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HIGHLIGHTS

- State tax revenues declined by 1.2 percent in the second quarter of 2014, according to Rockefeller Institute research and Census Bureau data.
- The Great Lakes region had the largest decline, at 6.5 percent, while the Far West region showed growth of 1.1 percent in the second quarter.
- Personal income tax collections showed a sharp 6.6 percent decline. The declines in personal income tax collections appear to be due primarily to the mirror-image effect of the initial impact of the fiscal cliff on taxpayer behavior, which had driven tax collections upward a year ago.
- Overall state tax collections for fiscal year 2014 grew by 1.8 percent compared to the fiscal year 2013.
- Preliminary figures for the third quarter of 2014 indicate resumed growth in both personal income and overall state tax collections, at 4.4 and 4.0 percent, respectively.
- Local property tax revenues grew by 2.7 percent in the second quarter, marking the ninth consecutive quarter of growth in nominal terms.

STATE REVENUE REPORT

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Personal Income Tax Revenues Decline for the Second Consecutive Quarter

Preliminary Figures Show Resumed Growth for the Third Quarter of 2014

Lucy Dadayan and Donald J. Boyd

Total State Taxes and Local Taxes

Total state tax collections declined by 1.2 percent in the second quarter of 2014 after softening significantly in the second half of 2013 and the first quarter of 2014. This is the first time states reported declines in overall tax collections since the end of 2009. Early figures for the third quarter of 2014 indicate resumed and relatively strong growth in overall state tax collections as well as in personal income tax collections. The declines in the second quarter of 2014 did not indicate a slowing economy but instead appeared to reflect the temporary impact of the federal fiscal cliff.

Officials in many states have faced great challenges in forecasting income taxes due to uncertainties related to capital gains, business income, and other forms of nonwage income, as well as deductions. Volatility in these items appears to have had a large impact on estimated taxes paid each year in December and January, and on payments with tax returns filed in April. As discussed in previous reports, many taxpayers accelerated income from calendar year 2013 to calendar year 2012 to avoid higher federal tax rates, therefore creating a “trough” in capital gains and some other forms of income in 2013. And although 2013 was a good year in terms of stock market, it did not offset the “trough” effect related to the fiscal cliff, and many states believe there have been large declines in capital gains.

While the greatest impacts may have been on capital gains subject to personal income taxes, the incentives to change taxpayer behavior also affected other forms of nonwage income, as well as income subject to business income taxes. In addition, taxpayers had incentives to move deductions from 2012 to later years, and this too may have contributed to the bulge in taxes paid on 2012 income and the subsequent trough.

The Institute’s analysis of data it has collected indicates slightly weaker fiscal conditions for states than the preliminary data released in September 2014 by the Census Bureau. We have adjusted Census figures to reflect data we have since obtained and differences in how we measure revenue for purposes of the *State Revenue Report*. (See “Adjustments to Census Bureau Tax Collection Data” on page 21.¹)

Figure 1. Downward Turn in State Tax Collections

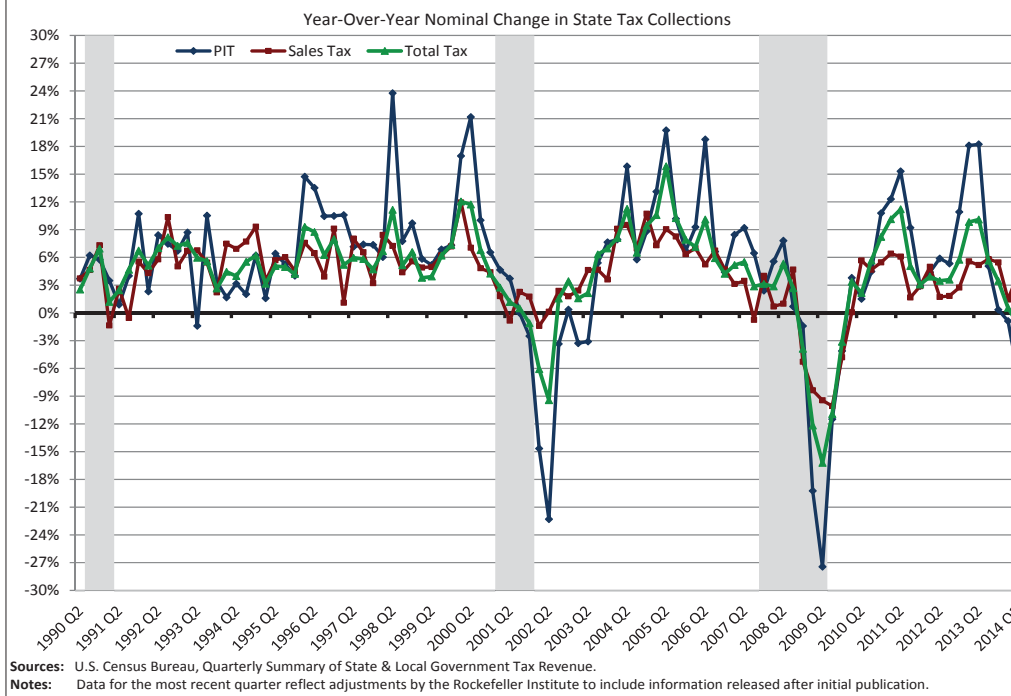


Figure 1 shows the nominal percent change over time in state tax collections for personal income tax, sales tax, and total taxes. Declines in personal income tax, sales tax, and total state tax collections were steeper during and after the Great Recession that began in December 2007 than in periods surrounding the previous two recessions. The graph also shows rapid income tax growth in the last quarter of 2012 and first half of 2013. Much of that

strong growth appears attributable to the behavioral responses of the highest income taxpayers. Due to scheduled increases in federal income tax rates for 2013, many high income taxpayers sought to avoid the possible higher rates and “accelerated” their capital gains realizations and some other income into 2012.²

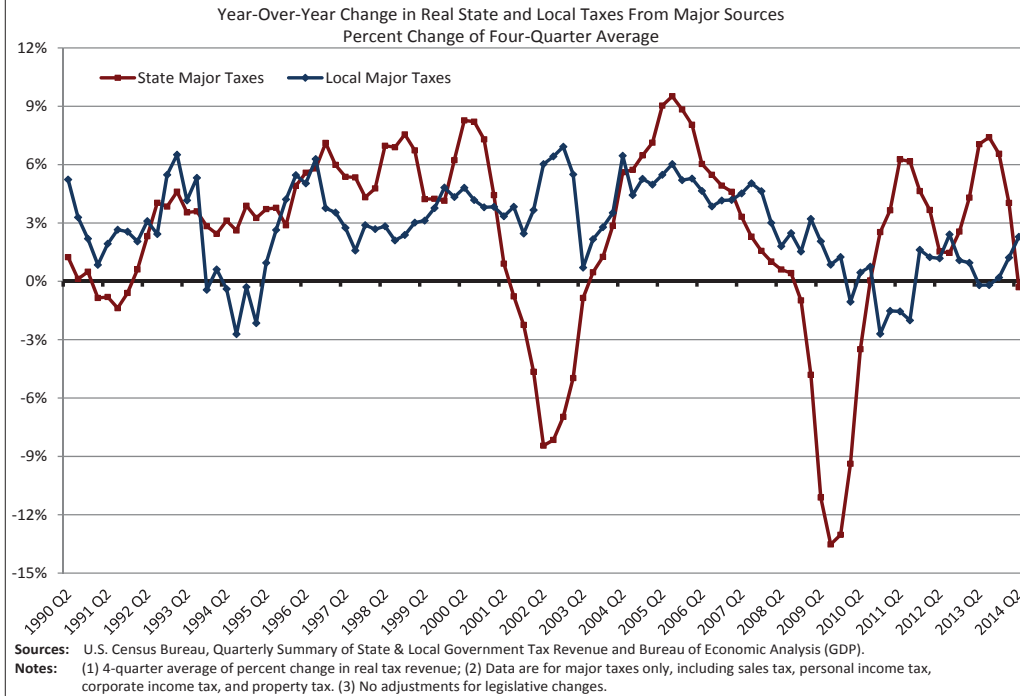
Total state tax collections and personal income tax collections softened significantly since mid-2013 and declined in the second quarter of 2014. Personal income tax collections fell by 0.9 and 6.6 percent, respectively, in the first and second quarters of 2014.

Sales tax revenue growth was more stable throughout 2013, with an average growth rate of 5.5 percent. The sales tax softened considerably in the first half of 2014, rising by 1.4 and 4.1 percent, respectively, in the first and second quarters.

Despite the year-over-year declines, total state tax collections in the second quarter of 2014 were above the previous peak levels in many states in nominal terms. In the second quarter of 2014, thirty-five states reported higher tax revenue collections than in the same quarter of 2008, the second full quarter of the Great Recession. If we adjust the numbers for inflation, nationwide tax receipts show a 2.1 percent decline in the second quarter of 2014 compared to the same quarter of 2008. This is the first time since the fourth quarter of 2012 that inflation-adjusted quarterly state tax collections are lower than the previous recessionary peak. Inflation-adjusted personal income tax receipts declined 9.3 percent in the second quarter of 2014 compared to the same quarter of 2008, while sales tax receipts grew 3.4 percent.

Figure 2 shows the four-quarter moving average of inflation-adjusted year-over-year change in state tax collections and local

Figure 2. Growth in Major State Taxes Ticks Downward



tax collections from major sources such as personal income, corporate income, sales, and property taxes. Beginning with the third quarter of 2013, the Census Bureau redesigned the local nonproperty tax survey instrument and now collects data only from the four largest tax categories: property, sales, personal income, and corporate income taxes. Therefore, Figure 2 is based on tax collections from those four major tax categories only and excludes revenue collections from smaller

taxes, such as motor fuel sales taxes, tobacco product and alcoholic beverage sales taxes among other smaller sources of taxes. For comparative purposes, we have excluded smaller taxes from the total state government taxes as well. Overall, smaller taxes represent around one quarter of total state government tax collections and less than 10 percent of total local government tax collections. In addition, we have adjusted the Census Bureau’s local property tax revenues to reflect differences between the Census Bureau’s prior survey methodology and a revised survey methodology being used since the fourth quarter of 2008 for collecting property tax revenues.³ As shown in Figure 2, the year-over-year change in state major taxes, adjusted for inflation, has averaged -0.3 percent over the last four quarters. This is weaker than the growth rates reported throughout 2013. However, the growth in 2013 was driven upward by artificially boosted income tax collections.

Local major tax revenues showed continued growth. Local taxes grew in real, year-over-year terms — by an average of 2.3 percent over the last four quarters, a substantial improvement over the 0.2 percent decline of the preceding year. Inflation over the year, as measured by the gross domestic product deflator, was 1.7 percent.

Local tax collections from major sources have been relatively weak by historical standards over the last three years due in part to the lagged impact of falling housing prices on property tax collections. For the quarter ending in June 2014, the 2.3 percent growth in the four-quarter moving average of local major tax collections is

relatively weak compared to historical averages. The largest year-over-year growth in local major tax collections in the last decade (on a four-quarter moving average basis, adjusted for inflation) was recorded in the second quarter of 2004, at 6.5 percent.

Most local governments rely heavily on property taxes, which are relatively stable and respond to property value declines more slowly than income, sales, and corporate taxes respond to declines in the overall economy. Over the last two decades, property taxes have consistently made up at least two-thirds of total local tax collections. Local property tax revenues showed a growth of 2.7 percent in nominal terms in the second quarter of 2014 compared to the same quarter of 2013.

Local sales tax collections, the second largest contributor to overall local tax revenues, grew by 6.8 percent in the second quarter of 2014 in nominal terms. Collections from local individual income taxes, a much smaller contributor to overall local revenues, showed an increase of 7.1 percent, while collections from corporate income taxes declined by 14.1 percent.

