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I am submitting herewith a dissertation written by Sharen Fossett Fischer entitled "Taxation in Tennessee and the Southeastern States During An Economically Exigent Decade: 1975-1984." I have examined the final copy of this dissertation for form and content and recommend that it be accepted in partial fulfillment of the requirements for the degree of Doctor of Education, with a major in Educational Administration and Supervision.

Dewey H. Stollar, Major Professor

We have read this dissertation and recommend its acceptance:

Accepted for the Council:

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and Dean of The Graduate School

TAXATION IN TENNESSEE AND THE SOUTHEASTERN STATES DURING AN ECONOMICALLY EXIGENT DECADE: 1975-1984

A Dissertation

Presented for the

Doctor of Education

Degree

The University of Tennessee, Knoxville

Sharen Fossett Fischer

March 1987

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DEDICATION

This doctoral dissertation is dedicated:

. . . To my husband, Gary A. Fischer, whose love, support, and understanding are a continual source of strength and joy. Gary shall always possess my love and loyalty, as well as my deep appreciation for his acceptance of my independence and individuality.

. . . To my parents, Annette Hilliard Fossett and James W. Fossett, whose professional dedication and examples of excellence in the field inspired me to carry on the long family tradition as an educator. I greatly cherish my parents' personal strengths and selfless giving which have supported me in achieving goals throughout my life, this one being no exception.

. . . To my twin sister, Karen Fossett Klein, whose never-failing faith and understanding are a constant wealth of motivation toward success and sustain my happiness and well-being.

. . . And to my grandmother, Gertrude F. Hilliard, who dreamed that I would complete this graduate degree program and believed in my potential when I was but a young child. Her memory shall never fade in my heart.

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ABSTRACT

This study has presented a multi-dimensional approach to tax structure evaluation for the Southeastern states from 1975-1984. Criteria for evaluation were equity, elasticity, and yield. A four-phased examination presented a wealth of data for analysis.

Phase one was a historical research effort pertaining to tax structures in the Southeastern states. The tax collections with accompanying percent of yield for six major tax bases: general sales and gross receipts, selective sales, state property, corporation net income, individual income, and licenses were delineated by state for each year from 1975-1984, with the addition of 1985 data which was published in time for study inclusion.

Phase two examined educational funding in the selected states. Several sets of data were presented and analyzed: per pupil expenditures, state expenditures for education, governmental revenue sources funding education, and taxpayer burden for education in terms of per capita personal income, per capita educational expenditures, and percent for education of per capita income.

Phase three studied the fiscal capacity, tax effort, and revenue utilization for the Southeastern states. A bulk of data which demonstrated these aspects of taxation was presented and analyzed. Emphasis was placed on state tax structures as individual entities and on the separate major tax bases which comprised each revenue system.

Phase four presented an analysis of the 1985 tax structures in relation to equity, elasticity, and yield. The Tax Structure Quality Index (TSQI) was created and implemented to display these measured criteria for evaluation. Each state tax mix was analyzed in terms of: tax structure equity, educational equity, revenue elasticity, educational elasticity, and yield as a progressive diversification of tax balance.

It was concluded that the tax structures which best met the criteria for evaluation in the Southeastern states were those of Georgia, Virginia, and North Carolina. The state revenue systems which performed most inadequately were determined to be those in Mississippi and Tennessee.

The study concluded with several suggestions for improvements in the tax structures of the Southeastern states.

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CHAPTER I

INTRODUCTION AND DESIGN OF THE STUDY

I. GENERAL INTRODUCTION

Tax structures for the Southeastern states consist of numerous state and local levies which have been added incrementally to the prevailing system during periods of economic exigency. The Tennessee tax structure, for example, has been comprised of some 22 primary taxes, which are subdivided into over 90 individual levies. Such a conglomerate of revenue burdens has been not only complicated, but was also regressive, inelastic, and unstable during economic recessions because of the overwhelming amount (75 percent) of consumption-related taxes contained therein. Under the current Tennessee tax system, and those of similar Southeastern states, tax increases were inevitable due to the fact that these addendum levies were created to produce a certain amount of revenue for specific needs at the time of enactment, and hence have not appeared to constitute a stable tax mix which produces continual sources of substantial funds for governmental operations. As the nation began to shift from an industrial economy to a service economy during the 1970's, states experienced economic strife from the "trickle down" effect of a national recession, and the need for state tax reform emerged. Substantial tax reform has yet to be realized in Tennessee and some Southeastern states. This study was

designed to examine the fiscal capacity, tax effort, and tax structures of the Southeastern states, and then to propose a tax reform suggestion for the state of Tennessee.

Historical Development of Tax Structure Evaluation

Seligman (1925:432) defined a tax as "a compulsory contribution from the person to the government to defray the expenses incurred in the common interest of all without reference to special benefits conferred." This accepted definition of taxation resulted from an on-going evolution of public finance theory throughout the ages. Man, as Aristotle discussed, is a social and political animal. Societal expansion created a need for administrative leaders to address public services. Revenue was then required by Kings or leaders in order to care for the people. In the early days of classic antiquity the direct tax was imposed only during exceptional exigencies (Seligman, 1895:1). Regular, systematic direct taxation was established during the Roman Empire when the needs of a flourishing civilization demanded increased funding. Writing in the 1600's, Thomas Hobbes concluded that impositions by the government secured benefits for the Commonwealth of all citizens (Hobbes, 1651:156). The concept of public benefits as a result of taxation has experienced diverse transformation over time.

Seligman (1895:5-7) illustrated this historical process by the following etymology.

> An intial conjecture pertaining to taxation was that of a gift. This was demonstrated by the medieval Latin term **donum** and in the English **benevolence.** Following this stage, an era advanced when the government humbly implored or prayed the people for support. This was the meaning of the Latin **percarium** as well as the German **Bede** (from **beten,** to pray). The third developmental stage embodied the idea of taxation for assistance to the state. The Latin **adjutorium,** the English **aid** and the French **aid,** were used as expressions of tax assistance. Further, a similar idea was discernible in uses of the English **subsidy** and **contribution,** the German term for tax, **steuer** (**steuern,** to help) and the Scandinavian **hjelp.** In France, **contribution** was synonymous with tax.
>
> Taxation as a sacrifice by an individual in the interest of the state occurred with governmental sophistication. The citizen surrendered something for the public good. This was evident by use of the old French **gabelle,** the modern German **Abgabe,** and in the familiar Italian **dazio.** In each case, the person gave up something. Advanced development produced the feeling of obligation in the taxpayer. The English **duty** applied both to import taxes and internal revenue taxes. The sixth stage proffered the view of compulsion on the part of the state. Examples of such compulsory taxes were English **imposts** or **imposta,** the French **impot** the Italian **imposta,** and the German **Auflage** or **Aufschlag,** all derivations of the meaning "laid on."
>
> The final, seventh stage of progression resulted in the concept of a tax as a rate or assessment, fixed or estimated by the government without any reference to the volition of the taxpayer. Examples included the medieval English **scot,** the German **Schoss,** and the Scandinavian **skatt.** It was seen in the German **Schatzung** (or estimate) used in the early part of the 19th century. Above all, it has remained in the English **tax** (**taxare,** to fix, to estimate), the French **taxe,** the Italian **tassa** and the modern English **rate.**

Hence, every era has developed some system of revenue or tax structure which reflected accepted ideas of adequacy in the sustenance of the civilized society. Theories of taxation and operationalized revenue systems have invariably been the consequence of philosophical, political, and economic changes. These elements have been inextricably intertwined throughout the history of taxation in maintaining

governmental funding for public needs. Beliefs concerning justice in a tax system have changed with alterations in social conditions (Seligman, 1985:1) As economic ebb and flow eventuated, citizens' opinions of tax theory fluctuated. Political changes resulting from convictions held by the populace, have been the final conduit of expression contingent upon economic changes. Thus, like all facts of social life, taxation itself has represented a historical category (Seligman, 1985:1).

Tax structures and revenue collections came under public scrutiny during the Roman Empire, and evaluations have been traced through medieval and modern democracies. The impact of social class has been demonstrated in England, France, Germany, Italy, Scandinavia, and America, by an aristocracy which paid little of the tax burden borne by common people. When legislation is influenced by the masses, the tendency has been discerned to oppose indirect taxes, especially on consumption, because of the regressive burden to those possessing less wealth (Seligman, 1985:8). The primary objective of governments, and hence taxation, therefore should have been justice, constituted in an equitable tax structure. In the 5th century St. Augustine expressed this priority of justice which holds true as well today, "**Remota justitia, quid sint regna nisi magna latrocinia**" (Clark, 1970:13). The question asked by St. Augustine was whether any government not holding justice as its objective was actually anything other than a venture in large-scale gansterism (Clark, 1979:13).

There have been, of course, other worthy objectives of governmental functions, including taxation, beyond justice. Based

on philosophical constructs of the society, which stemmed from economic conditions, political leaders have endeavored to enact systems of taxation which addressed the conflicting concerns of adequacy, equity, and efficiency. These criteria for tax structure evaluation have been redefined and examined throughout the centuries. The need for tax equity was expounded upon in 1651, when Thomas Hobbes (1651:156) wrote:

> To equal justice appertaineth also the equal imposition of taxes; the equality whereof dependeth not on the equality of riches, but on the equality of debt that every man oweth to the Commonwealth for his defence.

A complete set of criteria by which to evaluate taxes was detailed in 1776 by Adam Smith in An Inquiry Into the Nature and Causes of the Wealth of Nations. Smith's definition of a good tax structure was one in which:

> I. The subjects of every state ought to contribute towards the support of the government, as nearly as possible, in proportion to their respective abilities; that is, in proportion to the revenue which they respectively enjoy under the protection of the state.
>
> II. The tax which each individual is bound to pay ought to be certain, and not arbitrary.
>
> III. Every tax ought to be levied at the time, or in the manner, in which it is most likely to be convenient for the contributor to pay it.
>
> IV. Every tax ought to be so contrived so as to take out and keep out of the pockets of the people as little as possible over and above what it brings into the public treasury of the state (Smith, 1776:361-362).

Following the specification of these criteria, Smith noted:

> The evident justice and utility of the foregoing maxims have recommended them more or less to the attention of all nations. All nations have endeavored, to the best of their judgment, to render their taxes as equal as they could contrive; as certain, as convenient to the contributor, both in time and in the mode of payment, and, in proportion to the

> revenue which they brought to the prince, as little burdensome to the people (Smith, 1776:362).

The utility of Adam Smith's criteria for the evaluation of tax structures has been recognized throughout modern history, and these standards have been repeatedly used to determine whether or not governmental revenue systems were inherently equitable. More recently, Musgrave and Musgrave (1973:193) have elaborated on this classical list by providing the following criteria for the evaluation of a "good" tax structure:

> 1. The distribution of the tax burden should be equitable. Everyone should be made to pay his "fair share."
> 2. Taxes should be chosen so as to minimize interference with economic decisions in otherwise efficient markets. At the same time, taxes may be used to correct inefficiencies in the private sector provided they are a suitable instrument for doing so.
> 3. The tax structure should facilitate the use of fiscal policy for stabilization and growth objectives.
> 4. The tax system should permit efficient and non-arbitrary administration and it should be understandable to the taxpayer.
> 5. Administration and compliance cost should be as low as is compatible with the other objectives.

Note that in the Musgrave and Musgrave list, the first three requirements referred to allocation, distribution, and stabilization functions of government while the last two dealt with administration (Carter, 1984:3). Note also that the word "good" was used here in the standard ethical context normally associated with debates pertaining to the distribution question, i.e., there has been irreconcilable conflict between some of the requirements (Carter, 1984:3).

This study was conducted utilizing similar criteria as those set forth by Smith, Musgrave and Musgrave. It was understood that the perennial conflicts which have persisted in plaguing tax structure

evaluations throughout history likewise affected this undertaking. This effort, however, did provide one examination of the period under study.

Prior to embarking upon any discussion or analysis of public finance systems, attention was directed toward the philosophical, political, and economic trends of the period under study which were crucial to this intellectual enterprise. Philosophy and economics, or financial analysis, were two realms of discipline which have been interfaced to present both the conceptual and empirical facets of society (Strike and Monk, 1984:2). Economic conditions of the period, like those throughout history, influenced ideas of justice in government functions such as taxation. Issues of justice were paramount in examination of taxation systems, especially when the focus was related to education.

Societal Trends During the 1970's and 1980's

The attempt by social scientists, and those who have judged finance systems, to define a notion of fiscal neutrality, has been an effort to create an operational fiscal version of equal opportunity (Strike and Monk, 1984:2). A fiscally neutral finance system has been defined as one that must be sensitive not only to financial realities, but to the philosophical norms of society as well. Financial policy which delineated tax structures has been subject to philosophical constraints brought about by taxpayers. Philosophical analysis of societal beliefs clarified the character of trade-offs among social goods, including education, that have always been inevitable consequences of formulating fiscal policy. Education has been said to

reflect the norms of the society which funded its existence. Hence, the educational curricula and the financial formulas which structured the framework facilitating goal achievement, must likewise have mirrored the philosophical goals of society. It was important, therefore, to review the societal trends of the period under study prior to proposing a tax structure reform.

The decade of the 1970's and extending into the 1980's has revealed that American society was experiencing an era of transition. The technology explosion, economic instability, shifting moral values, racial polarization, and global financial enterprise all exhibited the marked characteristics of change (Naisbitt, 1984). As society progressed so did the public education systems which reflected its norms. As society changed, mandates for educational reform were voiced and the focus of public schooling redirected to mirror societal image. Ornstein (1982:43) recalled that the post-war "Sputnik" 1950's era witnessed increased federal funding for a concentration on the academically gifted in math and science-centered curriculum goals. The 1960's, by contrast, with the Vietnam war, ushered in a period of social consciousness and educational concern for the proverty-stricken, racial discrimination, and the handicapped. Americans in the early 1970's still struggled with Vietnam conflicts, economic spirals, and social unrest. The late 1970's and into the 1980's, under the Reagan Administration, focused on education at the state level to respond to accountability demands both academically and financially of the citizenry.

First, a review of the philosophical (conceptual) trends pertinent to society during the 1970's and 1980's served as a beneficial prelude in understanding the concomitant financial (empirical) reforms of this period. In the decades of the 1970's and 1980's social changes such as the dramatically changed family structure and household composition, as well as women's entrance into the workforce in mass quantities, altered educational, business, and financial activities. Demographic changes in the general population included a decline in the school-age population, interstate migration to the South and West, movement of people to nonpopulated areas and from cities to suburbs, an increased aging population, and greater immigration to the United States from Asia and Latin America.

In the public education sector, a public attitude emerged in a tenacious pronouncement of disapproval toward education and educators. Factors such as declining test scores, increased costs, controversies over social issues such as desegregation and school prayer, teacher organization collective bargaining, lack of discipline, declining standards of teachers and pupils, curriculum content, drugs on campus, and a failure to keep abreast of technological advancements contributed significantly to this disenchantment (Sherman, Tron, and Williams, 1983:355-356). This negative attitude gave rise to "the accountability craze" which climaxed in the early 1980's when a plethora of moral urgings, analysis, and free advice beckoned educators to reformation once again in the historical cyclical game of "blame the educational system." Publications such as Megatrends, In Search of Excellence, A Nation at Risk, The Paideia Proposal, and A Place Called School

suggested strongly that as society changed, so must the public education systems which reflected its norms. The fact that our nation was changing, or that citizens demanded that educators change with it was unequivocal. The prodigious myth that perennial complacency with maintaining the status quo still satisfied the needs and desires of a society experiencing explicit metamorphosis no longer gained acceptance. Educators were called upon to become influential catalysts in the transformation of America into an information society.

One strikingly obvious omission in these summons for accountability and educational excellence, however, was any suggested scheme of finance to fund these honorable, yet expensive demands. The majority of the task force reports indicated a heavier federal assumption of the burden. However, the Reagan Administration subsequently cut federal funds and redirected the primary emphasis toward the states. This proceeding further exacerbated state fiscal exigencies relative to the 1970's and 1980's. Sherman, Tron, and Williams (1983:344) noted that the economy during this decade was characterized by the following features: low growth in the Gross National Product (GPN) declining worker productivity; inflation, which encourages consumption at the expense of savings and investment; high interest rates, which discourage investment and raise the cost of borrowing for public purposes; high energy costs; increased competition in world and domestic markets, which has contributed to weakening the local economic base in many communities; and unemployment. Hence, the states have been thrown into a fiscally precarious situation during a period of the worst recession in 40 years (Adams, 1983:56).

Public School Finance Litigation During the 1970's and 1980's

The power to tax has been inherent in the sovereignty of an independent state (Johns, Morphet, Alexander, 1983:80). This power of a state to tax was also delegated to the local level for the express purpose of maintaining governmental functions which have supplied goods and services such as education for its citizenry. The federal government has derived the power to tax from the Constitution, which provided in Article I, Section 8, "The Congress shall have power to lay and collect taxes, duties, imposts, and excises, to pay the debts and provide for the common defense and general welfare of the United States . . .". Since Chief Justice John Marshall declared, "the power to tax involves the power to destroy" (McCulloch v. Maryland, 4 Wh. 316 (1819)), constitutional limitations have been essential to preservation of the rights and liberties of the American people (Johns, Morphet, Alexander, 1983:80). The power to tax has become a major dimension of the government's coercive power (Brenan and Buchanan, 1980:9). Citizens, then, have endeavored to preserve individual rights and privileges through constitutional constraints provided through judicial actions and legislative mandates. When a perceived inequity has burgeoned into a public outcry for justice, then reform measures have been sought.

Public demand for school finance reform was sought through the judicial branches of government beginning in the late 1960's and extended through the 1970's and into the 1980's, which demonstrated societal requisitions for accountability. LaMorte and Williams

(1985:59) noted that lawsuits in approximately half of the states during the period under study challenged the constitutionality of state school finance provisions on equal protection or educational adequacy grounds. Issues which constituted the primary focus of the bulk of litigation included:

1. Education as a "fundamental interest."
2. Wealth is a "suspect classification" on which to base assessable taxation providing education.
3. "Fiscal neutrality"--which is the principle that the quality of a child's education can not be based on wealth other than the wealth of the state as a whole.
4. "Equal opportunity" for education--in that the quality of education may be determined by the amount of funds expended.
5. "Strict judicial scrutiny" which places the "burden of proof" on the state.

Plaintiffs in the majority of cases challenged public school finance methods of distributing funds under systems which allowed considerable variance in financial resources per pupil (Alexander, Connelly, and Salmon, 1984:135). This unfortunate situation evolved from the initial public taxation in America during the colonial period when the practice of taxing property as a measure of wealth was considered equitable due to the fact that almost everyone owned property and in fairly equal amounts (Alexander, 1980:764). Hence, educational funding on the local level became heavily reliant on property taxes. The vast discrepancy in

districtct wealth has now required that equalization measures be taken by policy makers.

Some of the most noted among the school finance reform cases have been:

1. Serrano v. Priest, 5 Cal. 3d 584, 487 P. 2d 1241 (1971).
2. Van Dusartz v. Hatfield, 334 F. Supp. 870 (1971).
3. Robinson v. Cahill, 118 N.J. Super. 223, 287 A. 2d 187 (1972).
4. San Antonio Independent School District v. Rodriguez, 411 U.S. 1 (1973), reversing 337 F. Supp. 280 (1971).
5. Plyler v. Doe, 457 U.S. 202 (1982).

In the final analysis, cases requiring school finance reform have proportionately won acceptance and been disallowed at the district and state court levels. However, the U.S. Supreme Court set precedent in the Rodriguez case that it would not scrutinize state financial systems thus taking a "hands-off" approach. The Supreme Court subsequently ruled positively for mandatory education of the illegal aliens in the 1982 Plyler case and hence,ence, found education to be more of a "fundamental interest" than in the 1973 Rodriguez case (LaMorte and Williams, 1985:82). Regardless of the judicial action taken, the courts have consistently proclaimed that state school finance systems are often inequitable and inadequate. Fuhrman (1978:62) concluded that court cases were motivating influences whether an individual state was already under mandate to revise an unconditional financing scheme, had such a case pending decision, or was merely threatened by the existence of cases in other states. The courts became the arena of recourse in

the seventies when legislatures refused to act upon public demands for property tax relief and accountability.

School Finance Reform During the 1970's and 1980's

While court decisions provided a needed impetus, the school finance reform movement did not begin in the courts. It began in society at large. The press for a more equitable school finance system was one more step in the ongoing civil rights revolution which characterized this age (W. Frederick Staub, in Wynkoop, 1975:542). The success of the movement within the judicial branches of government has been questioned by many finance scholars. Unschooled in the intricacies of educational finance, judges often failed to set clear guidelines and mandated change without narrowing alternatives available to state legislatures. Courts could not administer a remedy such as imposing taxes or new formulas. To seek compliance judicial authorities took negative measures such as school closings (Fuhrman, 1978:163).

Hence, school finance reform moved to the state legislatures. A legislative body has been the appropriate forum in which to try to strike a balance between conflicting values such as equity and local control. It had to be aided and abetted periodically by the judicial branch, but it has been the right place for decision making (Hickrod and Goertz, 1983:418). A number of states created task forces to study the variables and conditions inherent in financial reform and then recommended specific legislative action. Legislators, governors, educators, and citizens became collectively involved in the issues at hand. Public education and its financial systems thus came to the forefront of attention during this decade.

School finance reform during the 1970's and 1980's found in the recitation of school finance research literature revealed an insignificant amount of actual change. Hack (1983:32) noted that given the results of the movement as they have been evaluated today, one might conclude that neither the widespread promulgation of economic concepts and methodology nor the activity of the economists in the reform policy development processes did much to bring about substantive reform. Fuhrman (1978:164) pointed out that in the early seventies, every state which saw significant reform had either a budget surplus or available revenue sharing money to cover the costs of reform. Quindry (1979:20) concluded that throughout these years, legislative bodies, with widespread taxpayer support, have been reluctant to increase state and local taxes or to appropriate increasing shares of available resources to finance public education.

Finance reform efforts attempted were consequently plagued by a seemingly constant clash of values. Equity collided with adequacy, efficiency, meeting individual needs, maintaining local control, providing property tax relief, increasing public choice, and a host of other more or less desirable outcomes of school finance reform (Hickrod and Goertz, 1983:417). Even though these conflicting issues imposed fiscal and political restraints on the reform movement, several evident changes were realized. One advancement attributed to school finance reform was the broadening of the definition of school district wealth due to the emergence of economists into the school finance arena. Odden (1978:14) defined school district wealth not only based on total assessed valuation per pupil, school tax rate, and expenditure levels,

but included also household income, the composition of the property tax base and its total size, and the precise structure of state equalization aid formulas. Second, among the states there appeared to be a national trend toward the use of the weighted pupil or cost differential approach in the allocation of school funds (Jordan, 1975:7). Third, state governments were seeking to define an adequate education in terms of acceptable minimum per pupil spending levels and in terms of minimum skill competency by proficiency testing (Guthrie, 1983:472). Fourth, the reduction of property taxes proved to be a major component of reform efforts (Augenblick, 1984:198). Fifth, state support for education increased in the percentage of all revenue provided and in the percentage of new school revenues (Augenblick, 1984:198). Finally, a number of new taxes were enacted into state tax structures which diversified the revenue sources in addition to resulting in more elastic and less regressive tax structures (Adams, 1982:598).

Financial Prospects for the Future

Fuhrman (1980:123) projected that further into the 1980's, the prospects for continued school finance reform were mixed at best. The pressure to cut state spending, combined with increasingly tight dollars in most states, severely diminished optimism for leveling up reform. Quindry (1979:35) added that whether the new conservatism had demonstrated a long-run effect could not then be predicted. He has determined that what was clear, was that in the near future, the accelerated growth in the state-local public sector is over. While limited

resources produced difficult times for public administrators, the outlook is not all bad. Some advantageous outcomes from this revenue stringency are an increased sensitivity to local fiscal problems, renewed interest in the assignment of administrative responsibilities and decision making, greater interest in establishing priorities to maximize the use of public funds, and a more equitable state-local tax system (Quindry, 1979:35).

II. STATEMENT OF THE PROBLEM

Tax structures for the Southeastern states have evolved over time in a rather haphazard fashion. Little attention has been given to the impact of the overall tax structure on the differing segments of the population. This study answered the following questions: what were the social and economic impacts of the present tax structures of the Southeastern states, and how can Tennessee's tax structure be improved? (Evaluations were based on the criteria of equity, elasticity, and yield.)

Purpose of the Study

The purpose of the study was fivefold:

1. To identify and summarize data for the 1975-1984 decade concerning the methods and sources of taxation, the relative fiscal capacity and tax effort, and the utilization of revenue the Southeastern states.

2. To identify variations in relative fiscal capacity and tax effort among the selected states.

3. To examine the fiscal capacity, tax effort, and tax structure mix from which education was funded in each state.

4. To evaluate the current tax structures of each selected state, and the major tax bases thereof, in terms of equity, elasticity, and yield.

5. To propose Tennessee tax reform suggestions which could reveal a more equitable and stable tax mix with greater revenue potential.

III. SIGNIFICANCE OF THE STUDY

The following were considered to be significant contributions of this study:

1. The significance of this study stemmed from its wealth of basic data on the Southeastern states for the most recent ten-year period from 1975-1984.

2. Data collected revealed: state tax collections and revenue sources, fiscal capacity, taxing effort, educational funding capacity and effort, the adequacy and stability of yields in terms of required tax structure modification, levels of governmental funding, and imposed taxpayer burdens.

3. This study was multidimensional in the approaches to measurement, and investigated state fiscal capacity and tax effort through examination of: economic indicators such as per capita personal income, tax bases, and educational fiscal indicators such as average daily attendance (ADA) or average daily membership (ADM), and per pupil expenditure (PPE), to determine the levels of governmental services funded.

4. Analyses of tax bases and tax structure mixes provided evaluative data of revenue models, in terms of equity, elasticity, and yield.

5. Tax structure evaluation will provide information that, if disseminated and employed by policymakers, might contribute to considerably improved tax structures in the Southeastern states.

6. Finally, based on the comprehensive data collected, and the analyses thereof, tax reform suggestions were proposed for Tennessee which could reveal a more equitable and stable tax mix with greater potential revenue to fund education and other governmental services.

IV. RESEARCH QUESTIONS

1. What are the tax structures of the Southeastern states including: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia?

2. How was education funded in the Southeastern States?

3. What percentage of the budget in the Southeastern states was utilized in order to fund education?

4. What were the per pupil expenditure and the educational taxpayer burden in each selected state?

5. How did each of the major taxes in Tennessee and the Southeastern states compare when evaluated in terms of fiscal capacity, effort, and utilization?

6. Which tax mixes produced the best state tax structures, relative to the criteria evaluated, and had the highest levels of revenue potential which imposed the most equitable taxpayer burden?

V. ASSUMPTIONS

1. It was assumed that all citizens of a state benefit from the services funded by taxation.

2. It was assumed that all states were equally efficient in collecting taxes.

3. Revenue restraints brought about by legal, political, or social influences were assumed not to exist for the purpose of calculating the revenue potential from each source in the selected states.

4. It was assumed that state financial reports, and data reported by the Advisory Council on Intergovernmental Relations (ACIR), the Southern Regional Education Board (SREB), and the U. S. Bureau of Census, for the Southeastern states, contain accurate information.

5. It was assumed that all taxes are ultimately paid from personal income by individuals.

6. It was assumed that education is a primary priority among the people of the Southeastern states, and hence, that financing education justifies the concomitant tax effort requirement.

7. It was assumed that tax dollars in increasing amounts are required to maintain current educational expenditures in periods of economic inflation and recession, and thus, even greater amounts are needed for increased levels of educational programming.

8. The average daily attendance (ADA) and average daily membership (ADM), with the per pupil expenditure (PPE) were assumed to be valid indicators of educational fiscal capacity and effort.

9. It was assumed possible to make certain broad classifications of tax structure reforms which could benefit the Southeastern states, even though each state tax system is unique in terms of composition, fiscal constraints, philosophical derivations, and political influences.

VI. LIMITATIONS AND DELIMITATIONS

1. This study was delimited to the state financial records for Tennessee and the Southeastern states, and for the period from 1975-1984.

2. This study was delimited to financial and expenditure statements, and other relative quantitative information. No opinions or perceptions concerning state taxing methods were sought.

3. All major tax bases and governmental services funded by revenue collections in each state under study were examined; however, primary emphasis was directed toward educational funding.

4. This study was limited to the following Southeastern states: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia.

5. States differed in methods of record keeping and financial calculations. Quantitative measurements which, therefore, were

performed on the basis of estimates limited this study in the sense that exact figures may not always be reported.

6. In utilizing data prepared by the ACIR, the SREB, and the U. S. Bureau of Census, any constraints which placed limitations on these analyses concomitantly limited this study.

VII. DEFINITIONS OF TERMS

ACIR. The Advisory Commission on Intergovernmental Relations is a permanent national bipartisan body created by Congress in 1959 to monitor the operations of the American federal system and to recommend improvements (ACIR, 1983:Back Cover).

Ability to pay. The single principle that has been most widely accepted in the modern fiscal system which states that taxes should be distributed in accordance with ability of the individual to pay. Ability to pay has normally been measured by incomes and wealth. The ability to pay concept suggests that in any distribution of tax burden, taxes paid must vary directly with incomes and wealth (Buchanan and Flowers, 1975:98).

Adjusted gross income (AGI). The figure of gross personal income minus the cost of earning the income (Due and Friedlaender, 1977:242).

Administration and compliance. A major criterion in evaluating a tax is that revenues should be collected easily and effectively. This criterion suggests that a tax should be difficult to evade or avoid, that collection procedures should be simple, and that the cost of

collecting the tax should be minimal (Johns, Alexander, and Jordan, 1972:83).

Average daily attendance (ADA). The number of students in school actually being taught. The number is calculated by counting those in attendance or legally excused each day during the school year and dividing by the number of days in the school year (Garms, Guthrie, and Pierce, 1978:233).

$$\text{ADA} = \frac{\text{Students attending}}{\text{Total number of school days}}$$

Average daily membership (ADM). The number of students enrolled in a school. The number is calculated by totaling the number of students enrolled in school each day (whether or not students are actually in attendance) and dividing by the total number of days in the school year (Garms, Guthrie, and Pierce, 1978:233).

$$\text{ADM} = \frac{\text{Number of students enrolled}}{\text{Total number of school days}}$$

Benefit principle. The benefit principle refers to an equitable tax system under which each taxpayer contributes in line with the benefits received from public services (Musgrave and Musgrave, 1973:193).

> NOTE. Historically, the benefit principle of taxation derives from the contract theory of the state as understood by the political theorists of the seventeenth century such as Locke and Hobbes. Subsequently, it was woven into the greatest-happiness principle of the utilitarians, such as Bentham. It appeared early in classical economics in Adam Smith's first canon of taxation, which in one sentence combines both the benefit and the ability-to-pay approaches: "The subject of every state ought to contribute towards the support of the government as nearly as possible in proportion to their respective abilities; that is, in proportion to the revenue which they respectively enjoy under the protection of the state." Benefits are here viewed in terms of protection

> received and are thus related to income which, in turn, is also a measure of ability to pay (Smith, 1904:310, cited in Musgrave and Musgrave, 1973:193)

Economic distortion. The effects of tax structures which cause persons to alter economic behavior in a fashion contrary to the objectives of society (Due, cited in Alexander and Jordan, 1976:257-258).

Elasticity. A tax whose yield increases at a greater rate than incomes is said to be elastic. The formalized measurement of elasticity is defined as the "income elasticity of yield" as follows:

$$E = \frac{\text{percentage change in yield}}{\text{percentage change in national or regional income}}$$

(Garms, Guthrie, and Pierce, 1978:125).

Equity.

(A) "To equal justice appertaineth also the equal imposition of taxes; the equality whereof dependeth not on the equality of riches, but on the equality of debt that every man oweth to the Commonwealth for his defence" (Hobbes, 1651:156).

> (B) Equity, taken in its broadest sense, covers most tax considerations of fairness, efficiency, effectiveness, uniformity, objectivity, and ability to pay.
>
> Equity, in a legal sense, means that the tax should affect individuals uniformly in nondiscriminating classifications and should provide for the fairness which is incumbent under due process.
>
> Equity, in a purely economic sense, is held to encompass the dual concepts of horizontal and vertical equity in order to meet the broad requirements of fairness and justice. Horizonal equity is the equal treatment of equals; persons in the same economic position should be taxed equally. Vertical equity means that persons with unequal ability should be taxed unequally (Johns, Morphet, Alexander, 1983:88).

Fiscal capacity. The ability of state and local school systems to obtain revenues from their own sources through taxation (ACIR, cited

in Johns, Morphet, and Alexander, 1983:161). Fiscal capacity may be broadly defined as a quantitative measure of economic resources within a governmental unit which can be used to support public functions (Johns, Morphet, and Alexander, 1983:161). Fiscal capacity is most commonly measured by personal income expressed either on a per capita or per household basis, or by personal income to support education expressed as ADA or ADM (Johns, Alexander, and Jordan, 1972:89-92).

Flat business tax (FBT). A proposed tax reform for businesses. A general business tax which would apply equally to all business and professional firms maintaining a tax nexus within a state. This tax base would measure total business gross sales, less the cost of materials purchased for manufacturing or resale, times a ratio representing the portion of business activity in the state (Quindry and Parish, 1984:22-23).

"Good" tax structure.

A. A good tax structure is one in which all nations have endeavored, to the best of their judgment, to render their taxes as equal as they could contrive; as certain, as convenient to the contributor, both in time and in the mode of payment, and in proportion to the revenue which they brought to the prince, as little burdensome to the people. The evident justice and utility of the following maxims have recommended them more or less to the attention of all nations:

I. The subjects of every state ought to contribute towards the support of the government, as nearly as possible, in proportion to their respective abilities; that is, in proportion to revenue which they respectively enjoy under the protection of the state.

II. The tax which each individual is bound to pay ought to be certain, and not arbitrary.

III. Every tax ought to be levied at the time, or in the manner, in which it is most likely to be convenient for the contributor to pay it.

IV. Every tax ought to be so contrived so as to take out and to keep out of the pockets of the people as little as possible over and above what it brings into the public treasury of the state (Smith, 1776:361-362).

NOTE: Smith further elaborated in Maxim IV to include the principles of: (a) administration, (b) interstate commerce--business

attraction, (c) equity, (d) economic distortion, and (e) compliance, as appropriate considerations to be included in taxing systems.

> B. A "good" tax structure should contain the following characteristics which are of major importance:
> 1. The distribution of the tax burden should be equitable. Everyone should be made to pay one's "fair" share.
> 2. Taxes should be chosen so as to minimize interference with economic decisions in otherwise efficient markets. At the same time, taxes may be used to correct inefficiencies in the private sector provided they are a suitable instrument for doing so.
> 3. The tax structure should facilitate the use of fiscal policy for stabilization and growth objectives.
> 4. The tax structure should permit efficient and nonarbitrary administration and it should be understandable to the taxpayer.
> 5. Administration and compliance costs should be low as is compatible with the other objectives (Musgrave and Musgrave, 1973:192-193).

Hall income tax. An income tax in Tennessee applying only to interest and dividend income from stocks and bonds incorporated outside a state's boundaries (Carter, 1984:46).

Inflation. An increase in the volume of money and credit relative to available goods resulting in a substantial and continuing rise in the general price level (Webster, 1985:620).

NEFP. The National Educational Finance Project was instituted on June 10, 1968. This three-year project was the first comprehensive national study of school finance made since 1933. The objective of researchers was to devise and evaluate alternative models of school finance and to develop methods to improve existing models (Johns, Alexander, Jordan, 1971:x).

Neutrality. A tax is neutral in its effect if it leaves a person, a firm, or a corporation in the same relative economic position after the tax is collected as before. Taxes should not reallocate

resources; nor should they affect choices made by the taxpayer (Johns, Morphet, and Alexander, 1983:90).

Progressive tax. A tax in which the tax rate increases as the base increases (Johns, Morphet, and Alexander, 1983:90).

Proportional tax. A tax in which the rate of taxation remains the same while the tax base changes (Johns, Morphet, and Alexander, 1983:90).

Recession. A period of reduced economic activity (Webster, 1985:983).

Regressive tax. A tax in which the tax rate decreases as the tax base increases (Johns, Morphet, and Alexander, 1983:90).

Revenue potential. The possibility existing in a source of revenue to generate financial resources. The measurement of revenue potential is based on an average rate of yield for that particular revenue source.

SREB. The Southern Regional Education Board is a research institution which publishes data relative to its 14 member states concerning education and other state issues.

Sacrifice theory. The sacrifice theory requires that government establish a desirable pattern of sacrifice on the part of each individual (Samuelson, 1970:155; cited in Johns, Morphet, and Alexander, 1983:90-91). It means that the contribution of each person toward the expenses of government should be apportioned so that one individual will feel neither more nor less inconvenience than any other (Mill, 1985:s.s.2-4, cited in Johns, Morphet, and Alexander,

1983:90-91). This is an input theory which assumes that government expenditures are for the general public good and social welfare and as such should be contributed to in accordance with some measure of ability to pay (Taylor, 1961:282).

Sources for revenue. The private revenue from individuals arises ultimately from three different sources: rent, profit, and wages. Every tax must finally be paid from some one or other of those three different sorts of revenue, or from all of them differently (Smith, 1776:361).

> Stability of yield. Stabilization of the economy is controlled by overall fiscal and monetary policy, but taxes vary in the extent to which they facilitate stabilization policy through their revenue elasticity and their adaptability to adjustments that will aid in the attainment of stability. Taxes may affect the rate of economic growth by affecting the rate of capital formation and other determinants of growth (Due and Friedlaender, 1977:204).
>
> Tax yields should be sufficiently stable to supply needed service without the use of deficit financing. The needs for government services change, and the necessary dollar amounts are modified as the purchasing power of the dollar changes. Therefore, the revenue system should be sufficiently stable and flexible to provide for the government services needed during prosperous times and in times of population increases. In other words, when the costs of government rise rapidly, the revenues should rise rapidly (Johns, Morphet, and Alexander, 1983:92-93).

Tax. A compulsory contribution from the person to the government in order to defray the expenses incurred in the common interest of all without special reference to special benefits conferred (Seligman, 1925:432, cited in Johns, Morphet and Alexander, 1983:81).

Tax base. That object to which a tax rate is applied. This may be income, property value, the value of an economic good, or the value of a productive resource, among others (Herber, 1967:86).

Tax burden. Tax burdens can be defined as the taxes paid by taxpayers, usually stated as a percentage of the taxpayers' ability to pay. For example, taxes as a percentage of income is a common tax burden measure (Berne and Stiefel, 1984:40).

Tax effort. Tax effort is generally defined as the extent to which a taxing jurisdiction is using its fiscal capacity to raise revenues to support governmental services. Measures of tax effort involve a ratio of tax revenues or expenditures to some measure of fiscal capacity (Sparkman, rpt. in Alexander and Jordan, 1976:302).

Tax evasion. A fraudulent or deceitful effort by a taxpayer to escape his legal obligations (Herber, 1967:88).

Tax incidence. Tax incidence reflects who actually pays the tax burden, following the shifting process. Taxes, in the end, must be paid by individuals. Though taxes may be collected from business firms, the ultimate burden must be traced to individual households. The final economic incidence of burden distribution may differ from that of statutory incidence liabilities, whether the tax is imposed on individuals or firms (Musgrave and Musgrave, 1973:354-355).

> Tax performance. A measurement which provides a comparison of tax yields for all levies or from specific types of taxes, thus showing comparative trends in tax collections and a state-by-state distribution of total tax yields. The yields of state and/or local taxes on a per capita basis are often used as indicators of tax performance. This tax index indicates the tax

> yields in absolute amounts or on a relative basis, with no specific relation to the fiscal capacity of the state or local jurisdiction or the tax burdens that fall on the citizens (Sparkman, rpt. in Alexander and Jordan, 1976:302-303).

Tax rate. The amount of tax applied per unit of tax base. The tax base times the tax rate equals the tax yield to the government (Herber, 1967:86).

Utilization. The measurement of a state's rate of yield from a particular tax by comparison with the average rate of yield which that tax brings in the nation. A below average yield is referred to as "underutilization" and above average yield is termed "overutilization" (Quindry and Schoening, 1979:x and xii).

Wealth. Abundance of valuable material possessions or resources. All property that has a money value or an exchangeable value. All material objects that have economic utility; especially the stock of useful goods having economic value (Webster, 1985:1335).

Yield. The yield of a tax is its ability to generate revenue. In evaluating a tax it is useful to compare its yield to those of alternative taxes, and to the cost of administering the tax. Some taxes are incapable of producing large yields (Garms, Guthrie, and Pierce, 1978:124).

VIII. ORGANIZATION OF THE STUDY

The study will be organized in the following chapter format:

Chapter I. Introduction, statement of the problem, purpose of the study, significance of the study, research questions, assumptions, limitations and delimitations, definition of terms, and organization of the study.

Chapter II. Review of related literature.

Chapter III. Procedures and methodology; including selection of sample, data collection procedures, instrumentation, and treatment of the data.

Chapter IV. Presentation and analysis of the data.

Chapter V. Summary, conclusions, and recommendations.

CHAPTER II

REVIEW OF RELATED LITERATURE

I. INTRODUCTION

The American economy has traversed an ever-changing path of economic patterns in the past quarter century. Buchanan and Flowers (1975:vii) noted that a veritable explosion in total public spending took place in the 1960's. The Great Society philosophy practiced during the 1960's produced greatly expanded federal aid programs, dramatically increased educational funding, tax cuts, and heavier defense spending. These pronounced expenditures consumed the fiscal dividends that had been predicted to be in surplus for this period, and depleted revenue overages that had been expected for the future. Hence, uncontrolled spending contributed to inflation rates which exceeded America's worst expectations in the late 1960's and early 1970's. Reischauer (1975:9) described President Nixon's attempt at stopping the snowballing inflation as a program of drastic cuts in domestic programs, although no evidence of tax increases or defense decreases was witnessed. Fried (1973:20) stated that by 1974, the federal budget represented a $16 billion deficit, prior to any adjustments in expenditures. Primarily these two problems--expansion in government spending at all levels and the fiscal impact thereof--produced the spiraling inflation which was unfortunately coupled with a growing unemployment rate by the late 1970's and early 1980's. By 1981-1982, Americans seemed devastated by

the severe recession which dominated the economic scene at all governmental levels. Inflation rates were higher than in the previous 40-year fiscal period. Subsequently, interest rates peaked at unbearable rates for homeowners, while unemployment figures reached double digits. The Reagan Administration, under the "Reaganomics" strategy of the New Federal Conservatism, sought to alleviate the fiscal stress of the nation. Boskin (1984:3) noted that there existed an unanswerable conceptual question as to whether the Administration's fiscal policy, which included military spending and tax cuts amid a decline in funding activities such as housing, business investment, education, welfare, and social security, in fact contributed to further the recession or actually helped to ameliorate it. While many estimates of Reagan tactics have proved favorable, predictions of world market response to alternative policies could not have been forecast. Murray (1984:7) projected that the deficit in the federal budget, which has caused a "trickle-down" effect in the recession of state and local governments, will have remained a central and enduring fact which has influenced fiscal policy beyond the mid-1980's. His assertion followed the forecasted deficit at over $100 billion into the foreseeable future which has been predicted to result in another downturn of the economy into the mid-1980's.

The economic tide of American governments at the federal, state, and local levels, then, has been in a state of flux from 1960 through the mid-1980's. Economic growth in the nation has experienced marked change with the end result manifested as burgeoning tax burdens for middle and low income taxpayers. The rationale for increased

burdens on a regressive basis has been tax structures that were composed overwhelmingly of consumption-related levies which have generated a non-elastic, non-progressive fiscal effect on taxpayers, while the federal tax system maintained an overall progressive tendency, state and local revenue systems, especially in the Southeastern states, have tended to be at best proportional, and in many instances regressive. Regressive tax structures have not generally responded appropriately to economic growth in terms of either adequacy or equity. The conclusion, then, has been that following the economic stability of the 1960's, the 1970's and 1980's have embodied the salient characteristics of economic exigency.

II. THE EQUITY AND ADEQUACY OF TAX STRUCTURES

Two predominant concerns of policy makers and taxpayers have been that equity and adequacy were efficiently incorporated into state and local tax structures. While sufficient revenues were requisite for optimal governmental functioning and the provision of desired services, an equitable imposition upon the varied socio-economic strata of the citizenry has been a goal for justice within the democratic society. Frederick the Great, King of Prussia noted this objective in 1777 when he declared that, "No government can exist without taxation . . .. This money must necessarily be levied on the people; and the grand art consists of levying so as not to oppress" (Seldes, 1985:143).

Equity

The definition of equity by finance scholars has taken on widely diverse meanings because of the relative nature of the term. Herber (1967:81) noted the following:

> In dealing with the concept of tax equity, it should be kept in mind that the terms "equity" or "justice" are noneconomic terms. There is no way that positive economic methodology can define an exact meaning of equity or justice. Economics can merely recognize an industrial or community value judgment as to the meaning of equity and then methodologically indicate how the objective can be attained through economic policy. The noneconomic interpretation of tax equity provided by a society, of course, is part of the overall collective value judgment which selects a particular income-wealth and political voting distribution complex for the society.

The detailed description of several aspects of equity in taxation has been outlined by Johns, Morphet and Alexander (1983:88) thus:

> Equity, taken in its broadest sense, covers most tax considerations of fairness, justice, efficiency, effectiveness, uniformity, objectivity, and ability to pay. Equity, in a legal sense, means that the tax should affect individuals uniformly in nondiscriminating classifications and should provide for the fairness which is incumbent under due process. Equity, in a purely economic sense, is held to encompass the dual concepts of horizontal and vertical equity in order to meet the broad requirements of fairness and justice. Horizontal equity is the equal treatment of equals; persons in the same economic position should be taxed equally. Vertical equity means that persons with unequal ability should be taxed unequally.
>
> Concepts of equity are largely subjective (Lawler and Thompson, 1952:13). However, the U.S. Supreme Court has delineated a definition of justice or equity in terms of taxation purposes. In an opinion rendered in 1890, the Court declared that "clear and hostile discriminations against particular persons or classes" violates the intentions of the 14th Amendment to the Constitution (Bell's Gap Railroad Co. v. Pennsylvania, 134 U.S. 232 (1890)). The Court has held in later decisions that any classification that has a reasonable relation to the permitted ends of government is constitutional (Heisler v. Thomas Callienz Co., 260 U.S. 245 (1922)). Although these opinions of the Supreme Court have afforded some guidance in the formulation of tax policy, they have necessarily left to subjective determination most of the major decisions that are required in constructing tax systems.

Two primary rationales for equity in taxation have historically been the benefit theory and the sacrifice theory. The benefit theory has traditionally been espoused by those advocates of the school of thought holding that taxes should be rendered in proportion to governmental services received. This "quid pro quo" principle has been well entrenched in the economic beliefs of American citizens. Johns, Morphet, and Alexander (1983:89-91) have pointed out that:

> The benefit theory has serious limitations when applied to education, because of the impossibility of partitioning educational benefits into neat categories. The social benefits of education, extending beyond mere individual benefits, are so broad that accurate quantification is impossible.

John Stuart Mill rejected the benefit theory when he noted:

> There is in this (benefit notion) a false air of nice adaption, very acceptable to some minds. But in the first place, it is not admissible that the protection of persons and that property are the sole purposes of government. The ends of government are as comprehensive as those of the social union. They consist of all the good, and all the immunity from evil which the existence of government can be made either directly or indirectly to bestow (Mill, 1895:Chapter 2, s.s. 2-4).

Although some acceptance of the benefit theory, in terms of license taxes, motor vehicle and motor fuel taxes, and selective sales revenues such as entertainment and motel/hotel levies or alcohol and tobacco taxes has been noted by citizens and finance scholars, the overall theory has been viewed as having limited application success with most revenues which fund governmental services.

The sacrifice theory of taxation has required that the government establish a desirable pattern of sacrifice on the part of each individual (Samuelson, 1970:155). It has meant that the

contribution of each person toward the expenses of the government was apportioned so that one individual has felt neither more nor less convenience than any other (John Stuart Mill, 1985:Chapter 2, s.s. 2-4). Phillip E. Taylor (1961:282) noted that the sacrifice theory was an input theory which assumed that government expenditures were for the general public good and social welfare, and as such, were contributed to in accordance with some measure of ability to pay.

> "Ability to pay" has long been viewed as the fundamental standard constituting the sacrifice theory. Under this standard, governmental policy makers have been responsible for the production of a classification scheme which delineated economic position or ability, a schedule of rates which equalized tax burden under an accepted proportion, and the planned use of a tax base with the capacity to measure ability to pay. Ability to pay, then, referred to the relative real sacrifice put forth by an individual in payment of a tax. The principle, simply stated, was that each should contribute to the support of government according to ability (Johns, Morphet, Alexander, 1983:90-91).

The sacrifice demanded of taxpayers in terms of actual tax burdens has been expressed as the relationship between the size of the tax base and the rate of any particular tax. In the measurement of taxpayer sacrifice, then, a tax burden has been classified as either: progressive, regressive, or proportionate. A progressive tax has been imposed when the tax rate has increased as the tax base expanded. In terms of income, viewed as taxpayer ability, a progressive tax would have exacted a higher tax rate on the most affluent citizens and decreasing levels of tax rates on lower income citizens. A regressive tax, conversely, has been found to decrease the tax rate as the tax base has increased. Again, in terms of taxpayer income, this has meant that the richest citizens have paid the lowest proportion of income in

taxes, while increased proportions accrued to lower income tax payers. A proportionate tax has been defined as one which has reflected a constant tax rate even when the tax base has expanded. Under a proportionate tax, the rate has been the same for all levels of income ranging from poor to rich taxpayers.

Within every state tax structure, each tax base, with the imposed rate, has been identified as having a proportionate, regressive, or progressive imposition on the taxpayers who bear its incidence. Likewise, the conglomerate of taxes comprising the state tax structure have been collectively assessed, thereby classifying the revenue system of each state as either proportionate, regressive, or progressive. States have varied in tax mixes utilized within operational tax structures. Therefore, the citizens of one state may have experienced a much greater tax burden, or sacrifice, than those of another state. Moreover, taxpayers within any given state have paid somewhat differing tax rates due to local tax levies imposed in variations of progressiveness. The goal of policy makers who have constructed taxes and tax structures ideally should have been to maintain progressive or minimally, proportionate sacrifice rate schedules. Unfortunately, for taxpayers in the Southeastern states, this has not consistently been the case. Adam Smith (1937:777) long before the development of the theory of marginal utility reasoned, "the subjects of every state ought to contribute towards the support of the government, as nearly as possible, according to their respective abilities, that is to say, in <u>proportion</u> to the revenue which they respectively enjoy under the protection of the state."

Adequacy

In the literature on state and local taxation, the concept of adequacy has been generally defined as the ability of a tax or tax structure to provide essential governmental services while sustaining revenue growth which progresses with the growth of the local economy without the need for continued modification of tax rates or tax bases. In other words, an adequate tax or tax structure has been recognized as one which has yielded sufficient revenues to fund governmental operations at constant or increased levels during economic ebb and flow without the necessity of numerous tax increases. Carter (1984:3) suggested, "the tax structure should provide an adequate flow of revenue assuring a fiscal environment that is responsive to prevailing economic conditions." In this context, evidence has been provided revealing that the revenue productivity of a tax or tax structure was crucial during economic exigency to governmental funding.

Carter (1984:1) noted also, that "for most states, adequacy has been an elusive standard of performance either due to over-reliance on income-inelastic, commodity-based consumption taxes or a mismatch between tax system emphasis and sources of economic growth." An adequate tax structure, then has been identified as one which has incorporated taxes not only supplying immediately needed revenue, but which have continued in the long run to supply substantial returns. Typically, such a tax system was composed in a diversified format and has utilized a wide range of tax bases which have produced economic growth for an extended period of time. For many states, however, economic conditions such as the recession of the late 1970's and 1980's

and added constraints passed by government policies such as "Reganomics," which has demanded greater fiscal response from state-local tax structures, have made inadequacy painfully conspicuous. This latter example has proved to be the case in several Southeastern states including Tennessee. As an illustration of the adequacy problem faced by Tennessee, Carter (1984:5) noted:

> Consider the fact that during the 1970-1980 period the rate and base of the state sales tax in Tennessee had to be modified six times (Biennial Report, 1982). This suggests that the Tennessee tax system was inadequate even during a period of sizable intergovernmental transfers and that major tax reform energies need to be focused on the adequacy issue in the 1980's. The only alternatives are spending reductions in a state with an already low per capita expenditure in most categories or continued politically unpopular piecemeal revision of the tax system.

Therefore, the focus of this study, following the historical view of taxation in the Southeastern states for the 1975-1984 period, has been the adequacy of state tax structures in terms of capacity, effort, utilization, and funding of education as an exemplary governmental service, and the equity of state tax structures relative to income levels, taxpayer burdens, and the inherent equity within each state tax base and tax structure. By the examination of these two preeminent goals of equity and adequacy in tax structures, through a multi-dimensional approach, a comprehensive view of taxation in the Southeastern states has been attempted and hopefully reached.

III. TAX STRUCTURES IN THE SOUTHEASTERN STATES

The analytical requirements which defined the scope of this study were quite complex. The prodigious volume of data and the

concomitant **sine qua non** analysis to offer convincing testimony as to both the nature and the magnitude of taxes and tax burdens in the Southeastern states was of an overwhelming nature. Carbert (1956:1) realized similar problems having undertaken his 1956 study of taxation in the Southeastern states, while at the same time having recognized the value inherent in such an enterprise:

> However formidable the mechanics of such an assignment may appear, however necessary it may be to substitute estimation for measurement in the analytical method, however essential it may finally be to surround the answers with exceptions and qualifications; the factual emphasis of the legislative mandate is unmistakable. In an area (the Southeast) as filled with strong opinions and as empty of basic facts as this one, and in an area with as many powerful implications for fiscal policy, the legislatures have recognized the importance of a clear, quantitative approach designed to produce as much factual information as possible.

Empirical explorations examining entire tax structures by comparisons among a number of states have been rare and sometimes unproductive due largely to extreme difficulties which had to be overcome in order to obtain even meager results. One primary reason for these obstacles has been the nature of the tax structures which were composed of a multiplicity of taxes ranging in a not so harmonious orchestration of volumes and pitch. Another rationale for analytical complexity pertaining to tax structures was not only the many taxes contained within each structure, but the added fact that each tax structure represented a complex pattern of statutes, constitutions, administrative regulations, administrative practices, court decisions, legal dicta, standards of compliance, taxpayer recognition of statutory and administrative requirements, and the multi-phasic processes of collection, which could not be mathematically manipulated (Carbert,

1956:8). These vicissitudes of empirical analysis would have been prominently evident in the study of the Tennessee tax structure alone. But when an interstate comparison was undertaken, the forbidding aspects of quantification were magnified exponentially. The methodology employed in combatting these difficulties was discussed in the analytical chapters of this study.

One consoling factor, albeit only partially significant, amid the labyrinth of constituents inherent in this study, was the somewhat similar aspect related to the neighboring Southeastern states. The Southeastern states were by no means found to be homogeneous in historical background and in social, political, and economic heritage (Carbert, 1956:5). However, some generalities concerning a global philosophical approach to taxation have been concluded from the obtained data and the literary field. Galambos (1969:3) illustrated that the Southeastern states were bound to a regressive system of taxation that has put a disproportionate share of the tax burden on middle and lower income citizens. Moreover, she found that these states have not taken full advantage of more progressive tax sources. The author noted further that regressive taxation and inadequate state services seemed to coincide directly, with public education having suffered most from insufficient funding. The general trend in the Southeastern states has been to overutilize consumption-related revenues, which were highly regressive, including selective sales taxes such as those on gasoline, tobacco, and alcohol. This tendency which has imposed excessive burdens on poor people while sparing the higher income families has been particularly conspicuous by the limited use of

income taxes, which have been found to be progressive (Galambos, 1969:4-5). Another popular taxing method in the Southeastern states has been a complicated maze of business taxes under which state and local governments have adopted special taxes, tax credits, tax deductions, exclusions, and exemptions which have outlived any logical and useful purposes they might have had (Quindry and Parish, 1984:21). Although almost exclusively a local tax form, property taxes in the Southeastern states have been well below national averages for many decades, and have produced lower than appropriate yields (Galambos, 1969:14). Chervin (1984:19) has suggested the imposition of a state property tax in Tennessee (which would hold similar benefits for the other states as well) in order to produce higher revenue yields and broaden the tax bases utilized. Hence, the summation has been that regressive tax structures in the Southeastern states have been the product of heavy reliance on those revenues such as sales taxes and selective sales taxes, while less emphasis has been placed on flat business taxes, property taxes, and income taxes. The apparent philosophy has supported the myth that consumption-related taxes were equitable because of a misconception that the benefit theory provided justice in tax equity for all citizens.

IV. THE TENNESSEE TAX STRUCTURE

The first constitutional convention was called for by Governor William Blount, Tennessee's first governor, and met in Knoxville on January 11, 1796. After 27 days of deliberation, the First Constitution of the State of Tennessee was completed (Thorogood, 1949:1). Between

1796 and 1870 the Second and Third Constitutions were adopted for the state of Tennessee. Carter (1984:29) suggested that there was no master architect for the Tennessee tax structure, but rather, the existing structure has been the result of a century of political reaction to recurring fiscal problems. He further explained that this process of reaction has created revenue sources with little regard for efficiency, equity, or adequacy. Bragg and Reynolds (1984:12) noted that Tennessee has taxed most people, most businesses, and most activities; but that it has done so through a system that lacked any rational design. The authors continued that State tax policy has evolved piecemeal over many years, and as a consequence, the elements of the system have not always worked together and in fact, at certain intervals, actually have countered each other.

The current Tennessee tax system (see Figure 1) has been shown to be dominated by consumption-rated taxes. The general sales and use tax provided 54.5 percent of total tax collections in 1984. Selective sales taxes, including gasoline, gross receipts, tobacco, motor vehicle fuels totaled another 23.69 percent of the 1984 collections. Tennessee, therefore, has operated under a tax structure in which 78.19 percent of taxes collected were regressive, in-elastic consumption-related taxes. In terms of equity, this has meant that lower income citizens have borne the heaviest percentage-based tax burden. In terms of adequacy, there has been continual need for tax increases due to slower tax revenue growth than income growth and because recessions have made this tax system ineffective in revenue production (Fox and Quindry, 1986:8). In addition to overutilization of sales taxes, Tennessee has failed to

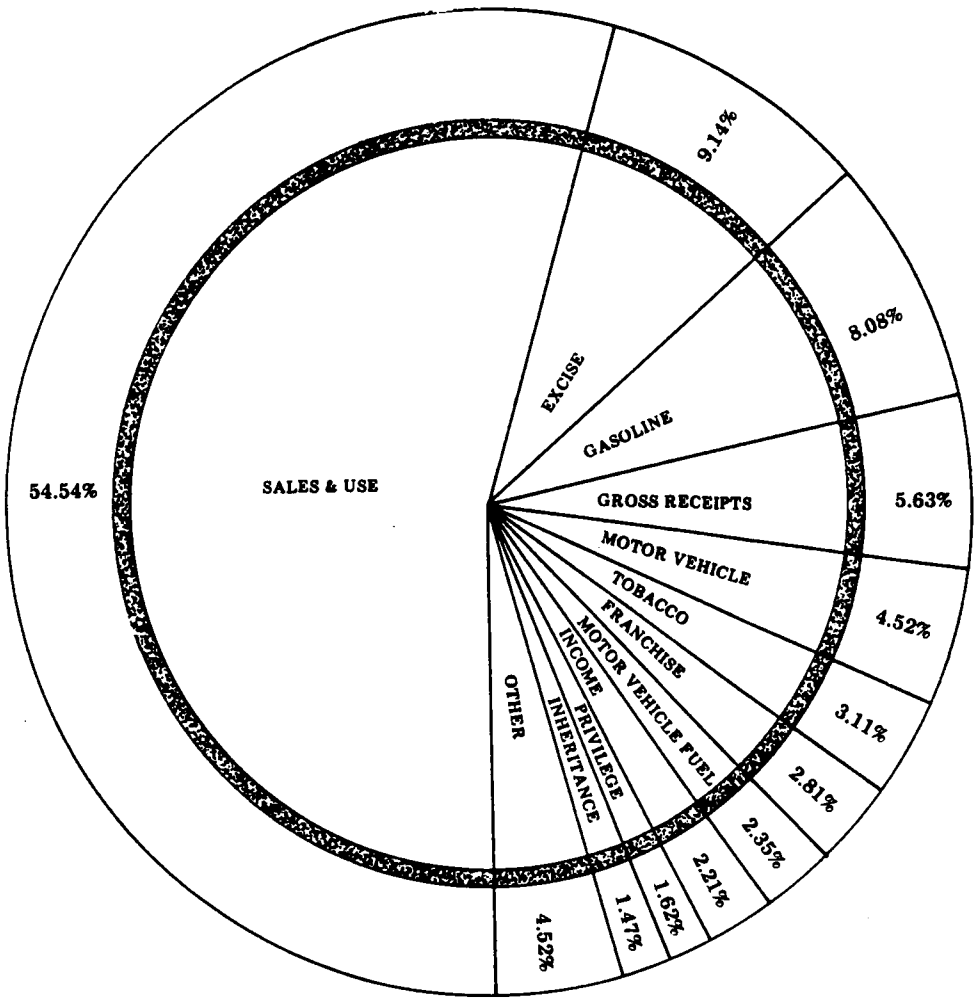


Figure 1. Sources of Revenue in Tennessee for the Fiscal Year 1984.

