

State Government Tax Collections in 2009

Total State Tax Collections See Decline in 2009

State tax collections totaled \$715.2 billion in fiscal year 2009, down 8.5 percent from the \$781.6 billion collected in fiscal year 2008. Although fiscal year 2009 state revenue figures have yet to be released, in 2008 total state tax collection accounted for 48.2 percent of the total state government revenue.

In fiscal year 2009 five states reported a positive increase over the previous year's tax collections. The reasons for each state's year-to-year increases vary, for example in the case of Wyoming and North Dakota increased tax revenue was largely due to strength in severance tax revenues, which are taxes imposed for the extraction of natural resources measured by value

States	Total tax percent change
FY09 increases	
Wyoming	14.9%
North Dakota	4.4%
Oregon	1.9%
Iowa	1.3%
South Dakota	0.9%
FY09 decreases of 10 percent or greater	
Alaska	-41.2%
Arizona	-17.9%
New Mexico	-14.1%
California	-13.9%
Idaho	-13.1%
Virginia	-12.0%
Connecticut	-11.4%
Utah	-11.2%
New Jersey	-11.2%
Massachusetts	-11.1%
Georgia	-11.0%
Florida	-10.9%
South Carolina	-10.4%
North Carolina	-10.0%

Source: U.S. Census Bureau, 2009 State Government Tax Collections.

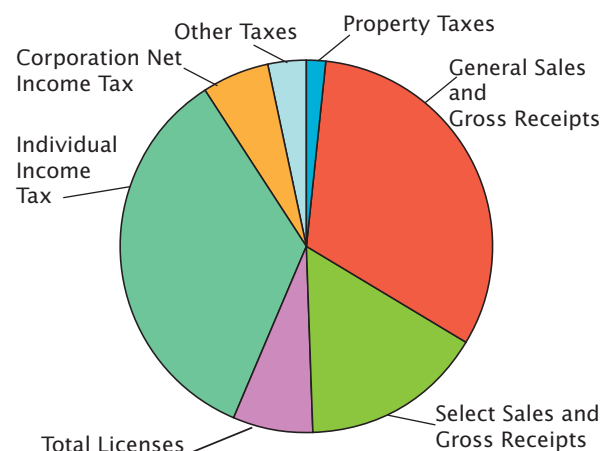
or quantity of products removed or sold. In contrast, fourteen states experienced a decrease of 10.0 percent or greater in year-to-year tax collections. No state had year-to-year tax revenue declines of this magnitude

¹Total state government revenues and finances will be released in the fall of 2010 with the results from the fiscal year (FY) 2009 Survey of State Government Finances.

in 2008. The majority of these states reported decreases across the board and particularly in major revenue categories such as sales and gross receipts and individual income tax. Alaska is an exception to this case where a 44.8 percent drop in severance tax revenue was the largest category to decrease.

At \$245.9 billion, individual income tax remained the single largest source of state tax revenues in 2009, down 11.7 percent from 2008. General sales and gross receipts taxes accounted for \$228.1 billion, a decrease of 5.4 percent from 2008. Corporation net income tax decreased 20.7 percent, to \$40.3 billion in fiscal year 2009. Since 1992 the distribution of state tax collections, by tax category, has remained relatively constant, with individual income accounting for an average of 33.7 percent of total tax revenue, general sales and gross receipts taxes measuring 32.6 percent, and corporation net income taxes at 6.3 percent. Regionally, in fiscal year 2009, individual income tax was the largest revenue source among states in the Northeast, West, and Midwest, accounting for 46.5 percent, 35.1 percent, and 34.3 percent of total tax revenue, respectively. General sales and gross receipts tax was the largest contributor to tax revenue among states in the South, making up 38.9 percent of total tax revenue in 2009.

Total State Tax Collections by Category



Source: U.S. Census Bureau, 2009 State Government Tax Collections.

Tax Classification and Use

The state tax categories include taxes on property, sales, license, income, and other. Each of these tax categories is broken down into subcategories. For example, sales and gross receipts taxes are distinguished between general sales and gross receipts tax, as well as motor fuel sales, alcoholic beverage sales, public utilities sales, insurance premium sales, tobacco product sales, pari-mutuels sales, amusement sales, and other selective sales and gross receipts.

