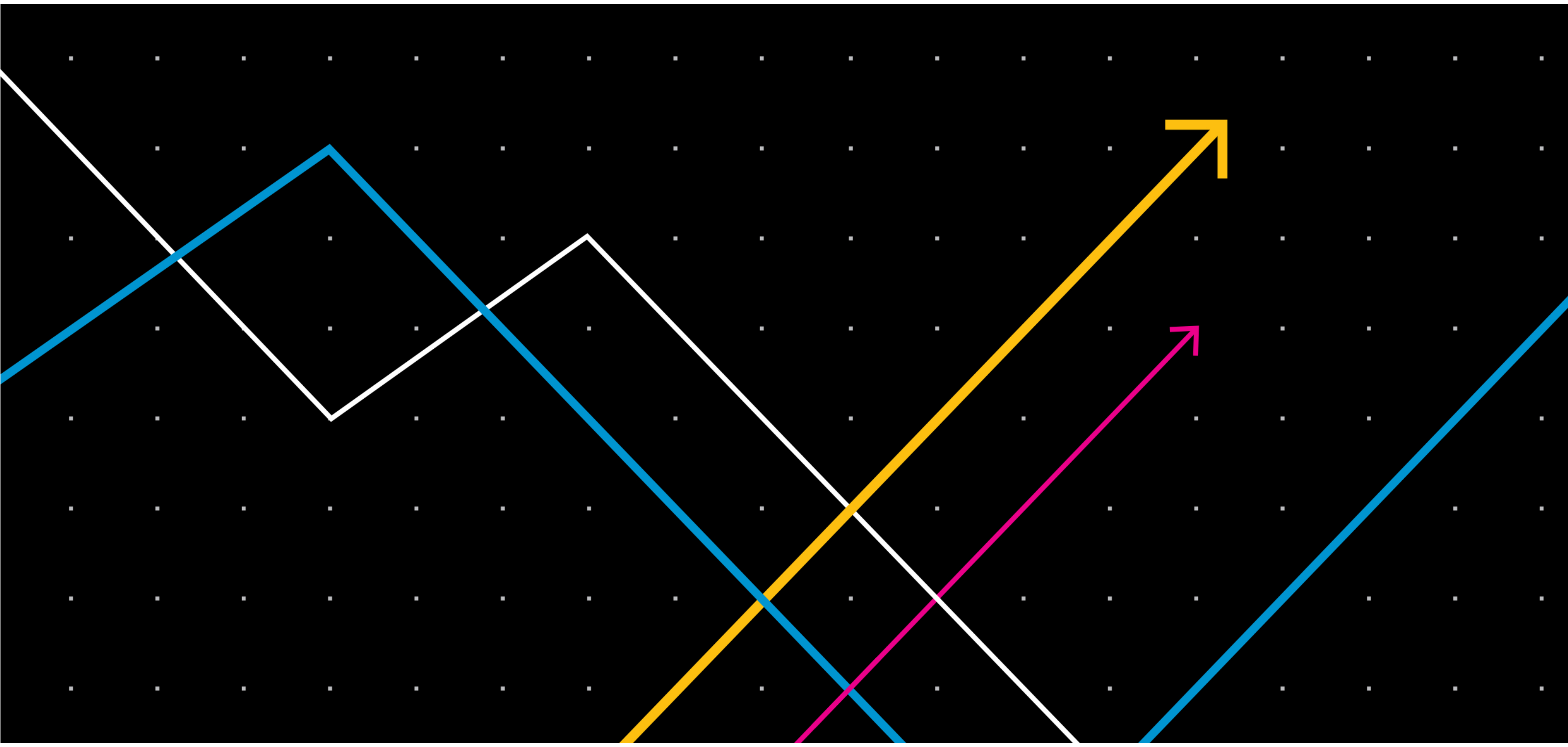

RESEARCH REPORT

Variable Revenue Trends in the Third Quarter: Navigating Gains and Losses

State Tax and Economic Review, 2024 Quarter 3

Lucy Dadayan

January 2025

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Executive Summary

State and local tax revenue performance was moderate in the third quarter of 2024, with all major sources combined increasing by 4.3 percent in real terms compared with the same period a year earlier. More specifically:

1. **State tax revenue trends varied significantly by source and state:** Personal income tax revenues saw strong growth, rising 6.6 percent in inflation-adjusted terms, while corporate income taxes and sales taxes declined by 0.3 percent and 1.7 percent in real terms, respectively.[1] Notably, the third quarter of 2024 marked the sixth consecutive quarter of decline in sales tax collections, reflecting a continued shift in consumer spending from taxable goods to untaxed services.
2. **Local government tax revenues continued to grow steadily:** Revenues from all major sources combined rose by 7.9 percent in real terms, while local property taxes—the largest revenue source for local governments—increased by 11.1 percent. Mirroring state trends, local sales taxes declined. Although a relatively minor revenue source for local governments, personal income taxes declined, while corporate income taxes surged in the third quarter of 2024.
3. **Economic indicators affecting state and local revenues diverged:** Gross domestic product (GDP) grew by 2.7 percent, and personal consumption spending rose 3.0 percent, driven by services, over this period. However, inflation-adjusted spending on taxable goods fell by 1.0 percent. Housing prices showed solid gains, bolstering property tax stability. The labor market cooled, with the unemployment rate rising to 4.2 percent, signaling potential economic headwinds.

This quarter's report further examines state personal income tax rate cuts enacted from 2021 through 2024. Our analysis indicates that 24 of the 41 states with a personal income tax base implemented tax cuts, with some cuts spanning multiple years. States like Arizona, Georgia, Idaho, Iowa, and Louisiana transitioned to flat income tax systems, simplifying tax codes but reducing tax progressivity. Additionally, reductions in top tax rates in states like Arizona, North Dakota, and Ohio disproportionately benefited wealthier taxpayers.

Looking ahead, the fiscal outlook remains uncertain, with states facing potential impacts from the 2025 expiration of key provisions in the 2017 Tax Cuts and Jobs Act (TCJA). The new federal administration further heightens unpredictability, as potential policy changes could significantly alter the economic landscape and reshape state budget priorities.

Trends in State and Local Revenues

State and local tax revenues have experienced significant volatility since the onset of the COVID-19 pandemic due to widespread economic disruptions. The surge in revenue growth during the early stages of recovery, largely driven by substantial federal aid, prompted many states to implement tax relief measures, including income tax rate cuts, refundable credits, tax holidays, and one-time rebates.

However, the fiscal landscape has shifted considerably. The combination of widespread tax cuts and weak stock market performance led to revenue declines in fiscal years 2023 and 2024. Although most states are reporting revenue growth in the first quarter of fiscal year 2025, the potential for changes in federal fiscal policy under the new administration adds an additional layer of uncertainty.

This continued revenue volatility, coupled with economic uncertainty, potential federal policy shifts, and the recent devastating wildfires in California, has created a more challenging budget environment for state and local governments. These factors raise growing concerns about fiscal stability and the long-term sustainability of public finances.

Table 1 shows real state and local government tax revenues from major sources for the third quarters of 2023 and 2024, as well as cumulative totals for the first three quarters of calendar years 2023 and 2024, along with percentage changes.

