9-29-2010

NCSL Fiscal Brief Projected State Revenue Growth in FY 2011 and Beyond

United States: National Conference of State Legislatures (NCSL)

NATIONAL CONFERENCE of STATE LEGISLATURES

The Forum for America's Ideas

NCSL FISCAL BRIEF: PROJECTED STATE REVENUE GROWTH IN FY 2011 AND BEYOND

September 29, 2010

After several years of steep declines, state revenues are starting to pick up. In some states this means the rate of decline has slowed, but in others, positive revenue performance is occurring in one or more tax categories. State officials have anxiously awaited this turnaround for months or, in some cases, years. Now they are waiting to see if the economy will sustain this nascent revenue growth.

State revenue collections consistently underperformed forecasts throughout the recession, and they continued to struggle even after the recession ended. [1] The revenue decline was unexpected, both in its depth and duration. But that is the impossible challenge associated with economic downturns in general: Predicting how long they will last and projecting how deep their impact will be. During the recession—which lasted about 18 months—even pessimistic forecasts were missed. This widened the gap between spending needs and available revenues, causing lawmakers to resolve budget shortfalls during budget enactment and after the new fiscal year began. The task has been daunting: Lawmakers expect to have closed multi-year budget gaps exceeding $530 billion by the time the effects of the recession dissipate. And despite recent revenue improvements, more gaps loom as states confront the phase out of federal stimulus funds, expiring tax increases and growing spending pressures. [2]

This report includes:

- State tax forecasts for FY 2011 compared to estimated FY 2010 collections. It includes projected growth for total taxes and information for personal income, sales, corporate income and miscellaneous taxes.
- Long-term tax collection forecasts, which cover projected tax growth for FY 2012, FY 2013 and FY 2014 for states with forecasts going out that far.
- Projected peak and return to peak revenue collections, which represent a more comprehensive view of state resources than what is accounted for by state own-source taxes. This discussion covers the peak fiscal year for general fund revenues and when states expect to return to those peak levels.
- A broader view of the state fiscal situation with state examples of the current and expected fiscal environment.

This report is based on a survey of legislative fiscal directors in the summer of 2010. Partial or complete information is provided for all 50 states. At the time this report was written, California had not passed its FY 2011 budget.

[1] The National Bureau of Economic Research (NBER) recently declared the recession ended in June 2009.
[2] For more information on state budget gaps, see "State Budget Update: July 2010 (Preliminary Report)."

It increasingly appears that FY 2010 was the trough for state revenues. Nearly every state forecast has fiscal year (FY) 2011 revenues exceeding last year's, although many note that revenues are still well below peak levels.

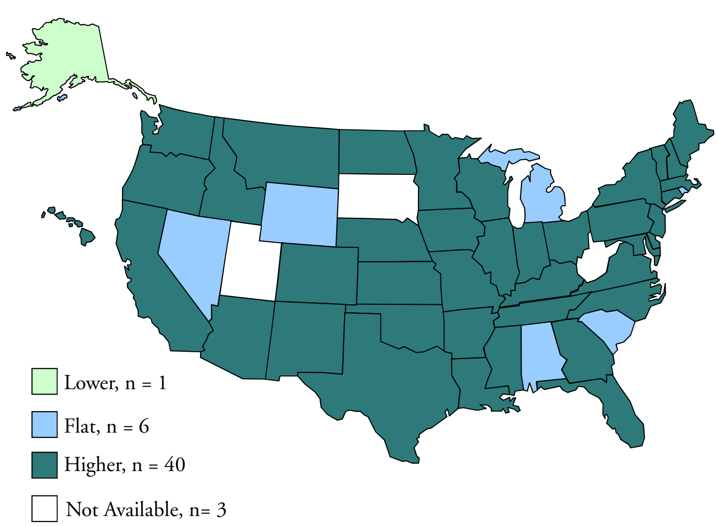
The revenue slide associated with the recession was tempered by state tax increases. Half the states raised taxes in 2009 for a net increase of $28.6 billion (3.7 percent of prior year collections). The net increase in 2010 was substantially more modest at $3 billion (0.4 percent).[3] Together, these increases helped bolster the revenue growth projections in many states. More information on state tax changes to date is available in "State Tax Update: July 2010." Final information, which will include tax changes by state and type, will be available in "State Tax Actions 2010" (forthcoming).

States vary in their tax mix, but all depend on various major and numerous minor taxes to fund government operations. Personal income and general sales taxes serve as the principal revenue sources for many states, although some may levy only one of these taxes or, in a few instances, neither of them. A few states rely heavily on business taxes, either through a corporate income tax or some other business levy. States with extensive natural resources tend to rely on severance taxes for a sizeable proportion of total revenues. Miscellaneous taxes also play a role in overall tax performance and are included in this discussion. More information on a state's tax mix and its relative reliance on each can be found at this link.

Total Tax Growth Forecasts for FY 2011

Forty-seven states provided information on their forecasts for total FY 2011 tax collections compared to estimated collections in FY 2010.[4] These forecasts were made during the budget deliberation process, in some instances several months ago, so are subject to change.

Figure 1. Total Tax Growth Forecasts for FY 2011



As shown in figure 1, 40 states expect total tax collections in FY 2011 to be higher than they were in FY 2010. This is a significant departure from one year ago when more than half the states expected FY 2010 collections to be lower than FY 2009 amounts.

[3] The information on tax changes enacted in 2010 is preliminary. It does not include any potential actions in California nor does it reflect tax measures that voters will consider in the November general election.
[4] Utah was unable to provide any information on FY 2011 forecasts because officials had not completed booking collections for FY 2010. South Dakota and West Virginia also did not provide total tax growth information.

- As shown in table 1, 17 states expect total tax collections to grow at least 5 percent above FY 2010 levels. Three of these states expect collections to rise more than 10 percent: Colorado (10.8 percent), Oregon (12.1 percent) and Washington (14 percent). Each of these states, among others, raised taxes, which helps explain part of the growth. In Washington, for example, the FY 2011 forecast includes about $700 million from tax increases. Without those, the projected growth rate would be 9 percent.