Figure 3 shows the four-quarter moving average of year-over-year growth in state and local income, sales, and property taxes, adjusted for inflation. Both the income tax and the sales tax showed slower growth, and then outright decline, from 2006 through most of 2009. By this measure, income tax showed a decline of 1.9 percent in the second quarter of 2014, which ends fifteen consecutive quarters of growth. State-local sales tax collections showed growth of 3.6 percent in the second quarter of 2014. The second-quarter average of year-over-year changes in state-local property taxes grew by 1.3 percent, marking the seventh consecutive quarter of growth.

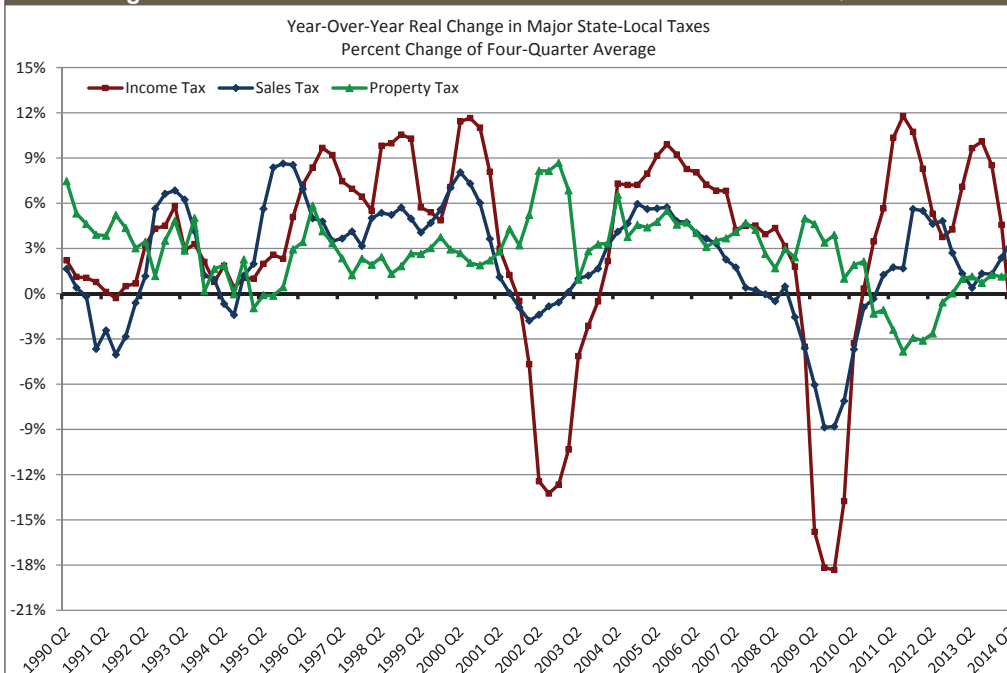
seventh consecutive quarter of growth.

State Tax Revenue

Total state tax revenue declined in the second quarter of 2014 by 1.2 percent compared to one year ago, before adjustments for inflation and legislated changes (such as changes in tax rates). The individual income and corporate income tax collections also fell by 6.6 and 2.7 percent, respectively, while the sales tax collections grew by 4.1 percent.

Tables 1 and 2 portray growth in tax

Figure 3. Personal Income Taxes Show Declines in the Second Quarter



Sources: U.S. Census Bureau, Quarterly Summary of State & Local Government Tax Revenue and Bureau of Economic Analysis (GDP).
 Notes: (1) Four-quarter average of percent change in real tax revenue; (2) No adjustments for legislative changes.

revenue with and without adjustment for inflation, and growth by major tax. Twenty-nine states reported declines in total tax revenue during the second quarter of 2014, with five states reporting double-digit declines (see Tables 7 and 8 on pages 16-17). All regions but the Far West and Southeast reported declines in overall state tax collections. The Great Lakes region showed the largest declines at 6.5 percent, followed by the New England region at 1.8 percent.

Preliminary figures collected by the Rockefeller Institute for the July-September quarter of 2014 indicate that personal income tax and total tax revenues have resumed growing.⁴ Total tax collections in forty-five early reporting states grew 4.0 percent in the third quarter of 2014, while individual income and sales tax collections grew by 4.4 and 5.9 percent, respectively.

Personal Income Tax

In the second quarter of 2014, personal income tax revenue made up at least a third of total tax revenue in thirty-one states, and was larger than the sales tax in twenty-eight states. Personal income tax revenues decreased by 6.6 percent in the second quarter of 2014 compared to the same period in 2013. This is the second consecutive quarter of decline and follows sixteen consecutive quarters of growth. However, the decline in income tax collections in the first and second quarters of 2014 does not indicate a slowing economy, but appears to reveal a mirror-image effect of the fiscal cliff on taxpayer behavior, which had driven tax collections upward a year ago. Personal income tax collections were below the recessionary peak for the quarter in nominal terms, ending 0.7 percent lower than in the second quarter of 2008. Inflation-adjusted figures indicate that personal income tax collections were 9.3 percent below the recessionary peak reported in the second quarter of 2008.

All regions reported declines in personal income tax collections in the second quarter of 2014, with the Great Lakes and Plains regions reporting the largest drops at 14.7 and 12.5 percent, respectively. The smallest declines were in the Far West region where collections declined by 1.9 percent.

Thirty-nine states reported declines in personal income tax collections for the quarter with eleven states reporting double-digit declines. Four states reported growth in personal income tax collections: Hawaii, Michigan, South Carolina, and Oregon. The large declines in the second quarter of 2014 in states such as Kansas, Maine, Nebraska, North Carolina, Ohio, and Wisconsin are at least partially attributable to legislative changes that cut income tax rates as well as restructured tax brackets.

In terms of dollar value, the largest increases were reported in Oregon, where personal income tax collections grew by \$108 million, or 5.3 percent. The largest declines in terms of dollar values were reported in New York, where income tax collections declined by \$1.2 billion, or 9.1 percent.

Table 1. Quarterly State Tax Revenue

Quarter	Year-Over-Year Percent Change		
	Total Nominal Change	Inflation Rate	Adjusted Real Change
2014 Q2	(1.2)	1.7	(2.8)
2014 Q1	0.5	1.4	(0.9)
2013 Q4	3.5	1.4	2.0
2013 Q3	5.6	1.4	4.2
2013 Q2	10.1	1.5	8.5
2013 Q1	9.8	1.6	8.1
2012 Q4	5.7	1.8	3.8
2012 Q3	3.6	1.6	1.9
2012 Q2	3.5	1.7	1.7
2012 Q1	3.9	2.0	1.9
2011 Q4	3.1	1.9	1.1
2011 Q3	5.1	2.3	2.7
2011 Q2	11.2	2.2	8.8
2011 Q1	10.1	1.9	8.1
2010 Q4	8.2	1.8	6.3
2010 Q3	5.7	1.6	4.0
2010 Q2	2.2	1.1	1.0
2010 Q1	3.4	0.5	2.9
2009 Q4	(3.1)	0.4	(3.5)
2009 Q3	(10.9)	0.3	(11.2)
2009 Q2	(16.2)	1.0	(17.0)
2009 Q1	(12.2)	1.6	(13.5)
2008 Q4	(3.9)	1.9	(5.7)
2008 Q3	2.7	2.1	0.5
2008 Q2	5.3	1.8	3.5
2008 Q1	2.9	1.9	0.9
2007 Q4	3.1	2.5	0.6
2007 Q3	2.9	2.4	0.5
2007 Q2	5.5	2.8	2.7
2007 Q1	5.2	3.0	2.1
2006 Q4	4.2	2.7	1.5
2006 Q3	5.9	3.1	2.7
2006 Q2	10.1	3.3	6.6
2006 Q1	7.1	3.2	3.8
2005 Q4	7.9	3.4	4.4
2005 Q3	10.2	3.3	6.7
2005 Q2	15.9	3.0	12.4
2005 Q1	10.6	3.2	7.2
2004 Q4	9.4	3.1	6.2
2004 Q3	6.5	2.9	3.5
2004 Q2	11.2	2.8	8.3
2004 Q1	8.1	2.2	5.7
2003 Q4	7.0	2.0	4.9
2003 Q3	6.3	2.0	4.2
2003 Q2	2.1	1.9	0.2
2003 Q1	1.6	2.0	(0.4)
2002 Q4	3.4	1.7	1.7
2002 Q3	1.6	1.5	0.1
2002 Q2	(9.4)	1.4	(10.6)
2002 Q1	(6.1)	1.6	(7.6)
2001 Q4	(1.1)	2.0	(3.0)
2001 Q3	0.5	2.2	(1.7)
2001 Q2	1.2	2.5	(1.3)
2001 Q1	2.7	2.4	0.3

Sources: U.S. Census Bureau (tax revenue) and Bureau of Economic Analysis (GDP price index).

Table 2. Quarterly State Tax Revenue By Major Tax

Quarter	Year-Over-Year Percent Change			
	PIT	CIT	General Sales	Total
2014 Q2	(6.6)	(2.7)	4.1	(1.2)
2014 Q1	(0.9)	8.3	1.4	0.5
2013 Q4	0.3	2.9	5.5	3.5
2013 Q3	5.1	1.5	5.8	5.6
2013 Q2	18.2	10.4	5.2	10.1
2013 Q1	18.1	9.4	5.6	9.8
2012 Q4	10.9	3.0	2.7	5.7
2012 Q3	5.3	8.5	1.8	3.6
2012 Q2	5.9	(3.0)	1.7	3.5
2012 Q1	4.4	3.6	5.0	3.9
2011 Q4	2.9	(3.3)	2.9	3.1
2011 Q3	9.2	0.9	1.7	5.1
2011 Q2	15.3	18.3	6.1	11.2
2011 Q1	12.3	4.1	6.4	10.1
2010 Q4	10.8	12.1	5.5	8.2
2010 Q3	4.5	0.5	4.7	5.7
2010 Q2	1.5	(19.0)	5.7	2.2
2010 Q1	3.8	0.3	0.1	3.4
2009 Q4	(4.1)	0.7	(4.8)	(3.1)
2009 Q3	(11.5)	(21.3)	(10.1)	(10.9)
2009 Q2	(27.4)	3.0	(9.5)	(16.2)
2009 Q1	(19.2)	(20.2)	(8.4)	(12.2)
2008 Q4	(1.4)	(23.0)	(5.3)	(3.9)
2008 Q3	0.7	(13.2)	4.7	2.7
2008 Q2	7.8	(7.0)	1.0	5.3
2008 Q1	5.6	(1.4)	0.7	2.9
2007 Q4	2.4	(14.5)	4.0	3.1
2007 Q3	6.5	(4.3)	(0.7)	2.9
2007 Q2	9.2	1.7	3.5	5.5
2007 Q1	8.5	14.8	3.1	5.2
2006 Q4	4.4	12.6	4.7	4.2
2006 Q3	6.6	17.5	6.7	5.9
2006 Q2	18.8	1.2	5.2	10.1
2006 Q1	9.3	9.6	7.0	7.1
2005 Q4	6.7	33.4	6.4	7.9
2005 Q3	10.2	24.4	8.3	10.2
2005 Q2	19.7	64.1	9.1	15.9
2005 Q1	13.1	29.8	7.3	10.6
2004 Q4	8.8	23.9	10.7	9.4
2004 Q3	5.8	25.2	7.0	6.5
2004 Q2	15.8	3.9	9.5	11.2
2004 Q1	7.9	5.4	9.1	8.1
2003 Q4	7.6	12.5	3.6	7.0
2003 Q3	5.4	12.6	4.7	6.3
2003 Q2	(3.1)	5.1	4.6	2.1
2003 Q1	(3.3)	8.3	2.4	1.6
2002 Q4	0.4	34.7	1.8	3.4
2002 Q3	(3.4)	7.4	2.4	1.6
2002 Q2	(22.3)	(12.3)	0.1	(9.4)
2002 Q1	(14.7)	(15.7)	(1.4)	(6.1)
2001 Q4	(2.5)	(34.0)	1.8	(1.1)
2001 Q3	(0.0)	(27.2)	2.3	0.5
2001 Q2	3.7	(11.0)	(0.8)	1.2
2001 Q1	4.6	(8.4)	1.8	2.7

Source: U.S. Census Bureau (tax revenue).

