

Which States Pay the Most Federal Taxes?

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Looking at the amount of federal income taxes paid by people around the country can serve as a reminder that you may be able to do something about your own tax burden.



Tax season reminds everyone how much they pay to support the federal budget.

But are you living in a part of the country where the tax burden falls particularly heavily?

A state-by-state examination of federal income taxes paid by individuals in each state found that, while people everywhere contribute to the federal government, residents of some states clearly pay more than others.

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What State Pays the Most in Taxes?

If you're wondering who pays the most federal taxes, it depends on how you look at it. These four perspectives highlight the differences from state to state:

Most individual taxes - California - \$234.5 billion in total

In total, California contributes the most individual taxes to the federal budget.

As of the most recent tax year for which figures were available (2017), Californians paid over \$234 billion in federal income taxes. That's about 15% of the national total, and nearly 95 times as much as paid by residents of Vermont.

Most per adult resident - Connecticut - \$10,364 individually

Connecticut pays the most per adult resident of any state, at \$10,364.

Even though residents of the District of Columbia (which is not a state) pay more, the tax burden shouldered by people in Connecticut is more than three times the average of \$2,883 paid by Mississippi residents. (Taxes paid by people living in the District of Columbia - \$10,518.)

Highest percentage of income - Washington, DC - 17.40% of income

Residents of Washington, D.C. also pay the highest percentage of their income in federal taxes, at an average of 17.40%. That's a rate more than 60% higher than the average 10.67% in federal taxes paid by residents of Mississippi.

Greatest increase in federal tax burden per adult resident - Florida - 41.21%

Over the five years since this study was first conducted, Florida saw the biggest increase in federal tax burden paid per adult with a rise of 41.21%.

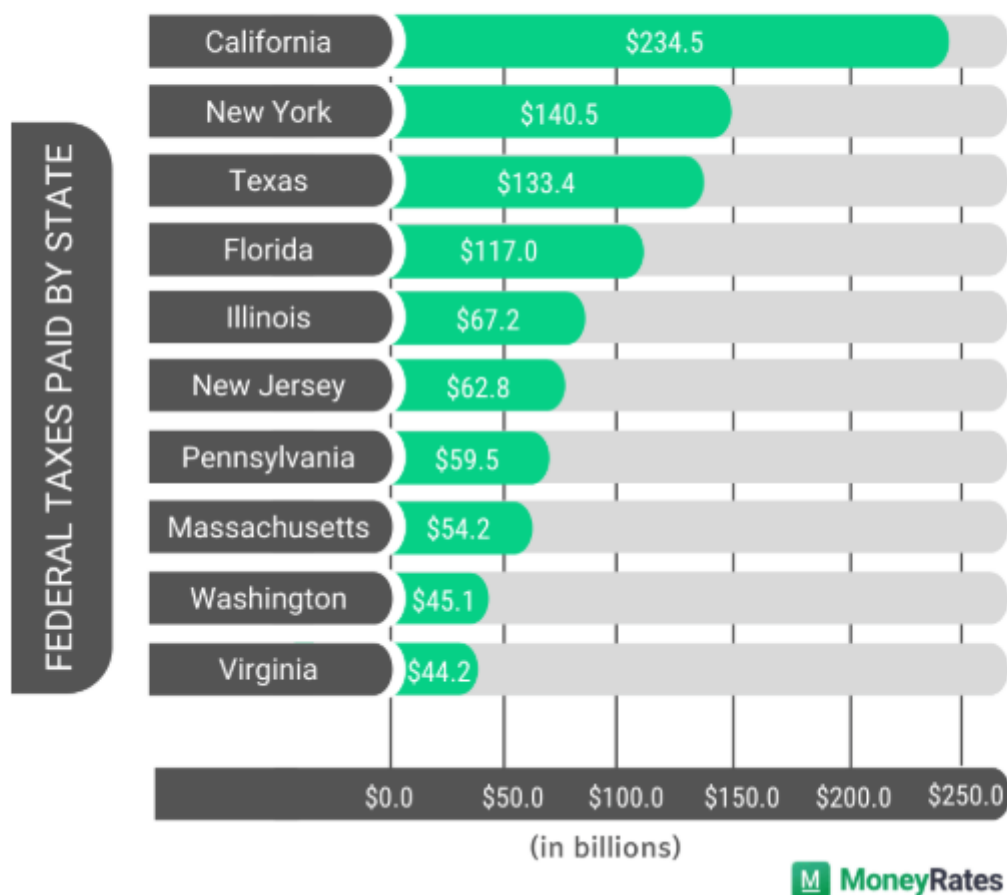
In contrast, the average tax burden paid by people in North Dakota shrank by 15.32% over that same period.