Source: Tennessee Department of Revenue Biennial Report 1983-84, p. 36.

make use of income taxes, which are progressive. Only two other Southeastern states have mirrored Tennessee's rejection of income taxes. Florida and Louisiana have not utilized income taxes, however, one glaring difference has somewhat justified the decision in these states. Florida did not need the yield from income taxes because the sales tax revenue from heavy tourist trade has adequately supplied state funds. Likewise, Louisiana has had the benefit from other revenue funds which were oil-related sources. Tennessee has had no such additional revenue sources, and therefore, stands alone in dependence on a tax structure which has lacked income tax revenues which were provided by another means of support. The Tax Modernization and Reform Commission (1974:17) summarized the responsiveness of Tennessee's state-local tax structure as having been relatively low because of the predominant reliance of taxes based on consumption and property. The Commission continued that the growth in tax revenues which has resulted from economic growth in Tennessee has been inadequate. This inadequacy has promoted the necessity of periodic rate increases which the Commission projected to continue almost annually. A final factor which has contributed to the lack of response to economic recession by the Tennessee tax system was outlined by the Tennessee School Finance Equity Study (1978-1979:40) as follows:

> When compared to the national product mix, Tennessee is much more dependent upon manufacturing than the average state. Of more significance is the large proportion of GSP (gross state product) devoted to nondurable goods production. Since the production of durable goods is more sensitive to economic fluctuations than nondurable goods, the expected effect is that Tennessee would be less sensitive to short-term national downturns. However, over a prolonged period, the demand for

nondurable goods is also affected by a national recession and the Tennessee economy would react quite strongly.

The expenditures in Tennessee (see Figure 2) have been divided between education, which is the dominant expense at 52 percent, transportation at 10 percent, transfers to counties and cities at 9 percent, and all other expenditures at 29 percent. By comparison of the 1963-64 figures, it has been shown that education has consumed an increased proportion of state monies, which has reduced available funds for transportation and inter-governmental transfers.

The Tennessee tax structure, then, has been depicted as one which has not been a balanced diversification of revenue sources. The vast majority of taxes were consumption-related and property taxes within the state-local tax system. Further, the piecemeal addendum approach to tax structure modification has resulted in a conglomeration of levies which have been burdensome to taxpayers in a regressive fashion. It has followed, therefore, that tax reform of a comprehensive nature will have been mandatory for progressive taxation and economic growth in Tennessee (Carter, 1984: 91).

V. RELATED STUDIES

A number of studies have been completed by governmental agencies, specialized commissions, and writers in the field of public finance, which have contributed to the body of knowledge relating to state-local taxation systems. A review of these related studies was therefore deemed appropriate for inclusion in this section of the literature.

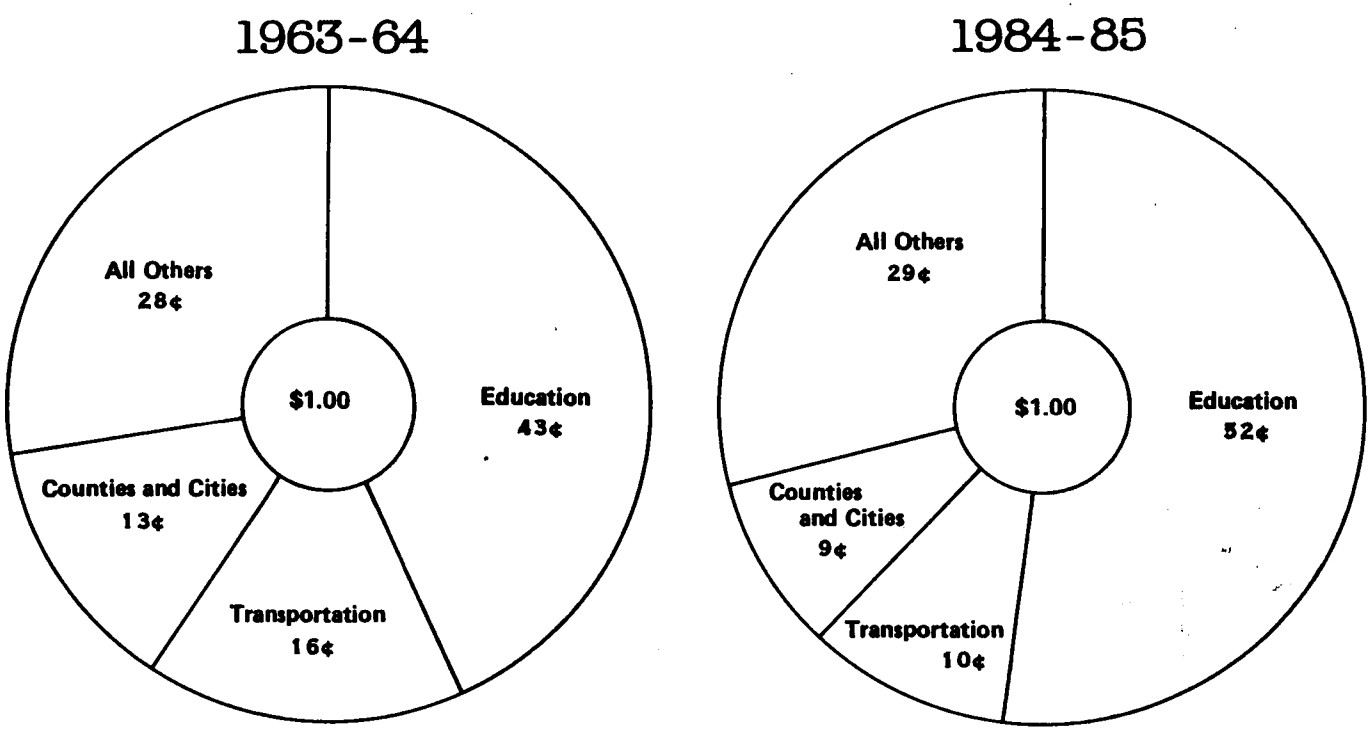


Figure 2. Where Your Tax Dollar Goes in Tennessee.

Source: The Budget, 1984-85, State of Tennessee, rpt. in William F. Fox and Kenneth E. Quindry, "Tax Reform in Tennessee: Needs and Options." Survey of Business 20 (Fall 1984):5.

The ACIR Studies

The Advisory Commission on Intergovenmental Relations (ACIR) was created by the Congress in 1959 to monitor the operation of the American federal system and to recommend improvements. ACIR is a permanent bipartisan body representing the executive and legislative branches of federal, state, and local government and the public.

The ACIR studies, entitled Significant Features of Fiscal Federalism, have been regularly published by the commission in Washington, D.C. These studies have contained a diverse range of data related to state-local public finance, and have featured standard calculations with some differing characteristics of particular interest within each publication. Some of the most applicable data to this study from ACIR studies have been the tax capacity and tax effort indices, the population and per capita income data, and the wide range of information which has detailed funding aspects of public elementary and secondary schools. Additionally, specialized information reports have been periodically published by the ACIR. Among the most beneficial to this study have been two editions of Tax Capacity of the States from 1982 and 1986. Although the volume of information has precluded the outlining of specifics in this section, ACIR data has been utilized throughout this study as a primary source for data.

The SREB Studies

The Southern Regional Education Board (SREB), a research agency located in Atlanta, Georgia, has published many volumes of data which have related to public higher education and taxation in its 14

member Southeastern states. SREB data which made a vital contribution to this present study were those by Kenneth E. Quindry, research professor in the Center for Business and Economic Research at The University of Tennessee, Knoxville, and Niles C. Schoening, Director of the Center for High Technology Management and Economic Research at the University of Alabama, Huntsville. These reports, published from 1967-1982, were entitled State and Local Tax Performance in the final editions, and similar titles in prior years.

Dr. Quindry and Dr. Schoening have provided a great amount of information concerning the utilization of state and local tax potential, revenue collections, and tax effort and ability to the field of public finance. These calculations have not been replicated and, thus, remain the only viable source for utilization figures presented as over and under-utilization of state-local tax ability at an average rate. The bulk of these data was presented in this study. It was regrettable that these publications ended in 1982 upon the retirement of Dr. Quindry.

The NEFP Studies

The National Educational Finance Project (NEFP) was instituted on June 10, 1968, with a planned termination date of May 31, 1972. The NEFP was funded primarily by the U.S. Office of Education. It represented the first comprehensive National study of school finance since 1933. The project was administered through the Florida State Department of Education and the University of Florida, Gainesville. Project directors included Roe L. Johns, Kern Alexander, and Forbis

Jordan from the University of Florida, Department of Educational Administration. Contributors and research staff included university scholars and research experts nationwide. One among those being Dr. Dewey H. Stollar, chairman of this study. The goals of the NEFP were to evaluate educational needs, analyze variations in educational financing, and construct alternative school finance models. The NEFP has been termed one of the most noteworthy, comprehensive school finance research efforts in our national history.

The NEFP publications included a wide spectrum of research relative to educational finance. The project research scholars comprehensively approached the documentation and evaluation of school funding, state tax ability and effort, and funding methods of the nation, and then performed detailed analyses which lead to proposed plans for improvement. National comparisons of funding schemes, enacted legislation, and the level of school services provided, enabled researchers to present an in-depth view of public educational finance.

The Carter Study

Samuel R. Carter's dissertation (1984) traced the development of the concept of state tax revenue adequacy as a major criterion in the evaluation of a state tax system. Tennessee's tax system was determined to be inadequate in terms of economic responsiveness. A nine-sector regression model was used to estimate the degree of responsiveness in the Tennessee tax system. This system was identified as having responded adequately to population changes but inadequately to changes in per capita income.

A simulation was performed in which an income tax was imposed on the present Tennessee tax structure. The results indicated that the recurring problem of poor responsiveness of tax revenues to economic growth could be overcome by a two-base system which included an income tax in addition to the sales tax.

The Landers Study

Billy W. Landers' study (1972) was performed in an effort to determine the potential results for education from differing personal income tax structures in the state of Tennessee. Selected states for the study with gradual tax structures were treated in two ways. The first treatment was to apply the graduated rates to Tennessee's adjusted gross income with major reductions allowed. The second treatment was to apply the graduated tax structures to Tennessee's federally defined net taxable income with no adjustments allowed. The amounts of revenue generated by the application of the personal income tax structures to the Tennessee structure was determined at four appropriation levels and the effects of these levels upon the various amounts of educational expenditures were calculated. Ancillary results of the study were to determine the elasticity, tax effort, the progressivity value, and the incidence ratio of each of the applied tax structures. It was concluded that the Tennessee tax structure must be modernized if state services were to remain competitive. A total of seven recommendations was made in order to facilitate the needed modernization.

The Livaditis Study

Nicholas John Livaditis (1972) conducted a study to compare Tennessee's revenue potential, utilization, tax burden, and educational effort with bordering states and the Southeastern states. Following the data collection, determinations were made of revenue potential, utilization, tax burden and tax effort. Comparisons to other Southeastern states were made using average yields and 100 percent yields as the yardsticks. It was concluded that Tennessee failed to utilize all of its revenue potential. Further, Tennessee ranked below the median of other states selected for study. Likewise, the tax burden of Tennesseans was lower than the median of other states studies, and it was found that educational per pupil expenditures were lower than average. Recommendations were provided for tax reform which included the imposition of an income tax to increase revenue yields and provide a more progressive tax burden.

The Brown Study

Benjamin H. Brown (1978) conducted an investigation to study the relationship between county local option sales tax ability and county fiscal capacity and effort to support public education in Tennessee. Measures of capacity and effort based on local option sales tax ability, property wealth, and combinations thereof were developed. Formulae were developed and presented which combined each county's local option sales tax and property ability into a single index. Formulae were developed and presented which calculated each county's effort based upon property wealth, local option sales tax ability, and

a combination of both. Eight null hypotheses were tested to determine the relationships between tax ability and effort to support education. It was found that counties with high combined local option sales tax and property tax ability were making low effort. Inclusion of local option sales tax ability in calculations of required local contributions to the Tennessee minimum foundation program was suggested as a reform which would constitute a first step remedy of this inequity.

The Eagan Study

Gerald V. Eagan (1972) conducted a study to evaluate the potential of general property taxes in financing county governments in Tennessee. The study objectives were to analyze differential rates of change in property tax bases and revenues among the counties and to determine the implications for county fiscal structures and taxpayer burdens inherent in property tax base, property tax revenue, and income trends. Multivariate regression models which included wealth, population, and land use change variables as well as income change were examined for Tennessee and the four county groups selected for study. Analyses of 1976 potentials were conducted following the development of performance and potential comparisons. It was found that variations in property tax burdens existed and that a low level of effort prevailed. Projections of the taxes for the four counties were made and suggestions for increasing efforts were indicated which could triple yields with relatively little more burden imposed.

VI. SUMMARY

The focus of this chapter has been upon the economic recession which occurred during the period under study and various taxing methods which produced tax structures that either responded effectively or became non-responsive in providing adequate yields during economic exigency. Tax structure qualities such as equity and adequacy have been examined through the literature and discussion has highlighted the effects these aspects of taxation have had on taxpayer burdens. Specific attention was directed toward the tax structures of the Southeastern states and upon the Tennessee tax structure. Studies were reviewed which had some relationship to the present study. These research efforts have been conducted by governmental agencies, specialized commissions, and writers in the field of public finance. The overwhelming conclusion drawn from these many experts in the field has been that responsive tax structures have been composed of a tax mix which produced a progressive burden upon taxpayers and an adequate yield even during economic fluctuations. It has been shown that the tax structures in Tennessee and some Southeastern states have failed to meet the criteria of equity and adequacy during economic exigency.

CHAPTER III

PROCEDURES AND METHODOLOGY

I. INTRODUCTION

The purpose of this section was to define the procedures that were employed in gathering data and the methodology that was utilized in performing calculations required to answer the research questions which initiated this study. The compilation of this information then facilitated evaluation of the tax structures in the Southeastern states, and served as a prerequisite to the promulgation of a tax reform prospectus for Tennessee. Any and all analytical techniques, procedures and calculations described in this section were applied consistently to each of the Southeastern states under study.

II. SELECTION OF SAMPLE

This study pertained to the Southeastern states including: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia. The selection of this particular sample group from the population of the 50 states constituting the United States of America, originated from several rationales. First, the researcher, being a native Tennessean, held specific interest in the geographic region, and subsequently became cognizant of perceived problematic situations relative to educational finance which could have stemmed from tax

structure inadequacy in Tennessee and the regional states. Second, the Southeastern states, when compared in studies of national tax evaluations, were below average in several areas of taxation. Quindry (1979:vii) noted that the Southern states fell below the national average in personal income per capita, average state and local taxes collected per capita, and in the overall tax effort. Finally, since these states vary from the others in the nation and because they comprise a defined section of the country, it was deemed appropriate that this group be isolated for the sample under study.

III. DATA COLLECTION PROCEDURES

The initial step in the data collection procedure was to delineate what data were required for the study in order to answer the research questions. The following information was needed for each of the Southeastern states:

1. The tax structures in operation from 1975-1984 including: the major tax bases, and yields.

2. State financial records indicating: personal income, per capita income, taxes as a percent of income, fiscal capacity, effort, and utilization.

3. State financial records revealing revenue resources which fund education.

4. The ADA or ADM, the PPE, and educational effort data showing the tax burden required to fund education in each state.

The next required procedure was to gather the data pertinent to the study. From information gained throughout graduate studies and a

review of the literature, it seemed evident that states vary in reporting classifications, calculating techniques, and availability of data. Therefore, in order to obtain the required data and maintain consistent measurement, reliance on financial analyst experts, organizations, and governmental agencies which regularly perform such calculations, expedited the process and assured that accurate, verifiable data were evaluated. Specifically, data was obtained from: ACIR, SREB, U.S. Bureau of the Census, and National Educational Association (NEA) publications.

IV. INSTRUMENTATION

The following instruments and calculations were employed in order to answer the research questions and to achieve the major research objectives which constituted this study:

1. To examine tax structure stability during economic instability, the required tax structure modifications of each state were summarized from tax structures in use during the 1975-1984 ten-year period. These data were reported as a numerical summation of the modifications required or significant features noted for each state.

2. To determine how education was funded in the selected states during the period under study, the ACIR data reporting total educational funding by governmental level and by percent of receipt were displayed and analyzed.

3. To determine the percentage of total state expenditures which was utilized to fund education in the Southeastern states, U.S. Bureau of the Census data were displayed which depicted total general

expenditures, total educational expenditures, and the distribution of educational expenditures. Percentages displayed for each educational category were calculated as a percent of total general expenditures.

4. To examine the per pupil expenditures and the burden of education to the taxpayers of each state, two methods were used:

A. Per pupil expenditures, ADA and ADM figures, and state educational expenditures by function were reported from NEA Estimates of School Statistics.

B. The educational burden to taxpayers was demonstrated by the U.S. Bureau of the Census data including: population, personal income, and per capita amounts for educational expenditures. The percentages for the per capita amounts were calculated as a percent of per capita personal income.

5. To examine the fiscal capacity, effort, and utilization of the Southeastern states, the following instruments were used:

A. The ACIR Representative Tax System tax capacity Indices for selected years 1975, 1977, 1979, 1980-1983, and average capacity was calculated.

B. The ACIR Representative Tax System tax effort indices for selected years 1975, 1977, 1979-1983, and the average effort was calculated.

C. The ACIR Representative Tax System tax capacity and tax effort index was reported which showed capacity per capita, amount of tax capacity, tax revenue amounts and per capita, and the capacity and effort index figures.

D. ACIR line and bar graphs were displayed which indicated tax capacity, tax effort, and tax revenue for each state in 1975, 1977, 1979, 1981, and 1983.

E. SREB data which revealed tax effort, ability, utilization, and percentage of tax base utilization were reported for 1977-1981.

F. SREB data which indicated tax effort and ability per capita and per $1,000 of personal income from 1977-1981 were reported.

G. SREB data showing effort, ability at average rate of yield, and unutilized ability were displayed for 1977-1981.

H. SREB data for actual collected amounts of major tax bases per state showing over and under utilization of taxes were displayed for 1975-1981.

6. To evaluate the major tax bases of each state, the Tax Structure Quality Index (TSQI) was created and employed to provide a numerical ranking of each major tax base in the selected states under study. (See Table 1.)

The Tax Structure Quality Index (TSQI) was completed for each state under study, and included the following major tax bases for analysis: (a) general sales and receipts, (b) selective sales, (c) property, (d) corporation net income, (e) individual income, and (f) license and registration fees. A standard value for the total state structure was obtained from the calculations performed and data presented. The values given for the tax structure evaluation pertained

TABLE 1

TAX STRUCTURE QUALITY INDEX EVALUATION FOR _____ 1984-85

Criterion	Degree of Characteristic Quality 1	2	3	Value
Tax Structure EQUITY $T_s + T_l$ = ___	1-16 Regressive ___	17-33 Proportional ___	34-50 Progressive ___	
Educational EQUITY T_e = ___	1-16 Regressive ___	17-33 Proportional ___	34-50 Progressive ___	
Revenue ELASTICITY 1984-85 Average = ___	Less than 1.00 ___ General Sales = ___ Selective Sales = ___	Exactly 1.00 ___ Licenses = ___ State Property = ___	Greater than 1.00 ___ Corporation Income + ___ Individual Income = ___	
Educational ELASTICITY FOR PPE = ___	Less than 1.00 ___	Exactly 1.00 ___	Greater than 1.00 ___	
YIELD Total = $_____	Regressive Domination ___ Consumption Taxes = ___%	Relatively Balanced ___ Other Taxes = ___%	Progressive Diversification ___ Income Taxes = ___%	
			TSQI Value for_____ =	

to the 1984-85 fiscal year only, excepting revenue elasticity which was derived from tax changes during the 1974-85 decade.

The measurement for each criterion of TSQI follows:

A. Equity. The National Educational Finance Project (NEFP) team developed the following measurement instruments to indicate the progressivity of tax structures. The progressiveness of a tax structure has generally been considered one indication of equity, in terms of taxpayer burden and ability to pay. Therefore, those tax structures which imposed burdens on a commensurate basis with taxpayer ability were accepted as being equitable. The progressivity value included the major tax bases for each state. A substitution was made exchanging license taxes for estate and gift taxes because the former constituted a larger percentage of tax structures in the Southeastern states, while possessing similar characteristics as the latter in terms of evaluative criteria for the study. Additionally, the formula T values of progressivity were reassigned letters rather than the NEFP numbers, so that T values represented the funding function for which they were calculated. T_2 (state taxes combined) were renamed T_s for state tax structure progressivity, while T_3 was renamed T_l for local taxes (which fund public schools) progressivity. Hence, $T_s + T_l$ equaled the progressivity value of the state-local taxes for the study. T_s was renamed T_e because it indicated revenue

sources funding education provided by all governmental levels combined. Data utilized in the NEFP equations was gathered from the U.S. Bureau of the Census and ACIR. The source was referred to specifically on data tables presented and was duely noted in the bibliography.

Symbols for the mathematical equations defining tax progressivity:

T_1 = Progressivity value of all federal taxes as compared with the the progressivity of the federal personal income tax.

T_s = Progressivity value of all state taxes as compared with the federal personal income tax.

T_l = Progressivity value of local school taxes as compared with the federal personal income tax.

T_n = Progressivity value of all taxes combined (federal, state, and local) used to support the public schools in the nation as a whole.

T_e = Progressivity value of all taxes (federal, state, and local) used to finance the public schools in a particular state.

R_1 = Federal school revenue receipts.

R_2 = State school revenue receipts.

R_3 = Local school revenue receipts.

$R = R_1 + R_2 + R_3$ = Total school revenue receipts.

R_4 = Total federal revenue for all purposes, excluding social security tax (employment tax).

R_s = Total state revenue for all purposes, excluding unemployment compensation tax.

X_1 = Federal individual income taxes.

X_2 = Federal corporate income taxes.

X_3 = Federal sales, excises, customs and other.

X_4 = Federal estate and gift taxes.

X_5 = State individual and corporate income taxes.

X_6 = State sales and gross receipts taxes.

X_7 = State property taxes.

X_8 = State license taxes.

X_9 = Other state taxes.

X_{10} = Local property taxes for schools.

X_{11} = Other local school revenue.

Formula 1. This formula was used to compute the T value of all state taxes (except unemployment taxes) combined.

$$T_s = \frac{(X_5 \times 35) + (X_6 \times 15) + (X_7 \times 14) + (X_8 \times 50) + (X_9 \times 14)}{R_5}$$

Formula 2. This formula was used to compute the T value of all local taxes used for the public school.

$$T_l = \frac{(X_{10} \times 14) + (X_{11} \times 14)}{R_3}$$

Formula 3. The following formula can be used to compute the T value of federal, state, and local revenue provided for the public schools in each state.

$$T_e = \left(\frac{R_1}{R} \times 39.90\right) + \left(\frac{R_2}{R} \times T \text{ Value of the state revenue}\right) + \left(\frac{R_1}{R} \times T \text{ Value of local revenue used for schools}\right)$$

Assumptions. The following assumptions were made in order to compute an objective measure of the relative progressivity of each tax (Johns and Alexander, 1971:254):

1. The most progressive major tax is the progresssive income tax. The more progressive the rates, the more progressive is the tax. The most progressive personal income tax levied in the United States is the federal income tax. Therefore, the federal personal income tax is assigned a value of 50 (a purely arbitrary figure) and the value of T for any tax is determined by the progressiveness of that tax as compared with the federal personal income tax.
2. The relative progressiveness of any tax can be computed by comparing the progressiveness (or regressiveness) of that tax to the progressiveness of the federal individual income tax.

The two types of equity, then, evaluated by the TSQI included state-local tax structure equity ($T_s + T_l$) and educational equity (T_e) as determined by use of the NEFP equations of major tax bases of state-local tax structures and revenues to fund public schools from federal, state, and local revenues inclusive.

Elasticity. Two types of elasticity were reported in the TSQI. The revenue elasticity indicated tax structure response to economic growth for the 1974-85 decade under study and was calculated from the following equation:

$$E_1 = \frac{\text{Percent change in tax yield}}{\text{Percent change in state income}}$$

Data for the calculations were obtained from the U.S. Bureau of the Census. Educational elasticity represented the response of the tax structures in terms of revenues to fund education as a major state governmental service. Educational elasticity was calculated using the following equation for the 1983-84 and 1984-85 fiscal years:

$$E_2 = \frac{\text{Percent change in per pupil expenditure}}{\text{Percent change in per capita income}}$$

Data for the calculations performed were obtained from the NEA, the ACIR, and the U.S. Bureau of the Census.

Yield. Actual total state revenue yields for the 1984-85 fiscal year were reported from the U.S. Bureau of the Census data. The percentage distribution was determined by: consumption taxes (general sales and receipts and selective sales), income taxes (corporation net income and individual income), and other taxes (state property, licenses, and total others).

Following the computation of values for each criterion, the TSQI was completed for each of the Southeastern states by checking the appropriate blank which designated the degree of the characteristic quality indicated by the calculated totals and then the value for the degree measured was recorded in the value column. A summation of values was performed for each of the five tax structure qualities which became the TSQI ranking for the particular state tax structure. The degree of characteristic quality was determined thus:

A. Tax Structure Equity. The NEFP progressivity value of T_s + T_1 was recorded. Tax quality was separated into three distinct categories as regressive, proportional, and progressive by dividing the ideal score for the federal personal income tax of 50 into three numerical ranges.

B. Educational Equity. The NEFP progressivity value of T_e was recorded. Tax quality was separated in like manner as tax structure equity.

C. Revenue Elasticity. The tax structure elasticity which represented the change in economic growth from 1974-85 was recorded. The tax base elasticity for the same period in each state was displayed to provide a clear picture of tax structure responsiveness, but were not used for ranking purposes. The total tax structure elasticity 1975-84 average of the tax base elasticities in combination was then characterized as less than 1.00, exactly 1.00, and greater than 1.00. Less than 1.00 indicated an inelastic structure, exactly 1.00 an elastic tax mix, and greater than 1.00, a highly elastic system of taxation.

D. Educational Elasticity. The elasticity figure for 1983-84 to 1984-85 which portrayed the change in PPE to per capita income was recorded. The obtained elasticity number was then characterized in like manner as revenue elasticity.

E. Yield. The total state revenue yield for the 1984-85 fiscal year was recorded. The percentage distribution for the major taxing schemes of consumption, income, and others were then divided into three categories. Three classifications of the overall tax structure composition which produced yields from the stated tax types were then named: regressive tax domination (consumption taxes), relatively balanced structure (other taxes), and progressively balanced (income taxes). The classifications indicated the judged diversification of the tax structures, but bear no relationship to the tax named below each category. The tax structures were displayed by three major division percents to give a clear view of diversification. The balance of structures in the Southeastern states with the associated revenue

yields were than compared. Structures which were comprised of lower than 50 percent consumption-related taxes and which had substantial percentages of income-related taxes utilized were classified as having a progressive diversification. State revenue systems which reflected about 50 percent consumption tax use with a fair amount (around 30 percent) yield from income taxes, were characterized as being relatively balanced. Those tax mixes which exceeded 60 percent utilization of consumption taxes and correspondingly, a low percentage of imposed income taxes (0 to around 30 percent), were determined to demonstrate a structure with regressive tax domination.

Following the indication of characteristic quality represented by the real numbers 1, 2, and 3 for associated categories, the quality value was recorded. A summation of values then became the TSQI ranking. It should be noted that the TSQI ranking does not indicate the "best" tax structure by ordinal number ranking, nor was it intended to do so. The TSQI was created to display various tax structure qualities, specifically, those used historically in tax structure evaluation, and to quantify those criteria. The TSQI value was an indication of the collection of these qualities. Tax structure evaluation could only occur by an examination of individual qualities rather than the summative value, due to the fact that every tax mix contains inherently both "good" and "bad" qualities. The TSQI value, then, represents merely a total quantification of characteristics. This value does not lend itself to an ordinal ranking scheme and was not developed for such a purpose. The summary tables of all TSQI values provided an instrument

for comparison of degree of characteristic qualities, not a ranked evaluation.

Tax structure comparisons were made by interpretation of the comprehensive data presented in answering the research questions and by utilization of the TSQI displayed tax structure qualities. It was fully realized at the outset of the study that there were no perfect tax structures, and that the revenue system of each state must necessarily reflect the philosophy and political forces among the citizens of each state. The state comparisons, then, were a notation of significant features among the tax structures of the Southeastern states, when viewed in terms of equity, elasticity, and yield.

V. TREATMENT OF THE DATA

The format of this study was a multidimensional approach to tax structure evaluation. The research objectives, and hence, the treatment of data associated with the research effort, likewise incorporated the varied aspects of the study design. The purpose of the study was fivefold, thereby establishing a five-phase treatment of the data.

1. The historical research conducted produced data for the 1975-1984 decade concerning the methods and sources of taxation, and the tax structures utilized in the Southeastern states during this period. These data served not only as a documented financial reference for this decade, but additionally provided a sequential scope of information detailing economic exigency which cultivated tax

structure modifications. Patterns of economic growth and stability were also reflected by these data.

2. The second phase of data treatment was designed to determine the amount of financial resources that was available within each state, how much of the potential was utilized, and what type and level of governmental services were funded by these revenues. The individual measures and indexes of fiscal capacity, tax effort, and educational capacity and effort, were used to identify variations in these measures among the states. The states were then rank-ordered in terms of tax effort and educational effort.

3. The third phase of data treatment was an effort to quantify the criteria for tax evaluation set forth by Adam Smith and other noted financial experts throughout history. The tax evaluation criteria included: equity, elasticity, and yield. The Tax Structure Quality Index (TSQI) was developed by the writer to yield a comprehensive ranking of tax structures, following the quantification of each criterion pertaining to the major taxes. This ranking, then, assigned a numerical value to each tax structure within the selected states.

4. The fourth phase of data treatment involved tax structure analysis. The state tax base values from the TSQI were displayed and analyzed in terms of equity, elasticity, and yield. Assessment of the tax structure impact on income and on economic growth provided evaluative information of the operational tax mixes. A summary of findings was presented which depicted a ranking of the tax structures under study in terms of the criteria evaluated.

5. The final phase of the study was to suggest possible improvements in the Tennessee tax structure, based on the comprehensive data analyses performed.

CHAPTER IV

PRESENTATION AND ANALYSIS OF DATA

The analysis of data was performed and then presented in logical sequence as defined by the research questions. In like manner, the discussion of these research steps was outlined by the order of the research questions.

Question 1. What were the tax structures of the Southeastern states including: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia from 1974-1984?

To answer this question, data were gathered from the U.S. Bureau of the Census for each selected state, and for the 1975-1984 year period. The state tax collections for each of the major tax bases: general sales and gross receipts, selective sales, state property, corporation net income, individual income, licenses, and a total of all others was reported and the percent of yield was calculated for each tax base as a portion of the state tax structure per year. The historical data presented depicted the compilation of each state tax structure for the decade under study with the addition of the 1985 data which were published by the U.S. Bureau of the Census very recently and were included in order to report the most current available data.

The Alabama Tax Structure

In Alabama, the tax structure has been modified considerably during the period viewed. In 1975, revenues totaled $1,111,317,000 but had more than doubled (2.6 times) by 1985 to $2,222,634,000. The composition of the tax system has been diversified to some degree and has become more progressive, although the trend to rely on consumption-related levies still existed in 1985. The 1975 mix was apportioned thus: consumption taxes = 66 percent, income taxes = 22.2 percent, and other taxes = 11.6 percent. The 1985 mix, however, was: consumption taxes = 55 percent, income taxes = 31.3 percent, and other = 13.3 percent. Revenue yields increased annually with the marked exception of 1982 when state property tax, individual income tax, license taxes and total yield each dropped below the 1981 figures. (See Table 2.)

The Arkansas Tax Structure

In Arkansas the tax structure has been slightly modified during the 1975-1985 year period in terms of composition, however, revenue amounts have changed considerably. The total state revenue of 1975 amounted to $652,646,000, while in 1985 the total was $1,744,945,000 having been multiplied 2.7 times. In 1975, the tax mix included: consumption taxes = 61.9 percent, income taxes = 27.6 percent, and other = 10.4 percent, while in 1985 the constitution of tax mixes had altered to: consumption taxes = 56.7 percent, income taxes = 34.5 percent, and other = 8.7 percent. This variation has improved the state system in terms of diversification, progression, and elasticity somewhat. A slight decrease in yields occurred in the

TABLE 2

ALABAMA'S STATE TAX STRUCTURE 1975-1985 (Thousands of Dollars)

Collection Fiscal Year	General Sales & Gross Receipts		Selective Sales Tax		State Property Tax		Corporation Net Income Tax		Individual Income Tax		License Taxes		Total Other Taxes		Total State Collections
	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	
1975	$354,751	31.9	$379,846	34.1	$28,593	2.6	$ 58,158	5.2	$189,964	17	$ 81,620	7.3	$ 18,385	1.7	$1,111,317
1976	397,022	31.9	418,220	33.6	31,381	2.5	60,307	4.8	224,597	18	90,704	7.3	21,027	1.7	1,243,258
1977	454,754	32.3	453,802	32.3	34,095	2.4	75,874	5.4	261,895	19	99,704	7.1	23,550	1.7	1,403,674
1978	495,585	31.1	500,834	32.0	53,877	3.4	83,161	5.2	317,958	20	106,046	6.7	31,300	1.9	1,588,761
1979	547,302	31.3	548,337	31.4	43,417	2.4	100,610	5.7	362,929	21	109,331	6.2	35,424	2.0	1,747,350
1980	577,089	31.0	569,167	31.0	44,287	2.4	109,238	5.9	396,570	21	116,586	6.3	43,852	2.4	1,856,789
1981	595,173	28.0	688,828	32.0	46,192	2.2	99,095	4.6	515,870	24	128,250	6.0	75,007	3.5	2,148,415
1982	629,453	29.0	712,044	32.0	45,681	2.1	123,218	5.6	480,969	22	125,905	5.7	78,561	3.5	2,195,831
1983	659,663	28.0	725,873	31.0	53,285	2.3	133,717	5.7	556,390	24	119,384	5.1	92,917	4.0	2,341,229
1984	735,318	27.0	777,217	29.0	57,768	2.1	223,816	8.3	623,173	23	150,679	5.6	136,279	5.0	2,704,250
1985	818,927	28.0	792,357	27.0	61,479	2.1	212,261	7.3	710,195	24	220,338	7.5	108,491	3.7	2,924,048

SOURCE: State Tax Collections, GF75-85 No. 1, U. S. Department of Commerce, Bureau of the Census.

NOTE: Percentages do not always equal 100 percent due to rounding.

individual income tax for 1981 and in the corporation income in 1983, but recovery was experienced the following fiscal years. The total yields for Arkansas, interestingly, have steadily increased every year during the term of observation. (See Table 3.)

The Florida Tax Structure

Florida had a unique tax system which possessed several intriguing characteristics. The total tax yield was $2,791,223,000 in 1975, but had multiplied 2.8 times by 1985 to $7,883,166,000. The system design showed almost no variance during the period. In 1975, the structure was constructed by a mixture of: consumption taxes = 75.8 percent, corporate income taxes = 6.5 percent, and other = 17.8 percent mix, while the 1985 division was: 77.1 percent, 5.8 percent, and 17.2 percent of the same tax types. Florida has utilized consumption levies more heavily than any other Southeastern state, and has imposed no individual income tax throughout this period. Total revenues have risen annually without fail, although corporation income taxes experienced decreases in 1982, 1983, and 1984. (See Table 4.)

The Georgia Tax Structure

The Georgia tax system has been significantly modified from 1975-1985. The relationship of tax type percents in 1975 was: consumption = 63.1 percent, income = 31.9 percent, and other = 5.0 percent. Those figures had been altered in 1985 to: 48.8 percent, 47.2 percent, and 4.0 percent which made a dynamic change toward progression and elasticity. The 1975 total revenue yield was $1,547,774,000 but had almost tripled (2.92 times) by 1985 at $4,525,038,000. (See Table 5.)

TABLE 3

ARKANSAS' STATE TAX STRUCTURE 1975-1985 (Thousands of Dollars)

Collection Fiscal Year	General Sales & Gross Receipts		Selective Sales Tax		State Property Tax		Corporation Net Income Tax		Individual Income Tax		License Taxes		Total Other Taxes		Total State Collections
	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	
1975	$211,274	32.4	$192,495	29.5	$1,625	0.2	$ 54,469	8.3	$126,192	19.3	$ 54,135	8.3	$12,456	1.9	$ 652,646
1976	240,256	33.1	203,671	28.1	1,779	0.2	56,197	7.8	147,688	20.4	61,653	8.5	13,819	1.9	725,063
1977	274,295	34.2	216,386	27.0	1,703	0.2	67,210	8.4	163,781	20.4	62,317	7.8	17,221	2.2	802,913
1978	315,242	34.0	234,335	25.3	2,080	0.2	83,528	9.0	202,939	21.9	70,532	7.6	17,600	1.9	926,256
1979	345,954	34.8	239,656	24.1	2,419	0.2	83,608	8.4	228,681	23.0	76,084	7.7	18,158	1.8	994,560
1980	371,825	32.0	253,489	21.8	3,932	0.3	83,714	7.2	316,644	27.3	105,565	9.1	25,597	2.2	1,160,766
1981	388,950	33.6	256,552	21.6	4,500	0.4	80,683	6.8	311,929	26.2	101,772	8.6	34,465	2.9	1,188,851
1982	419,378	33.2	260,952	20.6	5,066	0.4	91,706	7.3	353,733	28.0	96,098	7.6	36,813	2.9	1,263,746
1983	437,474	32.7	269,268	20.1	4,558	0.3	86,921	6.5	388,341	29.0	112,428	8.4	38,891	2.9	1,337,881
1984	562,686	36.5	284,475	18.5	4,682	0.3	106,241	6.9	434,021	28.2	110,043	7.1	39,213	2.5	1,541,361
1985	690,561	39.6	298,971	17.1	4,055	0.2	130,231	7.5	471,448	27.0	114,061	6.5	35,618	2.0	1,744,945

SOURCE: State Tax Collections, GF75-85 No. 1, U. S. Department of Commerce, Bureau of the Census.

NOTE: Percentages do not always equal 100 percent due to rounding.

TABLE 4

FLORIDA'S STATE TAX STRUCTURE 1975-1985 (Thousands of Dollars)

Collection Fiscal Year	General Sales & Gross Receipts		Selective Sales Tax		State Property Tax		Corporation Net Income Tax		Individual Income Tax		License Taxes		Total Other Taxes		Total State Collections
	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	
1975	$1,200,061	43.0	$ 914,320	32.8	$ 53,492	1.9	$180,256	6.5	x	--	$276,547	9.9	$166,547	6.0	$2,791,223
1976	1,254,086	42.7	964,848	32.9	58,237	2.0	180,740	6.2	x	--	291,704	9.9	185,892	6.3	2,935,507
1977	1,398,590	42.7	1,016,703	31.0	68,555	2.1	194,199	5.9	x	--	379,180	11.6	217,575	6.6	3,274,802
1978	1,644,747	43.7	1,163,083	30.9	70,530	1.9	256,189	6.8	x	--	328,910	8.7	300,823	8.0	3,764,282
1979	1,946,983	45.4	1,259,597	29.4	77,345	1.8	314,409	7.3	x	--	346,241	8.1	346,400	8.1	4,290,975
1980	2,252,113	46.9	1,291,918	26.9	86,091	1.8	371,405	7.7	x	--	379,845	7.9	422,926	8.8	4,804,298
1981	2,542,895	47.8	1,365,657	25.7	101,756	1.9	402,471	7.6	x	--	395,998	7.5	505,599	9.5	5,314,376
1982	2,783,889	50.1	1,405,682	25.3	109,512	2.0	383,827	6.9	x	--	399,933	7.2	473,093	8.5	5,555,936
1983	3,334,207	53.6	1,461,544	23.5	131,327	2.1	371,453	6.0	x	--	444,038	7.1	482,880	7.8	6,224,717
1984	3,980,949	54.3	1,750,485	23.9	149,256	2.0	365,446	5.0	x	--	453,504	6.2	629,728	8.6	7,329,368
1985	4,249,950	53.9	1,829,092	23.2	162,155	2.1	454,088	5.8	x	--	511,836	6.5	676,045	8.6	7,883,166

SOURCE: State Tax Collections GF75-85 No. 1, U. S. Department of Commerce, Bureau of the Census.

NOTE: Percentages do not always equal 100 percent due to rounding.

TABLE 5

GEORGIA'S STATE TAX STRUCTURE 1975-1985 (Thousands of Dollars)

Collection Fiscal Year	General Sales & Gross Receipts		Selective Sales Tax		State Property Tax		Corporation Net Income Tax		Individual Income Tax		License Taxes		Total Other Taxes		Total State Collections
	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	
1975	$563,660	36.4	$412,953	26.7	$6,123	0.4	$119,353	7.7	$ 373,916	24.2	$ 62,494	4.0	$ 9,275	0.6	$1,547,774
1976	621,764	37.0	424,817	25.3	6,612	0.4	132,741	7.9	413,188	24.6	68,734	4.1	10,540	1.0	1,678,396
1977	687,415	36.1	447,553	23.5	9,903	0.5	170,885	9.0	495,639	26.0	75,182	3.9	19,929	1.0	1,906,506
1978	797,391	35.8	480,628	21.6	7,914	0.4	203,823	9.1	643,361	28.9	81,300	3.6	13,775	0.6	2,228,192
1979	893,574	36.5	496,342	20.3	8,418	0.3	226,125	9.2	729,407	29.8	79,555	3.2	14,727	0.6	2,448,148
1980	931,976	34.2	574,947	21.1	9,565	0.4	239,713	8.8	872,073	32.0	85,896	3.1	14,791	0.5	2,728,961
1981	1,009,237	33.4	600,529	19.9	13,201	0.4	252,235	8.4	1,035,899	34.3	90,059	3.0	18,687	0.6	3,019,847
1982	1,088,279	33.2	609,279	18.6	12,941	0.4	267,683	8.2	1,182,783	36.0	100,220	3.1	19,880	0.6	3,281,065
1983	1,173,027	33.5	611,253	17.4	14,290	0.4	238,834	6.8	1,342,092	38.3	107,037	3.1	17,687	0.5	3,504,220
1984	1,361,598	34.4	645,287	16.3	15,377	0.4	315,960	8.0	1,465,773	37.1	125,618	3.2	25,002	0.6	3,954,615
1985	1,532,811	33.9	674,556	14.9	13,946	0.3	418,251	9.2	1,718,326	38.0	138,611	3.1	28,537	0.6	4,525,038

SOURCE: State Tax Collections GF75-85 No. 1, U. S. Department of Commerce, Bureau of the Census.

NOTE: Percentages do not always equal 100 percent due to rounding.

Several yield decreases occurred within the economically exigent period among the tax bases, but the total yield rose on a consistent basis. State property tax decreases were witnessed in 1978, 1982, and 1985; while corporation income taxes fell in 1983. The license taxes dropped in 1979 and the total other taxes declined in the 1978, 1979, and 1983 fiscal periods.

The Kentucky Tax Structure

The Kentucky revenue system has been moderately refashioned from 1975-1985 and now has been relatively balanced in terms of diversification. The consumption--income--other relationship in 1975 was: 54.3 percent, 28.5 percent, 17.3 percent, while in 1985 those figures were: 44.9 percent, 32.8 percent, 22.3 percent. Revenue yields multiplied 2.4 times within the period of fiscal evaluation from $1,283,705,000 in 1975 to $3,012,713,000 in 1985. Decreases in revenues were not seen in the total yields; however, the selective sales yields dropped in 1980 and 1981, and total other taxes declined in 1984. (See Table 6.)

The Louisiana Tax Structure

The Louisiana taxing system has varied greatly from the other Southeastern states. The most outstanding feature of the system was the heavy reliance on the "other" tax category which was known to represent primarily severance taxes in connection with petroleum resources. The Louisiana tax mix in 1975 was: consumption taxes = 44.7 percent, income taxes = 12.27 percent, and other taxes = 43 percent. This same division by 1985 was: 50.5 percent, 21.3 percent, 28.2 percent. Obviously, some

TABLE 6

KENTUCKY'S STATE TAX STRUCTURE 1975-1985 (Thousands of Dollars)

Collection Fiscal Year	General Sales & Gross Receipts		Selective Sales Tax		State Property Tax		Corporation Net Income Tax		Individual Income Tax		License Taxes		Total Other Taxes		Total State Collections
	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	
1975	$371,819	29.0	$324,571	25.3	$ 35,364	2.8	$116,626	9.1	$249,449	19.4	$ 67,067	5.2	$118,809	9.3	$1,283,705
1976	409,193	29.2	347,898	24.8	37,299	2.7	134,785	9.6	292,546	20.8	72,041	5.1	109,973	7.8	1,403,735
1977	463,841	29.7	374,260	24.0	43,413	2.8	131,254	8.4	338,160	21.7	75,139	4.8	134,318	8.6	1,560,385
1978	531,189	28.8	399,722	21.7	147,366	8.0	138,597	7.5	389,912	21.2	83,574	4.5	151,785	8.2	1,842,145
1979	599,296	28.9	426,582	20.6	161,305	7.8	163,368	7.9	456,288	22.0	90,988	4.4	177,905	8.6	2,075,732
1980	607,604	28.3	399,474	18.6	176,759	8.2	158,846	7.4	505,832	23.6	94,969	4.4	201,457	9.4	2,144,941
1981	630,472	27.7	415,310	18.2	180,111	7.9	154,786	6.8	573,091	25.2	98,682	4.3	223,718	9.8	2,276,170
1982	682,432	27.4	451,903	18.1	196,167	7.9	166,815	6.7	600,823	24.1	105,628	4.2	287,284	11.5	2,491,052
1983	700,407	26.9	486,930	18.7	203,340	7.8	172,120	6.6	647,170	24.9	131,423	5.1	260,559	10.0	2,601,949
1984	754,320	27.0	505,123	18.0	229,616	8.2	198,261	7.1	710,474	25.4	146,467	5.2	254,401	9.1	2,798,662
1985	820,482	27.2	531,940	17.7	234,713	7.8	211,284	7.0	776,569	25.8	156,477	5.2	281,248	9.3	3,012,713

SOURCE: State Tax Collections GF75-85 No. 1, U. S. Department of Commerce, Bureau of the Census.

NOTE: Percentages do not always equal 100 percent due to rounding.

modification provided more balance in yield, more equity and better response, but the system remained unique in its construction nevertheless. The total revenue yield in 1975 was $1,528,692,000 and had been raised 2.5 times by 1985 to $3,855,780,000. A number of pointed features were revealed upon examination of the historical tax display. (See Table 7.) Total revenue yield increased annually, with decreased yield experienced in: general sales, 1983, corporation income, 1984, and total other taxes, 1977, 1978, and 1983-1985. The state property tax in Louisiana was of particular interest. The property yield in 1975 was $26,000. That figure jumped to $234,000 in 1976 and decreased to $147,000 in 1977. In 1978-1980 the yield was between $32,000 and $53,000. There was no property tax collected in 1981 and 1982, and from 1983-1985, the collection ranged from $2,750-$3,067. The decided variance in this tax base collection was atypical for the Southeastern states.

The Mississippi Tax Structure

The Mississippi tax structure has been somewhat modified during the 1975-1985 year period, but has remained dominated by regressive tax levies. (See Table 8.) The 1975 structure makeup included: consumption taxes = 73.9 percent, income taxes = 15.8 percent, and all others = 10.3 percent. The 1985 tax mixed was divided among: consumption taxes = 65.7 percent, income taxes = 20.2 percent, and other taxes = 14.1 percent. The revenue yield for the state in 1975 was $797,390,000, but had increased 2.3 times by 1985 to

TABLE 7

LOUISIANA'S STATE TAX STRUCTURE 1975-1985 (Thousands of Dollars)

Collection Fiscal Year	General Sales & Gross Receipts		Selective Sales Tax		State Property Tax		Corporation Net Income Tax		Individual Income Tax		License Taxes		Total Other Taxes		Total State Collections
	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	
1975	$364,972	23.9	$318,436	20.8	26	0.002	$ 78,668	5.15	$108,870	7.12	$ 97,544	6.4	$560,176	36.6	$1,528,692
1976	421,278	25.4	342,449	20.7	234	0.01	87,741	5.3	117,641	7.1	114,158	6.9	572,075	34.6	1,655,576
1977	481,677	28.1	369,843	21.6	147	0.009	95,248	5.6	133,614	7.8	118,587	11.0	515,500	30.1	1,714,616
1978	565,874	28.6	401,288	20.3	34	0.002	186,956	9.4	192,276	9.7	140,725	7.1	493,059	24.9	1,980,212
1979	676,621	30.2	430,188	19.2	53	0.002	214,083	9.6	240,716	10.7	143,139	6.4	535,317	23.9	2,240,117
1980	739,347	30.8	450,520	18.8	32	0.001	249,338	10.4	247,438	10.3	162,182	6.8	547,988	22.9	2,396,845
1981	858,604	30.6	469,339	16.7	x	--	266,611	9.5	185,663	6.6	184,606	6.6	839,747	29.9	2,804,570
1982	926,912	29.6	494,917	15.8	x	--	291,953	9.3	220,134	7.0	184,010	5.9	1,009,308	32.3	3,127,229
1983	838,511	27.8	517,777	17.2	2,750	0.09	321,372	10.7	229,261	7.6	196,701	6.5	904,975	30.1	3,011,347
1984	885,447	28.3	522,220	16.7	2,753	0.09	262,100	8.4	407,101	13.0	219,939	7.0	832,107	26.6	3,131,667
1985	1,192,214	30.9	754,430	19.6	3,067	0.08	293,598	7.6	526,684	13.7	306,436	7.9	779,351	20.2	3,855,780

SOURCE: State Tax Collections GF75-85 No. 1, U. S. Department of Commerce, Bureau of the Census.

NOTE: Percentages do not always equal 100 percent due to rounding.

TABLE 8

MISSISSIPPI'S STATE TAX STRUCTURE 1975-1985 (Thousands of Dollars)

Collection Fiscal Year	General Sales & Gross Receipts		Selective Sales Tax		State Property Tax		Corporation Net Income Tax		Individual Income Tax		License Taxes		Total Other Taxes		Total State Collections
	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	
1975	$387,445	48.6	$201,876	25.3	$ 3,076	0.4	$ 33,704	4.2	$ 92,687	11.6	$ 52,285	6.6	$ 26,317	3.3	$ 797,390
1976	424,838	48.6	212,090	24.3	3,306	0.4	41,128	4.7	105,410	12.1	59,273	6.8	28,127	3.2	874,172
1977	475,465	49.1	225,570	23.3	3,613	0.4	45,873	4.7	131,598	13.6	57,480	5.9	29,652	3.1	969,251
1978	545,116	49.8	233,638	21.4	4,406	0.4	52,710	4.8	158,476	14.5	66,944	6.1	32,857	3.0	1,094,147
1979	603,209	50.4	225,281	18.8	4,884	0.4	58,324	4.9	193,426	16.2	73,821	6.2	37,537	3.1	1,196,482
1980	671,086	53.3	228,691	18.2	4,723	0.4	64,369	5.1	150,296	11.9	80,247	6.4	58,520	4.7	1,257,932
1981	723,568	51.8	226,452	16.2	4,877	0.3	63,832	4.6	191,138	13.7	92,940	6.7	93,938	6.7	1,396,745
1982	767,072	52.5	213,497	14.6	5,166	0.4	70,987	4.9	168,471	11.5	113,501	7.8	123,599	8.5	1,462,293
1983	761,391	49.5	261,897	17.0	923	0.06	68,794	4.5	201,114	13.1	120,915	7.9	122,671	8.0	1,537,705
1984	866,040	49.8	240,790	13.8	672	0.04	110,196	6.3	260,061	14.9	151,422	8.7	111,511	6.4	1,740,692
1985	932,174	51.5	257,863	14.2	675	0.04	106,484	5.9	259,447	14.3	151,369	8.4	103,586	5.7	1,811,598

SOURCE: State Tax Collections GF75-85 No. 1, U. S. Department of Commerce, Bureau of the Census.

NOTE: Percentages do not always equal 100 percent due to rounding.

$1,811,598,000. The total revenue yield has risen steadily during the term, but many changes reflected instability among the major tax bases. The general sales tax experienced a $5 million decline in 1983, while selective sales revenues dropped in 1979, 1981, 1982, and 1984. The 1984 selective sales yield was realized in the dramatic deduction of over $20 million. State property collections declined in 1980, 1983, 1984, and 1985. The difference between the 1982 property tax yield to 1983 was $4,243,000 and about $300,000 annually thereafter. Corporation income tax revenues witnessed cuts in 1981, 1983, and 1985. Individual income tax yields were lower in 1980, 1982, and 1985 than the immediately previous year. License taxes yielded a smaller amount in 1985, while the yield of total other taxes dipped in 1983 and 1985. Hence, it has been evident that from 1975-1985 the Mississippi tax yields remained in a state of flux.

The North Carolina Tax Structure

The tax structure of North Carolina has been altered only slightly during the period of study and has remained progressively diversified throughout this time. (See Table 9.) The system mixture in 1975 indicated a division of: consumption taxes = 51 percent, income taxes = 37.7 percent, and total others = 11.3 percent. The identical divisions by 1985 were: 41.6 percent, 48.3 percent, 10.0 percent. Such a balanced and progressive structure has, therefore, experienced very little instability during the period of economic exigency. The total yield in 1975 was $1,900,440,000, while by 1985 it had nearly tripled (2.7 times) to $5,198,024,000, with the diversified revenues increasing

TABLE 9

NORTH CAROLINA'S STATE TAX STRUCTURE 1975-1985 (Thousands of Dollars)

Collection Fiscal Year	General Sales & Gross Receipts		Selective Sales Tax		State Property Tax		Corporation Net Income Tax		Individual Income Tax		License Taxes		Total Other Taxes		Total State Collections
	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	
1975	$ 424,018	22.3	$ 544,755	28.7	$ 29,222	1.5	$166,447	8.8	$549,927	28.9	$158,192	8.3	$27,879	1.5	$1,900,440
1976	465,862	22.6	591,116	28.7	32,696	1.6	156,661	7.6	604,793	29.4	178,711	8.7	29,986	1.5	2,059,825
1977	511,501	21.4	617,262	25.9	38,041	1.6	204,291	8.6	782,092	32.8	194,540	8.2	37,053	1.6	2,384,780
1978	580,332	22.2	660,713	25.3	39,304	1.5	230,088	8.8	848,247	32.5	212,819	8.2	36,934	1.4	2,608,437
1979	648,293	22.2	704,192	24.2	42,768	1.5	254,778	8.74	996,227	34.2	228,430	7.8	40,365	1.4	2,915,053
1980	693,564	21.6	719,461	22.4	45,908	1.4	291,752	9.1	1,180,507	36.7	240,715	7.5	43,441	1.4	3,215,348
1981	738,879	21.5	757,503	22.1	51,016	1.5	279,937	8.2	1,303,517	38.0	252,883	7.4	46,988	1.4	3,430,723
1982	779,512	20.6	893,620	23.6	56,871	1.5	277,460	7.3	1,449,370	38.2	286,649	7.6	46.553	1.2	3,790,035
1983	825,703	20.5	938,285	23.3	62,003	1.5	306,534	7.6	1,550,107	38.5	296,402	7.4	49,443	1.2	4,028,477
1984	1,002,119	21.6	996,747	21.5	72,530	1.6	368,047	7.9	1,784,987	38.5	338,671	7.3	72,920	1.6	4,636,021
1985	1,159,614	22.3	1,001,969	19.3	79,489	1.5	490,296	9.4	2,023,463	38.9	365,082	7.0	78,111	1.5	5,198,024

SOURCE: State Tax Collections GF75-85 No. 1, U. S. Department of Commerce, Bureau of the Census.

NOTE: Percentages do not always equal 100 percent due to rounding.

significantly each fiscal year. The only declines were relatively minute dips in corporate income yields in 1981 and 1982, and in total other taxes in 1978 and 1982. The North Carolina revenue framework then, has exhibited the predominant characteristics of stability and response to economic variance by demonstrated revenue increases with almost non-existent retrenchment.

The South Carolina Tax Structure

The taxing schematic for South Carolina has varied only slightly during the study interval. (See Table 10.) The 1975 tax base construction consisted of: consumption taxes = 63 percent, income taxes = 30.6 percent, and total others = 6.4 percent, while that relationship in 1985 was: 54.8 percent, 38.4 percent, 6.8 percent. This relatively balanced scheme produced stable tax yields with continued ascension in total yield from $956,581,000 in 1975 to a 2.9 multiple of $2,732,346,000 in 1985. The only waning in tax base yield occurred for corporation income taxes in 1981 and 1983, and for total other taxes in 1978. This system then, has achieved a result of comparative diversification, although somewhat consumption dominant, and marked stability in response to the economy.

The Tennessee Tax Structure

The Tennessee tax structure has been somewhat modified during the 1975-1985 period. The changes in tax base balance, however, have achieved a digression toward an even greater utilization of regressive taxes and concomitantly, a decreased imposition of progressive levies. (See Table 11.) The tax base distribution in 1975 was displayed as:

TABLE 10

SOUTH CAROLINA'S STATE TAX STRUCTURE 1975-1985 (Thousands of Dollars)

Collection Fiscal Year	General Sales & Gross Receipts		Selective Sales Tax		State Property Tax		Corporation Net Income Tax		Individual Income Tax		License Taxes		Total Other Taxes		Total State Collections
	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	
1975	$337,711	35.3	$264,869	27.7	$ 3,357	0.4	$ 82,682	8.6	$210,895	22.0	$ 45,634	4.8	$11,433	1.2	$ 956,581
1976	372,608	35.7	277,752	26.6	3,890	0.4	79,732	7.6	244,532	23.5	49,698	4.8	14,273	1.4	1,042,485
1977	415,277	35.0	295,433	24.9	4,824	0.4	106,601	9.0	290,393	24.5	56,939	4.8	18,122	1.5	1,187,589
1978	471,477	34.6	335,230	24.6	4,998	0.4	122,924	9.0	351,244	25.7	60,538	4.4	18,055	1.3	1,364,466
1979	525,858	34.5	352,123	23.1	5,235	0.3	140,185	9.2	415,713	27.3	65,420	4.3	18,434	1.2	1,522,968
1980	576,489	34.4	362,795	21.6	6,042	0.4	153,475	9.1	494,789	29.5	65,557	3.9	18,902	1.1	1,678,049
1981	616,081	33.7	383,488	21.0	6,759	0.4	152,674	8.4	571,001	31.3	73,357	4.0	22,575	1.2	1,825,935
1982	646,544	33.0	426,593	21.8	7,783	0.4	131,546	6.7	641,838	32.8	81,413	4.2	23,488	1.2	1,959,205
1983	691,575	32.7	449,172	21.3	8,671	0.4	128,180	6.1	718,861	34.0	89,311	4.2	26,870	1.3	2,112,640
1984	798,896	33.5	479,281	20.1	8,883	0.4	159,334	6.7	795,481	33.4	111,672	4.7	31,379	1.3	2,384,926
1985	1,010,796	37.0	487,096	17.8	7,091	0.3	199,771	7.3	850,814	31.1	136,480	5.0	40,298	1.5	2,732,346

SOURCE: State Tax Collections GF75-85 No. 1, U. S. Department of Commerce, Bureau of the Census.

NOTE: Percentages do not always equal 100 percent due to rounding.

TABLE 11

TENNESSEE'S STATE TAX STRUCTURE 1975-1985 (Thousands of Dollars)

Collection Fiscal Year	General Sales & Gross Receipts		Selective Sales Tax		State Property Tax		Corporation Net Income Tax		Individual Income Tax		License Taxes		Total Other Taxes		Total State Collections
	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	
1975	$477,012	41.8	$314,424	27.6	$ x	--	$126,715	11.1	$18,436	1.6	$161,580	14.2	$42,433	3.7	$1,140,610
1976	553,999	43.6	340,039	26.8	x	--	128,621	10.1	22,131	1.7	175,327	13.8	50,395	4.0	1,270,512
1977	733,641	48.0	395,951	25.9	x	--	156,042	10.2	22,385	1.5	156,017	10.2	65,495	4.3	1,529,531
1978	834,749	49.0	423,031	24.8	x	--	170,848	10.0	24,857	1.5	164,284	9.6	86,182	5.1	1,703,951
1979	942,552	51.1	445,700	24.2	x	--	186,088	10.1	26,022	1.4	174,280	9.5	69,264	3.8	1,843,906
1980	982,251	52.1	433,716	23.0	x	--	198,222	10.5	30,800	1.6	181,522	9.6	60,481	3.2	1,886,992
1981	1,044,155	53.3	440,052	22.5	x	--	195,065	10.0	35,678	1.8	184,116	9.4	59,361	3.0	1,958,427
1982	1,117,859	52.1	512,055	23.9	x	--	206,835	9.6	44,469	2.1	205,169	9.6	59,855	2.8	2,146,242
1983	1,177,234	52.4	526,923	23.5	x	--	203,858	9.1	52,151	2.3	214,928	9.6	71,194	3.2	2,246,288
1984	1,356,733	54.0	542,630	21.6	x	--	226,242	9.0	54,723	2.2	250,843	10.0	80,460	3.2	2,511,631
1985	1,738,375	58.0	554,315	18.5	x	--	259,198	8.6	61,825	2.1	303,268	10.1	81,392	2.7	2,998,373

SOURCE: State Tax Collections GF75-85 No. 1, U. S. Department of Commerce, Bureau of the Census.

