



What is different about these tax rankings?

There are many sources for state and local tax rankings based on U.S. Census data. However, the tax rankings included on the Department of Revenue website have the following advantages:

- ▶ The rankings are regularly updated to take account of post-release corrections in published tax collection totals (for the most recent or earlier years).
- ▶ The rankings are regularly updated for revisions in published estimates of each state's population and personal income (for the most recent or earlier years).
- ▶ The sales tax rankings adjust for the failure of DC and six states (including Minnesota) to report their sales tax on motor vehicles as part of their general sales tax. Because motor vehicle sales tax collections often account for more than 10 percent of total sales tax collections, their omission from the totals in selected states produces misleading results. (We add motor vehicle sales tax totals to the general sales tax reported by each of the affected states.)
- ▶ In addition to rankings for taxes, rankings are also provided for (a) total revenue, (b) federal funds, and (c) total own-source revenue. This helps put the tax rankings in context, because some states are more dependent on federal funds or are more dependent on nontax revenue.
- ▶ Rankings are shown for each year since 1995, providing historical context. Trends in rankings over time may be as important as the latest year's rankings.
- ▶ In addition to the rankings numbers, tables also show historical values for (a) tax or revenue per capita and (b) tax or revenue as a percent of income. For some purposes, these dollar or percentage numbers are more useful than the rankings alone.
- ▶ A drop-down menu provides easy access to the historical data (1995-2016) for any selected state (or DC). This increases the usefulness of this site for those in other states.
- ▶ For recent years (2004–2016), tables showing all states on a single table are also available. A drop-down menu allows these to be ordered alphabetically, by dollars per capita, or by percentage of income.

The share of revenue raised at the state (rather than local) level varies greatly among states. (See *Shares of State & Local Taxes*) As a result, rankings for state and local taxes combined are generally much more useful. *State-only rankings can be very misleading.* Although the site includes state-only tax rankings, they should be used with care.