

# TEXAS VS CONNECTICUT

Every year, the Tax Foundation, a nonpartisan tax research group based in Washington, D.C., calculates Tax Freedom Day to illustrate what portion of the year citizens must work to pay their federal, state, and local taxes. In 2016, it estimated that the average American works about 114 days out of the year to pay his or her taxes, making Tax Freedom Day fall on April 24.

By the Tax Foundation's estimate, Tax Freedom Day comes a few days earlier (April 17) for Texans, placing Texas twentieth among the fifty states in terms of total state taxes paid per capita. The most heavily taxed states, according to the Tax Foundation, are Connecticut and New Jersey.<sup>i</sup> One of the reasons for Connecticut's high taxes is that its citizens are relatively prosperous, with a median household income of \$69,899, compared to Texas's median household income of \$51,563 and the national average median of \$52,576.<sup>ii</sup> Because families in Texas have lower incomes, they naturally pay lower federal income taxes than families in higher-income states, such as New Jersey and Connecticut. In addition to the federal income tax, Connecticut has a separate state income tax with six brackets and a top rate of 6.99 percent (the second-highest individual state income tax rate in the nation). Texas has no state income tax, but it does have 6.25 percent sales tax along with an average \$1,559 per capita property tax. Connecticut's sales tax is 6.35

percent, and their citizens pay \$2,726 on average in property taxes.<sup>iii</sup>

Overall, the highest rates of taxation are found in the Northeast, with Connecticut (#1), New Jersey (#2), New York (#3), and Massachusetts (#4) having the four highest rates in the nation. In contrast, taxes are generally lower in the South, with Alabama (#47), Tennessee (#49), Mississippi (#50), and Louisiana (#48) among the least-taxed citizens.

## THINKING *Critically*

- ★ Can you think of some advantages of living in a state with a high income tax, such as Connecticut? What might these be?
- ★ Can you identify problems in Texas that might be better addressed if the state had more revenue?
- ★ Can you think of other ways the state might raise revenue without imposing income taxes?

i. Scott Greenberg, "Tax Freedom Day 2016 is April 24th," Tax Foundation, April 2016, <http://taxfoundation.org/sites/taxfoundation.org/files/docs/TaxFreedomDay.2016..pdf> (accessed August 4, 2016).

ii. U.S. Census Bureau, State Fact Sheets, [www.census.gov](http://www.census.gov).

iii. *ibid.*