

Local Income Taxes, Select Municipalities, 2006

State	Municipality	Income Tax
Alabama	Birmingham	A 1.0% tax is imposed on the gross receipts of persons engaged in any trade, occupation, or profession in Birmingham. Employers are required to withhold 1.0% of the compensation due to each employee.
California	Los Angeles	A tax is imposed upon every person who engages in business and, in connection therewith, engages, hires, employs, or contracts with one or more individuals as employees to perform work or render services in whole or in part within the city. Taxpayers pay the greater of the payroll expense tax or the business gross receipts tax. However, if the payroll tax is greater than the business tax, the taxpayer must pay the payroll tax in lieu of the business tax, but the amount of the payroll tax may not exceed the amount of the business tax that would have been imposed. The payroll expense tax is levied at the rate of \$33 per year (or fraction) for the first \$4,000 of payroll expenses plus \$8.25 per year for each additional \$1,000 of payroll expenses (or fraction) in excess of \$4,000. When an individual performs work partly within and partly outside the city, only that portion of the taxpayer's payroll expense for the individual that is attributable to the work performed in the city is subject to the tax.
	San Francisco	The San Francisco payroll expense tax is an alternative tax to the San Francisco business tax: the taxpayer must pay whichever tax results in the greater amount due. Any person who, in connection with a business, engages, hires, employs or contracts with one or more individuals, as an employee, to perform work or render services in whole or in part within the City and County of San Francisco, is required to pay the tax. The tax is measured by the total compensation paid for work or services rendered within San Francisco. Payroll is allocated to services within and outside the city on the basis of volume of business for commission salespersons or by number of working hours in all other cases. The tax rate is generally 1.5% of the taxpayer's payroll expenses. Additionally, for an unincorporated business owned by two or more persons, the amount of tax includes 1.5% of the salary distributions made by the business to persons having an ownership interest.
Iowa	Multiple School Districts	Multiple local school districts impose an income tax surcharge on individuals residing in the school district on the last day of the tax year. The rate of the surtax ranges from 1%-20% of the state individual income tax. By law, the surtax cannot exceed 20%.
Kentucky	School Districts (Boone, Cumberland, Fayette, Jefferson, Marshall, Scott, and Warren)	All of the listed school districts levy a 0.5% (with the exception of Jefferson, 0.75%) occupational license tax on 1) the salaries, wages, commissions, and other compensation of individuals for work done and services performed or rendered in a county or on 2) the net profits of all businesses, professions or occupations from activities conducted in a county. By law, the tax may be imposed at a rate not to exceed 0.5% (0.75% in counties having a population of 300,000 or more).
	Fayette County	A 2.25% tax is imposed on salaries, wages, commissions, and other compensation earned for work done or services performed within the county. The tax is also imposed on the net profits of businesses and professions conducted within the county.
	Jefferson County	Every natural person, partnership, fiduciary, association, corporation, or other entity engaged in any business, profession, occupation, or other activity in the city of Louisville and/or Jefferson County must pay an annual license fee for the privilege of engaging in these activities. The license fee is imposed on 1) the wages earned by every employee for work done or services performed in the city/county and 2) the net profits of all businesses, professions, or occupations from activities conducted in the city/county, regardless of where payment is made or received. The total rate of tax is 2.2% (1.25% for the City of Louisville or Jefferson County, depending upon where the taxable amounts were earned; 0.2% for mass transit purposes; plus 0.75% for public school boards in Jefferson County, including Louisville). The tax on nonresidents is levied at the rate of 1.45% (1.25% City or County rate plus 0.2% mass transit tax).