NOTE: Percentages do not always equal 100 percent due to rounding.

consumption taxes = 69.4 percent, income taxes = 12.7 percent, and other taxes = 17.9 percent. Those figures for the 1985 division were: consumption taxes = 76.5 percent, income taxes = 10.7 percent, and other taxes = 12.8 percent. Apparently then, not only has the Tennessee tax structure relied on the use of taxes which produced inequitable tax burdens, but this reliance has grown worse during the period under study. The total tax yield for Tennessee has continued to increase annually from a 1975 total of $1,140,610,000 to the 1985 total of $2,998,373,000, which represented an increase by 2.6 times. Several declines in the yield of tax bases have been witnessed throughout this interval. The selective sales tax yield declined in 1980 by $11,984,000 from the pervious year. Corporation income taxes dipped in 1981 and 1983 from the former collections. License taxes dropped in 1977 by a margin of $19,310,000. Total other tax yields diminished consecutively in 1979 by $16,918,000 from 1978, and then tapered off again in 1980 and 1981. It must be noted that there existed a steady expansion in the percentage of collected yield from general sales and gross receipts taxes during every fiscal year from 1975-1985. Additionally, a persistent retrenchment in corporation income taxes was essentially an annual event during the same term. The 1975-1985 tax structures in Tennessee, moreover, have indicated a regressive domination of inequitable taxes (a condition which has grown worse each fiscal period), instability in terms of revenue yield decline in several taxes and the progressive lowering of corporation income tax yields. One further significant feature of the Tennessee tax structure has been the

total absence of a state property tax. Tennessee was the only Southeastern state which had consistently collected no property taxes at the state level.

The Virginia Tax Structure

The Virginia tax structure has been modified slightly between 1975 and 1985. The tax base distribution, however, began as one demonstrating a progressive diversification, and has been enriched toward even greater taxpayer equity during this time. (See Table 12.) The 1975 balance of taxes reflected: consumption taxes = 49.8 percent, income taxes = 39.9 percent, and other taxes = 10.0 percent. Those figures in 1985 showing percents of the same relationship were: 41.3 percent, 50 percent, 8.6 percent. The increased use of income taxes has provided an embellishment of progressive equity. The revenue yield in Virginia has grown substantially during the period from a 1975 total of $1,662,677,000 to a 1985 sum of $4,469,391,000 which represented a multiplied total by 2.7 times. A limited number of tax base yield declines have been experienced, but at non-significant levels. The selective sales taxes dipped in 1980, while total other taxes followed suit in 1980 and 1981. State property taxes decreased in 1978, with license taxes found to be slumping in 1978 and 1980. The only consistent retrenchment occurred in corporation income tax yields in 1980, 1981 and 1982, with declines which ranged between $2-11 million. The collected percentage of corporation income taxes has fallen during the period from 7.0 percent in 1975 to 5.3 percent in 1983 and has risen again by 1985 to 6.4 percent. The selective sales tax collection

TABLE 12

VIRGINIA'S STATE TAX STRUCTURE 1975-1985 (Thousands of Dollars)

Collection Fiscal Year	General Sales & Gross Receipts		Selective Sales Tax		State Property Tax		Corporation Net Income Tax		Individual Income Tax		License Taxes		Total Other Taxes		Total State Collections
	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	
1975	$361,125	21.7	$467,735	28.1	$19,442	1.2	$117,065	7.0	$547,125	32.9	$114,247	6.9	$35,938	2.2	$1,662,677
1976	385,668	21.2	507,322	27.8	20,053	1.1	130,417	7.2	614,575	33.7	123,904	6.8	40,404	2.2	1,822,343
1977	426,848	20.8	551,907	26.9	22,077	1.1	159,152	7.7	714,086	34.8	129,857	6.3	50,904	2.5	2,054,831
1978	489,208	20.9	602,709	25.8	22,020	0.9	164,790	7.1	874,817	37.5	126,603	5.4	55,587	2.4	2,335,734
1979	534,905	20.8	630,554	24.6	22,593	0.9	196,220	7.7	966,627	37.7	149,752	5.8	63,062	2.5	2,563,713
1980	595,060	21.7	617,303	22.5	23,505	0.9	193,847	7.1	1,103,006	40.2	149,138	5.4	61,466	2.2	2,743,325
1981	645,203	21.3	665,938	22.0	28,256	0.9	182,301	6.0	1,288,796	42.6	161,170	5.3	55,684	1.8	3,027,348
1982	670,512	20.7	686,141	21.2	35,345	1.1	176,965	5.5	1,446,187	44.7	164,762	5.1	55,917	1.7	3,235,829
1983	721,580	20.7	719,122	20.7	35,865	1.0	183,215	5.3	1,549,147	44.5	208,536	6.0	60,523	1.7	3,477,988
1984	832,982	20.5	863,043	21.2	31,347	0.8	242,706	6.0	1,760,732	43.3	247,017	6.1	86,541	2.1	4,064,368
1985	927,908	20.8	917,598	20.5	23,575	0.5	287,747	6.4	1,948,199	43.6	269,929	6.0	94,435	2.1	4,469,391

SOURCE: State Tax Collections GF75-85 No. 1, U. S. Department of Commerce, Bureau of the Census.

NOTE: Percentages do not always equal 100 percent due to rounding.

has decreased from 28.1 percent in 1975 to 20.5 percent in 1985, while individual income revenues expanded from 32.9 percent in 1975 to 43.6 percent in 1985. The Virginia tax structure, then, has grown more progressively diversified in terms of taxpayer equity throughout the duration of empirical observation.

The West Virginia Tax Structure

The taxing framework of West Virginia has been reformed toward a more progressive balance of tax bases from 1975-1985. The current array of revenues has remained regressively dominated by inequitable levies. (See Table 13.) The 1975 division of tax types included: consumption taxes = 73.6 percent, income taxes = 18.7 percent, and other taxes = 7.7 percent, while those same percentages in 1985 were: 61.2 percent, 32.4 percent, 6.3 percent. The tax yield in West Virginia has multiplied 2.5 times during the study from $740,615,000 in 1975 to $1,855,583,000 in 1985. Some limited decline in the yield of tax bases was erratically displayed. The general sales tax yield slumped in 1983, while selective sales taxes dipped in 1981. The state property tax yield dropped in 1980 and again in 1983. Corporation income tax collections were retrenched in 1978 and 1981, while license taxes lessened slightly in 1982. The corporation income taxes yielded $98,766,000 in 1985 up 5.2 times from 1975 at $19,122,000. The percentage collected of corporation income taxes, therefore, doubled from 2.6 percent in 1975 to 5.3 percent in 1985. Hence, it can be concluded that the West Virginia revenue disposition has been dominated by regressive levies, but that improvement has been witnessed in terms

TABLE 13

WEST VIRGINIA'S STATE TAX STRUCTURE 1975-1985 (Thousands of Dollars)

Collection Fiscal Year	General Sales & Gross Receipts		Selective Sales Tax		State Property Tax		Corporation Net Income Tax		Individual Income Tax		License Taxes		Total Other Taxes		Total State Collections
	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	Total	% of Yield	
1975	$360,761	48.7	$184,681	24.9	$ 653	0.09	$19,122	2.6	$119,237	16.1	$47,320	6.4	$ 8,841	1.2	740,615
1976	401,832	48.5	206,976	25.0	448	0.05	20,267	2.4	140,106	16.9	48,429	5.9	9,769	1.2	827,827
1977	439,473	48.6	214,884	23.8	565	0.06	23,329	2.6	164,671	18.2	50,143	5.5	11,335	1.3	904,400
1978	486,215	49.6	215,768	22.0	568	0.06	21,014	2.1	182,941	18.7	58,136	5.9	16,109	1.6	980,751
1979	562,477	48.9	261,290	22.7	1,069	0.09	25,591	2.2	217,333	18.9	68,474	6.0	13,821	1.2	1,150,055
1980	598,512	49.1	247,279	20.3	713	0.06	32,889	2.7	252,362	20.7	71,480	5.9	16,255	1.3	1,219,490
1981	623,793	49.1	245,820	19.4	1,152	0.09	32,039	2.5	268,124	21.1	81,997	6.5	16,746	1.3	1,269,671
1982	781,223	53.2	247,333	16.8	1,584	0.1	34,400	2.3	305,964	20.8	80,123	5.5	18,259	1.2	1,468,886
1983	745,360	50.7	259,836	17.7	1,041	0.07	45,146	3.1	310,583	21.1	87,234	5.9	21,131	1.4	1,470,331
1984	786,689	45.9	326,970	19.1	1,363	0.1	92,173	5.4	394,690	23.0	89,606	5.2	22,328	1.3	1,713,819
1985	795,025	42.8	341,489	18.4	1,422	0.1	98,766	5.3	503,186	27.1	91,812	4.9	23,883	1.3	1,855,583

SOURCE: State Tax Collections GF75-85 No. 1, U. S. Department of Commerce, Bureau of the Census.

NOTE: Percentages do not always equal 100 percent due to rounding.

of equity by decreased reliance on consumption taxes and increased use of income taxes. The West Virginia structure has fluctuated intermittently in total yielded amounts and in percentages of the collections as compared to total yield; however, an overall relative stability has prevailed.

Question 2. How was education funded in the Southeastern states?

In response to this query, data was gathered and presented from ACIR, Significant Features of Fiscal Federalism, (1976-1986), sources who in turn had adapted the figures from NEA, Estimates of School Statistics for the 1975-1985 year term. These data reported the revenue receipts from federal, state, and local sources and the percent of the total amount for each source for each of the Southeastern states between the 1974-1975 to 1984-1985 fiscal years. (See Tables A-1 thru A-8, Appendix.) It was discovered that education in the Southeastern states has been funded by an approximate mix of: federal sources - 13 percent, state sources = 56.5 percent, and local and other sources = 30.5 percent. These figures have remained constant from 1974-1982. The 1983-1984 fiscal period witnessed the initiation of a new trend of a decreased federal input with a concomitant increase in local responsibility, with state assumption remaining steady. This trend continued so that the 1984-1985 year sources of funding produced a mixture of: federal = 10.4 percent, state = 56.9 percent, and local and other = 32.7 percent. It should be noted that the local and other

category included local governmental sources and intermediate sources including by gifts, tutition, and fees.

Total revenue receipts for the period under study have varied from a 1974-1975 average distribution (in millions) of: total = $875.6, federal = $110.3, state = $483.6, and local and other = $281.7; to a 1984-1985 distribution (in millions) of: total = $205.2, federal = $197.6, state = $1,137.3, and local and other = $717.3. The states which allocated the greatest percentage of funds from the state's own sources of the total education funds in 1974-1975 included: North Carolina, 68.3 percent, Alabama, 63.1 percent, and South Carolina, 60.2 percent. Those states which provided the largest portions for education by 1984-1985 were: Alabama, 70.7 percent, Kentucky, 70.2 percent, and West Virginia, 62.8 percent. The states in which education was funded by the highest percentage of local revenues in 1974-1975 were: Virginia, 55.3 percent, Tennessee, 39.4 percent, and Florida, 33.6 percent. By 1984-1985 those same figures were: Virginia, 49.6 percent, Tennessee, 43 percent, and Georgia, 39.7 percent, with Florida and Louisiana next highest in local funding percentages for education.

It has been concluded, then, that a shift, albeit slight, has occurred in educational funding for the Southeastern states during 1975-1984 year period (see Table 14). A lower percentage of federal revenue receipts and a corresponding higher percentage of local funds have provided financing for public schools. The state assumption has remained at about 56 percent to fund education through the term. The highest state assumptions by 1984-1985 have been in Alabama, Kentucky, and West Virginia, while highest local responsibility during that year

TABLE 14

SUMMARY OF ESTIMATED REVENUE RECEIPTS FOR PUBLIC ELEMENTARY AND SECONDARY SCHOOLS, BY GOVERNMENTAL SOURCE, BY STATE, BETWEEN 1975 AND 1984

State	Percent of Revenue Receipts 1975			Percent of Revenue Receipts 1984			Percent Change 1975-1984		
	Federal	State	Local	Federal	State	Local	Federal	State	Local
Alabama	14.0	63.1	22.9	12.7	70.7	16.6	-1.3	+7.6	-6.3
Arkansas	16.2	51.0	32.9	11.4	57.6	31.1	-4.8	+6.6	-1.8
Florida	8.4	58.0	33.6	7.8	53.7	38.5	-0.6	-4.3	+4.9
Georgia	12.6	55.3	32.1	9.5	50.8	39.7	-3.1	-4.5	+7.6
Kentucky	12.8	55.3	31.9	10.5	70.2	19.3	-2.3	+14.9	-12.6
Louisiana	17.4	54.2	28.4	9.8	53.3	36.9	-7.6	-0.9	+8.5
Mississippi	23.0	54.6	22.3	17.8	56.7	25.5	-5.2	+2.1	+3.2
N. Carolina	11.8	68.3	19.9	10.4	61.3	28.3	-1.4	-7.0	+8.4
S. Carolina	14.2	60.2	25.7	8.3	57.1	34.6	-5.9	-3.1	+8.9
Tennessee	10.6	49.7	39.7	11.2	45.8	43.0	+0.6	-3.9	+3.3
Virginia	10.6	34.0	55.3	6.9	43.5	49.6	-3.7	+9.5	-11.8
W. Virginia	13.1	54.6	32.3	8.1	62.8	29.1	-5.0	+8.2	-3.2

[1]Includes Federal grant programs to state and local school systems, including the Elementary and Secondary Education Act, Economic Opportunity Act, National Defense Education Act, Manpower Development and Training Act, Educational Professional Development Act, aid to federally impacted areas, vocational education, etc. Funds received from the School Lunch and Milk program are included, but reporting on the money value of commodities received is incomplete. Funds from the states' share of federal general revenue sharing are included.

[2]Includes funds from local and intermediate sources, gifts, and tuition and fees from patrons.

SOURCE: Adapted from Advisory Commission on Intergovernmental Relations (ACIR), Washington, D.C., 1975-85; adapted by ACIR from National Education Association, Estimates of School Statistics, 1975-85.

were in Virginia, Tennessee, and Georgia, with Florida and Louisiana very close indeed. It was interesting to note that during the period under study, Tennessee is the only state which experienced an increase in the percent of federal receipts (+0.6). The greatest reductions of percents of federal receipts were in Louisiana (-7.6), South Carolina (-5.9), and Mississippi (-5.2). The highest state-level increases were those in Kentucky (+14.9 percent), and Virginia (+9.5) while most noted state declines were witnessed in Georgia (-4.5 percent) and Florida (-4.3 percent). At the local level an increase in the percent of revenue receipts for education was realized most by South Carolina (+8.9), Louisiana (+8.5), and North Carolina (+8.4) while the most dramatic decrease in local percent was in Virginia (-11.8).

Question 3. What percentage of the total state expenditures was utilized to fund education in the Southeastern states?

To answer this question, data were collected and presented from the U.S. Bureau of the Census, State Government Finances (1975-1984). (See Tables A-9 thru A-18, Appendix.) These data revealed that the average total educational expenditures during the study interval was $1,577,622,000. The 1975 average total educational expenditure was $1,001,033,000, while in 1984 that figure had multiplied to $2,186,614,000. The percentage that states paid for this total educational expenditure averaged 42.2 percent for the 1975-1984 period with that figure having very little variance throughout the years (see Table 15). The states which allocated the largest percentage of expenditures for education in 1975 were North Carolina, Alabama, and

TABLE 15

SUMMARY OF STATE EDUCATIONAL EXPENDITURES: 1975-1984
(THOUSANDS OF DOLLARS)

State	Total 1975 Educational Expenditures	Percent of 1975 Total Educational Expenditures	Total 1984 Educational Expenditures	Percent of 1984 Total Educational Expenditures	Percent Change 1975-1984 Total Educational Expenditures	Percent Change 1975-1984 Percent of Total Educational Expenditures
Alabama	$ 997,798	48.7	$2,119,924	45.0	+$1,122,126	-3.7
Arkansas	457,190	40.3	1,045,021	42.6	+ 587,831	+2.3
Florida	1,942,131	42.9	4,098,672	42.3	+ 2,156,541	-0.6
Georgia	1,146,408	41.5	2,729,395	43.8	+ 1,582,987	+2.3
Kentucky	836,529	41.2	1,970,857	40.1	+ 1,134,328	-1.1
Louisiana	960,038	37.1	2,509,459	37.4	+ 1,549,421	+0.3
Mississippi	598,131	41.7	1,232,192	40.6	+ 634,061	-1.1
N. Carolina	1,678,945	52.0	3,349,923	47.7	+ 1,670,978	-4.3
S. Carolina	774,820	41.8	1,678,910	46.0	+ 904,090	+4.2
Tennessee	944,528	43.2	1,689,736	37.8	+ 745,208	-5.4
Virginia	1,238,333	40.7	2,746,864	42.1	+ 1,508,531	+1.4
W. Virginia	437,546	35.6	1,068,418	41.6	+ 630,872	+6.0

SOURCE: Adapted from State Government Finances in 1975-1984 GF75-GF84, No. 3, U. S. Department of Commerce, Bureau of the Census.

Tennessee, while in 1984 the highest states were North Carolina, South Carolina, and Alabama. Tennessee's educational expenditure dropped from 43.2 percent in 1975 to 37.8 percent in 1984 even though the total general expenditure for the state more than doubled during that period. The greatest increases in the percent of total educational expenditures within the decade were indicated in West Virginia (+6.0) and South Carolina (+4.2). The most outstanding declines in the percent of total educational expenditures were realized in Tennessee (-5.4) and North Carolina (-4.3). The least amounts of change in the percent of total educational expenditures were seen in Louisiana (+0.3) and Florida (-0.6).

Question 4. What were the per pupil expenditures and the educational taxpayer burden in each selected state?

In order to fully respond to this research question, a division was made between the two sets of data required. The per pupil expenditures for each state for the 1975-1985 period were indicated by reported estimates from NEA, Estimates of School Statistics (1975-1976--1984-1985). (See Tables A-19 thru A-29, Appendix.) The average per pupil expenditure for the ADM in 1975-1976 was $1,016, but by the 1984-1985 fiscal year, had risen to $2,534 which determined an increase of 2.5 times. Note should be taken that the ADA figures for West Virginia were not available, and hence, the ADM total was substituted. The states with the lowest PPE in 1975-1976 included: Tennessee ($915), Kentucky ($917), and Mississippi ($943). The lowest state PPE in 1984-1985 were: Mississippi ($2,114), Alabama ($2,128),

Arkansas ($2,216), and Tennessee ($2,222). The highest state PPE in 1975-1976 were: Virginia ($1,153), Florida ($1,254), and Alabama ($1,027); while the highest states in 1984-1985 included: Florida ($3,147), Virginia ($2,861), and Louisiana ($2,655), eliminating the West Virginia figure. One interesting notation seemed that Alabama was one of the states with the highest PPE in 1975-1976, but one of the lowest by 1984-1985. Tennessee has maintained its position as having one of the lowest PPE throughout the decade.

The summary table (see Table 16) which reflected changes in the average daily membership and the per pupil expenditures for the ADM from 1975-1985 displayed several interesting features. All of the average daily membership totals declined within the 11-year observation except in Florida (+$8,468) and West Virginia (+$381). Note should be made that the West Virginia figures demonstrated only the 1975-1976--1976-1977 period for which data were available. The greatest decreases in ADM were in North Carolina (-$95,086) and Virginia (-$127,609). Even though the school enrollments dropped significantly during this interval, the PPE between 1975 and 1985 consistently multiplied. The highest increases were in Florida (+$2,194) and North Carolina (+$2,181). Hence, it was apparent that during the economically exigent period the cost of education rose dramatically even though the number of students who received educational benefits declined greatly.

In ascertaining what the burden of education was to taxpayers in the Southeastern states, U.S. Bureau of the Census, Governmental Finances (1975-1976 through 1983-1984) data were gathered and presented. (See Tables A-30 thru A-38, Appendix.) In order to determine

TABLE 16

SUMMARY OF ESTIMATED AVERAGE DAILY MEMBERSHIP AND PER PUPIL EXPENDITURES FOR PUBLIC ELEMENTARY AND SECONDARY SCHOOLS: 1975-1985

State	Average Daily Membership 1975	Per Pupil Expenditure in ADM 1975	Average Daily Membership 1985	Per Pupil Expenditure in ADM 1985	Total Change in ADM 1975-1985	Total Change in PPE for ADM 1975-1985
Alabama	748,893	$1,027	723,536	$2,381	-25,357	+$1,354
Arkansas	433,867	978	421,192	2,397	-12,675	+ 1,519
Florida	1,554,907	1,254	1,563,375	3,448	+ 8,468	+ 2,194
Georgia	1,064,634	996	1,048,300	2,824	-16,334	+ 1,828
Kentucky	690,000	917	612,200	2,696	-77,800	+ 1,779
Louisiana	826,220	992	767,910	2,874	-58,310	+ 1,882
Mississippi	507,465	943	450,898	2,211	-56,567	+ 1,268
N. Carolina	1,169,740	998	1,074,654	3,179	-95,086	+ 2,181
S. Carolina	601,006	1,007	586,190	2,822	-14,816	+ 1,815
Tennessee	878,159	915	805,631	2,405	-72,528	+ 1,490
Virginia	1,087,000	1,153	959,391	3,026	-127,609	+ 1,873
W. Virginia	387,501	1,015	387,882*	1,127*	+ 381	+ 112

*Data reported were from 1976-77 which reflected the last available data for West Virginia.

SOURCE: Adapted from National Education Association, Estimates of School Statistics, 1975-76--1985-86; NEA Research Division, Washington, D. C.

the fiscal burden of education to taxpayers, presentation of per capita income was given. Total general educational expenditure per capita was reported and the percent of the educational expenditure of the total per capita income provided a comparison which indicated the taxpayer burden to fund education. These data indicated that in 1975-1976 the average per capita income was $4,915 and the average total educational expenditure per capita was $376.53 which constituted an average of 7.7 percent of per capita income to fund education. Gradual changes in these figures (see Table 17) resulted in the 1983-1984 comparisons of: average per capita income at $9,812 and the average total educational expenditure per capita at $640.33 which now comprised an average of 6.6 percent to fund education per capita. It seemed of interest to note that while the total amount expended for education increased by 1.7 times during the period of observation, the percent of per capita income for the same purpose decreased by 1.1 percent. The total per capita income practically doubled within the nine year span (by 1.99) and could have been predicted to rise further by the time the 1984-1985 data were released.

Many significant details concerning the burden of education to taxpayers were divulged by careful examination of these data. In 1975-1976, the states which captured the highest per capita incomes were: Virginia ($5,785), Florida ($5,638), and Georgia ($5,086). Likewise, the states which held the lowest per capita incomes for that year included: Mississippi ($4,052), South Carolina ($4,618), and Arkansas ($4,620). The 1975-1976 total educational expenditures revealed the highest state per capita spending by: Virginia ($417.42),

TABLE 17

SUMMARY OF PER CAPITA AMOUNTS OF FINANCIAL ITEMS FOR THE BURDEN OF EDUCATION TO TAXPAYERS BY STATE: 1975-1983

State	Total General Expenditure 1975	Total Educational Expenditure 1975	Total Educational Percent of Personal Income 1975	Total General Expenditure 1983	Total Educational Expenditure 1983	Total Educational Percent of Personal Income 1983	Change in General Expenditure 1975-1983	Change in Educational Expenditure 1975-1983	Change in Percent Education is of Personal Income 1975-1983
Alabama	$ 928.26	$369.88	8.0	$1,739.38	$651.42	7.0	+$ 811.12	+$281.54	-1.0
Arkansas	861.60	344.34	7.5	1,477.74	591.60	6.6	+ 616.14	+ 247.26	-0.9
Florida	1,006.36	375.65	6.7	1,802.98	616.72	5.3	+ 796.62	+ 241.07	-1.4
Georgia	970.90	354.73	7.0	1,825.81	612.76	5.9	+ 854.91	+ 258.03	-1.1
Kentucky	937.29	369.85	7.6	1,717.02	608.72	6.5	+ 779.73	+ 238.87	-1.1
Louisiana	1,113.42	385.08	7.9	2,239.22	715.05	7.0	+ 1,125.80	+ 329.97	-0.9
Mississippi	961.67	363.00	9.0	1,686.57	593.27	7.3	+ 724.90	+ 230.27	-1.7
N. Carolina	925.65	410.23	8.3	1,602.38	681.66	7.0	+ 676.73	+ 271.43	-1.3
S. Carolina	965.53	398.40	8.6	1,569.16	641.38	7.0	+ 603.63	+ 242.98	-1.6
Tennessee	934.98	352.65	7.2	1,590.95	540.44	5.7	+ 655.97	+ 187.79	-1.5
Virginia	1,022.61	417.42	7.2	1,805.81	733.03	6.1	+ 783.20	+ 315.61	-1.1
W. Virginia	1,044.37	377.18	7.7	1,815.10	697.96	7.6	+ 770.73	+ 320.78	-0.1

SOURCE: Adapted from Governmental Finances in 1975-1976--1983-1984 GF76-GF84, No. 5, U. S. Department of Commerce, Bureau of the Census.

North Carolina ($410.32), and South Carolina ($398.40), and the lowest state spending by: Arkansas ($344.34), Tennessee ($352.65), and Georgia ($354.73). Additionally, in examination of the percent total education expenditure was of per capita income, the highest percentages were sacrificed in: Mississippi (9.0 percent), South Carolina (8.6 percent), and North Carolina (8.3 percent), while the lowest percents of per capita income for education were forfeited by Florida (6.7 percent), Georgia (7.0 percent), and Tennessee and Virginia both at (7.2 percent). It was noteworthy that Mississippi and South Carolina both furnished high percentages of per capita income from low total amounts of per capita income in order to fund education. These states then maintained greater burden levels than the others compared. Of equal interest was the fact that Florida and Georgia accorded lowest percents of per capita income to fund education, and that these low amounts were withdrawn from two of the highest per capita income levels. One strange, but fascinating phenomenon was the distinction that Tennessee and Virginia taxpayers sacrificed identical percentages of per capita income for education. However, the Tennessee total educational expenditure per capita was only $352.65, almost the lowest for the Southeast, while that of Virginia was $417.42. Granted, the Virginia per capita income average was higher at $5,785, but the Tennessee average of $4,895 was among the higher ones as well.

Some conspicuous characteristics pertaining to the 1983-1984 data have been outlined for comparative analysis with the 1975-1976 report. Per capita income amounts were greatest in 1983-1984 for: Virginia ($12,116), Florida ($11,593), and Georgia ($10,379).

Conversely, the minimum per capita income amounts were realized for: Mississippi ($8,098), Arkansas ($8,967), and West Virginia ($9,159). Per capita total educational expenditures were at a peak in: Virginia ($733.03), Louisiana ($715.05), and West Virginia ($697.96), while the lowest expenditures were in: Tennessee ($540.44), Arkansas ($591.60), and Mississippi ($593.27). Education as a percentage of per capita income required the largest portions in: West Virginia (7.6 percent) and Mississippi (7.3 percent).

Several unusual attributes pertaining to these data seemed evident. West Virginia and Mississippi each devoted a greater percentage of per capita income to finance public education. However, this great burden funded merely the two lowest amounts of educational expenditure. Conversely, Florida, Georgia, and Virginia citizens sacrificed the lowest percents of income, but funded education at the greatest levels. These two features, of course, were in direct relationship to the available totals of per capita income. The most striking discrepancy which was predominant among these states was that Tennessee taxpayers granted nearly the smallest percentage of per capita income, and consequently financed education at the very lowest amount in the Southeast. The Tennessee per capita income ($9,549) was not the lowest income level, but rather in the average range. A conclusion must have been, then, that the richer states were required to bear relative lower burdens in order to produce what was determined to be adequate educational expenditures while that same activity required a greater burden upon the poorer states. In Tennessee, where an average wealth was possessed, taxpayers bore the lowest burdens and

evidently considered the lowest educational expenditure to have been adequate.

When a comparison of trends between 1975-1976 and 1983-1984 was undertaken, it was discovered that Virginia, Florida, and Georgia have remained highest in per capita income and lowest in taxpayer burden to fund education. Through the same interval, Arkansas and Mississippi have remained lowest in per capita income and highest in taxpayer burden, but both states funded education at a greater level than did Tennessee.

Question 5. How did each of the major taxes in Tennessee and the Southeastern states compare when evaluated in terms of fiscal capacity, effort, and utilization?

To address this rather comprehensive question, data were collected then presented in three sequential increments. The data, and hence, this discussion, were divided into three steps. First, a summative view of state fiscal capacity and tax effort was arrayed to provide a general synopsis of these aspects of taxation in the Southeastern states. Next, information was detailed which quantified the capacity and effort for major tax bases in the selected states. Finally, reports of state utilization of revenue potential by major tax base as a function of the total tax structure and in relation to other Southeastern states were delineated.

Step 1: State Fiscal Capacity and Effort

The first indication of state fiscal capacity was given by the ACIR (1986) Representative Tax System Tax Capacity Indices. (See Table 18.) It should be noted that in the Representative Tax System (RTS) methodology, tax capacity was defined as the amount of revenue each state would have raised if a national set of tax rates had been applied for 26 commonly used tax bases. The index represented the per capita tax capacity divided by the per capita average for all states, with the index for the average set at 100 (ACIR, 1986). The average state capacity, which included the selected years 1975, 1977, and 1979-1983 consecutively, indicated that highest fiscal capacity was possessed by Louisiana (106.6) and Florida (101.7), while the least capacity on an average basis was held by Mississippi (70.0). An empirical observation for the period between 1975 and 1983 revealed several striking facts. The states which captured the greatest fiscal capacity for every year observed were Florida, Louisiana, and Virginia. Conversely, the states which maintained the least fiscal capacity for the same period were Mississippi, Alabama, and South Carolina. Tennessee joined the ranks of the three lowest levels of capacity for 1980 only, but Tennessee and Arkansas have remained among the lowest states for this interval. States which produced an almost consistent rise in capacity for the period were Virginia and Florida with Louisiana decreasing in 1983. Georgia and North Carolina experienced a dip in capacity around 1980,

TABLE 18

REPRESENTATIVE TAX SYSTEM TAX CAPACITY INDICES FOR 1983 AND SELECTED PRIOR YEARS[1]

State	1975	1977	1979	1980	1981	1982	1983	Average State Capacity
U.S. Average	100	100	100	100	100	100	100	100
Alabama	77	77	76	76	74	74	75	75.6
Arkansas	78	78	77	79	82	79	78	78.7
Florida	102	101	100	100	101	104	104	101.7
Georgia	86	84	81	82	81	84	87	83.6
Kentucky	85	83	85	83	82	82	79	82.7
Louisiana	97	99	104	109	117	113	107	106.6
Mississippi	70	70	70	69	72	71	68	70.0
N. Carolina	85	83	82	80	80	82	87	82.7
S. Carolina	77	77	76	75	75	74	76	75.7
Tennessee	84	83	81	79	79	77	80	80.4
Virginia	93	91	93	95	94	94	96	93.7
W. Virginia	89	90	92	94	90	92	87	90.6

[1] Tax capacity is the amount of revenue each state would raise if it applied a national average set of tax rates for 26 commonly used tax bases. The index above is the per capita tax capacity divided by the per capita average for all states, with the index for the average set at 100.

SOURCE: Adapted from ACIR, 1983 Tax Capacity of the States, M-148, ACIR, Washington, D.C., April 1986.

but recovered to greater than 1975 levels by the 1983 census. All other Southeastern states which witnessed a decrease capacity during the economically exigent period did not recover beyond 1975 levels following the recession.

The next set of data was that of state tax effort given by the ACIR (1982) Representative Tax System Tax Effort Indices for 1983 and Prior Selected Years. (See Table 19.) Notation must be afforded to the fact that in the Representative Tax System (RTS), tax effort was calculated as the ratio of a state's actual tax collections to tax capacity. The relative index of tax effort was created by dividing each state's tax effort by the average for all states with the U.S. average index at 100 (ACIR, 1982). The highest average effort put forth by the Southeastern states during the selected years of 1975, 1977, and 1979-1983 consecutively, have been Mississippi, Georgia, and South Carolina. During the identical years the states making the least tax effort were Florida, Arkansas, and Louisiana. Florida is the only state which consistently exerted less than an average of 80. Tennessee made one of the lowest efforts in 1983, with typically a lower than average effort made in other years as well.

The RTS indices, then, have demonstrated that states having the highest capacity were required to exert the least effort. Examples of this condition were consistently given by tax performance in Florida and Louisiana. On the other hand, states having the least capacity were required to put forth greater effort such as Mississippi and South Carolina. Some exceptions were: Virginia, with high capacity and average effort; Georgia, with average capacity yet high effort; and

TABLE 19

REPRESENTATIVE TAX SYSTEM TAX EFFORT INDICES FOR 1983 AND PRIOR SELECTED YEARS[1]

State	1975	1977	1979	1980	1981	1982	1983	Average State Effort
U.S. Average	100	100	100	100	100	100	100	100
Alabama	79	79	86	85	91	87	87	84.9
Arkansas	78	78	81	86	79	81	83	80.9
Florida	74	73	78	74	73	72	75	74.1
Georgia	89	89	96	96	97	96	93	93.7
Kentucky	84	84	87	89	88	88	91	87.3
Louisiana	87	79	82	78	77	82	81	80.9
Mississippi	96	94	97	96	95	92	95	95.0
N. Carolina	86	87	91	97	95	94	88	91.1
S. Carolina	85	86	91	95	95	96	96	92.0
Tennessee	79	82	87	84	87	86	82	83.9
Virginia	87	88	88	88	90	90	89	88.6
W. Virginia	85	80	82	82	83	86	88	83.7

[1]Tax effort is the ratio of a state's actual tax collections to its capacity. The relative index of tax effort is created by dividing each state's tax effort by the average for all states. 100 is the index for the U. S. average.

SOURCE: Adapted from ACIR preliminary staff estimates for 1983. Other years may be obtained from ACIR, 1982 Tax Capacity of The Fifty States, M-142, U. S. Government Printing Office, Washington, D.C.

Alabama, with low capacity, yet average effort. Of the cases cited, Georgia most consistently exerted high effort from average capacity.

The next state measures were reported RTS tax capacity and tax effort indices for all state taxes combined for 1975-1983 (ACIR, 1986). (See Tables A-39 thru A-45, Appendix.) The 1975 figures showed that Florida had the highest capacity index (102.4) but made the lowest effort (73.9). Louisiana had the second highest capacity (97.2), but exerted an average effort. Virginia also maintained high capacity (93.5) and likewise produced great effort at 87.1. Alabama suffered from a low capacity (77.1) and likewise made a low effort (78.9). Of particular interest were Arkansas and Tennessee which produced the other lowest efforts. Arkansas maintained a low capacity which explained the low effort. However, Tennessee held an average capacity yet exerted one of the very lowest tax efforts. Georgia had an average tax capacity and yet made the second greatest effort in 1975.

The 1983 figures, by comparison, demonstrated the identical situations, except that South Carolina now produced the greatest effort from the lowest capacity. Once again, Tennessee made one of the least efforts, though it maintained an average capacity. The stellar exception again was Georgia which exerted one of the greatest efforts from an average capacity.

The summary table for change in tax capacity and tax effort between 1975 and 1983 (see Table 20) demonstrated several interesting aspects of tax activity during this period. While Louisiana increased

TABLE 20

SUMMARY OF THE 1975-1983 REPRESENTATIVE TAX SYSTEM IN CAPACITY AND EFFORT INDEX FOR ALL STATES COMBINED

State	Tax Capacity Index 1975	Tax Effort Index 1975	Tax Capacity Index 1983	Tax Effort Index 1983	Change in Tax Capacity 1975-1983	Change in Tax Effort 1975-1983
Alabama	77.1	78.9	74.8	86.6	-2.3	+ 7.7
Arkansas	78.3	78.3	77.7	82.7	-0.6	+ 4.4
Florida	102.4	73.9	103.4	75.1	+1.0	+ 1.2
Georgia	85.8	88.6	86.9	92.6	+1.1	+ 4.0
Kentucky	85.0	84.4	78.8	90.8	-6.2	+ 6.4
Louisiana	97.2	86.7	106.7	81.3	+9.5	- 5.4
Mississippi	70.0	95.6	68.2	94.6	-1.8	- 1.0
N. Carolina	85.4	85.8	86.8	87.8	+1.4	+ 2.0
S. Carolina	77.2	85.2	75.5	95.5	-1.7	+10.3
Tennessee	83.6	78.9	80.3	82.0	-3.3	+ 3.1
Virginia	93.5	87.1	95.6	89.2	+2.1	+ 2.1
W. Virginia	88.6	85.3	87.1	87.7	-1.5	+ 2.4

SOURCE: Adapted from ACIR staff estimates. ACIR, 1983 Tax Capacity of the States, M-148, ACIR, Washington, D. C., April 1986.

in tax capacity (+9.5) more so than any other state, it also declined in effort (-5.4) by the greatest margin. The largest measured tax effort boosts were those in South Carolina (+10.3), Alabama (+7.7) and Kentucky (+6.4). South Carolina's tax effort increased superceded the capacity decline (-1.7) by the largest difference among the states. Most states apparently increased effort to approximately recapture the capacity loss during this recessionary period.

The next set of data was available only for a five-year period but held interesting facts concerning state capacity and effort. The Quindry and Schoening studies (1979-1982) reported state and local tax effort and ability (capacity) per capita and per $1,000 of personal income. (See Tables A-46 thru A-50, Appendix.) In the five year comparison (see Table 21), the taxpayers who yielded the greatest taxes per capita were residents of Florida, Louisiana, and Virginia, while the lowest taxes per capita were paid by residents of Mississippi, Arkansas, and Alabama. Throughout the 1977-1981 year term, Georgia and Mississippi made a per capita tax effort most closely commensurate with taxing capacity. Some changes in taxes per $1,000 of personal income evolved within the data period. In 1977, the states with the highest tax total for this category were Louisiana, Mississippi, and West Virginia. But by 1981, the highest totals paid per $1,000 income were Louisiana, West Virginia, and South Carolina. The lowest amounts of per capita taxes per $1,000 of income in 1977 were in Alabama, Arkansas, and Florida while by 1981 the lowest amounts paid included the Tennessee taxpayers. Throughout the period the states matching most nearly the effort with capacity of per capita taxes per $1,000 of

TABLE 21

SUMMARY OF STATE AND LOCAL TAX EFFORT AND ABILITY, PER CAPITA AND PER $1,000 OF PERSONAL INCOME: 1977-1981

State	1977 Taxes Per Capita		1977 Taxes Per $1,000 Personal Income		1981 Taxes Per Capita		1981 Taxes Per $1,000 Personal Income		1977-1981 Changes in Per Capita Taxes		1977-1981 Changes in Taxes of Income	
	Effort	Ability	Effort	Ability	Effort	Ability	Effort	Ability	Effect	Ability	Effort	Ability
Alabama	$520.42	$719.76	$ 97.34	$134.63	$759.05	$ 929.07	$ 97.37	$119.18	$+238.63	$+209.31	$ +0.03	$-15.45
Arkansas	500.80	685.06	97.41	133.25	683.43	881.15	89.96	115.98	+182.63	+196.09	-7.45	-17.27
Florida	644.29	819.48	101.70	129.36	826.07	1,057.41	88.17	112.86	+181.78	+237.93	-13.53	-16.50
Georgia	614.92	742.73	106.97	129.21	838.44	948.70	99.21	112.25	+223.52	+205.97	-7.76	-16.96
Kentucky	605.06	759.04	107.08	134.33	788.30	963.58	98.21	119.94	+183.24	+204.54	-8.96	-14.39
Louisiana	642.86	831.67	114.52	148.16	962.34	1,208.59	108.25	135.95	+319.48	+319.48	-6.27	-12.21
Mississippi	537.97	625.02	114.32	132.82	720.57	812.28	104.35	117.63	+182.60	+187.26	-9.97	-15.19
N. Carolina	602.68	736.96	105.77	129.34	801.76	928.01	97.61	112.98	+199.08	+191.05	-8.16	-16.36
S. Carolina	559.80	699.95	104.08	130.14	778.13	862.89	102.18	113.31	+218.33	+162.94	-1.90	-16.83
Tennessee	590.49	728.05	106.62	131.46	762.93	935.90	93.60	114.83	+172.44	+207.88	-13.02	-16.63
Virginia	691.36	847.07	106.30	130.23	943.77	1,118.29	95.64	113.33	+252.41	+271.22	-10.66	-16.90
W. Virginia	632.12	799.42	111.28	140.74	845.78	1,054.12	104.95	130.81	+213.66	+254.70	-6.33	-9.93

SOURCE: Adapted from Kenneth E. Quindry and Niles Schoening, State and Local Tax Performance, 1977-1981. SREB, Atlanta, GA, 1978-1982.

personal income included: Georgia and Mississippi, with the addition of South Carolina in the later years.

Step 2: Tax Capacity and Effort for the Major Tax Bases

To analyze the capacity and effort for each of the major tax bases in the Southeastern states, bar graphs with an accompanying comprehensive state line graph were displayed (ACIR, 1986). Each state's overall capacity and effort were viewed in the line graphs for the selected years of 1975, 1977, 1979, 1981, and 1983. The bar graphs demonstrated capacity and effort (revenue) differentials, with the U.S. average capacity shown as a guidepost for the nation for each major tax base for 1983. These figures were discussed by individual state and the comparisons followed.

Alabama

The overall tax effort for Alabama was shown in the line graph (see Figure 3) to have been consistently greater than the tax capacity for the state. In 1975 tax effort was practically identical to the tax capacity and this relationship remained constant in 1977. In 1979 tax effort reached about 85 which far exceeded the tax capacity of around 77. In 1981 the difference between effort and capacity continued in the same pattern with effort striking in the 90 range while capacity dipped further to about 75. Some leveling off was experienced in 1983 to measures of tax effort at about 87 and capacity near 76. During the observation interval, tax effort rose greatly while tax capacity

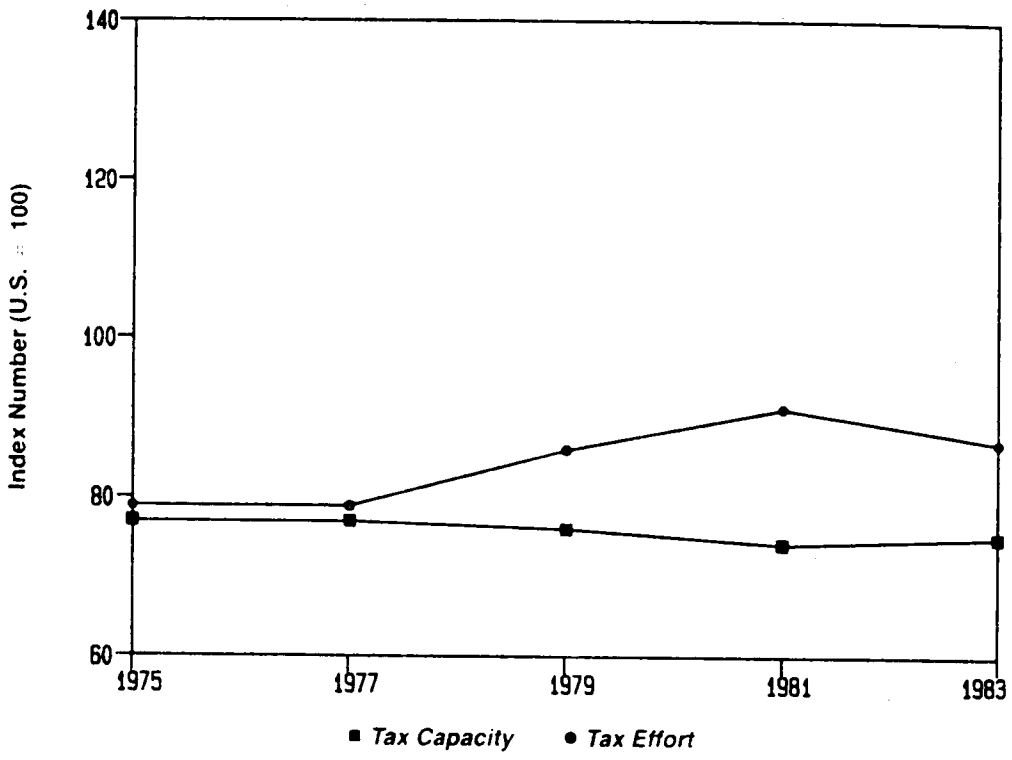


Figure 3. Total Tax Capacity and Tax Effort, 1975-83 for Alabama.

Source: ACIR, 1983 Tax Capacity of the States, M-148, ACIR, Washington, D.C., April 1986.

diminished during the recession years. Both tax effort and tax capacity in Alabama were, however, continually below the national average of 100.

The bar graph (see Figure 4) which showed 1983 tax capacity and tax revenue of the major tax bases in Alabama indicated that a lower than national average amount of revenue was realized in all bases except license taxes, which equaled the U.S. average, and selective sales taxes, in which the tax revenue exceeded that average. Low taxing effort, reflected by lower tax revenues than tax capacity, was witnessed in the severance tax, property tax, corporate net income tax, personal income, and license tax levies. Conversely, high effort, indicated by a greater tax revenue than tax capacity, was demonstrated in the selective sales tax and the general sales tax measures. The most diverse variance between the state taxing activity for Alabama and the U.S. average was revealed in the property tax collections. Even though property tax capacity was much less than the U.S. average, the tax revenue was not half that of the state tax capacity.

Arkansas

The overall tax effort for Arkansas was shown in the line graph (see Figure 5) to have experienced numerous changes in relationship to the tax capacity for the state. The 1975 tax effort and tax capacity were the same at about an index of 78. This figure remained constant in 1977 with changes beginning immediately after 1977. The 1979 measures reflected the tax effort at about 83 and tax capacity having dropped from 1977 to around 77 in this year. Following 1979 an

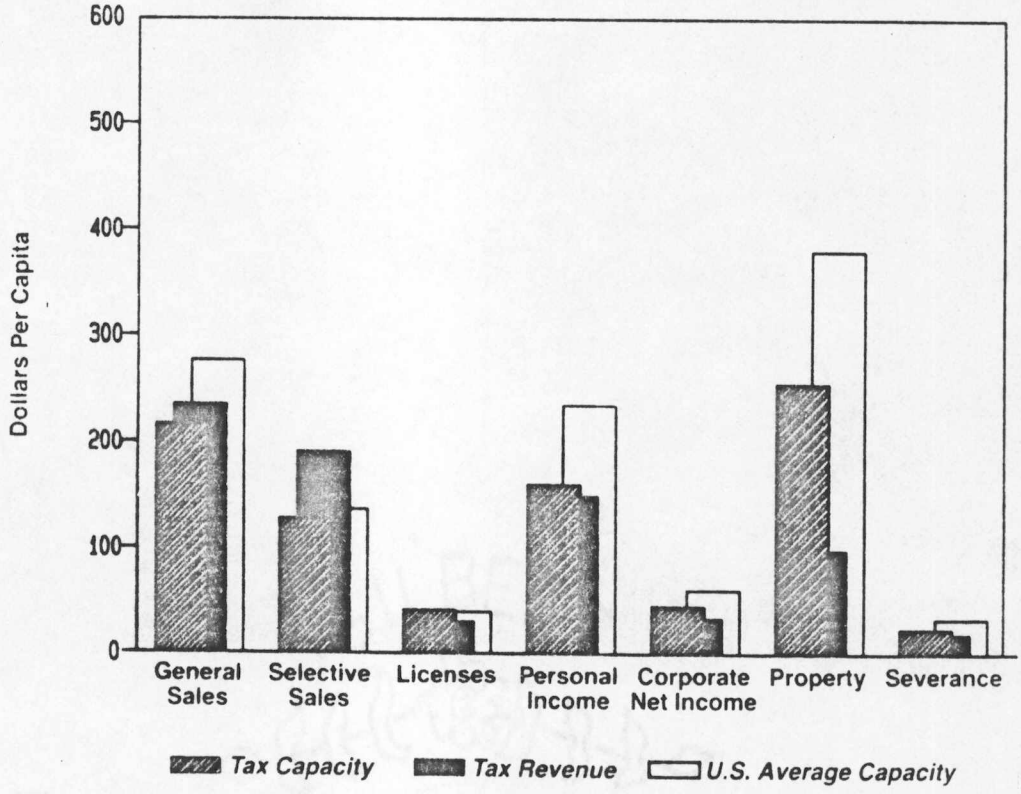


Figure 4. 1983 Tax Capacity and Tax Revenue Selected Tax Bases for Alabama.

Source: ACIR, 1983 Tax Capacity of the States, M-148, ACIR, Washington, D.C., April 1986.

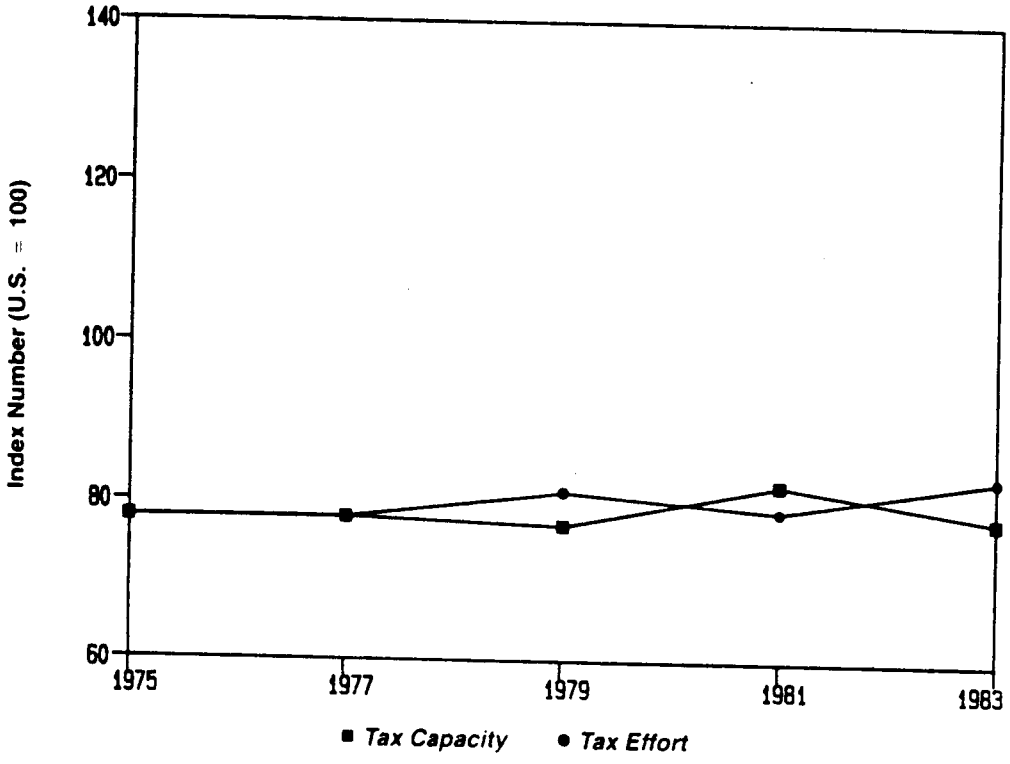


Figure 5. Total Tax Capacity and Tax Effort, 1975-83 for Arkansas.

Source: ACIR, 1983 Tax Capacity of the States, M-148, ACIR, Washington, D.C., April 1986.

increase began in the tax capacity while tax effort decreased. The 1981 figures indicated tax effort now at an index of 78 and tax capacity up to 83. These activities again reversed after 1981 so that the 1983 graph depicted tax effort back up to an index of 83 while tax capacity dropped to 78. Thus, instability in the Arkansas taxing activities was witnessed during the recession years. Both tax effort and tax capacity in Arkansas were, however, continually below the national average index figure of 100.

The bar graph (see Figure 6) which showed 1983 tax capacity and tax revenue of the major tax bases in Arkansas indicated that a lower than national amount of revenue was realized in all bases except license taxes and selective sales taxes which equaled the U.S. average. Low taxing effort, reflected by lower revenue collections than capacity was witnessed in the severance tax, the property tax, corporate net income tax, and the general sales tax levies. High tax effort, conversely, was demonstrated in the personal income tax collection. The most diverse variance between the state taxing activity for Arkansas and the U.S. average was revealed in the property tax levy where tax revenues were less than half of the national average.

Florida

The overall tax effort in Florida (see Figure 7) exhibited a vast discrepancy from the tax capacity measures for the state. Florida maintained a greater than U.S. average (100) capacity in each year of the observation interval; however, tax effort remained below an average index of 80 during every year of that same period. The 1975 tax effort

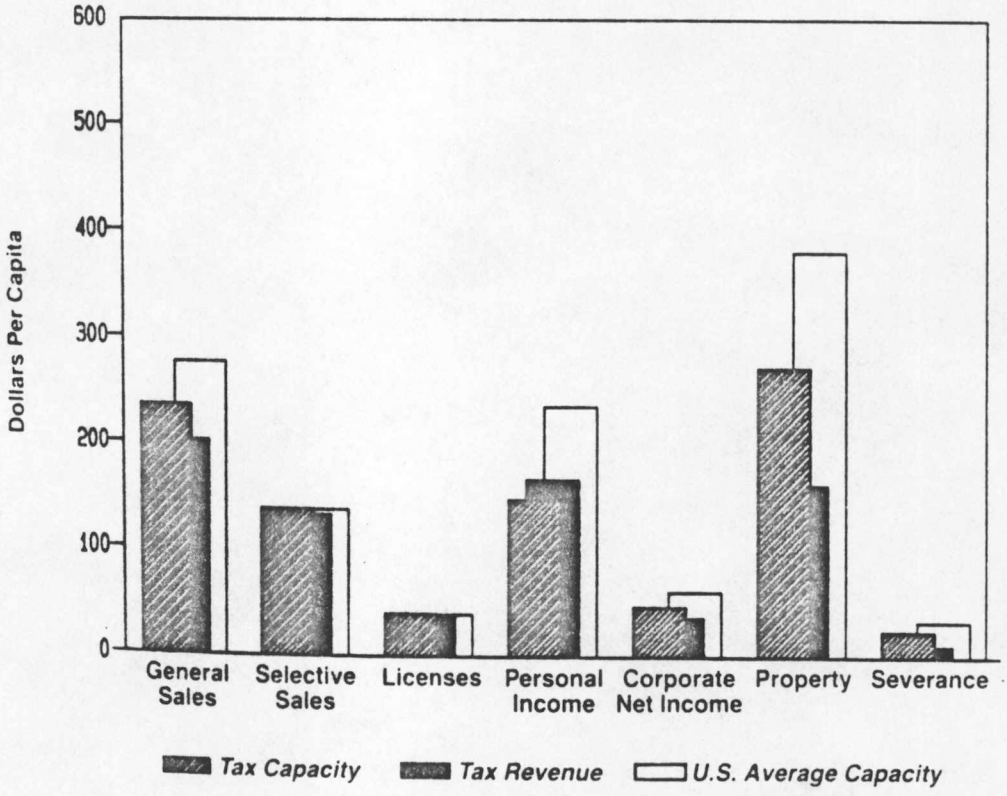


Figure 6. 1983 Tax Capacity and Tax Revenue Selected Tax Bases for Arkansas.

Source: ACIR, 1983 Tax Capacity of the States, M-148, ACIR, Washington, D.C., April 1986.

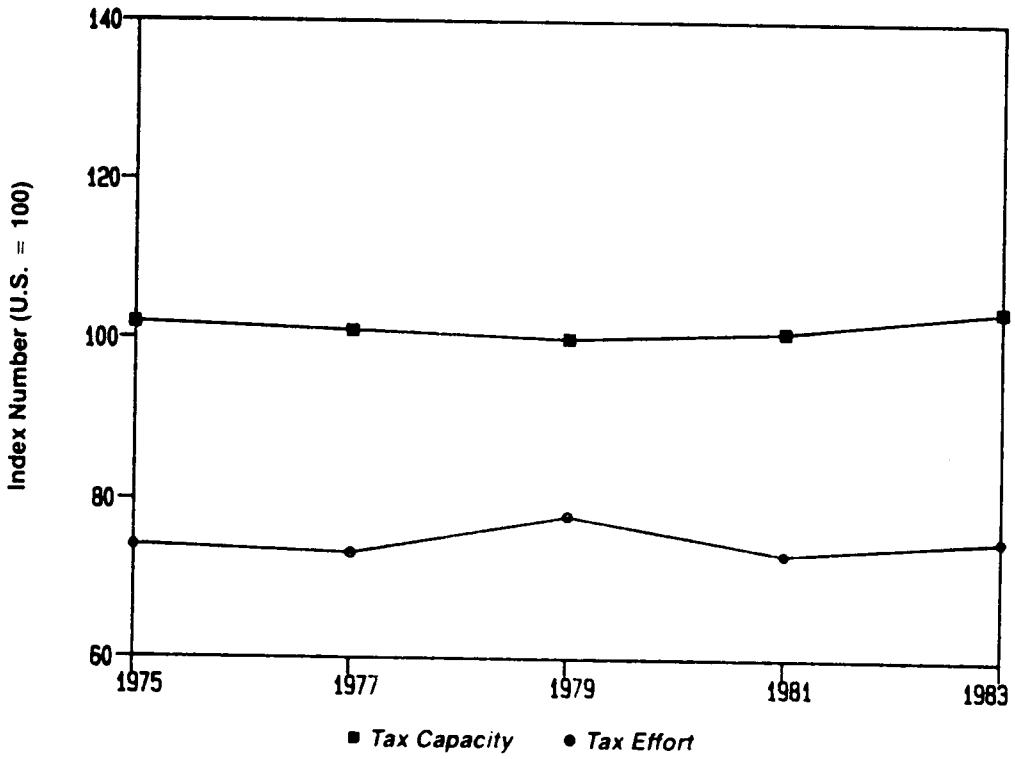


Figure 7. Total Tax Capacity and Tax Effort, 1975-83 for Florida.

Source: ACIR, 1983 Tax Capacity of the States, M-148, ACIR, Washington, D.C., April 1986.

was about 75 while tax capacity was indicated at nearly 102. These figures remained almost constant in 1977, but in 1979 tax effort reached about 80 with tax capacity still about 101. In 1981 tax effort for the state was back down to 75 while tax capacity grew slightly to 102. The final study year, 1983, displayed the Florida tax effort still around 76 and tax capacity increased even higher to about 104.

The bar graph (see Figure 8) which showed the 1983 tax capacity and tax revenues of the major tax bases in Florida, indicated that a lower than national average amount of revenue was realized in the severance tax, the property tax, corporate net income tax, and license tax levies. A higher than average amount of tax revenue was collected from the personal income tax, the selective sales tax, and the general sales tax levies. There was no diverse variance between the state taxing activity for Florida and the U.S. average. Most measures of capacity and revenue for Florida approximated or exceeded the U.S. average. The one striking feature of this bar graph, however, was that the tax capacity surpassed the tax revenue of every major tax base except the severance tax and the personal income tax in which the capacity and revenue were equal.

