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HIGHLIGHTS

- State tax revenue growth slowed significantly in the second half of 2015 and in the first half of 2016. Year-over-year growth was 1.6 percent in the first quarter of 2016.
- Personal income tax revenue growth slowed to 1.8 percent on a year-over-year basis.
- Growth was weak in sales tax collections, at 2.4 percent, and motor fuels tax at 2.0 percent. Corporate income taxes declined by 4.5 percent.
- Preliminary figures for the second quarter of 2016 indicate declines in state tax collections, at 2.1 percent. Personal income tax declined by 3.3 percent in the second quarter of 2016, caused by the weak 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.

STATE REVENUE REPORT

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Weak Stock Market and Declines in Oil Prices Depressed State Tax Revenues

Declines in State Tax Revenues in the Second Quarter Raise a Yellow Flag for State Budgets

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Contents

Summary and Conclusions.....	2
State Tax Revenue.....	6
Personal Income Tax.....	6
Withholding.....	7
Estimated Payments.....	8
Final Payments.....	9
Refunds.....	9
The Stock Market and the Income Tax.....	9
General Sales Tax.....	10
Corporate Income Tax.....	12
Motor Fuel Sales Tax.....	12
Other Taxes.....	13
Underlying Reasons for Tax Revenue Trends.....	13
Economic Changes.....	13
Tax Law Changes Affecting the First Quarter of 2016.....	16
States Forecast Weak Tax Revenue Growth in Fiscal 2017.....	17
Conclusions.....	19
Endnotes.....	30
Table 1. State and Local Government Tax Revenue Growth.....	2
Table 2. Growth in Personal Income Tax Components.....	7
Table 3. April Personal Income Tax Revenues.....	10
Table 4. Quarterly State Tax Revenue.....	20
Table 5. Quarterly State Tax Revenue By Major Tax.....	20
Table 6. Quarterly State Tax Revenue, By State.....	21
Table 7. Percent Change in Quarterly State Tax Revenue.....	22
Table 8. Personal Income Tax Withholding.....	23
Table 9. Estimated Payments/ Declarations.....	24
Table 10. Final Payments.....	24
Table 11. Percent Change in Inflation Adjusted State Taxes Other Than PIT, CIT, General Sales, and Motor Fuel Sales Taxes.....	25
Table 12. Preliminary Quarterly State Tax Revenue.....	26
Table 13. State Revenue Forecasts for Income and Sales Tax.....	27
Table 14. Percentage Change in State Forecasts.....	28

Summary and Conclusions

State 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 3.0 percent in the first quarter of 2016, the most recent quarter for which we have full details, which is a substantial slowing from the 5.4 percent average for the four previous quarters (see [Table 1](#)).

Total state tax revenue from all sources grew by 1.6 percent in the first quarter and preliminary data for the second quarter of 2016 indicate *declines* of 2.1 percent. The declines in state government tax revenues in the second quarter appear to have been driven by the weak stock market of 2015, and by slowing growth in sales tax and withholding collections.

The outlook for state budgets in the 2016-17 state fiscal year, which began on July 1st in forty-six states, remains gloomy.

**Table 1. State and Local Government Tax Revenue Growth
Year-Over-Year Change**

(Dollar amounts in millions)

	2015 Q1	2016 Q1	\$ change	% change	Prior 4 quarters ²
State and Local Government					
Total, major taxes¹	\$307,341	\$316,428	\$9,088	3.0%	5.4%
State Government					
Total state taxes	\$218,421	\$221,920	\$3,499	1.6%	4.5%
Total major taxes	\$161,237	\$163,834	\$2,598	1.6%	5.7%
Sales tax	68,645	70,291	1,647	2.4%	3.6%
Personal income tax	77,708	79,096	1,388	1.8%	8.1%
Corporate income tax	11,407	10,896	(512)	-4.5%	0.1%
Property tax	3,477	3,552	75	2.2%	9.6%
Total, other state taxes	\$57,185	\$58,086	\$901	1.6%	0.8%
Local Government					
Total major taxes	\$146,104	\$152,594	\$6,490	4.4%	4.8%
Sales tax	19,163	19,059	(104)	-0.5%	9.0%
Personal income tax	8,894	9,024	130	1.5%	15.9%
Corporate income tax	2,482	2,409	(73)	-2.9%	2.7%
Property tax	115,565	122,102	6,537	5.7%	3.2%

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 growth in withholding on wages and declines in payments associated with nonwage income in the second quarter of 2016. State income tax revenue grew only 1.8 percent on a year-over-year basis in the first quarter of 2016, down from an average of 8.1*

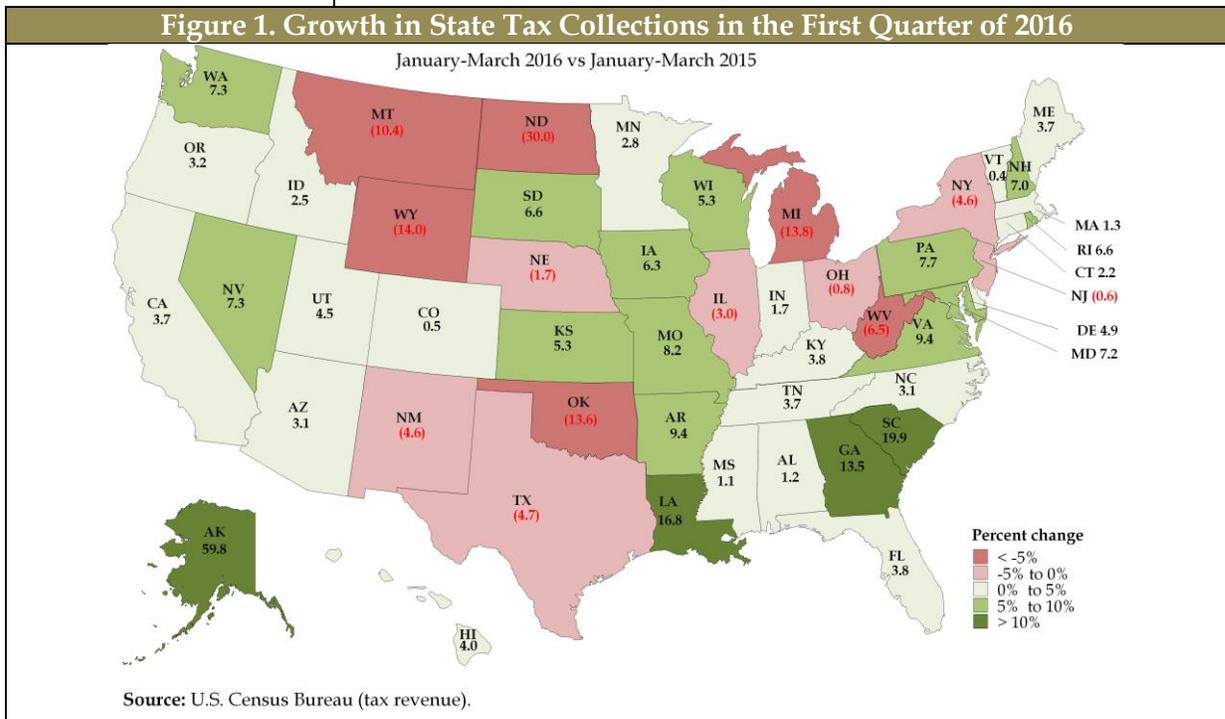
percent in the previous four quarters. Preliminary data for the second quarter of 2016 suggest declines of 3.3 percent. The main causes were:

- *Slowing growth in withholding on wages in the second quarter.* Growth slowed to 2.7 percent in the second quarter of 2016, down from an average of 4.1 percent in the previous four quarters.
 - *Declines in estimated payments and final returns in the second quarter.* According to preliminary data, estimated payments declined by 8.2 percent in the second quarter of 2016, down from an average growth of 11.2 percent in the four previous quarters. Final returns declined by 9.2 percent, down from a 12.5 percent average growth. The declines in estimated and final payments likely were caused primarily by the weak stock market in 2015.
- *Continued weakness in the sales tax, consistent with weak growth in taxable consumption.* State sales tax revenue grew by 2.4 percent in the first quarter of 2016, down from an average of 3.6 percent in the four previous quarters. Preliminary data for the second quarter of 2016 indicate growth of only 2.2 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 5.9 percent in the first quarter of 2015 to 2.7 percent in the first and second quarters of 2016. Nondurable goods have seen some declines throughout 2015. However, consumption of nondurable goods has resumed growth in 2016. The declines in nondurable goods consumption were driven by the sharp declines in the oil and gas prices and hence led to declines in spending on gasoline and other energy goods that do not appear to have been compensated for by increased consumption of other taxable items.
- *Outright declines in corporate income taxes.* State corporate income taxes declined by 4.5 percent in the first quarter of 2016, compared to average growth of 0.1 percent in the four previous quarters. Preliminary data for the second quarter of 2016 suggest corporate taxes declined again, by 9.2 percent, marking the third consecutive quarterly declines. 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. Most of the states with economies heavily concentrated in oil and mineral production had year-over-year declines in total state tax revenue in the first quarter of 2016.

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 first quarter, growing by 5.7 percent, compared with a 3.2 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 first quarter of 2016, a few other states had declines as well, apparently driven by the weak stock market performance and associated declines in personal income tax collections (see Figure 1). Preliminary data for the second quarter suggest that about half of the states had declines in total state tax collections. These declines may leave 2017 budgets with some holes to fix.



