

The Fiscal Impact

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A Cross-State Comparison of Income Tax Structures

The following table compares the basic structure of Georgia's income tax with 11 other states. (The comparison states are Georgia's border states plus 6 other states chosen to be similar to Georgia and to reflect each region of the country.)

41 states have a broad-based income tax. Two states, Tennessee and New Hampshire, have limited income taxes. Seven states, Alaska, Florida, Nevada, Texas, South Dakota, Washington and Wyoming, have no income tax. Of the 12 states listed in the table below: Florida and Washington, have no income tax, while Tennessee taxes only interest and dividend income; three of the states base their income tax on Federal taxable income (FTI) and one state, Alabama uses its own definition of taxable income. Five of the states, including Georgia, base their income tax on Federal Adjusted Gross Income. Personal deductions in Georgia are larger than in five of the 10 states with an income tax. Georgia's tax rates are at the higher end of the comparison states. Four of the states have one rate, while Georgia has 6 tax brackets.

State	Tax Base	-----Exemption-----		-----Maximum-----		# of Brackets
		Married/Joint*	Dependents	Rate	Over	
Alabama	Own	\$3,000	\$300	5.0%	\$3,000	3
Colorado	FTI	NA	NA	4.63%**	0	1
Florida	No Income Tax					
Georgia	FAGI	\$5,400	\$2,700	6%	\$10,000	6
Illinois	FAGI	\$4,000	\$2,000	3%**	0	1
Massachusetts	FAGI	\$7,150	\$1,000	5.30%**	0	1
Missouri	FAGI	\$4,200	\$1,200	6%	\$9,000	10
North Carolina	FTI	\$6,400	\$3,200	8.25%	\$200,000	4
South Carolina	FTI	\$6,400	\$3,200	7.0%	\$12,300	6
Tennessee	Interest & Dividends only	\$2,500	\$0	6%**	0	1
Virginia	FAGI	\$1,600	\$800	5.75%	\$17,000	4
Washington	No Income Tax					

*Single exemption is 1/2 the deduction for married in all cases. **flat rate
 (FTI: Federal Taxable Income; FAGI: Federal Adjusted Gross Income)