TABLE 1

State and Local Government Tax Revenue Trends

Millions of dollars, adjusted for inflation

Tax source	2023 Q3	2024 Q3	YOY percent change	Calendar YTD 2023	Calendar YTD 2024	YOY percent change
Total state-local major taxes	**$426,123**	**$444,468**	**4.3**	**$1,430,853**	**$1,476,566**	**3.2**
State major taxes	**$257,095**	**$262,048**	**1.9**	**$854,978**	**$874,658**	**2.3**
Personal income tax	109,719	117,012	6.6	375,308	395,823	5.5
Corporate income tax	27,461	27,371	(0.3)	107,791	111,634	3.6
Sales tax	113,405	111,427	(1.7)	353,845	348,533	(1.5)
Property tax	6,510	6,237	(4.2)	18,035	18,668	3.5
Local major taxes	**$169,028**	**$182,420**	**7.9**	**$575,875**	**$601,907**	**4.5**
Personal income tax	9,801	9,205	(6.1)	37,270	34,013	(8.7)
Corporate income tax	2,632	3,073	16.8	10,934	10,853	(0.7)
Sales tax	29,962	29,489	(1.6)	90,131	88,947	(1.3)
Property tax	126,633	140,653	11.1	437,539	468,094	7.0

Source: US Census Bureau (tax revenue), with adjustments by the author.
Notes: Q = quarter; YOY = year-over-year, YTD = year to date.

Major findings include the following:

- **State and local government tax revenues** from major sources increased by 4.5 percent in real terms in the third quarter of 2024 compared with the same period a year earlier, while the year-over-year real growth for the first three quarters of 2024 was 3.2 percent.

- **State government tax revenues** from major sources grew by 1.9 percent in real terms in the third quarter of 2024 compared with the previous year. For the combined first three quarters of 2024, year-over-year real growth reached 2.3 percent. **State personal income taxes** saw a real term increase of 6.6 percent in the third quarter of 2024 over the same period last year, with an overall rise of 5.5 percent for the first three combined quarters of 2024. In contrast, **state corporate income taxes** declined by 0.3 percent in real terms in the third quarter compared with a year earlier but increased by 3.6 percent in the first three quarters of 2024. Meanwhile, **state sales taxes** fell by 1.7 percent in real terms in the third quarter of 2024 and declined by 1.5 percent over the first three quarters of 2024.
- **Local government tax revenues** from major sources rose by 7.9 percent in real terms in the third quarter of 2024 compared with the same period in 2023, with a year-over-year growth of 4.5 percent for the first three quarters of 2024. **Local property taxes**, the largest source of local government revenue, increased by 11.1 percent in real terms in the third quarter and saw a 7.0 percent rise over the first three quarters of 2024. In contrast, **local sales taxes** declined by 1.6 percent, and **local personal income taxes** dropped by 6.1 percent, while **local corporate income taxes** surged by 16.8 percent in the third quarter of 2024. Despite this, income taxes remain a relatively minor revenue source for most local governments, concentrated in a few states.

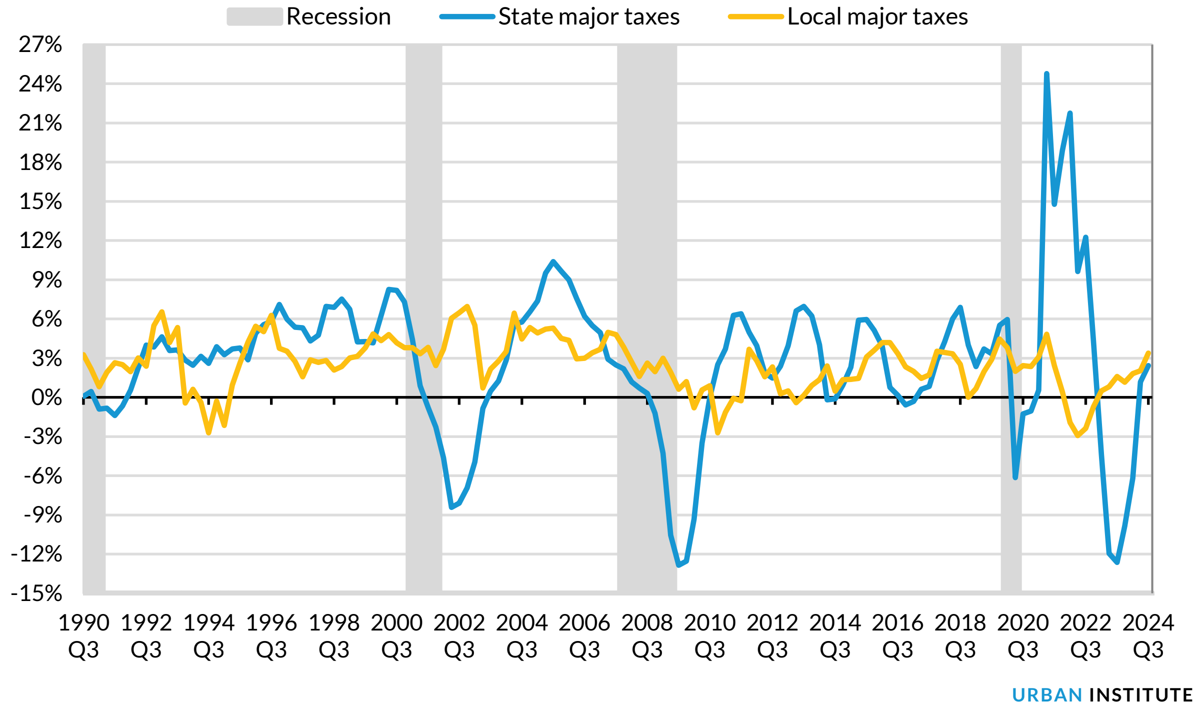
Figure 1 shows the year-over-year percentage change in the four-quarter moving average of real state and local revenue collections from major sources—personal income, corporate income, sales, and property taxes—providing a clearer view of broader revenue trends by smoothing out short-term economic fluctuations and policy changes, such as shifts in income tax filing deadlines.

By this measure, real state tax revenues from major sources increased by 2.4 percent in the third quarter of 2024, while real local tax revenues increased by 3.4 percent.

FIGURE 1

State Major Tax Revenues Are Slowly Rebounding

Year-over-year inflation-adjusted percentage change in state and local taxes from major sources



Source: US Census Bureau (tax revenue) and Bureau of Economic Analysis (GDP), analysis by the author.
Notes: Year-over-year change is the percentage change of four-quarter moving averages. Data are adjusted for inflation. Data are for four major tax categories only: personal income, corporate income, general sales, and property.

