

# *STATE FISCAL BRIEF*

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## *A Sluggish Year: Fiscal Year 2003 Tax Revenue Summary*

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### **Highlights**

- ❖ State tax revenue grew by 1.7 percent in fiscal year 2003.
- ❖ Adjusted for legislated tax changes and inflation, tax revenue declined by 3.4 percent — the second straight year of adjusted decline.
- ❖ Net legislated tax increases amounted to \$10 billion in fiscal year 2003. Every region of the country had legislated tax increases.
- ❖ Revenue growth has been significantly below estimates for the past two years.

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## Introduction

State general fund tax revenue grew by 1.7 percent from fiscal year 2002 to fiscal year 2003. This follows a sharp decline in fiscal year 2002, and is the second weakest year of growth since the Rockefeller Institute of Government began to track state revenue in 1991. (See Table 1 and Figure 1.) Without substantial net legislated tax increases, state tax revenue would have declined by an estimated 0.5 percent. When we also include the effect of inflation, the decline reaches 3.4 percent. This report uses the final revenue figures for all states.<sup>1</sup> It also uses the states' own fiscal years. For most states these end on June 30, but for some they go as late as the end of September. For more details on the methodology employed for adjusting for inflation and legislated tax changes, please see the box titled "Technical Notes."

Table 2 presents year-over year changes in state revenue from three key taxes: the personal income tax, the sales tax, and the corporate income tax. These figures are not adjusted for inflation or the effects of legislation. In fiscal year 2003 personal income tax revenue declined by 2.4 percent, sales tax revenue grew by 2.0 percent, and corporate income tax revenue grew by 12.7 percent.

## Tax Revenue Growth

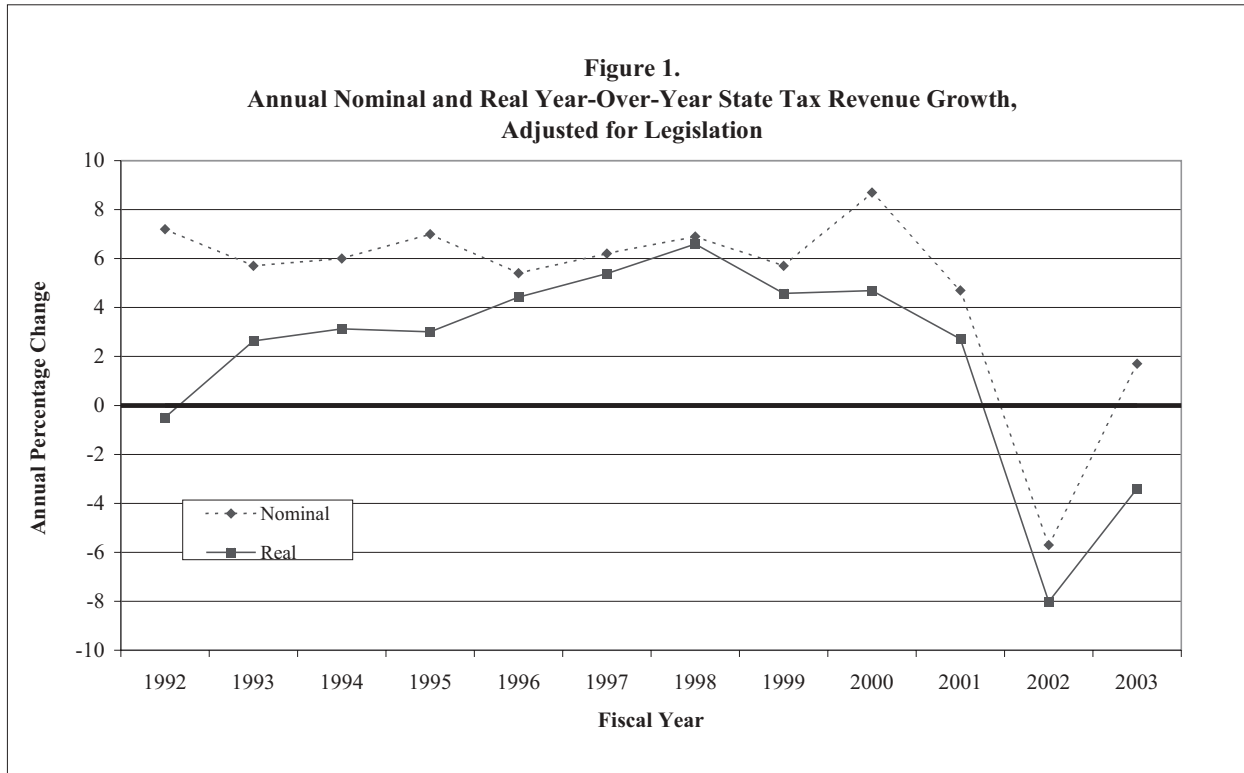
Table 3 shows for each state the year-over-year percentage change in state tax revenue by major tax from fiscal year 2002 to fiscal year 2003. The New England region had the strongest growth, 4.8 percent, while the Rocky Mountain region had the largest decline, 1.4 percent. Among the states, Indiana had the strongest growth at 13.4 percent, but this was largely the result of a legislated tax increase. New York had the sharpest decline in tax revenues, 6.7 percent. New York's seemingly lagging recovery results partly from its fiscal year, which runs from April to March. This means that, unlike the other states, the weak final settlements for the 2001 calendar year, which were paid when due in April 2002, were part of fiscal year 2003 revenue; and the stronger April 2003 collections were part of fiscal year 2004 revenue.