State tax revenue growth is likely to remain slow and highly uncertain throughout fiscal year 2017. Unless the stock market

recovers substantially in the final months of 2016, this will almost certainly have a negative impact on income tax payments at the end of the calendar year and early in 2017. Even before this latest round of weakness, states 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. States are likely to reduce their forecasts when they next update them; some states have already done so in the past two months.

The remainder of this report examines state tax collections for the first quarter of 2016 in detail, summarizes preliminary collections for the second quarter of 2016, and reports on the states' most recent forecasts for fiscal year 2017 and, where available, for fiscal year 2018.

State Tax Revenue

Total state tax revenue grew by 1.6 percent in the first quarter of 2016 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 4.5 percent. Individual income tax collections grew by 1.8 percent, while sales tax and motor fuel tax collections grew by 2.4 and 2.0 percent, respectively. [Table 4](#) shows growth in state tax revenue with and without adjustment for inflation and [Table 5](#) shows growth by major tax in nominal terms.

Thirty-seven states reported growth in total tax revenue for the first quarter of 2016, with four states reporting double-digit growth (see [Table 6](#) and [Table 7](#)). The Southwest, the Great Lakes, and the Rocky Mountain regions had declines in overall state tax collections of 4.4, 3.1, and 0.6 percent, respectively. The Southeast region had the strongest growth at 6.2 percent.

Thirteen states reported declines in overall state tax collections in the first quarter of 2016. Six of those thirteen states, New Mexico, North Dakota, Oklahoma, Texas, West Virginia, and Wyoming, are particularly dependent on revenue from oil and minerals. The oil- and mineral-dependent states generally 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 North Dakota and Wyoming at 30.0 and 14.0 percent, respectively. Total tax collections grew in Alaska and Louisiana, which are also oil- and mineral-dependent states. The 59.8 percent growth in overall tax collections in Alaska is misleading as it is mostly due to very depressed revenue collections in the first quarter of 2015, when state tax revenues declined by 83.0 percent. In Louisiana the growth is mostly attributable to timing issues related to the processing of income tax refunds.

Personal Income Tax

Personal income tax revenues grew by 1.8 percent in nominal terms and by 0.6 percent in inflation-adjusted terms in the first quarter of 2016 compared to the same period in 2015. The growth in the first quarter was weak compared to growth rates for the quarters of 2015.

The Great Lakes, the Southwest, the New England, and the Mid-Atlantic regions had declines in personal income tax collections in

the first quarter of 2016, with the New England region having the largest declines at 8.1 percent. The Southeast region had the strongest growth at 14.1 percent, followed by the Rocky Mountain region at 5.0 percent.

Overall, twenty-seven states reported growth in personal income tax collections for the quarter, while sixteen states reported declines in personal income tax collections. Declines were particularly large in North Dakota and Michigan at 37.5 and 20.5 percent, respectively. The declines in North Dakota are partially attributable to cuts in income tax rates.

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 from the states directly. In this report we provide detailed income tax data for the first and second quarters of 2016. [Table 2](#) shows growth for each major component in the last six quarters.

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

PIT Component	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	Comments
Withholding	2.1%	5.0%	4.9%	2.0%	4.6%	2.7%	Largest PIT component; generally reflects the current economy.
Estimated Payments	8.1%	18.2%	9.0%	14.3%	3.1%	-8.2%	Second quarter payments usually are heavily influenced by the previous year's stock market.
Final Returns	12.4%	20.0%	9.7%	16.2%	4.2%	-9.2%	Second quarter is usually the largest collections quarter.
Refunds	-3.2%	-1.0%	4.0%	0.1%	9.0%	7.6%	A positive number means that refunds increased; negative means refunds decreased.
PIT Total	6.2%	14.1%	5.8%	4.5%	2.6%	-4.5%	

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

Note: The numbers in here vary from data reported by the U.S. Census Bureau.

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 8](#) shows year-over-year growth in withholding for the four quarters of 2015 and the first two quarters of 2016. Growth in withholding was 4.6 percent in the first quarter of 2016 but softened significantly in the second quarter, at 2.7 percent. Withholding growth in calendar year 2015 averaged 3.5 percent.

Thirty-four states reported growth in withholding for the first quarter of 2016 and seven states reported declines. The largest

decline was in North Dakota at 23.4 percent, mostly driven by the legislated changes in tax rates, as well as the impact of the oil crash on the state economy and employment. According to preliminary data, thirty-three states reported growth in the second quarter of 2016 and eight states reported declines.

All regions showed growth in withholding in the first quarter of 2016. The Far West region had the strongest growth at 6.6 percent. The Southwest region was the only region to report declines in withholding in the second quarter of 2016.

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. Estimated payments accounted for roughly 24 percent of total personal income tax revenues in the first quarter of 2016 and roughly 36 percent in the second quarter.

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, the median year-over-year change for the first payment was a decline of 5.6 percent (see [Table 9](#)). Because the first payment can include a mix of payments related to the current tax year and the previous tax year, it can be difficult to interpret. (It can reflect, for example, stock market activity in the previous year.)

The second payment is easier to interpret because it is almost unambiguously related to the current year. Weakness in this payment can reflect weakness in nonwage income, such as that generated by the stock market. However, it, too, can be “noisy” in the sense that it reflects taxpayers’ responses to tax payment rules as well as to expected nonwage income. The median change in the second payment was a decline of 6.1 percent, which suggests that

stock market weakness in 2016 probably has been depressing recent income tax collections.

Declines in estimated payments were quite widespread. Twenty-six states reported declines for the first payment and thirty-one states reported declines for the second payment.

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 first and second quarters of 2016, final payments accounted for 6 and 32 percent of all personal income tax revenues, respectively.

Final payments with personal income tax returns grew by 4.2 percent in the first quarter of 2016, but declined by 9.2 percent in the second quarter of 2016. [Table 10](#) shows nominal amounts and year-over-year growth in final payments in the second quarter of 2014, 2015, and 2016.

Refunds

Personal income tax refunds grew by 9.0 and 7.6 percent, respectively, in the first and second quarters of 2016 compared to the same quarters in 2015. In total, states paid out about \$2.2 billion and \$1.5 billion more in refunds in the first and second quarters of 2016, respectively, compared to the same quarters in 2015. Overall, twenty-four states paid out more refunds in the second quarter of 2016 compared to the same quarter of 2015. California alone paid out \$0.4 billion more in the second quarter of 2016.

The Stock Market and the Income Tax

The stock market in 2015 was relatively weak, gaining only 5.7 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 half of 2016 but resumed growth in the second half of 2016. Stock market declines can cause weakness or declines in income related to financial markets, particularly capital gains.

The stock market weakness had a significant impact on personal income tax revenue collections in the second quarter of 2016. As noted above, both estimated and final payments showed large declines in the April-June quarter of 2016. The weak stock market led to lower capital gains in 2015. As a result, many states saw

negative surprises in April 2016 personal income tax collections, when 2015 tax returns were filed.

We collected data for those states that provide actual and forecasted data of monthly income tax revenue. Such information was available and easily retrievable for seventeen states and the data are presented in [Table 3](#) for the months of April 2015 and April 2016. In eleven out of seventeen states, personal income tax collections in April 2016 were below the forecast levels, and in fourteen states they were below the April 2015 levels. The negative April surprises would certainly push the states to revise the forecasts for fiscal 2017 in the coming months.

Table 3. April Personal Income Tax Revenues						
State	April 2015 Actual	April 2016 Actual	Percent Change	April 2016 Forecast	April 2016 Actual	Percent Variance
Median			(7.7)			(6.4)
Arizona	543.3	629.7	15.9	616.1	629.7	2.2
Arkansas	510.1	505.3	(0.9)	500.5	505.3	1.0
California	13,789.6	13,401.0	(2.8)	13,371.3	13,401.0	0.2
Colorado	1,127.4	928.9	(17.6)	1,073.4	928.9	(13.5)
Idaho	330.1	358.1	8.5	367.7	358.1	(2.6)
Indiana	929.6	860.5	(7.4)	919.8	860.5	(6.4)
Kansas	230.0	282.9	23.0	282.1	282.9	0.3
Maine	256.9	235.3	(8.4)	231.6	235.3	1.6
Mississippi	281.2	199.8	(28.9)	262.3	199.8	(23.8)
Montana	227.3	209.9	(7.7)	226.5	209.9	(7.3)
Nebraska	320.6	286.6	(10.6)	343.3	286.6	(16.5)
North Dakota	189.5	111.0	(41.4)	123.9	111.0	(10.4)
Ohio	1,222.3	717.3	(41.3)	826.7	717.3	(13.2)
Pennsylvania	2,054.3	1,878.4	(8.6)	1,963.4	1,878.4	(4.3)
Rhode Island	194.8	185.0	(5.0)	181.0	185.0	2.2
Vermont	160.8	155.8	(3.1)	172.7	155.8	(9.7)
West Virginia	338.2	287.7	(14.9)	332.1	287.7	(13.4)

Source: Individual state data, analysis by the Rockefeller Institute.
Note: Data for New Mexico excludes June final returns.

