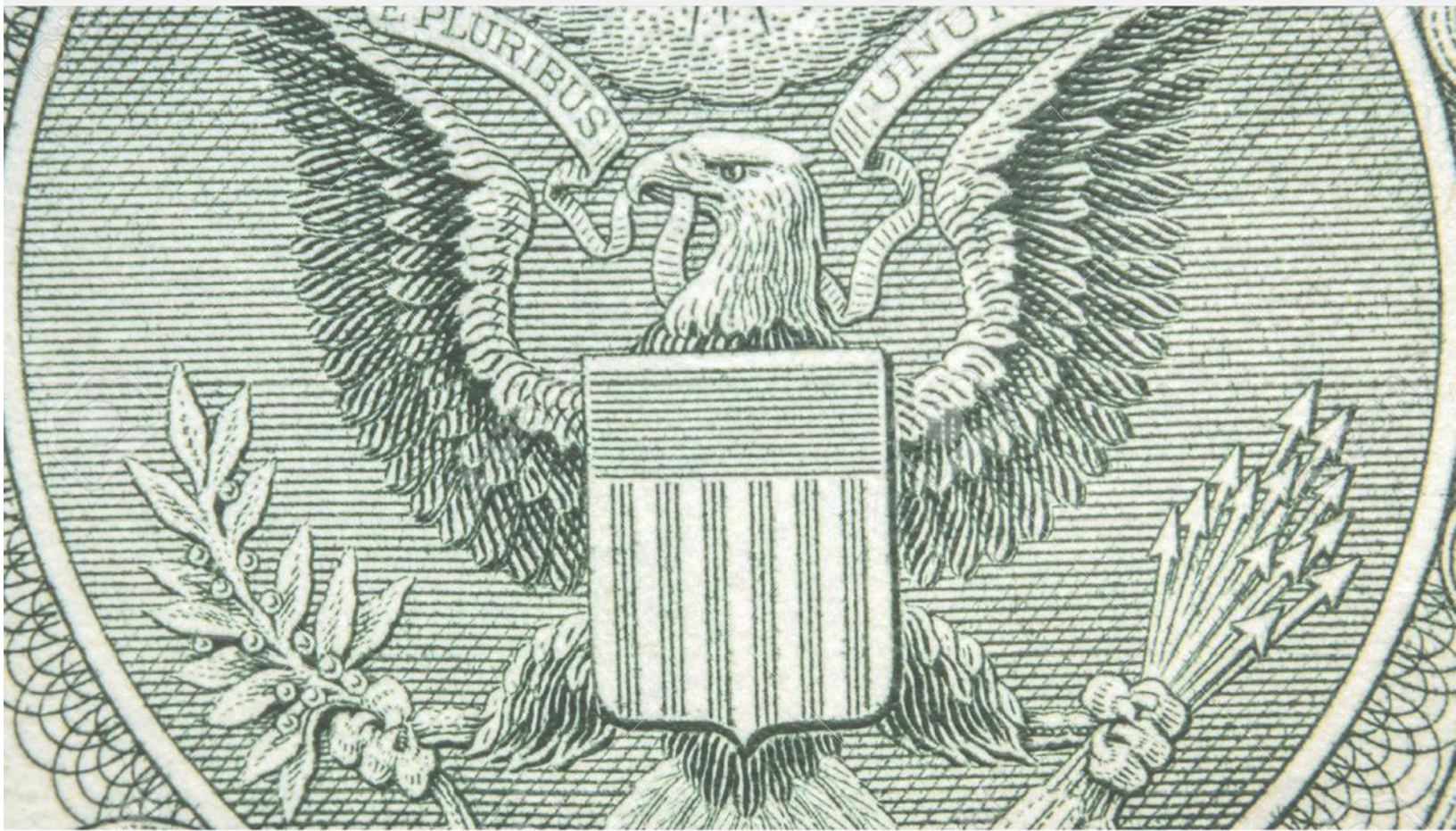


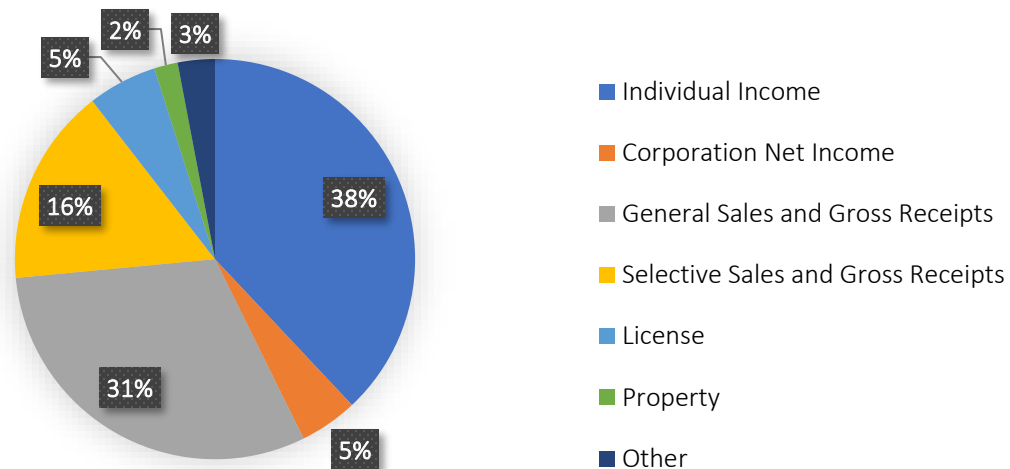
# State Reliance on Particular Taxes Provides a Peek at Revenue Vulnerability



As the United States confronts COVID-19 with stay-home orders, economic activity has come to a screeching halt. The result, while beneficial to human health, will be devastating to state fiscal health. Job losses and reduced daily commerce have already drastically reduced state revenue streams. The longer the economy stalls, the greater the revenue loss. The problem is particularly acute in states that rely heavily on sales and income taxes, which as it turns out, is most states.

Nationally, nearly 70 percent of state revenues come from taxes on personal income and general sales. Personal income collections make up a larger share at 38 percent as demonstrated in the chart below. However, tax structures vary greatly across the states, with several states relying more heavily on one of these tax sources than others. State property taxes, severance taxes, or other taxes on corporations that in national aggregate appear insignificant, make up large shares of tax revenue for some individual states.

Components of Total State Tax Collections, FY 2018



Source: US Census Bureau

Compared to other states, Oregon relied most heavily on personal income taxes in fiscal year 2018, with 70 percent of its total tax collections coming from personal income taxes. However, Oregon along with four other states—Alaska, Delaware, Montana and New Hampshire—does not have a general sales tax.

Likewise, the seven states—Alaska, Florida, Nevada, South Dakota, Texas, Washington and Wyoming—that don't levy personal income taxes, rely heavily on sales taxes. Florida generates 64 percent and Texas generates approximately 60 percent of total tax revenues from the sales tax.

States also levy corporate income taxes, selective sales taxes on goods such as cigarettes and alcohol, statewide property taxes, license taxes and other, which includes severance taxes, estate taxes and real estate transfer taxes among others. These taxes make up a small share of state revenues in most states but are a significant revenue share in a handful of states. For example, property taxes account for just 1.6 percent of state total tax collections nationally, but they account for 33 percent of tax revenue in Vermont. Severance taxes, which are levied on the extraction of natural resources make up a more significant share of revenue in many resource rich states such as Alaska and Wyoming. For example,

severance tax collections make up over 56 percent of Alaska’s total tax collections and nearly 30 percent in Wyoming.

