% of remaining investment.	100% of liability for 10 years. 50% of excess refunded up to $75,000 on tax credits earned during the first 2 years of operations.
Nebraska	No Enterprise Zones.	
Oklahoma	2% tax credit/$50,000 investment in qualified depreciable property.	100% of liability for 5 years --investment cannot decrease number of full-time employees in the state.

SOURCE: Information provided by individual states. See Appendix A.

Property Tax

The property tax is levied by localities on the value of property owned by businesses and households. It accounts for the greatest percentage of local tax revenue in the majority of all fifty states. Among the states considered in this study, the property tax as a percentage of local tax collections ranges from 56 percent in Missouri to 98 percent in Iowa. It is a significant tax faced by businesses because, unlike the corporate income tax, it does not depend on profits.

As illustrated in Table 13, the types of business property subject to taxation vary. Real property, which includes land and buildings, is subject to taxation in all jurisdictions considered in this study. Manufacturing machinery and equipment adds to the tax base in all of the states considered. Other personal property of firms is taxable in most states except Iowa, which repealed all personal property taxes effective January 1, 1987. The majority of the states in this study exempt inventories from property taxes to some degree, and all states make provisions for goods in transit. In recent years, many states have expanded the power of localities to exempt new or expanding firms from some or all property tax payments. The impact of property taxes on any given firm depends on whether that firm is eligible for any development tax incentives.

Unlike business property taxes, residential and household property taxes are rarely used as tools to attract firms to a locality. All of the six state tax residential real estate. In some states, household personal property is also taxed. Localities in Kansas tax the value of motor vehicles; while this is not strictly part of the personal property tax, its effects are similar.

The actual property tax depends both on a mill levy, which can be stated as the dollar tax per $1000 assessed valuation, and an assessment ratio, which relates the assessed value to the market value of a property. Since property taxes are primarily local, some states allow localities to determine both the mill levy and assessment ratio. The only requirements are that these both be within the maximum or statutory limits set by the state. Even in states which require a uniform assessment ratio across localities, the assessment practices of various cities and counties may lead to very different <u>effective</u> assessment ratios. Usually the goal of property assessment is fair market value, but the definition of fair market value varies among and within states. The effective tax rates shown in Table 11, calculated as the mill levy multiplied by the actual assessment ratio, show actual tax payments as a percentage of fair market value.

While the calculation of property taxes in a given locality is straightforward, comparison of property taxes across states is difficult because of the wide local variation in tax rates. Although state averages can be computed, they conceal differences within the state. The computed state average may in fact, not be levied at any particular location in the state. The state average mill levy and the state average actual assessment ratio, as well as the official assessment ratio, are recorded in Table 11. Estimates of the average mill levy obtained from the Prentice-Hall, <u>State Tax Guide</u> and the 1986 figure obtained directly from state property taxation divisions differ; both are included for comparison. The average actual assessment ratios were received directly from the information provided by individual states. States may assess different classes of property at different ratios. This is often written into state statutes, but sometimes results simply because of the assessment practices employed within the state. Differences in actual assessment ratios between commercial-industrial and residential property are noted in Table 11.

In 1986, Kansas was among the lowest taxed states in the region for residential and commercial-industrial real estate. Only Oklahoma had a lower effective commercial-industrial rate, and only Missouri and Oklahoma had lower effective residential rates. Nebraska and Iowa tax rates on both commercial-industrial and residential property were considerably higher than those in Kansas in 1986. Although effective assessment ratios are not available for Colorado, a rough estimate of effective of effective tax rates can be made by multiplying the post-reassessment estimated mill levy by the Colorado statutory assessment ratios. This results in an estimated tax on residential property of 10.34 mills and on commercial-industrial real estate of 16.66 mills, placing Colorado in the middle of the states surveyed. After reassessment and classification of property in Kansas, our estimates indicate that the effective tax rates on commercial-industrial and residential real estate will be 27.99 and 11.2 mills respectively.[2] The change for commercial-industrial real estate is dramatic.

Businesses are particularly concerned with taxes on two classes of property in addition to commercial-industrial real estate: inventories and machinery and equipment. Only Oklahoma and Kansas include inventories from

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[2]Calculated by multiplying Kansas Department of Revenue estimate of average mill rate times statutory assessment ratios of 30 percent for commercial-industrial and 12 percent for residential.

the property tax base. Effective January 1, 1989, Kansas will begin to exempt inventories from property taxes. Until that time, businesses which engage in interstate trade are entitled under the provisions of the Kansas Freeport Law to an exemption from the inventory tax based on the proportion of their shipments which are made to other states. Each of the states except Iowa taxes all business machinery and equipment; Iowa taxes only manufacturing machinery and computers. Most states attempt to assess some measure on the fair market value of machinery and equipment. However, the particular rules used to appraise the market value may result in estimates which diverge from economic measures of value such as used asset prices. Nevertheless, for new equipment, the measured value and market value are likely to be close.

The property taxes paid by a business are actually a composite of the taxes which apply to the major categories of business property , real estate, inventories, and machinery. Even where the statutory assessment ratios on these types of property are the same, the effective assessment ratios may differ. Table 12 illustrates the case of a hypothetical firm with \$250,000 in real estate, \$500,000 in machinery, and \$100,000 in inventories. It is assumed that the fair market value of equipment and inventories is estimated correctly, so that statutory and effective rates for these types of property are identical. The effective assessment ratios of Table 11 are applied to real estate.

For a firm with the asset structure indicated, property taxes range from a low of \$7,484 in Oklahoma to a high of \$23,636 in Kansas, using 1986 Kansas rates. Kansas property taxes are high due to the relatively high taxes applied to machinery. After reassessment and classification in

Kansas, a firm such as the one shown would experience a considerable reduction in taxes. However, it should be pointed out that a firm with small inventories and a large real estate component could actually end up paying higher taxes after Kansas property tax reforms.