The sluggish growth in revenue was well below what the states had originally estimated in their fiscal year 2003 budgets. According to a survey by the National Governors' Association and the National Association of State Budget Officers, states collected almost \$24 billion less in personal income, corporate income, and sales tax revenue than they had originally budgeted. Thirty-one states reported that total revenue collections

**Table 1.**  
**Percentage Growth or Decline in Fiscal Year Tax Revenue,**  
**Adjusted for Legislated Tax Changes and Inflation**

<i>Fiscal Year</i>	<i>Total Nominal Growth or Decline</i>	<i>Adjusted Nominal Growth or Decline</i>	<i>Inflation Rate</i>	<i>Adjusted Real Growth or Decline</i>
1992	7.2%	1.7%	2.2%	(0.5)%
1993	5.7	5.2	2.5	2.6
1994	6.0	5.5	2.3	3.1
1995	7.0	6.1	3.0	3.0
1996	5.4	6.3	1.8	4.4
1997	6.2	7.6	2.1	5.4
1998	6.9	8.3	1.6	6.6
1999	5.7	7.4	2.7	4.6
2000	8.7	9.4	4.5	4.7
2001	4.7	6.0	3.2	2.7
2002	(5.7)	(5.9)	2.3	(8.0)
2003	1.7	(0.5)	3.0	(3.4)

*Note:* Inflation is measured by the BEA State and Local Government Implicit Price Deflator.



were below their original estimates.<sup>2</sup> This was after a \$38 billion shortfall in fiscal year 2002.

Looking at the major taxes separately reveals that personal income tax revenue declined by 2.4 percent in fiscal year 2003, the second straight year of decline. (See Figure 2.) New York and New Mexico had double-digit percentage declines in personal income tax. Twenty-three of the 41 states with a personal income tax had declines. The strongest growth — 9.5 percent —

occurred in Oregon, where large rebates the state paid the year before accounted for the year-over-year increase.

