

STATE REVENUE REPORT

Fiscal Studies Program
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Growth Finally Stronger at the End of 2003

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HIGHLIGHTS

- ❖ State tax revenue in the October-December 2003 quarter grew by 7.2 percent compared to the same period in 2002.
- ❖ After adjusting for tax law changes and inflation, real underlying state tax revenue grew by 1.8 percent.
- ❖ Newly implemented changes in state tax laws generated a \$2.6 billion net increase in state revenue. This is the eighth straight quarter with a net increase.
- ❖ Personal income tax revenue and sales tax revenue each grew by 6.6 percent.
- ❖ Corporate income tax revenue grew by 11.1 percent.

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Figure 1. Year-Over-Year Change in Total Tax Collections, 1991-2003

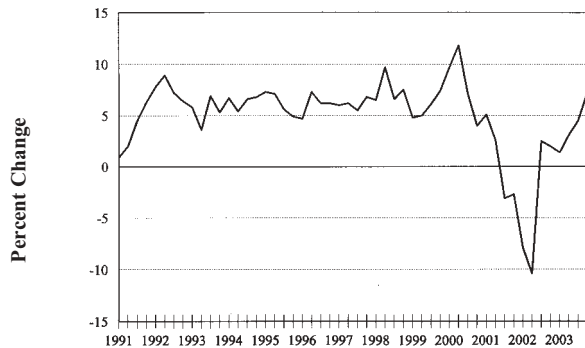


Figure 2. Year-Over-Year Change in Real Adjusted Tax Revenue, 1991-2003

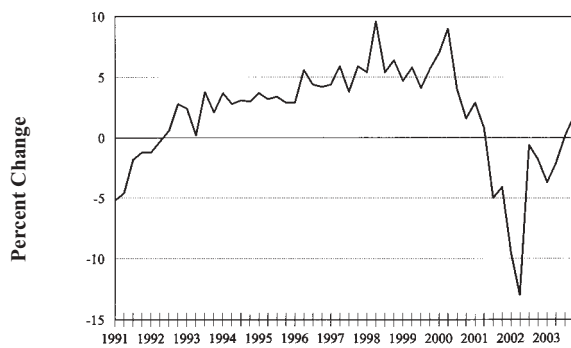


Table 1. Year-Over-Year Change in Quarterly State Tax Revenue, Adjusting for Legislated Tax Changes and Inflation

	<i>Total Nominal Increase</i>	<i>Adjusted Nominal Increase</i>	<i>Inflation Rate</i>	<i>Real Increase</i>
1997				
Jan.-Mar.	6.0	7.4	2.3	5.0
April-June	6.2	8.3	2.8	5.4
July-Sept.	5.5	6.1	2.5	3.5
Oct.-Dec.	6.8	7.9	2.7	5.1
1998				
Jan.-Mar.	6.5	7.0	1.8	5.1
April-June	9.7	11.4	1.8	9.4
July-Sept.	6.6	7.1	1.8	5.2
Oct.-Dec.	7.5	8.0	1.5	6.4
1999				
Jan.-Mar.	4.8	6.5	1.9	4.5
April-June	5.0	8.0	2.7	5.2
July-Sept.	6.1	6.7	3.2	3.4
Oct.-Dec.	7.4	8.4	3.7	4.5
2000				
Jan.-Mar.	9.7	10.4	4.4	5.7
April-June	11.4	11.8	4.3	7.2
July-Sept.	7.1	7.7	4.3	3.3
Oct.-Dec.	4.0	5.0	4.3	0.7
2001				
Jan.-Mar.	5.1	6.3	4.0	2.2
April-June	2.5	4.2	3.4	0.8
July-Sept.	(3.1)	(2.4)	2.3	(4.6)
Oct.-Dec.	(2.7)	(2.2)	1.2	(3.4)
2002				
Jan.-Mar.	(7.8)	(8.2)	0.5	(8.7)
April-June	(10.6)	(12.1)	0.8	(12.8)
July-Sept.	2.5	0.7	1.3	(0.6)
Oct.-Dec.	1.9	0.3	2.0	(1.7)
2003				
Jan.-Mar.	1.4	(1.0)	3.4	(4.3)
April-June	3.2	0.4	2.2	(1.8)
July-Sept.	4.5	2.6	2.2	0.4
Oct.-Dec.	7.2	4.9	3.0	1.8

Note: Inflation is measured by the BEA State and Local Government Implicit Price Deflator. Please call the Fiscal Studies Program for pre-1997 data.

Table 2. Year-Over-Year Change in Quarterly State Tax Revenue by Major Tax

	<i>PIT</i>	<i>CIT</i>	<i>Sales</i>	<i>Total</i>
1997				
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
1998				
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
1999				
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
2000				
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
2001				
Jan.-Mar.	8.6	(9.1)	3.3	5.1
April-June	5.6	(13.7)	0.5	2.6
July-Sept.	(3.4)	(25.5)	0.0	(3.1)
Oct.-Dec.	(2.7)	(31.8)	1.0	(2.7)
2002				
Jan.-Mar.	(14.3)	(16.1)	(1.0)	(7.8)
April-June	(22.3)	(11.7)	1.5	(10.4)
July-Sept.	(1.6)	4.8	3.8	2.5
Oct.-Dec.	(0.7)	22.4	0.7	1.9
2003				
Jan.-Mar.	(3.1)	9.6	1.9	1.4
April-June	(0.7)	17.8	2.9	3.2
July-Sept.	5.1	8.4	3.7	4.5
Oct.-Dec.	6.6	11.1	6.6	7.2

Note: Please call the Fiscal Studies Program for pre-1997 data.

Introduction

State tax revenue grew by 7.2 percent in the October-December quarter of 2003, compared to the same quarter the year before. Without the contribution of net enacted tax increases, this growth would have been only 4.9 percent. This is the fourth straight quarter of strengthening nominal revenue growth. If we also take into account the effects of inflation, real adjusted state tax revenue grew by 1.8 percent — the second straight quarter of real adjusted growth, and the first quarter of significant real adjusted growth since before the recession of 2001. (See Table 1.) All three major state taxes showed strong growth this quarter.

Tax Revenue Change

Table 1 shows tax revenue changes for the last 28 quarters before and after adjusting for legislated tax changes and inflation. Figure 1 shows the pattern of growth or decline in state tax collections from 1991 to the present. State tax revenue declined from July 2001 to June 2002; since then it has been growing, but it is only with the latest quarter that growth has matched the median growth rate of 6.6 from 1997 through 2000. Tax increases enacted in many states over the last three years have contributed to revenue growth. Without them, revenue growth would have been very sluggish. Figure 2 shows the pattern of growth in state tax revenue adjusted for inflation and enacted tax increases from 1991 to the present. States have broken through into growth in their real adjusted revenue only in the last two quarters of 2003.

