

# SPECIAL REPORT

March 2007  
No. 150

## Putting Taxes on the Map: Federal Tax Burdens by City, County, Congressional District and State

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### Introduction

In 2004 the federal government in Washington spent \$2.18 trillion, roughly one-fifth of the U.S. economy. To finance that spending, it collected \$1.91 trillion from taxpayers across

the United States. However, the burden of those federal taxes did not fall equally on the cities, counties and states that comprise the diverse geographic landscape of the United States.

Some areas of the nation bear a heavy tax burden, while others pay comparatively little. Many previous Tax Foundation studies have estimated federal tax burdens at the state level,<sup>1</sup> but none has provided detailed estimates down to the narrow geographic areas that taxpayers most closely identify themselves with, such as counties, cities and congressional voting districts.

This report presents the Tax Foundation's most detailed portrait of the geographic spread of the federal tax burden to date. It provides estimates of all federal taxes—individual income taxes, corporate income taxes, payroll taxes, estate taxes and all federal excise taxes—by major city area, county, congressional district and state, illustrating the striking diversity of impact that federal tax policies established by Congress have on communities across the United States.

### Key Findings

- Americans in some cities, counties and congressional districts bear a much heavier burden to finance federal spending than in others.
- America's highest-federal-tax major city area is Stamford-Norwalk, Connecticut, which pays \$82,745 per household. San Francisco pays the second highest taxes at \$36,409, and San Jose is third at \$34,577. America's lowest-tax city area surrounds Mission, Texas, and pays \$7,238 per household.
- The congressional voting district with the highest federal taxes is Connecticut's 4<sup>th</sup> district, represented by Christopher Shays (R). The second highest is New York's 14<sup>th</sup> district, represented by Carolyn Maloney (D). The lowest federal taxes are in New York's 16<sup>th</sup> district, represented by Jose Serrano (D).
- Forty percent of federal taxes are paid by counties that make up only one percent of the nation's land area. California alone pays roughly 14 percent of federal taxes. Counting out Manhattan's federal tax bill by hand would require 41 pennies to be stacked on each and every square inch of Manhattan.

1 For example, see Curtis S. Dubay, "Federal Tax Burdens and Expenditures by State," *Tax Foundation Special Report* No. 139 (March 2006); "Federal Tax Burdens in States and Metropolitan Areas," *Tax Foundation Research Aid*, No. 5 (April 1974); and "Allocating the Federal Tax Burden Among the States," *Tax Foundation Research Aid*, No. 3 (April 1957).

**Which Taxes Are Included?**

Table 1 provides a complete list of federal taxes and their 2004 amounts. All figures are from the National Income and Product Accounts (NIPA) maintained by the U.S. Commerce Department’s Bureau of Economic Analysis.

*America’s richest cities also bear the nation’s highest federal tax burdens—a trend that is largely driven by the high degree of progressivity in the federal individual income tax.*

For the individual income tax, the refundable portions of the Earned Income Tax Credit (EITC) and the Additional Child Credit are treated as taxes rather than spending, and have been subtracted from total income tax collections.<sup>2</sup>

The remainder of this report is organized as follows. First, we present the federal tax burden of America’s largest metropolitan city

*Table 1  
List of Federal Taxes and Collections  
Calendar Year 2004*

Type of Tax	2004 Amount
Individual Income Taxes*	\$ 745.0 billion
Corporate Income Taxes	244.5 billion
Payroll Taxes (Contributions for Social Insurance)	802.2 billion
Gasoline Taxes	24.2 billion
Diesel Fuel Taxes	9.2 billion
Tobacco Taxes	7.1 billion
Alcohol Taxes	8.4 billion
Airline Taxes	12.1 billion
Other Excise Taxes	10.4 billion
Customs, Duties, etc.	23.3 billion
Estate and Gift Taxes	24.6 billion
Total	\$1.911 trillion

\* Note: The refundable portion of the EITC and the Additional Child Credit, which totaled \$56.4 billion in 2004, have been subtracted from the total to arrive at this figure.  
Sources: Tax Foundation calculations based on data from Bureau of Economic Analysis; and Internal Revenue Service.

areas. In Section II we present county-level tax burdens, and Section III presents federal tax burdens by U.S. congressional district. Section IV presents state-by-state estimates of federal tax burdens. Finally, Section V explains the key factors behind the vast differences in tax burdens throughout the United States.<sup>3</sup>

**I. Federal Tax Burdens in U.S. Cities**

Americans probably more closely identify themselves with the city they live in than any other geographic unit. This section explores the tax burden in America’s major city areas, technically known as “metropolitan statistical areas” or MSAs, as defined by the Office of Management and Budget (OMB). These areas are composed of counties, and center on large, urban areas. Roughly 80 percent of the U.S. population lives in one of the 331 MSAs examined in this report.

*Americans in some cities, counties and congressional districts bear a much heavier burden to finance federal spending than in others.*

**America’s Highest-Paying Cities**

It should come as no surprise that America’s richest cities also bear the nation’s highest federal tax burdens. This trend appears throughout this report and, as discussed further in Section V, is largely driven by the high degree of progressivity in the federal individual income tax, which dominates federal tax collections.

By far, the number one most federally tax-burdened city area in the United States is the Stamford-Norwalk area of Connecticut. One of the nation’s wealthiest enclaves just north of

2 For a complete discussion of the allocation methodology, see Gerald Prante and Andrew Chamberlain, “Estimating Federal Tax Burdens for Major City Areas, Counties and Congressional Districts,” *Tax Foundation Working Paper*, No. 2 (forthcoming).  
3 All figures presented in this report are available free of charge in downloadable format on the Tax Foundation’s website, at [www.taxfoundation.org](http://www.taxfoundation.org).  
4 The OMB technically defines the Stamford-Norwalk region as a primary metropolitan statistical area (PMSA), and some rankings by other organizations and agencies combine the Stamford-Norwalk PMSA with Bridgeport to produce a larger overall MSA. Cities included in the Stamford-Norwalk PMSA are Darien, Greenwich, Greens Farms, New Canaan, Norwalk, Stamford, Westport and Wilton.

the financial and commercial metropolis of New York, the city earns the highest income per household of any city area in the United States. The average household in Stamford-

Norwalk paid a staggering \$82,745 in federal taxes in 2004—more than double any other city in America.

