

Policy Highlighter

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Washington State Tax Rankings

Providing taxpayers, policymakers and journalists with basic data on taxes and spending is part of EFF's mission to bring transparency to state and local governments. All of Washington's primary taxes for which data are available show them to be in the top third of national tax rankings, with the exception of state corporate and personal income taxes.

Tax	Rate	Fiscal Year	Rank
Spirits	\$19.51/gal.	2009	2
Wireless Tax	16.43%	2007	2
Gasoline	\$0.375/gal.	2009	3
State Sales	6.50%	2009	6
Cigarette	\$2.025/pack	2009	6
Tax Freedom Day	16-Apr-09	2009	8
Table Wine	\$0.87/gal.	2009	15
Maximum Local Sales	2.50%	2008	16
Beer	\$0.26/gal.	2009	17
State+Local taxes per \$1000 in personal income	111.99	2006	28
Individual Income	None	2009	50
Corporate Income	None	2009	50
Estate Tax (Max state)	19%	2009	Unknown
Car Rental Tax (Max. state+local)	8.60%	2009	Unknown
Tax Freedom Day including federal deficit	29-May-09	2009	8

As Arthur Laffer, Stephen Moore and Jonathan Williams wrote in their most recent edition of *Rich States, Poor States*, high taxes don't redistribute income; they redistribute people. The authors provide ample evidence of this in their Economic Competitiveness Index in which Washington ranks fifth for economic performance. The index uses personal income per capita growth, the state's ten-year domestic migration rate, and non-farm payroll employment data.

Washington's impressive ranking is mostly due to the state's lack of income taxes—seen as a high attractor for new businesses, entrepreneurs and job-generating capital. However, Washington does impose a tax on gross receipts for businesses, arguably more harmful than a tax on corporate profits. This business and occupation tax is an exception to the rule and cannot be ranked in relation to other states.

Should legislators decide to implement an individual or corporate income tax, Washington's competitive advantage over other states would fall significantly. In fact, due to the high rates and ranks of the state's other taxes—including the highest minimum wage in the nation and restrictive growth management policies—Washington would likely shift from one of the most competitive to one of the least.

For a more complete look at the taxes Washington citizens pay, visit www.TaxSleuth.com



Anna Stinogel is a Research Assistant for EFF's Economic Policy Center.

Amber Gunn is Director of EFF's Economic Policy Center.

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This publication should not be construed as an attempt to support or oppose specific legislation.

Rankings are 1-50, highest to lowest.

Sources: Tax Foundation, Washington Department of Revenue, Tax Analysts

