

HIGHLIGHTS

- State tax revenue totaled \$143.7 billion in the October-December 2006 quarter, up 4.3 percent from the same period in 2005.
- After adjusting for inflation and legislated tax changes, growth was 1.5 percent, up from the previous year's adjusted real change of 1.3 percent.
- Nominal revenue growth among the regions differed from the usual model. While the Rocky Mountain states have shown the strongest growth recently, the Southwest took the lead this quarter with a total tax revenue growth rate of 6.5 percent.
- National employment growth was 1.4 percent this quarter, matching the growth rate from one year ago, with the strongest growth continuing in the western regions and the weakest in the Great Lakes and New England states.
- State tax revenue growth was reduced by nearly \$1.0 billion in net enacted tax cuts.

Fourth Quarter 2006 State Tax Revenue Report — A Cautionary Tale

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Tax Revenue Change

State tax revenue increased 4.3 percent in the October-December quarter of 2006 compared to the same quarter the year before. This nominal growth rate was just below the previous quarter's 4.7 percent, and was the weakest since the April-June quarter of 2003. Tax revenue changes for the last 30 quarters are shown in Table 1.

Inflation diminished this quarter, measured by the state and local government consumption expenditure index, and dropped to 3.5 percent from a relatively high 4.7 percent last quarter. The inflation growth rate was slower than the previous 10 quarters, and is lower than the state tax changes. Tax legislation and other processing changes had a modest net impact on state tax collections in the October-December quarter, with a moderate net legislated reduction overall. When the effects of enacted tax cuts and inflation are considered, real adjusted state tax revenue increased only 1.5 percent (Table 1). The pattern of growth in state tax revenue, adjusted for inflation and enacted tax increases from 1991 to the present is illustrated in Figure 1.

Two out of three major state taxes showed stronger growth than the previous quarter, but the overall total tax revenue showed weaker growth:

- ✓ Personal income tax revenue increased 4.0 percent in October-December 2006. This is the lowest rate of increase since the second quarter of 2003.
- ✓ The corporate income tax showed a substantial gain of 16.9 percent, the highest gain in 2006.
- ✓ Sales tax collections grew 5.0 percent, the first time since mid-2003 that sales tax receipts increased faster than personal income tax revenues.

Table 2 shows the last 32 quarters of change in collections of the major state tax sources.

State tax revenue growth remained slow in the fourth quarter. All regions showed single-digit growth, with the Great Lakes the lowest at 2.0 percent. There was a dramatic slowdown in the West: the Rocky Mountain states decreased to 4.3 percent (from 9.1 percent in the third quarter), and growth in the Far West was only 3.6 percent versus 6.1 percent in the preceding quarter. The strongest growth, at 6.5 percent, was seen in the Southwest, followed by the Mid-Atlantic states at 5.5 percent. Growth of 10 percent or more was recorded in four states, compared with seven last quarter and 22 in the second quarter. Additionally, six states had revenue declines this quarter, compared with seven states in the third quarter, and three in the second.

Table 1				
Quarterly State Tax Revenue				
Adjusted for Legislated Tax Changes and Inflation				
Year-Over-Year Percent Change				
	Total	Adjusted	Inflation	Adjusted
	Nominal	Nominal	Rate	Real Change
	Change	Change		
2006				
Oct.-Dec.	4.3 %	5.0 %	3.5 %	1.5 %
July-Sept.	4.6	5.5	4.7	0.8
April-June	9.9	9.9	5.7	4.0
Jan.-Mar.	6.8	6.8	5.8	0.9
2005				
Oct.-Dec.	7.6	7.7	6.3	1.3
July-Sept.	9.3	9.7	6.4	3.1
April-June	13.2	12.9	6.0	6.5
Jan.-Mar.	11.4	9.5	5.9	3.4
2004				
Oct.-Dec.	7.8	7.3	5.7	1.5
July-Sept.	8.6	8.1	4.6	3.3
April-June	11.2	9.0	3.9	4.9
Jan.-Mar.	8.1	7.0	2.9	4.0
2003				
Oct.-Dec.	7.3	4.9	3.8	1.0
July-Sept.	4.5	2.6	3.9	(1.2)
April-June	3.2	0.4	3.9	(3.4)
Jan.-Mar.	1.4	(1.0)	4.7	(5.4)
2002				
Oct.-Dec.	1.9	0.3	3.3	(2.9)
July-Sept.	2.5	0.7	2.7	(2.0)
April-June	(10.6)	(12.1)	2.2	(14.0)
Jan.-Mar.	(7.8)	(8.2)	1.7	(9.7)
2001				
Oct.-Dec.	(2.7)	(2.2)	2.0	(4.1)
July-Sept.	(3.1)	(2.4)	2.6	(4.9)
April-June	2.5	4.2	3.3	0.8
Jan.-Mar.	5.1	6.3	3.6	2.6
2000				
Oct.-Dec.	4.0	5.0	4.2	0.7
July-Sept.	7.1	7.7	4.5	3.0
April-June	11.4	11.8	4.5	6.9
Jan.-Mar.	9.7	10.4	4.8	5.3
1999				
Oct.-Dec.	7.4	8.4	3.7	4.5
July-Sept.	6.1	6.7	3.2	3.4
April-June	5.0	8.0	2.7	5.1
Jan.-Mar.	4.8	6.5	2.0	4.4

Source: Individual state data, analysis by Rockefeller Institute. Inflation is measured by BEA State and Local Government Consumption Expenditures and Gross Investment Price Index.

Table 3 shows the growth by state and region for the three major state taxes and total state taxes.

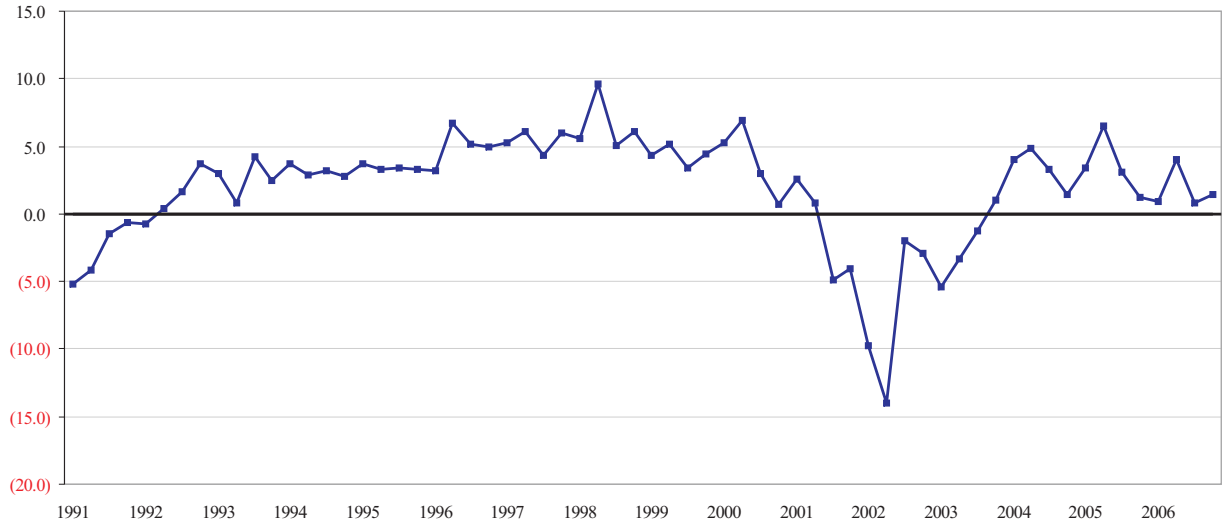
This was the sixth consecutive quarter with a net tax cut, with \$1.0 billion in net enacted reductions. The Southwest had the largest net tax cuts on a regional basis, but New York registered the largest net tax cuts for a single state for the second successive quarter. The Far West was the only region

