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.

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

1977
- Property tax revenue: 50%
- Other revenue: 50%

2015
- Property tax revenue: 39%
- Other revenue: 61%

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

- Lowest 20%: 11.4%
- Second 20%: 10.1%
- Middle 20%: 9.9%
- Fourth 20%: 9.5%
- Next 15%: 8.9%
- Next 4%: 8.0%
- Top 1%: 7.4%
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

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.

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
democracy

discharge from

people, exercised
representatives. 2. con-
mon people, consi-

Center on Budget and Policy Priorities