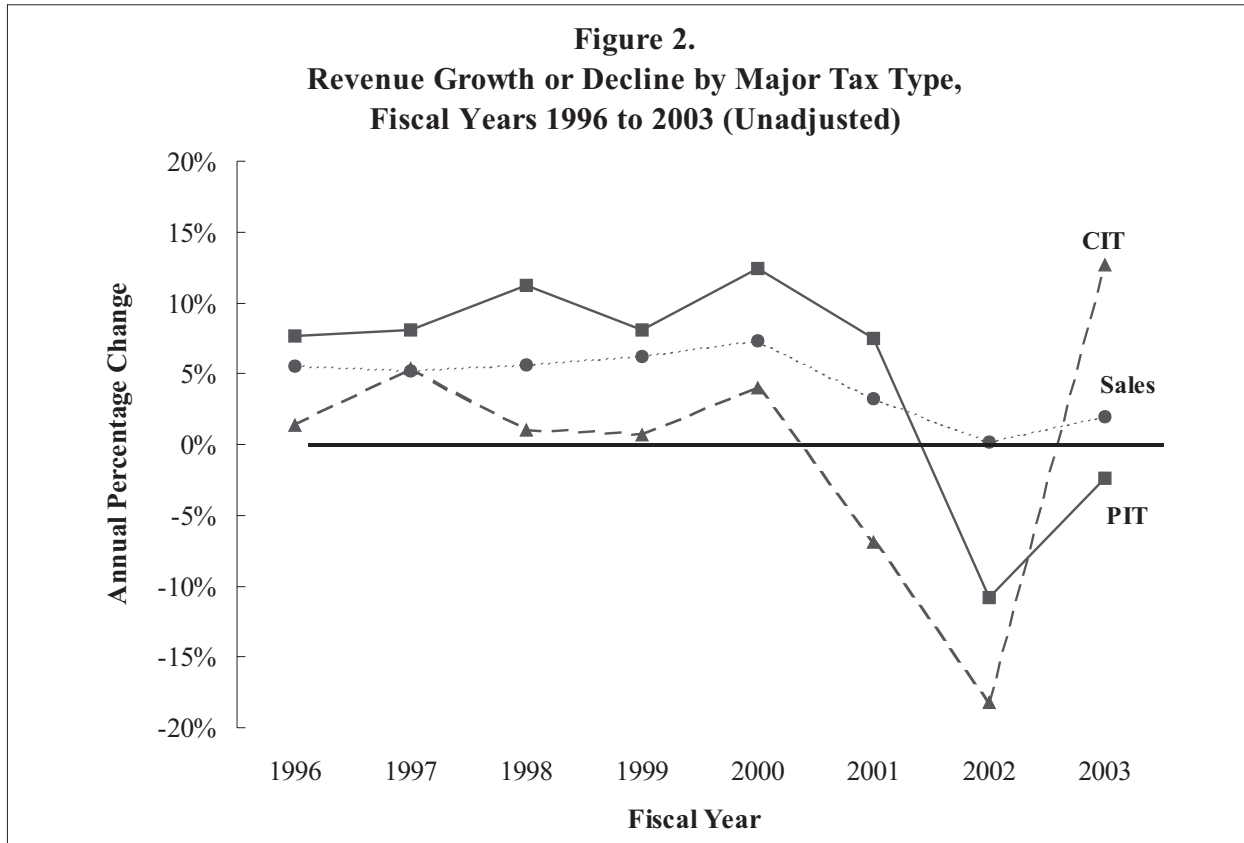
Sales tax revenue grew by two percent in fiscal year 2003, a slight rebound from the 0.6 percent growth in fiscal year 2002. Four states — Hawaii, Indiana, Nebraska, and Tennessee — managed double-digit growth. However, in Indiana, Nebraska, and Tennessee this growth resulted from legislated tax increases. Nine of the 45

**Table 2.**  
**Year-Over-Year Percentage Growth or Decline in State Tax Revenue by Major Tax**

<i>Fiscal Year</i>	<i>PIT</i>	<i>CIT</i>	<i>Sales Tax</i>	<i>Total</i>
1996	7.7%	1.4%	5.5%	5.4%
1997	8.1	5.4	5.2	6.2
1998	11.2	1.0	5.6	6.9
1999	8.1	0.7	6.2	5.7
2000	12.4	4.0	7.3	8.7
2001	7.5	(6.9)	3.2	4.7
2002	(10.8)	(18.2)	0.2	(5.7)
2003	(2.4)	12.7	2.0	1.7