General Sales Tax

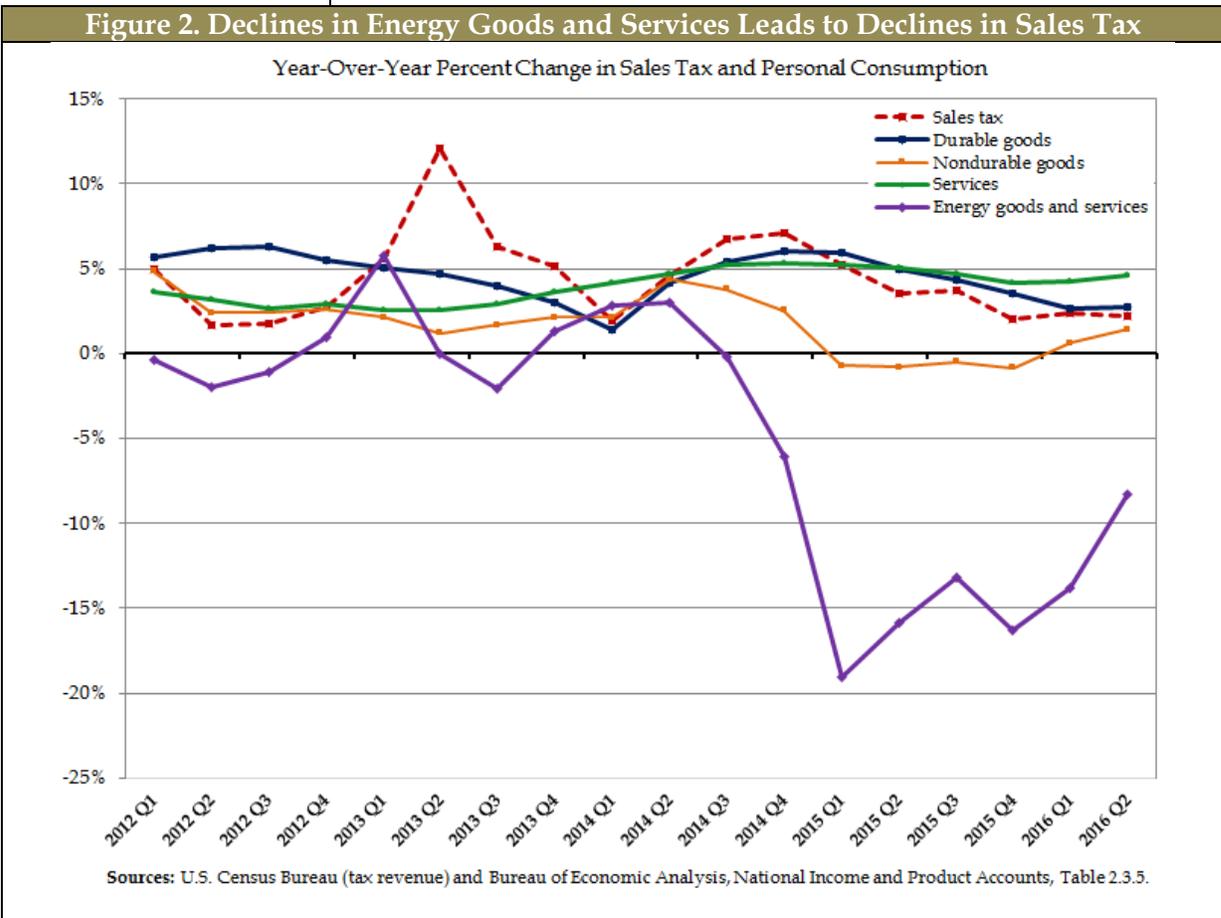
State sales tax collections in the January-March quarter grew 2.4 percent from the same period in 2015. Sales tax collections have seen continuous growth since the first quarter of 2010, with an average quarterly growth of 4.4 percent. Inflation-adjusted figures indicate that sales tax collections were only 5.7 percent above the recessionary peak reported in the first quarter of 2008.

All regions but the Southwest had growth in sales tax collections in the first quarter of 2016 compared to the same quarter in 2015. The Southeast region had the greatest increase at 4.9 percent, while the Great Lakes region had the weakest growth at 0.6 percent. The Southwest region had a decline of 3.0 percent.

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 owed but not collected on online sales. The online sales tax loophole has been an ongoing debate in the states and some states have adopted measures such as 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.

Figure 2 shows year-over-year percent change in nominal personal consumption expenditures for durable goods, nondurable goods and services – factors related to sales tax revenues. Figure 2 also shows year-over-year percent change in nominal sales tax revenue collections. In addition, we show year-over-year percent change in the consumption of energy goods and services.



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 first half of 2016. Nondurable consumption spending declined throughout 2015 but has resumed growth in the first half of 2016. The declines in nondurable goods is attributable to the declines in gasoline and other energy goods consumption, which was driven downward due to steep declines in oil and gas prices. As shown on [Figure 2](#), consumption of energy goods and services declined dramatically since the last quarter of 2014, which led to weakness in sales tax revenue collections throughout 2015 and early 2016.

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 4.5 percent in the first quarter of 2016 compared to a year earlier, marking the second consecutive quarter decline. Declines were widespread. Among forty-six states that have a corporate income tax, twenty-five states reported declines in the first quarter of 2016. The Far West and New England regions were the only two reporting growth in corporate income tax collections at 9.7 and 23.1 percent, respectively. All the other regions reported declines.

Motor Fuel Sales Tax

Motor fuel sales tax collections in the first quarter of 2016 grew by 1.9 percent from the same period in 2015. 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 Mid-Atlantic — reported declines in motor fuel sales tax collections in the first quarter of 2016 compared to the same quarter in 2015. The rest of the regions reported growth. The New England region reported the largest increase at 12.3 percent. Eighteen states reported declines in motor fuel sales tax collections.

Other Taxes

Census Bureau quarterly data on state tax collections provide detailed information for some of the smaller taxes. In [Table 11](#), we show year-over-year growth rates of the four-quarter average of inflation-adjusted revenue for the nation as a whole. In the first quarter of 2016, states collected \$50.9 billion from smaller tax sources, which comprised 23 percent of total state tax collections.

Revenues from smaller tax sources showed a mixed picture in the first quarter of 2016. Inflation-adjusted state property taxes, a small revenue source for states, increased by 4.4 percent. After six consecutive quarter of declines, collections from tobacco product sales finally resumed growth in the first quarter of 2016, at 1.5 percent. Tax revenues from alcoholic beverage sales and from motor vehicle and operators' licenses showed growth at 2.7 and 1.2 percent, respectively, in the first quarter of 2016. 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 3](#) 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 3](#), 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 1.7 percent in the first quarter of 2016.

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 most recent years, state tax revenues have become even more volatile compared to the general economy. Overall, the growth has been downward both for real GDP and for real state tax revenue in the second half of 2015 and in early 2016.

