



## States Paying Highest Federal Taxes are Most Impacted by Cap on SALT Deductions, According to MoneyRates.com Study

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*Report shows California pays more taxes than half of all other states combined, while residents of states with the biggest federal tax burdens may see their tax bills rise due to the SALT cap*

**Foster City, CA – March 6, 2019** – Personal finance resource [MoneyRates.com](https://www.moneyrates.com) released today a study examining [federal tax contributions by state](#) on a total, per capita, and percentage basis. The research shows that, while taxpayers in all 50 states are subject to the same federal tax laws, huge differences exist in the amount of federal taxes paid by residents of different states. The study also examines which state's residents are likely to be hardest hit by the new cap on state and local tax (SALT) deductions.

California topped the list as the state contributing the most to federal coffers, with residents there paying \$227.5 billion in federal taxes. That tax haul from California exceeded the total taxes paid by the 25 lowest-paying states -- in other words, California alone pays more taxes than half the other states combined.

In total, 59 percent of all federal personal income taxes are paid by the top ten states. Here are the top ten contributors to federal tax receipts:

1. **California:** \$227.5 billion
2. **New York:** \$133.3 billion
3. **Texas:** \$117.7 billion
4. **Florida:** \$92.8 billion
5. **Illinois:** \$67.7 billion
6. **New Jersey:** \$61.9 billion
7. **Pennsylvania:** \$58.8 billion
8. **Massachusetts:** \$51.9 billion
9. **Ohio:** \$43.6 billion
10. **Virginia:** \$43.2 billion

"When the residents of just ten states pay more than half the personal income taxes the federal government takes in, it gives you an idea of just how unevenly tax burdens are spread across the 50 states," says Richard Barrington, Senior Financial Analyst for MoneyRates.com.

The study also considered the national tax burden on a per capita basis and found that Connecticut shoulders the heaviest share of federal taxes -- nearly twice the national average of \$5,512. In addition, the average percentage of income that residents of the state pay is 17.65 percent, nearly 3 percent higher than the national average of 14.77 percent.

A major change in the federal tax pinch that residents of different states experience is due to the new \$10,000 cap on SALT deductions. SALT deduction amounts taken by residents of different states vary greatly, depending on population, incomes, and state and local tax levels. To see which state's residents might be hurt most by the cap on these deductions, MoneyRates looked at the SALT deductions taken previously by high-earners. Here again, California leads the way, with a total of \$96.9 billion in SALT deductions.

"One of the main arguments for capping the SALT deduction was to make sure that states with high taxes were paying their fair share of federal taxes, but eight of the top ten states from our survey were already on the top-ten list of total federal tax contributors," says Barrington. "Many of the states whose residents are already paying the largest total federal tax bills could see those tax bills go even higher due to the SALT cap."

The MoneyRates.com study is based on the U.S. Census and state-by-state tax receipts as compiled by the IRS. See the full article here: <https://www.money-rates.com/research-center/federal-income-taxes-by-state.htm>

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Since 1998, [MoneyRates.com](https://www.moneyrates.com) has served as a personal finance resource designed to help readers make the most of their money. In addition to a variety of financial calculators, MoneyRates.com researches and tracks CD, savings, and money market rates offered from over 400 financial institutions across the country to offer expert advice on banking, investing and retirement planning. MoneyRates' spokesperson, [Richard Barrington](#), is

available for commentary on banking and personal finance topics.

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