- Twenty-three states project total tax collections to grow between 1 percent (North Dakota) and 4.5 percent (Montana).

- Six states expect collections to be essentially flat. Of these, Michigan projects growth at 0.8 percent.

- Alaska is the only state that expects tax collections to fall in FY 2011 compared to FY 2010. The 6 percent drop is due to an expected decline in oil-related revenues, which account for the lion's share of total tax collections in the state.

Table 1. Total Tax Collections
(FY 2011 Compared to FY 2010)

Projected Change	Number of States
>10%	3
5% to 9.9%	14
1% to 5%	23
Flat	6
Negative	1
N/A	3

Assuming tax projections for FY 2011 are realized, FY 2010 will mark the trough for state revenues. Some officials point out that projected growth rates should be viewed in the context of how far collections fell during the recession. Despite the projected increases in Minnesota, for instance, collections from personal income, sales and corporation income taxes are still projected to be below FY 2008 levels. Although West Virginia did not provide a forecast for total tax collections, officials expect collections from all major tax categories to fall compared to FY 2010 amounts.

Across the nation, officials are keeping a close watch on overall tax performance and whether they will hit their collection targets. Many states will revisit their forecasts later this year or early next year as legislatures prepare to convene 2011 sessions. The next review will be critical in determining the strength of the economic recovery. It goes without saying that no state wants to reduce its forecasts in the coming months since that could lead to a new budget gap or widen ones already expected.

The performance of total state collections is based on the combined performance of individual tax categories. The following sections summarize expectations for major state tax sources. More information is shown in appendix 1.

Personal Income Tax Forecasts for FY 2011

Nationally, personal income taxes represent just over 34 percent of total state tax collections, with several states collecting more than 50 percent of their revenues from this tax source. Forty-one states levy a broad-based personal income tax and two others—New Hampshire and Tennessee—levy a limited tax. Here are the expectations regarding FY 2011 personal income tax collections for the 39 states providing this information.[5]

Table 2. Personal Income Tax Collections (FY 2011 Compared to FY 2010)	
Projected Change	**Number of States**
>10%	3
5% to 9.9%	12
1% to 5%	20
Flat	2
Negative	2
N/A	11

Notes: Seven states do not levy a personal income tax; two states levy limited individual income taxes.

- As shown in table 2, 35 states project that personal income tax collections will grow in FY 2011 compared to FY 2010. Last year, half the states forecasted that these collections would drop compared to the previous fiscal year.

- Fifteen states project personal income tax collections to rise by more than 5 percent in FY 2011. The largest expected increases are reported by Oregon (15.3 percent), Delaware (14.3 percent) and Louisiana (11.2 percent). In Oregon, the high growth rate assumes economic recovery, but also reflects substantial revenue from Measure 66, which boosted rates on high-income earners. In Delaware, the projected growth reflects the full-year impact of a tax increase enacted last year.

- Twenty states expect personal income tax collections to rise between 1.2 percent (Ohio) and 4.9 percent (Montana).

- Alabama and South Carolina forecast that personal income tax collections will be flat in FY 2011.

- Two states project personal income tax collections to drop compared to last year's levels. New Jersey expects a decline of 2.7 percent due to the expiration of a one-year increase on high-income taxpayers. West Virginia's projected decline of 2 percent is part of a broader expectation that collections from all major tax categories will fall compared to FY 2010 amounts.

Sales Tax Forecasts for FY 2011

Sales and use taxes account for nearly 32 percent of state taxes. Forty-five states levy this tax, and 43 provided information on its expected performance for FY 2011.

- Thirty-four states expect sales tax collections to rise above FY 2010 levels. One year ago, 19 states expected FY 2010 sales tax collections to drop below FY 2009 levels.

[5] The two states not providing personal income or sales tax forecasts were Hawaii, where the Council on Revenues projects only an aggregate forecast for all revenue, and Utah.

- Ten states forecast that sales tax collections will exceed last year's levels by 5 percent or more (see table 3). The biggest year-over-year increases are projected in Colorado (14 percent) where lawmakers expanded the sales tax base, Washington (13 percent), which eliminated several sales tax exemptions, and New York (9 percent) where lawmakers eliminated the clothing and footwear tax exemption.

Table 3. Sales & Use Tax Collections (FY 2011 Compared to FY 2010)

Projected Change	Number of States
>10%	2
5% to 9.9%	8
1% to 5%	24
Flat	5
Negative	4
N/A	7

Notes: Five states do not levy a sales tax.

- Twenty-four states expect sales tax collections to rise between 1.2 percent (Iowa) and 4.9 percent (Georgia).

- Five states expect sales tax collections to be essentially flat. California's 0.4 percent growth does not reflect any changes the Legislature may make as part of a FY 2011 budget agreement.

- Four states—Nevada, Rhode Island, Virginia and West Virginia—expect sales tax collections to fall below FY 2010 levels. In Rhode Island the projected decline is less than 1 percent. The biggest decline is expected in Virginia (-5.3 percent), but that rate is distorted by an acceleration of about $228 million of FY 2011 collections into FY 2010. Without that acceleration, the growth rate would be slightly above 1 percent.

Corporate Income Tax Forecasts for FY 2011

For most states, corporate income tax collections represent a much smaller share of tax revenues than other sources, on average representing less than 6 percent of the total. But in an environment where tax performance is fluctuating, every source is important. In percentage growth terms, corporate income taxes are projected to represent the biggest turnaround in state tax collections.

- As shown in table 4, 34 states forecast corporate income tax collections to exceed FY 2010 amounts. Last year, nearly half the states expected these taxes to fall compared to the previous year.

