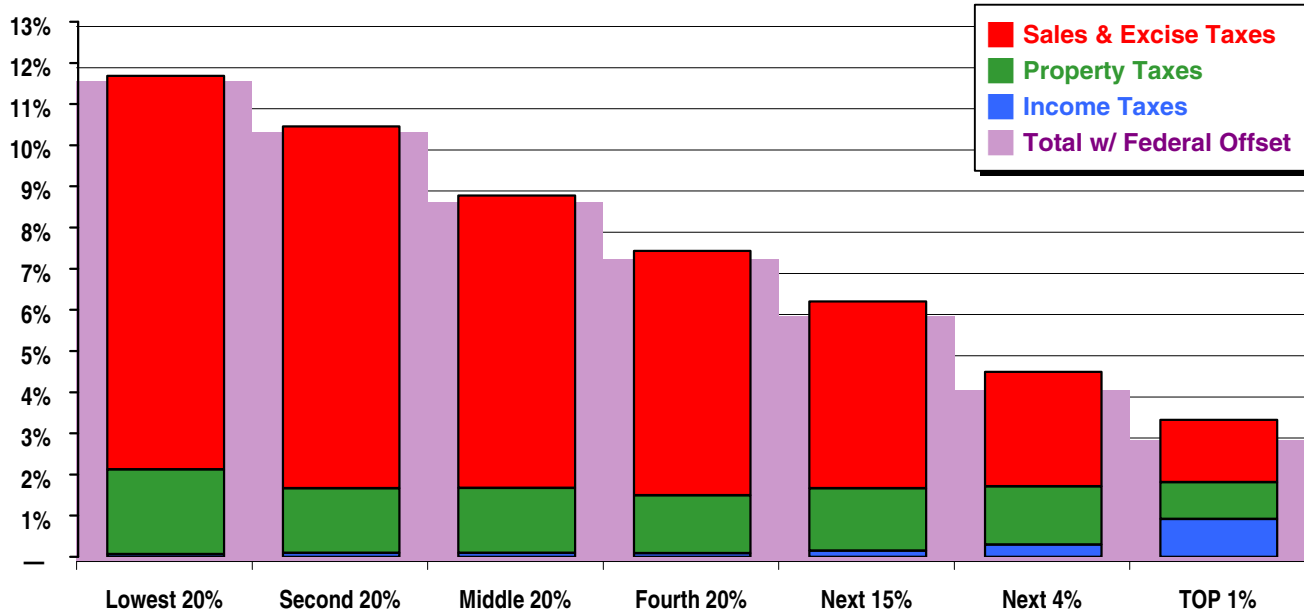


# Tennessee

## 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 \$14,000	\$14,000 – \$24,000	\$24,000 – \$38,000	\$38,000 – \$61,000	\$61,000 – \$119,000	\$119,000 – \$269,000	\$269,000 or more
Average Income in Group	\$8,700	\$19,000	\$30,400	\$47,600	\$80,200	\$167,000	\$828,400
<b>Sales &amp; Excise Taxes</b>	<b>9.6%</b>	<b>8.8%</b>	<b>7.1%</b>	<b>5.9%</b>	<b>4.5%</b>	<b>2.8%</b>	<b>1.5%</b>
General Sales—Individuals	6.1%	5.9%	4.9%	4.2%	3.2%	1.9%	1.0%
Other Sales & Excise—Ind.	0.9%	0.6%	0.4%	0.3%	0.2%	0.1%	0.0%
Sales & Excise on Business	2.5%	2.3%	1.8%	1.5%	1.1%	0.7%	0.5%
<b>Property Taxes</b>	<b>2.1%</b>	<b>1.6%</b>	<b>1.6%</b>	<b>1.4%</b>	<b>1.5%</b>	<b>1.4%</b>	<b>0.9%</b>
Property Taxes on Families	2.0%	1.5%	1.5%	1.4%	1.4%	1.2%	0.5%
Other Property Taxes	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%	0.4%
<b>Income Taxes</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.3%</b>	<b>0.9%</b>
Personal Income Tax	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%	0.5%
Corporate Income Tax	0.0%	0.1%	0.1%	0.0%	0.1%	0.1%	0.4%
<b>TOTAL TAXES</b>	<b>11.7%</b>	<b>10.5%</b>	<b>8.8%</b>	<b>7.4%</b>	<b>6.2%</b>	<b>4.5%</b>	<b>3.3%</b>
Federal Deduction Offset	-0.0%	-0.0%	-0.1%	-0.1%	-0.2%	-0.3%	-0.4%
<b>TOTAL AFTER OFFSET</b>	<b>11.7%</b>	<b>10.4%</b>	<b>8.7%</b>	<b>7.3%</b>	<b>6.0%</b>	<b>4.2%</b>	<b>3.0%</b>

