

Surtax Would Push Income Tax Rates to More Than 52 Percent

The expiration of the 2001 and 2003 tax cuts, coupled with the addition of a 5.4 percent surtax on high-earners, would push the average top marginal income tax rate in the U.S. above 52 percent. This would be higher than just three of the 30 most economically developed countries in the world. On the state level, total taxes paid by top-income earners would exceed countries such as Canada and France. Here's how the total top income rates in each state would fare against countries from the OECD.

State Rank	State/Country	Top Income Tax Rate	State Rank	State/Country	Top Income Tax Rate	State Rank	State/Country	Top Income Tax Rate
1	Oregon	57.54%	26	U.S.	52.14%	t-42	Tennessee*	47.25%
2	Hawaii	57.22%		Massachusetts	52.05%	t-42	Texas*	47.25%
3	New Jersey	57.07%		Netherlands	52.00%	t-42	Washington*	47.25%
4	New York	56.92%	t-27	Connecticut	51.78%	t-42	Wyoming*	47.25%
5	California	56.81%	t-27	Mississippi	51.78%		Australia	46.50%
	Sweden	56.44%	t-27	Utah	51.78%		Canada	46.41%
6	Rhode Island	56.22%	30	New Mexico	51.69%		France	45.80%
7	Vermont	55.77%	31	North Dakota	51.65%		Italy	44.90%
8	Maryland	55.61%	32	Iowa	51.61%		Spain	43.00%
9	Minnesota	54.36%	33	Michigan	51.59%		Portugal	42.00%
10	Idaho	54.32%	34	Colorado	51.44%		Switzerland	41.67%
t-11	North Carolina	54.27%	35	Indiana	51.38%		Ireland	41.00%
t-11	Wisconsin	54.27%	36	Arizona	51.36%		Greece	40.00%
t-11	Ohio	54.27%	37	Pennsylvania	51.16%		Poland	40.00%
	Belgium	53.70%	38	Montana	50.48%		United Kingdom	40.00%
14	Delaware	53.69%	39	Louisiana	50.05%		Norway	40.00%
15	Arkansas	53.65%		Finland	50.05%		New Zealand	39.00%
16	South Carolina	53.59%		Japan	50.00%		Luxembourg	38.95%
17	Maine	53.46%		Austria	50.00%		Korea	38.50%
18	Nebraska	53.45%	40	Illinois	49.97%		Hungary	36.00%
19	Kentucky	53.37%	41	Alabama	49.67%		Iceland	35.70%
20	West Virginia	53.14%		Germany	47.48%		Turkey	35.60%
21	Kansas	53.09%	t-42	Alaska*	47.25%		Mexico	28.00%
22	Missouri	52.79%	t-42	Florida*	47.25%		Slovak Republic	19.00%
23	Georgia	52.69%	t-42	Nevada*	47.25%		Czech Republic	15.00%
24	Virginia	52.46%	t-42	New Hampshire*	47.25%			
25	Oklahoma	52.23%	t-42	South Dakota*	47.25%			

■ OECD country

* No state income tax

** Top rate if top rates increase as proposed in President Obama's budget and a 5.4 percent surtax is enacted.

Note: Rates include national and average sub-national rates. In the U.S., state rates equal the 39.6 percent top federal rate under the Obama budget plus the top rates for each state (including local income taxes), the 5.4 percent surtax, and the 2.9 percent Medicare tax. It accounts for federal and state deductibility and other federal adjustments. The national U.S. rate is calculated using an the average of state income tax rates.

Sources: Organization of Economic Cooperation and Development, at <http://www.oecd.org/dataoecd/46/18/2506453.xls> (July 15, 2009), and Tax Foundation, at <http://www.taxfoundation.org/publications/show/24863.html> (July 15, 2009).