Abatement of property taxes on land, buildings, and equipment is a notable incentive found with varying restrictions in all of the six states. Kansas allows a local option for a property tax exemption of up to 10 years for new firms engaging in manufacturing, research and development, and interstate warehousing. Expansions of existing businesses also qualify if new employment is created as a result. Iowa offers a broad package of exemptions. As a local option, a percentage of the value added to industrial property due to new construction and acquisition of new machinery may be excluded from the property tax base for up to five years. The exemption is limited to manufacturers, distributors, and warehouses. Additionally, Iowa assesses industrial equipment and computers at a different rate than other property. Assessment is a 30 percent of acquisition cost rather than full market value. This lowers the effective tax on business property. Iowa also makes special provisions for both residential and industrial property in urban "revitalization areas." Improvements made to industrial property can be fully exempted from the property tax for three years or partially exempted for ten years. Missouri offers property tax abatements in blighted urban areas and in economically depressed areas qualifying as enterprize zones. Developers in designated blighted urban areas are eligible for a complete abatement of taxes on improvements for ten years and for a partial tax abatement for an additional fifteen years. Missouri also designates enterprize zones. Within a zone, localities are required to abate at least 50 percent of the property tax on improvements for 25 years; they are authorized to abate property taxes up to 100 percent. Manufacturing and research and development firms operating in Oklahoma may receive tax relief for a period of five years on the value they add to property. To qualify for property tax exemption, a firm must be new to Oklahoma or expand into a new facility. Legislation passed by the Nebraska Legislature in 1987 offers limited property tax relief. Firms investing at least $10 million and hiring at least 100 new employees in a business directly involved with the processing of agricultural products are eligible for a fifteen year tax exemption on equipment. 1987 Colorado legislation allows localities to reduce property taxes of firms which locate in enterprise zones. Property tax abatements are limited to the value added to property by the firm. Additional guidelines have not yet been worked out.

Table 11

Property Tax

	Average Mill Levy per $1 of Assessed Value (Range)[1]	Average Actual Assessment Ratio for 1986	Statutory Assessment Ratios	Average Effective % Tax Rate per Current Fair Market Value[2]
Colorado	88.74 (33.87 - 114.96) 101.123 (57.45)[3]	Residential: 21% of 1977 value. All other except agriculture, oil, gas and producing mines: 29% of 1977 value. Gas and mines based on production. Starting in 1987, assessments based on 1985 values. Residential assess. ratio will be 18%.	Res: 21% Other: 29%	Not available
Iowa	29.228 (20.03 - 38.46) Not available	Agriculture assessed at productivity. Commercial and industrial assessed at market value. Residential: 77% of market value.	100% 30% for industrial equipment[6]	Res: 22.5 Ind: 29.3
Kansas	185.215 (71.46 - 376.68) 115.28 93.3[4]	Residential: 7.71% Commercial: 9.86% Industrial: 10.0%	30%[5]	Res: 8.88 Ind: 11.52
Missouri	49.04 (27.50 - 71.00) 42.60	Residential: 18.7% Agriculture: 11.7% Commercial-industrial: 31%	33 1/3%	Res: 7.97 Ind: 13.21
Nebraska	27.529 (20.28 - 33.28) 24.103	Single family home improved: 84.92% Multi-family home improved: 82.47% Commercial improved: 85.53% Industrial improved: 87.72%	100%	Res: 20.47 Ind: 21.14
Oklahoma	81.143 (54.00 - 125.31) 81.00	Effective 1988: real property must be between 10 and 15%. Commercial-industrial: 10.87% Residential: 10.5%	35% max.	Res: 8.50 Ind: 8.80

1 First mill average levy and range obtained from Prentice-Hall, State Tax Guide. Average mill levy below obtained directly from state taxation departments (see Appendix A).

2 Average effective tax rate per $1000 of fair market value calculated by multiplying average mill levy by average actual assessment ratio for 1986 (urban and commercial ratios used as denoted by state). The average mill levy for 1986 received directly from state was used for all states except Iowa.

3 Estimate of mill levy for 1987, following reassessment, calculated as (mill levy based on 1977 values)/1985 housing price index for Western U.S.

4 Estimate of mill levy following reassessment and reclassification, Kansas Department of Revenue.

5 As of January 1, 1989, Kansas statutory assessment ratios will be as follows: Residential: 12%, Commercial-industrial: 30%, Commercial and industrial machinery: 20%.

6 Machinery used in manufacturing and computers are assessed at 30% for acquisition cost less depreciation. Other business personal property not taxed.

Table 12
Property Taxes for a Hypothetical Firm

1. **Kansas**--before reassessment and classification

	Land, Build.	Machinery	Inventory	Total
Asset Amt.	$250,000	$500,000	$100,000	$850,000
Tax Rate	0.1153	0.1153	0.1153	0.1153
Assess. Ratio	0.1	0.3	0.3	----
Effective Rate	0.01153	0.03459	0.03459	0.0278
Tax	$2,883	$17,295	$3,459	$23,636

2. **Kansas**--after reassessment and classification

	Land, Build.	Machinery	Inventory	Total
Asset Amt.	$250,000	$500,000	$100,000	$850,000
Tax Rate	0.0933	0.0933	0.0933	0.0933
Assess. Ratio	0.3	0.2	0	----
Effective Rate	0.02799	0.01866	0	0.0192
Tax	$6,997	$9,330	$0	$16,328

3. **Colorado**--using post-reassessment estimate of property tax rate

	Land, Build.	Machinery	Inventory	Total
Asset Amt.	$250,000	$500,000	$100,000	$850,000
Tax Rate	0.0575	0.0575	0.0575	0.0575
Assess. Ratio	0.29	0.29	0	----
Effective Rate	0.016675	0.016675	0	0.0147
Tax	$4,169	$8,338	$0	$12,506

4. **Iowa**

	Land, Build.	Machinery	Inventory	Total
Asset Amt.	$250,000	$500,000	$100,000	$850,000
Tax Rate	0.0293	0.0293	0	0.0293
Assess. Ratio	1	0.3	0	----
Effective Rate	0.0293	0.00879	0	0.0138
Tax	$7,325	$4,395	$0	$11,720

5. **Missouri**

	Land, Build.	Machinery	Inventory	Total
Asset Amt.	$250,000	$500,000	$100,000	$850,000
Tax Rate	0.0426	0.0426	0	0.0426
Assess. Ratio	0.31	0.31	0	----
Effective Rate	0.013206	0.013206	0	0.0117
Tax	$3,301	$6,603	$0	$9,904

6. **Nebraska**

	Land, Build.	Machinery	Inventory	Total
Asset Amt.	$250,000	$500,000	$100,000	$850,000
Tax Rate	0.0241	0.0241	0	0.0241
Assess. Ratio	0.8772	1	0	----
Effective Rate	0.02114052	0.0241	0	0.0204
Tax	$5,285	$12,050	$0	$17,335

7. **Oklahoma**

	Land, Build.	Machinery	Inventory	Total
Asset Amt.	$250,000	$500,000	$100,000	$850,000
Tax Rate	0.081	0.081	0.081	0.081
Assess. Ratio	0.1087	0.1087	0.1087	----
Effective Rate	0.0088047	0.0088047	0.0088047	0.0088
Tax	$2,201	$4,402	$880	$7,484

