

How States Raise Their Tax Dollars

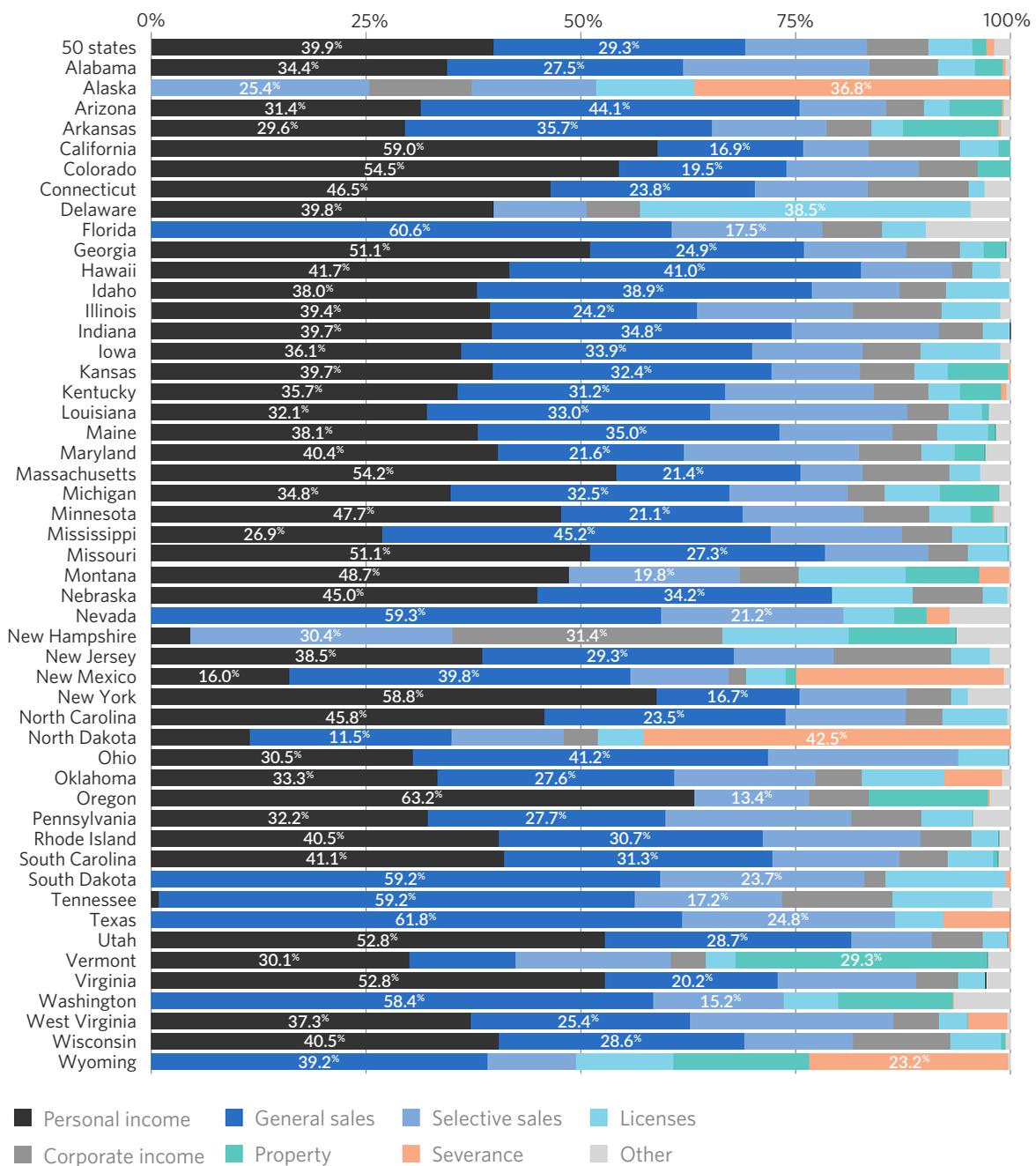
FY 2021

Taxes make up [about half](#) 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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