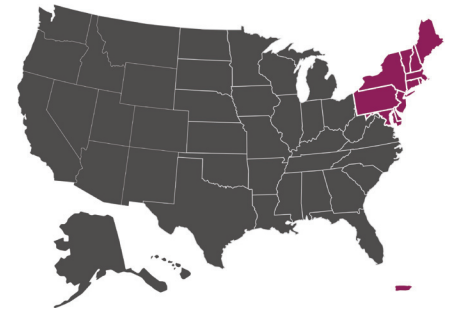


THE BOOK OF THE STATES 2011

Facts & Figures



TRENDS IN STATE TAX RATES | CORPORATE INCOME TAXES

State revenues appear to be rebounding, but generally remain below pre-recession levels. At the start of 2011, state corporate income tax rates¹ largely mirrored those assessed in 2007 - three states had raised rates, while five had lowered them. More change may be on the way in the 2012 fiscal year, as debate continues on issues like nexus thresholds and taxation of out-of-state entities.

National Analysis

- ▶ As of January 2011, 42 states assessed a 7.41 percent average corporate income tax rate. The 2011 average is up from 7.38 percent in 2007 due to increases in the top rate in three states— Illinois (+2.2 percent), Oregon (+1 percent) and Maryland (+1.25 percent).
- ▶ Nominally, projected 2011 corporate income tax collections are down 15.8 percent, or about \$8.3 billion, from 2007. After inflation, projected 2011 collections are down 22.7 percent, or about \$13 billion, from 2007.
- ▶ At the onset of 2011, 29 of the 42 states charging a corporate income tax assessed a flat rate, down one from 2007 due to adoption of a graduated rate in Oregon.

Regional Analysis

- ▶ As of January 2011, 10 of 11 CSG East states assessed an average 8.57 percent corporate income tax. The 2011 average is up from 8.56 percent in 2007 due to a flat rate increase in Maryland (+1.25 percent), slightly offset by flat rate decreases in Massachusetts (-0.75 percent) and New York (-0.4 percent).
- ▶ Nominally, projected 2011 corporate income tax collections are down 16.8 percent, or about \$2.6 billion, from 2007. After inflation, projected 2011 collections are down 23.7 percent, or about \$4 billion, from 2007.
- ▶ At the onset of 2011, eight of the 10 CSG East states charging a corporate income tax assessed a flat rate. That figure is unchanged from 2007.
- ▶ New Hampshire charges a business profits tax on income. Information on the business profits tax is presented below, but excluded from all totals and averages due to lack of comparability.

Trends in State Corporate Income Taxes - 2011 v. 2007

State or other jurisdiction	Corporate income tax rate (%)	Corporate income tax rate (%)	Corporate income tax collections (\$mil)	Corporate income tax collections (\$mil)	Total General Fund Revenue (\$mil)	Total General Fund Revenue (\$mil)
	2011	2007	2011	2007	2011	2007
Connecticut	7.50	7.50	661	891	18,112	15,784
Delaware	8.70	8.70	175	17	3,501	3,290
Maine	3.5 - 8.93	3.5 - 8.93	196	184	2,884	3,020
Maryland	8.25	7.0	611	590	13,223	12,940
Massachusetts	8.75	9.5	1,829	2,476	32,350	29,169
New Jersey	9.0	9.0	2,591	3,136	27,938	31,202
New York	7.1	7.5	5,664	6,468	54,104	51,379
Pennsylvania	10.0	10.0	1,854	2,487	25,665	26,399
Rhode Island	9.0	9.0	123	157	3,040	3,212
Vermont	6.0 - 8.5	6.0 - 8.5	81	73	1,118	1,151
Total			\$13,785	\$16,479	\$181,935	\$177,546
New Hampshire	8.5	8.5	256	268	1,407	1,422

¹For the purposes of this analysis, only taxes on income are considered. Nevada, Washington and Wyoming do not levy a corporate income tax. Hence, no data are reported for these states. Projected tax collections are taken from the 2011 Fiscal Survey of the States, a survey of state finances carried out by the National Association of State Budget Officers and the National Governors Association. 2011 tax rates taken from The Book of the States 2011, Table 7.14. 2007 tax rates taken from The Book of the States 2007, Table 7.20. 2007 corporate tax collections taken from The Book of the States 2008, Table 7.4. 2007 general fund revenues taken from The Book of the States 2009, Table 7.1.

