

The Evolving State of Tax Policy in 2022

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TAX FOUNDATION

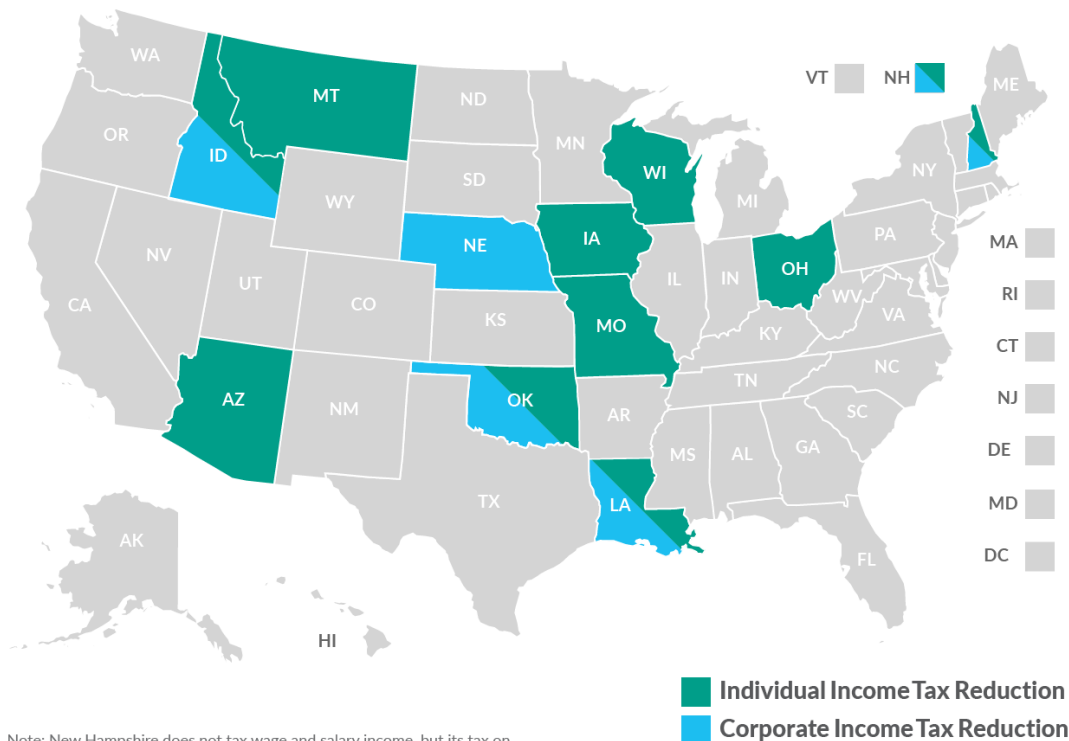
- Nonpartisan, nonprofit tax policy research organization
- Established 1937
- State, Federal, and Global Teams

Tax Changes in 2021

INDIVIDUAL AND CORPORATE REFORMS

Eleven States Have Enacted Laws in 2021 to Reduce Income Tax Rates

States That Have Enacted Income Tax Rate Reductions in 2021 (as of July 14, 2021)



Note: New Hampshire does not tax wage and salary income, but its tax on individual interest and dividends income will phase out over time.

Source: Tax Foundation.

*North Carolina and Arkansas also enacted reforms after this map was published.

Table 3. Idaho H.B. 380 Consolidates Individual Income Tax Brackets, Lowers Rates

Idaho's Individual Income Tax Rate Schedule, Prior Law and H.B. 380							
	Prior Law				New Law		
	Tax Year 2020				Tax Year 2021		
Single	1.125%	>	\$0		1.0%	>	\$0
	3.125%	>	\$1,568		3.1%	>	\$1,568
	3.625%	>	\$3,136		4.5%	>	\$4,704
	4.625%	>	\$4,704		5.5%	>	\$6,272
	5.625%	>	\$6,272		6.5%	>	\$7,840
	6.625%	>	\$7,840				
	6.925%	>	\$11,760				
Married Filing Jointly	1.125%	>	\$0		1.0%	>	\$0
	3.125%	>	\$3,136		3.1%	>	\$3,136
	3.625%	>	\$6,272		4.5%	>	\$9,408
	4.625%	>	\$9,408		5.5%	>	\$12,544
	5.625%	>	\$12,544		6.5%	>	\$15,680
	6.625%	>	\$15,680				
	6.925%	>	\$23,520				

Note: Bracket levels adjusted for inflation each year. Inflation-adjusted bracket widths for 2021 not available as of publication, so table reflects 2020 inflation-adjusted bracket widths.

Source: Idaho State Tax Commission.

