

Comparison of State Income Taxes in Select States

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Issue

Compare personal income taxes in the Northeast states, California, and Illinois and their progressivity. How do Connecticut's recently enacted rate changes affect this relative progressivity?

Summary

Across the 11 selected states, all but New Hampshire impose a broad-based personal income tax. Income taxes in the remaining 10 states vary considerably. Eight of the states impose graduated rates (California, Connecticut, Maine, Massachusetts, New Jersey, New York, Rhode Island, and Vermont), but vary widely in the number of rates and corresponding income brackets. The other two impose flat taxes (Illinois and Pennsylvania). All of the states except Pennsylvania allow for personal exemptions, a standard deduction, or both, which reduce the amount of taxpayer income that is subject to tax. All but Connecticut allow for a personal exemption for dependents, and all but Pennsylvania allow for an earned income tax credit (EITC).

We identified several state-by-state comparisons of tax progressivity that each take a different approach to measuring the relative progressivity of state taxes or tax systems, including studies from the Institute on Taxation & Economic Policy, the Tax Policy Center (a joint venture of the Urban Institute and Brookings Institution), and Tax Foundation. However, each study provides a snapshot of relative progressivity for a given year, and none accounts for recent changes in state income tax rates and brackets, including Connecticut's recently enacted rate changes.

Comparison of Income Tax Structures in Selected States

Scope

Attachment 1 provides an overview of the income tax structures in the selected states. For each state, it shows the (1) lowest and highest tax rate imposed; (2) income bracket at which the lowest and highest marginal tax rate applies for single filers; (3) personal exemptions for single and married filers and dependents, if any; (4) standard deduction allowed, if any; and (5) EITC rate. Other structural components of the states' income taxes, such as tax base modifications (e.g., deductions) that affect how much of a taxpayer's income is subject to tax, are beyond the attachment's scope.

Rates and Brackets

As Attachment 1 shows, the number of tax rates and brackets varies considerably across the states. Two of the states, Illinois and Pennsylvania, impose a flat tax and consequently have only one rate and bracket. The remaining eight states have graduated rate schedules, ranging from two to nine rates and brackets. Massachusetts generally imposes two rates, 5% on all income but short-term capital gains and select long-term gains (which are subject to a 12% rate) and 9% on income greater than \$1 million. California and New York have the most rates and brackets at nine. Connecticut and New Jersey both have seven, although New Jersey has eight for certain filing statuses.

The rates also vary widely, ranging from a low of 1% to a high of 12.3%, both in California. (California also imposes a 1% surcharge on income exceeding \$1 million, resulting in a 13.3% rate for some taxpayers.) The income bands subject to the lowest and highest rates also vary. The lowest rates apply to incomes ranging from up to \$8,500 in New York to up to \$999,999 in Massachusetts. The top rates apply beginning at a low of \$58,049 in Maine to a high of \$25 million in New York. Attachment 2 provides complete income tax rate schedules for all of the selected states except Illinois and Pennsylvania.

Personal Exemptions, Standard Deduction, and EITC

All of the states except Pennsylvania allow for personal exemptions, a standard deduction, or both. Of the remaining nine states, Connecticut is the only one that does not allow an exemption for dependents. The dependent exemptions range from \$433 in California to \$4,700 in Maine.

All of the states but Pennsylvania allow an EITC. Except for California, each state calculates its EITC as a percentage of the federal credit, ranging from a low of 15% in Rhode Island to a high of 41.5% in Connecticut. Maine allows a 50% EITC, but only for taxpayers with no qualifying children.

Measuring Tax Progressivity

Researchers use a variety of indexes to measure whether a particular tax or tax system is progressive, regressive, or proportional. Below we briefly describe state-by-state comparisons of tax progressivity that each take a different approach to measuring the relative progressivity of state tax systems. It is worth noting, however, that each of these studies analyzes the relative progressivity of state income taxes for a single year. The most recent one relies on 2018 income tax data and thus does not account for more recent changes in state income tax rates and brackets.

