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State Government Taxes Hit $916.5 Billion in 2015, Up 4.8% From Previous Year

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State government tax revenues rose to $916.5 billion in 2015, representing an increase for the fifth consecutive year, according to recent data from the U.S. Census Bureau.

State government tax revenues totaled $875 billion in 2014, which means that in 2015 tax revenue increased by $41.5 billion, or 4.8 percent.

According to the bureau, income taxes were responsible for most of the growth in receipts, increasing from $360.1 billion to $387.2 billion, or 7.5 percent.

Corporate taxes increased 4.7 percent from $46.9 billion in 2014 to $49.1 billion in 2015, while individual income taxes increased 7.9 percent from $313.2 billion to $338.1 billion.

Severance taxes, which are imposed on natural products such as oil and gas when they are removed from the ground, decreased by 29.1 percent in 2015 due to a decline in oil extraction.

"States that showed the largest revenue decreases in severance taxes were all major oil producers," the bureau stated.

For instance, severance taxes declined by 95.7 percent in Alaska, 33.4 percent in Texas, 18.1 percent in Oklahoma, 15.2 percent in Louisiana, and 13.5 percent in North Dakota.

The decline in severance taxes caused total tax collections to decline in Alaska, North Dakota, and Texas.

"The energy producing states are being squeezed from an economic downturn," said Chris Edwards, a tax policy expert at the Cato Institute. "State policymakers should trim spending and access rainy day funds to balance their budgets. Federal policymakers should help the states revive their economies by freeing them up from costly regulations that are blocking new energy projects."

"In general, state government finances have bounced back strongly since the last recession, with tax revenues up 31 percent between 2010 and 2015," Edwards said. "The problem is that many states are over-expanding their spending programs once again, and they will face a serious crunch when the next recession comes."