

TAXES

Table 7.13
RANGE OF STATE CORPORATE INCOME TAX RATES
(For tax year 2003 - as of January 1, 2003)

State or other jurisdiction	Tax rate (percent)	Tax brackets		Number of brackets	Tax rate (a) (percent) financial institution	Federal income tax deductible
		Lowest	Highest			
Alabama	6.5	-----Flat Rate-----		1	6.5	★
Alaska	1.0 - 9.4	10,000	90,000	10	1.0 - 9.4	...
Arizona	6.968 (b)	-----Flat Rate-----		1	6.968 (b)	...
Arkansas	1.0 - 6.5	3,000	100,000	6	1.0 - 6.5	...
California	8.84 (c)	-----Flat Rate-----		1	10.84 (c)	...
Colorado	4.63	-----Flat Rate-----		1	4.63	...
Connecticut	7.5 (d)	-----Flat Rate-----		1	7.5 (d)	...
Delaware	8.7	-----Flat Rate-----		1	8.7 - 1.7 (e)	...
Florida	5.5 (f)	-----Flat Rate-----		1	5.5 (f)	...
Georgia	6.0	-----Flat Rate-----		1	6.0	...
Hawaii	4.4 - 6.4 (g)	25,000	100,000	3	7.92 (g)	...
Idaho	7.6 (h)	-----Flat Rate-----		1	7.6 (h)	...
Illinois	7.3 (i)	-----Flat Rate-----		1	7.3 (i)	...
Indiana	8.5	-----Flat Rate-----		1	8.5	...
Iowa	6.0 - 12.0	25,000	250,000	4	5.0	★ (k)
Kansas	4.0 (l)	-----Flat Rate-----		1	2.25 (l)	...
Kentucky	4.0 - 8.25	25,000	250,000	5	(a)	...
Louisiana	4.0 - 8.0	25,000	200,000	5	(a)	★
Maine	3.5 - 8.93 (m)	25,000	250,000	4	1.0	...
Maryland	7.0	-----Flat Rate-----		1	7.0	...
Massachusetts	9.5 (n)	-----Flat Rate-----		1	10.5 (n)	...
Michigan	-----See Note-----					
Minnesota	9.8 (o)	-----Flat Rate-----		1	9.8 (o)	...
Mississippi	3.0 - 5.0	5,000	10,000	3	3.0 - 5.0	...
Missouri	6.25	-----Flat Rate-----		1	7.0	★ (k)
Montana	6.75 (p)	-----Flat Rate-----		1	6.75 (p)	...
Nebraska	5.58 - 7.81	50,000		2	(a)	...
Nevada	-----See Note-----					
New Hampshire	8.5 (q)	-----Flat Rate-----		1	8.5 (q)	...
New Jersey	9.0 (r)	-----Flat Rate-----		1	9.0 (r)	...
New Mexico	4.8 - 7.6	500,000	1 million	3	4.8 - 7.6	...
New York	7.5 (s)	-----Flat Rate-----		1	7.5 (s)	...
North Carolina	6.9 (t)	-----Flat Rate-----		1	6.9 (t)	...
North Dakota	3.0 - 10.5	3,000	50,000	6	7.0 (b)	★
Ohio	5.1 - 8.5 (u)	50,000		2	(u)	...
Oklahoma	6.0	-----Flat Rate-----		1	6.0	...
Oregon	6.6 (b)	-----Flat Rate-----		1	6.6 (b)	...
Pennsylvania	9.99	-----Flat Rate-----		1	(a)	...
Rhode Island	9.0 (b)	-----Flat Rate-----		1	9.0 (v)	...
South Carolina	5.0	-----Flat Rate-----		1	4.5 (w)	...
South Dakota	6.0 - 0.25% (b)	...
Tennessee	6.5	-----Flat Rate-----		1	6.5	...
Texas	-----See Note-----					
Utah	5.0 (b)	-----Flat Rate-----		...	5.0 (b)	...
Vermont	7.0 - 9.75 (b)	10,000	250,000	4	7.0 - 9.75 (b)	...
Virginia	6.0	-----Flat Rate-----		1	6.0 (x)	...
Washington	-----See Note-----					
West Virginia	9.0	-----Flat Rate-----		1	9.0	...
Wisconsin	7.9	-----Flat Rate-----		1	7.9	...
Wyoming	-----See Note-----					
Dist. of Columbia	9.975 (y)	-----Flat Rate-----		...	9.975 (y)	...