Table 3. Personal Income Tax Withholding, By State

Last Four Quarters, Percent Change

	2013		2014	
	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun
United States	4.1	1.1	5.6	2.6
New England	3.6	1.9	6.7	3.4
Connecticut	1.8	1.7	2.5	5.7
Maine	(2.2)	(3.6)	3.8	1.6
Massachusetts	5.2	2.5	9.1	2.7
Rhode Island	2.6	2.4	6.8	3.4
Vermont	6.5	5.7	15.1	(2.5)
Mid-Atlantic	4.5	1.9	6.2	4.0
Delaware	5.5	2.3	14.8	4.3
Maryland	3.5	0.9	4.8	4.0
New Jersey	11.9	2.5	5.2	2.5
New York	3.5	2.1	7.2	4.7
Pennsylvania	2.3	2.1	3.2	2.8
Great Lakes	4.0	(0.4)	4.3	(1.8)
Illinois	3.0	1.8	0.6	3.2
Indiana	(0.1)	4.2	7.5	0.4
Michigan	4.4	2.6	5.0	3.1
Ohio	2.4	(4.1)	(3.3)	(4.8)
Wisconsin	13.9	(7.3)	17.7	(12.3)
Plains	0.2	0.1	2.3	4.3
Iowa	2.3	2.7	3.3	5.3
Kansas	(17.4)	(15.6)	(4.6)	(2.3)
Minnesota	5.1	5.0	5.0	6.1
Missouri	1.5	0.1	1.3	4.0
Nebraska	(2.7)	(0.8)	4.4	1.5
North Dakota	16.1	(1.9)	(11.7)	15.0
Southeast	3.5	1.8	1.8	(2.4)
Alabama	(1.2)	1.9	4.1	(1.0)
Arkansas	0.2	1.1	7.1	(0.5)
Georgia	3.5	1.4	7.4	3.9
Kentucky	5.6	1.1	3.1	(0.4)
Louisiana	9.9	(2.8)	10.4	ND
Mississippi	0.8	4.7	9.0	(1.7)
North Carolina	3.1	3.5	(10.7)	(16.6)
South Carolina	4.9	1.4	8.1	6.2
Virginia	4.9	2.1	1.5	1.0
West Virginia	(5.1)	1.7	4.1	(0.7)
Southwest	4.1	0.1	8.6	4.4
Arizona	5.8	(1.4)	6.7	3.2
New Mexico	(1.8)	(1.6)	24.2	ND
Oklahoma	4.4	3.0	5.2	6.1
Rocky Mountain	3.3	3.7	7.0	5.6
Colorado	4.0	3.0	6.2	7.9
Idaho	3.2	8.2	8.4	4.3
Montana	6.0	(0.2)	6.6	6.5
Utah	1.3	4.3	8.1	1.9
Far West	6.0	0.6	9.2	8.2
California	6.1	0.0	9.6	8.4
Hawaii	3.1	2.3	5.6	4.9
Oregon	5.7	5.2	6.5	7.5

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

Note: Nine states — Alaska, Florida, New Hampshire, Nevada, South Dakota, Tennessee, Texas, Washington, and Wyoming — have no broad-based personal income tax and are therefore not shown in this table.

ND = No Data.

We can get a clearer picture of collections from the personal income tax by breaking this source down into four major components for which we have data: withholding, quarterly estimated payments, final payments, and refunds. The Census Bureau, the source of much of the data in this report, does not collect data on individual components of personal income tax collections. The data presented here were collected by the Rockefeller Institute.

Withholding

Withholding is a good indicator of the current strength of personal income tax revenue because it comes largely from current wages and is less volatile than estimated payments or final settlements. Table 3 shows that withholding for the April-June 2014 quarter increased by 2.6 percent for the thirty-nine states with broad-based personal income taxes for which we have data. The 2.6 percent growth is weaker than the 5.6 percent rate reported in the January-March quarter. Wages are the largest component of taxable income. However, despite the growth in withholding taxes on wages, the income tax did not maintain its growth due to declines in investment income. While the stock market performed well throughout 2013 and in the first half of 2014, taxable investment income was extremely weak in the second half of 2013 and first half of 2014, likely because of the accelerations discussed earlier.

Twenty-nine states reported growth in withholding for the second quarter of 2014, while ten states reported declines. North Dakota and California reported the strongest growth in the second quarter of 2014, at 15 and 8.4 percent, respectively. The largest declines were reported in North Carolina and Wisconsin, at 16.6 and 12.3 percent, respectively.

All regions but the Great Lakes and Southeast reported growth in withholding. The Far West region reported the greatest growth in withholding at 8.2 percent, while the New England region reported the softest growth at 3.4 percent. Withholding declined in the Great Lakes and Southeast regions at 1.8 and 2.4 percent, respectively, in the second quarter of 2014.

Table 4. Estimated Payments/Declarations, By State

	Year-Over-Year Percent Change			
	April (1st payment, 2013)	April-June (1st & 2nd payments, 2013)	April (1st payment, 2014)	April-June (1st & 2nd payments, 2014)
Average (Mean)	13.6	14.6	(4.9)	(6.0)
Median	12.0	13.6	(1.5)	(0.8)
Alabama	15.3	7.1	(13.0)	(6.9)
Arizona	5.0	11.9	8.0	2.8
Arkansas	(7.9)	5.4	8.1	0.1
California	26.6	21.1	13.9	16.8
Colorado	57.0	37.6	(23.9)	(15.6)
Connecticut	1.3	5.2	1.9	6.1
Delaware	7.9	8.5	(2.9)	10.0
Georgia	(68.7)	(45.0)	(0.1)	4.0
Hawaii	(29.1)	22.4	(54.6)	(17.6)
Illinois	13.2	11.1	(8.6)	(1.7)
Indiana	(0.2)	4.8	17.0	8.7
Iowa	17.9	17.0	(8.0)	(16.0)
Kansas	(39.6)	(34.5)	(46.7)	(51.2)
Kentucky	45.8	26.6	(55.0)	(11.6)
Louisiana	35.2	14.9	7.1	ND
Maine	(2.9)	(1.7)	7.9	2.0
Maryland	11.1	14.3	3.2	9.7
Massachusetts	11.3	11.6	0.4	3.8
Michigan	15.2	22.1	(3.6)	(5.3)
Minnesota	45.5	31.4	(14.3)	(2.6)
Mississippi	(52.5)	19.6	63.2	(5.4)
Missouri	18.3	16.6	(3.1)	1.0
Montana	14.5	16.5	5.1	5.0
Nebraska	20.1	19.3	(8.4)	(4.6)
New Jersey	9.8	5.4	3.3	5.9
New York	51.5	37.4	(30.7)	(21.5)
North Carolina	(9.1)	(5.1)	8.5	6.2
North Dakota	203.1	145.4	(60.7)	(52.4)
Ohio	16.8	13.7	(26.6)	(32.8)
Oklahoma	27.9	20.7	(8.8)	(5.5)
Oregon	(8.8)	8.4	25.6	8.6
Pennsylvania	2.6	1.1	2.4	1.4
Rhode Island	18.4	11.1	5.7	43.2
South Carolina	4.4	4.6	(6.0)	(3.3)
Vermont	12.6	13.7	8.0	5.6
Virginia	(10.6)	13.5	28.8	(4.3)
West Virginia	0.3	(3.5)	(5.0)	3.0
Wisconsin	35.9	24.3	(22.7)	(13.8)

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

Note: ND = No Data.

Estimated Payments

The highest-income taxpayers generally make 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. Estimated payments normally represent a relatively small proportion of overall income-tax revenues, but can have a disproportionate impact on the direction of overall collections. In the second quarter of 2014 the estimated payments accounted for \$25 billion, or roughly 26 percent of all personal income tax revenues.

The first payment for each tax year is due in April in most states and the second, third, and fourth are generally due in June, September, and January (although many high-income taxpayers make this last state income tax payment in December, so that it is deductible on the federal tax return for that year, rather than the next). In the thirty-eight states for which we have complete data for the first payment (mostly attributable to the 2013 tax year), the median payment was down by 1.5 percent compared to the previous year (see Table 4). For the first two payments combined, the median payment was down by 0.8 percent in the thirty-seven states for which we have complete data. Declines were recorded in twenty of thirty-eight states for the first payment, and

in eighteen of thirty-seven states for the first and second payments combined. The median decline of 0.8 percent reported for the first and second payments of tax year 2014 is significantly lower than the median growth of 13.6 percent reported for the first and second payments of tax year 2013.

The declines in the first and second payments of this year versus last year are not surprising and appear to be related to federal tax policy and the uncertainty that was tied to the “fiscal cliff.” If Congress had not taken any actions to address the “fiscal cliff,” tax rates would have risen on several types of income, including capital gains. (And tax rates did end up increasing, as mentioned above, although Congressional action muted those increases.) Therefore, many taxpayers accelerated the realization of some income, such as capital gains, from tax year 2013 into tax year 2012. This resulted in strong growth in estimated payments for the fourth payment of tax year 2012 as well as the first and second payments of tax year 2013, and subsequently led to declines in the fourth payment of the tax year 2013 and the first and second payments of 2014. The uncertain implications of the federal policy created a further burden for states trying to make accurate projections of personal income taxes.

Final Payments

Final payments normally represent a smaller share of total personal income tax revenues in the first, third, and fourth quarters of the tax year, and a much larger share in the second quarter of the tax year due to the April 15th income tax return deadline. In the second quarter of 2014, final payments accounted for \$22.7 billion, or roughly 23 percent of all personal income tax revenues. Final payments with personal income tax returns in the thirty-seven states for which we have complete data declined by 21.4 percent in the second quarter of 2014 compared to the same quarter of 2013. Payments with returns in the April-June quarter of 2014 were below the 2013 levels in all thirty-seven states for which we have complete data.

Refunds

Personal income tax refunds paid by thirty-seven states grew by 2.5 percent in the second quarter of 2014 compared to the same quarter of 2013. In total, these thirty-seven early reporting states paid out about \$480 million more in refunds in the April-June quarter of 2014 than in 2013. Overall, twenty-one states paid out more refunds, while sixteen states paid out less refunds in the second quarter of 2014 compared to the same quarter of 2013.

General Sales Tax

State sales tax collections in the April-June 2014 quarter showed growth of 4.1 percent from the same period in 2013. This is the eighteenth quarter in a row that sales tax collections rose. Sales tax collections grew in all regions. The Plains and Rocky Mountain regions reported the largest increases at 7.5 and 5.9 percent, respectively, while the Southwest region reported the softest growth at 0.5 percent.

Thirty-seven of forty-five states with broad-based sales taxes reported growth for the quarter. Eight states reported declines, of

which three states reported double-digit declines. Among the states reporting growth, five states — Colorado, Iowa, Maine, North Dakota, and Wyoming — reported double-digit growth in sales tax collections ranging from 11.2 percent to 25.6 percent.

After eighteen consecutive quarters of growth, state sales tax revenues were 13.1 percent higher in the second quarter of 2014 compared to the same quarter of 2008. However, if we adjust the numbers for inflation, sales tax receipts were up only 3.4 percent in the second quarter of 2014 compared to the same quarter of 2008.

