

Total Tax Burden

Much confusion exists concerning the actual tax burden facing Silver State residents. In popular narrative, Nevada is often referred to as a low-tax, business friendly state. However, the state tax burden, in isolation, is not what taxpayers find most relevant: It is the total tax burden – including the taxes assessed at federal, state and local levels.

It is this total tax burden that impacts human behavior – distorting investment and employment patterns and shifting consumer demand toward tax-exempt purchases. Differences in the tax burden across city, county, state and even national boundaries prompt both businesses and individuals to relocate with increasing frequency.

In fact, there has been a sizable population shift within the United States over the past decade as individuals have moved from high-tax states to low-tax states. Over this time, nearly one person per minute has left the 10 highest taxing states for states with lower tax burdens.¹

While attention in Nevada is often drawn to a state-level tax burden that falls slightly below the national median, the local tax burden faced by Silver State residents is above the national median and partially offsets this minor advantage.

Key Facts

Nevadans face the 17th highest local government tax burden in the country. Tax collection data from the US Census Bureau show that Nevada's local government revenues were \$701 higher per capita than the national median in 2021.²

Nevadans face the 31st highest state tax burden in the country. Tax collection data from the US Census Bureau show the state of Nevada received \$10,944 per capita in tax revenue in 2021. This amount is \$862 below the national median, although still thousands of dollars higher than other states that have rapidly attracted residents and investment dollars like Florida, Tennessee or Texas.

Total per capita government revenues in Nevada are near the national median. When both state and local government revenues are considered together, Nevada is neither a particularly low-tax, nor a particularly high-tax state. Silver State governments collected \$15,001 for every man, woman and child in the state in 2021 – good for 32nd highest in the nation.³

Nevada's tax burden is at the median among contiguous states. Among regional neighbors, governments in California and Oregon receive more total tax dollars per capita than Nevada governments while those in Arizona, Idaho and Utah receive less.

¹ Arthur Laffer et al., Rich States, Poor States (15th Edition), American Legislative Exchange Council, 2022.

² US Department of Commerce, US Census Bureau, State and Local Government Finance.

³ Ibid.

A leading reason for high costs at the local government level is employee pay. Local government employee wages in Nevada in 2022 were 18.2% higher than the national average.⁴ If local government workers in Nevada earned merely the national median wage for local government workers, Silver State taxpayers would realize a two-year savings approaching \$150 million.⁵

Recommendations

Control local government spending. Through constitutional provision or statute, limit the growth in local government spending to the rate of population growth plus inflation. Lawmakers should also reform or repeal NRS 288, Nevada’s collective bargaining statute, to eliminate upward pressure on local government spending from insider special-interest groups.

⁴ See “Employee Earnings.”

⁵ Authors calculations based on data reported in U.S. Census Bureau, “Annual Survey of Public Employment & Payroll,” 2021 release.

State and Local Government Revenue Per Capita, 2021*

State	State revenue, per capita	Rank	State	Local revenue, per capita	Rank	State	State + local revenue, per capita	Rank
VT	\$31,554	1	DC	\$29,245	1	VT	\$33,846	1
RI	\$19,572	2	NY	\$13,551	2	DC	\$29,245	2
AK	\$19,362	3	CA	\$11,827	3	NY	\$27,720	3
DE	\$17,526	4	AK	\$ 9,890	4	AK	\$26,307	4
HI	\$17,453	5	WY	\$ 9,599	5	CA	\$25,170	5
MN	\$16,928	6	NE	\$ 8,405	6	RI	\$23,468	6
CA	\$16,781	7	WA	\$ 8,345	7	MN	\$21,254	7
NY	\$16,686	8	IL	\$ 7,614	8	OR	\$20,810	8
NM	\$16,568	9	CO	\$ 7,237	9	HI	\$20,783	9
OR	\$16,319	10	MD	\$ 7,004	10	WY	\$20,536	10
CT	\$15,538	11	ND	\$ 6,968	11	CT	\$20,359	11
ND	\$15,201	12	MN	\$ 6,895	12	DE	\$20,172	12
AR	\$14,200	13	OR	\$ 6,629	13	NM	\$19,396	13
MA	\$14,153	14	MA	\$ 6,582	14	ND	\$19,373	14
WY	\$14,132	15	CT	\$ 6,568	15	WA	\$19,156	15
IA	\$14,000	16	IA	\$ 6,552	16	MA	\$19,081	16
WA	\$13,293	17	NV	\$ 6,413	17	IA	\$18,480	17
SD	\$13,234	18	VA	\$ 6,347	18	SD	\$17,160	18
MT	\$12,698	19	TX	\$ 6,293	19	NE	\$16,832	19
WV	\$12,547	20	PA	\$ 6,115	20	MD	\$16,493	20
ME	\$12,127	21	NJ	\$ 6,041	21	IL	\$16,445	21
PA	\$12,058	22	FL	\$ 6,036	22	NJ	\$16,361	22
NJ	\$11,828	23	KS	\$ 6,024	23	AR	\$16,264	23
OH	\$11,806	24	TN	\$ 5,865	24	PA	\$16,176	24
LA	\$11,669	25	MI	\$ 5,819	25	CO	\$16,123	25
MS	\$11,505	26	NC	\$ 5,712	26	OH	\$15,871	26
KY	\$11,358	27	WI	\$ 5,669	27	ME	\$15,793	27
VA	\$11,310	28	GA	\$ 5,644	28	MT	\$15,724	28
WI	\$11,159	29	OH	\$ 5,625	29	VA	\$15,677	29
MD	\$11,055	30	UT	\$ 5,562	30	LA	\$15,515	30
NV	\$10,944	31	VT	\$ 5,532	31	WV	\$15,112	31
IL	\$10,839	32	AL	\$ 5,526	32	NV	\$15,001	32
KS	\$10,519	33	MO	\$ 5,493	33	MS	\$14,761	33
MI	\$10,433	34	IN	\$ 5,390	34	WI	\$14,559	34
ID	\$10,416	35	RI	\$ 5,366	35	KS	\$14,497	35
CO	\$10,402	36	LA	\$ 5,287	36	KY	\$14,224	36
OK	\$10,070	37	AZ	\$ 5,277	37	MO	\$14,089	37
MO	\$ 9,895	38	SC	\$ 5,224	38	UT	\$14,084	38
UT	\$ 9,885	39	SD	\$ 5,169	39	GA	\$14,081	39
NE	\$ 9,827	40	NH	\$ 5,147	40	MI	\$14,044	40
GA	\$ 9,783	41	ME	\$ 5,122	41	NC	\$13,865	41
NC	\$ 9,737	42	NM	\$ 5,068	42	TX	\$13,832	42
NH	\$ 9,639	43	MS	\$ 4,979	43	OK	\$13,341	43
IN	\$ 9,600	44	MT	\$ 4,536	44	SC	\$13,263	44
AZ	\$ 9,427	45	OK	\$ 4,434	45	AZ	\$13,229	45
SC	\$ 9,406	46	DE	\$ 4,424	46	IN	\$13,153	46
TX	\$ 9,015	47	ID	\$ 4,239	47	NH	\$13,133	47
AL	\$ 8,685	48	KY	\$ 3,982	48	ID	\$12,990	48
TN	\$ 8,160	49	AR	\$ 3,935	49	TN	\$12,790	49
FL	\$ 7,677	50	HI	\$ 3,913	50	AL	\$12,624	50
DC	\$ -	51	WV	\$ 3,744	51	FL	\$12,579	51

Source date: US Census Bureau, State and Local Government Finance.

*State revenue and local revenue may not add to values in state and local total columns due to intergovernmental transfers.