Table 2 shows the last 28 quarters of change in state collections of the major state tax sources. Personal income tax collections have been getting stronger through 2003, though they are still short of the double-digit percentage growth seen in 2000 and before. Corporate income taxes posted growth for the sixth straight quarter, while sales tax revenue grew for the seventh straight quarter. Sales tax revenue is now back in the range that it was before the recession — though, as we will see below, much of this growth is coming from legislated tax increases.

Table 3. Change in Quarterly Tax Revenue by State, October to December 2002 to 2003

	<i>PIT</i>	<i>CIT</i>	<i>Sales</i>	<i>Total</i>
United States	6.6%	11.1%	6.6%	7.2%
New England	10.1	(1.3)	1.3	6.0
Connecticut	13.0	(31.4)*	(1.2)	4.4*
Maine	7.4*	37.2*	8.3*	8.0*
Massachusetts	10.4	19.7	0.5	6.9
New Hampshire	NA	(1.5)	NA	7.7
Rhode Island	0.3	NM	3.9	2.9
Vermont	7.3	138.7	15.4*	7.8*
Mid-Atlantic	10.9	4.4	9.9	9.3
Delaware	3.4	321.4	NA	10.9*
Maryland	7.2*	(36.0)	7.4	4.8*
New Jersey	10.9	9.4	5.3	7.2*
New York	13.9*	(10.8)*	19.8*	13.3*
Pennsylvania	4.0	32.3	3.1	4.9
Great Lakes	1.6	28.3	12.5	9.3
Illinois	(0.4)	129.1	6.5*	10.6*
Indiana	5.3	(10.6)¶	21.8*	9.5*
Michigan	(2.0)¶	(12.6)	1.0	5.3*
Ohio	3.6	NM	33.6*	15.1*
Wisconsin	4.3	98.9	4.4	7.1
Plains	3.1	24.3	2.4	5.0
Iowa	3.7	(16.8)	(1.8)	0.4
Kansas	6.5	NM	0.1	10.4*
Minnesota	3.3	59.3	2.7	7.4
Missouri	0.2	(29.2)	2.2	(0.9)
Nebraska	5.0*	262.0	8.0*	10.9*
North Dakota	6.6	7.8	9.0	5.4
South Dakota	NA	NA	9.8	0.0
Southeast	7.0	3.1	6.1	6.3
Alabama	7.3	83.4	10.2	9.5
Arkansas	4.0	(5.5)	4.8	4.7*
Florida	NA	37.4	9.3	13.2*
Georgia	6.2	(25.2)	2.7	4.5*
Kentucky	2.5	(15.6)	2.9	(0.2)
Louisiana	21.2*	(11.8)	(8.2)¶	3.2
Mississippi	8.4	19.6	5.8	4.1
North Carolina	8.3	(34.3)	8.0*	5.4
South Carolina	1.8	38.1	5.3	2.1
Tennessee	NA	215.6	5.7	6.1
Virginia	8.3	(32.0)	7.5	6.3
West Virginia	2.6	(13.4)	5.8	3.6*
Southwest	3.1	120.2	4.7	7.3
Arizona	2.2	112.2	8.7	8.6*
New Mexico	2.3¶	135.4	(2.6)	6.1
Oklahoma	4.5	NM	10.0*	11.4*
Texas	NA	NA	4.1	6.5
Rocky Mountain	2.9	79.3	7.1	7.6
Colorado	(0.4)	161.5	4.1	2.5
Idaho	5.0	(9.3)	23.8*	12.9*
Montana	9.5	67.1	NA	15.1*
Utah	6.1	86.5	1.9*	5.3
Wyoming	NA	NA	4.8	33.6*
Far West	7.2	5.2	4.0	5.8
Alaska	NA	(31.7)	NA	41.7
California	7.4	2.8	3.8	5.4
Hawaii	9.3¶	NM	6.7¶	3.9¶
Nevada	NA	NA	10.0	8.9*
Oregon	5.2	164.2	NA	9.8
Washington	NA	NA	1.9	4.0

See p. 5 for notes

Figure 3
Percent Change in Tax Revenue by Region,
Adjusted for Legislated Changes
October-December 2002 to 2003

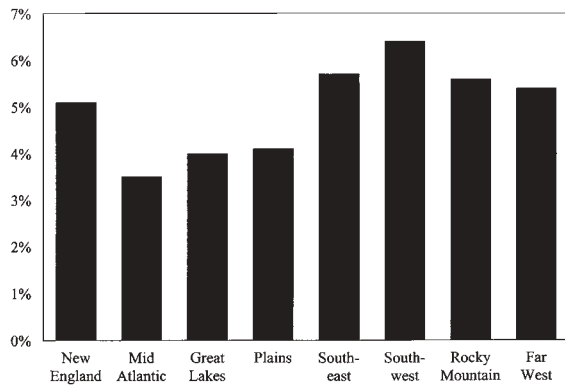


Figure 4
Change in Quarterly Tax Revenue by State, Adjusted for
Legislated Changes, October-December 2002 to 2003

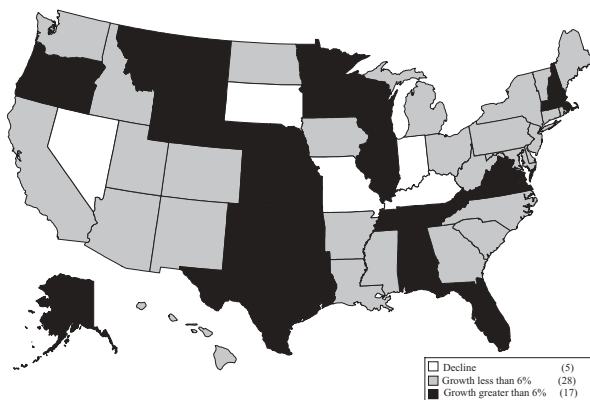
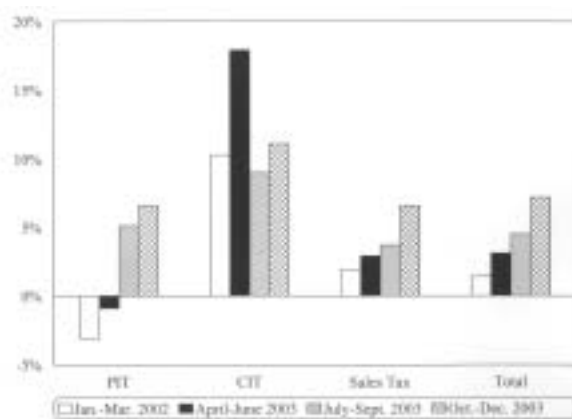


Figure 5
Change in Quarterly Tax Revenue by Tax,
Last Four Quarters



Every region had growth in revenue in the October-December quarter. (See Table 3.) The Mid-Atlantic and Great Lakes regions tied for the strongest growth at 9.3 percent. The slowest growth was in the Plains states at five percent.