Corporate Income Tax

Corporate income tax revenue is highly variable because of volatility in corporate profits and in the timing of tax payments. Many states, such as Delaware, Hawaii, Montana, Rhode Island, and Vermont, collect relatively little revenue from corporate taxes, and can experience large fluctuations in percentage terms. For all these reasons, there is often significant variation in states' gains or losses for this tax.

Corporate tax revenue declined by 2.7 percent in the second quarter of 2014 compared to a year earlier. The Southwest and Great Lakes regions reported the largest declines in corporate income tax collections in the second quarter of 2014, where collections declined by 32.7 and 18.1 percent, respectively. The Far West and Rocky Mountain regions reported the largest growth at 7.7 and 1.5 percent, respectively.

Among forty-six states that have a corporate income tax, eighteen states reported growth in the second quarter of 2014, with seven enjoying double-digit gains. Twenty-eight states reported declines for the second quarter of 2014 compared to the same quarter of the previous year, of which seventeen states reported double-digit declines. New Jersey reported the largest decline, where corporate income tax collections fell by \$429 million, or 39.2 percent. New York experienced the largest growth, where corporate income tax collections grew by \$396 million, or 32.9 percent.

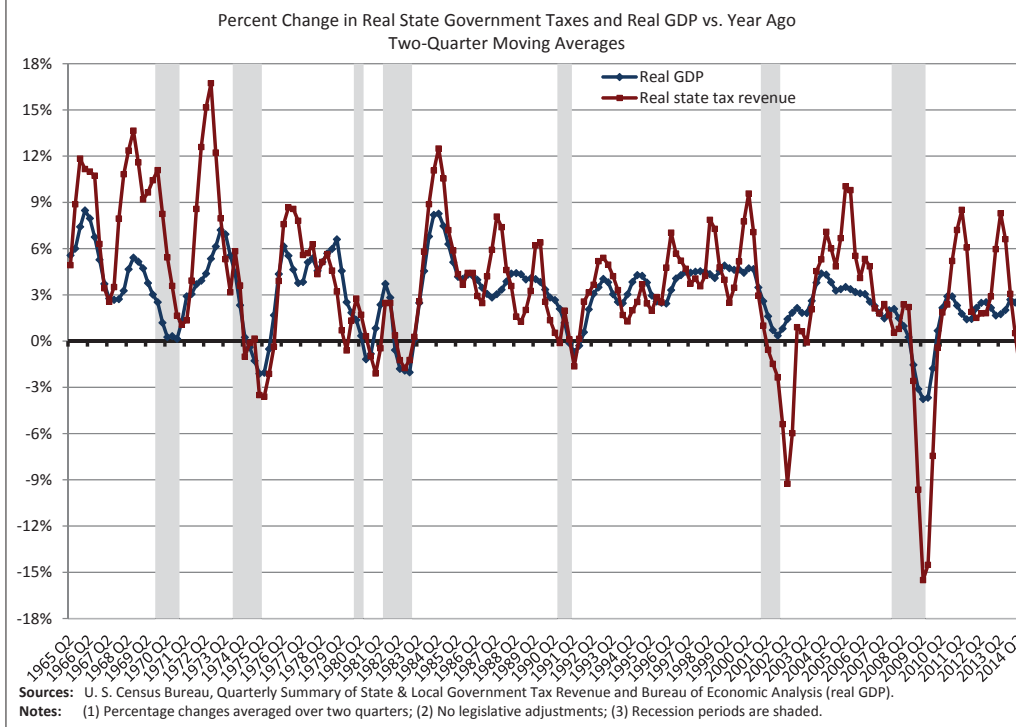
Other Taxes

Census Bureau quarterly data on state tax collections provide detailed information for some of the smaller taxes not broken out separately in the data collected by the Rockefeller Institute. In Table 5, we show four-quarter moving average real growth rates for the nation as a whole.

Revenues from smaller tax sources showed a mixed picture in the second quarter of 2014. The motor fuel sales tax, the most significant of the smaller taxes, showed a 2.3 percent growth for the nation, which is the third consecutive quarter of growth. State property taxes, a relatively small revenue source for states, declined by 0.5 percent. Collections from tobacco product sales taxes declined for the twelfth consecutive quarter, by 2.5 percent. Tax revenues from alcoholic beverage sales and from motor vehicle

Table 5. Real Percent Change in State Taxes Other Than PIT, CIT, and General Sales Taxes						
Year-Over-Year Real Percent Change; Four-Quarter Moving Averages						
	Property tax	Motor fuel sales tax	Tobacco product sales tax	Alcoholic beverage sales tax	Motor vehicle & operators license taxes	Other taxes
Nominal collections (mlns), last 12 months	\$13,170	\$42,951	\$16,821	\$6,091	\$26,377	\$139,224
2014 Q2	(0.5)	2.3	(2.5)	0.4	2.7	2.7
2014 Q1	0.3	1.7	(3.2)	0.3	1.1	3.6
2013 Q4	1.3	0.6	(2.3)	(1.2)	0.6	6.5
2013 Q3	0.9	(0.0)	(0.8)	(2.4)	(0.1)	5.7
2013 Q2	(1.2)	(0.6)	(3.2)	(1.7)	(0.9)	4.9
2013 Q1	(3.2)	(0.7)	(2.5)	0.1	0.4	4.6
2012 Q3	(4.7)	(0.2)	(2.4)	2.3	2.1	2.6
2012 Q3	(9.2)	(0.4)	(3.3)	3.5	3.2	3.6
2012 Q2	(10.5)	(1.2)	(2.2)	3.1	3.1	4.6
2012 Q1	(10.7)	0.1	(2.5)	0.7	2.1	7.5
2011 Q4	(11.0)	2.9	(1.8)	(0.5)	1.8	11.8
2011 Q3	(7.6)	5.6	(1.0)	0.5	0.3	12.1
2011 Q2	(3.9)	8.7	0.7	1.5	1.5	12.3
2011 Q1	2.4	8.2	2.7	3.1	3.3	9.3
2010 Q4	8.1	5.3	3.1	3.2	4.0	7.4
2010 Q3	13.3	2.4	2.2	3.0	5.6	4.3
2010 Q2	13.4	0.7	0.6	2.2	3.9	(2.3)
2010 Q1	9.9	(0.8)	(1.1)	0.8	1.5	(9.1)
2009 Q4	6.1	(1.9)	(1.5)	0.6	0.2	(13.6)
2009 Q3	(0.5)	(3.1)	0.4	0.1	(1.2)	(13.3)
2009 Q2	(2.0)	(5.3)	1.3	(0.1)	(0.9)	(6.7)
2009 Q1	(3.7)	(5.9)	2.6	0.4	(0.4)	3.9
2008 Q4	(2.8)	(4.9)	3.1	0.5	(1.1)	7.5
2008 Q3	1.8	(3.3)	3.5	(0.1)	(0.5)	9.9
2008 Q2	3.4	(1.7)	5.9	0.6	(0.3)	7.8
2008 Q1	4.1	(1.2)	6.2	0.6	(1.0)	3.4
2007 Q4	3.6	(1.7)	6.2	0.6	(0.4)	2.4
2007 Q3	1.6	(0.6)	4.0	1.7	(0.8)	(0.3)
2007 Q2	(0.1)	(1.1)	0.6	1.5	(0.8)	(1.2)
2007 Q1	1.8	0.1	1.7	0.7	0.6	(0.9)
2006 Q4	0.3	0.8	2.8	1.2	1.1	(0.2)
2006 Q3	(0.2)	(1.0)	5.5	1.3	1.0	2.1
2006 Q2	(0.0)	1.5	9.1	1.3	0.8	4.3
2006 Q1	0.9	1.6	7.0	2.5	0.2	5.3
2005 Q4	2.0	2.2	5.5	1.7	0.4	7.2
2005 Q3	3.5	3.7	4.3	(0.1)	2.0	6.4
2005 Q2	3.6	1.0	2.2	(0.5)	2.8	5.0
2005 Q1	1.8	1.5	3.0	(2.3)	3.7	5.8
2004 Q4	(4.8)	1.7	3.6	(1.4)	5.6	6.1
2004 Q3	(2.3)	1.6	3.6	0.1	6.1	7.6
2004 Q2	3.6	2.2	4.9	0.5	6.7	9.0
2004 Q1	1.1	0.5	10.6	4.4	5.6	7.6
2003 Q4	8.7	(0.9)	17.2	4.1	4.0	5.7
2003 Q3	5.7	(1.1)	26.3	2.4	2.9	3.9
2003 Q2	(0.9)	(0.3)	35.9	3.2	2.8	2.7
2003 Q1	(4.9)	0.8	27.2	0.7	3.7	2.3
2002 Q4	(4.8)	1.1	17.3	0.0	2.9	2.1
2002 Q3	(6.7)	0.7	5.6	2.7	2.6	2.6
2002 Q2	(4.3)	1.2	(5.9)	(0.1)	0.6	3.4
2002 Q1	5.1	1.7	(5.0)	(0.2)	(1.2)	2.1
2001 Q4	2.7	2.5	(1.5)	0.5	(2.9)	2.5
2001 Q3	(0.4)	3.4	2.5	(1.4)	(3.4)	1.4
2001 Q2	(5.1)	2.4	7.5	1.6	(0.7)	0.8
2001 Q1	(12.6)	1.1	8.3	1.3	2.3	3.5

Source: U.S. Census Bureau.

Figure 4. State Tax Revenue Is More Volatile Than the Economy

and operators' licenses increased by 0.4 and 2.7 percent, respectively, in the second quarter of 2014.

Underlying Reasons for Trends

State revenue changes result from three kinds of underlying forces: state-level changes in the economy (which often differ from national trends), the different ways in which economic changes affect each state's tax system, and legislated tax changes. The next two sections discuss the

economy and recent legislated changes.

Economic Changes

Most state tax revenue sources are heavily influenced by the economy. The income tax rises when income rises, the sales tax generates more revenue when consumers increase their purchases of taxable items, and so on. When the economy booms, tax revenue tends to rise rapidly, and when it declines, tax revenue tends to decline. Figure 4 shows year-over-year growth for two-quarter moving averages in inflation-adjusted state tax revenue and in real gross domestic product, to smooth short-term fluctuations and illustrate the interplay between the economy and state revenues.

Tax revenue is usually related to economic growth. As shown in Figure 4, in the second quarter of 2014 real state tax revenue showed 2.0 percent decline on this moving-average basis. This is the first time in the last four years that the real state tax collections show decline. Real Gross Domestic Product (GDP) continued showing growth for the eighteenth consecutive quarter at 2.2 percent. Postrecession growth in real GDP has been fairly weak, varying between 0.7 and 2.7 percent.

