

## ***Big Drop in State Revenue in July-September 2001 Quarter***

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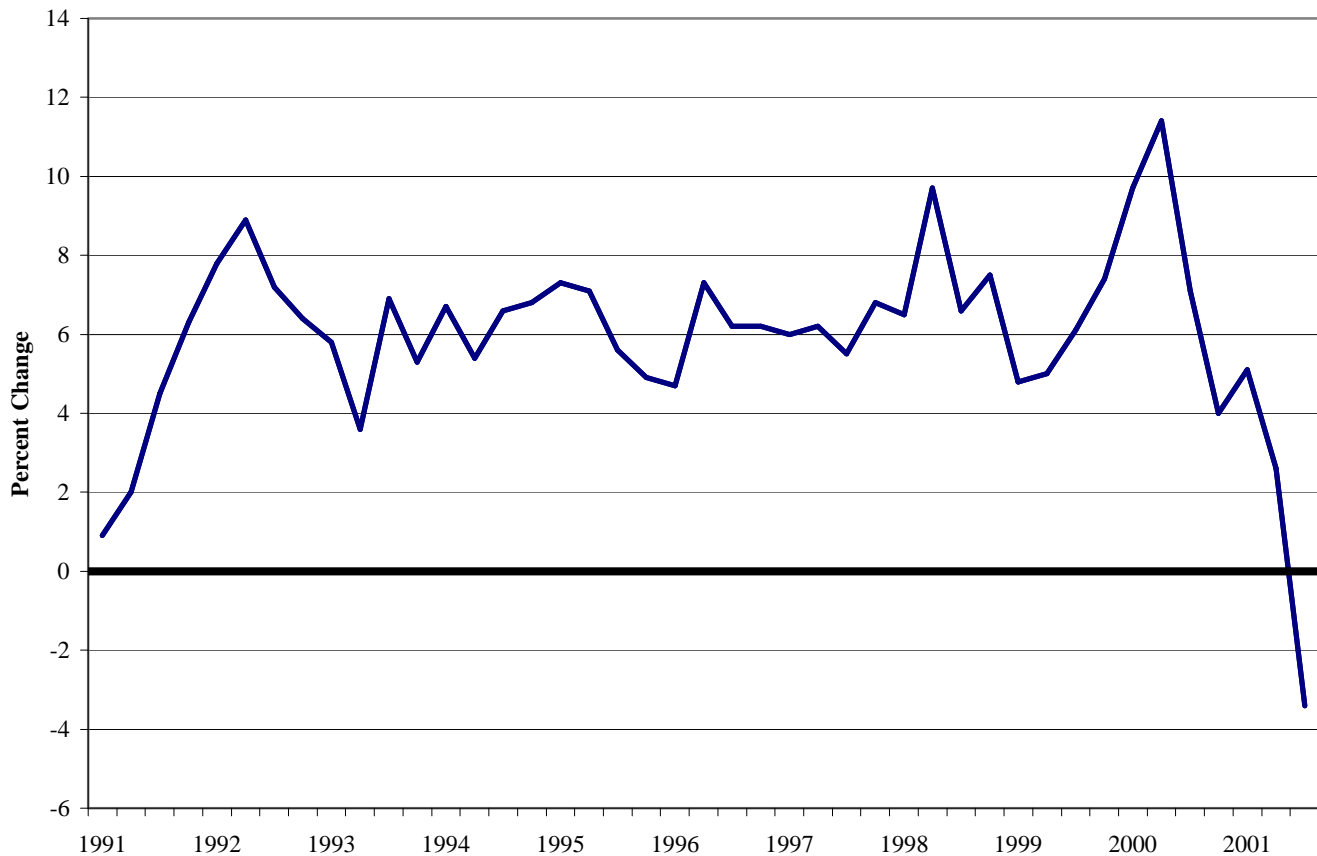
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Preliminary revenue numbers for the July-September 2001 quarter show the largest year-over-year drop in total state revenues since the Rockefeller Institute of Government began to track state revenues over a decade ago. Total state revenues declined by 3.4 percent. Personal income tax revenues declined even more sharply at 4.2 percent, led by declines in the states with the largest personal income tax collections, including California, Massachusetts, and New York. Sales tax revenue declined by a comparatively slight 0.1 percent, while corporate income tax revenue continued the plunge of the last year, declining by 25 percent. Some of the declines may reflect extensions in filing deadlines related to the September 11 attacks, but still the declines are quite significant. Numbers for the July-September quarter are preliminary and subject to change.