- Of the 34 states forecasting year-over-year growth, 25 project the increase to exceed 5 percent, with 18 projecting double-digit growth. In four states the projected increase is greater than 30 percent. The largest expected growth rates are in Oregon (57.3 percent), Indiana (33.9 percent), Ohio (32.4 percent) and New York (31.7 percent). The increase in Oregon largely is attributable to the passage of Measure 67, which imposed higher corporate income tax rates and a new corporate minimum tax.

Table 4. Corporate Income Tax Collections (FY 2011 Compared to FY 2010)

Projected Change	Number of States
>10%	18
5% to 9.9%	7
1% to 5%	9
Flat	6
Negative	2
N/A	8

Notes: Four states do not have a corporate income tax.

- Nine states expect corporate income tax collections to rise between 1.5 percent (Pennsylvania) and 4.2 percent (California).

- Six states expect corporate income tax collections to be essentially flat.

- Two states anticipated that corporate income tax collection will drop below last year's levels. The projected decline is 9 percent in West Virginia and 5 percent in North Dakota.

Miscellaneous Tax Forecasts for FY 2011

Many states provided additional information on the expected performance of miscellaneous taxes. Expectations for growth exceed expected declines.

- Aside from Alaska, where oil-related tax revenues are expected to drop, some of the largest year-over-year tax growth is expected from severance tax collections. In Colorado, these taxes are expected to rise by nearly 268 percent because sizeable tax credits taken by the oil and gas industry in FY 2010 are not expected to reoccur in FY 2011. Natural gas gross production taxes in Oklahoma are forecast to rise 43.4 percent. In New Mexico, oil and gas revenue is projected to grow 14.5 percent. Montana expects oil and gas production tax collections to rise 7.3 percent.

- Other notable year-over-year growth is Delaware's 25.9 percent projected increase in its bank franchise tax (which was projected to fall 58.4 percent in FY 2010 compared to FY 2009) and Washington's expected 27 percent growth in its business and occupation tax.

- Some of the expected declines include insurance premium, product and other miscellaneous taxes in Idaho (-2.9 percent), cigarette and tobacco taxes in Maine (-1.7 percent) and cigarette taxes in Ohio (-3.5 percent), various taxes in Nebraska (-3.6 percent) and gaming percentage fees in Nevada (-0.6 percent).

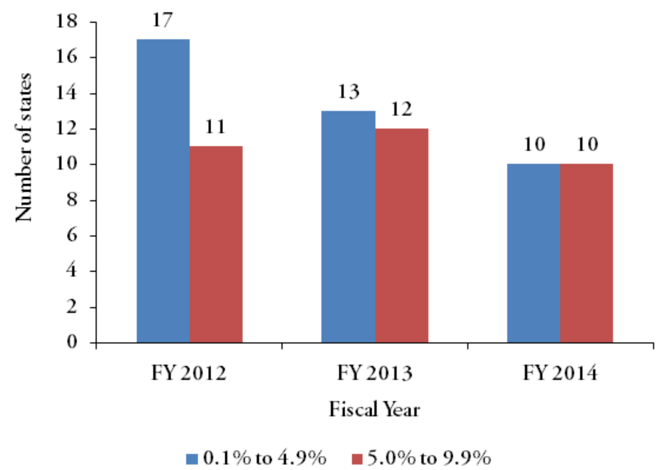
Long-Term Tax Collection Forecasts

The states vary in the length of their tax and revenue forecast horizons. Some limit their forecasts to the coming fiscal year or biennium while others look ahead five years or longer. Obviously, the longer the time horizon the less accurate the forecasts will be because economic and fiscal circumstances can change. Despite this limitation, lawmakers in states with long-term forecasts see value in getting a general sense of the future revenue situation.

Twenty-two states do not have forecasts beyond FY 2011. In the other 28 states, however, forecasts extend to at least FY 2012 and in some cases beyond. Figure 2 shows long-term tax collection forecasts for those states that have them; state-by-state information is shown in appendix 2.

- Three states—Colorado, Kentucky and Virginia—have tax forecasts that extend only through FY 2012.
- The forecasts in five states—Maine, Minnesota, Nebraska, South Carolina and Washington—extend only through FY 2013.
- Twenty states have forecasts that extend through at least FY 2014.

Figure 2. Long-Term Tax Collection Forecasts



FY 2012. Twenty-eight states have tax collection forecasts for FY 2012. Of these, 11 expect collections to grow by at least 5 percent above FY 2011 projected levels. The largest increase is forecast by Arizona, where collections are expected to rise 9.6 percent. The next highest growth is expected in Florida (7.4 percent) and Nebraska (7.2 percent). The figure for Nebraska is a preliminary planning estimate prepared by the Legislative Fiscal Office; an official forecast is expected in October.

Most of the other forecasts range between 2.1 percent (Colorado) to 4.9 percent (Virginia). Despite the expectation of a slightly stronger economy, Colorado expects revenue growth to be slow as several temporary revenue enhancements are scheduled to expire in FY 2012. Maine's forecast is essentially flat at 0.3 percent. No state projects a year-over-year decline.

FY 2013. Of the 25 states with forecasts through FY 2013, 12 expect tax collections to exceed FY 2012 levels by at least 5 percent. Arizona again ranks at the top with a 9.2 percent expected increase. Rounding out the highest three forecasts are Oregon (7.9 percent) and Minnesota (7.6 percent). Other projections range from 1.7 percent (New York) to 4.7 percent (Delaware). No state projects a year-over-year decline.

FY 2014. Twenty states have tax collection forecasts for FY 2014. Ten of these expect collections to rise by at least 5 percent above the prior year's levels. Oregon tops the list with projected growth at 9.1 percent. Oregon officials note that growth rates in these later years are influenced by legislation in 2009 that sunsets nearly all tax credits; the current forecast assumes the sunsets will not be extended, although that could change. Arizona forecasts collections to rise 7.5 percent, followed by Alaska and Florida, each at 6.1 percent projected growth. Other expected growth ranges from 2.9 percent (Delaware) to 4.7 percent (Connecticut). No state projects a year-over-year decline.