Yet there is volatility in tax revenue that is not explained by real GDP, a broad measure of the economy. Throughout 2011, state tax revenue has risen significantly while the overall economy has been growing at a relatively slow pace in the wake of the Great Recession. Also, in much of 2009 and 2010, state revenue declines were much larger than the quarterly reductions in real

Table 6. Nonfarm Employment, By State

Last Four Quarters, Year-Over-Year Percent Change

	2013		2014	
	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
United States	1.6	1.6	1.7	1.8
New England	1.1	1.2	1.2	1.6
Connecticut	0.8	0.6	0.7	0.9
Maine	1.0	1.4	1.1	1.5
Massachusetts	1.4	1.4	1.5	2.1
New Hampshire	0.7	1.2	1.4	1.1
Rhode Island	1.1	1.4	1.3	1.7
Vermont	0.7	1.1	0.0	0.5
Mid-Atlantic	0.9	0.7	0.9	1.1
Delaware	2.1	2.1	2.7	2.7
Maryland	0.6	0.4	0.9	0.6
New Jersey	0.9	(0.0)	0.1	0.4
New York	1.2	1.3	1.2	1.5
Pennsylvania	0.4	0.4	0.9	0.9
Great Lakes	1.2	0.9	1.0	1.2
Illinois	0.9	0.6	0.5	0.8
Indiana	1.5	1.3	2.0	2.3
Michigan	1.5	0.6	0.7	1.0
Ohio	1.0	1.1	0.8	0.8
Wisconsin	1.2	1.3	1.8	1.9
Plains	1.6	1.5	1.6	1.7
Iowa	1.8	1.5	1.6	1.1
Kansas	1.5	1.1	1.0	1.1
Minnesota	1.7	1.7	1.6	2.1
Missouri	1.5	1.4	1.6	1.9
Nebraska	0.8	1.1	0.9	0.7
North Dakota	3.6	3.9	4.9	4.9
South Dakota	0.4	0.7	0.9	1.0
Southeast	1.6	1.6	1.8	1.9
Alabama	1.0	1.0	0.6	1.2
Arkansas	0.5	0.9	1.3	1.4
Florida	2.7	3.0	3.1	2.8
Georgia	1.9	1.7	2.0	2.1
Kentucky	0.3	0.1	1.0	1.6
Louisiana	1.5	0.9	1.0	1.6
Mississippi	1.4	0.8	1.0	1.1
North Carolina	1.9	1.7	2.0	2.2
South Carolina	2.2	2.2	2.0	1.9
Tennessee	1.3	1.7	2.1	2.2
Virginia	0.1	0.1	0.3	0.4
West Virginia	(0.1)	0.3	1.8	1.6
Southwest	2.2	2.4	2.7	3.1
Arizona	1.8	2.0	1.6	2.2
New Mexico	(0.6)	(0.3)	(0.1)	0.7
Oklahoma	0.8	1.4	1.9	2.1
Texas	2.7	2.9	3.3	3.6
Rocky Mountain	2.4	2.4	2.3	2.5
Colorado	2.8	2.9	2.8	2.6
Idaho	1.6	1.1	0.8	0.8
Montana	1.3	1.0	1.1	2.0
Utah	2.8	2.7	3.0	3.6
Wyoming	0.8	1.2	0.9	1.8
Far West	2.4	2.4	2.3	2.2
Alaska	(0.4)	0.7	(0.1)	(0.3)
California	2.5	2.4	2.3	2.1
Hawaii	1.5	1.4	1.0	1.3
Nevada	3.2	3.8	3.7	3.3
Oregon	2.4	2.9	2.8	2.8
Washington	1.9	2.1	2.1	2.4

Source: Bureau of Labor Statistics (CES, seasonally unadjusted).

GDP. Thus, although the growth rate in state tax revenues was not far from the growth rate in the overall economy throughout 2012, state tax revenues have been more volatile than the general economy in prior years as well as throughout 2013 and first half of 2014. The volatility in state tax revenues in the last few quarters is at least partially attributable to the impact of the fiscal cliff.

State-by-state data on income and consumption are not available on a timely basis, and so we cannot easily see variation across the country in these trends. Instead, like other researchers, the Rockefeller Institute relies partly on employment data from the Bureau of Labor Statistics to examine state-by-state economic conditions. These data are timely and are of high quality.

Table 6 shows year-over-year employment growth over the last four quarters, including the third quarter of 2014. For the nation as a whole, employment grew by 1.7 and 1.8 percent, respectively, in the second and third quarters of 2014 compared to the same quarters of 2013. On a year-over-year basis, employment grew in all states but Alaska in the third quarter of 2014.

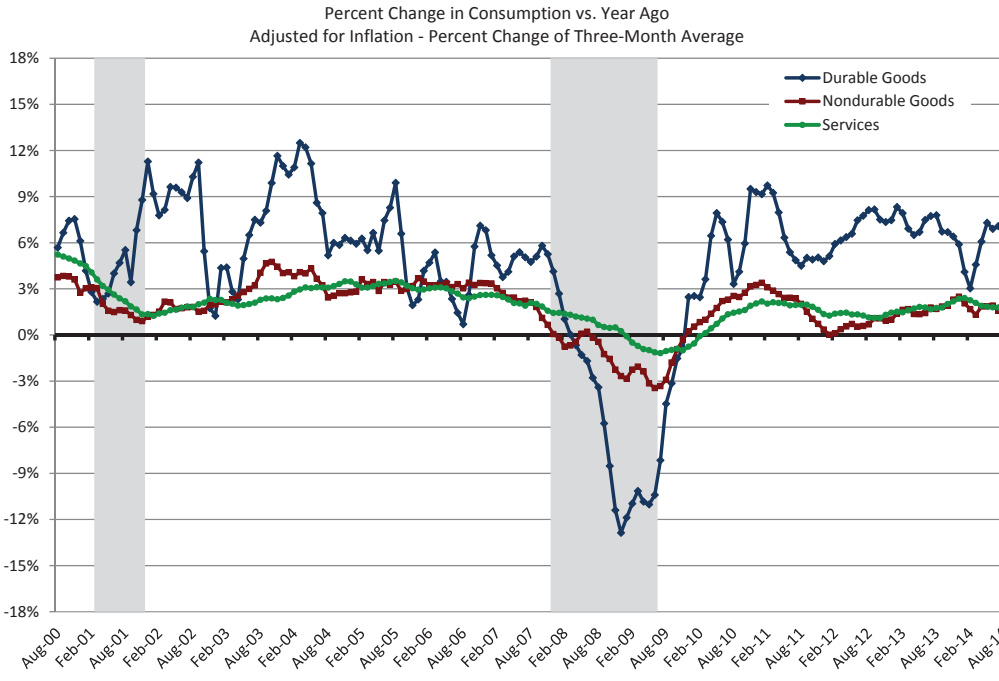
Among individual states, North Dakota reported the largest growth at 4.9 percent in the third quarter of 2014. In total, nineteen states reported growth of over 2.0 percent in the third quarter of 2014.

All regions reported growth in employment in the third quarter of 2014, but job gains are not evenly distributed among the regions. The Mid-Atlantic region reported the weakest growth in employment at 1.1 percent. The Southwest and Rocky Mountain regions reported the largest increase in employment at 3.1 and 2.5 percent, respectively. These employment data are compared to the same period a year ago rather than to preceding months.

Economists at the Philadelphia Federal Reserve Bank developed broader and very timely measures known as “coincident economic indexes” intended to provide information about current economic activity in individual states. Unlike leading indexes, these measures are not designed to predict where the economy is headed; rather, they are intended to tell us where we are now.⁵ These indexes can be used to measure the scope of economic decline or growth.

The analysis of coincident indexes indicates that, as of September 2014, economic activity nationwide increased by 0.9 percent compared to three months earlier and by 3.2 percent compared to a year earlier. At the state level, forty-five states reported growth in economic activity compared to three months earlier. The

Figure 5. Consumption of Services and Nondurable Goods Is Stagnant



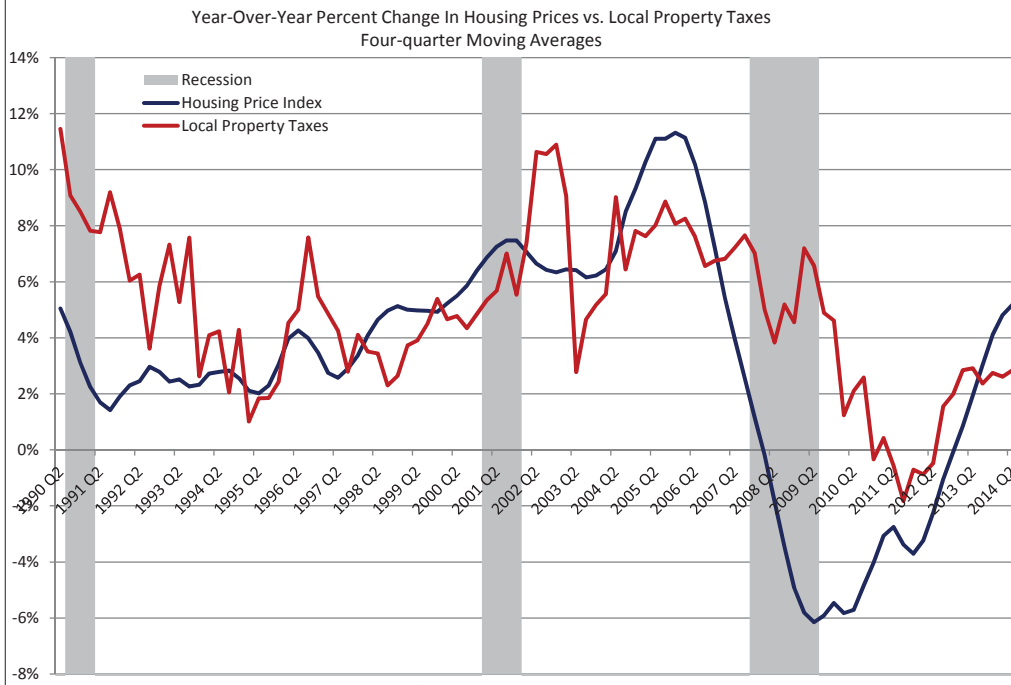
Source: U.S. Bureau of Economic Analysis, National Income and Product Accounts, Table 2.8.6.

number of states reporting declines in economic activity has been rather stable in the last twelve months and varied between zero to five since September of 2013. The data underlying these indexes are subject to revision, and so tentative conclusions drawn now could change at a later date.

Figure 5 shows national consumption of durable goods, nondurable goods, and services – factors likely to be related to sales tax revenues. The decline in consumption of durable and nondurable goods during the recent downturn was much sharper than in the last recession. Consumption of nondurable goods and services have changed little in the last few months. Growth in the consumption of durable goods, an important element of state sales tax bases, has been more volatile in recent months, trending downward in the second half of 2013 and upward in the first half of 2014.

goods during the recent downturn was much sharper than in the last recession. Consumption of nondurable goods and services have changed little in the last few months. Growth in the consumption of durable goods, an important element of state sales tax bases, has been more volatile in recent months, trending downward in the second half of 2013 and upward in the first half of 2014.

Figure 6. Continued Improvement in Housing Prices and Local Property Taxes



Source: U.S. Census Bureau Quarterly Summary of State and Local Government Tax Revenue and Federal Housing Finance Agency, House Price Indexes data (All Transactions).

Figure 6 shows the year-over-year percent change in the four-quarter moving average housing price index and local property taxes for the nation from the first quarter of 1990 through the second quarter of 2014. Declines in housing prices usually lead to declines in property taxes with some lag. The deep declines in

housing prices caused by the Great Recession led to significant reductions in property taxes in the past two years.⁶

As Figure 6 shows, the housing price index began moving downward around mid-2005, with steeply negative movement from the last quarter of 2005 through the second quarter of 2009. The trend in the housing price index has been generally upward since mid-2009 and strengthened continuously throughout the second quarter of 2014. In the second quarter of 2014, the housing price index showed growth at 5.2 percent. This is the sixth consecutive quarter of growth and is proceeding after twenty consecutive quarter declines, which is highly encouraging. Figure 6 also shows that the decline in local property taxes lagged behind the decline in housing prices. The second-quarter moving average of year-over-year change in local property taxes showed 2.8 percent growth in the second quarter of 2014, marking eight consecutive quarters of growth.

Tax Law Changes Affecting This Quarter

Another important element affecting trends in tax revenue growth is changes in states' tax laws. During the April-June 2014 quarter, enacted tax increases and decreases produced an estimated loss of \$646 million compared to the same period in 2013.⁷ Enacted tax changes decreased personal income tax by approximately \$380 million, decreased sales tax by \$13 million, increased corporate income taxes by \$29 million, increased cigarette taxes by \$129 million, and decreased some other taxes by \$400 million.