In addition to the high incomes in the Stamford-Norwalk area, several factors explain its heavy federal tax burden. First, Stamford-Norwalk has fewer households than the typical city area, boosting per-household tax burdens.<sup>4</sup> Second, two-earner households are much more common in the Stamford-Norwalk area than in many other high-income areas of the United States.

The nation's second highest federal tax burden falls on residents of the eclectic bay-area metropolis of San Francisco, California. Residents of California's foggy city paid an average household federal tax burden of \$36,409 in 2004. The coastal cities of San Jose, California, and Naples, Florida, carried the third and fourth highest federal tax loads, with Danbury, Connecticut, paying the fifth highest burden.

**Table 2**  
*Top 20 Major City Areas in Average Federal Tax Burden Per Household Calendar Year 2004*

Rank	Major City Area (MSA)	Average Federal Tax Burden Per Household
1	Stamford-Norwalk, CT	\$82,745
2	San Francisco, CA	\$36,409
3	San Jose, CA	\$34,577
4	Naples, FL	\$31,630
5	Danbury, CT	\$31,110
6	Nassau-Suffolk, NY	\$30,732
7	Bergen-Passaic, NJ	\$28,657
8	Middlesex-Somerset-Hunterdon, NJ	\$28,455
9	Boston, MA-NH	\$27,740
10	Newark, NJ	\$27,712
11	Orange County, CA	\$27,062
12	Washington, DC-MD-VA-WV	\$26,911
13	Trenton, NJ	\$26,676
14	Oakland, CA	\$24,818
15	West Palm Beach-Boca Raton, FL	\$24,635
16	Ventura, CA	\$24,249
17	Boulder-Longmont, CO	\$23,740
18	Seattle-Bellevue-Everett, WA	\$23,597
19	Reno, NV	\$23,140
20	New York, NY	\$23,014

Note: A full list of federal tax burdens by MSA is available at [www.taxfoundation.org/taxdata/show/2228.html](http://www.taxfoundation.org/taxdata/show/2228.html).

Sources: Tax Foundation calculations based on data from Internal Revenue Service; Bureau of Economic Analysis; Census Bureau; Centers for Disease Control and Prevention; Bureau of Labor Statistics; and Department of Energy.

**Table 3**  
*Bottom 20 Major City Areas in Average Federal Tax Burden Per Household Calendar Year 2004*

Rank	Major City Area (MSA)	Average Federal Tax Burden Per Household
312	Pueblo, CO	\$9,993
313	Sharon, PA	\$9,955
314	Ocala, FL	\$9,903
315	Florence, AL	\$9,831
316	Wheeling, WV-OH	\$9,814
317	Anniston, AL	\$9,727
318	Yuma, AZ	\$9,715
319	Goldsboro, NC	\$9,696
320	Huntington-Ashland, WV-KY-OH	\$9,478
321	Las Cruces, NM	\$9,417
322	Gadsden, AL	\$9,281
323	Pine Bluff, AR	\$9,181
324	Steubenville-Weirton, OH-WV	\$9,174
325	Johnstown, PA	\$9,161
326	Danville, VA	\$9,135
327	Sumter, SC	\$8,821
328	Jamestown, NY	\$8,709
329	Cumberland, MD-WV	\$8,465
330	Brownsville-Harlingen-San Benito, TX	\$7,676
331	McAllen-Edinburg-Mission, TX	\$7,238

Note: A full list of federal tax burdens by MSA is available at [www.taxfoundation.org/taxdata/show/2228.html](http://www.taxfoundation.org/taxdata/show/2228.html).

Sources: Tax Foundation calculations based on data from Internal Revenue Service; Bureau of Economic Analysis; Census Bureau; Centers for Disease Control and Prevention; Bureau of Labor Statistics; and Department of Energy.

*America's highest-federal-tax major city area is Stamford-Norwalk, Connecticut, which pays \$82,745 per household.*

The full list of America's top 20 highest-federally-taxed major city areas is presented in Table 2. Overall, cities in California and New Jersey dominate the list of most highly federally-taxed cities, with five and four city areas respectively. New York, Florida and Connecticut each have two cities in the top 20.

### America's Lowest-Tax Cities

Next, we explore which U.S. cities pay the lowest federal taxes per household. The number one low-tax city in America is the McAllen-Edinburg-Mission area of Texas, located by the Rio Grande along the Mexico border. Residents of the area faced an average 2004 household federal tax burden of \$7,238. The second-lowest federal tax bills were also found in the Lone Star State, in the

Brownsville area. Its residents paid an estimated \$7,676.

Overall, more cities in the South and Southwest appear on the list of lowest-federally-taxed cities. However, no one U.S. region dominates the list. Cities as culturally and economically diverse as Jamestown, New York; Pueblo, Colorado; and Gadsden, Alabama, appear on the list of the bottom 20 federal tax burdens.

*Counting out Manhattan's federal tax bill by hand would require 41 pennies to be stacked on each and every square inch of Manhattan.*

The complete list of the 20 U.S. cities with the lowest federal taxes is presented in Table 3.

**Table 4**  
**Top 20 Counties in Average Federal Tax Burden Per Household**  
**Calendar Year 2004**

Rank	County	Average Federal Tax Burden Per Household
1	Teton, WY	\$60,364
2	Pitkin, CO	57,100
3	Fairfield, CT	50,374
4	New York, NY (Manhattan)	47,177
5	Westchester, NY	43,514
6	Marin, CA	42,568
7	Somerset, NJ	40,073
8	Morris, NJ	39,436
9	San Mateo, CA	39,068
10	Fairfax, VA*	37,600
11	Hunterdon, NJ	36,766
12	Nassau, NY	36,338
13	Lake, IL	35,673
14	Montgomery, MD	35,499
15	Summit, UT	35,068
16	Santa Clara, CA	34,551
17	Williamson, TN	34,396
18	Bergen, NJ	34,086
19	Nantucket, MA	33,249
20	Goochland, VA	33,014

\* Includes Fairfax County, Fairfax City, and Falls Church.