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

# Tennessee Details

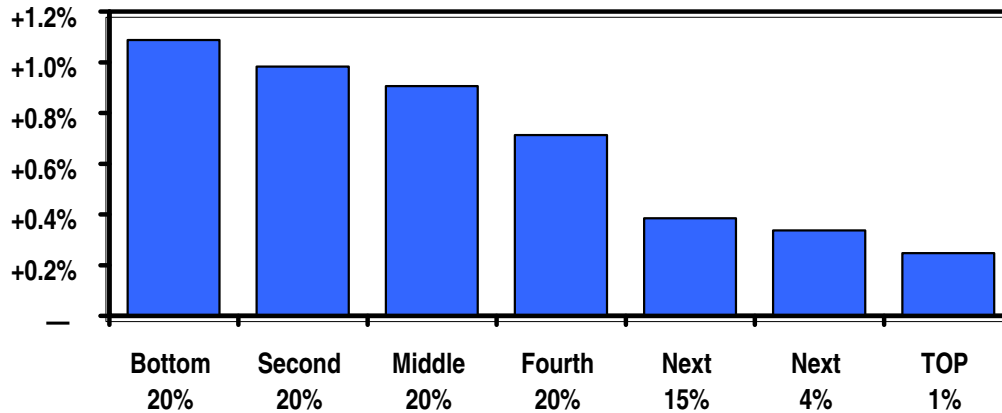
## Progressive Features

- ✓ Tax on unearned income

## Regressive Features

- ✗ No Broad-Based Income Tax
- ✗ Sales Tax Applies to Food, though at a slightly lower rate

Changes in Tax as Share of Income, 1989 - 2002

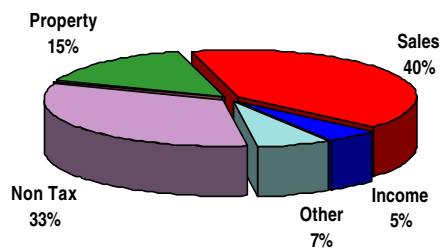


	Bottom 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
<b>Sales &amp; Excise</b>	+0.6%	+0.6%	+0.5%	+0.4%	+0.3%	+0.2%	+0.1%
<b>Property</b>	+0.4%	+0.4%	+0.4%	+0.3%	+0.1%	+0.0%	+0.0%
<b>Income</b>	+0.0%	+0.1%	+0.1%	+0.0%	+0.1%	+0.1%	+0.2%
<b>Federal Offset</b>	-0.0%	-0.0%	-0.0%	-0.0%	-0.1%	-0.0%	-0.1%
<b>Overall Change</b>	+1.1%	+1.0%	+0.9%	+0.7%	+0.4%	+0.3%	+0.2%

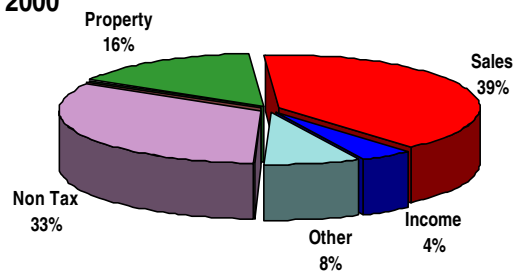
Tennessee increased its state sales tax by 1.5% over the decade. In combination with hikes in alcohol and tobacco excise taxes, these tax hikes made Tennessee's revenue structure even more regressive.

## Composition of Revenues

1989



2000



Source: Government Finances, US Department of Census