

Advancing Racial Equity With State Tax Policy

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States and Localities Provide Most of the Funding for Major Public Systems



Provide 92 percent of K-12 school funding



Provide 98 percent of public college and university funding*



Own 93 percent of the country's non-defense public infrastructure including roads, other transit systems, water systems, and airports



Incarcerate 91 percent of those in prison or jail

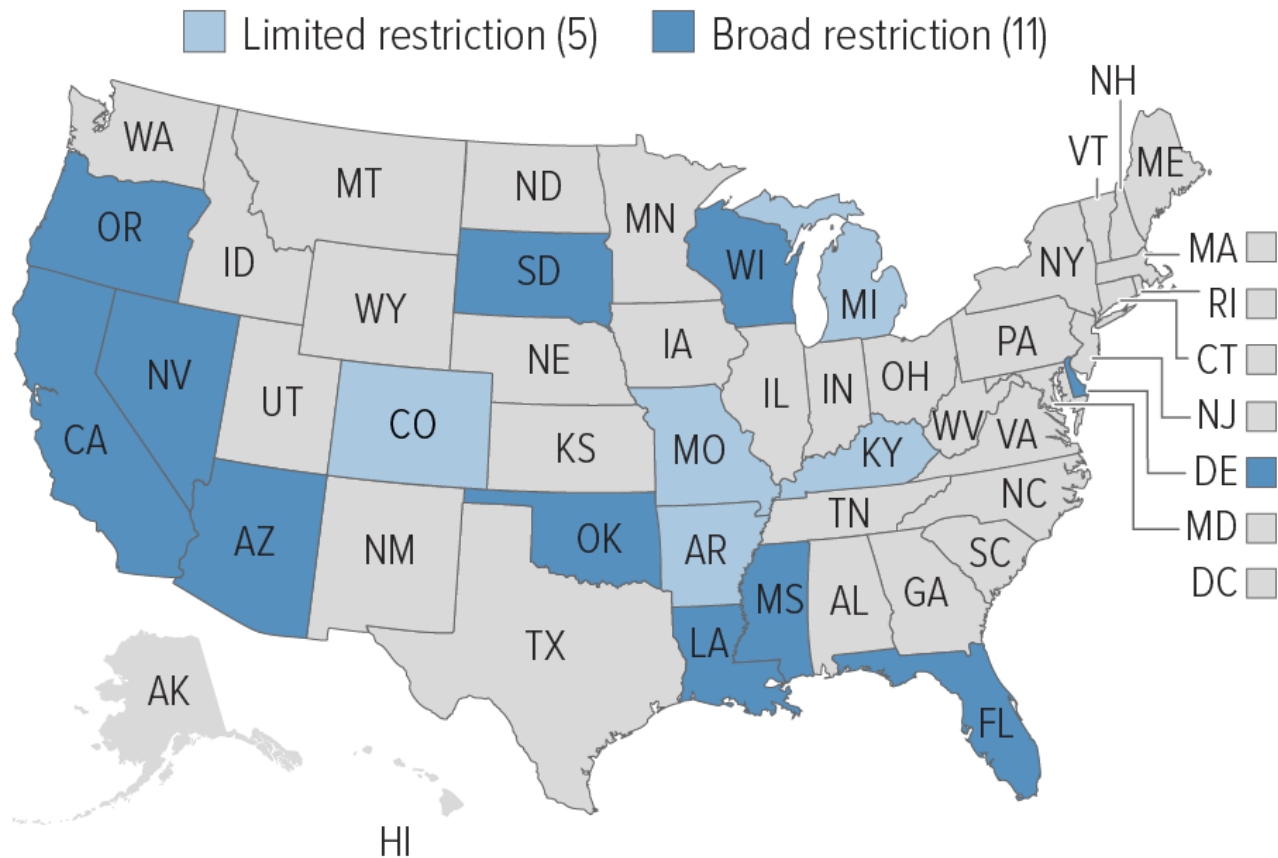
*Excludes tuition and tuition assistance.