**Figure 1.**

### **Year-Over-Year Change in Total Tax Collections, 1991-2001**



Source: Data compiled by the Fiscal Studies Program of the Nelson A. Rockefeller Institute of Government

**Table 1. Year-Over Change in Quarterly State Tax Revenue by Major Tax.**

	PIT	CIT	Sales Tax	Total
<b>1995</b>				
Jan.-Mar.	6.4	13.2	9.0	7.3
April-June	8.3	14.3	6.1	7.1
July-Sept.	6.3	8.0	5.2	5.6
Oct.-Dec.	5.6	7.9	4.2	4.9
<b>1996</b>				
Jan.-Mar.	7.1	(4.8)	5.6	4.7
April-June	11.3	0.9	6.8	7.3
July-Sept.	6.9	4.0	5.8	6.2
Oct.-Dec.	9.1	(3.0)	6.1	6.2
<b>1997</b>				
Jan.-Mar.	7.1	9.6	4.7	6.0
April-June	8.8	7.6	4.3	6.2
July-Sept.	8.4	(2.8)	5.8	5.5
Oct.-Dec.	8.3	4.5	5.3	6.8
<b>1998</b>				
Jan.-Mar.	9.3	2.3	5.6	6.5
April-June	19.5	(2.1)	5.3	9.7
July-Sept.	8.9	(0.2)	5.9	6.6
Oct.-Dec.	9.5	5.2	5.5	7.5
<b>1999</b>				
Jan.-Mar.	6.6	(2.6)	6.1	4.8
April-June	6.0	(2.1)	7.3	5.0
July-Sept.	7.6	1.4	6.7	6.1
Oct.-Dec.	9.1	3.8	7.3	7.4
<b>2000</b>				
Jan.-Mar.	13.6	8.0	8.2	9.7
April-June	18.8	4.2	7.3	11.4
July-Sept.	11.0	5.7	4.7	7.1
Oct.-Dec.	5.7	(7.7)	4.1	4.0
<b>2001</b>				
Jan.-Mar.	8.6	(9.1)	3.3	5.1
April-June	5.6	(13.6)	0.5	2.6
July-Sept. (p)	(4.2)	(25.0)	(0.1)	(3.4)
<i>Note:</i> Please call Fiscal Studies Program for pre-1995 data.				
(p) - preliminary				

**Table 2. Change in Total Quarterly Tax Revenue by State**

<b>July-September, 2000 to 2001 (preliminary)</b>			
Oregon	(17.6)	Idaho	(1.3)
Vermont	(13.6)	Michigan	(0.7)
New York	(9.5)	South Dakota	(0.5)
California	(9.3)	Arkansas	(0.3)
North Dakota	(8.2)	Mississippi	(0.3)
Massachusetts	(7.3)	Oklahoma	(0.3)
Georgia	(6.6)	Indiana	(0.1)
Alaska	(6.3)	Iowa	0.0
Maine	(6.0)	South Carolina	0.2
Minnesota	(6.0)	Ohio	0.7
Colorado	(5.9)	Utah	0.7
Connecticut	(5.3)	Alabama	0.8
		Kansas	1.2
<b>United States</b>	<b>(3.4)</b>	Nebraska	1.2
		Kentucky	1.3
Illinois	(3.1)	Rhode Island	1.7
Maryland	(3.0)	Florida	1.8
Virginia	(2.4)	Hawaii	1.9
Arizona	(2.2)	West Virginia	2.1
Tennessee	(1.8)	Texas	4.3
Pennsylvania	(1.7)	New Hampshire	6.9
Wisconsin	(1.5)	Montana	7.3
		Delaware	11.9
<i>Note:</i> Numbers in parentheses are negative.			

Table 2 shows the percent change in total quarterly tax revenue in the states, ordered from the states with the largest declines to the states with the largest increases. It only includes states for which we have data for the whole July-September quarter. As can be seen, Oregon and Vermont have double digit declines, and California and New York are not far short of that.

This revenue decline is consistent with the recent Bureau of Economic Analysis announcement that GDP for the July-September quarter declined by 0.4 percent.<sup>1</sup> While the economy may not yet be declared officially in a recession, it is clear that state revenues have already taken a big hit. It is not clear how much of this is due to the September 11 attacks, which damaged the economy in several states, and could have delayed some revenue collections.

1. United State Department of Commerce, Bureau of Economic Analysis New Release, October 31, 2001.

The Nelson A. Rockefeller Institute of Government is the public policy research arm of the State University of New York. Nick Jenny is a Policy Analyst in the Institute's Fiscal Studies Program, and Don Boyd is Deputy Director of the Institute. All data used in this report is from the Institute's state revenue database. For more, see the *State Revenue Report*.