Georgia

The overall tax effort for Georgia was shown in the line graph (see Figure 9) to have been consistently greater than the tax capacity for the state. The 1975 measures dipicted tax effort at an average index of about 90 and tax capacity around 87. This relationship remained nearly constant so that in 1977, tax effort was about 90 with

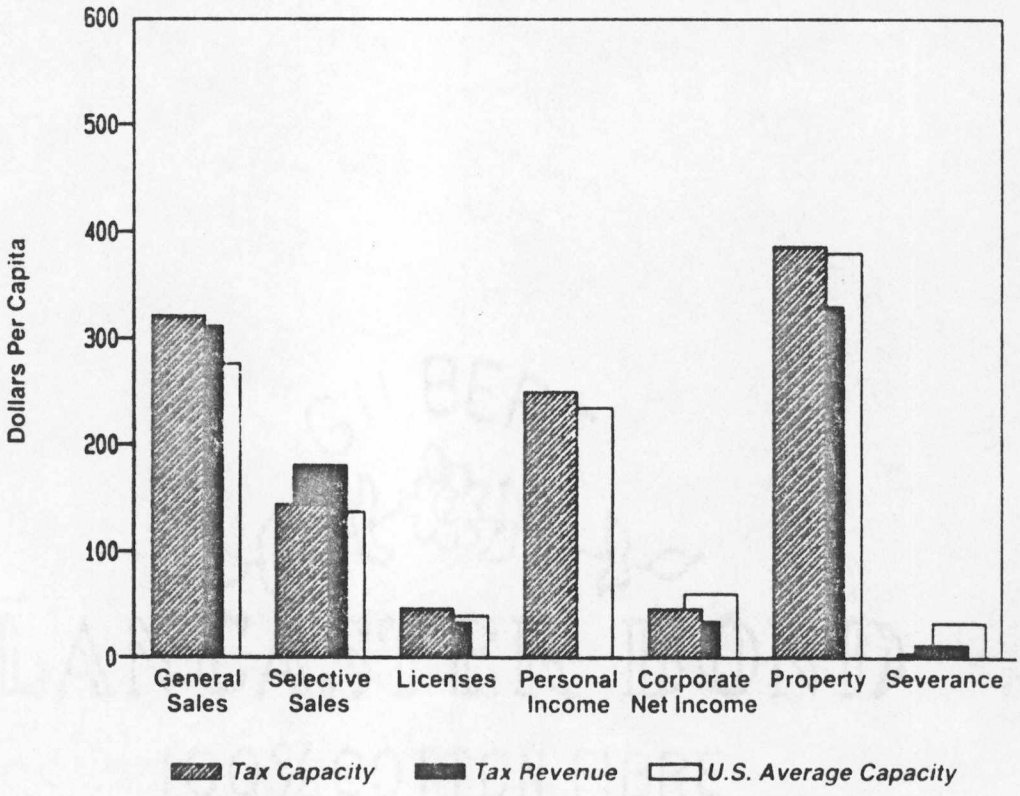


Figure 8. 1983 Tax Capacity and Tax Revenue Selected Tax Bases for Florida.

Source: ACIR, 1983 Tax Capacity of the States, M-148, ACIR, Washington, D.C., April 1986.

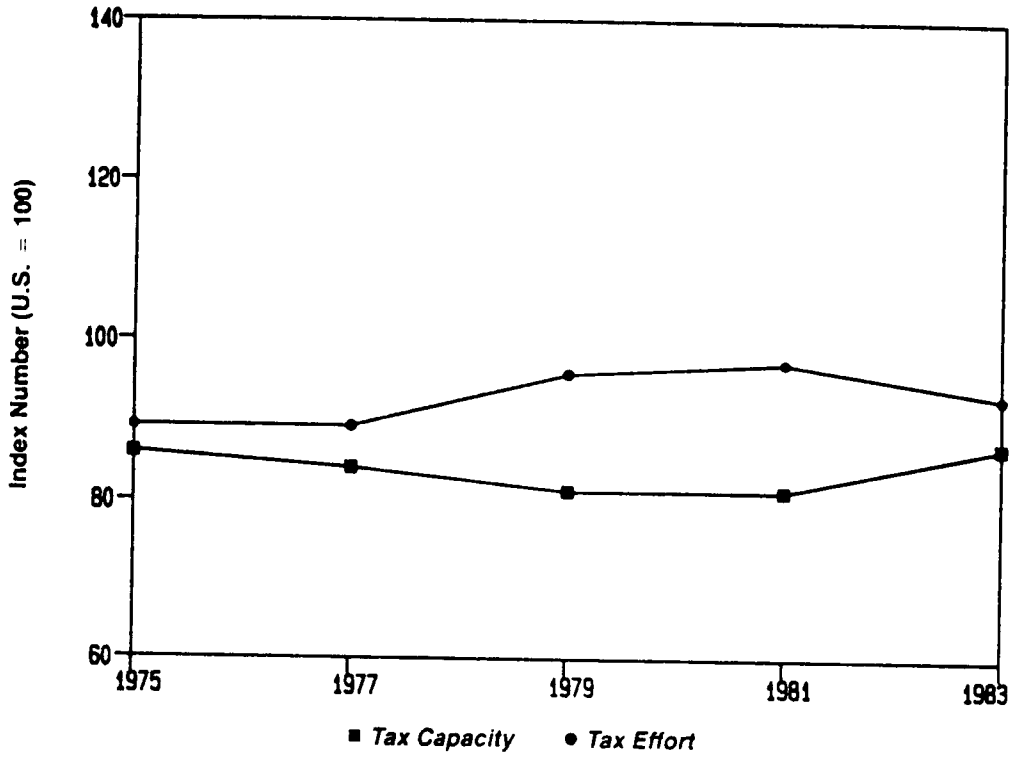


Figure 9. Total Tax Capacity and Tax Effort, 1975-83 for Georgia.

Source: ACIR, 1983 Tax Capacity of the States, M-148, ACIR, Washington, D.C., April 1986.

tax capacity having dropped marginally to 86. In 1979, tax effort rose to 98 while tax capacity decreased to 84. The 1981 graph reflected tax effort at 99 (almost equal to the U.S. average of 100) and tax capacity in that year still around 84. The final observation year, 1983, revealed that the Georgia tax effort dipped slightly to 96 but tax capacity grew to 87 once again. Thus, during the recession years when tax capacity decreased, Georgia exerted an even greater tax effort almost commensurate with the national average.

The bar graph for Georgia (see Figure 10) revealed the 1983 tax capacity and tax revenue of the major tax bases. Tax revenues were lower than the U.S. average capacity in every tax base except the personal income tax which equaled that figure. A low tax effort, indicated by a lower revenue measure than tax capacity, was found in the property tax, the corporate income tax, the license taxes, and the selective sales tax levies. A high tax effort, conversely, was exhibited in the personal income tax, and the general sales tax levies. The severance tax revenue and capacity were too slight for comparison. The greatest discrepancy between the Georgia tax activity and that in the nation was indicated in the property tax measure in which state tax revenues were far less than the U.S. average collection.

Kentucky

The overall tax effort in Kentucky was shown on the line graph (see Figure 11) to have been consistently greater than the tax capacity for the state except in 1975. The 1977 graph represented tax effort at an average index figure of about 84 with tax capacity slightly

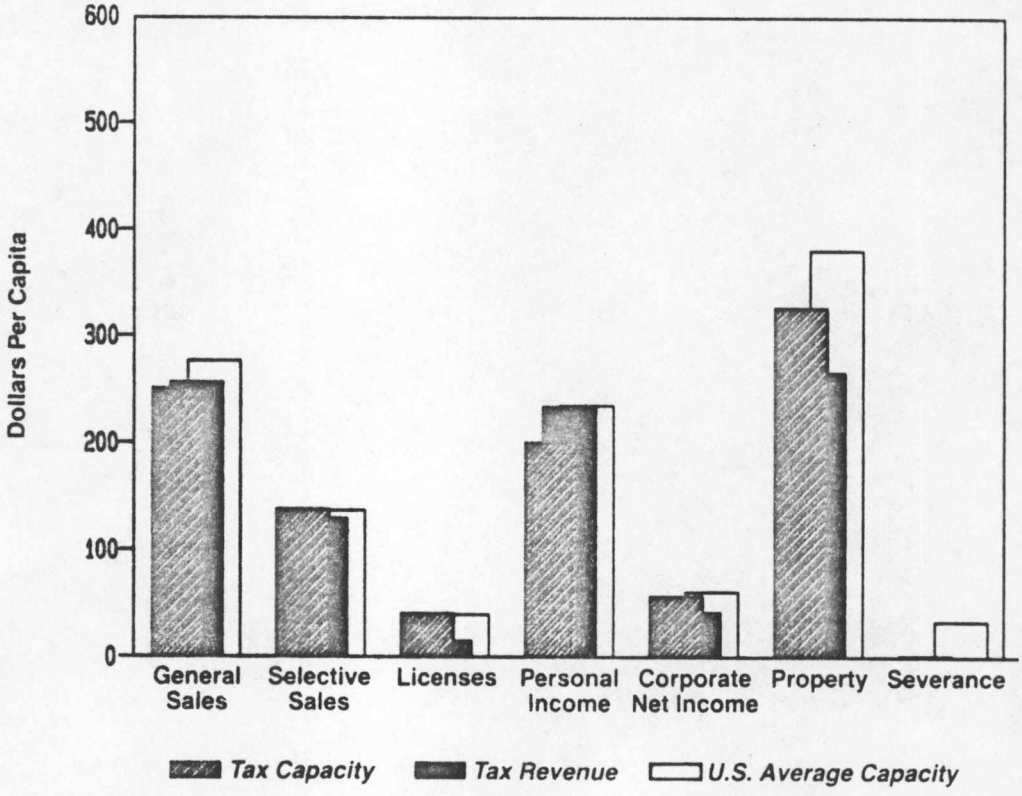


Figure 10. 1983 Tax Capacity and Tax Revenue Selected Tax Bases for Georgia.

Source: ACIR, 1983 Tax Capacity of the States, M-148, ACIR, Washington, D.C., April 1986.

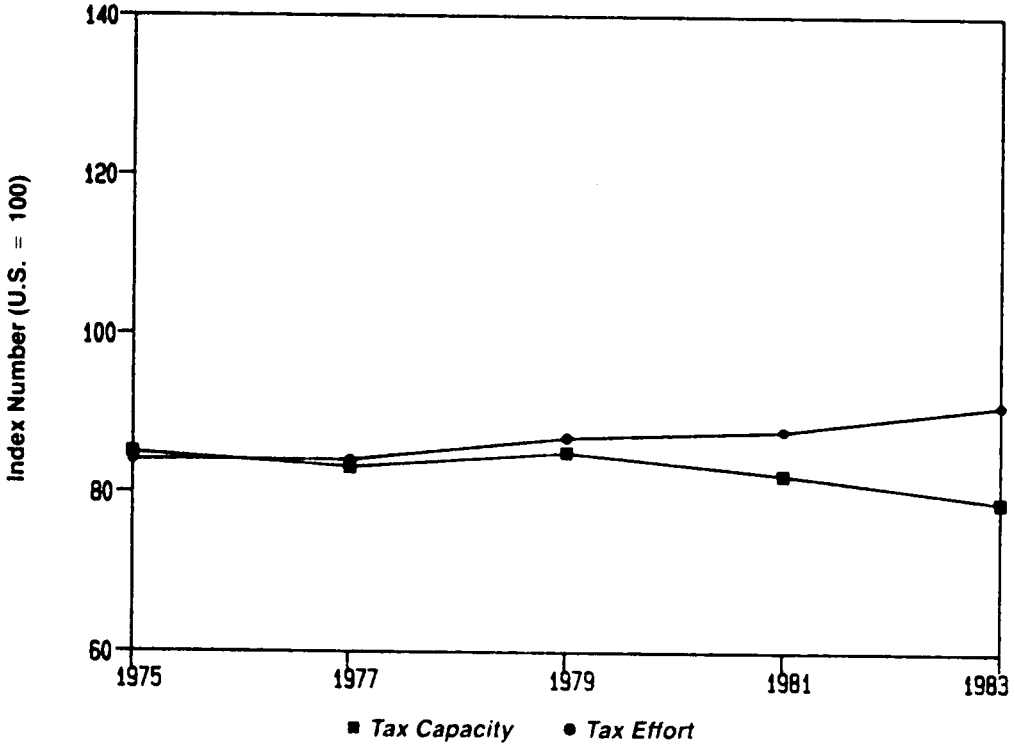


Figure 11. Total Tax Capacity and Tax Effort, 1975-83 for Kentucky.

Source: ACIR, 1983 Tax Capacity of the States, M-148, ACIR, Washington, D.C., April 1986.

exceeding that measure at 85. The 1977 figures demonstrated a reversed relationship between these tax activities with tax effort now at about 85 and tax capacity at 84. Tax effort continued to increase so that by 1979 an average index of 87 was indicated while tax capacity increased marginally to 85. A variance had begun to be extended between effort and capacity so that by 1981, tax effort reached around 88 and tax capacity dipped to 83. This change pattern continued in Kentucky and was shown by the 1983 graph which pointed to a tax effort of about 90 while tax capacity fell to around 79. Hence, during the economically exigent years in Kentucky every tax base except license taxes increased. Both capacity and effort have remained below the U.S. average index figure of 100.

The bar graph for Kentucky (see Figure 12) indicated the 1983 tax capacity and tax revenue for the major tax bases compared to the national average capacity. Tax revenues in Kentucky were lower than the U.S. average capacity in every major tax base except the severance tax. A low tax effort, found when tax revenues were less than the tax capacity, was exerted in the property tax, the corporate net income tax, license taxes, selective sales taxes, and the general sales tax levies. Conversely, a high tax effort was realized in the severance tax and the personal income tax. The greatest difference between Kentucky tax revenues and the U.S. average was shown in the property tax collection which measured less than half of the national average.

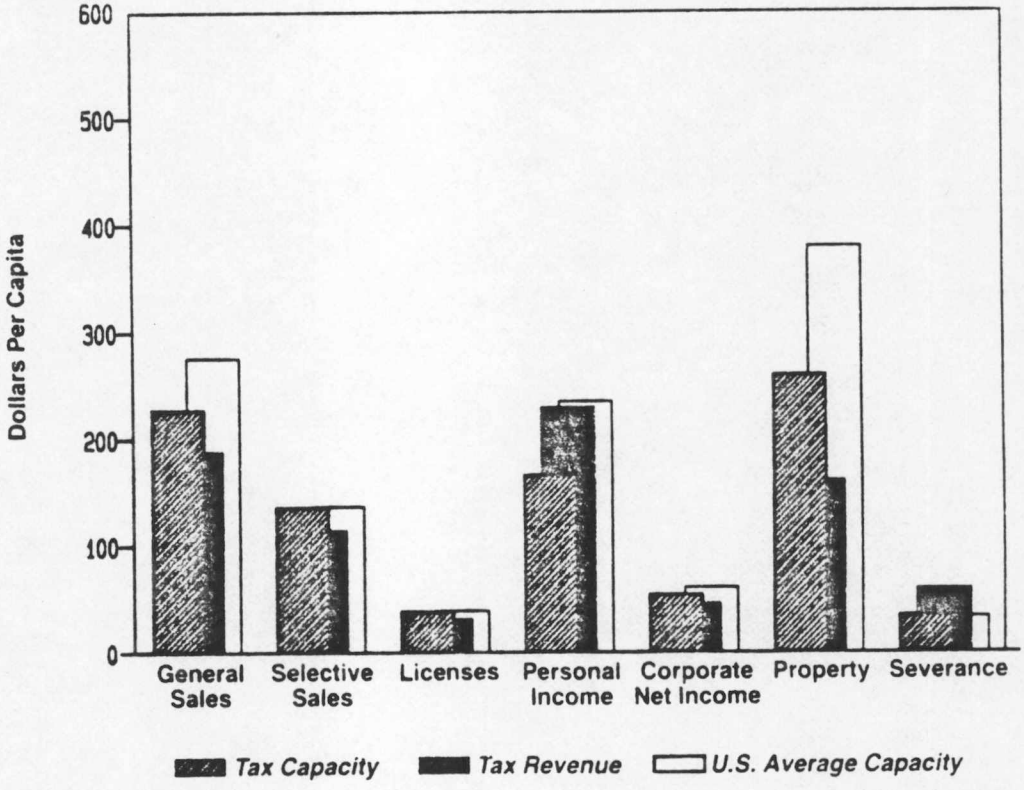


Figure 12. 1983 Tax Capacity and Tax Revenue Selected Tax Bases for Kentucky.

Source: ACIR, 1983 Tax Capacity of the States, M-148, ACIR, Washington, D.C., April 1986.

Louisiana

The overall tax effort for Louisiana was shown in the line graph (see Figure 13) to have been consistently lower than the tax capacity for the state. The 1975 tax capacity was measured at an average index of about 98 while tax effort was only around 88. In 1977 tax capacity climbed to about 100 (equal to the U.S. average index) but tax effort fell to about 80. In 1979 tax capacity again increased to about 103 (above the national average) and tax effort rose marginally to 83. The 1981 graph showed a decided jump in tax capacity to about 118 while tax effort once again fell to around 80. The 1983 figures revealed that tax capacity had dropped to around 105 (still above the U.S. average index) and tax effort increased to about 83. Tax effort for Louisiana remained below the national average throughout the observation period while tax capacity equaled or exceeded that figure in every year except 1977.

The bar graph for Louisiana (see Figure 14) measured the 1983 tax revenue and capacity by major tax base. A higher than U.S. average revenue was collected in every tax base except the personal income tax. A low tax effort, where tax revenue was less than tax capacity, was exhibited in the property tax, the personal income tax, and the selective sales tax levies. A high tax effort, on the other hand, was demonstrated in the severance tax, corporate net income tax, slightly in the license taxes, and in the general sales tax. The greatest discrepancies between the state taxing activity and the U.S. average were in the general sales tax revenues which exceeded both state and

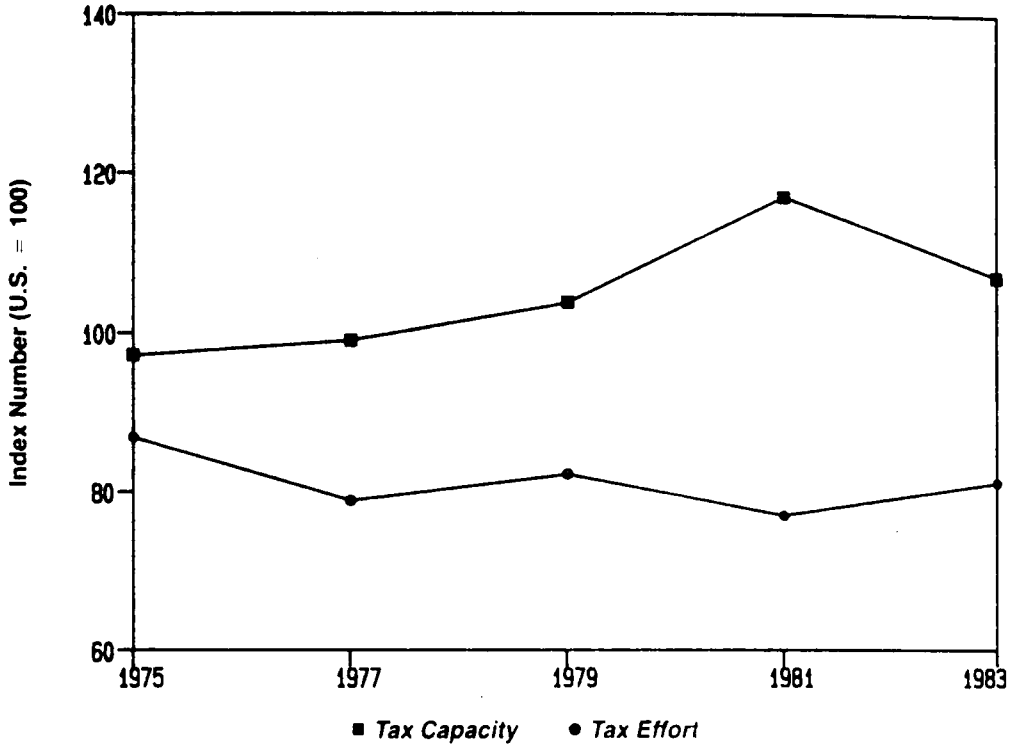


Figure 13. Total Tax Capacity and Tax Effort, 1975-83 for Louisiana.

Source: ACIR, 1983 Tax Capacity of the States, M-148, ACIR, Washington, D.C., April 1986.

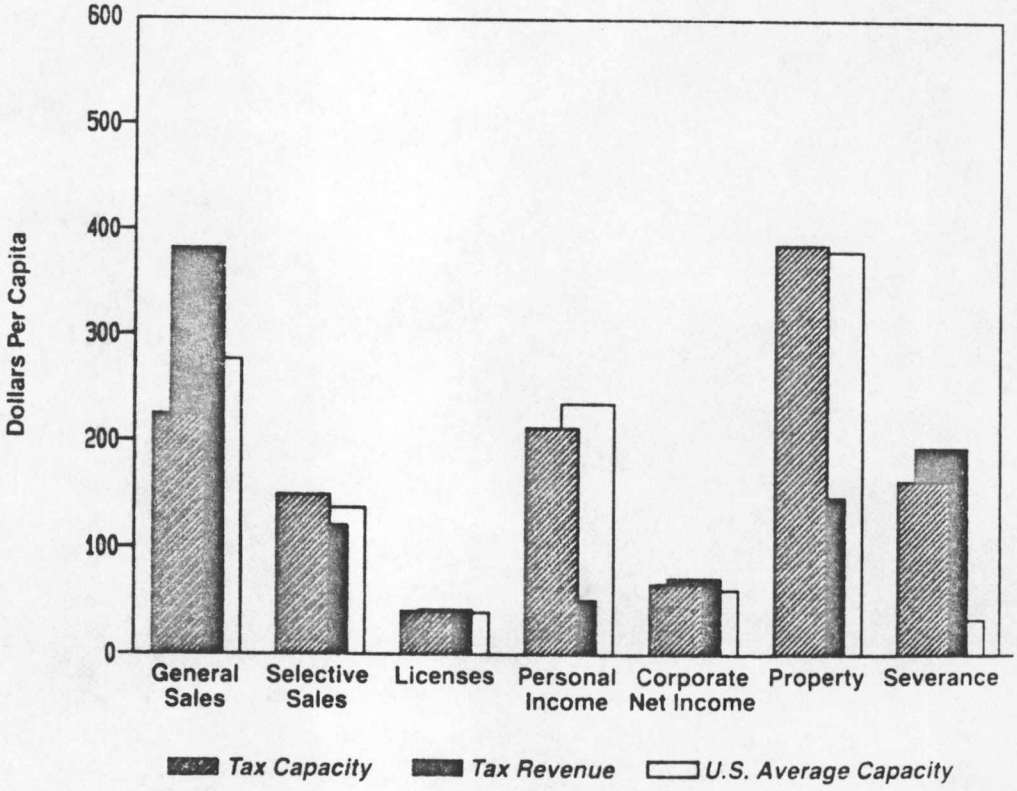


Figure 14. 1983 Tax Capacity and Tax Revenue Selected Tax Bases for Louisiana.

Source: ACIR, 1983 Tax Capacity of the States, M-148, ACIR, Washington, D.C., April 1986.

national capacity measures, in the property tax revenues which were much less than the equal state and national capacity measures, and in the severance tax revenues which surpassed the state capacity somewhat and greatly exceeded the national average capacity.

Mississippi

The overall tax effort for Mississippi was shown in the line graph (see Figure 15) to have been consistently greater than the tax capacity for the state. The 1975 tax effort was close to the U.S. average of 100, having been measured at about 95, while the tax capacity in that year was near 70. The 1977 figures varied only slightly with tax effort indexed at about 94 and tax capacity remaining around 70. An increase in both taxing activities for Mississippi was witnessed in 1979 with tax effort up to 97 and tax capacity near 71. This pattern shifted somewhat by 1981 when tax effort decreased to 96 and capacity increased to 73. The final index graphed in 1983 showed tax effort down again to 95 with tax capacity having dropped back to 70 once more. These marginal changes during the recession period revealed the stability inherent in this state tax system. While both effort and capacity remained below the national average, it seemed apparent that in Mississippi tax effort far exceeded tax capacity and, furthermore, closely approximated the national index average.

The bar graph (see Figure 16) which showed 1983 tax capacity and tax revenue in the major tax bases of Mississippi indicated that a lower than national average amount of revenue was realized in all tax bases except the above average severance taxes and general sales tax,

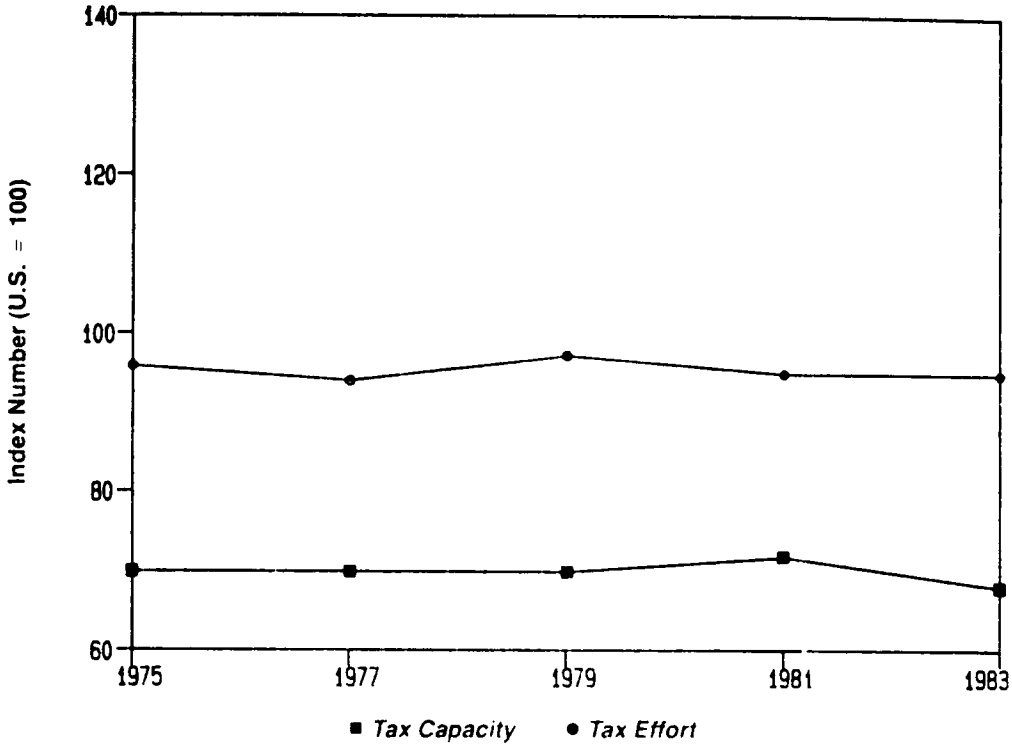


Figure 15. Total Tax Capacity and Tax Effort, 1975-83 for Mississippi.

Source: ACIR, 1983 Tax Capacity of the States, M-148, ACIR, Washington, D.C., April 1986.

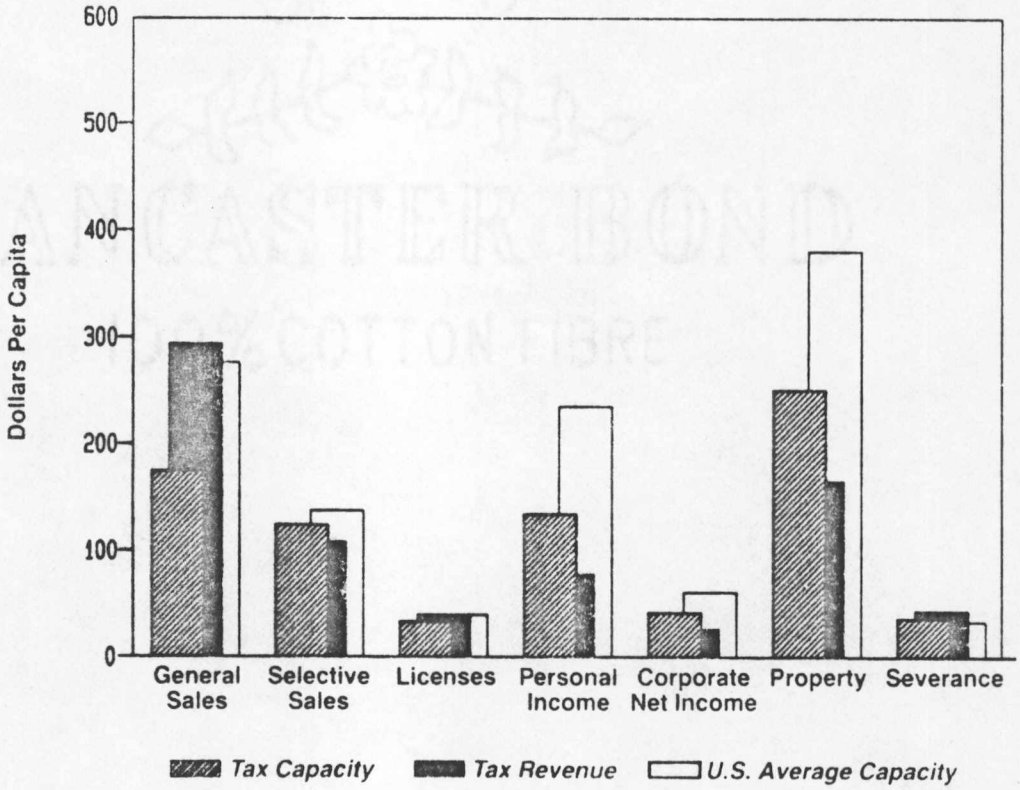


Figure 16. 1983 Tax Capacity and Tax Revenue Selected Tax Bases for Mississippi.

Source: ACIR, 1983 Tax Capacity of the States, M-148, ACIR, Washington, D.C., April 1986.

and license taxes which were equal. Low tax effort, demonstrated by lower tax revenues than tax capacity, was witnessed in the corporate net income tax, the property tax, personal income, and selective sales taxes. High effort, on the other hand, was indicated in the severance taxes, license taxes, and the general sales tax levies. The greatest variances between the state taxing activity for Mississippi and the U.S. index were the marked differences in the low state personal income tax and the property tax.

North Carolina

The overall tax effort for North Carolina was shown in the line graph (see Figure 17) to have been consistently equal or above the tax capacity for the state. The 1975 tax effort and capacity were almost equal at approximately 85. By 1977, tax effort had risen to about 87 and tax capacity dipped somewhat to about 84. The 1979 graph displayed tax effort having increased significantly to around 91 while capacity decreased to 83. This change continued in tax activity so that the 1981 figures revealed tax effort up even greater to near 95 while capacity declined further to 80. This trend reversed in pattern by 1983 when once more the tax effort and capacity were almost equal and measured around 87. While both effort and capacity in North Carolina remained lower than the national average throughout the observation interval, it seemed apparent that great effort was extended when compared to capacity even during the economically exigent years.

The bar graph (see Figure 18) which showed 1983 tax capacity and tax revenue of the major tax bases in North Carolina indicated a

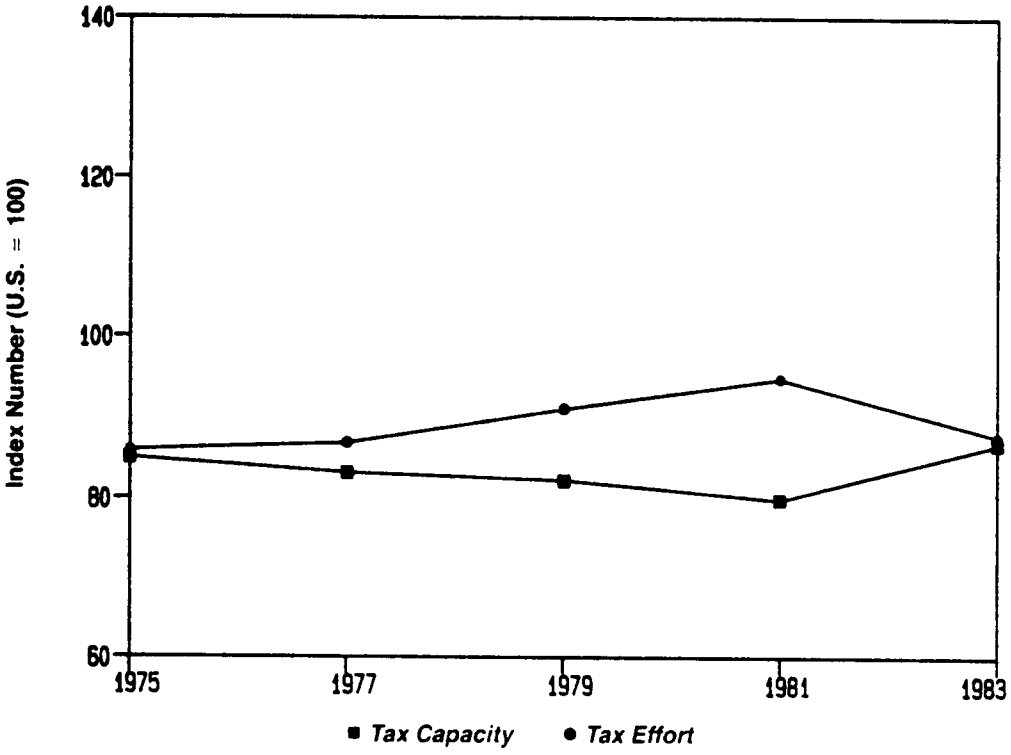


Figure 17. Total Tax Capacity and Tax Effort, 1975-83 for North Carolina.

Source: ACIR, 1983 Tax Capacity of the States, M-148, ACIR, Washington, D.C., April 1986.

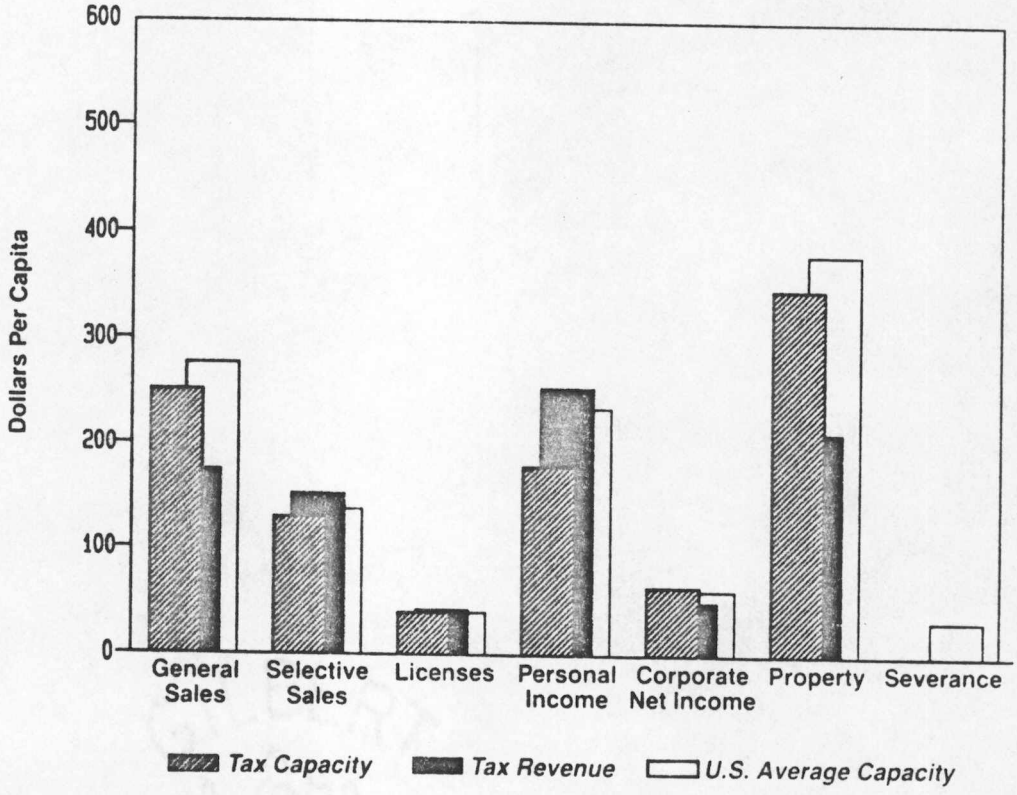


Figure 18. 1983 Tax Capacity and Tax Revenue Selected Tax Bases for North Carolina.

Source: ACIR, 1983 Tax Capacity of the States, M-148, ACIR, Washington, D.C., April 1986.

lower than national average revenue in the severance tax, property tax, corporate net income tax and general sales tax levies. Low tax effort, shown by lower revenue than capacity, was witnessed in the property tax, corporate net income, and general sales taxes. High tax effort, conversely, was demonstrated in the personal income tax, license taxes, and selective sales tax levies. Note should be taken that there was neither a tax revenue nor a tax capacity in North Carolina for severance taxes. The most diverse variance between the state taxing activity and the national average, other than the absence of a severance tax, was the very low tax revenue from property taxes even though tax capacity for this tax base neared the U.S. average.

South Carolina

The overall tax effort of South Carolina was show in the line graph (see Figure 19) to have been consistently above the tax capacity for the state. The 1975 graph indicated tax effort of about 85 and tax capacity around 77. This relationship remained practically constant so that the 1977 figures depicted tax effort around 86 and tax capacity still near 77. Some change was demonstrated by the 1979 measurements when tax effort increased to about 90 but capacity dipped slightly to 76. This pattern extended to the 1981 reading which displayed tax effort now up to nearly 95 and tax capacity having declined to 75. The final year of the observation period, 1983, indicated very little change in taxing activity with tax effort measured at 95 and capacity having risen slightly to 76. In South Carolina, both tax effort and capacity have remained below the U.S. average, but tax effort rose

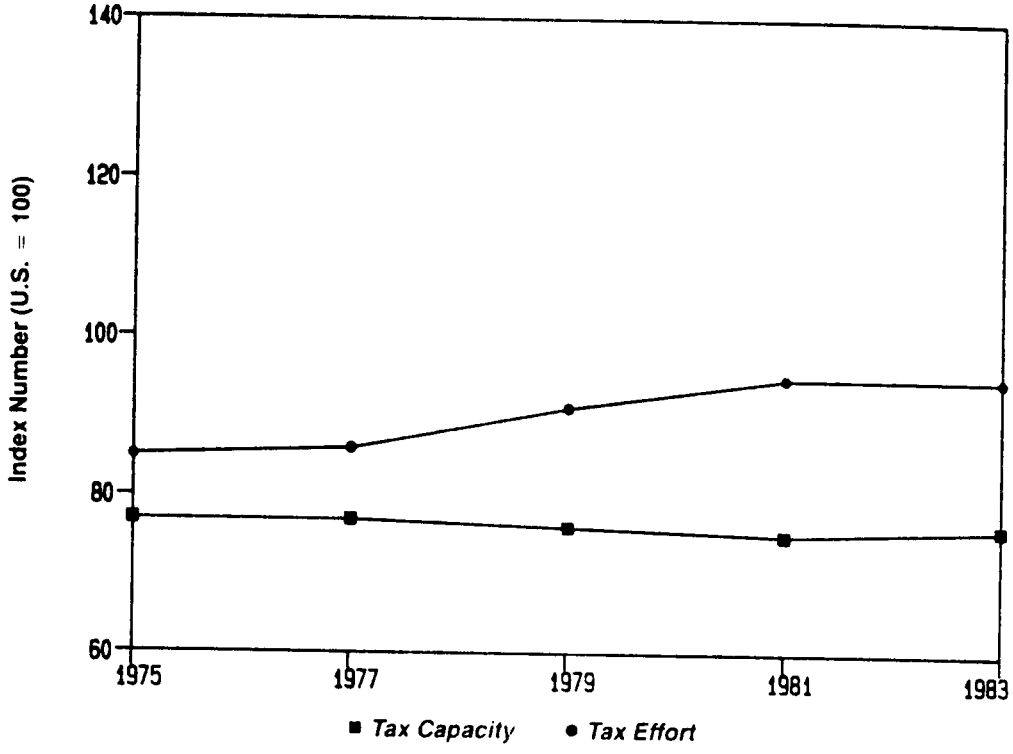


Figure 19. Total Tax Capacity and Tax Effort, 1975-83 for South Carolina.

Source: ACIR, 1983 Tax Capacity of the States, M-148, ACIR, Washington, D.C., April 1986.

significantly during the recessionary period to nearly the national average.

The bar graph (see Figure 20) which showed 1983 tax capacity and tax revenue of the major tax bases in South Carolina indicated that a lower than national average amount of revenue was realized in all the major tax bases except the selective sales taxes which equaled that average. Low taxing effort, shown by lower tax revenue than tax capacity, was indicated in the property tax, corporate net income tax, license taxes, and the general sales tax. On the other hand, high tax effort was demonstrated in the personal income tax and selective sales taxes. Note should be taken that in South Carolina neither severance tax revenue nor tax capacity existed. The most striking difference between the state and national taxing activity for South Carolina was witnessed in the low property tax revenue compared to capacity.

Tennessee

The overall tax effort for Tennessee was shown in the line graph (see Figure 21) to have been less than the tax capacity from 1975-1977 and then greater than the capacity from 1977-1983. The 1975 figures were approximately 83 for tax capacity and 79 for tax effort. By 1977 tax effort had dramatically increased to around 82 and tax capacity dropped to about 82 as well. The 1979 measures indicated a continued fluctuation in tax effort to near 90 while capacity declined to around 80. This relationship remained fairly constant so that in 1981 tax effort was still near 90 but tax capacity dipped marginally to 79. Pattern changes were initiated following 1981 so that the 1983 graph

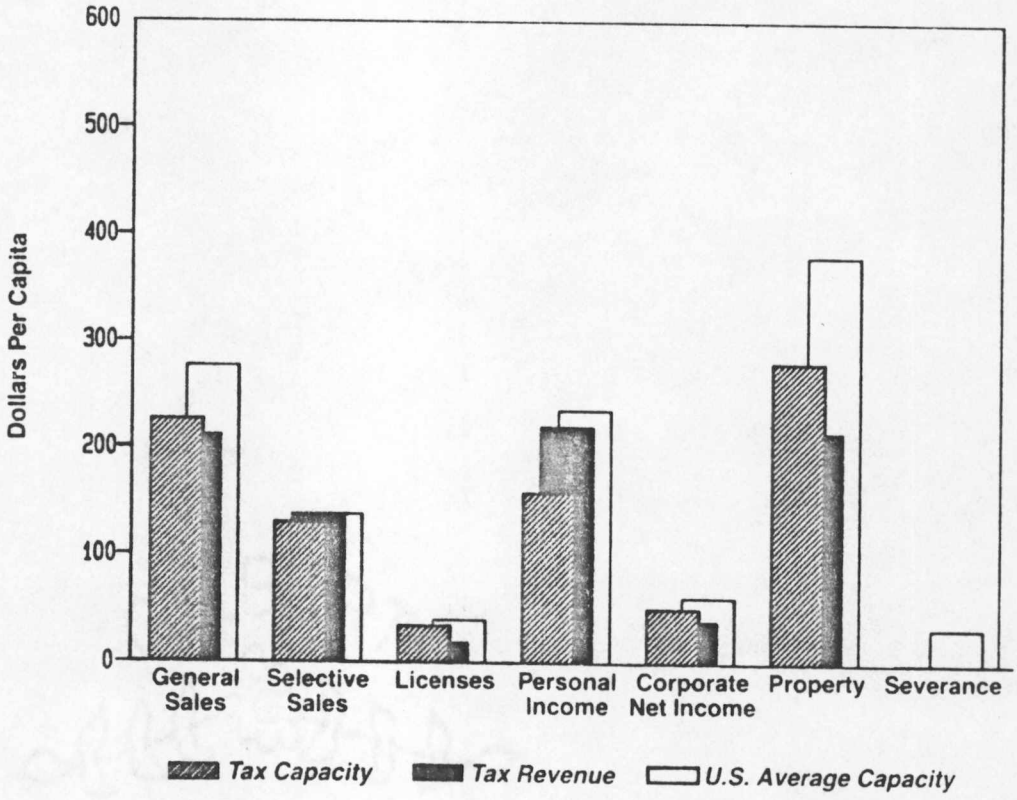


Figure 20. 1983 Tax Capacity and Tax Revenue Selected Tax Bases for South Carolina.

Source: ACIR, 1983 Tax Capacity of the States, M-148, ACIR, Washington, D.C., April 1986.

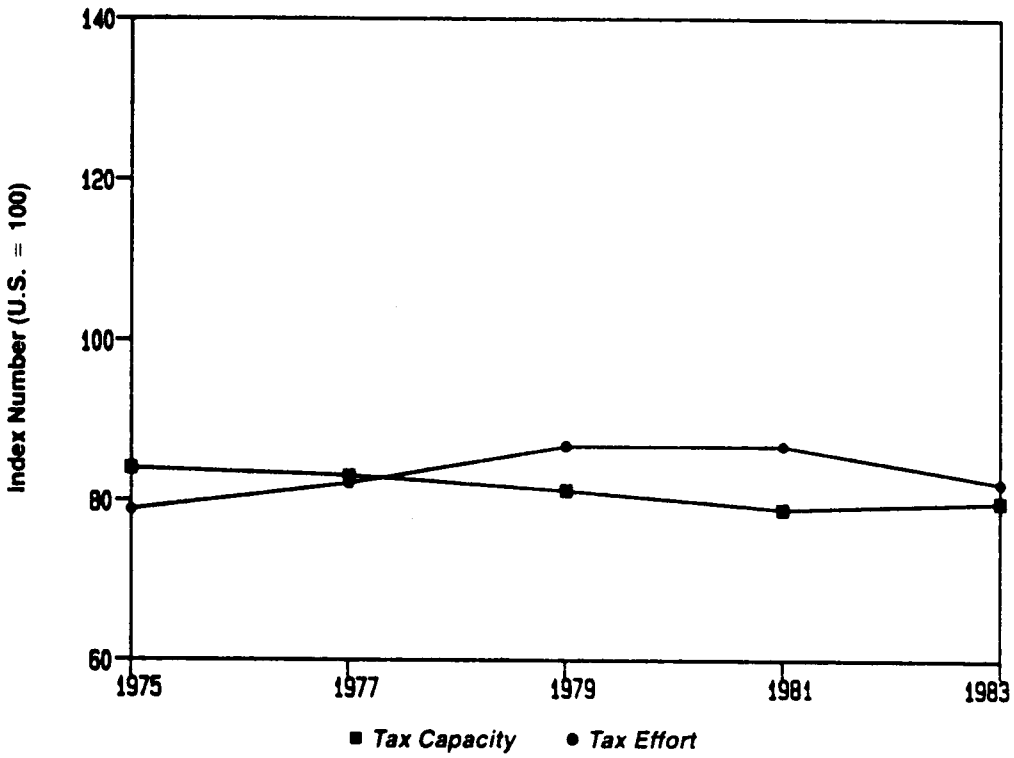


Figure 21. Total Tax Capacity and Tax Effort, 1975-83 for Tennessee.

Source: ACIR, 1983 Tax Capacity of the States, M-148, ACIR, Washington, D.C., April 1986.

represented tax effort down to about 83 while tax capacity increased to 81. Both tax effort and tax capacity have remained well below the national average throughout the observation interval. The dramatic pattern reversals witnessed among these taxing activities within the eight-year period studied seemed to point to some instability in Tennessee's tax system during the recessionary period.

The bar graph (see Figure 22) which showed 1983 tax capacity and tax revenue of the major tax bases in Tennessee indicated a lower than U.S. average revenue in every tax base except license taxes and the general sales tax. Low tax effort, produced less tax revenue than capacity was demonstrated in the property tax, corporate net income tax, personal income tax, and selective sales taxes. Conversely, high tax effort was exhibited in the license taxes and the general sales tax. The severance tax effort and capacity was too minimal for a comparison between the two taxing activities. The greatest discrepancies between the Tennessee revenue and capacity and the U.S. average occurred in the personal income tax which was only marginally imposed although near national average capacity was maintained and in the property tax which was much lower than the U.S. average. One outstanding feature displayed by the Tennessee bar graph was the high level of tax revenue for the general sales tax which significantly surpassed the national average capacity as well as the state capacity.

Virginia

The overall tax effort for Virginia was shown in the line graph (see Figure 23) to have been consistently less than the tax

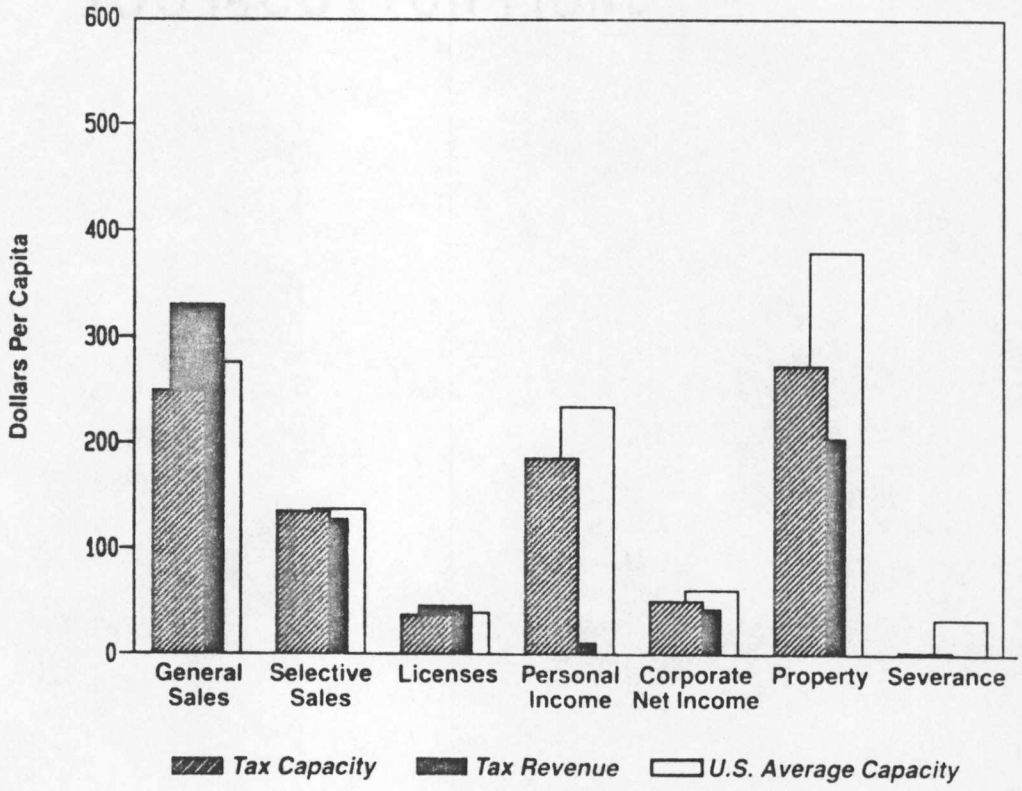


Figure 22. 1983 Tax Capacity and Tax Revenue Selected Tax Bases for Tennessee.

Source: ACIR, 1983 Tax Capacity of the States, M-148, ACIR, Washington, D.C., April 1986.

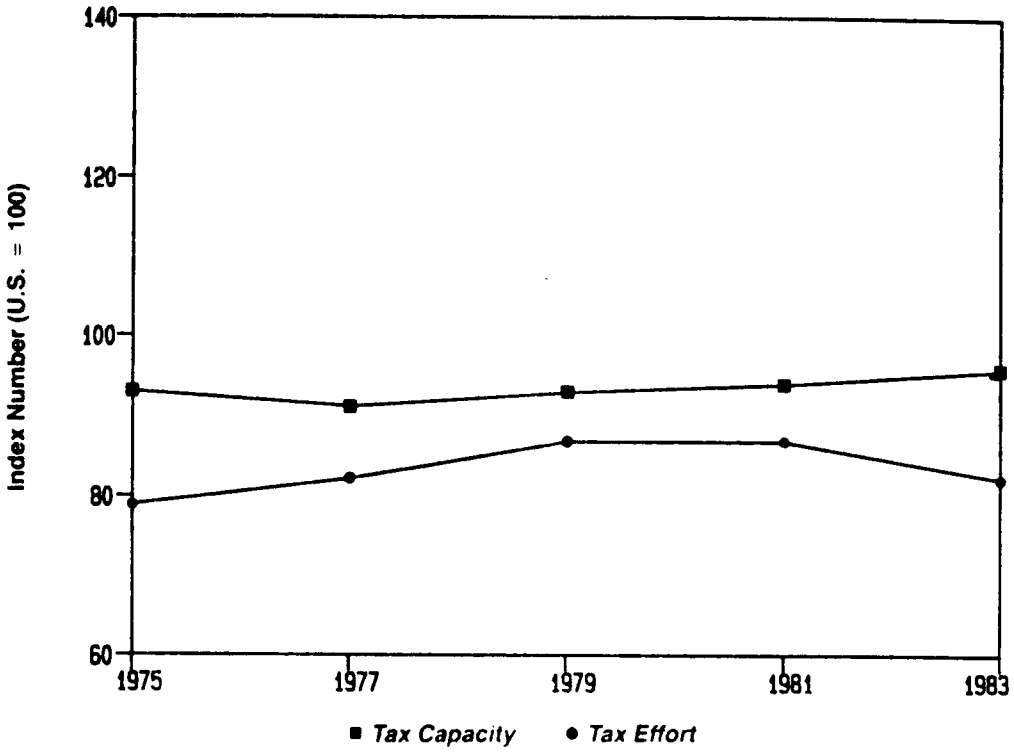


Figure 23. Total Tax Capacity and Tax Effort, 1975-83 for Virginia.

Source: ACIR, 1983 Tax Capacity of the States, M-148, ACIR, Washington, D.C., April 1986.

capacity for the state. The 1975 measures indicated tax capacity of about 93 and tax effort at about 79. Some pattern reversal began after 1975 so that in 1977 tax effort measured near 82 while tax capacity dipped to about 91. The 1979 record showed a continuation in this trend by a tax effort reading of about 87 and tax capacity now raised to near 93. The 1981 graph demonstrated a leveling off of tax effort still at 87 while tax capacity rose to about 95. The pattern changed again in diverse directions after 1981 so that in 1983 tax effort had dropped again to about 80 while tax capacity inclined to around 97. Of interest was the fact that while tax effort and tax capacity in Virginia both remained below the national index number throughout the observation interval, tax capacity was close to the U.S. average, but tax effort was held constant at a much lower level. Another striking feature was that little change in the taxing pattern occurred even within the recessionary period which indicated a stable tax system, and additionally, tax effort had to be extended only marginally during this economic exigency.

The bar graph (see Figure 24) which showed 1983 tax capacity and tax revenue of the major bases in Virginia indicated lower revenues than the national average in severance taxes, property tax, corporate net income tax, and the general sales tax. Low tax effort, demonstrated by lower revenues than state capacity, was exhibited in the property tax, corporate net income, and the general sales tax levies. Conversely, high tax effort was demonstrated in the personal income tax, license taxes, and selective sales taxes. The severance tax held

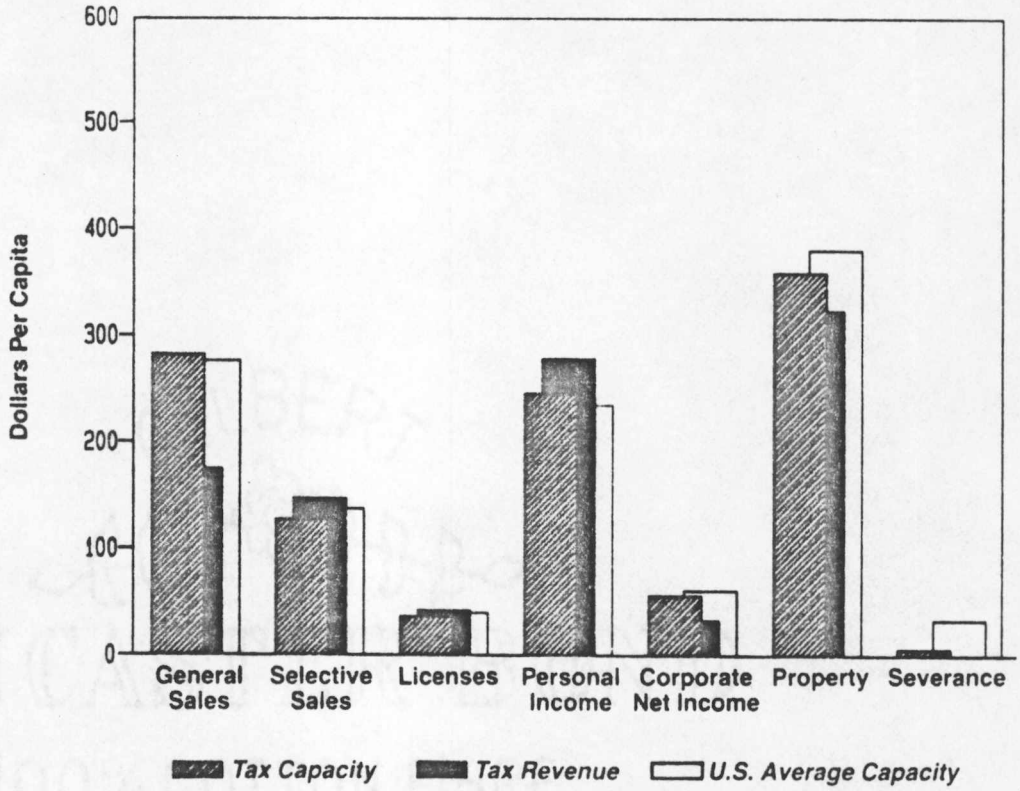


Figure 24. 1983 Tax Capacity and Tax Revenue Selected Tax Bases for Virginia.

Source: ACIR, 1983 Tax Capacity of the States, M-148, ACIR, Washington, D.C., April 1986.

only marginal tax capacity and showed no tax revenue. There was very little variance between the Virginia taxing activities and the U.S. average. Of marked difference from the other states studied were the higher than national average personal income tax revenue and the low general sales tax revenue even with a greater than U.S. average capacity. Additionally, the property tax revenue in Virginia measured quite close to the U.S. average capacity.

West Virginia

The overall tax effort for West Virginia was shown in the line graph (see Figure 25) to have been consistently lower than the tax capacity for the state except in 1983 when those figures were approximately equal. In 1975 tax effort was depicted at about 86 while tax capacity neared 90. Little variance occurred so that by 1977 tax effort was down to about 80 while tax capacity neared 91. A slight upward trend began after 1977 so that in 1979 tax effort had inclined to around 84 and tax capacity moved to about 93. A leveling-off period after 1979 resulted in the 1981 figures of tax effort about 85 and tax capacity at about 91. A pattern reversal was witnessed following 1981 so that by 1983 tax effort had risen, while tax capacity declined to an equal level of around 87. While both tax effort and tax capacity remained below the national index number throughout the period of observation, these figures maintained a stable and close relationship within state measures. Of interest was the fact that following the recessionary period tax effort surpassed tax capacity.

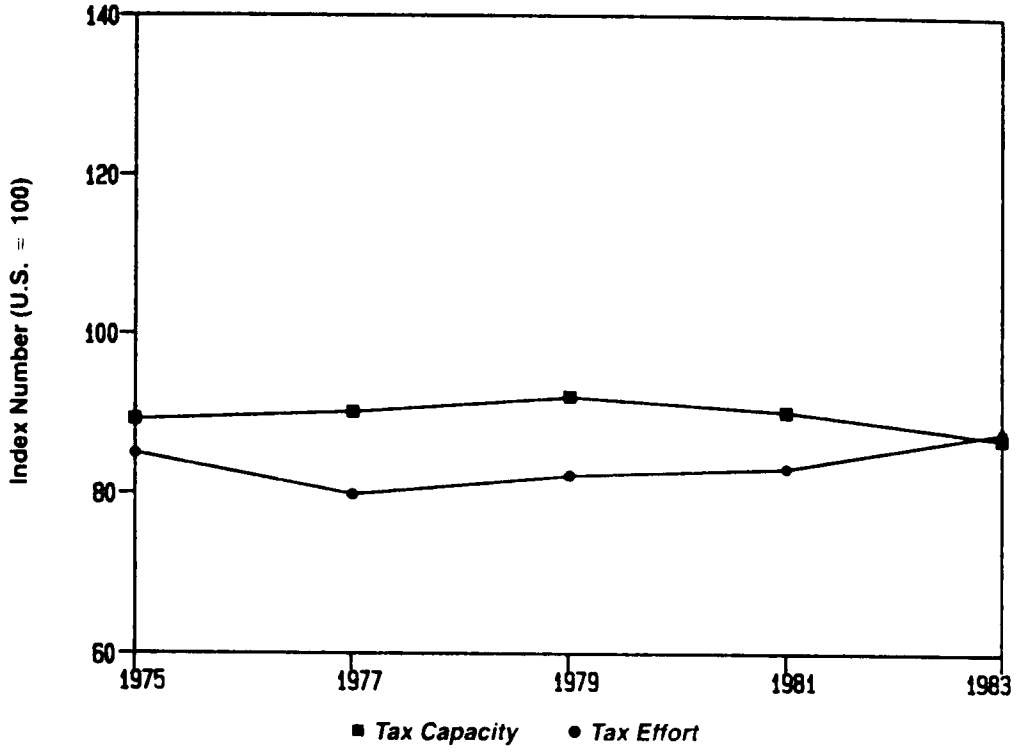


Figure 25. Total Tax Capacity and Tax Effort, 1975-83 for West Virginia.

Source: ACIR, 1983 Tax Capacity of the States, M-148, ACIR, Washington, D.C., April 1986.

The bar graph (see Figure 26) which showed tax capacity and tax revenue of the major tax bases in West Virginia showed lower than national capacity state tax revenues in every tax base except the severance tax and the general sales tax which exceeded the U.S. average and the license taxes which equaled that figure. Low tax effort, demonstrated by less tax revenue than capacity for the state, was witnessed in the property tax, the corporate net income tax, and the selective sales taxes. On the other hand, high tax effort was realized in the general sales tax. The tax effort equaled the tax capacity in both the personal income tax and the license taxes. The greatest discrepancy between the West Virginia tax activity and the national average was found in the low property tax within the state. Of interest was the fact that West Virginia fully imposed the personal income tax at an equal level as the tax capacity. Additionally, the general sales tax revenue greatly exceeded state capacity and extended higher than the national average capacity.

