

THE NELSON A.  
**ROCKEFELLER**  
**INSTITUTE**  
OF GOVERNMENT

**State Revenue Report #106**  
**Weak Tax Revenue Growth in**  
**the Third and Fourth Quarters**  
**of 2016 Amid Uncertainty**  
**About Federal Tax Changes**

**March 2017**

Lucy Dadayan and Donald J. Boyd





# Weak Tax Revenue Growth in the Third and Fourth Quarters of 2016 Amid Uncertainty About Federal Tax Changes

Lucy Dadayan and Donald J. Boyd

## Contents

Summary and Conclusions.....	3
State Tax Revenue .....	7
Personal Income Tax.....	7
Withholding.....	8
Estimated Payments .....	9
Final Payments .....	10
Refunds.....	10
Potential Federal Tax Changes and the Personal Income Tax .....	10
General Sales Tax .....	12
Corporate Income Tax.....	14
Motor Fuel Sales Tax.....	14
Other Taxes.....	14
Underlying Reasons for Tax Revenue Trends .....	15
Economic Changes.....	15
Tax Law Changes Affecting the Third Quarter of 2016.....	18
Tax Revenue in the Fourth Quarter of 2016 Softened According to Preliminary Data .....	19
Tax Revenue Results for State Fiscal Year 2016 .....	19
States Forecast Weak Revenue Growth in Fiscal 2017 and 2018.....	20
Conclusion.....	20
Endnotes.....	33
Table 1. State and Local Government Tax Revenue Growth.....	3
Table 2. Growth in Personal Income Tax (PIT) Components.....	8
Table 3. Quarterly State Tax Revenue .....	22
Table 4. Quarterly State Tax Revenue By Major Tax .....	22
Table 5. Quarterly State Tax Revenue, By State.....	23
Table 6. Percent Change in Quarterly State Tax Revenue .....	24
Table 7. Personal Income Tax Withholding .....	25
Table 8. Etimated Payments/Declarations.....	26
Table 9. Final Payments .....	27
Table 10. Percent Change in Inflation Adjusted Other State Taxes .....	28
Table 11. Preliminary Quarterly State Tax Revenue .....	29
Table 12. State Tax Revenue, FY 2015 and FY 2016 .....	30
Table 13. Percent Change in Fiscal Year State Tax Revenue .....	31

# Highlights



- State tax revenue grew 1.2 percent in the third quarter of 2016.



- Personal income tax and sales tax, the two largest sources of tax revenues, grew 2.7 and 2.0 percent, respectively.



- Motor fuel tax increased 1.1 percent, while corporate income tax revenue continued its decline, falling 10.4 percent.

- Preliminary figures for the fourth quarter of 2016 indicate substantial softening of state tax revenues, with growth of only 0.4 percent.

- States forecast weak tax revenue growth for fiscal year 2017.

- The median forecast of income tax and sales tax growth is 3.6 and 3.1 percent, respectively.

- Revenue forecasts are also weak for 2018.

- Oil-dependent states had large tax declines in fiscal year 2016 and face continuing challenges.

- Federal tax reform could leave states with more fiscal challenges.



## Summary and Conclusions

State and local government revenue from major taxes tracked by the Census Bureau increased 2.1 percent in the third quarter of 2016 compared to a year earlier, considerably slower than the 3.1 percent average growth for the four previous quarters (see [Table 1.](#)) (The third quarter is the most recent quarter for which we have full details.)

Total state government tax revenue from all sources grew 1.2 percent, which is much lower than historical averages and reflects slowing growth in sales tax and declines in estimated and final payments of income tax. Preliminary data for the fourth quarter of 2016 indicate continued weakness in personal income and overall state tax revenue collections.

The outlook for state budgets for the remainder of state fiscal year 2016-17, 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 Q3	2016 Q3	\$ change	% change	Prior 4 quarters <sup>2</sup>
<b>State and Local Government</b>					
<b>Total, major taxes<sup>1</sup></b>	<b>\$287,327</b>	<b>\$293,297</b>	<b>\$5,970</b>	<b>2.1%</b>	<b>3.1%</b>
<b>State Government</b>					
<b>Total state taxes</b>	<b>\$213,275</b>	<b>\$215,786</b>	<b>\$2,511</b>	<b>1.2%</b>	<b>1.5%</b>
<b>Total major taxes</b>	<b>\$158,249</b>	<b>\$160,974</b>	<b>\$2,725</b>	<b>1.7%</b>	<b>1.9%</b>
Sales tax	69,167	70,560	1,393	2.0%	2.3%
Personal income tax	75,958	78,013	2,055	2.7%	2.7%
Corporate income tax	9,664	8,659	(1,005)	-10.4%	-6.1%
Property tax	3,461	3,743	282	8.1%	4.7%
<b>Total, other state taxes</b>	<b>\$55,026</b>	<b>\$54,812</b>	<b>(\$214)</b>	<b>-0.4%</b>	<b>0.5%</b>
<b>Local Government</b>					
<b>Total major taxes</b>	<b>\$129,078</b>	<b>\$132,323</b>	<b>\$3,245</b>	<b>2.5%</b>	<b>4.7%</b>
Sales tax	20,383	20,717	334	1.6%	4.9%
Personal income tax	7,899	7,860	(39)	-0.5%	8.9%
Corporate income tax	1,821	1,799	(22)	-1.2%	-7.2%
Property tax	98,975	101,947	2,972	3.0%	4.7%
<b>Source:</b> U.S. Census Bureau (tax revenue), with Rockefeller Institute of Government adjustments.					
<b>Notes:</b> 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 state tax revenue weakness has been caused by:

- *Substantial weakness in income tax mostly caused by the declines in estimated payments and final returns in the second, third, and fourth quarters of 2016.* According to income tax component data collected by the Rockefeller Institute from individual states, estimated payments declined 8.2, 3.6, and 0.6 percent, respectively, in the second, third, and fourth quarters of 2016. Similarly, final returns declined 9.0, 1.2, and 0.2 percent,

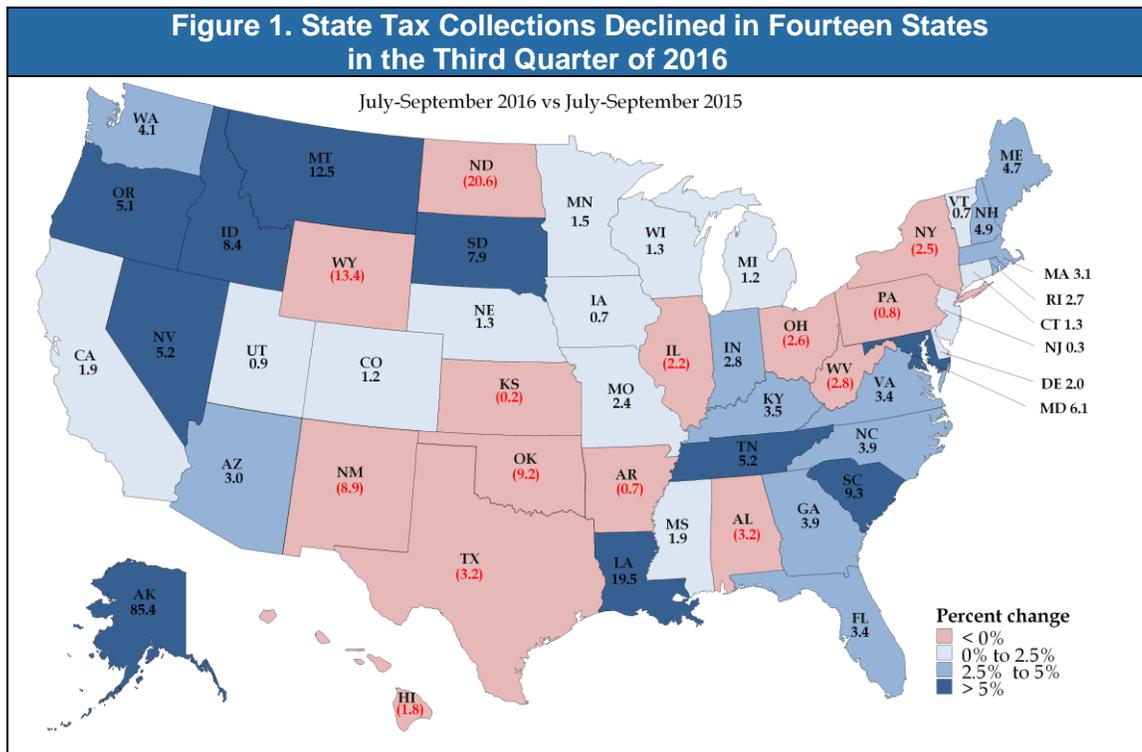
respectively, in the second, third, and fourth quarters of 2016. The declines in estimated and final payments in the second quarter of 2016, when tax returns were filed, likely are caused by the weak stock market in 2015. After a weak start to 2016, the stock market rebounded in the second half of the year making the declines in estimated taxes in the third and fourth quarters a bit surprising. These declines could be attributable to changes in taxpayer behavior in anticipation of federal tax reform: Some high-income taxpayers might have pushed income from capital gains as well as other sources out of 2016 to 2017 in the anticipation of lower tax rates in 2017, as promised by the incoming president. Other factors also could be at work, as discussed within.

- *Substantial weakness in the sales tax, consistent with weak growth in taxable consumption.* State sales tax revenue grew 2.0 percent in the third quarter of 2016, down from an average of 2.3 percent in the four previous quarters. Preliminary data for the fourth quarter indicate growth of only 1.7 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 5.3 percent in the third quarter of 2015 to 3.1 percent in the third quarter of 2016. Nondurable goods consumption was weak throughout 2015 and 2016. The weakness in nondurable goods consumption was driven by the sharp declines in oil and gas prices, which 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 10.4 percent in the third quarter of 2016. Preliminary data for the fourth quarter of 2016 suggest corporate taxes declined once again, by 2.0 percent, marking the fifth consecutive quarterly decline. 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 third and fourth quarters 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 but weakened somewhat in the third quarter, growing by 3.0 percent, compared with a

4.7 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 third quarter of 2016, a few other states had declines as well, mostly driven by the declines in personal income tax collections (see [Figure 1](#)). Preliminary data for the fourth quarter suggest that over a dozen 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 the remainder of fiscal year 2017.



States are forecasting weak revenue growth in fiscal 2017, with only 3.6 percent growth in the income tax and 3.1 percent growth in the sales tax. Several states had already reduced their revenue forecasts for fiscal 2017 in the post-election period. Despite the downward revisions, state revenue forecasts are likely overestimated for fiscal year 2017. Unless revenue collections improve significantly in the final two quarters of fiscal year 2017, it is quite likely that actual collections will be short of the forecasts.

States face new budgetary uncertainties for the coming years under the new federal administration: Potential federal tax reform, health care reform and other fiscal policy changes would undoubtedly have a direct impact on state budgets, as well as impacts on state economies. The uncertainty tied to federal policy changes put state forecasters in a tough

position and quite understandably makes it harder to forecast state revenues with any precision.

States will need to worry about at least three kinds of effects from federal tax reform, all of which are highly uncertain at this point: (1) the impact of tax reform on the economy; (2) the direct impact of tax reform on state government tax bases in cases where states conform to federal tax law; and (3) indirect impacts on state tax revenue as taxpayers change their behavior in anticipation of, and in response to, federal tax reform. The first two effects are not likely to occur until state fiscal year 2018, even if a bill is enacted before the start of the fiscal year. But the third can and probably will affect tax revenue long before a bill is enacted, and may have already done so.

As a candidate, President Trump proposed significant cuts in top income tax rates, elimination of the Affordable Care Act's 3.8 percent net investment income tax imposed on higher-income taxpayers, and substantial increases in the standard deduction, among other things. The likelihood of lower tax rates in 2017 created a large incentive for high-income taxpayers to push income from wages, interest, and other sources out of 2016 into 2017, and to accelerate deductions into 2016, depressing taxable income in 2016. The proposed elimination of the Affordable Care Act net investment income tax provision created an incentive for high-income taxpayers to push capital gains out of 2016 into 2017, when the provision would not be in effect, and the proposed increase in the standard deduction created a modest incentive for middle-income taxpayers to accelerate itemized deductions into 2016, when these deductions will be most useful.

If these were the only effects, state taxable income clearly would be depressed in 2016, and pushed up in 2017, although the magnitude would be devilishly hard to predict. We would expect to see lower payments of estimated income tax in December and January and lower payments of final returns in April and May, relative to what otherwise would occur. While these effects are likely, they could be camouflaged in part by another effect: Very high-income taxpayers had an incentive to accelerate payments of state and local government taxes into 2016, to the extent that these taxes are deductible on federal income tax returns, so that they could be used against 2016's higher tax rates. Thus, these taxpayers would prefer to have paid state income taxes in December rather than in January or in April when returns are filed, and they also might have preferred to pay local property taxes in 2016.