Figure 3. State Tax Revenue Is More Volatile Than the Economy

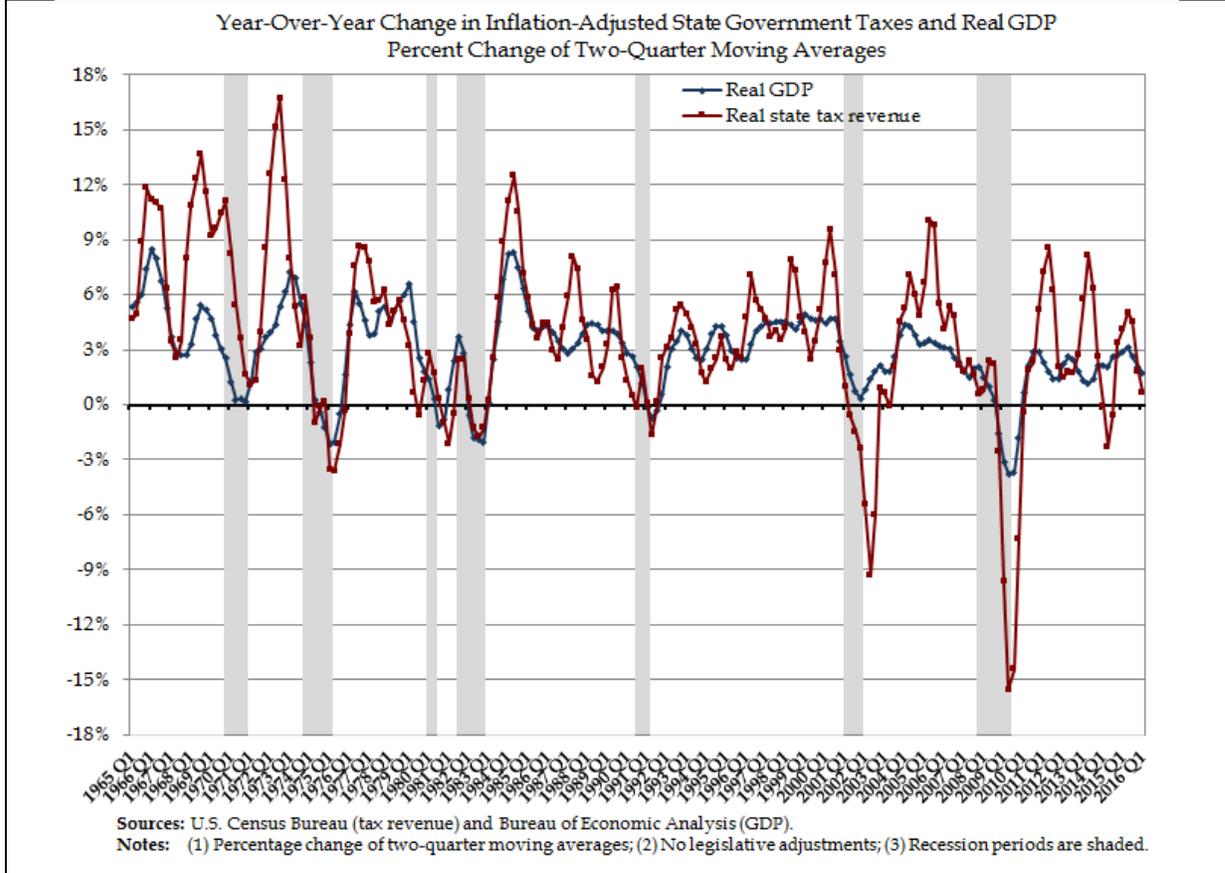
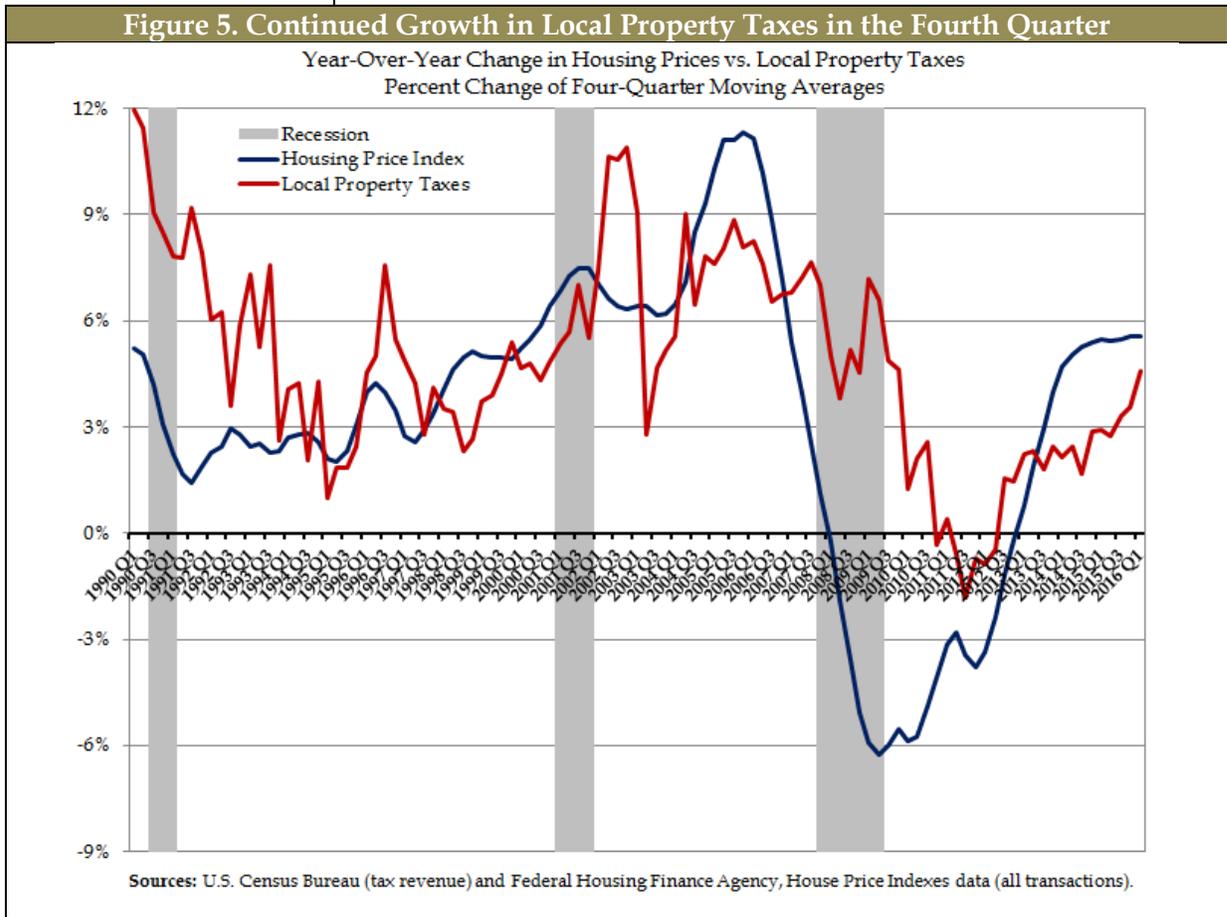
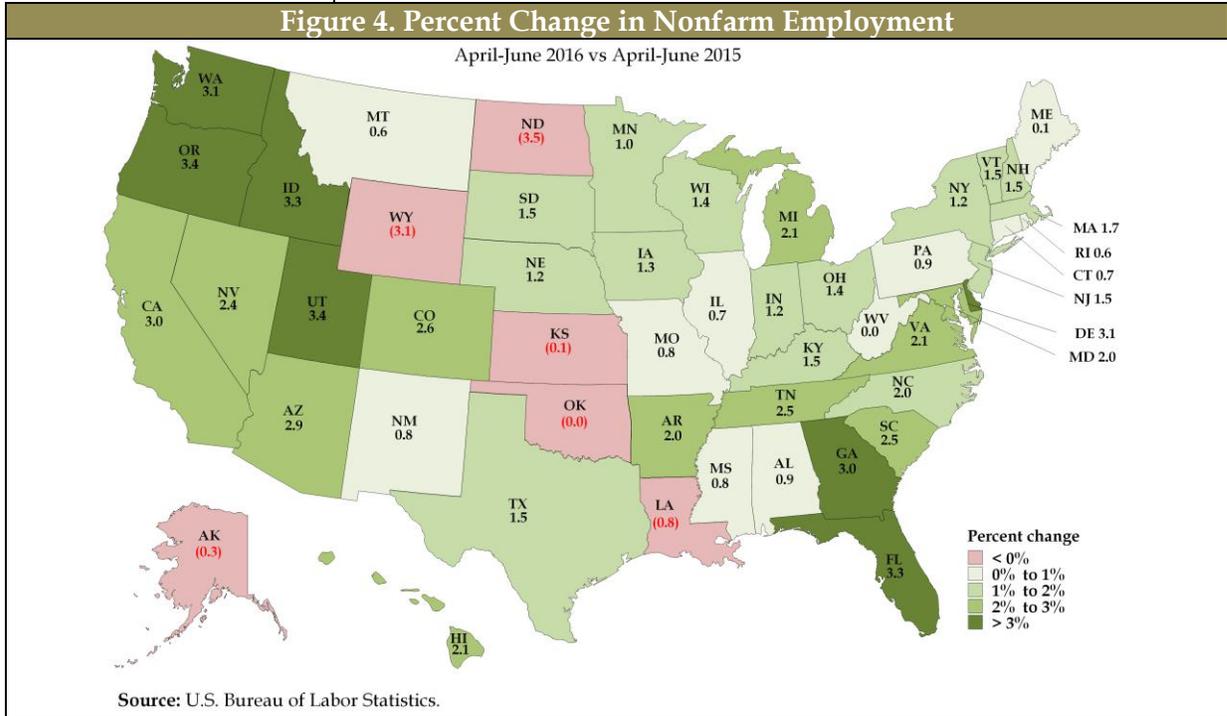


Figure 4 shows year-over-year employment growth in the second quarter of 2016 compared to the second quarter in 2015. For the nation as a whole, employment grew by 1.8 percent in the second quarter of 2016. On a year-over-year basis, employment grew in forty-four states. Six states — Alaska, Kansas, Louisiana, North Dakota, Oklahoma, 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 the oil industry, with the exception of Kansas. North Dakota reported the largest declines at 3.5 percent, followed by Wyoming at 3.1 percent.

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 5.5 percent while local property taxes grew by 4.6 percent in the first quarter of 2016, compared to the same period in 2015.

Tax Law Changes Affecting the First Quarter of 2016

Another important element affecting trends in tax revenue growth is changes in states' tax laws. During the January-March 2016 quarter, enacted tax increases and decreases produced an estimated gain of \$95 million compared to the same period in 2015.⁴ Enacted tax changes decreased personal income tax by approximately \$369 million, increased sales tax by \$123 million, and increased corporate income taxes by \$143 million. Enacted tax changes also increased motor fuel taxes by \$125 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 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 in the Final Quarter of 2016 Declined According to Preliminary Data

Preliminary figures collected by the Rockefeller Institute for the April-June quarter of 2016 show declines in overall state tax collections as well as in personal income and corporate income tax collections. Total tax collections declined by 2.1 percent in the second quarter of 2016 compared to the same quarter in 2015. Personal income tax collections declined by 3.3 percent, likely caused by the weakness in stock market in 2015, as discussed above.

Sales tax collections grew by 2.2 percent, while corporate income tax collections declined by 9.2 percent in the second quarter of 2016.

Table 12 shows state-by-state changes in major tax revenues for the second quarter of 2016 compared to the same quarter of 2015. According to preliminary data, twenty-six states saw declines in overall state tax revenue collections, with six states reporting double-digit declines.

States Forecast Weak Tax Revenue Growth in Fiscal 2017

As discussed in previous *State Revenue Reports*, the median state forecasted a slight slowdown in tax revenue growth in 2016 relative to 2015. We believe the results will be even worse than had been expected when data for the weak first calendar quarter of 2016 and the negative second quarter are reflected.