Arizona stands out with higher projected growth rates than most other states. Officials there report that before the recession, the state's long-term growth rates had been in the 7 percent to 8 percent range. The figures for FY 2012 (9.6 percent) and FY 2013 (9.2 percent) presume economic recovery from a base that declined by more than 30 percent in the previous three years. The figure for FY 2014 (7.5 percent) is a return to historical averages. Arizona officials report that these estimates will be revisited in October and could be changed at that time.

Some of the other explanations of longer-term growth rates are interesting and worth noting. For instance, the 4 percent growth expected in Kansas for FY 2012 through FY 2014 is the standard estimated yearly increase when projecting past the budget year. In North Carolina, only the FY 2011 forecast represents a comprehensive, consensus forecast; longer-term forecasts are based on 15-year average growth rates.

The instability that has plagued state revenues for several years appears to be subsiding. Although this is good news, the strength and duration of economic recovery will ultimately determine if states are on the road to stable and strong revenue performance.

Return to Peak Revenue Collections

Another way to view the health of state revenue collections and the strength of their rebound is to consider when they are expected to return to their peak levels. This is a pretty simple and straightforward examination: When did state revenue collections peak and when are they expected to reach or exceed that level? There are some obvious limitations to this type of assessment since it does not adjust for base or rate changes nor account for the effects of inflation. But from a policymaker's point of view, it can be helpful to know when collections are projected to reach their pre-recession levels.

Peak Collections. The most recent recession began in December 2007, which was in the middle of FY 2008 for most states. Some states, however, were already struggling with particular economic or fiscal factors that undermined their revenue performance. Examples are the struggling auto industry in Michigan or the residential real estate crisis that hit states like Arizona and Florida earlier than many others. Here are the peak revenue collection years as reported by the states (appendix 3 provides more information):

- FY 2000: Michigan
- FY 2006: New York
- FY 2007: Arizona, Florida, Nevada, Oregon and South Carolina
- FY 2008: 42 states
- FY 2010: North Dakota

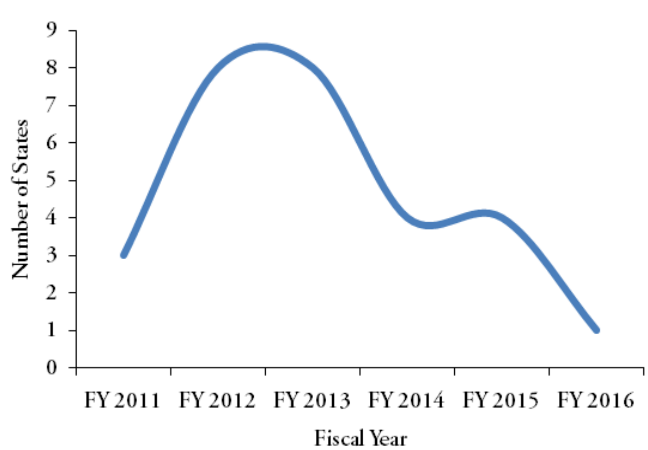
It is not surprising that FY 2008 was the peak year for state tax collections in the vast majority of states: The budding recession had not yet choked state revenues. Even then, some states escaped its initial grip, especially those with natural resource-based economies. North Dakota appears to be the only state that did not bear the full brunt of the recession as tax collections there never fell on a year-over-year basis.

Projected Return to Peak. The states' expectations of their return to peak revenue collections vary widely (see figure 3). Some expect a return in the current fiscal year while others not until at least five years down the road. Many do not even have a projection at this time. For those that do, however, it is important to note that the predictions are based on current economic forecasts and existing tax law, which obviously could change.

- FY 2011: Three states—New Hampshire, Oregon and Texas—expect revenue collections to reach previous peak levels during the current fiscal year. Officials in Oregon originally expected a return to peak in FY 2010, but weaker-than-expected income tax collections in tax year 2009 caused FY 2010 revenues to fall below FY 2007 peak levels, thus delaying the expected return to peak.

- FY 2012: Eight states—Delaware, Hawaii, Kentucky, Nebraska, Vermont, Washington, West Virginia and Wisconsin—expect a return to peak collections in FY 2012. Officials in Vermont originally expected the return in FY 2013, but they accelerated their expectation based on a new revenue forecast that now shows the greatest growth in FY 2012.

Figure 3. Projected Return to Peak Revenues



- FY 2013: Eight states—Connecticut, Iowa, Kansas, Maryland, Minnesota, Mississippi, Tennessee and Virginia—forecast a return to peak collections in FY 2013. Iowa's prediction assumes the FY 2011 estimate (2.1 percent) will hold and collections will return to annual growth rates between 4 percent and 5 percent after that. Kansas' expectation includes additional collections from a recent sales tax increase. Without that increase, the return to peak could have been as late as FY 2015.

- FY 2014: Four states—Florida, Georgia, Idaho and North Carolina—currently forecast FY 2014 as the year they will return to peak collections. This is a new development for Georgia and Idaho as officials in those states previously reported that the return-to-peak year was unknown.

- FY 2015: Four states—Arizona, Maine, Montana and New Mexico—expect revenues to rebound to peak levels sometime in FY 2015. This is a delay for Arizona and Maine, where officials in both states previously predicted a return in FY 2014. Maine's current prediction assumes a growth rate of 4.2 percent in FY 2013 that continues in FY 2014 and FY 2015.

- FY 2016: Under current assumptions, California expects to return to peak revenue collections in FY 2016. This is one year later than officials originally projected.

Twenty states currently do not have predictions for when tax collections will return to their peak levels. Here are some of the reasons:

- Alaska: FY 2008 oil prices generated $11.5 billion in revenue. Oil prices would have to exceed $150 per barrel for an extended period of time to reach that previous high collection mark.

- Colorado: Return to peak collections will occur sometime after FY 2012, the last year of the forecast period.

- Louisiana: The current forecast goes out to FY 2014 and still does not show the state returning to peak collections.

- New Jersey: Since budgeted FY 2011 revenues were still 13.5 percent below peak levels in FY 2008, it's unknown when they will recover to peak amounts.