**Table 3. Percentage Increase or Decline in Tax Revenue by State  
Fiscal Year 2002 to Fiscal Year 2003**

	<i>PIT</i>	<i>CIT</i>	<i>Sales</i>	<i>Total</i>
<b>United States</b>	<b>(2.4)%</b>	<b>(12.7)%</b>	<b>2.0%</b>	<b>1.7%</b>
<b>New England</b>	<b>0.8</b>	<b>44.4</b>	<b>1.1</b>	<b>4.8</b>
Connecticut	(0.3)	109.3	0.7	5.5
Maine	0.2	17.8	2.6	2.7
Massachusetts	1.4	36.3	0.3	4.7
New Hampshire	NA	10.3	NA	4.3
Rhode Island	(0.1)	111.4	4.6	6.0
Vermont	0.8	10.5	1.8	3.0
<b>Mid-Atlantic</b>	<b>(7.1)</b>	<b>17.8</b>	<b>1.9</b>	<b>(0.5)</b>
Delaware	(0.5)	(50.2)	NA	(3.8)
Maryland	(2.4)	4.9	1.5	0.1
New Jersey	(1.5)	115.6	(1.0)	9.1
New York	(11.4)	(7.4)	3.0	(6.7)
Pennsylvania	(0.5)	(1.5)	3.1	4.7
<b>Great Lakes</b>	<b>(0.4)</b>	<b>(1.0)</b>	<b>2.5</b>	<b>2.5</b>
Illinois	(1.3)	(3.1)	0.1	(1.5)
Indiana	2.9	2.8	10.9	13.4
Michigan	(5.8)	(4.9)	(2.0)	(0.8)
Ohio	1.6	4.9	6.0	5.5
Wisconsin	2.7	4.5	1.4	2.4
<b>Plains</b>	<b>(1.4)</b>	<b>0.9</b>	<b>2.4</b>	<b>1.8</b>
Iowa	1.9	7.1	0.7	1.6
Kansas	(4.3)	11.7	5.3	3.1
Minnesota	(1.3)	11.2	0.4	3.1
Missouri	(1.7)	(18.2)	0.0	(2.2)
Nebraska	(2.6)	3.7	12.0	3.8
North Dakota	(0.4)	5.9	7.5	6.1
South Dakota	NA	NA	4.4	5.9
<b>Southeast</b>	<b>(0.1)</b>	<b>5.3</b>	<b>2.9</b>	<b>2.3</b>
Alabama	2.4	(21.1)	0.9	0.9
Arkansas	2.2	3.5	1.3	2.2
Florida	NA	0.8	2.4	3.3
Georgia	(3.3)	(12.8)	(1.3)	(2.6)
Kentucky	1.6	34.0	2.5	3.8
Louisiana	4.9	(29.3)	(5.5)	(3.9)
Mississippi	4.8	13.6	4.1	5.0
North Carolina	(2.4)	34.3	5.9	2.6
South Carolina	(0.6)	4.3	2.2	1.0
Tennessee	NA	21.8	15.8	12.8
Virginia	1.0	18.3	(3.9)	1.8
West Virginia	2.1	(17.7)	1.8	2.8
<b>Southwest</b>	<b>(4.8)</b>	<b>(9.4)</b>	<b>(2.0)</b>	<b>(0.4)</b>
Arizona	0.5	12.4	1.2	2.2
New Mexico	(10.0)	(28.4)	4.4	(1.7)
Oklahoma	(7.5)	(38.7)	(3.3)	(4.0)
Texas	NA	NA	(2.9)	(0.2)
<b>Rocky Mountain</b>	<b>(3.4)</b>	<b>5.6</b>	<b>(0.7)</b>	<b>(1.4)</b>
Colorado	(6.0)	(0.1)	(3.6)	(5.1)
Idaho	0.2	21.7	6.2	3.1
Montana	3.5	(35.3)	NA	4.1
Utah	(2.2)	28.3	0.2	0.2
Wyoming	NA	NA	(3.9)	(2.1)
<b>Far West</b>	<b>(1.3)</b>	<b>26.8</b>	<b>4.2</b>	<b>3.2</b>
Alaska	NA	(10.6)	NA	7.9
California	(2.4)	28.6	4.2	2.8
Hawaii	(3.1)	(82.0)	11.2	4.4
Nevada	NA	NA	5.9	6.0
Oregon	9.5	15.3	NA	9.0
Washington	NA	NA	1.2	1.7



states with a sales tax had declines in collections. The largest decline, in Louisiana, resulted from a tax cut.