Thus, taxpayers had incentives to reduce taxable income in 2016, but to *increase* payments of state and local government taxes in 2016 despite *lower* income. It will be very difficult for state revenue forecasters to sort this out. As we have discussed in past *State Revenue Reports*, behavioral incentives can have powerful effects on state tax revenue even if federal tax reform is not enacted or is substantially different than expected. The possibility and likelihood of reform is enough to change behavior. States

will need to do their best to understand and estimate these potential impacts, and then buckle up for the ride.

The remainder of this report examines state tax collections for the third quarter of 2016 in detail, summarizes preliminary collections for the fourth quarter, and reviews tax revenues for fiscal year 2016. It also gives a preview of states' most recent forecasts for the current fiscal year (2017) and for fiscal year 2018, which we will analyze more fully in a forthcoming separate report.

## State Tax Revenue

Total state government tax revenue grew 1.2 percent in the third quarter of 2016 relative to a year ago, in nominal terms, according to Census Bureau data as adjusted by the Rockefeller Institute.<sup>1</sup> All major tax revenue sources grew, except the corporate income tax, which declined 10.4 percent. Individual income tax collections grew 2.7 percent, while sales tax and motor fuel tax collections grew 2.0 and 1.1 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.

Fourteen states reported declines in total tax revenue for the third quarter of 2016, with two states reporting double-digit declines (see [Table 5](#) and [Table 6](#)). The Southwest region had the largest declines at 3.2 percent, while the Southeast region had the strongest growth at 4.1 percent.

The oil- and mineral-dependent states generally rely heavily on severance taxes.<sup>2</sup> The steep oil price declines throughout 2015 and early 2016 led to declines in severance tax collections and depressed economic activity, leading to weakness or declines in other taxes. North Dakota and Wyoming had the largest declines in total tax revenue at 20.6 and 13.4 percent, respectively. Total tax collections also declined in the other oil- and mineral-dependent states, including New Mexico, Oklahoma, Texas, and West Virginia, but grew in Alaska and Louisiana. The growth in Alaska is misleading, reflecting an increase from the extremely depressed revenue levels of the previous two years; severance taxes, which constitute the preponderance of Alaska total tax revenue, remain less than half as large as they were three and four years ago. The growth in Louisiana is mostly attributable to sweeping legislative changes, including 1-percent increase in sales tax and an increase in the tax on tobacco and alcohol.

## Personal Income Tax

Personal income tax revenues grew 2.7 percent in nominal terms and 1.4 percent in inflation-adjusted terms in the third quarter of 2016 compared to the same period in 2015. The growth follows a decline of 2.5

percent in the previous quarter. State personal income tax collections were weak throughout calendar year 2016.

Personal income tax collections grew in all regions but the Southwest and Mid-Atlantic in the third quarter. The Far West region had the greatest growth at 5.9 percent. Personal income tax collections declined 2.2 and 0.1 percent, respectively, in the Southwest and Mid-Atlantic regions.

Fourteen states reported declines in personal income tax collections, with three reporting double-digit declines. North Dakota's decline of 26.9 percent, the largest in the nation, was 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 ([Table 2](#)). Our data are more current than the Census Bureau data and provide a preliminary view of income tax collections for the fourth quarter of 2016, which was very weak.

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

PIT Component	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4*	Comments
Withholding	2.1%	5.0%	4.9%	2.0%	4.6%	2.7%	3.6%	3.5%	Largest PIT component; generally reflects the current economy.
Estimated Payments	8.1%	18.2%	9.0%	14.3%	3.1%	-8.2%	-3.6%	-0.6%	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%	-9.0%	-1.2%	-0.2%	Second quarter is usually the largest collections quarter by far.
Refunds	-3.2%	-1.0%	4.0%	0.1%	9.0%	7.6%	5.1%	21.2%	A positive number means that refunds increased; negative means refunds decreased.
<b>PIT Total</b>	<b>6.2%</b>	<b>14.1%</b>	<b>5.8%</b>	<b>4.5%</b>	<b>2.6%</b>	<b>-4.5%</b>	<b>2.2%</b>	1.3%	

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

**Note:** The percent changes for total PIT differ from data reported by the U.S. Census Bureau.

\*2016 Q4 data exclude data for two states: Hawaii and New Mexico.

## 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 state-by-state, year-over-year quarterly growth in withholding for calendar years 2015 and 2016. Growth in withholding was 4.6 percent in the first quarter of 2016 but softened substantially in the second and third quarters, at 2.7 and 3.6 percent, respectively. According to preliminary data, withholding grew 3.5 percent in the final quarter of calendar year 2016.

Thirty-two states reported growth in withholding for the third quarter of 2016, while nine reported declines. Once again, withholding declines were common among oil- and mineral-dependent states. North Dakota's decline

of 23.4 percent was the largest in the nation, driven by tax rate reductions and the negative impact of the oil crash on the state economy and employment. Withholding grew in all regions but the Southwest. The Far West had the strongest growth at 8.5 percent.

According to preliminary data, thirty-one states reported growth in the fourth 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 12 percent of total personal income tax revenues in the third quarter of 2016 and roughly 15 percent in the fourth quarter.

The first payment for each tax year is due in April in most states and the second, third, and fourth payments 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.

The first payment is usually difficult to interpret as it can include a mix of payments related to the current tax year and the previous tax year. It can reflect, for example, stock market activity in the previous year. The second and third payments are easier to interpret because they are almost unambiguously related to the current year. Weakness in these payments can reflect weakness in nonwage income, such as that generated by the stock market. However, it can also be “noisy” in the sense that it reflects taxpayers’ responses to tax payment rules as well as to expected nonwage income.

In the thirty-seven states for which we have data for the fourth payment (attributable to the 2016 tax year), the median payment declined 2.1 percent compared to the previous year, which is a substantial weakness compared to the median growth of 4.4 percent reported for the fourth payment of tax year 2015 (see [Table 8](#)). Twenty-three states reported declines for the fourth payment, with eleven states reporting double-digit declines.

The median payment also showed declines for the second and third payments of tax year 2016 at 4.2 and 1.3 percent, respectively. These declines are mostly attributable to the weak stock market in early 2016. However, stock market had resumed growth in the second half of 2016, and the declines in estimated payments for the fourth payment are most

likely attributable to taxpayer behavior. We believe that many high-income taxpayers may have shifted income from tax year 2016 to 2017 in the anticipation of federal tax reform and lower tax rates for 2017.

## 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 third and fourth quarters of 2016, final payments accounted roughly for 2 and 5 percent of all personal income tax revenues, respectively.

Final payments with personal income tax returns declined 2.8 percent in the median state in the third quarter of 2016, and by 5.2 percent in the fourth quarter of 2016. [Table 9](#) shows year-over-year quarterly growth in final payments for 2016.

## Refunds

Personal income tax refunds grew 5.1 and 21.2 percent, respectively, in the third and fourth quarters of 2016 compared to the same quarters in 2015. In total, states paid out about \$0.2 billion and \$1.3 billion more in refunds in the third and fourth quarters of 2016, respectively, compared to the same quarters in 2015. Overall, twenty-four states paid out more refunds in the fourth quarter of 2016 compared to the same quarter of 2015. New York alone paid out \$0.7 billion more refunds in the fourth quarter of 2016.

## Potential Federal Tax Changes and the Personal Income Tax

Estimated payments of income tax are particularly difficult to interpret now. The stock market was up more than 9 percent in 2016, as measured by the S&P 500 index. All else equal, this would suggest relatively strong capital gains in 2016, which in turn could boost estimated payments of income tax. However, the picture is muddled by three factors.

First, estimated payments on 2015 income were strong, but perhaps stronger than underlying tax liability required, resulting in weak final returns the following April, as discussed in past *State Revenue Reports*. Taxpayers may have had the ability to reduce their estimated payments in 2016 to make them more compatible with underlying liability and with safe harbors allowed in the tax law.

Second, as discussed in [Summary and Conclusions](#), late in 2016 taxpayers may have expected income tax cuts in 2017 under President Trump. Candidate Trump's proposed top-rate cuts would affect some forms of income upon which taxpayers make estimated payments, such as interest and dividends, and his proposed elimination of the ACA net investment income tax would have affected capital gains. And, of course, investors might have expected further cuts for investment income as a result of congressional negotiations. These potential changes created

incentives for taxpayers to push income out of 2016, into 2017, when rates might be lower. Capital gains are the easiest form of income to defer — it is easier to delay selling stocks than it is, say, to postpone working and receiving wages (if you need the money), and it is easier than convincing a corporation to defer paying dividends, although some of that could occur with closely held corporations. Other kinds of income could be affected, too. For example, retirees could choose to delay withdrawals from IRA and 401(k) accounts. But capital gains deferrals are likely to be the largest sort of deferral because deferring them is easy and because they are taken largely by very high-income taxpayers for whom tax-rate reductions provide the greatest bang for the buck.

How big could the deferral be? We estimate, based on our analysis of the last time major changes in federal tax rates on capital gains were anticipated, that taxpayers might defer as much as 10 to 20 percent of capital gains from 2016 to 2017 or later, although this is an educated guess (backed by data analysis). This seems reasonably consistent with the latest analysis from the Congressional Budget Office, which estimated a 10.4 percent decline in capital gains in 2016, despite the strong stock market, followed by an 11 percent bounce-back in 2017.<sup>3</sup> Whether states are expecting such a decline and bounce-back will vary from state to state. California's Department of Finance estimates that capital gains declined by 3 percent in 2016 and will decline by an additional 4 percent in 2017.<sup>4</sup> The Legislative Analyst's Office in California commented that the governor's income tax estimate appears too low, and noted that the capital gains decline projected for 2017 seemed at odds with the governor's forecast of stock market growth.<sup>5</sup> New York anticipates a capital gains decline of 3 percent in 2016 followed by 7 percent growth in 2017.<sup>6</sup> Other states also may have greatly varying views.

The third factor that could influence the income tax in the short term is that despite the incentive to push income out of 2016 and into 2017, taxpayers also had an incentive to pull state and local government tax payments from 2017 into 2016. That is, if they expected lower federal tax rates in 2017, and if they are able to benefit from deducting state and local tax payments (which can depend upon the alternative minimum tax), then it could have been to their advantage to accelerate deductible tax payments into 2017. For example, they may have accelerated payments from January into December, or even decided that they should pay even more estimated income taxes in December, and pay less when tax returns are filed in April. This could help to explain why estimated payments, although weak during 2016, did not drop off significantly at the end of the year.

All of this makes for a very confusing situation for states, with little data that can be used to decide upon appropriate assumptions. There could be downward pressure on April tax returns, but it is hard to say for sure. In any event, April tax returns will be highly uncertain and we will watch them closely.

## General Sales Tax

State sales tax collections in the July-September quarter grew 2.0 percent from the same period in 2015. Inflation-adjusted growth was 0.7 percent. Sales tax collections have seen continuous growth since the first quarter of 2010, with an average quarterly growth of 4.2 percent. The growth was substantially weaker in the first three quarters of 2016.

Sales tax collections grew in all regions but the Southwest, where collections declined 1.1 percent in the third quarter of 2016 compared to the same quarter in 2015. The Southeast region had the largest growth at 5.5 percent, while the Plains region had the weakest growth at 1.0 percent.

Among individual states, thirty-three states reported growth in sales tax collections in the third quarter of 2016, while twelve states reported declines. Six of those twelve states reporting declines are oil- and mineral-dependent states, which continue facing fiscal challenges caused by the dramatic declines in oil prices in late 2015 and early 2016.

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 for online sales. More and more consumers are shopping online, whether to avoid the extra tax or simply because of the convenience. Addressing 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. In addition, states often have negotiated agreements with online retailers to encourage collection of tax.