Among the enacted personal income tax changes, the most noticeable ones are the increase of tax rates in Minnesota for higher income taxpayers, and the decrease of tax rates in North Carolina, Ohio, and Wisconsin. In Ohio alone, the legislated tax changes are estimated to cause a \$1.6 billion loss in fiscal year 2014. Other major noticeable tax changes were the expiration of a temporary increase in sales tax in Arizona, sales tax rate increases in Ohio and Virginia, and cigarette and tobacco tax increases in Massachusetts and Minnesota.

The Impact of Two Major Taxes

States rely on the sales tax for about 30 percent of their tax revenue, and it was hit far harder during and after the last recession than in previous recessions. Retail sales and consumption are major drivers of sales taxes. Figure 7 shows the cumulative percentage change in inflation-adjusted retail sales in the eighty months following the start of each recession from 1980 forward.⁸ Real retail sales in the Great Recession (the solid red line) plummeted after December 2007, falling sharply and almost continuously until December 2008, by which point they were more than 10 percent below the prerecession peak. This was deeper than in most recessions, although the declines in the 1980 recession also were quite sharp. While real retail sales have been rising continuously from their lows in the last five years, at the end of

Table 7. State Tax Revenue, April-June 2013 and 2014 (\$ in millions)

	April-June 2013				April-June 2014			
	PIT	CIT	Sales	Total	PIT	CIT	Sales	Total
United States	105,094	17,561	69,370	260,785	98,151	17,087	72,246	257,579
New England	9,068	1,082	3,445	18,120	8,593	1,085	3,645	17,794
Connecticut	3,424	247	1,442	6,587	3,240	216	1,498	6,199
Maine	566	68	356	1,370	513	70	401	1,324
Massachusetts	4,409	505	1,342	7,296	4,217	531	1,435	7,344
New Hampshire	52	189	NA	560	42	181	NA	551
Rhode Island	357	47	223	870	350	53	226	894
Vermont	260	26	82	1,437	230	35	85	1,483
Mid-Atlantic	24,318	3,601	10,079	48,826	22,920	3,607	10,532	47,974
Delaware	416	114	NA	1,173	414	115	NA	1,171
Maryland	2,749	342	1,411	6,163	2,676	406	1,461	6,317
New Jersey	4,699	1,093	3,108	11,235	4,671	664	3,264	10,906
New York	12,870	1,205	3,177	20,972	11,700	1,601	3,272	20,324
Pennsylvania	3,583	847	2,384	9,284	3,459	821	2,535	9,256
Great Lakes	15,425	2,775	9,659	36,415	13,163	2,273	10,218	34,031
Illinois	5,354	1,765	2,099	11,623	4,962	1,353	2,214	10,599
Indiana	1,750	359	1,760	4,958	1,620	373	1,845	4,629
Michigan	2,208	291	1,977	5,518	2,234	258	2,071	6,036
Ohio	3,359	59	2,274	8,365	2,291	6	2,492	7,455
Wisconsin	2,753	301	1,550	5,951	2,057	283	1,596	5,312
Plains	8,107	1,142	4,527	18,361	7,092	1,070	4,867	18,159
Iowa	1,090	162	606	2,383	857	161	676	2,228
Kansas	939	190	733	2,311	594	169	756	1,940
Minnesota	3,130	384	1,427	6,746	3,123	364	1,540	7,123
Missouri	1,821	194	813	3,409	1,646	166	858	3,280
Nebraska	817	90	438	1,528	684	96	434	1,413
North Dakota	311	107	304	1,593	187	106	382	1,782
South Dakota	NA	16	207	392	NA	7	223	394
Southeast	14,971	3,526	16,323	48,321	14,084	3,454	16,806	48,328
Alabama	956	146	603	2,412	907	158	618	2,357
Arkansas	882	133	724	2,563	789	122	787	2,545
Florida	NA	680	5,441	9,769	NA	758	5,693	10,634
Georgia	2,461	302	1,203	4,763	2,428	316	1,299	4,905
Kentucky	1,160	241	773	2,941	1,124	252	813	2,962
Louisiana	781	218	778	2,648	743	145	778	2,586
Mississippi	589	130	938	2,246	543	123	968	2,190
North Carolina	3,179	570	1,456	6,899	2,646	551	1,513	6,392
South Carolina	944	141	1,081	2,683	953	117	1,123	2,691
Tennessee	227	545	1,801	3,846	210	526	1,864	3,848
Virginia	3,201	341	1,214	6,011	3,165	327	1,052	5,660
West Virginia	591	79	312	1,540	576	58	300	1,558
Southwest	2,391	549	9,303	23,756	2,179	370	9,353	23,688
Arizona	1,080	258	1,527	3,623	1,022	214	1,332	3,343
New Mexico	364	90	508	1,505	215	12	338	839
Oklahoma	947	202	631	2,514	943	144	673	2,584
Texas	NA	NA	6,635	16,114	NA	NA	7,009	16,921
Rocky Mountain	3,815	579	1,585	8,479	3,638	588	1,679	8,433
Colorado	1,864	278	618	3,435	1,820	287	687	3,526
Idaho	481	95	332	1,120	459	83	348	1,091
Montana	385	65	NA	932	358	73	NA	891
Utah	1,085	140	470	2,056	1,002	145	456	1,957
Wyoming	NA	NA	165	936	NA	NA	188	967
Far West	26,999	4,307	14,447	58,507	26,480	4,640	15,146	59,173
Alaska	NA	273	NA	1,496	NA	212	NA	1,268
California	24,437	3,827	9,381	44,583	23,805	4,172	9,749	45,189
Hawaii	516	72	757	1,714	521	50	741	1,680
Nevada	NA	NA	1,554	2,998	NA	NA	1,640	2,893
Oregon	2,046	135	NA	2,982	2,155	206	NA	3,225
Washington	NA	NA	2,756	4,735	NA	NA	3,016	4,919

Source: U.S. Census Bureau.

Table 8. Quarterly Tax Revenue By Major Tax
April-June, 2013-2014, Percent Change

	PIT	CIT	Sales	Total
United States	(6.6)	(2.7)	4.1	(1.2)
New England	(5.2)	0.3	5.8	(1.8)
Connecticut	(5.4)	(12.6)	3.9	(5.9)
Maine	(9.4)	3.0	12.5	(3.4)
Massachusetts	(4.3)	5.1	6.9	0.7
New Hampshire	(18.7)	(4.4)	NA	(1.7)
Rhode Island	(1.8)	12.3	1.4	2.7
Vermont	(11.6)	33.1	3.0	3.2
Mid-Atlantic	(5.7)	0.2	4.5	(1.7)
Delaware	(0.6)	0.7	NA	(0.2)
Maryland	(2.7)	18.7	3.5	2.5
New Jersey	(0.6)	(39.2)	5.0	(2.9)
New York	(9.1)	32.9	3.0	(3.1)
Pennsylvania	(3.5)	(3.1)	6.4	(0.3)
Great Lakes	(14.7)	(18.1)	5.8	(6.5)
Illinois	(7.3)	(23.3)	5.5	(8.8)
Indiana	(7.4)	3.9	4.8	(6.6)
Michigan	1.1	(11.3)	4.8	9.4
Ohio	(31.8)	(90.7)	9.6	(10.9)
Wisconsin	(25.3)	(5.9)	3.0	(10.7)
Plains	(12.5)	(6.3)	7.5	(1.1)
Iowa	(21.4)	(1.0)	11.6	(6.5)
Kansas	(36.7)	(10.9)	3.2	(16.1)
Minnesota	(0.2)	(5.1)	7.9	5.6
Missouri	(9.6)	(14.0)	5.5	(3.8)
Nebraska	(16.3)	7.3	(1.1)	(7.5)
North Dakota	(39.8)	(0.4)	25.6	11.9
South Dakota	NA	(55.9)	7.4	0.5
Southeast	(5.9)	(2.1)	3.0	0.0
Alabama	(5.1)	8.3	2.4	(2.3)
Arkansas	(10.5)	(8.4)	8.7	(0.7)
Florida	NA	11.5	4.6	8.9
Georgia	(1.3)	4.7	8.0	3.0
Kentucky	(3.1)	4.7	5.1	0.7
Louisiana	(4.8)	(33.3)	(0.0)	(2.3)
Mississippi	(7.8)	(5.9)	3.2	(2.5)
North Carolina	(16.8)	(3.2)	3.9	(7.4)
South Carolina	0.9	(17.2)	3.9	0.3
Tennessee	(7.5)	(3.5)	3.5	0.1
Virginia	(1.1)	(4.1)	(13.3)	(5.8)
West Virginia	(2.6)	(26.4)	(3.9)	1.2
Southwest	(8.9)	(32.7)	0.5	(0.3)
Arizona	(5.3)	(17.0)	(12.8)	(7.7)
New Mexico	(41.1)	(86.3)	(33.4)	(44.2)
Oklahoma	(0.4)	(28.7)	6.6	2.8
Texas	NA	NA	5.6	5.0
Rocky Mountain	(4.6)	1.5	5.9	(0.5)
Colorado	(2.4)	3.1	11.2	2.7
Idaho	(4.6)	(12.8)	4.9	(2.6)
Montana	(7.0)	11.8	NA	(4.4)
Utah	(7.7)	3.5	(3.1)	(4.8)
Wyoming	NA	NA	13.8	3.4
Far West	(1.9)	7.7	4.8	1.1
Alaska	NA	(22.5)	NA	(15.2)
California	(2.6)	9.0	3.9	1.4
Hawaii	0.9	(30.1)	(2.1)	(2.0)
Nevada	NA	NA	5.5	(3.5)
Oregon	5.3	52.0	NA	8.1
Washington	NA	NA	9.4	3.9

Source: U.S. Census Bureau.

August 2014 they were only 5.3 percent above the prerecession levels.

States, on average, count on the income tax for about 36 percent of their tax revenue. Employment and associated wage payments are major drivers of income taxes. Figure 8 shows the cumulative percentage change in nonfarm employment for the nation as a whole in the eighty-one months following the start of each recession from 1980 forward.⁹ The last point for the 2007 recession is September 2014, month eighty-one. The employment finally attained its prerecession peak levels since May 2014. However, as the graph shows, the 0.8 percent employment growth as of September 2014 is still far worse than the trends seen in and around previous recessions. The trends depicted in Figure 8 suggest that the pace of employment is extraordinarily weak.

