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HIGHLIGHTS

- State tax revenue growth slowed significantly in the second half of 2015 and, according to preliminary data, early in 2016. Year-over-year growth was 1.9 percent in the fourth quarter of 2015.
- Personal income tax revenue growth slowed to 5.1 percent on a year-over-year basis.
- Growth was weak in sales tax collections, at 2.1 percent, and motor fuels tax at 3.5 percent. Corporate income taxes declined by 9.2 percent.
- Preliminary figures for the first quarter of 2016 indicate further weakening in state tax collections, at 1.9 percent. Personal income tax growth slowed to 2.3 percent. Preliminary data for April 2016 indicate large declines in personal income tax collections, likely caused by the volatility in the stock market.
- States project weak growth in tax collections in 2017. The median forecast of income tax and sales tax growth is at 4.0 and 3.8 percent, respectively.

Slowing Growth in State Tax Revenues

Weak Stock Market, Shaky Oil Prices, and Brexit Aftermath Leave the States With Much Uncertainty

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Summary and Conclusions

S tate and local government taxes have continued a slowdown that began in the middle of 2015 and that has extended into the second quarter of 2016. State and local government revenue from major taxes tracked by the Census Bureau grew by 4.2 percent in the fourth quarter of 2015, a substantial slowing from the 5.8 percent average for the four previous quarters (see Table 1). Total state tax revenue from all sources grew by 1.9 percent in the fourth quarter and preliminary data for the first quarter of 2016 indicate another quarter of 1.9 percent growth. We expect additional weakness when results for the second quarter are reported. The recent slowing of revenue growth, combined with a volatile and weak stock market and turmoil related to Brexit, suggests that the outlook for state budgets in the 2016-17 state fiscal year, which begins on July 1st in forty-six states, has become gloomier and more uncertain.

Table 1. State and Local Government Tax Revenue Growth Year-Over-Year Change					
(Dollar amounts in millions)					
	2014 Q4	2015 Q4	$ change	% change	Prior 4 quarters /2
State and Local Government					
Total, major taxes /1	**$373,573**	**$389,166**	**$15,593**	**4.2%**	**5.8%**
State Government					
Total state taxes	**$213,145**	**$217,274**	**$4,128**	**1.9%**	**5.4%**
Total major taxes	**$160,055**	**$164,749**	**$4,694**	**2.9%**	**6.9%**
Sales tax	69,464	70,888	1,424	2.1%	4.8%
Personal income tax	76,438	80,322	3,884	5.1%	8.9%
Corporate income tax	9,872	8,967	(905)	-9.2%	5.3%
Property tax	4,282	4,572	290	6.8%	7.8%
Total, other state taxes	**$53,090**	**$52,525**	**($565)**	**-1.1%**	**0.9%**
Local Government					
Total major taxes	**$213,518**	**$224,417**	**$10,899**	**5.1%**	**4.5%**
Sales tax	19,676	20,005	329	1.7%	7.5%
Personal income tax	7,676	8,374	698	9.1%	15.1%
Corporate income tax	1,802	1,888	86	4.8%	7.8%
Property tax	184,364	194,150	9,786	5.3%	3.1%

Source: U.S. Census Bureau (tax revenue).
Notes: 1/ The Census Bureau only reports on major taxes of local government (sales, personal income, corporate income, and property tax). 2/ Average of four prior year-over-year percent changes.

The recent weakness in tax revenue has been caused by:

- ■ *A sharp slowdown in the income tax, caused by slow fourth-quarter growth in withholding on wages, and slow first quarter growth of payments associated with nonwage income.* State income tax revenue grew only 5.1 percent on a year-over-year basis in the fourth quarter of 2015, down from an average of 8.9 percent in the previous four quarters.

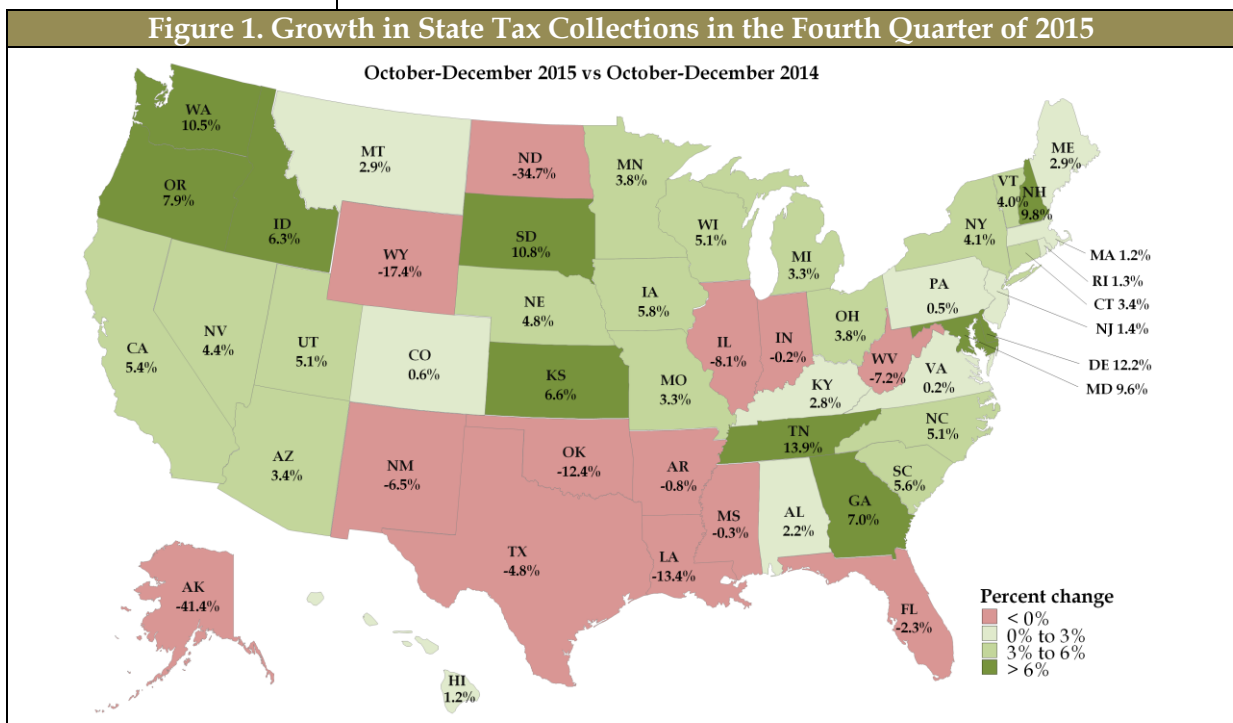Preliminary data for the first quarter of 2016 suggest growth of only 2.3 percent. The main causes were:

- *Slowing growth in withholding on wages in the fourth quarter.* Growth slowed to 2 percent in the fourth quarter of 2015, down from approximately 5 percent in each of the two prior quarters.

- *First-quarter slowing in estimated payments and final returns.* According to preliminary data, growth in estimated payments slowed to 3.3 percent in the first quarter of 2016, down from an average of 12.0 percent in the four previous quarters. Final returns growth slowed to 7.7 percent, down from a 10.4 percent average. Most of this slowdown likely has been caused by the stock market's slowing in 2015, which was the weakest since 2010, and by the volatile and weak stock market to date in 2016. The income tax almost certainly weakened even more in the second quarter of 2016, due to widespread declines in payments with April's tax returns for 2015. Technical factors also have played a role in the slowing income tax.

■ *A significant slowing in the sales tax, consistent with slowing growth in taxable consumption.* State sales tax revenue grew by 2.1 percent in the fourth quarter of 2015, down from an average of 4.8 percent in the four previous quarters. Preliminary data for the first quarter of 2016 indicate growth of only 2.5 percent. Consumption of durable and nondurable goods figure prominently in many states' sales taxes, and consumers have been tightening their wallets: year-over-year growth in nominal consumption of durable goods slowed from 7.3 percent in the first quarter of 2015 to 5.1 percent in the fourth quarter of 2015, and to only 4.2 percent in the first quarter of 2016. Growth in consumption of nondurable goods has remained steady but slow, rising from 2.4 percent in the first quarter of 2015 to 2.6 percent in the first quarter of 2016. The slow growth in consumption, and particularly the slowdown in durables, undoubtedly has had a substantial impact on the sales tax.

■ *Outright declines in corporate income taxes.* State corporate income taxes actually declined by 9.2 percent in the fourth quarter of 2015, compared to average growth of 5.3 percent in the four previous quarters. Preliminary data for the first quarter of 2016 suggest corporate taxes declined again, by 7.6 percent. Fortunately, most states do not rely heavily on corporate income taxes.

■ *Extreme weakness in oil-producing states.* Oil-state economies have been hit hard by declines in prices and production. Most of these states rely heavily on severance taxes, which have declined sharply. In addition, oil states' economies have slowed greatly, causing weakness and shortfalls in other taxes. All eight states with economies heavily concentrated in oil and mineral production had year-over-year declines in total state tax revenue in the fourth quarter of 2015.

For the most part, state governments have been hit harder by slowing tax revenue growth than localities. Local governments as a group rely heavily on property taxes, which are relatively stable and accelerated slightly in the fourth quarter, growing by 5.3 percent, compared with a 3.1 percent average in the prior four quarters. Some local governments, particularly those that rely heavily on sales taxes or income taxes as some large cities do, and local governments in oil-producing states, are likely to be faring much worse than average.

Although oil-producing states were hardest-hit by slowing revenue growth in the fourth quarter of 2015, five other states had declines, partly the result of legislative changes that reduced revenue (see Figure 1). Preliminary data suggest that the slowing in the first quarter and in final returns for the second quarter will be much broader still.

Figure 1. Growth in State Tax Collections in the Fourth Quarter of 2015

October-December 2015 vs October-December 2014

State tax revenue growth is likely to remain slow and highly uncertain in the coming quarters. For most of this year, the stock market has been down or flat. Unless the market recovers substantially, this will have a negative impact on income tax payments at the end of the calendar year and early in 2017. The Brexit vote has cast a pall on financial markets and may lead to slower real economic growth than otherwise was expected. States already were forecasting another year of slow revenue growth in fiscal 2017, with only 4.0 percent growth in the income tax and 3.8 percent growth in the sales tax. Recent events suggest states are likely to reduce their forecasts when they next update them.