Enacted net tax increases affected every region of the country. (See Figure 3.) Even without these tax increases, however, state tax collections would have grown in every region — albeit at a slower pace. Particularly significant net tax increases occurred in the Mid-Atlantic, Great Lakes, and Rocky Mountain regions. Figure 4 shows state revenue growth adjusted for enacted revenue changes. Figure 5 shows the change in the major taxes over the last four quarters.

Table 4 shows the overall effect of legislated tax changes and processing variations. In all, states implemented net tax hikes generating \$2.6 billion in the October-December 2003 quarter. Table 5 shows percentage change in each state’s total tax revenue adjusted for legislated tax changes and inflation.

Personal Income Tax

Personal income tax revenue grew by 6.6 percent in the October-December quarter compared to the same quarter the year before. This was the second straight quarter of growth after two years of decline. The strongest growth was in the Mid-Atlantic region at 10.9 percent, while the weakest was in the Great Lakes region at only 1.6 percent. The growth was widespread; all but three of the 41 states with a broad-based personal income tax had growth. The state with the strongest growth was Louisiana, which owed most of its 21.2 percent growth to a tax increase. New York’s 13.9 percent increase was also aided by a legislated tax increase, while Connecticut, Massachusetts, and New Jersey posted double-digit growth without tax increases. Michigan had the largest decline at two percent, due to a legislated tax cut.

We can get a better idea of what is really happening with the personal income tax by looking at two of its component parts: withholding and quarterly estimated payments. The states will not know total collections for the 2003 tax year until taxpayers finish filing their income tax returns in April.

**Table 4. Change in Quarterly Tax Revenue,
Adjusting for Legislated Tax Changes**

	<i>PIT</i>	<i>Sales</i>	<i>Total</i>
1997			
Jan.-Mar.	10.0	5.0	7.4
April-June	12.8	5.0	8.3
July-Sept.	9.5	6.2	6.1
Oct.-Dec.	10.7	5.9	7.9
1998			
Jan.-Mar.	10.0	6.5	7.0
April-June	23.3	5.9	11.4
July-Sept.	9.3	6.4	7.1
Oct.-Dec.	10.2	5.9	6.9
1999			
Jan.-Mar.	9.9	6.2	6.5
April-June	12.4	7.3	8.0
July-Sept.	8.3	6.9	6.5
Oct.-Dec.	11.0	7.5	8.4
2000			
Jan.-Mar.	13.8	8.8	10.4
April-June	18.6	7.8	11.8
July-Sept.	11.6	5.6	7.7
Oct.-Dec.	6.5	5.0	5.0
2001			
Jan.-Mar.	10.1	3.7	6.3
April-June	7.9	0.6	4.2
July-Sept.	(2.8)	0.4	(2.4)
Oct.-Dec.	(2.1)	1.2	(2.3)
2002			
Jan.-Mar.	(14.5)	(2.4)	(8.4)
April-June	(22.5)	0.1	(11.9)
July-Sept.	(2.1)	2.7	0.7
Oct.-Dec.	(1.6)	0.7	0.3
2003			
Jan.-Mar.	(4.4)	1.0	(1.0)
April-June	(2.0)	1.3	0.4
July-Sept.	3.9	1.9	2.6
Oct.-Dec.	5.3	4.2	4.9

Note: The corporate income tax is not included in this table. The quarterly effect of legislation on this tax's revenue is especially uncertain. (See Technical Notes, page 15.)
For pre-1997 data, call the Fiscal Studies Program.

However, we can now look at withholding through the end of 2003, and get a preview of the fourth quarter's estimated payment, which are made in December and January.

Withholding

Withholding is a good indicator of the current strength of personal income tax revenue because it comes largely from current wages and because it is much less volatile than estimated/declared payments or final settlements. Table 6 shows that withholding for the October-December 2003 quarter

increased by 5.5 percent over the same quarter the year before. Enacted changes in withholding boosted collections by about eight-tenths of a percent in this quarter. Overall, withholding growth has been getting stronger over the last year.

Estimated Payments

The highest-income taxpayers generally pay most estimated tax payments (also known as declarations) on their non-wage income. This income often comes from investments, especially capital gains realized in the stock market. The decline in the stock market from early 2000 dried up capital gains, which in turn reduced the stream of estimated payments. Lately the stock market has staged a turnaround, which should eventually translate into capital gains and higher estimated tax payments.

For the 34 states for which we have complete data, the fourth quarterly payment, usually paid in December or January, increased by 3.8 percent. (See Table 7.) While the top personal income tax rate increase in New York accounts for some of this increase, the median increase of 3.1 percent indicates that the recovery was widespread. This is the first quarter of increase in estimated tax payments since before the recession.

Although the latest quarter appears to signal a recovery in the investment sector of the economy, the trend is still down when looking at all four quarterly estimated payments for 2003. The de-

Key to Interpreting Tables

- All percent change tables are based on year-over-year changes.
- 1 indicates data through November only.
- * indicates legislation or processing/accounting changes significantly increased tax receipts (by one percentage point or more).
- ¶ indicates legislation or processing/accounting changes significantly decreased tax receipts.
- NA means not applicable.
- ND means no data.
- NM means not meaningful.
- Historical Tables (Tables 1, 2 and 4) have been shortened to provide data only back to 1997. For data through 1991 call the Fiscal Studies Program.

cline of only 1.2 percent (2.2 percent median decline) was mild, but it marks the third straight year of declining estimated tax payments. Since the declines seem to be moderating, higher-income taxpayers' income prospects may have brightened as the year progressed.

Final payments frequently reflect the performance of withholding and estimated payments throughout the year, which should give states hope that April 2004 will be an at least moderately good month.

General Sales Tax

Sales tax revenue in the October-December 2003 quarter increased by 6.6 percent over the same quarter the year before. This is the fourth straight quarter of strengthening growth. This was the strongest growth in the sales tax since April-June of 2000.

Sales tax revenue grew the fastest in the Great Lakes region with 12.5 percent growth. The weakest growth was in the New England region, where sales tax revenue increased by only 1.3 percent. Eight states had double-digit growth in sales tax revenue.¹ In six of these states, the increase was due completely or in part to enacted tax increases.² Only four states had sales tax revenue declines.³

Corporate Income Tax

Corporate income tax revenue grew by 11.1 percent in the October-December quarter, the sixth straight quarter of growth after seven quarters of decline. The growth this quarter in this notoriously volatile revenue source was slightly stronger than the previous quarter's nine percent.