- Wyoming: The current forecast runs through FY 2014, and the return to peak is not expected in that period.

A Broader View of the State Fiscal Situation

Revenue performance is a key component of state fiscal health, so improvement in tax collections is very good news. But in the near term that will not be enough to propel states out of their fiscal difficulties. At a minimum, officials are struggling to address the phase out of federal stimulus funds. Many also are dealing with the expiration of temporary tax increases or the depletion of one-time revenue sources. There are also mounting budget pressures from rising caseloads and deferred spending.

Here are examples of state fiscal situations:

- California: While officials are forecasting modest recovery in the economy and revenues, the state's fiscal situation will depend on whether the Legislature and the governor come to agreement on long-term fiscal reform or restructuring of expenditures.

- Colorado: The cumulative shortfall for FY 2012 could be as high as $1 billion (14 percent) because many one-time revenues and one-time expenditure reductions will not be available in FY 2012.

- Connecticut: Officials are predicting no further erosion of the fiscal situation.
- Minnesota: Given the projected deficits for FY 2012 and FY 2013, the Legislature will have a substantial challenge balancing the budget during the 2011 session.
- Missouri: Sales tax collections increased in May for the first time in more than three years.
- New Jersey: The sharp revenue declines of FY 2009 and FY 2010 apparently have ended and signs of modest growth have begun. The strength and duration of any growth, however, is uncertain.
- Tennessee: Recent signs indicate revenues are beginning to stabilize. State economic news continues to give mixed signals that recovery is not yet firmly underway.

Perhaps Iowa says it best:

- Officials are cautiously optimistic. Income and sales taxes dipped to very low levels and until the state experiences job growth, they will be slow to recover. The climb back to previous levels will take a long time.

Appendix 1. FY 2011 Tax Forecast Compared to FY 2010 Estimated Collections

State/Jurisdiction	Total Tax Growth	Personal Income Tax Growth	General Sales Tax Growth	Corporate Income Tax Growth	Other (Type)	Other Growth	Comments
Alabama	0.0%	0.0%	0.0%	0.0%			No revenue growth is anticipated.
Alaska	-6.0%	N/A	N/A	0.0%	Petroleum revenue	-6.0%	
Arizona	4.3%	2.9%	4.7%	17.0%			Base growth excluding tax law changes.
Arkansas	5.9%	7.0%	6.6%	1.9%			
California	4.3%	5.1%	0.4%	4.2%			Estimates based on the governor's May revision. Since then, there have been slight changes to the forecast amounts, but they are modest and will likely be very different if there is a change in law for these taxes.
Colorado	10.8%	8.3%	14.0%	5.5%	Severance	267.7%	The growth rate shown for total tax collections is what is expected for total general fund revenue. Several bills were passed during the 2010 legislative session expanding the sales tax base. Large negative accounting adjustments in FY 2010 also contributed to the large growth rate in FY 2011. Severance taxes are expected to increase markedly in FY 2011 partially because sizable tax credits taken by the oil and gas industry in FY 2010 are not expected to reoccur in FY 2011.
Connecticut	4.0%	5.1%	4.2%	6.5%			
Delaware	2.1%	14.3%	N/A	25.4%	Bank franchise	25.9%	Revenue estimates increased by $213.9 million from the time when the budget gap was estimated to final estimates. The personal income tax forecast is the result of a full year tax increase enacted for FY 2010. Adjusted for FY 2011, the rate increase over FY 2010 was 2.4 percent. It is difficult to forecast the corporate income tax and bank franchise tax because relatively few taxpayers pay a large percentage of the total. For the corporate income tax, the FY 2011 estimate is still 25 percent less than the FY 2009 actual.
Florida	6.7%	N/A	5.0%	21.8%	Intangibles	7.4%	
Georgia	4.2%	4.5%	4.9%	0.0%	Motor fuel	0.0%	
Hawaii	6.2%						The Council on Revenues projection represents an aggregate for all revenue categories (tax and non-tax).

Appendix 1. FY 2011 Tax Forecast Compared to FY 2010 Estimated Collections

State/Jurisdiction	Total Tax Growth	Personal Income Tax Growth	General Sales Tax Growth	Corporate Income Tax Growth	Other (Type)	Other Growth	Comments
Idaho	3.6%	4.1%	4.1%	1.5%	Insurance premium, product taxes, and miscellaneous	-2.9%	The official forecast was $2,432.9 million (3.6 percent). The governor budgeted to a lower level of $2,349.1 million, and the Legislature budgeted to an even lower target of $2,290.0 million.
Illinois	1.6%	2.7%	1.5%	19.8%			These figures are based on the governor's revenue estimates (June preliminary official statement).
Indiana	6.3%	9.1%	4.0%	33.9%	Gaming revenue	3.6%	The positive growth rate estimates come from the December 2009 forecast, which estimated declines for almost all revenue sources for FY 2010 over FY 2009.
Iowa	2.1%	2.1%	1.2%	1.7%	Not specified	1.6%	Receipts are after refunds and before transfers.
Kansas	3.0%	3.0%	3.0%	2.0%			
Kentucky	3.6%	4.8%	4.5%	0.0%	Property	2.6%	
Louisiana	5.0%	11.2%	2.9%	21.5%	Mineral revenue	4.1%	Personal income tax cuts with six-quarter effect in FY 2010, only four-quarter effect in FY 2011. Deep corporate tax losses tend to be followed by sharp recovery. The overall forecast is modestly optimistic.
Maine	3.0%	2.1%	2.4%	7.5%	Cigarette and tobacco products tax	-1.7%	Estimates reflect annual percentage change from FY 2010 final budgeted general fund revenues. They do not reflect the fiscal year-to-date positive variance of $48.1 million (2.1 percent) through May.
Maryland	3.6%	3.9%	5.1%	5.2%			
Massachusetts	3.2%	3.8%	7.0%	N/R			
Michigan	0.8%	3.8%	1.5%	17.7%			The projected growth in the corporate income tax reflects the projected growth in the business tax, and it largely has to do with large refunds in the previous fiscal year.
Minnesota	6.4%	9.2%	4.1%	15.8%	State property	0.8%	Desspite these projected increases, FY 2011 revenues for income, sales and corporate taxes are projected to be below FY 2008 levels.
Mississippi	1.2%	1.7%	1.4%	0.4%	Gaming	2.0%	A portion of the reported general fund growth for FY 2011 is the result of a statutory change in the allocation of the insurance premium tax.