The remainder of this report examines state tax collections for the fourth quarter of 2015 in detail, summarizes preliminary collections for the first quarter of 2016, and reports on the states' most recent forecasts for the 2016-17 fiscal year.

State Tax Revenue

Total state tax revenue grew by 1.9 percent in the fourth quarter of 2015 relative to a year ago, in nominal terms. Growth was reported in all major sources of state tax revenues, with the exception of corporate income tax collections, which declined by 9.2 percent. Individual income tax collections grew by 5.1 percent, while sales tax and motor fuel tax collections grew by 2.1 and 3.5 percent, respectively. Table 3 shows growth in state tax revenue with and without adjustment for inflation and Table 4 shows growth by major tax in nominal terms.

Thirty-seven states reported growth in total tax revenue during the fourth quarter of 2015, with seven states reporting double-digit growth (see Table 5 and Table 6). All regions but the Great Lakes and the Southwest reported growth in overall state tax collections, where tax revenue collections declined by 0.2 and 4.4 percent, respectively. The Far West region showed the strongest growth at 5.6 percent.

Thirteen states reported declines in overall state tax collections in the fourth quarter of 2015. Eight of those thirteen states reporting declines are oil- and mineral-dependent states. Those states are: Alaska, Louisiana, New Mexico, North Dakota, Oklahoma, Texas, West Virginia, and Wyoming. The oil- and mineral-dependent states have very high reliance on severance taxes.[1] The steep oil price declines throughout 2015 and early 2016 led to declines in severance tax collections as well as in overall state tax collections and depressed overall economic activity, leading to weakness or declines in other taxes. The largest declines in total tax revenue were

reported in Alaska and North Dakota at 41.4 and 34.7 percent, respectively.

Personal Income Tax

Personal income tax revenues grew by 5.1 percent in nominal terms and by 3.9 percent in inflation-adjusted terms in the fourth quarter of 2015 compared to the same period in 2014. The growth in the fourth quarter of 2015 was weak compared to the growth rates reported in the previous quarters of 2015. The weakness in personal income tax collections in the fourth quarter is mostly attributable to the weak stock market as well as to large declines in oil prices.

All regions but the Great Lakes reported growth in personal income tax collections in the fourth quarter of 2015, with the Far West and Plains regions showing the strongest growth at 10.3 and 7.8 percent, respectively. The Great Lakes region had declines in personal income tax collections of 1.6 percent.

Overall, thirty-three states reported growth in personal income tax collections for the quarter, with six states reporting double-digit growth. Ten states reported declines in personal income tax collections. Declines were particularly large in North Dakota and Illinois at 18.1 and 10.6 percent, respectively. The declines in North Dakota are partially attributable to cuts in income tax rates and the declines in Illinois are partially due to the expiration of temporary income tax increases that were adopted in 2011. The tax rate sunset in Illinois means that the income tax rate went from 5.0 percent to 3.75 percent as of January 1, 2015.

PIT Component	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	Comments
Withholding	2.1%	5.0%	4.9%	2.0%	4.9%	Largest PIT component; generally reflects current economy.
Estimated Payments	8.1%	18.3%	9.0%	12.6%	3.3%	Second quarter payments usually are heavily influenced by the previous year's stock market.
Final Returns	12.4%	19.9%	9.7%	20.6%	7.7%	Second quarter is usually the largest collections quarter.
Refunds	-3.2%	-1.0%	4.0%	0.1%	9.8%	A positive number means that refunds increased; negative means refunds decreased.
PIT Total	**6.2%**	**14.1%**	**5.8%**	**4.5%**	**2.8%**	

Table 2. Growth in Personal Income Tax Components Year-Over-Year Percent Change

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

We can get a clearer picture of collections from the personal income tax by breaking this source down into four major components: withholding, quarterly estimated payments, final payments, and refunds. The Census Bureau does not collect data on individual components of personal income tax collections. The data presented

here were collected by the Rockefeller Institute. In this report we provide detailed income tax data for the fourth quarter of 2015 and preliminary data for the first quarter of 2016. Table 2 shows growth for each major component in the last five quarters.

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 7 shows year-over-year growth in withholding for the four quarters of 2015 and for the first quarter of 2016. Growth in withholding had softened significantly in the fourth quarter of 2015 at 2.0 percent. Preliminary data for the January-March 2016 quarter show stronger growth in withholding at 4.9 percent for the forty states for which we have data, out of forty-one states with broad-based personal income taxes. The growth in withholding throughout calendar year 2015 averaged 3.5 percent.

Thirty-one states reported growth in withholding for the fourth quarter of 2015 and ten states reported declines. The largest decline was in Illinois at 19.7 percent, mostly driven by the expiration of the temporary personal income tax increase. Among forty early reporting states, thirty-four states reported growth in the first quarter of 2016 and six states reported declines.

All regions but the Great Lakes showed growth in withholding in the fourth quarter of 2015. The Far West region had the strongest growth both in the fourth quarter of 2015 and the first quarter of 2016 at 6.8 and 6.6 percent, respectively. The Southwest region had the weakest growth both in the last quarter of 2015 and the first quarter of 2016 at 0.1 and 0.5 percent, respectively.

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 small proportion of overall income-tax revenues, but can have a large impact on the direction of overall collections. In the fourth quarter of 2015, estimated payments accounted for roughly 15 percent of total personal income tax revenues. Estimated payments were roughly 24 percent of total personal income tax revenues in the first quarter of 2016.

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 some states, the first estimated payment includes payments with extension requests for income tax returns on the prior year, and thus is related partly to income in that prior year. Subsequent payments generally are related to income for the current year, although often that relationship is quite loose.

In the thirty-eight states for which we have data for the fourth payment (attributable to the 2015 tax year), the median payment was up by 4.0 percent compared to the previous year (see Table 8).

In the thirty-six states for which we have complete data for the first payment (attributable to the 2016 tax year), the median payment declined by 4.6 percent, compared to the median growth of 14.2 percent reported for the first payment of last year. The declines for the first payment filed in April 2016 are mostly caused by the weak stock market. The strong growth for the first payment filed in April 2015 was largely due to the strong stock market throughout 2014 and the disappearing impact of the federal fiscal cliff.

Declines in estimated payments were quite widespread for the first payment of 2016. Estimated payments in April 2016 were marked in red in twenty-four states.

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 fourth quarter of 2015 and the first quarter of 2016, final payments accounted for roughly 6 percent of all personal income tax revenues.

Final payments with personal income tax returns grew by 20.6 percent in the fourth quarter of 2015 and only by 7.7 percent in the first quarter of 2016.

Preliminary figures for April 2016 indicate significant decline in final payments at 8.4 percent compared to April 2015.

Refunds

Personal income tax refunds paid by thirty-nine states grew by 0.1 percent in the fourth quarter of 2015 compared to the same quarter of 2014. Preliminary data from thirty-eight states show a growth of 9.8 percent in the first quarter of 2016. In total, states paid out about $2.3 billion more in refunds in the first quarter of 2016 compared to

the same quarter in 2016. Overall, twenty-eight states paid out more refunds in the first quarter of 2016 compared to the same quarter of 2015. New York alone paid out $1.1 billion more in the first quarter of 2016 compared to the same quarter of 2015.

The Stock Market and the Income Tax

The stock market in 2015 was relatively weak, gaining only 6.7 percent as measured by the calendar-year average of the S&P 500 Index.[2] This was the weakest growth since 2010. Furthermore, the stock market declined significantly in the first quarter of 2016. Stock market declines can cause weakness or declines in income related to financial markets, particularly capital gains. If the stock market continues to decline, that may lead to further weakening and potentially declines in personal income tax revenue collections, particularly for the states that have high reliance on capital gains. As always, this is a source of great uncertainty in state budgets.

We already observe the impact of the weak stock market on estimated and final payments. As noted above, estimated payments in April 2016 showed a 5.9 percent decline and the final payments showed an 8.4 percent decline based on our preliminary information. Now it seems apparent that the capital gains in 2015 were down. Some states have already seen negative surprises in April collections and have revised income tax forecasts downward.

General Sales Tax

State sales tax collections in the October-December quarter grew 2.1 percent from the same period in 2014, which is weaker than the growth reported for the previous six quarters. Sales tax collections have seen continuous growth in the last six years, with an average quarterly growth of 4.5 percent. Inflation-adjusted figures indicate that sales tax collections were only 2.9 percent above the recessionary peak reported in the fourth quarter of 2007. Overall, the average growth rate in sales tax collections is low by historical standards. Many consumers are more cautious in their discretionary spending in the post Great Recession period and have had little wage growth to support spending growth.

The weakness in sales tax collections is at least partially attributable to tax dollars lost in online retail sales. The online sales tax loophole has been an ongoing debate in the states and some states adopted several measures such as enactment of nexus or "Amazon" laws to address the issue. However, state efforts alone have had limited effectiveness and Congressional action may be needed to fully stem revenue losses.

All regions but the Great Lakes and Southwest reported growth in sales tax collections in the fourth quarter of 2015 compared to the same quarter in 2014. The Far West region reported the greatest increase at 6.5 percent, while the Southeast reported the softest growth at 0.9 percent. The Great Lakes and Southwest regions reported declines of 0.3 percent each.

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 collect little revenue from corporate taxes, and can experience large fluctuations in percentage terms with little budgetary impact. There is often significant variation in states' gains or losses for this tax.

Corporate income tax revenue declined by 9.1 percent in the fourth quarter of 2015 compared to a year earlier. Declines were widespread. Among forty-six states that have a corporate income tax, twenty-nine states reported declines in the fourth quarter of 2015. The Mid-Atlantic and New England regions were the only two reporting growth in corporate income tax collections at 0.2 and 11.6 percent, respectively. All the other regions reported declines.

Motor Fuel Sales Tax

Motor fuel sales tax collections in the fourth quarter of 2015 grew by 3.5 percent from the same period in 2014. Motor fuel sales tax collections have fluctuated greatly in the post Great Recession period. Economic growth, changing gas prices, general increases in the fuel-efficiency of vehicles, and changing driving habits of Americans all affect gasoline consumption and motor fuel taxes. Changes in state motor fuel rates also affect tax collections.