Ranking of States According to Hypothetical Firm Taxes

	State	Effective Rate
1.	Oklahoma	.0088
2.	Missouri	.0117
3.	Iowa	.0138
4.	Colorado	.0147
5.	Kansas	.0192
6.	Nebraska	.0204

Table 13

Tax Status of Business Property and Goods With Regard to Property Tax

Type of Property	Colorado	Iowa	Kansas	Missouri	Nebraska	Oklahoma
Land and Buildings	Taxed (9)	Taxed (1)(2)	Taxed (4)	Taxed (6)	Taxed	Taxed (8)
Machinery and Equipment	Taxed (9)	Taxed (1)(2)(3)	Taxed (4)	Taxed	Taxed (7)	Taxed (8)
Inventories	Exempt	Exempt	Exempt (4)(5)	Exempt	Exempt	Taxed
Goods in Transit	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt

(1) As a local option, the value added to property by the acquisition of new equipment or by new construction by establishments in manufacturing, warehousing, and research is partially exempted for 5 years. Exemption for the first year is 75%. Exemption is 15% less each additional year.

(2) In urban "revitalization areas," improvements to property may be exempted 100% for 3 years on a partial basis for 10 years, starting with 80% the first year and declining thereafter.

(3) Manufacturing machinery and computers assessed at 30% of acquisition cost less depreciation. Other business personal property exempt.

(4) Property tax abatement of up to 10 years as local option for land, buildings, equipment, and other tangible personal property, used for
(a) manufacturing articles of commerce.
(b) conducting research and development.
(c) storing goods of interstate commerce.

(5) Property tax on inventories will be repealed effective 1-1-89. Until that time, firms engaged in interstate commerce may be eligible for a proportional exemption equal to the percent of interstate trade in total shipments under the Kansas Freeport Law.

(6) In blighted urban areas, property tax on improvements abated 100% for 10 years and 50% for an additional 15 years. In enterprise zones, property tax on improvements abated between 50% and 100% for 25 years. Applies to real estate only.

(7) A 15 year property tax abatement for agricultural processors investing at least $10 million and hiring at least 100 new workers.

(8) Manufacturing and research and development operations are eligible for 5-year exemption from all property taxes associated with
(a) the construction of a new facility,
(b) the expansion of an existing facility,
(c) the acquisition of certain unoccupied facilities.
The exemption extends to land, buildings, structures, machinery, equipment, and personal property used in the production process.

(9) Local option for property tax reductions in enterprise zones, starting July, 1987. Will apply to the increase in the value of property due to new or expanding businesses.

SOURCE: Directory of Incentives for Business Investment and Development in the United States, 1986. Information also provided by individual states. See Appendix A.

Franchise Tax

The corporate franchise tax is imposed on corporations for the privilege of conducting business in a state. Corporate franchise taxes are usually based on a firm's net worth. As indicated in Table 14, Kansas, Missouri, and Oklahoma levy franchise taxes as a percentage of a firm's capital value. Nebraska levies a corporate occupation tax which ranges from $13 to $11,995, depending on the firm's capital value. In Iowa, the franchise tax applies only to financial institutions and is not applicable to industrial corporations. However, Iowa imposes a licence fee which ranges from $15 to $3000. Since many firms are multi-state corporations, the taxable base of the franchise tax must be determined; the apportionment formula generally depends on the ratio of in-state assets to total assets.

Of the three states levying an independent franchise tax, Oklahoma's is the highest at 0.125 percent. The minimum tax in Oklahoma is $10 and the maximum is $20,000. Kansas is next highest, with a tax of 0.1 percent of shareholder's equity, a minimum tax of $20 and a maximum tax of only $2,500. Missouri's franchise tax rate is the smallest at 0.05 percent with a minimum tax of $25, but Missouri puts no cap on franchise tax payments. The Nebraska corporate occupation tax and the Iowa licence fee each define taxes in terms of brackets which depend on the firm's in state capital.

Table 14

Franchise Tax

Colorado	None.
Iowa	5% of taxable income only on financial institutions. Corporate licence tax ranges from $15 to $3000.
Kansas	0.1% of corporation shareholder's equity attributable to Kansas. Minimum tax: $20; maximum tax: $2,500.
Missouri	0.05% on value of outstanding capital stock and surplus. Minimum tax: $25.
Nebraska	Corporate Occupation Tax ranges from $13 to $11,995.
Oklahoma	0.125% on value of capital invested or used in Oklahoma. Minimum tax: $10; maximum tax: $20,000.

SOURCE: Information provided by individual states. See Appendix A.

Unemployment Insurance

Unemployment insurance compensates a worker for wages lost while he or she is involuntarily unemployed yet willing and able to work. Employers must pay both federal and state unemployment insurance taxes but the state tax is by far the largest. Although the federal government establishes broad regulations, the details of unemployment insurance programs are essentially state specific. Federal restrictions exist to ensure that reserves are adequate in order to maintain the solvency of each state's system. The states define the fundamentals including eligibility rules, benefit provisions, administration and financing. Both benefits and taxes vary widely among states.

Because of firm and state variabilities and the complexity of the unemployment insurance tax structures, comparisons of unemployment insurance rates among the states are difficult. The unemployment insurance tax rate assigned to an employer depends on a firm's unemployment experience as well as the state's total unemployment compensation trust fund experience. A firm with a positive contribution-benefit balance will be charged lower rates than one with a negative balance. Unemployment insurance rates are volatile. They are firm specific and may increase and decrease in accordance with the state trust fund's economic condition.

Table 15 shows 1987 state data from the Prentice-Hall, State Tax Guide. The new employer's rate indicates the percentage of payroll which would be paid by a firm new to the state. The 1987 minimum and maximum rates show the range of rates applied, while the statutory minimum and maximum show the range of rates allowed by law. Within the permissible rates, the actual rate paid by a firm depends primarily on its experience in with unemployment. The taxable wage base shows the amount of the annual wage of each individual employee which is subject to the insurance premium. For a firm with high turnover, a large share of annual wage payments will fall within the taxable base, and all taxable wage payments will be subject to high insurance rates. Missouri has the lowest 1987 minimum tax, 0 percent, and Oklahoma has the highest 1987 maximum tax, 9.2 percent. Kansas's unemployment insurance rates are in the middle. Of the six states, it has the second lowest 1987 minimum at 0.06 percent and the third highest 1987 maximum at 6.4 percent. Kansas's taxable wage base is also average. For 1987, it was $8000, the third smallest of the six states. Iowa recorded the high of $12,300 and Nebraska the low at $7000. All states, except Colorado, require unemployment insurance payments from employers of one or more employees for twenty weeks. In Colorado employers of one or more employees for thirteen weeks are liable.

