



Analytics

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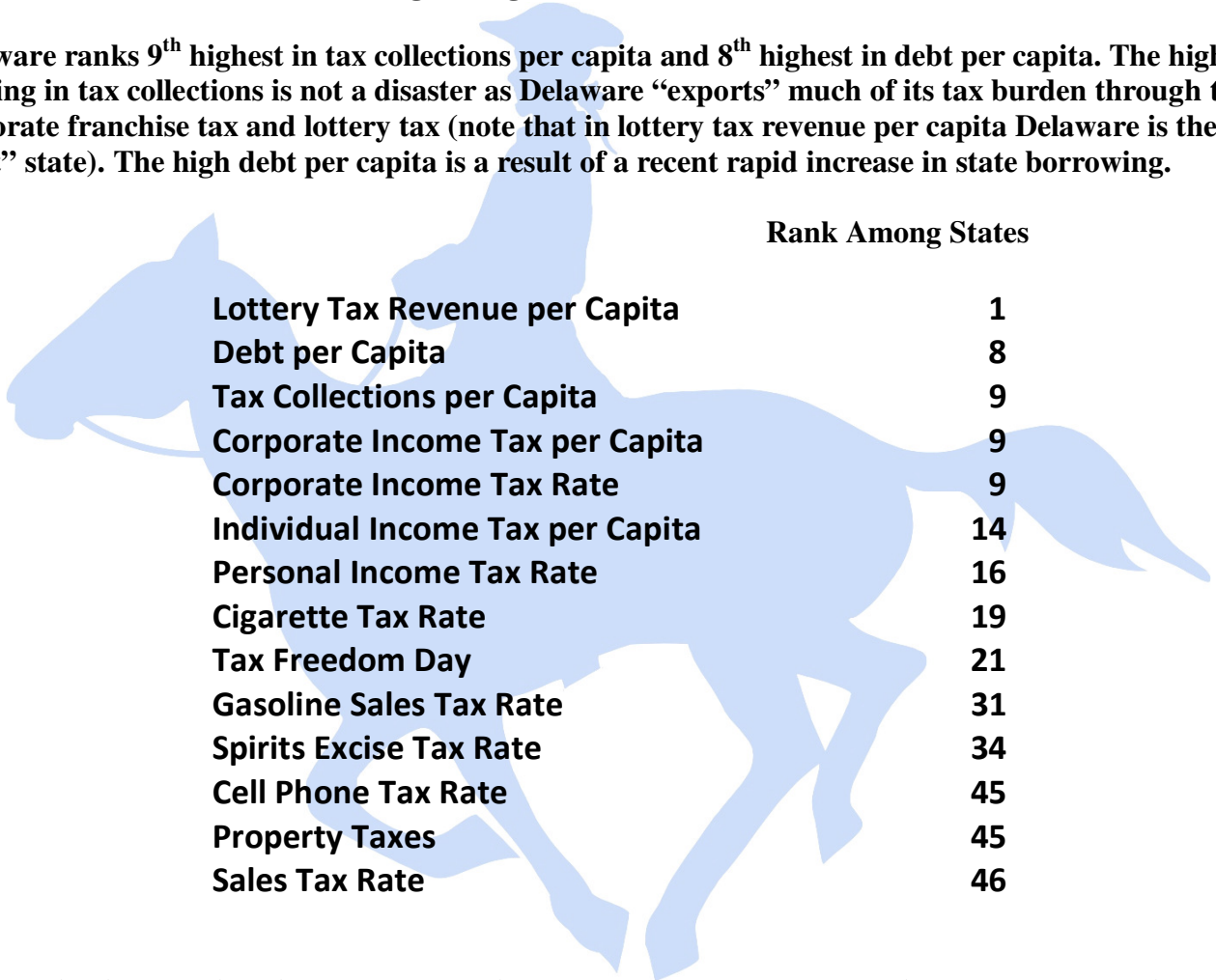
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RE: The latest state tax rankings

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The Tax Foundation has just released its *2012 Facts and Figures* on state finances. The results are below in order of Delaware's ranking among all the states.

Delaware ranks 9th highest in tax collections per capita and 8th highest in debt per capita. The high ranking in tax collections is not a disaster as Delaware "exports" much of its tax burden through the corporate franchise tax and lottery tax (note that in lottery tax revenue per capita Delaware is the "first" state). The high debt per capita is a result of a recent rapid increase in state borrowing.



	Rank Among States
Lottery Tax Revenue per Capita	1
Debt per Capita	8
Tax Collections per Capita	9
Corporate Income Tax per Capita	9
Corporate Income Tax Rate	9
Individual Income Tax per Capita	14
Personal Income Tax Rate	16
Cigarette Tax Rate	19
Tax Freedom Day	21
Gasoline Sales Tax Rate	31
Spirits Excise Tax Rate	34
Cell Phone Tax Rate	45
Property Taxes	45
Sales Tax Rate	46

Delaware's high rankings in the corporate income tax rate and corporate income tax per capita are problematic for a state that is struggling to increase employment.

The individual income tax rate and collections have risen substantially since the state jumped the top bracket rate to 6.75%. As research by CRI and others have shown continually, this encourages the out-migration of higher income households from Delaware.



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On the positive side, Delaware's tax rates on beer, cell phones, and real estate are low relative to other states. The low property tax rate is especially attractive to retirees from the surrounding very high property tax states of New York, New Jersey, and Pennsylvania.

The absence of a sales tax does attract retail shoppers from surrounding states to Delaware, although the offsetting burden of the gross receipts tax on Delaware business is the equivalent of a 6% sales tax.

In summary, it would benefit Delaware's economy to lower both the top corporate and personal income tax rates, and it would be fiscally prudent to stop running up debt at such a rapid pace.

**Dr. John E. Stapleford, Director
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