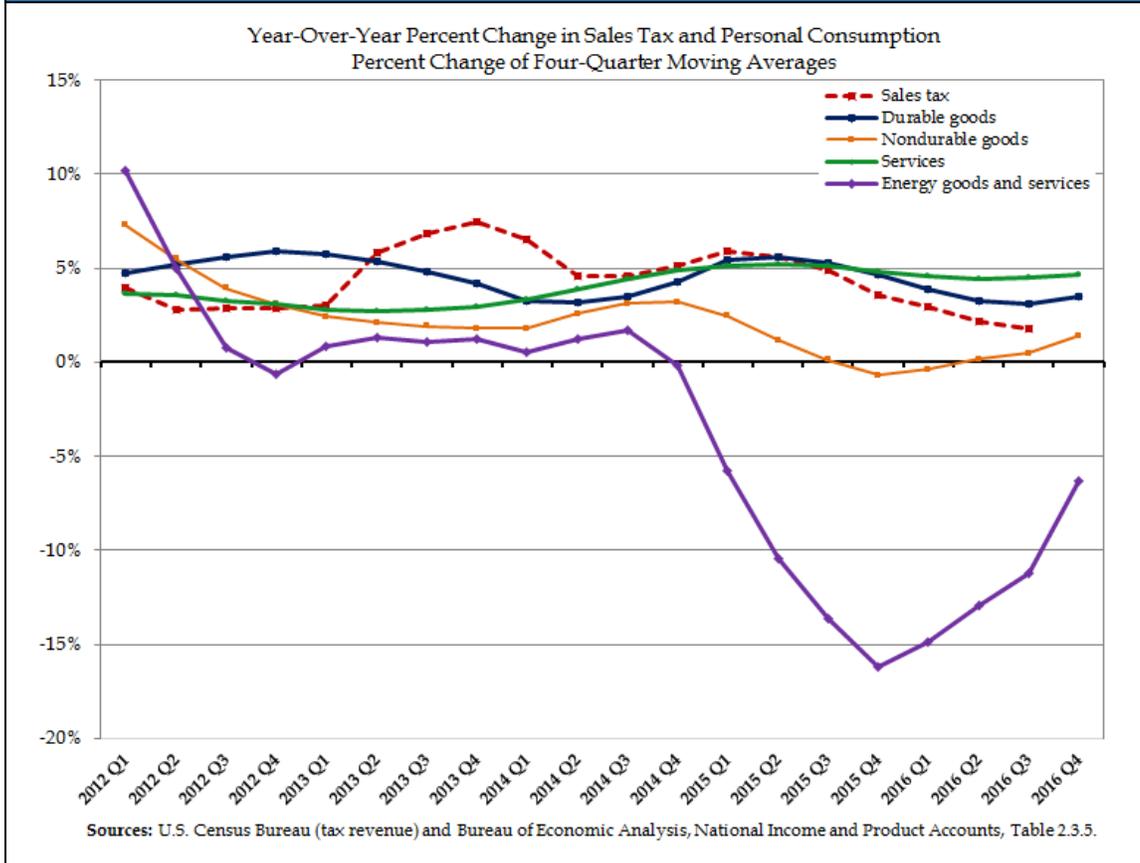
In calendar year 2017 so far, eleven states have joined other states that already collect taxes on sales by Amazon.com LLC or its subsidiaries, raising the number to forty-two out of forty-five states that impose a general sales tax.<sup>7</sup> (Amazon may or may not collect tax for sales on the Amazon site by non-Amazon vendors, depending on specific instructions provided by the vendors.) The online retail giant Amazon has started collecting sales taxes for items shipped to the following states: Iowa (January 1, 2017); Louisiana (January 1, 2017); Mississippi (February 1, 2017); Missouri (February 1, 2017); Nebraska (January 1, 2017); Oklahoma (March 1, 2017); Rhode Island (February 1, 2017); South Dakota (February 1, 2017); Utah (January 1, 2017); Vermont (February 1, 2017); and Wyoming (March 1, 2017). These states should expect to see additional sales tax collections starting in the April-June quarter of 2017. Agreements and laws that require this will certainly help to narrow the online sales tax loophole. However, state efforts alone have had limited effectiveness and Amazon is not the only online retailer. Therefore, it may

not be possible to fully stem online revenue losses without congressional action.

[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 the 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 2016. Nondurable consumption spending declined in the fourth quarter of 2015 and first quarter of 2016 but has resumed growth since then. The decline 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 in [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 2016.

**Figure 2. Declines in Energy Goods Leads to Weakness in Sales Tax Growth**



## 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 10.4 percent in the third quarter of 2016 compared to a year earlier, marking the fourth consecutive quarterly decline. Declines were widespread. Among forty-six states that have a corporate income tax, thirty-seven states reported declines in the third quarter of 2016. The New England region was the only region reporting growth in corporate income tax collections at 18.7 percent. All the other regions saw declines. The Southwest region had the largest decline at 45.3 percent.

## Motor Fuel Sales Tax

Motor fuel sales tax collections in the third quarter of 2016 increased by 1.1 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 Great Lakes, Southeast, and Southwest — reported declines in motor fuel sales tax collections in the third quarter of 2016 compared to the same quarter in 2015. The rest of the regions reported growth. The Rocky Mountain region had the largest increase at 10.3 percent, while the Southwest region had the largest decline at 1.1 percent. Nineteen states reported declines in motor fuel sales tax collections in the third quarter of 2016.

## Other Taxes

Census Bureau quarterly data on state tax collections provide detailed information for some of the smaller taxes. In [Table 10](#), we show year-over-year growth rates of the four-quarter average of inflation-adjusted revenue for the nation as a whole. In the third quarter of 2016, states collected \$47.2 billion from smaller tax sources, which comprised 22 percent of total state tax collections.

Revenues from smaller tax sources showed a mixed picture in the third quarter of 2016. Inflation-adjusted state property taxes, a small revenue source for states, increased by 4.2 percent. After six consecutive quarterly declines, collections from tobacco product sales finally resumed growth in 2016, at 1.0 percent in the third quarter of 2016. Tax revenues from

alcoholic beverage sales and from motor vehicle and operators' licenses showed growth at 0.1 and 0.5 percent, respectively, in the third quarter of 2016. Revenues from all other smaller tax sources declined 3.2 percent, marking the third consecutive quarterly decline.

## 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 real 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, and resumed growth afterwards. Growth in real state tax revenues was downward since the second quarter of 2015 and showed declines in the second and third quarters of 2016, at 1.7 and 1.9 percent, respectively. Real GDP showed uninterrupted growth since 2010 and grew 1.5 percent in the third quarter of 2016. Overall, growth was also downward for the real GDP since the second 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 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 real state tax revenue since the second quarter of 2015. Early data indicate stronger growth in real GDP at 1.8 percent in the fourth quarter of 2016.

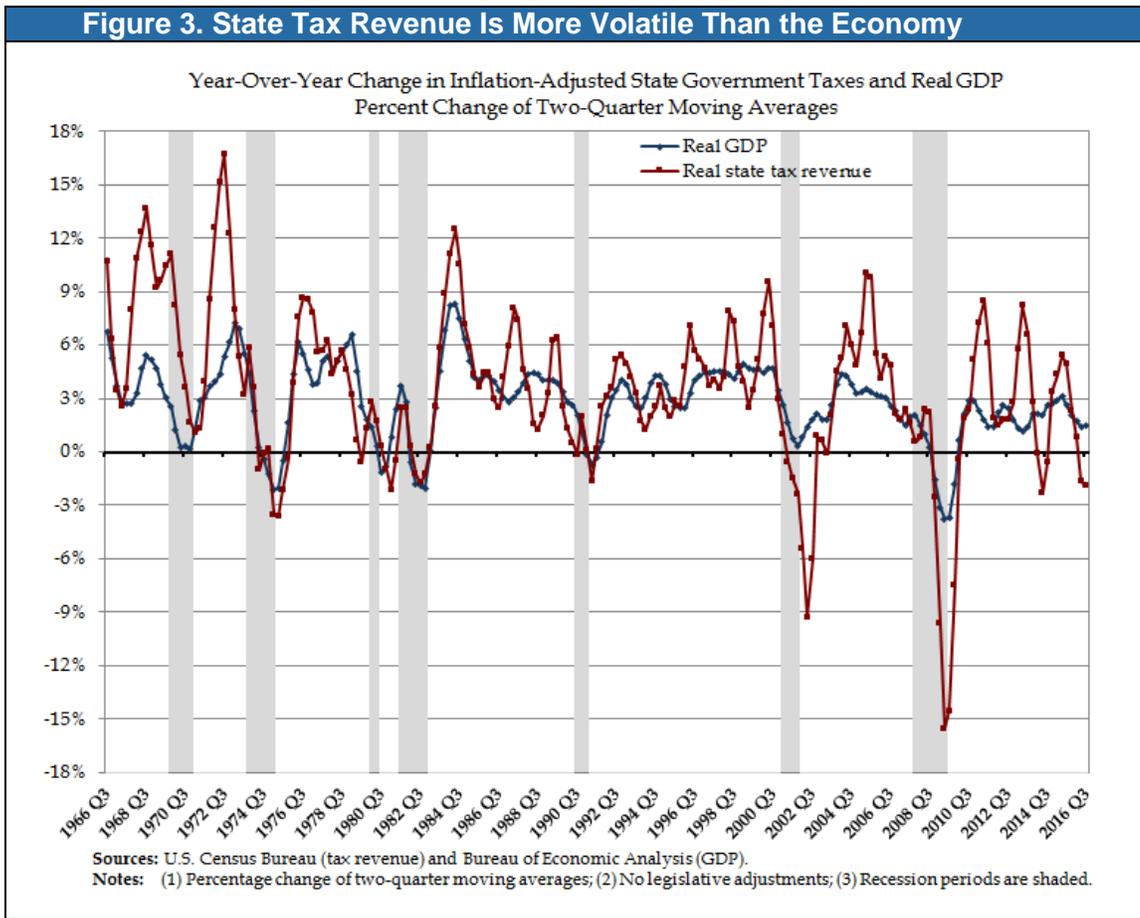
[Figure 4](#) shows year-over-year employment growth in the fourth quarter of 2016 compared to the same quarter in 2015. For the nation as a whole, employment grew 1.5 percent in the fourth quarter of 2016. On a year-over-year basis, employment grew in forty-two states. Eight states — Alaska, Kansas, Louisiana, Mississippi, New Mexico, 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 and Mississippi. Wyoming reported the largest declines at 3.1 percent, followed by North Dakota at 1.5 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.

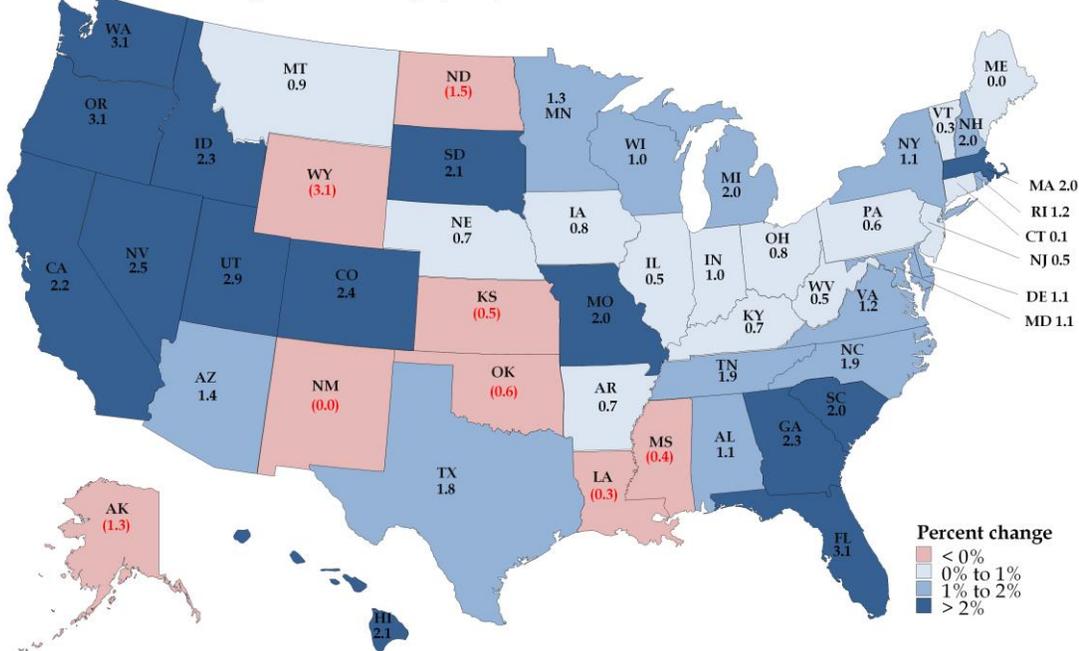
The deep declines in housing prices caused by the Great Recession led to a significant slowdown in property tax growth and then to an actual decline in fiscal years 2011 and 2012.<sup>8</sup> The housing price index began moving downward around mid-2005, with steeply negative movement from the last quarter 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 5.7 percent while local property taxes grew 4.9 percent in the third quarter of 2016, compared to the same period in 2015.