More comprehensible comparisons can be drawn from Table 16. The unemployment compensation benefits column refers to the average unemployment compensation benefits paid per covered worker, per year. This indicates the current level of withdrawals from the unemployment compensation trust fund. For 1987, Kansas withdrawals were average among the six states. Each state maintains a trust fund to support the payment of unemployment claims. The net worth of the fund is the balance in the fund minus loans from the federal government. Kansas is clearly the leader in this category. Of the six states, Kansas's net trust fund worth ranked highest at $346.88 per covered worker. It ranks eighth in the nation. Nebraska is a distant second in our study, with an unemployment compensation trust fund balance of

$148.77 per covered worker. The strength of a state's unemployment insurance fund depends both on its balance and on the magnitude of unemployment insurance claims. With modest claims and a healthy trust fund balance, Kansas unemployment insurance rates are likely to remain stable.

Table 15

Unemployment Insurance Rates and Bases

	1987 New Employer's Rate	1987 Minimum	1987 Maximum	Statutory Minimum	Statutory Maximum	1987 Taxable Wage Base	Number of Employees to Make Employer Subject to Tax
Colorado	Greater of standard rate, experience rate, or average industry rate, unrated employers pay 3% (new employers are subject to the 0.3% surcharge)	0.6%. Includes 0.3% surcharge	5.7%. Includes 0.3% surcharge	0%	5.4%	$9,000 For 1988: $10,000	1 for 13 weeks
Iowa	1.8% to 2.3%. New construction employers pay 9%	0.5%. Does not include surcharge of negative-balance employers	7%. Does not include surcharge of negative-balance employees	0%	7%	$12,300 Greater of 66 2/3% of statewide average annual wage base increased by $1,600	1 for 20 weeks
Kansas	1% plus the greater of average industry rate or average rate for all covered employers but not less than 2%	0.06%	6.4%. Includes 0.1% to 1% surcharge for negative-balance employers	0%	5.4%	$8,000	1 for 20 weeks
Missouri	Higher of average industry rate or 2.7%. For 1987: 2.7% to 5.4%	0%. Minimum rate for employers failing to file reports is 5.4%	6%	0%	6%	$7,500. Increased and decreased by $500 if fund reaches a certain point	1 for 20 weeks
Nebraska	3.5%	0.1%	5.4%	Fixed annually	5.4%	$7,000	1 for 20 weeks
Oklahoma	3.1%	0.3%	9.2%	0.1%	5.5%. Rates may be increased by surcharges	$9,100	1 for 20 weeks

SOURCE: State Tax Guide, Prentice-Hall, 1987 and information provided by individual states (see Appendix A).

Table 16

Unemployment Insurance Benefits and Net Worth, 1986

	Average Benefit Per Worker[1]	Unemployment Compensation Net Worth[2]
Colorado	$149.88	$ 74.05
Iowa	$214.97	$ 63.35
Kansas	$151.13	$346.33
Missouri	$117.00	$137.74
Nebraska	$128.90	$148.77
Oklahoma	$177.20	$117.60

1 Average unemployment compensation benefits paid per covered worker per year.
2 Net worth of state unemployment compensation fund per covered worker. Balance of trust fund minus loans from federal government.

SOURCE: <u>The 8th Annual Study of General Manufacturing Climates of the Forty-Eight Contiguous States of America</u>, Grant-Thornton, 1987.

Workers' Compensation

Labor costs are the single largest factor payment facing most firms. State mandated programs such as unemployment insurance and workers' compensation comprise a considerable portion of labor costs in some industries. Because of the obligatory participation of firms in these programs, this study treats them as taxes.

Workers' compensation laws require firms to compensate workers who are injured on the job, or to pay benefits in the case of a worker's job related death. Although some states sponsor an insurance fund for workers' compensation, private companies provide this type of insurance in all of the six states considered here. Private firms voluntarily participate in an industry group, the National Council on Compensation Insurance, which does actuary work and suggests rates specific to each industry in a state. The suggested rates are subject to review and revision by state insurance agencies.

A number of factors influence the workers' compensation rate schedule for a given state. The size of compensation payments to injured workers are shown in Table 17. Payments are determined by state law, and indicate the value of claims which will be made against insurers. The accident record of firms in an industry suggests the likelihood that a claim will be made. Finally, the state regulatory process may mitigate rate increases. Average insurance rates, shown in Table 17, reflect both the insurance structure of each state and the composition of industries within a state. A clearer picture of workers' compensation rates can be gained by looking at the average rates paid by particular industries. For all of the industrial categories, Kansas ranks average among the six states, having neither the highest or the lowest rates. Colorado appears to have the largest workers' compensation payments; Colorado's rates were highest or second highest for all of the categories considered.

An individual establishment's workers' compensation depends primarily on the state in which it is located and on the industry in which it is classified. However, the individual characteristics of an establishment also influence the actual rate paid by a firm. Businesses are allowed to rate certain workers at job specific rather than industry specific rates. An example of this is office workers, who can be rated at the very low clerical worker's rate. Businesses with actual accident record better than their industry average qualify for refunds on premiums paid, and those with worse than average experience ratings are subject to additional premiums. Finally, large total premiums entitle a policyholder to a volume discount. All of these factors weigh in the costs that workers' compensation places on a firm.

Table 17

Workers' Compensation Payments and Premiums

	Average Workers' Compensation Insurance Payment[1]	Average Premium[2]	Period Covered
Colorado	$112.46	$3.08	3/83-2/84
Iowa	$273.81	$1.81	1/83-2/84
Kansas	$120.96	$1.84	12/82-12/83
Missouri	$179.34	$1.73	1/83-12/83
Nebraska	$106.27	$1.59	2/83-1/84
Oklahoma	$164.44	$3.26	6/83-5/84

1 Average weekly payment for permanent or temporary disability. SOURCE: The 8th Annual Study of General Manufacturing Climates of the Fourty-Eight Contiguous States of America, Grant-Thornton, 1987.

2 Average premium per $100 of payroll for period indicated. SOURCE: Information provided by the National Council on Compensation Insurance.