The median state currently expects tax revenue to remain weak in 2017, albeit a very slight pickup in growth from 2016, as shown in [Table 13](#) and [Table 14](#). Based on recent tax revenue data, we suspect many forecasts will be revised downward.

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. State revenue forecast updates will reflect these state-specific factors.

[Table 13](#) shows actual collections for fiscal 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. In addition, [Table 13](#) shows forecast data for fiscal 2018 for fifteen states that report forecasts beyond fiscal 2017. These are the latest public estimates we were able to obtain as of the writing of this report.

[Table 13](#) also shows the forecast month and year. The forecast date provides insight into what information states had available when they prepared their forecasts. Clearly some states did not have information on the profound weakness of the stock market in early 2016 when they prepared their forecasts, and they may well make downward revisions in their next official forecasts.⁶

[Table 14](#) shows the year-to-year percentage changes implied by states' forecasts. It also shows the median across states of the percentage changes. The median state forecast for personal income tax growth is 3.7 percent for 2016 and 4.0 percent in 2017, both of which are lower than the actual growth rate of 7.7 percent in fiscal 2015. Overall, seventeen states are forecasting slower growth in 2017 than in 2016. Three states – Maine, North Carolina, and Oklahoma – are projecting declines in personal income tax collections in 2017.

Forecasts for 2016 and 2017 also indicate less-robust growth in total sales tax collections. The median state forecast for sales tax growth is 3.1 percent in 2016 and 3.8 percent in 2017, both of which are down from the 4.6 percent growth rate reported in 2015. Fifteen of forty-two states are forecasting slower sales tax growth in 2017 than in 2016. Three states – Connecticut, Michigan, and New Mexico – are projecting declines in sales tax collections in 2017.

The overall picture is of continued, but sluggish, growth in fiscal year 2017. Weak forecasts are related to the poor stock market performance, the anticipated slow economic growth, the falling oil prices, the changing consumption and spending habits of Americans, and the long-term demographic changes among other factors.

Conclusion

State government tax revenues weakened significantly in the first quarter of 2016 and, according to preliminary data, declined in the second quarter. The sharp declines in oil prices and the weak stock market appear to be the primary causes of the depressed state tax revenues. This weakening raises a yellow flag for state budgets.

Table 4. Quarterly State Tax Revenue

Year-Over-Year Percent Change			
Quarter	Nominal Change	Inflation Rate	Real Change
2016 Q1	1.6	1.2	0.4
2015 Q4	2.0	1.1	0.9
2015 Q3	3.8	1.0	2.8
2015 Q2	7.1	1.1	5.9
2015 Q1	5.1	1.1	4.0
2014 Q4	5.9	1.5	4.3
2014 Q3	4.4	1.9	2.4
2014 Q2	(0.9)	2.0	(2.9)
2014 Q1	0.1	1.7	(1.5)
2013 Q4	3.2	1.6	1.5
2013 Q3	5.3	1.5	3.7
2013 Q2	10.1	1.6	8.4
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
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

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

Table 5. Quarterly State Tax Revenue By Major Tax

Year-Over-Year Percent Change					
Quarter	PIT	CIT	General Sales	Motor Fuel	Total
2016 Q1	1.8	(4.5)	2.4	2.0	1.6
2015 Q4	5.1	(9.9)	2.0	3.5	2.0
2015 Q3	6.5	0.4	3.7	5.3	3.8
2015 Q2	14.1	6.6	3.6	3.0	7.1
2015 Q1	6.7	3.3	5.2	4.5	5.1
2014 Q4	8.6	9.9	7.1	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	0.1
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
2004 Q4	8.8	23.9	10.7	5.2	9.4
2004 Q3	5.8	25.2	7.0	(0.4)	6.5
2004 Q2	15.8	3.9	9.5	7.1	11.2
2004 Q1	7.9	5.4	9.1	6.0	8.1

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

Table 6. Quarterly State Tax Revenue, By State

	January-March 2015 (\$ in millions)					January-March 2016 (\$ in millions)				
	PIT	CIT	Sales	MFT	Total	PIT	CIT	Sales	MFT	Total
United States	77,708	11,407	68,645	10,503	218,421	79,096	10,896	70,291	10,710	221,920
New England	6,014	1,174	2,993	435	13,283	5,810	1,289	3,111	488	13,594
Connecticut	1,931	193	1,010	122	3,882	1,882	215	1,014	122	3,965
Maine	279	26	280	56	812	273	33	303	57	842
Massachusetts	3,448	714	1,388	181	6,506	3,247	784	1,474	236	6,591
New Hampshire	18	134	N/A	35	901	19	167	N/A	35	964
Rhode Island	214	76	221	20	712	250	66	226	22	759
Vermont	124	31	96	21	471	138	23	94	18	473
Mid-Atlantic	21,777	3,348	8,585	1,498	46,491	21,624	2,584	8,994	1,484	46,563
Delaware	381	43	N/A	27	945	392	67	N/A	29	991
Maryland	2,067	239	1,069	224	4,588	2,244	320	1,080	235	4,920
New Jersey	3,188	467	2,119	130	7,457	3,093	388	2,228	125	7,410
New York	13,536	2,053	3,146	390	23,060	13,035	1,225	3,283	404	22,002
Pennsylvania	2,606	546	2,251	727	10,441	2,860	584	2,402	691	11,240
Great Lakes	10,264	1,723	9,809	1,395	29,246	9,433	1,576	9,865	1,347	28,425
Illinois	3,982	1,056	2,069	318	9,622	3,746	903	2,129	320	9,337
Indiana	1,051	120	1,764	204	3,815	1,032	129	1,814	174	3,879
Michigan	1,829	253	1,999	164	5,449	1,454	290	1,758	151	4,699
Ohio	1,888	26	2,837	471	6,545	1,618	17	2,971	456	6,495
Wisconsin	1,514	268	1,141	239	3,816	1,583	236	1,194	246	4,016
Plains	5,258	667	4,665	748	15,092	5,408	651	4,721	808	15,328
Iowa	739	89	715	111	2,062	741	93	748	164	2,192
Kansas	461	72	752	108	2,076	467	54	795	108	2,186
Minnesota	2,211	371	1,298	210	5,435	2,266	358	1,322	204	5,588
Missouri	1,232	33	830	153	2,677	1,376	20	895	166	2,897
Nebraska	473	83	450	77	1,183	469	80	440	79	1,163
North Dakota	142	34	397	55	1,274	89	37	294	44	892
South Dakota	N/A	(14)	223	34	385	N/A	9	227	43	410
Southeast	10,834	2,063	16,153	2,989	41,477	12,360	1,990	16,952	3,165	44,063
Alabama	808	102	587	133	2,392	799	103	638	139	2,419
Arkansas	529	107	797	108	1,888	613	109	825	114	2,065
Florida	N/A	457	5,529	917	9,594	N/A	492	5,855	972	9,959
Georgia	1,896	256	1,324	302	4,343	2,260	247	1,376	411	4,927
Kentucky	840	129	786	200	2,673	960	138	836	175	2,774
Louisiana	578	(55)	780	144	2,115	753	47	763	150	2,469
Mississippi	338	211	832	113	1,937	346	182	846	106	1,959
North Carolina	2,630	208	1,707	462	6,004	2,955	57	1,723	448	6,188
South Carolina	387	100	673	130	1,651	543	115	766	137	1,980
Tennessee	21	369	1,917	205	3,342	23	318	2,092	207	3,466
Virginia	2,408	143	899	174	4,265	2,713	162	910	214	4,666
West Virginia	399	35	323	101	1,274	396	21	323	91	1,191
Southwest	1,401	305	10,232	1,168	19,697	1,314	272	9,925	1,204	18,821
Arizona	605	97	1,560	201	3,007	591	106	1,588	208	3,100
New Mexico	157	73	552	21	1,361	169	85	543	22	1,298
Oklahoma	638	135	657	114	2,096	553	81	604	113	1,810
Texas	N/A	N/A	7,462	832	13,233	N/A	N/A	7,190	860	12,612
Rocky Mountain	2,447	212	1,731	397	6,381	2,570	177	1,759	423	6,341
Colorado	1,350	97	716	148	2,908	1,401	124	696	156	2,922
Idaho	291	38	352	56	878	283	20	372	82	901
Montana	225	20	N/A	50	610	230	16	N/A	50	547
Utah	579	57	463	115	1,431	657	17	489	106	1,494
Wyoming	N/A	N/A	200	27	554	N/A	N/A	202	29	477
Far West	19,713	1,915	14,475	1,875	46,755	20,577	2,356	14,965	1,792	48,784
Alaska	N/A	(39)	N/A	9	54	N/A	(9)	N/A	10	87
California	17,731	1,835	9,576	1,366	35,550	18,478	2,265	9,729	1,215	36,874
Hawaii	464	13	782	22	1,641	496	4	849	22	1,707
Nevada	N/A	N/A	1,025	73	1,930	N/A	N/A	1,083	74	2,071
Oregon	1,518	106	N/A	119	2,163	1,603	97	N/A	123	2,233
Washington	N/A	N/A	3,092	286	5,417	N/A	N/A	3,304	348	5,811

