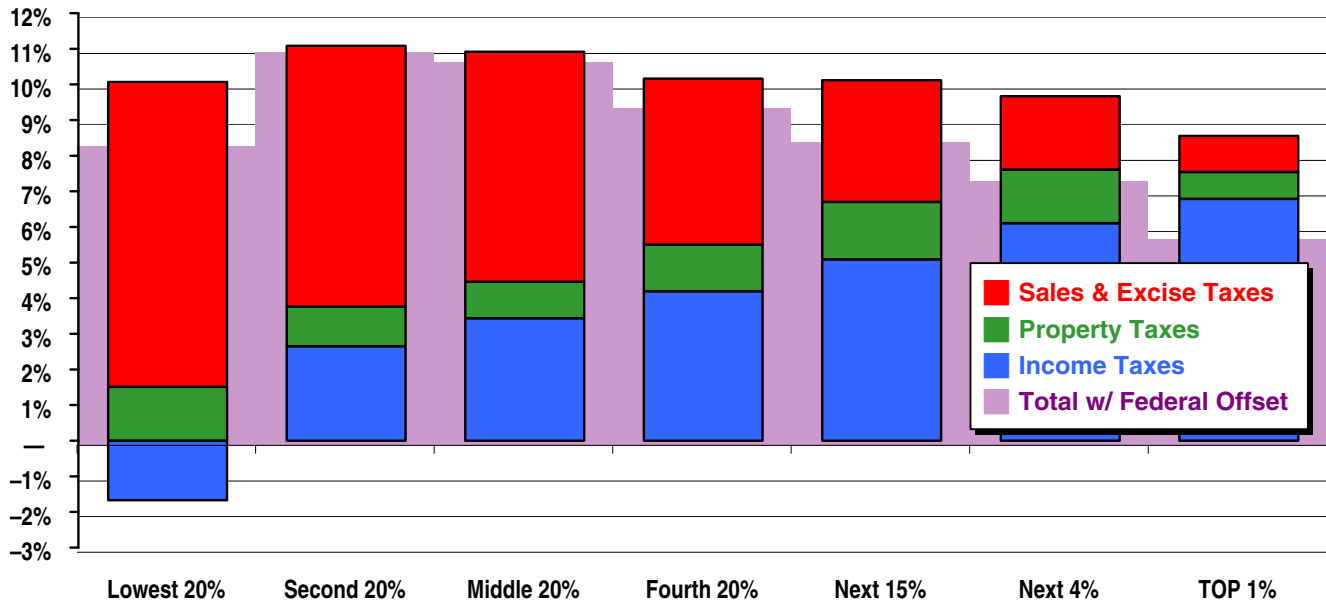


District of Columbia

State & Local Taxes in 2002

Shares of family income for non-elderly taxpayers



Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$15,000	\$15,000 – \$28,000	\$28,000 – \$42,000	\$42,000 – \$70,000	\$70,000 – \$155,000	\$155,000 – \$422,000	\$422,000 or more
Average Income in Group	\$10,500	\$21,500	\$34,000	\$53,100	\$97,800	\$238,800	\$2,059,200
Sales & Excise Taxes	8.6%	7.3%	6.5%	4.7%	3.4%	2.1%	1.0%
General Sales—Individuals	2.1%	2.0%	1.8%	1.4%	1.1%	0.7%	0.3%
Other Sales & Excise—Ind.	1.8%	1.4%	1.3%	0.8%	0.6%	0.4%	0.1%
Sales & Excise on Business	4.6%	3.9%	3.4%	2.4%	1.7%	1.0%	0.5%
Property Taxes	1.5%	1.1%	1.0%	1.3%	1.6%	1.5%	0.8%
Property Taxes on Families	1.2%	0.8%	0.8%	1.1%	1.3%	1.3%	0.4%
Other Property Taxes	0.3%	0.3%	0.2%	0.2%	0.3%	0.2%	0.3%
Income Taxes	-1.7%	2.6%	3.4%	4.2%	5.1%	6.1%	6.8%
Personal Income Tax	-1.7%	2.6%	3.4%	4.2%	5.0%	6.1%	6.6%
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%
TOTAL TAXES	8.4%	11.1%	10.9%	10.2%	10.1%	9.7%	8.6%
Federal Deduction Offset	-0.0%	-0.0%	-0.2%	-0.7%	-1.6%	-2.2%	-2.8%
TOTAL AFTER OFFSET	8.4%	11.0%	10.8%	9.5%	8.5%	7.4%	5.8%

Note: Table shows 2002 tax law at 2000 income levels.

