## **How States Raise Their Tax Dollars**

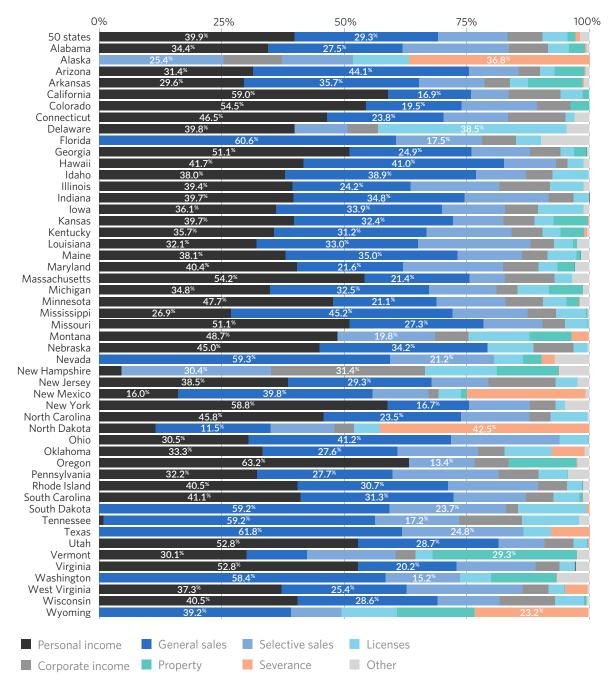
FY 2021

Taxes make up <u>about half</u> of state government revenue, with two-thirds of states' total tax dollars coming from levies on personal income (39.9%) and general sales of goods and services (29.3%).

Broad-based personal income taxes are the greatest source of tax dollars in 33 of the 41 states that impose them, with the highest share—63.2%—in Oregon. General sales taxes are the largest source in 14 of the 45 states that collect them. Texas is the most reliant on these taxes, at 61.8%. Other sources bring in the most tax revenue in a few states: severance taxes in Alaska and North Dakota, and corporate income taxes in New Hampshire.

This infographic illustrates the sources of each state's tax revenue.

## Mix of Tax Sources by State, FY 2021



Note: Unlike 41 states with broad-based personal income taxes, New Hampshire taxes only certain dividend and interest income. Tennessee had a similar tax in place in fiscal year 2020, but it was fully phased out as of Jan. 1, 2021.

Source: U.S. Census Bureau's 2021 Annual Survey of State Government Tax Collections

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