The state tax data discussed throughout this paper reflect national, regional, and individual state government aggregates, and it is necessary to recognize that diversity in revenue allocations exist from state to state. For example, in 2009, between 13.1 and 77.3 percent of total state tax revenue came from severance taxes in the following states: Alaska, Montana, New Mexico, North Dakota, Oklahoma, and Wyoming; whereas 16 out of the 50 states do not collect or impose any severance taxes. In addition, while all states rely on various types of selective sales taxes, five states (Alaska, Delaware, Montana, New Hampshire, and Oregon) do not levy a general sales tax. Although they may have forms of selective sales taxes, seven states (Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming) do not impose individual income taxes. And four states (Nevada, Texas, Washington, and Wyoming) exclude corporate net income from taxation. Therefore, the distribution of taxation varies from state to state. Because states utilize a variety of revenue sources to support their programs, the user should be cautious in drawing comparisons or conclusions without analyzing the state's overall economic and demographic characteristics.

Sales and Gross Receipts

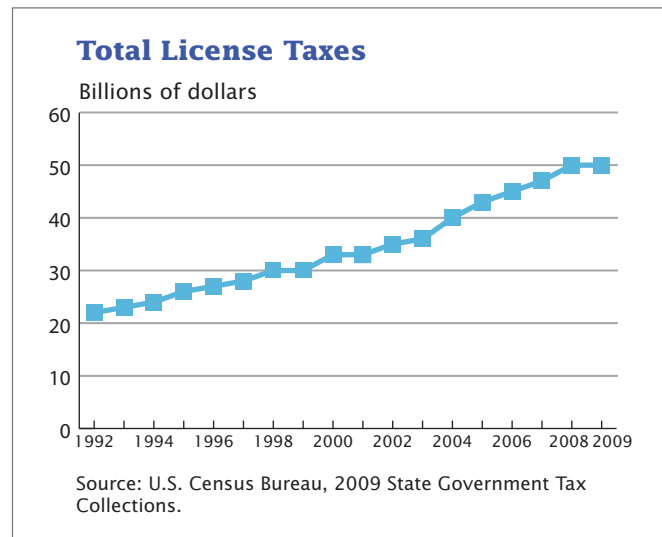
Selective sales taxes totaled \$114.3 billion, a decrease of 2.7 percent from 2008. Motor fuels sales taxes, the largest share of selective sales taxes, dropped 3.0 percent, to \$35.4 billion. In fiscal year 2009 only nine states reported a positive increase in motor fuels tax, compared to the twenty-six states in 2008. Despite any positive revenue collections made by increases in state motor fuels rates, declines in total motor fuels sales resulted in the third consecutive year of revenue decrease nationally. Conversely, tobacco products sales taxes increased 3.9 percent to \$16.7 billion, where increases in state tobacco product rates offset any decline in consumption. Alcoholic beverage sales taxes registered a 1.1 percent growth and stood at \$5.3 billion.

Insurance premiums sales taxes reported one of the largest sales and gross receipts declines in 2009,

dropping 6.6 percent to \$14.7 billion. Regionally, states in the South are the most heavily dependent on insurance premium sales tax revenue, reporting 5.3 billion in 2009, a 12.1 percent decrease from 2008. Tobacco product sales tax revenue was the highest in the Midwest at \$4.7 billion dollars, however the Northeast reported the largest increase in these revenue taxes at \$4.5 billion, an 11.8 percent increase from 2008.

License Taxes

License taxes totaled \$49.7 billion, an increase of 0.2 percent from 2008, with revenue from motor vehicle license taxes making up the largest share of total license taxes, at \$19.9 billion in 2009. All regions, with the exception of the South, reported an increase in motor vehicle licenses in 2009. Corporation licenses accounted for roughly one-fifth of total license taxes at \$10.0 billion in fiscal year 2009, reflecting a 2.5 percent decrease from 2008. This was the first decrease in corporate license taxes in over 16 years. The South reported \$7.1 billion in corporate license taxes in fiscal year 2009, by far the leading region for corporation license revenue; followed by the Midwest region at \$1.7 billion in corporation license revenue.



The subcategory of amusement licenses includes licenses on any amusement business, including one-time casino start-up fees and annual license obligations. In 2009 amusement licenses decreased 25.3 percent nationally, to \$0.7 billion. Regionally, amusement licenses varied dramatically. In 2009, the Southern region revenue from amusement license taxes increased 124.8 percent to \$0.2 billion, while the Northeastern states saw amusement license taxes decrease 73.1 percent, to \$0.1 billion.

