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Comparing State and Local Taxes in Large U.S. Cities

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SUMMARY

This report updates and expands *Taxing Metropolis*, an IBO report issued in 2000 that found that local government taxes claimed a substantially greater share of resources in New York City than in other large U.S. cities. Here we extend the analysis to include all overlapping state as well as local government taxes imposed within cities. We find that New York City's tax bite is still highest among cities with populations over 1 million.

The report also examines how much of New York City's extra tax burden is due to the exceptional costs of transfer programs—particularly Medicaid—in our state, including the uniquely large share of costs that must be directly funded by local government.

The report bases its analysis on calculations of taxable resources and tax effort during fiscal year 2003-2004 for each city. Taxable resources are the combined dollar amount of resident household incomes and business surpluses (income less employee compensation) in each city. Tax effort is the ratio of direct and overlapping government tax collections to taxable resources and is expressed in the report as taxes collected per $100 of taxable resources. Our main findings:

- In 2003-2004 state and local taxes absorbed $9.02 of every $100 of taxable resources in New York City, more than in any of the other cities examined and 47 percent more than the $6.16 average tax effort in those cities.
- Local tax effort in New York City was 90 percent higher than the average in the other large cities, while state tax effort in the city was 6 percent above average.
- Local personal and business income tax effort alone was $1.82 in New York City compared to an average of $0.23 in the other large cities. The difference accounted for more than half of the total state and local tax effort differential with the other cities. These unusually high local income taxes came on top of above average property and local sales tax effort.
- The ratio of state income taxes to taxable resources was also much higher here than in the other cities, but this was mostly offset by lower than average state sales and other tax effort in the city.
- Medicaid, welfare, and other transfer program funding required $2.23 per $100 of taxable resources in New York City, including $1.11 of direct city tax effort. Almost nine-tenths of these impacts were due to Medicaid alone. The tax effort required to fund these programs in the other large cities averaged $0.74, only $0.01 of which was raised through local taxes.
- The difference in Medicaid and other transfer program funding requirements was responsible for over half of the overall tax effort differential between New York City and the other large cities.

INTRODUCTION

This report updates, revises, and expands *Taxing Metropolis*, IBO's initial study of taxation in the United States' largest cities.[1] As in the original study, this report estimates the taxable resources in our nation's most populous cities and calculates the combined municipal, county, and other overlapping local government taxes imposed on those resources. In addition, the present study computes the portion of *state* taxes falling on taxable resources within each city. This yields a comparison of big city tax regimes that incorporates—and displays—differences in the division of fiscal responsibilities between the states and their local governments as well as among overlapping local governments.

In this study we also look at a major difference on the expense side of state and local government budgets that accounts for a portion of the variances we find on the tax side—the fiscal impacts of income distribution or transfer programs, notably Medicaid and public assistance.

TAXABLE RESOURCES

To measure a city's tax capacity we estimate its *gross taxable resources* (GTR), comprising the aggregate incomes of households residing in the city and the surpluses generated by businesses in the city. These are the principal flows of spending power that taxpayers use to pay all taxes—not only taxes on income and profits, but also taxes on transactions and assets (such as real property). GTR accounts for the dimensions along which cities may importantly differ with respect to tax capacity: in the amount of output created by their local industries, and in the amount of that (and any other) output retained as income by their resident populations.

Gross taxable resources is similar to the measure used in the original report, but several adjustments have been made to improve completeness and analytic consistency, most notably the use of resident personal income (PI, derived from the Bureau of Economic Analysis, BEA) rather than household income (from the Current Population Survey, CPS) on the individual income side, and the use of gross operating surplus (GOS) rather than net surplus (gross less depreciation) on the business income side.[2] (Note that these changes boost each of the components of GTR by anywhere from a third to a half, depending on the city; consequently the measures of local tax effort in this report are not directly comparable to the measures in its predecessor.) PI has been augmented by estimated capital gains, but excludes proprietors' income, rental income, and a small portion of dividends and interest, which are all included in GOS.

The first table shows GTR and its components in our subject cities for fiscal year 2003-2004.[3] In raw dollar terms, New York City's half trillion dollars of taxable resources dwarfed that of any other U.S. city. More revealing are the per capita GTR figures. Here Dallas ($74,383) and Houston ($72,835) ranked substantially higher than the other big cities, followed by San Diego ($63,814) and then New York ($61,622). The poorest big city, San Antonio ($38,127), indeed had barely half the per capita taxable resources of its Texas brethren. Philadelphia's tax base was not much stronger. New York City's per capita GTR was moderately (about 14 percent) higher than the average for the other eight big cities.

These overall taxable resource differentials are driven mostly by large variances on the business income side of the base. Per capita business GOS in San Diego and New York were nearly double the levels in San Antonio and Philadelphia—but were dwarfed in turn by Houston and Dallas. Houston's large business

Table 1. 2003-2004 City Gross Taxable Resources

		Gross Taxable Resources *$ in billions*			Per Capita		
City	Population	Resident Personal Income	Business Gross Operating Surplus	Total Gross Taxable Resources	Resident Personal Income	Business Gross Operating Surplus	Total Gross Taxable Resources
New York City	**8,147,351**	**$281.0**	**$221.0**	**$502.1**	**$34,492**	**$27,130**	**$61,622**
Los Angeles	3,827,806	107.2	79.4	186.5	28,000	20,734	48,734
Chicago	2,868,473	82.2	70.4	152.7	28,664	24,556	53,220
Houston	2,010,656	57.1	89.3	146.4	28,418	44,416	72,835
Philadelphia	1,474,155	38.7	22.8	61.6	26,279	15,487	41,766
Phoenix	1,402,672	34.3	29.7	64.0	24,461	21,191	45,652
San Diego	1,263,684	45.5	35.1	80.6	36,005	27,809	63,814
San Antonio	1,224,161	28.7	18.0	46.7	23,437	14,690	38,127
Dallas	1,206,854	36.6	53.2	89.8	30,302	44,081	74,383
Non-NYC Average	*1,909,807.4*	*53.8*	*49.7*	*103.5*	*28,167.1*	*26,048.9*	*54,216.0*

SOURCES: IBO for taxable resources, Census Bureau for population.

income base is mainly a function of its oil and gas sector, which accounts for nearly a quarter of the city's business GOS. Dallas's strength is broadly distributed: the city ranked first or second among big cities in per capita GOS in 13 major industrial sectors, ranging from finance, real estate, and business services (in all of which Dallas actually ranked above New York) to manufacturing, trade, and construction. In New York City real estate, finance, information, and business services comprised almost 80 percent of total business GOS. Manufacturing, conversely, contributed less than 2 percent. (See Appendix Table A1 for details.)

Turning to the household side of the tax base, New York was just behind San Diego in average resident PI but well ahead of everyone else; our $34,492 in per capita PI was 22 percent higher than the $28,167 average for the other eight cities. We were much more (57 percent) above average in per capita capital gains (again see Table A1), a reflection of the oft-noted concentration of substantial household wealth in our city. It should be noted, however, that excluding personal current transfer receipts, the remaining New York City per capita PI ($26,534) was only 14 percent above the other city average ($23,360). New York's per capita transfer receipts ($7,958), on the other hand, were 66 percent above the other city average ($4,807). This was mostly due to per capita Medicaid and public assistance transfers, which were nearly three times greater than the average for other cities ($3,690 versus $1,367).[4] The large variances in Medicaid and public assistance do not appear to be a simple function of underlying need, at least insofar as this is reflected in the overall poverty rate: New York City's poverty rate in this period (19.6 percent) was almost identical to the other big city average (19.2 percent).

but excludes identifiable tax "exports," taxes imposed on visitors or commuters to a city rather than resident households and businesses. To estimate tax exports, IBO simply netted out any taxes on hotel occupancy and nonresident personal income; although a significant share of cities' sales tax revenues are both exported to visitors and imported by city residents who make purchases elsewhere, we have not estimated these additional effects. Exported taxes may have important impacts on a city's economy as well as overall state and local revenues, so the detail tables at the end of the paper do provide the amounts of visitor and commuter tax collections and, for illustrative purposes, exports/GTR.

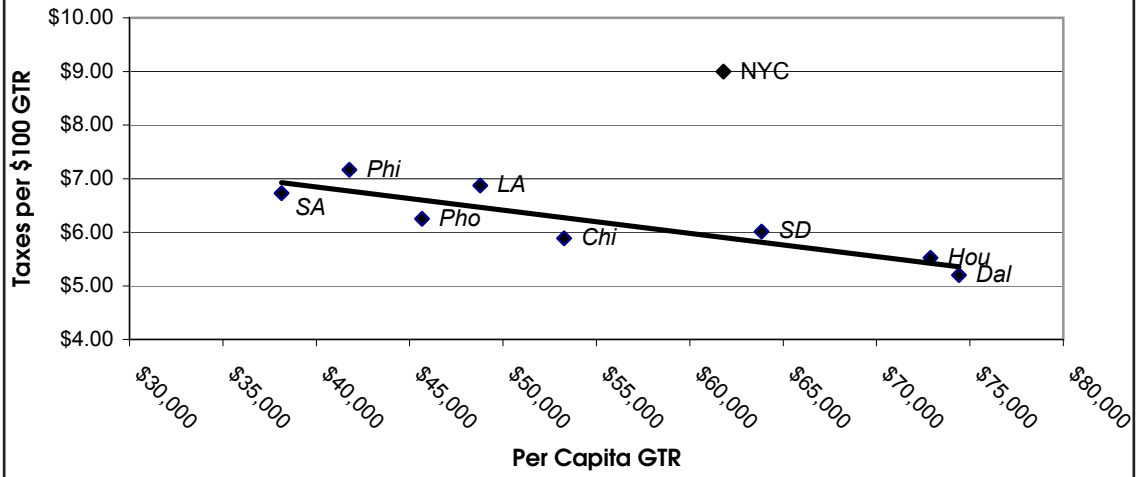
Although the choice of the fiscal year was dictated by the availability of data, it is important to note that in 2003-2004 many states and localities were still coping with the fiscal stresses of the recent national recession. New York City and state had enacted personal income and sales tax surcharges, since expired. California had taken a series of measures that temporarily increased personal and corporate income tax liabilities. When measured in a different year, big city tax effort levels and differentials would change somewhat from what we have found for 2003-2004, but without substantially affecting the large differentials between New York City and the other cities documented below.

Taxes by Type of Government. Table 2 breaks out 2003-2004 tax collections by level of government, collections per $100 GTR, and collection shares. New York City collected $27.5 billion in nonexported taxes. Other local agencies (the Metropolitan Transit Authority, MTA) collected $714 million[5] and New York State an estimated $17.1 billion from city

TAX EFFORT

Tax effort refers to the portion of tax capacity being used by government and is expressed here as nonexported tax collections per $100 GTR. Along with direct municipal taxes this includes estimated collections within a city by the state and overlapping local (county, school, special district) governments,

Figure 1. Relationship Between Taxable Resources And Tax Effort



SOURCE: IBO.

