

Adjusted Gross Income Percentiles by State, Tax Year 2017

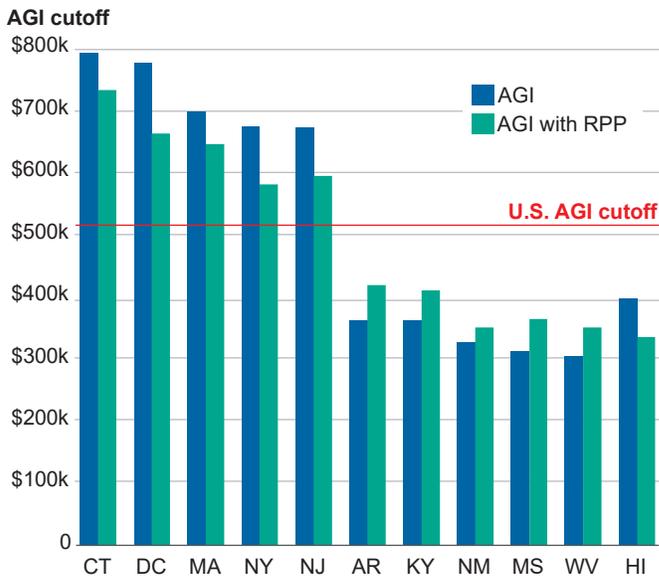


The Statistics of Income (SOI) Division's adjusted gross income (AGI) percentile data by State are based on individual income tax returns (Forms 1040) filed with the Internal Revenue Service (IRS) during a given calendar year. For Tax Year 2017 data, SOI tabulated the returns filed from January 1 through December 31, 2018. While the bulk of these returns were for Tax Year 2017, the IRS received a small number of returns for prior tax years. SOI uses these prior-year returns as a proxy for returns typically filed beyond the 12-month window.¹ Returns received from dependents claimed on another return have been excluded to avoid double counting, as well as returns with a negative AGI. AGI percentiles do not include income from non-taxable sources such as tax-exempt interest, non-taxable pensions and IRAs, and non-taxable Social Security Benefits.

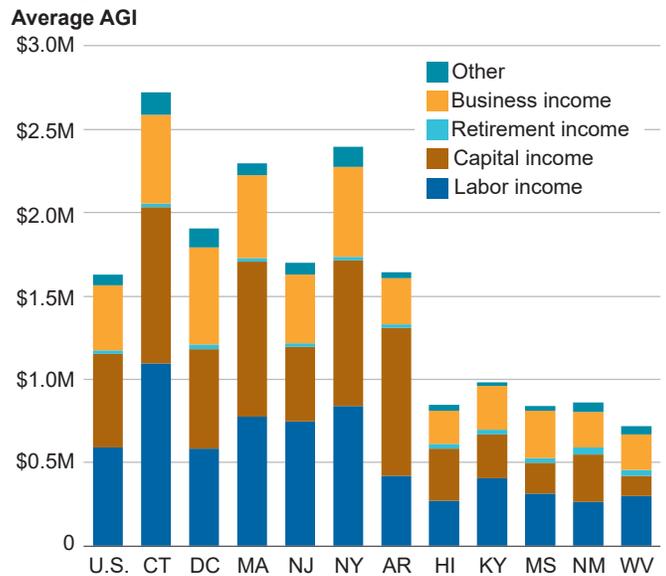
Highlights of the Data

- For 2017, the AGI cutoff for the top 1 percent of the income distribution, for the U.S., was \$516,714. The average AGI for this group of taxpayers was \$1,625,221.
- The States with the highest cutoffs for the top 1 percent were Connecticut (\$793,101), the District of Columbia (\$776,518), Massachusetts (\$698,256), New York (\$673,603), and New Jersey (\$672,113).
- The States with the lowest cutoffs for the top 1 percent were West Virginia (\$305,690), Mississippi (\$312,738), New Mexico (\$327,052), Kentucky (\$361,972), and Arkansas (\$362,320); however, when adjusting the AGI cutoff amounts using Regional Price Parities (RPPs), Hawaii (\$335,452) had the lowest AGI cutoff for the top 1 percent.²
- Although labor income, capital income, and business income were the three primary sources of income for the top 1 percent, the income shares varied by State. Retirement income, from taxable IRA distributions and pensions and annuities, was the smallest share of income.³

Top 1 Percent AGI Cutoffs and AGI with RPPs, by Highest and Lowest States, Tax Year 2017²



Sources of Income for the Top 1 Percent, by Highest and Lowest States, Tax Year 2017³



¹ The use of prior-year returns as a proxy for those that filed after the current processing year is consistent with SOI's National, State, county, and ZIP Code tabulations. SOI's individual income tax return sample is used as an input for the geographic data. For a description of the sample and the use of prior-year returns see https://www.irs.gov/statistics/soi-tax-stats-individual-income-tax-returns-publication-1304-complete-report#_sec2.

² The U.S. Bureau of Economic Analysis produces the RPPs, which reflect regional price levels expressed as a percentage of the overall National price level for a given year. The price level is determined by the average prices paid by consumers for the mix of goods and services consumed in each region.

³ Sources of income are the total source amount as a percentage of average AGI with RPPs (see footnote 2) by State. Labor income includes returns with salaries and wages. Capital income is the sum of taxable interest, dividends, and net capital gains less loss. Retirement income is the sum of taxable IRA distributions and pensions and annuities. Business income is the sum of business or profession net income and partnership and S corporation net income less loss. "Other" is the sum of all remaining income.



Individual
Tax Statistics

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