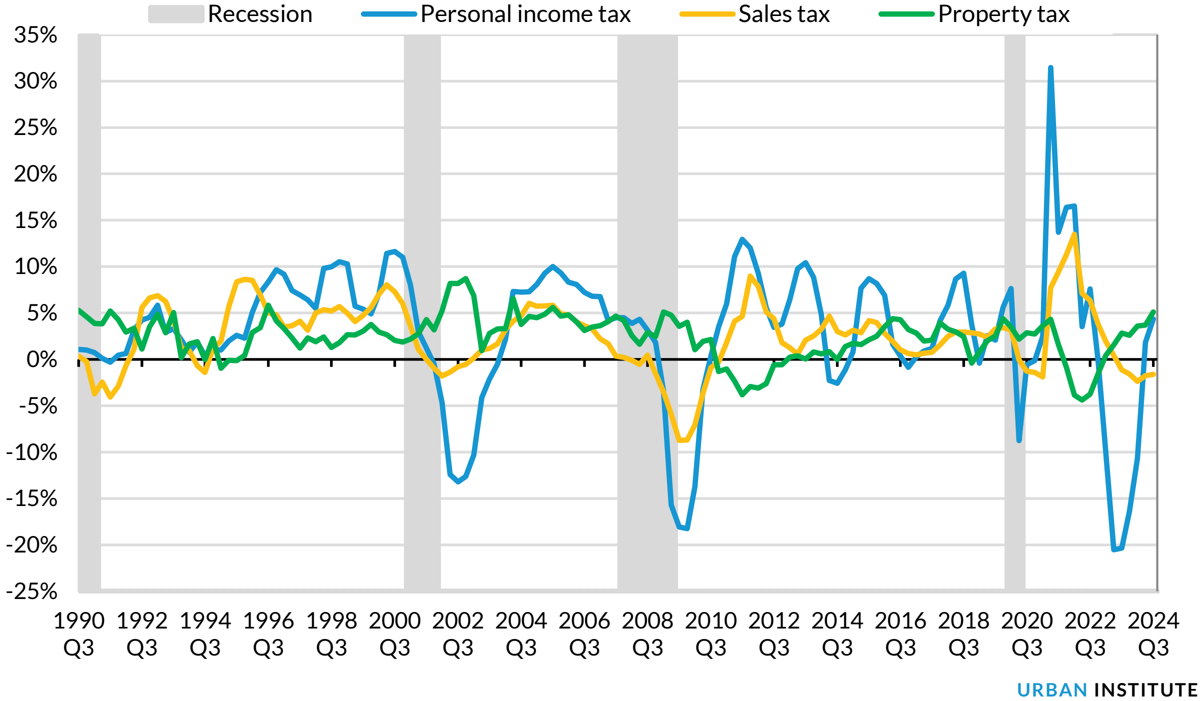
Most local governments rely heavily on property taxes, which tend to respond relatively slowly to changes in property values. Since the COVID-19 pandemic, commercial property values, particularly for office spaces, have declined, negatively impacting local property tax collections despite rising residential property values. Additionally, higher borrowing costs negatively impacted housing markets overall, potentially reducing future residential property tax revenues.

Figure 2 breaks out inflation-adjusted state and local personal income, sales, and property tax revenues. Real state and local personal income tax revenues increased by 4.3 percent in the third quarter of 2024 compared with the same quarter of 2023, using the four-quarter moving average. Over the same period, real state and local sales tax revenues declined 1.6 percent and real state and local property taxes, the majority of which are collected by local governments, increased 5.1 percent.

FIGURE 2

State and Local Sales Tax Revenues Continue Downward Trend

Year-over-year inflation-adjusted percentage change in major state-local taxes



Source: US Census Bureau (tax revenue) and Bureau of Economic Analysis (GDP), analysis by the author.

Notes: Year-over-year change is the percentage change of four-quarter moving averages. Data are adjusted for inflation.

State Tax Revenues in the Third Quarter of 2024

Total state government tax revenue collections rose 5.2 percent in nominal terms and 2.9 percent in real terms in the third quarter of 2024 relative to a year earlier, according to US Census Bureau data adjusted by the author (table A.1).[2] In the third quarter of 2024, personal income tax revenues increased by 6.6 percent in real terms compared with the previous year, while tax revenues from other major sources declined. Corporate income tax revenues fell by 0.3 percent, sales tax collections dropped by 1.7 percent, and motor fuel tax collections decreased by 1.3 percent, all in inflation-adjusted terms.

Table A.1 shows (1) nominal and inflation-adjusted growth in state government tax revenue collections from major sources and (2) average quarterly year-over-year growth for the first three quarters of calendar year 2024. The average quarterly year-over-year growth rate in overall state tax revenue collections for the first three quarters of 2024 was 5.4 percent in nominal terms and 2.9 percent in real terms.

Revenue performance varied across regions and states during the third quarter of 2024 (table A.2). While all regions recorded growth in revenue collections in nominal terms, the Great Lakes region saw the weakest year-over-year growth, at 1.3 percent, followed by the Southwest region at 2.3 percent.[3] In contrast, the Far West and Plains regions saw the strongest year-over-year growth, at 11.8 and 8.0 percent, respectively.

Forty-one states reported year-over-year nominal growth in total state tax revenue collections for the third quarter of 2024, with eight states reporting double-digit growth. In contrast, nine states reported declines in tax revenues, driven in part by state tax rate cuts and other policy decisions. The most significant revenue declines were in West Virginia and Nebraska, where total state tax revenues dropped by 8.3 and 6.3 percent, respectively, following recent income tax rate cuts.

Overall growth in state tax revenues was weak in the first three quarters of calendar year 2024. This contrasts with the strong growth observed in prior years, which was driven by factors such as the robust stock market observed throughout 2021, record number of initial public offerings, high inflation rate, increased spending on taxable goods during the COVID-19 pandemic, and the expectation of potential (if unrealized) federal tax hikes (Dadayan 2022a).

In the first three quarters of 2024, state total tax revenues increased by 5.6 percent in nominal terms compared with the same period in 2023. However, the median state saw only a 1.8 percent increase (table A.3), reflecting a broader trend of stagnant revenues across many states. The Great Lakes and Rocky Mountain regions reported the weakest nominal revenue growth at 0.6 and 0.9 percent, respectively. In contrast, the Far West region led with a robust 17.9 percent year-over-year growth, largely driven by California's substantial gains, which were temporarily boosted by the state's extended tax filing deadline.

State tax revenues increased in 37 states and declined in 13 states during the first three quarters of 2024 in nominal terms, ranging from a 26.9 percent increase in California to a 27.4 percent decline in Oregon. Three states—Alaska, Oregon, and West Virginia—recorded year-over-year double-digit declines. Conversely, California and South Carolina were the only two states to report double-digit growth.

Personal Income Taxes

State personal income tax revenues increased 9.0 percent in nominal terms and 6.6 percent in real terms in the third quarter of 2024 compared with the same quarter in 2023. The average quarterly year-over-year growth rate in state personal income tax collections was 7.8 percent in nominal terms and 5.2 percent in real terms during the first three quarters of 2024 (table A1).

Personal income tax revenue performance varied across different regions and states, despite overall growth in collections, which was largely driven by stock market gains. The Rocky Mountain region reported the weakest year-over-year growth at 2.1 percent in personal income tax revenue collections in the third quarter of 2024 (table A2). In contrast, the Far West region reported the strongest growth at 14.5 percent, primarily driven by California's performance.

Twelve states reported year-over-year declines in personal income tax revenues in the third quarter of 2024, with four states—Kentucky, Nebraska, North Dakota, and West Virginia—experiencing double-digit declines. These declines were largely due to recent state income tax rate cuts; all four states had implemented such reductions within the past two years.

State personal income taxes increased by 8.0 percent in nominal terms during the first three quarters of 2024 compared with the same period in 2023 (table A.3). However, the median state saw only a 2.4 percent increase. Personal income tax revenues increased in 27 states and declined in 15 states during this period, with six states reporting double-digit growth and another six states reporting double-digit declines. The strongest growth was in California, at 32.4 percent, driven largely by the delayed income tax deadline and stronger stock market gains. In contrast, the steepest declines were in Nebraska and Oregon, at 42.6 and 42.2 percent, respectively. Nebraska's decline was primarily due to a reduction in the state's top income tax rate from 6.64 percent to 5.84 percent as of January 1, 2024. Meanwhile, Oregon's decline was largely attributable to a significant "kicker" credit, which returned a substantial portion of the previous year's revenue surplus to taxpayers in the form of tax rebates.[4]

More broadly, personal income taxes have become more volatile in recent years because an increasingly large share of income is generated from capital gains instead of wage income. Thus, swings in the stock market, coupled with taxpayer decisions on when to realize capital gains and losses, have contributed to personal income tax collection volatility.

