

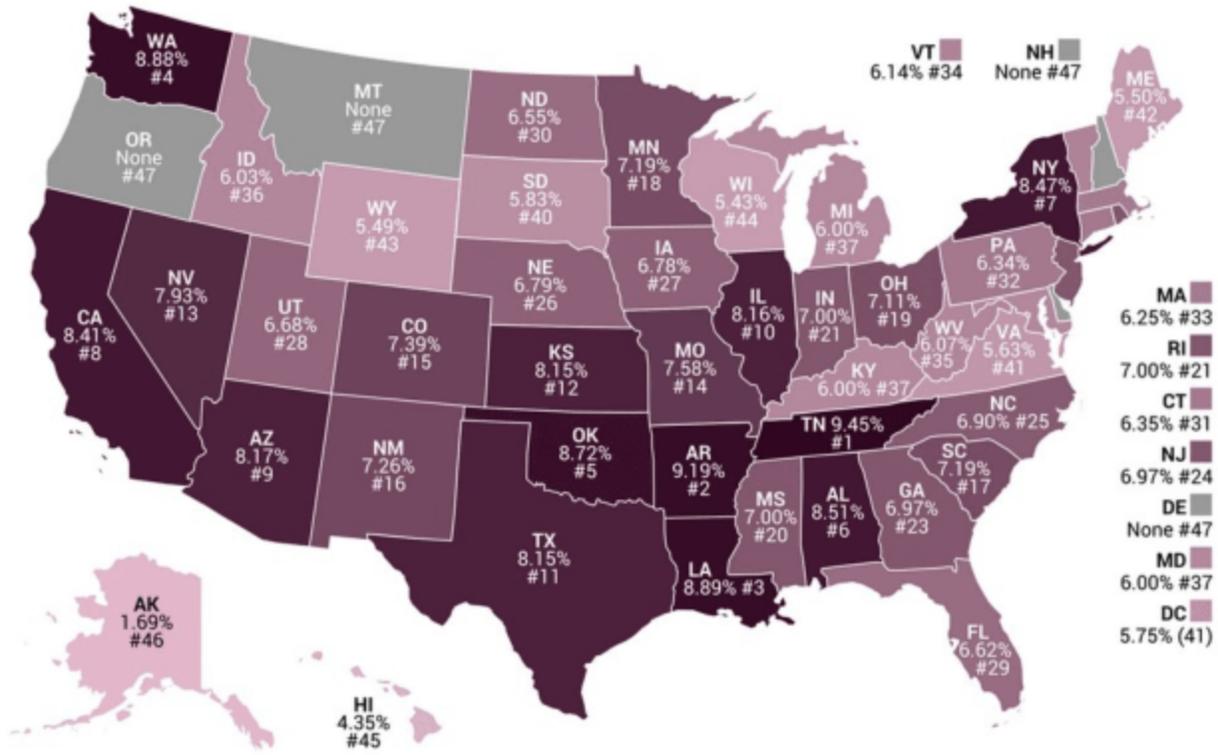
HUFFPOST POLITICS

Tax-Hating States Totally Fine With Taxing The Poor

Ben Hallman: March 19, 2014

As everyone knows, Southern politicians despise taxes more than just about anything -- except perhaps cornbread with sugar, or iced tea without.

Combined State & Average Local Sales Tax Rates in 2014



Notes: Three states levy mandatory, statewide, local add-on sales taxes at the state level: CA (1%), UT (1.25%), VA (1%). The sales taxes in HI, NM and SD have broad bases that include many services. Due to data limitations, table does not include sales taxes in local resort areas in MT. Salem County, NJ is not subject to the statewide sales tax rate and collects a local rate of 3.5%. New Jersey's average local score is represented as a negative. Data as of January 1, 2014. Published March 18, 2014.

Sources: Sales Tax Clearinghouse; State Revenue Department Websites; Tax Foundation Calculations.



taxfoundation.org/maps

This established rule of the universe makes a new report by the Tax Foundation especially curious, at least at first look. The group, which typically takes an anti-tax stance, combined each state's sales tax rate with the average local sales tax rate, as of Jan. 1.

The group found that the five states with the highest average combined state-local tax rates are mostly Southern-fried: Tennessee (9.45 percent), Arkansas (9.19 percent), Louisiana (8.89 percent), Washington (8.88 percent), and Oklahoma (8.72 percent).

The combined sales tax rate is also high in New York (8.47 percent) and California (8.40).

Four states, Oregon, Montana, New Hampshire and Delaware, collect no sales taxes at all.

Not mentioned in the report are some of the factors that play into high sales tax rates. In the South, especially, property taxes are very low, and voters have historically rejected attempts to raise them. The region also has a history of handing out huge tax breaks to large manufactures in order to persuade them to move there.

Alabama, for example, handed out a sweet package of \$253 million in tax breaks and other incentives in order to woo a Mercedes-Benz plant to the state in 1993. A decade later, the plant reaped an additional \$11.5 million in tax breaks for an expansion that didn't create any new jobs.

Washington, number four on the list, passed a package of \$9 billion in tax breaks in November in order to keep Boeing to locate production of its newest jet in Seattle.

So with few other options available to pay for things like roads and schools, states have been forced to boost sales taxes, a form of revenue generation generally considered regressive -- meaning it hurts poor people the most.

That's because the cost of food, clothing and other purchased goods tend to make up a higher percentage of a low income consumer's budget than for people with higher incomes.

The poor are also less likely to own property, and thus less likely to benefit from lower tax rates for homes and land.