Table 2. 2003-2004 City and Overlapping Taxes by Type of Government

A. Total Taxes by Type of Government *Dollars in millions*

	Local Government						Total State
City	City	County	School	Other Local	Total Local	State	and Local
New York City	**$27,494.6**	**$-**	**$-**	**$713.5**	**$28,208.1**	**$17,093.2**	**$45,301.3**
Los Angeles	1716.0	3416.8	207.4	17.6	5357.85	7481.59	12839.44
Chicago	2458.4	447.3	1854.7	685.4	5445.81	3550.83	8996.64
Houston	1217.6	419.3	1704.2	374.4	3715.45	4380.53	8095.98
Philadelphia	2515.1	-	-	-	2515.15	1895.25	4410.40
Phoenix	663.6	424.7	848.2	-	1936.46	2065.56	4002.02
San Diego	218.1	1330.1	103.6	-	1651.79	3197.24	4849.03
San Antonio	451.9	260.4	771.9	115.5	1599.72	1541.69	3141.42
Dallas	786.3	333.2	974.8	195.0	2289.35	2380.04	4669.39

B. Taxes by Type of Government per $100 Gross Taxable Resources

	Local Government						Total State
City	City	County	School	Other Local	Total Local	State	and Local
New York City	**$5.48**	**$-**	**$-**	**$0.14**	**$5.62**	**$3.40**	**$9.02**
Los Angeles	0.92	1.83	0.11	0.01	2.87	4.01	6.88
Chicago	1.61	0.29	1.21	0.45	3.57	2.33	5.89
Houston	0.83	0.29	1.16	0.26	2.54	2.99	5.53
Philadelphia	4.09	-	-	-	4.09	3.08	7.16
Phoenix	1.04	0.66	1.3	-	3.02	3.23	6.25
San Diego	0.27	1.65	0.1	-	2.05	3.96	6.01
San Antonio	0.97	0.56	1.7	0.25	3.43	3.30	6.73
Dallas	0.88	0.37	1.1	0.22	2.55	2.65	5.20
Non-NYC Average	*1.21*	*0.80*	*0.8*	*0.17*	*2.96*	*3.20*	*6.16*
NYC Above (Below) Avg.	*4.27*	*-0.80*	*(0.8)*	*(0.03)*	*2.66*	*0.21*	*2.87*

C. Percentage Distribution of Taxes by Type of Government

	Local Government						Total State
City	City	County	School	Other Local	Total Local	State	and Local
New York City	**60.7**	**-**	**-**	**1.6**	**62.3**	**37.7**	**100.0**
Los Angeles	13.4	26.6	1.6	0.1	41.7	58.3	100.0
Chicago	27.3	5.0	20.6	7.6	60.5	39.5	100.0
Houston	15.0	5.2	21.0	4.6	45.9	54.1	100.0
Philadelphia	57.0	-	-	-	57.0	43.0	100.0
Phoenix	16.6	10.6	21.2	-	48.4	51.6	100.0
San Diego	4.5	27.4	2.1	-	34.1	65.9	100.0
San Antonio	14.4	8.3	24.6	3.7	50.9	49.1	100.0
Dallas	16.8	7.1	20.9	4.2	49.0	51.0	100.0
Non-NYC average	*19.7*	*13.0*	*12.7*	*2.7*	*48.1*	*51.9*	*100.0*

SOURCE: IBO.

NOTE: Excludes exported taxes. For type of tax/type of government detail and exported taxes see Tables A2 and A3.

households and businesses. There were thus a total of $45.3 billion in state and local nonexported tax collections in the city. This translates into $5.62 in total local collections per $100 GTR ($5.48 city plus $0.14 MTA) and $3.40 in state collections, for a total of $9.02 in nonexported taxes per $100 GTR. (There were another $2.4 billion, or $0.48 per GTR, in tax exports.)

No other large city comes close in total tax capacity used up by state and local taxes. Philadelphia is second, with $7.16 per $100 GTR, but New York City's tax effort is 25 percent higher. Even if exported taxes, including Philadelphia's uniquely large commuter tax, are included, New York City tax effort is still 17 percent higher.

For the eight big cities other than New York, average local tax effort was $2.96 per $100 GTR and average state effort was $3.20, for a combined state and local effort of $6.16 per $100 GTR. New York City's tax effort was larger by $2.87 per $100 GTR (47 percent). In other words, even after accounting for our somewhat stronger than average tax base, the taxes imposed in New York City are almost half again as high as those collectively imposed in the other largest U.S. cities.

In fact, as Figure 1 shows, there is for the other large cities a fairly robust negative correlation between the strength of a city's tax base (measured in per capita GTR) and its tax effort (collections per $100 GTR). Cities with weaker than average bases (San Antonio, Philadelphia, Phoenix, Los Angeles) tend also to have heavier than average taxes placed on those bases, while cities with strong bases (Dallas, Houston, San Diego) have relatively lighter taxation. (Chicago is just below average in both per capita taxable resources and tax effort.) But New York City sits far outside the trend line.

New York City also stands out with respect to the high share of total tax effort directly attributable to local government—over 62 percent. Chicago and Philadelphia were similarly weighted towards local tax effort, but in San Diego and Los Angeles the relative state/local tax burdens were reversed, and the average local tax effort share for the large cities other than New York was 48 percent. There will be more discussion of New York state/local tax effort below, but we can note here that the supposition that high New York City municipal taxes are offset by relatively low state taxes, is not sustained. While the burden of local taxes in New York City approaches double the average for the other large cities ($5.63 compared with $2.96), this comes on top of a New York State tax effort that is itself actually slightly higher than average ($3.41 compared with $3.19).

Table 3. 2003-2004 City and Overlapping Government Taxes by Type of Tax

A. Total Taxes by Type of Tax *Dollars in millions*

City	Property	General Sales	Personal Income	Business Income	Utility	Other	Total
New York City	**$11,445.0**	**$7,811.3**	**$15,651.8**	**$5,345.4**	**$613.0**	**$4,434.8**	**$45,301.3**
Los Angeles	3,052.6	3,111.9	3,369.6	1,281.8	596.5	1,427.0	12,839.4
Chicago	3,371.6	1,503.1	1,354.2	832.9	861.2	1,073.7	8,996.6
Houston	2,841.8	2,870.9	-	577.9	105.9	1,699.6	8,096.0
Philadelphia	891.2	726.4	1,387.8	785.5	62.8	556.7	4,410.4
Phoenix	1,212.3	1,852.9	424.5	198.5	-	313.8	4,002.0
San Diego	1,192.7	1,488.4	1,301.4	409.5	-	457.0	4,849.0
San Antonio	1,296.7	1,172.8	-	111.8	0.2	560.0	3,141.4
Dallas	1,775.7	1,608.7	-	366.7	36.4	882.0	4,669.4

B. Taxes by Type of Tax per $100 Gross Taxable Resources

City	Property	General Sales	Personal Income	Business Income	Utility	Other	Total
New York City	**$2.28**	**$1.56**	**$3.12**	**$1.06**	**$0.12**	**$0.88**	**$9.02**
Los Angeles	1.64	1.67	1.81	0.69	0.32	0.76	6.88
Chicago	2.21	0.98	0.89	0.55	0.56	0.70	5.89
Houston	1.94	1.96	-	0.39	0.07	1.16	5.53
Philadelphia	1.45	1.18	2.25	1.28	0.10	0.90	7.16
Phoenix	1.89	2.89	0.66	0.31	-	0.49	6.25
San Diego	1.48	1.85	1.61	0.51	-	0.57	6.01
San Antonio	2.78	2.51	-	0.24	-	1.20	6.73
Dallas	1.98	1.79	-	0.41	0.04	0.98	5.20
Non-NYC Average	*1.89*	*1.73*	*0.95*	*0.55*	*0.20*	*0.84*	*6.16*
NYC Above (Below) Avg.	*0.39*	*(0.17)*	*2.17*	*0.51*	*(0.08)*	*0.04*	*2.87*

C. Percentage Distribution of Taxes by Type of Tax

City	Property	General Sales	Personal Income	Business Income	Utility	Other	Total
New York City	**25.3**	**17.2**	**34.6**	**11.8**	**1.4**	**9.8**	**100.0**
Los Angeles	23.8	24.2	26.2	10.0	4.6	11.1	100.0
Chicago	37.5	16.7	15.1	9.3	9.6	11.9	100.0
Houston	35.1	35.5	-	7.1	1.3	21.0	100.0
Philadelphia	20.2	16.5	31.5	17.8	1.4	12.6	100.0
Phoenix	30.3	46.3	10.6	5.0	-	7.8	100.0
San Diego	24.6	30.7	26.8	8.4	-	9.4	100.0
San Antonio	41.3	37.3	-	3.6	-	17.8	100.0
Dallas	38.0	34.5	-	7.9	0.8	18.9	100.0
Non-NYC average	*30.7*	*28.1*	*15.4*	*8.9*	*3.3*	*13.7*	*100.0*

SOURCE: IBO.

NOTE: Combined nonexported state and local taxes. For type of tax/type of government detail see Tables A2 and A3.

Table 4. New York City Tax Differential by Broad Type of Government and Tax

City	Nonexported Taxes Per $100 of Gross Taxable Resources								
	Local			State			Total state and local		
	Income taxes	Other taxes	Total taxes	Income taxes	Other taxes	Total taxes	Income taxes	Other taxes	Total taxes
New York City	**$1.82**	**$3.79**	**$5.62**	**$2.36**	**$1.05**	**$3.40**	**$4.18**	**$4.84**	**$9.02**
Los Angeles	0.20	2.67	2.87	2.29	1.72	4.01	2.49	4.39	6.88
Chicago	0.02	3.55	3.57	1.41	0.91	2.33	1.43	4.46	5.89
Houston	0.11	2.43	2.54	0.28	2.71	2.99	0.39	5.13	5.53
Philadelphia	1.93	2.16	4.09	1.60	1.48	3.08	3.53	3.63	7.16
Phoenix	-	3.02	3.02	0.97	2.25	3.23	0.97	5.28	6.25
San Diego	0.01	2.04	2.05	2.11	1.86	3.96	2.12	3.89	6.01
San Antonio	0.06	3.37	3.43	0.18	3.12	3.30	0.24	6.49	6.73
Dallas	0.13	2.42	2.55	0.28	2.37	2.65	0.41	4.79	5.20
Non-NYC Average	0.23	2.73	2.96	1.27	1.93	3.20	1.50	4.66	6.16
NYC Above (Below) Avg.	1.59	1.06	2.66	1.09	-0.88	0.21	2.68	0.18	2.87
Pct. of Total Difference	*55.7*	*37.1*	*92.8*	*38.0*	*-30.8*	*7.2*	*93.7*	*6.3*	*100.0*

SOURCE: IBO.

Taxes by Type of Tax. Table 3 breaks out tax effort by type of tax, for all levels of government combined. (Also see Tables A2 and A3 in the appendix detailing collections and tax effort by type of tax for each level of government.) For two of the basic major tax categories, property and general sales, New York City tax effort was roughly comparable to that of the other large cities: 21 percent higher in property tax effort ($2.28 per $100 GTR in New York City versus $1.89 for the other eight cities), and 10 percent lower in general sales tax effort ($1.56 versus $1.73). New York was also about average in combined utility and other tax effort ($1.01 here, $1.04 in the other cities).