Income Tax Collections

Individual income tax made up 34.4 percent of total state tax revenue in fiscal 2009, dropping 11.7 percent, the first decrease in individual income tax since fiscal year 2003. A year-to-year decrease in thirty-nine of the forty-three states² that administer an individual income tax was a primary reason for the decrease in total tax collections. California, Arizona, and Tennessee reported the sharpest percent decline in individual income tax in 2009, decreasing 23.2 percent, 42.5 percent, and 23.8 percent from 2008 respectively. Corporation net income tax declined for the second consecutive year, dropping 20.7 percent, to \$40.3 billion. Additionally, of the forty-six states³ that implement a corporation net income tax, thirty-nine states had a decrease of 10.0 percent or greater in 2009. All four regions reported a decrease in corporation net income tax from 2008, with the West down 22.9 percent to \$12.2 billion, the South down 20.6 percent to \$9.0 billion, the Midwest down 26.8 percent to \$7.5 billion, and the Northeast down 16.1 percent to \$11.6 billion.

Property Taxes

Although property taxes are primarily a local government tax, several state governments impose property taxes on large multijurisdictional enterprises, such as Pennsylvania's tax on utility property. Other states, such as Michigan and Vermont, impose a property tax to finance elementary and secondary education state-wide. Accordingly, property taxes at the state government level accounted for 1.8 percent of total state government tax revenues in fiscal year 2009, compared with property taxes accounting for 71.4 percent of total local government tax revenue in the 2007 Census of Governments. As such, property taxes were one of the few categories that increased in fiscal year 2009, up 3.7 percent to \$13.2 billion. State property tax revenue includes any tax imposed on the ownership of property measured by its value, whether it be real property or personal property, automobiles, stock, land, etc.

Other Taxes

Other taxes totaled \$23.7 billion in fiscal year 2009, a decrease of 25.3 percent from 2008. Severance taxes accounted for 56.6 percent of total other taxes in 2009, but were down 26.5 percent from 2008. This decline in fiscal year 2009 follows seven consecutive years of increasing severance tax revenue, and a 65.2 percent increase from 2007 to 2008. Additionally, documentary and stock transfer revenue, revenue from mortgages, deeds, and securities, decreased 36.0 percent, and recorded the largest percent decline of any tax category in all four regions. Death and gift taxes decreased 8.5 percent.

Note to Data Users

Analysis using total tax or per capita tax as a measure of tax burden on the citizens of a particular state can be misleading and misinterpreted. Different states use different approaches to taxation, and comparing only the total taxes collected by each state is not enough to understand the economic impact of those states' taxes. The U.S. Census Bureau's statistics on state tax revenues reflect the taxes a state collects from activity within the state, not necessarily from the individuals within a state. For example, the state of Florida's general sales and gross receipts revenue is highly reliant on tourism from out of state residents, and therefore using a per capita amount for this sales and gross receipts tax would be misleading to describe the tax burden for the state's citizens. A similar case occurs in the state of Alaska, where severance tax is paid solely by oil and gas companies that operate within the state and not the citizens of the state, thus a per capita figure is not reflecting the true burden upon the citizens. In each of these cases, per capita should be seen not as a burden on the citizen but rather a reflection of the portion of tax imposed on behalf of each citizen.

²Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming do not collect an individual income tax.

³Nevada, Texas, Washington, and Wyoming do not collect a corporation net income tax.

Source and Accuracy of the Data

The data in this report are from a complete census of all state governments. Most of the data were gathered by a mail canvass of appropriate state government offices that are directly involved with state-administered taxes. There are approximately one hundred offices that are canvassed to collect data from all fifty states. Follow-up of nonresponding units is done by mail, telephone, and e-mail.

Because we do not sample state governments, the data are not subject to sampling error. However, despite efforts made in all phases of collection, processing, and tabulation to minimize errors, the survey is subject to nonsampling errors such as the inability to obtain data for every variable for all units, inaccuracies in classification, mistakes in keying and coding, and nonresponse errors. To mitigate these errors, the Census Bureau edits the data for inconsistent data and to correct or verify outliers.

The overall Unit Response Rate to the 2009 State Government Tax Collections was 82.0 percent. In determining the unit response rate, a unit was determined to be a respondent if it provided information on at least three of the major tax categories for that state government. This unit response rate was calculated for the total United States, and gives the percentages of the units in the eligible universe that actually responded to the survey. In cases where data are not provided in a direct response, data are imputed by using administrative records and supplemental sources.

The Total Quantity Response Rate was also calculated for the tax categories for each state. This response rate is the proportion of the total of each tax category reported by units in the survey or from sources determined to be equivalent-quality-to-reported data expressed as a percentage. The Census Bureau's quality standard on releasing data products requires a 70 percent Total Quantity Response Rate (TQRR) for key items. The 2009 Annual Survey of State Government Tax Collections had a TQRR of 100.0 percent for all but one tax category. Occupational and Business Licenses, Not Elsewhere Classified (T28) had a TQRR of 99.4 percent.