Three regions — the Far West, Great Lakes, and Southwest — reported declines in motor fuel sales tax collections in the fourth quarter of 2015 compared to the same quarter in 2014. The rest of the regions reported growth. The Mid-Atlantic region reported the largest increase at 13.5 percent. Eighteen states reported declines in motor fuel sales tax collections, with six states reporting double-digit declines.

Other Taxes

Census Bureau quarterly data on state tax collections provide detailed information for some of the smaller taxes. In Table 9, we show year-over-year growth rates of the four-quarter average of

inflation-adjusted revenue for the nation as a whole. In the fourth quarter of 2015, states collected $45.9 billion from smaller tax sources, which comprised 21 percent of total state tax collections.

Revenues from smaller tax sources showed a mixed picture in the fourth quarter of 2015. State property taxes, a small revenue source for states, increased by 8.1 percent, computed as described above. Collections from tobacco product sales showed declines at 0.1 percent, marking the sixth consecutive quarter of declines. Tax revenues from alcoholic beverage sales and from motor vehicle and operators' licenses showed growth at 1.7 and 1.8 percent, respectively, in the fourth quarter of 2015. Revenues from all other smaller tax sources declined by 2.2 percent.

Underlying Reasons for Tax Revenue 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 goes up, 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 2 shows year-over-year growth for two-quarter moving averages in inflation-adjusted state tax revenue and in real gross domestic product (GDP), 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 2, real state tax revenue declined for two consecutive quarters in early 2014, but resumed growth since then. Real GDP showed uninterrupted growth since 2010 and grew by 2.1 percent in the fourth quarter of 2015.

Yet volatility in tax revenue is not fully explained by changes in real GDP, a broad measure of the economy. In 2009 and 2010, state revenue declines were often much larger than the quarterly reductions in real GDP. 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. In the most recent years, state tax revenues have become even more volatile compared to the general economy.

Figure 2. State Tax Revenue Is More Volatile Than the Economy

Year-Over-Year Change in Inflation-Adjusted State Government Taxes and Real GDP
Percent Change of Two-Quarter Moving Averages

Sources: U.S. Census Bureau, Quarterly Summary of State and Local Government Tax Revenue and Bureau of Economic Analysis (real GDP).

Notes: (1) Percentage change of two-quarter moving averages; (2) No legislative adjustments; (3) Recession periods are shaded.

Figure 3 shows year-over-year employment growth in the first quarter of 2016 compared to the first quarter in 2015. For the nation as a whole, employment grew by 1.9 percent in the first quarter of 2016. On a year-over-year basis, employment grew in forty-four states in the first quarter of 2016. Six states — Kansas, Louisiana, North Dakota, Oklahoma, West Virginia, and Wyoming — reported declines. The employment declines in these states are partially attributable to the large drop in oil prices as they are all highly reliant on oil industry, with the exception of Kansas. North Dakota reported the largest declines at 4.4 percent, followed by Wyoming at 3.2 percent.

Figure 4 shows national consumption of durable goods, nondurable goods, and services — factors 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 remained relatively stagnant in the last two years. Growth in the consumption of durable goods, an important element of state sales tax bases, has been relatively volatile in the most recent quarters, trending upward throughout 2014 and downward throughout 2015 and early 2016.

Figure 3. Percent Change in Nonfarm Employment

January-March 2016 vs January-March 2015

Percent change
- < -5%
- 0% to 1.5%
- 1.5% to 3%
- >3%
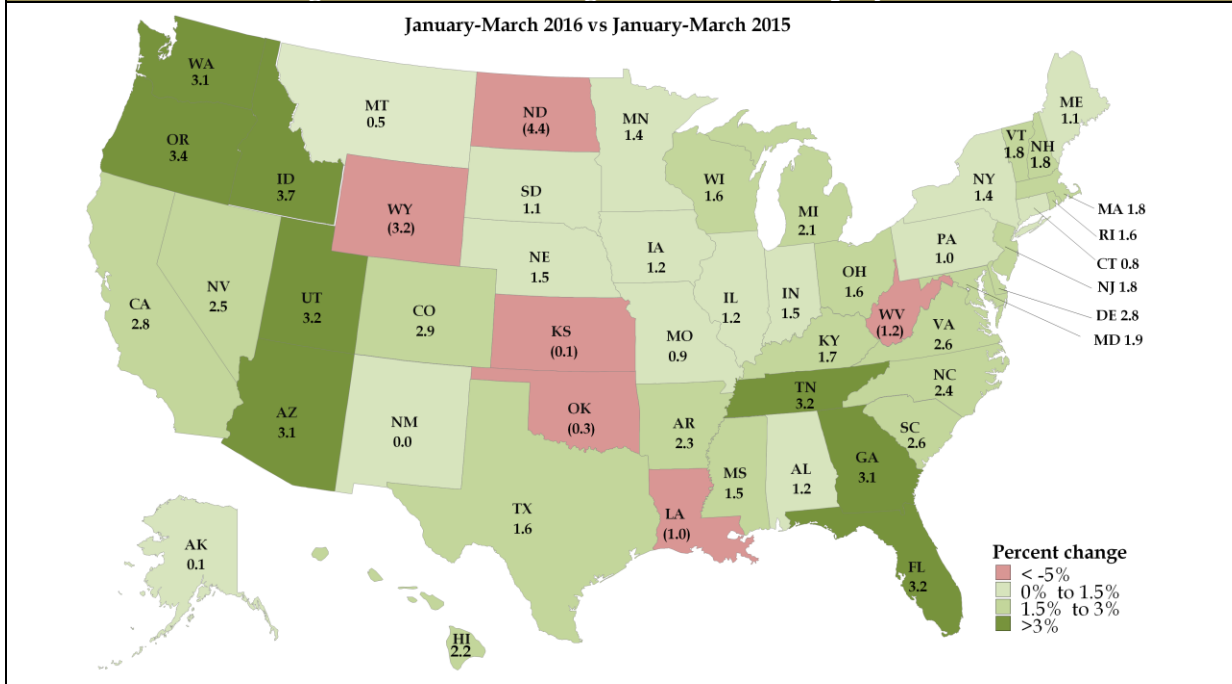
Figure 4. Continued Weakness in Consumption of Durable Goods

Year-Over-Year Percent Change in Real Consumption

Source: U.S. Bureau of Economic Analysis, National Income and Product Accounts, Table 2.3.6.
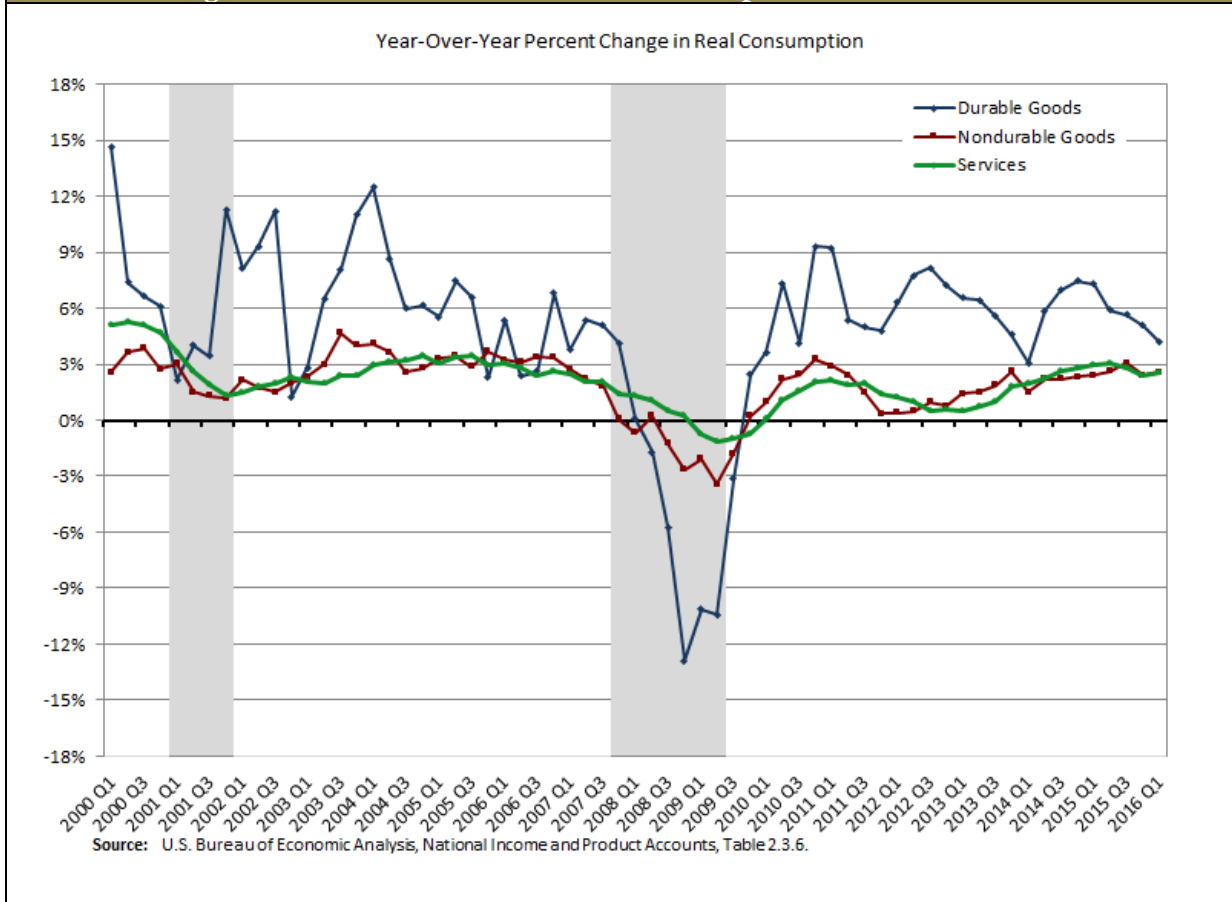
Figure 5 shows the year-over-year percent change in the four-quarter moving average housing price index and local property taxes. Declines in housing prices usually lead to declines in property taxes with some lag. The deep declines in housing prices caused by the Great Recession led to a significant slowdown in property tax growth and then to an actual decline in fiscal years 2011 and 2012.[3] 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 decline in local property taxes lagged behind the decline in housing prices. The trend in the housing price index and local property taxes has been generally upward in the past four years. The housing price index grew by 5.6 percent while local property taxes grew by 3.6 percent in the fourth quarter of 2015.