For example, personal income tax revenues saw robust year-over-year growth in the first and second quarters of 2022, driven by strong stock market performance and elevated inflation, which led to bracket creep in several states. Personal income tax revenues then declined over the subsequent five quarters, largely because of a weak stock market. Additionally, reductions in personal income tax rates in several states further weakened revenue growth. Moreover, the introduction of new pass-through entity taxes, which redirected some revenues from personal income taxes to corporate income taxes, also contributed to these declines.

As of now, 36 states have enacted a pass-through entity tax. This is in part a workaround to the 2017 TCJA's $10,000 cap on the federal individual income tax deduction for state and local taxes because state and local taxes are fully deductible as a business expense in calculating business earnings for determining federal tax liability (Dadayan and Buhl 2023).

The impending expiration of the $10,000 state and local tax deduction cap at the end of 2025 has created significant uncertainty for states. It remains unclear whether the cap will expire, be extended, or modified. The outcome of this decision will have wide-ranging implications for state income tax revenues, particularly impacting pass-through entity taxes.

Generally, pass-through entity taxes allow certain taxpayers to reduce their federal taxable liability by paying taxes at the entity rather than the individual owner level. Table A.7 lists all states that enacted a pass-through entity tax and their respective effective dates. State pass-through entity tax structures and rules vary widely, which can lead to complications, especially for businesses operating across state lines. States also differ in their classification of pass-through entity taxes. Some states categorize these taxes as corporate income taxes (because they are paid by businesses), while others categorize them as personal income taxes (as they apply to pass-through income). A few states even categorize them for both personal and corporate income taxes.

To get a clearer picture of the underlying trends in personal income tax collections, we examine trends in the four major components of tax collections: withholding, quarterly estimated payments, final payments, and refunds. The US Census Bureau does not collect data on the individual components of personal income taxes. The data presented here were collected by the author directly from the states.

Table 2 shows the growth for each major component of personal income tax collections in the past seven quarters.

TABLE 2

Growth in State Government Personal Income Tax Components

Year-over-year nominal percentage change

	Tax Year 2023				Tax Year 2024		
Personal Income Tax Components	**2023 Q1**	**2023 Q2**	**2023 Q3**	**2023 Q4**	**2024 Q1**	**2024 Q2**	**2024 Q3**
Withholding	0.3	3.8	3.4	3.1	5.4	5.5	5.7
Estimated payments	(44.7)	(44.5)	(28.2)	52.2	(6.1)	27.6	26.6
Final payments	(3.4)	(39.3)	10.5	20.6	6.0	5.2	(6.4)
Refunds	28.3	3.7	(14.0)	4.5	13.6	6.4	(4.7)
Total	**(18.7)**	**(28.0)**	**(2.4)**	**8.8**	**2.0**	**13.6**	**8.8**

Source: Individual state data, analysis by the author.

Notes: Q = quarter. The percentage changes for total personal income tax differ from data reported by the US Census Bureau.

Withholding

Withholding is usually a good indicator of the current strength of personal income tax revenue and the economy because it comes largely from wages and salaries and thus is less volatile than estimated payments or final settlements. However, bonuses and stock options received by employees are also subject to withholding and can have significantly affect withholding growth.

Table A.4 shows year-over-year nominal growth in withholding for the last seven quarters for all states with a broad-based personal income tax. In the third quarter of 2024, growth in withholding was positive across all regions, with a national year-over-year increase of 5.9 percent in nominal terms. The Far West region led with the strongest year-over-year increase at 9.5 percent, while the Southeast region reported the weakest growth at 2.5 percent.

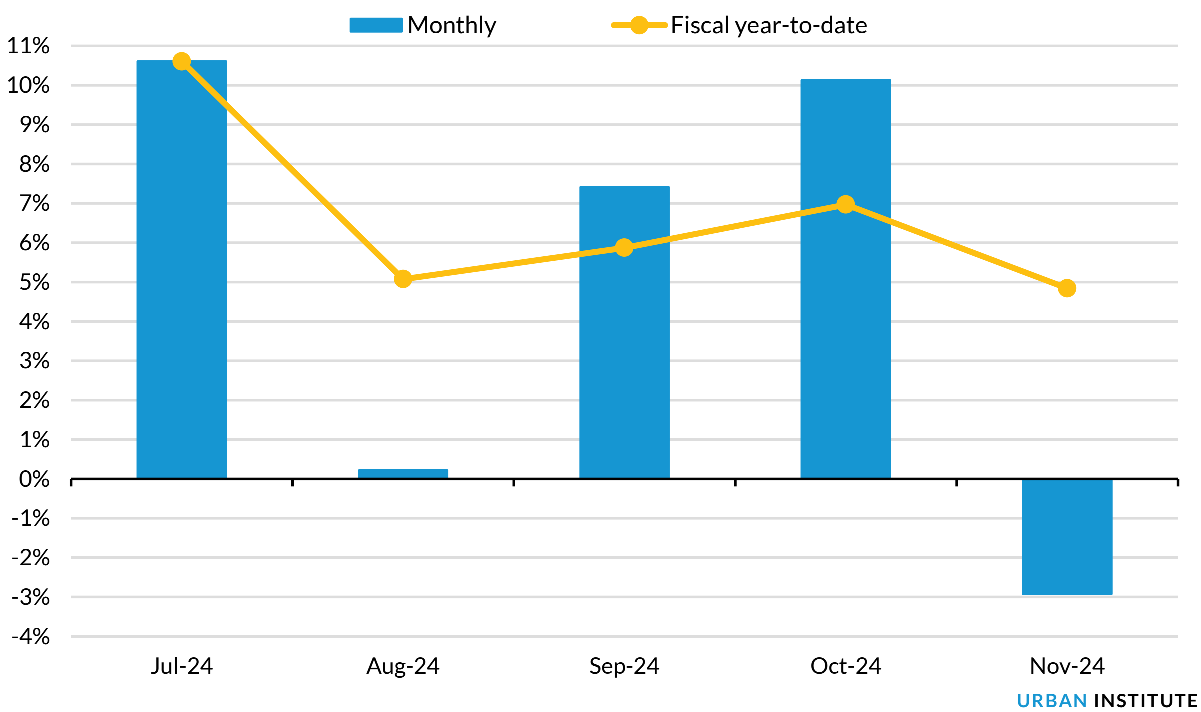
In the third quarter of 2024, 30 of the 41 states that levy personal income tax reported growth in withholding compared with a year earlier. The growth rates varied, ranging from 0.6 percent in Mississippi to 23.3 percent in Louisiana. In contrast, 10 states reported declines in withholding during the same period. Notably, four states—Indiana, Kentucky, Montana, and North Dakota—reported double-digit declines, primarily due to income tax rate cuts enacted since 2021.

Figure 3 shows monthly and fiscal year-to-date nominal growth rates in withholding between July 2024 and November 2024, which corresponds to the first five months of state fiscal year 2025 in 46 states.[5] Monthly data should be viewed with caution because they may include one-time payments, or a given month may have fewer tax processing days than the same month in the prior year.

FIGURE 3

Solid Growth in Withholding Revenue in Fiscal Year 2025 Despite Monthly Volatility

Nominal year-over-year percentage change in withholding tax collections, monthly and fiscal year to date



Source: Individual state government agencies, analysis by the author.

During the first five months of state fiscal year 2025, withholding growth fluctuated monthly, with notable growth in July 2024 and October 2024 and decline in November 2024. Despite these variations, cumulative growth remained stable throughout the first five months of fiscal year 2025, showing a 4.8 percent year-over-year increase. States collected around $179 billion in withholding revenues in the first five months of fiscal year 2025. Twenty-eight states reported year-over-year growth in withholding tax revenues in the first five months of fiscal year 2025, while 13 states reported declines. The declines are primarily observed in states that enacted income tax rate cuts in 2024.