State	Municipality	Income Tax
Maryland	Multiple Municipalities	Maryland counties are authorized to impose local income taxes of at least 1.0%, but not more than a specified percentage of an individual's Maryland taxable income (a county may not increase its county income tax rate over 2.6% without holding a public hearing on the act, ordinance, or resolution proposing the increase) on the following individuals: 1) each resident domiciled in the taxing county, or each resident maintaining a principal residence or place of abode in the taxing county on the last day of the taxable year, 2) each personal representative of an estate, provided that the decedent was domiciled in the taxing county on the date of death, 3) each resident fiduciary of a trust that is principally administered in, or connected to, the county, and 4) each nonresident deriving income from salary, wages, or other compensation for personal services for employment in the county. Twenty-four municipalities levy local income taxes.
Michigan	Multiple Municipalities	Michigan cities are authorized to levy an income tax only by adopting the Uniform City Income Tax Ordinance. This ordinance divides taxpayers into three classes: resident individuals, nonresident individuals, and corporations. Residents are taxed on all of their income, regardless of its source. Nonresidents are taxed only on income arising from sources within the city. Generally, the tax rates are 1.0 for resident, 1.0% for corporations doing business in the city on that portion of their net profits attributable to business activity conducted within the city, and 0.5% for nonresidents. A city may impose the tax at a lower rate. If the tax is imposed at a lower rate, the rate on nonresident individuals cannot exceed one-half of the rate on corporations and resident individual. Twenty-two municipalities have adopted the Uniform City Income Tax.
Missouri	Kansas City	An earnings tax of 1.0% is imposed on 1) the earnings of resident individuals of the city, 2) the earnings of nonresident individuals for services performed or rendered in the city, 3) the net profits of all unincorporated businesses conducted by residents, 4) the net profits of all unincorporated businesses earned as a result of work done or services performed or rendered or business or other activities conducted in the city by nonresidents, and 5) the net profits of all corporations earned as a result of work done or services performed or rendered or business or other activities conducted in the city.
	St. Louis	An earnings tax of 1.0% is imposed on 1) the salaries, wages, commissions, and other compensation earned by residents, 2) the salaries, wages, commissions, and other compensation earned by nonresidents for work done or services performed in St. Louis, 3) the net profits of associations, businesses, or other activities conducted by residents, and 4) the net profits of associations, businesses, or other activities conducted in St. Louis by nonresidents.
New Jersey	Newark	Newark imposes a 1.0% tax on all employers, profit and nonprofit, having a payroll of more than \$2,500 in a calendar quarter, except employers who are federal, state, or local governments, an interstate agency or an instrumentality of one of the above, foreign insurance companies subject to retaliatory provisions, or any nonprofit religious, charitable, or educational institution.
New York	New York City	Resident individuals, estates, and trusts are subject to a personal income tax on their city taxable income. The rates for unmarried individuals range from 2.55% of city taxable income (if city taxable income is \$12,000 or less) to 3.2% (if city taxable income is greater than \$50,000).
	Yonkers	Yonkers imposes a surcharge of 10% of the net state tax and an additional 0.5% tax on the wages earned and net earnings from self-employment within the city of all nonresident individuals, estates and trusts.

State	Municipality	Income Tax
Ohio	Akron Cincinnati Cleveland Columbus Dayton Toledo Youngstown	A tax of 2.25% (Akron), 2.1% (Cincinnati), 2.0% (Cleveland), 2.0% (Columbus), 2.25% (Dayton), 2.25% (Toledo), and 2.75% (Youngstown) is imposed on the compensation of residents and of nonresidents for work done or services performed and the net profits of resident and nonresident corporations, unincorporated businesses, professions, or other entities (including a resident partner's or owner's share of net profits) derived from sales made, work done, or services performed. Multiple municipalities with populations under 100,000 also levy income taxes, which generally range from 0.5% to 2.0%.
Pennsylvania	Philadelphia	A wage tax of 4.301% (residents) and 3.7716% (non-residents) is imposed on the salaries, wages, commissions, and other compensation earned in Philadelphia by residents and nonresidents.
	Pittsburgh	An earned income and net profits tax of 1.0% is imposed on the salaries, wages, commissions, and other compensation earned by residents and non-residents and the net profits of residents or nonresidents from businesses, professions, or other activities conducted in Pittsburgh.

Source: CCH Tax Research NetWork