It is in the area of income taxation—personal and business—that New York City really stands out. The city's personal income tax effort of $3.12 per $100 GTR was more than triple the $0.95 average for the other eight cities. Even excluding the three cities in Texas, which has no individual income tax, the other city tax effort in this area was much lower than New York's. Similarly when it comes to business income taxation, including net income and franchise taxes, New York City's tax effort ($1.06) was nearly double the average of the other cities ($0.55).

The Tax Differential by Type of Government and Tax. Table 4 summarizes and cross-references the findings described above. Tax effort is shown for (a) combined personal and business income taxes and (b) combined property, sales, and other taxes at the local, state, and total levels. This shows the following (all dollar amounts are per $100 GTR):

- Local income tax effort in New York City ($1.82) was eight times the average in the other big cities ($0.23); the difference accounted for $1.59 (56 percent) of the total $2.87 tax effort differential between New York City and the other cities. Other local tax effort was also above average, and accounted for $1.06 (37 percent) of the total differential. The overall $2.66 local tax differential constituted 93 percent of the total differential.
- State income taxes borne by city taxable resources were also much heavier than average and added $1.09 (38 percent) to the New York City tax effort differential, but other state taxes borne by city resources were $0.88 (31 percent) *lower* in New York than in the other cities. This left a net state tax effort differential of $0.21, 7 percent of the total.
- Combining all levels of government, state and local income taxes comprised $2.68 (94 percent) of the total New York City tax differential, while all other taxes contributed a net $0.18 (6 percent).

At the local level, only Philadelphia's wages and earnings tax and net profits tax were comparable to New York City's personal and business income taxes. (Most of the other big cities have small franchise-type business taxes. None have local personal income taxes.) Philadelphia, however, has relatively low property taxation, and almost no local sales taxation: local income tax effort there was a substitute for, rather than an addition to, other local tax effort. By the same token, in New York, the state income tax effort was a substitute for state sales and other tax effort. What makes the municipal income taxes in New York City stand out is not just that they have almost no counterparts among other big cities but that they are not substitutes for other typically employed big city taxes.

This synopsis seems to reinforce the impression that nearly all of the differential tax burden between New York and other cities should be laid at the door of City Hall. That impression evaporates, however, when the impact of transfer programs on

the level and distribution of tax effort is considered.

EFFECT OF MEDICAID AND OTHER TRANSFER PROGRAMS ON TAX EFFORT

Medicaid and Temporary Assistance for Needy Families (TANF) are two of this country's principal vehicles for transferring income or benefits to individuals on the basis of need. For the most part the costs of these programs are shared in varying proportions between the federal and state governments; usually local governments have no direct fiscal responsibilities, or have only relatively small responsibilities. But in all respects New York

Table 5. Impact of Medicaid and TANF-Related Spending Requirements on Tax Effort

A. Nonexported Taxes Required by Medicaid (MA) and TANF-Related Programs *Dollars in billions*

	Medicaid Required			TANF Required			Total MA & TANF Required		
City	Total local	State	Total state and local	Total local	State	Total state and local	Total local	State	Total state and local
New York City	**$4,907.75**	**$4,982.06**	**$9,889.81**	**$664.35**	**$655.88**	**$1,320.22**	**$5,572.10**	**$5,637.93**	**$11,210.03**
Los Angeles	-	1,437.3	1,437.3	50.4	256.7	307.2	50.4	1,694.1	1,744.5
Chicago	-	826.5	826.5	-	70.1	70.1	-	896.6	896.6
Houston	-	1,014.0	1,014.0	-	38.0	38.0	-	1,052.0	1,052.0
Philadelphia	-	529.1	529.1	-	41.9	41.9	-	571.0	571.0
Phoenix	61.6	136.3	197.9	-	10.2	10.2	61.6	146.5	208.1
San Diego	-	613.7	613.7	1.6	109.6	111.2	1.6	723.3	724.9
San Antonio	-	356.9	356.9	-	13.4	13.4	-	370.3	370.3
Dallas	-	550.9	550.9	-	20.7	20.7	-	571.6	571.6
Memo: Impact of New York Medicaid/TANF-related cost sharing									
NYC w/o cost sharing	**$-**	**$7,591.70**	**$7,591.70**	**$-**	**$1,044.78**	**$1,044.78**	**$-**	**$8,636.5**	**$8,636.5**
Impact of cost sharing	*4,907.8*	*(2,609.6)*	*2,298.1*	*664.3*	*(388.9)*	*275.4*	*5,572.1*	*(2,998.5)*	*2,573.6*

B. Medicaid and TANF-Related Required Taxes per $100 GTR

	Medicaid Required			TANF Required			Total MA & TANF Required		
City	Total local	State	Total state and local	Total local	State	Total state and local	Total local	State	Total state and local
New York City	**$0.98**	**$0.99**	**$1.97**	**$0.13**	**$0.13**	**$0.26**	**$1.11**	**$1.12**	**$2.23**
Los Angeles	-	0.77	0.77	0.03	0.14	0.16	0.03	0.91	0.94
Chicago	-	0.54	0.54	-	0.05	0.05	-	0.59	0.59
Houston	-	0.69	0.69	-	0.03	0.03	-	0.72	0.72
Philadelphia	-	0.86	0.86	-	0.07	0.07	-	0.93	0.93
Phoenix	0.10	0.21	0.31	-	0.02	0.02	0.10	0.23	0.32
San Diego	-	0.76	0.76	-	0.14	0.14	0.00	0.90	0.90
San Antonio	-	0.76	0.76	-	0.03	0.03	-	0.79	0.79
Dallas	-	0.61	0.61	-	0.02	0.02	-	0.64	0.64
Non-NYC Average	*0.01*	*0.66*	*0.67*	*0.01*	*0.07*	*0.07*	*0.01*	*0.73*	*0.74*
NYC Above (Below) Avg.	*0.97*	*0.33*	*1.30*	*0.13*	*0.06*	*0.19*	*1.10*	*0.40*	*1.49*
Memo: New York City tax effort due to New York Medicaid/TANF-related cost sharing and cost level									
NYC w/o cost sharing	**$-**	**$1.51**	**$1.51**	**$-**	**$0.21**	**$0.21**	**$-**	**$1.72**	**$1.72**
Impact of cost sharing	*0.98*	*(0.52)*	*0.46*	*0.13*	*(0.08)*	*0.05*	*1.11*	*(0.60)*	*0.51*
NYC Above (Below) Avg. w/o cost-sharing	*(0.01)*	*0.85*	*0.84*	*(0.01)*	*0.14*	*0.13*	*(0.01)*	*0.99*	*0.98*

C. Medicaid and TANF-Related Shares of Total Nonexported Taxes

	Medicaid Required			TANF Required			Total MA & TANF Required		
City	Total local	State	Total state and local	Total local	State	Total state and local	Total local	State	Total state and local
New York City	**17.4**	**29.1**	**21.8**	**2.4**	**3.8**	**2.9**	**19.8**	**33.0**	**24.7**
Los Angeles	-	19.2	11.2	0.9	3.4	2.4	0.9	22.6	13.6
Chicago	-	23.3	9.2	-	2.0	0.8	-	25.2	10.0
Houston	-	23.1	12.5	-	0.9	0.5	-	24.0	13.0
Philadelphia	-	27.9	12.0	-	2.2	1.0	-	30.1	12.9
Phoenix	3.2	6.6	4.9	-	0.5	0.3	3.2	7.1	5.2
San Diego	-	19.2	12.7	0.1	3.4	2.3	0.1	22.6	14.9
San Antonio	-	23.1	11.4	-	0.9	0.4	-	24.0	11.8
Dallas	-	23.1	11.8	-	0.9	0.4	-	24.0	12.2
Non-NYC Average	*0.3*	*20.6*	*10.8*	*0.2*	*2.1*	*1.2*	*0.5*	*22.7*	*12.0*
Memo: Impact of New York Medicaid/TANF-related cost sharing									
NYC w/o cost sharing	**-**	**37.8**	**17.7**	**-**	**5.2**	**2.4**	**-**	**43.0**	**20.2**

SOURCES: IBO, U.S. Department of Health and Human Services, state and county departments of social services.

Table 6. Tax Effort Excluding Medicaid and TANF-Related Spending Requirements

City	Total Local	State	Total State and Local
New York City	**$4.51**	**$2.28**	**$6.79**
Los Angeles	2.85	3.10	5.95
Chicago	3.57	1.74	5.31
Houston	2.54	2.27	4.81
Philadelphia	4.09	2.15	6.24
Phoenix	2.93	3.00	5.92
San Diego	2.05	3.07	5.11
San Antonio	3.43	2.51	5.94
Dallas	2.55	2.01	4.56
Non-NYC Average	*2.95*	*2.47*	*5.42*
NYC Above (Below) Avg.	*1.56*	*-0.19*	*1.37*

SOURCE: IBO.

is very different: in the sheer magnitude of the transfer program costs and tax effort they require; in the degree to which the costs and tax effort requirements are shared with local governments; and in the impact that cost sharing has on the levels and distribution of tax effort within the state. These differences converge to yield a striking result: Medicaid and other transfer programs generated over half of the average overall tax effort differential between New York City and the other large cities.

State and local cost sharing exacerbated the fiscal burden of Medicaid and other transfer programs in New York City. But even without cost sharing the level of tax effort required to finance transfer programs here would have far exceeded the level required in the other large cities. Medicaid accounted for the lion's share of this difference.

The Scale of Required Tax Effort. In 2003-2004, $42.6 billion was spent on Medicaid in New York State. Another $4.8 billion was spent on TANF and related income transfer programs, including cash assistance for recipients who were not TANF-eligible or had exhausted their eligibility, as well as the state's earned income and child care tax credits. Of the expenditures, $20.3 of the Medicaid expense and $2.8 billion of the public assistance expenses were borne by the state and local (city or county) governments, the rest being federally funded. Almost two-thirds of New York's transfer program expenditures ($27.8 billion Medicaid, $3.0 billion public assistance) originated in New York City; of the city's $30.8 billion in total program costs, $15.1 billion were not federally funded.

Of that last amount, $11.2 billion was borne by state and local taxes on New York City households and businesses. Taxes on commuters and visitors to the city supported another $740 million in city transfer program costs. This left $3.1 billion in city originated program costs that were borne by state taxes falling on households and business in (and commuters to) *the rest of the state*—the result of the fact that the city generated 65 percent of the state's income transfer costs but yielded only 42 percent of state tax collections.

Table 5 picks up the story from there. Here we see that Medicaid accounted for $9.9 billion of the city's $11.2 billion in transfer program-required nonexported taxes. The Medicaid burden alone represented nearly 22 percent of total nonexported taxes in New York City, with public assistance claiming another 3 percent. Both shares exceeded—in some cases far exceeded—those of all the other big cities.

In terms of combined state and local tax effort, Medicaid required $1.97 per $100 GTR in New York City, nearly triple the $0.67 average in the other cities. New York City's $0.26 TANF-related tax effort was closer to four times the $0.07 other city average. Our combined $2.23 transfer program required tax effort exceeded the $0.74 other city average by $1.49—thus generating over half of the overall $2.87 tax effort differential shown on Table 4.