Underlying Reasons for Trends

These revenue changes result from three kinds of underlying forces: differences in state economies, how these differences affect each state's tax system, and recently legislated tax changes.

Table 5. Percent Change in Quarterly Tax Revenue by State, Adjusted for Legislation and Inflation, October to December 2002 to 2003

United States	1.8%
New England	2.0
Connecticut	0.1
Maine	1.4
Massachusetts	3.8
New Hampshire	4.6
Rhode Island	(0.9)
Vermont	0.8
Mid-Atlantic	0.5
Delaware	(0.2)
Maryland	0.7
New Jersey	1.4
New York	(0.6)
Pennsylvania	1.8
Great Lakes	1.0
Illinois	5.0
Indiana	(3.1)
Michigan	(1.7)
Ohio	0.5
Wisconsin	3.9
Plains	1.1
Iowa	(2.5)
Kansas	3.9
Minnesota	4.2
Missouri	(4.2)
Nebraska	3.2
North Dakota	2.1
South Dakota	(3.8)
Southeast	2.6
Alabama	6.3
Arkansas	0.0
Florida	8.9
Georgia	(0.1)
Kentucky	(3.2)
Louisiana	0.2
Mississippi	1.1
North Carolina	1.9
South Carolina	(1.0)
Tennessee	3.0
Virginia	3.2
West Virginia	(1.6)
Southwest	3.3
Arizona	2.3
New Mexico	2.3
Oklahoma	5.8
Texas	3.2
Rocky Mountain	2.5
Colorado	(0.5)
Idaho	1.7
Montana	7.7
Utah	1.7
Wyoming	26.7
Far West	2.3
Alaska	37.6
California	2.3
Hawaii	2.4
Nevada	(4.1)
Oregon	5.8
Washington	0.6

Table 6. Change in Personal Income Tax Withholding by State, Last Four Quarters

	2003			
	Jan-Mar	Apr-June	July-Sept	Oct-Dec.
United States	2.0%	1.6%	5.1%	5.5%
New England	1.5	(2.9)	5.5	5.1
Connecticut	1.2	(7.6)	13.2	10.1
Maine	5.5	2.5	4.1	4.4
Massachusetts	0.5	(2.9)	2.5	2.9*
Rhode Island	8.4¶	4.5	5.9	6.2
Vermont	1.7	5.1*	5.6	8.2
Mid-Atlantic	(0.1)	1.9	8.0	9.0
Delaware	3.1	(0.6)	5.4	5.9
Maryland ¹	6.1	2.2	3.1*	8.4
New Jersey	3.3	4.8	20.6	15.2
New York	(3.5)	1.5	8.0*	9.2*
Pennsylvania	3.0	1.5	3.0	3.2
Great Lakes	4.0	(0.4)	0.2	1.5
Illinois	(0.7)	(0.9)	ND	ND
Indiana	(7.9)	(9.1)*	2.6	3.8
Michigan	2.1¶	(1.8)¶	(4.7)	(1.7)¶
Ohio	2.4	1.6	2.4	2.0
Wisconsin	18.0	1.0	2.2	3.1
Plains	2.2	1.5	4.2	2.3
Iowa	2.6	1.9	3.5	6.2
Kansas	5.1	(0.9)	4.5	3.4
Minnesota	0.8	2.0	3.6	1.0
Missouri	1.4	1.5	5.3	0.4
Nebraska	6.3	0.9	3.7*	4.7*
North Dakota	2.1	10.8	4.6	9.1
Southeast	2.0	1.5	3.7	5.4
Alabama	8.7	(2.1)	5.2	7.5
Arkansas	4.2	1.3	3.6	4.8
Georgia	1.5	(2.0)	3.9	2.9
Kentucky	3.2	(0.7)	4.1	2.2
Louisiana	23.2*	22.7	19.3*	18.7*
Mississippi	4.8	10.8	(4.8)	(6.6)
North Carolina	(3.5)	0.0	2.0	6.3
South Carolina	2.4	2.1	2.2	3.1
Virginia	0.8	2.6	4.6	8.1
West Virginia	6.3	9.1	(4.3)	2.9
Southwest	8.6	1.1	2.6	3.2
Arizona	2.6	3.6	(2.5)	1.0
New Mexico	11.5	(3.7)	13.8¶	6.3¶
Oklahoma	14.6*	0.6*	3.7	4.4
Rocky Mountain	1.3	(0.8)	3.1	3.9
Colorado	0.0	(1.4)	2.0	0.2
Idaho	1.9	(0.1)	3.5	3.1
Montana	7.6	9.9	6.6	13.8
Utah ¹	2.0	(2.9)	4.1	11.7
Far West	2.5	5.9	7.7	6.4
California	2.6*	6.5*	8.2	6.8
Hawaii	6.5	1.8	5.7¶	5.2¶
Oregon	0.7	3.1	4.7	4.6

Note: Nine states — Alaska, Florida, New Hampshire, Nevada, South Dakota, Tennessee, Texas, Washington, and Wyoming — have no personal income tax and are therefore not shown in this table.
See page 5 for Notes.

State Economies

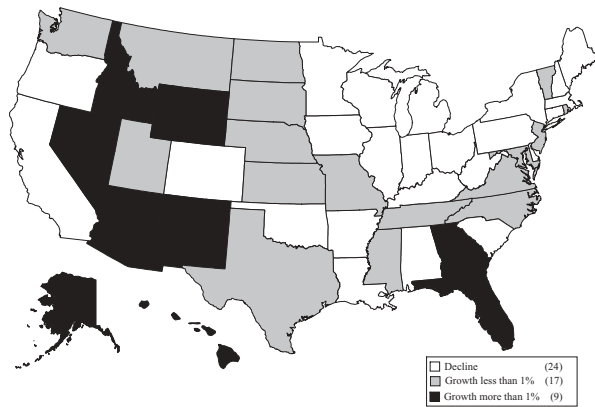
The national economy is beginning to show sustained strength, though with some areas of continued weakness. The Bureau of Economic Analysis' (BEA's) preliminary estimate for the Gross Domestic Product (GDP) showed growth of 4.1 percent for the fourth quarter of 2003.⁴ The national unemployment rate was 5.9 percent for the fourth quarter, showing some improvement from the 6.1 percent rate in the previous quarter.⁵

The problem with assessing state economies in a report such as this is a general lack of timely state indicators. Data on non-farm employment, tracked by the Bureau of Labor Statistics (BLS), are the only broad-based, timely, high-quality state-level economic indicators available. Yet, these data are far from ideal indicators of revenue growth. For one thing, most taxes are based upon nominal measures such as income, wages, and profits, rather than employment. Unfortunately, state-level data on these nominal measures — when they are available at all — usually are reported too late to be of much use in analyzing recent revenue collections. Moreover, employment data is sometimes subject to large retroactive revisions. In times of growth, these revisions are usually upwards, but lately significant downward revisions have occurred as the indicators have lagged the recent economic downturn.