Note: A full list of federal tax burdens by county is available at [www.taxfoundation.org/taxdata/show/2229.html](http://www.taxfoundation.org/taxdata/show/2229.html).

Sources: Tax Foundation calculations based on data from Internal Revenue Service; Bureau of Economic Analysis; Census Bureau; Centers for Disease Control and Prevention; Bureau of Labor Statistics; and Department of Energy.

### Interesting Facts About City Tax Burdens

- The top 10 major U.S. city areas pay roughly 26 percent of all federal taxes;
- The top 25 major U.S. city areas pay roughly 44 percent of all federal taxes;
- In 281 of the 331 major city areas—roughly 85 percent—households pay more in federal payroll taxes than individual income taxes;
- In one U.S. city area, McAllen-Edinburg-Mission, Texas, households pay on average more corporate income taxes—in the form of higher prices, lower wages or lower stock returns—than individual income taxes;
- U.S. households that live in major city areas, or MSAs—approximately 80 percent of all U.S. households—pay an average federal tax burden of \$18,570. Households outside major city areas pay an average federal tax burden of only \$10,460; and
- Six of the top 10 major U.S. city areas are within 50 miles of New York, New York.

## II. Federal Tax Burden in U.S. Counties

U.S. counties are the narrowest unit for which we provide federal tax burden estimates. Currently, there are roughly 3,000 counties throughout the United States. Across all counties the average federal tax burden hovers at \$16,962. However, federal tax burdens between counties vary dramatically, ranging from just \$2,788 in rural Starr County, Texas, to a whopping \$60,364 in snowy Teton County, Wyoming.<sup>5</sup>

5 Because many counties have small numbers of households, the average tax burdens in these areas can be heavily influenced by the tax bills of a relatively few taxpayers.

6 Gerald Prante, "Property Tax Collections Surged with Housing Boom," *Tax Foundation Special Report*, No. 146 (December 2006).

**America’s Highest-Paying Counties**

Teton County in Wyoming—home of the high-net-worth enclave of Jackson Hole and former home of Vice President Dick Cheney—tops the list of America’s highest federal taxes per household at over \$60,000. Second on the list is Pitkin County, Colorado, home of the elite ski resort area of Aspen. Another famous ski resort area appears on the list of highest federal tax burdens: Summit County, Utah, home of Park City, which famously hosted the skiing events for the 2002 Winter Olympics and is the site of the annual Sundance Film Festival, ranks 15<sup>th</sup> highest on the list.

*In 2,836 of the 3,111 counties—roughly 91 percent—households pay more in federal payroll taxes than individual income taxes.*

The third, fourth and fifth highest federal tax burdens are in three counties in the New York City area, including Westchester County,

which previous Tax Foundation studies have found to have the highest property taxes on owner-occupied housing among the nation’s larger counties.<sup>6</sup>

Table 4 presents the 20 counties with the nation’s highest federal tax burdens per household.

**America’s Lowest-Tax Counties**

There are few ski resorts or elite urban centers in the list of counties with the nation’s lowest federal taxes, as the majority fall in rural areas of the South and Southwest. Six of the bottom 20 counties are in Kentucky, four are in Texas, three in New Mexico, and two each in Mississippi and Tennessee.

*The number one lowest-tax city in America is the McAllen-Endinburg-Mission area of Texas, located by the Rio Grande along the Mexican border.*

Table 5 presents the 20 counties with the nation’s lowest federal tax burden per household.

**Table 5**  
*Bottom 20 Counties in Average Federal Tax Burden Per Household Calendar Year 2004*

Rank	County	Average Federal Tax Burden Per Household
3093	Harding, NM	\$ 4,503
3094	Guadalupe, NM	4,449
3095	Dickens, TX	4,441
3096	Menifee, KY	4,437
3097	Holmes, MS	4,400
3098	Presidio, TX	4,387
3099	Sierra, NM	4,298
3100	Clay, KY	4,291
3101	Jackson, KY	4,266
3102	Lake, TN	4,169
3103	Elliott, KY	4,049
3104	Grant, NE	4,032
3105	Jefferson, MS	3,887
3106	McCreary, KY	3,805
3107	Owsley, KY	3,744
3108	Zavala, TX	3,673
3109	McDowell, WV	3,561
3110	Hancock, TN	3,388
3111	Kalawao, HI	3,020
3112	Starr, TX	2,788

Note: A full list of federal tax burdens by county is available at [www.taxfoundation.org/taxdata/show/2229.html](http://www.taxfoundation.org/taxdata/show/2229.html).

Sources: Tax Foundation calculations based on data from Internal Revenue Service; Bureau of Economic Analysis; Census Bureau; Centers for Disease Control and Prevention; Bureau of Labor Statistics; and Department of Energy.

**Interesting Facts About County Tax Burdens**

- Approximately 40 percent of the total federal tax burden is paid by counties that make up only one percent of the nation’s land area—an area roughly the size of Indiana;
- Eight of the top 20 counties lie within 60 miles of New York City (as defined by the location of the county seat);
- Seven of the top 50 counties lie within 50 miles of Washington, D.C.;
- In 2,836 of the 3,111 counties—roughly 91 percent—households pay more in federal payroll taxes than individual income taxes;

- In 207 counties, households paid more in corporate income taxes—in the form

of higher prices, lower wages or lower stock returns—than individual income taxes;

