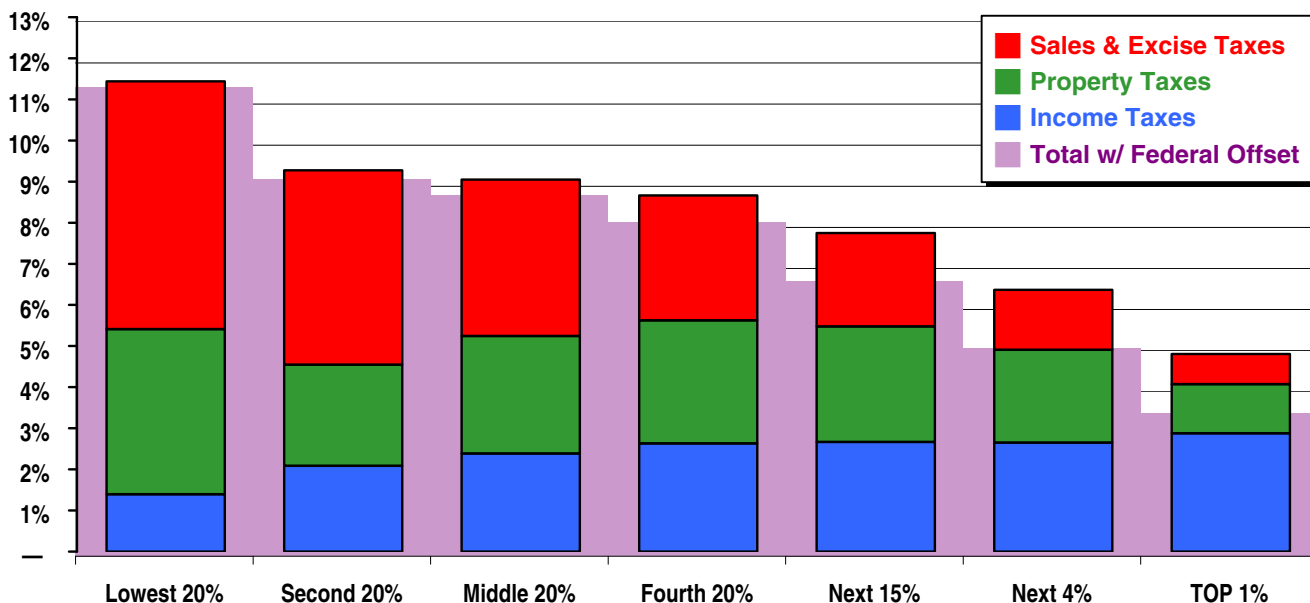


# Pennsylvania

## 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 \$16,000	\$16,000 – \$28,000	\$28,000 – \$45,000	\$45,000 – \$71,000	\$71,000 – \$133,000	\$133,000 – \$301,000	\$301,000 or more
Average Income in Group	\$9,100	\$21,900	\$36,200	\$56,400	\$92,900	\$190,800	\$897,200
<b>Sales &amp; Excise Taxes</b>	<b>6.0%</b>	<b>4.7%</b>	<b>3.8%</b>	<b>3.0%</b>	<b>2.3%</b>	<b>1.5%</b>	<b>0.7%</b>
General Sales—Individuals	2.4%	2.2%	1.9%	1.6%	1.2%	0.8%	0.4%
Other Sales & Excise—Ind.	2.0%	1.1%	0.8%	0.6%	0.4%	0.2%	0.1%
Sales & Excise on Business	1.7%	1.4%	1.1%	0.9%	0.6%	0.4%	0.2%
<b>Property Taxes</b>	<b>4.0%</b>	<b>2.5%</b>	<b>2.9%</b>	<b>3.0%</b>	<b>2.8%</b>	<b>2.3%</b>	<b>1.2%</b>
Property Taxes on Families	4.0%	2.4%	2.8%	2.9%	2.7%	2.1%	0.9%
Other Property Taxes	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.3%
<b>Income Taxes</b>	<b>1.4%</b>	<b>2.1%</b>	<b>2.4%</b>	<b>2.6%</b>	<b>2.7%</b>	<b>2.7%</b>	<b>2.9%</b>
Personal Income Tax	1.4%	2.0%	2.3%	2.6%	2.6%	2.5%	2.5%
Corporate Income Tax	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.4%
<b>TOTAL TAXES</b>	<b>11.4%</b>	<b>9.3%</b>	<b>9.1%</b>	<b>8.7%</b>	<b>7.7%</b>	<b>6.4%</b>	<b>4.8%</b>
Federal Deduction Offset	-0.0%	-0.1%	-0.3%	-0.5%	-1.1%	-1.3%	-1.3%
<b>TOTAL AFTER OFFSET</b>	<b>11.4%</b>	<b>9.2%</b>	<b>8.8%</b>	<b>8.1%</b>	<b>6.7%</b>	<b>5.1%</b>	<b>3.5%</b>

