

How 5.4% Surtax on High Earners Hits Taxpayers, State by State

Rep. Charlie Rangel of New York and other House Democrats propose to pay for their \$1.3 trillion bill to create government-run health care with a 5.4 percent surtax on 2.04 million high-income Americans, about half of them small business owners. Americans would face European-style taxes, paying top rates that – combined with local and state taxes – exceed those of economic competitors such as Germany and Japan. Taxpayers in Italy, Spain and even France pay lower rates. And that’s not all: President Obama would have the power to increase the surtax.

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States	Total Filers	Single Filers	Joint Filers	Small Businesses Affected
Alaska	3,800	1,100	2,700	2,300
Alabama	19,700	5,700	14,000	11,800
Arkansas	9,400	2,700	6,700	5,600
Arizona	37,300	10,800	26,500	22,300
California	317,000	91,900	225,100	189,600
Colorado	38,900	11,300	27,600	23,300
Connecticut	46,200	13,400	32,800	27,600
District of Columbia	7,600	2,200	5,400	4,500
Delaware	5,800	1,700	4,100	3,500
Florida	134,400	39,000	95,400	80,400
Georgia	56,600	16,400	40,200	33,800
Hawaii	7,100	2,100	5,000	4,200
Iowa	11,500	3,300	8,200	6,900
Idaho	6,900	2,000	4,900	4,100
Illinois	98,300	28,500	69,800	58,800
Indiana	26,300	7,600	18,700	15,700
Kansas	14,500	4,200	10,300	8,700
Kentucky	15,300	4,400	10,900	9,100
Louisiana	19,300	5,600	13,700	11,500
Massachusetts	69,600	20,200	49,400	41,600
Maryland	53,100	15,400	37,700	31,800
Maine	5,500	1,600	3,900	3,300
Michigan	48,200	14,000	34,200	28,800
Minnesota	36,500	10,600	25,900	21,800
Missouri	26,900	7,800	19,100	16,100
Mississippi	8,600	2,500	6,100	5,100
Montana	4,300	1,200	3,100	2,600
North Carolina	50,000	14,500	35,500	29,900
North Dakota	2,400	700	1,700	1,400
Nebraska	7,500	2,200	5,300	4,500
New Hampshire	10,000	2,900	7,100	6,000
New Jersey	105,800	30,700	75,100	63,300
New Mexico	8,200	2,400	5,800	4,900
Nevada	17,200	5,000	12,200	10,300
New York	166,700	48,300	118,400	99,700
Ohio	52,400	15,200	37,200	31,300
Oklahoma	15,100	4,400	10,700	9,000
Oregon	21,400	6,200	15,200	12,800
Pennsylvania	76,600	22,200	54,400	45,800
Rhode Island	6,900	2,000	4,900	4,100
South Carolina	20,400	5,900	14,500	12,200
South Dakota	3,400	1,000	2,400	2,000
Tennessee	30,000	8,700	21,300	17,900
Texas	147,700	42,800	104,900	88,300
Utah	12,900	3,700	9,200	7,700
Virginia	69,300	20,100	49,200	41,400
Vermont	3,300	1,000	2,300	2,000
Washington	51,800	15,000	36,800	31,000
Wisconsin	28,000	8,100	19,900	16,700
West Virginia	4,400	1,300	3,100	2,600
Wyoming	3,400	1,000	2,400	2,000
Total	2,043,400	592,500	1,450,900	1,222,000

Source: Calculations using Heritage income tax model and IRS tax data, estimates rounded.

Note: Number of small businesses assumes even distribution throughout the United States. Those counted as small businesses have positive business or partnership income.

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