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Aug. 29, 2023



By Katelyn Washington, Kiplinger Consumer News Service (TNS)

The most expensive states for millionaires tax high earners at high rates. (And if you fall into the [top federal income tax bracket](#), the IRS will tax some of your earnings at the 37% rate.)

State income tax rates can climb over 13% in some areas, meaning that some high-earning taxpayers pay more than 50% in taxes on a portion of their income. Here's

what you need to know if you expect to make \$1 million in 2023.

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California has high taxes

Not surprisingly, California takes first place as the most expensive state for millionaires. That's because the state imposes an additional 1% surcharge on those earning over \$1 million per year, and that's on top of the already high state income tax rate of 12.3%. That means the wealthiest California taxpayers can pay 13.3% on at least part of their earnings.

Hawaii is an expensive state

Hawaii is an expensive state for high earners to live in. The top income tax rate is 11%. And notably, you don't need to be a millionaire for the state to tax some of your income at that rate.

- Single and married filing separately taxpayers will pay 11% on more than \$200,000 of taxable income.
- Heads of household pay the 11% tax rate on more than \$300,000 of taxable income.
- Joint filers pay 11% on more than \$400,000 of income.

Tax in New York

It's no surprise that New York taxes high earners at one of the highest rates in the U.S. The top income tax bracket in the state is 10.9%. However, only taxpayers with taxable incomes greater than \$25 million fall into this bracket. If your taxable income falls between \$1 million and \$25 million, you can expect to be subject to a tax rate of anywhere between 6.85% and 10.3%, which is still high compared to most other states.

- New York City imposes an additional income tax, which can reach 3.876%

- This means millionaires in New York City could pay an income tax rate of 14.776%.

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- If your taxable income exceeds \$500,000 you can still expect to pay an 8.97% income tax rate in New Jersey.
- New Jersey also has a “mansion tax.” This is an additional 1% tax imposed on real estate sales exceeding \$1 million.

Washington, D.C. income tax

Although Washington, D.C. isn't a state, it earns a spot on this list. That's because you will pay a 10.75% on taxable income over \$1 million in the District of Columbia. And the tax rates aren't much better for six-digit earners.

- Taxpayers in Washington, D.C pay an 8.5% tax rate on taxable income over \$60,000.
- You are subject to a 9.25% tax rate on taxable income over \$250,000.
- The District of Columbia imposes a 9.75% tax rate on taxable income over \$500,000.

Oregon has high income taxes

You don't have to be a millionaire to fall into Oregon's top income tax bracket of 9.9%. Single filers are subject to this tax rate with taxable income exceeding \$125,000 (more than \$250,000 for joint filers). But even taxpayers with lower incomes are subject to high-income tax rates in Oregon.

- Single filers with \$10,200 or more of taxable income pay an 8.75% tax rate.
- Joint filers with \$20,400 or more of taxable income pay an 8.75% tax rate.

Minnesota income tax rates

Minnesota's top income tax rate is 9.85%, and this rate applies to some taxpayers

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Massachusetts millionaire tax

Massachusetts has a flat income tax rate of 5%, which is not high compared to most other states. But the Bay State still earns its place on this list due to voter approval of a so-called "millionaire's tax" last year.

The Fair Share Amendment imposes an additional 4% tax on income over \$1 million per year, and the new tax is already in effect. That means Massachusetts millionaires can now face a 9% personal income tax rate.

Other expensive states for millionaires

Depending on how millionaires make and handle their money, some states may prove more expensive choices. One of these is Washington, which is a state with no income tax. However, Kiplinger previously reported about the [7% Washington capital gains tax](#) that applies to the sale or exchange of certain long-term assets exceeding \$250,000. That means some high earners in Washington could be subject to the capital gains tax.

Additionally, some states with lower income tax rates can be very expensive for your future millionaire heirs, thanks to costly death taxes.

- For example, Pennsylvania has a flat income tax rate of 3.07%, but the Commonwealth's inheritance tax rate can reach as high as 15%.
- And Maryland has an estate tax on estates valued over \$5 million and a 10% inheritance tax.

There are other states with inheritance and estate taxes too. And don't forget these state taxes are in addition to any federal taxes millionaires are required to pay. Where

you live and do business could determine how many of your millions you can keep.

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