Appendix 1. FY 2011 Tax Forecast Compared to FY 2010 Estimated Collections

State/Jurisdiction	Total Tax Growth	Personal Income Tax Growth	General Sales Tax Growth	Corporate Income Tax Growth	Other (Type)	Other Growth	Comments
Missouri	3.6%	3.7%	2.7%	19.2%	Accounting change to mental health reimbursments	-19.0%	
Montana	4.5%	4.9%	N/A	19.7%	Oil and gas production tax	7.3%	
Nebraska	5.2%	4.6%	4.6%	16.2%	Various	-3.6%	The comparison is to the FY 2010 official estimate since the actual is not yet known. Percent changes are nominal and unadjusted for rate and base changes.
Nevada	0.2% (flat)	N/A	-3.3%	N/A	Gaming percentage fees	-0.6%	
New Hampshire	6.0%	N/A	N/A	13.0%	Meals and rooms, tobacco, interest and dividends, insurance, communications and real estate transfer taxes	2.3%	The total general fund unrestricted revenue increase for FY 2011 compared to FY 2010 is projected to be 6 percent.
New Jersey	1.6%	-2.7%	4.9%	7.3%			The income tax estimate for FY 2011 declines from FY 2010 due to the expiration of a one-year increase on high-income taxpayers.
New Mexico	6.2%	6.8%	3.2%	25.0%	Oil and gas revenue	14.5%	All figures are before the effects of increases adopted by the 2010 Legislature.
New York	7.2%	8.9%	9.0%	31.7%	Estate, gift, real property gains, real estate transfer, pari-mutual, and all other taxes	9.1%	
North Carolina	2.7%	3.0%	1.5%	3.6%			These are baseline growth numbers, which do not include tax law changes.
North Dakota	1.0%	6.0%	4.0%	-5.0%			
Ohio	2.3%	1.2%	3.9%	32.4%	Cigarette	-3.5%	
Oklahoma	9.0%	3.4%	7.2%	12.1%	Natural gas gross production	43.4%	FY 2011 revenues with legislative adjustments are projected to be higher than FY 2010 actuals. The major problem is that there is significantly less cash on hand to apply to FY 2011 than FY 2010, creating a deficit.

Appendix 1. FY 2011 Tax Forecast Compared to FY 2010 Estimated Collections							
State/Jurisdiction	Total Tax Growth	Personal Income Tax Growth	General Sales Tax Growth	Corporate Income Tax Growth	Other (Type)	Other Growth	Comments
Oregon	12.1%	15.3%	N/A	57.3%			High growth rates reflect assumed economic recovery, but also include substantial revenue from Measure 66 (higher personal income tax rates for high-income filers) and Measure 67 (higher corporate income tax rate and new corporate minimum tax) approved by voters.
Pennsylvania	3.1%	1.6%	3.8%	1.5%	Realty transfer, inheritance and minor and repealed taxes	3.7%	The increase in total tax collections includes a new tax on table games, which was enacted in January 2010 and will begin to generate revenue in July 2010. This is expected to generate $76.4 million in FY 2011.
Rhode Island	0.1%	2.1%	-0.1%	3.5%			Growth is compared to the Revenue Estimating Conference's May 2010 consensus estimate for FY 2010. The total FY 2011 revenue forecast is based on the May Revenue Estimating Conference's results and includes the annually adopted hospital license fee.
South Carolina	0.03 (flat)	0.16% (flat)	0.0%	0.0%			The FY 2011 revenue estimate assumes zero growth over the Board of Economic Advisors' FY 2010 revised estimate.
South Dakota	N/R	N/A	0.34% (flat)	N/A	Not specified	4.1%	These rates compare FY 2011 to the FY 2010 revised forecast. FY 2010 will not close until the latter part of July 2010.
Tennessee	2.3%	N/A	2.3%	2.2%	Gasoline	1.0%	
Texas	9.1%	N/A	6.9%	N/A	Oil and gas	Positive growth expected	FY 2011 motor vehicle sales tax revenues are forecasted to grow by 7.8 percent compared to FY 2010 estimates. FY 2011 general revenue franchise tax collections are estimated to grow by 3.0 percent. The FY 2011 forecast is compared to the FY 2010 forecast because actual FY 2010 collections are not yet known.
Utah	N/A	N/A	N/A	N/A			Officials have not completed booking collections for FY 2010, so they are unable to compare the FY 2011 forecast to final FY 2010 collections.
Vermont	5.0%	6.5%	3.2%	5.7%	Rooms and meals	3.5%	The numbers provided reflect the newly adopted forecast (July 15, 2010) for FY 2011.

Appendix 1. FY 2011 Tax Forecast Compared to FY 2010 Estimated Collections							
State/Jurisdiction	**Total Tax Growth**	**Personal Income Tax Growth**	**General Sales Tax Growth**	**Corporate Income Tax Growth**	**Other (Type)**	**Other Growth**	**Comments**
Virginia	4.3%	7.2%	-5.3%	6.8%	Deed recording tax	5.0%	The sales tax growth rate is distorted by the acceleration of approximately $228 million of FY 2011 collections in FY 2010. The "real" growth rate should be about 1.03 percent.
Washington	14.0%	N/A	13.0%	N/A	Business and occupation tax	27.0%	Total collections for FY 2011 include about $700 million in tax increases. Without the increases, the growth rate expected for FY 2011 is 9 percent.
West Virginia	N/A	-2.0%	-1.6%	-9.0%			
Wisconsin	5.4%	5.5%	5.5%	14.1%			
Wyoming	0.0%	N/A	0.0%	N/A			The current projection is for flat revenues for FY 2011 as compared to FY 2010.