Estimated Payments

Higher-income taxpayers (and self-employed taxpayers) make estimated tax payments (also known as declarations) on their income not subject to withholding. This income often comes from investments, such as capital gains realized in the stock market, or from self-employment or business income. Estimated payments normally represent less than a quarter of overall income tax revenues, but because of their volatility, they can have a large impact on the direction of overall collections.

The first estimated payment for each tax year is typically due in April in most states; the second, third, and fourth payments are generally due in June, September, and January, respectively (although many high-income taxpayers make the last estimated payment in December so that it is deductible on their federal tax return for that tax year rather than the next). In some states, the first estimated payment includes payments with extension requests for income tax returns for the previous tax year and is thus related partly to income received in that previous tax year. Subsequent estimated payments are generally related to income for the current tax year, although that relationship is often quite loose.

As noted, because the first estimated payment in April contains a combination of payments related to both the current and prior tax year, it is not a good indicator of the current strength of the economy. The second, third, and fourth estimated payments are easier to interpret because they are more directly related to the current year, and thus give a real-time look at how the state's economy and income tax base are doing. 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 this report, we present estimated payments for September 2024, which corresponds to the third estimated payments for tax year 2024, as well as combined estimated payments for the April through September 2024 period, corresponding to the first three estimated payments for tax year 2024 (table A.5).

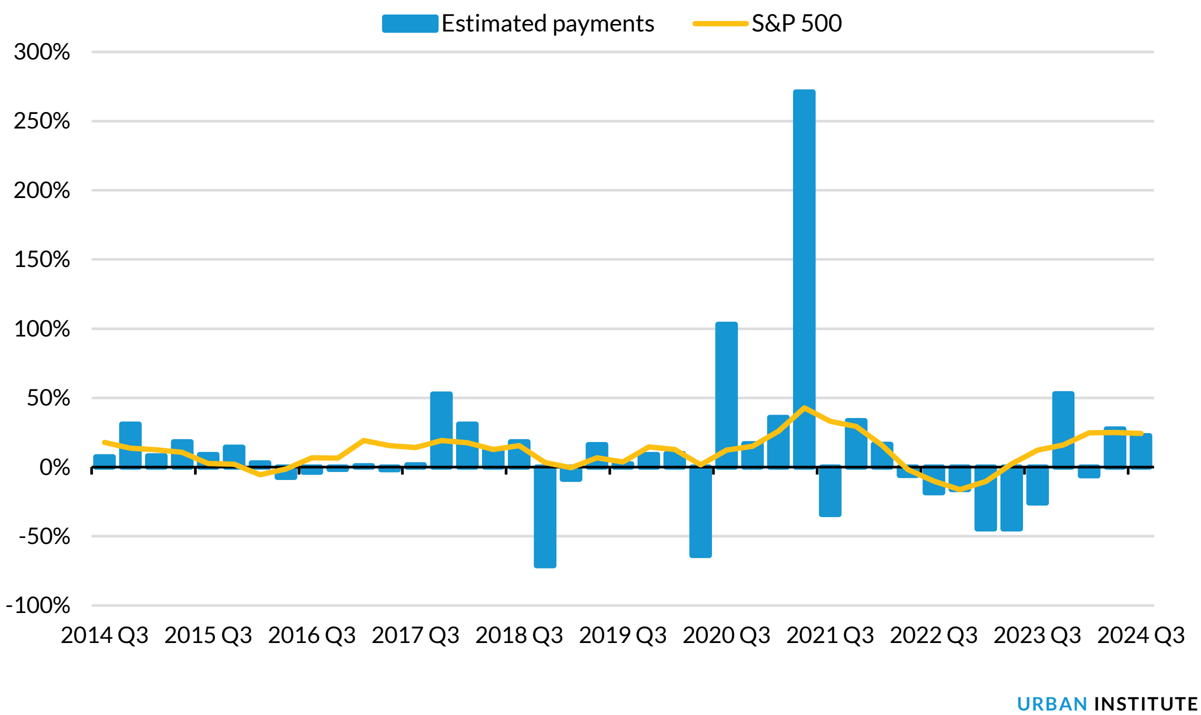
Estimated payments showed varied performance across states. In the 38 states with complete data, third estimated payments for tax year 2024 (filed in September 2024) surged by 28.4 percent, although the median state saw growth of just 7.7 percent. This marked a stark contrast to the widespread steep declines observed in the third estimated payments for tax year 2023. From April to September 2024, overall estimated payments rose by 27.3 percent year-over-year, while the median state recorded only an 8.0 percent increase. Among individual states, 27 reported year-over-year growth in the third estimated payments, and 25 states showed growth for the first, second, and third estimated payments combined. The overall rise in estimated payments can be attributed to the lower base from the previous year, as well as a rebound in stock market performance and increased capital gains realizations.

The strongest growth in estimated payments was in California, where payments surged by $7.7 billion, or 151.0 percent, in the April through September 2024 period compared with the same period the previous year. This dramatic rise is largely attributed to the postponed income tax filing deadline in 2023, which led to significant reductions that year and created an artificially low baseline for year-over-year comparisons.

FIGURE 4

Large Volatility in Estimated Payments

Year-over-year nominal percentage change in estimated payments and S&P 500 Index



Source: Individual state government agencies and Yahoo Finance (S&P500), analysis by the author.

Figure 4 shows year-over-year quarterly percentage change in estimated payments and S&P 500 Index for the past decade. The longer-term trends indicate substantial volatility in estimated payments, which is partially caused by volatility in the stock market as well as by taxpayer responses to actual and expected federal and state tax policy changes, which affect timing of the capital gains realizations.

Because temporary changes in timing can alter revenue patterns significantly, we recommend relying on combined quarterly figures and longer-term trends. The year-over-year growth in estimated payments generally mirrored stock market trends in 2022. Both estimated payments and the stock market saw increases in the first quarter of 2022 but declined over the following three quarters of 2022.

This pattern persisted into the first quarter of 2023, with both experiencing further declines. However, while the stock market began to recover in the second quarter of 2023, estimated payments continued to decrease through the second and third quarters. A notable rebound in estimated payments occurred in the fourth quarter of 2023, fueled in part by strong growth in California due to a delayed income tax deadline.

Estimated payments demonstrated robust growth in the second and third quarters of 2024, aligning with the stock market's positive trajectory.

Final Payments

Final payments typically account for a small 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 due to the April 15 personal income tax filing deadline.[6] Final payments accounted for 4.8 percent of all personal income tax revenues in the third quarter of 2024.

Table A.6 presents the nominal year-over-year growth rates in final payments for the last seven quarters. Final payments showed nationwide growth during the second half of 2023 and the first half of 2024, primarily driven by strong growth in California due to an extended income tax deadline. However, the median state saw declines in all those quarters, highlighting the uneven growth patterns across the country.

Nationally, final payments in the third quarter of 2024 declined by 5.7 percent compared with the same period in 2023, despite the median state reporting a modest 0.3 percent increase. This disparity reflects significant variation across states, with 18 states reporting year-over-year declines, while 23 states experienced growth. Notably, the overall national decline was heavily influenced by a sharp drop in California's final payments, highlighting the outsized impact of the state's performance on national trends. In the third quarter of 2024, California's final payments accounted for nearly 15 percent of all nationwide final payments, underscoring the state's considerable contribution to the aggregate figure.

Refunds

By definition, personal income tax refunds to taxpayers represent a reduction in state personal income tax revenues. Refunds are typically a small amount in the third and fourth quarters of the tax year and a much larger amount in the first and second quarters.