Distribution of Required Tax Effort. It is not just the scale of Medicaid and other transfer program costs and their required tax effort that is so much higher in New York. Local governments in New York bear uniquely large shares of those costs and are therefore directly accountable for uniquely large portions of the required tax effort. State mandated cost-sharing shifts about three-eighths of the city's nonfederal Medicaid and TANF-related program costs to City Hall. Consequently, the city was required to *directly* pay $4.9 billion for Medicaid and another $665 million for TANF-related programs in 2003-2004 (almost $5.6 billion total), or in nonexported tax effort terms a combined $1.11 per $100 GTR—in itself more than the total Medicaid and TANF-related tax effort required in any other big city.

In no other big city did the municipal or county government face a remotely comparable mandate to fund transfer programs. California's county-funded general relief program absorbed $0.03 of tax effort in the city of Los Angeles, but this still represented only 3 percent of the total transfer program required tax effort in that city. In Arizona the state funded a little under 25 percent of total Medicaid expenditures and the counties collectively another 5 percent. The Maricopa county Medicaid contribution required $0.10 in tax effort in Phoenix—a significant portion of total transfer program required tax effort there, but very small compared to the tax effort impact of the local funding mandate

Table 7. Rank of 9 Largest U.S. Cities by Tax Effort

By Total State and Local Taxes

Rank	City	Total Tax
1	New York City	$9.02
2	Philadephia	7.16
3	Los Angeles	6.88
4	San Antonio	6.73
5	Phoenix	6.25
6	San Diego	6.01
7	Chicago	5.89
8	Houston	5.53
9	Dallas	5.20

SOURCE: IBO
NOTE: Total Tax per $100 of gross taxable resources

in New York City. Overall Medicaid burdens in Phoenix, by other big city standards, appear extraordinarily low.

One consequence of all this was that while Medicaid and public assistance absorbed a hefty 33.0 percent of state tax effort in New York City (Medicaid alone 29.1 percent), these programs *at the same time* claimed 19.8 percent of local tax effort (Medicaid alone 17.4 percent)—the latter shares without parallel in the other large cities.

Impacts of Cost-Sharing. We saw earlier that the distribution of state/local tax effort was skewed towards the local in New York City, the result of very high local tax effort (90 percent above the other big city average) on top of slightly (6 percent) above-average state effort. However, were New York State not shifting Medicaid and other transfer program costs to localities, the New York City tax effort distribution would look quite different, and the city's overall level of transfer-required taxation would be affected as well.

On the one hand, the transfer program cost shift allowed New York State to reduce its required taxes by $8 billion statewide, with $3 billion of that relief benefiting New York City households and businesses.[6] On the other hand, Medicaid and public assistance cost-sharing forced the city to increase its own nonexported tax collections by $5.6 billion. Thus transfer program cost-sharing increased total nonexported state and local taxes in the city by a net $2.6 billion.

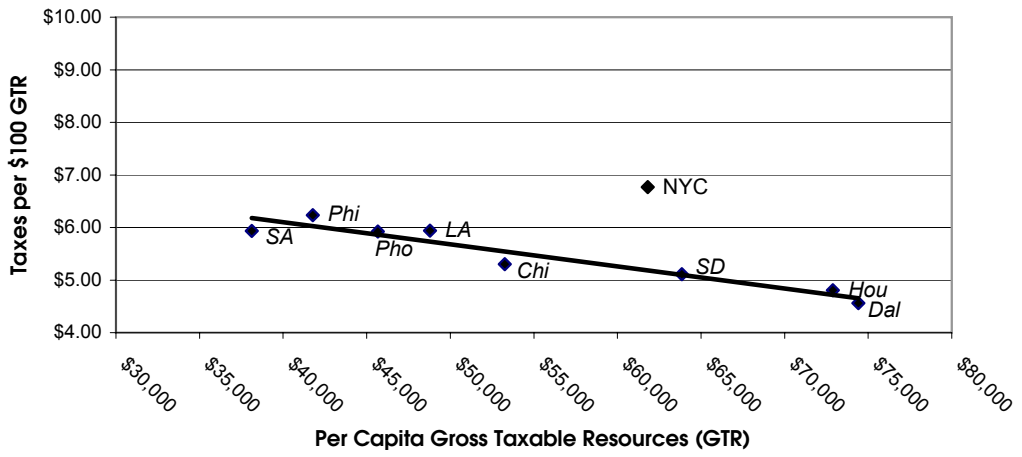
In tax effort terms, the state burden in the city would have been increased by $0.60 without its transfer program cost savings, that is, from $3.40 to $4.00—25 percent higher than the average state tax effort in other big cities, not 6 percent higher. Indeed, but for the transfer program cost shifts, New York City would have joined the California cities (Los Angeles—$4.01, San Diego—$3.96) in having the highest state tax effort.[7]

But at the same time, without transfer program cost-sharing the city's own tax effort would have been $1.11 lower, and local tax effort would be reduced from $5.62 to $4.51—that is to say, 53 percent higher than the other city average, instead of 90 percent higher. In sum, removing cost-sharing would have dropped nonexported state and local tax effort in the city from $9.02 (of which 62 percent was local) to just under $8.51 (with 53 percent local), a net tax effort saving of $0.51.

The net cost-sharing burden in New York City dwarfs the impacts of whatever transfer program cost-sharing there is among the other large cities. Without state/county Medicaid cost-sharing in Arizona the overall tax effort would have been $0.05 lower in Phoenix, and with state rather than county funding of general relief in California, overall Los Angeles tax effort would have been $0.02 lower, and San Diego tax effort $0.01 higher.

Note that even without cost-sharing, Medicaid would have required $1.51 of tax effort in New York City and public assistance another $0.21, a total of $1.72, or $0.98 more than the average transfer program required tax effort in the other big cities. This is the part of the city's tax effort differential that is due to the exceptional levels of Medicaid and TANF-related costs in New York as opposed to the way the state redistributes the fiscal responsibilities for those costs.

Figure 2. Relationship Between Taxable Resources and Tax Effort Excuding Transfer Programs



SOURCE: IBO.

TAX EFFORT APART FROM TRANSFERS

In Table 6 we see that after the Medicaid and other transfer program required tax collections are accounted for, the remaining nonexported state and local tax effort was $6.79 per $100 GTR in New York City, compared to an average of $5.42 in the other large cities. The city's non-Medicaid/TANF-related tax effort was $1.37, or 25 percent, larger than the other city average—a far cry from the 3-to-1 tax effort differential for the transfer programs themselves. When comparing New York to Los Angeles, Phoenix, and San Antonio, the non-transfers tax effort differential shrinks to 14 percent; with respect to Philadelphia it was 9 percent. Thus when it comes to the portion of state and local tax effort funding the provision of public education, public safety, environmental services, transportation, infrastructure, and so on, New York City still leads the pack, but it is no longer in a league of its own. Figure 2 shows how much closer we are to the big city trend line without Medicaid and TANF-related transfer programs.

CONCLUSION

IBO's analysis has shown that New York City stands well apart from other large U.S. cities in the size of our overall tax effort; the conjunction of high tax effort with a relatively strong tax base; the large amount and share of tax effort accounted for by local (as opposed to state) government; and the amount and share of tax effort produced specifically by local income taxation.

New York City also differs greatly from other large U.S. cities in the amount and share of tax effort required for Medicaid and other income transfer programs—in particular, for direct local funding of transfer programs. Indeed, the sharing of fiscal responsibilities for such programs in New York State is one reason why the local share of total tax effort is so much higher here than in the other cities.

We have seen that what makes our local personal and business income taxes unique among the big cities is not just that other cities typically do not have these taxes, but that in New York City they come on top of an otherwise more standard array of local taxes: they add to, rather than substitute for, the tax effort typically associated with property and sales taxes. Likewise, the tax effort required by Medicaid and other transfer programs in New York City, and particularly the required direct local tax effort, comes on top of the tax effort funding the otherwise more standard bundle of local government functions such as education, public safety, and environmental protection.

The scale of the burden imposed by these differentials may be grasped by observing that in 2003-2004 New York City's households and businesses faced over $14 billion more in state and local taxes (including $7.5 billion more in transfer program required taxes) than if New York City had had the average tax effort (and average transfer program costs) of the other large cities. Indeed, just the difference with Philadelphia's second-place tax effort cost taxpayers here over $9 billion.

Finally, it is important to stress that taxes are just one factor in peoples' choices of where to live, work, and invest. These choices are also influenced by the scope and quality of government services provided within each city.

Written by David Belkin and Eldar Beiseitov

END NOTES

[1] *Taxing Metropolis* and the *Appendix to Taxing Metropolis* were published in February 2000 and focused on fiscal year 1997.

[2]As explained in the appendix the population survey data are plagued by problems of underreporting of income. However, the surveys remain useful for measuring aggregate income ratios, and we have used some of these ratios to share down components of PI from the county to city level. However, for two cities, Chicago and Phoenix, this may have somewhat over-estimated taxable resources relative to tax collections.

[3]This fiscal year was used because at the time the information was assembled, 2004 was the most recent year for which the data used to estimate taxable resources was available.

[4]Almost all of this was accounted for by Medicaid (New York City, $3,443 per capita; the other big cities, $1,257 per capita), although the gap in per capita public assistance ($247 here, $105 in the other cities) was also large in proportional terms.

[5]Metropolitan Transportation Authority taxes consist of surcharges on state business income and utility taxes, a small (0.25 percent in 2003-2004) add on to state and local sales taxes, and a share of mortgage recording taxes, collected within the region including New York City and seven surrounding counties.

[6]Our default assumption is that state's $8 billion transfer program cost savings lowered state taxes across the board. This implies that the state tax savings were accompanied by an additional small (under $100 million) reduction in MTA tax surcharges that are collected as percentages of state tax collections; city taxpayers reaped roughly two-thirds of this saving. We do not include this marginal (about $0.01 in tax effort terms) secondary impact in our cost sharing impact calculations.

[7]Or, to make the comparison more precise, Los Angeles—$4.02, San Diego—$3.98, when cost sharing is removed there as well.

Appendix

APPENDIX

This appendix contains short methodological notes on a number of technical and background matters pertaining to the findings presented in the main body of the paper: the scope and focus of our analysis; the use of BEA personal income (PI) rather than population survey income data in our measure of taxable resources; the use of gross rather than net operating surplus (GOS), and the methodology for estimating GOS at the city level; adjustments to eliminate double-counting of income included in both PI and GOS; the difference between IBO's gross taxable resources and a U.S. Treasury Department tax capacity measure called total taxable resources; the treatment of tax exports; Chicago accounting adjustments; and the definitions and sources for Medicaid and TANF-related costs.

Scope and Focus of Analysis. While *Taxing Metropolis* covered the 10 most populous U.S. cities, the present paper includes only the nine cities with populations above 1,000,000. This cutoff was suggested by the substantial population size gap between the cities rounding out this list and what is now the tenth largest city in the country, San Jose, California.