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

Table 7. Percent Change in Quarterly State Tax Revenue					
January-March, 2015-2016, Percent Change					
	PIT	CIT	Sales	MFT	Total
United States	1.8	(4.5)	2.4	2.0	1.6
New England	(3.4)	9.7	3.9	12.3	2.3
Connecticut	(2.5)	11.6	0.4	(0.7)	2.2
Maine	(2.3)	26.0	8.3	1.7	3.7
Massachusetts	(5.8)	9.9	6.2	30.2	1.3
New Hampshire	9.4	24.5	N/A	(1.7)	7.0
Rhode Island	16.8	(13.1)	2.3	9.0	6.6
Vermont	11.5	(26.3)	(1.8)	(11.6)	0.4
Mid-Atlantic	(0.7)	(22.8)	4.8	(0.9)	0.2
Delaware	3.0	56.7	N/A	7.1	4.9
Maryland	8.6	33.9	1.1	4.8	7.2
New Jersey	(3.0)	(17.0)	5.1	(4.0)	(0.6)
New York	(3.7)	(40.3)	4.4	3.6	(4.6)
Pennsylvania	9.7	7.1	6.7	(4.9)	7.7
Great Lakes	(8.1)	(8.5)	0.6	(3.4)	(2.8)
Illinois	(5.9)	(14.5)	2.9	0.7	(3.0)
Indiana	(1.8)	8.1	2.8	(14.7)	1.7
Michigan	(20.5)	14.6	(12.1)	(8.3)	(13.8)
Ohio	(14.3)	(33.4)	4.7	(3.1)	(0.8)
Wisconsin	4.6	(11.9)	4.7	3.2	5.3
Plains	2.8	(2.4)	1.2	8.0	1.6
Iowa	0.3	3.9	4.5	46.9	6.3
Kansas	1.3	(24.6)	5.8	0.3	5.3
Minnesota	2.5	(3.4)	1.8	(2.8)	2.8
Missouri	11.6	(38.4)	7.9	8.7	8.2
Nebraska	(0.7)	(4.3)	(2.2)	2.8	(1.7)
North Dakota	(37.5)	11.1	(25.9)	(20.7)	(30.0)
South Dakota	N/A	NM	1.6	28.0	6.6
Southeast	14.1	(3.5)	4.9	5.9	6.2
Alabama	(1.1)	0.8	8.7	4.8	1.2
Arkansas	15.7	1.6	3.4	5.3	9.4
Florida	N/A	7.5	5.9	6.0	3.8
Georgia	19.2	(3.9)	3.9	36.3	13.5
Kentucky	14.3	6.8	6.4	(12.1)	3.8
Louisiana	30.3	NM	(2.2)	4.0	16.8
Mississippi	2.2	(13.4)	1.7	(6.3)	1.1
North Carolina	12.4	(72.7)	1.0	(2.9)	3.1
South Carolina	40.3	14.8	13.8	5.2	19.9
Tennessee	8.5	(13.9)	9.1	0.9	3.7
Virginia	12.6	13.3	1.3	23.1	9.4
West Virginia	(0.6)	(39.5)	0.1	(9.6)	(6.5)
Southwest	(6.2)	(10.9)	(3.0)	3.1	(4.4)
Arizona	(2.3)	9.2	1.8	3.6	3.1
New Mexico	7.7	16.6	(1.6)	3.6	(4.6)
Oklahoma	(13.3)	(40.0)	(8.1)	(0.3)	(13.6)
Texas	N/A	N/A	(3.7)	3.4	(4.7)
Rocky Mountain	5.0	(16.4)	1.6	6.6	(0.6)
Colorado	3.7	27.8	(2.8)	5.4	0.5
Idaho	(3.0)	(47.1)	5.5	45.1	2.5
Montana	1.9	(19.3)	N/A	0.3	(10.4)
Utah	13.4	(70.0)	5.6	(8.3)	4.5
Wyoming	N/A	N/A	1.0	7.4	(14.0)
Far West	4.4	23.1	3.4	(4.4)	4.3
Alaska	N/A	NM	N/A	6.8	59.8
California	4.2	23.4	1.6	(11.1)	3.7
Hawaii	6.8	(68.3)	8.5	(0.4)	4.0
Nevada	N/A	N/A	5.7	2.3	7.3
Oregon	5.6	(8.4)	N/A	3.6	3.2
Washington	N/A	N/A	6.9	21.7	7.3

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

Table 8. Personal Income Tax Withholding						
Year-Over-Year Percent Change						
	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2
United States	2.1	5.0	4.9	2.0	4.6	2.7
New England	3.9	5.0	4.6	3.3	3.4	2.8
Connecticut	3.0	2.3	3.2	5.4	4.1	3.9
Maine	3.7	5.5	4.9	9.3	(0.0)	(4.1)
Massachusetts	5.1	6.3	5.1	1.9	3.1	3.0
Rhode Island	2.9	5.2	3.9	(1.0)	3.2	3.5
Vermont	(7.1)	3.9	7.9	5.3	8.2	4.7
Mid-Atlantic	1.3	5.5	7.3	1.1	4.6	0.9
Delaware	(4.4)	5.3	7.5	4.4	1.2	1.2
Maryland	4.1	3.6	4.9	5.6	4.2	(0.6)
New Jersey	(2.0)	6.6	9.5	(5.2)	7.0	2.5
New York	1.8	6.5	7.2	2.3	3.7	0.8
Pennsylvania	(0.1)	3.7	8.3	(2.1)	6.8	1.5
Great Lakes	(3.7)	(4.8)	(2.0)	(4.5)	2.5	2.9
Illinois	(15.2)	(21.0)	(16.0)	(19.7)	(1.6)	1.3
Indiana	4.0	3.9	4.2	2.1	3.0	3.4
Michigan	3.3	4.3	9.1	6.0	8.6	5.0
Ohio	3.8	1.7	2.5	2.2	0.5	0.5
Wisconsin	(2.4)	1.3	5.2	3.2	4.3	4.8
Plains	6.4	5.5	2.3	3.7	3.8	1.9
Iowa	6.2	4.8	4.8	3.0	6.1	3.4
Kansas	1.8	(0.3)	(0.6)	(0.1)	1.6	2.1
Minnesota	6.2	7.8	0.1	5.1	4.2	1.7
Missouri	7.4	6.1	4.9	4.5	5.4	3.4
Nebraska	6.7	5.1	6.7	5.4	2.9	5.5
North Dakota	26.6	(5.4)	(11.6)	(16.2)	(23.4)	(33.8)
Southeast	2.9	5.4	5.2	1.7	5.3	3.2
Alabama	5.3	4.6	2.3	3.6	2.7	4.0
Arkansas	4.5	(5.1)	(7.7)	(6.0)	(5.8)	5.1
Georgia	3.7	5.5	8.0	3.6	8.1	6.0
Kentucky	3.7	7.3	5.3	2.6	6.4	4.7
Louisiana	8.9	3.4	2.5	1.5	(4.6)	(1.4)
Mississippi	1.3	3.0	0.9	2.3	3.4	3.6
North Carolina	(0.8)	7.6	10.3	1.8	9.1	4.2
South Carolina	2.7	4.8	5.5	3.6	8.9	5.8
Virginia	2.6	6.8	4.4	0.3	5.3	(0.5)
West Virginia	4.5	6.1	(1.6)	(0.8)	(2.7)	(2.5)
Southwest	0.3	5.0	3.8	0.1	0.5	(1.3)
Arizona	3.2	4.6	4.9	3.1	3.8	4.4
New Mexico*	(14.8)	14.3	11.3	(1.0)	2.8	(10.9)
Oklahoma	3.1	1.9	(0.6)	(3.3)	(4.7)	(6.3)
Rocky Mountain	6.6	6.6	7.1	5.1	5.7	5.4
Colorado	7.0	6.6	7.0	4.7	4.6	4.9
Idaho	7.4	7.3	5.9	2.4	4.7	8.2
Montana	6.3	4.8	4.9	0.1	4.6	3.3
Utah	5.3	6.8	8.5	8.7	8.9	5.7
Far West	4.2	11.7	8.1	6.8	6.6	4.3
California	3.7	12.6	8.0	6.8	6.3	3.8
Hawaii	2.4	8.5	6.2	0.7	7.8	4.4
Oregon	9.3	6.0	9.4	7.9	8.6	8.5

Source: Individual state data, analysis by the Rockefeller Institute. **Notes:** Nine states – Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington, and Wyoming – have no broad-based personal income tax and are not shown in this table. * New Mexico's 2016 Q2 data are preliminary.