Table 5. Louisiana H.B. 278 Reduces Individual Income Tax Rates

Louisiana's Individual Income Tax Rate Schedule, Current Law and New Law (Subject to Voter Approval)

	Current Law			New Law		
	Tax Year 2021			Tax Year 2022		
Single	2.00%	>	\$0	1.85%	>	\$0
	4.00%	>	\$12,500	3.50%	>	\$12,500
	6.00%	>	\$50,000	4.25%	>	\$50,000
Married Filing Jointly	2.00%	>	\$0	1.85%	>	\$0
	4.00%	>	\$25,000	3.50%	>	\$25,000
	6.00%	>	\$100,000	4.25%	>	\$100,000

Source: H.B. 278 (2021).

Table 6. Louisiana H.B. 292 Reduces Corporate Income Tax Rates, Consolidates Brackets

Louisiana's Corporate Income Tax Rate Schedule, Current Law and New Law (Subject to Voter Approval)						
Current Law				New Law		
Tax Year 2021				Tax Year 2022		
4.00%	>	\$0		3.50%	>	\$0
5.00%	>	\$25,000		5.50%	>	\$50,000
6.00%	>	\$50,000		7.50%	>	\$150,000
7.000%	>	\$100,000				
8.000%	>	\$200,000				

Source: H.B. 292 (2021).

Table 1. States Are Cutting Income Taxes from Revenue Growth

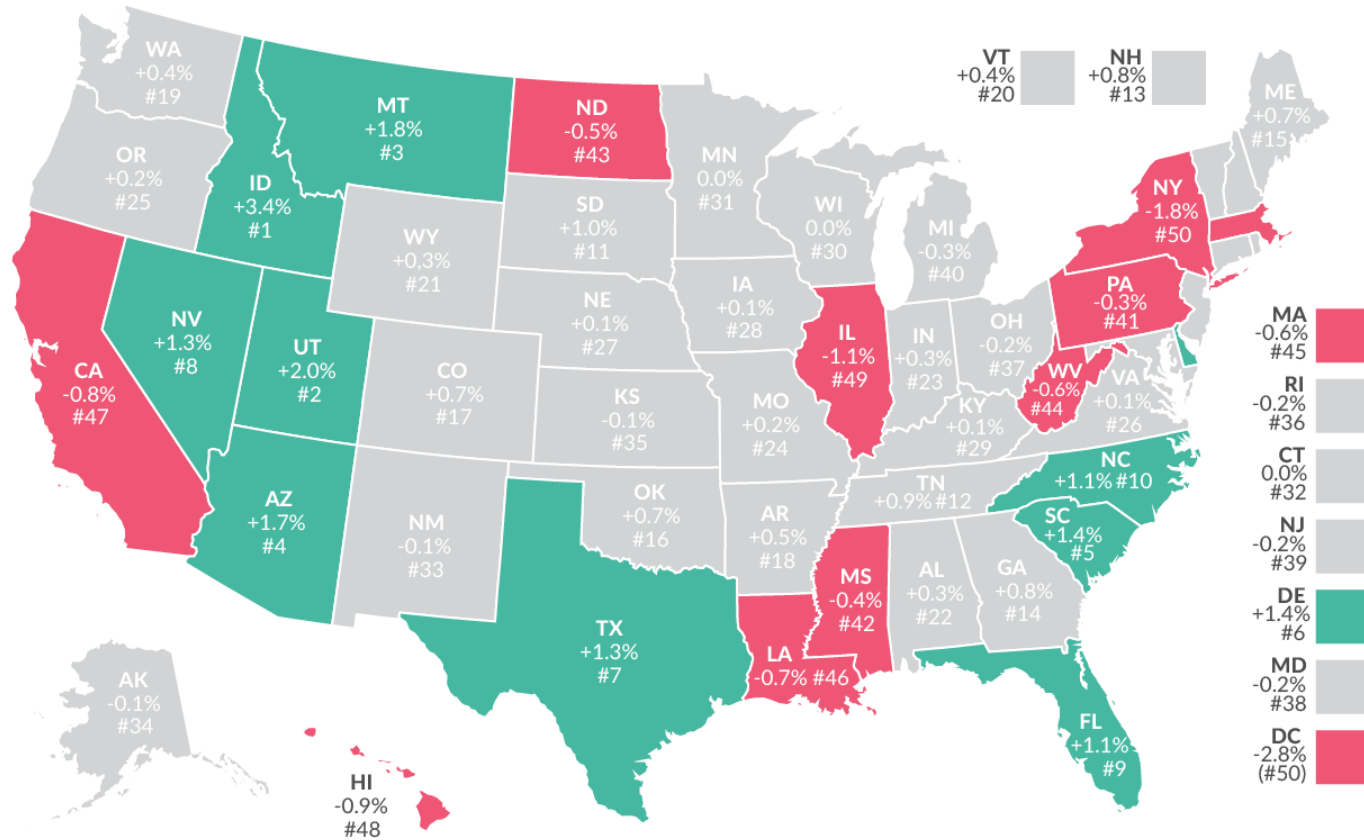
The eleven states which cut income tax rates in 2021 have seen significant general fund tax revenue growth between FY 2019 and FY 2021.