Trends in State Corporate Income Taxes - 2011 v. 2007

State or other jurisdiction	2011 Corporate Income Rate (%)	2007 Corporate Income Tax Rate (%)	Corporate Tax Revenues (\$mil) 2011	Corporate Tax Revenues (\$mil) 2007	Total General Fund Revenue (\$mil) 2011	Total General Fund Revenue (\$mil) 2007
Alabama	6.5	6.5	321	455	6,846	7,477
Alaska	1.0 - 9.4	1.0 - 9.4	525	617	5,350	4,912
Arizona	6.968	6.968	531	986	6,830	9,958
Arkansas	1.0 - 6.5	1.0 - 6.5	347	298	4,479	4,059
California	8.84	8.84	11,509	11,062	94,194	95,415
Colorado	4.63	4.63	368	498	7,062	7,540
Connecticut	7.5	7.5	661	891	18,112	15,784
Delaware	8.7	8.7	175	17	3,501	3,290
Florida	5.5	5.5	1,908	2,444	22,775	26,660
Georgia	6.0	6.0	611	1,017	16,507	19,896
Hawaii	4.4 - 6.4	4.4 - 6.4	51	82	5,090	5,142
Idaho	7.6	7.6	123	208	2,359	2,813
Illinois	9.5	7.3	2,082	1,750	28,305	26,393
Indiana	8.5	8.5	673	987	13,165	12,704
Iowa	6.0 - 12.0	6.0 - 12.0	412	436	5,792	5,646
Kansas	4.0	4.0	260	442	5,790	5,809
Kentucky	4.0 - 6.0	4.0 - 7.0	235	988	8,682	8,682
Louisiana	4.0 - 8.0	4.0 - 8.0	200	900	7,719	9,681
Maine	3.5 - 8.93	3.5 - 8.93	196	184	2,884	3,020
Maryland	8.25	7.0	611	590	13,223	12,940
Massachusetts	8.75	9.5	1,829	2,476	32,350	29,169
Michigan	4.95 ²	4.95 ²	2,110	1,810	6,843	8,280
Minnesota	9.8	9.8	990	1,174	15,816	16,379
Mississippi	3.0 - 5.0	3.0 - 5.0	419	485	4,530	4,790
Missouri	6.25	6.25	310	458	7,017	7,921
Montana	6.75	6.75	114	178	1,732	1,838
Nebraska	5.58 - 7.81	5.58 - 7.81	176	213	3,364	3,404
Nevada	-	-	-	-	3,265	3,379
New Hampshire	8.5 ³	8.5 ³	256	268	1,407	1,422
New Jersey	9.0	9.0	2,591	3,136	27,938	31,202
New Mexico	4.8 - 7.6	4.8 - 7.6	220	425	5,323	5,828
New York	7.1	7.5	5,664	6,468	54,104	51,379
North Carolina	6.9	6.9	1,016	1,451	19,134	19,460
North Dakota	2.1 - 6.4	2.6 - 7.0	95	121	1,345	1,224
Ohio	-	-	-	-	27,287	25,778
Oklahoma	6.0	6.0	190	435	5,442	6,547
Oregon	6.6 - 7.6	6.6	488	406	6,416	6,430
Pennsylvania	9.99	9.99	1,854	2,487	25,665	26,399
Rhode Island	9.0	9.0	123	157	3,040	3,212
South Carolina	5.0	5.0	185	262	5,456	6,659
South Dakota	-	-	-	-	1,153	1,080
Tennessee	6.5	6.5	1,491	1,749	10,504	10,737
Texas	-	-	-	-	40,515	39,263
Utah	5.0	5.0	307	415	4,537	5,308
Vermont	6.0 - 8.5	6.0 - 8.5	81	73	1,118	1,151
Virginia	6.0	6.0	782	901	15,582	16,455
Washington	-	-	NA	NA	14,477	14,443
West Virginia	8.5	9.0	210	368	3,742	3,753
Wisconsin	7.9	7.9	935	890	12,691	12,618
Wyoming	-	-	-	-	1,567	1,818

¹For the purposes of this analysis, only taxes on income are considered. Nevada, Washington and Wyoming do not levy a corporate income tax. Hence, no data are reported for these states. Projected tax collections are taken from the 2011 Fiscal Survey of the States, a survey of state finances carried out by the National Association of State Budget Officers and the National Governors Association. 2011 tax rates taken from The Book of the States 2011, Table 7.14. 2007 tax rates taken from The Book of the States 2007, Table 7.20. 2007 corporate tax collections taken from The Book of the States 2008, Table 7.4. 2007 general fund revenues taken from The Book of the States 2009, Table 7.1. ²Business Activity Tax ³Business Profits Tax