Total Federal Taxes Paid by State

California has the largest population of any state, and those residents earn a relatively high average income. When you combine those two factors, it's no surprise that California residents pay more federal taxes than those of any other state.

Vermont pays the least. Total federal income taxes in Vermont are about \$2.5 billion. That's due to the combination of having the second-smallest adult population of any state and a below-average per capita income.

Here are the top 10 states in terms of total federal income taxes paid:

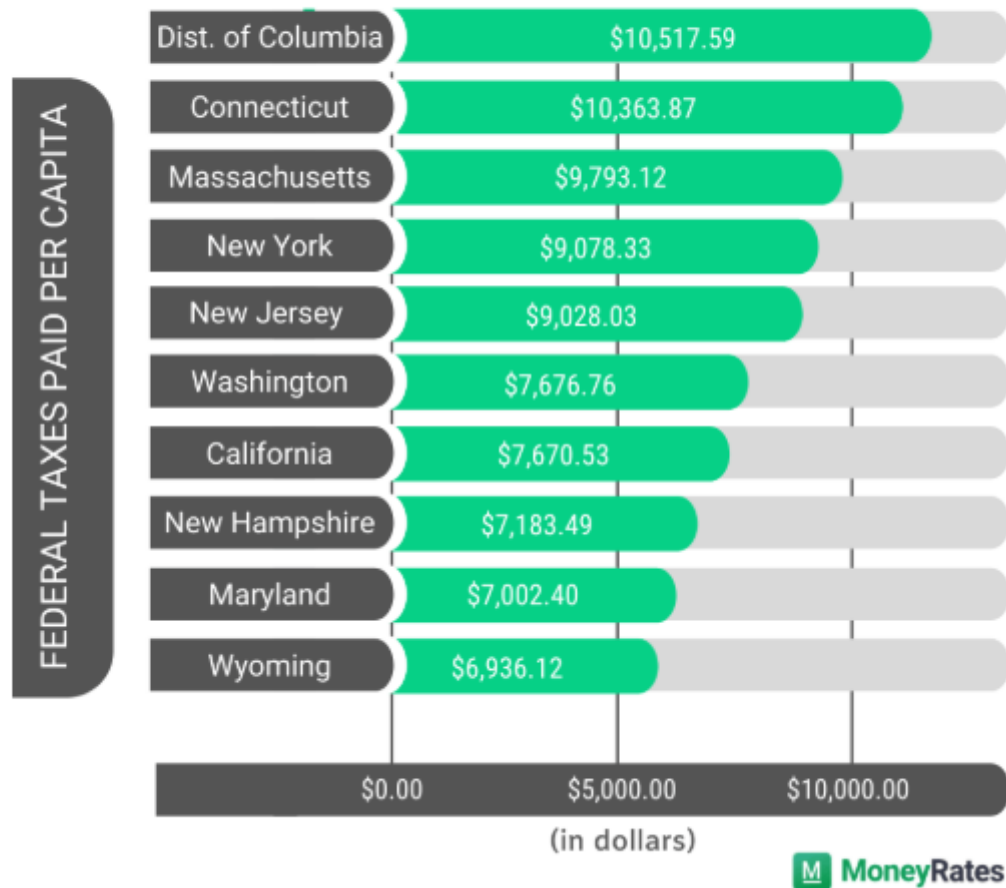
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Federal Taxes Paid Per Capita

While the list of states paying the most total federal income taxes is dominated by high-population states, the picture changes somewhat when you look at it in terms of the average amount paid per person.

Though it has an adult population of just 575,000 and is not a state, the District of Columbia has one of the highest average income rates at \$60,435 per adult resident. High average incomes tend to mean high tax burdens, which is why the District of Columbia tops the list of federal income taxes paid per adult.