Institute on Taxation & Economic Policy

The Institute on Taxation & Economic Policy (ITEP) produces a commonly cited study of state tax progressivity, which it most recently updated in 2018 ([Who Pays? A Distributional Analysis of the Tax Systems in All 50 States, 6th edition](#), October 2018). The ITEP study measures the distribution of sales and excise, property, and income taxes paid by income groups in particular, and the distribution of total state and local taxes paid in general. It also examines the effects of each state's tax system on income inequality and ranks states according to its tax inequality index.

ITEP's analysis found that state income taxes are typically progressive due to their graduated tax rate structures and the use of exemptions, deductions, and refundable credits that benefit low-income taxpayers. Table 1 shows ITEP's analysis of income taxes as a share of family income in each of the selected states, compared to the average for all states. The study grouped taxpayers by income quintile, with the top quintile further subdivided into three separate groups.

ITEP found varying degrees of progressivity in the income taxes for each selected state besides Pennsylvania. The study noted that California's income tax was substantially more progressive than other states, reflecting the graduation levels in its rate and bracket structure. It also noted that Pennsylvania's income tax was effectively regressive due to its flat tax rate and lack of deductions, personal exemptions, and refundable tax credits.

Progressivity vs. Regressivity

A tax is generally regarded as progressive if it takes a larger percentage of income from high-income taxpayers than lower-income taxpayers, based on the principle that higher income earners can afford to pay a greater percentage of their income. Alternatively, a tax is regarded as (1) regressive if it takes a larger percentage of income from low-income taxpayers than from higher-income taxpayers and (2) proportional if it takes the same percentage of income from all income groups. Although it is possible to assess a single tax type in isolation to determine its progressivity, a comprehensive tax progressivity analysis typically includes all of the major taxes in a tax system.

Table 1: State and Local Personal Income Taxes as a Share of Family Income for Non-Elderly Taxpayers in Select States, 2018

Selected State	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%
California	-0.7%	0.5%	1.2%	2.3%	3.8%	5.6%	9.8%
Connecticut	-0.8%	1.0%	3.5%	4.0%	4.5%	5.0%	6.0%
Illinois	1.5%	2.5%	3.4%	3.7%	3.7%	3.8%	4.1%
Maine	-1.6%	0.6%	1.9%	2.7%	3.5%	4.8%	5.4%
Massachusetts	-0.2%	2.4%	3.4%	3.8%	4.0%	4.1%	4.2%
New Jersey	-2.5%	0.1%	1.6%	2.3%	3.3%	4.5%	6.7%
New York	-2.5%	0.5%	3.2%	4.4%	5.2%	6.2%	7.4%
Pennsylvania	2.5%	3.7%	4.0%	4.1%	4.0%	3.5%	3.3%
Rhode Island	-0.9%	1.0%	1.5%	2.2%	2.8%	4.1%	4.8%
Vermont	-0.3%	0.0%	1.4%	2.1%	3.1%	4.1%	6.1%
All States	0.04%	1.3%	2.1%	2.7%	3.2%	3.6%	4.6%

Source: ITEP, *Who Pays? 6th Edition Personal Income Tax Summary Data, State and Local Personal Income Taxes as a Share of Family Income for Non-Elderly Taxpayers in All 50 States and DC*, October 2018

Tax Policy Center

A 2016 [Tax Policy Center](#) analysis used two different measures to assess the relative progressivity of state income taxes for the 2011 tax year: the concentration of income before and after taxes (i.e., the Reynolds-Smolensky (RS) index) and the concentration of income tax payments across households ranked by income (i.e., the Kakwani index). Based on the RS index, New York, California, Connecticut, New Jersey, and Vermont ranked among the top 10 states with the most progressive income taxes, while Illinois, Pennsylvania, and New Hampshire ranked in the bottom 10 (see Figure 2, p. 12). Based on the Kakwani index, New Hampshire, Vermont, New Jersey, Rhode Island, and New York ranked in the top 10, while Massachusetts, Pennsylvania, and Illinois ranked in the bottom 10 (see Figure 3, p. 13).