Key: (N/A) = Not applicable - state does not levy that tax.
(N/R) = No response

Source: NCSL survey of legislative fiscal offices, Summer 2010.

Appendix 2. Long-Term Tax Collection Forecasts				
State/Jurisdiction	FY 2012 Total Tax Growth	FY 2013 Total Tax Growth	FY 2014 Total Tax Growth	Comments
Alabama	N/A	N/A	N/A	No projections have been made beyond FY 2011.
Alaska	4.6%	5.6%	6.1%	Estimates include royalties.
Arizona	9.6%	9.2%	7.5%	Prior to the recession, the long-term revenue growth rate had been in the 7 percent to 8 percent range. The FY 2012 and FY 2013 figures presume economic recovery from a base that has declined by more than 30 percent in the last three years. FY 2014 is a return to historical averages. These estimates will be revisited in October as part of the consensus process and may be revised downward at that time.
Arkansas	N/A	N/A	N/A	No projections have been made beyond FY 2011.
California				The total tax collection growth rates will depend upon any changes to tax policy enacted in the FY 2011 budget. As there is no enacted budget, long-term revenue forecasts are unavailable.
Colorado	2.1%	N/A	N/A	Several temporary revenue enhancements are scheduled to end beginning July 2011. Therefore, revenue growth in FY 2012 is expected to be very slow, despite expectations for slightly stronger growth in the economy. The forecast period ends in FY 2012.
Connecticut	4.4%	5.2%	4.7%	
Delaware	4.3%	4.7%	2.9%	Growth rates for FY 2013 and FY 2014 were estimated last September. If the estimates were revisited they probably would not be close to the original estimates.
Florida	7.4%	6.8%	6.1%	
Georgia	N/A	N/A	N/A	No estimate is available.
Hawaii	5.8%	5.7%	6.0%	Council on Revenues projections were updated on May 27, 2010.
Idaho	N/A	N/A	N/A	No long-term forecast is available.
Illinois	N/A	N/A	N/A	There is no official projection.
Indiana	N/A	N/A	N/A	No forecast is available.
Iowa	N/A	N/A	N/A	Currently, officials have estimates only for FY 2011. A projection for FY 2012 will be made in December 2010.
Kansas	4.0%	4.0%	4.0%	This is the standard estimated yearly increase used when projecting past the budget year.
Kentucky	3.7%	N/A	N/A	There is no official revenue forecast for FY 2013 and FY 2014 at this time.
Louisiana	4.8%	4.4%	4.0%	

Appendix 2. Long-Term Tax Collection Forecasts

State/Jurisdiction	FY 2012 Total Tax Growth	FY 2013 Total Tax Growth	FY 2014 Total Tax Growth	Comments
Maine	0.3%	4.2%	N/A	A consensus revenue forecast does not extend beyond FY 2013.
Maryland	4.4%	5.9%	5.0%	
Massachusetts	N/A	N/A	N/A	The state does not predict tax collection growth this far in advance. Revenue figures are developed in January as part of the preparation for the year's budget cycle.
Michigan	N/A	N/A	N/A	Michigan does not make long-term forecasts.
Minnesota	4.4%	7.6%	N/A	
Mississippi	4.5%	5.2%	4.7%	Growth rates were provided by the University Research Center in October 2009.
Missouri	N/A	N/A	N/A	Revenue estimates for FY 2012 and beyond have not been completed.
Montana	5.0%	4.7%	4.0%	
Nebraska	7.2%	7.2%	N/A	Longer range estimates by the Legislative Fiscal Office are based on a technique of forcing average growth rates over a five-year period to that of the long-run average growth rate (since the early 1980s), adjusted for rate and base changes. Official forecasts for FY 2012 and FY 2013 will be made in October 2010, replacing these preliminary planning estimates.
Nevada	N/A	N/A	N/A	The latest forecast for state general fund revenues is only through FY 2011.
New Hampshire	N/A	N/A	N/A	
New Jersey	N/A	N/A	N/A	Unknown at this time.
New Mexico	5.5%	3.5%	3.4%	
New York	6.2%	1.7%	5.2%	
North Carolina	5.7%	5.5%	5.5%	Long-term forecasts are based on 15-year average growth rates. Only the FY 2011 forecast represents a comprehensive, consensus forecast.
North Dakota	N/A	N/A	N/A	The revenue forecast for the 2011-2013 biennium (FY 2012 and FY 2013) will not be completed until July 2010.
Ohio	N/A	N/A	N/A	There are no official projections yet.
Oklahoma	N/A	N/A	N/A	Undetermined.
Oregon	5.8%	7.9%	9.1%	Growth rates in later years are influenced by legislation approved in 2009 that sunsets nearly all tax credits. Current law forecast assumes these sunsets will not be extended, although in all likelihood a number will be in some form.

Appendix 2. Long-Term Tax Collection Forecasts

State/Jurisdiction	FY 2012 Total Tax Growth	FY 2013 Total Tax Growth	FY 2014 Total Tax Growth	Comments
Pennsylvania	N/A	N/A	N/A	No official estimates are available at this time.
Rhode Island	2.4%	4.6%	4.4%	Numbers reflect growth rates for taxes only. Total general revenues are projected to grow by 2.1 percent in FY 2012, 3.89 percent in FY 2013 and 3.7 percent in FY 2014.
South Carolina	3.1%	2.4%	N/A	
South Dakota	N/A	N/A	N/A	
Tennessee	4.5%	5.0%	5.0%	
Texas	N/A	N/A	N/A	FY 2012 and FY 2013 forecasts will not be released by the Comptroller of Public Accounts until January 2011.
Utah	N/A	N/A	N/A	There are no revenue estimates prepared for FY 2012 or beyond.
Vermont	6.0%	4.6%	4.4%	
Virginia	4.9%	N/A	N/A	
Washington	6.7%	4.7%	N/A	The FY 2012 and FY 2013 figures are for the state general fund and include revenue legislation passed in the 2010 session that takes effect in FY 2011. The rates would be 6.5 percent and 4.4 percent, respectively, if the new revenue sources were excluded. There is no official forecast for FY 2014, but the unofficial estimate for economic growth (by the Office of Financial Management) is 4.75 percent. Once sunsetting and revenue increases are factored in, the net growth in FY 2014 is estimated at 2.7 percent.
West Virginia	2.6%	2.6%	5.4%	
Wisconsin	N/A	N/A	N/A	The forecast will be made in January 2011.
Wyoming	3.0%	3.0%	3.0%	

Key: (N/A) = Not applicable – forecast unavailable.