### FY 2018 State Tax Reliance

Jurisdiction	Individual Income	Corporation Net Income	General Sales and Gross Receipts	Selective Sales and Gross Receipts	License	Property	Other
United States Average	38.0%	4.7%	30.8%	16.0%	5.6%	1.9%	3.0%
Alabama	35.4%	5.2%	25.2%	24.9%	4.7%	3.7%	0.9%
Alaska	0.0%	12.0%	0.0%	15.4%	8.5%	7.4%	56.7%
Arizona	27.9%	2.3%	47.2%	12.4%	3.0%	6.4%	0.8%
Arkansas	29.1%	4.0%	35.5%	13.6%	4.2%	12.3%	1.3%
California	54.4%	7.1%	20.7%	10.1%	6.0%	1.6%	0.1%
Colorado	50.7%	4.5%	21.7%	16.9%	5.5%	0.0%	0.7%
Connecticut	51.0%	4.1%	23.7%	16.6%	2.5%	0.0%	2.1%
Delaware	39.2%	6.0%	0.0%	13.9%	37.3%	0.0%	3.6%
Florida	0.0%	5.3%	64.3%	19.4%	4.6%	0.0%	6.4%
Georgia	49.3%	4.3%	25.2%	13.5%	3.0%	3.9%	0.7%
Hawaii	31.5%	1.9%	45.7%	15.6%	3.6%	0.0%	1.7%
Idaho	37.9%	5.0%	36.9%	12.5%	7.6%	0.0%	0.2%
Illinois	38.4%	6.5%	28.4%	18.5%	6.9%	0.1%	1.2%
Indiana	30.0%	3.6%	40.2%	22.3%	3.9%	0.1%	0.0%
Iowa	38.6%	4.4%	32.5%	13.9%	9.5%	0.0%	1.0%
Kansas	35.8%	4.6%	34.6%	12.5%	4.5%	7.5%	0.5%
Kentucky	37.3%	4.2%	29.9%	17.5%	4.1%	5.5%	1.4%
Louisiana	28.6%	3.2%	37.4%	23.0%	3.5%	0.5%	3.8%
Maine	36.4%	4.2%	34.7%	16.4%	6.4%	0.9%	1.1%
Maryland	42.4%	4.6%	21.0%	21.6%	3.8%	3.6%	2.9%
Massachusetts	54.9%	8.1%	21.9%	8.5%	3.9%	0.0%	2.6%
Michigan	33.6%	3.6%	32.3%	15.9%	6.4%	7.1%	1.2%
Minnesota	44.5%	5.1%	21.8%	17.9%	5.5%	3.1%	2.1%
Mississippi	23.5%	5.5%	45.1%	18.7%	6.2%	0.4%	0.6%
Missouri	50.0%	2.6%	28.3%	14.2%	4.6%	0.3%	0.1%
Montana	44.2%	6.0%	0.0%	21.5%	12.0%	10.0%	6.4%
Nebraska	43.8%	5.8%	35.2%	11.2%	3.6%	0.0%	0.4%
Nevada	0.0%	0.0%	55.6%	24.4%	7.2%	3.5%	9.3%
New Hampshire	3.6%	27.0%	0.0%	35.1%	14.9%	14.0%	5.3%
New Jersey	42.5%	6.3%	29.6%	14.0%	4.4%	0.0%	3.2%
New Mexico	22.1%	1.6%	36.6%	14.3%	5.6%	1.5%	18.4%
New York	59.6%	4.1%	16.7%	13.1%	2.0%	0.0%	4.5%
North Carolina	45.3%	2.7%	28.8%	15.1%	7.9%	0.0%	0.3%
North Dakota	8.7%	2.6%	21.7%	11.5%	5.1%	0.1%	50.3%
Ohio	29.9%	0.0%	41.7%	20.4%	7.8%	0.0%	0.2%