The Outlook for State Fiscal Year 2015

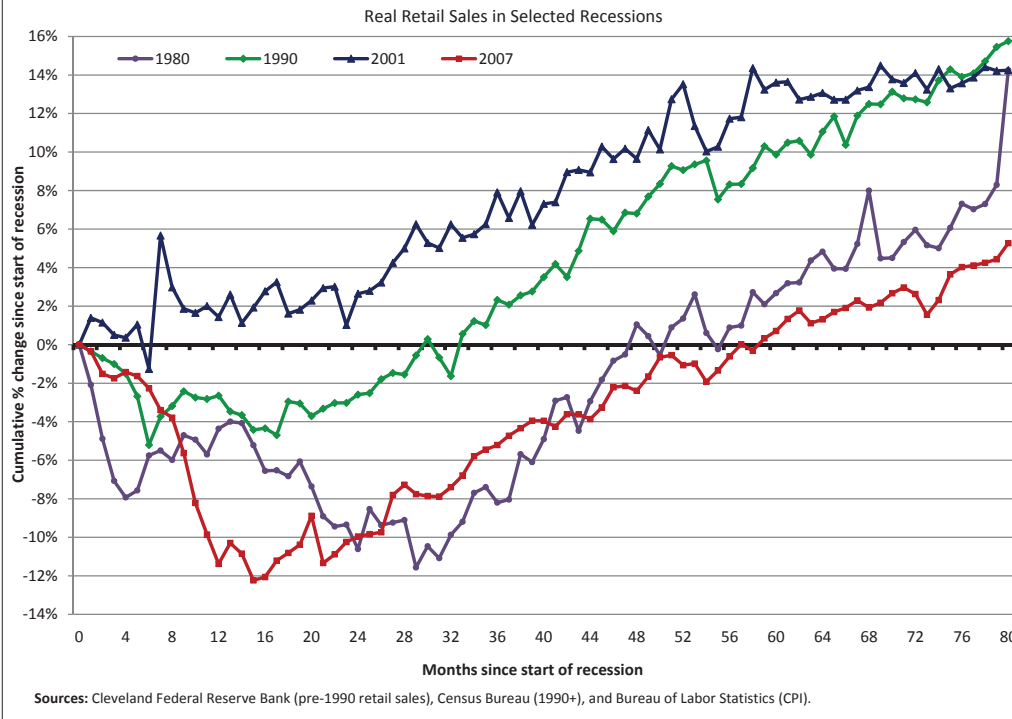
According to preliminary Census Bureau data, states collected \$863.8 billion in total tax revenues in fiscal year 2014, a gain of 1.8 percent from the \$848.7 billion collected in fiscal year 2013 (see Tables 9 and 10). The sales tax and corporate income tax both showed growth at 4.2 and 1.7 percent, respectively, while the personal income tax declined by 1.3 percent. All regions but the Great Lakes reported growth in total tax collections in fiscal year 2014, with the Southwest region reporting the greatest growth at 3.8 percent, and the Mid-Atlantic region reporting the weakest growth at 0.9 percent.

Thirty-one states reported growth in fiscal 2014 while nineteen states reported declines. The greatest growth was in North Dakota at 16.6 percent, while the steepest decline was in Alaska at 34 percent. Thirty-six of forty-five states with broad-based sales tax collections reported growth in sales tax collections, with three states reporting double-digit growth. Finally, twenty-two states reported growth in personal income tax collections while twenty-one states reported declines.

Preliminary data for the July-September quarter of 2014 suggest that state tax collections are back on a growth track. With early data now available for forty-five states, total tax revenues increased by 4.0 percent compared to the same period of 2013, while personal income tax collections increased by 4.4 percent, and sales tax collections grew by 5.9 percent.

Starting at the end of calendar year 2008 and extending through 2009, states suffered five straight quarters of decline in tax revenues, followed by uninterrupted growth through the last quarter of 2013. While states reported declines in the first and second quarters of 2014,

Figure 7. Real Retail Sales Are Now Above the Prerecession Levels



because the economic recovery has been weak and in part because states do not tax the broad economy. Overall, state tax systems are much more reliant on narrower and more volatile forms of economic activity. Moreover, state tax revenues became more volatile in the last decade. The temporary solutions to address budget

these declines are not necessarily an indication of a slowing economy, and are partially attributable to the disappearance of the temporary shifts in income tax collections driven by the fiscal cliff, as discussed in earlier Rockefeller Institute *State Revenue Reports*. And the preliminary data for the third quarter of 2014 already indicate resumed growth in state tax collections.

Still, the recovery in state fiscal conditions has been extremely long and muted, in part be-

cause the economic recovery has been weak and in part because states do not tax the broad economy. Overall, state tax systems are much more reliant on narrower and more volatile forms of economic activity. Moreover, state tax revenues became more volatile in the last decade. The temporary solutions to address budget shortfalls caused by the Great Recession, as well as federal actions related to the “fiscal cliff” and sequestration, led to further growth in revenue volatility. In many states, officials have been puzzled with the uncertainty and are facing challenges in forecasting revenues due to increased revenue volatility.

Figure 8. Employment Is Now 0.8 Percent Above The Prerecession Level

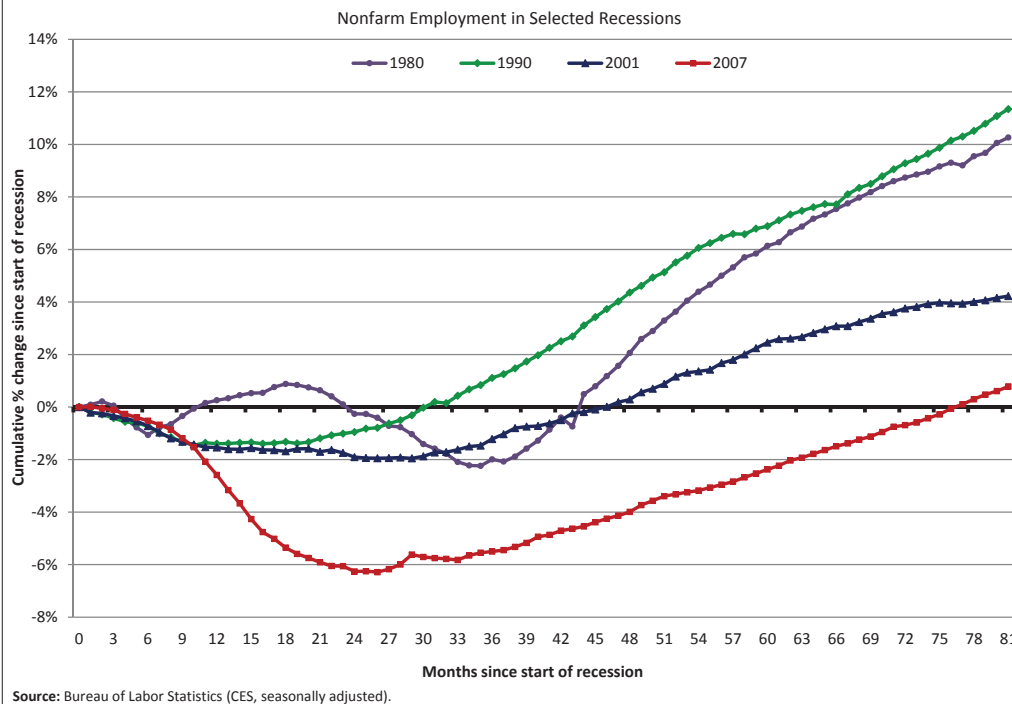


Table 9. State Tax Revenue, FYTD 2013 and FYTD 2014 (\$ in millions)

	July 2012-June 2013				July 2013-June 2014			
	PIT	CIT	Sales	Total	PIT	CIT	Sales	Total
United States	313,705	45,247	253,317	848,704	309,637	45,997	263,873	863,820
New England	24,041	3,436	11,323	51,641	24,301	3,794	12,058	52,910
Connecticut	7,812	569	3,838	15,971	7,773	627	4,087	15,924
Maine	1,532	172	1,072	3,884	1,414	183	1,192	3,847
Massachusetts	12,854	1,888	5,184	23,687	13,251	2,192	5,519	24,907
New Hampshire	92	557	NA	2,305	78	556	NA	2,259
Rhode Island	1,089	144	881	2,934	1,110	130	906	3,004
Vermont	663	106	347	2,859	675	106	355	2,968
Mid-Atlantic	74,363	10,851	34,111	160,277	74,070	10,855	35,327	161,755
Delaware	1,324	310	NA	3,512	1,391	279	NA	3,527
Maryland	7,693	952	4,114	18,157	7,774	983	4,196	18,930
New Jersey	12,109	2,282	8,455	29,077	12,312	2,034	8,871	29,700
New York	42,466	5,099	12,300	75,610	41,790	5,258	12,764	75,469
Pennsylvania	10,771	2,208	9,242	33,920	10,802	2,302	9,496	34,129
Great Lakes	46,746	7,362	36,008	124,131	44,654	6,992	37,787	123,980
Illinois	16,539	4,463	8,159	38,729	16,642	4,285	8,515	39,183
Indiana	4,973	784	6,802	16,937	4,914	867	7,003	16,815
Michigan	8,137	898	8,286	24,709	7,880	862	8,295	24,594
Ohio	9,870	262	8,352	27,242	8,425	(0)	9,345	27,026
Wisconsin	7,228	956	4,410	16,514	6,793	979	4,628	16,363
Plains	23,634	2,958	17,695	61,000	22,797	3,076	18,134	62,460
Iowa	3,224	385	2,264	7,764	2,977	378	2,444	7,737
Kansas	2,957	439	2,897	7,744	2,222	423	2,984	7,468
Minnesota	9,329	1,218	5,588	22,802	9,613	1,336	5,365	23,317
Missouri	5,381	377	3,155	11,183	5,362	358	3,286	11,286
Nebraska	2,102	276	1,669	4,692	2,124	307	1,764	4,883
North Dakota	642	226	1,269	5,299	499	250	1,378	6,178
South Dakota	NA	37	854	1,517	NA	25	915	1,592
Southeast	50,166	8,997	60,782	167,357	49,713	9,262	62,694	171,153
Alabama	3,163	398	2,310	9,016	3,211	368	2,364	8,947
Arkansas	2,650	403	2,838	8,582	2,602	398	3,130	8,907
Florida	NA	2,072	20,786	35,628	NA	2,044	21,854	37,336
Georgia	8,754	797	5,146	17,251	8,966	944	4,984	18,222
Kentucky	3,723	647	3,022	10,815	3,749	674	3,131	11,008
Louisiana	2,735	288	2,928	9,211	2,822	468	3,019	10,137
Mississippi	1,755	416	3,128	7,335	1,665	526	3,273	7,492
North Carolina	11,068	1,286	5,593	23,739	10,391	1,361	5,842	23,365
South Carolina	3,359	387	3,041	8,588	3,421	358	3,040	8,611
Tennessee	263	1,289	7,027	12,683	239	1,177	7,278	12,805
Virginia	10,901	772	3,708	19,118	10,878	741	3,556	18,917
West Virginia	1,796	242	1,255	5,390	1,770	204	1,222	5,406
Southwest	7,525	1,456	35,937	77,373	7,397	1,094	36,658	80,279
Arizona	3,398	662	5,859	12,908	3,462	575	5,327	12,344
New Mexico	1,211	209	1,685	4,833	972	122	1,554	4,419
Oklahoma	2,917	585	2,519	8,658	2,962	397	2,599	8,969
Texas	NA	NA	25,874	50,974	NA	NA	27,178	54,548
Rocky Mountain	10,719	1,354	6,328	25,930	10,941	1,364	6,576	26,644
Colorado	5,529	652	2,417	11,197	5,650	716	2,613	11,800
Idaho	1,293	200	1,324	3,578	1,338	190	1,374	3,633
Montana	1,046	171	NA	2,645	1,063	150	NA	2,641
Utah	2,852	331	1,884	6,325	2,890	308	1,823	6,307
Wyoming	NA	NA	703	2,186	NA	NA	766	2,263
Far West	76,510	8,833	51,133	180,995	75,764	9,558	54,639	184,639
Alaska	NA	634	NA	5,132	NA	409	NA	3,388
California	68,515	7,620	33,428	134,892	67,384	8,512	36,166	138,833
Hawaii	1,736	124	2,944	6,060	1,731	141	2,825	6,043
Nevada	NA	NA	3,637	7,017	NA	NA	3,829	7,143
Oregon	6,259	455	NA	9,199	6,650	497	NA	9,738
Washington	NA	NA	11,123	18,694	NA	NA	11,819	19,492

Source: U.S. Census Bureau.

