

# Wyoming Taxes Hit Poor & Middle Class Harder than the Wealthy

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Low- and middle-income families in Wyoming pay a higher share of their income in state and local taxes than do the richest families, according to a new study by the Institute on Taxation & Economic Policy.

“State and local governments are being called upon to take on more and more responsibilities,” said Robert S. McIntyre, ITEP’s tax policy director and lead author of the study, titled *Who Pays? A Distributional Analysis of the Tax Systems in All 50 States*. “Unfortunately, when it comes to paying for services, Wyoming has an unfair tax system.”

## Wyoming’s Tax Code: Tax the Poor & Middle Class Far More Than the Rich

When all Wyoming taxes are totaled up, the study found that:

- The richest Wyoming taxpayers—with average incomes of over \$1 million—pay only 1.7% of their income in Wyoming state and local taxes before the tax savings from federal itemized deductions. After the federal offset, they pay only 1.6%.
- Middle-income Wyoming taxpayers—those earning between \$26,000 and \$40,000—pay 5.4% of their income in Wyoming state and local taxes. With no appreciable federal offset, these families in the middle of the income scale pay more than triple what the rich pay.
- Wyoming families earning less than \$17,000—the poorest fifth of Wyoming non-elderly taxpayers—pay 7.6% of their income in Wyoming state and local taxes or almost 5 times the rate on the best-off one percent.

“Wyoming’s lack of either a corporate or personal income tax means there is little to offset the regressivity of its sales and excise taxes, giving the state an unfair, regressive tax system,” McIntyre said. “Taxes ought to be based on people’s ability to pay them, which means that the poorest should pay a smaller share of their earnings in tax, not the most, as is the case in Wyoming.”

## Tax Regressivity Has Grown Since 1989

The study also examined the impact of changes in the regressivity of Wyoming taxes since 1989, when the last cycle of state government shortfalls began. The study’s findings include:

- Wyoming hiked its sales taxes at both the state and the local levels. These tax increases were hardest on the state’s poorest residents.
- Increases in excise taxes over the decade added to the regressivity of Wyoming’s tax system.

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“Low- and middle-income taxpayers in Wyoming are always going to fare worse if the state continues to rely solely on regressive taxes,” said McIntyre. “As lawmakers consider budget-balancing strategies in 2003, they should remember that their past actions have served to impose a much greater share of the tax burden on middle- and low-income taxpayers than a fairer tax system would impose.”

**Two pages of tables detailing the Wyoming findings of the study follow**

The Institute on Taxation and Economic Policy is a nonpartisan Washington-based research group. The full *Who Pays?* report is available in PDF format at [www.itepnet.org](http://www.itepnet.org). Printed copies can be ordered by calling ITEP at 202-737-4315.

*Who Pays?* examines the tax systems of all 50 states and the District of Columbia, using the Institute on Taxation & Economic Policy Microsimulation Tax Model. The ITEP Model is similar in methodology and data sources to the elaborate computer models used by the U.S. Treasury and the congressional Joint Committee on Taxation, except that the ITEP Model adds state-by-state estimating capabilities.