Table 2				
Quarterly State Tax Revenue				
By Major Tax, Year-Over-Year Percent Change				
	PIT	CIT	Sales	Total
2006				
Oct.-Dec.	4.0 %	16.9 %	5.0 %	4.3 %
July-Sept.	6.6	11.1	4.1	4.7
April-June	15.1	14.7	5.7	9.9
Jan.-Mar.	10.6	(13.8)	6.6	6.8
2005				
Oct.-Dec.	5.7	24.8	5.5	7.6
July-Sept.	9.0	25.4	7.8	9.3
April-June	18.2	21.9	7.9	13.2
Jan.-Mar.	11.6	61.6	6.1	11.4
2004				
Oct.-Dec.	8.8	27.0	6.0	7.8
July-Sept.	8.3	23.2	5.8	8.6
April-June	15.6	13.6	7.1	11.2
Jan.-Mar.	8.7	15.2	8.3	8.1
2003				
Oct.-Dec.	6.6	11.1	6.6	7.3
July-Sept.	5.1	9.0	3.7	4.5
April-June	(0.9)	17.9	2.9	3.1
Jan.-Mar.	(3.1)	10.3	1.9	1.4
2002				
Oct.-Dec.	(0.7)	22.4	0.7	1.9
July-Sept.	(1.6)	4.8	3.8	2.5
April-June	(22.3)	(11.7)	1.5	(10.4)
Jan.-Mar.	(14.3)	(16.1)	(1.0)	(7.8)
2001				
Oct.-Dec.	(2.7)	(31.8)	1.0	(2.7)
July-Sept.	(3.7)	(24.0)	0.0	(3.1)
April-June	5.4	(13.1)	0.5	2.5
Jan.-Mar.	8.7	(9.1)	3.4	5.1
2000				
Oct.-Dec.	5.8	(7.7)	4.2	4.0
July-Sept.	11.0	5.7	4.6	7.1
April-June	18.8	4.2	7.3	11.4
Jan.-Mar.	13.6	8.0	8.2	9.7
1999				
Oct.-Dec.	9.1	3.8	7.3	7.4
July-Sept.	7.6	1.4	6.7	6.1
April-June	6.0	(2.1)	7.3	5.0
Jan.-Mar.	6.6	(2.6)	6.1	4.8

Source: Individual state data, analysis by Rockefeller Institute.

to report net increases, and New Jersey led the states in net tax increases with \$571 million, mostly through sales tax increases (see Figure 2). Table 4 shows the overall effect of legislated tax changes and processing variations. Table 5 shows the percentage change in each state's total tax revenue, adjusted for legislated tax changes and inflation.

Figure 1
Real Adjusted Tax Revenue, 1991-2006
Year-Over-Year Percent Change



Source: Individual state data, analysis by Rockefeller Institute. Inflation is measured by BEA State and Local Government Consumption Expenditures and Gross Investment Price Index.

Personal Income Tax

In the fourth quarter of 2006, out of 48 states reporting, personal income tax revenue made up at least 50 percent of total tax revenue in 11 states, and over 40 percent in 20 more states.

Personal income tax revenue grew 4.0 percent in the October-December 2006 quarter compared to the same quarter in 2005, the lowest increase since mid-2003. By way of comparison, federal personal income tax collections grew 10.1 percent over the same period. The strongest growth in state personal income tax revenue was in the Plains region, where collections grew 6.9 percent, followed closely by the southeastern states, at 6.3 percent. Collections in the Great Lakes region increased only 1.9 percent. Of the 39 states with a broad-based personal income tax and for which fourth quarter information is available, 35 reported growth. Only six states had double-digit increases, the same number as the previous quarter. Only those six states matched or exceeded the rate of federal collections, as well. West Virginia led the states with growth of 22.2 percent. Four states showed a decline in collections, the largest being 3.1 percent in both Ohio and Montana.

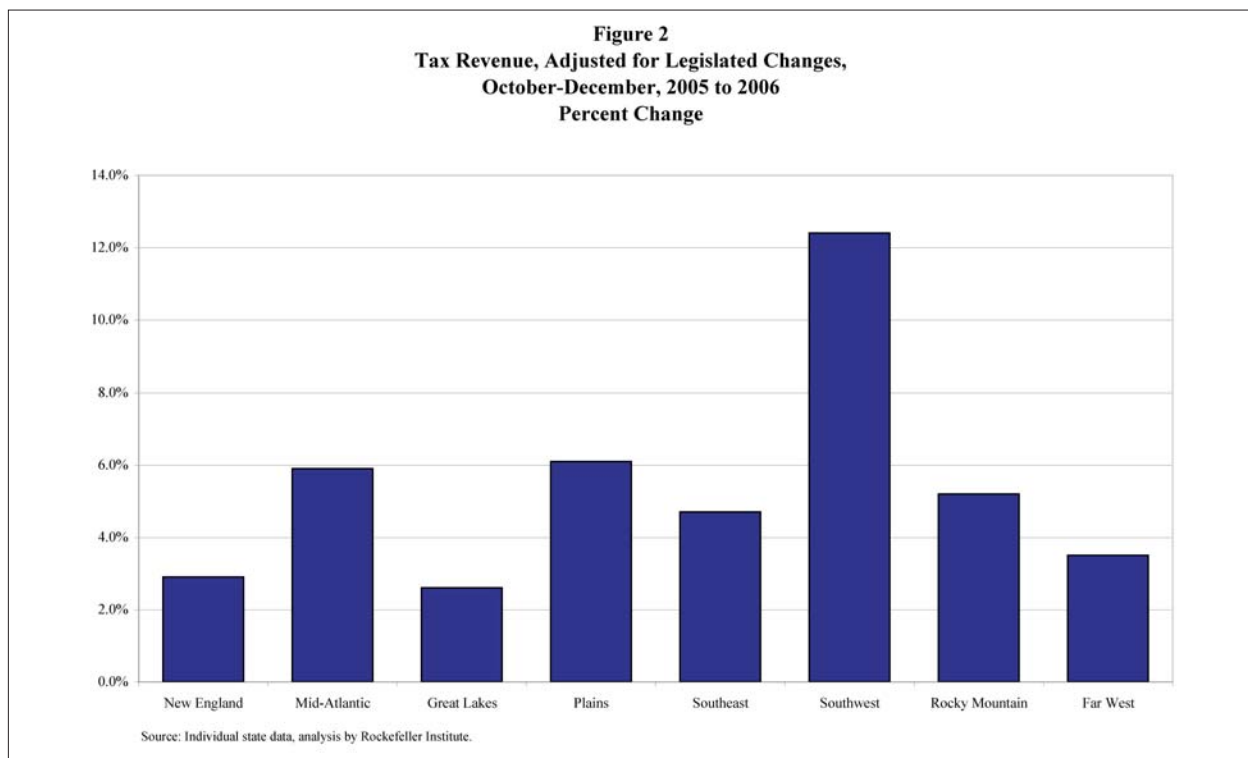
We can get a clearer picture of collections from the personal income tax by breaking this source down into major component parts for which we have data: withholding and quarterly estimated payments.

