



Who Pays Federal Income Taxes Across States

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Key Takeaways

- NTUF's annual *Who Pays Taxes* report examines the income share burden of federal income taxes. This report provides an analysis of the average federal income tax burden by state.
- Nationwide, the top 1 percent of earners pay 46 percent of the federal income tax burden. In many states that share is even higher, with Wyoming (62%), Nevada (56%), Florida (55%), and New York (52%) standing out.
- The bottom 50 percent of taxpayers pay less than 5 percent of their state's total tax share in every state except Iowa, paying the lowest in Florida (1.7%), Louisiana (1.9%), and Georgia (2%).
- In 2021, Washington, D.C., recorded the highest average federal income tax rate while West Virginia had the lowest average federal income tax rate.

Introduction

As lawmakers increasingly call for higher taxes under the guise of “tax fairness” or to support expensive spending programs, it is important to understand who bears the majority of the income tax burden. NTUF’s annual [Who Pays Income Taxes](#) report, based on the latest data from the Internal Revenue Service (IRS), highlights the progressivity of the tax code. NTUF finds that, on average, the top 1 percent of earners bear the largest share of the federal tax burden (46 percent), paying nearly twice as much in taxes as their share of Adjusted Gross Income (AGI). Lower income earners are largely shielded from income burdens, with the bottom half of taxpayers contributing 3 percent of all income taxes.

The IRS further breaks down its data on [federal taxes and taxpayer AGI by state](#), showing where the taxpayers are that pay the largest percentage of the federal tax burden. Analyzing this data from 2021, the most recent year of data available from the IRS, both confirms what we already know about our progressive federal tax code and provides a warning for overzealous states with wealthy taxpayers.

Overall Most Income Taxes Paid by State

Unsurprisingly, the states with the largest populations generally paid the largest total federal income taxes. The top four states by total federal income tax paid in tax year 2021 also fall into the top four states by population per Census Bureau data that year and number of returns filed. These are California, New York, Texas, and Florida. Illinois also ranks in the top five states by federal tax paid, which is plausible as it had the sixth largest population in 2021 and sixth highest volume of tax returns filed. Illinois taxpayers paid more than Pennsylvania taxpayers because of higher total AGI in the state that year, indicating wealthier taxpayers.

For taxpayers in the top five states that had higher average federal income taxes paid per household, those households on average paid over \$20,000 in federal income taxes in 2021. Taxpayers in the District of Columbia paid the highest average federal income taxes at \$25,921 per household. Keep in mind that this is federal income tax, and these taxpayers are also likely subject to state and local taxes. Taxpayers in three of the five states with the highest average federal income tax paid per household are also subject to some of the highest [state income tax rates](#): California, New York, and the District of Columbia.

Table 1: States by Returns Filed, Population, and Total Federal Income Tax

State	Number of Returns	Rank of Number of Returns	Total Federal Income Tax (\$ thousands)	Rank of Federal Income Tax	Average Federal Income Tax	Rank of Average Federal Income Tax
United States	148,680,717	N/A	\$2,206,981	N/A	\$14,844	N/A
Alabama	2,014,977	24	\$18,870	28	\$9,365	46
Alaska	323,074	49	\$3,807	50	\$11,783	30
Arizona	3,171,966	15	\$38,509	18	\$12,140	25
Arkansas	1,218,412	34	\$12,455	34	\$10,223	41
California	17,764,476	1	\$360,133	1	\$20,273	5
Colorado	2,744,702	19	\$45,851	15	\$16,705	10
Connecticut	1,681,094	28	\$39,858	17	\$23,710	3
Delaware	466,174	45	\$5,529	45	\$11,861	27

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District of Columbia	331,136	48	\$8,583	38	\$25,921	1
Florida	10,194,029	3	\$166,436	4	\$16,327	11
Georgia	4,596,088	8	\$56,219	11	\$12,232	24
Hawaii	648,871	42	\$7,164	41	\$11,040	35
Idaho	808,466	38	\$9,552	37	\$11,815	28
Illinois	5,679,636	6	\$89,813	5	\$15,813	12
Indiana	3,011,423	17	\$29,106	23	\$9,665	44
Iowa	1,380,815	31	\$13,677	33	\$9,905	43
Kansas	1,265,879	33	\$14,720	31	\$11,628	31
Kentucky	1,843,362	27	\$15,655	30	\$8,493	48
Louisiana	1,883,699	26	\$18,001	29	\$9,556	45
Maine	661,964	41	\$6,651	42	\$10,047	42
Maryland	2,855,754	18	\$43,375	16	\$15,189	15
Massachusetts	3,259,802	14	\$78,427	7	\$24,059	2
Michigan	4,508,496	10	\$49,111	14	\$10,893	37
Minnesota	2,616,874	22	\$36,353	19	\$13,892	17
Mississippi	1,186,201	35	\$7,905	39	\$6,664	51
Missouri	2,672,201	21	\$29,174	22	\$10,917	36
Montana	505,427	44	\$6,007	44	\$11,885	26
Nebraska	860,359	37	\$9,989	36	\$11,610	32
Nevada	1,476,590	30	\$23,219	26	\$15,725	13
New Hampshire	674,178	40	\$12,026	35	\$17,838	9
New Jersey	4,243,677	11	\$81,133	6	\$19,119	8
New Mexico	918,382	36	\$7,194	40	\$7,834	49
New York	9,214,215	4	\$187,945	2	\$20,397	4
North Carolina	4,583,277	9	\$52,669	13	\$11,492	33
North Dakota	341,682	47	\$4,398	49	\$12,872	20
Ohio	5,350,900	7	\$55,526	12	\$10,377	39
Oklahoma	1,600,341	29	\$14,147	32	\$8,840	47
Oregon	1,914,679	25	\$23,817	24	\$12,439	21
Pennsylvania	5,912,297	5	\$77,326	8	\$13,079	19
Rhode Island	516,621	43	\$6,346	43	\$12,283	22
South Carolina	2,273,679	23	\$23,296	25	\$10,246	40
South Dakota	404,448	46	\$4,955	48	\$12,250	23
Tennessee	3,030,643	16	\$35,737	20	\$11,792	29
Texas	12,612,783	2	\$174,441	3	\$13,830	18
Utah	1,373,850	32	\$19,351	27	\$14,085	16
Vermont	310,684	50	\$3,363	51	\$10,825	38