**Table 6**  
*Top 20 Congressional Districts in Average Federal Tax Burden Per Household Calendar Year 2004*

Rank	Member (Party) in 2007	Cong. District	Average Federal Tax Burden Per Household
1	Christopher Shays (R)	CT-4	\$ 58,943
2	Carolyn Maloney (D)	NY-14	56,199
3	Henry Waxman (D)	CA-30	53,485
4	Anna Eshoo (D)	CA-14	51,728
5	Nita Lowey (D)	NY-18	49,306
6	Mark Kirk (R)	IL-10	46,289
7	Rodney Frelinghuysen (R)	NJ-11	42,097
8	Jerrold Nadler (D)	NY-8	41,551
9	John Campbell (R)	CA-48	40,013
10	Chris Van Hollen (D)	MD-8	37,551
11	John Culberson (R)	TX-7	37,228
12	Scott Garrett (R)	NJ-5	36,956
13	Mike Ferguson (R)	NJ-7	36,711
14	Pete Sessions (R)	TX-32	33,614
15	Nancy Pelosi (D)	CA-8	33,467
16	Joe Knollenberg (R)	MI-9	33,240
17	Frank Wolf (R)	VA-10	32,357
18	Tom Davis (R)	VA-11	31,526
19	Michael Honda (D)	CA-15	31,233
20	Rush Holt (D)	NJ-12	31,192

Note: A full list of federal tax burdens by congressional district is available at [www.taxfoundation.org/taxdata/show/2230.html](http://www.taxfoundation.org/taxdata/show/2230.html).

Sources: Tax Foundation calculations based on data from Internal Revenue Service; Bureau of Economic Analysis; Census Bureau; Centers for Disease Control and Prevention; Bureau of Labor Statistics; and Department of Energy.

**Table 7**  
*Bottom 20 Congressional Districts in Average Federal Tax Burden Per Household Calendar Year 2004*

Rank	Member (Party) in 2007	Cong. District	Average Federal Tax Burden Per Household
417	Sanford Bishop (D)	GA-2	\$ 9,241
418	Ed Whitfield (R)	KY-1	9,213
419	James Clyburn (D)	SC-6	9,009
420	Rodney Alexander (R)	LA-5	8,961
421	John Barrow (D)	GA-12	8,923
422	Raul Grijalva (D)	AZ-7	8,923
423	Stevan Pearce (R)	NM-2	8,913
424	Artur Davis (D)	AL-7	8,826
425	George Butterfield (D)	NC-1	8,793
426	Rick Boucher (D)	VA-9	8,699
427	Mike Ross (D)	AR-4	8,670
428	Marion Berry (D)	AR-1	8,423
429	Bennie Thompson (D)	MS-2	8,394
430	Jim Costa (D)	CA-20	8,146
431	Jo Ann Emerson (R)	MO-8	8,145
432	Dan Boren (D)	OK-2	7,982
433	Ruben Hinojosa (D)	TX-15	7,822
434	Nick Rahall (D)	WV-3	7,751
435	Harold Rogers (R)	KY-5	6,668
436	Jose Serrano (D)	NY-16	4,571

Note: A full list of federal tax burdens by congressional district is available at [www.taxfoundation.org/taxdata/show/2230.html](http://www.taxfoundation.org/taxdata/show/2230.html).

Note: This list includes Washington, D.C., in addition to the 435 congressional districts.

Sources: Tax Foundation calculations based on data from Internal Revenue Service; Bureau of Economic Analysis; Census Bureau; Centers for Disease Control and Prevention; Bureau of Labor Statistics; and Department of Energy.

- Twenty-nine of the top 50 counties lie in the Eastern Time Zone; while the remaining 21 are split evenly among the Central, Mountain and Pacific Time Zones;

- In terms of total dollar amounts of taxes paid, the top three counties are Los Angeles County; Cook County, Illinois; and New York County. These three counties alone pay roughly 8 percent of the nation's total federal taxes, although they make up only 5 percent of the nation's households and around 6 percent of the nation's population;

*Los Angeles County alone pays approximately \$68.2 billion in total federal taxes. Its neighbor, Orange County, pays around \$27 billion.*

- Los Angeles County alone pays approximately \$68.2 billion in total federal taxes. Its neighbor, Orange County, pays around \$27 billion, which is the fifth highest in the country;

- Southern California, as defined by those counties residing south and west of San Luis Obispo and Kern Counties, pays approximately 7.6 percent of the nation's total federal tax burden, or \$145 billion. Residents of California pay nearly 14 percent of the nation's total tax burden, although they make up only 11 percent of the nation's households;

- Manhattan averages about \$1.66 billion in federal taxes per square mile, or \$59 per square foot. Put another way, to physically illustrate that annual federal tax bill would require 41 pennies to be stacked on every square inch of Manhat-

tan. The second closest federal tax bill is paid by San Francisco County, where the average burden per square mile is \$221 million, or \$7.93 per square foot. The lowest total federal tax burden is paid by

Yukon-Koyukuk Census Area in Alaska, where the average federal tax burden per square mile is just \$129—less than 1/2000<sup>th</sup> of a penny per square foot.