Withholding

Withholding is a good indicator of the current strength of personal income tax revenue because it comes largely from current wages and is much less volatile than estimated payments or final settlements. Table 6 shows that withholding for the October-December 2006 quarter grew 6.0 percent over the same quarter of 2005, and more than two times the growth recorded in the previous quarter.

Estimated Payments

The highest-income taxpayers generally pay estimated tax payments (also known as declarations) on their income not subject to withholding tax. This income often comes from investments, such as capital gains realized in the stock market. A strong stock market should eventually translate into capital gains and higher estimated tax payments. Strong business profits also tend to boost these payments, as do corporate income taxes.



In the 35 states for which we have complete data, growth in estimated tax payments in December (the fourth quarter payment) was 8.6 percent compared to the year before, using the mean rate of increase (see Table 7).

Increases were recorded in 31 states, with 11 reporting double-digit growth. Six states had increases of more than 20 percent. Arizona, Arkansas, California, and Kentucky showed year-over-year declines. The continued increase indicates that most taxpayers who receive nonwage income are expecting it to be higher this year than last. In addition, since there was strong growth in final payments for last year's income, many estimated taxpayers need to pay more just to match their total payments for last year, as required to avoid penalties. The strong estimated tax payments may also point to strong growth in final payments for April 2007.

General Sales Tax

Collections in the October-December 2006 quarter were 5.0 percent above the same quarter in 2005. This is a slight increase from the 4.1 percent growth the previous quarter.

All regions showed net gains and sales tax revenue again grew fastest in the Southwest region, at 10.6 percent. Nebraska had the largest increase at 30.9 percent, marking the second consecutive quarter of a high percentage increase in sales tax. The third quarter showed Nebraska collecting a 27.8 increase in sales tax revenue. Nebraska has not legislated any sales tax changes, so the source of this increase is unclear. Wyoming, New Jersey, and Idaho all had increases over 20 percent at 24.7, 23.3, and 22.0 percent, respectively. The Great Lakes and Southeast regions both recorded the smallest increases, at 2.6 percent. Wisconsin, Iowa, Georgia, and Mississippi showed declines between 1.0 and 2.1 percent.

Corporate Income Tax

Nominal tax revenue increased 16.9 percent in the October-December quarter, the strongest growth since the fourth quarter of 2005. The Southwest region reported the largest increase with 52.0 percent, due largely to Oklahoma's 121.6 percent increase. Oklahoma's average annual percent increase in 2006 was 107.2 percent over 2005. However, the Great Lakes region overall and 13 states showed a decrease in corporate tax revenue, with Ohio leading with a decline of 98.4 percent

Table 3
Quarterly Tax Revenue by Major Tax, by State
October-December, 2005 to 2006, Percent Change

	PIT	CIT	Sales	Total
United States	4.0 %	16.9 %	5.0 %	4.3 %
New England	4.2	18.6	3.6	2.7
Connecticut	3.9 ¶	12.3 ¶	3.6	3.7
Maine	10.1	(54.1)	4.2	(0.7)
Massachusetts	3.6	44.6	3.6	3.1
New Hampshire	NA	29.3	NA	(2.4)
Rhode Island	7.6	(85.0) ¶	3.7	2.0
Vermont	0.5	37.4	0.1	5.4 *
Mid-Atlantic	3.3	33.5	7.0	5.5
Delaware	4.4	34.8 ¶	NA	5.7
Maryland	4.9	(27.9)	2.8	1.4
New Jersey	2.7	(8.2) *	23.3 *	1.7 *
New York	2.3 ¶	107.3 ¶	0.0 ¶	8.8 ¶
Pennsylvania	6.0	13.3 ¶	4.5	4.1
Great Lakes	1.9	(2.0)	2.6	2.0
Illinois	5.0	12.6	6.1	5.0
Indiana	4.9	(3.5)	2.4	2.5
Michigan	(0.5)	(11.7)	2.4	0.4
Ohio	(3.1) ¶	(98.4)	1.9	(2.1) ¶
Wisconsin	5.4	49.3	(1.0)	5.6
Plains	6.9	21.1	5.4	5.3
Iowa	7.3	35.8	(1.4)	5.6
Kansas	12.4	41.1	2.9	8.5
Minnesota	5.3 ¶	40.0	3.5	6.2
Missouri	3.9	(19.6)	2.8	3.4
Nebraska	14.8	(5.8)	30.9 ¶	0.6 ¶
North Dakota	6.1	7.8	12.4	5.7
South Dakota	NA	NA	ND	ND
Southeast	6.3	15.6	2.6	4.7
Alabama	12.6	30.2	2.9	6.0
Arkansas	7.7	(19.3)	4.7	3.6
Florida	NA	16.6	3.1	0.8
Georgia	4.4	26.5	(2.1)	6.5
Kentucky	1.7	12.3	4.1	2.5
Louisiana	ND	ND	ND	ND
Mississippi	15.7	31.4	(1.6)	4.0
North Carolina	4.2	18.2	2.6	7.7
South Carolina	9.4	27.6	5.1	8.8 *
Tennessee	NA	67.4	4.2	7.3
Virginia	5.1	(26.5) ¶	2.4	0.7
West Virginia	22.2	66.3	4.9	18.4
Southwest	3.8	52.0	10.6	6.5
Arizona	6.7 ¶	34.8 ¶	8.2	10.2 ¶
New Mexico	ND	ND	ND	ND
Oklahoma	(0.1)	121.6	7.3	5.3
Texas	NA	NA	11.4	5.7 ¶
Rocky Mountain	3.5	8.4	7.3	4.3
Colorado	3.3	6.8	0.2	2.5
Idaho	7.2	(23.4)	22.0	11.8
Montana	(3.1)	24.1	NA	(6.7)
Utah	3.8 ¶	22.5	2.7 ¶	4.7 ¶
Wyoming	NA	NA	24.7 ¶	8.0 ¶
Far West	3.4	8.9	4.8	3.6
Alaska	NA	110.4	NA	(20.3)
California	3.0	9.7	3.7	4.0
Hawaii	7.8	18.8	13.8	11.2
Nevada	NA	NA	2.3	1.8
Oregon	5.2	(41.2)	NA	(1.2)
Washington	NA	NA	7.5	5.6

Source: Individual state data, analysis by Rockefeller Institute.

See page 9 for notes.

after posting a 5,540.0 percent increase in the last quarter. Ohio's corporate tax revenue was abnormally high because of one-time settlements, which increased tax revenue by \$30 million. The fourth quarter decline is due to filing extensions and refund processing. Corporate income tax is an unstable revenue source; many states report sizeable changes from quarter to quarter.

Underlying Reasons for Trends

State 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.