After two years of decline, corporate income tax revenue grew by a robust 12.7 percent in fiscal year 2003. Even with this strong performance, however, the corporate income tax still accounts for less than six percent of state general fund tax revenue. Moreover, growth in this tax was quite uneven: 14 of the 45 states with a corporate income tax posted declines.

### Tax Law Changes

States implemented almost \$10 billion in net tax increases in fiscal year 2003. Table 4 illustrates the effects of these legislated tax changes on each state's tax revenue collections. The adjusted revenue growth numbers provide an estimate of each state's underlying tax revenue growth or decline. Tax increases boosted state tax revenue by about 2.2 percentage points in fiscal year 2003. Without this boost, state tax revenue would have decreased by 0.5 percent.

Thirty states had legislated tax increases. In 23 of them, the increases boosted tax receipts by over one percent. Seven states had legislated tax cuts affecting fiscal year 2003 revenue. Only two states — Hawaii and Virginia — had tax cuts leading to a revenue drop of over

one percent, and in Virginia this was wholly the result of an acceleration of sales tax revenue into fiscal year 2002, which had the effect of reducing collections in fiscal year 2003, even though tax levels did not change.

### Largest Changes

Every region of the country had a net legislated tax increase in fiscal year 2003.

The largest was in the Far West where a net tax hike of almost \$2.6 billion increased collections by 3.1 percentage points. In percentage terms, New England and the Great Lakes region had the largest increases, 3.5 and 3.4 percentage points, respectively.

Among the states, the largest increase in dollar terms was in California where the net increase of almost \$2.1 billion amounted to a 3.3 percentage point increase in tax collections. The largest increase in percentage terms was in Indiana, where an increase of over \$900 million boosted tax collections by 10.6 percentage points. In all, 12 states had legislated tax changes that accounted for revenue growth of three percentage points or more. No state had legislated tax cuts that reduced growth by more than 1.2 percentage points.

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**Table 4. Effect of Legislated Tax Changes on FY 2003 Revenue Growth or Decline**

	<i>Amount of Tax Change (millions of dollars)</i>	<i>Year-Over-Year Revenue Growth or Decline</i>		
		<i>Actual Collections</i>	<i>Adjusted for Tax Changes</i>	<i>Effect of Tax Changes</i>
<b>United States</b>	<b>\$9,997</b>	<b>1.7%</b>	<b>(0.5)%</b>	<b>2.2%</b>
<b>New England</b>	<b>1,012</b>	<b>4.8</b>	<b>1.3</b>	<b>3.5</b>
Connecticut	124	5.5	4.0	1.5
Maine	25	2.7	1.6	1.0
Massachusetts	798	4.7	(0.9)	5.6
New Hampshire	0	4.3	4.3	0.0
Rhode Island	26	6.0	4.6	1.4
Vermont	38	3.0	(1.6)	4.7
<b>Mid-Atlantic</b>	<b>2,070</b>	<b>(0.5)</b>	<b>(2.9)</b>	<b>2.3</b>
Delaware	0	(3.8)	(3.8)	0.0
Maryland	94	0.1	(1.1)	1.2
New Jersey	1,247	9.1	1.6	7.4
New York	136	(6.7)	(7.0)	0.3
Pennsylvania	593	4.7	1.7	3.0
<b>Great Lakes</b>	<b>2,439</b>	<b>2.5</b>	<b>(0.9)</b>	<b>3.4</b>
Illinois	372	(1.5)	(3.6)	2.0
Indiana	925	13.4	2.8	10.6
Michigan	357	(0.8)	(2.6)	1.8
Ohio	795	5.5	0.3	5.1
Wisconsin	(9)	2.4	2.5	(0.1)
<b>Plains</b>	<b>405</b>	<b>1.8</b>	<b>0.6</b>	<b>1.3</b>
Iowa	(9)	1.6	1.8	(0.2)
Kansas	270	3.1	(3.8)	6.9
Minnesota	17	3.1	3.0	0.1
Missouri	20	(2.2)	(2.4)	0.3
Nebraska	107	3.8	(0.7)	4.5
North Dakota	0	6.1	6.1	0.0
South Dakota	0	5.9	5.9	0.0
<b>Southeast</b>	<b>1,263</b>	<b>2.3</b>	<b>1.1</b>	<b>1.3</b>
Alabama	85	0.9	(0.5)	1.4
Arkansas	0	2.2	2.2	0.0
Florida	(16)	3.3	3.3	(0.1)
Georgia	(12)	(2.6)	(2.5)	(0.1)
Kentucky	0	3.8	3.8	0.0
Louisiana	(3)	(3.9)	(3.9)	0.0
Mississippi	119	5.0	2.6	2.4
North Carolina	477	2.6	(1.1)	3.7
South Carolina	58	1.0	(0.1)	1.1
Tennessee	682	12.8	3.7	9.1
Virginia	(127)	1.8	3.0	(1.2)
West Virginia	(1)	2.8	2.8	0.0
<b>Southwest</b>	<b>219</b>	<b>(0.4)</b>	<b>(0.9)</b>	<b>0.5</b>
Arizona	101	2.2	0.5	1.7
New Mexico	(6)	(1.7)	(1.5)	(0.2)
Oklahoma	117	(4.0)	(6.5)	2.6
Texas	6	(0.2)	(0.2)	0.0
<b>Rocky Mountains</b>	<b>12</b>	<b>(1.4)</b>	<b>(1.5)</b>	<b>0.1</b>
Colorado	0	(5.1)	(5.1)	0.0
Idaho	0	3.1	3.1	0.0
Montana	0	4.1	4.1	0.0
Utah	12	0.2	(0.2)	0.3
Wyoming	0	(2.1)	(2.1)	0.0
<b>Far West</b>	<b>2,577</b>	<b>3.2</b>	<b>0.1</b>	<b>3.1</b>
Alaska	3	7.9	7.6	0.3
California	2,099	2.8	(0.5)	3.3
Hawaii	(29)	4.4	5.3	(1.0)
Nevada	0	6.0	6.0	0.0
Oregon	420	9.0	(1.4)	10.4
Washington	84	1.7	0.9	0.8