Mississippi residents have the lowest average federal tax burden, at \$2,883 per adult resident. However, this is nothing to celebrate because it's due largely to also having the lowest average income.

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Tax Burden as a Percent of Income

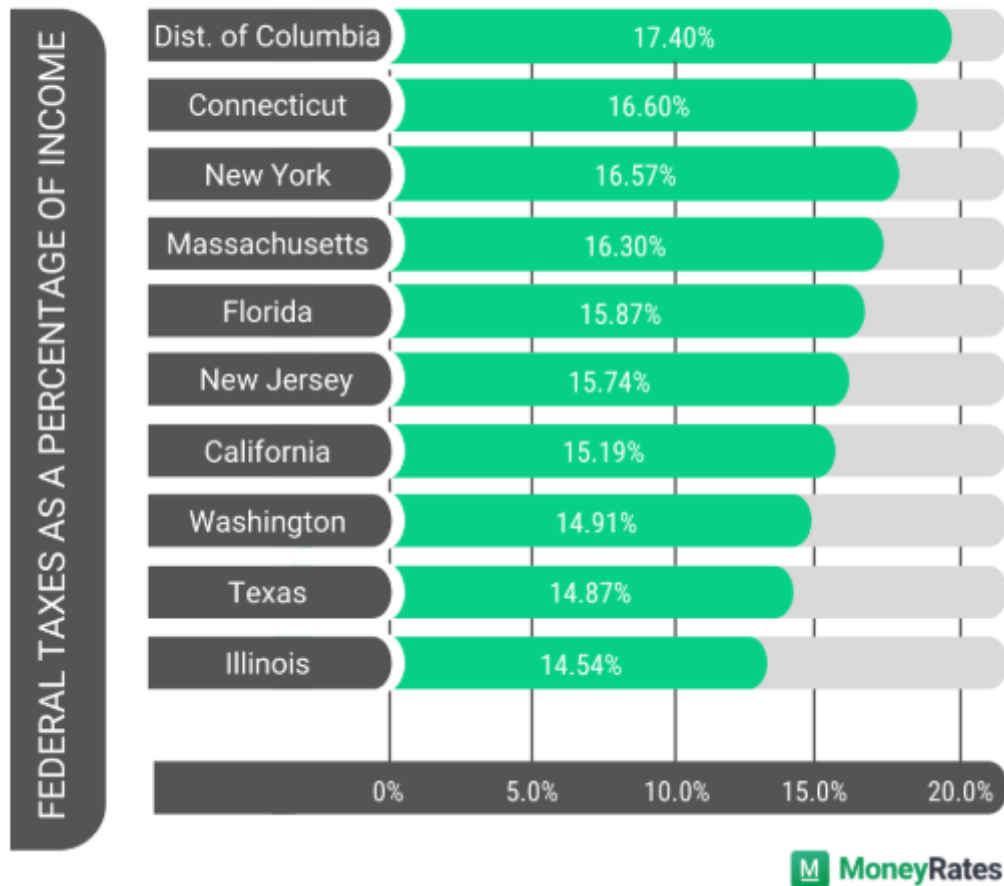
In general, the more income you make, the more taxes you'll pay; but other things affect your tax burden as well. How you make your income and what kind of deductions you claim also have an impact.

Naturally, the District of Columbia topped the list; but Mississippi was the only state where adult residents paid an average of less than 11% of income in federal taxes. The average percentage federal tax burden in Mississippi is 10.67%.

Looking at federal taxes paid as a percentage of income yields several of the same names that appeared on the list of taxes paid per capita, but there are also some differences:

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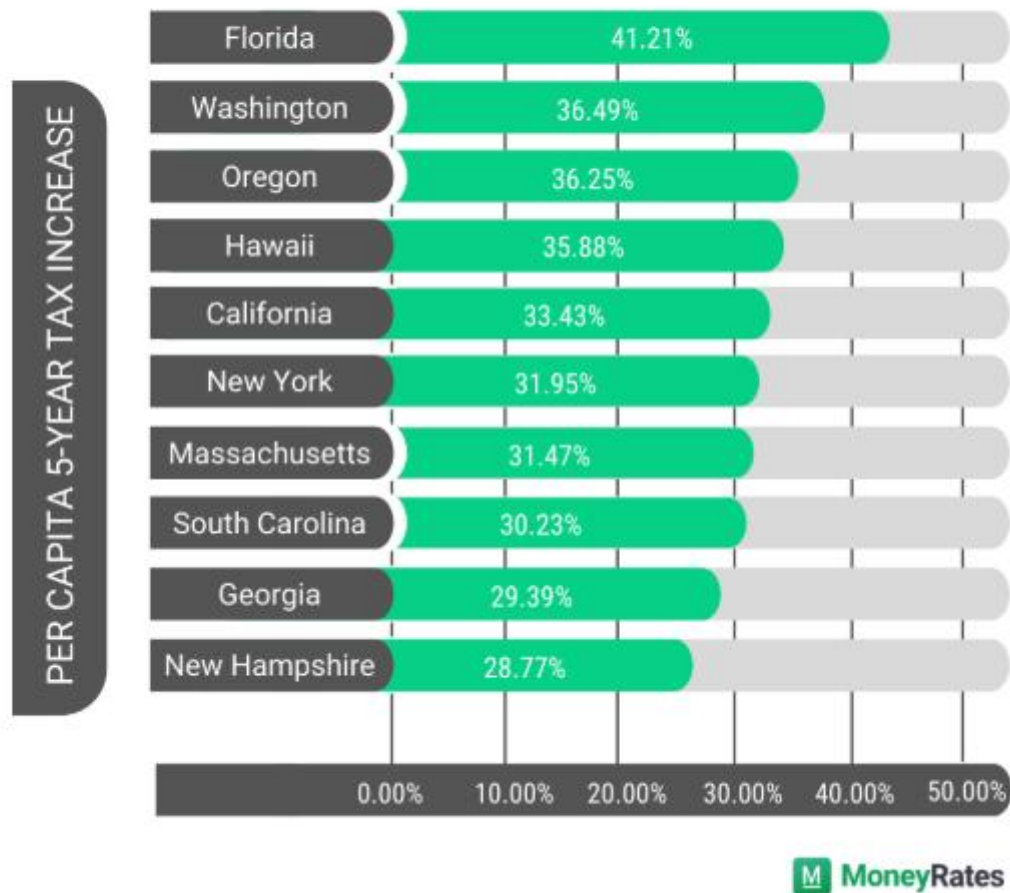
Biggest Percent Increase in Federal Income Taxes

MoneyRates.com first conducted this study of what individuals in different states pay in federal taxes five years ago. People in most states are paying more now than they were then, but there are a couple of exceptions.

On average, people in Florida have seen the biggest increase in their federal income tax bills. The average federal tax paid per adult in the state of Florida has risen by 41.21% in just five years.

Average personal income tax burdens rose in 48 of the 50 states plus the District of Columbia over the last five years. The lone exceptions were Wyoming and North Dakota. Notably, these are two of only three states to also see a decline in average income per adult over that same five years.

Here are the states that have seen the largest percentage increases in average tax burden per person in the past five years:

[Show Chart](#)[Show Data](#)

Changes Expected in Next Year's Study

Because it takes a while for the Internal Revenue Service to finish collecting taxes, reviewing returns and compiling data, information based on tax returns is generally a couple years old. That means there might be an especially big change in tax burdens in next year's version of this study.

The Tax Reform Act was passed in late 2017, which means it first took effect for the 2018 tax year. We expect data for that year to be available in time for next year's study.

While changes to the tax brackets made by that law will apply uniformly to people across the country, one change has impacted people in some states much more than others.

Capping the state and local tax (SALT) deduction at \$10,000 will be especially hard on taxpayers in states where:

- State income tax rates are high
- Local property taxes are high
- Average incomes are relatively high

While residents of some states will mostly benefit from the general lowering of tax rates that was part of the Tax Reform Act, the capping of the SALT deduction has likely caused others to owe more taxes.

States with the characteristics listed above are likely to climb higher on the lists for all categories of this study: total taxes paid, per capita taxes paid, percentage tax burden and increase over time.

Methodology

Data on taxes and income levels came from the IRS while figures for the adult population of each state and the District of Columbia came from the U.S. Census Bureau.

This study focused on individual income taxes only. The per capita figures were calculated by dividing the total taxes paid by individuals in each state by the number of adult residents of that state.