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



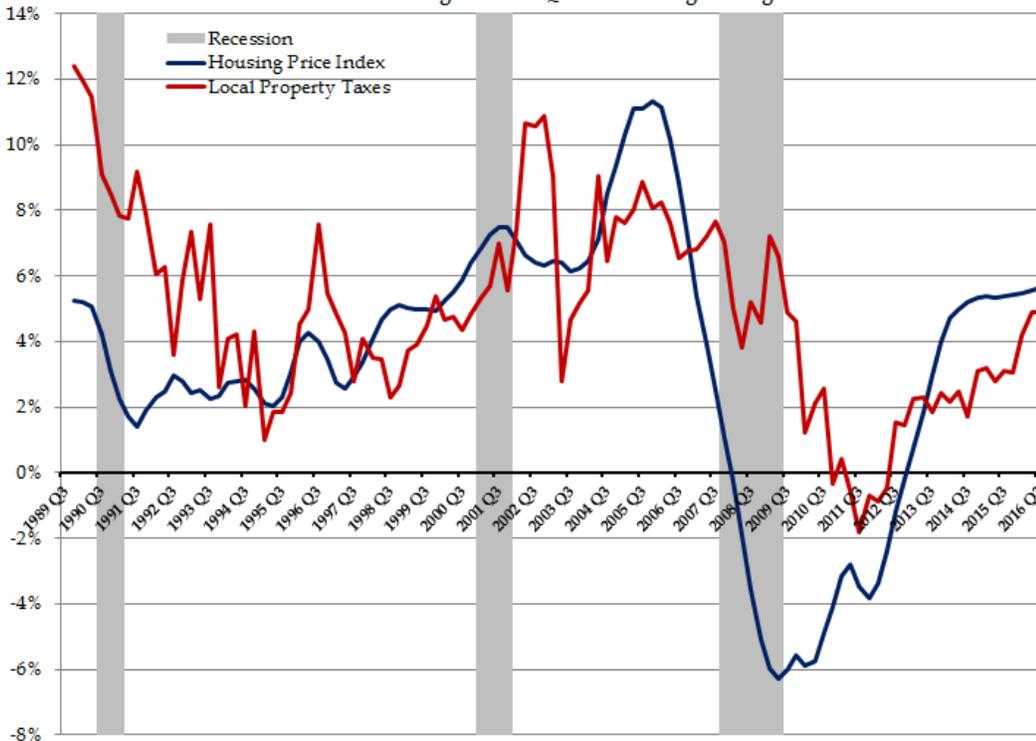
**Figure 4. Overall Growth in Employment but Declines in Eight States**

Percent Change in Nonfarm Employment, October-December 2016 vs. October-December 2015



**Figure 5. Continued Growth in Local Property Taxes in the Third Quarter**

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



Sources: U.S. Census Bureau (tax revenue) and Federal Housing Finance Agency, House Price Indexes data (all transactions).

## Tax Law Changes Affecting the Third Quarter of 2016

Another important element affecting trends in tax revenue growth is changes in states' tax laws. During the July-September 2016 quarter, enacted tax increases and decreases produced an estimated gain of \$126 million compared to the same period in 2015.<sup>9</sup> Tax changes decreased personal income tax by approximately \$507 million, increased sales tax by \$457 million, and decreased corporate income taxes by \$75 million. Enacted tax changes also increased motor fuel taxes by \$65 million, cigarette taxes by \$158 million, and some other taxes by \$24 million. Below, we discuss some of the major enacted tax changes and their expected impact on tax revenues for fiscal 2017.

Fifteen states enacted personal income tax decreases, and two enacted tax increases. The largest decrease was in Ohio due to a phase-in of an across-the-board income tax reduction of 6.3 percent. Ohio also expanded its earned income tax credit and personal exemptions, and increased the small business tax deduction for filers reporting business income under the personal income tax. These changes are estimated to result in a \$1.1 billion reduction in income tax collections in fiscal year 2017.

In North Carolina, legislators increased the standard deduction for the 2016 tax year, and the flat income tax rate will fall from 5.75 percent to 5.499 percent in the 2017 tax year under previously enacted legislation. These changes are estimated to result in a \$0.5 billion reduction in fiscal year 2017. Massachusetts and Maine also enacted income tax changes that would reduce income tax collections by \$226 million and \$175 million, respectively, in fiscal year 2017.

Eleven states enacted sales tax decreases and eight states enacted increases. The most noticeable sales tax changes are in Louisiana, where legislators increased the sales tax rate by 1 percentage point and eliminated several exemptions. These changes are estimated to increase sales tax revenues by \$1.2 billion. Other noticeable sales tax changes are in Connecticut, Maine, North Carolina, Pennsylvania, and South Dakota, where projected increases range between \$102 million and \$276 million. Pennsylvania expanded the sales and use tax to include digital downloads. South Dakota increased the sales and use tax rate by 0.5 percent. Connecticut, Maine, and North Carolina adopted various legislated sales tax changes.

Twelve states enacted corporate income tax decreases and three states enacted increases. The largest corporate income tax changes are in California and North Carolina, with projected decreases of \$280 and \$270 million, respectively. In California, the governor signed a restructured Managed Care Organization tax package which is estimated to reduce corporate income taxes. In North Carolina, state officials cut the corporate income tax rate.

Four states — Louisiana, Ohio, Pennsylvania, and West Virginia — enacted cigarette tax increases. The largest legislated cigarette tax hikes

are in Pennsylvania and Ohio, where enacted tax changes are projected to increase cigarette tax collections by \$496 million and \$170 million, respectively, in fiscal year 2017.

Seven states enacted motor fuel tax increases, while Ohio enacted decreases. The most noticeable legislated changes were in Michigan and Washington, with an expected net increase of \$317 million and \$170 million, respectively.

Other major tax changes include reinstatement of the auto rental excise tax and an increase in premium insurance tax to health maintenance organizations in Louisiana, with a projected net increase of \$258 million in fiscal year 2017. Officials in Michigan increased the vehicle registration tax by 20 percent with a projected net increase of \$148 million in fiscal 2017. Officials in Pennsylvania enacted several measures, including increasing the bank share tax rates and the tax rate on casino table games, with the projected net tax revenue gain of \$114 million in fiscal 2017.

Overall, more states enacted significant tax changes for fiscal years 2016 and 2017 than for the previous two fiscal years. The net enacted tax changes increase tax revenues in fiscal years 2016 and 2017, while the net enacted tax changes reduced revenue for fiscal years 2014 and 2015.

## Tax Revenue in the Fourth Quarter of 2016 Softened According to Preliminary Data

Preliminary data collected by the Rockefeller Institute for the October-December quarter of 2016 show considerable softening in total state tax collections, as well as in personal income tax collections. Total tax collections increased by 0.4 percent in the fourth quarter compared to the same quarter in 2015. Personal income tax collections grew 0.3 percent and sales tax collections grew 1.7 percent. Corporate income tax collections continued to decline at 2.0 percent.

[Table 11](#) shows state-by-state changes in major tax revenues for the fourth quarter of 2016 compared to the same quarter of 2015. According to preliminary data, fifteen states had declines in overall state tax revenue collections, with North Dakota reporting the largest declines.

## Tax Revenue Results for State Fiscal Year 2016

The Census Bureau has not yet reported annual state tax revenue for fiscal year 2016, which has ended for all states, but we have constructed estimates using quarterly data. In constructing these estimates we had to make substantial adjustments to the Census Bureau data.<sup>10</sup> According to these adjusted data, states collected \$926.7 billion in total tax revenues in fiscal year 2016, a gain of 1.5 percent from the \$913.2 billion collected in fiscal year 2015 (see [Table 12](#) and [Table 13](#)). The personal income tax

and sales tax grew 2.8 percent and 2.0 percent, respectively, while the corporate income tax declined 8.0 percent. State motor fuel sales tax collections grew 2.5 percent.

Revenue collections declined in the Great Lakes (1.1 percent), Plains (0.3 percent), and Southwest (5 percent) regions. Tax revenue grew in other regions, with the strongest growth in the Far West at 3.6 percent, and the weakest in the Rocky Mountain region at 0.7 percent.

Thirty-eight states reported growth in fiscal 2016 compared to fiscal 2015 while twelve states reported declines. Nine of the twelve states — Alaska, Louisiana, Montana, New Mexico, North Dakota, Oklahoma, Texas, West Virginia, and Wyoming — are oil- and mineral-dependent states. These states' budgets have suffered enormously due to the drastic fall of oil prices, as discussed in previous [Rockefeller Institute](#) reports. The largest declines were in North Dakota and Alaska, at 32.4 and 20.9 percent, respectively. Declines in North Dakota are also partially attributable to the legislated reductions in personal and corporate income taxes. The other three states with declines were Illinois, Nebraska, and New Jersey. Illinois state tax revenues declined 7.5 percent, reflecting a 13.3 percent decline in personal income tax collections attributable to the partial sunset of the temporary income tax rate hike that went into effect in 2011.

Thirty-seven of forty-five states with broad-based sales tax collections reported growth in sales tax collections, while eight states reported declines. Thirty-two states reported growth in personal income tax collections while eleven states reported declines

## States Forecast Weak Revenue Growth in Fiscal 2017 and 2018

We have updated our collection of states' revenue forecasts for fiscal years 2017 and 2018 to include the latest publicly available forecasts. States continue to forecast weak tax revenue growth for fiscal year 2017. The median forecasts of income tax and sales tax growth are 3.6 percent and 3.1 percent, respectively. Revenue forecasts also are weak for 2018. We will examine these forecasts and provide state-by-state tables in a forthcoming report.

## Conclusion

State government tax revenue growth was weak in the third quarter of 2016. According to preliminary data, tax revenue was weak again in the fourth quarter. The sharp declines in oil prices and general slow growth in the economy likely were the primary causes of weak state tax revenues throughout 2016.

Depressed oil prices continue to be a significant drag on the oil- and mineral-dependent states. According to preliminary data, states highly dependent on oil and mineral tax revenue had significant declines in overall state tax revenues collections in fiscal year 2016. In addition, the oil- and mineral-dependent states have seen declines or weakening in employment. These states will continue facing fiscal challenges in the absence of significant policy changes.

State budgets face a major new uncertainty under the new administration: the likelihood of significant federal tax reform. Anticipating new legislation, taxpayers likely changed their behavior in late 2016 in ways that could have profound and hard-to-interpret impacts on state tax revenue. Tax reform, if enacted, will have further impacts on state tax revenue. States will need to stay alert in the coming months and do their best to estimate these impacts.

Table 3. Quarterly State Tax Revenue			
Year-Over-Year Percent Change			
Quarter	Nominal Change	Inflation Rate	Real Change
2016 Q3	1.2	1.3	(0.1)
2016 Q2	(2.1)	1.2	(3.2)
2016 Q1	1.5	1.2	0.3
2015 Q4	2.4	1.1	1.3
2015 Q3	4.3	1.0	3.3
2015 Q2	7.4	1.1	6.2
2015 Q1	5.5	1.1	4.4
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	(1.6)
2013 Q4	3.2	1.6	1.5
2013 Q3	5.7	1.5	4.1
2013 Q2	10.1	1.6	8.5
2013 Q1	9.8	1.8	7.9
2012 Q4	5.6	1.9	3.6
2012 Q3	3.7	1.7	1.9
2012 Q2	3.5	1.7	1.7
2012 Q1	3.9	2.0	1.9
2011 Q4	3.1	1.9	1.1
2011 Q3	5.1	2.3	2.7
2011 Q2	11.2	2.2	8.8
2011 Q1	10.1	1.9	8.1
2010 Q4	8.2	1.8	6.3
2010 Q3	5.7	1.6	4.0
2010 Q2	2.2	1.1	1.0
2010 Q1	3.4	0.5	2.9
2009 Q4	(3.1)	0.4	(3.5)
2009 Q3	(10.9)	0.3	(11.2)
2009 Q2	(16.2)	1.0	(17.0)
2009 Q1	(12.2)	1.6	(13.5)
2008 Q4	(3.9)	1.9	(5.7)
2008 Q3	2.7	2.1	0.5
2008 Q2	5.3	1.8	3.5
2008 Q1	2.9	1.9	0.9
2007 Q4	3.1	2.5	0.6
2007 Q3	2.9	2.4	0.5
2007 Q2	5.5	2.8	2.7
2007 Q1	5.2	3.0	2.1
2006 Q4	4.2	2.7	1.5
2006 Q3	5.9	3.1	2.7
2006 Q2	10.1	3.3	6.6
2006 Q1	7.1	3.2	3.8
2005 Q4	7.9	3.4	4.4
2005 Q3	10.2	3.3	6.7
2005 Q2	15.9	3.0	12.4
2005 Q1	10.6	3.2	7.2
2004 Q4	9.4	3.1	6.2
2004 Q3	6.5	2.9	3.5
2004 Q2	11.2	2.8	8.3