Table 9. Estimated Payments/ Declarations

Year-Over-Year Percent Change				
State	April 2015 (1st Payment, 2015)	June 2015 (2nd Payment, 2015)	April 2016 (1st Payment, 2016)	June 2016 (2nd Payment, 2016)
Average	21.6	16.4	(7.1)	(11.2)
Median	14.2	12.4	(5.6)	(6.1)
Alabama	19.5	15.1	(6.3)	(5.9)
Arizona	22.3	27.6	(6.7)	(9.8)
Arkansas	10.0	11.2	(2.9)	(9.3)
California	17.1	17.9	2.1	(8.1)
Colorado	28.1	11.9	(17.8)	4.3
Connecticut	13.5	1.9	(3.3)	(11.2)
Delaware	38.6	12.9	4.7	3.1
Georgia	19.3	17.9	(1.0)	(7.0)
Hawaii	(14.8)	157.0	17.3	(54.7)
Illinois	10.0	11.6	(43.4)	(39.1)
Indiana	13.8	14.9	2.4	9.8
Iowa	16.6	24.3	(42.4)	5.7
Kansas	23.2	33.8	(7.6)	(13.0)
Kentucky	126.7	25.1	0.7	(7.8)
Louisiana	(0.6)	(4.7)	(31.0)	(7.9)
Maine	37.7	15.5	(20.5)	(0.1)
Maryland	(10.0)	11.7	(9.1)	0.2
Massachusetts	11.8	10.6	0.1	(6.1)
Michigan	23.7	21.3	(4.3)	(4.8)
Minnesota	28.0	13.7	(8.2)	(0.8)
Mississippi	82.0	2.1	(40.3)	(6.0)
Missouri	14.0	14.7	(7.4)	(2.4)
Montana	6.6	31.5	2.1	(12.4)
Nebraska	13.9	10.5	(8.2)	(5.4)
New Jersey	12.1	9.0	(1.2)	(5.7)
New York	31.5	19.5	(10.0)	(13.7)
North Carolina	(7.0)	9.5	9.0	1.3
North Dakota	20.7	(2.8)	(59.6)	(38.2)
Ohio	(1.6)	6.9	(33.9)	(30.8)
Oklahoma	11.4	(3.7)	(17.7)	(22.8)
Oregon	20.4	11.5	(15.2)	0.5
Pennsylvania	12.1	18.2	2.8	(91.1)
Rhode Island	8.7	3.4	5.7	(5.0)
South Carolina	14.4	11.3	3.7	(2.3)
Vermont	9.4	14.8	(2.3)	(2.6)
Virginia	(28.9)	28.3	78.9	(7.2)
West Virginia	14.9	6.2	(12.8)	(17.3)
Wisconsin	16.1	5.0	(4.8)	(5.2)

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

Table 10. Final Payments

Year-Over-Year Percent Change					
State	April- June, 2014	April- June, 2015	April- June, 2016	Percent Change, 2014-15	Percent Change, 2015-16
United States	23,071.1	27,679.0	25,139.7	20.0	(9.2)
Alabama	242.3	288.4	275.6	19.0	(4.4)
Arizona	476.4	571.4	590.2	19.9	3.3
Arkansas	204.1	253.0	237.3	24.0	(6.2)
California	3,526.5	4,267.8	4,491.0	21.0	5.2
Colorado	392.3	456.7	444.4	16.4	(2.7)
Connecticut	1,152.7	1,339.4	265.5	16.2	(80.2)
Delaware	95.0	115.4	103.7	21.5	(10.2)
Georgia	557.4	670.5	675.9	20.3	0.8
Hawaii	95.9	118.6	126.1	23.7	6.3
Idaho	308.7	345.9	355.0	12.1	2.6
Illinois	1,317.3	1,561.1	952.5	18.5	(39.0)
Indiana	513.3	617.6	534.8	20.3	(13.4)
Iowa	266.8	319.0	293.9	19.6	(7.9)
Kansas	214.1	274.6	246.2	28.3	(10.3)
Kentucky	4.9	20.2	(18.6)	312.2	(192.1)
Louisiana	221.8	267.6	245.5	20.6	(8.2)
Maine	163.8	184.8	185.6	12.8	0.4
Maryland	1,010.2	1,200.9	1,094.7	18.9	(8.8)
Massachusetts	1,446.4	1,763.9	1,605.2	22.0	(9.0)
Michigan	585.9	694.9	668.3	18.6	(3.8)
Minnesota	950.3	1,026.4	1,068.2	8.0	4.1
Missouri	543.3	655.2	622.6	20.6	(5.0)
Montana	138.6	169.6	152.2	22.3	(10.3)
Nebraska	244.5	284.1	271.4	16.2	(4.5)
New Jersey	1,675.1	1,928.7	1,879.6	15.1	(2.5)
New Mexico*	148.5	165.0	158.5	11.1	(4.0)
New York	1,478.1	1,783.0	1,788.7	20.6	0.3
North Carolina	1,054.1	1,317.3	1,337.9	25.0	1.6
North Dakota	46.0	54.2	33.9	17.8	(37.5)
Ohio	543.3	792.1	497.8	45.8	(37.2)
Oklahoma	192.0	222.0	185.8	15.6	(16.3)
Pennsylvania	929.3	1,110.3	1,024.7	19.5	(7.7)
Rhode Island	117.9	156.2	140.4	32.4	(10.1)
South Carolina	303.8	316.2	355.2	4.1	12.3
Utah	493.2	592.8	574.5	20.2	(3.1)
Vermont	82.6	106.8	97.2	29.3	(8.9)
Virginia	827.0	1,041.3	981.8	25.9	(5.7)
West Virginia	183.4	224.4	184.8	22.4	(17.6)
Wisconsin	324.4	401.6	412.0	23.8	2.6

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

Note: Data for New Mexico excludes June final returns.

Table 11. 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	\$15,569	\$17,981	\$6,451	\$27,221	\$130,417
2016 Q1	4.4	1.5	2.7	1.2	(2.2)
2015 Q4	8.0	(0.1)	1.6	1.7	(1.8)
2015 Q3	5.7	(0.9)	1.4	0.8	(1.1)
2015 Q2	4.9	(2.1)	1.6	0.6	(0.6)
2015 Q1	4.1	(3.9)	(0.2)	1.0	(0.0)
2014 Q4	0.8	(4.6)	1.5	(0.6)	(1.8)
2014 Q3	3.3	(3.6)	1.4	0.7	(0.9)
2014 Q2	5.3	0.7	0.1	1.3	(0.3)
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)	(1.7)	(0.8)	0.8
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
2004 Q4	(4.8)	3.6	(1.4)	5.6	6.1
2004 Q3	(2.3)	3.6	0.1	6.1	7.6
2004 Q2	3.6	4.9	0.5	6.7	9.0

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

Table 12. Preliminary Quarterly State Tax Revenue				
April-June 2015 vs 2016, Percent Change				
	PIT	CIT	Sales	Total
United States	(3.3)	(9.2)	2.2	(2.1)
New England	(4.8)	10.0	(2.6)	(2.2)
Connecticut*	(4.9)	95.0	0.1	(0.5)
Maine	(13.9)	(5.4)	(23.1)	(15.1)
Massachusetts	(3.8)	7.9	1.5	(2.5)
New Hampshire*	(19.6)	7.0	N/A	13.8
Rhode Island*	(6.6)	(112.0)	(3.1)	0.3
Vermont	1.2	(1.7)	1.1	2.0
Mid-Atlantic	(5.0)	(11.0)	2.3	(5.4)
Delaware	(5.3)	(59.6)	N/A	(10.8)
Maryland	(6.2)	(8.6)	1.7	(4.5)
New Jersey*	(12.0)	(13.8)	2.9	(8.1)
New York	(4.0)	(19.0)	2.6	(7.1)
Pennsylvania	(1.8)	14.4	2.0	0.6
Great Lakes	(7.6)	(18.2)	1.8	(3.7)
Illinois	(12.8)	(26.6)	(0.4)	(10.8)
Indiana	(3.5)	(10.8)	0.9	(2.4)
Michigan	(1.0)	(100.7)	3.1	0.3
Ohio	(19.4)	25.8	1.7	(4.8)
Wisconsin	6.4	(15.7)	3.9	3.3
Plains	(2.7)	(19.0)	0.0	(1.0)
Iowa	(1.5)	(3.3)	1.8	(0.2)
Kansas	(3.3)	(19.9)	7.6	9.0
Minnesota	ND	ND	ND	ND
Missouri	0.4	(22.2)	1.5	(0.4)
Nebraska	(3.3)	(20.2)	2.2	(1.0)
North Dakota	(38.8)	(43.3)	(28.9)	(32.0)
South Dakota	N/A	N/A	0.4	0.0
Southeast	(1.1)	(2.9)	5.2	1.3
Alabama	8.0	(11.1)	5.1	5.0
Arkansas	6.2	(2.6)	3.8	(2.1)
Florida	N/A	6.8	3.5	1.4
Georgia	2.6	(5.6)	1.3	5.5
Kentucky	(0.1)	(10.9)	5.2	0.2
Louisiana	(28.7)	11.6	25.6	(3.2)
Mississippi	(1.1)	(26.6)	2.4	0.4
North Carolina	0.5	(12.0)	10.0	(0.4)
South Carolina	(2.4)	(11.6)	7.4	0.7
Tennessee	5.6	4.3	5.4	5.5
Virginia	(1.8)	(3.0)	2.6	(0.1)
West Virginia	(10.6)	(63.3)	2.2	(1.8)
Southwest	2.1	(15.3)	(0.7)	(2.6)
Arizona	11.2	(19.0)	7.7	4.8
New Mexico*	(6.6)	31.4	(4.8)	(13.5)
Oklahoma	(7.5)	(16.5)	(6.0)	(7.9)
Texas	N/A	N/A	(1.2)	(2.5)
Rocky Mountain	1.9	(12.0)	3.0	1.2
Colorado	3.0	(6.8)	(0.9)	1.3
Idaho	3.4	(2.6)	6.9	5.8
Montana	(7.5)	(48.3)	N/A	(9.0)
Utah	2.0	(12.3)	6.2	2.1
Wyoming	N/A	N/A	ND	ND
Far West	(2.0)	(11.3)	2.3	(2.0)
Alaska	N/A	(32.9)	N/A	(23.7)
California	(2.1)	(11.4)	0.4	(3.3)
Hawaii	5.4	180.3	(0.2)	5.6
Nevada	N/A	N/A	4.4	9.2
Oregon	(3.3)	(12.8)	N/A	(4.0)
Washington	N/A	N/A	11.2	8.3

Source: Individual state data. Notes: N/A - not applicable; ND - no data; * - estimated data.