Note: Numbers may not add up due to rounding.

**A Sluggish Year: Fiscal Year 2003 Tax Revenue Summary**

**Table 5. Tax Revenue, Fiscal Years 2002 and 2003 (in Millions of Dollars)**

	<i>Fiscal Year 2002</i>				<i>Fiscal Year 2003</i>			
	<i>PIT</i>	<i>CIT</i>	<i>Sales</i>	<i>Total</i>	<i>PIT</i>	<i>CIT</i>	<i>Sales</i>	<i>Total</i>
<b>United States</b>	<b>\$187,004</b>	<b>\$24,871</b>	<b>\$174,007</b>	<b>\$458,545</b>	<b>\$182,592</b>	<b>\$28,030</b>	<b>\$177,568</b>	<b>\$466,457</b>
<b>New England</b>	<b>13,848</b>	<b>1,054</b>	<b>8,533</b>	<b>28,750</b>	<b>13,957</b>	<b>1,522</b>	<b>8,626</b>	<b>30,128</b>
Connecticut	3,645	169	3,044	8,287	3,636	355	3,066	8,744
Maine	1,070	77	836	2,368	1,072	91	857	2,432
Massachusetts	7,913	587	3,696	14,206	8,026	799	3,708	14,874
New Hampshire	NA	161	NA	1,197	NA	178	NA	1,249
Rhode Island	813	33	742	1,872	812	71	776	1,984
Vermont	408	26	215	821	411	29	219	845
<b>Mid-Atlantic</b>	<b>44,711</b>	<b>6,005</b>	<b>24,229</b>	<b>88,449</b>	<b>41,541</b>	<b>7,071</b>	<b>24,687</b>	<b>87,980</b>
Delaware	714	133	NA	1,779	710	66	NA	1,712
Maryland	4,448	362	2,400	7,869	4,341	379	2,435	7,874
New Jersey	6,837	1,172	5,997	16,752	6,735	2,525	5,936	18,271
New York	25,574	2,920	8,540	42,475	22,648	2,703	8,796	39,626
Pennsylvania	7,139	1,419	7,293	19,574	7,106	1,397	7,520	20,497
<b>Great Lakes</b>	<b>29,629</b>	<b>4,957</b>	<b>27,017</b>	<b>71,663</b>	<b>29,507</b>	<b>4,906</b>	<b>27,682</b>	<b>73,456</b>
Illinois	8,086	1,043	6,089	18,218	7,979	1,011	6,093	17,942
Indiana	3,541	709	3,761	8,709	3,644	729	4,172	9,880
Michigan	6,182	1,983	7,800	20,211	5,825	1,887	7,644	20,052
Ohio	7,304	712	6,038	15,474	7,420	747	6,398	16,318
Wisconsin	4,517	509	3,329	9,051	4,639	532	3,375	9,263
<b>Plains</b>	<b>15,509</b>	<b>1,473</b>	<b>11,777</b>	<b>31,672</b>	<b>15,295</b>	<b>1,485</b>	<b>12,054</b>	<b>32,257</b>
Iowa	2,372	221	1,692	4,662	2,418	237	1,704	4,735
Kansas	1,830	94	1,704	3,891	1,750	105	1,794	4,012
Minnesota	5,443	530	4,198	11,880	5,372	589	4,217	12,250