**Table 8**  
*Average Household Federal Tax Burden by State*  
*Calendar Year 2004*

State	Total Federal Tax Per Household	Rank	Income Tax	Payroll Tax	Corporate Income Tax	Excise Tax	Estate and Gift Tax
U.S.	\$16,962	—	\$6,613	\$7,120	\$2,170	\$841	\$218
AK	\$18,291	15	\$7,259	\$7,827	\$2,251	\$898	\$56
AL	11,976	44	3,842	5,656	1,650	719	109
AR	10,856	49	3,300	5,215	1,516	684	141
AZ	14,935	27	5,578	6,470	1,942	758	188
CA	20,892	6	8,385	8,606	2,620	943	338
CO	\$18,728	12	\$7,239	\$7,999	\$2,480	\$896	\$114
CT	27,234	1	13,314	9,393	3,001	1,040	487
DC	23,802	3	9,676	9,603	3,015	956	552
DE	18,569	13	7,339	7,659	2,347	913	311
FL	16,234	21	7,094	5,908	2,032	795	405
GA	\$15,027	26	\$5,266	\$6,826	\$1,978	\$795	\$162
HI	18,064	16	6,592	8,076	2,388	887	121
IA	13,764	36	4,502	6,390	1,952	792	128
ID	12,969	39	4,206	6,102	1,835	736	89
IL	18,931	10	7,735	7,723	2,365	882	226
IN	\$14,307	32	\$5,054	\$6,453	\$1,887	\$777	\$135
KS	14,530	30	5,135	6,485	1,996	786	129
KY	11,709	47	3,865	5,403	1,593	701	148
LA	11,657	48	3,391	5,791	1,655	734	85
MA	22,715	4	10,016	8,699	2,745	986	270
MD	\$21,245	5	\$8,697	\$8,630	\$2,659	\$960	\$299
ME	12,858	40	4,479	5,735	1,720	756	168
MI	15,562	24	5,738	6,816	2,030	825	154
MN	18,310	14	7,192	7,671	2,421	915	111
MO	13,754	37	4,808	6,084	1,887	786	189
MS	\$9,759	50	\$2,402	\$5,093	\$1,446	\$690	\$128
MT	11,722	46	3,779	5,340	1,754	741	108
NC	13,391	38	4,624	6,060	1,808	740	158
ND	12,813	41	4,306	5,881	1,818	758	50
NE	14,802	28	4,962	6,702	2,126	814	198
NH	\$19,900	9	\$8,054	\$8,124	\$2,391	\$923	\$407
NJ	24,336	2	10,824	9,384	2,885	1,031	212
NM	11,851	45	3,743	5,647	1,640	729	92
NV	19,944	8	8,864	7,525	2,394	868	293
NY	20,302	7	8,992	7,636	2,437	888	349
OH	\$14,426	31	\$5,204	\$6,393	\$1,887	\$783	\$158
OK	12,296	42	3,907	5,690	1,692	750	256
OR	14,048	33	5,013	6,143	1,953	766	173
PA	15,812	23	6,087	6,707	2,032	798	188
RI	16,366	20	6,439	6,753	2,098	835	242
SC	\$11,988	43	\$3,880	\$5,585	\$1,638	\$738	\$147
SD	13,973	34	4,899	6,077	2,011	801	185
TN	13,876	35	4,838	6,391	1,760	750	136
TX	16,654	19	5,977	7,565	2,131	854	129
UT	15,818	22	5,160	7,593	2,180	797	87
VA	\$18,865	11	\$7,698	\$7,650	\$2,391	\$895	\$230
VT	14,649	29	5,363	6,393	1,963	807	123
WA	17,926	17	7,285	7,287	2,328	859	167
WI	15,471	25	5,770	6,721	2,040	815	125
WV	9,592	51	3,067	4,525	1,312	619	69
WY	\$16,976	18	\$7,097	\$6,596	\$2,312	\$882	\$90

Sources: Tax Foundation calculations based on data from Internal Revenue Service, Bureau of Economic Analysis, Census Bureau, Centers for Disease Control and Prevention, Bureau of Labor Statistics, and Department of Energy.

### III. Federal Tax Burden in U.S. Congressional Districts

Members of Congress are often interested in how different federal tax policies affect their constituents back home. In this section, we explore which U.S. congressional voting districts—and therefore which Members of Congress’ home areas—are hit hardest by federal taxes.

*The top 25 major U.S. city areas pay roughly 44 percent of all federal taxes.*

#### America’s Highest-Paying Congressional Districts

Overall, three of the top five most highly taxed congressional districts lie in the New York City area. On the other side of the country, the home district of Speaker of the House Nancy Pelosi (D-CA) ranks 15<sup>th</sup> highest, with an estimated average federal tax burden per household of \$33,467. The home district of House Minority Leader John Boehner (R-OH) ranks 237<sup>th</sup> highest among the 435 districts, with an average federal tax burden of \$14,079 per household.

Among the 20 highest-tax districts, 11 are represented by Republicans, while nine are represented by Democrats. Four of the top five are represented by Democrats.

Table 6 presents the top 20 congressional districts with the nation’s highest federal tax burdens per household, along with their current lawmaker in the U.S. House of Representatives.

**America's Lowest-Tax Congressional Districts**

Which Members of Congress represent the lowest-federally-taxed districts in America? Table 7 presents the 20 congressional districts with the lowest federal tax bills per household in 2004.

The number one lowest-tax congressional district is represented by Jose Serrano (D-NY) and is located in the Bronx section of New

York City. Oddly enough, this district lies just minutes away from the second highest-taxed district, which belongs to Carolyn Maloney (D-NY) in Manhattan. The majority of the other districts toward the bottom of the list are in the South and Southwest. Among the nation's lowest-taxed congressional districts, 15 of the bottom 20 are represented by Democrats, and five are represented by Republicans.

*Table 9  
Taxes Paid in Districts Represented by Members of the House Ways and Means Committee  
Calendar Year 2004*