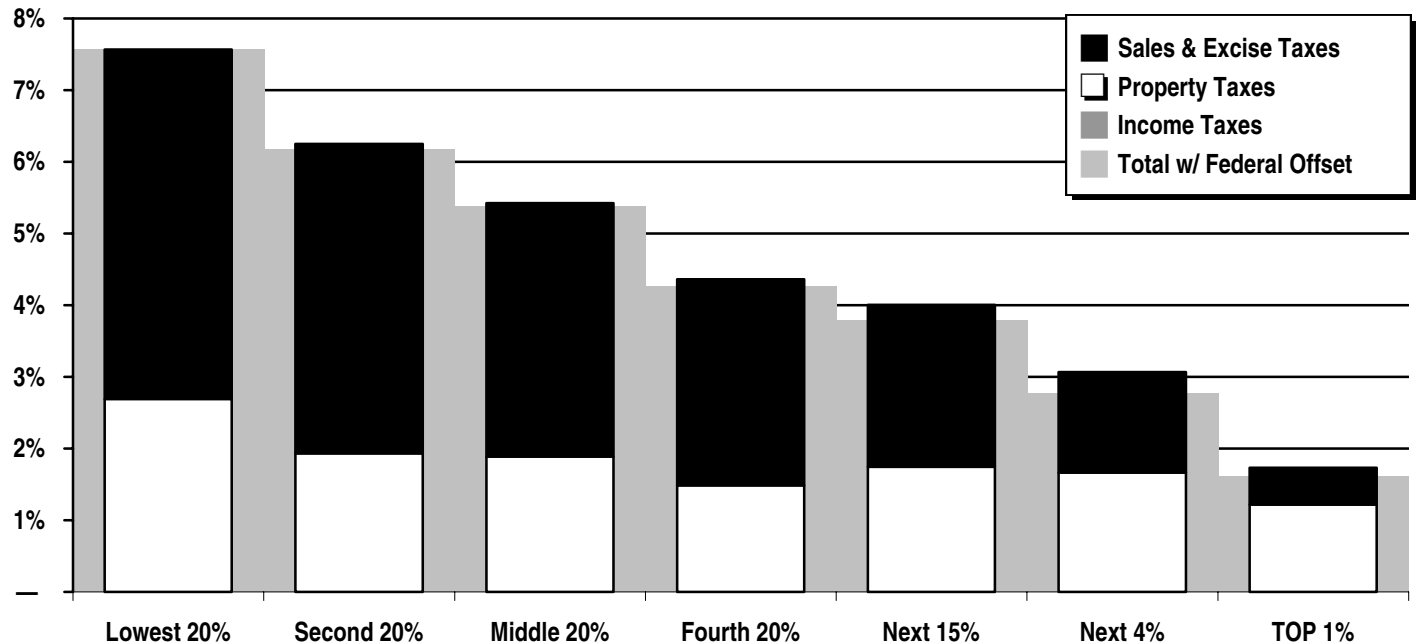
The findings published in the study detail state and local taxes paid by non-elderly couples and individuals. The study includes all major state and local taxes: personal and corporate income taxes, property taxes, and sales and excise taxes.

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# Wyoming

## 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 \$17,000	\$17,000 – \$26,000	\$26,000 – \$40,000	\$40,000 – \$66,000	\$66,000 – \$122,000	\$122,000 – \$400,000	\$400,000 or more
Average Income in Group	\$9,500	\$20,700	\$33,300	\$52,800	\$84,300	\$175,000	\$1,104,000
<b>Sales &amp; Excise Taxes</b>	<b>4.9%</b>	<b>4.3%</b>	<b>3.5%</b>	<b>2.9%</b>	<b>2.3%</b>	<b>1.4%</b>	<b>0.5%</b>
General Sales—Individuals	4.1%	3.7%	3.0%	2.5%	2.0%	1.3%	0.5%
Other Sales & Excise—Ind.	0.6%	0.4%	0.4%	0.3%	0.2%	0.1%	0.0%
Sales & Excise on Business	0.2%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%
<b>Property Taxes</b>	<b>2.7%</b>	<b>1.9%</b>	<b>1.9%</b>	<b>1.5%</b>	<b>1.7%</b>	<b>1.7%</b>	<b>1.2%</b>
Property Taxes on Families	2.5%	1.8%	1.7%	1.3%	1.4%	1.1%	0.5%
Other Property Taxes	0.2%	0.2%	0.2%	0.2%	0.4%	0.5%	0.8%
<b>Income Taxes</b>	—	—	—	—	—	—	—
Personal Income Tax	—	—	—	—	—	—	—
Corporate Income Tax	—	—	—	—	—	—	—
<b>TOTAL TAXES</b>	<b>7.6%</b>	<b>6.3%</b>	<b>5.4%</b>	<b>4.4%</b>	<b>4.0%</b>	<b>3.1%</b>	<b>1.7%</b>
Federal Deduction Offset	—	-0.1%	-0.0%	-0.1%	-0.2%	-0.3%	-0.1%
<b>TOTAL AFTER OFFSET</b>	<b>7.6%</b>	<b>6.2%</b>	<b>5.4%</b>	<b>4.3%</b>	<b>3.8%</b>	<b>2.8%</b>	<b>1.6%</b>