Our focus is on fiscal year 2003-2004, which for most of our jurisdictions ran from July 1, 2003 through June 30, 2004 (for Chicago, see below). Our population numbers in Table 1 are an average of the Census Bureau's July 1, 2003 and July 1, 2004 estimates (obtained from Census SUBEST2005-1). Our gross taxable resource estimates also cover the 2003-2004 period, for which we have averaged calendar year 2003 and 2004 GTR estimates.

Personal Income. The Census Bureau's Current Population Survey (CPS) and newer, larger sample American Community Survey (ACS) both provide aggregate household income data at the city level. In contrast, the Bureau of Economic Analysis's measure of personal income is not available below the county level, and had to be estimated at the city level for inclusion in IBO's measure of city resident taxable resources. Nevertheless, estimated PI was deemed preferable to the population survey data because of a problem affecting both the ACS and CPS: the underreporting of income, especially nonwage income (both money income and the cash value of benefits) on the surveys. This is particularly evident, and particularly acute, when reported receipts of transfer incomes or benefits in a population are compared to program payments to that population as picked up by the BEA. Thus in New York City in 2004, BEA reported $2.0 billion in family assistance income, ACS $878 million. For Supplemental Security Income (SSI), BEA gave $2.3 billion, ACS $1.3 billion. Statewide, CPS reported $25.3 billion as its "market value of Medicaid," while BEA recorded payments totaling nearly twice the amount, $45.0 billion—the latter number agreeing much more closely with federal program data. (The ACS does not tabulate Medicaid or other noncash income items.) There are also huge shortfalls of dividends, interest, and rental income in the ACS and CPS ($20 billion to 22 billion for New York State in 2004) compared with the (nonimputed) counterparts in BEA's accounts ($74 billion for New York State). Likewise net capital gains as reported in the CPS ($5.5 billion in New York State in 2004) are only a fraction of what is recorded by the Internal Revenue Service (IRS, $45.1 billion).

While the population surveys are thus a problematic source of *aggregate* income data, they remain useful for measuring aggregate income *ratios*, notably, city/county income (and in some cases population subclass or program participant) ratios. It is these ratios (generally from the ACS) that we have used to share down BEA's county-level data on employment, property, and transfer income to the city level. Two instances should be mentioned, however, where the ACS-mediated share down gave us uncertain results. The city of Chicago had 45.8 percent of Cook County wages and salaries over the 2001-2003 period according to the ACS, but only 43.2 percent according to the IRS and the Illinois Department of Revenue (IDOR). (City and county IRS and IDOR statistics were built up from zip code level data.) Similarly, Phoenix's tax year 2000 adjusted gross income (AGI) as reported by the Arizona Department of Revenue (AZDOR) was 31.1 percent of Maricopa County AGI, while the city/county share of aggregate household income was 37.9 percent according to the ACS (and the AGI share was 37.1 percent according to the CPS). Since the ACS ratios are used to estimate resident PI at the city level, while the liability ratios accompanying AGI are used to derive the portion of state personal income taxes falling on city resident PI, these discrepancies leave open the possibility that IBO has somewhat underestimated tax effort in Chicago and Phoenix.

Gross Operating Surplus. GOS here includes taxes on production and imports (TOPI) net of government subsidies, and thus equals state gross domestic product less compensation of employees (COE). Using gross rather than net surplus (as we did in *Taxing Metropolis*) makes the business income measure more consistent with the household income measure, as PI itself is a gross metric (no exclusions are made there for depreciation of personal assets).

GOS includes both corporate capital charges and proprietors' income. Proprietors' income is drawn from BEA's Personal Income series. In calculating corporate capital charges at the state level BEA relies on Census Bureau value added data for goods

producing industries and on receipts and payroll data from Census's quinquennial economic census for service industries, with adjustments to align the latter with its own industry wage and salary numbers (see BEA's *Gross Domestic Product by State Estimation Methodology* [2006], pp. 7-8). Additional sources are brought in to estimate state utility, transportation, insurance, banking, and real estate sector capital charges.

As in *Taxing Metropolis*, private industry GOS was shared down from the state to county levels via industry compensation ratios, the latter derived from BEA's state and county CA06 Compensation by Industry tables, whose data are nearly identical to COE. (BEA is now using a similar methodology in developing what it describes as "illustrative 'top-down'" gross metropolitan area estimates. See *Gross Domestic Product by State Estimation Methodology*, p. 24.) The final industry GOS share downs were then effected by drilling down to obtain county and city aggregate wage data from the Census Bureau's 2002 Censuses of Industry. These final city-level industry GOS estimates were then summed to obtain total private GOS. As discussed in *Taxing Metropolis*, the limit of this approach is that where the ratio of GOS to COE is larger or smaller for an industry in the city than for that industry statewide, we cannot capture that difference. This becomes a problem if the biases towards greater or lesser relative GOS are large and differ *nonrandomly* from one city to the next (that is, in City A the actual industry GOS/COE ratios tend mostly to be substantially larger at the city level than the state level, in City B the actual industry ratios are systematically smaller than at the state level, and so on). Thus far we have not seen a basis for suspecting nonrandom bias variances between cities.

Some discussants have suggested that there may be a distortion in our measure of GOS due to the fact that in New York City—more so than in other big cities—many large firms are represented by the presence of national headquarters, as opposed to regional production facilities. If headquarters do over-represent GOS (that is, if too much value added or receipts data are juxtaposed with headquarters payroll data), or if the GOS associated with headquarters over-represents the private resources that city and overlapping governments can directly or indirectly tax, then New York City's gross taxable resources have been overstated, most likely more so than the GTRs of most or all of the other large cities have been overstated. If this is the case, then the tax effort (and transfer program burden) differentials between New York City and the other large cities are even greater than what we have measured here.

Adjustments for Double-Counting Income. Generally speaking, most of the gross domestic output (GDP) of a region flows to its resident households as income. As a result, there are large overlaps between the gross product and personal income of a city, state, or region. Most of that overlap is eliminated by the exclusion of compensation of employees by place of work, so that only the GOS portion of GDP is kept on the business side, while including employee compensation by place of residence in PI on the household side. But GOS itself includes items—proprietors' income, rent, and a portion of dividends and interest—that also show up in resident PI, so further adjustments either to GOS or PI are required to eliminate double-counting of taxable resources. It proved easier to remove proprietors' income on the resident personal income side, as what BEA includes there on the proprietors line is actually income by place of work. Here too we make a small adjustment to exclude the estimated dividends and interest flowing from local industry to local households, and we exclude rent, assuming (as does the treasury department in constructing its taxable resource measure, discussed below) that substantially all the (cash and imputed) rent included in PI by BEA derives from and is also counted in local real estate sector GOS.

Gross Taxable Resources and Total Taxable Resources. GTR is similar but not identical to the U.S. Department of Treasury Office of Economic Policy's *Total Taxable Resources* (TTR). The latter is derived by making a series of additions (dividends and monetary interest, net realized capital gains, federal old age and disability insurance program transfers and workers' compensation, gross commuter earnings) and subtractions (mostly federal indirect business taxes, contributions for social insurance) to GSP. IBO's GTR is about 8 percent larger than the treasury department's TTR at the state level, for the most part because GTR retains *all* the personal current transfers (including Medicare, Medicaid, public assistance, SSI, food stamps, and other income maintenance) and imputed interest and rent counted in PI by BEA, and to a lesser extent because federal indirect business taxes (i.e., federal TOPI) are not removed. (Conversely, as noted above we make a small adjustment to PI to exclude the estimated dividends and interest flowing from local industry to local households; the treasury deapartment notes the double-counting but does not adjust for it.) When the transfers and imputations included only in GTR are removed, it is generally about 5 percent to 7 percent smaller than TTR, except in New York, where, because Medicaid looms so large, it is 9 percent smaller.

In including federal indirect business taxes, imputed income, cash and noncash income transfers, etc. in GTR, IBO reasons that while these components of gross income may not all be directly available for taxation by state and local governments, they are fungible with other components of gross income that

are available for taxation. Moreover, insofar as current personal transfer income is netted out from taxable resources (the tax effort denominator), then the portion of taxes providing (redistributing) that income should be netted out from tax collections (the tax effort numerator). But this would only obscure the scope—and differences—in tax effort generated by distributive programs, an important focus of our study. For all these reasons we adhere to the economic definition of income used by BEA under which transfers and imputations are counted.

Tax Exports (and Imports). As described in the text, tax exports are taxes that are collected from visitors or commuters to the city rather than from resident households or businesses. As a practical matter this boils down to taxes on hotel occupancy plus nonresident personal income taxes. In Phoenix a tax on short-term auto rentals is also counted as an export. This by no means exhausts the list of tax exports: in particular, significant amounts of retail, eating and drinking place, and amusements sales tax revenue can be attributed to the commuters and visitors to large central cities. Since we cannot at present capture these effects, this means that the nonhotel related sales tax burden on city resident households and business *within the city* is being overstated. Offsetting this, however, is another effect we do not capture: the sales taxes borne by city residents *outside the city*, in their own capacity as commuters and visitors to regional (and more distant) locations—in effect, tax *imports*. In some instances the amount of (nonhotel-related) sales taxes paid by city residents shopping elsewhere may exceed the amount of (nonhotel-related) sales taxes paid by nonresidents in the city. This appears to be the case for example in Chicago, where the city generated only 13.5 percent of the statewide sales tax (ST), despite having 20 percent of the PI. (We noted above that the city's PI might be overestimated relative to AGI. But Chicago's 18 percent share of state AGI was also substantially larger than its sales tax share.) Roughly a fifth of the sales tax is paid by businesses rather than households, but the share of statewide industrial activity located in Chicago (29 percent of gross product) is higher than the PI share—and more than double the sales tax collections share. In New York as well, New York City's share of statewide taxable nonhotel sales (37 percent) lagged our shares of PI (42 percent) and industrial output (57 percent). This too is symptomatic of a net sales tax importer.

State Tax Sharedowns. We use a variety of data sources and tools to estimate city-borne shares of New York State and MTA taxes. The personal income tax (PIT) share is estimated from a combination of tax year 2000 city and state adjusted gross income (AGI) and liability data and 2003 city and state household income data from ACS. The state's general, banking, and insurance corporation taxes were shared down using industry GOS ratios. (The same methodology was used to share down business income and franchise taxes in the other states.) For the state sales tax we were able to draw on statewide taxable sales data by county. The state itself also provides real property transfer tax and estate and gift tax collections by county.

For the other cities the state tax sharedown methodologies varied with the availability of data. Wherever the state provided actual data or its own estimate of collections by city or county these were used. For Los Angeles and San Diego, state income tax liability was available by county, and city/county PI ratios were used to estimate liability by city. Pennsylvania and Arizona both provided state PIT liability by city (in the latter case for tax year 2000, and this was trended up (using PI ratios) to estimate PIT in Phoenix in 2003-2004). For Chicago AGI and income tax liability numbers were built up from zip code level data. Chicago state, county, city, and other sales and use tax actual collections by industry were available from the Illinois Department of Revenue (see the following note for adjustments we made to the sales tax accounting). For Texas, IBO used state/city sales tax ratios and city sales tax collections to derive estimated state taxes in the cities. For California, our source for all overlapping (including state) sales and use tax collections data in the cities was a private provider, HdL Companies.