Source: CBPP, "A Punishing Decade for School Funding," National Center for Education Statistics, CBPP, "It's Time for States to Invest in Infrastructure," Bureau of Justice Statistics, "Correctional Populations in the United States, 2016"





Sixteen States Require Supermajorities To Raise Revenues

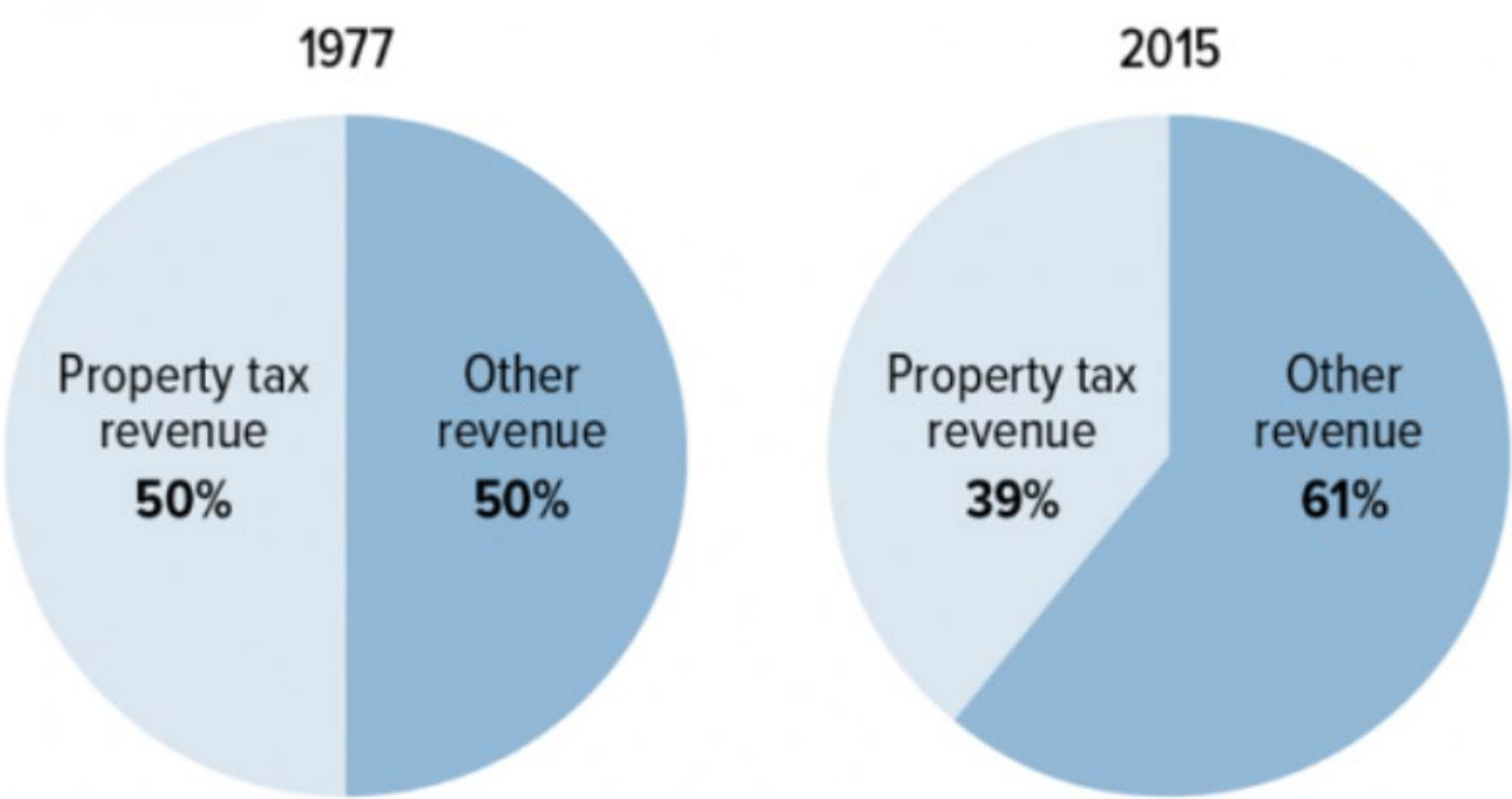


Note: Wisconsin's requirement is statutory, all others are constitutional

Source: CBPP analysis

Property Tax Has Declined as Share of Local Revenue

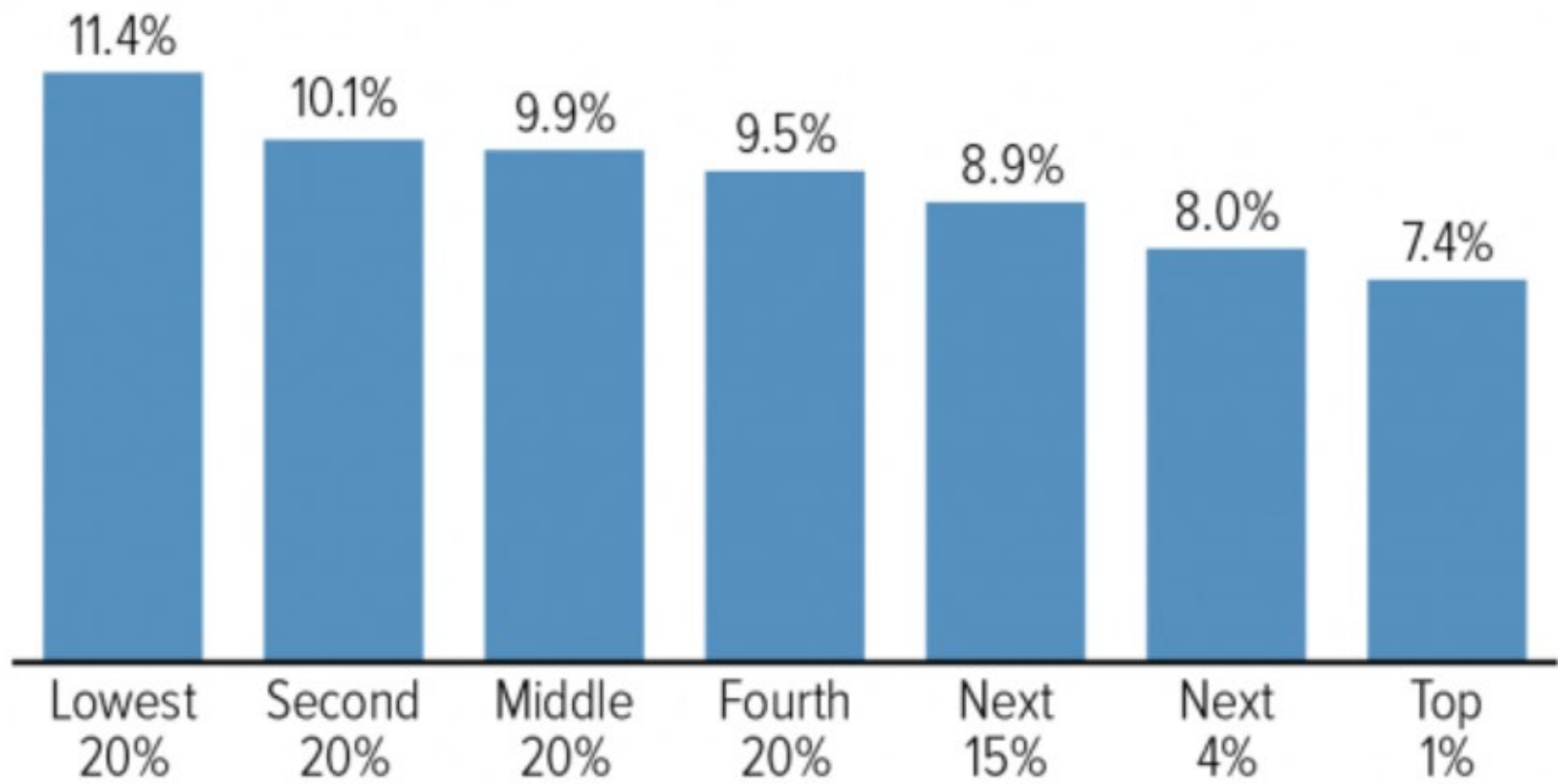
Property tax as percent of revenue that local governments raise on their own



Source: Urban-Brookings State and Local Government Finance Data Query System, 2018

Lowest-Income Households Pay Highest State and Local Taxes

Total state and local taxes that non-elderly residents paid as a share of their income in 2018



Higher Income for Poor Children Is Associated With Increased Work Hours and Earnings Later in Life

+\$3,000
a year



Each \$3,000 annual increase in income to poor children before age 6...

+135
working hours
a year



...is associated with an increase in their working hours between ages 25 and 37 of 135 hours a year and a 17% rise in their annual earnings.

State Taxes on High-Value Property

Real estate transfer tax



New York: Additional tax of 1% of property's total value (on top of state's flat real estate transfer tax) applies to residences of \$1 million or more.



Vermont: Higher marginal rate on portion of property's value that exceeds \$100,000 threshold.



Connecticut: Higher marginal rate on portion of property's value that exceeds \$800,000 threshold.



District of Columbia: Surcharge on total property value; rate rises with property value, with higher rate schedule for properties valued at over \$400,000.



Hawaii (conveyance tax): Surcharge on total property value; rate rises with property value, with rate increases for properties valued at over \$600,000 (increases concentrated on properties valued between \$600,000 and \$10 million).



New Jersey (realty transfer fee): Increasing marginal rates, with separate rate schedules for properties above and below \$350,000. Additional real estate transfer tax of 1% property value applies to residences of \$1 million or more.

Property tax



District of Columbia: Higher marginal tax rate for commercial and industrial property values exceeding \$3 million

Source: National Conference of State Legislatures, Lincoln Land Institute, and CBPP analysis of state tax laws





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