Table 8 shows year-over-year employment growth for the nation and for each state during the last four quarters using BLS data. Figure 6 maps the change in third quarter 2003 employment compared to the same period in 2002. By this measure, employment in the October-December 2003 quarter declined by 0.2 percent compared to the year before. This is the ninth straight quarter of decline in the national employment numbers, although the rate of decline is now rather modest.⁶ The December employment numbers are preliminary, so this may change slightly when final numbers are available. The employment picture has also become rather uneven, with continued decline in some states, and strong growth in others.

Employment declined in only two regions of the country: the Great Lakes had a one percent

Figure 6
Change in Non-Farm Employment
October-December 2002 to 2003



decline, while New England did slightly better with a 0.8 percent decline. Employment growth was the strongest in the Southwest at 0.5 percent, and in the Southeast at 0.4 percent. Employment was essentially unchanged in the other four regions.

Employment declined in 21 states, down from 27 in the previous quarter. Five states had employment declines of one percent or more. The largest decline was in South Carolina at 2.3 percent. Nine states had employment growth of over one percent, led by Nevada with a very strong 3.6 percent increase.

Overall, the employment picture seems to be shifting towards growth. The states with the strongest growth are concentrated in the southern and western regions of the country, the pattern seen before the recent recession, and consistent with the overall pattern of population growth. Nevertheless, every region of the country has states that are lagging behind in employment growth.

Nature of the Tax System

Even if the recession and recovery affected all regions and states to exactly the same degree and at exactly the same time, the impact on state revenue would still vary because states' tax systems react differently to similar economic situations. States that rely heavily on the personal income tax took a harder hit from the most recent economic downturn, since it reduced income generated at the high

Table 7. Estimated Payments/Declarations
(change year-over-year)

<i>State</i>	<i>April-January (All four payments for 2003)</i>	<i>December to January (Fourth payment only)</i>
Average	(1.2)%	3.8%
Median	(2.2)	3.1
Alabama	(1.4)	4.3
Arkansas	(2.9)	(12.1)
California	(3.2)	(2.3)
Colorado	2.1	5.5
Delaware	7.7	8.4
Georgia	12.8	36.6
Hawaii	(7.0)	3.3
Indiana	2.9	17.0
Iowa	1.7	4.2
Kansas	(7.4)	0.4
Kentucky	(12.3)	(38.8)
Maine	1.4	6.7
Maryland	(14.8)	2.8
Michigan	(4.0)	(0.5)
Minnesota	(1.5)	0.1
Mississippi	(24.8)	(59.4)
Missouri	(3.4)	2.5
Montana	1.2	7.2
Nebraska	(8.5)	(6.2)
New Jersey	(1.2)	5.0
New Mexico	(16.9)	4.9
New York	5.7	21.6
North Carolina	(5.3)	(3.4)
North Dakota	2.2	5.5
Ohio	(7.1)	(6.2)
Oklahoma	(3.7)	6.3
Oregon	2.0	0.8
Pennsylvania	5.3	16.9
Rhode Island	(6.4)	(11.6)
South Carolina	8.1	32.8
Vermont	(4.2)	2.4
Virginia	0.2	5.1
West Virginia	(4.7)	(2.3)
Wisconsin	0.5	(1.3)

See p. 5 for notes.

end of the income scale, the income that is taxed most heavily. This was most evident in states with more progressive income tax structures. The sales tax is also very responsive to economic conditions, but has been less elastic than the personal income tax in this cycle — dropping more slowly in the downturn and increasing more slowly in the recovery. The states that rely heavily on corporate income taxes or severance taxes often see wild swings in revenue that are not necessarily related to general economic conditions. (Severance taxes are

Growth Finally Stronger at the End of 2003

Table 8. Year-Over-Year Percentage Change In Non-Farm Employment by State, Last Four Quarters

	2003			
	Jan.- Mar.	April- June	July- Sept.	Oct.- Dec.
United States	(0.3)%	(0.4)%	(0.4)%	(0.2)%
Sum of States	0.0	(0.3)	(0.2)	0.0
New England	(0.7)	(1.0)	(0.9)	(0.8)
Connecticut	(0.9)	(1.1)	(1.2)	(1.1)
Maine	0.1	(0.5)	(0.5)	0.0
Massachusetts	(1.1)	(1.4)	(1.4)	(1.3)
New Hampshire	0.0	(0.3)	0.0	0.0
Rhode Island	0.5	0.1	0.5	0.3
Vermont	0.9	1.0	1.4	0.7
Mid Atlantic	(0.3)	(0.3)	(0.1)	0.0
Delaware	(0.8)	(0.3)	(0.5)	(0.5)
Maryland	0.2	0.3	0.5	0.4
New Jersey	(0.1)	0.4	0.7	0.7
New York	(0.6)	(0.7)	(0.5)	(0.2)
Pennsylvania	(0.2)	(0.4)	(0.4)	(0.2)
Great Lakes	(0.3)	(0.9)	(1.0)	(1.0)
Illinois	(0.1)	(0.9)	(0.9)	(0.8)
Indiana	(0.2)	(1.0)	(1.4)	(0.7)
Michigan	(0.6)	(1.2)	(1.6)	(1.6)
Ohio	(0.7)	(1.0)	(1.1)	(1.3)
Wisconsin	0.2	0.1	0.1	(0.2)
Plains	(0.6)	(0.6)	(0.4)	0.0
Iowa	(0.2)	(0.4)	(0.2)	0.0
Kansas	0.2	(0.6)	(0.3)	0.3
Minnesota	(0.3)	(0.4)	(0.5)	(0.3)
Missouri	(2.2)	(1.4)	(0.7)	0.0
Nebraska	0.0	(0.3)	(0.2)	0.2
North Dakota	0.7	0.1	0.1	0.3
South Dakota	1.1	0.3	0.2	0.6
Southeast	0.4	0.1	0.2	0.4
Alabama	(0.0)	(0.8)	(1.0)	(0.7)
Arkansas	0.5	0.1	(0.2)	(0.3)
Florida	1.4	1.2	1.3	1.4
Georgia	(0.2)	0.4	1.4	1.7
Kentucky	0.0	(0.9)	(1.0)	(0.6)
Louisiana	0.3	(0.5)	(0.4)	(0.1)
Mississippi	0.4	(0.2)	(0.5)	0.1
North Carolina	(0.4)	(0.4)	(0.2)	0.1
South Carolina	0.4	(1.1)	(1.9)	(2.3)
Tennessee	0.4	0.0	0.0	0.2
Virginia	0.0	0.1	0.2	0.7
West Virginia	0.1	(0.7)	(0.6)	(0.6)
Southwest	0.2	0.1	0.4	0.5
Arizona	1.0	0.6	0.9	1.6
New Mexico	1.7	1.7	1.6	1.3
Oklahoma	(0.9)	(0.7)	0.3	(0.6)
Texas	0.1	0.1	0.3	0.4
Rocky Mountain	0.0	(0.4)	(0.5)	0.0
Colorado	(0.2)	(0.9)	(1.2)	(0.9)
Idaho	0.8	0.0	0.6	1.2
Montana	0.6	0.4	0.1	0.4
Utah	(0.4)	0.0	(0.2)	0.6
Wyoming	0.4	0.3	0.6	1.1
Far West	0.5	(0.2)	(0.1)	0.0
Alaska	1.7	1.0	0.8	1.8
California	0.3	(0.5)	(0.2)	(0.3)
Hawaii	2.9	2.3	2.0	1.8
Nevada	2.2	1.5	2.2	3.6
Oregon	0.3	(0.8)	(1.4)	(0.5)
Washington	0.5	0.2	0.0	0.1

