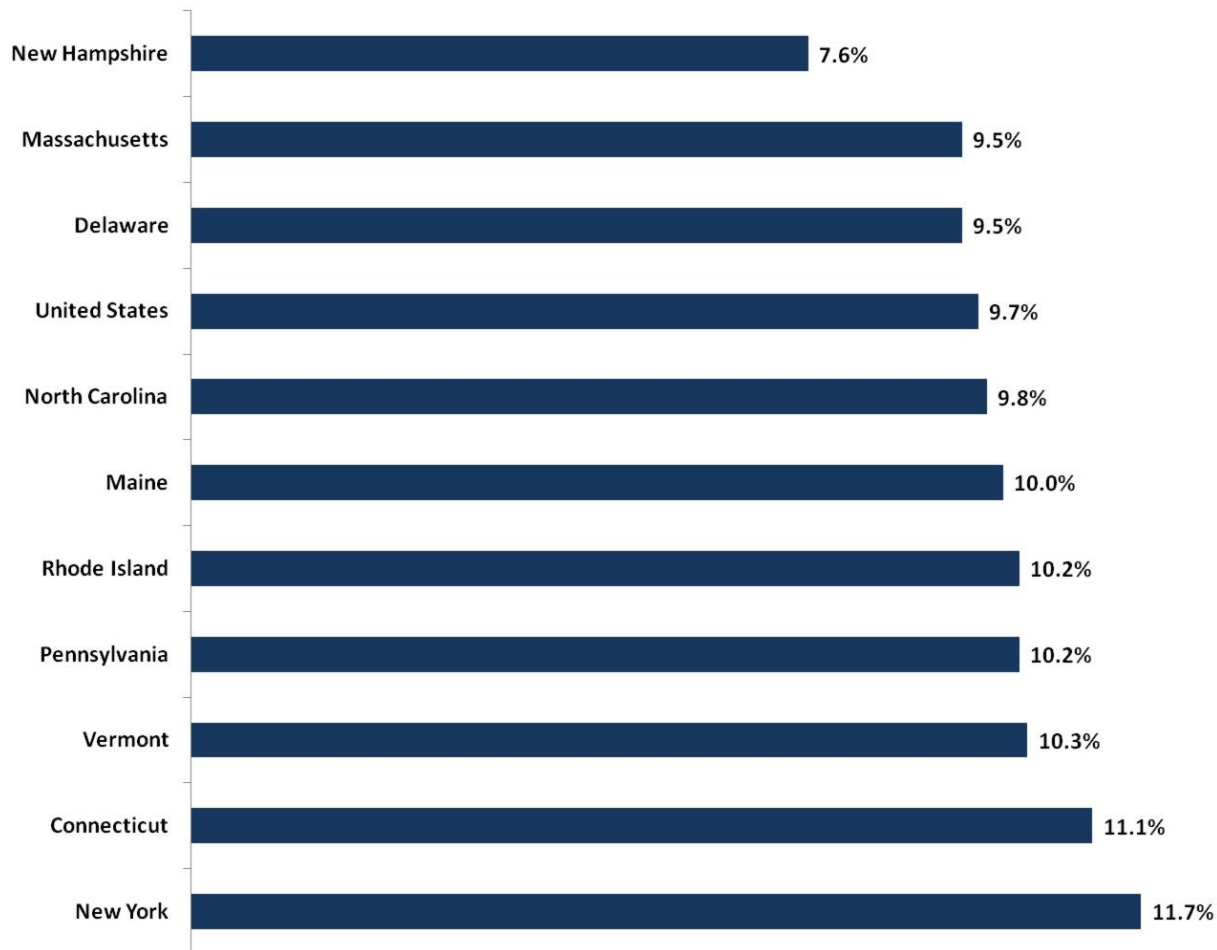


## Featured Indicator No. 4

June 2009

### State and Local Tax Burden – Northeast states and U.S. - 2008



The tax burden is calculated based on income and tax payment data by the Bureau of Economic Analysis. The majority of the states in the northeast region have a heavier tax burden than that of the United States, though all no more than 2% higher. There is not a lot of difference between most of the states with the exception of New Hampshire, which comes in almost 2% lower than the next lowest state. Maine falls in the middle of all of the reference groups with an overall tax burden of 10%

#### Why This Is Significant

Attention is often paid to which areas of the country have low tax burdens and which have high tax burdens. No area wants to be perceived as a high cost area and being considered low cost or even middle of the pack can help support economic development strategies. State and local tax burdens indicate the amount of income needed from a representative family to support state and

local government services. If a city is seen as out of line with other areas, this can have an impact on where businesses and residents chose to locate, and may ultimately impact the economy negatively.

### **Sources**

Tax burden data is reported in "State and Local Tax Burdens by State", 1970-2007, National Tax Foundation and calculations are based on data from the Bureau of Economic Analysis, U.S. Department of Commerce, <http://www.taxfoundation.org/>

National Tax Foundation's tax burden calculations are based on income and tax payment data from the Bureau of Economic Analysis but take the additional steps of projecting collections into the current year, counting out-of-state tax payments in the state of residence instead of the state of collection, and dividing total tax payments by total income to calculate the "burden."

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