(N/R) = No response

Source: NCSL survey of legislative fiscal offices, Summer 2010.

Appendix 3. Peak Fiscal Year for General Fund Revenues and Projected Return to Peak			
State/ Jurisdiction	**Peak for General Fund Revenues**	**Projected Return to Peak Revenues**	**Comment**
Alabama	FY 2008	Unknown	
Alaska	FY 2008	Unknown	FY 2008 oil prices generated revenue of $11.5 billion. Unless oil goes above $150 a barrel for an extended period, revenues are unlikely to match the FY 2008 revenue peak.
Arizona	FY 2007	FY 2015	Originally projected a return to peak in FY 2014.
Arkansas	FY 2008	Unknown	
California	FY 2008	FY 2016	Based on the forecast from May 2010.
Colorado	FY 2008	Unknown	Return to peak revenue collections will occur sometime after FY 2012, the last year of the forecast period.
Connecticut	FY 2008	FY 2013	
Delaware	FY 2008	FY 2012	
Florida	FY 2007	FY 2014	
Georgia	FY 2008	FY 2014	
Hawaii	FY 2008	FY 2012	
Idaho	FY 2008	FY 2014	
Illinois	FY 2008	Unknown	
Indiana	FY 2008	Unknown	
Iowa	FY 2008	FY 2013	Assuming the FY 2011 estimate (2.1 percent growth) and a return to between 4 percent to 5 percent annual growth after that, a return to FY 2008 levels would occur sometime late in FY 2013.
Kansas	FY 2008	FY 2013	This includes additional revenue from a recent sales tax increase. Without the increase, the return is projected perhaps as late as FY 2015.
Kentucky	FY 2008	FY 2012	Return to peak collections is based on the most recent deliberations of the Consensus Forecasting Group.
Louisiana	FY 2008	Unknown	The current forecast out to FY 2014 does not have the general fund achieving FY 2008's peak year results.
Maine	FY 2008	FY 2015	The forecasts for FY 2014 and FY 2015 are not available at this time. Return to the FY 2008 peak assumes a growth rate of 4.2 percent in FY 2013 that continues in FY 2014 and FY 2015.
Maryland	FY 2008	FY 2013	
Massachusetts	FY 2008	Unknown	Revenues are still fluctuating, with inconsistent performance over the second half of the fiscal year.
Michigan	FY 2000	Unknown	
Minnesota	FY 2008	FY 2013	The previous revenue high point was FY 2007 ($16.379 billion). FY 2012 is projected at $15.770 billion and FY 2013 at $17.137 billion.
Mississippi	FY 2008	FY 2013	This is based on out-year projections provided by the University Research Center.
Missouri	FY 2008	Unknown	
Montana	FY 2008	FY 2015	
Nebraska	FY 2008	FY 2012	

Appendix 3. Peak Fiscal Year for General Fund Revenues and Projected Return to Peak			
State/ Jurisdiction	**Peak for General Fund Revenues**	**Projected Return to Peak Revenues**	**Comment**
Nevada	FY 2007	Unknown	The latest forecast for state general fund revenues is only through FY 2011; this forecast reflects general fund revenues being below the peak level in FY 2007.
New Hampshire	FY 2008	FY 2011	
New Jersey	FY 2008	Unknown	FY 2011 budget revenues of $28.2 billion are 13.5 percent below the FY 2008 peak level of $32.6 billion. It remains unknown when state revenues will return to the prior peak.
New Mexico	FY 2008	FY 2015	
New York (N/R)	FY 2006		
North Carolina	FY 2008	FY 2014	
North Dakota	FY 2010	N/A	
Ohio	FY 2008	Unknown	
Oklahoma	FY 2008	Unknown	
Oregon	FY 2007	FY 2011	Weaker than expected income tax collection from tax year 2009 caused FY 2010 revenue to fall below the FY 2007 peak level.
Pennsylvania	FY 2008	Unknown	Official estimates are currently available only through FY 2011, and revenues are not expected to return to peak levels during that year.
Rhode Island	FY 2008	Unknown	
South Carolina	FY 2007	Unknown	
South Dakota (N/R)	FY 2008		
Tennessee	FY 2008	FY 2013	
Texas	FY 2008	FY 2011	
Utah	FY 2008	Unknown	
Vermont	FY 2008	FY 2012	Previously FY 2013. The new revenue forecast now shows the greatest growth in FY 2012, a slight acceleration from previous forecasts.
Virginia	FY 2008	FY 2013	Peak collections were in FY 2008.
Washington	FY 2008	FY 2012	This calculation is made after adjusting for the change in the definition of the general fund that took effect in FY 2010. The date remains FY 2012 whether legislation increasing revenue enacted in the 2010 legislative session is included or excluded.
West Virginia	FY 2008	FY 2012	
Wisconsin	FY 2008	FY 2012	
Wyoming	FY 2008	Unknown	At this point, the forecast runs through FY 2014, and the return to prior peak levels (FY 2008) is not expected in the period.
Key: (N/R) = No response. (N/A) = Not applicable.			
Source: NCSL survey of legislative fiscal offices, November 2009 and Summer 2010			