In comparing these data for the 12 Southeastern states, it was found that in overall state capacity and effort represented by the line graphs, all state tax capacity figures fell below the U.S. average capacity consistently except in Florida and in Louisiana (1979-1983). All Southeastern states exerted lower than U.S. average tax effort in every observation period. Mississippi made the greatest tax effort at about 95, compared to the U.S. average of 100.

The bar graphs which represented tax effort and capacity of the major tax bases depicted some interesting characteristics relative

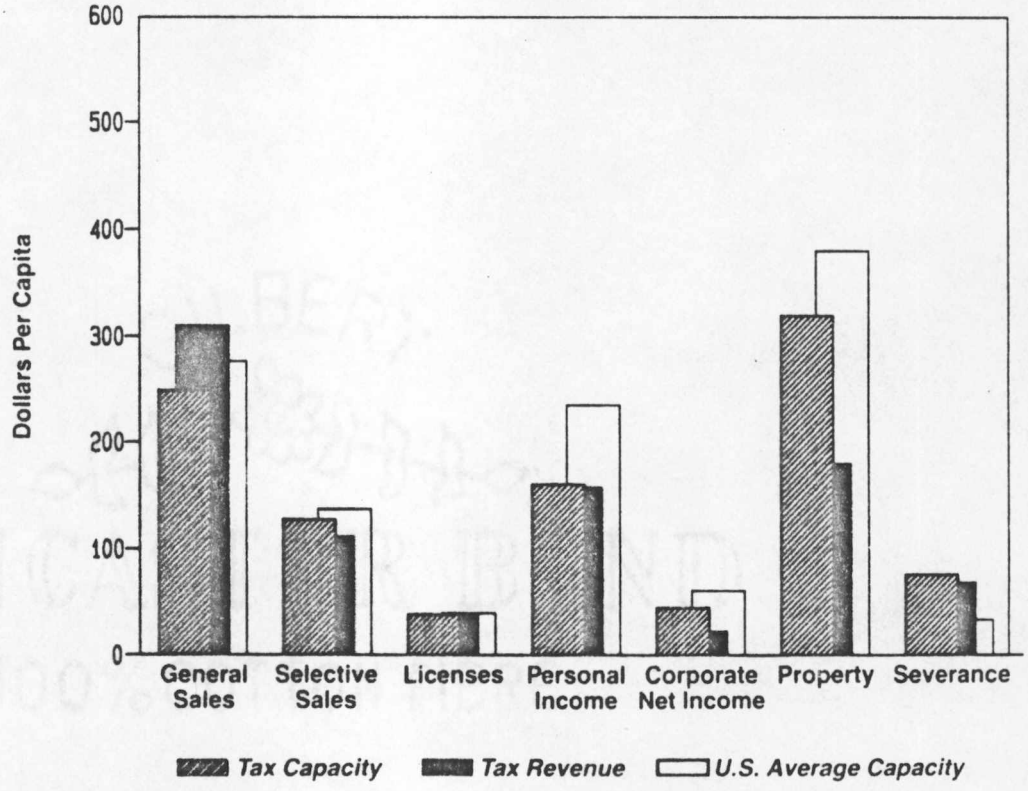


Figure 26. 1983 Tax Capacity and Tax Revenue Selected Tax Bases for West Virginia.

Source: ACIR, 1983 Tax Capacity of the States, M-148, ACIR, Washington, D.C., April 1986.

to the Southeastern states. The general sales tax was used at a greater effort than capacity in half of the states. Selective sales taxes effort about equaled both the capacity of the state and the U.S. average, with great excess in only Alabama and Florida. License taxes effort, likewise came close to other capacity measures except where little effort was evident in South Carolina. Personal income tax effort was relatively low in Louisiana, Mississippi, and Tennessee with none in Florida. All other states maintained equal or greater tax effort with capacity in utilizing the personal income tax. Corporate net income tax effort was low in every state except Louisiana. Property tax effort compared to tax capacity was low in every Southeastern state without exception. Severance taxes were practically non-existent in every state except Kentucky, Mississippi, and West Virginia where high effort was extended. Alabama had about equal tax effort with capacity for severance taxes.

Step 3: Utilization of Revenue Potential

The first set of data which indicated state and local tax ability (capacity) and utilization was a five-year collection (Quindry and Schoening: 1979-1982) for the years 1977-1981 (see Tables A-51 thru A-55, Appendix). This discussion was centered on the utilization of the major taxes because state tax ability and effort were covered in Step 1. In 1977, the average state percent of ability utilized was 79.4 percent compared to the U.S. average of 95.4 percent. Every state utilized the general sales taxes at over 100 percent except Arkansas, Kentucky, North Carolina, and Virginia. Likewise, every state utilized

selective sales taxes at greater than 100 percent except Arkansas, Kentucky, Louisiana, and Mississippi. Very low utilization of the property tax was witnessed in 1977. The lowest state in this measure was Alabama (25.8 percent) and the highest state was Florida (76.9 percent). The utilization of individual income taxes varied widely from Florida (none) and Tennessee (3.8 percent) to North Carolina (101.4 percent). Utilization of corporate income taxes varied also with the range from West Virginia (31.8 percent) to South Carolina (99.1 percent). By 1981, the average percent of ability utilized by the selected states was 83.2 percent. Identical characteristics for the major tax base utilizations held true throughout the period and for 1981 also.

The summary table (see Table 22) revealed that the greatest increase in percentage of ability utilized between 1977 and 1981 was in North Carolina (+14.6) followed by South Carolina (+10.2) and Alabama (+9.4). The least amount of increase in utilization was in Tennessee (+0.4). The only state which dropped in the percentage of utilization within the five-year term was Florida (-0.5).

The second set of data showing state utilization of taxes was prepared by Quindry and Schoening (1978-1982) for the five-year period of 1977-1981. These data (see Tables A-56 thru A-60, Appendix) demonstrated the amount of revenue yields collected, the amount of potential that was not taxed and total unutilized revenue ability. The 1977 data reflected that Florida failed to utilize the greatest amount ($1,258,505,000) of revenue potential with North Carolina next highest at $918,496,000 unutilized. Mississippi made use of the most available

TABLE 22

SUMMARY OF STATE AND LOCAL TAX ABILITY AND EXTENT OF UTILIZATION: 1977-1981

State	1977 Tax Effort	1977 Tax Ability	Percentage of Ability Utilized 1977	1981 Tax Effort	1981 Tax Ability	Percentage of Ability Utilized 1981	Change in Tax Effort 1977-1981	Change in Tax Ability 1977-1981	Change in Percentage of Ability Utilized 1977-1981
Alabama	$1,920,354	$2,655,923	72.3	$2,973,214	$ 3,639,175	81.7	$+1,052,860	$+ 983,252	+9.4
Arkansas	1,073,713	1,468,775	73.1	1,569,161	2,023,117	77.6	+ 495,448	+ 554,342	+4.5
Florida	5,445,502	6,926,269	78.6	8,411,876	10,767,568	78.1	+2,966,374	+3,841,299	-0.5
Georgia	3,104,106	3,749,302	82.8	4,673,447	5,288,052	88.4	+1,569,341	+1,538,750	+5.6
Kentucky	2,092,285	2,624,755	79.7	2,886,770	3,528,633	81.8	+ 794,485	+ 903,878	+2.1
Louisiana	2,520,665	3,260,988	77.3	4,145,770	5,206,596	79.6	+1,625,105	+1,945,608	+2.3
Mississippi	1,285,206	1,493,170	86.1	1,823,754	2,055,880	88.7	+ 538,548	+ 562,710	+2.6
N. Carolina	3,329,780	4,071,680	81.8	4,772,902	5,524,449	96.4	+1,443,122	+1,452,769	+14.6
S. Carolina	1,609,989	2,013,054	80.0	2,464,335	2,732,772	90.2	+ 854,346	+ 719,718	+10.2
Tennessee	2,538,531	3,129,883	81.1	3,518,627	4,316,377	81.5	+ 980,096	+1,186,494	+0.4
Virginia	3,550,148	4,349,698	81.6	5,124,694	6,072,341	84.4	+1,574,546	+1,722,643	+2.8
W. Virginia	1,175,103	1,486,122	79.1	1,650,958	2,057,634	80.2	+ 475,855	+ 571,512	+1.1

NOTE: Dollar amounts are in thousands.

SOURCE: Adapted from Kenneth E. Quindry and Niles C. Schoening, State and Local Tax Performance, 1977-1981. SREB, Atlanta, GA, 1979-1982.

potential revenue, leaving an unutilized amount of $62,826,000. There have been some noticeable changes within the five-year period (see Table 23). Alabama's total unutilized potential in 1977 was $547,963,000 and by 1980 that figure was $457,612,000, but a drastic drop occurred by 1981 when the total was $129,394,000. Florida's unutilized amount increased from the 1977 figure above to a 1981 total of $3,156,155,000 with a greater influx in 1980 to total $4,150,154,000. Georgia had left unused $467,550,000 in 1977 and by 1980 that figure dropped to $153,994,000, then rose again to $909,658,000 in 1981. The low 1977 total for Mississippi declined further so that the 1980 unutilized amount was $49,001,000; but that figure jumped several times to a 1981 total of $189,705,000. Tennessee's unutilized potential amounted to $599,878,000 in 1977, increased by 1980 to $771,147,000, and continued to climb by 1981 to $945,388,000. It was concluded, then, that during this five-year observation period, Alabama, North Carolina, South Carolina, and Virginia improved taxing methods which produced decreased amounts of unused revenue potential (ability) by 1981. Arkansas, Kentucky, Louisiana, and West Virginia remained approximately the same in terms of revenue use. Florida, Georgia, Mississippi, and Tennessee increased significantly in amounts of revenue left uncollected between 1977 and 1981, thereby having shown no improvement in potential utilization.

The final set of data which displayed the utilization of state and local tax ability (capacity) included the documentation of amounts collected at an above-average or below-average rate for the Southeastern states by tax base with a summation of net unutilized

TABLE 23

SUMMARY OF STATE AND LOCAL NET UNUTILIZED TAX ABILITY, FOR TAX AND NONTAX SOURCES: 1977-1981

State	1977 Net Unutilized Ability, Nontax Revenue	1977 Net Unutilized Ability, Tax Revenue	1977 Total Net Unutilized Ability	1981 Net Unutilized Ability, Nontax Revenue	1981 Net Unutilized Ability, Tax Revenue	1981 Total Net Unutilized Ability	1977-1981 Change in Net Unutilized Nontax Ability	1977-1981 Change in Net Unutilized Tax Ability	1977-1981 Change in Total Net Unutilized Ability
Alabama	$-187,605	$ 735,569	$ 547,963	$-536,566	$ 665,961	$ 129,394	$348,961	$ 69,608	$ 418,569
Arkansas	4,568	395,062	399,630	37,109	453,956	491,065	32,541	58,894	91,435
Florida	-222,261	1,480,767	1,258,505	800,463	2,355,692	3,156,155	578,202	2,206,925	1,897,650
Georgia	-177,645	645,196	467,550	295,053	614,605	909,658	117,408	30,591	442,108
Kentucky	32,825	532,470	565,294	-63,507	641,863	578,355	30,682	109,393	13,061
Louisiana	-304,694	740,323	435,627	-544,952	1,060,826	515,873	240,258	320,503	80,246
Mississippi	-145,137	207,964	62,826	-42,419	232,126	189,705	102,718	24,162	126,879
N. Carolina	176,596	741,900	918,496	142,263	751,547	893,810	34,333	9,647	24,686
S. Carolina	-84,720	403,065	318,344	-63,817	268,437	204,620	20,903	134,628	113,724
Tennessee	8,527	591,352	599,878	147,637	797,750	945,388	139,110	206,398	345,510
Virginia	149,868	799,550	949,418	-116,777	947,647	830,869	33,091	148,097	118,549
W. Virginia	64,093	311,019	375,111	-25,427	406,676	381,249	38,666	95,657	6,138

NOTE: All dollar amounts are in thousands.

SOURCE: Adapted from Kenneth E. Quindry and Niles Schoening, State and Local Tax Performance, 1977-1981. SREB, Atlanta, GA, 1978-1982.

potential presented (see Tables A-61 thru A-144, Appendix). These data (Quindry and Schoening: 1976-1982) were recorded for each Southeastern state and for the years 1975-1981 (every available year which the data were produced). This particular collection of information proved to be of substantial value and interest due to the reported amounts of actual yield collected for individual tax categories in comparison with the other selected states.

1975 Utilization of State and Local Tax Ability

The 1975 data clearly indicated that Florida held the greatest amount of unutilized potential which totaled $1,210,415,000. Conversely, the two states which showed the least amounts of unutilized revenue were Mississippi ($104,180,000) and West Virginia ($150,611,000). In terms of tax base utilization, every selected state collected above-average yields for general sales taxes except Arkansas, Kentucky, North Carolina, and Virginia. All 12 states collected above-average yields in some of the selective sales levies, with public utilities taxes and alcoholic beverages taxes having constituted the greatest sums above average. Prominent among the states was Tennessee which was the only Southeastern state that collected an above-average amount of death and gift taxes. Every selected state collected below-average yields of individual income taxes, while Tennessee, North Carolina, South Carolina, Kentucky, and Arkansas were alone in above-average collections of corporate income taxes. Five states collected above-average amounts of state alcoholic beverage license taxes: Alabama, Florida, Mississippi, South Carolina, and West Virginia. Four

states over-utilized the motor vehicle license: Florida, Tennesee, Virginia, and West Virginia. All 12 states overused the motor fuels tax. The severance tax contributed an above-average yield only in Kentucky, Louisiana, and Mississippi. The transfer tax was above average in: Florida, Virginia, and Tennessee. The general property tax was collected at below-average rates for every state-local system under study. The individual income tax was likewise collected at a below-average rate in all states. Florida failed to utilize the greatest amount of individual income revenue at $997,051,000 with Tennessee next at $409,540,000.

An evident characteristic among the Southeastern states was the glaring overuse of the regressive tax bases with the concomitant below-average use of progressive taxes. The states which most over-utilized these regressive taxes included: Tennesee (10 tax bases), West Virginia and Florida (8 tax bases each), and Alabama, Mississippi, and Virginia (7 tax bases each). The remaining states overused 5 or 6 tax bases with Arkansas the least at 4 overused tax bases. On the other hand, the states which most underutilized tax bases included: Arkansas (11), Kentucky, Georgia, and North Carolina (19 each), and Louisiana and South Carolina (9 each). The remaining states taxed at below-average rates in 7 or 8 tax bases, with Tennessee under-utilizing only 5 tax bases.

1976-1981 Utilization of State and Local Tax Ability

Very few changes occurred in the utilization of state-local tax abiity within the ensuring six-year interval.

In Alabama, alcoholic beverage licenses shifted to a below-average collection and motor fuels taxes decreased, but then returned to above-average rates.

In Arkansas, the corporate income tax shifted to below-average rates, while motor vehicle licenses were taxed at above-average rates from 1980-1981.

In Florida, severance taxes joined the list of above-average collections.

For Georgia, motor fuels taxes dipped to below-average rates in 1977-1979, but resumed above-average rates in 1980 and 1981.

For Kentucky, the severance tax shifted to below-average utilization in 1976-1978, was above average again in 1979, then below average for 1980 and 1981.

In Louisiana, the corporate income tax shifted to an above-average rate in 1978 and remained so through 1981. Motor fuels taxes changed to below-average utilization in 1979, jumped back up in 1980, then decreased again in 1981. The severance tax shifted to below average in 1980 and 1981.

In Mississippi, the only alteration occurred in 1980 when the state alcoholic beverage license tax shifted to below-average utilization and remained so in 1981.

For North Carolina, the corporate income tax jumped to below-average collection in 1976 and remained below average through 1981. The individual income tax was utilized at above-average rates in 1977, down in 1978, and up again in 1979-1981.

In South Carolina, the corporate income tax was changed to a below-average utilization in 1976 and remained in this condition through 1981.

In Tennessee, the corporate income tax was altered to a below-average use in 1976 and remained so through 1981. Motor fuels tax shifted to below average in 1977-1979, but became over-utilized again in 1980, then dropped to below average once again in 1981. The "other" selective sales taxes jumped to above-average collections for 1977 and 1978 only.

In Virginia, the only change between 1975 and 1981 was the shift of the transfer tax to a below-average collection in 1980 and 1981.

In West Virginia, there was no alteration of tax collections between 1975-1981.

Hence, in Step 3, the utilization of revenue potential in the Southeastern states was analyzed by examination of three sets of data which presented evidence of this taxing activity. These data reflected a five-year period from 1977-1981 or a seven-year period from 1975-1981 because those were the years in which Dr. Kenneth Quindry and Dr. Niles Schoening conducted the research and no similar data have been produced since that time. Some overall conclusions concerning revenue utilization may be drawn from these data. Florida possessed the most unutilized potential, while Mississippi and West Virginia held the least unutilized revenue. Most of the Southeastern states overused the regressive tax bases, consumption-related revenues in particular, and under-utilized progressive tax bases such as income-related revenues.

All states in the Southeast underused the property tax at the state-local levels. Tennesee over-utilized the most regressive taxes (10) of all the states examined.

The summary table of total utilized potential from 1975-1981 (see Table 24) indicated the total amounts of net ability (excess of "below-average" yields over "above-average" yields) which was not utilized by each of the Southeastern states. Florida witnessed the greatest increase during the seven-year period from $1,211,415,000 unutilized in 1975 to $2,355,692,000 in 1981. This rise represented an unutilized potential multiplied 1.94 times during this interval. The smallest growth in unutilized potential was realized in South Carolina at only $4,769,000 between 1975 and 1981. Other states which held relatively low amounts of unutilized potential included Mississippi, Alabama, Georgia, and Arkansas. The state with the greatest unutilized total other than Florida was Louisiana which increased $691,511,000 between 1975 and 1981.

In the quest for an answer to satisfy Question 5, three steps were implemented. The overall state fiscal capacity and effort were examined, then state capacity and effort were examined, then state capacity and effort with a comparison of the individual major tax bases was viewed, and finally the state-local utilization of revenue potential was observed by total tax structure and by major tax bases. Based on these wide-ranged data collections, several responses to the question posed were reached. In terms of tax capacity in the Southeastern states, Florida, Louisiana and Virginia possessed the greatest fiscal capacity, while Mississippi held the least capacity. In

TABLE 24

SUMMARY OF TOTAL NET UNUTILIZED POTENTIAL IN THE SOUTHEASTERN STATES: 1975-1981

State	1975 Total	1976 Total	1977 Total	1978 Total	1979 Total	1980 Total	1981 Total	Total Change Between 1975 and 1981
Alabama	$ 505,379	$ 614,842	$ 735,569	$ 754,121	$ 745,880	$ 766,266	$ 665,961	$ 160,582
Arkansas	263,805	350,421	395,062	433,158	445,629	377,805	453,956	190,151
Florida	1,211,415	1,362,301	1,480,767	1,659,714	1,508,167	1,937,536	2,355,692	1,144,277
Georgia	444,229	555,026	645,196	682,216	559,254	564,661	614,605	170,376
Kentucky	306,160	418,311	532,470	569,031	490,746	617,709	641,863	335,703
Louisiana	369,315	495,516	740,323	719,242	684,920	966,159	1,060,826	691,511
Mississippi	104,180	153,408	207,964	239,248	183,262	240,160	232,126	127,946
N. Carolina	501,319	631,874	741,900	829,713	767,008	654,547	751,546	250,227
S. Carolina	263,641	313,870	403,065	384,024	321,875	303,145	268,437	4,796
Tennessee	508,168	608,592	591,352	664,649	678,468	845,524	797,750	289,582
Virginia	550,579	688,914	799,550	836,849	796,474	909,050	947,647	397,068
W. Virginia	150,611	207,387	311,019	358,898	283,086	358,154	406,676	256,065

NOTE: Dollar amounts are in thousands.

SOURCE: Adapted from Kenneth E. Quindry. (Series.) State and Local Revenue Potential 1975 and 1976, and State and Local Tax Performance 1977-1981. SREB, Atlanta, GA. 1976-1982.

terms of tax effort, Mississippi and South Carolina exerted great effort due to low revenue resources, while North Carolina and Virginia typically made efforts with a bulk of available resources to expend. The most outstanding taxing effort, however, was put forth by Georgia, which captured an average tax collection and capacity, yet exerted almost the highest taxing effort. And finally, in terms of utilization, Florida under-utilized its potential at the highest levels, while Mississippi and West Virginia most closely utilized what potential they held. All of the Southeastern states over-utilized many regressive taxes and under-utilized the more progressive taxes. Of all states studied, Tennessee most over-utilized regressive tax bases.

Question 6. Which tax mixes produced the best state tax structures, relative to the criteria evaluated (elasticity, equity, and yield), and had the highest levels of revenue potential which imposed the most equitable taxpayer burden?

In response to the question posed, the TSQI was implemented with calculations being executed for each of the selected states, and for the major tax bases thereof. (See Tables A-145 thru A-156, Appendix.) The first measure of tax structure quality performed was that for tax structure equity. The progressivity value for the state revenue systems was acquired by employment of the T_s formula:

$$T_s = \frac{(X_5 \times 35) + (X_6 \times 15) + (X_7 \times 14) + (X_8 \times 50) + (X_9 \times 14)}{R_5}$$

The T_s value was then added to the T_1 value for the progressivity of local taxes which finance public schools. The T_1 value is derived from:

$$T_l = \frac{(X_{10} \times 14) + (X_{11} \times 14)}{R_3}$$

The $T_s + T_l$ progressivity values were found to vary between a low of 18.2 for Florida and a high of 27.1 for Virginia, with most scores falling between 21-25. (See Table 25). These values were then recorded in the TSQI for each state in the appropriate category: regressive (1-16), proportional (17-33), and progressive (34-50). States were ranked by $T_s + T_l$ scores.

The second measure of tax structure quality calculated was to determine educational equity. The progressivity value for revenues to fund public schools received from all governmental levels (federal, state, and local) was obtained from completion of the T_e formula:

$$T_e = \left(\frac{R_1}{R} \times 39.90\right) + \left(\frac{R_2}{R} \times T \begin{array}{l}\text{Value of the} \\ \text{state revenue}\end{array}\right) + \left(\frac{R_1}{R} \times T \begin{array}{l}\text{Value of local} \\ \text{revenue used} \\ \text{for schools}\end{array}\right)$$

It should be noted that 39.90 was the standard quantity utilized by the NEFP to calculate all federal revenues, and was, therefore, applied here also. The T_e progressivity values ranged from 13.2 for Florida to 21.6 for Alabama, with most scores falling within the 17-20 range. (See Table 25.)

The third empirical observation given by the TSQI was for revenue elasticity. The revenue elasticity score reflected the response of each state tax mix to economic changes during the 1975-1984 decade and was calculated from the following equation:

$$E_1 = \frac{\text{percent change in tax yield}}{\text{percent change in state income}}$$

TABLE 25

PROGRESSIVITY VALUES OF STATE AND LOCAL TAXES WHEN COMPARED TO THE FEDERAL INCOME TAX
*NEFP FORMULAS USED FOR CALCULATIONS

State	Progressivity Value of All State Taxes Combined = T_s	Progressivity Value of Local Taxes for Public Schools = T_l	Progressivity Value of State and Local Taxes for Schools = $T_s + T_l$	Progressivity T_e Value of All Revenues for Schools = T_e	Ranking of States High to Low
Alabama	23.1	.198	23.3	21.6	6.5
Arkansas	24.5	.086	24.6	18.7	5
Florida	18.1	.103	18.2	13.2	11
Georgia	25.1	.098	25.2	16.6	3
Kentucky	23.1	.134	23.2	20.4	6.5
Louisiana	21.5	.091	21.6	15.4	9
Mississippi	22.3	.141	22.4	19.8	8
North Carolina	26.8	.110	26.9	20.6	2
South Carolina	24.6	.076	24.7	17.4	4
Tennessee	20.7	.083	20.8	13.9	10
Virginia	27.0	.058	27.1	14.5	1
West Virginia	22.5	.080	22.6	17.4	7

*SOURCE: Roe L. Johns and Kern Alexander. Alternative Programs For Financing Education. Gainesville, Florida: NEFP, 1971: 253-263.

NOTE: License taxes rather than estate and gift taxes were calculated (X_4) due to the extended use of license taxes in the Southeastern States.

This process was completed for each major tax base and for the total revenue system of each state. It was concluded that every Southeastern state tax structure ranked below 1.00 (meaning that the tax mix in inelastic) except Kentucky, Louisiana, and West Virginia. (See Table 26.) The states which most closely approximate an elastic ranking of 1.00 included: Georgia and Alabama. Florida's tax system showed the lowest revenue elasticity of .73 while Tennessee followed with a value of .77. It should be noted additionally that the elasticity figure for each major tax base was reported in order to display clearly which taxes do not respond well to economic changes. The TSQI value, however, reflected only the total average state elasticity.

The fourth required assessment for the TSQI was for educational elasticity (see Table 26). This figure represented the response of the state structures to change in terms of educational funding, by comparison of per pupil expenditures, to change in per capita income. Equity ratios were arrived at by:

$$E_2 = \frac{\text{Percent change in PPE}}{\text{Percent change in per capita income}}$$

Four states (Georgia, Louisiana, South Carolina, and Tennessee) ranked greater than 1.00 which indicated an elastic structure response for education. West Virginia ranked 2.24, but this figure is skewed due to use of ADA rather than ADM for the mathematical process. The lowest elasticity ratio was for North Carolina, that being only .52. Arkansas was also proved to demonstrate great inelasticity with a score of .64.

The final quality index characteristic obtained was for yield. The total current (1984-1985) revenue yield was reported in thousands

TABLE 26

TSQI SUMMARY TABLE 1984-1985

State	Tax Structure Equity	Educational Equity	Revenue Elasticity	Educational Elasticity	Yield	TSQI Summative Value
Alabama	23.3 = 2	21.6 = 2	.98 = 1	.98 = 1	2	8
Arkansas	24.6 = 2	18.7 = 2	.88 = 1	.64 = 1	2	8
Florida	18.2 = 2	13.2 = 1	.73 = 1	.81 = 1	1	6
Georgia	25.2 = 2	16.6 = 2	.99 = 1	1.37 = 3	3	11
Kentucky	23.2 = 2	20.4 = 2	1.02 = 3	.97 = 1	2	10
Louisiana	21.6 = 2	15.4 = 1	1.28 = 3	1.68 = 3	2	11
Mississippi	22.4 = 2	19.8 = 2	.84 = 1	.71 = 1	1	7
N. Carolina	26.9 = 2	20.6 = 2	.96 = 1	.52 = 1	3	9
S. Carolina	24.7 = 2	17.4 = 2	.96 = 1	1.83 = 3	2	10
Tennessee	20.8 = 2	13.9 = 1	.77 = 1	1.04 = 3	1	8
Virginia	27.1 = 2	14.5 = 1	.89 = 1	.73 = 3	3	8
W. Virginia	22.6 = 2	17.4 = 2	1.01 = 3	2.24 = 3*	1	11

*ADA rather than ADM.

of dollars. The tax structures were then divided into three classifications of tax types: consumption, income, and other. The percent of yield derived from each of these tax categories was displayed to present a clear view of the diversification of revenue utilization and was used for the TSQI value. The TSQI value was determined by examination of tax utilization as: regressive domination (mostly consumption taxes), relatively balanced, or progressive diversification (balanced income tax use with consumption tax use). It was found that the states varied in tax diversification with progression demonstrated by Georgia, North Carolina, and Virginia. The most regressive states included Florida, Mississippi, Tennessee, and West Virginia. (See Table 26.)

The TSQI summative values (Table 26) indicated the highest totals for Georgia and Louisiana (11), then Kentucky and South Carolina (10). The lowest score was reached by Florida (6), with the lowest possible TSQI ranking being 5. None of the Southeastern states came near the highest possible TSQI value of 15. An interesting result of the index analysis was that four states (Alabama, Arkansas, Tennessee, and Virginia) received an identical TSQI value of 8. Mississippi scored just below these states with a 7, while North Carolina topped them slightly at 9. Note should be made that the West Virginia TSQI total of 11 was not considered to be valid. Hence, some similarity in totals was witnessed, but a marked disparity in the five qualities analyzed was indicated.

The TSQI summary table displayed the various criterion values for characteristic qualities within each state tax structure. Because

the Southeastern states generally exhibited similar traits which often fell within the same interval on the TSQI, little differentiation between states was revealed. Therefore, the TSQI ranking table (see Table 27) was created in order to rank states based on actual obtained values for the evaluated criteria from the TSQI. These rankings, then, afforded a more discriminating evaluation of the current state tax systems.

The TSQI ranking table distinguished many features pertaining to the 1984-1985 tax structures of the selected states under study. In terms of tax structure equity, based on the progressivity values obtained from the $T_s + T_l$ formula for state and local tax structures, Virginia ranked highest with 27.1 and was followed by North Carolina at 26.9 and Georgia at 25.2. On the other extreme, Tennessee ranked eleventh at 20.8 with Florida twelfth at 18.2 for tax structure equity. In educational equity, determined by the progressivity values obtained from the T_e formula for all revenues combined which fund public schools, Alabama ranked first with 21.6 followed by North Carolina second at 20.6 and Kentucky third with 20.4. The lowest rankings for educational equity were achieved by Tennessee which rated eleventh at 13.9 and Florida was twelfth with 13.2. The revenue elasticity measures produced from the E_1 equation revealed that only three Southeastern state tax structures were highly elastic in 1984-1985. The Louisiana tax system was ranked first at 1.28 with Kentucky rated second at 1.02 and West Virginia close behind with 1.01. On the other hand, the revenue elasticity of the Tennessee tax system ranked eleventh

TABLE 27

TSQI RANKING 1984-1985

State	Tax Structure Equity	State Ranking	Educational Equity	State Ranking	Revenue Elasticity	State Ranking	Educational Elasticity	State Ranking	Percent Distribution of Yield Consumption Income and Other	State Ranking
Alabama	23.3	6	21.6	1	.98	5	.98	5	55.0-C 31.3-I 13.3-0	7
Arkansas	24.6	5	18.7	5	.88	9	.64	10	56.7-C 34.5-I 8.7-0	8
Florida	18.2	12	13.2	12	.73	12	.81	7	77.1-C 5.8-I 17.2-0	12
Georgia	25.2	3	16.6	8	.99	4	1.37	3	48.8-C 47.2-0 4.0-0	3
Kentucky	23.2	7	20.4	3	1.02	2	.97	6	44.9-C 32.8-I 22.3-0	4
Louisiana	21.6	10	15.4	9	1.28	1	1.68	2	50.5-C 21.3-I 38.2-0	6
Mississippi	22.4	9	19.8	4	.84	10	.71	9	65.7-C 20.2-I 14.1-0	10
N. Carolina	26.9	2	20.6	2	.96	6.5	.52	11	41.6-C 48.3-I 10.0-0	2
S. Carolina	24.7	4	17.4	6.5	.96	6.5	1.83	1	54.8-C 38.4-I 6.8-0	5
Tennessee	20.8	11	13.9	11	.77	11	1.04	4	76.5-C 10.7-I 12.8-0	11
Virginia	27.1	1	14.5	10	.89	8	.73	8	41.3-C 50.0-I 8.6-0	1
W. Virginia	22.6	8	17.4	6.5	1.01	3	2.24 *	Not Ranked	61.2-C 32.4-I 6.3-0	9

*ADA rather than ADM.

at .77 and Florida followed with .73. The educational elasticity figures, obtained by the emplementation of the E_2 equation, displayed several interesting features. The South Carolina system ranked highest in educational elasticity with 1.83, Louisiana was second at 1.68 and Georgia third at 1.37. The lowest ranks for educational elasticity were held by North Carolina which was eleventh at .52 and Arkansas was tenth with .64. It should be noted that West Virginia was not ranked due to use of ADA rather than ADM measures which altered the results. The final criterion ranked for observation was yield. The TSQI value for yield was derived from the percent of yield distributed progressively. Virginia was ranked highest with a distribution of: consumption taxes, 41.3 percent, income taxes, 50.0 percent, and other, 8.6 percent. This distribution represented the highest percent use of income taxes with the lowest use of consumption taxes thereby producing the greatest progressivity toward equity. North Carolina ranked second in yield with: consumption, 41.6 percent, income, 48.3 percent, and other, 10.0 percent. Georgia rated third with consumption, 48.8 percent, income 47.2 percent, and other, 4.0 percent. Tennessee ranked eleventh in yield with a distribution of: consumption, 76.5 percent, income, 10.7 percent, and other, 12.8 percent. Florida ranked lowest in yield with: consumption, 77.1 percent, income, 5.8 percent, and other, 17.2 percent. It should be noted, however, that although this distribution of taxes in Florida was found to be highly regressive, the total dollar amount yielded from this system was the greatest amount in the Southeastern states for the 1984-1985 fiscal year.

The research question posed, then, can be answered by the following:

1. The "best" tax structures in terms of tax structure equity were Virginia, North Carolina, and Georgia.

2. The "best" tax structures in terms of educational equity were Alabama, North Carolina, and Kentucky.

3. The states with tax mixes responding with the greatest revenue elasticity for the decade of economic exigency under study were Louisiana, Kentucky, and West Virginia.

4. The states with tax mixes responding with the greatest educational elasticity during per capita income changes were South Carolina, Louisiana, Georgia, and Tennessee.

5. The states whose yield is derived from the most progressively diversified tax systems were Virginia, North Carolina, and Georgia.

I. SUMMARY

In Chapter IV, data has been presented and analyzed in order to answer the six research questions posed. The chapter was outlined in the order of the research questions answered. Data were presented within the chapter to correspond to the research question for which each was utilized. Each question response followed the presentation and analysis of the relative data.

CHAPTER V

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

I. SUMMARY

This study was initiated with the realization of a problem associated with tax structures in the Southeastern states and a desire to explore both the rationales which contributed to the problem and some possible alternatives that might create an improved situation. The problem studied was the following:

Tax structures for the Southeastern states have evolved over time in a rather haphazard fashion. Little attention has been given to the impact of the overall tax structure on the differing segments of the population. This study attempted to answer the following questions: what were the social and economic impacts of the present tax structures of the Southeastern states, and how can Tennessee's tax structure be improved based on the criteria of equity, elasticity, and yield? In an effort to address the problem, six research questions were posed in order to study various aspects of state-local taxation using a multi-dimensional approach. Question 1 was a historical research effort in which the tax structures for the Southeastern states were depicted for the 1975-1984 year period of the study with the addition of the most current 1985 data added. It was found that nearly all of the Southeastern states have maintained tax structures which were dominated by regressive consumption-related taxes. The only states which had

progressively diversified tax mixes were Georgia, North Carolina, and Virginia. The highest total revenue yields were found in Florida, North Carolina, Virginia, and Georgia.

Question 2 was a presentation of the funding of education for the selected states. It was discovered that education was funded from the three governmental levels at an approximate division of: federal sources, 10-13 percent; state sources, 56-57 percent; and local sources, 30-33 percent. Question 3 was an inquiry concerning the percent of total state expenditures which was utilized to fund education. It was revealed that for the 1975-1984 period in the Southeastern states, education occupied about 42 percent of total state expenditures. Question 4 was an effort to examine the per pupil expenditures and the burden of education to the taxpayers in the Southeast. It was discovered that for the decade, the PPE ranged between $915-$3,147. In 1975, Tennessee spent the lowest amount ($915) and Florida the highest amount ($1,254). In 1984, Mississippi spent the least ($2,114) and Florida again spent the greatest ($3,147). In terms of taxpayer burdens to finance education, three measures were compared: per capita incomes, educational expenditure, and the percent educational expenditures comprised of per capita incomes. The data indicated that the highest per capita incomes were maintained throughout the decade in Virginia, Florida, and Georgia which resulted in the taxpayers of these states having experienced the lowest burdens to fund education when viewed as percent of per capita income expended. Conversely, the lowest per capita incomes and consequently the greatest educational tax burdens were found in Arkansas and Mississippi. The

most striking discernment gained in this analysis was that in Tennessee an average per capita income was possessed by taxpayers throughout the decade but the lowest level of educational expenditure was forfeited. Tennessee taxpayers then demonstrated the minimum sacrifice and funded education at the lowest level of all Southeastern states, even though their financial resources afforded a much greater expense.

The most extensive question of the study was undoubtedly the fifth question. This rather comprehensive inquiry was conducted in order to compare the states under study in terms of fiscal capacity, tax effort, and utilization of revenue potential. It was found that Florida, Louisiana, and Virginia possessed the greatest fiscal capacity, and that Mississippi owned the least capacity. In delineation of tax effort, South Carolina and Mississippi exerted great effort due to low capacity, while North Carolina and Virginia typically put forth significant effort but were sustained by plentiful fiscal resources. Georgia demonstrated the most outstanding taxing effort with one of the highest efforts indexed yet having possessed only an average capacity of fiscal resources. In the utilization of revenue potential, Mississippi and West Virginia best utilized available potential, while Florida most under-utilized the abundant ability it maintained. All of the Southeastern states over-utilized many regressive taxes and under-utilized more progressive taxes. Of all the states studied, Tennessee most over-utilized regressive taxes.

Question 6 was an inquiry to determine which state tax structures demonstrated the highest levels of elasticity, equity, and yield. In order to organize and display the results following

evaluation of these criteria, the Tax Structure Quality Index (TSQI) was created and implemented. Five evaluative yardsticks of the three criteria were included in the TSQI. Those were: tax structure equity, educational equity, revenue elasticity, educational elasticity, and yield. For tax structure equity, Virginia, North Carolina, and Georgia ranked highest, while Florida, Tennessee, and Louisiana rated lowest. For educational equity, Alabama, North Carolina, and Kentucky were highest while Florida and Tennessee rated lowest. For revenue elasticity, Louisiana, Kentucky, and West Virginia were found to be highly elastic while Florida and Tennessee were revealed as the most inelastic. For educational elasticity, South Carolina, Louisiana, Georgia, and Tennessee were elastic but North Carolina and Arkansas were very inelastic. In terms of yield, the evaluation was based not on total revenue yields but rather on diversification of the tax structure. State structures which were overwhelmingly dominated by regressive taxes were ranked lowest, relatively balanced structures were ranked as average, and those which demonstrated progressive diversification ranked highest. On this basis for yield, Georgia, Virginia, and North Carolina ranked highest, but Florida, Mississippi, West Virginia, and Tennessee rated lowest. The TSQI summative values for the total criteria evaluated were displayed. The states with the greatest totals included: Georgia, Louisiana and West Virginia (but a problem existed with the West Virginia measurements). The lowest TSQI summative values were arrived at for Florida and Mississippi.

The TSQI ranking table displayed the obtained values for the criteria evaluated with the added ranking of the selected states based

on the actual values rather than on TSQI interval scores or summations. The ranking table presented data relative to question 6 in a clear manner which facilitated evaluative observations.

II. CONCLUSIONS

The following general conclusions were drawn concerning tax structures in the Southeastern states from the study undertaken. These inferences have been presented in order of the research questions from which each finding was obtained. From research question one, which was an examination of tax structures in the Southeastern states from 1974-1975, it was found that total state tax collections have dramatically increased during the study interval. The lowest collection in 1975 was in Arkansas, $652,646,000 with the highest 1975 collection in Florida, $2,791,113,000. By 1985 these two states still represented the extreme cases when Arkansas was lowest at $1,794,945,000 and the highest figure was still held in Florida at $7,883,166,000. These state tax collections had multiplied an average of 2.75 times during the observation period. The Southeastern states were found to heavily utilize consumption-related taxes which were generally viewed as regressive. The average use of the general sales and gross receipts tax combined with the selective sales taxes was about 56.2 percent. The states which relied most on consumption-related revenues were Florida, 77.1 percent, and Tennessee, 76.5 percent. The Southeastern states were found to have maintained regressive tax structures which imposed excessive burdens on the lower income tax payers due to the high reliance on consumption-related, regressive revenues and the concomitant low utilization of

income-related, progressive taxes. The average percent of income tax (corporation net income and personal income) used was 31.0 percent. The lowest state percents were found in Florida, 5.8 percent, and Tennessee, 10.7 percent.

In question two, concerning the manner in which education was funded in the Southeastern states, it was discovered that education was primarily a state function. State funding constituted 56.5 percent of total educational receipts with local revenues providing 30.5 percent and 13.0 percent was supplied by the federal government. Because of the combined funding of 87.0 percent from the state-local tax structures, it was concluded that these revenue systems were of primary importance for education. From question three which pertained to the percentage of total state expenditures funding education, it was discovered that the average educational expenditure for states was 42.2 percent. It was therefore concluded that education maintained one of the largest portions of the total expenditures which necessarily reduced available funds for other state functions.

Question four was concerned with per pupil expenditures and the burden of education to taxpayers in the Southeastern states. It was found that the per pupil expenditure greatly increased during the decade under study which demonstrated that the cost of funding public schools rose dramatically during the recessionary period. The 1975-1976 average PPE was $1,016 but by 1984-1985 that figure had multiplied 2.5 times to $2,534. A sharp decrease in the ADM demonstrated the drop in school enrollment during the decade. Even amid significant declines every state still grew in PPE. Some noted examples were in: Virginia

where the ADM declined $127,609 but the PPE rose $1,873 between 1975 and 1985, and North Carolina in which the ADM dropped $95,086 while the PPE increased by $2,181. In terms of the taxpayer burden for education, it was found that educational expenditures rose by about $250 per capita from 1975-1983; however, the percent of personal income demanded by education declined during that interval around 1.0 percent. The average cost of education as a percent of personal income in the Southeast was about 6.8 percent. It was then concluded that education does constitute a heavy taxpayer burden in the states under study.

Question five pertained to the fiscal capacity, tax effort, and utilization of tax potential. From these broad-based analyses several conclusions were drawn. Only two Southeastern states maintained greater tax capacity than the U.S. average of 100.0. Florida averaged 101.7 between 1975 and 1983 while Louisiana was indexed at 106.6 for that period. The state with the least tax capacity was Mississippi, 70.0, followed by Alabama at 75.6 and South Carolina at 75.7. It was concluded that when compared nationally, the Southeastern states held relatively low tax capacity. It was found that tax effort among the selected states was at generally average levels. Mississippi exerted an average effort of 95.0 while the average effort for Florida was only 74.1 between 1975 and 1983. The tax capacity declined in seven states during this recessionary period between 1975 and 1983. The greatest drop was in Kentucky, -6.1, followed by Tennessee, -3.3. Nearly every state then increased tax effort during these exigent times to compensate for the lost capacity. Many states increased tax effort marginally, but South Carolina rose by +10.3. The conclusion then was

that the Southeastern states did not exert a high tax effort comensurate with the available tax capacity. Several conclusions were drawn were drawn from the findings relative to the utilization of tax potential from the question five analyses. The selected states under study were found to have utilized only about 86.0 percent of available tax ability. The lowest utilization was found in Arkansas at 77.6 percent in 1981 while the greatest percent was in North Carolina at 96.4. The greatest increases in the percent of tax potential utilized between 1977 and 1981 were in North Carolina (+14.6), South Carolina (+10.2) and Alabama (+9.4). Conversely, the lowest percentages of increased utilization during that period were in Tennessee (+0.4) and West Virginia (+1.1) with the only decline in Florida (-0.5). It was concluded that even during a period of economic exigency most Southeastern states increased the utilization of available resources only minimally except in the three noted states where significant growth was demonstrated. Florida clearly held the greatest amount of unutilized potential which was $3,156,155,000 in 1981. It was concluded that the states under study operated under tax structures which were overwhelmingly composed of consumption-related taxes. All 12 states collected above-average yields of some selective sales levies with public utilities taxes and alcoholic beverages taxes having constituted the greatest sums above average. Every state studied collected above-average yields for general sales taxes except Arkansas, Kentucky, North Carolina and Virginia. This heavy reliance on consumption-related revenues placed a regressive, inequitable effect on these revenue systems. It was found that every selected state collected below-average

yields of individual income taxes. Income-related taxes have been noted as the most progressive, equitable revenues. The lack of utilization of income taxes at average levels then reduced the progressiveness of these state tax structures and additionally, contributed to less diversification and, hence, less stabilization of these systems in revenue production. The states which most over-utilized regressive taxes included: Tennessee (10 tax bases), West Virginia and Florida (8 tax bases each), and Alabama, Mississippi and Virginia (7 tax bases each). The remaining states overused 5 or 6 tax bases with Arkansas having overused the least amount of regressive revenues at 4.

Question six concerned the best state tax structures relative to equity, elasticity, and yield. The TSQI was implemented and the calculations for each criteria and for each Southeastern state reported. Several conclusions were drawn from these analyses. In terms of tax structure equity, all of the Southeastern states ranked in the middle interval when compared to national standards. When compared only with the states in this study, Virginia ranked highest (27.1) followed by North Carolina (26.9) and Georgia (25.2). The conclusion drawn then was that the Southeastern states did not display a great level of tax structure equity and were at best proportional in progressivity. For educational equity, those states which demonstrated the most progressive revenues for funding public schools were Alabama (21.6), North Carolina (20.6) and Kentucky (20.4). The lowest measures for both tax structure equity and educational equity were those in Tennessee and Florida. The conclusion drawn was that the Southeastern states generally maintained tax structures and educational revenue schemes

which held less than progressive equity for taxpayers. For revenue elasticity, only three states demonstrated elastic tax structures in which revenues grew as incomes expanded. These states included: Louisiana (1.28), Kentucky (1.02), and West Virginia (1.01). In the other states, it was concluded that inelastic tax structures created the demand for continued tax increases in order to keep pace with economic cyclical influences on income growth. In terms of educational elasticity, four states (excluding the invalid West Virginia score) exhibited elastic revenues to fund public schools. The elastic systems included: South Carolina (1.83), Louisiana (1.68), Georgia (1.37), and Tennessee (1.04). It was concluded that in these states revenues for education kept pace with the economy adequately. In the other states, modifications were required in order to fund education as the economy shifted. In terms of yield, the distribution of tax bases was categorized into divisions of consumption, income, and other. Those states which imposed the greatest percentage of income-related taxes with the lowest percents of consumption-related taxes were ranked highest on progressive diversification of the tax structure. These rankings were performed on the 1985-1986 tax structures of the individual states and did not represent a national comparison. The most progressively diversified tax structures were those of: Virginia (41.3-C, 50.0-I, 8.6-0), North Carolina (41.6-C, 48.3-I, 10.0-0), and Georgia (48.8-C, 47.2-I, 4.0-0). The most regressively dominated structures were those of Tennessee (76.5-C, 10.7-I, 12.8-0) and Florida (77.1-C, 5.8-I, 17.2-0). The conclusions drawn were that taxpayers in states with regressive tax structures were not taxed in an equitable

manner. In other words, the lower income taxpayers bore a greater percentage of tax burdens than did the higher income taxpayers. Additionally, the over-use of regressive consumption taxes without a balanced diversification produced unstable, unresponsive tax systems during economic exigency.

Specific conclusions were drawn relative to particular state tax structures in the Southeastern states. Although a state ranking was not performed, it was possible to identify state tax structures which most nearly met the standards of excellence measured by the criteria evaluated. Every tax structure contained both "good" and "bad" salient characteristics due to the fact that there could be no perfect revenue system. Based on the progressive diversification of tax bases, on the measures of equity, elasticity, and yield, and on capacity, effort, utilization and educational funding, the following conclusions were drawn. (The exemplary tax structures were Virginia, Georgia, and North Carolina.) Florida and Louisiana did possess the greatest wealth, but these structures relied on only a few dominant revenue sources, namely consumption and severance, which produced inequity and inelasticity in Florida, and Florida made the lowest effort to use the revenues available. These two states were not typical of the others studied, and, therefore, were viewed as special cases. The overall tax structure performance considered to be the worst using all criteria evaluated was in Mississippi and Tennessee. These state tax structures were the most regressively dominated, were the most unstable, inelastic, and inequitable with the least tax efforts exerted in Tennessee. The striking features of the Virginia, Georgia, and North

Carolina structures, however, were the diversified tax base use, the tax capacity and effort, the educational funding, and taxpayer equity.

III. RECOMMENDATIONS

Tennessee Tax Reform

A brief review of data pertaining to Tennessee from the study has presented evidence for a needed tax reform in the state. The 1985 tax structure composition was: consumption taxes = 76.5 percent, income taxes = 10.7 percent, and other taxes (primarily regressive licenses) = 6.8 percent. This same distribution in 1975 was: 69.4 percent--12.7 percent--17.9 percent. Apparently not only has the Tennessee tax structure been dominated by regressive, inelastic taxes, but this condition has grown worse through the period under study. Many tax modifications were required during this interval due to inadequate yields to fund governmental functions. One other noticeable aspect concerning the tax mix was the total absence of a state property tax. Tennessee was the only Southeastern state which imposed no state property tax.

In regard to the funding of education (as an example of a major governmental function), Tennessee had the lowest per pupil expenditure in the Southeast for 1975 and has remained one of the lowest throughout the last decade. The taxpayer burden to fund education has been one of the lowest viewed. Tennessee per capita income was within the upper-average range, but education was financed at the lowest levels. Having possessed adequate fiscal capacity to support education, the conclusion was an evident low value or lack of

interest by the Tennessee citizenry and policy makers placed on the priority of education. In terms of overall tax capacity, Tennessee maintained an average level throughout the decade. In comprehensive tax effort, Tennessee exerted low to average taxation. When utilization of revenue potential was viewed, it was discovered that Tennessee over-utilized general sales taxes and licenses taxes, but underutilized all other taxes. Tennessee was second lowest in individual income tax used to Florida (which had none). The only individual income tax in Tennessee was the Hall's income tax on dividends which has provided about 3 percent of the potential revenue that could have been yielded from this tax base. While Florida had no need to tax individual incomes due to tourist revenue in the form of sales and entertainment taxes, Tennessee had no such additional support to yield needed revenue.

In terms of equity and elasticity, the Tennessee tax structure has performed poorly. Tax structure equity of state and local revenues was indexed at 20.8 when compared to the federal individual income tax at 50. Similarly, educational equity rated 13.9 compared to 50 as most progressive. These measures indicated that a regressive tax burden has rested upon low and middle income Tennesseans. Even though the philosophical stance in the Southeast, and emphatically in Tennessee, has been that sales taxes and other consumption-related levies were equitable because of a rigid adherence to the benefit theory--one paid for what was received, this belief has been proved to be a misconception to some. For example, a low or middle income family has been required to sacrifice a much greater portion of its relative wealth to buy food than wealthier families. The heavy tax on food and

on all marketed consumable goods has, therefore, imposed excessive burdens directly on those least able to pay them. Whereas, an income tax would have been apportioned directly to the amount of income earned, so that the middle and low income families pay at a commensurate level with measured wealth. Most importantly, though, so would the high income families pay a fair share based on their wealth.

In reference to the elasticity of the Tennessee tax structure, the overall measured average was .77, well below the criterion of 1.00 for elasticity. This meant that the tax has not been nor in its current composition can not be, responsive to economic cyclical effects. Hence, when economic downturns have occurred, as well as recessions, the tax mix in Tennessee has not yielded adequate revenue to support governmental functions.

What can be done to help Tennesseans? There has been evidence presented throughout this study which has provided an example of hope for states which have operated under inadequate tax structures. By following the examples demonstrated by neighboring states, success and a sense of fiscal well-being could have prevailed in Tennessee. For example, Georgia, Virginia, and North Carolina have maintained all three criteria goals of equity, elasticity, and adequate yield by means of a progressively diversified tax system. Likewise, similar satisfaction of the criteria requirements for a good tax structure can be met in Tennessee.

What is called for in Tennessee are tax reform measures which would produce a more progressively diversified tax structure. To achieve this goal, a decreased reliance on consumption taxes coupled

with greater utilization of income-related taxes is suggested. The diversification scheme modeled by the Virginia, Georgia, and North Carolina tax structures seems a viable alternative for Tennessee as well. These tax systems consisted of a fairly equal distribution of consumption and income taxes with some additional minor levies. This type of mixture was found to be stable in response to economic cyclical effects and produced yields which continued without extensive tax increases being required. If such a tax structure was implemented in Tennessee similar benefits could be realized. Additionally, the overall revenue yield in Tennessee would be amplified due to the utilization of broad-based taxes which have been left unexercised previously. The direct effect on Tennesseans would possibly be a total lower amount of taxes paid because of the consumption tax reductions coupled with the income tax imposed. This new diversified tax structure coupled with increased revenue would impact Tennessee citizens in a more equitable fashion and could probably support governmental functions, including education, on a stable and adequate basis.

Suggestions for the Southeastern States

The Southeastern states, not unlike Tennessee, should strive to reorient and refine their tax structures toward a progressive diversification in the balance of the tax mix. The models formulated by Virginia, Georgia, and North Carolina have resulted in "good" tax structures which have demonstrated consistent performance in terms of equity, elasticity, and yield. These historically sound criteria for tax structure evaluation have been fully incorporated into the revenue

systems of these exemplary states. Other Southeastern states in which the taxpayers and policy makers hold these taxation criteria as standards of excellence concerning revenue patterns could alter existing tax structures to achieve these desired goals.

IV. RECOMMENDATIONS FOR FURTHER RESEARCH

This study has presented a multi-dimensional approach to tax structure evaluation for the Southeastern states from 1975-1984. Further research is indicated in several areas related to this study. First, periodic historical updates are needed in order to study current tax structures and to examine changes occurring over time. Secondly, educational funding in the Southeast needs to be analyzed and then compared on a national basis in the future. Next, fiscal capacity, tax effort, and revenue utilization need to be examined and reported for the Southeastern states on an annual basis. Since Dr. Quindry's retirement, these reports have not continued. Finally, in terms of tax structure evaluation relative to the criteria of equity, elasticity, and yield, the TSQI displayed some general measures of these qualities. It is suggested that a more detailed instrument be developed without the limiting interval ranges which would better depict slight differences among somewhat similar states. Additionally, researchers could then interject quality index measures into prediction models or simulation models which might better demonstrate quantitatively the affects of various tax reform strategies on state tax structures.

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APPENDIX

TABLE A-1

ESTIMATED REVENUE RECEIPTS FOR ELEMENTARY AND SECONDARY SCHOOLS, BY GOVERNMENTAL SOURCE, BY STATE, 1974-75

State	Revenue Receipts by Source (in millions)				Percent of Revenue Receipts		
	Total	Federal[1]	State	Local & Other[2]	Federal	State	Local & Other
Alabama	$ 695	$ 97	$ 439	$159	14.0	63.1	22.9
Arkansas	419	68	213	138	16.2	51.0	32.9
Florida	1,896	159	1,100	637	8.4	58.0	33.6
Georgia	1,078	136	596	346	12.6	55.3	32.1
Kentucky	669	86	370	213	12.8	55.3	31.9
Louisiana	862	150	467	245	17.4	54.2	28.4
Mississippi	470	108	257	105	23.0	54.6	22.3
N. Carolina	1,409	167	962	280	11.8	68.3	19.9
S. Carolina	663	94	399	170	14.2	60.2	25.7
Tennessee	796	84	396	316	10.6	49.7	39.7
Virginia	1,175	125	400	650	10.6	34.0	55.3
W. Virginia	375	49	204	121	13.1	54.6	32.3

[1]Includes Federal grant programs to state and local school systems, including the Elementary and Secondary Education Act, Economic Opportunity Act, National Defense Education Act, Manpower Development and Training Act, Educational Professional Development Act, aid to federally impacted areas, vocational education, etc. Funds received from the School Lunch and Milk Program are included, but reporting on the money value of commodities received is incomplete. Funds from the states' share of federal general revenue sharing are included.

[2]Includes funds from local and intermediate sources, gifts, and tuition and fees from patrons.

SOURCE: Advisory Commission on Intergovernmental Relations (ACIR), Washington, D.C., 1975-85; adapted by ACIR from National Education Association, Estimates of School Statistics, 1975-85.

TABLE A-2

ESTIMATED REVENUE RECEIPTS FOR ELEMENTARY AND SECONDARY SCHOOLS
BY GOVERNMENTAL SOURCE, BY STATE, 1976-1977

State	Revenue Receipts by Source (in millions)				Percent of Revenue Receipts		
	Total	Federal[1]	State	Local & Other[2]	Federal	State	Local & Other
Alabama	$ 905	$141	$ 567	$196	15.6	62.7	21.7
Arkansas	517	82	261	174	15.9	50.4	33.6
Florida	2,145	216	1,123	806	10.1	52.3	37.6
Georgia	1,216	145	643	427	11.9	52.9	35.1
Kentucky	865	106	505	254	12.2	58.4	29.4
Louisiana[3]	1,163	171	671	320	14.7	57.7	27.6
Mississippi	558	125	299	134	22.4	53.6	24.0
N. Carolina	1,681	254	1,097	330	15.1	65.3	19.6
S. Carolina	825	118	449	257	14.3	54.5	31.2
Tennessee	1,040	141	504	395	13.6	48.5	38.0
Virginia	1,645	158	540	947	9.6	32.8	57.6
W. Virginia	551	55	341	155	10.0	61.9	28.1

[1]Includes Federal grant programs to state and local school systems, including the Elementary and Secondary Education Act, Economic Opportunity Act, National Defense Education Act, Manpower Development and Training Act, Educational Professional Development Act, aid to federally impacted areas, vocational education, etc. Funds received from the School Lunch and Milk Program are included, but reporting on the money value of commodities received is incomplete. Funds from the states' share of federal general revenue sharing are included.

[2]Includes funds from local and intermediate sources, gifts, and tuition and fees from patrons.

[3]Financial data for local education agencies only.

SOURCE: Advisory Commission On Intergovernmental Relations (ACIR), Washington, D.C., 1975-85; adapted by ACIR from National Education Association, Estimates of School Statistics, 1975-85.

TABLE A-3

ESTIMATED REVENUE RECEIPTS FOR ELEMENTARY AND SECONDARY SCHOOLS, BY GOVERNMENTAL SOURCE, BY STATE, 1979-80

State	Revenue Receipts by Source (in millions)				Percent of Revenue Receipts		
	Total	Federal[1]	State	Local & Other[2]	Federal	State	Local & Other[2]
Alabama	$1,148	$153	$ 750	$ 245	13.3	65.3	21.3
Arkansas	729	112	390	228	15.3	53.5	31.2
Florida	3,100	285	1,750	1,065	9.2	56.5	34.4
Georgia	1,670	230	830	610	13.8	49.7	36.5
Kentucky	1,190	135	845	210	11.3	71.0	17.6
Louisiana	1,425	230	795	400	16.1	55.8	28.1
Mississippi	779	190	406	183	24.4	52.1	23.5
N. Carolina	2,194	312	1,422	460	14.2	64.8	21.0
S. Carolina	1,057	150	587	320	14.2	55.5	30.3
Tennessee	1,332	221	594	517	16.6	44.6	38.8
Virginia	2,082	197	870	1,015	9.5	41.8	48.7
W. Virginia	736	84	441	211	11.4	59.9	28.6

[1]Includes Federal grant programs to state and local school systems, including the Elementary and Secondary Education Act, Economic Opportunity Act, National Defense Education Act, Manpower Development and Training Act, Educational Professional Development Act, aid to federally impacted areas, vocational education, etc. Funds received from the School Lunch and Milk Program are included, but reporting on the money value of commodities received is incomplete. Funds from the states' share of federal general revenue sharing are included.

[2]Includes funds from local and intermediate sources, gifts, and tuition and fees from patrons.

SOURCE: Advisory Commission on Intergovernmental Relations (ACIR), Washington, D. C., 1975-85; adapted by ACIR from National Education Association, Estimates of School Statistics, 1975-1985.

TABLE A-4

ESTIMATED REVENUE RECEIPTS FOR ELEMENTARY AND SECONDARY SCHOOLS, BY GOVERNMENTAL SOURCE, BY STATE, 1980-81

State	Revenue Receipts by Source (in millions)				Percent of Revenue Receipts		
	Total	Federal[1]	State	Local & Other[2]	Federal	State	Local & Other[2]
Alabama	$1,205	$ 145	$ 845	$ 215	12.0	70.1	17.8
Arkansas	786	114	425	247	14.6	54.0	31.4
Florida	3,450	300	2,000	1,150	8.7	58.0	33.3
Georgia	2,059	266	1,138	655	12.9	55.3	31.8
Kentucky	1,327	155	935	237	11.7	70.5	17.9
Louisiana	1,541	230	851	460	14.9	55.2	29.9
Mississippi	859	207	456	196	24.1	53.1	22.8
N. Carolina	2,240	300	1,465	475	13.4	65.4	21.2
S. Carolina	1,210	174	711	325	14.4	58.8	26.9
Tennessee	1,549	233	749	567	15.0	48.3	36.6
Virginia	2,331	222	954	1,155	9.5	40.9	49.6
W. Virginia	815	92	499	225	11.3	61.2	27.6

[1]Includes Federal grant programs to state and local school systems, including the Elementary and Secondary Education Act, Economic Opportunity Act, National Defense Education Act, Manpower Development and Training Act, Educational Professional Development Act, aid to federally impacted areas, vocational education, etc. Funds received from the School Lunch and Milk Program are included, but reporting on the money value of commodities received is incomplete. Funds from the states' share of federal general revenue sharing are included.