See footnotes at end of table.

RANGE OF STATE CORPORATE INCOME TAX RATES — Continued

Source: Compiled by the Federation of Tax Administrators from various sources, January 2003.

Key:

★ — Yes

... — No

Note: Michigan imposes a single business tax (sometimes described as a business activities tax or value added tax) of 2.0 percent on the sum of federal taxable income of the business, compensation paid to employees, dividends, interest, royalties paid and other items. Similarly, Texas imposes a franchise tax of 4.5 percent of earned surplus. Nevada, Washington, and Wyoming do not have state corporate income taxes.

(a) Rates listed include the corporate tax rate applied to financial institutions or excise taxes based on income. Some states have other taxes based upon the value of deposits or shares.

(b) Minimum tax is \$50 in Arizona, \$50 in North Dakota (banks), \$10 in Oregon, \$250 in Rhode Island, \$500 per location in South Dakota (banks), \$100 in Utah, \$250 in Vermont.

(c) Minimum tax is \$800. The tax rate on S-Corporations is 1.5 percent (3.5 percent for banks).

(d) Or 3.1 mills per dollar of capital stock and surplus (maximum tax \$1 million) or \$250.

(e) The marginal rate decreases over 4 brackets ranging from \$20 to \$650 million in taxable income. Building and loan associations are taxed at a flat 8.7 percent.

(f) Or 3.3 percent Alternative Minimum Tax. An exemption of \$5,000 is allowed.

(g) Capital gains are taxed at 4 percent. There is also an alternative tax of 0.5 percent of gross annual sales.

(h) Minimum tax is \$20. An additional tax of \$10 is imposed on each return.

(i) Includes a 2.5 percent personal property replacement tax.

(j) Consists of 3.4 percent on income from sources within the state plus a 4.5 percent supplemental income tax.

(k) Fifty percent of the federal income tax is deductible.

(l) Plus a surtax of 3.35 percent (2.125 percent for banks) taxable income in excess of \$50,000 (\$25,000).

(m) Or a 27 percent tax on Federal Alternative Minimum Taxable Income.

(n) Rate includes a 14 percent surtax, as does the following: an additional

tax of \$7.00 per \$1,000 on taxable tangible property (or net worth allocable to state, for intangible property corporations); minimum tax of \$456.

(o) Plus a 5.8 percent tax on any Alternative Minimum Taxable Income over the base tax.

(p) A 7 percent tax on taxpayers using water's edge combination. Minimum tax is \$50.

(q) Plus a 0.50 percent tax on the enterprise base (total compensation, interest and dividends paid). Business profits tax imposed on both corporations and unincorporated associations.

(r) The rate reported in the table is the business franchise tax rate. The minimum tax is \$200. Corporations not subject to the franchise tax are subject to a 7.25 percent income tax. Banks other than savings institutions are subject to the franchise tax. S-Corporations are subject to an entity level tax of 2.0 percent. Corporations with net income under \$100,000 are taxed at 7.5 percent. For S-Corporation having \$100,000 or less in net income for a 12-month privilege period, the rates are 1.33 percent and 0.5 percent, respectively. Regulated investment companies are subject to a flat tax of \$250.

(s) Or 1.78 (0.1 for banks) mills per dollar of capital (up to \$350,000; or 3.0 percent of the minimum taxable income); or a minimum of \$100 to \$1,500 depending on payroll size (\$250 plus 2.5 percent surtax for banks); if any of these is greater than the tax computed on net income. An additional tax of 0.9 mills per dollar of subsidiary capital is imposed on corporations. Small corporations with income under \$200,000 pay tax of 7.5 percent on all income.

(t) Financial institutions are also subject to a tax equal to \$30 per one million in assets.

(u) Or 4.0 mills times the value of the taxpayer's issued and outstanding share of stock with a maximum payment of \$150,000. An additional litter tax is imposed equal to 0.11 percent on the first \$50,000 of taxable income, 0.22 percent on income over \$50,000; or 0.14 mills on net worth.

(v) For banks, the alternative tax is \$2.50 per \$10,000 of capital stock (\$100 minimum).

(w) Savings and Loans are taxed at a 6 percent rate.

(x) State and national banks subject to the state's franchise tax on net capital is exempt from the income tax.

(y) Minimum tax is \$100. Includes surtax. Effective 1/1/2003, tax rate decreases to 9.45 percent.