Missouri	4,471	449	2,464	7,383	4,393	367	2,464	7,224
Nebraska	1,160	108	919	2,366	1,129	112	1,029	2,456
North Dakota	234	72	338	848	233	76	364	900
South Dakota	NA	NA	462	642	NA	NA	482	680
<b>Southeast</b>	<b>33,521</b>	<b>4,890</b>	<b>43,746</b>	<b>98,737</b>	<b>33,476</b>	<b>5,147</b>	<b>45,010</b>	<b>101,049</b>
Alabama	2,400	305	1,748	6,026	2,456	240	1,765	6,082
Arkansas	1,792	220	1,729	3,985	1,831	227	1,751	4,072
Florida	NA	1,219	14,148	19,120	NA	1,228	14,485	19,743
Georgia	6,488	589	4,834	12,978	6,271	513	4,771	12,640
Kentucky	2,703	207	2,729	6,721	2,746	278	2,797	6,976
Louisiana	1,784	280	2,404	6,024	1,870	198	2,271	5,789
Mississippi	994	254	2,355	4,886	1,042	289	2,453	5,130
North Carolina	7,264	660	3,706	12,825	7,089	886	3,923	13,163
South Carolina	2,349	143	2,027	5,177	2,334	149	2,071	5,231
Tennessee	NA	503	4,646	7,482	NA	613	5,379	8,441
Virginia	6,711	290	2,430	10,619	6,776	343	2,336	10,807
West Virginia	1,038	220	991	2,895	1,061	181	1,008	2,976
<b>Southwest</b>	<b>5,290</b>	<b>654</b>	<b>23,208</b>	<b>42,244</b>	<b>5,035</b>	<b>593</b>	<b>22,752</b>	<b>42,076</b>
Arizona	2,087	346	3,000	5,813	2,098	389	3,036	5,943
New Mexico	1,026	142	1,310	3,012	923	102	1,368	2,961
Oklahoma	2,178	166	1,475	4,561	2,014	102	1,427	4,379
Texas	NA	NA	17,422	28,858	NA	NA	16,920	28,794
<b>Rocky Mountain</b>	<b>6,411</b>	<b>466</b>	<b>4,441</b>	<b>13,400</b>	<b>6,190</b>	<b>492</b>	<b>4,412</b>	<b>13,216</b>
Colorado	3,440	202	1,900	5,716	3,235	202	1,831	5,421
Idaho	842	77	788	2,206	844	94	836	2,275
Montana	518	68	NA	1,179	536	44	NA	1,228
Utah	1,611	119	1,441	3,661	1,575	153	1,444	3,667
Wyoming	NA	NA	313	638	NA	NA	301	625
<b>Far West</b>	<b>38,085</b>	<b>5,373</b>	<b>31,056</b>	<b>83,632</b>	<b>37,592</b>	<b>6,815</b>	<b>32,346</b>	<b>86,294</b>
Alaska	NA	52	NA	948	NA	47	NA	1,023
California	33,338	5,080	21,538	62,957	32,531	6,535	22,453	64,730
Hawaii	1,072	45	1,612	3,049	1,038	8	1,793	3,182
Nevada	NA	NA	2,070	2,395	NA	NA	2,192	2,539
Oregon	3,675	195	NA	4,035	4,023	225	NA	4,397
Washington	NA	NA	5,835	10,248	NA	NA	5,908	10,424