Refund payments decreased by 4.3 percent in the third quarter of 2024 compared with the same period in 2023, leading to states issuing around $0.4 billion less in refunds. While 24 states reported a decrease in refund amounts during this period, 16 states saw an increase. Oregon saw the largest increase in refunds, with $0.5 billion more in payments in the third quarter of 2024 compared with the same period in 2023, mainly due to the "kicker" rebate, as discussed above.

Actual versus Forecasted Personal Income Tax Revenues

We collect and analyze actual and forecasted monthly personal income tax revenue from various states, with forecast data available for 23 states. In table 3, we present the actual income tax revenue data for the third quarters of 2023 and 2024, along with the forecasted values for the third quarter of 2024.

TABLE 3

Actual versus Forecasted State Personal Income Tax Revenues

State	2023 Q3 actual ($ millions)	2024 Q3 actual ($ millions)	2024 Q3 forecast ($ millions)	Percent change, 2024 Q3 vs 2023 Q3	Percentage variance, 2024 Q3 actual from forecast	Forecast date
Median				**8.7%**	**4.3%**	
Average	**$65,161**	**$73,100**	**$68,692**	**12.2%**	**6.4%**	
Arizona	1,269	1,390	1,361	9.6	2.2	Jun-24
Arkansas	817	793	761	(3.0)	4.3	Aug-24
California	22,558	26,632	24,188	18.1	10.1	May-24
Idaho	501	578	573	15.3	0.8	Jul-24
Indiana	1,858	1,734	1,819	(6.6)	(4.6)	Dec-23
Kansas	1,004	1,106	1,010	10.2	9.5	Jun-24
Maine	609	747	642	22.7	16.3	May-24
Massachusetts	5,097	5,596	5,551	9.8	0.8	Aug-24
Michigan	3,211	3,631	2,487	13.1	46.0	May-24
Minnesota	2,740	3,998	3,819	45.9	4.7	Feb-24
Mississippi	569	584	526	2.6	11.0	Nov-23
Montana	481	491	459	2.1	6.8	Jun-23
Nebraska	791	531	816	(32.9)	(35.0)	Aug-24
New York	11,443	12,670	12,218	10.7	3.7	Apr-24
North Dakota	64	70	100	8.7	(29.7)	May-23
Ohio	2,679	2,563	2,553	(4.3)	0.4	Jun-24
Oklahoma	775	832	777	7.4	7.1	Feb-24
Pennsylvania	3,770	3,899	3,954	3.4	(1.4)	Jun-24
Rhode Island	444	483	457	8.6	5.6	May-24
South Carolina	1,655	1,858	1,742	12.3	6.7	May-24
Vermont	269	301	284	11.6	5.9	Jul-24
West Virginia	608	533	551	(12.2)	(3.1)	Jul-24
Wisconsin	1,949	2,080	2,046	6.7	1.7	Jan-24

Source: Individual state data, analysis by the author.

In the third quarter of 2024, actual personal income tax collections were higher than forecasted in 18 of 23 states, with an average forecast overestimate of 6.4 percent and a median forecast overestimate of 4.3 percent (table 3). The variance between actual and forecasted revenues can be attributed to differences in the timing of the forecasts—some states update their revenue forecasts monthly, while others do so only annually. Moreover, the considerable variance in recent quarters, especially for a few states, also reflects the impact of state fiscal policy measures.

Corporate Income Taxes

State corporate income tax revenue is highly volatile because corporate profits and the timing of tax payments can vary and shift across quarters. Further, most states collect a small share of state revenues from corporate taxes, and thus large fluctuations in percentage terms might yield little overall budget impact.

Total state corporate income tax revenues increased by 1.9 percent in nominal terms but declined by 0.3 percent in real terms in the third quarter of 2024 relative to a year earlier (table A.1). Nominal national growth was primarily driven by strong gains in California, partly due to the extended income tax filing deadline in 2023. Excluding California, corporate income tax revenues for the rest of the nation fell by 2.2 percent in nominal terms, while the median state reported a modest 0.2 percent decline. The average quarterly year-over-year growth rate in state corporate income tax collections for the first three quarters of 2024 was 5.1 percent in nominal terms and 2.6 percent in real terms.

The Far West, New England, Rocky Mountain, and Southeast regions reported year-over-year growth in state corporate income tax revenue collections in the third quarter of 2024, while the rest of the regions reported declines. The Far West region posted the strongest increase at 24.0 percent, driven primarily by robust growth in California, followed by a 5.1 percent rise in the Southeast region. In contrast, the Great Lakes region recorded the largest decline, with corporate income tax revenues falling by 10.3 percent, followed by a 5.0 percent drop in the Southwest region.

Twenty-two states reported year-over-year growth in corporate income tax collections, while 23 states reported declines in the third quarter of 2024 (table A.2). The strongest growth in dollar value was in California, where corporate income tax revenues increased by $4.2 billion, or 27.4 percent, in the third quarter of 2024 compared with the same quarter in 2023. The steepest decline in dollar value was in Oregon, where corporate income tax revenues declined by $0.3 billion, or 4.4 percent.

Year-over-year nominal growth in state corporate income tax revenues was 6.1 percent in the first three quarter of 2024. The median state, however, reported a 2.1 percent decline. Twenty states reported year-over-year growth, while 25 states reported declines in nominal terms (table A.3).

Before the COVID-19 pandemic, states projected lower corporate income tax collections, mostly because of higher costs for business inputs and a weakened global economy (Dadayan 2020b). However, after the initial pandemic shock, corporate income tax revenues surged, aided by federal pandemic relief efforts. Currently, we continue witnessing sustained growth in corporate profits. According to data from the Bureau of Economic Analysis, US corporate profits increased by $215 billion, or 6.0 percent, in the third quarter of 2024 compared with the same quarter of 2023.[7]

The future of state corporate income tax collections remains unpredictable, driven in part by the potential for federal policy changes under the new federal administration and continued uncertainty about the economy. According to the Conference Board's survey, the Consumer Confidence Index declined by 8.1 percent in December 2024 as consumers continued to express concerns about the current business and labor market conditions.[8]

General Sales Taxes

State general sales tax collections increased by 0.5 percent in nominal terms but declined by 1.7 percent in real terms for the third quarter of 2024 compared with the same period in 2023 (table A.1). Growth in the median state was 1.9 percent in nominal terms. The average quarterly year-over-year growth rate in state general sales tax collections for the first three quarters of 2024 was 0.9 percent in nominal terms, but negative 1.5 percent in real terms.

Sales tax collections increased in all regions except the Great Lakes during the third quarter of 2024 compared with the same period in 2023. The New England region reported the largest average year-over-year growth at 5.4 percent, while the Great Lakes region saw a 1.3 percent decline in nominal terms (table A.2).

Of the 45 states with broad-based sales taxes, 30 reported year-over-year growth in sales tax collections for the third quarter of 2024, while 15 reported declines. North Dakota saw the strongest growth at 7.0 percent, followed closely by Massachusetts at 6.7 percent. In contrast, Louisiana reported the largest decline at 5.5 percent, with Ohio close behind at 5.3 percent.

State sales tax revenues rose by 0.5 percent in nominal terms during the first three quarters of 2024 compared with the same period in 2023 (table A.3). Year-over-year growth was observed in all regions except the Great Lakes. On a state-by-state basis, seven states reported declines in sales tax revenues, while 38 states saw growth.

Overall growth in general sales tax revenues weakened significantly throughout 2024. The strong growth seen during the COVID-19 period was partly fueled by inflation-induced price increases, which boosted sales tax revenue collections. However, as high inflation and interest rates have persisted, consumers adjusted their spending habits, leading to reduced purchases. This shift, along with the transition back to spending on services rather than goods, has contributed to the slowdown in sales tax revenue growth.