Virginia	3,848,279	12	\$59,118	10	\$15,362	14
Washington	3,545,579	13	\$69,873	9	\$19,707	6
West Virginia	733,558	39	\$5,025	47	\$6,850	50
Wisconsin	2,714,445	20	\$30,664	21	\$11,297	34
Wyoming	261,563	51	\$5,123	46	\$19,586	7

Share of Income Taxes Paid by the Highest and Lowest Earners

Overall in the United States, the top 1 percent of earners pay 45 percent of the total federal income tax burden, despite earning only 25 percent of the total share of AGI. This is not just a nationwide generalization. The top 1 percent of earners in every state pays a significantly higher share of the federal income tax burden in that state compared to their share of AGI.

On average in the U.S., the top 1 percent pay 45 percent of the federal income tax burden despite earning 28 percent of AGI. The highest income taxpayers in Alaska pay a lower share of the federal income tax burden compared to their counterparts in other states, yet they still pay about 30 percent of the state’s total federal income tax share, while earning only half of the state’s total AGI. The top 1 percent of taxpayers in Tennessee pay the closest share of federal income taxes to the national average at 45.5 percent of Tennessee’s federal income tax share. The top 1 percent of taxpayers in Wyoming pay the highest share of the state’s federal income tax share at nearly 62 percent.

Meanwhile, the bottom 50 percent of earners in every state pay a significantly smaller share of the federal income tax burden relative to their share of AGI. In fact, these taxpayers pay less than 5 percent of the state’s total share of federal income taxes in every state except Iowa. In Florida, the taxpayers in the lowest earnings bracket pay as little as 1.7 percent of the state’s total federal income tax share, despite earning about 10 percent of the state’s AGI.

Table 2 shows the federal income tax share paid by the top 1 percent and bottom 50 percent of earners in each state, ranked by the share of the state’s federal income tax burden borne by the top 1 percent. Notably, the states with the highest (Wyoming) and lowest (Alaska) share both have very small populations compared to the rest of the United States. This can be explained by the fact that high-income taxpayers in Wyoming have a significantly larger total share of AGI in the state than high-income taxpayers in Alaska. That is not to say that there are more high-income taxpayers in Wyoming, but rather that they have greater AGI than high-income taxpayers in Alaska. The amount of returns filed by those in the top 1 percent of earners compared to the total returns filed in the state is very similar in both states.

Table 2: Share of Federal Income Taxes Paid by the Top 1 Percent and Bottom 50 Percent, by State

State	Top 1 Percent		Bottom 50 Percent	
	Tax Share	AGI Share	Tax Share	AGI Share
Wyoming	61.69	40.57	2.52	10.46
Nevada	56.4	34.31	2.32	11.41
Florida	55.24	33.97	1.66	10.24
New York	52.76	33.48	2.14	10.67
Arkansas	50.67	29.32	2.24	12.21
Connecticut	49.42	31.54	2.6	10.69
Utah	47.29	26.24	3.54	13.02