Member in 2007	Cong. District	Total Federal Tax Per Household	Income Tax	Payroll Tax	Corporate Income Tax	Excise Tax	Estate and Gift Tax
Davis (D)	AL-7	\$ 8,826	\$ 1,840	\$ 4,895	\$ 1,392	\$ 623	\$ 75
Thompson (D)	CA-1	14,825	5,554	6,202	2,021	752	296
Heger (R)	CA-2	10,959	3,664	5,086	1,535	628	46
Stark (D)	CA-13	20,979	7,711	9,437	2,706	964	161
Nunes (R)	CA-21	12,500	3,416	6,519	1,804	718	43
Becerra (D)	CA-31	10,787	2,609	5,953	1,552	598	74
Larson (D)	CT-1	19,276	7,611	8,305	2,444	867	48
Meek (D)	FL-17	9,435	2,180	5,071	1,460	611	113
Lewis (D)	GA-5	24,627	10,680	9,217	3,055	1,106	568
Linder (R)	GA-7	18,221	6,830	8,208	2,198	863	122
Emanuel (D)	IL-5	19,959	7,967	8,270	2,514	922	286
Weller (R)	IL-11	15,284	6,025	6,578	1,856	733	92
Lewis (R)	KY-2	10,842	3,389	5,196	1,476	669	112
McCrery (R)	LA-4	10,752	3,096	5,374	1,533	701	49
Van Hollen (D)	MD-8	37,551	18,612	12,082	4,424	1,477	956
Neal (D)	MA-2	15,466	5,914	6,843	1,922	761	26
Camp (R)	MI-4	12,129	4,372	5,344	1,611	690	112
Levin (D)	MI-12	14,656	4,980	6,857	1,974	792	53
Ramstad (R)	MN-3	30,318	13,783	11,098	3,785	1,331	321
Hulshof (R)	MO-9	11,799	4,030	5,338	1,557	695	180
Berkley (D)	NV-1	17,191	7,294	6,913	2,057	766	161
Porter (R)	NV-3	22,411	10,304	8,369	2,570	931	238
Pascrell (D)	NJ-8	21,472	8,599	9,159	2,652	973	90
Crowley (D)	NY-7	9,891	2,454	5,295	1,411	629	101
Rangel (D)	NY-15	15,378	5,403	7,059	1,911	649	355
McNulty (D)	NY-21	14,987	5,602	6,635	1,987	727	36
Reynolds (R)	NY-26	14,805	5,487	6,598	1,951	741	27
Pomeroy (D)	ND	12,813	4,306	5,881	1,818	758	50
Jones (D)	OH-11	14,956	5,453	6,544	2,008	815	135
Tiberi (R)	OH-12	19,299	7,651	8,138	2,349	923	238
Blumenauer (D)	OR-3	13,799	4,225	6,713	2,026	768	66
English (R)	PA-3	11,017	3,680	5,078	1,496	637	127
Schwartz (D)	PA-13	20,929	8,468	8,605	2,655	983	219
Tanner (D)	TN-8	9,840	2,675	5,096	1,371	634	64
Johnson (R)	TX-3	25,676	10,927	10,641	2,900	1,086	122
Brady (R)	TX-8	15,264	6,288	6,311	1,808	765	91
Doggett (D)	TX-25	13,885	4,891	6,406	1,768	717	105
Cantor (R)	VA-7	21,096	8,929	8,295	2,640	958	274
McDermott (D)	WA-7	24,452	10,975	8,876	3,184	1,078	339
Ryan (R)	WI-1	15,978	5,851	7,088	2,091	843	104
Kind (D)	WI-3	13,105	4,635	5,889	1,735	720	126

Note: A full list of federal tax burdens by congressional district is available at [www.taxfoundation.org/taxdata/show/2230.html](http://www.taxfoundation.org/taxdata/show/2230.html).  
Sources: Tax Foundation calculations based on data from Internal Revenue Service; Bureau of Economic Analysis; Census Bureau; Centers for Disease Control and Prevention; Bureau of Labor Statistics; and Department of Energy.

*By a wide margin, the two most important federal taxes are the individual income tax and the federal payroll tax, which together account for 81 percent of the federal tax burden.*

**Interesting Facts About Congressional District Tax Burdens**

- Districts represented by Democrats tend to pay, on average, the same as districts represented by Republicans;
- The average household tax burden for Democratically represented districts is \$16,984, while the average household tax burden for districts represented by Republicans is \$17,037—a difference of just \$53, or less than one half of one percent;
- In 332 of the 436 congressional districts (including the District of Columbia)—roughly 76 percent—households pay more in federal payroll taxes than individual income taxes;
- Three congressional districts pay more corporate income taxes—in the form of higher prices, lower wages or lower stock returns—than individual income taxes: Texas's 29<sup>th</sup> district, New York's 16<sup>th</sup> district, and California's 20<sup>th</sup> district;
- Democrats and Republicans each represent 25 of the top 50 districts, while 35

of the bottom 50 districts are represented by Democrats;

- The district of Charlie Rangel (D-NY), the Chairman of the powerful House Committee on Ways and Means, which initiates all tax legislation, ranks close to the middle at 191<sup>st</sup> highest, with an average household federal tax burden of \$15,378.

#### IV. Federal Tax Burdens in U.S. States

The largest geographic areas examined in this report are the 50 U.S. states. Overall, federal tax burdens by state in 2004 reflect a similar pattern to the smaller areas examined above. The state of Connecticut tops the list with the nation’s highest federal tax bill of \$27,234 per household. Connecticut is followed by New Jersey, the District of Columbia, Massachusetts and Maryland. The state with the lowest federal tax burden per household is West Virginia, followed by Mississippi, Arkansas, Louisiana and Kentucky.

In addition to total federal tax burden, Table 8 presents the composition of federal taxes for each state, illustrating which type of tax is most burdensome in different areas. Some states, such as Connecticut, are hit hardest by the federal income tax, but less hard by payroll taxes, since much of the income earned in the state exceeds the Social Security payroll

tax cap amount. Other states are more affected by federal excise taxes or corporate income taxes, depending on buying patterns and the sources of income earned in the state.

#### V. What Explains Differences in Tax Burdens Across the Country?

As illustrated above, the geographic spread of the federal tax burden varies sharply across cities, counties, congressional districts and states. What factors help explain this stark inequality in federal tax bills across different communities?

##### Areas with High and Low Incomes

The single most important factor driving the disparity in federal tax burdens is differences in household income. By a wide margin, the two most important federal taxes are the individual income tax and the federal payroll tax, which together account for 81 percent of the federal tax burden. Because both taxes take a percentage of taxpayers’ incomes, it is inevitable that areas with higher incomes will face higher federal tax burdens.

The heavy federal tax burden in the wealthiest U.S. communities is exacerbated by the progressivity of individual income taxes, which make up 39 percent of the federal tax burden. Additionally, although the federal corporate income tax and estate tax are not directly levied on incomes, the real economic burden of them likely falls disproportionately on those with high incomes and wealth. As a result, these federal taxes further skew the distribution of federal tax burdens toward the wealthiest areas of the nation.