## Conclusions

As states recovered from the serious revenue decline in fiscal year 2002, many relied on substantial tax increases to shore up revenues. At the same time, states had to contend with revenue growth that was much weaker than they had projected. Even if fiscal year 2004 ends up bringing much stronger growth, many states will continue to struggle with budget gaps, structural deficits, and depleted reserves.

## Endnotes

- 1 This may not include all accruals for all states.
- 2 National Governors' Association and National Association of State Budget Officers, *Fiscal Survey of the States, December 2003* (Washington, DC, 2003).



## ***Technical Notes***

The estimates of “legislated changes” include the effects of changes in tax rates and tax bases and acceleration of tax payments. They also include a very few major non-legislated changes, such as adjustments for changes to the accounting system or for particularly egregious delays in processing of receipts.

We developed the estimated effects of legislated changes in several ways. The starting point is a survey of legislated tax changes published by the National Conference of State Legislatures. We modify the estimates reported by NCSL to take account of differences in the timing of the receipt of revenue. For example, when the sales tax rate is changed, revenue is not usually affected until a month after the effective date of the legislation because businesses are allowed to retain revenue for a few weeks before remitting it to the state. Likewise, if a tax cut took effect in January 2002 and continued throughout fiscal year 2003, part of its effect occurred in fiscal year 2002 and part in fiscal year 2003.

The estimates reported by NCSL are the ones used at the time legislation was enacted. In some cases, states rely on estimates that are too optimistic or pessimistic. For example, a state might anticipate that a sales tax increase would generate an extra \$300 million based on the assumption of strong retail sales. If sales are lower than assumed, the tax increase will produce less than that. The Nelson A. Rockefeller Institute of Government modifies the NCSL-reported estimates with the assistance of revenue estimators after revenue is collected.

Reports on state tax revenue published by the Rockefeller Institute of Government do not cover 100 percent of the taxes collected by states. They use the broadest measure of revenue reported on a timely basis in a single report, but often do not include earmarked taxes like those on motor fuels or taxes collected by agencies other than the revenue department, such as insurance taxes in many states. Various other adjustments are made to revenue to make it as comparable as possible. For more information, please contact the Institute’s Fiscal Studies Program.

In 46 states, Fiscal 2003 was from July 1, 2002 to June 30, 2003. Four states have different fiscal years: Alabama (October 1, 2002 to September 30, 2003), Michigan (same), New York (April 1, 2002 to March 30, 2003) and Texas (September 1, 2002 to August 30, 2003).

## ***About The Nelson A. Rockefeller Institute of Government's Fiscal Studies Program***

The Nelson A. Rockefeller Institute of Government, the public policy research arm of the State University of New York, was established in 1982 to bring the resources of the 64-campus SUNY system to bear on public policy issues. The Institute is active nationally in research and special projects on the role of state governments in American federalism and the management and finances of both state and local governments in major areas of domestic public affairs.

The Institute's Fiscal Studies Program, originally called the Center for the Study of the States, was established in May 1990 in response to the growing importance of state governments in the American federal system. Despite the ever-growing role of the states, there is a dearth of high-quality, practical, independent research about state and local programs and finances.

The mission of the Fiscal Studies Program is to help fill this important gap. The Program conducts research on trends affecting all 50 states and serves as a national resource for public officials, the media, public affairs experts, researchers, and others. Donald J. Boyd, who has spent two decades analyzing state and local fiscal issues, is director of Fiscal Studies.

This report was written by Nicholas W. Jenny, a senior policy analyst with the Program. Michael Cooper, the Rockefeller Institute's Director of Publications, did the layout and design of this report, with assistance from Michele Charbonneau. Emrah Arbak assisted with the collection of data for this report.

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