Figure 5. Continued Growth in Local Property Taxes in the Fourth Quarter

Year-Over-Year Change in Housing Prices vs. Local Property Taxes
Percent Change of Four-Quarter Moving Averages

Sources: U.S. Census Bureau, Quarterly Summary of State and Local Government Tax Revenue (local property taxes) and Federal Housing Finance Agency, House Price Indexes data (all transactions).
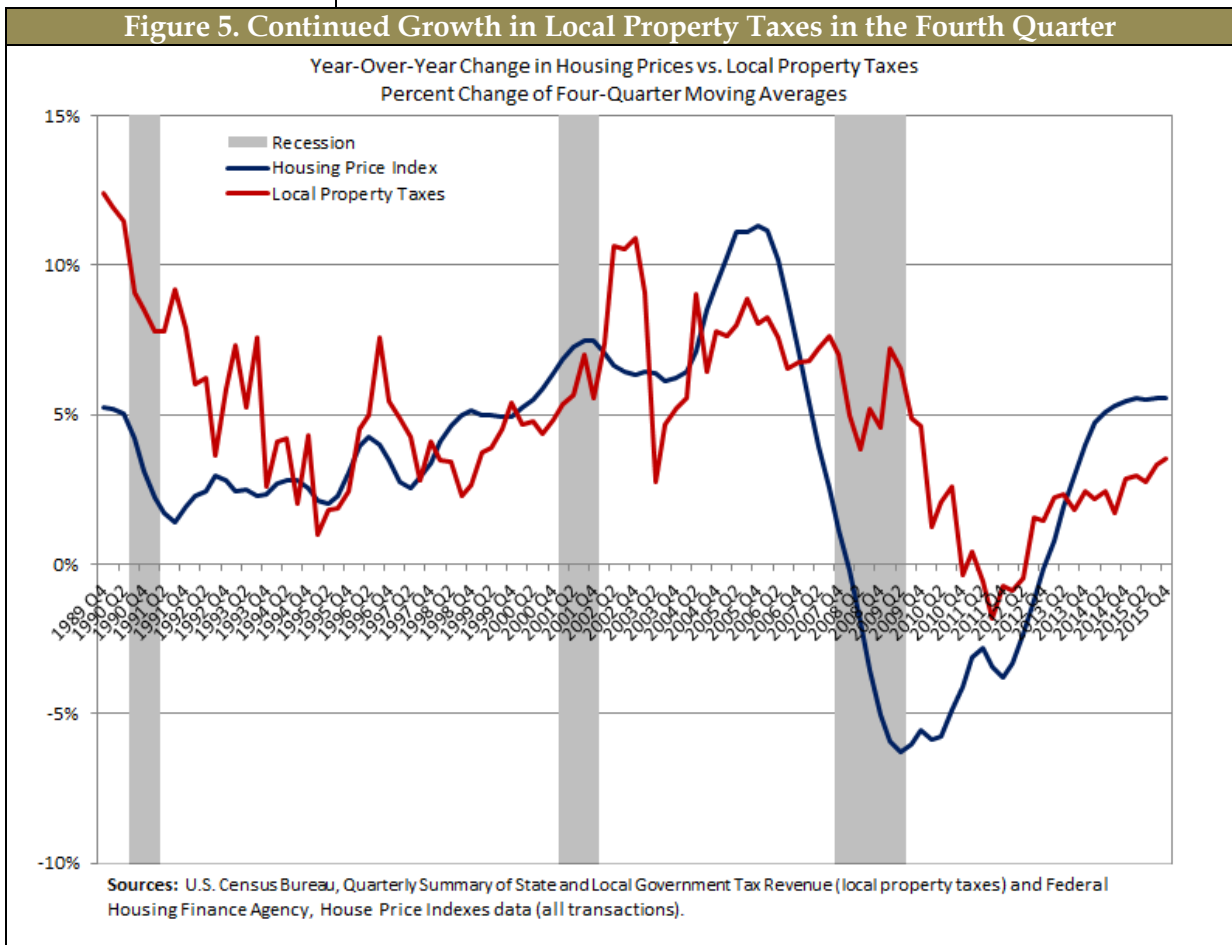
Tax Law Changes Affecting the Fourth Quarter of 2015
Another important element affecting trends in tax revenue growth is changes in states' tax laws. During the October-December 2015 quarter, enacted tax increases and decreases produced an estimated gain of $177 million compared to the same period in 2014.[4] Enacted

tax changes decreased personal income tax by approximately $263 million, increased sales tax by $111 million, and increased corporate income taxes by $144 million. Enacted tax changes also increased motor fuel taxes by $112 million and cigarette taxes by $141 million, and decreased some other taxes by $67 million. Below we discuss some of the major enacted tax changes and their expected impact on tax revenues for fiscal year 2016.

The most significant personal income tax changes were in Ohio, where officials implemented across-the-board income tax rate reductions, expanded the earned income tax credit and personal exemptions, and increased the small business tax deduction for those reporting business income under the personal income tax. These enacted changes are estimated to result in a $1.1 billion reduction in income tax collections in fiscal year 2016. In California, officials implemented an earned income tax credit that would increase the after-tax income of low-income workers and decrease personal income tax receipts by $380 million in fiscal 2016.[5]

The most noticeable sales tax changes are in Connecticut, Kansas, Louisiana, and Maine, where projected increases range between $107 million and $176 million. Connecticut has eliminated its clothing sales tax exemption and adopted other legislated sales tax changes. Kansas increased the sales tax rate, and Louisiana and Maine adopted various legislated sales tax changes.

The largest corporate income tax changes are in Connecticut and Louisiana, with projected increases of $258 and $405 million, respectively. In Connecticut, officials established mandatory unitary combined reporting, limited tax credits to 50.01 percent of tax, and implemented other legislated changes. In Louisiana, officials reduced various corporate income and franchise tax credits.

A few states also increased cigarette and motor fuel sales taxes. Louisiana and Ohio increased cigarette tax rates, while North Carolina and Washington increased their motor fuel sales.

Other major tax changes include a constitutional amendment to increase property tax relief in Texas, overwhelmingly approved by voters, and a business franchise tax rate reduction that combined will result in an estimated cost of $1.9 billion in fiscal 2016. In Georgia, officials created new annual alternative fuel vehicle fees estimated to result in an additional $868 million in fiscal 2016. Officials in Nevada enacted a combination of tax changes estimated to bring an additional $402 million in revenues to the state.

Overall, more states enacted significant tax changes for fiscal year 2016 than for the previous two fiscal years. The net enacted tax changes increase tax revenues in fiscal year 2016 while the net enacted tax changes reduced revenue for fiscal years 2014 and 2015.

Tax Revenue Outlook for the Remainder of Fiscal 2016

Preliminary figures collected by the Rockefeller Institute for the January-March quarter of 2016 show weak growth for overall tax collections as well as personal income and sales tax collections. Total tax collections grew by 1.9 percent in the first quarter of 2016 compared to the same quarter in 2015. Personal income tax collections grew by 2.3 percent, which is significantly lower than the growth rates reported in 2015. The significant softening in the first quarter is likely attributable to the weak stock market, as discussed above.

Sales tax collections grew by 2.5 percent, while corporate income tax collections declined by 7.6 percent in the first quarter of 2016.

Table 10 shows state-by-state changes in major tax revenues during the first quarter of 2016 compared to the same quarter a year earlier. According to preliminary data, fourteen states saw declines in overall state tax revenue collections in the first quarter of 2016, with six states reporting double-digit declines. Thirty-six states reported growth, with ten states reporting growth of 6 percent or more.

Overall, the state revenue outlook for the remainder of fiscal year 2016 appears positive but very moderate for most states and depressing for oil- and mineral-dependent states. In addition, preliminary data for April 2016 indicate declines in income tax due to the negative impact of the weak stock market on estimated and final payments of personal income tax.

States Forecast Slow Tax Revenue Growth in 2017

Many states are forecasting slower personal income tax and sales tax revenue growth in 2016 than in 2015. States also forecast slow growth for fiscal year 2017, which means governors have to make tough spending decisions.

Table 11 shows actual collections for fiscal 2014 and 2015 and the most recent forecasts for fiscal 2016 and 2017 for personal income tax and sales tax revenues for forty-five states for which we were able to collect such data. It also shows the forecast month and year. These are the latest public estimates we were able to obtain as of the writing of this report. In twenty-one states, forecast dates are between May 2015 and January 2016, indicating that their forecasts for fiscal 2016 and 2017 likely did not take into consideration the profound weakness of the stock market in early 2016. In eleven states, forecast dates are between May 2016 and June 2016. The forecasts in these states likely take into consideration the weakness and declines in the stock market as well as income tax collections in April 2016. Forecasts vary significantly from state to state, reflecting

many factors including reliance on capital gains, overall state economic conditions, oil supplies and oil prices, financial and real estate market developments, state specific policy changes, and others.

Table 12 shows the percentage change in states' forecasts from 2014 to 2015, from 2015 to 2016, and from 2016 to 2017 for each source. It also shows the median change across states.

States benefited from the strong stock market in 2014, which led to strong income tax collections in fiscal 2015. The subsequent weakening of the stock market likely is contributing to states' forecasts of slower income tax growth in 2016 and 2017. The median state forecast for personal income tax growth has been revised downward to 3.7 percent in 2016 and 4.0 percent in 2017, both of which are lower than the actual growth rate of 7.7 percent in fiscal year 2015. Overall, thirty-four of thirty-nine states with income tax forecasts are forecasting slower income tax growth in 2016 than in 2015, and eighteen states are forecasting slower growth in 2017 than in 2016. Three states — Illinois, Oklahoma, and Rhode Island — are projecting declines in personal income tax collections in fiscal 2016.

Forecasts for fiscal years 2016 and 2017 also indicate less-robust growth in total sales tax collections. The median state forecast for sales tax growth is 3.5 percent in 2016 and 3.8 percent in 2017, both of which are down from the 4.6 percent growth rate reported in 2015. Twenty-five of forty-two states are forecasting slower sales tax growth in 2016 than in 2015, and eighteen states are forecasting slower growth in 2017 than in 2016. Three states — New Mexico, Oklahoma, and Wyoming — are projecting declines in sales tax collections in 2016.