State Economies

National economic growth remained steady this quarter. Bureau of Economic Analysis (BEA) estimates indicate that the real Gross Domestic Product (GDP) grew at an annual rate of 2.2 percent (GDP percent change based on chained 2000 dollars, seasonally adjusted annual rates) in the fourth quarter compared to 2.0 percent in the third quarter, 2.6 percent in the second quarter, and 5.6 percent in the January-March period. The GDP increased slightly after the slowdown, which was attributed to slower consumer spending on durable goods and downturns in investment in equipment and software, as well as Federal government spending.¹

The national unemployment rate decreased to 4.4 percent from 4.7 percent from the three previous quarters (as well as the previous two quarters). The average annual unemployment rate for 2006 was 4.6 percent, the lowest since 2000.²

Productivity is another gauge of economic strength and is measured by the increase in output per labor hour. Productivity is related to the GDP because productivity increases when there is more output. Productivity also increases when there are fewer hours worked. From the third to the fourth quarter in 2006 output

Table 4			
Quarterly State Tax Revenue			
Adjusted for Legislated Tax Changes			
Year-Over-Year Percent Change			
	PIT	Sales	Total
2006			
Oct.-Dec.	5.3 %	4.7 %	5.0 %
July-Sept.	8.1	4.2	5.5
April-June	15.4	6.5	9.9
Jan.-Mar.	10.9	7.4	6.8
2005			
Oct.-Dec.	6.0	6.4	7.7
July-Sept.	9.2	8.6	9.7
April-June	17.7	7.8	12.9
Jan.-Mar.	11.2	6.0	9.5
2004			
Oct.-Dec.	8.3	5.7	7.3
July-Sept.	7.3	5.6	8.1
April-June	12.6	6.4	9.0
Jan.-Mar.	7.7	6.8	7.0
2003			
Oct.-Dec.	5.3	4.2	4.9
July-Sept.	3.9	1.9	2.6
April-June	(2.0)	1.3	0.4
Jan.-Mar.	(4.4)	1.0	(1.0)
2002			
Oct.-Dec.	(1.6)	0.7	0.3
July-Sept.	(2.1)	2.7	0.7
April-June	(22.5)	0.1	(11.9)
Jan.-Mar.	(14.5)	(2.4)	(8.4)
2001			
Oct.-Dec.	(2.1)	1.2	(2.3)
July-Sept.	(2.8)	0.4	(2.4)
April-June	7.9	0.6	4.2
Jan.-Mar.	10.1	3.7	6.3
2000			
Oct.-Dec.	6.5	5.0	5.0
July-Sept.	11.6	5.6	7.7
April-June	18.6	7.8	11.8
Jan.-Mar.	13.8	8.8	10.4
1999			
Oct.-Dec.	11.0	7.5	8.4
July-Sept.	8.3	6.9	6.7
April-June	12.4	7.3	8.0
Jan.-Mar.	9.9	6.2	6.5

Source: Individual state data, analysis by Rockefeller Institute.
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).

increased by 2.5 percent, and hours increased by 0.9 percent. Wealthier nations tend to have higher productivity rates, with people providing more output and working fewer hours, which leaves them time to consume more.³ Productivity change year-over-year has fluctuated between 1.6 and 4.1 since 1996. The annual average percent change from 2005 to 2006 was 1.6, indicating a slower rate. The productivity rate increased from the third quarter of 2006 to the fourth quarter of 2006 by 1.6 percent, as well.⁴ For the current economic recovery to

Table 5	
Quarterly Total Tax Revenue, by State	
Adjusted for Legislation and Inflation	
October-December, 2005 to 2006, Percent Change	
United States	1.4 %
New England	(0.6)
Connecticut	0.8
Maine	(4.0)
Massachusetts	(0.4)
New Hampshire	(5.7)
Rhode Island	(1.2)
Vermont	0.8
Mid-Atlantic	2.3
Delaware	2.4
Maryland	(1.5)
New Jersey	(12.0)
New York	10.5
Pennsylvania	0.8
Great Lakes	(0.9)
Illinois	1.3
Indiana	(1.6)
Michigan	(3.0)
Ohio	(2.0)
Wisconsin	2.0
Plains	2.5
Iowa	2.0
Kansas	5.2
Minnesota	3.1
Missouri	(0.1)
Nebraska	(1.7)
North Dakota	2.1
South Dakota	ND
Southeast	1.2
Alabama	2.3
Arkansas	0.1
Florida	(1.9)
Georgia	3.2
Kentucky	(1.2)
Louisiana	ND
Mississippi	0.5
North Carolina	4.1
South Carolina	2.0
Tennessee	3.5
Virginia	(2.5)
West Virginia	14.5
Southwest	8.6
Arizona	11.0
New Mexico	ND
Oklahoma	1.7
Texas	9.3
Rocky Mountain	1.6
Colorado	(0.8)
Idaho	8.0
Montana	(9.9)
Utah	3.5
Wyoming	7.4
Far West	0.0
Alaska	(23.0)
California	0.5
Hawaii	7.4
Nevada	(1.6)
Oregon	(4.5)
Washington	1.2

Source: Individual state data, analysis by Rockefeller Institute.
Inflation is measured by BEA State and Local Government Consumption Expenditures and Gross Investment Price Index.
See page 9 for notes.

Table 6				
Personal Income Tax Withholding, by State				
Last Four Quarters, Percent Change				
	2006			
	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.
United States	8.6 %	6.6 %	2.6 %	6.0 %
New England	8.6	6.7	5.8	6.0
Connecticut	15.3	7.7	6.1 ¶	6.1 ¶
Maine	2.5	5.6 ¶	4.0	4.6
Massachusetts	6.4	6.4	5.5	6.2
Rhode Island	4.1	6.8	10.5	5.6
Vermont	12.4	5.6	5.4	4.7
Mid-Atlantic	7.8	4.4	(4.9)	5.5
Delaware	23.4	13.0	11.8	3.3
Maryland	8.9	5.8	(11.2)	5.4
New Jersey	13.5	16.1 *	(36.7)	10.8
New York	6.4	6.4 *	3.0 ¶	4.3 ¶
Pennsylvania	4.2	(11.8)	7.9	4.6
Great Lakes	4.0	4.4	3.7	1.8
Illinois	6.5	7.1	8.1	6.4
Indiana	5.1	5.6	4.7	2.1
Michigan	2.7	(0.5)	1.9	0.4
Ohio	2.1	3.3 ¶	0.7 ¶	(4.1) ¶
Wisconsin	3.7	7.2	3.8	5.7
Plains	5.8	7.0	5.2	14.3
Iowa	(1.8) *	4.4 ¶	5.1	6.8
Kansas	10.3	10.0	8.8	9.7
Minnesota	5.1 ¶	6.1	2.7 ¶	4.9 ¶
Missouri	8.1	6.2	6.3	36.2
Nebraska	10.2	13.8	7.5	9.3
North Dakota	2.1	10.3 ¶	10.7	3.7
Southeast	8.9	7.6	5.5	6.1
Alabama	6.9	7.9	9.7	6.1
Arkansas	8.3 *	9.9 ¶	8.9	7.5
Georgia	9.6	6.3	6.3	5.2
Kentucky	2.7	0.3 ¶	0.1	5.5
Louisiana	30.6	10.2	ND	ND
Mississippi	9.0	9.5	11.8	4.2
North Carolina	9.7	7.5	6.1	6.4
South Carolina	6.7	7.9	4.9	6.2
Virginia	7.1	10.0 ¶	4.0	5.7
West Virginia	9.6	6.2	0.0	14.2
Southwest	11.7	8.5	3.8	6.1
Arizona	13.0	9.9	5.4 ¶	11.4 ¶
New Mexico	7.6	0.5 ¶	(2.8)	ND
Oklahoma	6.1	8.5 ¶	4.5	(0.1)
Rocky Mountain	10.6	8.9	10.2	6.4
Colorado	7.7	8.2	7.4	5.5
Idaho	10.6	11.1	11.2	9.7
Montana	12.2	8.9	11.9	6.4
Utah	15.7	9.1	14.4 ¶	6.3 ¶
Far West	14.2	9.6	4.7	6.7
California	15.7	10.3	4.6	6.6
Hawaii	(9.8)	5.5	5.5	5.6
Oregon	10.5	5.7	5.1	7.8

Source: Individual state data, analysis by Rockefeller Institute.