For all the big cities, city shares of state motor fuel tax collections were estimated using a combination of state and metro area product line sales data (gasoline sales) and metro area and city industry sales data (gas station sales) from the Census Bureau's 2002 Economic Census to derive state and city gasoline sales.

Chicago Adjustments. Two special accounting adjustments concerning Chicago need to be noted. Generally the fiscal year runs from July 1, 2003 to June 30, 2004. In Chicago the city (but not overlapping governments) fiscal year coincides with the calendar year, but in calculating Chicago gross taxable resources we have kept to the same period as with the other cities, and in compiling the tax collections have (where monthly or quarterly collections data were not available) averaged the city's 2003 and 2004 annual collections.

We count the municipal tax (MT) and countywide tax (CST) portions of the Illinois state sales tax as, respectively, Chicago city and Cook County sales taxes. MT and CST are, like the city and county home rule sales and use taxes, allocated back to the city and county based on point of sale—there is no redistribution between local jurisdictions based on some other revenue allocation formula (such as population). (Where we find such formulae, we classify the tax as a state tax, and the tax revenues

distributed to local governments as intergovernmental aid.) Were we to count MT and CST as state taxes, the local share of total Chicago tax effort would drop from 61 percent to 58 percent—still on the high side. Local tax effort would fall from $3.56 per $100 GTR to $3.44, and state tax effort would increase from $2.32 to $2.45—still unusually low.

Medicaid and TANF. Medicaid includes administrative costs and the State Children's Health Insurance Program. The source for these data is the U.S. Department of Health and Human Services, *CMS-64 Quarterly Expense Report*. The Medicaid expenditures reported here tend to be higher (and also somewhat differently categorized) than what is reported by state health departments; we use U.S. Health and Human Services numbers to provide consistency across states. But for the shares of nonfederal Medicaid spending supported by the state and local governments in New York and Arizona we have relied on the statistics provided by the respective state Departments of Health.

Nationwide the federal share of Medicaid costs in 2003-2004 was 59 percent, but in the states in our sample it varied from around 53 percent (California, Illinois, New York) to 71 percent (Arizona). Pennsylvania at 57 percent and Texas at 62 percent were closest to the national average. (Note that in this fiscal year the federal share was boosted by three percentage points nationwide to provide temporary fiscal relief for the states.)

For TANF, nonfederal expenditures include TANF basic assistance, non-TANF assistance counted towards the states' TANF "maintenance of effort" or MOE (in New York, this includes the family safety net), and related MOE expenditures such as child care. In New York and Illinois, the state's refundable Earned Income Tax Credit (EITC) and other refundable tax credits are included in the non-TANF MOE; the other states in our study do not have EITCs. (There is now also an EITC in New York City's personal income tax, but this was established subsequent to the year of our study.) All the states in our study except Texas have additional cash assistance programs for needy individuals who are not eligible for TANF. These programs have no federal funding component and are not counted towards the MOE. We are including these in our count of TANF-related expenditures. The federal share of total TANF-related expenditures was about 54 percent nationwide, but varied from just 41 percent in New York to 51 percent in California, 55 percent in Illinois, 60 percent in Pennsylvania, and 68 percent in Arizona and Texas.

The basic source for TANF-related expenditures is the U.S. Department of Health and Human Services, Administration for Children and Families, *TANF Financial Data* (see Tables B-E for nonfederal expenditures and Table F for total expenditures); the New York City shares of TANF-related costs were drawn from the New York State Office of Temporary Disability Statistics (see *NYS OTDA Caseload Statistics*). The data for the non-MOE assistance programs were obtained from the respective states.

Table A1. 2003-2004 City Gross Taxable Resource Component Detail

	NYC	LA	Chi	Hou	Phi	Pho	SD	SA	Dal	Non-NYC avg.
Population	8,147,351	3,827,806	2,868,473	2,010,656	1,474,155	1,402,672	1,263,684	1,224,161	1,206,854	1,909,807

Resident Personal Income Components *Dollars in billions*

	NYC	LA	Chi	Hou	Phi	Pho	SD	SA	Dal	Non-NYC avg.
Net employee earnings by place of residence	$166.1	$67.5	$53.4	$38.1	$22.4	$24.1	$31.0	$19.7	$25.4	$35.2
Dividends and interest	34.5	15.3	10.1	8.8	4.1	3.7	6.9	2.8	5.0	7.1
Personal current transfer receipts	64.8	18.8	15.4	7.9	11.4	5.0	5.2	5.3	4.4	9.2
Capital gains	15.5	5.6	3.4	2.3	0.8	1.5	2.3	0.9	1.8	2.3
Total Resident Personal Income	**$281.0**	**$107.2**	**$82.2**	**$57.1**	**$38.7**	**$34.3**	**$45.5**	**$28.7**	**$36.6**	**$53.8**

Resident Personal Income Components Per Capita

	NYC	LA	Chi	Hou	Phi	Pho	SD	SA	Dal	Non-NYC avg.
Net employee earnings by place of residence	$20,389	$17,626	$18,602	$18,934	$15,214	$17,191	$24,529	$16,123	$21,081	$18,432
Dividends and interest	4,239	4,001	3,510	4,401	2,801	2,658	5,488	2,269	4,115	3,716
Personal current transfer receipts	7,958	4,917	5,360	3,947	7,754	3,559	4,146	4,293	3,641	4,807
Capital gains	1,906	1,456	1,192	1,136	509	1,053	1,842	753	1,465	1,212
Total Resident Personal Income	**$34,492**	**$28,000**	**$28,664**	**$28,418**	**$26,279**	**$24,461**	**$36,005**	**$23,437**	**$30,302**	**$28,167**

Resident Personal Income Component Shares

	NYC	LA	Chi	Hou	Phi	Pho	SD	SA	Dal	Non-NYC avg.
Net employee earnings by place of residence	59.1	63.0	64.9	66.6	57.9	70.3	68.1	68.8	69.6	65.4
Dividends and interest	12.3	14.3	12.2	15.5	10.7	10.9	15.2	9.7	13.6	13.2
Personal current transfer receipts	23.1	17.6	18.7	13.9	29.5	14.5	11.5	18.3	12.0	17.1
Capital gains	5.5	5.2	4.2	4.0	1.9	4.3	5.1	3.2	4.8	4.3
Total Resident Personal Income	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Business Gross Operating Surplus by Industry *Dollars in billions*

	NYC	LA	Chi	Hou	Phi	Pho	SD	SA	Dal	Non-NYC avg.
Agriculture, forestry, fishing, and hunting	$0.1	$0.1	$0.0	$0.0	$0.0	$0.2	$0.2	$0.1	$0.0	$0.1
Mining (including oil and gas extraction)	0.0	0.4	0.0	21.6	0.0	0.1	0.0	0.3	3.1	3.2
Utilities	4.7	1.8	1.2	6.9	0.9	0.9	0.8	0.0	2.6	1.9
Construction	3.5	1.2	1.4	3.6	0.4	1.6	0.9	1.0	1.7	1.5
Manufacturing	3.8	3.1	2.5	5.8	1.4	2.7	0.6	1.1	2.7	2.5
Wholesale trade	9.8	4.4	2.1	5.4	1.0	2.4	2.0	1.1	3.1	2.7
Retail trade	7.8	4.2	1.9	3.3	0.9	1.8	1.9	1.8	2.4	2.3
Transportation and warehousing	2.5	2.2	1.9	3.1	0.6	0.7	0.4	0.6	1.2	1.3
Information	27.7	11.9	4.1	3.2	1.5	1.6	4.0	1.8	2.5	3.8
Finance and insurance	32.2	6.3	9.9	4.9	2.5	3.6	2.8	2.5	5.1	4.7
Real estate, rental, and leasing	87.0	30.2	32.7	17.2	8.4	9.1	14.2	4.3	19.3	16.9
Professional and technical services	16.4	4.1	6.2	5.6	1.9	1.5	3.3	0.9	3.6	3.4
Management of companies and enterprises	5.5	0.4	1.1	2.1	0.2	0.3	0.2	0.7	1.3	0.8
Administrative and waste services	3.4	1.5	1.0	1.8	0.5	0.9	1.0	0.3	0.9	1.0
Educational services	0.5	0.2	0.1	0.1	0.2	0.1	0.0	0.0	0.0	0.1
Health care and social assistance	6.6	2.7	1.3	2.0	1.1	0.8	1.1	0.6	1.7	1.4
Arts, entertainment, and recreation	2.3	1.6	0.6	0.4	0.2	0.2	0.2	0.1	0.3	0.5
Accommodation and food services	4.6	1.5	1.5	1.2	0.6	0.7	0.9	0.5	1.1	1.0

Other services	2.7	1.5	0.8	1.0	0.5	0.4	0.6	0.3	0.5	0.7
Total Business GOS	**$221.0**	**$79.4**	**$70.4**	**$89.3**	**$22.8**	**$29.7**	**$35.1**	**$18.0**	**$53.2**	**$49.7**
Memo: proprietors' income (all sectors)	*44.0*	*18.1*	*13.6*	*25.0*	*4.0*	*5.0*	*6.7*	*4.6*	*11.7*	*11.1*

Business GOS by Industry Per Capita

	NYC	LA	Chi	Hou	Phi	Pho	SD	SA	Dal	Non-NYC avg.
Agriculture, forestry, fishing, and hunting	$17	$33	$14	$18	$10	$121	$144	$67	$17	$44
Mining (including oil and gas extraction)	1	106	6	10,756	0	46	24	285	2,588	1,677
Utilities	573	475	432	3,429	601	607	621	11	2,130	985
Construction	434	324	494	1,808	260	1,176	731	826	1,422	784
Manufacturing	472	805	863	2,865	943	1,896	490	858	2,269	1,294
Wholesale trade	1,197	1,141	727	2,703	665	1,703	1,554	910	2,545	1,401
Retail trade	962	1,100	654	1,659	618	1,296	1,503	1,442	2,017	1,195
Transportation and warehousing	309	575	653	1,528	411	522	278	456	982	692
Information	3,406	3,104	1,441	1,588	1,026	1,162	3,160	1,450	2,101	2,006
Finance and insurance	3,951	1,652	3,445	2,414	1,699	2,596	2,199	2,033	4,206	2,457
Real estate, rental, and leasing	10,679	7,884	11,394	8,537	5,725	6,505	11,256	3,508	16,000	8,863
Professional and technical services	2,014	1,079	2,173	2,783	1,277	1,092	2,639	768	3,023	1,787
Management of companies and enterprises	670	107	380	1,037	150	228	133	574	1,071	412
Administrative and waste services	414	388	363	884	329	634	755	285	746	516
Educational services	55	42	46	68	143	36	26	16	37	52
Health care and social assistance	813	696	447	1,006	745	592	903	508	1,373	741
Arts, entertainment, and recreation	280	427	219	220	154	162	179	88	221	246
Accommodation and food services	559	393	511	617	374	522	701	381	903	519
Other services	326	402	296	495	355	295	513	223	430	377
Total Business GOS	**$27,130**	**$20,734**	**$24,556**	**$44,416**	**$15,487**	**$21,191**	**$27,809**	**$14,690**	**$44,081**	**$26,049**
Memo: proprietors' income (all sectors)	*5,406*	*4,716*	*4,736*	*12,438*	*2,688*	*3,551*	*5,265*	*3,783*	*9,731*	*5,800*