The overall picture is of continued but sluggish growth in fiscal years 2016 and 2017. Some of this slowdown is attributable to states not forecasting a repeat of the income tax surge of last April. In addition, weak forecasts are also related to the poor stock market performance, to the anticipated slow economic growth, to the falling oil prices, to the changing consumption and spending habits of Americans, and to the long-term demographic changes among other factors.

Table 3. Quarterly State Tax Revenue			
Year-Over-Year Percent Change			
Quarter	Nominal Change	Inflation Rate	Real Change
2015 Q4	1.9	1.1	0.8
2015 Q3	3.8	0.9	2.9
2015 Q2	6.7	1.0	5.7
2015 Q1	5.1	1.0	4.1
2014 Q4	5.9	1.3	4.4
2014 Q3	4.4	1.8	2.6
2014 Q2	(0.9)	1.9	(2.7)
2014 Q1	0.2	1.6	(1.4)
2013 Q4	3.2	1.6	1.6
2013 Q3	5.3	1.5	3.7
2013 Q2	10.1	1.6	8.3
2013 Q1	9.8	1.8	7.9
2012 Q4	5.6	1.9	3.6
2012 Q3	3.6	1.7	1.8
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	5.4	2.3	3.0
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	5.6	1.6	3.9
2010 Q2	2.2	1.1	1.1
2010 Q1	3.4	0.5	2.9
2009 Q4	(3.1)	0.4	(3.5)
2009 Q3	(10.7)	0.3	(11.0)
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

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

Table 4. Quarterly State Tax Revenue By Major Tax					
Year-Over-Year Percent Change					
Quarter	PIT	CIT	General Sales	Motor Fuel	Total
2015 Q4	5.1	(9.2)	2.1	3.5	1.9
2015 Q3	6.5	0.8	3.6	5.3	3.8
2015 Q2	13.8	6.9	3.2	3.0	6.7
2015 Q1	6.7	3.4	5.2	4.5	5.1
2014 Q4	8.6	9.9	7.3	2.4	5.9
2014 Q3	4.3	7.6	6.8	0.6	4.4
2014 Q2	(6.5)	(1.4)	4.6	4.0	(0.9)
2014 Q1	(0.9)	8.3	1.9	2.8	0.2
2013 Q4	0.6	2.8	5.2	3.5	3.2
2013 Q3	5.1	1.4	6.3	2.9	5.3
2013 Q2	18.3	10.5	12.1	2.1	10.1
2013 Q1	18.1	9.4	5.6	(1.4)	9.8
2012 Q4	10.6	3.0	2.8	1.3	5.6
2012 Q3	5.3	8.4	1.8	2.1	3.6
2012 Q2	5.9	(3.1)	1.7	1.7	3.5
2012 Q1	4.4	4.0	5.0	1.0	3.9
2011 Q4	2.8	(3.3)	2.9	0.7	3.1
2011 Q3	9.3	0.9	2.4	(0.2)	5.4
2011 Q2	15.4	18.2	6.0	7.4	11.2
2011 Q1	12.2	3.7	6.4	13.3	10.1
2010 Q4	10.9	12.1	5.4	11.8	8.2
2010 Q3	4.5	1.4	4.6	10.7	5.6
2010 Q2	1.3	(18.9)	5.7	4.1	2.2
2010 Q1	4.0	0.3	0.0	(0.1)	3.4
2009 Q4	(4.3)	0.7	(4.8)	(1.5)	(3.1)
2009 Q3	(11.2)	(21.4)	(10.1)	2.3	(10.7)
2009 Q2	(27.2)	3.0	(9.4)	(1.5)	(16.2)
2009 Q1	(19.3)	(20.2)	(8.3)	(3.6)	(12.2)
2008 Q4	(1.4)	(23.0)	(5.3)	(5.0)	(3.9)
2008 Q3	0.7	(13.2)	4.8	(5.0)	2.7
2008 Q2	7.8	(7.0)	1.0	(3.1)	5.3
2008 Q1	5.6	(1.4)	0.7	1.1	2.9
2007 Q4	2.4	(14.5)	4.0	1.8	3.1
2007 Q3	6.5	(4.3)	(0.7)	1.9	2.9
2007 Q2	9.2	1.7	3.5	0.2	5.5
2007 Q1	8.5	14.8	3.1	0.0	5.2
2006 Q4	4.4	12.6	4.7	6.4	4.2
2006 Q3	6.6	17.5	6.7	0.6	5.9
2006 Q2	18.8	1.2	5.2	5.3	10.1
2006 Q1	9.3	9.6	7.0	3.5	7.1
2005 Q4	6.7	33.4	6.4	(0.5)	7.9
2005 Q3	10.2	24.4	8.3	11.4	10.2
2005 Q2	19.7	64.1	9.1	5.3	15.9
2005 Q1	13.1	29.8	7.3	6.3	10.6

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

Table 5. State Tax Revenue, October-December 2014 and 2015									
	October-December 2014 ($ in millions)					October-December 2015 ($ in millions)			
	PIT	CIT	Sales	MF	Total	PIT	CIT	Sales	MFT	Total
United States	**76,438**	**9,872**	**69,464**	**10,790**	**213,145**	**80,322**	**8,967**	**70,888**	**11,166**	**217,274**
New England	**5,728**	**615**	**3,107**	**462**	**12,468**	**5,960**	**687**	**3,229**	**463**	**12,767**
Connecticut	1,685	85	1,044	130	3,663	1,784	92	1,059	130	3,787
Maine	383	33	316	63	1,005	410	19	333	63	1,034
Massachusetts	3,173	344	1,418	190	6,111	3,273	383	1,500	190	6,182
New Hampshire	7	112	N/A	37	443	6	148	N/A	37	486
Rhode Island	317	14	239	21	690	316	17	242	23	699
Vermont	162	27	92	20	557	171	27	94	20	580
Mid-Atlantic	**16,798**	**2,226**	**9,066**	**1,378**	**37,453**	**17,661**	**2,230**	**9,190**	**1,565**	**38,830**
Delaware	305	65	N/A	29	738	336	90	N/A	31	828
Maryland	1,733	184	1,090	214	4,485	1,918	207	1,111	246	4,913
New Jersey	2,894	609	2,155	128	6,988	3,026	508	2,270	135	7,089
New York	9,288	717	3,338	388	17,354	9,787	965	3,253	404	18,074
Pennsylvania	2,578	650	2,483	619	7,888	2,594	461	2,554	748	7,926
Great Lakes	**10,701**	**1,324**	**10,658**	**1,470**	**31,124**	**10,525**	**1,255**	**10,626**	**1,433**	**31,064**
Illinois	3,723	785	2,342	347	9,317	3,048	626	2,340	347	8,564
Indiana	1,143	179	1,826	204	4,052	1,233	224	1,796	189	4,043
Michigan	1,930	204	2,251	173	6,721	2,206	159	2,127	193	6,945
Ohio	2,181	(33)	3,024	489	6,819	2,217	11	3,112	446	7,081
Wisconsin	1,724	189	1,216	258	4,214	1,821	235	1,251	257	4,431
Plains	**5,555**	**780**	**4,785**	**835**	**15,887**	**5,986**	**629**	**4,881**	**900**	**16,009**
Iowa	883	97	762	127	2,270	949	39	809	180	2,403
Kansas	453	91	773	114	1,690	524	96	812	112	1,801
Minnesota	2,292	390	1,363	227	5,960	2,490	351	1,375	234	6,185
Missouri	1,365	98	833	179	2,862	1,439	63	864	186	2,956
Nebraska	478	81	419	85	1,133	509	73	440	85	1,187
North Dakota	84	17	397	64	1,560	75	(8)	336	52	1,018
South Dakota	N/A	5	238	39	414	N/A	15	245	51	458
Southeast	**13,510**	**1,969**	**15,992**	**3,026**	**44,072**	**13,918**	**1,647**	**16,139**	**3,233**	**44,705**
Alabama	757	167	610	136	2,364	828	92	641	140	2,415
Arkansas	663	110	799	115	2,508	643	81	818	119	2,489
Florida	N/A	512	5,392	880	9,345	N/A	466	5,187	935	9,133
Georgia	2,669	190	1,275	292	4,977	2,785	195	1,304	418	5,328
Kentucky	995	135	822	228	2,951	1,030	138	868	186	3,033
Louisiana	752	165	775	153	2,619	762	(45)	747	153	2,267
Mississippi	446	81	826	108	1,933	462	79	817	105	1,927
North Carolina	2,572	247	1,690	479	5,761	2,766	198	1,714	484	6,056
South Carolina	1,155	29	692	133	2,346	1,190	58	745	139	2,477
Tennessee	10	142	1,875	216	2,893	13	248	2,006	226	3,294
Virginia	3,065	134	911	179	5,041	3,012	100	970	222	5,051
West Virginia	428	56	326	107	1,332	428	38	322	105	1,236
Southwest	**2,134**	**294**	**9,821**	**1,243**	**19,549**	**2,154**	**191**	**9,793**	**1,237**	**18,685**
Arizona	1,005	161	1,466	199	3,385	1,063	134	1,516	207	3,499
New Mexico	338	96	615	61	1,554	316	66	561	63	1,454
Oklahoma	791	37	690	121	2,298	774	(9)	632	111	2,013
Texas	N/A	N/A	7,050	861	12,312	N/A	N/A	7,084	857	11,720
Rocky Mountain	**2,897**	**296**	**1,720**	**390**	**6,890**	**3,029**	**246**	**1,781**	**441**	**6,964**
Colorado	1,469	149	685	166	3,043	1,513	97	700	168	3,061
Idaho	359	44	357	72	943	377	41	381	89	1,002
Montana	267	50	N/A	43	670	273	33	N/A	62	690
Utah	803	53	463	72	1,627	866	75	470	94	1,711
Wyoming	N/A	N/A	215	36	606	N/A	N/A	231	29	500
Far West	**19,114**	**2,368**	**14,314**	**1,987**	**45,703**	**21,088**	**2,083**	**15,249**	**1,895**	**48,251**
Alaska	N/A	52	N/A	10	309	N/A	(34)	N/A	14	181
California	16,884	2,166	9,487	1,466	34,906	18,687	1,981	10,111	1,269	36,806
Hawaii	500	25	738	24	1,596	498	12	754	20	1,616
Nevada	N/A	N/A	1,005	102	1,864	N/A	N/A	1,054	83	1,946
Oregon	1,730	124	N/A	131	2,419	1,903	123	N/A	135	2,610
Washington	N/A	N/A	3,084	254	4,610	N/A	N/A	3,330	374	5,092

Source: U.S. Census Bureau (tax revenue). **Notes:** N/A – not applicable; MFT – motor fuel tax.