Table 18

Workers' Compensation Rates by Industry (per $100 payroll)
Applicable Rates as of July, 1987

Classification	Colorado	Iowa	Kansas	Missouri	Nebraska	Oklahoma
Auto Manufacturing and Assembly	10.46	4.08	4.00	3.34	2.52	4.99
Drug Preparation	2.86	1.46	1.92	1.46	1.22	1.78
Printing	3.12	1.53	2.35	1.87	1.80	1.66
Metal Goods Manufacturing	10.31	4.76	6.97	5.87	2.76	11.28
Plastics	4.34	3.52	4.43	3.64	2.70	4.13
Clerical Workers	.34	.17	.19	.22	.19	.35

SOURCE: Compiled from Workers Compensation and Employers Liability, National Council on Compensation Insurance, 1987.

Major Business Tax Revisions

All of the states included in our study have legislated major business tax revisions recently. Table 19 lists the major tax revisions instituted in each state between 1983 and 1987. Each state made changes to sales tax rates over this period, with the general trend being to increase rates. Only Nebraska, Colorado, and Oklahoma made corporate income tax changes. Both Nebraska and Colorado decreased corporate income tax rates in 1987.

Personal income tax rates have increased in Colorado and Nebraska over this period. Income tax rates are set annually by the Nebraska Legislature in accordance with the need for state revenue. Other states' personal income taxes have remained virtually the same.

Tax changes aimed at promoting economic development have been common in 1986 and 1987.

Table 19

Major Business Tax Revisions (1983-1987)

Tax	Revision
Colorado	
Sales	1983: -- imposed 0.1% sales tax on tourist related transactions. -- temporarily increased sales tax from 3% to 3.5%. 1984: -- allowed temporary sales tax increase to expire.
Corporate Income	1983: -- temporarily suspended corporate income tax rates. 1985: -- continue flat rate rather than planned graduated rates. -- repealed worldwide unitary combination. 1986: -- increased corporate income tax to 6%. 1987: -- flat 5% rate being phased in, fully effective July 1, 1993 ("Tax Equity Act of 1987").
Personal Income	1983: -- temporarily suspended income tax indexing and the low income tax credit. 1985: -- extended temporary increase, suspending 0.5% credit for income below $9000. 1986: -- suspended income tax indexing.
Economic Development Incentives	1986: -- enterprise zones established. 1987: -- enterprise zone investment tax credit allows option of tripling statewide 1% credit or the special enterprise zone investment tax credit. -- statewide exemption of purchases of manufacturing equipment from sales and use tax (effective January 1, 1988) in excess of $1000 (minimum does not apply to enterprise zones).

Iowa

Sales	1983:	-- increased from 3% to 4%.
	1985:	-- expanded sales tax base to miscellaneous products.
		-- authorized counties and cities to levy a 1% sales tax.
		-- began a lottery.
Economic Development Incentives	1985:	-- instituted sales tax credit for industrial and farm machinery.

Kansas

Sales	1986:	-- increased from 3% to 4%.
Personal Income	1983:	-- limited federal tax deductions on personal income tax.
	1985:	-- allowed $5000 limit on federal income tax deduction to expire.
Unemployment Compensation	1984:	-- taxable wage base raised from $7000 to $8000.
Severance Tax	1983:	-- instituted severance tax on oil, gas, coal, and salt.
Economic Development Incentives	1986:	-- allowed income tax credit up to 100% of income tax liability for research and development expenditures.
		-- broadened application of income tax credits for business facilities under the Job Expansion and Investment Credit Act of 1976.
		-- provided sales tax exemption (instead of refund) for property or services associated with construction or expansion or a qualified business facility located in an enterprise zone.
		-- permitted counties as well as cities to establish enterprise zones.
		-- constitutional amendment permitted counties or cities to allow property tax abatement for up to 10 years on buildings and personal property used by a new business for manufacturing, research and development, or storing goods in transit. An exemption could also be granted for new buildings or for expansions if new employment is created.

Kansas (continued)

		-- extended from July 1, 1986 to July 1, 1988 the law permitting a refund of sales tax on manufacturing equipment and machinery to be used in a new or expanding facility.
Property		-- constitutional amendment classifying property and exempting inventories from property tax.

Missouri

Sales	1984:	-- temporarily raised rate 0.1%.
		-- rate decreased from 4.225% to 4.125%, effective July 1, 1990.
	1987:	-- allowed St. Louis County to levy tax up to 3.375%.
		-- allowed other jurisdictions to levy tax up to 3%.

Nebraska

Sales	1983:	-- temporarily raised tax from 3.5% to 4%.
	1984:	-- allowed temporary sales tax increase to expire.
	1985:	-- expanded sales tax base by removing certain exemptions (mainly business, utilities).
	1986:	-- increased from 3.5% to 4.0% as of January 1, 1987.
Personal Income	1983:	-- increased from 18% to 20% of federal tax liability.
	1984:	-- reduced rate from 20% to 19% of federal income tax liability.
	1985:	-- temporarily increased personal income tax from 19% to 20% of federal tax liability.
	1986:	-- allowed tax rate to decrease as scheduled.
	1987:	-- personal income tax revised. Before was % of federal income tax. Now based on federal adjusted gross income less deductions.
Corporate Income	1983:	-- raised rates.
	1984:	-- decreased rates for incomes under $50,000 from 5% to 4.75%.
	1987:	-- "sales only" apportionment formula being phased in by January 1, 1992.

Nebraska (continued)

Economic Development Incentives	1987:	-- new job investment tax credit program with large firms able to qualify for different benefits under three different categories of investment (See Table 8, New Job and Investment Tax Credits).
		-- new program for smaller firms that allows tax credit equal to $1000/new job and $1000/$100,000 investment.

Oklahoma

Sales	1984:	-- temporarily increased from 2% to 3%.
	1985:	-- made increase permanent.
		-- increased from 3% to 3.25%.
	1987:	-- increased from 3.25% to 4%.
Corporate Income	1983:	-- conformed to ACRS but increased corporate income tax rates to offset losses.
	1985:	-- increased corporate income tax from 4% to 5%.
Economic Development Incentives	1987:	-- expanded investment tax credit to investment in depreciable property put in service before January 1, 1992 to January 1, 1995.

SOURCE: "Significant Features of Fiscal Federalism," Annual Ed.; Advisory Commission on Intergovernmental Relations. Information provided by individual states. See Appendix A.

