

# THE DIRECTION OF TAX COLLECTIONS

Personal income and general sales taxes are overwhelmingly the main sources of revenue for most states. But a recession like the one we are just now emerging from can (and has) decimated these revenues.

How far did tax collections tumble in 2009? Total tax revenues fell 8.5 percent (\$66.5 billion)—nearly double the percentage decline in 2002, which resulted from the recession of 2001. No single revenue source was immune from the effects of the most recent recession, as all major tax categories declined.

In 2009, personal income tax collections declined by 11.7 percent (\$32.5 billion), and sales taxes declined by 5.4 percent (\$12.9 billion). A few states rely heavily on corporate, severance and other taxes, which together declined by 12.4 percent (\$17.9 billion) in 2009.



## THE UPS AND DOWNS

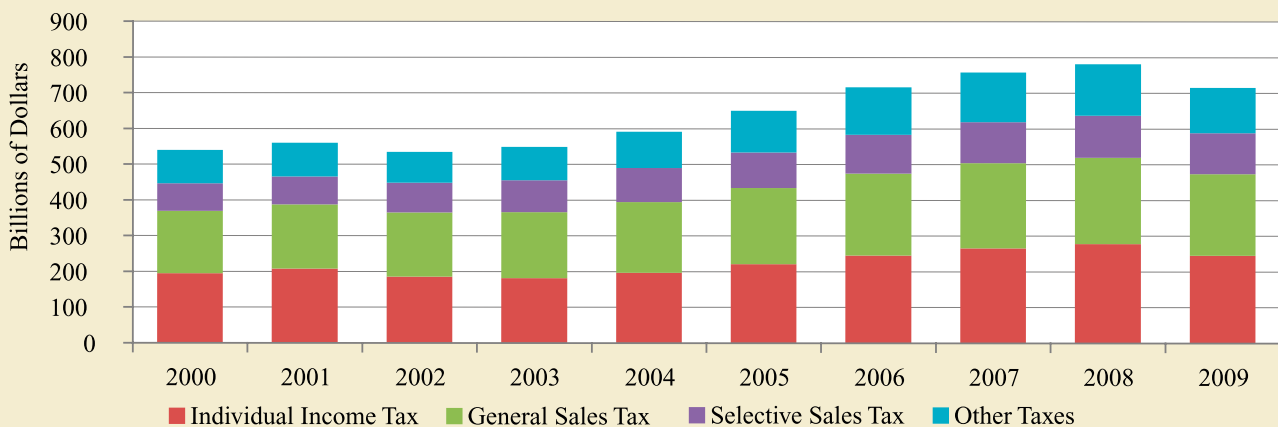
Percentage changes in state tax collections compared to the previous year, from 2001 to 2009

Year	Total Taxes	Personal Income	General Sales & Use	Selective Sales	Other
2001	3.7%	6.9%	2.8%	1.3%	0.7%
2002	-4.4%	-10.8%	0.2%	5.1%	-6.8%
2003	2.6%	-2.0%	2.7%	7.9%	7.0%
2004	7.8%	8.3%	7.2%	6.9%	8.9%
2005	9.9%	12.5%	7.6%	4.6%	14.6%
2006	10.0%	10.9%	7.8%	8.7%	13.7%
2007	5.8%	8.2%	3.8%	5.6%	4.9%
2008	3.2%	4.7%	1.1%	2.7%	4.2%
2009	-8.5%	-11.7%	-5.4%	-2.7%	-12.4%

Source: U.S. Census Bureau, 2010

## THE TOP TAXES

State Tax Collections by Type



Source: U.S. Census Bureau and NCSL, 2010.