Table 13. State Revenue Forecasts for Income and Sales Tax

State	Forecast Month	Personal Income Tax (\$ millions)				Sales Tax (\$ millions)			
		FY 2015 Actual	FY 2016 Forecast	FY 2017 Forecast	FY 2018 Forecast	FY 2015 Actual	FY 2016 Forecast	FY 2017 Forecast	FY 2018 Forecast
United States		326,080	337,108	349,676	65,853	231,435	238,971	248,432	69,467
Arizona	Jan-16	3,761	3,941	4,147	4,367	4,191	4,331	4,503	4,692
Arkansas	Feb-16	2,664	2,699	2,741		2,198	2,305	2,396	
California	May-16	76,169	79,962	83,393		23,682	25,028	25,727	
Colorado	Jun-16	6,350	6,493	6,904	7,233	2,880	2,923	3,105	3,245
Connecticut	Apr-16	9,151	9,275	9,522	9,899	4,205	4,220	4,061	3,966
Delaware	Jun-16	1,252	1,285	1,334		N/A	N/A	N/A	
Florida	Aug-16	N/A	N/A	N/A	N/A	21,063	21,998	22,988	24,136
Georgia	Jan-16	9,679	10,084	10,716		5,390	5,433	5,659	
Hawaii	Sep-16	1,988	2,116	2,226	2,349	2,993	3,206	3,392	3,545
Idaho	Jan-16	1,471	1,524	1,606		1,219	1,279	1,345	
Illinois	Mar-16	17,682	15,173	15,354		8,030	8,050	8,203	
Indiana	Dec-15	5,233	5,250	5,372		7,195	7,346	7,665	
Iowa	Mar-16	4,207	4,492	4,742		2,753	2,808	2,850	
Kansas	Jul-16	2,278	2,325	2,377		2,485	2,655	2,755	
Kentucky	Dec-15	4,070	4,234	4,411	4,589	3,267	3,421	3,540	3,638
Louisiana	May-16	2,886	2,983	3,071		2,701	2,965	3,771	
Maine	Mar-16	1,522	1,561	1,480		1,195	1,260	1,321	
Maryland	Mar-16	8,346	8,779	9,273		4,351	4,450	4,602	
Massachusetts	Dec-15	14,449	14,940	15,543		5,774	6,090	6,436	
Michigan	May-16	8,980	9,314	9,632	9,965	7,819	7,889	7,884	8,095
Minnesota	Feb-16	10,403	10,717	11,146		5,131	5,215	5,485	
Mississippi	Oct-15	1,743	1,830	1,903		2,261	2,327	2,415	
Missouri	Jan-16	6,891	7,221	7,566		2,014	2,073	2,137	
Montana	Sep-16	1,176	1,185	1,263	1,372	N/A	N/A	N/A	N/A
Nebraska	Oct-15	2,205	2,300	2,415		1,535	1,565	1,620	
Nevada	May-15	N/A	N/A	N/A		999	1,057	1,114	
New Jersey	May-16	13,250	13,408	13,982		8,875	9,316	9,597	
New Mexico	Aug-16	1,340	1,318	1,339	1,365	2,167	1,957	1,944	2,090
New York	Aug-16	43,709	47,056	48,864		15,385	15,726	16,125	
North Carolina	Mar-16	11,079	11,730	11,719		6,252	6,547	6,918	
Oklahoma	Jun-16	2,161	1,971	1,887		2,224	2,038	2,100	
Oregon	Jun-16	7,330	7,647	8,055	8,528	N/A	N/A	N/A	N/A
Pennsylvania	Jun-16	12,107	12,561	13,014		9,493	9,842	10,188	
Rhode Island	May-16	1,228	1,225	1,257		963	981	1,015	
South Carolina	Feb-16	3,661	3,888	4,067		2,644	2,785	2,926	
South Dakota	Jul-16	N/A	N/A	N/A		837	861	999	
Tennessee	Nov-15	303	326	341		7,706	8,141	8,576	
Texas	Oct-15	N/A	N/A	N/A		28,787	29,144	30,546	
Utah	Nov-15	3,158	3,321	3,467		1,715	1,780	1,852	
Vermont	Jul-16	706	747	776	804	365	371	383	394
Virginia	Aug-16	12,329	12,556	12,784	13,350	3,235	3,296	3,382	3,481
Washington	Jun-16	N/A	N/A	N/A	N/A	8,793	9,506	9,838	10,287
West Virginia	Jan-16	1,840	1,861	1,935	2,033	1,228	1,270	1,379	1,418
Wisconsin	Jan-16	7,326	7,810	8,050		4,892	5,051	5,218	
Wyoming	Jan-16	N/A	N/A	N/A	N/A	544	467	471	479

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. Where available, we report FY 2018 data.

Table 14. Percentage Change in State Forecasts

State	PIT			Sales		
	2015 vs 2016	2016 vs 2017	2017 vs 2018	2015 vs 2016	2016 vs 2017	2017 vs 2018
US Median	3.7	4.0	4.6	3.1	3.8	2.9
Arizona	4.8	5.2	5.3	3.3	4.0	4.2
Arkansas	1.3	1.5		4.9	3.9	
California	5.0	4.3		5.7	2.8	
Colorado	2.2	6.3	4.8	1.5	6.2	4.5
Connecticut	1.4	2.7	4.0	0.4	(3.8)	(2.3)
Delaware	2.6	3.8		N/A	N/A	
Florida	N/A	N/A	N/A	4.4	4.5	5.0
Georgia	4.2	6.3		0.8	4.2	
Hawaii	6.5	5.2	5.5	7.1	5.8	4.5
Idaho	3.6	5.4		4.9	5.2	
Illinois	(14.2)	1.2		0.2	1.9	
Indiana	0.3	2.3		2.1	4.4	
Iowa	6.8	5.6		2.0	1.5	
Kansas	2.1	2.2		6.8	3.8	
Kentucky	4.0	4.2	4.0	4.7	3.5	2.8
Louisiana	3.4	3.0		9.8	27.2	
Maine	2.6	(5.2)		5.4	4.9	
Maryland	5.2	5.6		2.3	3.4	
Massachusetts	3.4	4.0		5.5	5.7	
Michigan	3.7	3.4	3.5	0.9	(0.1)	2.7
Minnesota	3.0	4.0		1.6	5.2	
Mississippi	5.0	4.0		2.9	3.8	
Missouri	4.8	4.8		2.9	3.1	
Montana	0.8	6.6	8.7	N/A	N/A	N/A
Nebraska	4.3	5.0		1.9	3.5	
Nevada	N/A	N/A		5.8	5.4	
New Jersey	1.2	4.3		5.0	3.0	
New Mexico	(1.6)	1.6	1.9	(9.7)	(0.7)	7.5
New York	7.7	3.8		2.2	2.5	
North Carolina	5.9	(0.1)		4.7	5.7	
Oklahoma	(8.8)	(4.3)		(8.4)	3.1	
Oregon	4.3	5.3	5.9	N/A	N/A	N/A
Pennsylvania	3.7	3.6		3.7	3.5	
Rhode Island	(0.2)	2.7		1.8	3.5	
South Carolina	6.2	4.6		5.4	5.0	
South Dakota	N/A	N/A		2.9	16.0	
Tennessee	7.3	4.7		5.6	5.3	
Texas	N/A	N/A		1.2	4.8	
Utah	5.2	4.4		3.8	4.0	
Vermont	5.8	3.9	3.5	1.7	3.4	2.8
Virginia	1.8	1.8	4.4	1.9	2.6	2.9
Washington	N/A	N/A	N/A	8.1	3.5	4.6
West Virginia	1.1	4.0	5.1	3.4	8.6	2.8
Wisconsin	6.6	3.1		3.2	3.3	
Wyoming	N/A	N/A	N/A	(14.2)	0.8	1.8

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 U.S. Census Bureau in June 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 on state fiscal conditions more frequently, 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 the Census Bureau in a timely manner due in part to furloughs and reduced workforces. As a result, the 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 5.7 percent is based on the calendar year average and is adjusted for dividends and splits. For more information, see the S&P 500 database available through Yahoo Finance, <https://finance.yahoo.com/quote/%5EGSPC/history?p=%5EGSPC>.
- 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.
- 6 In sixteen 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 nine states, forecast dates are between February 2016 and April 2016. The forecasts in these states likely took into consideration the weakness in the stock market. In eleven states, forecast dates are between May 2016 and June 2016. The forecasts in these states likely took the negative surprises in income tax collections in April of 2016 caused by the weak stock market. Finally, in nine states forecast dates are between July 2016 and September 2016 and quite likely the 2016 data for these states are nearly final figures, capturing the full impact of the stock market on income tax collections and oil and gas price drop on sales tax collections.

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 (SUNY), was established in 1982 to bring the resources of the sixty-four-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, director of fiscal studies. Thomas Gais, director of the Institute and Patricia Strach, deputy director for research, provided valuable feedback on the report. Michael Cooper, the Rockefeller Institute's director of publications, did the editing, layout, and design of this report.

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