APPENDIX A

State Agencies Providing Information

Colorado	Department of Local Affairs Division of Commerce and Development Department of Revenue Department of Labor and Employment
Iowa	Department of Revenue and Finance Department of Economic Development Department of Employment Services
Kansas	Department of Revenue Department of Commerce Department of Administration
Missouri	Department of Commerce Department of Labor and Industrial Relations Department of Economic Development Department of Revenue
Nebraska	Department of Labor Department of Economic Development Department of Commerce Department of Revenue
Oklahoma	Department of Commerce Tax Commission

Appendix B-1
Colorado

Local Tax Revenues, 1981-1985

	1981	1982	1983	1984	1985
TOTAL	1,514,400	1,743,600	1,908,900	2,123,300	2,395,402
POPULATION	2,890	2,890	3,139	3,190	3,231
PER CAPITA	524.01	603.32	608.12	665.61	741.38
GENERAL SALE	369,200	430,300	502,600	550,400	534,284
PER CAPITA	127.75	148.89	160.11	172.54	165.36
PERCENTAGE	24.38%	24.68%	26.33%	25.92%	22.30%
PROPERTY	1,040,400	1,196,900	1,275,200	1,410,000	1,598,222
PER CAPITA	360.00	414.15	406.24	442.01	494.65
PERCENTAGE	68.70%	68.65%	66.80%	66.41%	66.72%

Source: Bureau of the Census, State Government Tax Collections, annual editions; Bureau of the Census, Government Finances, annual editions.

Note: All individual and total tax figures are in $1000. Population in thousands. Per-capita figures in dollars.

Appendix B-1 Continued
Colorado

State Tax Revenues, 1981-1986

	1981	1982	1983	1984	1985	1986
TOTAL	1,445,777	1,685,067	1,743,225	2,132,825	2,284,417	2,344,375
POPULATION	2,890	2,890	3,139	3,190	3,231	3,267
PER CAPITA	500.27	583.07	555.34	668.60	707.03	717.59
GENERAL SALE	529,881	612,900	622,548	791,382	726,484	736,649
PER CAPITA	183.35	212.08	198.33	248.08	224.85	225.48
PERCENTAGE	36.65%	36.37%	35.71%	37.10%	31.80%	31.42%
SELECT SALE	221,063	260,467	263,361	313,042	319,282	338,413
PER CAPITA	76.49	90.13	83.90	98.13	98.82	103.59
PERCENTAGE	15.29%	15.46%	15.11%	14.68%	13.98%	14.44%
PROPERTY	4,525	4,967	5,272	5,757	8,373	9,052
PER CAPITA	1.57	1.72	1.68	1.80	2.59	2.77
PERCENTAGE	0.31%	0.29%	0.30%	0.27%	0.37%	0.39%
IND INCOME	437,649	548,944	655,496	763,627	907,619	955,931
PER CAPITA	151.44	189.95	208.82	239.38	280.91	292.60
PERCENTAGE	30.27%	32.58%	37.60%	35.80%	39.73%	40.78%
CORP INCOME	103,465	91,400	56,184	87,721	101,654	116,937
PER CAPITA	35.80	31.63	17.90	27.50	31.46	35.79
PERCENTAGE	7.16%	5.42%	3.22%	4.11%	4.45%	4.99%
LICENSES	100,869	105,900	99,359	125,807	133,062	142,817
PER CAPITA	34.90	36.64	31.65	39.44	41.18	43.72
PERCENTAGE	6.98%	6.28%	5.70%	5.90%	5.82%	6.09%
SEVERANCE	35,879	49,184	27,056	30,009	30,401	22,577
PER CAPITA	12.41	17.02	8.62	9.41	9.41	6.91
PERCENTAGE	2.48%	2.92%	1.55%	1.41%	1.33%	0.96%

Appendix B-2
Iowa

Local Tax Revenue, 1981-1985

	1981	1982	1983	1984	1985
TOTAL	1,192,600	1,295,700	1,387,900	1,462,400	1,531,159
POPULATION	2,914	2,914	2,905	2,903	2,884
PER CAPITA	409.27	444.65	477.76	503.75	530.92
GENERAL SALE	0	0	0	0	0
PER CAPITA	0.00	0.00	0.00	0.00	0.00
PERCENTAGE	0.00%	0.00%	0.00%	0.00%	0.00%
PROPERTY	1,170,200	1,272,500	1,363,100	1,434,100	1,500,502
PER CAPITA	401.58	436.68	469.23	494.01	520.29
PERCENTAGE	98.12%	98.21%	98.21%	98.06%	98.00%

Source: Bureau of the Census, State Government Tax Collections, annual editions; Bureau of the Census, Government Finances, annual editions.

Note: All individual and total tax figures are in $1000. Population in thousands. Per-capita figures in dollars.

Appendix B-2 Continued
Iowa

State Tax Revenue, 1981-1986

	1981	1982	1983	1984	1985	1986
TOTAL	1,835,807	1,996,991	2,014,289	2,241,503	2,307,406	2,459,172
POPULATION	2,914	2,914	2,905	2,903	2,884	2,851
PER CAPITA	630.00	685.31	693.39	772.13	800.07	862.56
GENERAL SALE	529,881	523,397	571,087	736,265	757,765	768,564
PER CAPITA	181.84	179.61	196.59	253.62	262.75	269.58
PERCENTAGE	28.86%	26.21%	28.35%	32.85%	32.84%	31.25%
SELECT SALE	270,873	330,451	318,190	325,592	313,380	390,398
PER CAPITA	92.96	113.40	109.53	112.16	108.66	136.93
PERCENTAGE	14.75%	16.55%	15.80%	14.53%	13.58%	15.88%
PROPERTY	0	0	0	0	0	0
PER CAPITA	0.00	0.00	0.00	0.00	0.00	0.00
PERCENTAGE	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
IND INCOME	673,470	720,883	724,127	788,001	824,551	864,475
PER CAPITA	231.12	247.39	249.27	271.44	285.91	303.22
PERCENTAGE	36.69%	36.10%	35.95%	35.16%	35.73%	35.15%
CORP INCOME	135,868	147,115	138,483	132,093	154,412	138,588
PER CAPITA	46.63	50.49	47.67	45.50	53.54	48.61
PERCENTAGE	7.40%	7.37%	6.88%	5.89%	6.69%	5.64%
LICENSES	183,494	193,276	195,156	199,253	196,442	236,417
PER CAPITA	62.97	66.33	67.18	68.64	68.11	82.92
PERCENTAGE	10.00%	9.68%	9.69%	8.89%	8.51%	9.61%
SEVERANCE	0	0	0	0	0	0
PER CAPITA	0.00	0.00	0.00	0.00	0.00	0.00
PERCENTAGE	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Appendix B-3
Kansas