In contrast, areas with low incomes face low federal tax burdens for two reasons. First, low incomes clearly result in low income tax and payroll tax burdens. Second, the substantial tax relief provided by the federal Earned Income Tax Credit (EITC) is narrowly targeted toward the lowest-income areas in the country—reducing federal tax burdens to below zero for many households in poor areas.

**Table 10**  
*Members of the Senate Finance Committee, 110<sup>th</sup> Congress*

Democrats	Republicans
Max Baucus (MT), Chairman	Charles Grassley (IA), Ranking Member
John D. Rockefeller IV (WV)	Orrin G. Hatch (UT)
Kent Conrad (ND)	Trent Lott (MS)
Jeff Bingaman (NM)	Olympia J. Snowe (ME)
John F. Kerry (MA)	Jon Kyl (AZ)
Blanche L. Lincoln (AR)	Craig Thomas (WY)
Ron Wyden (OR)	Gordon Smith (OR)
Charles E. Schumer (NY)	Jim Bunning (KY)
Debbie Stabenow (MI)	Mike Crapo (ID)
Maria Cantwell (WA)	Pat Roberts (KS)
Ken Salazar (CO)	

Source: Tax Foundation

7 See Curtis S. Dubay, “Federal Tax Burdens and Expenditures by State,” *Tax Foundation Special Report*, No. 139 (March 2006).

**Different Sources of Income**

Different sources of income are taxed differently by the federal tax code. For example, income from dividends and capital gains is taxed at a relatively low rate of 15 percent, while regular wages and salaries are taxed at rates of up to 35 percent. Income from gifts and estates is taxed differently from pension income, and income from many government transfer programs is not taxed at all. As a result, the ways that residents of different areas earn income have a large impact on the spread of federal tax burdens across communities.

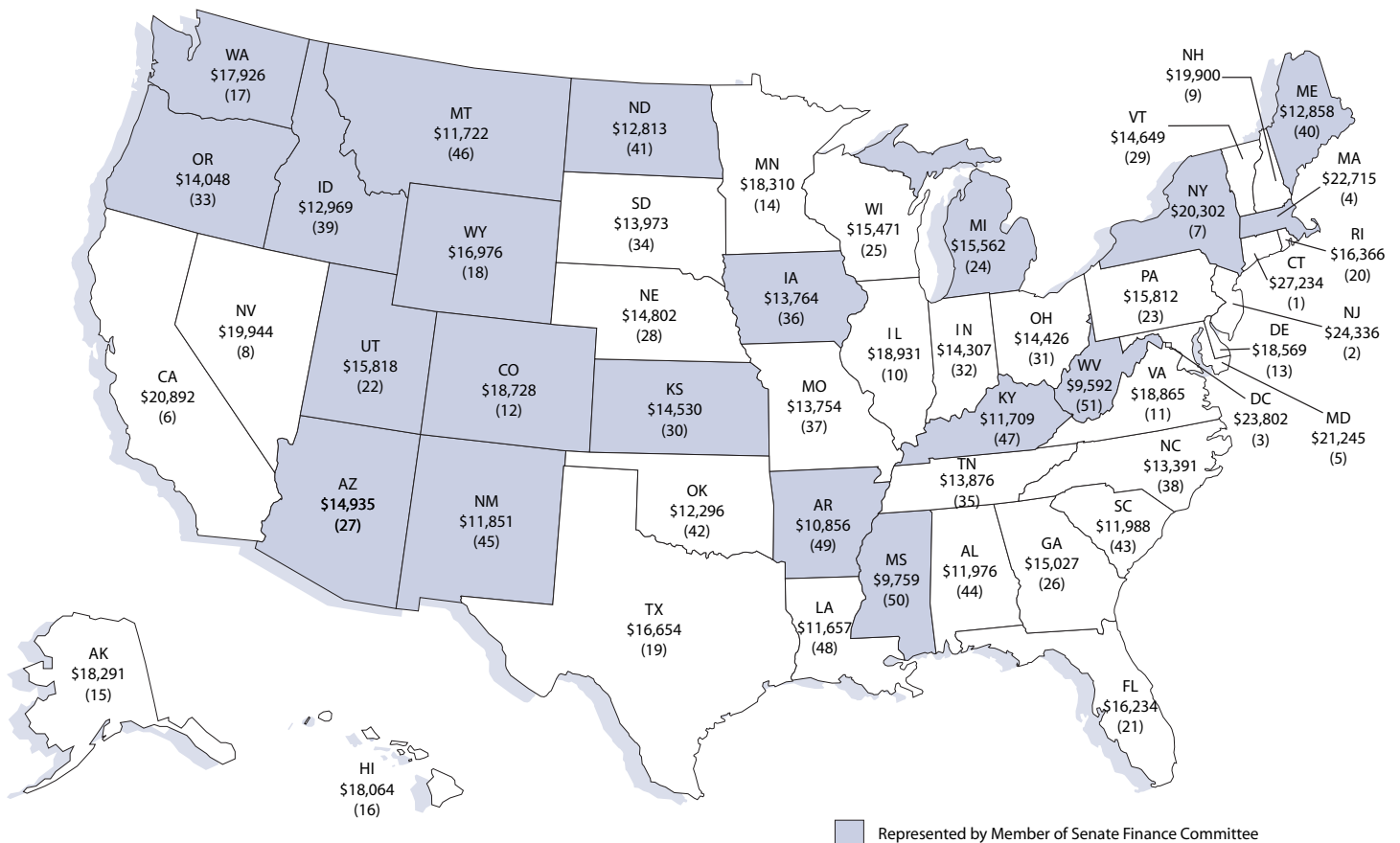
Communities in which most income is earned from wages and salaries will face high payroll tax burdens, while areas with more income from interest, dividends, and rents will bear a larger share of the corporate tax burden.

Other things being equal, areas where residents mostly rely on untaxed government transfer payments will face lower federal tax burdens.