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 9 for notes.

match the growth of previous recoveries, this rate needs to increase for the GDP rate to increase.⁵

Income growth also provides an economic strength outlook. Hourly compensation increased 2.6 percent from the second to the third quarter of 2006 and 8.4 percent from the third to the fourth quarter. Hourly compensation includes wages and salaries, supplements, employer contributions to employee benefit plans, and taxes. Real hourly compensation measures hourly compensation by taking changes in consumer prices into account. Consumer prices fell .1 percent from the second to third quarter of 2006 and 2.1 percent from the third to fourth quarter. From the third to the fourth quarter of 2006, real hourly compensation declined .4 percent in the third quarter, and grew 10.5 percent in the fourth quarter.⁶

By comparing productivity and hourly compensation, we can see the change in unit labor costs. Unit labor costs increased 6.6 percent in the fourth quarter of 2006, as hourly compensation increased more than productivity. However, it is not immediately apparent what component of hourly compensation changed to cause the 10.5 percent growth.⁷

The general lack of timely state-level indicators presents a challenge to an assessment of state economies. Data on nonfarm 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. Most taxes are based on 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.

On a national basis, nonfarm employment continued to exhibit solid growth. By this measure, employment in the October-December 2006 quarter showed a 1.4 percent growth rate, and has remained in the 1.4-1.8 percent range over the last four quarters. However, the

	April-January (All four payments)	December-January (Fourth payment)
Average (Mean)	13.1 %	8.6 %
Median	11.7	6.9
Alabama	19.3	25.4
Arizona	10.1	(14.5)
Arkansas	6.4	(4.2)
California	11.1	(2.3)
Colorado	29.1	18.5
Connecticut	7.4	5.7
Delaware	5.2	1.1
Georgia	16.6	10.2
Hawaii	18.3	14.3
Illinois	18.2	20.4
Indiana	10.0	6.9
Iowa	11.7	9.0
Kansas	22.0	17.5
Kentucky	(14.6)	(15.7)
Maine	6.6	6.3
Maryland	14.4	9.4
Massachusetts	11.1	3.7
Michigan	5.5	0.2
Missouri	11.2	1.9
Montana	25.6	26.1
Nebraska	21.8	39.0
New Jersey	7.5	5.2
New York	13.3	9.0
North Carolina	12.7	3.3
North Dakota	32.8	23.9
Ohio	4.8	5.4
Oklahoma	17.7	5.4
Oregon	10.6	1.4
Pennsylvania	13.9	8.2
Rhode Island	7.7	8.6
South Carolina	23.1	23.5
Vermont	8.6	1.5
Virginia	13.8	11.2
West Virginia	15.0	7.5
Wisconsin	9.5	6.5

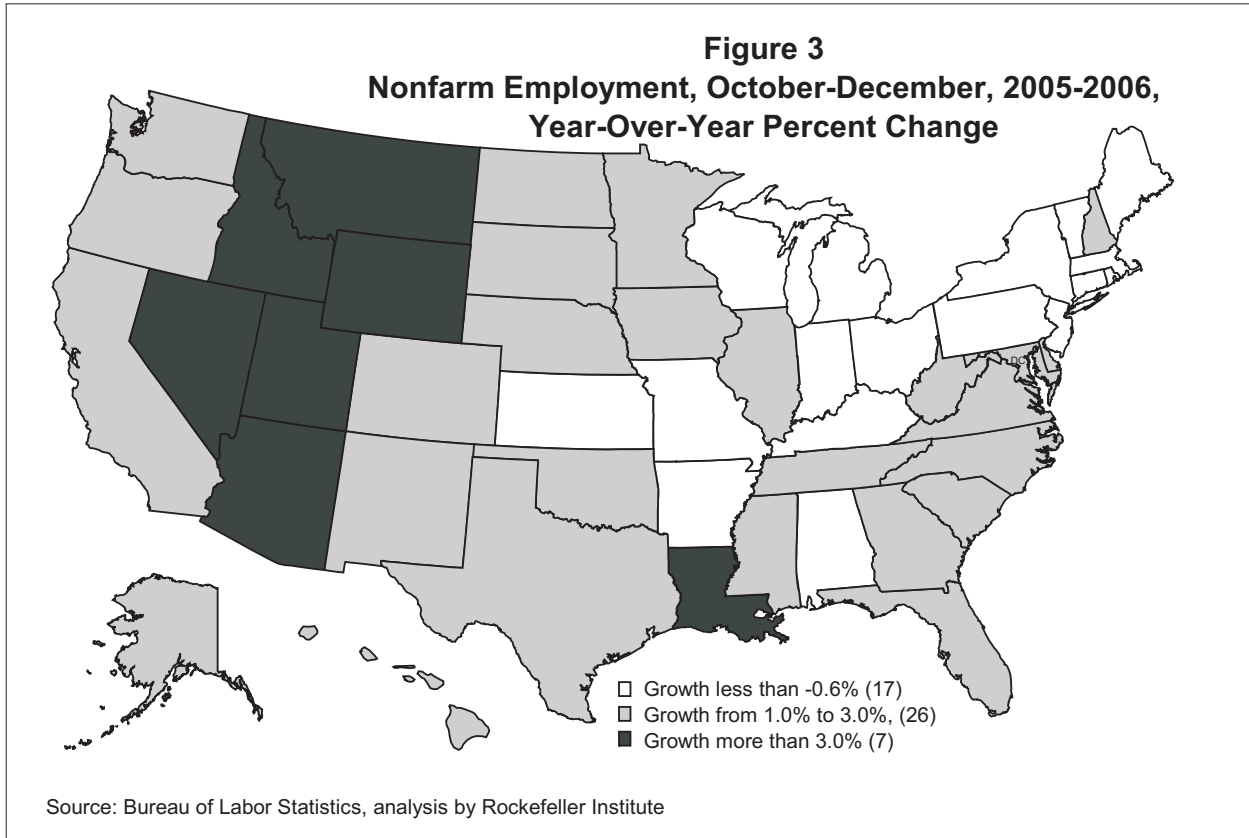
Source: Individual state data, analysis by Rockefeller Institute.

disparity in employment growth among the regions remains pronounced. Table 8 shows year-over-year employment growth for the nation and for each state for the four quarters of 2006. Figure 3 maps the change in the fourth quarter 2006 employment compared to the same period in 2005.⁸

Job growth continues to be concentrated in the western states. The Rocky Mountain and Southwest regions have vied for the lead in creating jobs in recent quarters — this quarter, the Rocky Mountain states again came out on top, at 3.2 percent versus the Southwest's 2.5 percent growth rate. The