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

# Wyoming Tax Trends

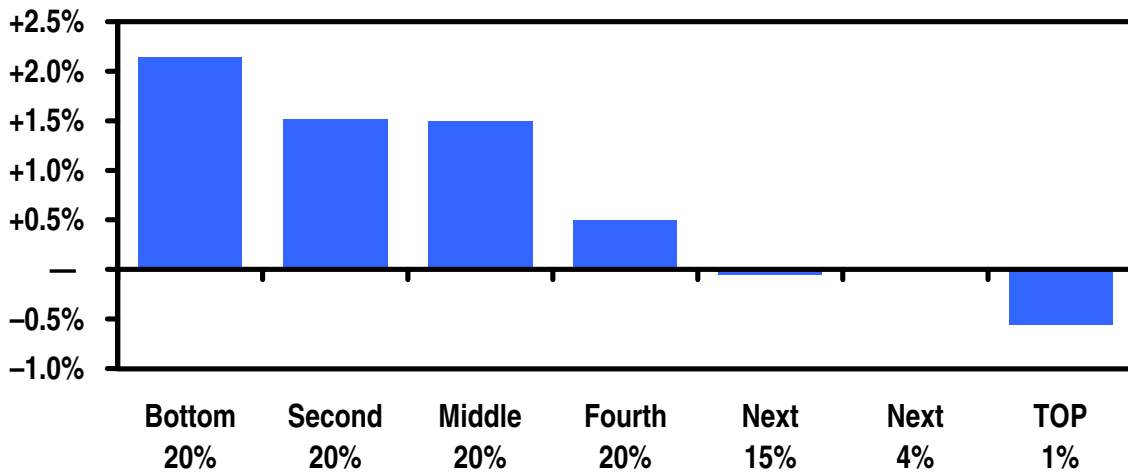
## Progressive Features

X None

## Regressive Features

- X No income tax
- X Sales tax applies to groceries

### Changes in Taxes as Shares of Income, 1989 – 2002

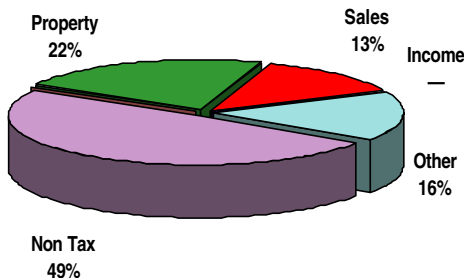


	Bottom 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Sales & Excise	+1.3%	+1.1%	+0.9%	+0.7%	+0.6%	+0.3%	+0.1%
Property	+0.8%	+0.5%	+0.6%	-0.3%	-0.6%	-0.3%	-0.7%
Income	—	—	—	—	—	—	—
Federal Offset	+0.0%	-0.1%	+0.0%	+0.0%	-0.0%	-0.1%	-0.0%
<b>Overall Change</b>	<b>+2.1%</b>	<b>+1.5%</b>	<b>+1.5%</b>	<b>+0.5%</b>	<b>-0.0%</b>	<b>+0.0%</b>	<b>-0.6%</b>

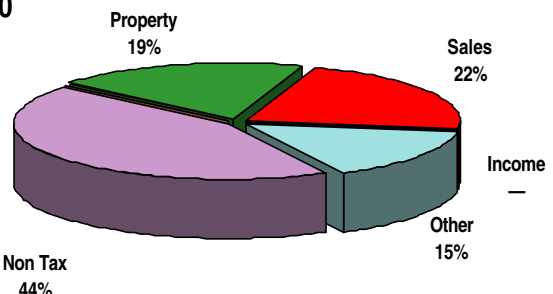
Wyoming increased its sales tax during the 1990s, hiking the state rate by 1 percent and the average local rate by 0.25 percent. These changes combined with hikes in excise taxes made Wyoming's tax structure more regressive.

### Composition of Revenues

1989



2000



Source: Government Finances, US Department of Census