taxes on the removal of natural resources, such as oil and natural gas.)

The upside of these patterns played out particularly strongly in the late 1990s and into 2000. Most states with personal income taxes had extremely strong revenue growth, partly because the incomes of upper-income (and thus upper-bracket) taxpayers grew at a much more rapid pace than those of middle-income taxpayers. Because these high-end incomes were based more heavily upon volatile sources such as stock options and capital gains, growth in personal income tax revenue was far more subject to dramatic fluctuations than it would have been if it were based entirely on wages and salaries. In the recent recession, we saw the downside of this volatility. While initially the market downturn affected relatively few wage earners, it turned gains into losses for investors, thus sharply contracting a hitherto rich source of revenue almost overnight. Meanwhile, stock options became both less common and less lucrative. The recession lasted only eight months but it had significant after effects as the loss of investment capital contributed to weak employment numbers, which in turn depressed withholding. However, the recovery in the stock market may lead to stronger growth in the personal income tax in the coming quarters.

States have also learned something about how sales tax revenue responds to an economic slowdown. States that have removed more-stable elements of consumption, such as groceries and clothing, from their bases, as well as those that do not capture spending on services well, were more subject to plunges in sales tax revenue as state residents became nervous about spending on optional and big-ticket items. In the latest economic downturn, however, the sales tax still generally maintained at least slow growth, exhibiting less volatility than the personal income or corporate income taxes.

Oil has been a wild card in state tax revenue in recent years. When the price of oil increases, oil-producing states such as Alaska, Oklahoma, and Wyoming benefit. Conversely, when the price falls, these states' revenue tends

Table 9
Change in Tax Revenue by State, July to December 2002 and 2003 (In Millions of Dollars)

	<i>Personal Income</i>	<i>Corporate Income</i>	<i>Sales</i>	<i>Total</i>
United States	5.9%	9.7%	5.1%	5.9%
New England	7.7	14.8	1.8	5.2
Connecticut	9.8	(26.0)	0.5	3.4
Maine	6.0	18.3	7.5	8.0
Massachusetts	7.6	45.3	0.5	5.6
New Hampshire	NA	(1.1)	NA	4.8
Rhode Island	3.9	266.0	4.0	4.8
Vermont	5.7	85.7	9.1	7.3
Mid Atlantic	9.0	5.0	8.0	7.5
Delaware	4.8	21.7	NA	7.8
Maryland	6.3	(19.6)	6.5	4.8
New Jersey	7.5	13.7	4.2	5.7
New York	11.7	(3.3)	15.5	10.6
Pennsylvania	3.5	14.9	2.2	3.5
Great Lakes	0.7	14.2	8.4	6.0
Illinois	0.4	54.5	3.8	6.2
Indiana	3.6	(12.1)	20.8	8.4
Michigan	(3.7)	(7.7)	(2.0)	2.5
Ohio	2.3	NM	21.6	10.2
Wisconsin	3.3	47.5	3.8	5.2
Plains	3.3	8.1	2.4	3.6
Iowa	3.4	(22.0)	(1.0)	0.1
Kansas	5.2	182.4	2.6	7.8
Minnesota	3.7	17.8	1.7	4.9
Missouri	1.9	(19.5)	2.2	0.8
Nebraska	3.4	98.7	9.6	6.4
North Dakota	5.5	(20.1)	0.2	(0.3)
South Dakota	NA	NA	6.9	2.7
Southeast	4.8	(0.9)	4.8	4.8
Alabama	4.6	(11.8)	4.5	2.8
Arkansas	3.3	3.8	4.2	5.2
Florida	NA	23.7	7.1	10.0
Georgia	3.2	(16.1)	4.5	3.8
Kentucky	3.7	(10.0)	(0.4)	(0.6)
Louisiana	16.9	(0.6)	(6.5)	2.8
Mississippi	0.0	(2.9)	(3.6)	(1.8)
North Carolina	4.5	(26.8)	5.9	2.7
South Carolina	1.9	51.1	4.7	2.4
Tennessee	NA	19.8	8.6	7.7
Virginia	7.4	3.6	7.2	7.3
West Virginia	(1.0)	(7.2)	3.6	6.3
Southwest	4.3	33.6	2.6	4.3
Arizona	1.1	48.2	7.6	6.5
New Mexico	6.9	20.1	1.8	9.2
Oklahoma	7.0	(17.7)	7.5	11.0
Texas	NA	NA	1.4	2.3
Rocky Mountain	3.5	24.2	6.2	6.5
Colorado	1.8	51.0	2.6	3.1
Idaho	4.9	(11.9)	22.1	11.7
Montana	7.8	15.0	NA	11.7
Utah	4.9	19.6	1.2	3.9
Wyoming	NA	NA	6.7	36.4
Far West	8.8	16.2	4.3	7.1
Alaska	NA	(28.6)	NA	23.0
California	9.5	14.7	4.1	7.4
Hawaii	6.2	(26.6)	3.1	1.8
Nevada	NA	NA	10.3	10.3
Oregon	4.6	83.6	NA	8.0
Washington	NA	NA	3.1	4.6

See p. 5 for notes.

to follow suit. This dynamic often operates largely independently of the general economy.

Tax Law Changes Affecting This Quarter

The final element affecting trends in tax revenue growth is changes in states' tax laws. When states boost or depress their revenue growth with tax increases or cuts, it can be difficult to draw any conclusions about their current fiscal condition. That is why this report attempts to note where such changes have significantly affected each state's revenue growth. We also occasionally note when changes in the manner of processing receipts have had a major impact on revenue growth, even though these are not due to enacted legislation, as it helps the reader to understand that the apparent growth or decline is not necessarily indicative of underlying trends.