Many state officials have expressed concerns about the long-term performance of sales tax revenues, particularly as consumers shift back to spending more on services, which are largely not subject to sales tax (Dadayan and Rueben 2021). Although some states have expanded their sales tax bases to include some services, many services are still not subject to state sales tax.[9]

Motor Fuel Taxes

Motor fuel tax collections increased 0.9 percent in nominal terms but declined by 1.3 percent in real terms for the third quarter of 2024 compared with the same period in 2023 (table A.1). Year-over-year growth in the median state was 1.3 percent in nominal terms. The average quarterly year-over-year growth rate in state motor fuel tax collections during the first three quarters of 2024 was 3.2 percent in nominal terms and 0.8 percent in real terms.

Motor fuel tax revenue collections varied across regions and states. The Mideast, Great Lakes, and New England regions reported year-over-year nominal declines of 3.1 percent, 1.2 percent, and 0.1 percent, respectively, during the third quarter of 2024. In contrast, the Rocky Mountain region saw the strongest growth at 6.3 percent, followed by the Southeast at 3.1 percent.

Thirty-two states reported year-over-year growth in motor fuel sales tax collections for the third quarter of 2024, while 18 states saw declines (table A.2). Four states—Connecticut, Michigan, Nevada, and Oregon—reported double-digit declines, whereas Hawaii, Utah, and Virginia recorded double-digit growth.

State motor fuel sales tax revenues rose by 3.1 percent during the first three quarters of 2024 compared with the same period in 2023, with the median state reporting a 1.6 percent growth (table A.3). Thirty-four states reported year-over-year growth in motor fuel sales tax revenue collections, while 16 states saw declines during the first three quarters of 2024.

Fluctuating fuel prices, general improvements in fuel efficiency, the increased purchase of electric and hybrid vehicles, and shifts in driving habits all impact gasoline consumption and motor fuel tax collections, along with changes in state motor fuel tax rates. States also differ in their motor fuel tax structures. In 28 states, the tax is set as a fixed cent-per-gallon rate, while in 22 states, at least part of the tax rate is variable, linked to metrics, such as the price of gasoline, inflation, or other factors.[10]

Oil and gas prices are typically volatile. High prices have largely benefited oil-dependent states, at least in the short-term (Dadayan 2022b). Price increases generally boost motor fuel tax revenues in states with a variable tax rate and that do not enact gas tax holidays or suspend motor fuel tax rate adjustments. Conversely, price decreases have led to declines in motor fuel tax collections, particularly in 2024, as lower gasoline prices reduced per-gallon tax revenue in states with percentage-based or adjustable tax rates.

Other Taxes

The US Census Bureau's quarterly data on state tax collections provide detailed information for some smaller revenue sources, including state property taxes, tobacco excise taxes, alcoholic beverage excise taxes, and motor vehicle and operators' license taxes. In table A.8, we present year-over-year growth rates for a four-quarter moving average of inflation-adjusted revenues at the national level. In the third quarter of 2024, states collected $70.6 billion from these combined smaller tax sources, constituting approximately 20.7 percent of total state tax collections.

Compared with major tax sources, revenues from smaller state taxes have seen less volatility. The four-quarter moving average of inflation-adjusted revenues from smaller state tax sources showed a 4.2 percent increase for the third quarter of 2024 compared with the same quarter in 2023. State property taxes, which represent a small portion of overall state tax revenues, increased 2.4 percent. Tax revenues from tobacco product sales declined 9.9 percent, tax revenues from alcoholic beverage sales declined 2.4 percent, while revenues from motor vehicle and operators' licenses increased 3.4 percent. Finally, revenues from all other smaller tax sources increased 5.9 percent.

Preliminary Review of State Tax Revenues in the Fourth Quarter of 2024

The Urban Institute regularly collects monthly state tax revenue data for all states. Preliminary data from 43 states indicate continued sluggishness in the median state tax revenue collections in the fourth quarter of 2024, growing by 2.5 percent in nominal terms. Nationally, nominal state tax revenues fell by 1.0 percent compared with the fourth quarter of 2023, largely due to California. A delayed tax filing deadline from April 2023 to November 2023 had artificially inflated California's revenues in the fourth quarter of 2023, and declines reported in the fourth quarter of 2024 are in comparison to a stronger comparison base. State tax revenues increased in 29 states in nominal terms, while 14 states saw year-over-year declines in the fourth quarter of 2024 (table A.9).

Personal income tax revenue collections rose modestly by 0.5 percent nationwide in the fourth quarter of 2024 compared with the same period in 2023, with the weakness primarily driven by California. However, growth in the median state was robust, at 7.9 percent in nominal terms. Among individual states, 29 reported nominal growth in personal income tax revenue collections, while nine states saw year-over-year declines in the fourth quarter of 2024. The overall growth in personal income tax revenues was primarily driven by increases in nonwithholding income tax revenues, supported by strong stock market performance. The S&P 500 index rose by 32.2 percent in the fourth quarter of 2024 compared with the same quarter in 2023, while the annual average growth was 26.7 percent in 2024 compared with 2023.

Corporate income tax revenue collections declined by 14.1 percent nationally in the fourth quarter of 2024, driven largely by timing-related declines in California. The downturn was widespread, with the median state reporting a 7.3 percent drop. Overall, 26 states recorded year-over-year decreases in corporate income tax revenues, while only 14 states saw growth.

Finally, state general sales tax revenue collections increased by 1.7 percent in the fourth quarter of 2024 compared with the same period in 2023; growth in the median state was 2.2 percent in nominal terms. Thirty states recorded year-over-year growth, while nine states reported declines. Overall, sales tax revenue growth remains weak and disappointing, particularly for a quarter traditionally boosted by holiday shopping activity.

BOX 1

A Snapshot of State Income Tax Rate Cuts: 2021–24

Our analysis indicates that between 2021 and 2024, 24 states enacted personal income tax rate reductions. These rate cuts were implemented alongside other income tax measures, including the expansion of tax credits and increases in standard deduction amounts, reflecting a broader effort to provide comprehensive tax relief during this period. However, a closer look reveals that these changes were not uniform in their impact, with some states significantly restructuring their tax systems, while others made targeted cuts that disproportionately benefited certain income groups.

States like Arizona, Georgia, Idaho, Iowa, and Louisiana transitioned from progressive tax structures to flat income tax systems. While simplifying tax codes, these reforms often resulted in greater benefits for higher-income earners, making the tax structures more regressive. For example, Arizona now has a flat rate of 2.5 percent, and Louisiana adopted a flat rate of 3 percent starting in 2025. Such changes shift the tax burden downward, reducing progressivity in these states.

Meanwhile, states like Missouri, Oklahoma, and South Carolina retained multiple income tax brackets but maintained narrow ranges within them, limiting their progressivity. In Missouri, for instance, the top tax rate of 4.8 percent in 2024 applies to incomes over just $8,911, while in Oklahoma, the top rate of 4.75 percent applies to incomes above $13,550. Similarly, South Carolina consolidated its brackets to three in 2022 but still applies its highest rate of 6.3 percent in 2024 to incomes exceeding $16,680.

In some states, tax cuts were heavily skewed toward higher-income taxpayers. Arizona, North Dakota, and Ohio reduced top tax rates, disproportionately benefiting wealthier residents. Ohio, for example, reduced its top rate from 3.75 percent in 2023 to 3.5 percent in 2024, while North Dakota consolidated its tax brackets in 2023, setting the top rate at 2.5 percent.

