



Data Alert

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For Immediate Release

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State Tax Revenues Showed Continued Yet Slow Growth in the Third Quarter of 2012

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Preliminary data for the July-September quarter of 2012 show further growth in overall state tax collections, including income and sales tax revenues. However, the growth in total tax collections remained slower than many state officials had hoped for. We will provide a full report on the July-September period after the Census Bureau's data for the quarter are available.

The Rockefeller Institute's compilation of preliminary data from 47 states shows that collections from major tax sources increased by 2.1 in nominal terms in the third quarter of 2012 compared to the same quarter of 2011. Tax collections have now risen for 11 straight quarters, beginning with the first quarter of 2010. This growth followed five quarters of declines brought on by the Great Recession.

Among 47 early reporting states, 38 states reported gains while nine states reported declines in total tax revenue collections during the third quarter of 2012. Personal income taxes grew by 4.5 percent. Sales taxes growth was relatively weak at 3.1 percent, and corporate income taxes fell by 0.5 percent. (See Table 1 for national-level changes in revenues since 2007.)

Table 2 shows state-by-state changes in major tax revenues during the third quarter of 2012 compared to the same quarter a year earlier. Delaware and Colorado reported the largest increases in overall tax collections, at 11.7 and 10.3 percent, respectively. In addition to these two states reporting double-digit growth in total tax collections, five states indicated double-digit growth in personal income taxes, and three states in sales tax revenues.

Overall, state tax revenues are showing continued improvement, though the pace of growth has been much slower in the recent quarters compared to historic averages. While state tax revenues have now grown for 11 consecutive quarters, they are still far below where they would have been in the absence of the Great Recession. Nationwide, state tax revenues in fiscal 2012 were less than 1 percent higher than fiscal 2008 in nominal terms. After adjusting for inflation, state tax revenues declined 5 percent in fiscal 2012 compared to fiscal 2008.

Table 1: State Taxes Showed Continued Growth in the Third Quarter of 2012
Percent Change in State Tax Collections vs. Same Quarter a Year Ago

	PIT	CIT	Sales	Total
2007 Q1	8.5	14.8	3.1	5.2
2007 Q2	9.2	1.7	3.5	5.5
2007 Q3	7.0	(4.3)	(0.7)	3.1
2007 Q4	3.8	(14.5)	4.0	3.6
2008 Q1	4.8	(1.4)	0.7	2.6
2008 Q2	8.1	(7.0)	1.0	5.4
2008 Q3	0.9	(13.2)	4.7	2.8
2008 Q4	(1.9)	(23.0)	(5.3)	(4.0)
2009 Q1	(19.4)	(20.2)	(8.4)	(12.2)
2009 Q2	(27.7)	3.0	(9.5)	(16.3)
2009 Q3	(11.5)	(21.3)	(10.1)	(11.0)
2009 Q4	(4.1)	0.7	(4.8)	(3.1)
2010 Q1	3.6	0.3	0.1	3.3
2010 Q2	1.3	(19.0)	5.7	1.9
2010 Q3	3.4	0.5	2.5	4.6
2010 Q4	10.2	18.5	4.3	8.0
2011 Q1	13.5	5.9	6.1	10.4
2011 Q2	16.8	15.1	6.0	11.4
2011 Q3	10.2	0.6	3.2	6.2
2011 Q4	4.0	(8.8)	3.5	3.6
2012 Q1	4.1	0.2	4.8	4.1
2012 Q2	5.0	(2.7)	0.7	3.2
2012 Q3 (preliminary)	4.5	(0.5)	3.1	2.1

Table 2: Percent Change in State Tax Revenue
Quarterly Tax Revenue by Major Tax
July-September 2011 to 2012, Percent Change

	PIT	CIT	Sales	Total
United States	4.5	(0.5)	3.1	2.1
New England	2.0	(14.1)	(1.0)	(0.3)
Connecticut	6.0	(22.1)	(13.1)	(1.8)
Maine	(2.4)	(30.7)	(0.6)	(4.1)
Massachusetts	1.6	(16.1)	3.1	0.3
New Hampshire	NA	(0.3)	NA	0.2
Rhode Island	(1.1)	20.1	3.8	0.5
Vermont	0.3	(2.3)	5.0	2.7
Mid-Atlantic	4.6	15.4	1.7	3.4
Delaware	51.5	62.2	NA	11.7
Maryland	8.2	61.4	3.9	8.3
New Jersey	3.7	11.8	(0.3)	1.7
New York	3.3	1.0	2.1	2.7
Pennsylvania	4.6	21.9	1.9	3.4
Great Lakes	5.0	(29.8)	0.4	1.6
Illinois	1.8	18.8	(1.1)	2.5
Indiana	12.0	6.3	2.6	5.2
Michigan	11.1	NM	(4.4)	(5.8)
Ohio	9.1	NM	5.1	9.5
Wisconsin	(4.3)	(8.2)	0.6	(3.0)
Plains	6.0	19.7	1.5	1.0
Iowa	7.6	150.6	2.5	8.9
Kansas	5.5	52.5	3.7	2.5
Minnesota	6.0	6.8	(8.3)	2.4
Missouri	3.5	3.4	0.7	2.3
Nebraska	11.9	(1.0)	6.6	7.9
North Dakota	4.4	62.4	30.3	(35.0)
South Dakota	NA	NA	5.9	5.1
Southeast	3.1	14.2	2.5	3.3
Alabama	4.0	72.2	1.0	2.4
Arkansas	9.5	(6.0)	(1.0)	4.1
Florida	NA	4.8	5.4	7.0
Georgia	2.7	85.2	3.5	4.0
Kentucky	1.8	22.6	(1.0)	1.3
Louisiana	2.1	261.7	(2.8)	4.2
Mississippi	0.7	(2.1)	3.1	(0.1)
North Carolina	5.0	5.5	(5.4)	2.0
South Carolina	4.3	36.7	4.7	7.4
Tennessee	NA	12.1	2.4	4.2
Virginia	0.2	(11.8)	10.1	2.1
West Virginia	3.6	(9.1)	(0.6)	(6.9)
Southwest	3.2	22.1	12.6	5.8
Arizona	4.6	1.1	4.6	3.7
New Mexico	ND	ND	ND	ND
Oklahoma	1.1	79.6	9.9	1.2
Texas	NA	NA	14.3	6.9
Rocky Mountain	7.7	31.6	7.6	7.4
Colorado	7.9	67.5	6.4	10.3
Idaho	4.2	(3.9)	8.3	4.7
Montana	5.8	6.8	NA	0.9
Utah	10.0	16.7	8.9	6.7
Wyoming	NA	NA	ND	ND
Far West	5.4	(14.3)	0.6	(1.1)
Alaska	NA	170.7	NA	(30.6)
California	5.8	(20.2)	(0.9)	(0.4)
Hawaii	ND	ND	ND	ND
Nevada	NA	NA	5.7	4.4
Oregon	2.5	8.2	NA	2.1
Washington	NA	NA	4.8	5.2

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

Notes: NA - not applicable; NM - not meaningful; ND - no data.

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