Tax Foundation

The Tax Foundation's [2014 report](#) on state tax progressivity compared the relative progressivity of state income taxes by calculating the (1) multiple of average earnings at which the top income tax rate applies and (2) difference between the top rate and the rate that applies to \$25,000 of taxable income. Table 2 shows its findings for the selected states. As it shows, five of the 10 selected states ranked in the top 10 most progressive based on each of the measures. New York, California, New Jersey, Vermont, and Connecticut ranked highest according to first measure, while California, New Jersey, Vermont, New York, and Rhode Island ranked highest according to the second.

Table 2: Progressivity and Top Marginal Rates of State Income Taxes, 2014

State	Multiple of Average Earnings at Which the Top State Income Tax Rate Applies	Rank	Difference Between Top Income Tax Rate and Marginal Rate on \$25,000 of Taxable Income	Rank	Top State Individual Income Tax Rate
California	18.93	2	9.30%	1	13.30%
Connecticut	4.85	8	1.70%	15	6.70%
Illinois	0.04	40	0.00%	23	5%
Maine	0.75	23	0.00%	23	7.95%
Massachusetts	0.08	37	0.00%	23	5.20%
New Jersey	9.49	4	7.20%	2	8.97%
New York	19	1	2.40%	9	8.82%
Pennsylvania	0	43	0.00%	23	3.07%
Rhode Island	3.02	14	2.20%	10	5.99%
Vermont	9.42	5	5.40%	3	8.95%

Source: Tax Foundation, [Which States Have the Most Progressive Income Taxes](#), September 24, 2014

Single-State Studies

In addition to the state-by-state comparisons described above, we also found some studies that focused on a single state. Connecticut’s Department of Revenue Services (DRS), for example, used the “Suits index” as part of its [2014](#) and [2022](#) tax incidence reports to measure the degree of progressivity or regressivity in Connecticut’s tax system. The index calculates a score between -1 and 1, with -1 being fully regressive (i.e., the lowest income filer pays 100% of the taxes); 1 being most progressive (i.e., the highest income filer pays 100% of the taxes); and 0 being proportional. The 2014 report found that the personal income tax had a Suits index of 0.11, while the 2022 report measured it at 0.13.

Minnesota used the same index in its most recent [tax incidence study \(published in 2021\)](#), as did the Virginia Joint Legislative Audit and Review Commission in its [2022 analysis](#) of Virginia’s income tax and potential policy changes. The Virginia study also used a second measure, the “high-low rate gap,” which calculates the difference between the effective tax rates of the top 1% and bottom 20% income groups.

These studies primarily address the progressivity or regressivity of each respective state’s tax system, however, and did not provide a cross-state comparison. For instance, Minnesota’s study relied on the 2018 ITEP study (described above) to make state-by-state comparisons.

Attachment 1: Comparison of Select States' Income Tax Structures (2023)

State	Tax Rate Range		Number of Brackets	Income Brackets (Single Filers)		Personal Exemptions*			Standard Deduction*		EITC
	Low	High		Lowest (≤)	Highest (>)	Single	Married	Dependents	Single	Married	
California	1.0%	12.3% ¹	9	\$10,099	\$677,275	\$140 (credit)	\$280 (credit)	\$433 (credit)	\$5,202	\$10,404	Up to \$3,417 ²
Connecticut	3.0%	6.99%	7	10,000	500,000	15,000	24,000	-	-	-	41.5%
Illinois		4.95%	1		N/A	2,425	4,850	2,425	-	-	20%
Maine	5.8%	7.15%	3	24,499	58,049	4,700	9,400	4,700	13,850	27,000	25% or 50% ³
Massachusetts	5.0%	9.0%	2 ⁴	999,999	1,000,000	4,400	8,800	1,000	-	-	30%
New Jersey	1.4%	10.75%	7 or 8 ⁵	20,000	1,000,000	1,000	2,000	1,500	-	-	40%
New York	4.0%	10.9%	9	8,500	25,000,000	-	-	1,000	8,000	16,050	30%
Pennsylvania		3.07%	1		N/A	-	-	-	-	-	None
Rhode Island	3.75%	5.99%	3	73,450	166,950	4,700	9,400	4,700	10,000	20,050	15%
Vermont	3.35%	8.75%	4	45,400	229,550	4,500	9,000	4,500	6,500	13,050	38%

*Amounts shown for California and Vermont are for 2022

¹ California also imposes a 1% surcharge on income exceeding \$1 million; resulting in a 13.3% rate for some taxpayers; see note to Attachment 2

² California's EITC depends on income and family size. Maximum amount shown is for the 2022 tax year.