	2006			
	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.
United States	1.8	1.5	1.5	1.4
New England	0.9	0.6	0.6	0.6
Connecticut	0.8	0.5	0.5	0.6
Maine	0.0	0.1	0.3	0.5
Massachusetts	1.0	0.7	0.7	0.6
New Hampshire	1.3	0.9	0.8	1.0
Rhode Island	0.8	0.4	0.2	(0.0)
Vermont	0.5	0.6	0.9	0.7
Mid-Atlantic	1.2	0.9	0.9	0.8
Delaware	1.8	1.5	1.6	1.5
Maryland	1.6	1.4	1.3	1.3
New Jersey	1.3	0.9	0.7	0.5
New York	1.0	0.8	0.9	0.8
Pennsylvania	1.2	0.9	0.9	0.9
Great Lakes	0.8	0.6	0.5	0.3
Illinois	1.1	1.0	1.1	1.0
Indiana	1.2	0.7	0.5	0.4
Michigan	(0.4)	(0.4)	(0.4)	(0.5)
Ohio	0.7	0.6	0.4	0.1
Wisconsin	1.4	1.1	0.9	0.7
Plains	1.6	1.4	1.6	1.5
Iowa	1.9	1.7	1.8	1.7
Kansas	0.7	0.1	0.4	0.6
Minnesota	1.7	1.9	2.6	2.1
Missouri	1.4	1.0	0.9	0.8
Nebraska	2.1	1.6	1.6	1.6
North Dakota	2.4	1.4	1.5	1.7
South Dakota	2.4	2.4	2.3	2.4
Southeast	1.7	1.4	1.6	1.9
Alabama	2.5	1.8	1.4	0.9
Arkansas	1.3	1.2	1.2	0.9
Florida	3.8	3.3	3.1	2.7
Georgia	2.4	1.9	1.9	2.0
Kentucky	1.6	1.2	1.0	0.6
Louisiana	(8.6)	(9.2)	(5.0)	3.7
Mississippi	0.2	(0.0)	1.2	2.2
North Carolina	1.8	2.0	1.9	1.4
South Carolina	2.2	2.5	2.5	2.2
Tennessee	1.4	1.2	1.2	1.0
Virginia	2.2	1.7	1.5	1.3
West Virginia	1.4	0.9	1.0	1.1
Southwest	3.4	2.9	2.7	2.5
Arizona	5.6	4.8	4.8	4.5
New Mexico	2.7	2.6	3.1	2.4
Oklahoma	2.9	2.0	1.5	1.4
Texas	2.9	2.5	2.3	2.1
Rocky Mountain	3.3	3.2	3.2	3.2
Colorado	2.3	2.2	2.0	1.9
Idaho	5.0	5.1	4.2	3.8
Montana	2.2	2.2	3.1	4.2
Utah	4.4	4.6	4.7	4.5
Wyoming	3.5	3.6	4.1	4.9
Far West	2.6	2.1	1.9	1.6
Alaska	1.5	1.4	1.3	1.7
California	2.0	1.5	1.3	1.1
Hawaii	3.4	2.6	2.4	2.2
Nevada	6.2	5.1	5.1	4.6
Oregon	3.8	3.6	3.1	2.2
Washington	3.4	3.2	3.2	2.6

Source: Bureau of Labor Statistics, analysis by Rockefeller Institute.
*Dec-06 data is preliminary.



Southeast gave a strong showing at 1.9 percent, beating out the Far West, which was just behind its neighboring regions at 1.6 percent. In total, 18 states in these four regions grew faster than the nation. Two states are on par with the national rate: Oklahoma and North Carolina recorded the same growth rate of 1.4 percent. Wyoming led the nation with strong 4.9 percent growth, just ahead of

Nevada at 4.6 percent and Arizona and Utah, which both showed a 4.5 percent growth rate. Seven states — Arizona, Idaho, Louisiana, Montana, Nevada, Utah, and Wyoming — recorded growth of more than double the national rate. In contrast, job growth remains sluggish in the New England, Mid-Atlantic, and Great Lakes regions, with each expanding jobs at rates less than 1 percent. This sluggish job growth record was broad-based, with only Delaware among the regions' 16 states exceeding the national average rate. The Great Lakes and New England regions had the slowest job growth at 0.3 and 0.6 percent, respectively. Only Michigan had employment losses in the October-December quarter, and is still struggling with the loss of manufacturing jobs. Louisiana had the largest growth rate between the third and fourth quarters from -5.0 percent to 3.7 percent. Louisiana's growth rate was in the black for the first time since the second quarter of 2005.⁹

Key to Interpreting Tables

All percent change tables are based on year-over-year changes.

1 indicates data through September 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 indicates not applicable.

ND indicates no data.

NM indicates not meaningful.

Historical Tables (Tables 1, 2, and 4) have been shortened to provide data only back to 1999. Data through 1991 are available at <http://rfs.rockinst.org/data/revenue>.

Nature of the Tax System

Even if growth affected all regions and states to exactly the same degree and at exactly the same

Table 9
Quarterly Tax Revenue by Major Tax, by State
July-December 2005 to 2006, Percent Change

	PIT	CIT	Sales	Total
United States	5.3	13.9	4.5	4.4
New England	5.1	21.8	0.0	2.8
Connecticut	4.8	21.6	(3.8)	2.4
Maine	5.5	(19.9)	3.8	1.4
Massachusetts	4.8	29.2	1.2	3.5
New Hampshire	NA	42.6	NA	(0.3)
Rhode Island	8.3	(14.4)	1.6	3.3
Vermont	4.0	(2.9)	1.8	1.7
Mid-Atlantic	4.4	22.0	4.1	4.5
Delaware	6.3	5.0	NA	2.1
Maryland	2.5	(17.4)	2.6	1.7
New Jersey	0.9	(1.6)	18.7	1.7
New York	4.8	59.0	(2.4)	6.3
Pennsylvania	7.1	12.2	3.2	4.5
Great Lakes	3.2	5.5	0.5	1.7
Illinois	6.6	18.3	4.3	5.6
Indiana	6.2	3.7	2.9	4.0
Michigan	1.4	(8.2)	(2.3)	(1.4)
Ohio	(1.2)	(24.3)	(1.8)	(2.0)
Wisconsin	5.0	24.9	0.7	4.6
Plains	6.6	19.1	5.1	3.9
Iowa	5.5	42.0	0.7	5.7
Kansas	11.5	45.8	3.3	9.1
Minnesota	4.7	21.3	2.0	2.3
Missouri	5.5	(9.2)	2.2	2.7
Nebraska	12.7	4.3	29.3	0.4
North Dakota	10.3	35.4	12.5	12.5
South Dakota ¹	NA	NA	5.1	6.1
Southeast	6.2	14.8	4.6	5.2
Alabama	10.7	30.2	5.9	8.1
Arkansas	8.3	(6.9)	5.6	5.3
Florida	NA	12.2	3.6	0.7
Georgia	6.5	4.5	1.0	6.0
Kentucky	(1.1)	27.4	2.6	2.5
Louisiana	ND	ND	ND	ND
Mississippi	16.7	34.5	8.3	10.5
North Carolina	6.5	17.1	4.2	8.7
South Carolina	9.1	24.5	8.6	8.1
Tennessee	NA	23.9	4.6	5.5
Virginia	3.3	(5.1)	12.2	3.4
West Virginia	8.4	41.6	0.7	8.4
Southwest	4.2	30.8	11.2	7.1
Arizona	7.1	23.1	8.9	9.2
New Mexico ¹	(4.7)	7.9	34.1	19.5
Oklahoma	2.4	79.3	8.1	7.1
Texas	NA	NA	11.0	5.8
Rocky Mountain	7.3	15.6	6.3	6.5
Colorado	6.6	4.0	2.8	5.0
Idaho	9.6	(4.0)	11.8	9.3
Montana	4.3	38.2	NA	2.4
Utah	8.2	33.3	4.7	7.9
Wyoming	NA	NA	18.4	5.8
Far West	6.4	5.8	3.8	4.9
Alaska	NA	72.3	NA	0.1
California	6.6	6.9	2.3	4.8
Hawaii	3.7	(58.6)	9.0	4.2
Nevada	NA	NA	2.7	2.5
Oregon	5.3	(13.8)	NA	3.4
Washington	NA	NA	8.1	7.9

Source: Individual state data, analysis by Rockefeller Institute. See page 9 for notes.

time, the impact on state revenue would still vary because the tax systems used by the states react differently to similar economic situations. States that rely heavily on the personal income tax will tend to see stronger growth in good times, since they benefit from growth in income earned by the highest income individuals. This is most evident in states with more progressive income tax structures, since higher incomes are taxed at the highest rates. The sales tax is also very responsive to economic conditions, but is historically less elastic than the personal income tax, dropping more slowly in bad times and increasing more slowly in good times. States that rely heavily on corporate income or severance taxes often see wild swings in revenue that are not necessarily related to general economic conditions. (Severance taxes are levied on the removal of natural resources, such as oil and natural gas.)