Table 6. Percent Change in Quarterly State Tax Revenue				
October-December, 2014-2015, Percent Change				
	PIT	CIT	Sales	MFT	Total
United States	**5.1**	**(9.2)**	**2.1**	**3.5**	**1.9**
New England	**4.0**	**11.6**	**3.9**	**0.2**	**2.4**
Connecticut	5.8	8.9	1.5	0.1	3.4
Maine	7.0	(42.7)	5.6	0.5	2.9
Massachusetts	3.2	11.1	5.8	(0.0)	1.2
New Hampshire	(23.9)	32.3	N/A	(1.2)	9.8
Rhode Island	(0.3)	20.9	1.3	5.9	1.3
Vermont	5.4	1.3	3.0	(0.6)	4.0
Mid-Atlantic	**5.1**	**0.2**	**1.4**	**13.5**	**3.7**
Delaware	10.3	37.4	N/A	4.5	12.2
Maryland	10.7	12.0	2.0	15.1	9.6
New Jersey	4.6	(16.6)	5.4	5.9	1.4
New York	5.4	34.7	(2.5)	4.0	4.1
Pennsylvania	0.6	(29.1)	2.9	21.0	0.5
Great Lakes	**(1.6)**	**(5.3)**	**(0.3)**	**(2.5)**	**(0.2)**
Illinois	(18.1)	(20.3)	(0.1)	0.1	(8.1)
Indiana	7.8	25.2	(1.6)	(7.2)	(0.2)
Michigan	14.3	(22.0)	(5.5)	11.7	3.3
Ohio	1.7	(132.7)	2.9	(8.7)	3.8
Wisconsin	5.7	24.3	2.9	(0.4)	5.1
Plains	**7.8**	**(19.3)**	**2.0**	**7.8**	**0.8**
Iowa	7.4	(59.8)	6.1	41.0	5.8
Kansas	15.7	4.8	5.1	(1.8)	6.6
Minnesota	8.6	(10.1)	0.9	3.3	3.8
Missouri	5.4	(36.1)	3.7	3.6	3.3
Nebraska	6.6	(9.8)	4.9	(0.0)	4.8
North Dakota	(10.6)	(146.2)	(15.4)	(17.7)	(34.7)
South Dakota	N/A	226.8	3.0	30.9	10.8
Southeast	**3.0**	**(16.4)**	**0.9**	**6.8**	**1.4**
Alabama	9.4	(44.8)	5.1	2.6	2.2
Arkansas	(3.0)	(26.4)	2.4	3.6	(0.8)
Florida	N/A	(9.1)	(3.8)	6.3	(2.3)
Georgia	4.3	2.6	2.3	43.2	7.0
Kentucky	3.5	1.6	5.5	(18.7)	2.8
Louisiana	1.3	(127.3)	(3.7)	0.4	(13.4)
Mississippi	3.7	(1.9)	(1.0)	(2.2)	(0.3)
North Carolina	7.5	(19.8)	1.5	1.1	5.1
South Carolina	3.0	101.6	7.7	4.5	5.6
Tennessee	32.1	74.9	7.0	4.8	13.9
Virginia	(1.7)	(25.9)	6.5	24.3	0.2
West Virginia	(0.0)	(33.3)	(1.1)	(2.2)	(7.2)
Southwest	**0.9**	**(35.1)**	**(0.3)**	**(0.5)**	**(4.4)**
Arizona	5.8	(17.1)	3.4	3.6	3.4
New Mexico	(6.4)	(31.4)	(8.9)	3.6	(6.5)
Oklahoma	(2.1)	(124.5)	(8.4)	(8.7)	(12.4)
Texas	N/A	N/A	0.5	(0.5)	(4.8)
Rocky Mountain	**4.5**	**(16.9)**	**3.6**	**13.1**	**1.1**
Colorado	3.0	(34.7)	2.1	1.0	0.6
Idaho	5.0	(7.7)	6.6	24.1	6.3
Montana	2.2	(33.3)	N/A	41.8	2.9
Utah	7.9	40.7	1.5	29.8	5.1
Wyoming	N/A	N/A	7.7	(20.9)	(17.4)
Far West	**10.3**	**(12.1)**	**6.5**	**(4.6)**	**5.6**
Alaska	N/A	(164.4)	N/A	35.5	(41.4)
California	10.7	(8.6)	6.6	(13.4)	5.4
Hawaii	(0.3)	(52.8)	2.3	(13.3)	1.2
Nevada	N/A	N/A	4.9	(19.2)	4.4
Oregon	9.9	(0.9)	N/A	3.6	7.9
Washington	N/A	N/A	8.0	47.0	10.5

Source: U.S. Census Bureau (tax revenue). **Notes:** N/A – not applicable; MFT – motor fuel tax.

Table 7. Personal Income Tax Withholding

	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1
United States	**2.1**	**5.0**	**4.9**	**2.0**	**4.9**
New England	**3.9**	**5.0**	**4.6**	**3.3**	**3.4**
Connecticut	3.0	2.3	3.2	5.4	4.1
Maine	3.7	5.5	4.9	9.3	(0.0)
Massachusetts	5.1	6.3	5.1	1.9	3.1
Rhode Island	2.9	5.2	3.9	(1.0)	3.2
Vermont	(7.1)	3.9	7.9	5.3	8.5
Mid-Atlantic	**1.3**	**5.5**	**7.3**	**1.1**	**4.6**
Delaware	(4.4)	5.3	7.5	4.4	1.2
Maryland	4.1	3.6	4.9	5.6	4.2
New Jersey	(2.0)	6.6	9.5	(5.2)	7.0
New York	1.8	6.5	7.2	2.3	3.7
Pennsylvania	(0.1)	3.7	8.3	(2.1)	6.8
Great Lakes	**(3.7)**	**(4.8)**	**(2.0)**	**(4.5)**	**4.2**
Illinois	(15.2)	(21.0)	(16.0)	(19.7)	ND
Indiana	4.0	3.9	4.2	2.1	3.0
Michigan	3.3	4.3	9.1	6.0	8.6
Ohio	3.8	1.7	2.5	2.2	0.5
Wisconsin	(2.4)	1.3	5.2	3.2	4.3
Plains	**6.4**	**5.5**	**2.3**	**3.7**	**3.8**
Iowa	6.2	4.8	4.8	3.0	6.1
Kansas	1.8	(0.3)	(0.6)	(0.1)	1.6
Minnesota	6.2	7.8	0.1	5.1	4.2
Missouri	7.4	6.1	4.9	4.5	5.4
Nebraska	6.7	5.1	6.7	5.4	2.9
North Dakota	26.6	(5.4)	(11.6)	(16.2)	(23.4)
Southeast	**2.9**	**5.4**	**5.2**	**1.7**	**5.3**
Alabama	5.3	4.6	2.3	3.6	2.7
Arkansas	4.5	(5.1)	(7.7)	(6.0)	(5.8)
Georgia	3.7	5.5	8.0	3.6	8.1
Kentucky	3.7	7.3	5.3	2.6	6.4
Louisiana	8.9	3.4	2.5	1.5	(4.6)
Mississippi	1.3	3.0	0.9	2.3	3.4
North Carolina	(0.8)	7.6	10.3	1.8	9.1
South Carolina	2.7	4.8	5.5	3.6	8.9
Virginia	2.6	6.8	4.4	0.3	5.3
West Virginia	4.5	6.1	(1.6)	(0.8)	(2.7)
Southwest	**0.3**	**5.0**	**3.8**	**0.1**	**0.5**
Arizona	3.2	4.6	4.9	3.1	3.8
New Mexico	(14.8)	14.3	11.3	(1.0)	2.8
Oklahoma	3.1	1.9	(0.6)	(3.3)	(4.7)
Rocky Mountain	**6.6**	**7.1**	**7.1**	**5.1**	**5.7**
Colorado	7.0	6.6	7.0	4.7	4.6
Idaho	7.4	7.3	5.9	2.4	4.7
Montana	6.3	4.8	4.9	0.1	4.6
Utah	5.3	8.8	8.5	8.7	8.9
Far West	**4.2**	**11.7**	**8.1**	**6.8**	**6.6**
California	3.7	12.6	8.0	6.8	6.3
Hawaii	2.4	8.5	6.2	0.7	7.8
Oregon	9.3	6.0	9.4	7.9	8.6

Source: Individual state data.

Notes: Nine states — Alaska, Florida, New Hampshire, Nevada, South Dakota, Tennessee, Texas, Washington, and Wyoming — have no broad-based personal income tax.
ND – No Data.