³ Maine's EITC is 50% of the federal credit for taxpayers with no qualifying children and 25% for all other eligible taxpayers.

⁴ Massachusetts generally imposes a 12% tax rate on income from short-term capital gains and certain long-term capital gains.

⁵ New Jersey has seven brackets for single filers and married people filing separately and eight brackets for joint filers and heads of household.

Source: Federation of Tax Administrators, [State Individual Income Taxes](#); CCH State Tax SmartCharts; Tax Foundation, [State Individual Income Tax Rates and Brackets for 2023](#); and state tax department websites

Attachment 2: Income Tax Rates and Brackets in Select States

Table 1: California Personal Income Tax Rates and Brackets for 2022 Tax Year

Tax Rate	California Taxable Income		
	Single and Married Filing Separately	Heads of Household	Married Filing Jointly
1%	\$0 to \$10,099	\$0 to \$20,212	\$0 to \$20,198
2%	\$10,100 to \$23,942	\$20,213 to \$47,887	\$20,199 to \$47,884
4%	\$23,943 to \$37,788	\$47,888 to \$61,730	\$47,885 to \$75,576
6%	\$37,789 to \$52,455	\$61,731 to \$76,397	\$75,577 to \$104,910
8%	\$52,456 to \$62,295	\$76,398 to \$90,240	\$104,911 to \$132,590
9.3%	\$66,296 to \$338,639	\$90,241 to \$460,547	\$132,591 to \$677,278
10.3%	\$338,640 to \$406,364	\$460,548 to \$552,658	\$677,279 to \$812,728
11.3%	\$406,465 to \$677,275	\$552,659 to \$921,095	\$812,729 to \$1,354,550
12.3%	> \$677,275	> \$921,095	> \$1,354,550
Additional 1%*			> \$1,000,000

Source: CCH State Tax SmartCharts (brackets have not yet been indexed for inflation for 2023)

*Imposed on income exceeding \$1 million, regardless of filing status; established by a 2004 ballot measure (Proposition 63) to fund mental health services

Table 2: Connecticut Personal Income Tax Rates and Brackets for 2023 and 2024 Tax Years

2023 Tax Rate	Connecticut Taxable Income		
	Single and Married Filing Separately	Heads of Household	Married Filing Jointly
3%	\$0 to \$10,000	\$0 to \$16,000	\$0 to 20,000
5%	\$10,001 to \$50,000	\$16,001 to \$80,000	\$20,001 to \$100,000
5.5%	\$50,001 to \$100,000	\$80,001 to \$160,000	\$100,001 to \$200,000
6%	\$100,001 to \$200,000	\$160,001 to \$320,000	\$200,001 to \$400,000
6.5%	\$200,001 to \$250,000	\$320,001 to \$400,000	\$400,001 to \$500,000
6.9%	\$250,001 to \$500,000	\$400,001 to \$800,000	\$500,001 to \$1,000,000
6.99%	> \$500,000	> \$800,000	> \$1,000,000
2024 Tax Rate	Single and Married Filing Separately	Heads of Household	Married Filing Jointly
2%	\$0 to \$10,000	\$0 to \$16,000	\$0 to 20,000
4.5%	\$10,001 to \$50,000	\$16,001 to \$80,000	\$20,001 to \$100,000
5.5%	\$50,001 to \$100,000	\$80,001 to \$160,000	\$100,001 to \$200,000
6%	\$100,001 to \$200,000	\$160,001 to \$320,000	\$200,001 to \$400,000
6.5%	\$200,001 to \$250,000	\$320,001 to \$400,000	\$400,001 to \$500,000
6.9%	\$250,001 to \$500,000	\$400,001 to \$800,000	\$500,001 to \$1,000,000
6.99%	> \$500,000	> \$800,000	> \$1,000,000