Arizona	+21%
Idaho	+35%
Iowa	+13%
Louisiana	+6%
Missouri	+17%
Montana	+19%
Nebraska	+23%
New Hampshire	+11%
Ohio	+13%
Oklahoma	+5%
Wisconsin	+9%

Sources: State revenue agencies. Several states only had data through May, not June (end of fiscal year); there, eleven-month figures were used for both fiscal years for comparability.

State Population Change in 2021

State Migration Patterns, from Most Inbound to Most Outbound, 2021



Note: D.C.'s rank does not affect states' ranks, but the figure in parentheses indicates where it would have ranked if included.

Source: U.S. Census Bureau.

■ Top 10 States for Inbound Migration

■ Top 10 States for Outbound Migration

2022 Tax Reform

COMMON THEMES

- Income tax rate reductions
- Sales tax reductions
- Grocery tax exemptions

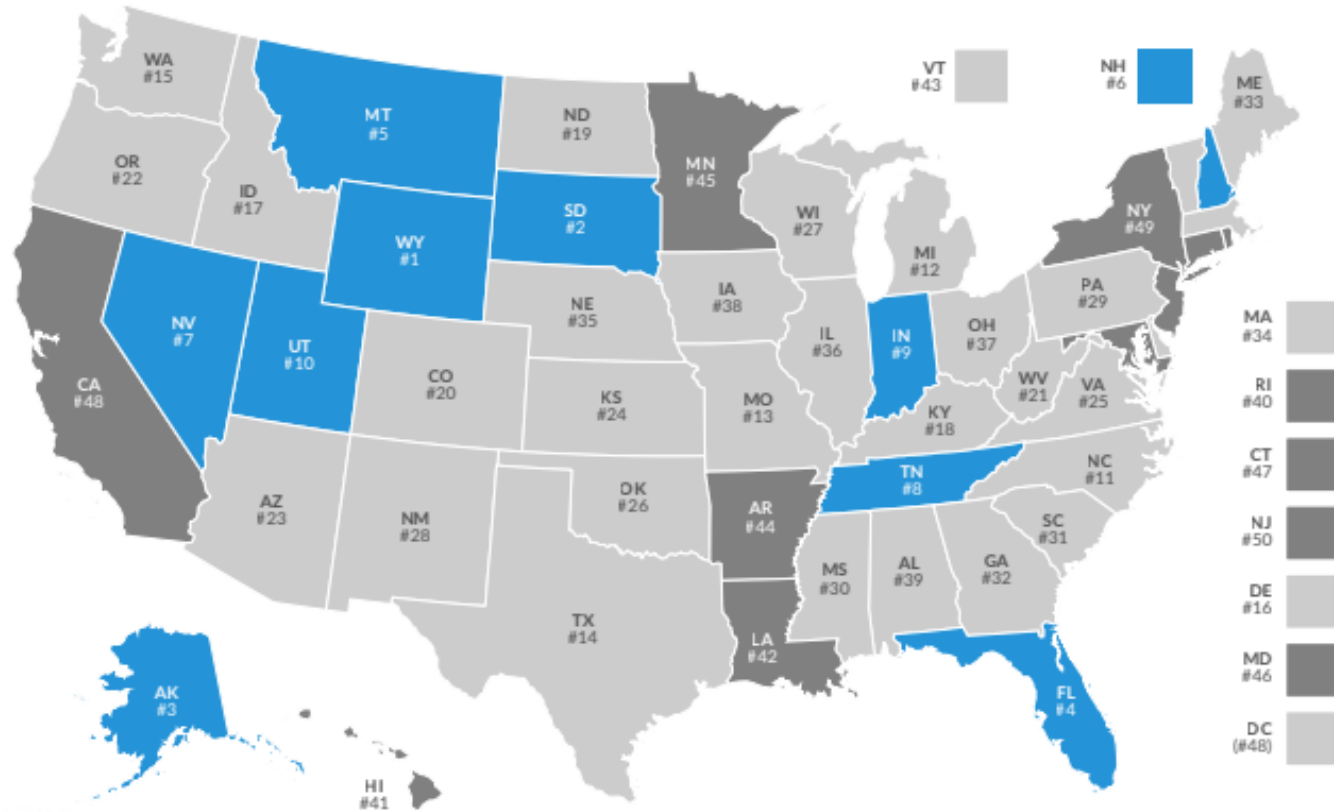
ALREADY ENACTED REFORMS

- Iowa
- Idaho
- Nebraska
- New Mexico
- Utah



STATES TO WATCH

- Georgia
- Nebraska
- Kentucky
- Oklahoma
- Ohio
- Massachusetts
- Mississippi

2022 State Business Tax Climate Index



Note: A rank of 1 is best, 50 is worst. D.C.'s score and rank do not affect other states. The report shows tax systems as of July 1, 2021 (the beginning of Fiscal Year 2022).
Source: Tax Foundation

 10 Best Business Tax Climates
 10 Worst Business Tax Climates

Questions?

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