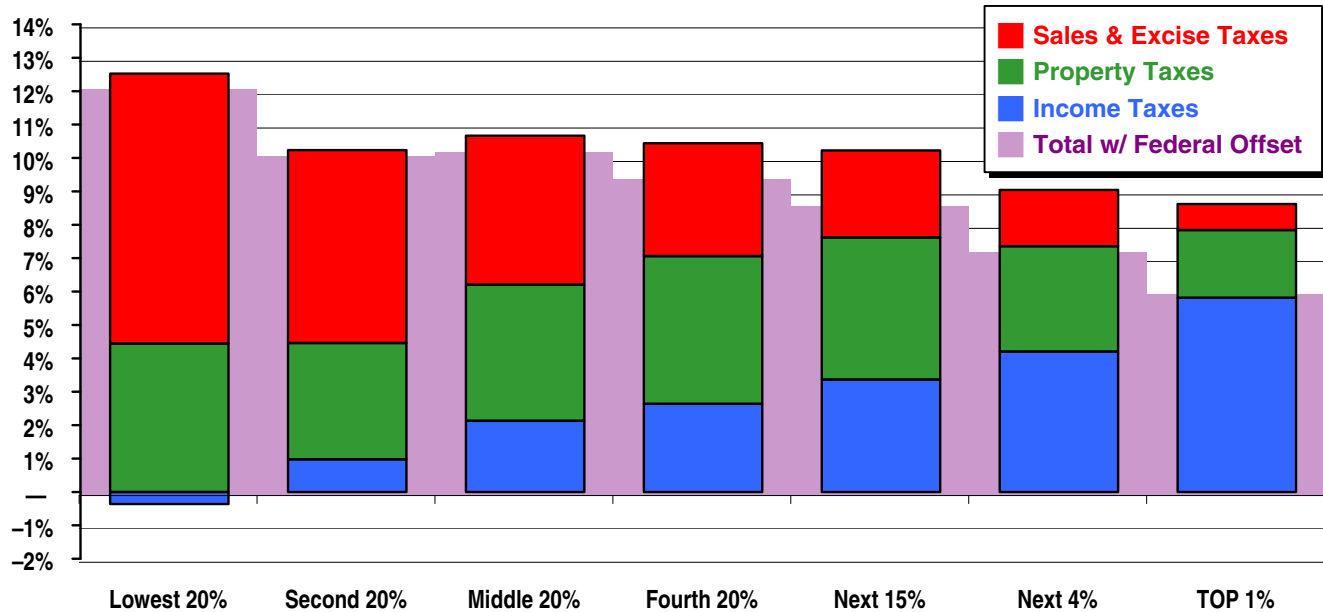


Rhode Island

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 – \$29,000	\$29,000 – \$47,000	\$47,000 – \$71,000	\$71,000 – \$144,000	\$144,000 – \$272,000	\$272,000 or more
Average Income in Group	\$8,400	\$21,500	\$36,000	\$57,900	\$96,100	\$189,000	\$757,400
Sales & Excise Taxes	8.1%	5.8%	4.5%	3.4%	2.6%	1.7%	0.8%
General Sales—Individuals	3.2%	2.6%	2.1%	1.7%	1.4%	0.9%	0.4%
Other Sales & Excise—Ind.	3.0%	1.7%	1.3%	0.9%	0.6%	0.4%	0.1%
Sales & Excise on Business	1.9%	1.5%	1.1%	0.8%	0.6%	0.4%	0.2%
Property Taxes	4.4%	3.5%	4.1%	4.4%	4.3%	3.2%	2.0%
Property Taxes on Families	4.3%	3.3%	3.9%	4.2%	4.0%	2.7%	1.3%
Other Property Taxes	0.1%	0.2%	0.1%	0.2%	0.3%	0.4%	0.7%
Income Taxes	-0.4%	1.0%	2.1%	2.6%	3.4%	4.2%	5.8%
Personal Income Tax	-0.4%	0.9%	2.1%	2.6%	3.3%	4.1%	5.7%
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
TOTAL TAXES	12.2%	10.2%	10.7%	10.4%	10.2%	9.0%	8.6%
Federal Deduction Offset	—	-0.1%	-0.4%	-1.0%	-1.6%	-1.8%	-2.6%
TOTAL AFTER OFFSET	12.2%	10.2%	10.3%	9.5%	8.7%	7.3%	6.0%