Source: [CGS § 12-700](#), as amended by [PA 23-204](#), § 376 (effective upon passage and applicable starting with the 2024 tax year)

Table 3: Maine Personal Income Tax Rates and Brackets for 2023 Tax Year

Tax Rate	Maine Taxable Income		
	Single and Married Filing Separately	Heads of Household	Married Filing Jointly
5.8%	\$0 to \$24,499	\$0 to \$36,749	\$0 to \$49,049
6.75%	\$24,500 to \$58,049	\$36,750 to \$87,099	\$49,050 to \$116,099
7.15%	> \$58,049	> \$87,099	> \$116,099

Source: CCH State Tax SmartCharts

Table 4: New Jersey Personal Income Tax Rates and Brackets for 2023 Tax Year

Tax Rate	New Jersey Taxable Income	
	Single and Married Filing Separately	Married Filing Jointly and Heads of Household
1.4%	\$0 to \$20,000	\$0 to \$20,000
1.75%	\$20,001 to \$35,000	\$20,001 to \$50,000
2.45%	N/A	\$50,001 to \$70,000
3.5%	\$35,001 to \$40,000	\$70,001 to \$80,000
5.525%	\$40,001 to \$75,000	\$80,001 to \$150,000
6.370%	\$75,001 to \$500,000	\$150,001 to \$500,000
8.970%	\$500,001 to \$1,000,000	\$500,001 to \$1,000,000
10.750%	> \$1,000,000	> \$1,000,000

Source: CCH State Tax SmartCharts

Table 5: New York Personal Income Tax Rates and Brackets for 2023 Tax Year

Tax Rate	New York Taxable Income		
	Single and Married Filing Separately	Heads of Household	Married Filing Jointly
4%	\$0 to \$8,500	\$0 to \$12,800	\$0 to 17,150
4.5%	\$8,501 to \$11,700	\$12,801 to \$17,650	\$17,151 to \$23,600
5.25%	\$11,701 to \$13,900	\$17,651 to \$20,900	\$23,601 to \$27,900
5.5%	\$13,901 to \$80,650	\$20,901 to \$107,650	\$27,901 to \$161,550
6.0%	\$80,651 to \$215,400	\$107,651 to \$269,300	\$161,551 to \$323,200
6.85%	\$215,401 to \$1,077,550	\$269,301 to \$1,616,450	\$323,201 to \$2,155,350
9.65%	\$1,077,551 to \$5,000,000	\$1,616,451 to \$5,000,000	\$2,155,351 to \$5,000,000
10.3%	\$5,000,001 to \$25,000,000	\$5,000,001 to \$25,000,000	\$5,000,001 to \$25,000,000
10.9%	> \$25,000,000	> \$25,000,000	> \$25,000,000

Source: CCH State Tax SmartCharts

Table 6: Rhode Island Personal Income Tax Rates and Brackets for 2023 Tax Year

Rhode Island Taxable Income	
Tax Rate	All Filing Statuses
3.75%	\$0 to \$73,450
4.75%	\$73,451 to \$166,950
5.99%	> \$166,950

Source: CCH State Tax SmartCharts

Table 7: Vermont Personal Income Tax Rates and Brackets for 2023 Tax Year

Vermont Taxable Income				
Tax Rate	Single	Married Filing Separately	Heads of Household	Married Filing Jointly
3.35%	\$0 to \$45,400	\$0 to \$37,925	\$0 to \$60,850	\$0 to \$75,850
6.6%	\$45,401 to \$110,050	\$37,926 to \$91,700	\$60,851 to \$157,150	\$75,851 to \$183,400
7.6%	\$110,051 to \$229,550	\$91,701 to \$139,725	\$157,151 to \$254,500	\$183,401 to \$279,450
8.75%	> \$229,550	> \$139,726	> \$254,500	> \$279,450

Source: CCH State Tax SmartCharts

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