Table 8. Estimated Payments/ Declarations

	Year-Over-Year Percent Change			
State	Dec-Jan (4th payment of 2014)	Dec-Jan (4th payment of 2015)	Apr 2015 (1st payment of 2015)	Apr 2016 (1st payment of 2016)
Average	**17.0**	**5.5**	**21.6**	**(5.9)**
Median	**13.7**	**4.0**	**14.2**	**(4.6)**
Alabama	5.2	23.3	19.5	(6.3)
Arizona	13.9	32.4	22.3	(6.7)
Arkansas	8.6	2.6	10.0	(2.9)
California	26.4	8.2	17.1	2.1
Colorado	34.6	13.2	28.1	(17.8)
Connecticut	4.8	(9.5)	13.5	(3.3)
Delaware	14.3	11.5	38.6	4.7
Georgia	31.5	4.7	19.3	(1.0)
Hawaii	35.5	9.7	(14.8)	17.3
Illinois	2.0	(18.8)	10.0	**ND**
Indiana	15.7	32.6	13.8	2.4
Iowa	(0.0)	0.2	16.6	(42.4)
Kansas	2.8	(20.6)	23.2	(7.6)
Kentucky	14.7	24.4	126.7	0.7
Louisiana	(4.6)	(13.3)	(0.6)	(31.0)
Maine	22.8	7.2	37.7	(20.5)
Maryland	13.5	4.0	(10.0)	(9.1)
Massachusetts	19.7	(1.0)	11.8	0.1
Michigan	14.6	9.8	23.7	(4.3)
Minnesota	12.7	6.4	28.0	(8.2)
Mississippi	26.0	(4.0)	82.0	(40.3)
Missouri	14.0	8.3	14.0	(7.4)
Montana	6.4	(7.5)	6.6	2.1
Nebraska	20.2	(5.4)	13.9	(8.2)
New Jersey	7.6	4.8	12.1	(1.2)
New York	12.1	7.5	31.5	(10.0)
North Carolina	11.3	10.0	(7.0)	9.0
North Dakota	(14.2)	(32.7)	20.7	(59.6)
Ohio	(5.4)	(7.5)	(1.6)	(33.9)
Oklahoma	11.0	(18.3)	11.4	(17.7)
Oregon	22.2	ND	17.7	ND
Pennsylvania	8.9	20.4	12.1	2.8
Rhode Island	36.8	(5.0)	8.7	5.7
South Carolina	18.1	(2.0)	14.4	3.7
Vermont	9.7	(2.9)	9.4	(2.3)
Virginia	30.8	(0.7)	(28.9)	78.9
West Virginia	22.8	(6.5)	14.9	(12.8)
Wisconsin	4.9	9.5	16.1	(4.8)

Source: Individual state data, analysis by the Rockefeller Institute.
Note: ND – No Data.

Table 9. Percent Change in Inflation Adjusted State Taxes Other Than PIT, CIT, General Sales, and Motor Fuel Sales Taxes					
Quarter	Property Tax	Tobacco Product Sales Tax	Alcoholic Beverage Sales Tax	Motor Vehicle and Operators License Taxes	Other Taxes
Nominal collections (mlns), last 4 quarters	$15,494	$17,750	$6,403	$26,942	$129,585
2015 Q4	8.1	(0.1)	1.7	1.8	(2.2)
2015 Q3	5.8	(0.8)	1.5	0.9	(1.4)
2015 Q2	5.1	(2.0)	1.8	0.7	(1.0)
2015 Q1	4.3	(3.8)	(0.1)	1.1	(0.0)
2014 Q4	0.9	(4.5)	1.7	(0.5)	(1.7)
2014 Q3	3.4	(3.5)	1.6	0.9	(0.7)
2014 Q2	5.4	0.7	0.1	1.3	(0.2)
2014 Q1	5.3	2.0	1.5	1.0	(2.7)
2013 Q4	5.0	3.8	(0.6)	0.5	0.7
2013 Q3	3.4	3.7	(2.3)	(0.4)	0.7
2013 Q2	(0.2)	(0.9)	(1.8)	(0.8)	0.7
2013 Q1	(3.2)	(1.5)	(0.0)	0.3	4.3
2012 Q3	(4.8)	(2.5)	2.3	2.1	2.5
2012 Q3	(9.2)	(3.3)	3.5	3.1	3.6
2012 Q2	(10.5)	(2.2)	3.1	3.1	4.8
2012 Q1	(10.7)	(2.5)	0.7	2.1	7.7
2011 Q4	(11.0)	(1.8)	(0.5)	1.8	12.1
2011 Q3	(7.6)	(1.0)	0.5	0.3	12.3
2011 Q2	(3.9)	0.7	1.5	1.5	12.2
2011 Q1	2.4	2.7	3.1	3.3	9.4
2010 Q4	8.1	3.1	3.2	4.0	7.3
2010 Q3	13.3	2.2	3.0	5.6	4.4
2010 Q2	13.4	0.6	2.2	3.9	(1.9)
2010 Q1	9.9	(1.1)	0.8	1.5	(9.0)
2009 Q4	6.1	(1.5)	0.6	0.2	(13.5)
2009 Q3	(0.5)	0.4	0.1	(1.2)	(13.2)
2009 Q2	(2.0)	1.3	(0.1)	(0.9)	(7.0)
2009 Q1	(3.7)	2.6	0.4	(0.4)	3.9
2008 Q4	(2.8)	3.1	0.5	(1.1)	7.4
2008 Q3	1.8	3.5	(0.1)	(0.5)	9.9
2008 Q2	3.4	5.9	0.6	(0.3)	7.8
2008 Q1	4.1	6.2	0.6	(1.0)	3.4
2007 Q4	3.6	6.2	0.6	(0.4)	2.4
2007 Q3	1.6	4.0	1.7	(0.8)	(0.3)
2007 Q2	(0.1)	0.6	1.5	(0.8)	(1.2)
2007 Q1	1.8	1.7	0.7	0.6	(0.9)
2006 Q4	0.3	2.8	1.2	1.1	(0.2)
2006 Q3	(0.2)	5.5	1.3	1.0	2.1
2006 Q2	(0.0)	9.1	1.3	0.8	4.3
2006 Q1	0.9	7.0	2.5	0.2	5.3
2005 Q4	2.0	5.5	1.7	0.4	7.2
2005 Q3	3.5	4.3	(0.1)	2.0	6.4
2005 Q2	3.6	2.2	(0.5)	2.8	5.0
2005 Q1	1.8	3.0	(2.3)	3.7	5.8
Source: U.S. Census Bureau.					

Table 10. Preliminary Quarterly Tax Revenue			
January-March 2015 vs 2016, Percent Change			
	PIT	CIT	Sales	Total
United States	**2.3**	**(7.6)**	**2.5**	**1.9**
New England	**(3.3)**	**8.7**	**3.9**	**0.7**
Connecticut	(2.5)	10.8	0.3	0.6
Maine	(1.6)	26.0	7.9	2.8
Massachusetts	(5.8)	8.2	6.2	(0.4)
New Hampshire	7.3	13.6	N/A	8.8
Rhode Island	16.8	(0.9)	2.5	3.2
Vermont	14.3	(6.2)	(0.5)	1.2
Mid-Atlantic	**(0.7)**	**(23.3)**	**4.3**	**(1.2)**
Delaware	4.6	(62.1)	N/A	(0.5)
Maryland	8.6	36.4	0.7	6.5
New Jersey	(3.0)	(14.2)	5.1	(0.5)
New York	(3.7)	(38.4)	4.3	(5.3)
Pennsylvania	9.7	4.8	5.3	4.4
Great Lakes	**(2.9)**	**(26.1)**	**3.0**	**(0.3)**
Illinois	(6.0)	(26.5)	1.7	(5.7)
Indiana	(1.8)	8.1	2.8	1.7
Michigan	15.9	(65.9)	0.8	2.9
Ohio	(15.0)	(33.4)	5.2	1.0
Wisconsin	4.7	(10.8)	4.7	3.0
Plains	**2.5**	**(5.6)**	**0.9**	**(3.7)**
Iowa	0.4	3.9	5.1	3.0
Kansas	1.3	(21.6)	6.7	(12.9)
Minnesota	5.3	(3.5)	(0.5)	4.0
Missouri	5.2	(9.1)	7.9	5.6
Nebraska	(0.2)	(4.4)	(1.0)	(0.1)
North Dakota	(50.7)	(13.7)	(29.4)	(63.2)
South Dakota	N/A	N/A	1.8	9.1
Southeast	**12.2**	**(4.8)**	**4.4**	**5.9**
Alabama	(1.1)	0.8	8.7	1.8
Arkansas	15.7	1.6	3.4	(0.5)
Florida	N/A	8.2	4.5	3.2
Georgia	19.2	(3.9)	0.4	13.4
Kentucky	14.3	6.8	6.4	5.5
Louisiana	30.3	(186.4)	(1.4)	20.3
Mississippi	2.6	(13.4)	1.7	(1.2)
North Carolina	12.3	(74.3)	1.5	5.3
South Carolina	26.2	15.0	12.2	15.4
Tennessee	8.5	(13.8)	9.1	3.7
Virginia	5.6	13.6	3.5	5.6
West Virginia	9.7	(38.6)	0.6	4.6
Southwest	**(6.5)**	**(28.7)**	**(2.7)**	**1.8**
Arizona	(2.3)	9.2	1.8	3.7
New Mexico	7.7	(47.3)	(7.9)	(10.3)
Oklahoma	(16.5)	(42.4)	(7.6)	(15.9)
Texas	N/A	N/A	(2.5)	4.6
Rocky Mountain	**4.4**	**(16.3)**	**1.6**	**2.3**
Colorado	3.7	27.8	(2.8)	2.6
Idaho	(2.3)	(47.1)	5.7	5.3
Montana	1.9	(19.3)	N/A	(11.3)
Utah	9.9	(68.6)	5.8	4.6
Wyoming	N/A	N/A	1.0	(14.0)
Far West	**4.4**	**22.8**	**3.0**	**4.9**
Alaska	N/A	(75.9)	N/A	103.6
California	4.2	23.4	1.6	4.4
Hawaii	9.4	(68.3)	8.5	7.6
Nevada	N/A	N/A	2.9	8.5
Oregon	5.6	(8.4)	N/A	5.7
Washington	N/A	N/A	7.1	6.5

Source: Individual state data, analysis by Rockefeller Institute. **Notes:** N/A — not applicable.