Because high-end incomes are based more heavily upon volatile sources such as stock options and capital gains, growth in personal income tax revenue is far more subject to dramatic fluctuations than it would be if it were based entirely on wages and salaries. Over the last couple of years, we have seen growth in the stock market and strong growth in corporate profits and other business-related income. This helps explain why personal and corporate income taxes are growing faster than the general economy. In the last recession, we saw the downside of this volatility. As the stock market and other investments declined, it pushed personal and corporate income tax collections down much faster than the economy and created large holes in almost every state's budget. The recent stock market slide may similarly affect collections in the next few quarters.

States also have learned more about how sales tax revenue responds to an economic slowdown. There has been some fear that as states have removed more stable elements of consumption such as groceries and clothing from their bases, their sales taxes were more subject to plunge as consumers became

nervous about spending on optional and big-ticket items. Most state sales taxes also do not capture spending on services well. In the latest economic downturn, however, the sales tax generally maintained slow growth. It is now growing more rapidly as general economic conditions improve, though generally less rapidly 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 through their severance taxes, and through increases in collections in other state taxes resulting from the generally stronger state economies. Conversely, when the price falls, these states' revenue tends to follow suit. This dynamic often operates largely independently of the general economy. Most states, and especially the nonproducing ones, face more complex revenue impacts from rising gasoline prices, as consumer spending on other taxable products may be squeezed. A relatively high price of oil will likely constitute a drag on most states' economies, as well as create a significant increase in state expenses with potentially some positive impact in states that impose general sales taxes on gasoline.

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 from nominal collections data. That is why this report attempts to note where such changes have significantly affected each state's revenue growth. We also occasionally note when tax-processing changes 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 2006 quarter, enacted tax changes and processing variations decreased state revenue by an estimated net of \$1.0 billion compared to the same period in 2005.¹⁰

Personal income tax reductions totaled \$696 million, with New York accounting for \$433 million compared to the total reduction for states in the third quarter of \$772 million. Ohio showed the second largest income tax reduction, with a net decline of \$160 million, almost twice as much as the \$85 million reduction the previous quarter. The sales tax was increased in the fourth quarter of 2006 by a net \$154 million compared to a \$99 million reduction in the third quarter of 2006. New Jersey reported the largest sales tax increase for both the third and fourth quarters, totaling \$251 million and \$485 million, respectively. New York showed the largest reduction at \$200 million, down from \$202 million in the third quarter.¹¹

Conclusions

Total revenue growth slowed for the second consecutive quarter in October-December 2006. Only one of the three major tax revenues showed a weaker performance than the previous quarter. However, the decrease in personal income tax collections outweighed the increases of the corporate income tax and sales tax. Corporate income tax has expanded and diminished, depending on timely receipts and compliance. Sales tax has increased and decreased, depending on consumer consumption and sales tax holidays. Only the personal income tax has continually declined, hitting its lowest point since 2003, yet personal income tax shows the strength of the economy through employment and income growth.

The GDP increased only 2.2 percent in the fourth quarter, which is higher than the 2.0 percent growth in the third quarter, but still relatively weak. State tax collection strength was in line with the national economy, as the GDP exhibited a slower expansion for two consecutive quarters before increasing slightly. Although the Rocky Mountain region showed the largest increase in employment, the region also began to show declining revenue growth, with only a 4.3 percent total tax increase in October-December 2006 period. The Southwest region took the lead in total tax revenue increases at 6.5 percent, and had the second highest employment increase at 2.5 percent. The Great Lakes and New England regions continue to show the least amount of growth both through employment and total tax revenue.

Endnotes

- | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|
| 1 Bureau of Economic Analysis data. | 6 Bureau of Economic Analysis data. |
| 2 Bureau of Labor Statistics data. | 7 Ibid. |
| 3 Schiller, Bradley R. <i>Essentials of Economics</i> . 4th Ed. McGraw Hill, 2002. | 8 Bureau of Labor Statistics data. |
| 4 Bureau of Economic Analysis data. | 9 Ibid. |
| 5 Bivens, L. Josh. "GDP Picture" <i>Economy ends 2006 healthy</i> . Economic Policy Institute, January 31, 2007. http://www.epi.org . | 10 National Conference of State Legislatures data. |
| | 11 Ibid. |

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 many states is motor fuel taxes. Taxes on health-care providers to fund Medicaid programs are excluded as well.

California: Nongeneral 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 corporate 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 noneconomic 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.

Fourth Quarter 2006 State Tax Revenue Report — A Cautionary Tale

Table 10
State Tax Revenue, October-December, 2005 and 2006 (\$ in millions)