The tax burden as a percentage of income was calculated by dividing the total taxes in each state by the declared income on tax returns from those states. The 5-year percentage increase was calculated by comparing the per capita tax burden from this year with the per capita tax burden from the original study conducted in 2015.

[>> Tax Preparation Fees: What It Costs to Get Your Taxes Done](#)

Planning Your Tax Strategy

This look at the amount of federal income taxes paid by the people of each state can serve as a reminder that there may still be time to do something about your own tax burden.

Whether you live in a state with a relatively heavy or light tax burden, a little planning might help lower the amount you pay.

1. Open an Individual Retirement Agreement (IRA)

Opening an IRA account or contributing to an existing one by April 15 could make that burden a little lighter this tax season.

This type of tax-advantaged account allows you to win twice - once by reducing this year's tax burden and a second time by adding to your retirement nest egg.

[>> Best IRA CD Rates](#)

2. Time your contributions

While contributions to a 401(k) plan or a traditional IRA are both generally deductible, a crucial difference is in when those contributions must be made:

401(k) plan contributions typically must be made during the calendar year for those contributions to be deducted in that tax year.

However, contributions to a traditional IRA can be made up until the April 15 filing deadline and still be deductible in the prior tax year.

So, if you make a contribution to a traditional IRA before April 15, 2020, you should still be able to deduct it on your 2019 tax return.

Note: This advantage only extends to traditional IRAs and not Roth IRAs. Contributions to traditional IRAs are tax deductible while contributions to Roth IRAs are not.

The reason is that taxes are paid on a traditional IRA when you withdraw the money from it in retirement, while retirement distributions from Roth IRAs are not taxable.

>> [401\(k\) Contribution Limits](#)

3. Catch-up contributions

If you turned 50 years old before the end of 2019, you may be able to make an extra tax-deductible contribution to your traditional IRA. This is called a catch-up contribution and, as the name suggests, the purpose is to help older workers get caught up on their retirement savings.

Taxpayers who are 50 and over can contribute an extra \$1,000 over and above the general IRA contribution of \$6,000 for the 2019 tax year.

Federal Taxes Paid by State - Full Listing

Federal Taxes Paid by State - Full Listing		
RANK	STATE	FEDERAL TAXES PAID (in thousands)
1	California	\$234,499,671
2	New York	\$140,510,002
3	Texas	\$133,417,081
4	Florida	\$116,970,551
5	Illinois	\$67,180,388
6	New Jersey	\$62,812,657
7	Pennsylvania	\$59,450,829
8	Massachusetts	\$54,205,161
9	Washington	\$45,090,597
10	Virginia	\$44,245,528
11	Ohio	\$43,285,472
12	Georgia	\$40,049,369
13	Michigan	\$39,851,173
14	North Carolina	\$36,903,060
15	Maryland	\$32,941,814

16	Colorado	\$30,582,979
17	Connecticut	\$29,408,511
18	Minnesota	\$28,235,474
19	Arizona	\$25,594,939
20	Tennessee	\$24,585,104
21	Wisconsin	\$23,716,643
22	Indiana	\$23,073,291
23	Missouri	\$21,868,389
24	Oregon	\$16,948,554
25	South Carolina	\$16,233,383
26	Louisiana	\$14,877,448
27	Alabama	\$14,449,033
28	Nevada	\$13,801,515
29	Kentucky	\$12,660,855
30	Oklahoma	\$12,017,677
31	Iowa	\$11,250,927
32	Kansas	\$11,102,469
33	Utah	\$10,945,810

34	Arkansas	\$8,910,920
35	New Hampshire	\$7,889,841
36	Nebraska	\$7,196,223
37	Mississippi	\$6,575,470
38	District Of Columbia	\$6,050,149
39	New Mexico	\$5,769,528
40	Hawaii	\$5,687,524
41	Idaho	\$5,273,653
42	Rhode Island	\$4,850,471
43	Maine	\$4,580,809
44	West Virginia	\$4,467,261
45	Delaware	\$4,072,451
46	Montana	\$3,660,614
47	South Dakota	\$3,476,938
48	North Dakota	\$3,372,448
49	Alaska	\$3,283,668
50	Wyoming	\$3,084,085
51	Vermont	\$2,473,785