District of Columbia Details

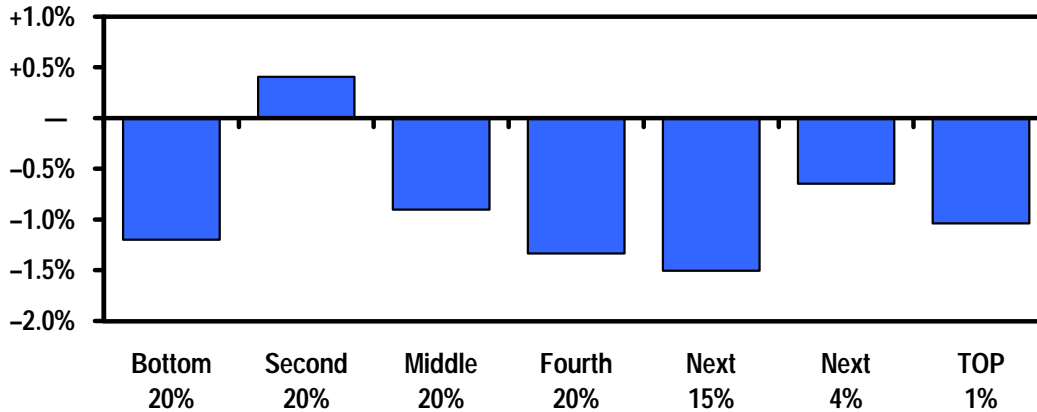
Progressive Features

- ✓ Refundable Earned Income Tax Credit
- ✓ Food and drugs exempt from sales tax
- ✓ Large homestead exemption

Regressive Features

- ✗ Personal exemption and brackets not indexed
- ✗ Heavy taxation of utility services

Changes in Tax as Share of Income, 1989 - 2002

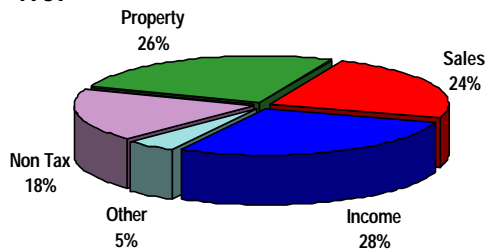


	Bottom 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Sales & Excise	+0.8%	+0.6%	+0.6%	+0.4%	+0.2%	+0.1%	+0.0%
Property	-0.1%	-0.1%	-0.2%	-0.4%	-1.0%	-0.6%	-0.5%
Income	-1.9%	-0.1%	-1.2%	-1.2%	-0.8%	-0.2%	+0.1%
Federal Offset	+0.0%	-0.0%	-0.0%	-0.1%	+0.0%	+0.1%	-0.7%
Overall Change	-1.2%	+0.4%	-0.9%	-1.3%	-1.5%	-0.6%	-1.0%

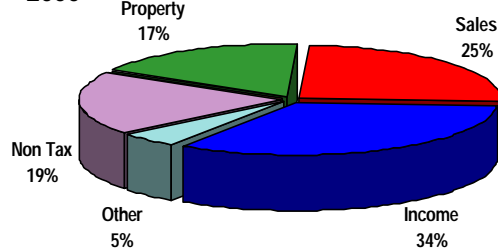
The District of Columbia's EITC, adopted in 1998 and expanded in 2001, substantially lowered the income tax burden on the bottom quintile. Combined with across the board phased-in rate reductions and a significant bracket expansion, this yielded a significant income tax cuts over the decade. A modest cut in the general sales tax was offset by a big cigarette tax hike and increased levies on utilities and motor vehicles. While these changes were generally regressive, they were generally offset by income tax reductions and the expansion of the homestead exemption for property taxes.

Composition of Revenues

1989



2000



Source: Government Finances, US Department of Census