[2]Includes funds from local and intermediate sources, gifts, and tuition and fees from patrons.

SOURCE: Advisory Commission On Intergovernmental Relations (ACIR), Washington, D.C., 1975-85; adapted by ACIR from National Education Association, Estimates of School Statistics, 1975-85.

TABLE A-5

ESTIMATED REVENUE RECEIPTS FOR ELEMENTARY AND SECONDARY SCHOOLS, BY GOVERNMENTAL SOURCE, BY STATE, 1981-82

State	Revenue Receipts by Source (in millions)				Percent of Revenue Receipts		
	Total	Federal[1]	State	Local & Other[2]	Federal	State	Local & Other
Alabama	$1,081	$160	$ 710	$ 211	14.8	65.7	19.5
Arkansas	822	114	453	254	13.9	55.2	30.9
Florida	4,280	350	2,200	1,730	8.2	51.4	40.4
Georgia	2,326	253	1,282	790	10.9	55.1	34.0
Kentucky	1,350	160	940	250	11.9	69.6	18.5
Louisiana	1,650	180	930	540	10.9	56.4	32.7
Mississippi	933	228	494	210	24.5	53.0	22.6
N. Carolina	2,378	325	1,521	532	13.7	63.9	22.4
S. Carolina	1,287	175	734	377	13.6	57.1	29.3
Tennessee	1,687	273	795	620	16.2	47.1	36.7
Virginia	2,497	194	1,014	1,290	7.8	40.6	51.6
W. Virginia	897	88	562	246	9.9	62.7	27.5

[1]Includes Federal grant programs to state and local school systems, including the Elementary and Secondary Education Act, Economic Opportunity Act, National Defense Education Act, Manpower Development and Training Act, Educational Professional Development Act, aid to federally impacted areas, vocational education, etc. Funds received from the School Lunch and Milk Program are included, but reporting on the money value of commodities received is incomplete. Funds from the states' share of federal general revenue sharing are included.

[2]Includes funds from local and intermediate sources, gifts, and tuition fees from patrons.

SOURCE: Advisory Commission On Intergovernmental Relations (ACIR), Washington, D.C., 1975-85; adapted by ACIR from National Education Association, Estimates of School Statistics, 1975-85.

TABLE A-6

ESTIMATED REVENUE RECEIPTS FOR ELEMENTARY AND SECONDARY SCHOOLS, BY GOVERNMENTAL SOURCE, BY STATE, 1982-83

State	Revenue Receipts by Source (in millions)				Percent of Revenue Receipts		
	Total	Federal[1]	State	Local & Other[2]	Federal	State	Local & Other
Alabama	$1,145	$169	$ 736	$ 240	14.8	64.3	21.0
Arkansas	930	124	505	301	13.3	54.3	32.4
Florida	4,200	298	2,600	1,302	7.1	61.9	31.0
Georgia	2,441	249	1,357	835	10.2	55.6	34.2
Kentucky	1,494	160	1,053	279	10.7	70.5	18.7
Louisiana	1,918	180	1,072	665	9.4	55.9	34.7
Mississippi	991	228	528	235	23.0	53.3	23.7
N. Carolina	2,641	425	1,624	591	16.1	61.5	22.4
S. Carolina	1,377	187	786	403	13.6	57.1	29.3
Tennessee	1,868	243	882	744	13.0	47.2	39.8
Virginia	2,682	177	1,116	1,390	6.6	41.6	51.8
W. Virginia	970	87	606	277	9.0	62.4	28.5

[1]Includes Federal grant programs to state and local school systems, including the Elementary and Secondary Education Act, Economic Opportunity Act, National Defense Education Act, Manpower Development and Training Act, Educational Professional Development Act, aid to federally impacted areas, vocational education, etc. Funds received from the School Lunch and Milk Program are included, but reporting on the money value of commodities received is incomplete. Funds from the states' share of federal general revenue sharing are included.

[2]Includes funds from local and intermediate sources, gifts, and tuition fees from patrons.

SOURCE: Advisory Commission On Intergovernmental Relations (ACIR), Washington, D.C., 1975-85; adapted by ACIR from National Education Association, Estimates of School Statistics, 1975-85.

TABLE A-7

ESTIMATED REVENUE RECEIPTS FOR ELEMENTARY AND SECONDARY SCHOOLS, BY GOVERNMENTAL SOURCE, BY STATE, 1983-84

State	Revenue Receipts by Source (in millions)				Percent of Revenue Receipts		
	Total	Federal[1]	State	Local & Other[2]	Federal	State	Local & Other
Alabama	$1,524	$201	$1,024	$ 300	13.2	67.2	19.7
Arkansas	877	109	479	289	12.4	54.6	33.0
Florida	4,491	368	2,412	1,711	8.2	53.7	38.1
Georgia	2,416	244	1,365	807	10.1	56.5	33.4
Kentucky	1,495	167	1,048	280	11.2	70.1	18.7
Louisiana	2,075	181	1,230	666	8.7	59.3	32.1
Mississippi	889	172	492	225	19.4	55.3	25.3
N. Carolina	2,504	263	1,527	714	10.5	61.0	28.5
S. Carolina	1,490	177	885	428	11.9	59.4	28.7
Tennessee	1,695	186	800	709	11.0	47.2	41.8
Virginia	2,647	193	1,117	1,337	7.3	42.2	50.5
W. Virginia	950	81	591	278	8.5	62.2	29.3

[1]Includes Federal grant programs to state and local school systems, including the Elementary and Secondary Education Act, Economic Opportunity Act, National Defense Education Act, Manpower Development and Training Act, Educational Professional Development Act, aid to federally impacted areas, vocational education, etc. Funds received from the School Lunch and Milk Program are included, but reporting on the money value of commodities received is incomplete. Funds from the states' share of federal general revenue sharing are included.

[2]Includes funds from local and intermediate sources, gifts, and tuition fees from patrons.

SOURCE: Advisory Commission On Intergovernmental Relations (ACIR), Washington, D.C., 1975-85; adapted by ACIR from National Education Association, Estimates of School Statistics, 1975-85.

TABLE A-8

ESTIMATED REVENUE RECEIPTS FOR ELEMENTARY AND SECONDARY SCHOOLS, BY GOVERNMENTAL SOURCE, BY STATE, 1984-85

State	Revenue Receipts by Source (in millions)				Percent of Revenue Receipts		
	Total	Federal[1]	State	Local & Other[2]	Federal	State	Local & Other
Alabama	$1,520	$193	$1,075	$ 252	12.7	70.7	16.6
Arkansas	990	113	570	308	11.4	57.6	31.1
Florida	5,081	396	2,728	1,956	7.8	53.7	38.5
Georgia	2,561	243	1,301	1,017	9.5	50.8	39.7
Kentucky	1,627	171	1,142	316	10.5	70.2	19.4
Louisiana	2,218	217	1,182	818	9.8	53.3	36.9
Mississippi	972	173	551	248	17.8	56.7	25.5
N. Carolina	2,646	275	1,622	749	10.4	61.3	28.3
S. Carolina	1,423	118	812	492	8.3	57.1	34.6
Tennessee	1,730	194	792	744	11.2	45.8	43.0
Virginia	2,853	197	1,241	1,415	6.9	43.5	49.6
W. Virginia	1,005	81	631	292	8.1	62.8	29.1

[1]Includes Federal grant programs to state and local school systems, including the Elementary and Secondary Education Act, Economic Opportunity Act, National Defense Education Act, Manpower Development and Training Act, Educational Professional Development Act, aid to federally impacted areas, vocational education, etc. Funds received from the School Lunch and Milk Program are included, but reporting on the money value of commodities received is incomplete. Funds from the states' share of federal general revenue sharing are included.

[2]Includes funds from local and intermediate sources, gifts, and tuition fees from patrons.

SOURCE: Advisory Commission On Intergovernmental Relations (ACIR), Washington, D.C., 1975-85; adapted by ACIR from National Education Association, Estimates of School Statistics, 1975-85.

TABLE A-9

STATE EDUCATIONAL EXPENDITURES: 1975 (Thousands of Dollars)

State	Total General Expenditure	Educational Expenditures			Distribution of Direct Educational Expenditures			Percent Educational Expenditures are of Total General Expenditures				
		Total	Inter-Governmental	Direct	Local Schools	Higher Education	Other Education	Total Education	Direct Education	Local Schools	Higher Education	Other Education
Alabama	$2,049,795	$997,798	$ 467,064	$530,734	NA	NA	NA	48.7	25.9	NA	NA	NA
Arkansas	1,135,590	457,190	246,297	210,893	NA	NA	NA	40.3	18.6	NA	NA	NA
Florida	4,528,405	1,942,131	1,415,154	526,977	NA	NA	NA	42.9	11.6	NA	NA	NA
Georgia	2,764,481	1,146,408	650,312	496,096	NA	NA	NA	41.5	17.9	NA	NA	NA
Kentucky	2,032,510	836,529	390,298	446,231	NA	NA	NA	41.2	22.0	NA	NA	NA
Louisiana	2,585,136	960,038	606,903	353,135	NA	NA	NA	37.1	13.7	NA	NA	NA
Mississippi	1,433,630	598,131	359,076	239,055	NA	NA	NA	41.7	16.7	NA	NA	NA
N. Carolina	3,226,479	1,678,945	1,106,533	572,412	NA	NA	NA	52.0	17.7	NA	NA	NA
S. Carolina	1,854,946	774,820	360,013	414,807	NA	NA	NA	41.8	22.4	NA	NA	NA
Tennessee	2,187,759	944,528	442,054	502,474	NA	NA	NA	43.2	23.0	NA	NA	NA
Virginia	3,040,962	1,238,333	629,630	608,703	NA	NA	NA	40.7	20.0	NA	NA	NA
W. Virginia	1,230,731	437,546	278,753	158,793	NA	NA	NA	35.6	12.9	NA	NA	NA

NA = Not available.

SOURCE: Adapted from State Government Finances in 1975 GF75 No. 3, U. S. Department of Commerce, Bureau of the Census.

TABLE A-10

STATE EDUCATIONAL EXPENDITURES: 1976 (Thousands of Dollars)

State	Total General Expenditure	Educational Expenditures			Distribution of Direct Educational Expenditures			Percent Educational Expenditures are of Total General Expenditures				
		Total	Inter-Governmental	Direct	Local Schools	Higher Education	Other Education	Total Education	Direct Education	Local Schools	Higher Education	Other Education
Alabama	$2,394,888	$1,157,142	$ 549,004	$608,448	NA	NA	NA	48.3	25.4	NA	NA	NA
Arkansas	1,334,640	542,608	286,265	256,343	NA	NA	NA	40.7	19.2	NA	NA	NA
Florida	4,484,812	1,970,805	1,445,887	524,918	NA	NA	NA	43.9	11.7	NA	NA	NA
Georgia	2,857,552	1,229,076	694,325	534,751	NA	NA	NA	43.0	18.7	NA	NA	NA
Kentucky	2,355,961	961,590	442,198	519,392	NA	NA	NA	40.8	22.0	NA	NA	NA
Louisiana	3,088,351	1,157,774	698,008	459,766	NA	NA	NA	37.5	14.9	NA	NA	NA
Mississippi	1,643,157	689,456	424,665	264,791	NA	NA	NA	42.0	16.1	NA	NA	NA
N. Carolina	3,718,894	1,832,273	1,185,737	646,536	NA	NA	NA	49.3	17.4	NA	NA	NA
S. Carolina	2,033,467	847,421	385,600	461,821	NA	NA	NA	41.7	22.7	NA	NA	NA
Tennessee	2,433,396	1,013,013	458,363	554,650	NA	NA	NA	41.6	22.8	NA	NA	NA
Virginia	3,149,793	1,319,893	660,770	659,123	NA	NA	NA	41.9	20.0	NA	NA	NA
W. Virginia	1,449,550	507,183	338,988	168,195	NA	NA	NA	35.0	11.6	NA	NA	NA

NA = Not available.

SOURCE: Adapted from State Government Finances in 1976 GF76 No. 3, U. S. Department of Commerce, Bureau of the Census.

TABLE A-11

STATE EDUCATIONAL EXPENDITURES: 1977 (Thousands of Dollars)

State	Total General Expenditure	Educational Expenditures			Distribution of Direct Educational Expenditures			Percent Educational Expenditures as of Total General Expenditures				
		Total	Inter-Governmental	Direct	Local Schools	Higher Education	Other Education	Total Education	Direct Education	Local Schools	Higher Education	Other Education
Alabama	$2,593,982	$1,231,256	$ 560,018	$671,238	NA	NA	NA	47.5	25.9	NA	NA	NA
Arkansas	1,386,550	565,521	301,454	264,067	NA	NA	NA	40.8	19.0	NA	NA	NA
Florida	4,905,515	2,205,579	1,587,048	618,531	NA	NA	NA	45.0	12.6	NA	NA	NA
Georgia	3,115,966	1,360,676	792,970	567,706	NA	NA	NA	43.7	18.2	NA	NA	NA
Kentucky	2,577,735	1,019,853	486,125	533,728	NA	NA	NA	39.6	20.7	NA	NA	NA
Louisiana	3,728,254	1,199,560	696,497	503,063	NA	NA	NA	36.6	15.3	NA	NA	NA
Mississippi	1,738,353	747,739	431,751	315,988	NA	NA	NA	43.0	18.2	NA	NA	NA
N. Carolina	3,968,161	1,908,358	1,255,271	653,087	NA	NA	NA	48.1	16.5	NA	NA	NA
S. Carolina	2,143,924	890,839	421,333	469,506	NA	NA	NA	41.6	21.9	NA	NA	NA
Tennessee	2,552,410	1,055,959	490,040	565,919	NA	NA	NA	41.4	22.2	NA	NA	NA
Virginia	3,518,413	1,385,482	721,989	663.463	NA	NA	NA	39.4	18.9	NA	NA	NA
W. Virginia	1,559,346	589,724	400,151	189,573	NA	NA	NA	37.8	12.2	NA	NA	NA

NA = Not available.

SOURCE: Adapted from State Government Finances in 1977 GF77 No. 3, U. S. Department of Commerce, Bureau of the Census.

TABLE A-12

STATE EDUCATIONAL EXPENDITURES: 1978 (Thousands of Dollars)

State	Total General Expenditure	Educational Expenditures			Distribution of Direct Educational Expenditures			Percent Educational Expenditures as of Total General Expenditures				
		Total	Inter-Governmental	Direct	Local Schools	Higher Education	Other Education	Total Education	Direct Education	Local Schools	Higher Education	Other Education
Alabama	$2,917,344	$1,394,622	$664,073	$730,549	$21,397	$525,214	$183,938	47.8	25.0	0.7	18.0	6.3
Arkansas	1,568,859	604,519	340,982	263,537	0	197,781	65,756	38.5	16.8	0	12.6	4.2
Florida	5,338,260	2,436,457	1,765,287	671,170	14,467	557,499	99,204	45.6	12.6	0.3	10.4	1.9
Georgia	3,620,638	1,522,947	899,568	623,379	22,274	493,934	107,171	42.1	17.2	0.6	13.6	3.0
Kentucky	2,998,095	1,237,519	659,190	578,329	7,180	440,415	130,734	41.3	19.3	0.2	14.7	4.4
Louisiana	3,546,699	1,380,713	822,590	558,123	10,611	461,326	86,186	38.9	15.7	0.3	13.0	2.4
Mississippi	1,879,091	804,907	495,852	309,055	4,125	230,859	74,071	42.8	16.4	0.2	12.3	3.9
N. Carolina	4,376,317	2,061,728	1,319,678	742,050	23,401	617,548	101,101	47.1	16.9	0.5	14.1	2.3
S. Carolina	2,194,746	975,805	447,907	527,898	39,408	370,525	117,965	44.5	24.1	1.8	16.9	5.4
Tennessee	2,846,009	1,218,082	550,269	667,813	0	517,802	150,011	42.8	23.5	0	18.2	5.3
Virginia	3,935,066	1,542,646	780,485	762,161	0	619,879	142,282	39.2	19.4	0	15.8	3.6
W. Virginia	1,738,405	654,887	426,609	228,278	0	179,820	48,458	37.7	13.1	0	10.3	2.8

SOURCE: Adapted from State Government Finances in 1978 GF78 No. 3, U. S. Department of Commerce, Bureau of the Census.

TABLE A-13

STATE EDUCATIONAL EXPENDITURES: 1979 (Thousands of Dollars)

State	Total General Expenditure	Educational Expenditures			Distribution of Direct Educational Expenditures			Percent Educational Expenditures as of Total General Expenditures				
		Total	Inter-Governmental	Direct	Local Schools	Higher Education	Other Education	Total Education	Direct Education	Local Schools	Higher Education	Other Education
Alabama	$3,215,878	$1,536,881	$ 754,803	$782,078	$25,234	$574,380	$182,464	47.8	24.3	0.8	17.8	5.7
Arkansas	1,773,481	681,175	375,824	305,351	0	234,025	71,326	38.4	17.2	0	13.2	4.0
Florida	6,132,744	2,785,354	2,047,373	737,971	19,998	604,197	113,786	45.4	12.0	0.3	9.9	1.8
Georgia	4,074,165	1,707,854	994,431	713,423	17,487	593,420	102,516	41.9	17.5	0.4	14.6	2.5
Kentucky	3,611,328	1,419,304	760,681	658,623	6,436	508,188	143,999	39.3	18.2	0.2	14.1	3.9
Louisiana	3,772,564	1,479,038	850,669	628,369	14,313	515,883	98,173	39.2	16.7	0.4	13.7	2.6
Mississippi	2,170,658	912,062	550,176	361,886	4,081	286,076	71,729	42.0	16.7	0.2	13.2	3.3
N. Carolina	4,961,796	2,291,946	1,471,429	820,517	20,441	690,435	109,641	46.2	16.5	0.4	13.9	2.2
S. Carolina	3,518,316	1,133,145	505,816	627,329	40,033	461,267	126,029	45.0	24.9	1.6	18.3	5.0
Tennessee	3,106,867	1,263,240	616,763	646,477	0	498,725	147,752	40.7	20.8	0	16.0	4.8
Virginia	4,462,584	1,695,986	834,749	861,237	0	751,374	109,863	38.0	19.3	0	16.8	2.5
W. Virginia	2,078,930	815,314	510,068	305,246	0	254,983	50,263	39.2	14.7	0	12.3	2.4

SOURCE: Adapted from State Government Finances in 1979 GF79 No. 3. Department of Commerce, Bureau of the Census.

TABLE A-14

STATE EDUCATIONAL EXPENDITURES: 1980 (Thousands of Dollars)

State	Total General Expenditure	Educational Expenditures			Distribution of Direct Educational Expenditures			Percent Educational Expenditures as of Total General Expenditures				
		Total	Inter-Governmental	Direct	Local Schools	Higher Education	Other Education	Total Education	Direct Education	Local Schools	Higher Education	Other Education
Alabama	$3,579,438	$1,665,103	$ 812,117	$852,986	$35,164	$617,999	$199,823	46.5	23.8	1.0	17.3	5.5
Arkansas	1,992,759	780,569	439,999	340,570	4,394	257,741	78,435	39.2	17.0	0.2	12.9	3.9
Florida	7,005,078	3,147,477	2,346,657		24,636	652,655	123,529	44.9	11.4	0.4	9.3	1.7
Georgia	4,573,621	1,964,825		708,327	13,947	588,164	106,216	42.9	15.5	0.3	12.9	2.3
Kentucky	4,213,397	1,587,883	877,446	710,437	6,773	546,232	157,432	37.7	16.9	0.2	13.0	3.7
Louisiana	4,463,123	1,684,364	975,406	708,958	17,655	553,376	137,927	37.7	15.9	0.4	12.4	3.1
Mississippi	2,460,057	1,009,957	616,924	393,033	4,418	304,243	84,372	41.1	16.0	0.2	12.4	3.4
N. Carolina	5,340,258	2,500,036	1,582,103	917,933	16,547	780,342	121,044	46.8	17.2	0.3	14.6	2.3
S. Carolina	2,799,322	1,264,205	567,896	696,309	58,937	501,655	135,717	45.2	24.8	2.1	17.9	4.8
Tennessee	3,543,378	1,416,092	683,629	732,463	0	567,071	165,392	40.0	20.7	0	16.0	4.7
Virginia	4,918,756	1,866,198	916,410	949,788	0	830,698	119,090	37.9	19.3	0	16.9	2.4
W. Virginia	2,263,143	812,642	498,479	314,163	0	259,247	54,916	25.9	13.9	0	11.5	2.4

SOURCE: Adapted from State Government Finances in 1980 GF80 No. 3, U. S. Department of Commerce, Bureau of the Census.

TABLE A-15

STATE EDUCATIONAL EXPENDITURES: 1981 (Thousands of Dollars)

State	Total General Expenditure	Educational Expenditures			Distribution of Direct Educational Expenditures			Percent Educational Expenditures as of Total General Expenditures				
		Total	Inter-Governmental	Direct	Local Schools	Higher Education	Other Education	Total Education	Direct Education	Local Schools	Higher Education	Other Education
Alabama	$3,927,417	$1,802,891	$ 867,405	$ 935,486	$46,155	$660,523	$228,808	45.9	23.8	1.2	16.8	5.8
Arkansas	2,169,014	878,432	479,031	399,401	4,399	302,392	92,610	40.5	18.4	0.2	13.9	4.3
Florida	7,807,036	3,601,647	2,643,283	958,364	29,985	782,455	145,924	46.1	12.3	0.4	10.0	1.9
Georgia	4,979,182	2,117,600	1,315,453	802,147	3,752	685,298	113,097	42.5	16.1	0.1	13.7	2.3
Kentucky	4,294,721	1,676,918	928,810	748,108	7,407	577,741	162,960	39.0	17.4	0.2	13.4	3.8
Louisiana	5,216,262	1,984,228	1,117,017	867,211	17,927	690,939	158,345	38.0	16.6	0.3	13.3	3.0
Mississippi	2,695,717	1,137,628	671,584	466,044	4,923	376,097	85,024	42.2	17.3	0.2	14.0	3.1
N. Carolina	6,004,171	2,904,443	1,833,577	1,070,866	44,437	894,915	131,514	48.4	17.8	0.7	14.9	2.2
S. Carolina	3,167,560	1,412,156	641,283	770,873	55,537	555,391	159,945	44.6	24.3	1.8	17.5	5.0
Tennessee	3,785,181	1,525,889	724,046	801,843	0	623,479	178,364	40.3	21.2	0	16.5	4.7
Virginia	5,566,290	2,229,686	1,121,643	1,108,043	0	974,608	133,435	40.1	19.9	0	17.5	2.4
W. Virginia	2,341,897	879,045	556,082	322,963	0	265,143	57,820	37.5	13.7	0	11.3	2.4

SOURCE: Adapted from State Government Finances in 1981 GF81 No. 3, U. S. Department of Commerce, Bureau of the Census.

TABLE A-16

STATE EDUCATIONAL EXPENDITURES: 1982 (Thousands of Dollars)

State	Total General Expenditure	Educational Expenditures			Distribution of Direct Educational Expenditures			Percent Educational Expenditures as of Total General Expenditures				
		Total	Inter-Governmental	Direct	Local Schools	Higher Education	Other Education	Total Education	Direct Education	Local Schools	Higher Education	Other Education
Alabama	$4,180,657	$1,990,096	$ 880,784	$1,109,302	$101,716	$779,413	$228,173	47.6	26.5	2.4	18.6	5.5
Arkansas	2,159,137	934,440	498,013	436,427	4,795	332,601	99,031	43.3	20.2	0.2	15.4	4.6
Florida	8,757,490	3,932,992	2,828,459	1,104,533	0	941,070	163,463	44.9	12.6	0	10.7	1.9
Georgia	5,523,265	2,370,270	1,493,944	876,326	1,044	759,149	116,133	42.9	15.8	0.02	13.7	2.1
Kentucky	4,224,778	1,665,439	924,251	741,188	2,243	585,762	153,183	39.4	17.5	0.1	13.8	3.6
Louisiana	5,772,963	2,138,001	1,178,351	959,650	20,191	731,975	207,484	37.0	16.6	0.3	12.7	3.6
Mississippi	2,724,684	1,147,964	695,897	452,067	4,908	364,547	82,612	42.1	16.6	0.2	13.4	3.0
N. Carolina	6,180,301	3,030,321	1,879,236	1,151,085	30,397	981,958	138,730	49.0	18.6	0.5	15.9	2.2
S. Carolina	3,216,183	1,541,587	812,154	729,433	38,081	583,435	107,917	49.9	22.7	1.2	18.1	3.4
Tennessee	3,813,049	1,541,746	770,995	770,751	0	589,722	181,029	40.4	20.2	0	15.5	4.7
Virginia	5,682,647	2,240,740	1,157,355	1,083,385	0	938,108	145,277	39.4	19.1	0	16.5	2.6
W. Virginia	2,351,487	935,591	636,692	298,899	0	239,215	59,684	39.8	12.7	0	10.2	2.5

SOURCE: Adapted from State Government Finances in 1982 GF82 No. 3, U. S. Department of Commerce, Bureau of the Census.

TABLE A-17

STATE EDUCATIONAL EXPENDITURES: 1983 (Thousands of Dollars)

State	Total General Expenditure	Educational Expenditures			Distribution of Direct Educational Expenditures			Percent Educational Expenditures as of Total General Expenditures				
		Total	Inter-Governmental	Direct	Local Schools	Higher Education	Other Education	Total Education	Direct Education	Local Schools	Higher Education	Other Education
Alabama	$4,637,675	$2,197,274	$1,020,573	$1,176,701	$64,223	$ 854,875	$257,603	47.4	25.4	1.4	18.4	5.6
Arkansas	2,254,285	945,490	510,290	435,200	4,755	331,475	98,970	41.9	19.3	0.2	14.7	4.4
Florida	9,144,868	4,076,586	3,038,315	1,038,271	0	865,067	173,204	44.6	11.4	0	9.5	1.9
Georgia	6,012,989	2,561,427	1,609,545	951,882	1,414	824,363	126,105	42.6	15.8	0.02	13.7	2.1
Kentucky	4,549,048	1,847,442	1,054,610	792,832	10,553	621,329	160,950	40.6	17.4	0.2	13.7	3.5
Louisiana	6,293,984	2,292,628	1,217,060	1,075,568	19,520	823,640	232,408	36.4	17.1	0.3	13.1	3.7
Mississippi	2,745,531	1,139,530	703,056	436,474	4,397	354,929	77,148	41.5	15.9	0.2	12.9	2.8
N. Carolina	6,427,516	3,124,452	1,997,172	1,127,280	22,153	964,712	140,415	48.6	17.5	0.3	15.0	2.2
S. Carolina	3,296,100	1,545,457	832,636	712,821	15,880	566,990	107,366	46.9	21.6	0.5	17.2	3.3
Tennessee	4,061,861	1,650,903	744,360	906,543	0	710,155	196,388	40.6	22.3	0	17.5	4.8
Virginia	6,098,226	2,435,962	1,265,707	1,170,255	0	1,006,531	163,724	39.9	19.2	0	16.5	2.7
W. Virginia	2,367,676	981,368	627,803	353,565	0	294,053	59,512	41.4	14.9	0	12.4	2.5

SOURCE: Adapted from State Government Finances in 1983 GF83 No. 3, U. S. Department of Commerce, Bureau of the Census.

TABLE A-18

STATE EDUCATIONAL EXPENDITURES: 1984 (Thousands of Dollars)

State	Total General Expenditure	Educational Expenditures			Distribution of Direct Educational Expenditures			Percent Educational Expenditures as of Total General Expenditures				
		Total	Inter-Governmental	Direct	Local Schools	Higher Education	Other Education	Total Education	Direct Education	Local Schools	Higher Education	Other Education
Alabama	$4,712,847	$2,119,924	$ 941,335	$1,178,589	$48,176	$ 889,112	$241,301	45.0	25.0	1.0	18.9	5.1
Arkansas	2,454,949	1,045,021	591,195	453,826	3,619	346,337	103,870	42.6	18.5	0.2	14.1	4.2
Florida	9,680,737	4,098,672	2,751,539	1,347,133	0	995,133	351,918	42.3	13.9	0	10.3	3.6
Georgia	6,235,745	2,729,395	1,581,237	1,148,158	2,024	983,369	162,765	43.8	18.4	0.03	15.8	2.6
Kentucky	4,910,289	1,970,857	1,079,458	891,399	8,568	697,374	185,457	40.1	18.2	0.2	14.2	3.8
Louisiana	6,709,669	2,509,459	1,340,830	1,168,629	16,978	954,174	197,477	37.4	17.4	0.3	14.2	2.9
Mississippi	3,033,762	1,232,192	766,187	466,005	3,721	377,840	84,444	40.6	15.4	0.1	12.5	2.8
N. Carolina	7,023,785	3,349,923	2,028,634	1,321,289	26,749	1,098,676	195,864	47.7	18.8	0.4	15.6	2.8
S. Carolina	3,651,435	1,678,910	885,191	793,719	35,262	645,468	112,989	46.0	21.7	1.0	17.6	3.1
Tennessee	4,474,231	1,689,736	756,704	933,032	0	741,532	191,500	37.8	20.9	0	16.6	4.3
Virginia	6,527,895	2,746,864	1,394,752	1,352,112	0	1,174,356	177,756	42.1	20.7	0	18.0	2.7
W. Virginia	2,570,649	1,068,418	670,345	398,073	0	323,851	74,222	41.6	15.5	0	12.6	2.9

SOURCE: Adapted from State Government Finances in 1984 GF84 No. 3, U. S. Department of Commerce, Bureau of the Census.

TABLE A-19

ESTIMATED AVERAGE DAILY MEMBERSHIP, AVERAGE DAILY ATTENDANCE, AND EXPENDITURES FOR PUBLIC ELEMENTARY AND SECONDARY SCHOOLS, IN 1975-76

State	Average Daily Membership	% ADM is of Population 5-17 Years	Average Daily Attendance	% ADA is of ADM	Total State Expenditure For Public K-12 Schools	Per Pupil Expenditure in ADA	Per Pupil Expenditure in ADM	Expenditures For Other Programs	Capital Outlay	Interest On School Debt	Total State Expenditures Capital Outlay, and Interest
					(Dollar Amounts in Thousands Except Per Pupil Amounts)						
	1	2	3	4	5	6	7	8	9	10	(cols. 5,8,9,10)
Alabama	748,893	88.6	713,116	95.2	$ 769,022	$1,078	$1,027	$ 5,147	$ 73,000	$ 4,920	$ 852,089
Arkansas	433,867	92.3	412,174	95.0	424,406	1,030	978	1,500	55,438	11,651	492,995
Florida	1,554,907	89.1	1,461,613	94.0	1,950,410	1,334	1,254	8,732	492,705	45,869	2,497,716
Georgia[a]	1,064,634	91.2	988,872	92.9	1,060,504	1,072	996	17,000	43,900	30,000	1,151,404
Kentucky	690,000	89.0	642,000	93.0	633,000	986	917	3,000	43,000	26,000	705,000
Louisiana	826,220	86.5	758,000	91.7	820,000	1,082	992	4,100	71,000	24,000	919,100
Mississippi	507,465	87.5	479,554	94.5	478,309	997	943	1,506	26,711	4,500	511,026
N. Carolina	1,169,740	95.9	1,111,253	95.0	1,167,962	1,051	998	157,045	145,980	13,000	1,483,987
S. Carolina	601,006	85.0	563,162	93.7	605,000	1,074	1,007	9,500	70,000	16,500	701,000
Tennessee	878,159	87.7	829,514	94.5	803,691	969	915	13,500	141,750	41,800	1,000,741
Virginia	1,087,000	96.6	1,009,000	92.8	1,253,600	1,242	1,153	23,994	185,592	27,143	1,490,329
W. Virginia	387,501	100.6	367,319	94.8	393,400	1,071	1,015	3,641	55,745	5,667	458,453

[a]NEA Estimates of Expenditures.

SOURCE: National Education Association, Estimates of School Statistics, 1975-76; NEA Research Division, Washington, D.C.

TABLE A-20

ESTIMATED AVERAGE DAILY MEMBERSHIP, AVERAGE DAILY ATTENDANCE, AND EXPENDITURES FOR PUBLIC ELEMENTARY AND SECONDARY SCHOOLS, IN 1976-77

State	Average Daily Membership	% ADM is of Population 5-17 Years	Average Daily Attendance	% ADA is of ADM	Total State Expenditure For Public K-12 Schools	Per Pupil Expenditure in ADA	(Dollar Amounts in Thousands Except Per Pupil Amounts) Per Pupil Expenditure in ADM	Expenditures For Other Programs	Capital Outlay	Interest On School Debt	Total State Expenditures Capital Outlay, and Interest
	1	2	3	4	5	6	7	8	9	10	(cols. 5,8,9,10)
Alabama	744,890	85.3	709,899	95.3	$ 825,786	$1,163	$1,109	$ 3,878	$ 71,780	$10,962	$ 912,406
Arkansas	437,563	88.8	415,685	95.0	462,079	1,112	1,056	1,500	41,625	12,553	517,757
Florida	1,515,522	86.0	1,394,280	92.0	2,067,173	1,483	1,364	12,000	220,000	42,000	2,341,173
Georgia*	1,066,420	91.0	1,003,248	94.1	1,147,465	1,144	1,076	17,600	44,600	30,500	1,240,165
Kentucky	683,500	85.3	635,650	93.0	696,300	1,095	1,019	3,200	45,000	28,000	772,500
Louisiana*	827,404	84.3	759,086	91.7	852,800	1,123	1,031	4,200	73,000	26,000	956,000
Mississippi	504,595	84.3	477,844	94.7	548,565	1,148	1,087	2,000	28,100	4,700	583,365
N. Carolina	1,164,023	91.1	1,094,181	94.0	1,323,928	1,210	1,137	226,175	175,000	13,520	1,738,623
S. Carolina	630,503	90.5	598,958	95.0	661,476	1,104	1,049	8,000	90,000	25,000	784,476
Tennessee	879,927	90.9	831,495	94.5	952,524	1,146	1,083	14,250	135,035	41,720	1,143,529
Virginia	1,091,200	93.2	1,015,100	93.0	1,416,064	1,395	1,298	28,012	107,131	57,430	1,608,637
W. Virginia	387,882	95.3	366,041	94.4	437,025	1,194	1,127	3,963	79,116	6,950	527,054

*NEA Estimates of Expenditures.

SOURCE: National Education Association, Estimates of School Statistics, 1976-77; NEA Research Division, Washington, D.C.

TABLE A-21

ESTIMATED AVERAGE DAILY MEMBERSHIP, AVERAGE DAILY ATTENDANCE, AND EXPENDITURES FOR PUBLIC ELEMENTARY AND SECONDARY SCHOOLS, IN 1977-78

							(Dollar Amounts in Thousands Except Per Pupil Amounts)				
State	Average Daily Member-ship	% ADM is of Population 5-17 Years	Average Daily Attendance	% ADA is of ADM	Total State Expenditure For Public K-12 Schools	Per Pupil Expenditure in ADA	Per Pupil Expenditure in ADM	Expenditures For Other Programs	Capital Outlay	Interest On School Debt	Total State Expenditures Capital Outlay, and Interest
	1	2	3	4	5	6	7	8	9	10	(cols. 5,8,9,10)
Alabama*	728,775	83.3	716,142	98.3	$ 917,731	$1,281	$1,259	$ 3,350	$101,000	$11,800	$1,033,881
Arkansas	433,086	89.1	409,551	94.6	520,109	1,270	1,201	1,500	56,789	13,585	591,983
Florida	1,510,693	87.7	1,389,838	92.0	2,191,203	1,577	1,450	11,000	218,000	42,000	2,462,203
Georgia	1,070,722	92.6	1,007,359	94.1	1,299,101	1,290	1,213	17,600	45,000	30,500	1,392,201
Kentucky	685,294	85.7	637,048	93.0	827,000	1,298	1,207	3,000	43,000	30,000	903,000
Louisiana	816,879	73.7	759,758	93.0	1,271,269	1,673	1,556	5,746	77,682	27,009	1,381,706
Mississippi	496,500	83.2	471,500	95.0	575,252	1,220	1,159	2,000	35,297	5,750	618,299
N. Carolina	1,171,872	92.4	1,091,308	93.1	1,466,017	1,343	1,251	208,063	175,000	0	1,849,080
S. Carolina	609,230	87.8	571,803	93.9	772,000	1,350	1,267	10,200	67,000	56,900	906,100
Tennessee	870,387	89.5	822,945	94.5	1,099,295	1,336	1,263	35,782	110,899	29,750	1,275,726
Virginia	1,073,497	92.5	998,782	93.0	1,601,267	1,603	1,492	24,816	155,673	48,845	1,830,601
W. Virginia	NA	NA	364,942	NA	501,453	1,374	NA	4,161	72,768	6,705	585,087

*NEA Estimates of Expenditures.

NA - Not Available.

†Does not represent total funding.

SOURCE: National Education Association, Estimates of School Statistics, 1977-78; NEA Research Division, Washington, D.C.

TABLE A-22

ESTIMATED AVERAGE DAILY MEMBERSHIP, AVERAGE DAILY ATTENDANCE, AND EXPENDITURES FOR PUBLIC ELEMENTARY AND SECONDARY SCHOOLS, IN 1978-79

State	Average Daily Membership	% ADM is of Population 5-17 Years	Average Daily Attendance	% ADA is of ADM	Total State Expenditure For Public K-12 Schools	Per Pupil Expenditure in ADA	(Dollar Amounts in Thousands Except Per Pupil Amounts) Per Pupil Expenditure in ADM	Expenditures For Other Programs	Capital Outlay	Interest On School Debt	Total State Expenditures Capital Outlay, and Interest
	1	2	3	4	5	6	7	8	9	10	(cols. 5,8,9,10)
Alabama*	726,800	84.5	707,900	97.4	$1,016,580	$1,436	$1,399	$ 3,420	$103,000	$12,000	$1,135,000
Arkansas	431,580	89.5	410,000	95.0	551,241	1,344	1,277	1,500	74,856	14,264	641,861
Florida	1,510,588*	91.4	1,438,655+	95.2	2,558,548	1,778	1,694	0	228,000	52,000	2,838,548
Georgia	1,047,865	88.0	997,480	95.2	1,327,246	1,331	1,267	18,000	45,500*	30,500*	1,421,246
Kentucky	688,498	88.0	636,344	92.4	994,000+	1,562	1,444	4,700	39,000	30,000	1,067,700
Louisiana	811,440	83.4	745,200	91.8	1,245,502	1,671	1,535	6,500	85,000	27,500	1,364,502
Mississippi	487,607+	80.0	466,864+	96.9	634,178	1,358	1,317	5,000	45,000	5,250	689,428
N. Carolina	1,156,055	92.6	1,078,154	93.3	1,625,210	1,507	1,406	198,296	175,000	0	1,998,506
S. Carolina	624,931+	91.5	603,291+	96.5	894,000+	1,482+	1,431	4,000	75,000	50,000	1,023,000
Tennessee	866,330	90.5	814,675	94.0	1,193,242	1,465	1,377	41,250	105,000	31,500	1,370,992
Virginia	1,045,530	90.9	972,343	93.0	1,758,191	1,808	1,682	22,831	150,151	52,752	1,983,925
W. Virginia	NA	NA	364,100	NA	592,151	1,626	NA	5,051	79,930	7,531	684,663

*NEA Estimate

+Does not represent total funding

NA - Not Available

SOURCE: National Education Association, Estimates of School Statistics, 1978-79; NEA Research Division, Washington, D.C.

TABLE A-23

ESTIMATED AVERAGE DAILY MEMBERSHIP, AVERAGE DAILY ATTENDANCE, AND EXPENDITURES FOR PUBLIC ELEMENTARY AND SECONDARY SCHOOLS, IN 1979-80

State	Average Daily Membership	% ADM is of Population 5-17 Years	Average Daily Attendance	% ADA is of ADM	Total State Expenditure For Public K-12 Schools	Per Pupil Expenditure in ADA	Per Pupil Expenditure in ADM	Expenditures For Other Programs	Capital Outlay	Interest On School Debt	Total State Expenditures Capital Outlay, and Interest
					(Dollar Amounts in Thousands Except Per Pupil Amounts)						
	1	2	3	4	5	6	7	8	9	10	(cols. 5,8,9,10)
Alabama	721,000	84.8	706,000	97.9	$1,061,000	$1,503	$1,472	$ 4,000	$103,000	$12,000	$1,180,000
Arkansas	447,226	93.4	423,531	94.7	636,218	1,502	1,423	2,000	103,228	17,355	758,801
Florida+	1,482,000	90.6	1,413,000	95.3	2,665,000	1,886	1,798	0	235,000	55,000	2,955,000
Georgia	1,054,448	90.2	986,905	93.6	1,395,000	1,414	1,323	19,000	46,000	31,000	1,491,000
Kentucky	681,326	88.0	630,226	92.5	1,085,000	1,722	1,592	5,500	40,000	30,000	1,160,500
Louisiana	797,000	83.5	740,000	92.8	1,330,000	1,797	1,669	7,000	90,000	28,000	1,455,000
Mississippi+	477,000	80.7	453,000	95.0	739,000	1,631	1,549	5,000	55,000	5,000	804,000
N. Carolina	1,141,812	92.4	1,068,987	93.6	1,924,587	1,800	1,686	165,533	120,000	0	2,210,120
S. Carolina	630,000	93.5	601,000	95.4	950,300	1,581	1,508	10,000	70,000	58,000	1,088,300
Tennessee	859,774	90.4	807,121	93.9	1,300,619	1,611	1,513	46,100	63,785	31,450	1,441,954
Virginia	1,021,800	90.1	950,000	93.0	1,830,519	1,927	1,791	33,567	168,323	50,735	2,083,144
W. Virginia	NA	NA	345,674	NA	650,502	1,882	NA	15,675	78,374	7,837	752,388

*NEA Estimates of Expenditures

+Does not represent total funding.

NA - Not Available

SOURCE: National Education Association, Estimates of School Statistics, 1979-80; NEA Research Division, Washington, D.C.

TABLE A-24

ESTIMATED AVERAGE DAILY MEMBERSHIP, AVERAGE DAILY ATTENDANCE, AND EXPENDITURES FOR PUBLIC ELEMENTARY AND SECONDARY SCHOOLS, IN 1980-81

(Dollar Amounts in Thousands Except Per Pupil Amounts)

State	Average Daily Membership	% ADM is of Population 5-17 Years	Average Daily Attendance	% ADA is of ADM	Total State Expenditure For Public K-12 Schools	Per Pupil Expenditure in ADA	Per Pupil Expenditure in ADM	Expenditures For Other Programs	Capital Outlay	Interest On School Debt	Total State Expenditures Capital Outlay, and Interest (cols. 5,8,9,10)
	1	2	3	4	5	6	7	8	9	10	
Alabama	737,820	87.6	702,448	95.2	$1,118,900	$1,593	$1,516	$ 3,700	$ 92,000	$11,000	$1,225,600
Arkansas	441,432	93.0	418,510	94.6	673,371	1,609	1,525	1,900	93,406	17,833	786,510
Florida	1,474,703	82.8	1,430,680	97.0	3,200,000	2,237	2,170	0	260,000	50,000	3,510,000
Georgia	1,046,400	90.2	983,900	94.0	1,870,200	1,901	1,787	19,200	46,500	31,100	1,967,000
Kentucky	659,950	86.1	613,050	92.9	1,223,380	1,996	1,854	6,672	45,444	33,000	1,308,496
Louisiana	773,000	74.0	710,000	91.8	1,400,000	1,972	1,811	4,500	92,300	28,300	1,525,100
Mississippi[+]	471,100	80.2	449,000	95.3	795,271	1,771	1,688	6,000	72,741	6,465	880,477
N. Carolina	1,123,506	91.8	1,054,277	93.8	2,139,948	2,030	1,905	170,000	115,000	0	2,424,948
S. Carolina	608,500	90.4	572,000	94.0	1,014,319	1,773	1,667	12,341	127,663	31,680	1,186,003
Tennessee	848,265	90.0	799,065	94.2	1,458,130	1,825	1,719	58,573	59,310	48,275	1,624,288
Virginia	1,000,378	90.1	932,152	93.2	1,971,352	2,115	1,971	37,724	197,528	54,520	2,261,124
W. Virginia	NA	NA	352,911	NA	715,079	2,026	NA	16,252	73,133	8,126	812,590

*NEA Estimates of Expenditures

[+]Does not represent total funding

NA - Not Available

SOURCE: National Education Association, Estimates of School Statistics, 1980-81; NEA Research Division, Washington, D.C.

TABLE A-25

ESTIMATED AVERAGE DAILY MEMBERSHIP, AVERAGE DAILY ATTENDANCE, AND EXPENDITURES FOR PUBLIC ELEMENTARY AND SECONDARY SCHOOLS, IN 1981-82

State	Average Daily Membership	% ADM is of Population 5-17 Years	Average Daily Attendance	% ADA is of ADM	Total State Expenditure For Public K-2 Schools	Per Pupil Expenditure in ADA	Per Pupil Expenditure in ADM	Expenditures For Other Programs	Capital Outlay	Interest On School Debt	Total State Expenditures Capital Outlay, and Interest
					(Dollar Amounts in Thousands Except Per Pupil Amounts)						
	1	2	3	4	5	6	7	8	9	10	(cols. 5,8,9,10)
Alabama	739,000	88.6	702,000	95.0	$1,005,000	$1,432	$1,360	$ 7,000	$ 86,000	$12,000	$1,110,000
Arkansas	435,626	92.3	413,159	94.8	706,920	1,711	1,623	1,900	80,000	19,354	880,174
Florida+	1,513,800	79.7	1,392,696	92.0	3,504,645	2,560	2,355	0	300,000	46,800	3,911,445
Georgia	1,045,000	91.2	987,300	94.5	1,975,224	2,001	1,890	19,660	92,654	28,084	2,115,622
Kentucky	649,440	86.0	605,928	93.3	1,241,800	2,049	1,912	5,000	75,000	35,000	1,356,800
Louisiana	767,590	73.9	705,000	91.8	1,500,000	2,128	1,954	8,000	92,000	27,000	1,627,000
Mississippi	462,160	79.5	439,865	95.2	864,235	1,965	1,870	6,473	87,454	6,390	964,552
N. Carolina	1,110,445	91.5	1,045,560	94.2	2,358,602	2,256	2,124	158,593	88,098	0	2,605,293
S. Carolina	606,510	87.4	570,570	94.1	1,093,000	1,916	1,802	12,900	143,500	37,200	1,286,600
Tennessee	839,305	89.7	787,542	93.8	1,572,549	1,997	1,874	60,382	117,974	25,750	1,776,655
Virginia*	982,862	90.4	917,021	93.3	2,315,565	2,525	2,356	38,911	150,000	50,000	2,554,476
W. Virginia	NA	NA	350,063	NA	795,973	2,274	NA	15,377	80,502	8,141	899,993

*NEA Estimates of Expenditures

+Does not represent total funding

NA - Not Available

SOURCE: National Education Association, Estimates of School Statistics, 1981-82; NEA Research Division, Washington, D.C.

TABLE A-26

ESTIMATED AVERAGE DAILY MEMBERSHIP, AVERAGE DAILY ATTENDANCE, AND EXPENDITURES FOR PUBLIC ELEMENTARY AND SECONDARY SCHOOLS, IN 1982-83

State	Average Daily Membership	% ADM is of Population 5-17 Years	Average Daily Attendance	% ADA is of ADM	Total State Expenditure For Public K-12 Schools	Per Pupil Expenditure in ADA	Per Pupil Expenditure in ADM	Expenditures For Other Programs	Capital Outlay	Interest On School Debt	Total State Expenditures Capital Outlay, and Interest
					(Dollar Amounts in Thousands Except Per Pupil Amounts)						
	1	2	3	4	5	6	7	8	9	10	(cols. 5,8,9,10)
Alabama*	716,797	84.9	698,696	97.5	$1,080,000	$1,546	$1,507	$ 8,000	$ 60,000	$15,000	$1,163,000
Arkansas	430,318	88.2	408,859	95.0	855,694	2,093	1,988	504	96,213	21,681	974,092
Florida	1,372,680	74.7	1,262,866	92.0	3,800,000	3,009	2,768	0	330,000	45,000	4,175,000
Georgia	1,029,967	84.0	975,267	94.7	2,310,218	2,369	2,243	20,288	190,784	26,500	2,547,790
Kentucky	642,176	82.4	601,910	93.7	1,320,000	2,193	2,056	5,400	75,000	37,000	1,437,400
Louisiana	765,000	80.0	702,000	91.0	1,775,680	2,529	2,321	6,450	138,940	38,850	1,959,920
Mississippi	456,390	78.1	438,500	96.1	910,299	2,076	1,995	7,483	66,741	6,810	991,333
N. Carolina	1,087,184	88.9	1,024,237	94.2	2,745,449	2,680	2,525	175,811	99,920	0	3,021,180
S. Carolina	608,500	87.9	571,200	93.9	1,151,440	2,016	1,892	11,626	176,717	28,115	1,367,898
Tennessee	821,648	86.6	774,814	94.3	1,645,806	2,124	2,003	46,133	70,292	48,000	1,810,231
Virginia	966,155	90.3	903,026	93.5		2,740	2,561	38,000	100,000	50,000	2,662,600
W. Virginia	NA	NA	345,116	NA	855,906	2,480	NA	19,452	48,631	6,808	930,797

*NEA Estimates of Expenditures

†Does not represent total funding

NA - Not available

SOURCE: National Education Association, Estimates of School Statistics, 1982-83; NEA Research Division, Washington, D.C.

TABLE A-27

ESTIMATED AVERAGE DAILY MEMBERSHIP, AVERAGE DAILY ATTENDANCE, AND EXPENDITURES FOR PUBLIC ELEMENTARY AND SECONDARY SCHOOLS, IN 1983-84

State	Average Daily Membership	% ADM is of Population 5-17 Years	Average Daily Attendance	% ADA is of ADM	Total State Expenditure For Public K-12 Schools	Per Pupil Expenditure in ADA	Per Pupil Expenditure in ADM	Expenditures For Other Programs	Capital Outlay	Interest On School Debt	Total State Expenditures Capital Outlay, and Interest
					(Dollar Amounts in Thousands Except Per Pupil Amounts)						
	1	2	3	4	5	6	7	8	9	10	(cols. 5,8,9,10)
Alabama	715,396	94.1	679,494	95.0	$1,414,943	$2,082	$1,978	$ 10,701	$156,720	$12,274	$1,594,638
Arkansas	426,376	93.3	403,285	94.6	892,718	2,214	2,094	1,634	74,235	23,453	992,040
Florida	1,495,880	91.9	1,375,013	91.9	4,357,310	3,169	2,913	0	395,554	55,073	4,807,937
Georgia	1,035,000	93.0	978,500	94.5	2,266,728	2,317	2,190	20,800	185,782	29,430	2,502,740
Kentucky	621,920	87.4	565,861	91.0	1,497,100	2,646	2,407	6,900	82,200	37,000	1,623,200
Louisiana	761,300	89.9	716,800	94.2	1,940,200	2,707	2,549	5,700	155,000	65,100	2,166,000
Mississippi	458,062	94.9	437,790	95.6	714,999	2,090	1,998	5,930	47,000	8,367	976,296
N. Carolina	1,084,728	92.9	1,022,138	94.2	2,509,800	2,455	2,314	0	97,300	0	2,607,100
S. Carolina	585,091	91.6	552,791	94.5	1,255,135	2,271	2,145	14,100	122,000	53,530	1,444,765
Tennessee	816,666	93.7	774,346	94.8	1,657,646	2,141	2,030	18,529	118,719	58,402	1,853,296
Virginia	958,007	93.2	900,378	94.0	2,569,051	2,853	2,681	149,652	103,378	54,583	2,806,664
W. Virginia	NA	92.5	343,320	NA	854,091	2,488	NA	30,743	43,503	8,080	936,417

*NEA Estimates of Expenditures

+Does not represent total funding

NA - Not available

SOURCE: National Education Association, Estimates of School Statistics, 1983-84; NEA Research Division, Washington, D.C.

TABLE A-28

ESTIMATED AVERAGE DAILY MEMBERSHIP, AVERAGE DAILY ATTENDANCE, AND EXPENDITURES FOR PUBLIC ELEMENTARY AND SECONDARY SCHOOLS, IN 1984-85

State	Average Daily Membership	% ADM is of Population 5-17 Years	Average Daily Attendance	% ADA is of ADM	Total State Expenditure For Public K-12 Schools	Per Pupil Expenditure in ADA	Per Pupil Expenditure in ADM	Expenditures For Other Programs	Capital Outlay	Interest On School Debt	Total State Expenditures Capital Outlay, and Interest
					(Dollar Amounts in Thousands Except Per Pupil Amounts)						
	1	2	3	4	5	6	7	8	9	10	(cols. 5,8,9,10)
Alabama	720,954	94.1	684,713	95.0	$1,534,500	$2,241	$2,128	$ 11,000	$150,000	$12,500	$1,708,000
Arkansas	427,043	93.3	403,679	94.5	946,353	2,344	2,216	1,659	49,570	24,612	1,022,194
Florida	1,524,318	92.3	1,406,945	92.3	4,796,518	3,409	3,147	0	458,725	57,500	5,312,743
Georgia	1,033,600	93.2	978,300	94.6	2,633,349	2,692	2,548	21,196	254,469	2,608	2,911,622
Kentucky	618,899	90.5	583,000	94.2	1,628,000	2,792	2,630	6,500	82,500	39,220	1,756,220
Louisiana	759,900	89.9	715,400	94.1	2,017,800	2,821	2,655	5,700	120,000	70,000	2,213,500
Mississippi	454,550	94.9	435,678	95.8	960,749	2,205	2,114	6,227	49,350	8,786	1,025,112
N. Carolina	1,078,974	92.9	1,016,580	94.2	2,630,500	2,588	2,438	0	97,300	0	2,727,800
S. Carolina	584,350	94.4	568,740	97.3	1,507,142	2,650	2,579	15,087	137,000	56,206	1,715,435
Tennessee	810,357	93.4	766,598	94.6	1,800,994	2,349	2,222	21,252	121,300	61,200	2,064,746
Virginia	956,438	93.1	899,052	94.0	2,736,039	3,043	2,861	145,000	100,000	50,000	3,031,039
W. Virginia	NA	92.5	335,635	NA	961,904	2,866	NA	31,711	52,052	10,570	1,057,037

*NEA Estimates of Expenditures

+Does not represent total funding

NA - Not available

SOURCE: National Education Association, Estimates of School Statistics, 1984-85; NEA Research Division, Washington, D.C.

TABLE A-29

ESTIMATED AVERAGE DAILY MEMBERSHIP, AVERAGE DAILY ATTENDANCE, AND EXPENDITURES FOR PUBLIC ELEMENTARY AND SECONDARY SCHOOLS, IN 1985-86

State	Average Daily Membership	% ADM is of Population 5-17 Years	Average Daily Attendance	% ADA is of ADM	Total State Expenditure For Public K-12 Schools	Per Pupil Expenditure in ADA	Per Pupil Expenditure in ADM	Expenditures For Other Programs	Capital Outlay	Interest On School Debt	Total State Expenditures Capital Outlay, and Interest
					(Dollar Amounts in Thousands Except Per Pupil Amounts)						
	1	2	3	4	5	6	7	8	9	10	(cols. 5,8,9,10)
Alabama	723,536	NA	687,007	95.0	$1,722,800	$2,508	$2,381	$ 13,000	$150,000	$12,000	$1,897,800
Arkansas	421,192	NA	398,006	94.5	1,051,588	2,642	2,497	3,802	53,488	25,154	1,134,032
Florida	1,563,375	NA	1,444,871	92.4	5,391,261	3,731	3,448	0	422,033	47,187	5,860,481
Georgia	1,048,300	NA	993,200	94.7	2,290,193	2,980	2,824	21,768	277,647	35,845	3,295,453
Kentucky	612,200	NA	578,500	94.5	1,650,700	2,853	2,696	7,500	92,000	40,000	1,790,200
Louisiana	767,910	NA	724,520	94.3	2,207,100	3,046	2,874	18,000	170,000	69,500	2,464,600
Mississippi	450,898	NA	432,524	95.9	996,994	2,305	2,211	5,875	45,757	9,791	1,058,417
N. Carolina	1,074,654	NA	1,014,974	94.4	3,416,000	3,366	3,179	19,000	24,000	0	3,459,000
S. Carolina	586,190	NA	568,240	96.9	1,654,500	2,912	2,822	15,500	167,000	58,900	1,895,900
Tennessee	805,631	NA	764,860	94.9	1,937,486	2,533	2,405	23,933	150,000	63,100	2,174,519
Virginia	959,391	NA	904,130	94.2	2,902,660	3,210	3,026	179,648	87,199	53,527	3,223,034
W. Virginia	NA	NA	333,849	NA	941,870	2,821	NA	41,861	52,326	10,465	1,046,522

NA - Not available

SOURCE: National Education Association, Estimates of School Statistics, 1985-86; NEA Research Division, Washington, D.C.

TABLE A-30

POPULATION, PERSONAL INCOME, AND PER CAPITA AMOUNTS OF FINANCIAL ITEMS FOR STATE AND LOCAL GOVERNMENTS, BY STATE: 1975-76

State	Population[1] (Thousands)	Personal Income		Per Capita Amounts of Financial Items				Education As A Percent Per Capita Personal Income		
		Total (in Millions)	Per Capita	Total General Expenditure	Total Education Expenditure	Local School Expenditure	Higher Education Expenditure	Total Education	Local Schools	Higher Education
Alabama	3,665	$16,779	$4,643	$ 928.26	$369.88	$211.42	$122.64	8.0	4.6	2.6
Arkansas	2,109	3,775	4,620	861.60	344.34	220.30	94.36	7.5	4.8	2.0
Florida	8,421	47,055	5,638	1,006.36	375.65	278.27	87.30	6.7	4.9	1.5
Georgia	4,970	25,052	5,086	970.90	354.73	251.37	86.21	7.0	4.9	1.7
Kentucky	3,428	16,541	4,871	937.29	369.85	219.40	115.79	7.6	4.5	2.4
Louisiana	3,841	18,591	4,904	1,113.42	385.08	267.41	94.93	7.9	5.5	1.9
Mississippi	2,354	9,504	4,052	961.67	363.00	228.50	108.71	9.0	5.6	2.7
N. Carolina	5,469	26,995	4,952	925.65	410.23	263.46	130.69	8.3	5.3	2.6
S. Carolina	2,848	13,014	4,618	965.53	398.40	246.90	99.78	8.6	5.3	2.2
Tennessee	4,214	20,501	4,895	934.98	352.65	221.03	90.45	7.2	4.5	1.8
Virginia	5,032	28,732	5,785	1,022.61	417.42	286.44	103.69	7.2	5.0	1.8
W. Virginia	1,821	8,867	4,918	1,044.37	377.18	284.82	68.90	7.7	5.8	1.4

[1]Population excludes Armed Forces overseas.

SOURCE: Governmental Finances in 1975-76 GF76 No. 5, U. S. Department of Commerce, Bureau of the Census.

TABLE A-31

POPULATION, PERSONAL INCOME, AND PER CAPITA AMOUNTS OF FINANCIAL ITEMS FOR STATE AND LOCAL GOVERNMENTS, BY STATE: 1976-77

State	Population[1] (Thousands)	Personal Income		Per Capita Amounts of Financial Items				Education As A Percent Per Capita Personal Income		
		Total (in Millions)	Per Capita	Total General Expenditure	Total Education Expenditure	Local School Expenditure	Higher Education Expenditure	Total Education	Local Schools	Higher Education
Alabama	3,690	$18,714	$5,106	$1,001.72	$394.28	$221.33	$133.25	7.7	4.3	2.6
Arkansas	2,144	10,408	4,783	876.20	353.71	227.95	97.72	7.4	4.8	2.1
Florida	8,452	50,690	6,019	1,098.85	406.79	293.01	101.88	6.8	4.9	1.7
Georgia	5,048	27,576	5,548	1,002.55	368.56	257.68	90.39	6.6	4.6	1.6
Kentucky	3,458	18,439	5,379	1,006.21	393.23	240.89	115.60	7.3	4.5	2.1
Louisiana	3,921	20,762	5,405	1,207.21	400.48	274.43	98.87	7.4	5.1	1.8
Mississippi	2,389	10,663	4,530	1,017.84	378.89	223.91	125.13	8.4	4.9	2.8
N. Carolina	5,525	29,821	5,453	982.08	437.54	284.32	135.21	8.0	5.2	2.5
S. Carolina	2,876	14,662	5,148	978.55	397.92	246.97	114.80	7.7	4.8	2.2
Tennessee	4,299	22,606	5,364	992.34	370.71	239.07	94.38	6.9	4.5	1.8
Virginia	5,135	31,908	6,341	1,104.54	425.10	295.90	105.15	6.7	4.7	1.7
W. Virginia	1,859	9,941	5,459	1,083.15	399.64	297.66	79.10	7.3	5.5	1.4

[1]Population excludes Armed Forces overseas.