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Texas	46.67	26.23	2.05	11.62
California	45.84	28.44	2.26	10.79
Massachusetts	45.81	29.96	3.17	11.24
Tennessee	45.5	24.45	2.72	12.79
United States	45.03	25.76	2.71	12.14
Illinois	44.8	26.06	3	12.45
Georgia	44.04	24.6	2.02	11.78
Idaho	43.82	23.33	3.48	13.49
Missouri	43.13	22.25	3.27	13.55
South Dakota	43.09	23.14	4.23	14.11
Louisiana	42.8	21.32	1.9	12.58
New Hampshire	42.33	24.48	4.41	13.57
Montana	42.24	22.68	3.58	13.2
District of Columbia	41.81	27.93	2.94	10.99
Arizona	41.48	22.36	3.08	13.25
Kansas	41.27	21.47	3.67	13.83
Nebraska	41.21	21.71	4.33	14.56
Alabama	40.78	20.7	2.57	13.44
Colorado	40.41	24.01	3.75	12.83
South Carolina	40.27	20.83	2.9	13.39
Pennsylvania	40.15	21.64	3.62	13.59
Oklahoma	40.1	19.44	3.06	14.04
North Carolina	39.57	20.76	2.86	13.14
North Dakota	39.52	22.04	4.9	14.61
Michigan	39.38	20.65	3.38	13.54
Washington	39.1	24.15	3.7	12.61
Ohio	39.09	19.73	4.09	14.89
Indiana	38.83	19.39	3.85	14.49
Wisconsin	38.02	19.48	4.83	15.14
New Jersey	37.73	22.35	3.17	12.22
Kentucky	37.71	17.73	3.54	14.77
Mississippi	37.64	16.81	2.22	14.44
Minnesota	37.13	20.18	4.77	14.68
Virginia	36.79	20.72	3.35	12.76
Rhode Island	36.09	19.15	4.35	14.79
Maryland	35.99	20.33	3.61	13.1
Oregon	35.8	19.35	4.17	14.18
Delaware	35.02	17.81	3.91	14.43
Maine	34.98	17.64	4.82	15.29

Vermont	34.5	17.94	4.94	14.93
New Mexico	34.42	16.44	3.08	14.42
Iowa	33.3	15.8	5.38	16.2
Hawaii	32.89	16.82	4.72	15.11
West Virginia	30.92	13.41	3.86	15.54
Alaska	29.81	15.49	4.93	15.18

Average Federal Tax Rates by State

In 2021, the ordinary income tax rate for the taxpayers in the lowest tax bracket was [10 percent of income](#). In our progressive tax system, tax rates gradually increase with income earned, until the point at which single taxpayers in the highest income bracket would have a [federal tax liability](#) of \$157,804.25 plus 37 percent of income over \$523,600. The overall average tax rate in the United States was 14.85 percent in 2021. It is important to note that the average tax rate takes into consideration the amount of taxpayers falling into each tax bracket as well as factors including credits and deductions that may reduce tax liability.

The Statistics of Income (SOI) data includes the average federal income tax rate for each state, which is largely dependent on the income levels of the state’s taxpayers. The minimum AGI of the top 1 percent in each state positively correlates with the average federal tax rate in each state. West Virginia had the lowest average federal income tax rate at 10.55 percent and also had the lowest income threshold to be considered part of the top 1 percent of earners at only \$373,106. It is clear that the wealthier a state’s taxpayers are, the more the state pays in federal income taxes.

SOI also includes Washington, D.C., and its average tax rate tops that of all the states. Washington, D.C., had the highest average federal income tax rate at 18.69 percent and also had the highest income threshold to be considered part of the top 1 percent of earners at \$1,071,426. As the nation’s capital, D.C. is home to many government workers and officials, which may contribute to its higher income levels and tax rates compared to other states.

Notably, of jurisdictions with the highest average tax liability, New York, California, and Connecticut also have very high state and local tax burdens. Given their relatively high combined state and federal tax burden, it is no surprise that NTUF [finds](#) that California, New York, Massachusetts, and Washington, D.C., are all experiencing significant outward tax migration. The states with the lowest average federal income tax rates and AGI have had a net gain of residents from other states in recent years.

Highest and Lowest Average Federal Income Tax Rates			
Highest Average Federal Income Tax Rates		Lowest Average Federal Income Tax Rates	
State	Tax Rate	State	Tax Rate
Washington, D.C.	18.69	Oklahoma	11.77
Connecticut	17.67	Kentucky	11.61
Massachusetts	17.38	New Mexico	11.39
New York	17.32	Mississippi	10.6
California	16.85	West Virginia	10.55

Table 4: Highest and Lowest Average AGI of Top 1 Percent			
Highest Average AGI of Top 1 Percent		Lowest Average AGI of Top 1 Percent	
State	AGI (in dollars)	State	AGI (in dollars)
District of Columbia	1,071,426	West Virginia	373,106
Connecticut	1,022,499	Mississippi	391,112
Massachusetts	988,253	New Mexico	422,572
California	919,046	Kentucky	455,999
Washington	878,205	Arkansas	471,818

Conclusion

When politicians issue calls to “tax the rich,” it is important to clarify who exactly is being targeted. It is evident that the wealthiest taxpayers are already paying more than their “fair share” of taxes, while those in the lowest income groups are able to pay less than their share. The top 10 percent of earners in every state pay more than 50 percent of the state’s total federal tax burden, with the bottom 50 percent of earners in every state paying 5.38 percent or less of the state’s federal tax burden.

National data is useful for an overall picture of who pays taxes, but state data allows us to better understand whether averages are reliable or caused by outliers and anomalies. The fact that the trend of the wealthy paying more holds true for 51 case studies across all the states plus Washington, D.C., should be a wake-up call for policymakers at both the state and federal level.



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