**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
2016 Q3	2.7	(10.4)	2.0	1.1	1.2
2016 Q2	(2.5)	(10.0)	1.0	1.0	(2.1)
2016 Q1	1.8	(6.0)	2.3	2.5	1.5
2015 Q4	5.1	(8.8)	2.0	3.5	2.4
2015 Q3	6.5	0.5	3.7	4.8	4.3
2015 Q2	14.0	7.1	3.6	3.1	7.4
2015 Q1	6.9	3.4	5.2	4.3	5.5
2014 Q4	8.5	9.5	7.3	2.4	5.9
2014 Q3	4.2	7.7	6.8	0.6	4.4
2014 Q2	(6.5)	(1.3)	4.6	4.0	(0.9)
2014 Q1	(1.0)	8.2	1.9	2.8	0.1
2013 Q4	0.7	2.8	5.2	3.5	3.2
2013 Q3	5.4	2.0	6.7	2.9	5.7
2013 Q2	18.5	10.8	12.0	2.1	10.1
2013 Q1	18.1	9.4	5.6	(1.4)	9.8
2012 Q4	10.6	3.0	2.7	1.3	5.6
2012 Q3	5.4	8.5	2.0	2.1	3.7
2012 Q2	5.7	(1.9)	1.7	1.7	3.5
2012 Q1	4.4	3.6	5.0	1.0	3.9
2011 Q4	2.9	(3.3)	2.9	0.7	3.1
2011 Q3	9.2	0.9	1.7	(0.2)	5.1
2011 Q2	15.3	16.6	6.1	7.4	11.2
2011 Q1	12.3	4.1	6.4	13.3	10.1
2010 Q4	10.8	12.1	5.5	11.8	8.2
2010 Q3	4.5	0.5	4.7	10.7	5.7
2010 Q2	1.5	(19.0)	5.7	4.1	2.2
2010 Q1	3.8	0.3	0.1	(0.1)	3.4
2009 Q4	(4.1)	0.7	(4.8)	(1.5)	(3.1)
2009 Q3	(11.5)	(21.3)	(10.1)	2.3	(10.9)
2009 Q2	(27.3)	3.0	(9.4)	(1.5)	(16.2)
2009 Q1	(18.8)	(20.2)	(8.4)	(3.6)	(12.2)
2008 Q4	(1.3)	(23.0)	(5.3)	(5.0)	(3.9)
2008 Q3	0.8	(13.2)	4.7	(5.0)	2.7
2008 Q2	7.6	(7.0)	1.0	(3.1)	5.3
2008 Q1	5.0	(1.4)	0.7	1.1	2.9
2007 Q4	2.3	(14.5)	4.0	1.8	3.1
2007 Q3	6.4	(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

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

**Table 5. Quarterly State Tax Revenue, By State**

	July-September 2015 (\$ in millions)					July-September 2016 (\$ in millions)				
	PIT	CIT	Sales	MFT	Total	PIT	CIT	Sales	MFT	Total
<b>United States</b>	<b>75,958</b>	<b>9,664</b>	<b>69,167</b>	<b>11,280</b>	<b>213,275</b>	<b>78,013</b>	<b>8,659</b>	<b>70,560</b>	<b>11,405</b>	<b>215,786</b>
<b>New England</b>	<b>5,278</b>	<b>768</b>	<b>2,978</b>	<b>434</b>	<b>11,656</b>	<b>5,397</b>	<b>912</b>	<b>3,038</b>	<b>439</b>	<b>11,985</b>
Connecticut	1,074	98	655	88	2,352	1,084	140	643	86	2,382
Maine	386	24	393	68	1,063	374	44	427	69	1,114
Massachusetts	3,324	458	1,565	199	6,372	3,442	529	1,599	202	6,570
New Hampshire	17	132	N/A	37	497	16	157	N/A	37	522
Rhode Island	305	30	268	23	873	312	23	274	24	897
Vermont	172	26	96	20	498	170	19	95	21	501
<b>Mid-Atlantic</b>	<b>17,279</b>	<b>2,378</b>	<b>8,389</b>	<b>1,514</b>	<b>38,403</b>	<b>17,256</b>	<b>2,049</b>	<b>8,504</b>	<b>1,527</b>	<b>38,149</b>
Delaware	323	61	N/A	28	780	336	50	N/A	28	796
Maryland	1,572	244	757	178	4,391	1,753	208	777	170	4,658
New Jersey	2,277	455	1,531	93	5,491	2,340	431	1,570	96	5,507
New York	10,390	1,143	3,497	424	19,465	10,206	962	3,541	453	18,979
Pennsylvania	2,716	474	2,605	791	8,275	2,621	397	2,616	780	8,209
<b>Great Lakes</b>	<b>11,028</b>	<b>1,475</b>	<b>11,168</b>	<b>1,711</b>	<b>32,482</b>	<b>11,046</b>	<b>1,254</b>	<b>11,369</b>	<b>1,706</b>	<b>32,387</b>
Illinois	3,059	675	2,316	348	8,685	2,894	569	2,354	348	8,495
Indiana	1,206	236	1,843	221	4,203	1,314	223	1,897	217	4,320
Michigan	3,006	341	3,103	445	9,254	3,115	268	3,143	448	9,370
Ohio	2,173	2	3,043	505	7,011	2,084	0	3,105	501	6,832
Wisconsin	1,584	221	863	192	3,328	1,640	195	870	193	3,370
<b>Plains</b>	<b>5,682</b>	<b>731</b>	<b>4,613</b>	<b>808</b>	<b>14,990</b>	<b>5,972</b>	<b>490</b>	<b>4,658</b>	<b>812</b>	<b>14,969</b>
Iowa	653	66	562	65	1,734	662	52	560	62	1,746
Kansas	526	102	832	119	1,773	552	82	817	122	1,769
Minnesota	2,476	331	1,224	243	5,631	2,637	214	1,285	247	5,716
Missouri	1,391	124	889	184	2,975	1,483	81	906	185	3,046
Nebraska	538	79	458	91	1,264	567	48	478	93	1,281
North Dakota	97	21	379	55	1,156	71	12	316	51	919
South Dakota	N/A	8	269	50	456	N/A	1	296	53	492
<b>Southeast</b>	<b>13,703</b>	<b>2,098</b>	<b>16,354</b>	<b>3,257</b>	<b>44,086</b>	<b>14,201</b>	<b>2,035</b>	<b>17,251</b>	<b>3,233</b>	<b>45,892</b>
Alabama	814	127	630	148	2,344	831	50	648	98	2,269
Arkansas	661	110	862	124	2,197	684	86	853	127	2,182
Florida	N/A	462	5,335	951	9,169	N/A	511	5,608	923	9,481
Georgia	2,645	229	1,354	396	5,236	2,667	210	1,452	445	5,441
Kentucky	1,040	170	860	196	2,796	1,090	174	896	198	2,895
Louisiana	778	(71)	751	157	2,354	784	72	1,012	158	2,814
Mississippi	424	102	736	115	1,671	416	94	740	114	1,702
North Carolina	2,708	292	1,874	511	6,093	2,811	220	1,959	502	6,333
South Carolina	1,180	98	736	148	2,553	1,367	63	782	153	2,792
Tennessee	7	350	2,052	233	3,367	4	335	2,138	240	3,542
Virginia	3,006	183	854	166	5,033	3,123	192	863	167	5,205
West Virginia	441	47	311	110	1,273	425	28	300	107	1,237
<b>Southwest</b>	<b>2,182</b>	<b>275</b>	<b>9,988</b>	<b>1,248</b>	<b>20,053</b>	<b>2,134</b>	<b>150</b>	<b>9,722</b>	<b>1,234</b>	<b>19,412</b>
Arizona	1,025	123	1,511	188	3,418	1,073	86	1,566	190	3,522
New Mexico	372	21	497	24	1,282	332	17	471	24	1,168
Oklahoma	784	130	631	123	2,248	729	48	598	122	2,042
Texas	N/A	N/A	7,349	912	13,105	N/A	N/A	7,087	898	12,680
<b>Rocky Mountain</b>	<b>2,824</b>	<b>340</b>	<b>2,058</b>	<b>419</b>	<b>6,846</b>	<b>2,965</b>	<b>291</b>	<b>2,092</b>	<b>462</b>	<b>7,003</b>
Colorado	1,507	162	750	177	3,150	1,563	130	776	189	3,187
Idaho	335	47	411	82	1,013	366	53	442	95	1,099
Montana	283	37	N/A	23	568	288	34	N/A	23	639
Utah	700	94	629	103	1,730	748	74	650	127	1,744
Wyoming	N/A	N/A	267	34	386	N/A	N/A	225	28	334
<b>Far West</b>	<b>17,983</b>	<b>1,599</b>	<b>13,619</b>	<b>1,890</b>	<b>44,759</b>	<b>19,042</b>	<b>1,478</b>	<b>13,925</b>	<b>1,993</b>	<b>45,990</b>
Alaska	N/A	58	N/A	15	245	N/A	(9)	N/A	15	453
California	15,588	1,287	8,961	1,336	33,173	16,607	1,323	9,020	1,282	33,791
Hawaii	520	56	831	28	1,739	509	22	801	22	1,708
Nevada	N/A	N/A	348	26	734	N/A	N/A	368	29	772
Oregon	1,875	198	N/A	194	3,119	1,925	142	N/A	196	3,278
Washington	N/A	N/A	3,479	292	5,749	N/A	N/A	3,736	449	5,987

**Source:** U.S. Census Bureau with Rockefeller Institute adjustments.

**Notes:** PIT – personal income tax; CIT – corporate income tax; MFT – motor fuel tax; N/A – not applicable.

**Table 6. Percent Change in Quarterly State Tax Revenue**

July-September, 2015-2016, Percent Change					
	PIT	CIT	Sales	MFT	Total
<b>United States</b>	<b>2.7</b>	<b>(10.4)</b>	<b>2.0</b>	<b>1.1</b>	<b>1.2</b>
<b>New England</b>	<b>2.3</b>	<b>18.7</b>	<b>2.0</b>	<b>1.1</b>	<b>2.8</b>
Connecticut	0.9	43.0	(1.9)	(2.0)	1.3
Maine	(3.3)	79.7	8.5	1.6	4.7
Massachusetts	3.6	15.4	2.2	1.5	3.1
New Hampshire	(6.7)	19.0	N/A	(0.6)	4.9
Rhode Island	2.4	(21.7)	2.3	7.6	2.7
Vermont	(1.6)	(26.4)	(0.6)	5.5	0.7
<b>Mid-Atlantic</b>	<b>(0.1)</b>	<b>(13.9)</b>	<b>1.4</b>	<b>0.8</b>	<b>(0.7)</b>
Delaware	3.8	(17.0)	N/A	0.5	2.0
Maryland	11.5	(14.6)	2.7	(4.3)	6.1
New Jersey	2.7	(5.4)	2.5	2.4	0.3
New York	(1.8)	(15.9)	1.3	6.7	(2.5)
Pennsylvania	(3.5)	(16.2)	0.4	(1.3)	(0.8)
<b>Great Lakes</b>	<b>0.2</b>	<b>(15.0)</b>	<b>1.8</b>	<b>(0.3)</b>	<b>(0.3)</b>
Illinois	(5.4)	(15.7)	1.7	(0.0)	(2.2)
Indiana	9.0	(5.8)	2.9	(2.1)	2.8
Michigan	3.6	(21.5)	1.3	0.7	1.2
Ohio	(4.1)	(79.0)	2.0	(0.9)	(2.6)
Wisconsin	3.6	(11.9)	0.9	0.7	1.3
<b>Plains</b>	<b>5.1</b>	<b>(33.0)</b>	<b>1.0</b>	<b>0.6</b>	<b>(0.1)</b>
Iowa	1.4	(20.4)	(0.3)	(5.3)	0.7
Kansas	4.9	(20.1)	(1.9)	1.8	(0.2)
Minnesota	6.5	(35.4)	5.0	2.0	1.5
Missouri	6.6	(35.1)	2.0	0.7	2.4
Nebraska	5.3	(40.0)	4.4	2.5	1.3
North Dakota	(26.9)	(39.6)	(16.7)	(8.7)	(20.6)
South Dakota	N/A	(82.7)	9.9	4.3	7.9
<b>Southeast</b>	<b>3.6</b>	<b>(3.0)</b>	<b>5.5</b>	<b>(0.7)</b>	<b>4.1</b>
Alabama	2.1	(60.4)	2.8	(33.9)	(3.2)
Arkansas	3.5	(21.8)	(1.0)	2.0	(0.7)
Florida	N/A	10.5	5.1	(3.0)	3.4
Georgia	0.8	(8.2)	7.3	12.4	3.9
Kentucky	4.8	2.4	4.2	1.1	3.5
Louisiana	0.7	NM	34.6	0.7	19.5
Mississippi	(1.9)	(7.5)	0.6	(1.1)	1.9
North Carolina	3.8	(24.8)	4.5	(1.7)	3.9
South Carolina	15.9	(35.0)	6.4	3.4	9.3
Tennessee	(37.6)	(4.2)	4.2	3.0	5.2
Virginia	3.9	5.1	1.1	0.7	3.4
West Virginia	(3.6)	(40.4)	(3.8)	(3.3)	(2.8)
<b>Southwest</b>	<b>(2.2)</b>	<b>(45.3)</b>	<b>(2.7)</b>	<b>(1.1)</b>	<b>(3.2)</b>
Arizona	4.6	(30.6)	3.6	0.7	3.0
New Mexico	(10.6)	(21.5)	(5.3)	0.7	(8.9)
Oklahoma	(7.0)	(63.1)	(5.3)	(1.4)	(9.2)
Texas	N/A	N/A	(3.6)	(1.5)	(3.2)
<b>Rocky Mountain</b>	<b>5.0</b>	<b>(14.4)</b>	<b>1.7</b>	<b>10.3</b>	<b>2.3</b>
Colorado	3.8	(19.8)	3.5	6.8	1.2
Idaho	9.2	13.7	7.5	15.6	8.4
Montana	1.9	(7.7)	N/A	0.4	12.5
Utah	6.8	(21.6)	3.2	23.4	0.9
Wyoming	N/A	N/A	(15.8)	(17.1)	(13.4)
<b>Far West</b>	<b>5.9</b>	<b>(7.6)</b>	<b>2.2</b>	<b>5.4</b>	<b>2.8</b>
Alaska	N/A	(115.0)	N/A	3.1	85.4
California	6.5	2.8	0.7	(4.1)	1.9
Hawaii	(2.0)	(60.7)	(3.6)	(20.8)	(1.8)
Nevada	N/A	N/A	5.9	11.8	5.2
Oregon	2.6	(28.5)	N/A	0.7	5.1
Washington	N/A	N/A	7.4	54.0	4.1

Source: U.S. Census Bureau.

