



COMPARISON OF TAX RATES IN CONNECTICUT, MASSACHUSETTS, NEW YORK, AND RHODE ISLAND

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ISSUE

Compare state tax rates in Connecticut, Massachusetts, New York, and Rhode Island. **This report has been updated by OLR Report [2016-R-0252](#).**

TAX RATE COMPARISON

Table 1 compares tax rates and bases affecting a broad range of Connecticut, Massachusetts, New York, and Rhode Island taxpayers. It does not include exemptions, deductions, credits, apportionment formulas, and other provisions that could affect the amount of taxes people and businesses must pay.

TABLE 1: COMPARISON OF CONNECTICUT, MASSACHUSETTS, NEW YORK AND RHODE ISLAND TAX RATES AND BASES

<i>Tax</i>	<i>Connecticut</i>	<i>Massachusetts</i>	<i>New York</i>	<i>Rhode Island</i>
Personal Income	Marginal rates range from 3% to 6.99%, depending on taxable income and filing status	Flat 5.15% (12% on certain capital gains)	Marginal tax rates range from 4% to \$143,965 plus 8.82% of excess over \$2,125,450, depending on taxable income and filing status	Marginal tax rates range from 3.75% to 5.99% depending on taxable income and filing status (up to 6% on certain capital gains)
Sales and Use	6.35% on sales of most goods and specified services	6.25% on sales of goods and specified services 0.75% local option meals tax	4%	7%
Room Occupancy	15% on charges for room occupancy of 30 days or less	5.7% on charges for room occupancy of 90 days or less Additional local option tax of up to 6% (6.5% in Boston); specified municipalities add a 2.75% convention center financing fee	NYC ranges from \$0.50 to \$2 per day plus 5.875% daily rent charge plus \$1.50 per unit per day Local governments may impose taxes, capped at 3%	6% on charges for room occupancy of 30 days or less Certain room rentals subject to both sales tax and hotel tax
Corporate Income	Greater of: <ul style="list-style-type: none"> 7.5% of net income, 3.1 mills per dollar of capital base, or \$250 minimum tax. 20% surcharge applies for 2016 and 2017; 10% surcharge for 2018 Financial services companies are excluded from the capital base method, but are subject to the minimum tax	8% of net income plus \$2.60 per \$1,000 of taxable property or net worth \$456 minimum tax Other rates and bases apply to specific types of companies, including financial institutions	Greater of: <ul style="list-style-type: none"> business income base of 6.5% (0% for qualified in-state manufacturers, 5.5% for qualified emerging technology companies); capital tax base of 0.125% (0.106% for qualified in-state manufacturers and QETCs) per dollar of allocated capital (up to \$350,000 for qualified in-state manufacturers and QETCs or \$5 million for other taxpayers); or fixed dollar minimum tax based on receipts attributable to state sources. Fixed dollar minimum tax: ranges from \$25 to \$200,000. Small business taxpayers: 6.5%.	Greater of: <ul style="list-style-type: none"> net income tax of 7%; or minimum tax of \$450

Table 1 Continued

<i>Tax</i>	<i>Connecticut</i>	<i>Massachusetts</i>	<i>New York</i>	<i>Rhode Island</i>
Business Entity¹	\$250 every other year	N/A	N/A	N/A
Insurance Premium	<p>1.75% of net direct premiums received by domestic and foreign insurance companies</p> <p>4% of gross premiums charged by nonadmitted (i.e., unauthorized) insurers</p> <p>1.75% of net direct subscriber charges of health care centers</p>	<p>2.28% of taxable premiums received by domestic and foreign casualty insurers and preferred provider arrangements</p> <p>0.0% to 1.0% of gross investment income for domestic casualty insurers</p> <p>2.0% of taxable premiums received by domestic and foreign life insurers</p> <p>5.7% of taxable underwriting profit on ocean marine insurance</p>	<p>0.7% of premiums written by life insurers (including those on accident and health contracts). Total tax on insurance corporations must lie between 1.5% and 2% of taxable premiums</p> <p>2% tax on all insurance premiums of foreign and alien fire insurance companies. Domestic fire insurance companies are exempt</p>	2% of net taxable premiums
Real Estate Conveyance	1% to 1.75% of sales price, depending on property type and location	\$4.56 per \$1,000 of sales price (0.456%); \$6.12 per \$1,000 in Barnstable County (0.612%)	<p>\$0.75 for each \$100 for mortgage recording tax</p> <p>\$2 for each \$500 of value for real estate transfer</p> <p>\$1 for each \$500 of value for REIT reduced real estate transfer tax</p> <p>1% of conveyance for conveyances over \$1,000,000</p>	\$2.30 for each \$500 paid for the property

¹ Applies to business organizations organized as limited liability companies, limited liability partnerships, limited partnerships, and S corporations (i.e., pass-through entities)

Table 1 Continued

Tax	Connecticut	Massachusetts	New York	Rhode Island
Estate	For estates over \$2 million, marginal rates range from 7.2% to 12%	For estates over \$1 million, marginal rates range from 0.8% to 16%	If the estate exceeds the basic exclusion amount (BEA), marginal rates range from 3.06% of the taxable estate to \$1,082,800 plus 16.0% of the excess over \$10,100,000. NY is gradually increasing the BEA from \$4,187,500 (as of April 1, 2016) to equal the federal estate tax exemption by Jan. 1, 2019.	For estates over \$1.5 million, marginal rates range from 0.8% to 16.0%
Gift	For gifts over \$2 million, marginal rates range from 7.2% to 12%	No gift tax.	Gift tax returns don't have to be filed for gifts made on or after January 1, 2000	No gift tax.
Alcoholic Beverages	Rates range from \$0.18 per wine gallon produced by small wineries to \$7.20 per barrel of beer and malt liquor	Rates range from \$0.55 per wine gallon of still wine to \$4.05 per wine gallon of distilled liquor and per proof gallon of alcohol (more than 100 proof)	Rates range from \$0.0379 per gallon of cider over 3.2% alcohol (still or carbonated) to \$6.43 per gallon of liquor (over 24% alcohol)	Rates range from \$0.08 per gallon nonbeverage ethyl alcohol to \$7.50 per gallon beverage ethyl alcohol
Cigarettes	\$3.65 per pack of 20 (\$3.90 beginning July 1, 2016)	\$3.51 per pack of 20	\$4.35 per pack of 20 NYC imposes additional \$1.50 per pack of 20	\$3.75 per pack of 20
Tobacco Products	\$1 per ounce of snuff tobacco	210% of the wholesale price of snuff tobacco	\$2 per ounce of snuff tobacco	80% of wholesale cost of smokeless (including snuff) tobacco
	50% of the wholesale price of cigars and smoking tobacco, except tax on cigars capped at 50 cents each	40% of the wholesale price of cigars and smoking tobacco	75% of the wholesale price of cigars, chewing tobacco, pipe, and loose tobacco	80% of wholesale cost of cigars
Motor Fuels	\$0.25 per gallon of gasoline (plus 8.1% petroleum products gross earnings tax)	\$0.24 per gallon of gasoline	\$0.08 per gallon of gasoline	\$0.33 per gallon of gasoline
	\$0.503 per gallon of diesel	\$0.24 per gallon of diesel	\$0.08 per gallon of diesel	\$0.33 per gallon of diesel

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