Local Tax Revenue, 1981-1985

	1981	1982	1983	1984	1985
TOTAL	979,700	1,086,800	1,171,700	1,282,300	1,408,664
POPULATION	2,364	2,364	2,425	2,440	2,450
PER CAPITA	414.42	459.73	483.18	525.53	574.96
GENERAL SALE	33,100	40,700	50,100	85,200	121,113
PER CAPITA	14.00	17.22	20.66	34.92	49.43
PERCENTAGE	3.38%	3.74%	4.28%	6.64%	8.60%
PROPERTY	895,400	988,800	1,056,600	1,116,700	1,200,764
PER CAPITA	378.76	418.27	435.71	457.66	490.11
PERCENTAGE	91.40%	90.98%	90.18%	87.09%	85.24%

Source: Bureau of the Census, State Government Tax Collections, annual editions; Bureau of the Census, Government Finances, annual editions.

Note: All individual and total tax figures are in $1000. Population in thousands. Per-capita figures in dollars.

Appendix B-3 Continued
Kansas

State Tax Revenues, 1981-1986

	1981	1982	1983	1984	1985	1986
TOTAL	1,392,277	1,402,736	1,565,625	1,789,628	1,915,199	1,911,548
POPULATION	2,364	2,364	2,425	2,440	2,450	2,461
PER CAPITA	588.95	593.37	645.62	733.45	781.71	776.74
GENERAL SALE	449,213	470,762	498,495	518,907	546,933	560,718
PER CAPITA	190.02	199.14	205.56	212.67	223.24	227.84
PERCENTAGE	32.26%	33.56%	31.84%	29.00%	28.56%	29.33%
SELECT SALE	219,213	225,041	229,877	279,581	315,946	325,789
PER CAPITA	92.73	95.20	94.79	114.58	128.96	132.38
PERCENTAGE	15.74%	16.04%	14.68%	15.62%	16.50%	17.04%
PROPERTY	20,642	24,170	24,232	24,117	26,314	27,291
PER CAPITA	8.73	10.22	9.99	9.88	10.74	11.09
PERCENTAGE	1.48%	1.72%	1.55%	1.35%	1.37%	1.43%
IND INCOME	415,015	419,821	530,657	567,469	603,459	582,158
PER CAPITA	175.56	177.59	218.83	232.57	246.31	236.55
PERCENTAGE	29.81%	29.93%	33.89%	31.71%	31.51%	30.45%
CORP INCOME	150,421	122,549	141,347	136,665	159,670	156,344
PER CAPITA	63.63	51.84	58.29	56.01	65.17	63.53
PERCENTAGE	10.80%	8.74%	9.03%	7.64%	8.34%	8.18%
LICENSES	107,863	107,825	111,243	115,828	121,159	124,780
PER CAPITA	45.63	45.61	45.87	47.47	49.45	50.70
PERCENTAGE	7.75%	7.69%	7.11%	6.47%	6.33%	6.53%
SEVERANCE	1,007	1,013	2,339	116,990	111,886	102,108
PER CAPITA	0.43	0.43	0.96	47.95	45.67	41.49
PERCENTAGE	0.07%	0.07%	0.15%	6.54%	5.84%	5.34%

Appendix B-4
Missouri

Local Tax Revenue, 1981-1985

	1981	1982	1983	1984	1985
TOTAL	1,740,500	1,831,000	1,986,500	2,017,300	2,132,115
POPULATION	4,917	4,917	4,970	5,001	5,029
PER CAPITA	353.98	372.38	399.70	403.38	423.96
GENERAL SALE	266,800	302,300	340,800	379,400	445,776
PER CAPITA	54.26	61.48	68.57	75.86	88.64
PERCENTAGE	15.33%	16.51%	17.16%	18.81%	20.91%
PROPERTY	1,087,900	1,121,300	1,205,300	1,165,300	1,194,292
PER CAPITA	221.25	228.05	242.52	233.01	237.48
PERCENTAGE	62.51%	61.24%	60.67%	57.77%	56.01%
INCOME					
IND & CORP	122,200	125,300	128,500	136,400	151,932
PER CAPITA	24.85	25.48	25.86	27.27	30.21
PERCENTAGE	7.02%	6.84%	6.47%	6.76%	7.13%

Source: Bureau of the Census, State Government Tax Collections, annual editions; Bureau of the Census, Government Finances, annual editions.

Note: All individual and total tax figures are in $1000. Population in thousands. Per-capita figures in dollars.

Apendix B-4 Continued
Missouri

State Tax Revenues, 1981-1986

	1981	1982	1983	1984	1985	1986
TOTAL	2,142,965	2,313,057	2,640,325	3,053,002	3,352,482	3,608,083
POPULATION	4,917	4,917	4,970	5,001	5,029	5,065
PER CAPITA	435.83	470.42	531.25	610.48	666.63	712.36
GENERAL SALE	787,185	839,003	984,874	1,328,464	1,418,212	1,530,176
PER CAPITA	160.09	170.63	198.16	265.64	282.01	302.11
PERCENTAGE	36.73%	36.27%	37.30%	43.51%	42.30%	42.41%
SELECT SALE	339,754	350,279	403,041	393,592	413,185	445,409
PER CAPITA	69.10	71.24	81.09	78.70	82.16	87.94
PERCENTAGE	15.85%	15.14%	15.26%	12.89%	12.32%	12.34%
PROPERTY	5,136	5,528	6,210	5,753	6,162	9,228
PER CAPITA	1.04	1.12	1.25	1.15	1.23	1.82
PERCENTAGE	0.24%	0.24%	0.24%	0.19%	0.18%	0.26%
IND INCOME	669,728	760,711	885,272	903,604	1,053,598	1,116,470
PER CAPITA	136.21	154.71	178.12	180.68	209.50	220.43
PERCENTAGE	31.25%	32.89%	33.53%	29.60%	31.43%	30.94%
CORP INCOME	128,282	123,072	118,625	165,652	160,564	174,199
PER CAPITA	26.09	25.03	23.87	33.12	31.93	34.39
PERCENTAGE	5.99%	5.32%	4.49%	5.43%	4.79%	4.83%
LICENSES	186,031	197,627	210,009	230,194	277,578	304,369
PER CAPITA	37.83	40.19	42.26	46.03	55.20	60.09
PERCENTAGE	8.68%	8.54%	7.95%	7.54%	8.28%	8.44%
SEVERANCE	19	30	25	26	41	31
PER CAPITA	0.00	0.01	0.01	0.01	0.01	0.01
PERCENTAGE	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Appendix B-5
Nebraska