Notes: PIT – personal income tax; CIT – corporate income tax; MFT – motor fuel tax; N/A – not applicable.

**Table 7. Personal Income Tax Withholding**

Year-Over-Year Percent Change									
	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	
<b>United States</b>	<b>2.1</b>	<b>5.0</b>	<b>4.9</b>	<b>2.0</b>	<b>4.6</b>	<b>2.7</b>	<b>3.6</b>	<b>3.5</b>	
<b>New England</b>	<b>3.9</b>	<b>5.0</b>	<b>4.6</b>	<b>3.3</b>	<b>3.4</b>	<b>2.8</b>	<b>4.6</b>	<b>1.4</b>	
Connecticut	3.0	2.3	3.2	5.4	4.1	3.9	4.0	(1.9)	
Maine	3.7	5.5	4.9	9.3	(0.0)	(4.1)	(5.9)	(8.8)	
Massachusetts	5.1	6.3	5.1	1.9	3.1	3.0	6.0	3.9	
Rhode Island	2.9	5.2	3.9	(1.0)	3.2	3.5	7.9	4.7	
Vermont	(7.1)	3.9	7.9	5.3	8.2	4.7	1.5	3.7	
<b>Mid-Atlantic</b>	<b>1.3</b>	<b>5.5</b>	<b>7.3</b>	<b>1.1</b>	<b>4.6</b>	<b>0.9</b>	<b>0.2</b>	<b>3.0</b>	
Delaware	(4.4)	5.3	7.5	4.4	1.2	1.2	1.6	2.7	
Maryland	4.1	3.6	4.9	5.6	4.2	(0.6)	8.4	2.0	
New Jersey	(2.0)	6.6	9.5	(5.2)	7.0	2.5	(9.1)	6.2	
New York	1.8	6.5	7.2	2.3	3.7	0.8	0.9	2.5	
Pennsylvania	(0.1)	3.7	8.3	(2.1)	6.8	1.5	(1.4)	2.7	
<b>Great Lakes</b>	<b>(3.7)</b>	<b>(4.8)</b>	<b>(2.0)</b>	<b>(4.5)</b>	<b>2.5</b>	<b>2.9</b>	<b>0.3</b>	<b>0.7</b>	
Illinois	(15.2)	(21.0)	(16.0)	(19.7)	(1.6)	1.3	(7.9)	(3.2)	
Indiana	4.0	3.9	4.2	2.1	3.0	3.4	4.6	4.6	
Michigan	3.3	4.3	9.1	6.0	8.6	5.0	4.9	2.3	
Ohio	3.8	1.7	2.5	2.2	0.5	0.5	1.1	(0.8)	
Wisconsin	(2.4)	1.3	5.2	3.2	4.3	4.8	4.7	4.1	
<b>Plains</b>	<b>6.4</b>	<b>5.5</b>	<b>2.3</b>	<b>3.7</b>	<b>3.8</b>	<b>1.9</b>	<b>5.9</b>	<b>2.3</b>	
Iowa	6.2	4.8	4.8	3.0	6.1	3.4	4.0	4.8	
Kansas	1.8	(0.3)	(0.6)	(0.1)	1.6	2.1	3.5	2.9	
Minnesota	6.2	7.8	0.1	5.1	4.2	1.7	9.0	1.3	
Missouri	7.4	6.1	4.9	4.5	5.4	3.4	5.5	3.0	
Nebraska	6.7	5.1	6.7	5.4	2.9	5.5	6.2	3.4	
North Dakota	26.6	(5.4)	(11.6)	(16.2)	(23.4)	(33.8)	(23.4)	(16.9)	
<b>Southeast</b>	<b>2.9</b>	<b>5.4</b>	<b>5.2</b>	<b>1.7</b>	<b>5.3</b>	<b>3.2</b>	<b>3.8</b>	<b>4.4</b>	
Alabama	5.3	4.6	2.3	3.6	2.7	4.0	2.4	3.9	
Arkansas	4.5	(5.1)	(7.7)	(6.0)	(5.8)	5.1	3.6	4.5	
Georgia	3.7	5.5	8.0	3.6	8.1	6.0	4.6	5.5	
Kentucky	3.7	7.3	5.3	2.6	6.4	4.7	4.9	3.5	
Louisiana	8.9	3.4	2.5	1.5	(4.6)	(1.4)	(0.6)	(5.5)	
Mississippi	1.3	3.0	0.9	2.3	3.4	3.6	1.6	2.2	
North Carolina	(0.8)	7.6	10.3	1.8	9.1	4.2	3.6	6.4	
South Carolina	2.7	4.8	5.5	3.6	8.9	5.8	7.5	6.7	
Virginia	2.6	6.8	4.4	0.3	5.3	(0.5)	4.1	4.8	
West Virginia	4.5	6.1	(1.6)	(0.8)	(2.7)	(2.5)	(1.0)	(0.1)	
<b>Southwest</b>	<b>0.3</b>	<b>5.0</b>	<b>3.8</b>	<b>0.1</b>	<b>0.5</b>	<b>(0.9)</b>	<b>(1.0)</b>	<b>0.5</b>	
Arizona	3.2	4.6	4.9	3.1	3.8	4.4	5.1	4.0	
New Mexico	(14.8)	14.3	11.3	(1.0)	2.8	(5.2)	(6.8)	ND	
Oklahoma	3.1	1.9	(0.6)	(3.3)	(4.7)	(6.3)	(6.4)	(4.1)	
<b>Rocky Mountain</b>	<b>6.6</b>	<b>7.1</b>	<b>7.1</b>	<b>5.1</b>	<b>5.7</b>	<b>5.2</b>	<b>5.4</b>	<b>4.3</b>	
Colorado	7.0	6.6	7.0	4.7	4.6	4.9	3.9	3.8	
Idaho	7.4	7.3	5.9	2.4	4.7	8.2	7.9	6.4	
Montana	6.3	4.8	4.9	0.1	4.6	3.3	3.7	1.2	
Utah	5.3	8.8	8.5	8.7	8.9	5.1	7.8	5.3	
<b>Far West</b>	<b>4.2</b>	<b>11.7</b>	<b>8.1</b>	<b>6.8</b>	<b>6.6</b>	<b>4.3</b>	<b>8.5</b>	<b>6.5</b>	
California	3.7	12.6	8.0	6.8	6.3	3.8	8.8	6.8	
Hawaii	2.4	8.5	6.2	0.7	7.8	4.4	5.9	ND	
Oregon	9.3	6.0	9.5	7.9	8.6	8.5	6.9	3.7	

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

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

ND - no data.

**Table 8. Estimated Payments/Declarations**

**Year-Over-Year Percent Change**

State	Payments for tax year 2015			Payments for tax year 2016		
	June-Aug. 2nd payment	Sep.-Nov. 3rd payment	Dec.-Jan. 4th payment	June-Aug. 2nd payment	Sep.-Nov. 3rd payment	Dec.-Jan. 4th payment
<b>Average</b>	15.9	11.2	5.5	(10.2)	(4.0)	0.2
<b>Median</b>	12.8	10.1	4.4	(4.2)	(1.3)	(2.1)
Alabama	13.2	2.2	23.3	(3.4)	0.7	(4.7)
Arizona	10.0	1.1	2.6	(7.3)	2.5	(2.6)
Arkansas	24.9	13.2	32.4	(8.4)	0.3	1.9
California	17.6	14.2	8.2	(7.4)	(1.3)	4.3
Colorado	14.5	13.0	13.2	9.6	(0.4)	5.5
Connecticut	3.0	4.1	(9.5)	(10.2)	(9.7)	(8.1)
Delaware	13.9	9.4	11.5	6.3	4.1	(14.2)
Georgia	16.8	11.6	4.7	(3.9)	4.3	(2.1)
Hawaii	145.1	6.6	9.7	(48.3)	(20.3)	ND
Illinois	21.8	8.3	0.2	(1.1)	(2.1)	7.2
Indiana	13.8	10.8	(18.8)	(38.0)	(37.1)	(4.1)
Iowa	11.7	27.7	32.6	13.5	5.1	(0.7)
Kansas	30.0	29.0	(20.6)	(11.7)	(14.3)	(15.6)
Kentucky	27.9	15.0	24.4	(8.0)	1.5	(3.5)
Louisiana	(2.8)	0.1	(13.3)	(5.0)	(13.9)	3.7
Maine	9.3	6.1	(1.0)	(3.0)	2.0	(8.0)
Maryland	7.0	(3.1)	4.0	(3.6)	1.2	5.2
Massachusetts	15.4	26.3	7.2	0.4	3.8	(4.1)
Michigan	21.7	16.6	9.8	(2.7)	0.9	14.6
Minnesota	14.5	9.3	6.4	(0.2)	(0.9)	(1.5)
Mississippi	14.7	16.3	8.3	(1.3)	(4.6)	(4.7)
Missouri	2.5	6.6	(4.0)	(5.2)	(4.5)	9.0
Montana	31.6	16.6	(7.5)	(10.7)	(8.9)	(2.1)
Nebraska	11.6	12.2	10.0	2.2	0.0	8.5
New Jersey	(4.5)	(19.6)	(32.7)	(37.3)	(34.1)	(22.0)
New York	10.2	6.8	(5.4)	(4.2)	(3.3)	(11.1)
North Carolina	10.9	15.6	4.8	(9.8)	(12.8)	5.3
North Dakota	19.5	11.8	7.5	(13.0)	(5.5)	(2.8)
Ohio	3.3	5.6	(7.5)	(31.2)	(31.5)	(27.3)
Oklahoma	(3.4)	(5.9)	(18.3)	(21.2)	(15.5)	(2.5)
Oregon	14.2	18.7	8.4	(3.4)	26.1	(24.9)
Pennsylvania	17.9	11.6	20.4	(76.7)	(4.0)	(1.3)
Rhode Island	9.1	3.8	(5.0)	(4.3)	5.7	3.3
South Carolina	6.5	6.0	(2.0)	(0.7)	3.9	11.5
Vermont	10.0	19.9	(0.7)	(3.1)	(7.6)	7.1
Virginia	12.4	15.2	(2.9)	(2.8)	2.5	(2.5)
West Virginia	5.1	4.9	9.5	(3.8)	(1.3)	3.1
Wisconsin	11.0	(5.7)	(6.5)	(16.2)	(13.0)	(11.8)

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

**Notes:** ND - No Data, NM - Not Meaningful.

**Table 9. Final Payments****Year-Over-Year Percent Change**

State	2016 Q1	2016 Q2	2016 Q3	2016 Q4
<b>Average</b>	<b>4.1</b>	<b>(9.0)</b>	<b>1.0</b>	<b>(0.2)</b>
<b>Median</b>	<b>3.2</b>	<b>(5.7)</b>	<b>(2.8)</b>	<b>(5.2)</b>
Alabama	7.9	(4.4)	16.2	5.3
Arizona	9.2	3.3	(7.7)	(3.5)
Arkansas	14.8	(6.2)	(8.7)	(14.2)
California	6.5	6.5	5.3	11.6
Colorado	(0.2)	(2.7)	(12.5)	(3.3)
Connecticut	21.5	(80.2)	(12.3)	17.4
Delaware	65.7	(10.2)	3.4	(4.7)
Georgia	4.3	0.8	(22.2)	13.4
Hawaii	12.0	6.3	64.3	ND
Idaho	(8.1)	2.6	15.9	23.0
Illinois	(43.4)	(39.0)	(30.3)	(44.5)
Indiana	(13.6)	(13.4)	(35.1)	(18.4)
Iowa	(9.8)	(7.9)	(0.3)	(17.6)
Kansas	3.2	(10.3)	(11.2)	3.1
Kentucky	(7.6)	(192.1)	(49.2)	(37.7)
Louisiana	0.1	(8.2)	10.5	(9.6)
Maine	1.0	0.4	7.6	12.2
Maryland	31.6	(8.8)	16.3	(5.2)
Massachusetts	(24.8)	(9.0)	8.8	(15.3)
Michigan	8.5	(3.8)	(11.8)	(5.4)
Minnesota	(0.4)	4.1	2.8	12.5
Missouri	(5.2)	(5.0)	7.9	(8.3)
Montana	18.1	(10.3)	(2.8)	1.4
Nebraska	4.8	(4.5)	(3.0)	1.6
New Jersey	10.3	(2.5)	(5.0)	(3.3)
New Mexico	0.0	0.0	NM	ND
New York	5.6	0.3	(11.9)	(5.5)
North Carolina	20.7	1.6	3.9	(16.9)
North Dakota	(18.8)	(37.5)	(8.3)	(33.7)
Ohio	(26.6)	(37.2)	(15.8)	(24.2)
Oklahoma	(11.6)	(16.3)	2.8	(29.7)
Pennsylvania	2.6	(7.7)	(21.8)	(11.4)
Rhode Island	(17.3)	(10.1)	16.7	30.4
South Carolina	60.6	12.3	49.5	21.8
Utah	28.6	(3.0)	3.3	14.5
Vermont	12.5	(8.9)	21.0	(6.4)
Virginia	86.3	(5.7)	(18.7)	(90.7)
West Virginia	(5.5)	(17.6)	(4.0)	(28.0)
Wisconsin	1.4	2.6	15.1	14.2