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

# Pennsylvania Details

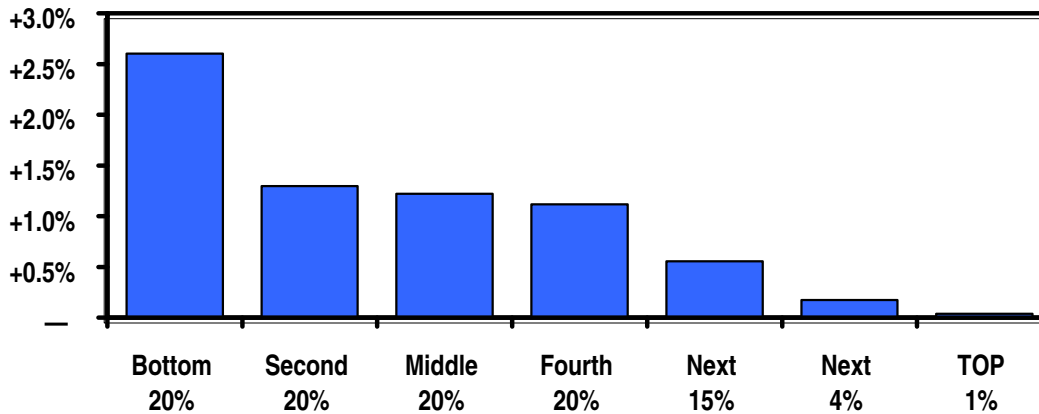
## Progressive Features

- ✓ "Tax forgiveness" credit

## Regressive Features

- ✗ Flat-rate income tax
- ✗ Relatively high cigarette tax

Changes in Tax as Share of Income, 1989 - 2002

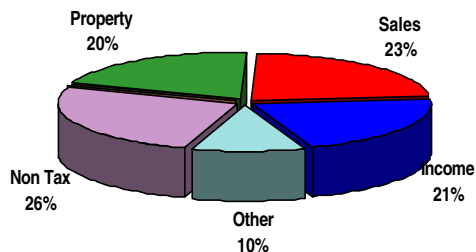


	Bottom 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
<b>Sales &amp; Excise</b>	+1.1%	+0.4%	+0.3%	+0.2%	+0.1%	+0.1%	+0.0%
<b>Property</b>	+1.2%	+0.7%	+0.7%	+0.6%	+0.1%	-0.3%	-0.0%
<b>Income</b>	+0.3%	+0.2%	+0.4%	+0.6%	+0.6%	+0.5%	+0.6%
<b>Federal Offset</b>	-0.0%	-0.1%	-0.1%	-0.2%	-0.3%	-0.1%	-0.5%
<b>Overall Change</b>	+2.6%	+1.3%	+1.2%	+1.1%	+0.6%	+0.2%	+0.0%

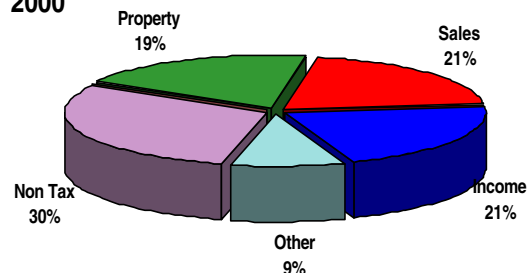
Pennsylvania's income tax was made slightly more progressive by the combination of an income tax rate hike and the expansion of the low-income tax threshold. The 1999 repeal of the gross receipts tax on residential natural gas was a progressive change. However, cigarette excise taxes were hiked by 82 cents since 1989-- a regressive hike. The gradual repeal of the capital stock franchise tax will make the tax system even more regressive if it is fully implemented (as currently scheduled) in 2010.

## Composition of Revenues

1989



2000



Source: Government Finances, US Department of Census