	2005				2006			
	Personal Income	Corporate Income	Sales	Total	Personal Income	Corporate Income	Sales	Total
United States	53,079	9,128	51,528	137,863	55,212	10,670	54,097	143,740
New England	4,137	551	2,353	8,923	4,312	653	2,436	9,167
Connecticut	1,194	201	842	2,769	1,240	226	872	2,871
Maine	275	50	246	748	303	23	256	743
Massachusetts	2,312	216	974	4,126	2,395	312	1,009	4,253
New Hampshire	NA	58	NA	390	NA	75	NA	380
Rhode Island	233	15	209	512	250	2	217	522
Vermont	124	12	82	378	124	16	83	398
Mid-Atlantic	11,986	2,108	7,049	25,317	12,378	2,813	7,539	26,701
Delaware	223	16	NA	474	233	21	NA	501
Maryland	1,212	173	818	2,412	1,271	125	840	2,447
New Jersey	2,149	719	1,618	5,392	2,207	660	1,996	5,481
New York	6,485	689	2,616	11,444	6,636	1,428	2,615	12,448
Pennsylvania	1,917	511	1,997	5,596	2,031	579	2,087	5,824
Great Lakes	8,108	1,251	7,842	21,025	8,263	1,226	8,050	21,439
Illinois	1,922	358	1,737	4,805	2,018	403	1,843	5,043
Indiana	909	193	1,265	2,754	954	186	1,295	2,824
Michigan	1,681	488	1,964	5,753	1,673	431	2,011	5,774
Ohio	2,023	75	1,836	4,464	1,961	1	1,871	4,369
Wisconsin	1,573	137	1,040	3,249	1,658	205	1,029	3,429
Plains	4,119	594	3,189	9,417	4,402	719	3,362	9,913
Iowa	621	78	462	1,214	667	106	455	1,281
Kansas	495	72	490	1,177	556	102	504	1,277
Minnesota	1,514	228	1,150	3,636	1,595	319	1,190	3,862
Missouri	1,095	115	681	2,353	1,137	93	700	2,434
Nebraska	340	66	301	751	391	62	394	756
North Dakota	54	35	106	287	57	38	119	304
South Dakota	NA	NA	ND	ND	NA	NA	ND	ND
Southeast	9,827	1,994	13,281	30,583	10,445	2,304	13,621	32,026
Alabama	654	110	556	1,901	737	143	573	2,015
Arkansas	481	98	522	1,173	518	79	547	1,216
Florida	NA	526	4,588	6,307	NA	614	4,731	6,361
Georgia	2,056	184	1,386	3,973	2,147	233	1,358	4,233
Kentucky	748	213	764	2,358	760	239	795	2,417
Louisiana	ND	ND	ND	ND	ND	ND	ND	ND
Mississippi	303	63	767	1,467	351	82	755	1,526
North Carolina	2,297	340	1,268	4,704	2,395	402	1,301	5,067
South Carolina	846	38	574	1,616	926	49	603	1,758
Tennessee	NA	102	1,571	2,261	NA	171	1,637	2,425
Virginia	2,171	257	994	3,973	2,282	189	1,018	4,002
West Virginia	270	62	290	850	330	104	305	1,007
Southwest	1,484	212	6,638	11,666	1,541	322	7,342	12,421
Arizona	857	170	1,021	2,106	915	229	1,105	2,321
New Mexico	ND	ND	ND	ND	ND	ND	ND	ND
Oklahoma	627	42	436	1,386	626	93	468	1,459
Texas	NA	NA	5,181	8,174	NA	NA	5,770	8,641
Rocky Mountain	2,041	231	1,278	4,074	2,113	250	1,371	4,247
Colorado	965	87	501	1,576	998	93	501	1,615
Idaho	278	42	254	680	298	32	310	761
Montana	156	36	NA	343	151	45	NA	319
Utah	642	65	422	1,273	666	80	433	1,333
Wyoming	NA	NA	102	203	NA	NA	127	219
Far West	11,376	2,189	9,899	26,858	11,758	2,383	10,376	27,825
Alaska	NA	27	NA	570	NA	56	NA	454
California	9,786	2,064	6,726	19,210	10,076	2,265	6,973	19,980
Hawaii	343	6	550	987	369	8	626	1,097
Nevada	NA	NA	805	1,035	NA	NA	823	1,054
Oregon	1,248	92	NA	1,478	1,312	54	NA	1,461
Washington	NA	NA	1,818	3,577	NA	NA	1,954	3,779

Source: Individual state data, analysis by Rockefeller Institute. See page 9 for notes.

Table 11
State Tax Revenue, July-December, FY 2006 and 2007 (\$ in millions)

	FY 2006				FY 2007			
	Personal Income	Corporate Income	Sales	Total	Personal Income	Corporate Income	Sales	Total
United States	105,306	18,795	102,093	272,289	110,884	21,409	106,671	284,384
New England	7,880	1,054	4,434	16,812	8,278	1,284	4,433	17,278
Connecticut	1,987	287	1,362	4,440	2,084	349	1,310	4,546
Maine	523	91	437	1,340	552	73	454	1,358
Massachusetts	4,654	507	2,026	8,461	4,879	655	2,050	8,757
New Hampshire	NA	104	NA	787	NA	149	NA	785
Rhode Island	466	38	446	1,069	505	32	453	1,104
Vermont	249	28	163	716	259	27	166	729
Mid-Atlantic	23,696	4,010	13,564	49,418	24,732	4,892	14,116	51,648
Delaware	438	48	NA	984	466	51	NA	1,005
Maryland	2,394	392	1,345	4,494	2,454	324	1,380	4,570
New Jersey	3,691	1,179	2,751	9,133	3,724	1,160	3,267	9,284
New York	13,212	1,443	5,331	23,374	13,845	2,294	5,201	24,839
Pennsylvania	3,961	948	4,137	11,433	4,243	1,064	4,269	11,950
Great Lakes	15,962	2,455	15,754	40,789	16,475	2,590	15,835	41,492
Illinois	3,936	693	3,558	9,764	4,194	820	3,712	10,312
Indiana	1,884	411	2,572	5,552	2,001	426	2,648	5,772
Michigan	3,331	928	4,084	10,952	3,379	852	3,990	10,799
Ohio	4,066	76	3,782	8,872	4,018	58	3,714	8,696
Wisconsin	2,746	348	1,759	5,650	2,883	434	1,772	5,913
Plains	8,373	1,220	6,502	19,027	8,927	1,454	6,834	19,767
Iowa	1,238	135	946	2,478	1,307	192	953	2,620
Kansas	1,019	144	999	2,384	1,136	210	1,033	2,601
Minnesota	3,096	517	2,187	7,029	3,243	628	2,231	7,190
Missouri	2,209	247	1,378	4,789	2,331	224	1,409	4,920
Nebraska	700	127	625	1,596	789	132	808	1,603
North Dakota	111	51	212	548	123	68	238	616
South Dakota ¹	NA	NA	154	205	NA	NA	162	218
Southeast	19,386	3,962	26,000	59,787	20,580	4,547	27,192	62,866
Alabama	1,323	208	1,071	3,667	1,464	271	1,134	3,965
Arkansas	980	187	1,054	2,370	1,061	174	1,113	2,497
Florida	NA	1,032	9,154	12,384	NA	1,158	9,483	12,470
Georgia	3,928	365	2,792	7,813	4,185	381	2,819	8,282
Kentucky	1,515	407	1,568	4,562	1,498	519	1,608	4,678
Louisiana	ND	ND	ND	ND	ND	ND	ND	ND
Mississippi	590	130	1,343	2,713	688	175	1,454	2,997
North Carolina	4,443	611	2,436	9,034	4,730	716	2,538	9,815
South Carolina	1,689	99	970	3,041	1,843	124	1,054	3,288
Tennessee	NA	317	3,193	4,743	NA	393	3,340	5,005
Virginia	4,367	472	1,849	7,759	4,512	448	2,075	8,025
West Virginia	553	134	570	1,702	600	190	574	1,844
Southwest	3,224	596	13,569	24,954	3,359	780	15,083	26,718
Arizona	1,668	399	2,046	4,306	1,787	491	2,228	4,701
New Mexico ¹	294	91	396	989	280	99	531	1,182
Oklahoma	1,262	106	861	2,774	1,292	190	931	2,970
Texas	NA	NA	10,265	16,884	NA	NA	11,393	17,866
Rocky Mountain	3,823	486	2,615	7,857	4,100	561	2,779	8,364
Colorado	1,903	198	1,044	3,196	2,028	206	1,073	3,357
Idaho	509	83	551	1,351	558	80	617	1,477
Montana	316	63	NA	619	330	88	NA	634
Utah	1,096	141	865	2,401	1,185	188	905	2,592
Wyoming	NA	NA	156	288	NA	NA	185	305
Far West	22,962	5,011	19,655	53,646	24,432	5,302	20,398	56,252
Alaska	NA	54	NA	1,069	NA	93	NA	1,071
California	19,762	4,674	13,266	39,113	21,072	4,998	13,568	40,973
Hawaii	705	74	1,129	2,087	731	30	1,231	2,174
Nevada	NA	NA	1,586	2,044	NA	NA	1,628	2,095
Oregon	2,496	210	NA	2,907	2,629	181	NA	3,006
Washington	NA	NA	3,675	6,426	NA	NA	3,971	6,933

Source: Individual state data, analysis by Rockefeller Institute. See page 9 for notes.

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.

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Fiscal Studies Program

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