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

Rhode Island Details

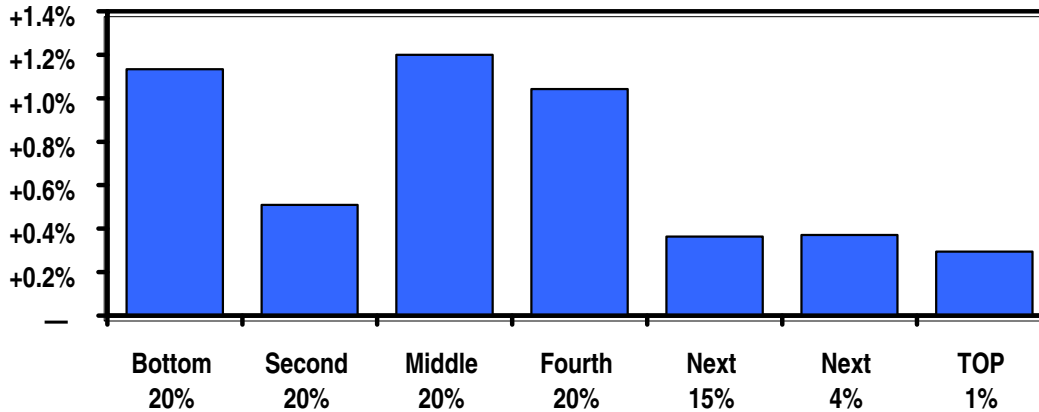
Progressive Features

- ✓ Income tax based on progressive federal tax

Regressive Features

- ✗ High sales tax rate
- ✗ Fifth highest cigarette tax in the nation

Changes in Tax as Share of Income, 1989 - 2002

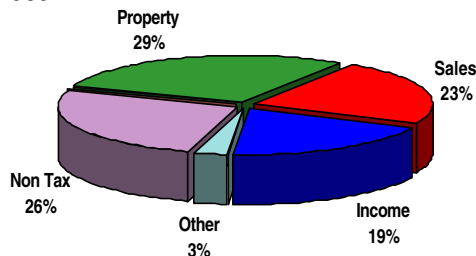


	Bottom 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Sales & Excise	+1.5%	+0.8%	+0.6%	+0.4%	+0.2%	+0.2%	+0.0%
Property	+0.6%	+0.5%	+0.7%	+0.9%	-0.0%	-0.5%	+0.1%
Income	-1.0%	-0.7%	+0.1%	+0.3%	+0.5%	+0.6%	+1.0%
Federal Offset	—	-0.0%	-0.2%	-0.5%	-0.3%	+0.0%	-0.9%
Overall Change	+1.1%	+0.5%	+1.2%	+1.0%	+0.4%	+0.4%	+0.3%

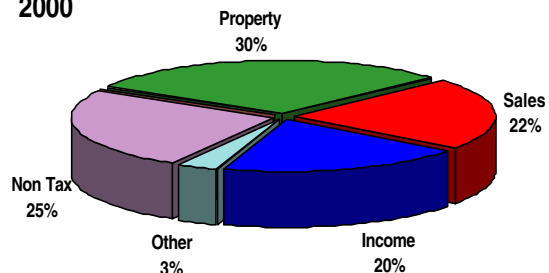
Until the state decoupled from the federal system in 2001, Rhode Island state income tax was calculated as a percentage of federal income tax. This simple tax system became more progressive in the 1990s as the percentage of federal tax increased slightly, and Rhode Island maintained its strong progressivity by using the tax brackets as they stood before the regressive 2001 rate reductions. Unfortunately these progressive changes in the income tax were not enough to offset a regressive 1% hike of the general sales tax and an enormous cigarette tax hike of \$1.24.

Composition of Revenues

1989



2000



Source: Government Finances, US Department of Census