Table 11. State Revenue Forecasts for FYs 2016 vs FY 2017								
State	Forecast month	Personal Income Tax ($ millions)				Sales Tax ($ millions)			
		FY 2014 Actual	FY 2015 Actual	FY 2016 Forecast	FY 2017 Forecast	FY 2014 Actual	FY 2015 Actual	FY 2016 Forecast	FY 2017 Forecast
United States		302,658	326,080	337,373	350,627	220,857	231,435	239,299	248,954
Arizona	Jan-16	3,462	3,761	3,941	4,147	3,986	4,191	4,331	4,503
Arkansas	Feb-16	2,602	2,664	2,699	2,741	2,173	2,198	2,305	2,396
California	May-16	66,560	76,169	79,962	83,393	22,263	23,682	25,028	25,727
Colorado	Mar-16	5,696	6,350	6,491	6,949	2,666	2,880	2,935	3,099
Connecticut	Apr-16	8,721	9,151	9,275	9,522	4,106	4,205	4,220	4,061
Delaware	May-16	1,188	1,252	1,290	1,338	N/A	N/A	N/A	N/A
Florida	Jan-16	N/A	N/A	N/A	N/A	19,708	21,063	22,086	23,243
Georgia	Jan-16	8,966	9,679	10,084	10,716	5,126	5,390	5,433	5,659
Hawaii	May-16	1,745	1,988	2,043	2,130	2,825	2,993	3,196	3,373
Idaho	Jan-16	1,329	1,471	1,524	1,606	1,146	1,219	1,279	1,345
Illinois	Mar-16	18,388	17,682	15,173	15,354	7,676	8,030	8,050	8,203
Indiana	Dec-15	4,899	5,233	5,250	5,372	6,926	7,195	7,346	7,665
Iowa	Mar-16	3,975	4,207	4,492	4,742	2,642	2,753	2,808	2,850
Kansas	Apr-16	2,218	2,278	2,325	2,377	2,446	2,485	2,655	2,755
Kentucky	Dec-15	3,749	4,070	4,234	4,411	3,131	3,267	3,421	3,540
Louisiana	May-16	2,751	2,886	2,983	3,071	2,620	2,701	2,965	3,771
Maine	Mar-16	1,406	1,522	1,561	1,480	1,106	1,195	1,260	1,321
Maryland	Mar-16	7,774	8,346	8,779	9,273	4,143	4,351	4,450	4,602
Massachusetts	Dec-15	13,202	14,449	14,940	15,543	5,496	5,774	6,090	6,436
Michigan	May-16	8,013	8,980	9,314	9,632	7,895	7,819	7,889	7,884
Minnesota	Feb-16	9,660	10,403	10,716	11,146	5,043	5,131	5,234	5,485
Mississippi	Oct-15	1,667	1,743	1,830	1,903	2,201	2,261	2,327	2,415
Missouri	Jan-16	6,353	6,891	7,221	7,566	1,969	2,014	2,073	2,137
Montana	Jun-16	1,063	1,176	1,203	1,284	N/A	N/A	N/A	N/A
Nebraska	Oct-15	2,061	2,205	2,300	2,415	1,525	1,535	1,565	1,620
Nevada	May-15	N/A	N/A	N/A	N/A	935	999	1,057	1,114
New Jersey	May-16	12,312	13,250	13,408	13,982	8,640	8,875	9,316	9,597
New Mexico	Jan-16	1,255	1,340	1,401	1,455	2,070	2,167	2,144	2,280
New York	May-16	42,961	43,709	47,055	49,464	15,099	15,385	15,726	16,134
North Carolina	Mar-16	10,272	11,079	11,730	11,719	5,567	6,252	6,547	6,918
Oklahoma	Feb-16	2,028	2,161	1,971	1,752	2,156	2,224	2,038	2,070
Oregon	Jun-16	6,628	7,330	7,647	8,055	N/A	N/A	N/A	N/A
Pennsylvania	Jun-16	11,437	12,107	12,561	13,014	9,130	9,493	9,842	10,188
Rhode Island	May-16	1,116	1,228	1,225	1,257	916	963	981	1,015
South Carolina	Feb-16	3,423	3,661	3,888	4,067	2,505	2,644	2,785	2,926
South Dakota	Dec-15	N/A	N/A	N/A	N/A	823	837	873	905
Tennessee	Nov-15	239	303	326	341	7,286	7,706	8,141	8,576
Texas	Oct-15	N/A	N/A	N/A	N/A	27,274	28,787	29,144	30,546
Utah	Nov-15	2,890	3,158	3,321	3,467	1,657	1,715	1,780	1,852
Vermont	Jan-16	671	706	761	794	354	365	378	392
Virginia	Dec-15	11,253	12,329	12,778	13,162	3,067	3,235	3,398	3,529
Washington	Feb-16	N/A	N/A	N/A	N/A	8,237	8,793	9,417	9,755
West Virginia	Jan-16	1,664	1,840	1,861	1,935	1,173	1,228	1,270	1,379
Wisconsin	Jan-16	7,061	7,326	7,810	8,050	4,628	4,892	5,051	5,218
Wyoming	Jan-16	N/A	N/A	N/A	N/A	521	544	467	471

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

Notes: Data are missing for three states: Alabama, North Dakota, and Ohio. In addition, no data are reported for Alaska and New Hampshire as both states don't have either personal income or sales tax.

Table 12. Percentage Change in State Forecasts						
State	**PIT**			**Sales**		
	FY 2015	FY 2016	FY 2017	FY 2015	FY 2016	FY 2017
US Median	**7.7**	**3.7**	**4.0**	**4.6**	**3.5**	**3.8**
Arizona	8.6	4.8	5.2	5.1	3.3	4.0
Arkansas	2.4	1.3	1.5	1.1	4.9	3.9
California	14.4	5.0	4.3	6.4	5.7	2.8
Colorado	11.5	2.2	7.1	8.0	1.9	5.6
Connecticut	4.9	1.4	2.7	2.4	0.4	(3.8)
Delaware	5.4	3.0	3.8	N/A	N/A	N/A
Florida	N/A	N/A	N/A	6.9	4.9	5.2
Georgia	8.0	4.2	6.3	5.2	0.8	4.2
Hawaii	13.9	2.8	4.3	5.9	6.8	5.5
Idaho	10.6	3.6	5.4	6.4	4.9	5.2
Illinois	(3.8)	(14.2)	1.2	4.6	0.2	1.9
Indiana	6.8	0.3	2.3	3.9	2.1	4.4
Iowa	5.8	6.8	5.6	4.2	2.0	1.5
Kansas	2.7	2.1	2.2	1.6	6.8	3.8
Kentucky	8.5	4.0	4.2	4.3	4.7	3.5
Louisiana	4.9	3.4	3.0	3.1	9.8	27.2
Maine	8.2	2.6	(5.2)	8.0	5.4	4.9
Maryland	7.4	5.2	5.6	5.0	2.3	3.4
Massachusetts	9.4	3.4	4.0	5.1	5.5	5.7
Michigan	12.1	3.7	3.4	(1.0)	0.9	(0.1)
Minnesota	7.7	3.0	4.0	1.7	2.0	4.8
Mississippi	4.6	5.0	4.0	2.7	2.9	3.8
Missouri	8.5	4.8	4.8	2.3	2.9	3.1
Montana	10.6	2.3	6.7	N/A	N/A	N/A
Nebraska	7.0	4.3	5.0	0.7	1.9	3.5
Nevada	N/A	N/A	N/A	6.8	5.8	5.4
New Jersey	7.6	1.2	4.3	2.7	5.0	3.0
New Mexico	6.8	4.6	3.9	4.7	(1.0)	6.3
New York	1.7	7.7	5.1	1.9	2.2	2.6
North Carolina	7.8	5.9	(0.1)	12.3	4.7	5.7
Oklahoma	6.5	(8.8)	(11.1)	3.1	(8.4)	1.6
Oregon	10.6	4.3	5.3	N/A	N/A	N/A
Pennsylvania	5.9	3.7	3.6	4.0	3.7	3.5
Rhode Island	10.0	(0.2)	2.7	5.2	1.8	3.5
South Carolina	7.0	6.2	4.6	5.5	5.4	5.0
South Dakota	N/A	N/A	N/A	1.6	4.3	3.7
Tennessee	26.8	7.3	4.7	5.8	5.6	5.3
Texas	N/A	N/A	N/A	5.5	1.2	4.8
Utah	9.3	5.2	4.4	3.5	3.8	4.0
Vermont	5.2	7.8	4.3	3.1	3.8	3.6
Virginia	9.6	3.6	3.0	5.5	5.0	3.9
Washington	N/A	N/A	N/A	6.8	7.1	3.6
West Virginia	10.6	1.1	4.0	4.7	3.4	8.6
Wisconsin	3.7	6.6	3.1	5.7	3.2	3.3
Wyoming	N/A	N/A	N/A	4.4	(14.2)	0.8

Source: Individual state data, analysis by the Rockefeller Institute.
Notes: Data are missing for three states: Alabama, North Dakota, and Ohio. In addition, no data are reported for Alaska and New Hampshire as both states don't have either personal income or sales tax.

Adjustments to Census Bureau Tax Collection Data

The numbers in this report differ somewhat from those released by the Bureau of the Census in March of 2016. 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. 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 timely and 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. In addition, we collect certain information that is not available in the Census Data — figures on withholding tax collections, payments of estimated income tax, final payments, 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. In the last three years, states have been slow in reporting tax revenues to Census Bureau in a timely manner due in part to furloughs and reduced workforces. As a result, Census Bureau often reports imputed data. We make adjustments to the imputed data based upon data received directly from the states. We also make adjustments to any other questionable data for the current and previous quarters. The Census Bureau's own resources are strained and the Bureau does not necessarily have resources available to examine questionable data. The net impact of these adjustments can be quite substantial.

Endnotes

1 See Lucy Dadayan and Donald J. Boyd, "Double, Double, Oil and Trouble," *By The Numbers Brief,* The Nelson A. Rockefeller Institute of Government, February 2016.

2 The 6.7 percent is based on the calendar year average and is not adjusted for dividends. For more information, see the S&P 500 database available through the Federal Reserve Bank of St. Louis,

   http://research.stlouisfed.org/fred2/series/SP500/downloaddata.

3 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: The Nelson A. Rockefeller Institute of Government, July 2012).

4 Rockefeller Institute analysis of data from Table A-1, *The Fiscal Survey of States: Fall 2015*, (Washington, DC: National Association of State Budget Officers, December 15, 2015), pp. 85-91.

5 See Claire Montialoux and Jesse Rothstein, "The New California Earned Income Tax Credit," *Policy Brief*, Institute for Research on Labor and Employment, December 2015, for a description of the credit as enacted. It appears to be virtually identical to the proposed credit, which the Legislative Analyst's Office estimated to cost $380 million. See "May Revision: Earned Income Tax Credit Proposal," California Legislative Analyst's Office, May 17, 2015.