SOURCE: Governmental Finances in 1976-77 GF77 No. 5, U. S. Department of Commerce, Bureau of the Census.

TABLE A-32

POPULATION, PERSONAL INCOME, AND PER CAPITA AMOUNTS OF FINANCIAL ITEMS FOR STATE AND LOCAL GOVERNMENTS, BY STATE: 1977-78

State	Population[1] (Thousands)	Personal Income		Per Capita Amounts of Financial Items				Education As A Percent Per Capita Personal Income		
		Total (in Millions)	Per Capita	Total General Expenditure	Total Education Expenditure	Local School Expenditure	Higher Education Expenditure	Total Education	Local Schools	Higher Education
Alabama	3,742	$20,745	$5,622	$1,303.00	$444.55	$255.04	$140.36	7.9	4.5	2.5
Arkansas	2,186	11,878	5,540	1,067.38	374.28	253.73	90.48	6.8	4.6	1.6
Florida	8,594	56,496	6,684	1,327.27	438.04	313.37	113.13	6.6	4.7	1.7
Georgia	5,084	30,358	6,014	1,355.29	388.40	267.96	99.36	6.5	4.5	1.7
Kentucky	3,498	20,561	5,945	1,246.86	406.04	242.75	125.91	6.8	4.1	2.1
Louisiana	3,966	23,187	5,913	1,420.37	442.47	304.30	116.43	7.5	5.1	2.0
Mississippi	2,404	12,019	5,030	1,230.12	422.67	270.58	121.29	8.4	5.4	2.4
N. Carolina	5,577	32,791	5,935	1,225.55	464.77	301.64	145.00	7.8	5.1	2.4
S. Carolina	2,918	16,186	5,628	1,237.59	444.86	277.46	126.98	7.9	4.9	2.3
Tennessee	4,357	24,869	5,785	1,451.27	404.28	251.01	118.84	7.0	4.3	2.1
Virginia	5,148	35,246	6,865	1,309.21	461.75	313.70	120.41	6.7	4.6	1.8
W. Virginia	1,860	11,129	5,986	1,421.13	456.62	333.89	96.68	7.6	5.6	1.6

[1]Population excludes Armed Forces overseas.

SOURCE: Governmental Finances in 1977-78 GF78 No. 5, U. S. Department of Commerce, Bureau of the Census.

TABLE A-33

POPULATION, PERSONAL INCOME, AND PER CAPITA AMOUNTS OF FINANCIAL ITEMS FOR STATE AND LOCAL GOVERNMENTS, BY STATE: 1978-79

State	Population[1] (Thousands)	Personal Income		Per Capita Amounts of Financial Items				Education As A Percent Per Capita Personal Income		
		Total (in Millions)	Per Capita	Total General Expenditure	Total Education Expenditure	Local School Expenditure	Higher Education Expenditure	Total Education	Local Schools	Higher Education
Alabama	3,769	$23,540	$6,291	$1,220.20	$494.22	$293.41	$152.40	7.9	4.7	2.4
Arkansas	2,180	13,047	5,969	1,109.08	425.91	285.84	107.35	7.1	4.8	1.8
Florida	8,860	65,084	7,573	1,291.34	449.38	327.60	108.94	5.9	4.3	1.4
Georgia	5,117	34,087	6,705	1,309.80	465.31	325.47	119.80	6.9	4.9	1.8
Kentucky	3,527	23,114	6,607	1,339.59	486.28	301.36	144.09	7.4	4.6	2.2
Louisiana	4,018	26,638	6,716	1,365.53	480.53	327.46	128.64	7.2	4.9	1.9
Mississippi	2,429	13,290	5,529	1,246.02	475.18	293.32	152.32	8.6	5.3	2.8
N. Carolina	5,606	36,671	6,574	1,245.55	513.32	334.24	159.53	7.8	5.1	2.4
S. Carolina	2,932	18,346	6,288	1,200.10	514.11	313.53	157.60	8.2	5.0	2.5
Tennessee	4,380	28,527	6,547	1,172.68	428.09	280.50	113.86	6.5	4.3	1.7
Virginia	5,197	39,492	7,671	1,353.58	505.68	339.96	144.58	6.6	4.4	1.9
W. Virginia	1,878	12,318	6,624	1,395.71	522.10	359.56	135.77	7.9	5.4	2.1

[1] Population excludes Armed Forces overseas.

SOURCE: Governmental Finances in 1978-79 GF79 No. 5, U. S. Department of Commerce, Bureau of the Census.

TABLE A-34

POPULATION, PERSONAL INCOME, AND PER CAPITA AMOUNTS OF FINANCIAL ITEMS FOR STATE AND LOCAL GOVERNMENTS, BY STATE: 1979-80

State	Population[1] (Thousands)	Personal Income		Per Capita Amounts of Financial Items				Education As A Percent Per Capita Personal Income		
		Total (in Millions)	Per Capita	Total General Expenditure	Total Education Expenditure	Local School Expenditure	Higher Education Expenditure	Total Education	Local Schools	Higher Education
Alabama	3,890	$26,240	$6,962	$1,326.42	$512.32	$302.08	$158.87	7.4	4.3	2.3
Arkansas	2,285	15,144	6,933	1,200.13	474.62	327.50	112.80	6.8	4.7	1.6
Florida	9,740	75,713	8,546	1,309.42	460.58	339.74	108.16	5.4	4.0	1.3
Georgia	5,464	39,044	7,630	1,365.77	476.24	345.41	111.39	6.2	4.5	1.5
Kentucky	3,661	26,060	7,390	1,476.72	506.27	314.06	149.20	6.9	4.2	2.0
Louisiana	4,204	30,467	7,583	1,560.00	533.52	368.92	131.80	7.0	4.9	1.7
Mississippi	2,521	15,007	6,178	1,353.51	501.66	308.16	160.03	8.1	5.0	2.6
N. Carolina	5,874	41,399	7,385	1,300.53	542.45	350.80	171.05	7.3	4.8	2.3
S. Carolina	3,119	20,690	7,057	1,269.13	544.55	340.20	160.84	7.7	4.8	2.3
Tennessee	4,591	32,162	7,343	1,291.35	460.33	300.79	123.52	6.3	4.1	1.7
Virginia	5,346	44,628	8,587	1,440.33	544.31	366.65	155.39	6.3	4.3	1.8
W. Virginia	1,950	13,844	7,372	1,521.09	547.72	386.61	132.95	7.4	5.2	1.8

[1]Population excludes Armed Forces overseas.

SOURCE: Governmental Finances in 1979-80 GF80 No. 5, U. S. Department of Commerce, Bureau of the Census.

TABLE A-35

POPULATION, PERSONAL INCOME, AND PER CAPITA AMOUNTS OF FINANCIAL ITEMS FOR STATE AND LOCAL GOVERNMENTS, BY STATE: 1980-81

State	Population[1] (Thousands)	Personal Income		Per Capita Amounts of Financial Items				Education As A Percent Per Capita Personal Income		
		Total (in Millions)	Per Capita	Total General Expenditure	Total Education Expenditure	Local School Expenditure	Higher Education Expenditure	Total Education	Local Schools	Higher Education
Alabama	3,894	$29,199	$7,488	$1,448.25	$552.70	$324.31	$169.63	7.4	4.3	2.3
Arkansas	2,286	16,651	7,268	1,303.35	521.80	349.04	132.25	7.2	4.8	1.8
Florida	9,746	88,675	8,996	1,468.70	527.41	386.11	126.32	5.9	4.3	1.4
Georgia	5,463	44,217	8,073	1,537.79	530.78	381.02	129.05	6.6	4.7	1.6
Kentucky	3,660	27,939	7,613	1,495.17	524.96	322.60	157.84	6.9	4.2	2.1
Louisiana	4,206	35,645	8,458	1,807.94	623.98	421.46	164.87	7.4	5.0	1.9
Mississippi	2,521	16,262	6,580	1,487.21	553.49	325.44	194.32	8.4	4.9	3.0
N. Carolina	5,882	46,043	7,819	1,420.96	612.08	394.92	194.80	7.8	5.1	2.5
S. Carolina	3,122	22,726	7,266	1,435.41	603.83	374.69	177.91	8.3	5.2	2.4
Tennessee	4,591	35,525	7,720	1,397.52	478.52	303.87	135.80	6.2	3.9	1.8
Virginia	5,347	50,333	9,392	1,601.36	627.55	420.32	182.28	6.7	4.5	1.9
W. Virginia	1,950	15,243	7,800	1,625.29	583.25	417.65	135.95	7.5	5.4	1.7

[1]Population excludes Armed Forces overseas.

SOURCE: Governmental Finances in 1980-81 GF81 No. 5, U. S. Department of Commerce, Bureau of the Census.

TABLE A-36

POPULATION, PERSONAL INCOME, AND PER CAPITA AMOUNTS OF FINANCIAL ITEMS FOR STATE AND LOCAL GOVERNMENTS, BY STATE: 1981-82

State	Population[1] (Thousands)	Personal Income		Per Capita Amounts of Financial Items				Education As A Percent Per Capita Personal Income		
		Total (in Millions)	Per Capita	Total General Expenditure	Total Education Expenditure	Local School Expenditure	Higher Education Expenditure	Total Education	Local Schools	Higher Education
Alabama	3,894	$ 32,198	$ 8,219	$1,537.43	$612.77	$354.02	$200.16	7.5	4.3	2.4
Arkansas	2,286	18,467	8,044	1,347.71	543.35	354.54	145.49	6.8	4.4	1.8
Florida	9,746	103,502	10,165	1,664.65	576.58	412.44	147.37	5.7	4.1	1.4
Georgia	5,463	49,797	8,934	1,729.85	566.32	402.74	142.33	6.3	4.5	1.6
Kentucky	3,660	30,836	8,420	1,459.18	519.95	318.05	160.04	6.2	3.8	1.9
Louisiana	4,206	41,001	9,518	2,044.01	699.61	475.60	174.68	7.4	5.0	1.8
Mississippi	2,521	18,749	7,408	1,577.23	569.56	340.78	196.01	7.7	4.6	2.6
N. Carolina	5,882	51,494	8,649	1,480.30	640.74	403.83	213.32	7.4	4.7	2.5
S. Carolina	3,122	25,457	8,039	1,473.64	649.80	428.36	186.88	8.1	5.3	2.3
Tennessee	4,591	38,957	8,447	1,368.71	475.05	307.17	128.45	5.6	3.6	1.5
Virginia	5,347	56,191	10,349	1,659.64	643.95	441.33	175.45	6.2	4.3	1.7
W. Virginia	1,950	16,352	8,377	1,650.17	609.95	456.66	122.67	7.3	5.5	1.5

[1]Population excludes Armed Forces overseas.

SOURCE: Governmental Finances in 1981-82 GF82 No. 5, U. S. Department of Commerce, Bureau of the Census.

TABLE A-37

POPULATION, PERSONAL INCOME, AND PER CAPITA AMOUNTS OF FINANCIAL ITEMS FOR STATE AND LOCAL GOVERNMENTS, BY STATE: 1982-83

State	Population[1] (Thousands)	Personal Income		Per Capita Amounts of Financial Items				Education As A Percent Per Capita Personal Income		
		Total (in Millions)	Per Capita	Total General Expenditure	Total Education Expenditure	Local School Expenditure	Higher Education Expenditure	Total Education	Local Schools	Higher Education
Alabama	3,959	$ 34,101	$ 8,649	$1,668.43	$648.24	$367.24	$215.93	7.5	4.2	2.5
Arkansas	2,328	19,430	8,479	1,371.75	543.11	358.21	142.39	6.4	4.2	1.7
Florida	10,680	114,327	10,978	1,644.65	564.86	421.12	127.52	5.1	3.8	1.2
Georgia	5,732	54,035	9,583	1,786.25	579.67	409.75	147.94	6.0	4.3	1.5
Kentucky	3,714	32,762	8,934	1,554.03	579.11	368.48	167.29	6.5	4.1	1.9
Louisiana	4,438	44,635	10,231	2,118.98	684.75	445.89	186.49	6.7	4.4	1.8
Mississippi	2,587	19,840	7,778	1,548.21	551.63	333.02	188.78	7.1	4.3	2.4
N. Carolina	6,082	54,431	9,044	1,496.98	622.32	394.62	204.61	6.9	4.4	2.3
S. Carolina	3,264	27,231	8,502	1,447.89	605.13	398.53	173.71	7.1	4.7	2.0
Tennessee	4,685	41,420	8,906	1,493.36	518.42	324.92	151.58	5.8	3.6	1.7
Virginia	5,550	60,923	11,095	1,709.93	675.04	464.18	181.36	6.1	4.2	1.6
W. Virginia	1,965	17,078	8,769	1,725.13	651.08	471.14	149.65	7.4	5.4	1.7

[1]Population excludes Armed Forces overseas.

SOURCE: Governmental Finances in 1982-83 GF83 No. 5, U. S. Department of Commerce, Bureau of the Census.

TABLE A-38

POPULATION, PERSONAL INCOME, AND PER CAPITA AMOUNTS OF FINANCIAL ITEMS FOR STATE AND LOCAL GOVERNMENTS, BY STATE: 1983-84

State	Population[1] (Thousands)	Personal Income		Per Capita Amounts of Financial Items				Education As A Percent Per Capita Personal Income		
		Total (in Millions)	Per Capita	Total General Expenditure	Total Education Expenditure	Local School Expenditure	Higher Education Expenditure	Total Education	Local Schools	Higher Education
Alabama	3,990	$ 36,588	$ 9,242	$1,739.38	$651.42	$368.11	$222.84	7.0	4.0	2.4
Arkansas	2,349	20,875	8,967	1,477.74	591.60	399.94	147.44	6.6	4.5	1.6
Florida	10,976	123,815	11,593	1,802.98	616.72	444.42	140.24	5.3	3.8	1.2
Georgia	5,837	59,494	10,379	1,825.81	612.76	412.87	172.00	5.9	4.0	1.7
Kentucky	3,723	34,903	9,397	1,717.02	608.72	371.59	187.32	6.5	4.0	2.0
Louisiana	4,462	45,576	10,270	2,239.22	715.05	456.31	214.48	7.0	4.4	2.1
Mississippi	2,598	20,951	8,098	1,686.57	593.27	361.91	198.86	7.3	4.5	2.5
N. Carolina	6,165	59,523	9,787	1,602.38	681.66	420.84	229.06	7.0	4.3	2.3
S. Carolina	3,300	29,984	9,187	1,569.16	641.38	411.55	195.60	7.0	4.5	2.1
Tennessee	4,717	44,743	9,549	1,590.95	540.44	342.64	157.20	5.7	3.6	1.6
Virginia	5,636	67,240	12,116	1,805.81	733.03	493.13	208.37	6.1	4.1	1.7
W. Virginia	1,952	17,997	9,159	1,815.10	697.96	494.03	165.91	7.6	5.4	1.8

[1]Population excludes Armed Forces overseas.

SOURCE: Governmental Finances in 1983-84 GF84 No. 5, U. S. Department of Commerce, Bureau of the Census.

TABLE A-39

1975 REPRESENTATIVE TAX SYSTEM TAX CAPACITY AND EFFORT INDEX
FOR ALL STATE TAXES COMBINED

State	Capacity Per Capita	Tax Capacity Index	Tax Capacity	Tax Revenue	Revenue Per Capita	Tax Effort Index
U.S. Total	$635.32	100.0	$136,888,751	$136,888,752	$100.00	635.3
Alabama	490.08	77.1	1,803,982	1,424,116	386.88	78.9
Arkansas	497.30	78.3	1,073,169	840,383	389.43	78.3
Florida	650.27	102.4	5,554,613	4,107,125	480.82	73.9
Georgia	544.86	85.8	2,756,450	2,441,749	482.65	88.6
Kentucky	540.05	85.0	1,873,428	1,581,159	455.80	84.4
Louisiana	617.71	97.2	2,401,041	2,080,583	535.27	86.7
Mississippi	445.04	70.0	1,068,098	1,021,459	425.61	95.6
N. Carolina	542.67	85.4	3,003,668	2,578,457	465.85	85.8
S. Carolina	490.18	77.2	1,421,530	1,211,446	417.74	85.2
Tennessee	531.08	83.6	2,262,941	1,785,640	419.07	78.9
Virginia	594.01	93.5	3,003,289	2,616,492	517.50	87.1
W. Virginia	562.63	88.6	1,035,804	883,747	480.04	85.3

NOTE: All per capita amounts are in dollars; total amounts are in thousands of dollars.

SOURCE: ACIR staff estimates. ACIR, 1983 Tax Capacity of the States, M-148, ACIR, Washington, D.C., April 1986.

TABLE A-40

1977 REPRESENTATIVE TAX SYSTEM TAX CAPACITY AND EFFORT INDEX
FOR ALL STATE TAXES COMBINED

State	Capacity Per Capita	Tax Capacity Index	Tax Capacity	Tax Revenue	Revenue Per Capita	Tax Effort Index
U.S. Total	$769.91	100.0	$169,194,702	$169,194,703	$769.91	100.0
Alabama	593.58	77.1	2,245,529	1,769,938	467.87	78.0
Arkansas	602.43	78.2	1,329,568	1,037,165	469.94	78.0
Florida	775.16	100.7	6,890,430	5,023,208	565.10	72.9
Georgia	647.45	84.1	3,374,503	3,003,345	576.24	89.0
Kentucky	637.90	82.9	2,280,502	1,917,163	536.27	84.1
Louisiana	765.99	99.5	3,076,226	2,415,321	601.42	78.5
Mississippi	538.48	69.9	1,324,661	1,239,532	503.87	93.6
N. Carolina	638.39	82.9	3,618,395	3,162,884	558.02	87.4
S. Carolina	589.70	76.6	1,762,600	1,519,733	508.44	86.2
Tennessee	637.57	82.8	2,806,595	2,311,205	525.04	82.3
Virginia	703.88	91.4	3,664,401	3,211,306	616.85	87.6
W. Virginia	690.64	89.7	1,316,354	1,054,923	553.47	80.1

NOTE: All per capita amounts are in dollars; total amounts are in thousands of dollars.

SOURCE: ACIR staff estimates. ACIR, 1983 Tax Capacity of the States, M-148, ACIR, Washington, D.C., April 1986.

TABLE A-41

1979 REPRESENTATIVE TAX SYSTEM TAX CAPACITY AND EFFORT INDEX
FOR ALL STATE TAXES COMBINED

State	Capacity Per Capita	Tax Capacity Index	Tax Capacity	Tax Revenue	Revenue Per Capita	Tax Effort Index
U.S. Total	$866.65	100.0	$194,621,665	$194,621,667	$866.65	100.0
Alabama	659.55	76.1	2,551,780	2,186,816	565.22	85.7
Arkansas	670.86	77.4	1,522,184	1,239,775	546.40	81.4
Florida	865.82	99.9	8,200,157	6,414,356	677.26	78.2
Georgia	705.01	81.3	3,800,688	3,637,460	674.73	95.7
Kentucky	735.80	84.9	2,681,237	2,324,210	637.82	86.7
Louisiana	896.79	103.5	3,711,826	3,050,210	736.94	82.2
Mississippi	607.08	70.0	1,522,548	1,469,557	585.95	96.5
N. Carolina	708.27	81.7	4,109,391	3,736,400	643.98	90.9
S. Carolina	656.71	75.8	2,027,258	1,851,868	599.89	91.3
Tennessee	700.99	80.9	3,177,571	2,758,544	608.55	86.8
Virginia	803.13	92.7	4,276,688	3,778,280	709.54	88.3
W. Virginia	800.23	92.3	1,551,655	1,275,262	657.69	82.2

NOTE: All per capita amounts are in dollars; total amounts are in thousands of dollars.

SOURCE: ACIR staff estimates. ACIR, 1983 Tax Capacity of the States, M-148, ACIR, Washington, D.C., April 1986.

TABLE A-42

1980 REPRESENTATIVE TAX SYSTEM TAX CAPACITY AND EFFORT INDEX
FOR ALL STATE TAXES COMBINED

State	Capacity Per Capita	Tax Capacity Index	Tax Capacity	Tax Revenue	Revenue Per Capita	Tax Effort Index
U.S. Total	$948.73	100.0	$215,524,055	$215,524,055	$948.73	100.0
Alabama	718.08	75.7	2,799,780	2,384,918	611.67	85.2
Arkansas	749.52	79.0	1,717,155	1,468,459	640.97	85.5
Florida	949.01	100.0	9,355,327	6,908,203	700.77	73.8
Georgia	778.09	82.0	4,262,375	4,100,241	748.49	96.2
Kentucky	787.16	83.0	2,888,891	2,560,950	697.81	88.6
Louisiana	1,036.40	109.2	4,368,436	3,395,536	805.58	77.7
Mississippi	657.81	69.3	1,662,290	1,603,620	634.59	96.5
N. Carolina	754.34	79.5	4,441,553	4,303,975	730.97	96.9
S. Carolina	713.86	75.2	2,232,948	2,131,822	681.53	95.5
Tennessee	749.36	79.0	3,448,535	2,902,564	630.72	84.2
Virginia	899.06	94.8	4,818,051	4,256,031	794.18	88.3
W. Virginia	888.77	93.7	1,736,662	1,426,263	729.92	82.1

NOTE: All per capita amounts are in dollars; total amounts are in thousands of dollars.

SOURCE: ACIR staff estimates. ACIR, 1983 Tax Capacity of the States, M-148, ACIR, Washington, D.C., April 1986.

TABLE A-43

1981 REPRESENTATIVE TAX SYSTEM TAX CAPACITY AND EFFORT INDEX
FOR ALL STATE TAXES COMBINED

State	Capacity Per Capita	Tax Capacity Index	Tax Capacity	Tax Revenue	Revenue Per Capita	Tax Effort Index
U.S. Total	$1,029.52	100.0	$236,080,697	$236,080,697	$1,029.52	100.0
Alabama	766.74	74.5	3,003,307	2,720,058	694.42	90.6
Arkansas	839.75	81.6	1,928,064	1,522,070	662.92	78.9
Florida	1,040.65	101.1	10,596,964	7,762,573	762.31	73.3
Georgia	838.18	81.4	4,672,010	4,545,647	815.51	97.3
Kentucky	843.99	82.0	3,090,679	2,732,962	746.30	88.4
Louisiana	1,200.46	116.6	5,171,597	3,968,957	921.30	76.7
Mississippi	737.47	71.6	1,866,537	1,766,352	697.89	94.6
N. Carolina	818.77	79.5	4,874,160	4,644,360	780.17	95.3
S. Carolina	774.19	75.2	2,451,857	2,335,778	737.54	95.3
Tennessee	812.85	79.0	3,748,859	3,262,599	707.42	87.0
Virginia	969.08	94.1	5,262,084	4,709,596	867.33	89.5
W. Virginia	926.36	90.0	1,808,250	1,503,005	769.98	83.1

NOTE: All per capita amounts are in dollars; total amounts are in thousands of dollars.

SOURCE: ACIR staff estimates. ACIR, 1983 Tax Capacity of the States, M-148, ACIR, Washington, D.C., April 1986.

TABLE A-44

1982 REPRESENTATIVE TAX SYSTEM TAX CAPACITY AND EFFORT INDEX
FOR ALL STATE TAXES COMBINED

State	Capacity Per Capita	Tax Capacity Index	Tax Capacity	Tax Revenue	Revenue Per Capita	Tax Effort Index
U.S. Total	$1,110.91	100.0	$257,494,256	$257,494,256	$1,110.91	100.0
Alabama	819.38	73.8	3,229,191	2,812,678	713.70	87.1
Arkansas	871.79	78.5	2,011,224	1,633,901	708.24	81.2
Florida	1,152.69	103.8	12,064,076	8,696,462	830.93	72.1
Georgia	929.71	83.7	5,252,011	5,031,029	890.76	95.8
Kentucky	909.00	81.8	3,356,039	2,969,282	804.25	88.5
Louisiana	1,255.94	113.1	5,504,786	4,503,309	1,027.45	81.3
Mississippi	785.53	70.7	2,018,030	1,864,137	725.63	92.4
N. Carolina	905.50	81.5	5,450,199	5,104,468	848.06	93.7
S. Carolina	822.05	74.0	2,652,751	2,541,409	787.55	95.8
Tennessee	859.31	77.4	4,000,956	3,421,304	734.82	85.5
Virginia	1,039.23	93.5	5,700,169	5,117,989	933.09	89.8
W. Virginia	1,020.79	91.9	2,001,772	1,720,750	877.49	86.0

NOTE: All per capita amounts are in dollars; total amounts are in thousands of dollars.

SOURCE: ACIR staff estimates. ACIR, 1983 Tax Capacity of the States, M-148, ACIR, Washington, D.C., April 1986.

TABLE A-45

1983 REPRESENTATIVE TAX SYSTEM TAX CAPACITY AND EFFORT INDEX
FOR ALL STATE TAXES COMBINED

State	Capacity Per Capita	Tax Capacity Index	Tax Capacity	Tax Revenue	Revenue Per Capita	Tax Effort Index
U.S. Total	$1,175.95	100.0	$275,148,881	$270,565,369	$1,175.95	100.0
Alabama	879.52	74.8	3,482,021	3,002,470	762.08	86.6
Arkansas	913.16	77.7	2,125,825	1,711,198	754.92	82.7
Florida	1,216.52	103.4	12,992,425	9,643,095	913.63	75.1
Georgia	1,022.21	86.9	5,859,329	5,355,457	946.51	92.6
Kentucky	926.60	78.8	3,441,397	3,087,815	841.19	90.8
Louisiana	1,254.58	106.7	5,567,839	4,508,586	1,019.89	81.3
Mississippi	801.88	68.2	2,074,460	1,935,194	758.86	94.6
N. Carolina	1,020.22	86.8	6,205,000	5,385,705	895.73	87.8
S. Carolina	888.27	75.5	2,899,298	2,752,362	848.36	95.5
Tennessee	943.95	80.3	4,422,427	3,573,530	773.76	82.0
Virginia	1,123.96	95.6	6,237,986	5,510,535	1,002.99	89.2
W. Virginia	1,024.13	87.1	2,012,423	1,758,641	898.29	87.7

NOTE: All per capita amounts are in dollars; total amounts are in thousands of dollars.

SOURCE: ACIR staff estimates. ACIR, 1983 Tax Capacity of the States, M-148, ACIR, Washington, D.C., April 1986.

TABLE A-46

STATE AND LOCAL TAX EFFORT AND ABILITY, PER CAPITA AND PER $1,000 OF PERSONAL INCOME FOR THE SOUTHEASTERN STATES AND THE UNITED STATES, 1977

State	Taxes Per Capita		Taxes Per $1,000 of Personal Income	
	Effort	Ability	Effort	Ability
U. S. Total	$820.47	$860.27	$122.88	$128.84
Alabama	520.42	719.76	97.34	134.63
Arkansas	500.80	685.06	97.41	133.25
Florida	644.29	819.48	101.70	129.36
Georgia	614.92	742.73	106.97	129.21
Kentucky	605.06	759.04	107.08	134.33
Louisiana	642.86	831.67	114.52	148.16
Mississippi	537.97	625.02	114.32	132.82
N. Carolina	602.68	736.96	105.77	129.34
S. Carolina	559.80	699.95	104.08	130.14
Tennessee	590.49	728.05	106.62	131.46
Virginia	691.36	847.07	106.30	130.23
W. Virginia	632.12	799.42	111.28	140.74

SOURCE: Kenneth E. Quindry and Niles Schoening, State and Local Tax Ability and Effort, 1977, SREB, Atlanta, GA, 1979.

TABLE A-47

STATE AND LOCAL TAX EFFORT AND ABILITY, PER CAPITA AND PER $1,000 OF PERSONAL INCOME FOR THE SOUTHEASTERN STATES AND THE UNITED STATES, 1978

State	Taxes Per Capita		Taxes Per $1,000 of Personal Income	
	Effort	Ability	Effort	Ability
U. S. Total	$894.98	$940.73	$121.31	$127.52
Alabama	585.56	787.09	99.12	133.23
Arkansas	561.37	759.52	96.86	131.06
Florida	713.48	906.61	100.92	128.24
Georgia	677.52	811.71	106.33	127.39
Kentucky	666.02	828.70	106.56	132.59
Louisiana	723.33	904.68	116.63	145.87
Mississippi	600.12	699.64	112.38	131.01
N. Carolina	653.75	802.52	104.20	127.91
S. Carolina	626.44	758.05	105.96	128.21
Tennessee	646.14	798.69	105.12	129.93
Virginia	769.50	932.06	105.96	128.35
W. Virginia	684.80	875.07	112.23	143.41

SOURCE: Kenneth E. Quindry and Niles Schoening, State and Local Tax Performance, 1978, SREB, Atlanta, GA, 1980.

TABLE A-48

STATE AND LOCAL TAX EFFORT AND ABILITY, PER CAPITA AND PER $1,000 OF PERSONAL INCOME FOR THE SOUTHEASTERN STATES AND THE UNITED STATES, 1979

State	Taxes Per Capita		Taxes Per $1,000 of Personal Income	
	Effort	Ability	Effort	Ability
U. S. Total	$939.85	$990.84	$113.96	$120.14
Alabama	640.55	838.45	96.07	125.75
Arkansas	605.58	809.99	92.80	124.12
Florida	785.43	955.65	99.03	120.49
Georgia	752.52	861.81	105.29	120.58
Kentucky	738.82	877.96	105.63	125.52
Louisiana	812.95	983.42	114.94	139.05
Mississippi	651.27	726.71	111.44	124.35
N. Carolina	711.21	848.03	101.36	120.86
S. Carolina	694.02	803.80	104.46	120.98
Tennessee	696.65	851.55	100.39	122.72
Virginia	830.13	983.39	102.21	121.08
W. Virginia	783.44	934.18	110.32	131.55

SOURCE: Kenneth E. Quindry and Niles Schoening, State and Local Tax Performance, 1979, SREB, Atlanta, GA, 1980.

TABLE A-49

STATE AND LOCAL TAX EFFORT AND ABILITY, PER CAPITA AND PER $1,000 OF PERSONAL INCOME FOR THE SOUTHEASTERN STATES AND THE UNITED STATES, 1980

State	Taxes Per Capita		Taxes Per $1,000 of Personal Income	
	Effort	Ability	Effort	Ability
U. S. Total	$991.79	$1,049.84	$110.75	$117.24
Alabama	673.05	870.03	94.97	122.76
Arkansas	663.57	828.92	96.14	120.09
Florida	770.98	969.93	92.93	116.91
Georgia	771.22	874.56	102.71	116.48
Kentucky	740.82	909.55	100.45	123.33
Louisiana	848.00	1,077.87	109.34	138.98
Mississippi	658.91	754.21	105.56	120.82
N. Carolina	754.25	865.68	102.00	117.07
S. Carolina	721.40	818.59	103.09	116.98
Tennessee	683.27	867.48	93.30	118.45
Virginia	869.14	1,039.18	98.24	117.46
W. Virginia	805.69	989.45	108.07	132.72

SOURCE: Kenneth E. Quindry and Niles Schoening, State and Local Tax Performance, 1980, SREB, Atlanta, GA, 1981.

TABLE A-50

STATE AND LOCAL TAX EFFORT AND ABILITY, PER CAPITA AND PER $1,000 OF PERSONAL INCOME FOR THE SOUTHEASTERN STATES AND THE UNITED STATES, 1981

State	Taxes Per Capita		Taxes Per $1,000 of Personal Income	
	Effort	Ability	Effort	Ability
U. S. Total	$1,072.80	$1,137.73	$107.60	$114.11
Alabama	759.05	929.07	97.37	119.18
Arkansas	683.43	881.15	89.96	115.98
Florida	826.07	1,057.41	88.17	112.86
Georgia	838.44	948.70	99.21	112.25
Kentucky	788.30	963.58	98.12	119.94
Louisiana	962.34	1,208.59	108.25	135.95
Mississippi	720.57	812.28	104.35	117.63
N. Carolina	801.76	928.01	97.61	112.98
S. Carolina	778.13	862.89	102.18	113.31
Tennessee	762.93	935.90	93.60	114.83
Virginia	943.77	1,118.29	95.64	113.33
W. Virginia	845.78	1,054.12	104.95	130.81

SOURCE: Kenneth E. Quindry and Niles Schoening, State and Local Tax Performance, 1981, SREB, Atlanta, GA, 1982.

TABLE A-51

STATE AND LOCAL TAX ABILITY AND ABILITY UTILIZATION, AND EXTENT OF UTILIZATION, ALL TAXES AND MAJOR TAXES FOR THE SOUTHEASTERN STATES AND THE UNITED STATES, 1977

State	Tax Effort	Net Over and Under Utilization of Ability	Tax Ability (Cols. 1 + 2)	Percentage of Ability Utilized	Percentage of Ability Utilized				
					General Sales Taxes	Selective Sales Taxes	Property Taxes	Individual Income Taxes	Corporate Income Taxes
All States Including D.C.	$177,491,987	$8,609,231	$186,101,218	95.4	98.0	98.9	100.0	82.5	92.0
Alabama	1,920,354	735,569	2,655,923	72.3	117.2	169.2	25.8	58.4	55.4
Arkansas	1,073,713	395,062	1,468,775	73.1	97.2	92.5	49.2	60.7	87.8
Florida	5,445,502	1,480,767	6,926,269	78.6	101.8	155.8	76.9	0	52.2
Georgia	3,104,106	645,196	3,749,302	82.8	103.9	100.2	76.2	69.7	84.8
Kentucky	2,092,285	532,470	2,624,755	79.7	92.5	99.3	46.0	98.1	96.7
Louisiana	2,520,665	740,323	3,260,988	77.3	143.3	94.0	40.8	24.8	62.3
Mississippi	1,285,206	207,964	1,493,170	86.1	164.8	95.4	57.0	47.8	58.8
N. Carolina	3,329,780	741,900	4,071,680	81.8	80.4	108.5	56.6	101.4	93.4
S. Carolina	1,609,989	403,065	2,013,054	80.0	104.6	107.9	55.1	76.6	99.2
Tennessee	2,538,531	591,352	3,129,883	81.1	152.1	134.0	59.0	3.8	94.4
Virginia	3,550,148	799,550	4,349,698	81.6	66.8	135.2	69.0	87.3	68.6
W. Virginia	1,175,103	311,019	1,486,122	79.1	165.1	112.4	45.6	63.7	31.8

NOTE: Dollar amounts are in thousands.

SOURCE: Kenneth E. Quindry and Niles C. Schoening, State and Local Tax Ability and Effort, 1977, SREB, Atlanta, GA, 1979.

TABLE A-52

STATE AND LOCAL TAX ABILITY AND ABILITY UTILIZATION, AND EXTENT OF UTILIZATION, ALL TAXES AND MAJOR TAXES FOR THE SOUTHEASTERN STATES AND THE UNITED STATES, 1978

State	Tax Effort	Net Over and Under Utilization of Ability	Tax Ability (Cols. 1 + 2)	Percentage of Ability Utilized	Percentage of Ability Utilized				
					General Sales Taxes	Selective Sales Taxes	Property Taxes	Individual Income Taxes	Corporate Income Taxes
All States Including D.C.	$195,163,509	$9,977,337	$205,140,846	95.1	97.9	98.9	100.0	82.3	91.9
Alabama	2,191,151	754,121	2,945,272	74.4	113.4	183.4	28.2	61.8	51.5
Arkansas	1,227,156	433,158	1,660,314	73.9	94.7	93.0	49.2	64.1	90.2
Florida	6,131,683	1,659,714	7,791,397	78.7	103.0	159.3	78.2	0	57.7
Georgia	3,444,515	682,216	4,126,731	83.5	106.5	99.5	73.7	74.6	86.1
Kentucky	2,329,745	569,031	2,898,776	80.4	92.3	101.8	46.7	98.3	86.7
Louisiana	2,868,712	719,242	3,587,954	80.0	149.4	97.8	38.1	31.3	104.0
Mississippi	1,442,687	239,248	1,681,935	85.8	161.3	91.4	58.1	49.4	56.2
N. Carolina	3,645,937	829,713	4,475,650	81.5	79.9	109.9	57.9	97.0	89.9
S. Carolina	1,827,966	384,024	2,211,990	82.6	103.8	109.1	57.0	81.5	97.5
Tennessee	2,815,251	664,649	3,479,900	80.9	149.8	143.4	57.9	3.7	87.3
Virginia	3,961,405	836,849	4,798,254	82.6	66.4	133.9	70.8	93.6	60.3
W. Virginia	1,273,734	353,898	1,627,632	78.3	162.7	117.5	47.7	64.5	25.3

NOTE: Dollar amounts are in thousands.

SOURCE: Kenneth E. Quindry and Niles C. Schoening, State and Local Tax Performance 1978, SREB, Atlanta, GA, 1980.

TABLE A-53

STATE AND LOCAL TAX ABILITY AND ABILITY UTILIZATION, AND EXTENT OF UTILIZATION, ALL TAXES AND MAJOR TAXES FOR THE SOUTHEASTERN STATES AND THE UNITED STATES, 1979

State	Tax Effort	Net Over and Under Utilization of Ability	Tax Ability (Cols. 1 + 2)	Percentage of Ability Utilized	Percentage of Ability Utilized				
					General Sales Taxes	Selective Sales Taxes	Property Taxes	Individual Income Taxes	Corporate Income Taxes
All States Including D.C.	$206,858,427	$11,223,499	$218,081,926	94.9	97.9	98.9	100.0	82.1	91.5
Alabama	2,414,233	745,880	3,160,113	76.4	112.2	191.3	30.4	62.5	54.5
Arkansas	1,320,160	445,629	1,765,789	74.8	93.0	97.1	53.7	65.0	80.1
Florida	6,958,875	1,508,167	8,467,042	82.2	105.7	165.2	87.0	0	61.0
Georgia	3,850,648	559,254	4,409,902	87.3	110.0	95.7	81.9	80.7	84.2
Kentucky	2,605,832	490,746	3,096,578	84.2	92.7	100.7	52.2	101.5	90.2
Louisiana	3,266,453	684,920	3,951,373	82.7	157.4	97.4	40.1	34.3	102.6
Mississippi	1,581,926	183,262	1,765,188	89.6	162.1	100.8	65.8	55.1	56.0
N. Carolina	3,987,031	767,008	4,754,039	83.9	80.2	98.0	64.8	102.4	88.2
S. Carolina	2,034,868	321,875	2,356,743	86.3	103.0	114.1	63.4	86.3	98.0
Tennessee	3,051,306	678,468	3,729,774	81.8	150.1	139.1	62.6	3.5	83.4
Virginia	4,314,184	796,474	5,110,658	84.8	65.1	135.4	76.7	92.6	63.3
W. Virginia	1,471,302	283,086	1,754,388	83.9	160.9	122.9	51.4	65.9	26.1

NOTE: Dollar amounts are in thousands.

SOURCE: Kenneth E. Quindry and Niles C. Schoening, State and Local Tax Performance, 1979, SREB, Atlanta, GA, 1980.

TABLE A-54

STATE AND LOCAL TAX ABILITY AND ABILITY UTILIZATION, AND EXTENT OF UTILIZATION, ALL TAXES AND MAJOR TAXES FOR THE SOUTHEASTERN STATES AND THE UNITED STATES, 1980

State	Tax Effort	Net Over and Under Utilization of Ability	Tax Ability (Cols. 1 + 2)	Percentage of Ability Utilized	Percentage of Ability Utilized				
					General Sales Taxes	Selective Sales Taxes	Property Taxes	Individual Income Taxes	Corporate Income Taxes
All States Including D.C.	$224,622,941	$13,146,917	$237,769,858	94.5	97.9	98.9	100.0	81.7	91.2
Alabama	2,618,153	766,266	3,384,419	77.4	101.0	203.6	32.9	60.8	54.7
Arkansas	1,516,266	377,805	1,894,071	80.1	91.1	94.2	57.3	79.2	75.9
Florida	7,508,598	1,937,536	9,446,134	79.5	107.5	162.4	80.0	0	63.5
Georgia	4,213,959	564,661	4,778,620	88.2	107.9	97.1	78.5	83.8	80.7
Kentucky	2,712,141	617,709	3,329,850	81.4	86.8	92.8	54.4	100.2	81.3
Louisiana	3,564,145	966,159	4,530,304	78.7	154.3	102.5	42.4	29.9	105.7
Mississippi	1,660,447	240,160	1,900,607	87.4	164.5	96.4	66.7	37.7	56.5
N. Carolina	4,430,448	654,547	5,084,995	87.1	78.9	111.2	68.3	107.2	92.8
S. Carolina	2,250,049	303,145	2,553,194	88.1	101.9	111.7	67.5	89.4	97.1
Tennessee	3,136,192	845,524	3,981,716	78.8	143.8	124.8	63.7	3.6	81.5
Virginia	4,646,421	909,050	5,555,471	83.6	65.4	132.4	78.9	92.0	56.6
W. Virginia	1,570,289	358,154	1,928,443	81.4	158.9	116.7	54.4	68.5	31.3

NOTE: Dollar amounts are in thousands.

SOURCE: Kenneth E. Quindry and Niles C. Schoening, State and Local Tax Performance, 1980, SREB, Atlanta, GA, 1981.

TABLE A-55

STATE AND LOCAL TAX ABILITY AND ABILITY UTILIZATION, AND EXTENT OF UTILIZATION, ALL TAXES AND MAJOR TAXES FOR THE SOUTHEASTERN STATES AND THE UNITED STATES, 1981

State	Tax Effort	Net Over and Under Utilization of Ability	Tax Ability (Cols. 1 + 2)	Percentage of Ability Utilized	Percentage of Ability Utilized				
					General Sales Taxes	Selective Sales Taxes	Property Taxes	Individual Income Taxes	Corporate Income Taxes
All States Including D.C.	$246,005,811	$14,887,424	$260,893,235	94.3	97.9	98.8	100.0	81.3	90.9
Alabama	2,973,214	665,961	3,639,175	81.7	108.3	209.1	33.7	71.7	47.5
Arkansas	1,569,161	453,956	2,023,117	77.6	91.9	93.7	57.2	71.7	67.7
Florida	8,411,876	2,355,692	10,767,568	78.1	106.7	154.5	81.0	0	61.7
Georgia	4,673,447	614,605	5,288,052	88.4	106.5	93.2	78.1	88.2	78.3
Kentucky	2,886,770	641,863	3,528,633	81.8	85.8	100.9	53.9	103.8	77.0
Louisiana	4,145,770	1,060,826	5,206,596	79.6	160.6	95.2	41.0	19.4	101.8
Mississippi	1,823,754	232,126	2,055,880	88.7	165.8	93.9	65.8	43.8	53.4
N. Carolina	4,772,902	751,547	5,524,449	96.4	77.6	113.3	69.7	106.9	83.7
S. Carolina	2,464,335	268,437	2,732,772	90.2	102.3	108.3	70.2	94.9	92.6
Tennessee	3,518,627	797,750	4,316,377	81.5	143.6	121.0	78.6	3.8	75.9
Virginia	5,124,694	947,647	6,072,341	84.4	64.7	125.1	80.8	96.4	49.8
W. Virginia	1,650,958	406,676	2,057,634	80.2	158.8	114.1	56.1	68.3	29.8

NOTE: Dollar amounts are in thousands.

SOURCE: Kenneth E. Quindry and Niles Schoening, State and Local Tax Performance, 1981, SREB, Atlanta, GA, 1982.

TABLE A-56

STATE AND LOCAL NONTAX GENERAL REVENUE, EFFORT AND ABILITY, NET UTILIZED TAX ABILITY, AND TOTAL NET TAX AND NONTAX UNUTILIZED ABILITY FOR THE SOUTHEASTERN STATES AND THE UNITED STATES, 1977

State	Effort (Nontax General Revenue)	Ability (Yield at Average Rate)	Net Unutilized Ability, Nontax Revenue	Net Unutilized Ability, Tax Revenue	Total Net Unutilized Ability, Tax and Nontax
U. S. Total	$47,342,800	$47,342,800	$ 0	$8,609,231	$8,609,231
Alabama	834,200	646,594	-187,605	735,569	547,963
Arkansas	356,700	361,268	4,568	395,062	399,630
Florida	1,977,200	1,754,938	-222,261	1,480,767	1,258,505
Georgia	1,128,700	951,054	-177,645	645,196	467,550
Kentucky	607,600	640,425	32,825	532,470	565,294
Louisiana	1,026,100	721,405	-304,694	740,323	435,627
Mississippi	513,600	368,462	-145,137	207,964	62,826
N. Carolina	855,200	1,031,796	176,596	741,900	918,496
S. Carolina	591,700	506,979	-84,720	403,065	318,344
Tennessee	771,800	780,327	8,527	591,352	599,878
Virginia	944,800	1,094,668	149,868	799,550	949,418
W. Virginia	282,000	346,093	64,093	311,019	375,111

NOTE: All dollar amounts are in thousands.

SOURCE: Kenneth E. Quindry and Niles Schoening, State and Local Tax Ability and Effort, 1977, SREB, Atlanta, GA, 1980.

TABLE A-57

STATE AND LOCAL NONTAX GENERAL REVENUE, EFFORT AND ABILITY, NET UTILIZED TAX ABILITY, AND TOTAL NET TAX AND NONTAX UNUTILIZED ABILITY FOR THE SOUTHEASTERN STATES AND THE UNITED STATES, 1978

State	Effort (Nontax General Revenue)	Ability (Yield at Average Rate)	Net Unutilized Ability, Nontax Revenue	Net Unutilized Ability, Tax Revenue	Total Net Unutilized Ability, Tax and Nontax
U. S. Total	$52,752,900	$52,752,900	$ 0	$9,977,337	$9,977,337
Alabama	951,300	724,897	-226,402	754,121	527,719
Arkansas	416,100	415,423	-676	433,158	432,481
Florida	2,215,300	1,992,283	-223,016	1,659,714	1,436,697
Georgia	1,294,300	1,062,261	-232,038	682,216	450,176
Kentucky	682,200	716,913	34,713	569,031	603,743
Louisiana	1,132,600	806,556	-326,043	719,242	393,197
Mississippi	597,100	420,973	-176,126	239,248	63,120
N. Carolina	965,700	1,147,379	181,679	829,713	1,011,382
S. Carolina	655,900	565,721	-90,178	384,024	293,845
Tennessee	939,900	878,221	-61,678	664,649	602,970
Virginia	1,106,100	1,225,881	119,781	836,849	956,629
W. Virginia	345,400	372,155	26,755	353,898	380,653

NOTE: All dollar amounts are in thousands.

SOURCE: Kenneth E. Quindry and Niles Schoening, State and Local Tax Performance, 1978, SREB, Atlanta, GA, 1980.

TABLE A-58

STATE AND LOCAL NONTAX GENERAL REVENUE, EFFORT AND ABILITY, NET UTILIZED TAX ABILITY, AND TOTAL NET TAX AND NONTAX UNUTILIZED ABILITY FOR THE SOUTHEASTERN STATES AND THE UNITED STATES, 1979

State	Effort (Nontax General Revenue)	Ability (Yield at Average Rate)	Net Unutilized Ability, Nontax Revenue	Net Unutilized Ability, Tax Revenue	Total Net Unutilized Ability, Tax and Nontax
U. S. Total	$26,112,200	$26,112,200	$ 0	$11,223,499	$11,223,499
Alabama	450,900	361,517	-89,382	745,880	656,497
Arkansas	159,400	204,653	45,253	445,629	490,882
Florida	557,300	1,010,885	453,585	1,508,167	1,961,752
Georgia	361,400	526,121	164,721	559,254	723,976
Kentucky	420,700	354,889	-65,810	490,746	424,935
Louisiana	707,700	408,798	-298,901	684,920	386,018
Mississippi	248,100	204,196	-43,903	183,262	139,358
N. Carolina	482,500	565,850	83,350	767,008	850,358
S. Carolina	311,000	280,233	-30,766	321,875	291,108
Tennessee	352,300	437,220	84,920	678,468	763,389
Virginia	771,400	607,211	-164,188	796,474	632,285
W. Virginia	218,300	191,850	-26,449	283,086	256,636

NOTE: All dollar amounts are in thousands.

SOURCE: Kenneth E. Quindry and Niles Schoening, State and Local Tax Performance, 1979, SREB, Atlanta, GA, 1980.

TABLE A-59

STATE AND LOCAL NONTAX GENERAL REVENUE, EFFORT AND ABILITY, NET UTILIZED TAX ABILITY, AND TOTAL NET TAX AND NONTAX UNUTILIZED ABILITY FOR THE SOUTHEASTERN STATES AND THE UNITED STATES, 1980

State	Effort (Nontax General Revenue)	Ability (Yield at Average Rate)	Net Unutilized Ability, Nontax Revenue	Net Unutilized Ability, Tax Revenue	Total Net Unutilized Ability, Tax and Nontax
U. S. Total	$73,326,900	$73,326,900	$ 0	$13,146,917	$13,146,917
Alabama	1,305,400	996,746	-308,653	766,266	457,612
Arkansas	566,500	570,241	3,741	377,805	381,546
Florida	708,700	2,921,318	2,212,618	1,937,536	4,150,154
Georgia	1,894,000	1,483,333	-410,666	564,661	153,994
Kentucky	973,100	976,210	3,110	617,709	620,819
Louisiana	1,828,200	1,178,544	-649,655	966,159	316,503
Mississippi	759,900	568,740	-191,159	240,160	49,001
N. Carolina	1,378,300	1,570,476	192,176	654,547	846,723
S. Carolina	843,000	789,107	-53,892	303,145	249,252
Tennessee	1,289,700	1,215,323	-74,376	845,524	771,147
Virginia	1,507,900	1,709,972	202,072	909,050	1,111,122
W. Virginia	543,800	525,336	-18,463	358,154	339,690

NOTE: All dollar amounts are in thousands.

SOURCE: Kenneth E. Quindry and Niles Schoening, State and Local Tax Performance, 1980, SREB, Atlanta, GA, 1981.

TABLE A-60

STATE AND LOCAL NONTAX GENERAL REVENUE, EFFORT AND ABILITY, NET UTILIZED TAX ABILITY, AND TOTAL NET TAX AND NONTAX UNUTILIZED ABILITY FOR THE SOUTHEASTERN STATES AND THE UNITED STATES, 1981

State	Effort (Nontax General Revenue)	Ability (Yield at Average Rate)	Net Unutilized Ability, Nontax Revenue	Net Unutilized Ability, Tax Revenue	Total Net Unutilized Ability, Tax and Nontax
U. S. Total	$37,815,600	$37,815,600	$ 0	$14,887,424	$14,887,424
Alabama	1,041,600	505,033	-536,566	665,961	129,394
Arkansas	251,400	288,509	37,109	453,956	491,065
Florida	777,500	1,577,963	800,463	2,355,692	3,156,155
Georgia	484,100	779,153	295,053	614,605	909,658
Kentucky	550,100	486,592	-63,507	641,863	578,355
Louisiana	1,178,400	633,447	-544,952	1,060,826	515,873
Mississippi	331,500	289,080	-42,419	232,126	189,705
N. Carolina	666,500	808,763	142,263	751,547	893,810
S. Carolina	462,700	398,882	-63,817	268,437	204,620
Tennessee	474,100	621,737	147,637	797,750	945,388
Virginia	1,003,000	886,222	-116,777	947,647	830,869
W. Virginia	285,600	260,172	-25,427	406,676	381,249

NOTE: All dollar amounts are in thousands.

SOURCE: Kenneth E. Quindry and Niles Schoening, State and Local Tax Performance, 1981, SREB, Atlanta, GA, 1982.

TABLE A-61

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
ALABAMA, 1975

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$ 75,531,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	43,629,000	
Tabacco Products	9,149,000	
Insurance	12,422,000	
Public Utilities	67,238,000	
Other		1,483,000
State Death and Gift		14,742,000
General Property		482,428,000
Individual Income		139,239,000
Corporate Income		26,241,000
State Alcoholic Beverage License	538,000	
Motor Vehicle License		33,580,000
Motor Fuels	12,186,000	
Severance		14,352,000
Transfer		4,007,000
TOTALS	$220,693,000	$726,072,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $505,379,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1975, SREB, Atlanta, Georgia, 1976.

TABLE A-62

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
ARKANSAS, 1975

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$	$ 7,966,000
Selective Sales and Gross Receipts		
Alcoholic Beverages		1,509,000
Tabacco Products	16,613,000	
Insurance	1,605,000	
Public Utilities		7,961,000
Other		10,166,000
State Death and Gift		8,949,000
General Property		191,379,000
Individual Income		69,677,000
Corporate Income	1,092,000	
State Alcoholic Beverage License		420,000
Motor Vehicle License		1,657,000
Motor Fuels	28,253,000	
Severance		8,782,000
Transfer		2,901,000
TOTALS	$ 47,564,000	$311,368,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $263,805,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1975, SREB, Atlanta, Georgia, 1976.

TABLE A-63

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
FLORIDA, 1975

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$ 81,498,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	79,267,000	
Tabacco Products	49,109,000	
Insurance		14,044,000
Public Utilities	164,937,000	
Other		16,571,000
State Death and Gift		19,512,000
General Property		580,664,000
Individual Income		997,051,000
Corporate Income		91,452,000
State Alcoholic Beverage License	5,899,000	
Motor Vehicle License	41,109,000	
Motor Fuels	24,740,000	
Severance		8,511,000
Transfer		
TOTALS	$517,390,000	$1,727,805,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $1,211,415,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1975, SREB, Atlanta, Georgia, 1976.

TABLE A-64

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
GEORGIA, 1975

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$ 24,778,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	67,534,000	
Tabacco Products	3,537,000	
Insurance	3,714,000	
Public Utilities		42,958,000
Other		20,349,000
State Death and Gift		23,478,000
General Property		223,410,000
Individual Income		152,064,000
Corporate Income		23,983,000
State Alcoholic Beverage License		2,314,000
Motor Vehicle License		55,156,000
Motor Fuels	27,120,000	
Severance		19,143,000
Transfer		8,057,000
TOTALS	$126,683,000	$570,911,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $444,229,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1975, SREB, Atlanta, Georgia, 1976.

TABLE A-65

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
KENTUCKY, 1975

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$	$ 10,170,000
Selective Sales and Gross Receipts		
Alcoholic Beverages		17,393,000
Tabacco Products		22,472,000
Insurance	24,921,000	
Public Utilities		33,986,000
Other	49,361,000	
State Death and Gift		530,000
General Property		340,060,000
Individual Income		10,644,000
Corporate Income	23,838,000	
State Alcoholic Beverage License		1,007,000
Motor Vehicle License		23,834,000
Motor Fuels	28,188,000	
Severance	32,117,000	
Transfer		5,489,000
TOTALS	$158,425,000	$464,585,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $306,160,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1975, SREB, Atlanta, Georgia, 1976.

TABLE A-66

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
LOUISIANA, 1975

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$183,450,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	9,752,000	
Tabacco Products	4,015,000	
Insurance	10,544,000	
Public Utilities		18,349,000
Other		6,804,000
State Death and Gift		9,087,000
General Property		425,209,000
Individual Income		275,686,000
Corporate Income		26,078,000
State Alcoholic Beverage License		780,000
Motor Vehicle License		33,248,000
Motor Fuels	16,408,000	
Severance	210,074,000	
Transfer		8,317,000
TOTALS	$434,242,000	$803,557,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $369,315,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1975, SREB, Atlanta, Georgia, 1976.

TABLE A-67

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
MISSISSIPPI, 1975

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$160,782,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	6,910,000	
Tabacco Products	3,387,000	
Insurance	7,813,000	
Public Utilities		12,567,000
Other		1,873,000
State Death and Gift		6,173,000
General Property		164,931,000
Individual Income		109,353,000
Corporate Income		21,354,000
State Alcoholic Beverage License	552,000	
Motor Vehicle License		11,297,000
Motor Fuels	44,277,000	
Severance	4,016,000	
Transfer		4,370,000
TOTALS	$227,738,000	$331,918,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $104,180,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1975, SREB, Atlanta, Georgia, 1976.

TABLE A-68

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
NORTH CAROLINA, 1975

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$	$ 86,936,000
Selective Sales and Gross Receipts		
Alcoholic Beverages	27,701,000	
Tabacco Products		50,923,000
Insurance	10,678,000	
Public Utilities	71,865,000	
Other		13,189,000
State Death and Gift		2,444,000
General Property		445,788,000
Individual Income		9,098,000
Corporate Income	14,106,000	
State Alcoholic Beverage License		2,670,000
Motor Vehicle License		27,126,000
Motor Fuels	34,710,000	
Severance		10,113,000
Transfer		12,091,000
TOTALS	$159,059,000	$660,378,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $501,319,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1975, SREB, Atlanta, Georgia, 1976.

TABLE A-69

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
SOUTH CAROLINA, 1975

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$ 33,062,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	40,592,000	
Tabacco Products		12,734,000
Insurance	4,366,000	
Public Utilities		3,568,000
Other		2,895,000
State Death and Gift		8,272,000
General Property		244,668,000
Individual Income		60,659,000
Corporate Income	8,680,000	
State Alcoholic Beverage License	626,000	
Motor Vehicle License		28,455,000
Motor Fuels	16,960,000	
Severance		5,853,000
Transfer		822,000
TOTALS	$104,286,000	$367,928,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $263,641,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1975, SREB, Atlanta, Georgia, 1976.

TABLE A-70

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
TENNESSEE, 1975

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$161,778,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	27,939,000	
Tabacco Products	8,746,000	
Insurance	7,293,000	
Public Utilities	45,241,000	
Other		17,111,000
State Death and Gift	4,744,000	
General Property		343,396,000
Individual Income		409,540,000
Corporate Income	10,086,000	
State Alcoholic Beverage License		1,624,000
Motor Vehicle License	8,541,000	
Motor Fuels	2,428,000	
Severance		14,581,000
Transfer	1,289,000	
TOTALS	$278,086,000	$786,253,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $508,168,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1975, SREB, Atlanta, Georgia, 1976.

TABLE A-71

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
VIRGINIA, 1975

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$	$187,601,000
Selective Sales and Gross Receipts		
Alcoholic Beverages	26,259,000	
Tabacco Products		47,676,000
Insurance	5,921,000	
Public Utilities	105,083,000	
Other	21,659,000	
State Death and Gift		13,084,000
General Property		383,938,000
Individual Income		52,343,000
Corporate Income		46,297,000
State Alcoholic Beverage License		2,060,000
Motor Vehicle License	10,183,000	
Motor Fuels	43,271,000	
Severance		32,703,000
Transfer	2,750,000	
TOTALS	$215,124,000	$765,703,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $550,579,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1975, SREB, Atlanta, Georgia, 1976.

TABLE A-72

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
WEST VIRGINIA, 1975

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$156,331,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	20,205,000	
Tabacco Products	1,888,000	
Insurance	3,606,000	
Public Utilities		24,341,000
Other	28,117,000	
State Death and Gift		2,533,000
General Property		172,683,000
Individual Income		62,985,000
Corporate Income		30,536,000
State Alcoholic Beverage License	1,636,000	
Motor Vehicle License	6,713,000	
Motor Fuels	12,561,000	
Severance		86,174,000
Transfer		2,416,000
TOTALS	$231,057,000	$381,668,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $150,611,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1975, SREB, Atlanta, Georgia, 1976.

TABLE A-73

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
ALABAMA, 1976

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$ 75,092,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	48,147,000	
Tabacco Products	7,859,000	
Insurance	12,271,000	
Public Utilities	77,188,000	
Other		2,730,000
State Death and Gift		15,708,000
General Property		558,612,000
Individual Income		164,501,000
Corporate Income		46,971,000
State Alcoholic Beverage License	860,000	
Motor Vehicle License		37,755,000
Motor Fuels	17,928,000	
Severance		23,936,000
Transfer		3,973,000
TOTALS	$239,342,000	$854,185,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $614,842,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1976, SREB, Atlanta, Georgia, 1977.

TABLE A-74

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
ARKANSAS, 1976

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$	$ 15,863,000
Selective Sales and Gross Receipts		
Alcoholic Beverages		2,175,000
Tabacco Products	16,148,000	
Insurance	1,255,000	
Public Utilities		12,518,000
Other		12,799,000
State Death and Gift		9,821,000
General Property		233,882,000
Individual Income		89,346,000
Corporate Income		6,220,000
State Alcoholic Beverage License		489,000
Motor Vehicle License		1,964,000
Motor Fuels	29,755,000	
Severance		9,273,000
Transfer		3,228,000
TOTALS	$ 47,158,000	$397,579,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $350,421,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1976, SREB, Atlanta, Georgia, 1977.