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

**Notes:** ND - No Data, NM - Not Meaningful.

**Table 10. Percent Change in Inflation Adjusted Other State Taxes**

Quarter	Property Tax	Tobacco Product Sales Tax	Alcoholic Beverage Sales Tax	Motor Vehicle & Operators License Taxes	Other Taxes
<b>Nominal collections (mins), last 4 quarters</b>	<b>\$16,091</b>	<b>\$18,081</b>	<b>\$6,414</b>	<b>\$27,431</b>	<b>\$131,055</b>
2016 Q3	4.2	1.0	0.1	0.5	(3.2)
2016 Q2	3.7	0.5	0.6	2.2	(2.4)
2016 Q1	4.7	1.6	2.4	2.0	(0.5)
2015 Q4	8.6	(0.0)	1.4	2.7	0.5
2015 Q3	6.1	(0.9)	1.3	1.5	0.7
2015 Q2	5.2	(2.1)	1.6	1.2	0.4
2015 Q1	4.3	(3.9)	(0.2)	1.2	0.4
2014 Q4	0.8	(4.6)	1.5	(0.6)	(1.8)
2014 Q3	3.3	(3.6)	1.4	0.7	(1.0)
2014 Q2	5.3	0.7	0.1	1.3	(0.2)
2014 Q1	5.3	2.0	1.5	1.0	(2.5)
2013 Q4	5.0	3.8	(0.6)	0.5	0.9
2013 Q3	3.4	3.7	(2.3)	(0.4)	1.0
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	2.6
2012 Q3	(9.2)	(3.3)	3.5	3.1	3.5
2012 Q2	(10.5)	(2.2)	3.1	3.1	4.6
2012 Q1	(10.7)	(2.5)	0.7	2.1	7.7
2011 Q4	(11.0)	(1.8)	(0.5)	1.8	12.0
2011 Q3	(7.6)	(1.0)	0.5	0.3	12.4
2011 Q2	(3.9)	0.7	1.5	1.5	12.5
2011 Q1	2.4	2.7	3.1	3.3	9.3
2010 Q4	8.1	3.1	3.2	4.0	7.4
2010 Q3	13.3	2.2	3.0	5.6	4.3
2010 Q2	13.4	0.6	2.2	3.9	(2.3)
2010 Q1	9.9	(1.1)	0.8	1.5	(9.3)
2009 Q4	6.1	(1.5)	0.6	0.2	(14.0)
2009 Q3	(0.5)	0.4	0.1	(1.2)	(13.7)
2009 Q2	(2.0)	1.3	(0.1)	(0.9)	(7.3)
2009 Q1	(3.7)	2.6	0.4	(0.4)	3.7
2008 Q4	(2.8)	3.1	0.5	(1.1)	7.9
2008 Q3	1.8	3.5	(0.1)	(0.5)	10.5
2008 Q2	3.4	5.9	0.6	(0.3)	8.4
2008 Q1	4.1	6.2	0.6	(1.0)	3.8
2007 Q4	3.6	6.2	0.6	(0.4)	2.5
2007 Q3	1.6	4.0	1.7	(0.8)	(0.2)
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
2004 Q1	1.1	10.6	4.4	5.6	7.6

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

Table 11. Preliminary Quarterly State Tax Revenue				
October-December 2015 vs 2016, Percent Change				
	PIT	CIT	Sales	Total
<b>United States</b>	<b>0.3</b>	<b>(2.0)</b>	<b>1.7</b>	<b>0.4</b>
<b>New England</b>	<b>0.5</b>	<b>0.6</b>	<b>0.8</b>	<b>0.0</b>
Connecticut	(1.5)	72.9	(2.0)	(0.7)
Maine	(4.7)	83.4	7.3	1.5
Massachusetts	2.2	(17.8)	1.6	0.2
New Hampshire	50.0	(5.1)	N/A	1.4
Rhode Island	0.2	18.9	0.7	0.2
Vermont	2.8	(32.4)	0.1	(0.5)
<b>Mid-Atlantic</b>	<b>(1.9)</b>	<b>3.0</b>	<b>3.8</b>	<b>0.8</b>
Delaware	1.7	(52.0)	N/A	(4.3)
Maryland	(1.0)	(23.9)	2.9	(1.2)
New Jersey	1.9	(9.4)	1.5	2.5
New York	(4.2)	21.8	7.7	0.1
Pennsylvania	1.1	(1.2)	1.5	2.3
<b>Great Lakes</b>	<b>(0.7)</b>	<b>(1.6)</b>	<b>2.5</b>	<b>(0.1)</b>
Illinois	(3.3)	(50.6)	(0.2)	(6.4)
Indiana	(1.1)	(6.1)	2.8	1.8
Michigan	3.8	NM	4.5	4.6
Ohio	(5.7)	(97.8)	2.2	(1.8)
Wisconsin	5.5	(26.5)	3.3	2.6
<b>Plains</b>	<b>0.4</b>	<b>(15.6)</b>	<b>(0.2)</b>	<b>(1.7)</b>
Iowa	1.2	107.8	(1.2)	1.5
Kansas	3.7	(33.8)	(1.2)	(2.3)
Minnesota	(1.0)	(15.5)	3.5	(0.8)
Missouri	1.7	(31.2)	(0.4)	(0.7)
Nebraska	0.2	(39.6)	(1.3)	(3.1)
North Dakota	(13.9)	41.8	(21.7)	(28.7)
South Dakota	N/A	N/A	9.7	7.1
<b>Southeast</b>	<b>3.7</b>	<b>(4.9)</b>	<b>5.6</b>	<b>4.8</b>
Alabama	3.5	(15.8)	3.3	5.5
Arkansas	3.3	4.5	3.7	2.2
Florida	N/A	10.8	3.5	5.7
Georgia	4.2	3.6	6.3	4.9
Kentucky	3.7	32.5	(0.5)	2.4
Louisiana	(9.4)	39.3	43.0	10.3
Mississippi	0.6	(34.8)	2.2	0.6
North Carolina	3.5	(87.5)	11.2	5.5
South Carolina	7.4	(9.8)	4.3	6.0
Tennessee	(1.4)	15.8	3.8	4.8
Virginia	5.8	17.8	0.6	4.3
West Virginia	3.9	(31.4)	0.7	2.5
<b>Southwest</b>	<b>(2.6)</b>	<b>(18.1)</b>	<b>0.5</b>	<b>(6.7)</b>
Arizona	2.6	(18.1)	2.4	2.3
New Mexico	ND	ND	ND	ND
Oklahoma	(12.1)	NM	(3.8)	(6.5)
Texas	N/A	N/A	0.6	(8.4)
<b>Rocky Mountain</b>	<b>6.6</b>	<b>(6.5)</b>	<b>4.3</b>	<b>4.9</b>
Colorado	6.4	4.2	3.1	5.3
Idaho	12.1	7.3	6.5	7.7
Montana	(2.7)	(9.6)	N/A	(3.4)
Utah	8.5	(26.1)	4.1	5.7
Wyoming	N/A	N/A	ND	ND
<b>Far West</b>	<b>(0.6)</b>	<b>(0.6)</b>	<b>(3.5)</b>	<b>(0.7)</b>
Alaska	N/A	(122.4)	N/A	24.4
California	(0.8)	(3.7)	(7.0)	(2.3)
Hawaii	ND	ND	ND	ND
Nevada	N/A	N/A	4.1	5.2
Oregon	0.6	15.8	N/A	2.6
Washington	N/A	N/A	8.4	7.3

**Source:** Individual state data, analysis by Rockefeller Institute.  
**Notes:** PIT – personal income tax; CIT – corporate income tax; N/A - not applicable; ND - no data; NM – not meaningful.

**Table 12. State Tax Revenue, FY 2015 and FY 2016**

	State Fiscal Year 2015 (\$ in millions)					State Fiscal Year 2016 (\$ in millions)				
	PIT	CIT	Sales	MFT	Total	PIT	CIT	Sales	MFT	Total
<b>United States</b>	<b>336,046</b>	<b>50,153</b>	<b>284,990</b>	<b>43,971</b>	<b>913,157</b>	<b>345,437</b>	<b>46,143</b>	<b>290,822</b>	<b>45,081</b>	<b>926,654</b>
<b>New England</b>	<b>26,228</b>	<b>3,886</b>	<b>12,493</b>	<b>1,800</b>	<b>55,676</b>	<b>26,195</b>	<b>4,197</b>	<b>12,966</b>	<b>1,842</b>	<b>56,911</b>
Connecticut	8,182	690	4,083	482	16,226	8,159	774	4,170	468	16,637
Maine	1,533	169	1,280	244	4,064	1,552	137	1,359	245	4,130
Massachusetts	14,492	2,161	5,804	756	26,674	14,430	2,342	6,092	817	27,189
New Hampshire	96	577	N/A	147	2,472	88	700	N/A	145	2,604
Rhode Island	1,215	176	960	86	3,197	1,236	144	974	90	3,266
Vermont	709	113	367	86	3,043	730	98	371	77	3,086
<b>Mid-Atlantic</b>	<b>78,235</b>	<b>11,577</b>	<b>36,520</b>	<b>5,956</b>	<b>169,679</b>	<b>82,357</b>	<b>10,521</b>	<b>37,648</b>	<b>6,295</b>	<b>175,168</b>
Delaware	1,450	401	N/A	117	3,824	1,506	318	N/A	125	3,916
Maryland	8,346	1,004	4,410	923	19,932	8,518	1,129	4,504	1,018	20,894
New Jersey	13,250	2,579	9,146	536	31,568	13,356	2,212	9,479	549	31,028
New York	43,710	5,084	13,104	1,648	78,314	47,055	4,406	13,447	1,630	82,008
Pennsylvania	11,479	2,509	9,860	2,732	36,041	11,922	2,456	10,219	2,973	37,322
<b>Great Lakes</b>	<b>45,935</b>	<b>7,301</b>	<b>42,233</b>	<b>6,043</b>	<b>128,896</b>	<b>44,025</b>	<b>6,320</b>	<b>42,781</b>	<b>6,125</b>	<b>127,415</b>
Illinois	15,914	4,054	8,951	1,293	39,283	13,804	3,367	9,072	1,354	36,352
Indiana	5,243	1,026	7,278	817	17,339	5,229	1,034	7,306	843	17,429
Michigan	8,825	1,186	9,212	1,010	26,957	9,337	898	9,119	1,029	27,383
Ohio	8,883	3	11,900	1,908	28,297	8,169	33	12,227	1,856	28,695
Wisconsin	7,069	1,032	4,892	1,015	17,019	7,487	987	5,059	1,043	17,556
<b>Plains</b>	<b>24,735</b>	<b>3,359</b>	<b>19,156</b>	<b>3,266</b>	<b>66,058</b>	<b>25,137</b>	<b>3,057</b>	<b>19,553</b>	<b>3,485</b>	<b>65,841</b>
Iowa	3,470	463	2,990	539	9,114	3,553	377	3,163	690	9,539
Kansas	2,263	458	3,053	439	7,881	2,232	392	3,240	451	8,059
Minnesota	10,370	1,477	5,484	885	24,480	10,733	1,516	5,584	901	25,189
Missouri	5,856	426	3,380	695	12,003	6,024	329	3,536	717	12,295
Nebraska	2,240	344	1,788	328	5,085	2,245	308	1,783	342	5,058
North Dakota	536	186	1,521	232	5,868	351	103	1,278	197	3,969
South Dakota	N/A	4	941	148	1,628	N/A	33	969	187	1,732
<b>Southeast</b>	<b>53,539</b>	<b>10,056</b>	<b>65,231</b>	<b>12,305</b>	<b>179,623</b>	<b>56,222</b>	<b>9,238</b>	<b>67,347</b>	<b>13,120</b>	<b>184,907</b>
Alabama	3,337	534	2,464	560	9,502	3,493	377	2,596	527	9,661
Arkansas	2,696	477	3,182	462	9,190	2,781	450	3,314	480	9,431
Florida	N/A	2,238	21,801	3,679	38,380	N/A	2,272	22,163	3,928	38,852
Georgia	9,678	1,000	5,257	1,204	19,425	10,440	981	5,460	1,671	21,089
Kentucky	4,070	752	3,267	850	11,504	4,282	607	3,463	750	11,791
Louisiana	2,916	373	3,126	604	10,087	2,866	145	3,222	621	9,702
Mississippi	1,783	535	3,338	428	7,791	1,799	463	3,372	444	7,831
North Carolina	11,198	1,330	6,863	1,924	24,913	12,043	1,067	7,188	1,936	26,096
South Carolina	3,722	411	3,144	546	9,235	4,109	440	3,094	574	9,729
Tennessee	302	1,401	7,704	858	13,644	324	1,539	8,256	898	14,567
Virginia	11,904	818	3,793	756	20,394	12,238	753	3,932	896	21,035
West Virginia	1,932	189	1,293	434	5,558	1,846	145	1,287	396	5,123
<b>Southwest</b>	<b>8,338</b>	<b>1,358</b>	<b>44,694</b>	<b>4,927</b>	<b>84,104</b>	<b>8,324</b>	<b>1,024</b>	<b>42,905</b>	<b>4,963</b>	<b>79,922</b>
Arizona	3,761	691	6,081	772	13,622	3,984	571	6,204	754	13,980
New Mexico	1,325	279	2,266	238	6,104	1,343	125	2,098	245	5,464
Oklahoma	3,252	389	2,682	455	9,291	2,997	328	2,471	464	8,345
Texas*	N/A	N/A	33,664	3,462	55,086	N/A	N/A	32,131	3,500	52,133
<b>Rocky Mountain</b>	<b>12,142</b>	<b>1,422</b>	<b>6,976</b>	<b>1,650</b>	<b>28,643</b>	<b>12,506</b>	<b>1,311</b>	<b>7,365</b>	<b>1,725</b>	<b>28,840</b>
Colorado	6,325	668	2,818	668	12,805	6,429	669	2,840	667	12,835
Idaho	1,478	217	1,464	259	3,940	1,521	189	1,559	337	4,174
Montana	1,180	168	N/A	227	2,843	1,181	119	N/A	186	2,613
Utah	3,158	369	1,883	377	6,698	3,375	333	2,084	420	7,064
Wyoming	N/A	N/A	811	119	2,356	N/A	N/A	882	115	2,154
<b>Far West</b>	<b>86,894</b>	<b>11,194</b>	<b>57,687</b>	<b>8,023</b>	<b>200,479</b>	<b>90,670</b>	<b>10,477</b>	<b>60,258</b>	<b>7,525</b>	<b>207,650</b>
Alaska	N/A	245	N/A	42	900	N/A	68	N/A	50	711
California	77,635	10,255	38,096	5,773	153,725	80,864	9,690	39,173	4,999	157,237
Hawaii	1,988	72	2,993	93	6,482	2,116	108	3,206	93	6,919
Nevada	N/A	N/A	4,081	304	7,532	N/A	N/A	4,318	316	8,025
Oregon	7,271	622	N/A	557	11,189	7,690	610	N/A	582	12,452
Washington	N/A	N/A	12,518	1,253	20,650	N/A	N/A	13,560	1,486	22,305