## FY 2018 State Tax Reliance

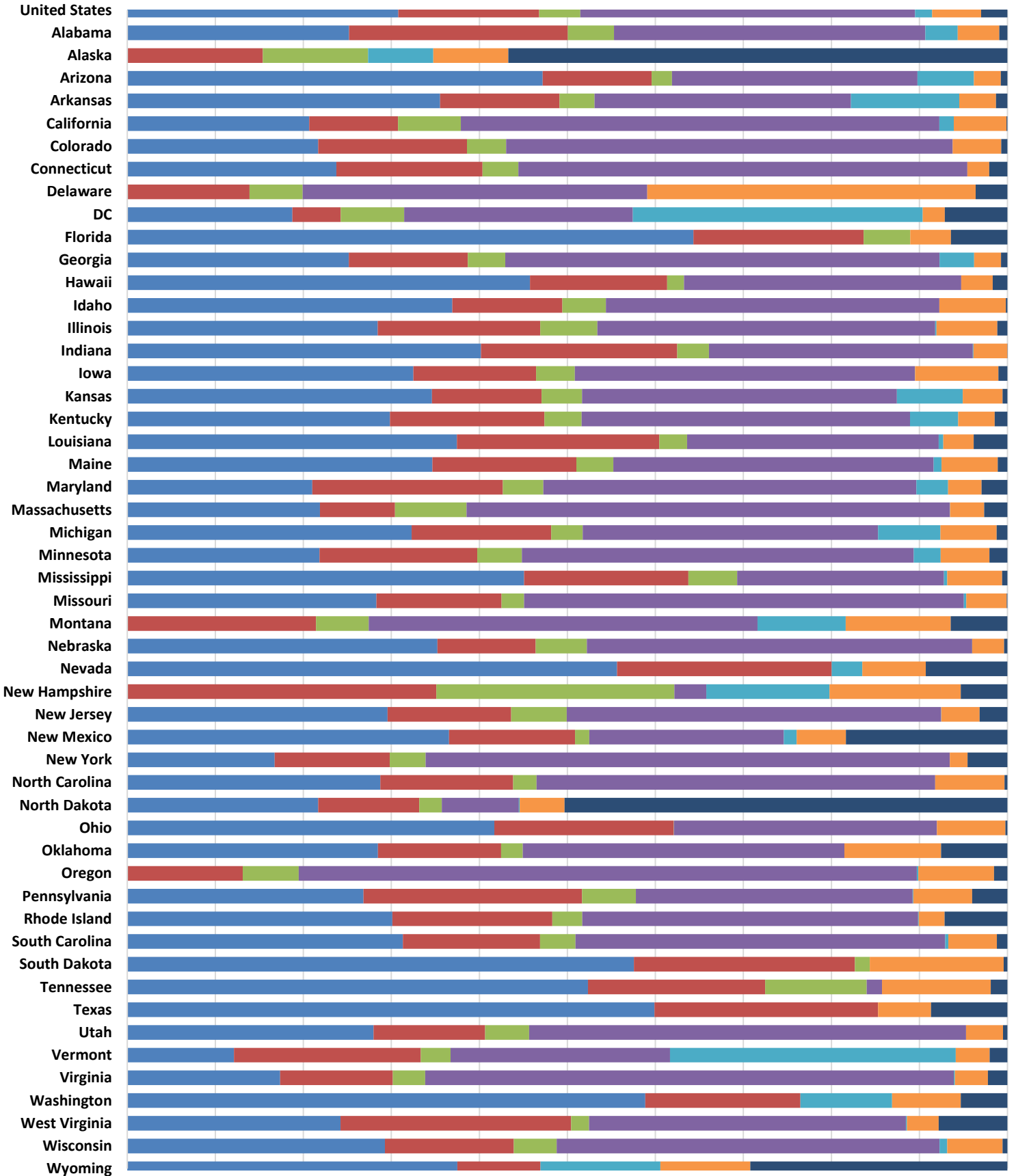
Jurisdiction	Individual Income	Corporation Net Income	General Sales and Gross Receipts	Selective Sales and Gross Receipts	License	Property	Other
Oklahoma	36.5%	2.5%	28.5%	14.0%	11.0%	0.0%	7.5%
Oregon	70.2%	6.4%	0.0%	13.1%	8.6%	0.2%	1.5%
Pennsylvania	31.4%	6.1%	26.8%	24.8%	6.7%	0.1%	4.0%
Rhode Island	38.2%	3.4%	30.1%	18.2%	2.9%	0.1%	7.1%
South Carolina	42.0%	4.0%	31.3%	15.6%	5.5%	0.4%	1.2%
South Dakota	0.0%	1.7%	57.6%	25.1%	15.2%	0.0%	0.4%
Tennessee	1.7%	11.5%	52.3%	20.1%	12.4%	0.0%	1.9%
Texas	0.0%	0.0%	59.9%	25.4%	6.0%	0.0%	8.7%
Utah	49.7%	5.0%	28.0%	12.7%	4.2%	0.0%	0.5%
Vermont	24.9%	3.4%	12.1%	21.2%	3.8%	32.5%	2.0%
Virginia	60.1%	3.7%	17.4%	12.8%	3.7%	0.1%	2.2%
Washington	0.0%	0.0%	58.9%	17.6%	7.8%	10.4%	5.3%
West Virginia	36.0%	2.0%	24.2%	26.2%	3.6%	0.1%	7.8%
Wisconsin	43.5%	4.9%	29.3%	14.7%	6.3%	0.9%	0.5%
Wyoming	0.0%	0.0%	37.5%	9.4%	10.2%	13.6%	29.2%

Source: US Census, FY 2018 tax collections

# 50-State Tax Reliance Chart for FY 2018

- General Sales and Gross Receipts Taxes
- Selective Sales and Gross Receipts Tax
- Corporate Net Income
- Individual Income
- Property
- License
- Other Taxes

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%



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