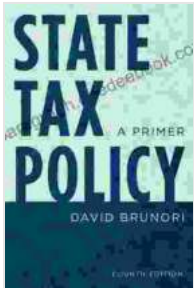


State Tax Policy Primer



State Tax Policy: A Primer (Urban Institute Press)

by David Brunori

★★★★☆ 4.8 out of 5

Language : English

File size : 1331 KB

Text-to-Speech : Enabled

Enhanced typesetting: Enabled

Word Wise : Enabled

Print length : 176 pages

Screen Reader : Supported



State tax policy is a complex and ever-changing landscape. This primer provides a comprehensive overview of the major types of state taxes, revenue trends, and policy considerations.

Types of State Taxes

States levy a variety of taxes, including:

- **Income taxes** are levied on the income of individuals and businesses. There are two main types of income taxes: individual income taxes and corporate income taxes.
- **Sales taxes** are levied on the sale of goods and services. Most states have a general sales tax that applies to most goods and services, but some states also have special sales taxes on specific items, such as alcohol or tobacco.

- **Property taxes** are levied on the value of real estate and personal property. Property taxes are typically the largest source of revenue for local governments, but states also levy property taxes in some cases.
- **Excise taxes** are levied on specific goods or activities, such as alcohol, tobacco, or gasoline. Excise taxes are typically used to discourage consumption of certain goods or activities.

Revenue Trends

State tax revenue has been growing steadily in recent years. In 2019, states collected a total of \$1.8 trillion in taxes. The largest source of revenue was income taxes, which accounted for 41% of total revenue. Sales taxes were the second largest source of revenue, accounting for 29% of total revenue. Property taxes accounted for 22% of total revenue, and excise taxes accounted for 8% of total revenue.

The growth in state tax revenue has been driven by a number of factors, including population growth, economic growth, and inflation. However, the growth in state tax revenue has also been tempered by a number of factors, including tax cuts and the rising cost of providing public services.

Policy Considerations

State tax policy is a complex and challenging issue. There are a number of factors that policymakers must consider when making tax policy decisions, including:

- **Revenue needs:** States need to generate enough revenue to fund public services, such as education, healthcare, and transportation.

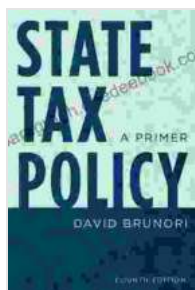
- **Economic growth:** States want to encourage economic growth, which can lead to increased tax revenue.
- **Equity:** States want to ensure that their tax systems are fair and equitable.
- **Simplicity:** States want their tax systems to be simple and easy to understand.

Policymakers must weigh these factors carefully when making tax policy decisions. There is no one-size-fits-all solution to tax policy, and the best approach will vary from state to state.

State tax policy is a complex and challenging issue. However, by understanding the major types of state taxes, revenue trends, and policy considerations, policymakers can make informed decisions that will help their states achieve their economic and fiscal goals.

Additional Resources

- State Tax Policy Primer
- Tax Policy Center
- Cornerstones of a Fair Tax System



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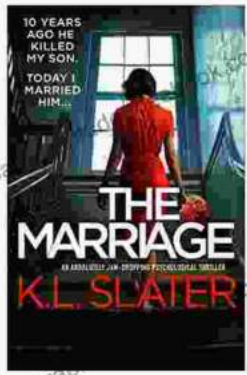
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