For information on State Government Tax Collections methodology, please see <<http://www2.census.gov/govs/statetax/2009stcmethodology.pdf>>.

Contact Information

For additional information on State Government Tax Collections, please visit us at <<http://www.census.gov/govs/statetax/>>.

To contact us, please call 1-866-820-7210 (toll free) or e-mail us at <govs.statetax@census.gov>.

2009 Totals for Selected State Government Tax Revenues

(In thousand dollars)

The data in this table are based on information from public records and contain no confidential data. Although the data in this table come from a census of governmental units and are not subject to sampling error, the census results do contain nonsampling error. Additional information on nonsampling error, response rates, and definitions may be found at <<http://www2.census.gov/govs/statetax/2009stcmethodology.pdf>>.

State and U.S. summary	Total general sales tax	Individual income tax	Corporation net income tax	Severance tax	Documentary and stock transfer tax
United States	228,103,798	245,923,681	40,264,935	13,438,451	4,951,504
Alabama	2,069,535	2,662,759	493,972	115,374	36,347
Alaska	–	–	632,123	3,829,564	–
Arizona	5,675,531	1,961,537	592,187	19,481	25,954
Arkansas	2,765,996	2,238,958	346,215	33,547	24,613
California	28,972,302	44,355,959	9,535,679	27,105	–
Colorado	2,123,671	4,403,446	329,545	285,015	–
Connecticut	3,290,050	6,376,921	444,061	–	86,699
Delaware	–	910,693	208,677	–	56,586
Florida	19,228,000	–	1,836,800	81,300	1,328,300
Georgia	5,306,491	7,801,185	694,717	–	16,503
Hawaii	2,461,618	1,338,702	78,597	–	23,773
Idaho	1,206,137	1,175,604	142,240	4,952	–
Illinois	7,470,532	9,183,002	2,752,353	–	40,641
Indiana	6,205,638	4,313,759	838,974	162	–
Iowa	2,201,396	2,703,190	264,365	–	13,858
Kansas	2,227,183	2,731,559	370,889	142,658	–
Kentucky	2,857,665	3,315,368	389,634	355,985	3,166
Louisiana	2,963,758	2,940,633	612,545	911,433	–
Maine	1,012,357	1,370,710	143,086	–	17,787
Maryland	3,851,341	6,478,236	749,001	–	115,670
Massachusetts	3,880,087	10,599,085	1,789,553	–	135,595
Michigan	9,472,405	6,025,015	649,228	59,343	114,538
Minnesota	4,375,200	6,948,119	779,055	45,820	160,953
Mississippi	3,026,497	1,485,592	324,301	113,762	–
Missouri	3,030,477	4,771,576	278,661	18	8,576
Montana	–	827,196	164,255	349,714	–
Nebraska	1,504,174	1,602,091	198,442	4,718	10,934
Nevada	2,684,029	–	–	145,450	71,043
New Hampshire	–	98,191	493,431	–	84,128
New Jersey	8,188,990	10,663,866	2,397,471	–	355,394
New Mexico	1,887,343	932,442	203,584	931,832	–
New York	11,073,898	36,840,019	4,427,675	–	829,727
North Carolina	4,963,434	9,560,353	901,445	1,740	36,038
North Dakota	607,171	370,165	129,542	827,417	–
Ohio	7,328,388	8,323,352	521,363	11,052	–
Oklahoma	2,162,693	2,544,576	342,762	1,067,182	12,822
Oregon	–	5,434,777	258,778	13,038	11,395
Pennsylvania	8,496,182	9,550,238	1,740,532	–	349,181
Rhode Island	814,511	960,885	108,497	–	7,149
South Carolina	2,910,183	2,351,324	219,484	–	34,524
South Dakota	756,598	–	48,772	7,668	163
Tennessee	6,356,962	221,685	816,261	2,413	138,055
Texas	21,034,946	–	–	2,338,481	–
Utah	1,744,035	2,319,632	245,880	102,121	–
Vermont	321,162	532,911	86,759	–	26,472
Virginia	3,372,974	8,918,232	633,490	1,997	313,594
Washington	10,035,359	–	–	29,681	415,415
West Virginia	1,110,017	1,557,403	420,530	376,677	8,537
Wisconsin	4,087,144	6,222,735	629,524	4,211	37,374
Wyoming	989,738	–	–	1,197,540	–

– Indicates that a state does not collect this type of tax.

Source: 2009 Survey of State Government Tax Collections. Data users who create their own estimates using data from this report should cite the U.S. Census Bureau as the source of the original data only.