Local Tax Revenue, 1981-1985

	1981	1982	1983	1984	1985
TOTAL	724,900	784,700	843,700	910,000	969,505
POPULATION	1,570	1,570	1,597	1,605	1,600
PER CAPITA	461.72	499.81	528.30	566.98	605.94
GENERAL SALE	43,700	48,200	49,400	54,500	55,819
PER CAPITA	27.83	30.70	30.93	33.96	34.89
PERCENTAGE	6.03%	6.14%	5.86%	5.99%	5.76%
PROPERTY	648,700	701,800	756,100	811,600	865,205
PER CAPITA	413.18	447.01	473.45	505.67	540.75
PERCENTAGE	89.49%	89.44%	89.62%	89.19%	89.24%

Source: Bureau of the Census, <u>State Government Tax Collections</u>, annual editions; Bureau of the Census, <u>Government Finances</u>, annual editions.

Note: All individual and total tax figures are in $1000. Population in thousands. Per-capita figures in dollars.

Appendix B-5 Continued
Nebraska

State Tax Revenues, 1981-1986

	1981	1982	1983	1984	1985	1986
TOTAL	803,960	860,527	987,454	1,068,742	1,040,064	1,119,392
POPULATION	1,590	1,590	1,597	1,605	1,600	1,598
PER CAPITA	505.64	541.21	618.32	665.88	650.04	700.50
GENERAL SALE	281,212	288,517	356,608	374,541	341,429	349,884
PER CAPITA	176.86	181.46	223.30	233.36	213.39	218.95
PERCENTAGE	34.98%	33.53%	36.11%	35.05%	32.83%	31.26%
SELECT SALE	186,368	202,565	204,099	221,976	224,649	255,206
PER CAPITA	117.21	127.40	127.80	138.30	140.41	159.70
PERCENTAGE	23.18%	23.54%	20.67%	20.77%	21.60%	22.80%
PROPERTY	3,110	3,025	3,570	2,623	4,094	4,145
PER CAPITA	1.96	1.90	2.24	1.63	2.56	2.59
PERCENTAGE	0.39%	0.35%	0.36%	0.25%	0.39%	0.37%
IND INCOME	201,161	226,560	280,662	304,318	318,848	351,828
PER CAPITA	126.52	142.49	175.74	189.61	199.28	220.17
PERCENTAGE	25.02%	26.33%	28.42%	28.47%	30.66%	31.43%
CORP INCOME	54,128	48,498	51,635	66,909	48,959	54,559
PER CAPITA	34.04	30.50	32.33	41.69	30.60	34.14
PERCENTAGE	6.73%	5.64%	5.23%	6.26%	4.71%	4.87%
LICENSES	69,824	73,623	81,100	85,031	90,669	93,757
PER CAPITA	43.91	46.30	50.78	52.98	56.67	58.67
PERCENTAGE	8.69%	8.56%	8.21%	7.96%	8.72%	8.38%
SEVERANCE	4,196	6,010	5,217	4,539	4,607	4,037
PER CAPITA	2.64	3.78	3.27	2.83	2.88	2.53
PERCENTAGE	0.52%	0.70%	0.53%	0.42%	0.44%	0.36%

Appendix B-6
Oklahoma

Local Tax Revenue, 1981-1985

	1981	1982	1983	1984	1985
TOTAL	822,300	946,000	1,081,700	1,159,300	1,273,358
POPULATION	3,025	3,025	3,298	3,310	3,301
PER CAPITA	271.83	312.73	327.99	350.24	385.75
GENERAL SALE	281,600	363,200	389,900	424,400	452,317
PER CAPITA	93.09	120.07	118.22	128.22	137.02
PERCENTAGE	34.25%	38.39%	36.05%	36.61%	35.52%
PROPERTY	492,500	525,100	621,800	658,300	744,863
PER CAPITA	162.81	173.59	188.54	198.88	225.65
PERCENTAGE	59.89%	55.51%	57.48%	56.78%	58.50%

Source: Bureau of the Census, State Government Tax Collections, annual editions; Bureau of the Census, Government Finances, annual editions.

Note: All individual and total tax figures are in $1000. Population in thousands. Per-capita figures in dollars.

Appendix B-6 Continued
Oklahoma

State Tax Revenues, 1981-1986

	1981	1982	1983	1984	1985	1986
TOTAL	2,232,278	2,713,324	2,627,487	2,661,981	2,982,100	2,959,632
POPULATION	3,025	3,025	3,298	3,310	3,301	3,305
PER CAPITA	737.94	896.97	796.69	804.22	903.39	895.50
GENERAL SALE	382,649	481,996	409,125	456,679	630,522	656,048
PER CAPITA	126.50	159.34	124.05	137.97	191.01	198.50
PERCENTAGE	17.14%	17.76%	15.57%	17.16%	21.14%	22.17%
SELECT SALE	390,912	423,199	391,489	442,414	492,598	560,814
PER CAPITA	129.23	139.90	118.70	133.66	149.23	169.69
PERCENTAGE	17.51%	15.60%	14.90%	16.62%	16.52%	18.95%
PROPERTY	0	0	0	0	0	0
PER CAPITA	0.00	0.00	0.00	0.00	0.00	0.00
PERCENTAGE	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
IND INCOME	494,023	641,428	651,202	657,831	727,100	687,646
PER CAPITA	163.31	212.04	197.45	198.74	220.27	208.06
PERCENTAGE	22.13%	23.64%	24.78%	24.71%	24.38%	23.23%
CORP INCOME	128,697	139,022	103,325	97,223	104,522	107,077
PER CAPITA	42.54	45.96	31.33	29.37	31.66	32.40
PERCENTAGE	5.77%	5.12%	3.93%	3.65%	3.50%	3.62%
LICENSES	188,173	237,027	254,891	260,720	270,152	326,204
PER CAPITA	62.21	78.36	77.29	78.77	81.84	98.70
PERCENTAGE	8.43%	8.74%	9.70%	9.79%	9.06%	11.02%
SEVERANCE	601,486	742,701	777,687	703,738	708,816	571,375
PER CAPITA	198.84	245.52	235.81	212.61	214.73	172.88
PERCENTAGE	26.94%	27.37%	29.60%	26.44%	23.77%	19.31%

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