Source: U.S. Census Bureau with Rockefeller Institute adjustments.

Notes: PIT – personal income tax; CIT – corporate income tax; MFT – motor fuel tax; N/A – not applicable.

\* For Texas only we report October to September data as actual state fiscal year data are not available at this time.

**Table 13. Percent Change in Fiscal Year State Tax Revenue**

FY 2015 vs. FY 2016, Percent Change					
	PIT	CIT	Sales	MFT	Total
<b>United States</b>	<b>2.8</b>	<b>(8.0)</b>	<b>2.0</b>	<b>2.5</b>	<b>1.5</b>
<b>New England</b>	<b>(0.1)</b>	<b>8.0</b>	<b>3.8</b>	<b>2.4</b>	<b>2.2</b>
Connecticut	(0.3)	12.2	2.1	(2.9)	2.5
Maine	1.2	(18.6)	6.2	0.5	1.6
Massachusetts	(0.4)	8.4	5.0	8.1	1.9
New Hampshire	(8.4)	21.4	N/A	(1.3)	5.3
Rhode Island	1.7	(18.2)	1.5	4.9	2.2
Vermont	2.9	(12.7)	1.3	(9.6)	1.4
<b>Mid-Atlantic</b>	<b>5.3</b>	<b>(9.1)</b>	<b>3.1</b>	<b>5.7</b>	<b>3.2</b>
Delaware	3.8	(20.6)	N/A	6.9	2.4
Maryland	2.1	12.5	2.1	10.2	4.8
New Jersey	0.8	(14.2)	3.6	2.5	(1.7)
New York	7.7	(13.3)	2.6	(1.1)	4.7
Pennsylvania	3.9	(2.1)	3.6	8.8	3.6
<b>Great Lakes</b>	<b>(4.2)</b>	<b>(13.4)</b>	<b>1.3</b>	<b>1.4</b>	<b>(1.1)</b>
Illinois	(13.3)	(16.9)	1.3	4.7	(7.5)
Indiana	(0.3)	0.8	0.4	3.2	0.5
Michigan	5.8	(24.2)	(1.0)	1.8	1.6
Ohio	(8.0)	1,185.2	2.7	(2.7)	1.4
Wisconsin	5.9	(4.4)	3.4	2.8	3.2
<b>Plains</b>	<b>1.6</b>	<b>(9.0)</b>	<b>2.1</b>	<b>6.7</b>	<b>(0.3)</b>
Iowa	2.4	(18.6)	5.8	28.0	4.7
Kansas	(1.4)	(14.5)	6.1	2.7	2.3
Minnesota	3.5	2.6	1.8	1.9	2.9
Missouri	2.9	(22.8)	4.6	3.2	2.4
Nebraska	0.2	(10.7)	(0.2)	4.4	(0.5)
North Dakota	(34.5)	(44.6)	(16.0)	(15.3)	(32.4)
South Dakota	N/A	654.1	3.0	26.2	6.4
<b>Southeast</b>	<b>5.0</b>	<b>(8.1)</b>	<b>3.2</b>	<b>6.6</b>	<b>2.9</b>
Alabama	4.7	(29.4)	5.4	(6.0)	1.7
Arkansas	3.2	(5.5)	4.2	3.9	2.6
Florida	N/A	1.5	1.7	6.8	1.2
Georgia	7.9	(1.9)	3.9	38.8	8.6
Kentucky	5.2	(19.3)	6.0	(11.8)	2.5
Louisiana	(1.7)	NM	3.1	2.8	(3.8)
Mississippi	0.9	(13.4)	1.0	3.6	0.5
North Carolina	7.5	(19.8)	4.7	0.6	4.8
South Carolina	10.4	7.2	(1.6)	5.3	5.3
Tennessee	7.2	9.8	7.2	4.7	6.8
Virginia	2.8	(8.0)	3.7	18.5	3.1
West Virginia	(4.5)	(23.4)	(0.5)	(8.7)	(7.8)
<b>Southwest</b>	<b>(0.2)</b>	<b>(24.6)</b>	<b>(4.0)</b>	<b>0.7</b>	<b>(5.0)</b>
Arizona	5.9	(17.4)	2.0	(2.3)	2.6
New Mexico	1.4	(55.1)	(7.4)	3.0	(10.5)
Oklahoma	(7.9)	(15.6)	(7.9)	1.9	(10.2)
Texas	N/A	N/A	(4.6)	1.1	(5.4)
<b>Rocky Mountain</b>	<b>3.0</b>	<b>(7.8)</b>	<b>5.6</b>	<b>4.6</b>	<b>0.7</b>
Colorado	1.6	0.2	0.8	(0.1)	0.2
Idaho	2.9	(12.9)	6.5	30.2	5.9
Montana	0.0	(29.2)	N/A	(18.0)	(8.1)
Utah	6.9	(9.6)	10.7	11.2	5.5
Wyoming	N/A	N/A	8.7	(2.9)	(8.6)
<b>Far West</b>	<b>4.3</b>	<b>(6.4)</b>	<b>4.5</b>	<b>(6.2)</b>	<b>3.6</b>
Alaska	N/A	(72.0)	N/A	18.1	(20.9)
California	4.2	(5.5)	2.8	(13.4)	2.3
Hawaii	6.4	49.7	7.1	(0.5)	6.7
Nevada	N/A	N/A	5.8	3.8	6.5
Oregon	5.8	(1.9)	N/A	4.5	11.3
Washington	N/A	N/A	8.3	18.5	8.0

Source: U.S. Census Bureau.

Notes: PIT – personal income tax; CIT – corporate income tax; MFT – motor fuel tax; N/A – not applicable; NM - not meaningful.

\* For Texas only we report October to September data as actual state fiscal year data are not available at this time.

## Adjustments to Census Bureau Tax Collection Data

The numbers in this report differ somewhat from those released by the U.S. Census Bureau in December 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 We have made several adjustments for the July-September quarter tax revenue data reported by the Census Bureau, based on the information and data provided to us directly by the states. The most noticeable adjustment is for Nevada where sales tax collections showed over 111 percent growth, while total tax collections showed around 55 percent growth in the July-September quarter of 2016 compared to the same quarter of 2015. According to direct communication with the Census Bureau, the data reported for Nevada are technically accurate and such large growth is largely attributable to accounting and timing changes in the state. However, the strong growth reported for sales tax and overall tax is not reflective of Nevada's economy. Therefore, we have made adjustments to the sales and overall tax revenue figures based on the growth rates available to us from the publicly available state documents.
- 2 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, [http://www.rockinst.org/pdf/government\\_finance/2016-02-By\\_Numbers\\_Brief\\_No5.pdf](http://www.rockinst.org/pdf/government_finance/2016-02-By_Numbers_Brief_No5.pdf).
- 3 See data that supplement CBO's January 2017 report *The Budget and Economic Outlook: 2017 to 2027* ([www.cbo.gov/publication/52370](http://www.cbo.gov/publication/52370)). The specific data file is <https://www.cbo.gov/sites/default/files/recurringdata/51138-2017-01-revenueprojections.xlsx>.
- 4 *2017-18 Governor's Budget Summary* (Sacramento: Office of the Governor, January 10, 2017): 151. (See the full report at <http://www.ebudget.ca.gov/FullBudgetSummary.pdf>, and the revenue analysis at <http://www.ebudget.ca.gov/2017-18/pdf/BudgetSummary/RevenueEstimates.pdf>).
- 5 *The 2017-18 Budget: Overview of the Governor's Budget* (Sacramento: Legislative Analyst's Office, January 3, 2017), <http://lao.ca.gov/Publications/Report/3528>.
- 6 *FY 2018 Economic & Revenue Outlook* (Albany: New York State Division of the Budget, January 2017): 108, <https://www.budget.ny.gov/pubs/executive/eBudget1718/economicRevenueOutlook/economicRevenueOutlook.pdf>.
- 7 For the list, see <https://www.amazon.com/gp/help/customer/display.html?nodeId=468512>.
- 8 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), [http://www.rockinst.org/pdf/government\\_finance/state\\_revenue\\_report/2016-11-30-srr\\_105.pdf](http://www.rockinst.org/pdf/government_finance/state_revenue_report/2016-11-30-srr_105.pdf).
- 9 Rockefeller Institute analysis of data from Table A-1, *The Fiscal Survey of States: Fall 2016* (Washington, DC: National Association of State Budget Officers, December 13, 2016): 79-84, <http://www.nasbo.org/reports-data/fiscal-survey-of-states>.
- 10 We adjusted state tax revenues for several quarters reported by the Census Bureau, based on the information and data provided to us directly by the individual states. The most noticeable revisions were for personal income tax collections for the April-June 2016 quarter for Arizona and Illinois. The Census Bureau's data for both states were inaccurate, resulting in enormous growth in Arizona (101 percent) and stronger-than-actual income tax revenue in Illinois. The Institute's corrections of these and a few other less significant errors or estimates resulted in a net decrease of nearly \$1.5 billion in personal income tax collections for the April-June 2016 quarter.

---

## **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 1981 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 governments in American federalism and the management and finances of both state and local governments in major areas of domestic public affairs.

The Institute Fiscal Studies Program, originally 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 the 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.

You can contact Lucy Dadayan at [lucy.dadayan@rockinst.suny.edu](mailto:lucy.dadayan@rockinst.suny.edu).