During the October-December 2003 quarter, enacted tax changes and processing variations increased state revenue by an estimated net \$2.6 billion, compared to the same period in 2002. This was the eighth straight quarter of net enacted tax increases.

Enacted sales tax changes accounted for a net increase of almost \$1.1 billion in the October-December quarter. Indiana, New York, and Ohio each had increases of \$200 to \$400 million. All three states increased their sales tax rates and broadened the bases of their sales taxes. The reimposition of the sales tax on clothing in New York was particularly significant.

Enacted tax changes increased personal income tax collections by a net of almost \$600 million. The largest increase was in New York where a new top rate increased collections by \$500 to \$600 million.

Michigan added about \$270 million to this quarter's revenue collections by accelerating collection of the state education property tax.

Conclusions

We have now seen two months of real state tax revenue growth, even after adjusting for the ef-

fects of legislated tax increases. More importantly, this revenue growth is finally reaching significant proportions. While states still have some way to go to climb completely out of the revenue and budget holes that opened up in the wake of the 2001 recession, they do seem to be moving in the right direction at last.

States have enacted some significant tax increases over the last few years. Some of these are slated to expire in the next year or two. When — and if — that happens, underlying tax revenue growth will have to be strong enough to support the loss of that revenue. This looks to be the next major revenue-side hurdle for states to overcome on the road to stable budgets.

Endnotes

- 1 Alabama, Idaho, Indiana, Nevada, New York, Ohio, Oklahoma, and Vermont.
- 2 Only Alabama and Nevada had double-digit growth without tax increases.
- 3 Connecticut, Iowa, Louisiana, and New Mexico; the Louisiana decline was the result of a tax cut.
- 4 United States Department of Commerce, Bureau of Economic Analysis News Release, February 27, 2004.
- 5 United States Department of Labor, Bureau of Labor Statistics, Labor Force Statistics From the Current Population Survey, www.bls.gov.
- 6 Note that the employment numbers have been revised as BLS has moved from the 1987 Standard Industrial Classification System (SIC) to the 2002 North American Industry Classification System (NAICS) and made other revisions to its sampling methodology. These revisions have not changed the overall trend.

Table 10
State Tax Revenue, October to December, 2002 and 2003 (In Millions of Dollars)

	2002				2003			
	<i>Personal Income</i>	<i>Corporate Income</i>	<i>Sales</i>	<i>Total</i>	<i>Personal Income</i>	<i>Corporate Income</i>	<i>Sales</i>	<i>Total</i>
United States	\$43,936	\$5,288	\$43,893	\$110,893	\$46,852	\$5,876	\$46,784	\$118,904
New England	3,366	260	2,181	7,091	3,706	256	2,209	7,519
Connecticut	910	130	830	2,222	1,028	90	793	2,320
Maine	283	19	212	605	303	26	230	654
Massachusetts	1,856	77	920	3,328	2,048	92	925	3,558
New Hampshire	NA	33	NA	279	NA	33	NA	301
Rhode Island	215	(3)	190	449	216	8	197	462
Vermont	103	3	56	208	111	7	64	224
Mid Atlantic	9,402	1,469	6,063	19,990	10,425	1,534	6,665	21,843
Delaware	179	1	NA	360	185	0	NA	400
Maryland	996	70	665	1,917	1,067	45	715	2,009
New Jersey	1,556	544	1,431	4,231	1,727	595	1,507	4,537
New York	5,160	560	2,111	9,050	5,876	499	2,530	10,250
Pennsylvania	1,511	294	1,856	4,431	1,571	389	1,915	4,647
Great Lakes	7,208	890	6,840	17,902	7,324	1,142	7,695	19,563
Illinois	1,806	179	1,564	4,236	1,798	410	1,665	4,683
Indiana	800	141	946	2,227	942	126	1,152	2,437
Michigan	1,656	511	1,954	5,354	1,624	447	1,974	5,638
Ohio	1,714	(20)	1,452	3,589	1,775	0	1,940	4,131
Wisconsin	1,232	80	924	2,497	1,285	160	965	2,674
Plains	3,583	277	3,004	7,768	3,694	345	3,078	8,155
Iowa	560	63	429	1,110	581	52	421	1,114
Kansas	423	(2)	449	931	451	33	449	1,028
Minnesota	1,316	89	1,052	3,094	1,360	142	1,080	3,323
Missouri	959	106	626	1,691	961	75	640	1,675
Nebraska	283	8	243	557	297	29	262	618
North Dakota	43	13	89	205	45	14	97	216
South Dakota	NA	NA	118	180	NA	NA	129	180
Southeast	8,442	996	10,996	24,342	9,036	1,027	11,663	25,865
Alabama	534	39	433	1,376	572	71	477	1,507
Arkansas	395	37	431	920	410	35	452	963
Florida	NA	292	3,509	4,586	NA	402	3,835	5,191
Georgia	1,600	84	1,201	3,115	1,699	63	1,233	3,255
Kentucky	683	85	698	1,839	700	71	718	1,835
Louisiana	384	70	544	1,323	466	62	499	1,364
Mississippi	267	37	572	1,195	289	44	605	1,244
North Carolina	1,854	228	952	3,315	2,008	150	1,028	3,494
South Carolina	751	23	492	1,438	765	32	518	1,468
Tennessee	NA	9	1,339	1,882	NA	28	1,415	1,997
Virginia	1,744	56	577	2,677	1,890	38	620	2,845
West Virginia	231	37	249	677	237	32	263	701
Southwest	1,365	58	5,718	9,790	1,408	128	5,984	10,506
Arizona	615	53	731	1,459	628	113	795	1,584
New Mexico	230	8	352	711	236	19	343	755
Oklahoma	520	(4)	355	1,049	544	(5)	390	1,169
Texas	NA	NA	4,281	6,571	NA	NA	4,457	6,998
Rocky Mountain	1,605	51	1,081	3,209	1,651	92	1,158	3,451
Colorado	818	16	444	1,324	814	42	462	1,357
Idaho	216	15	204	532	227	14	253	600
Montana	107	7	NA	242	117	12	NA	278
Utah	465	13	351	952	493	24	358	1,003
Wyoming	NA	NA	82	159	NA	NA	86	213
Far West	8,966	1,287	8,011	20,801	9,609	1,353	8,332	22,002
Alaska	NA	17	NA	157	NA	11	NA	222
California	7,680	1,236	5,552	15,187	8,246	1,270	5,761	16,010
Hawaii	272	7	410	776	297	0	438	807
Nevada	NA	NA	557	657	NA	NA	613	715
Oregon	1,014	27	NA	1,077	1,066	72	NA	1,183
Washington	NA	NA	1,492	2,948	NA	NA	1,520	3,065