**Habits and Lifestyles**

Throughout the United States there is a staggering variety of lifestyles, and federal tax law penalizes some of those personal lifestyle choices more than others. For example, areas with large numbers of smokers and drinkers face heavier federal excise tax burdens than nonsmoking and nondrinking areas. Areas with more frequent airline travelers face heavier federal airline tax burdens than those whose residents travel more by car or rail. Gasoline taxes fall more heavily on residents of low-density rural areas and areas with older and less fuel-efficient vehicles. As with all taxes on pur-

*Figure 1  
Average Household Federal Tax Burden by State and Rank  
Calendar Year 2004*



Represented by Member of Senate Finance Committee

chases, personal lifestyle choices play an important role in shaping the distribution of federal excise tax burdens.

### Sizes of Households

Household sizes and characteristics vary widely across the United States, and these demographic differences can affect the pattern of federal tax burdens. For example, federal tax law generously rewards large families through the Additional Child Tax Credit, which tends to lower federal tax burdens in areas with large numbers of eligible children. However, larger households also tend to have multiple earners, resulting in heavier federal income and payroll tax burdens. Overall, household sizes in different areas can have an important impact on the spread of federal tax burdens.

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*Teton County in Wyoming—home of the high-net-worth enclave of Jackson Hole and former home of Vice President Dick Cheney—tops the list of America's highest federal taxes per household at over \$60,000.*

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### State and Local Taxes

While federal lawmakers are responsible for crafting federal tax policy, state and local taxes interact with the federal tax code in subtle ways that can influence the pattern of federal tax burdens. For example, the federal individual income tax allows a deduction for state and local taxes paid which, other things being equal, tends to lower federal tax burdens in areas with higher state and local taxes.

### Where Federal Tax Returns Are Filed

The nation's heaviest federal tax burdens are borne by two counties that are famous for scenic views and prestigious ski resorts frequented by celebrities and wealthy vacationers: Teton County, Wyoming, and Pitkin County, Colorado, homes of the famous Jackson Hole and

Aspen skiing areas. In addition to being prestigious, high-income areas, both of these counties are located in states with relatively low state and local tax burdens. Wyoming has no state income tax and ranks 33<sup>rd</sup> highest in overall state and local tax burden, while Colorado has a flat 4.63 percent state income tax and ranks just 38<sup>th</sup> highest.<sup>7</sup>

As a result, many high-income households with multiple residences may choose to file tax returns in these locations for tax planning purposes. Because federal income tax data do not identify taxpayers who split their time between multiple areas, it is unclear how important a role strategic tax planning plays in the distribution of federal tax burdens by geography.

### What Doesn't Explain Differences in Tax Burdens: Representation by Congressional Tax Writers

Within Congress, two key committees are primarily responsible for setting federal tax policy: the House Committee on Ways and Means, and the Senate Finance Committee. In this section, we examine the federal tax burdens of households in the home districts of those Members responsible for writing the nation's tax laws.

Overall, the nation's tax writers represent a broad swath of the nation's population in every important way that affects tax burdens: level of income, composition of income, habits and lifestyles, size of household, and payment of state and local taxes.

### *Tax Burdens in Districts Represented on the House Ways and Means Committee*

The average federal tax burden per household in districts represented by members of the House Ways and Means Committee is \$16,719, slightly below the overall average of \$16,962 per household. The average for those districts represented by a Democratic member of the Ways and Means Committee is \$16,828 per household. This suggests that the composition of the membership of the Ways and Means Committee, as a whole, mirrors the fed-

eral tax burden for the nation's households fairly well.

Table 9 provides an in-depth look at the composition of federal tax burdens for each member of the Ways and Means Committee, illustrating which federal taxes are the most and least burdensome in each district.

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*The average household tax burden for Democratically represented districts is \$16,984, while the average household tax burden for districts represented by Republicans is \$17,037—a difference of just \$53, or less than one half of one percent.*

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#### *Tax Burdens in States Represented on the Senate Finance Committee*

Along with the House Ways and Means Committee, the powerful Senate Finance Committee is responsible for writing federal tax law.

For the current 110<sup>th</sup> Congress, the members of the Senate Finance Committee are listed in Table 10. The federal tax burdens of the states are presented in Table 8 and Figure 1, with an indication of which states are represented by a senator serving on the Senate Finance Committee.

As expected, the 21-member Senate Finance Committee does not mirror the nation's tax burden as closely as the larger House Committee on Ways and Means. The senators reflect the heavier representation of rural America that is inherent in the Senate.

The Chairman of the Senate Finance Committee is Max Baucus (D-MT), whose state ranks near the bottom in average taxes paid (46<sup>th</sup>). The ranking member is Republican Charles Grassley from Iowa, whose state also ranks well below average at 36<sup>th</sup>. Overall, states with members on the Senate Finance Committee have somewhat lower federal tax bills than those without members on the committee.

The average tax bill for states with no senator on the committee is \$17,167. In contrast, the average federal tax bill for states with a senator on the committee is \$16,445—a difference of \$722 in federal taxes. Eight of the 21 members represent states that ranked 40<sup>th</sup> or below in average federal tax burden per household, and 12 of the 21 are in states that are in the bottom half. Overall, roughly 39 percent of the members of the Senate Finance Committee represent states that are in the bottom 20 percent of federal taxes paid.

#### **Conclusion**

Although federal tax law applies equally to all Americans, the burden of financing federal spending is not equally shared by all. Income, lifestyles and other demographic characteristics vary widely throughout the United States, driving even wider disparities in federal tax bills among different communities. Such disparities in federal tax burden may have implications for federal tax policy in a representative democracy, as well as for voters' sensitivity to tax burdens at the state and local levels. Perhaps most importantly, because federal spending does not follow the same pattern as tax burdens, wide disparities in federal taxes affect the amount of income redistributed between areas through federal tax and spending policy.



*SPECIAL REPORT*  
(ISSN 1068-0306) is published at least 6 times yearly by the Tax Foundation, an independent 501(c)(3) organization chartered in the District of Columbia.

4–20 pp.  
Single copy: free  
Multiple copies: \$5 each

*The Tax Foundation, a nonprofit, nonpartisan research and public education organization, has monitored tax and fiscal activities at all levels of government since 1937.*

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