Table 10. FYTD Tax Revenue by Major Tax				
FYTD 2013 vs. FYTD 2014, Percent Change				
	PIT	CIT	Sales	Total
United States	(1.3)	1.7	4.2	1.8
New England	1.1	10.4	6.5	2.5
Connecticut	(0.5)	10.3	6.5	(0.3)
Maine	(7.7)	6.4	11.2	(1.0)
Massachusetts	3.1	16.1	6.4	5.1
New Hampshire	(14.5)	(0.2)	NA	(2.0)
Rhode Island	1.9	(9.9)	2.8	2.4
Vermont	1.8	0.2	2.1	3.8
Mid-Atlantic	(0.4)	0.0	3.6	0.9
Delaware	5.1	(9.9)	NA	0.4
Maryland	1.0	3.2	2.0	4.3
New Jersey	1.7	(10.9)	4.9	2.1
New York	(1.6)	3.1	3.8	(0.2)
Pennsylvania	0.3	4.3	2.7	0.6
Great Lakes	(4.5)	(5.0)	4.9	(0.1)
Illinois	0.6	(4.0)	4.4	1.2
Indiana	(1.2)	10.6	3.0	(0.7)
Michigan	(3.2)	(4.0)	0.1	(0.5)
Ohio	(14.6)	(100.0)	11.9	(0.8)
Wisconsin	(6.0)	2.5	4.9	(0.9)
Plains	(3.5)	4.0	2.5	2.4
Iowa	(7.7)	(1.7)	8.0	(0.3)
Kansas	(24.8)	(3.8)	3.0	(3.6)
Minnesota	3.0	9.7	(4.0)	2.3
Missouri	(0.3)	(5.2)	4.2	0.9
Nebraska	1.1	11.3	5.6	4.1
North Dakota	(22.3)	11.0	8.6	16.6
South Dakota	NA	(33.2)	7.2	5.0
Southeast	(0.9)	2.9	3.1	2.3
Alabama	1.5	(7.7)	2.4	(0.8)
Arkansas	(1.8)	(1.1)	10.3	3.8
Florida	NA	(1.3)	5.1	4.8
Georgia	2.4	18.4	(3.1)	5.6
Kentucky	0.7	4.3	3.6	1.8
Louisiana	3.2	62.5	3.1	10.1
Mississippi	(5.2)	26.5	4.6	2.1
North Carolina	(6.1)	5.8	4.5	(1.6)
South Carolina	1.8	(7.5)	(0.0)	0.3
Tennessee	(9.0)	(8.7)	3.6	1.0
Virginia	(0.2)	(4.1)	(4.1)	(1.1)
West Virginia	(1.4)	(16.1)	(2.7)	0.3
Southwest	(1.7)	(24.8)	2.0	3.8
Arizona	1.9	(13.1)	(9.1)	(4.4)
New Mexico	(19.7)	(41.6)	(7.8)	(8.6)
Oklahoma	1.6	(32.1)	3.2	3.6
Texas	NA	NA	5.0	7.0
Rocky Mountain	2.1	0.7	3.9	2.8
Colorado	2.2	9.8	8.1	5.4
Idaho	3.5	(5.2)	3.7	1.5
Montana	1.7	(12.2)	NA	(0.1)
Utah	1.3	(6.9)	(3.2)	(0.3)
Wyoming	NA	NA	9.0	3.5
Far West	(1.0)	8.2	6.9	2.0
Alaska	NA	(35.6)	NA	(34.0)
California	(1.7)	11.7	8.2	2.9
Hawaii	(0.3)	13.7	(4.1)	(0.3)
Nevada	NA	NA	5.3	1.8
Oregon	6.2	9.4	NA	5.9
Washington	NA	NA	6.3	4.3

Source: U.S. Census Bureau.

Adjustments to Census Bureau Tax Collection Data

The numbers in this report differ somewhat from those released by the Bureau of the Census in September of 2014. For reasons we describe below, we have adjusted Census data for selected states to arrive at figures that we believe are best suited for our purpose of examining underlying economic and fiscal conditions. As a result of these adjustments, we report a year-over-year decline in tax collections of 1.2 percent in the second quarter, compared to 0.5 percent decline that can be computed from data on the Census Bureau's Web site (www.census.gov/govs/www/qtax.html). In this section we explain how and why we have adjusted Census Bureau data, and the consequences of these adjustments.

The Census Bureau and the Rockefeller Institute engage in two related efforts to gather data on state tax collections, and we communicate frequently in the course of this work. The Census Bureau has a highly rigorous and detailed data collection process that entails a survey of state tax collection officials, coupled with web and telephone follow-up. It is designed to produce, after the close of each quarter, comprehensive tax collection data that, in their final form after revisions, are highly comparable from state to state. These data abstract from the fund structures of individual states (e.g., taxes will be counted regardless of whether they are deposited to the general fund or to a fund dedicated for other purposes such as education, transportation, or the environment).

The Census Bureau's data collection procedure is of high quality but is labor-intensive and time-consuming. States that do not report on time, or do not report fully, or that have unresolved questions may be included in the Census Bureau data on an estimated basis, in some cases with data imputed by the Census Bureau. These imputations can involve methods such as assuming that collections for a missing state in the current quarter are the same as those for the same state in a previous quarter, or assuming that collections for a tax not yet reported in a given state will have followed the national pattern for that tax. In addition, state accounting and reporting for taxes can change from one quarter to another, complicating the task of reporting taxes on a consistent basis. For these reasons, some of the initial Census Bureau data for a quarter may reflect estimated amounts or amounts with unresolved questions, and will be revised in subsequent quarters when more data are available. As a result, the historical data from the Census Bureau are comprehensive and quite comparable across states, but on occasion amounts reported for the most recent quarter may not reflect all important data for that quarter.

The Rockefeller Institute also collects data on tax revenue but in a different way and for different reasons. Because historical Census Bureau data are comprehensive and quite comparable, we rely almost exclusively on Census data for our historical analysis. Furthermore, in recent years Census Bureau data have become far more timely and, where practical, we use them for the most recent quarter as well, although we supplement Census data for certain purposes. We collect our own data on a monthly basis so that we can get a more current read on the economy and state finances. For example, as this report goes to print we have data on tax collections for the third quarter of 2014 for forty-five states; while the numbers are preliminary, they are still useful in understanding what is happening to state finances.

In addition, we collect certain information that is not available in the Census Data — figures on withholding tax collections, payments of estimated income tax, and final payment and refunds, all of which are important to understanding income tax collections more fully. Our main uses for the data we collect are to report more frequently and currently on state fiscal conditions, and to report on the income tax in more detail.

Ordinarily there are not major differences between our data for a quarter and the Census data. Normally, we use the Census data without adjustment for full quarterly *State Revenue Reports*. In the last three years, states have been slow in reporting tax revenues to the Census Bureau in a

timely manner due in part to furloughs and reduced workforces. For example, as of now, the Census Bureau has not received data for ten states for the second quarter of 2014. Therefore, the Census Bureau reported estimated figures for those states. We have made some adjustments to the Census data. Table 11 shows the year-over-year percent change in national tax collections for the following sources: (1) preliminary figures collected by the Rockefeller Institute that appeared in our “Data Alert” dated September 17, 2014; (2) preliminary figures as reported by the Census Bureau in September of 2014; and (3) the Census Bureau’s preliminary figures with selected adjustments by the Rockefeller Institute.

	PIT	CIT	Sales	Total
RIG Data Alert	(7.1)	(0.1)	4.2	(1.7)
Census Bureau Preliminary	(6.7)	(1.1)	5.3	(0.5)
Census Bureau Preliminary with RIG Adjustments	(6.6)	(2.7)	4.1	(1.2)

The last set of numbers with our adjustments is what we use as the basis for this report. For the second quarter of 2014, we made adjustment for the following eleven states — Connecticut, Kansas, Maryland, Massachusetts, New Hampshire, New Jersey, New Mexico, Oregon, Rhode Island, Utah, and Washington — based upon data and information provided to us directly by these states. For ten of these eleven states, the Census Bureau had not received a response in time for its publication and used imputed data that will be revised in later reports. However, the Institute obtained data for all ten; these data may not be as comprehensive as what would be used by the Census Bureau, but we believe they provide a better picture of fiscal conditions than imputed data. In addition, we adjusted personal income tax for Illinois and Indiana as well as tax collections for some previous quarters for those states where Census Bureau reported imputed values or where preliminary figures were questionable. For example, we made adjustments to sales and total tax numbers for Arizona for several quarters, for which the Census Bureau did not report the temporary one-cent sales tax collections. We also made adjustments for some other states for the previous eight quarters.

Endnotes

- 1 We made adjustments to Census Bureau data for the second quarter of 2014 for eleven states — Connecticut, Kansas, Maryland, Massachusetts, New Hampshire, New Jersey, New Mexico, Oregon, Rhode Island, Utah, and Washington — based upon data and information provided to us directly by these states or based on the revised data provided to us by the Census Bureau. In addition, we made adjustments to personal income tax collections for Illinois and Indiana, as well as to tax numbers for the previous quarters for several states, where the Census Bureau still reported imputed data. These revisions together account for some noticeable differences between the Census Bureau figures and the Rockefeller Institute estimates.
- 2 See for example Lucy Dadayan and Donald J. Boyd, “State Tax Revenues Continue Slow Rebound,” *State Revenue Report*, #90, The Nelson A. Rockefeller Institute of Government, February 2013, http://www.rockinst.org/pdf/government_finance/state_revenue_report/SSR-90.pdf, and Lucy Dadayan and Donald J. Boyd, “April ‘Surprises’ More Surprising Than Expected,” *State Revenue Special Report*, The Nelson A. Rockefeller Institute of Government, June 2014, http://www.rockinst.org/pdf/government_finance/state_revenue_report/2014-06-12-Special_ReportV5.pdf.
- 3 We have adjusted the historical data for local property tax revenue as reported by the Census Bureau, revising the data for the third quarter of 2008 and earlier periods upward by 7.7 percent, consistent with the higher level of property tax revenue in the new sample compared with the previous sample, as reported in

the Census Bureau's "bridge study." For more information on methodological changes to the local property tax and the results of the bridge study, please see: <http://www2.census.gov/govs/ntax/bridgestudy.pdf>.

- 4 Preliminary figures for July-September quarter of 2014 are not available for the following five states: Connecticut, Hawaii, Nevada, New Mexico, and Wyoming. It is likely that the nationwide picture for collections during the third quarter of 2014 might change slightly once we have complete data for all fifty states for the third quarter of 2014.
- 5 For a technical discussion of these indexes and their national counterpart, see Theodore M. Crone and Alan Clayton-Matthews. "Consistent Economic Indexes for the 50 States," *Review of Economics and Statistics*, 87 (2005), pp. 593-603; Theodore M. Crone, "What a New Set of Indexes Tells Us About State and National Business Cycles," *Business Review*, Federal Reserve Bank of Philadelphia (First Quarter 2006); and James H. Stock and Mark W. Watson. "New Indexes of Coincident and Leading Economic Indicators," *NBER Macroeconomics Annual* (1989), pp. 351-94. The data and several papers are available at <http://www.philadelphiafed.org/research-and-data/regional-economy/indexes/coincident/>.
- 6 For more discussion of the relationship between property tax and housing prices, see Lucy Dadayan, *The Impact of the Great Recession on Local Property Taxes* (Albany, NY: The Nelson A. Rockefeller Institute of Government, July 2012), http://www.rockinst.org/pdf/government_finance/2012-07-16-Recession_Local_%20Property_Tax.pdf.
- 7 Rockefeller Institute analysis of data from the National Association of State Budget Officers.
- 8 This treats the 1980-82 "double-dip" recession as a single long recession.
- 9 Ibid.

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 fifty states and serves as a national resource for public officials, the media, public affairs experts, researchers, and others.

This report was researched and written by Lucy Dadayan, senior policy analyst, and Donald J. Boyd, senior fellow. Thomas Gais, director of the Institute provided valuable feedback on the report. Michael Cooper, the Rockefeller Institute's director of publications, did the layout and design of this report, with assistance from Michele Charbonneau.

You can contact Lucy Dadayan at lucy.dadayan@rockinst.suny.edu or ldadayan@albany.edu.