TABLE A-75

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
FLORIDA, 1976

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$ 36,518,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	83,907,000	
Tabacco Products	49,303,000	
Insurance		9,070,000
Public Utilities	179,322,000	
Other		20,486,000
State Death and Gift		18,920,000
General Property		510,310,000
Individual Income		1,124,206,000
Corporate Income		115,292,000
State Alcoholic Beverage License	6,083,000	
Motor Vehicle License	17,952,000	
Motor Fuels		11,704,000
Severance		2,429,000
Transfer	77,030,000	
TOTALS	$450,115,000	$1,812,417,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $1,362,301,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1976, SREB, Atlanta, Georgia, 1977.

TABLE A-76

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
GEORGIA, 1976

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$ 15,736,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	70,498,000	
Tabacco Products	1,592,000	
Insurance	2,395,000	
Public Utilities		40,448,000
Other		22,937,000
State Death and Gift		24,748,000
General Property		256,643,000
Individual Income		191,346,000
Corporate Income		26,448,000
State Alcoholic Beverage License		2,451,000
Motor Vehicle License		68,079,000
Motor Fuels	14,105,000	
Severance		17,393,000
Transfer		8,859,000
TOTALS	$104,325,000	$659,351,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $555,026,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1976, SREB, Atlanta, Georgia, 1977.

TABLE A-77

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
KENTUCKY, 1976

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$	$ 26,475,000
Selective Sales and Gross Receipts		
Alcoholic Beverages		19,441,000
Tabacco Products		25,497,000
Insurance	21,261,000	
Public Utilities		16,407,000
Other	60,678,000	
State Death and Gift		3,923,000
General Property		400,202,000
Individual Income		15,016,000
Corporate Income	28,859,000	
State Alcoholic Beverage License		931,000
Motor Vehicle License		24,674,000
Motor Fuels	30,798,000	
Severance		20,971,000
Transfer		6,370,000
TOTALS	$141,597,000	$559,908,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $418,311,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1976, SREB, Atlanta, Georgia, 1977.

TABLE A-78

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
LOUISIANA, 1976

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$222,806,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	9,106,000	
Tabacco Products	2,488,000	
Insurance	10,893,000	
Public Utilities		23,833,000
Other		11,028,000
State Death and Gift		9,229,000
General Property		504,408,000
Individual Income		333,283,000
Corporate Income		30,999,000
State Alcoholic Beverage License		1,044,000
Motor Vehicle License		35,589,000
Motor Fuels	22,459,000	
Severance	195,585,000	
Transfer		9,442,000
TOTALS	$463,338,000	$958,854,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $495,516,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1976, SREB, Atlanta, Georgia, 1977.

TABLE A-79

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
MISSISSIPPI, 1976

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$171,679,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	17,349,000	
Tabacco Products	3,054,000	
Insurance	7,523,000	
Public Utilities		22,610,000
Other		10,849,000
State Death and Gift		7,297,000
General Property		183,152,000
Individual Income		128,337,000
Corporate Income		20,424,000
State Alcoholic Beverage License	588,000	
Motor Vehicle License		24,187,000
Motor Fuels	43,026,000	
Severance	5,125,000	
Transfer		4,895,000
TOTALS	$248,344,000	$401,752,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $153,408,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1976, SREB, Atlanta, Georgia, 1977.

TABLE A-80

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
NORTH CAROLINA, 1976

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$	$108,211,000
Selective Sales and Gross Receipts		
Alcoholic Beverages	28,832,000	
Tabacco Products		55,186,000
Insurance	12,318,000	
Public Utilities	87,498,000	
Other		17,602,000
State Death and Gift		2,719,000
General Property		508,309,000
Individual Income		41,784,000
Corporate Income		13,599,000
State Alcoholic Beverage License		2,838,000
Motor Vehicle License		25,363,000
Motor Fuels	37,188,000	
Severance		8,559,000
Transfer		13,539,000
TOTALS	$165,836,000	$797,709,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $631,874,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1976, SREB, Atlanta, Georgia, 1977.

TABLE A-81

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
SOUTH CAROLINA, 1976

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$ 30,505,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	41,904,000	
Tabacco Products		14,030,000
Insurance	2,615,000	
Public Utilities		4,308,000
Other		5,870,000
State Death and Gift		7,597,000
General Property		266,462,000
Individual Income		71,339,000
Corporate Income		3,445,000
State Alcoholic Beverage License	568,000	
Motor Vehicle License		31,005,000
Motor Fuels	20,841,000	
Severance		5,528,000
Transfer		721,000
TOTALS	$ 96,434,000	$410,304,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $313,870,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1976, SREB, Atlanta, Georgia, 1977.

TABLE A-82

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
TENNESSEE, 1976

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$188,907,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	29,892,000	
Tabacco Products	7,759,000	
Insurance	6,095,000	
Public Utilities	42,595,000	
Other		21,419,000
State Death and Gift	5,736,000	
General Property		394,082,000
Individual Income		475,812,000
Corporate Income		2,500,000
State Alcoholic Beverage License		1,714,000
Motor Vehicle License	9,493,000	
Motor Fuels	9,839,000	
Severance		15,829,000
Transfer	2,450,000	
TOTALS	$302,765,000	$911,356,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $608,592,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1976, SREB, Atlanta, Georgia, 1977.

TABLE A-83

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
VIRGINIA, 1976

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$	$228,390,000
Selective Sales and Gross Receipts		
Alcoholic Beverages	25,810,000	
Tabacco Products		51,050,000
Insurance	4,411,000	
Public Utilities	107,972,000	
Other	24,691,000	
State Death and Gift		16,021,000
General Property		430,914,000
Individual Income		74,000,000
Corporate Income		50,902,000
State Alcoholic Beverage License		2,089,000
Motor Vehicle License	7,627,000	
Motor Fuels	37,059,000	
Severance		47,875,000
Transfer	4,755,000	
TOTALS	$212,325,000	$901,240,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $688,914,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1976, SREB, Atlanta, Georgia, 1977.

TABLE A-84

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
WEST VIRGINIA, 1976

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$170,204,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	18,551,000	
Tabacco Products	1,619,000	
Insurance	3,416,000	
Public Utilities		30,034,000
Other	35,954,000	
State Death and Gift		2,980,000
General Property		210,690,000
Individual Income		73,761,000
Corporate Income		36,050,000
State Alcoholic Beverage License	97,000	
Motor Vehicle License	5,342,000	
Motor Fuels	18,808,000	
Severance		105,317,000
Transfer		2,547,000
TOTALS	$253,991,000	$461,379,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $207,387,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1976, SREB, Atlanta, Georgia, 1977.

TABLE A-85

UTILIZATION OF STATE AND LOCAL TAX ABILITY, ALABAMA, 1977

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$ 87,011,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	50,953,000	
Tabacco Products	8,740,000	
Insurance	14,625,000	
Public Utilities	82,127,000	
Other		4,772,000
State Death and Gift		20,791,000
General Property		633,986,000
Individual Income		200,958,000
Corporate Income		61,138,000
State Alcoholic Beverage License		32,000
Motor Vehicle License		42,204,000
Motor Fuels	14,100,000	
Severance		24,414,000
Transfer		5,829,000
TOTALS	$257,556,000	$993,125,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $735,569,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1977, SREB, Atlanta, Georgia, 1979.

TABLE A-86

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
ARKANSAS, 1977

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$	$ 7,855,000
Selective Sales and Gross Receipts		
Alcoholic Beverages		1,418,000
Tabacco Products	18,353,000	
Insurance	2,520,000	
Public Utilities		14,639,000
Other		14,073,000
State Death and Gift		11,551,000
General Property		242,392,000
Individual Income		106,224,000
Corporate Income		9,342,000
State Alcoholic Beverage License		599,000
Motor Vehicle License		3,986,000
Motor Fuels	9,127,000	
Severance		8,853,000
Transfer		4,129,000
TOTALS	$ 30,000,000	$425,062,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $395,062,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1977, SREB, Atlanta, Georgia, 1979.

TABLE A-87

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
FLORIDA, 1977

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$ 24,583,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	87,260,000	
Tabacco Products	51,831,000	
Insurance		5,950,000
Public Utilities	228,112,000	
Other		26,910,000
State Death and Gift		18,530,000
General Property		534,428,000
Individual Income		1,311,609,000
Corporate Income		177,669,000
State Alcoholic Beverage License	6,131,000	
Motor Vehicle License	98,120,000	
Motor Fuels	14,697,000	
Severance		6,555,000
Transfer	90,151,000	
TOTALS	$600,886,000	$2,081,652,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $1,480,767,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1977, SREB, Atlanta, Georgia, 1979.

TABLE A-88

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
GEORGIA, 1977

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$ 28,699,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	71,654,000	
Tabacco Products	1,636,000	
Insurance	4,062,000	
Public Utilities		52,179,000
Other		24,371,000
State Death and Gift		21,498,000
General Property		299,437,000
Individual Income		215,162,000
Corporate Income		30,642,000
State Alcoholic Beverage License		2,818,000
Motor Vehicle License		63,573,000
Motor Fuels		10,086,000
Severance		18,924,000
Transfer		12,558,000
TOTALS	$106,051,000	$751,247,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $645,196,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1977, SREB, Atlanta, Georgia, 1979.

TABLE A-89

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
KENTUCKY, 1977

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$	$ 37,572,000
Selective Sales and Gross Receipts		
Alcoholic Beverages		21,501,000
Tabacco Products		26,875,000
Insurance	18,264,000	
Public Utilities		43,591,000
Other	72,121,000	
State Death and Gift		5,531,000
General Property		456,619,000
Individual Income		9,182,000
Corporate Income		4,451,000
State Alcoholic Beverage License		1,137,000
Motor Vehicle License		28,819,000
Motor Fuels	28,399,000	
Severance		6,756,000
Transfer		9,221,000
TOTALS	$118,784,000	$651,253,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $532,470,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1977, SREB, Atlanta, Georgia, 1979.

TABLE A-90

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
LOUISIANA, 1977

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$244,762,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	7,977,000	
Tabacco Products	1,614,000	
Insurance	13,005,000	
Public Utilities		24,386,000
Other		13,004,000
State Death and Gift		7,889,000
General Property		564,150,000
Individual Income		405,551,000
Corporate Income		57,616,000
State Alcoholic Beverage License		916,000
Motor Vehicle License		36,775,000
Motor Fuels	6,327,000	
Severance	109,013,000	
Transfer		12,734,000
TOTALS	$382,698,000	$1,123,021,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $740,323,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1977, SREB, Atlanta, Georgia, 1979.

TABLE A-91

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
MISSISSIPPI, 1977

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$186,982,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	19,114,000	
Tabacco Products	2,807,000	
Insurance	8,504,000	
Public Utilities		23,070,000
Other		13,143,000
State Death and Gift		9,951,000
General Property		209,085,000
Individual Income		143,784,000
Corporate Income		32,203,000
State Alcoholic Beverage License	422,000	
Motor Vehicle License		26,079,000
Motor Fuels	32,848,000	
Severance	5,179,000	
Transfer		6,504,000
TOTALS	$255,856,000	$463,820,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $207,964,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1977, SREB, Atlanta, Georgia, 1979.

TABLE A-92

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
NORTH CAROLINA, 1977

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$	$157,932,000
Selective Sales and Gross Receipts		
Alcoholic Beverages	28,078,000	
Tabacco Products		58,843,000
Insurance	5,085,000	
Public Utilities	79,485,000	
Other		23,787,000
State Death and Gift		2,838,000
General Property		591,051,000
Individual Income	10,946,000	
Corporate Income		14,345,000
State Alcoholic Beverage License		3,360,000
Motor Vehicle License		23,338,000
Motor Fuels	37,580,000	
Severance		9,367,000
Transfer		18,213,000
TOTALS	$161,174,000	$903,074,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $741,900,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1977, SREB, Atlanta, Georgia, 1979.

TABLE A-93

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
SOUTH CAROLINA, 1977

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$ 18,344,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	45,243,000	
Tabacco Products		15,316,000
Insurance	2,491,000	
Public Utilities		10,462,000
Other		8,200,000
State Death and Gift		8,816,000
General Property		300,541,000
Individual Income		88,514,000
Corporate Income		827,000
State Alcoholic Beverage License	431,000	
Motor Vehicle License		33,636,000
Motor Fuels	4,165,000	
Severance		5,813,000
Transfer		1,612,000
TOTALS	$ 70,673,000	$473,738,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $403,065,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1977, SREB, Atlanta, Georgia, 1979.

TABLE A-94

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
TENNESSEE, 1977

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$318,294,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	32,718,000	
Tabacco Products	7,969,000	
Insurance	6,136,000	
Public Utilities	35,271,000	
Other	8,450,000	
State Death and Gift	11,459,000	
General Property		422,927,000
Individual Income		560,817,000
Corporate Income		9,308,000
State Alcoholic Beverage License		2,045,000
Motor Vehicle License	13,441,000	
Motor Fuels		15,718,000
Severance		16,751,000
Transfer	2,478,000	
TOTALS	$436,215,000	$1,027,566,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $591,352,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1977, SREB, Atlanta, Georgia, 1979.

TABLE A-95

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
VIRGINIA, 1977

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$	$ 284,809,000
Selective Sales and Gross Receipts		
Alcoholic Beverages	41,038,000	
Tabacco Products		52,815,000
Insurance	5,141,000	
Public Utilities	109,460,000	
Other	28,642,000	
State Death and Gift		18,364,000
General Property		448,461,000
Individual Income		104,049,000
Corporate Income		72,806,000
State Alcoholic Beverage License		2,606,000
Motor Vehicle License	10,479,000	
Motor Fuels	36,098,000	
Severance		51,662,000
Transfer	5,163,000	
TOTALS	$236,022,000	$1,035,572,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $799,550,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1977, SREB, Atlanta, Georgia, 1979.

TABLE A-96

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
WEST VIRGINIA, 1977

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$176,466,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	6,434,000	
Tabacco Products	1,479,000	
Insurance	2,882,000	
Public Utilities		35,585,000
Other	39,486,000	
State Death and Gift		4,299,000
General Property		248,554,000
Individual Income		93,992,000
Corporate Income		50,007,000
State Alcoholic Beverage License	384,000	
Motor Vehicle License	5,255,000	
Motor Fuels	4,951,000	
Severance		112,111,000
Transfer		3,808,000
TOTALS	$237,338,000	$548,356,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $311,019,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1977, SREB, Atlanta, Georgia, 1979.

TABLE A-97

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
ALABAMA, 1978

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$ 77,706,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	55,837,000	
Tabacco Products	8,553,000	
Insurance	21,461,000	
Public Utilities	116,017,000	
Other		602,000
State Death and Gift		18,018,000
General Property		655,032,000
Individual Income		211,254,000
Corporate Income		78,467,000
State Alcoholic Beverage License	271,000	
Motor Vehicle License		43,287,000
Motor Fuels	11,512,000	
Severance		30,985,000
Transfer		7,833,000
TOTALS	$291,356,000	$1,045,477,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $754,121,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1978, SREB, Atlanta, Georgia, 1980.

TABLE A-98

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
ARKANSAS, 1978

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$	$ 17,578,000
Selective Sales and Gross Receipts		
Alcoholic Beverages		1,754,000
Tabacco Products	19,035,000	
Insurance	3,481,000	
Public Utilities		13,981,000
Other		16,403,000
State Death and Gift		12,101,000
General Property		265,573,000
Individual Income		113,694,000
Corporate Income		9,097,000
State Alcoholic Beverage License		570,000
Motor Vehicle License		2,444,000
Motor Fuels	11,707,000	
Severance		8,520,000
Transfer		5,667,000
TOTALS	$ 34,223,000	$467,382,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $433,158,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1978, SREB, Atlanta, Georgia, 1980.

TABLE A-99

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
FLORIDA, 1978

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$ 47,655,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	137,807,000	
Tabacco Products	89,526,000	
Insurance		10,672,000
Public Utilities	220,557,000	
Other		43,792,000
State Death and Gift		24,396,000
General Property		547,428,000
Individual Income		1,518,506,000
Corporate Income		188,023,000
State Alcoholic Beverage License	6,406,000	
Motor Vehicle License	26,888,000	
Motor Fuels	17,829,000	
Severance	6,214,000	
Transfer	120,222,000	
TOTALS	$673,102,000	$2,332,816,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $1,659,714,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1978, SREB, Atlanta, Georgia, 1980.

TABLE A-100

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
GEORGIA, 1978

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$ 55,480,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	80,138,000	
Tabacco Products	952,000	
Insurance	3,440,000	
Public Utilities		59,221,000
Other		26,990,000
State Death and Gift		29,364,000
General Property		352,365,000
Individual Income		205,288,000
Corporate Income		33,025,000
State Alcoholic Beverage License		2,205,000
Motor Vehicle License		70,570,000
Motor Fuels		8,711,000
Severance		17,948,000
Transfer		16,239,000
TOTALS	$140,010,000	$822,225,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $682,216,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1978, SREB, Atlanta, Georgia, 1980.

TABLE A-101

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
KENTUCKY, 1978

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$	$ 44,380,000
Selective Sales and Gross Receipts		
Alcoholic Beverages		23,660,000
Tabacco Products		29,455,000
Insurance	13,471,000	
Public Utilities		43,731,000
Other	87,653,000	
State Death and Gift		3,422,000
General Property		480,989,000
Individual Income		9,114,000
Corporate Income		21,250,000
State Alcoholic Beverage License		1,079,000
Motor Vehicle License		27,302,000
Motor Fuels	27,735,000	
Severance		900,000
Transfer		12,605,000
TOTALS	$128,859,000	$697,889,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $569,031,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1978, SREB, Atlanta, Georgia, 1980.

TABLE A-102

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
LOUISIANA, 1978

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$319,636,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	7,612,000	
Tabacco Products	1,137,000	
Insurance	20,473,000	
Public Utilities		25,850,000
Other		9,223,000
State Death and Gift		12,195,000
General Property		628,490,000
Individual Income		422,476,000
Corporate Income	7,121,000	
State Alcoholic Beverage License		738,000
Motor Vehicle License		32,431,000
Motor Fuels	5,061,000	
Severance	67,307,000	
Transfer		16,186,000
TOTALS	$428,347,000	$1,147,588,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $719,242,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1978, SREB, Atlanta, Georgia, 1980.

TABLE A-103

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
MISSISSIPPI, 1978

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$207,141,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	16,186,000	
Tabacco Products	1,838,000	
Insurance	9,439,000	
Public Utilities		23,906,000
Other		15,578,000
State Death and Gift		9,538,000
General Property		222,335,000
Individual Income		162,387,000
Corporate Income		41,153,000
State Alcoholic Beverage License	646,000	
Motor Vehicle License		28,448,000
Motor Fuels	31,067,000	
Severance	6,228,000	
Transfer		8,448,000
TOTALS	$272,544,000	$511,792,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $239,248,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1978, SREB, Atlanta, Georgia, 1980.

TABLE A-104

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
NORTH CAROLINA, 1978

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$	$185,034,000
Selective Sales and Gross Receipts		
Alcoholic Beverages	30,212,000	
Tabacco Products		62,914,000
Insurance	5,485,000	
Public Utilities	93,120,000	
Other		27,927,000
State Death and Gift		3,502,000
General Property		607,845,000
Individual Income		26,278,000
Corporate Income		25,739,000
State Alcoholic Beverage License		2,960,000
Motor Vehicle License		18,951,000
Motor Fuels	35,504,000	
Severance		9,860,000
Transfer		23,026,000
TOTALS	$164,322,000	$994,035,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $829,713,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1978, SREB, Atlanta, Georgia, 1980.

TABLE A-105

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
SOUTH CAROLINA, 1978

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$ 17,291,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	48,480,000	
Tabacco Products		12,730,000
Insurance	4,072,000	
Public Utilities		13,340,000
Other		9,342,000
State Death and Gift		10,622,000
General Property		305,994,000
Individual Income		79,945,000
Corporate Income		3,213,000
State Alcoholic Beverage License	256,000	
Motor Vehicle License		31,102,000
Motor Fuels	21,431,000	
Severance		6,655,000
Transfer		2,613,000
TOTALS	$ 91,531,000	$475,555,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $384,024,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1978, SREB, Atlanta, Georgia, 1980.

TABLE A-106

UTILIZATION OF STATE AND LOCAL TAX ABILITY, TENNESSEE, 1978

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$350,875,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	33,151,000	
Tabacco Products	8,974,000	
Insurance	8,535,000	
Public Utilities	62,369,000	
Other	13,802,000	
State Death and Gift	26,987,000	
General Property		466,056,000
Individual Income		644,517,000
Corporate Income		24,965,000
State Alcoholic Beverage License		1,982,000
Motor Vehicle License	4,305,000	
Motor Fuels		19,752,000
Severance		18,264,000
Transfer	1,889,000	
TOTALS	$510,888,000	$1,175,537,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $664,649,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1978, SREB, Atlanta, Georgia, 1980.

TABLE A-107

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
VIRGINIA, 1978

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$	$ 330,983,000
Selective Sales and Gross Receipts		
Alcoholic Beverages	34,088,000	
Tabacco Products		56,236,000
Insurance	2,819,000	
Public Utilities	116,476,000	
Other	41,126,000	
State Death and Gift		19,004,000
General Property		451,370,000
Individual Income		59,541,000
Corporate Income		108,540,000
State Alcoholic Beverage License		2,428,000
Motor Vehicle License	16,213,000	
Motor Fuels	37,391,000	
Severance		61,835,000
Transfer	4,974,000	
TOTALS	$253,088,000	$1,089,937,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $836,849,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1978, SREB, Atlanta, Georgia, 1980.

TABLE A-108

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
WEST VIRGINIA, 1978

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$187,433,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	4,428,000	
Tabacco Products	2,275,000	
Insurance	4,456,000	
Public Utilities		36,208,000
Other	46,717,000	
State Death and Gift		434,000
General Property		244,907,000
Individual Income		100,713,000
Corporate Income		61,964,000
State Alcoholic Beverage License	508,000	
Motor Vehicle License	2,491,000	
Motor Fuels	6,131,000	
Severance		159,490,000
Transfer		4,621,000
TOTALS	$254,439,000	$608,337,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $358,898,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1978, SREB, Atlanta, Georgia, 1980.

TABLE A-109

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
ALABAMA, 1979

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$ 80,531,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	60,049,000	
Tabacco Products	8,628,000	
Insurance	35,468,000	
Public Utilities	124,705,000	
Other	3,714,000	
State Death and Gift		21,239,000
General Property		625,808,000
Individual Income		232,974,000
Corporate Income		83,851,000
State Alcoholic Beverage License	509,000	
Motor Vehicle License		48,556,000
Motor Fuels		6,103,000
Severance		30,228,000
Transfer		10,725,000
TOTALS	$313,605,000	$1,059,484,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $745,880,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1979, SREB, Atlanta, Georgia, 1980.

TABLE A-110

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
ARKANSAS, 1979

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$	$ 26,016,000
Selective Sales and Gross Receipts		
Alcoholic Beverages		1,447,000
Tabacco Products	19,401,000	
Insurance	3,539,000	
Public Utilities		8,846,000
Other		16,894,000
State Death and Gift		12,859,000
General Property		235,770,000
Individual Income		123,035,000
Corporate Income		20,814,000
State Alcoholic Beverage License		639,000
Motor Vehicle License		6,340,000
Motor Fuels	3,630,000	
Severance		12,521,000
Transfer		7,020,000
TOTALS	$26,571,000	$472,200,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $445,629,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1979, SREB, Atlanta, Georgia, 1980.

TABLE A-111

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
FLORIDA, 1979

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$105,588,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	156,073,000	
Tabacco Products	93,812,000	
Insurance		8,737,000
Public Utilities	261,829,000	
Other		38,517,000
State Death and Gift		22,120,000
General Property		326,314,000
Individual Income		1,737,305,000
Corporate Income		201,386,000
State Alcoholic Beverage License	6,375,000	
Motor Vehicle License	28,425,000	
Motor Fuels	6,794,000	
Severance	16,826,000	
Transfer	150,490,000	
TOTALS	$826,211,000	$2,334,378,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $1,508,167,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1979, SREB, Atlanta, Georgia, 1980.

TABLE A-112

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
GEORGIA, 1979

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$ 95,701,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	86,210,000	
Tabacco Products	1,774,000	
Insurance	2,931,000	
Public Utilities		81,329,000
Other		25,688,000
State Death and Gift		32,184,000
General Property		236,892,000
Individual Income		174,784,000
Corporate Income		42,324,000
State Alcoholic Beverage License		2,615,000
Motor Vehicle License		81,263,000
Motor Fuels		26,031,000
Severance		23,430,000
Transfer		19,329,000
TOTALS	$186,615,000	$745,869,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $559,254,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1979, SREB, Atlanta, Georgia, 1980.

TABLE A-113

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
KENTUCKY, 1979

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$	$ 47,299,000
Selective Sales and Gross Receipts		
Alcoholic Beverages		23,738,000
Tabacco Products		30,005,000
Insurance	21,942,000	
Public Utilities		58,991,000
Other	92,640,000	
State Death and Gift		4,666,000
General Property		422,236,000
Individual Income	8,976,000	
Corporate Income		17,711,000
State Alcoholic Beverage License		1,185,000
Motor Vehicle License		32,132,000
Motor Fuels	23,424,000	
Severance	15,960,000	
Transfer		15,725,000
TOTALS	$162,942,000	$653,688,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $490,746,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1979, SREB, Atlanta, Georgia, 1980.

TABLE A-114

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
LOUISIANA, 1979

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$427,215,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	8,350,000	
Tabacco Products		512,000
Insurance	24,865,000	
Public Utilities		32,953,000
Other		7,100,000
State Death and Gift		7,826,000
General Property		608,764,000
Individual Income		461,844,000
Corporate Income	5,497,000	
State Alcoholic Beverage License		826,000
Motor Vehicle License		44,772,000
Motor Fuels		2,323,000
Severance	35,525,000	
Transfer		19,452,000
TOTALS	$501,452,000	$1,186,372,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $684,920,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1979, SREB, Atlanta, Georgia, 1980.

TABLE A-115

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
MISSISSIPPI, 1979

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$231,172,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	22,438,000	
Tabacco Products	2,796,000	
Insurance	10,708,000	
Public Utilities		18,335,000
Other		16,388,000
State Death and Gift		11,146,000
General Property		173,469,000
Individual Income		157,505,000
Corporate Income		45,865,000
State Alcoholic Beverage License	693,000	
Motor Vehicle License		29,258,000
Motor Fuels	825,000	
Severance	9,788,000	
Transfer		9,716,000
TOTALS	$278,420,000	$461,682,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $183,262,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1979, SREB, Atlanta, Georgia, 1980.

TABLE A-116

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
NORTH CAROLINA, 1979

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$	$204,465,000
Selective Sales and Gross Receipts		
Alcoholic Beverages	35,151,000	
Tabacco Products		62,936,000
Insurance	7,287.000	
Public Utilities	42,069,000	
Other		29,746,000
State Death and Gift		4,325,000
General Property		495,550,000
Individual Income	23,758,000	
Corporate Income		33,942,000
State Alcoholic Beverage License		2,726,000
Motor Vehicle License		23,909,000
Motor Fuels	21,336,000	
Severance		12,085,000
Transfer		26,924,000
TOTALS	$129,600,000	$896,609,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $767,008,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1979, SREB, Atlanta, Georgia, 1980.

TABLE A-117

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
SOUTH CAROLINA, 1979

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$15,284,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	51,748,000	
Tabacco Products		12,953,000
Insurance	5,338,000	
Public Utilities		6,359,000
Other		9,954,000
State Death and Gift		12,439,000
General Property		255,329,000
Individual Income		65,895,000
Corporate Income		2,802,000
State Alcoholic Beverage License	676,000	
Motor Vehicle License		31,974,000
Motor Fuels	14,571,000	
Severance		7,695,000
Transfer		4,092,000
TOTALS	$87,617,000	$409,491,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $321,875,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1979, SREB, Atlanta, Georgia, 1980.

TABLE A-118

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
TENNESSEE, 1979

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$398,953,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	39,785,000	
Tabacco Products	10,202,000	
Insurance	9,914,000	
Public Utilities	63,913,000	
Other		3,259,000
State Death and Gift	4,079,000	
General Property		407,204,000
Individual Income		725,383,000
Corporate Income		37,000,000
State Alcoholic Beverage License		2,102,000
Motor Vehicle License	918,000	
Motor Fuels		11,227,000
Severance		20,516,000
Transfer	460,000	
TOTALS	$528,224,000	$1,206,692,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $678,468,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1979, SREB, Atlanta, Georgia, 1980.

TABLE A-119

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
VIRGINIA, 1979

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$	$ 386,511,000
Selective Sales and Gross Receipts		
Alcoholic Beverages	40,745,000	
Tabacco Products		56,196,000
Insurance	4,700,000	
Public Utilities	116,026,000	
Other	46,444,000	
State Death and Gift		20,593,000
General Property		351,595,000
Individual Income		76,925,000
Corporate Income		113,604,000
State Alcoholic Beverage License		2,545,000
Motor Vehicle License	26,918,000	
Motor Fuels	33,524,000	
Severance		60,464,000
Transfer	3,604,000	
TOTALS	$271,960,000	$1,068,434,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $796,474,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1979, SREB, Atlanta, Georgia, 1980.

TABLE A-120

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
WEST VIRGINIA, 1979

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$212,934,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	4,048,000	
Tabacco Products	9,380,000	
Insurance	4,266,000	
Public Utilities		39,640,000
Other	52,854,000	
State Death and Gift		4,544,000
General Property		231,878,000
Individual Income		112,380,000
Corporate Income		72,299,000
State Alcoholic Beverage License	655,000	
Motor Vehicle License	11,030,000	
Motor Fuels	26,045,000	
Severance		137,458,000
Transfer		6,102,000
TOTALS	$321,213,000	$604,299,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $283,086,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1979, SREB, Atlanta, Georgia, 1980.

TABLE A-121

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
ALABAMA, 1980

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$ 71,467,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	69,791,000	
Tabacco Products	13,577,000	
Insurance	25,888,000	
Public Utilities	162,313,000	
Other	438,000	
State Death and Gift		22,465,000
General Property		625,130,000
Individual Income		273,847,000
Corporate Income		90,352,000
State Alcoholic Beverage License		2,150,000
Motor Vehicle License		48,160,000
Motor Fuels	12,008,000	
Severance		48,024,000
Transfer		11,619,000
TOTALS	$355,482,000	$1,121,748,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $766,266,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1980, SREB, Atlanta, Georgia, 1981.

TABLE A-122

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
ARKANSAS, 1980

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$	$ 36,226,000
Selective Sales and Gross Receipts		
Alcoholic Beverages		567,000
Tabacco Products	19,613,000	
Insurance	5,642,000	
Public Utilities		16,464,000
Other		16,951,000
State Death and Gift		11,299,000
General Property		227,462,000
Individual Income		83,379,000
Corporate Income		27,472,000
State Alcoholic Beverage License		565,000
Motor Vehicle License	21,281,000	
Motor Fuels	18,918,000	
Severance		15,672,000
Transfer		7,200,000
TOTALS	$65,454,000	$443,259,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $377,805,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1980, SREB, Atlanta, Georgia, 1981.

TABLE A-123

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
FLORIDA, 1980

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$157,173,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	162,064,000	
Tabacco Products	101,504,000	
Insurance		21,103,000
Public Utilities	267,810,000	
Other		29,835,000
State Death and Gift		11,878,000
General Property		544,577,000
Individual Income		2,049,302,000
Corporate Income		213,565,000
State Alcoholic Beverage License	6,593,000	
Motor Vehicle License	22,693,000	
Motor Fuels	13,652,000	
Severance	21,115,000	
Transfer	180,120,000	
TOTALS	$932,724,000	$2,870,260,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $1,937,536,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1980, SREB, Atlanta, Georgia, 1981.

TABLE A-124

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
GEORGIA, 1980

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$ 83,996,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	92,962,000	
Tabacco Products	1,578,000	
Insurance	4,760,000	
Public Utilities		86,533,000
Other		24,257,000
State Death and Gift		34,012,000
General Property		298,600,000
Individual Income		168,483,000
Corporate Income		57,312,000
State Alcoholic Beverage License		2,605,000
Motor Vehicle License		83,732,000
Motor Fuels	62,048,000	
Severance		34,989,000
Transfer		19,483,000
TOTALS	$245,344,000	$810,005,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $564,661,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1980, SREB, Atlanta, Georgia, 1981.

TABLE A-125

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
KENTUCKY, 1980

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$	$ 92,491,000
Selective Sales and Gross Receipts		
Alcoholic Beverages		24,344,000
Tabacco Products		30,089,000
Insurance	20,370,000	
Public Utilities		62,086,000
Other	77,733,000	
State Death and Gift		4,036,000
General Property		415,974,000
Individual Income	1,422,000	
Corporate Income		36,632,000
State Alcoholic Beverage License		1,122,000
Motor Vehicle License		34,359,000
Motor Fuels	23,939,000	
Severance		23,701,000
Transfer		16,339,000
TOTALS	$123,463,000	$741,172,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $617,709,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1980, SREB, Atlanta, Georgia, 1981.

TABLE A-126

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
LOUISIANA, 1980

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$458,948,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	6,552,000	
Tabacco Products		1,282,000
Insurance	31,446,000	
Public Utilities		25,694,000
Other		3,209,000
State Death and Gift		10,305,000
General Property		634,613,000
Individual Income		579,309,000
Corporate Income	13,344,000	
State Alcoholic Beverage License		943,000
Motor Vehicle License		46,766,000
Motor Fuels	5,131,000	
Severance		158,625,000
Transfer		20,834,000
TOTALS	$515,420,000	$1,481,579,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $966,159,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1980, SREB, Atlanta, Georgia, 1981.

TABLE A-127

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
MISSISSIPPI, 1980

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$263,211,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	22,780,000	
Tabacco Products	3,183,000	
Insurance	11,901,000	
Public Utilities		26,026,000
Other		17,161,000
State Death and Gift		9,917,000
General Property		176,969,000
Individual Income		248,675,000
Corporate Income		49,516,000
State Alcoholic Beverage License		256,000
Motor Vehicle License		30,204,000
Motor Fuels	17,643,000	
Severance	9,902,000	
Transfer		10,054,000
TOTALS	$328,619,000	$568,780,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $240,160,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1980, SREB, Atlanta, Georgia, 1981.

TABLE A-128

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
NORTH CAROLINA, 1980

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$	$237,312,000
Selective Sales and Gross Receipts		
Alcoholic Beverages	40,235,000	
Tabacco Products		64,941,000
Insurance	13,498,000	
Public Utilities	89,502,000	
Other		31,873,000
State Death and Gift		1,820,000
General Property		464,362,000
Individual Income	78,820,000	
Corporate Income		22,723,000
State Alcoholic Beverage License		2,549,000
Motor Vehicle License		24,773,000
Motor Fuels	20,066,000	
Severance		18,551,000
Transfer		27,762,000
TOTALS	$242,119,000	$896,666,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $654,547,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1980, SREB, Atlanta, Georgia, 1981.

TABLE A-129

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
SOUTH CAROLINA, 1980

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$10,577,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	52,413,000	
Tabacco Products		13,590,000
Insurance	6,855,000	
Public Utilities		11,371,000
Other		9,942,000
State Death and Gift		12,784,000
General Property		239,507,000
Individual Income		58,769,000
Corporate Income		4,537,000
State Alcoholic Beverage License	427,000	
Motor Vehicle License		36,495,000
Motor Fuels	28,582,000	
Severance		10,648,000
Transfer		4,357,000
TOTALS	$98,853,000	$401,998,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $303,145,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1980, SREB, Atlanta, Georgia, 1981.

TABLE A-130

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
TENNESSEE, 1980

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$381,375,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	47,301,000	
Tabacco Products	11,123,000	
Insurance	12,243,000	
Public Utilities	34,426,000	
Other		25,829,000
State Death and Gift		5,228,000
General Property		412,002,000
Individual Income		821,748,000
Corporate Income		45,136,000
State Alcoholic Beverage License		1,726,000
Motor Vehicle License	8,537,000	
Motor Fuels	1,321,000	
Severance		28,729,000
Transfer		1,454,000
TOTALS	$496,327,000	$1,341,851,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $845,524,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1980, SREB, Atlanta, Georgia, 1981.

TABLE A-131

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
VIRGINIA, 1980

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$	$ 423,856,000
Selective Sales and Gross Receipts		
Alcoholic Beverages	44,430,000	
Tabacco Products		58,505,000
Insurance	3,534,000	
Public Utilities	114,794,000	
Other	41,599,000	
State Death and Gift		20,593,000
General Property		337,277,000
Individual Income		96,538,000
Corporate Income		148,561,000
State Alcoholic Beverage License		2,499,000
Motor Vehicle License	22,504,000	
Motor Fuels	34,534,000	
Severance		82,596,000
Transfer		20,000
TOTALS	$261,394,000	$1,170,445,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $909,050,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1980, SREB, Atlanta, Georgia, 1981.

TABLE A-132

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
WEST VIRGINIA, 1980

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$221,764,000	
Selective Sales and Gross Receipts		
Alcoholic Beverages	4,558,000	
Tabacco Products	9,314,000	
Insurance	6,624,000	
Public Utilities		41,425,000
Other	44,058,000	
State Death and Gift		2,072,000
General Property		223,933,000
Individual Income		116,161,000
Corporate Income		72,305,000
State Alcoholic Beverage License	1,494,000	
Motor Vehicle License	8,340,000	
Motor Fuels	24,710,000	
Severance		216,939,000
Transfer		6,182,000
TOTALS	$320,862,000	$679,016,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $358,154,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1980, SREB, Atlanta, Georgia, 1981.

TABLE A-133

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
ALABAMA, 1981

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$ 63,667,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	80,498,000	
Tabacco Products	25,804,000	
Insurance	26,054,000	
Public Utilities	172,734,000	
Other	4,357,000	
State Death and Gift		21,991,000
General Property		663,252,000
Individual Income		215,291,000
Corporate Income		109,664,000
State Alcoholic Beverage License		709,000
Motor Vehicle License		52,741,000
Motor Fuels	80,087,000	
Severance		43,421,000
Transfer		12,093,000
TOTALS	$453,202,000	$1,119,162,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $665,961,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1981, SREB, Atlanta, Georgia, 1982.

TABLE A-134

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
ARKANSAS, 1981

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$	$ 35,244,000
Selective Sales and Gross Receipts		
Alcoholic Beverages		1,030,000
Tabacco Products	21,017,000	
Insurance	6,852,000	
Public Utilities		19,877,000
Other		17,088,000
State Death and Gift		12,443,000
General Property		244,639,000
Individual Income		123,183,000
Corporate Income		38,574,000
State Alcoholic Beverage License		789,000
Motor Vehicle License	16,320,000	
Motor Fuels	16,419,000	
Severance		13,830,000
Transfer		7,865,000
TOTALS	$60,608,000	$514,564,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $453,956,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1981, SREB, Atlanta, Georgia, 1982.

TABLE A-135

UTILIZATION OF STATE AND LOCAL TAX ABILITY, FLORIDA, 1981

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$160,567,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	164,171,000	
Tabacco Products	97,304,000	
Insurance		35,931,000
Public Utilities	309,262,000	
Other		52,097,000
State Death and Gift		23,308,000
General Property		593,666,000
Individual Income		2,379,790,000
Corporate Income		249,792,000
State Alcoholic Beverage License	5,365,000	
Motor Vehicle License		14,916,000
Motor Fuels	5,681,000	
Severance	43,056,000	
Transfer	208,402,000	
TOTALS	$993,807,000	$3,349,499,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $2,355,692,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1981, SREB, Atlanta, Georgia, 1982.

TABLE A-136

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
GEORGIA, 1981

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$ 76,162,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	93,350,000	
Tabacco Products	814,000	
Insurance	1,472,000	
Public Utilities		104,785,000
Other		20,460,000
State Death and Gift		34,711,000
General Property		337,730,000
Individual Income		139,173,000
Corporate Income		69,834,000
State Alcoholic Beverage License		3,302,000
Motor Vehicle License		90,203,000
Motor Fuels	77,235,000	
Severance		41,425,000
Transfer		22,013,000
TOTALS	$249,033,000	$863,638,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $614,605,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1981, SREB, Atlanta, Georgia, 1982.

TABLE A-137

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
KENTUCKY, 1981

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$	$104,090,000
Selective Sales and Gross Receipts		
Alcoholic Beverages		25,915,000
Tabacco Products		30,347,000
Insurance	47,572,000	
Public Utilities		63,776,000
Other	74,808,000	
State Death and Gift		642,000
General Property		444,382,000
Individual Income	28,042,000	
Corporate Income		46,350,000
State Alcoholic Beverage License		992,000
Motor Vehicle License		39,113,000
Motor Fuels	17,426,000	
Severance		37,370,000
Transfer		16,734,000
TOTALS	$167,848,000	$809,711,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $641,863,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1981, SREB, Atlanta, Georgia, 1982.

TABLE A-138

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
LOUISIANA, 1981

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$580,018,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	4,156,000	
Tabacco Products		3,882,000
Insurance	33,791,000	
Public Utilities		40,577,000
Other		10,656,000
State Death and Gift		13,188,000
General Property		740,151,000
Individual Income		769,664,000
Corporate Income	4,771,000	
State Alcoholic Beverage License		1,452,000
Motor Vehicle License		40,404,000
Motor Fuels		1,616,000
Severance		38,943,000
Transfer		23,028,000
TOTALS	$622,736,000	$1,683,562,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $1,060,826,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1981, SREB, Atlanta, Georgia, 1982.

TABLE A-139

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
MISSISSIPPI, 1981

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$287,112,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	23,882,000	
Tabacco Products	3,574,000	
Insurance	13,668,000	
Public Utilities		32,595,000
Other		18,491,000
State Death and Gift		11,155,000
General Property		195,760,000
Individual Income		244,835,000
Corporate Income		55,661,000
State Alcoholic Beverage License		456,000
Motor Vehicle License		25,482,000
Motor Fuels	7,651,000	
Severance	26,933,000	
Transfer		10,509,000
TOTALS	$362,819,000	$594,945,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $232,126,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1981, SREB, Atlanta, Georgia, 1982.

TABLE A-140

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
NORTH CAROLINA, 1981

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$	$ 273,901,000
Selective Sales and Gross Receipts		
Alcoholic Beverages	45,091,000	
Tabacco Products		68,304,000
Insurance	15,186,000	
Public Utilities	105,889,000	
Other		37,676,000
State Death and Gift		2,538,000
General Property		485,469,000
Individual Income	83,789,000	
Corporate Income		54,371,000
State Alcoholic Beverage License		3,113,000
Motor Vehicle License		32,623,000
Motor Fuels	7,829,000	
Severance		21,933,000
Transfer		29,402,000
TOTALS	$257,784,000	$1,009,330,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $751,546,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1981, SREB, Atlanta, Georgia, 1982.

TABLE A-141

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
SOUTH CAROLINA, 1981

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$ 13,844,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	54,103,000	
Tabacco Products		13,144,000
Insurance	7,586,000	
Public Utilities		17,926,000
Other		12,001,000
State Death and Gift		11,595,000
General Property		235,500,000
Individual Income		30,569,000
Corporate Income		12,207,000
State Alcoholic Beverage License	733,000	
Motor Vehicle License		35,251,000
Motor Fuels	38,692,000	
Severance		11,130,000
Transfer		4,074,000
TOTALS	$114,959,000	$383,396,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $268,437,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1981, SREB, Atlanta, Georgia, 1982.

TABLE A-142

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
TENNESSEE, 1981

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$409,549,000	
Selective Sales and Gross Receipts		
Alcoholic Beverages	52,914,000	
Tabacco Products	12,046,000	
Insurance	11,784,000	
Public Utilities	24,529,000	
Other		$ 28,121,000
State Death and Gift		9,790,000
General Property		263,643,000
Individual Income		901,989,000
Corporate Income		61,935,000
State Alcoholic Beverage License		2,279,000
Motor Vehicle License	4,684,000	
Motor Fuels		9,045,000
Severance		33,406,000
Transfer		3,048,000
TOTALS	$515,505,000	$1,313,255,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $797,750,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1981, SREB, Atlanta, Georgia, 1982.

TABLE A-143

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
VIRGINIA, 1981

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$	$ 472,126,000
Selective Sales and Gross Receipts		
Alcoholic Beverages	35,681,000	
Tabacco Products		61,688,000
Insurance	1,979,000	
Public Utilities	98,605,000	
Other	50,432,000	
State Death and Gift		32,972,000
General Property		337,179,000
Individual Income		47,552,000
Corporate Income		184,025,000
State Alcoholic Beverage License		3,047,000
Motor Vehicle License	22,623,000	
Motor Fuels	74,591,000	
Severance		92,182,000
Transfer		786,000
TOTALS	$283,911,000	$1,231,557,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $947,647,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1981, SREB, Atlanta, Georgia, 1982.

TABLE A-144

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
WEST VIRGINIA, 1981

Type of Tax	Amount Collected Due to Above Average Rate	Amount Collected Due to Below Average Rate
General Sales and Gross Receipts	$230,981,000	$
Selective Sales and Gross Receipts		
Alcoholic Beverages	3,676,000	
Tabacco Products	10,287,000	
Insurance	13,954,000	
Public Utilities		45,155,000
Other	37,810,000	
State Death and Gift		2,430,000
General Property		226,193,000
Individual Income		124,253,000
Corporate Income		75,505,000
State Alcoholic Beverage License	5,239,000	
Motor Vehicle License	3,221,000	
Motor Fuels	18,862,000	
Severance		250,479,000
Transfer		6,691,000
TOTALS	$324,030,000	$730,706,000
Net Unutilized Potential (Excess of "Below Average" Yields Over "Above Average" Yields.)	+ $406,676,000	

Source: Kenneth E. Quindry, State and Local Revenue Potential 1981, SREB, Atlanta, Georgia, 1982.

TABLE A-145

TAX STRUCTURE QUALITY INDEX EVALUATION FOR ALABAMA 1984-85

Criterion	Degree of Characteristic Quality 1	2	3	Value
Tax Structure EQUITY $T_s + T_l = 23.3$	1-16 Regressive ___	17-33 Proportional x	34-50 Progressive ___	2
Educational EQUITY $T_e = 21.6$	1-16 Regressive ___	17-33 Proportional x	34-50 Progressive ___	2
Revenue ELASTICITY 1975-84 Average = .98	Less than 1.00 x General Sales = .96 Selective Sales = .87	Exactly 1.00 ___ Licenses = .78 State Property = .85	Greater than 1.00 ___ Corporation Income = 1.25 Individual Income = 1.18	1
Educational ELASTICITY FOR PPE = .98	Less than 1.00 x	Exactly 1.00 ___	Greater than 1.00 ___	1
YIELD Total = $2,924,048 (In Thousands)	Regressive Domination ___ Consumption Taxes = 55%	Relatively Balanced x Other Taxes = 13.3%	Progressive Diversification ___ Income Taxes = 31.3%	2
			TSQI VALUE FOR ALABAMA =	8

TABLE A-146

TAX STRUCTURE QUALITY INDEX EVALUATION FOR ARKANSAS 1984-85

Criterion	Degree of Characteristic Quality 1	2	3	Value
Tax Structure EQUITY $T_s + T_l = 24.6$	1-16 Regressive ___	17-33 Proportional _x_	34-50 Progressive ___	2
Educational EQUITY $T_e = 18.7$	1-16 Regressive ___	17-33 Proportional _x_	34-50 Progressive ___	2
Revenue ELASTICITY 1975-84 Average = .88	Less than 1.00 _x_ General Sales = .99 Selective Sales = .52	Exactly 1.00 ___ State Licenses = .81 State Property = 1.04	Greater than 1.00 ___ Corporation Income = .77 Individual Income = 1.13	1
Educational ELASTICITY for PPE = .64	Less than 1.00 _x_	Exactly 1.00 ___	Greater than 1.00 ___	1
YIELD Total = $1,744,945 (In Thousands)	Regressive Domination ___ Consumption Taxes = 56.7%	Relatively Balanced _x_ Other Taxes = 8.7%	Progressive Diversification ___ Income Taxes = 34.5%	2
			TSQI Value for Arkansas =	8

TABLE A-147

TAX STRUCTURE QUALITY INDEX EVALUATION FOR FLORIDA 1984-85

Criterion	Degree of Characteristic Quality 1	2	3	Value
Tax Structure EQUITY $T_s + T_l = 18.2$	1-16 Regressive ___	17-33 Proportional x	34-50 Progressive ___	2
Educational EQUITY $T_e = 13.2$	1-16 Regressive x	17-33 Proportional ___	34-50 Progressive ___	1
Revenue ELASTICITY 1975-84 Average = .73	Less than 1.00 x General Sales = 1.12 Selective Sales = .77	Exactly 1.00 ___ State Licenses = .63 Property = 1.04	Greater than 1.00 ___ Corporation Income = .82 Individual Income = None	1
Educational ELASTICITY for PPE = .81	Less than 1.00 x	Exactly 1.00 ___	Greater than 1.00 ___	1
YIELD Total = $7,883,166 (In Thousands)	Regressive Domination x Consumption Taxes = 77.1%	Relatively Balanced ___ Other Taxes = 17.2%	Progressive Diversification ___ Income Taxes = 5.8%	1
			TSQI Value for Florida =	6

TABLE A-148

TAX STRUCTURE QUALITY INDEX EVALUATION FOR GEORGIA 1984-85

Criterion	Degree of Characteristic Quality 1	2	3	Value
Tax Structure EQUITY $T_s + T_l = 25.2$	1-16 Regressive ___	17-33 Proportional _x_	34-50 Progressive ___	2
Educational EQUITY $T_e = 16.6$	1-16 Regressive ___	17-33 Proportional _x_	34-50 Progressive ___	2
Revenue ELASTICITY 1975-84 Average = .99	Less than 1.00 _x_ General Sales = .96 Selective Sales = .59	Exactly 1.00 ___ Licenses = .82 State Property = 1.31	Greater than 1.00 ___ Corporation Income = 1.02 Individual Income = 1.22	1
Educational ELASTICITY for PPE = 1.37	Less than 1.00 ___	Exactly 1.00 ___	Greater than 1.00 _x_	3
YIELD Total $4,525,038 (In Thousands)	Regressive Domination ___ Consumption Taxes = 48.8%	Relatively Balanced ___ Other Taxes = 4.0%	Progressive Domination _x_ Income Taxes = 47.2%	3
			TSQI Value for Georgia =	11

TABLE A-149

TAX STRUCTURE QUALITY INDEX EVALUATION FOR KENTUCKY 1984-85

Criterion	Degree of Characteristic Quality 1	2	3	Value
Tax Structure EQUITY $T_s + T_l = 23.2$	1-16 Regressive ___	17-33 Proportional x	34-50 Progressive	2
Educational EQUITY $T_e = 20.4$	1-16 Regressive ___	17-33 Proportional x	34-50 Progressive ___	2
Revenue ELASTICITY 1975-84 Average = 1.02	Less than 1.00 ___ General Sales = .94 Selective Sales = .66	Exactly 1.00 ___ Licenses = 1.002 State Property = 1.56	Greater than 1.00 x Corporation Income = .76 Individual Income = 1.19	3
Educational ELASTICITY for PPE = .97	Less than 1.00 x	Exactly 1.00 ___	Greater than 1.00 ___	1
YIELD Total = $3,012,713	Regressive Domination ___ Consumption Taxes = 44.9%	Relatively Balanced x Other Taxes = 22.3%	Progressive Diversification ___ Income Taxes = 32.8%	2
			TSQI Value for Kentucky =	10

TABLE A-150

TAX STRUCTURE QUALITY INDEX EVALUATION FOR LOUISIANA 1984-85

Criterion	Degree of Characteristic Quality 1	2	3	Value
Tax Structure EQUITY $T_s + T_l = 21.6$	1-16 Regressive ___	17-33 Proportional _x_	34-50 Progressive ___	2
Educational EQUITY $T_e = 15.4$	1-16 Regressive _x_	17-33 Proportional ___	34-50 Progressive ___	1
Revenue ELASTICITY 1975-84 Average = 1.28	Less than 1.00 ___ General Sales = 1.15 Selective Sales = .76	Exactly 1.00 ___ Licenses = 1.08 State Property = 1.93	Greater than 1.00 _x_ Corporation Income = 1.37 Individual Income = 1.43	3
Educational ELASTICITY for PPE = 1.68	Less than 1.00 ___	Exactly 1.00 ___	Greater than 1.00 _x_	3
YIELD Total = $3,855,780 (In Thousands)	Regressive Domination ___ Consumption Taxes = 50.5%	Relatively Balanced _x_ Other Taxes = 28.2%	Progressive Diversification ___ Income Taxes = 21.3%	2
			TSQI Value for Louisiana =	11

TABLE A-151

TAX STRUCTURE QUALITY INDEX EVALUATION FOR MISSISSIPPI 1984-85

Criterion	Degree of Characteristic Quality 1	2	3	Value
Tax Structure EQUITY $T_s + T_l = 22.4$	1-16 Regressive ___	17-33 Proportional _x_	34-50 Progressive ___	2
Educational EQUITY $T_e = 19.8$	1-16 Regressive ___	17-33 Proportional _x_	34-50 Progressive	2
Revenue ELASTICITY 1975-84 Average = .84	Less than 1.00 _x_ General Sales = 1.02 Selective Sales = .30	Exactly 1.00 ___ Licenses = 1.21 State Property = .066	Greater than 1.00 ___ Corporation Income = 1.28 Individual Income = 1.18	1
Educational ELASTICITY for PPE = .71	Less than 1.00 _x_	Exactly 1.00 ___	Greater than 1.00 ___	1
YIELD Total = $1,811,598 (In Thousands)	Regressive Domination _x_ Consumption Taxes = 65.7%	Relatively Balanced ___ Other Taxes = 14.1%	Progressive Diversification ___ Income Taxes = 20.2%	1
			TSQI Value for Mississippi =	7

TABLE A-152

TAX STRUCTURE QUALITY INDEX EVALUATION FOR NORTH CAROLINA 1984-85

Criterion	Degree of Characteristic Quality 1	2	3	Value
Tax Structure **EQUITY** $T_s + T_I = 26.9$	1-16 Regressive ___	17-33 Proportional _x_	34-50 Progressive ___	2
Educational **EQUITY** $T_e = 20.6$	1-16 Regressive ___	17-33 Proportional _x_	34-50 Progressive ___	2
Revenue **ELASTICITY** 1975-84 Average = .96	Less than 1.00 _x_ General Sales = .98 Selective Sales = .77	Exactly 1.00 ___ Licenses = .90 State Property = 1.01	Greater than 1.00 ___ Corporation Income = .93 Individual Income = 1.17	1
Educational **ELASTICITY** for PPE = .52	Less than 1.00 _x_	Exactly 1.00 ___	Greater than 1.00 ___	1
YIELD Total = $5,198,024 (In Thousands)	Regressive Domination ___ Consumption Taxes = 41.6%	Relatively Balanced ___ Other Taxes = 10.0%	Progressive Diversification _x_ Income Taxes = 48.3%	3
			TSQI Value for North Carolina =	9

TABLE A-153

TAX STRUCTURE QUALITY INDEX EVALUATION FOR SOUTH CAROLINA 1984-85

Criterion	1	2	3	Value
Tax Structure EQUITY $T_s + T_l = 24.7$	1-16 Regressive ___	17-33 Proportional _x_	34-50 Progressive ___	2
Educational EQUITY $T_e = 17.4$	1-16 Regressive ___	17-33 Proportional _x_	34-50 Progressive ___	2
Revenue ELASTICITY 1975-84 Average = .96	Less than 1.00 _x_ General Sales = .96 Selective Sales = .74	Exactly 1.00 ___ Licenses = .99 State Property = 1.03	Greater than 1.00 ___ Corporation Income = .80 Individual Income = 1.22	1
Educational ELASTICITY for PPE = 1.83	Less than 1.00 ___	Exactly 1.00 ___	Greater than 1.00 _x_	3
YIELD Total = $2,732,346 (In Thousands)	Regressive Domination ___ Consumption Taxes = 54.8%	Relatively Balanced _x_ Other Taxes = 6.8%	Progressive Diversification ___ Income Taxes = 38.4%	2
			TSQI Value for South Carolina =	10

TABLE A-154

TAX STRUCTURE QUALITY INDEX EVALUATION FOR TENNESSEE 1984-85

Criterion	Degree of Characteristic Quality 1	2	3	Value
Tax Structure **EQUITY** $T_s + T_l = 20.8$	1-16 Regressive ___	17-33 Proportional _x_	34-50 Progressive ___	2
Educational **EQUITY** $T_e = 13.9$	1-16 Regressive _x_	17-33 Proportional ___	34-50 Progressive ___	1
Revenue **ELASTICITY** 1975-84 Average = .77	Less than 1.00 _x_ General Sales = 1.19 Selective Sales = .77	Exactly 1.00 ___ Licenses = .65 State Property = None	Greater than 1.00 ___ Corporation Income = .80 Individual Income = 1.21	1
Educational **ELASTICITY** for PPE = 1.04	Less than 1.00 ___	Exactly 1.00 ___	Greater than 1.00 _x_	3
YIELD Total = $2,998,373 (In Thousands)	Regressive Domination _x_ Consumption Taxes = 76.5%	Relatively Balanced ___ Other Taxes = 12.8%	Progressive Diversification ___ Income Taxes = 10.7%	1
			TSQI Value for Tennessee =	8

TABLE A-155

TAX STRUCTURE QUALITY INDEX EVALUATION FOR VIRGINIA 1984-85

Criterion	Degree of Characteristic Quality 1	2	3	Value
Tax Structure EQUITY $T_s + T_l = 27.1$	1-16 Regressive ___	17-33 Proportional x	34-50 Progressive ___	2
Educational EQUITY $T_e = 14.5$	1-16 Regressive x	17-33 Proportional ___	34-50 Progressive ___	1
Revenue ELASTICITY 1975-84 Average = .89	Less than 1.00 x General Sales = .96 Selective Sales = .77	Exactly 1.00 ___ Licenses = .90 State Property = .64	Greater than 1.00 ___ Corporation Income = .88 Individual Income = 1.16	1
Educational ELASTICITY for PPE = .73	Less than 1.00 x	Exactly 1.00 ___	Greater than 1.00 ___	1
YIELD Total = $4,469,391 (In Thousands)	Regressive Domination ___ Consumption Taxes = 41.3%	Relatively Balanced ___ Other Taxes = 8.6%	Progressive Diversification x Income Taxes = 50.0%	3
			TSQI Value for Virginia =	8

TABLE A-156

TAX STRUCTURE QUALITY INDEX EVALUATION FOR WEST VIRGINIA 1984-85

Criterion	Degree of Characteristic Quality 1	2	3	Value
Tax Structure EQUITY $T_s + T_l = 22.6$	1-16 Regressive ___	17-33 Proportional _x_	34-50 Progressive ___	2
Educational EQUITY $T_e = 17.4$	1-16 Regressive ___	17-33 Proportional _x_	34-50 Progressive ___	2
Revenue ELASTICITY 1975-84 Average = 1.01	Less than 1.00 ___ General Sales = .95 Selective Sales = .76	Exactly 1.00 ___ Licenses = .83 State Property = .91	Greater than 1.00 _x_ Corporation Income = 1.39 Individual Income = 1.22	3
Educational ELASTICITY for PPE = 2.24	Less than 1.00 ___	Exactly 1.00 ___	Greater than 1.00 _x_	3
YIELD Total = $1,855,583 (In Thousands)	Regressive Domination _x_ Consumption Taxes = 61.2%	Relatively Balanced ___ Other Taxes = 32.4%	Progressive Diversification ___ Income Taxes = 6.3%	1
			TSQI Value for West Virginia =	11

NOTE: The PPE for ADM was not available for West Virginia. The use of ADA for elasticity calculation may have affected the results.

VITA

Sharen Fossett Fischer was born in Chattanooga, Tennessee, on November 19, 1954. She attended the public schools in that area and graduated from Brainerd High School at the conclusion of the 11th grade in 1971. She pursued undergraduate work at East Tennessee State University. She completed the Bachelor of Science degree in Education at The University of Tennessee at Chattanooga (UTC) in 1975, and her Master of Education degree in Educational Administration and Supervision from the same institution in 1982. She entered The University of Tennessee, Knoxville (UTK) in 1983 and graduated in 1987 with the Doctor of Education degree majoring in Educational Administration and Supervision with a collateral in Business Management.

Mrs. Fischer has been employed since 1975 as a teacher in the Hamilton County School System. While on a leave of absence for The University of Tennessee, Knoxville residency in 1983-1984, Mrs. Fischer served as the graduate research assistant to the Vice Chancellor of Development at The University of Tennessee at Chattanooga and as a conference administrator for the UTC Director of Continuing Education. During the summer of 1984 she served as the graduate assistant to the UTC Director of Graduate Studies. She is currently a sixth grade teacher at East Ridge Elementary School.

She is a member of various professional organizations including the National Education Association, Tennessee Education Association, Hamilton County Education Association, East Tennessee Education

Association, Delta Kappa Gamma, Phi Lambda Theta, Kappa Delta Pi, Parent-Teacher Association, serves as Treasurer of the International Reading Association in Chattanooga, and serves as President of the American Association of University Women (Chattanooga Branch).

She is married to Gary Anthony Fischer.