Business GOS by Industry Shares

	NYC	LA	Chi	Hou	Phi	Pho	SD	SA	Dal	Non-NYC avg.
Agriculture, forestry, fishing, and hunting	0.1	0.2	0.1	0.0	0.1	0.6	0.5	0.5	0.0	0.2
Mining (including oil and gas extraction)	0.0	0.5	0.0	24.2	0.0	0.2	0.1	1.9	5.9	6.4
Utilities	2.1	2.3	1.8	7.7	3.9	2.9	2.2	0.1	4.8	3.8
Construction	1.6	1.6	2.0	4.1	1.7	5.5	2.6	5.6	3.2	3.0
Manufacturing	1.7	3.9	3.5	6.5	6.1	8.9	1.8	5.8	5.1	5.0
Wholesale trade	4.4	5.5	3.0	6.1	4.3	8.0	5.6	6.2	5.8	5.4
Retail trade	3.5	5.3	2.7	3.7	4.0	6.1	5.4	9.8	4.6	4.6
Transportation and warehousing	1.1	2.8	2.7	3.4	2.7	2.5	1.0	3.1	2.2	2.7
Information	12.6	15.0	5.9	3.6	6.6	5.5	11.4	9.9	4.8	7.7
Finance and insurance	14.6	8.0	14.0	5.4	11.0	12.2	7.9	13.8	9.5	9.4
Real estate, rental, and leasing	39.4	38.0	46.4	19.2	37.0	30.7	40.5	23.9	36.3	34.0
Professional and technical services	7.4	5.2	8.8	6.3	8.2	5.2	9.5	5.2	6.9	6.9
Management of companies and enterprises	2.5	0.5	1.5	2.3	1.0	1.1	0.5	3.9	2.4	1.6
Administrative and waste services	1.5	1.9	1.5	2.0	2.1	3.0	2.7	1.9	1.7	2.0
Educational services	0.2	0.2	0.2	0.2	0.9	0.2	0.1	0.1	0.1	0.2
Health care and social assistance	3.0	3.4	1.8	2.3	4.8	2.8	3.2	3.5	3.1	2.8
Arts, entertainment, and recreation	1.0	2.1	0.9	0.5	1.0	0.8	0.6	0.6	0.5	0.9
Accommodation and food services	2.1	1.9	2.1	1.4	2.4	2.5	2.5	2.6	2.0	2.0
Other services	1.2	1.9	1.2	1.1	2.3	1.4	1.8	1.5	1.0	1.4
Total Business GOS	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Memo: proprietors' income (all sectors)	*19.9*	*22.7*	*19.3*	*28.0*	*17.4*	*16.8*	*18.9*	*25.8*	*22.1*	*22.3*

SOURCES: IBO, Bureau of Economic Analysis, and U.S. Census Bureau.

Table A2. Total Taxes Collected by Direct and Overlapping Governments In the Largest U.S. Cities, 2003-2004

Dollars in millions

City	Level of government	Nonexported Taxes Collected by State and and Local Gvoernments in Central City							Exported Taxes			Total
		Property	General Sales	Personal Income	Business Income	Utility	Other and Unspecified	**Total Nonexported**	Visitor (Hotel Occupancy Taxes)	Commuter (Nonresident Income Taxes)	**Total Exported**	
New York City	City	$11,445.0	$3,910.4	$5,581.5	$3,318.4	$297.1	$2,942.2	$27,494.6	$356.7	-	$356.7	$27,851.3
	County	-	-	-	-	-	-	-	-	-	-	-
	School	-	-	-	-	-	-	-	-	-	-	-
	Other Local	-	216.7	-	259.2	41.2	196.4	713.5	8.0	-	8.0	721.5
	Total Local	**11,445.0**	**4,127.1**	**5,581.5**	**3,577.6**	**338.3**	**3,138.6**	**28,208.1**	**364.7**	**-**	**364.7**	**28,572.8**
	State	-	3,684.2	10,070.4	1,767.8	274.7	1,296.2	17,093.2	136.1	1,885.0	2,021.1	19,114.3
	Total	**$11,445.0**	**$7,811.3**	**$15,651.8**	**$5,345.4**	**$613.0**	**$4,434.8**	**$45,301.3**	**$500.8**	**$1,885.0**	**$2,385.8**	**$47,687.1**
Los Angeles	City	$136.0	$377.2	-	$372.4	$572.0	$258.4	$1,716.0	$113.1	-	$113.1	$1,829.1
	County	2,691.5	660.1	-	-	24.5	40.6	3,416.8	13.2	-	13.2	3,430.0
	School	207.4	-	-	-	-	-	207.4	-	-	-	207.4
	Other Local	17.6	-	-	-	-	-	17.6	-	-	-	17.6
	Total Local	**3,052.6**	**1,037.3**	**-**	**372.4**	**596.5**	**299.1**	**5,357.8**	**126.3**	**-**	**126.3**	**5,484.1**
	State	-	2,074.6	3,369.6	909.4	-	1,128.0	7,481.6	41.5	251.5	293.0	7,774.6
	Total	**$3,052.6**	**$3,111.9**	**$3,369.6**	**$1,281.8**	**$596.5**	**$1,427.0**	**$12,839.4**	**$167.7**	**$251.5**	**$419.2**	**$13,258.7**
Chicago	City	$723.3	$365.7	-	$27.2	$508.7	$833.5	$2,458.4	$50.9	-	$50.9	$2,509.3
	County	330.2	109.4	-	-	-	7.7	447.3	-	-	-	447.3
	School	1,854.7	-	-	-	-	-	1,854.7	-	-	-	1,854.7
	Other Local	463.3	222.0	-	-	-	-	685.4	53.8	-	53.8	739.2
	Total Local	**3,371.6**	**697.1**	**-**	**27.2**	**508.7**	**841.2**	**5,445.8**	**104.7**	**-**	**104.7**	**5,550.5**
	State	-	806.0	1,354.2	805.6	352.5	232.5	3,550.8	71.4	160.5	232.0	3,782.8
	Total	**$3,371.6**	**$1,503.1**	**$1,354.2**	**$832.9**	**$861.2**	**$1,073.7**	**$8,996.6**	**$176.1**	**$160.5**	**$336.6**	**$9,333.3**
Houston	City	$691.9	$348.0	-	$161.4	-	$16.3	$1,217.6	$47.2	-	$47.22	$1,264.85
	County	419.3	-	-	-	-	-	419.3	-	-	-	419.3
	School	1,704.2	-	-	-	-	-	1,704.2	-	-	-	1,704.2
	Other Local	26.4	348.0	-	-	-	-	374.4	-	-	-	374.4
	Total Local	**2,841.8**	**696.0**	**-**	**161.4**	**-**	**16.3**	**3,715.5**	**47.2**	**-**	**47.2**	**3,762.7**
	State	-	2,174.9	-	416.5	105.9	1,683.3	4,380.5	40.4	-	40.4	4,421.0
	Total	**$2,841.8**	**$2,870.9**	**-**	**$577.9**	**$105.9**	**$1,699.6**	**$8,096.0**	**$87.6**	**-**	**$87.6**	**$8,183.6**
Philadelphia	City	$891.2	$103.8	$865.6	$322.1	$1.1	$331.4	$2,515.1	$33.6	$486.9	$520.5	$3,035.6
	County	-	-	-	-	-	-	-	-	-	-	-
	School	-	-	-	-	-	-	-	-	-	-	-
	Other Local	-	-	-	-	-	-	-	-	-	-	-
	Total Local	**891.2**	**103.8**	**865.6**	**322.1**	**1.1**	**331.4**	**2,515.1**	**33.6**	**486.9**	**520.5**	**3,035.6**
	State	-	622.6	522.3	463.4	61.8	225.3	1,895.3	25.2	45.5	70.7	1,966.0
	Total	**$891.2**	**$726.4**	**$1,387.8**	**$785.5**	**$62.8**	**$556.7**	**$4,410.4**	**$58.8**	**$532.4**	**$591.2**	**$5,001.6**

Phoenix	City	$170.7	$490.3	-	-	-	$2.6	$663.6	$40.1	-	$40.1	$703.6
	County	193.5	226.9	-	-	-	4.3	424.7	15.2	-	15.2	439.9
	School	848.2	-	-	-	-	-	848.2	-	-	-	848.2
	Other Local	-	-	-	-	-	-	-	-	-	-	-
	Total Local	**1,212.3**	**717.2**	**-**	**-**	**-**	**6.9**	**1,936.5**	**55.3**	**-**	**55.3**	**1,991.7**
	State	-	1,135.6	424.5	198.5	-	306.9	2,065.6	47.5	28.9	76.4	2,141.9
	Total	**$1,212.3**	**$1,852.9**	**$424.5**	**$198.5**	**-**	**313.8**	**4,002.0**	**102.8**	**28.9**	**131.7**	**4,133.7**
San Diego	City	$7.5	$192.0	-	$10.0	-	8.5	218.1	130.4	-	$130.4	$348.5
	County	1,081.6	240.1	-	-	-	8.5	1,330.1	116.3	-	116.3	1,446.4
	School	103.6	-	-	-	-	-	103.6	-	-	-	103.6
	Other Local	-	-	-	-	-	-	-	-	-	-	-
	Total Local	**1,192.7**	**432.1**	**-**	**10.0**	**-**	**16.9**	**1,651.8**	**246.7**	**-**	**246.7**	**1,898.5**
	State	-	1,056.3	1,301.4	399.5	-	440.0	3,197.2	62.4	110.5	172.9	3,370.1
	Total	**$1,192.7**	**$1,488.4**	**$1,301.4**	**$409.5**	**-**	**$457.0**	**$4,849.0**	**$309.1**	**$110.5**	**$419.6**	**$5,268.6**
San Antonio	City	$257.1	$162.4	-	26.6	-	5.9	451.9	46.3	-	$46.3	$498.3
	County	260.4	-	-	-	-	-	260.4	-	-	-	260.4
	School	771.9	-	-	-	-	-	771.9	-	-	-	771.9
	Other Local	7.3	108.3	-	-	-	-	115.5	-	-	-	115.5
	Total Local	**1,296.7**	**270.6**	**-**	**26.6**	**-**	**5.9**	**1,599.7**	**46.3**	**-**	**46.3**	**1,646.1**
	State	-	902.1	-	85.2	0.2	554.1	1,541.7	30.0	-	30.0	1,571.7
	Total	**$1,296.7**	**$1,172.8**	**-**	**$111.8**	**$0.2**	**$560.0**	**$3,141.4**	**$76.3**	**-**	**$76.3**	**$3,217.7**
Dallas	City	$467.7	$195.0	-	$114.1	-	$9.6	$786.3	$37.5	-	$37.5	$823.9
	County	333.2	-	-	-	-	-	333.2	-	-	-	333.2
	School	974.8	-	-	-	-	-	974.8	-	-	-	974.8
	Other Local	-	195.0	-	-	-	-	195.0	-	-	-	195.0
	Total Local	**1,775.7**	**390.0**	**-**	**114.1**	**-**	**9.6**	**2,289.4**	**37.5**	**-**	**37.5**	**2,326.9**
	State	-	1,218.7	-	252.6	36.4	872.4	2,380.0	25.4	-	25.4	2,405.5
	Total	**$1,775.7**	**$1,608.7**	**-**	**$366.7**	**$36.4**	**$882.0**	**$4,669.4**	**$63.0**	**-**	**$63.0**	**$4,732.4**
Non-NYC Total	City	$3,345.3	$2,234.4	$865.6	$1,033.8	$1,081.8	$1,466.2	$10,027.1	$499.2	$486.9	$986.0	$11,013.1
	County	5,309.6	1,236.5	-	-	24.5	61.1	6,631.8	144.6	-	144.6	6,776.4
	School	6,464.8	-	-	-	-	-	6,464.8	-	-	-	6,464.8
	Other Local	514.6	873.3	-	-	-	-	1,387.9	53.8	-	53.8	1,441.7
	Total Local	**15,634.5**	**4,344.1**	**865.6**	**1,033.8**	**1,106.3**	**1,527.4**	**24,511.6**	**697.6**	**486.9**	**1,184.5**	**25,696.1**
	State	-	9,990.8	6,972.0	3,530.8	556.7	5,442.5	26,492.7	343.8	596.9	940.8	27,433.5
	Total	**$15,634.5**	**$14,334.9**	**$7,837.6**	**$4,564.6**	**$1,663.0**	**$6,969.8**	**$51,004.3**	**$1,041.4**	**$1,083.8**	**$2,125.2**	**$53,129.6**