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Table 11
State Tax Revenue, July to December, FY 2003 and FY 2004 (In Millions of Dollars)

	FY 2003				FY 2004			
	Personal Income	Corporate Income	Sales	Total	Personal Income	Corporate Income	Sales	Total
United States	\$86,454	\$11,076	\$86,988	\$218,826	\$91,521	\$12,148	\$91,453	\$231,660
New England	6,433	553	4,054	13,607	6,928	635	4,125	14,311
Connecticut	1,540	199	1,290	3,696	1,691	148	1,297	3,821
Maine	495	39	380	1,069	525	47	408	1,154
Massachusetts	3,783	234	1,876	6,944	4,069	340	1,886	7,335
New Hampshire	NA	67	NA	571	NA	66	NA	598
Rhode Island	408	5	398	914	424	19	414	958
Vermont	207	8	111	414	219	16	121	444
Mid Atlantic	18,247	2,810	11,735	38,846	19,888	2,951	12,672	41,768
Delaware	352	18	NA	745	369	21	NA	803
Maryland	1,774	176	1,107	3,378	1,885	141	1,179	3,542
New Jersey	2,649	858	2,452	7,155	2,847	976	2,555	7,564
New York	10,356	1,145	4,373	18,521	11,563	1,107	5,053	20,492
Pennsylvania	3,116	614	3,803	9,047	3,224	705	3,886	9,368
Great Lakes	14,319	1,808	13,754	35,299	14,424	2,066	14,915	37,434
Illinois	3,597	393	3,134	8,482	3,610	607	3,252	9,004
Indiana	1,684	273	1,924	4,528	1,746	240	2,325	4,907
Michigan	3,353	981	4,039	10,657	3,230	906	3,958	10,925
Ohio	3,462	(40)	3,075	7,261	3,542	17	3,739	8,000
Wisconsin	2,223	201	1,582	4,370	2,296	297	1,642	4,598
Plains	7,271	649	5,963	15,442	7,513	702	6,103	16,002
Iowa	1,114	116	872	2,224	1,152	90	864	2,227
Kansas	863	24	901	1,937	908	69	925	2,088
Minnesota	2,686	258	2,002	5,922	2,785	304	2,036	6,215
Missouri	1,932	189	1,257	3,378	1,969	152	1,285	3,406
Nebraska	585	31	494	1,306	605	62	542	1,284
North Dakota	89	31	188	423	94	25	188	421
South Dakota	NA	NA	247	351	NA	NA	265	361
Southeast	16,815	2,149	21,830	48,334	17,623	2,130	22,868	50,668
Alabama	1,096	154	876	2,909	1,146	136	916	2,991
Arkansas	810	93	877	1,894	836	97	914	1,992
Florida	NA	478	7,006	9,025	NA	591	7,507	9,927
Georgia	3,162	163	2,299	6,036	3,263	137	2,404	6,268
Kentucky	1,353	167	1,449	3,536	1,404	150	1,443	3,514
Louisiana	807	81	1,113	2,681	944	80	1,041	2,756
Mississippi	541	119	1,181	2,495	541	115	1,139	2,451
North Carolina	3,696	462	2,019	6,660	3,863	338	2,139	6,842
South Carolina	1,464	48	839	2,656	1,492	72	879	2,718
Tennessee	NA	153	2,635	3,892	NA	184	2,862	4,193
Virginia	3,397	146	1,034	5,190	3,650	151	1,109	5,570
West Virginia	489	86	500	1,360	484	80	518	1,446
Southwest	2,666	223	11,562	20,351	2,782	298	11,859	21,225
Arizona	1,194	152	1,482	2,984	1,207	225	1,594	3,176
New Mexico	454	37	691	1,423	485	45	703	1,553
Oklahoma	1,018	33	712	2,127	1,089	28	765	2,362
Texas	NA	NA	8,677	13,818	NA	NA	8,796	14,134
Rocky Mountain	3,097	185	2,196	6,304	3,205	230	2,331	6,716
Colorado	1,615	73	928	2,701	1,644	110	952	2,784
Idaho	408	42	428	1,064	428	37	523	1,188
Montana	237	21	NA	460	256	24	NA	514
Utah	838	50	724	1,867	879	59	733	1,940
Wyoming	NA	NA	116	212	NA	NA	124	290
Far West	17,606	2,700	15,895	40,643	19,159	3,138	16,579	43,536
Alaska	NA	31	NA	401	NA	22	NA	493
California	15,050	2,573	10,876	29,977	16,477	2,952	11,324	32,200
Hawaii	538	11	884	1,596	572	8	911	1,626
Nevada	NA	NA	1,096	1,306	NA	NA	1,209	1,440
Oregon	2,018	85	NA	2,177	2,111	156	NA	2,352
Washington	NA	NA	3,040	5,186	NA	NA	3,134	5,426

See p. 5 for notes.

Technical Notes

This report is based on information collected from state officials, most often in state revenue departments, but in some cases from state budget offices and legislative staff. This is the latest in a series of such reports published by the Rockefeller Institute's Fiscal Studies Program (formerly the Center for the Study of the States).

In most states, revenue reported is for the general fund only, but in several states a broader measure of revenue is used. The most important category of excluded revenues in most states is motor fuel taxes. Taxes on health-care providers to fund Medicaid programs are excluded as well.

California: Non-general fund revenue from a sales tax increase dedicated to local governments is included.

Michigan: The Single Business Tax, a type of value-added tax, is treated here as a corporation income tax.

Several caveats are important. First, tax collections during a period as brief as three months are subject to influences that may make their interpretation difficult. For example, a single payment from a large corporation can have a significant effect on corporate tax revenues.

Second, estimates of tax adjustments are imprecise. Typically the adjustments reflect tax legislation, however they occasionally reflect other atypical changes in revenue. Unfortunately, we cannot speak with every state in every quarter. We discuss tax legislation carefully with the states that have the largest changes, but for states with smaller changes we rely upon our analysis of published sources and upon our earlier conversations with estimators.

Third, revenue estimators cannot predict the quarter-by-quarter impact of certain legislated changes with any confidence. This is true of almost all corporate tax changes, which generally are reflected in highly volatile quarterly estimated tax payments; to a lesser extent it is true of personal income tax changes that are not implemented through withholding.

Finally, many other non-economic factors affect year-over-year tax revenue growth: changes in payment patterns, large refunds or audits, and administrative changes frequently have significant impacts on tax revenue. It is not possible for us to adjust for all of these factors.

This report contains second calendar quarter revenue data for 50 states, although Missouri only had data for its three major taxes, so no totals are included.

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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Fiscal Studies Program

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