SOURCES: IBO, Government Comprehensive Annual Financial Reports and additional city, county, state, and other government revenue documents.

Table A3. Taxes per $100 Gross Taxable Resources of Direct and Overlapping Governments In the Largest U.S. Cities, 2003-2004

City	Level of government	Nonexported Taxes Collected by State and Local Governments in Central City							Memo: Exported Taxes			
		Property	General Sales	Personal Income	Business Income	Utility	Other and Unspecified	**Total Nonexported**	Visitor (Hotel Occupancy Taxes)	Commuter (Nonresident Income Taxes)	**Total Exported**	**Total**
New York City	City	$2.28	$0.78	$1.11	$0.66	$0.06	$0.59	$5.48	$0.07	$0.00	$0.07	$5.55
	County	-	-	-	-	-	-	-	-	-	-	-
	School	-	-	-	-	-	-	-	-	-	-	-
	Other local	-	0.04	-	0.05	0.01	0.04	0.14	0.00	-	0.00	0.14
	Total local	**2.28**	**0.82**	**1.11**	**0.71**	**0.07**	**0.63**	**5.62**	**0.07**	**-**	**0.07**	**5.69**
	State	-	0.73	2.01	0.35	0.05	0.26	3.40	0.03	0.38	0.40	3.81
	Total	**$2.28**	**$1.56**	**$3.12**	**$1.06**	**$0.12**	**$0.88**	**$9.02**	**$0.10**	**$0.38**	**$0.48**	**$9.50**
Los Angeles	City	$0.07	$0.20	-	$0.20	$0.31	$0.14	$0.92	$0.06	-	$0.06	$0.98
	County	1.44	0.35	-	-	0.01	0.02	1.83	0.01	-	0.01	1.84
	School	0.11	-	-	-	-	-	0.11	-	-	-	0.11
	Other local	0.01	-	-	-	-	-	0.01	-	-	-	0.01
	Total local	**1.64**	**0.56**	**-**	**0.20**	**0.32**	**0.16**	**2.87**	**0.07**	**-**	**0.07**	**2.94**
	State	-	1.11	1.81	0.49	-	0.60	4.01	0.02	0.13	0.16	4.17
	Total	**$1.64**	**$1.67**	**$1.81**	**$0.69**	**$0.32**	**$0.76**	**$6.88**	**$0.09**	**$0.13**	**$0.22**	**$7.11**
Chicago	City	$0.47	$0.24	-	$0.02	$0.33	$0.55	$1.61	$0.03	-	$0.03	$1.64
	County	0.22	0.07	-	-	-	0.01	0.29	-	-	-	0.29
	School	1.21	-	-	-	-	-	1.21	-	-	-	1.21
	Other local	0.30	0.15	-	-	-	-	0.45	0.04	-	0.04	0.48
	Total local	**2.21**	**0.46**	**-**	**0.02**	**0.33**	**0.55**	**3.57**	**0.07**	**-**	**0.07**	**3.64**
	State	-	0.53	0.89	0.53	0.23	0.15	2.33	0.05	0.11	0.15	2.48
	Total	**$2.21**	**$0.98**	**$0.89**	**$0.55**	**$0.56**	**$0.70**	**$5.89**	**$0.12**	**$0.11**	**$0.22**	**$6.11**
Houston	City	$0.47	$0.24	-	$0.11	$0.00	$0.01	$0.83	$0.03	-	$0.03	$0.86
	County	0.29	-	-	-	-	-	0.29	-	-	-	0.29
	School	1.16	-	-	-	-	-	1.16	-	-	-	1.16
	Other local	0.02	0.24	-	-	-	-	0.26	-	-	-	0.26
	Total local	**1.94**	**0.48**	**-**	**0.11**	**-**	**0.01**	**2.54**	**0.03**	**-**	**0.03**	**2.57**
	State	-	1.49	-	0.28	0.07	1.15	2.99	0.03	-	0.03	3.02
	Total	**$1.94**	**$1.96**	**-**	**$0.39**	**$0.07**	**$1.16**	**$5.53**	**$0.06**	**-**	**$0.06**	**$5.59**
Philadelphia	City	$1.45	$0.17	$1.41	$0.52	$0.00	$0.54	$4.09	$0.05	$0.79	$0.85	$4.93
	County	-	-	-	-	-	-	-	-	-	-	-
	School	-	-	-	-	-	-	-	-	-	-	-
	Other local	-	-	-	-	-	-	-	-	-	-	-
	Total local	**1.45**	**0.17**	**1.41**	**0.52**	**0.00**	**0.54**	**4.09**	**0.05**	**0.79**	**0.85**	**4.93**
	State	-	1.01	0.85	0.75	0.10	0.37	3.08	0.04	0.07	0.11	3.19
	Total	**$1.45**	**$1.18**	**$2.25**	**$1.28**	**$0.10**	**$0.90**	**$7.16**	**$0.10**	**$0.86**	**$0.96**	**$8.12**

Phoenix	City	$0.27	$0.77	-	-	-	$0.00	$1.04	$0.06	-	$0.06	$1.10
	County	0.30	0.35	-	-	-	0.01	0.66	0.02	-	0.02	0.69
	School	1.32	-	-	-	-	-	1.32	-	-	-	1.32
	Other local	-	-	-	-	-	-	-	-	-	-	-
	Total local	**1.89**	**1.12**	**-**	**-**	**-**	**0.01**	**3.02**	**0.09**	**-**	**0.09**	**3.11**
	State	-	1.77	0.66	0.31	-	0.48	3.23	0.07	0.05	0.12	3.35
	Total	**$1.89**	**$2.89**	**$0.66**	**$0.31**	**-**	**$0.49**	**$6.25**	**$0.16**	**$0.05**	**$0.21**	**$6.46**
San Diego	City	$0.01	$0.24	-	$0.01	-	0.01	0.27	0.16	-	$0.16	$0.43
	County	1.34	0.30	-	-	-	0.01	1.65	0.14	-	0.14	1.79
	School	0.13	-	-	-	-	-	0.13	-	-	-	0.13
	Other local	-	-	-	-	-	-	-	-	-	-	-
	Total local	**1.48**	**0.54**	**-**	**0.01**	**-**	**0.02**	**2.05**	**0.31**	**-**	**0.31**	**2.35**
	State	-	1.31	1.61	0.50	-	0.55	3.96	0.08	0.14	0.21	4.18
	Total	**$1.48**	**$1.85**	**$1.61**	**$0.51**	**-**	**$0.57**	**$6.01**	**$0.38**	**$0.14**	**$0.52**	**$6.53**
San Antonio	City	$0.55	$0.35	-	$0.06	-	$0.01	$0.97	$0.10	-	$0.10	$1.07
	County	0.56	-	-	-	-	-	0.56	-	-	-	0.56
	School	1.65	-	-	-	-	-	1.65	-	-	-	1.65
	Other local	0.02	0.23	-	-	-	-	0.25	-	-	-	0.25
	Total local	**2.78**	**0.58**	**-**	**0.06**	**-**	**0.01**	**3.43**	**0.10**	**-**	**0.10**	**3.53**
	State	-	1.93	-	0.18	0.00	1.19	3.30	0.06	-	0.06	3.37
	Total	**$2.78**	**$2.51**	**-**	**$0.24**	**$0.00**	**$1.20**	**$6.73**	**$0.16**	**-**	**$0.16**	**$6.89**
Dallas	City	$0.52	$0.22	-	$0.13	-	$0.01	$0.88	$0.04	-	$0.04	$0.92
	County	0.37	-	-	-	-	-	0.37	-	-	-	0.37
	School	1.09	-	-	-	-	-	1.09	-	-	-	1.09
	Other local	-	0.22	-	-	-	-	0.22	-	-	-	0.22
	Total local	**1.98**	**0.43**	**-**	**0.13**	**-**	**0.01**	**2.55**	**0.04**	**-**	**0.04**	**2.59**
	State	-	1.36	-	0.28	0.04	0.97	2.65	0.03	-	0.03	2.68
	Total	**$1.98**	**$1.79**	**-**	**$0.41**	**$0.04**	**$0.98**	**$5.20**	**$0.07**	**-**	**0.07**	**5.27**
Non-NYC total	City	$0.40	$0.27	$0.10	$0.12	$0.13	$0.18	$1.21	$0.06	$0.06	$0.12	$1.33
	County	0.64	0.15	-	-	0.00	0.01	0.80	0.02	-	0.02	0.82
	School	0.78	-	-	-	-	-	0.78	-	-	-	0.78
	Other local	0.06	0.11	-	-	-	-	0.17	0.01	-	0.01	0.17
	Total local	**1.89**	**0.52**	**0.10**	**0.12**	**0.13**	**0.18**	**2.96**	**0.08**	**0.06**	**0.14**	**3.10**
	State	-	1.21	0.84	0.43	0.07	0.66	3.20	0.04	0.07	0.11	3.31
	Total	**$1.89**	**$1.73**	**$0.95**	**$0.55**	**$0.20**	**$0.84**	**$6.16**	**$0.13**	**$0.13**	**$0.26**	**$6.41**

SOURCE: IBO.

NOTE: Exported taxes are not directly absorbed by Gross Taxable Resources; exported and all taxes per $100 GTR provided for illustration only.