However, these sweeping changes did not always result in tax cuts for all. In Iowa, the transition to a flat tax system temporarily increased tax rates for some lower-class taxpayers. In 2022, Iowans earning less than $6,972 faced a 2.25 percent tax rate, which rose to 4.4 percent in 2023 for incomes below $6,000. Iowans earning less than $15,687 saw their rate increase from 4.14 percent in 2022 to 4.82 percent in 2023. Meanwhile, higher earners in Iowa experienced larger cuts, with taxpayers earning $78,500 seeing their rate drop from 8.53 percent in 2022 to 6.0 percent in 2023.

These trends highlight the complex implications of recent tax policy changes. While proponents argue that these measures spur economic growth and attract businesses, critics emphasize their regressive impact and potential to exacerbate income inequality. States must carefully balance simplicity, competitiveness, and equity to ensure tax systems remain fair and sustainable for all taxpayers. Furthermore, the long-term fiscal health of the states and their ability to generate sufficient revenue to meet public needs must be carefully examined when implementing such tax cuts.

TABLE 4

State Personal Income Tax Rate Cut Measures, 2021–24

State	TY 2021	TY 2022	TY 2023	TY 2024	Personal income tax rate cut measures
Arizona		x	x		Arizona transitioned to a flat personal income tax rate of 2.5% starting in 2023, moving away from a graduated system that featured a top rate of 8.0% in 2021 and a reduced top rate of 2.98% in 2022.
Arkansas	x	x	x	x	In 2021, Arkansas eliminated the top income tax bracket for incomes over $82,000, which was previously taxed at 6.6%, and gradually reduced the top rate from 5.9% in 2021 to 4.9% in 2022, 4.7% in 2023, and finally 3.9% in 2024.
Colorado	x	x		x	Colorado reduced its flat personal income tax rate from 4.55% in 2020 to 4.5% in 2021, 4.4% in 2022, and further to 4.25% in 2024.
Connecticut				x	Connecticut reduced personal income tax rates in 2024 for the two lowest brackets, lowering the rate from 3% to 2% for incomes up to $10,000 and from 5% to 4.5% for incomes up to $50,000.
Georgia				x	Effective in 2024, Georgia shifted from a progressive income tax structure to a flat tax system, lowering the top rate from 5.75% to 5.39%. Previously, the top bracket applied to incomes over just $7,000.
Idaho	x	x	x	x	Idaho reduced income tax brackets from 7 to 5 in 2021, cutting the top rate from 6.925% to 6.5%. It transitioned to 4 brackets with a 6% top rate in 2022, adopted a flat 5.8% rate in 2023, and lowered it to 5.695% in 2024. Previously, the top bracket applied to incomes over just $8,311.
Indiana			x	x	Indiana reduced its flat personal income tax rate from 3.23% to 3.15% in 2023, with a further reduction to 3.05% in 2024.
Iowa			x	x	Iowa reduced its nine tax brackets to four in 2023, cutting the top rate from 8.53% to 6%. In 2024, it streamlined to three brackets with a top rate of 5.7%, transitioning to a flat 3.8% rate effective January 1, 2025.
Kentucky			x	x	Kentucky reduced its flat personal income tax rate from 5.0% to 4.5% in 2023, with a further reduction to 4.0% in 2024.
Louisiana		x			In 2022, Louisiana lowered personal income tax rates for single filers from 2% to 1.85% (up to $12,500), 4% to 3.5% ($12,501–$50,000), and 6% to 4.25% (over $50,000). Starting January 1, 2025, the state adopted a flat income tax rate of 3.0%.
Michigan			x		In 2023, Michigan temporarily reduced its flat personal income tax rate from 4.25% to 4.05% due to specific economic conditions. This reduction applied solely to the 2023 tax year, with the rate reverting to 4.25% on January 1, 2024.
Mississippi		x	x	x	In 2022, Mississippi removed the 3% tax on the first $5,000 of taxable income. The state implemented a flat 5% tax on income over $10,000 in 2023, which was reduced to 4.7% in 2024. Previously, the top bracket applied to incomes over just $10,000.
Missouri		x	x	x	In 2022, Missouri reduced its top personal income tax rate from 5.4% to 5.3%. In 2023, it cut brackets from 10 to 8 and lowered the top rate to 4.95%, further reducing it to 4.8% in 2024. However, the tax brackets are narrow, with the highest bracket applying to incomes over just $8,911.
Montana		x		x	In 2022, Montana lowered its top marginal tax rate from 6.9% to 6.75%. In 2024, the state streamlined its personal income tax system, reducing the number of brackets from seven to two, with rates set at 4.7% and 5.9%.
Nebraska			x	x	Nebraska lowered its top personal income tax rate from 6.84% to 6.64% in 2022 and further to 5.84% in 2023.
New York	x	x	x		In 2021, New York introduced top tax brackets with rates of 9.65%, 10.3%, and 10.9% for incomes above $1,077,550, $5,000,000, and $25,000,000. In 2022, middle brackets were consolidated, with rates set at 5.85% and 6.25%, and in 2023, these rates were further reduced to 5.5% and 6.0%.
North Carolina		x	x	x	North Carolina reduced its flat personal income tax rate from 5.25% to 4.99% in 2022, 4.75% in 2023, and 4.5% in 2024, with a planned decrease to 3.99% in future years.
North Dakota			x		In 2023, North Dakota reduced its personal income tax brackets from 5 to 3, cutting the lowest rate from 1.1% to 0%, the middle rate to 1.95%, and the top rate to 2.5%, all lower than 2022 levels.

State	TY 2021	TY 2022	TY 2023	TY 2024	Personal income tax rate cut measures
Ohio	x		x	x	In 2021, Ohio eliminated its top tax bracket and reduced rates for all remaining brackets. In 2023, it consolidated brackets from 5 to 4 and lowered the top rate to 3.75%. In 2024, Ohio reduced brackets from 4 to 3 and cut the top rate further to 3.5%.
Oklahoma		x			In 2022, Oklahoma reduced personal income tax rates by 0.25% across all brackets, lowering the top rate from 5.0% to 4.75%. However, the brackets are narrow, with the highest bracket applying to incomes over $13,550.
South Carolina		x	x	x	In 2022, South Carolina streamlined its personal income tax brackets from 6 to 3 and cut the top rate from 7% to 6.5%, with further reductions to 6.4% in 2023 and 6.3% in 2024. However, the tax brackets are narrow, with the highest bracket applying to incomes over just $16,680.
Utah		x	x	x	Utah reduced its flat personal income tax rate from 4.95% in 2021 to 4.85% in 2022, 4.65% in 2023, and further to 4.55% in 2024.
West Virginia			x		In 2023, West Virginia reduced personal income tax rates across all brackets, lowering the top rate from 6.5% to 5.12%.
Wisconsin	x		x		In 2021, Wisconsin cut the third bracket rate from 6.27% to 5.3%. In 2023, it reduced the lowest rate from 3.54% to 3.5% and the second rate from 4.65% to 4.4%.

Source: Individual state information, compiled by the author.
Notes: TY = tax year. States that did not enact personal income tax rate cuts between tax years 2021 and 2024 are excluded from the table. State names are hyperlinked to their respective personal income tax rate guidelines for further reference.

Factors Driving State Tax Revenues

Tax revenues vary across states and time because of three major factors: changes in the economy (which often differ from state to state), the interaction of economic changes with a state's specific tax system, and legislated changes in tax rates or rules. The next two sections discuss changes in both economic conditions and recently legislated tax changes.

Economic Indicators

In general, total state tax revenues rise when the state's economy grows, income taxes grow when resident incomes rise, sales taxes rise with increased consumer purchase of taxable items, and property taxes increase with house prices. However, federal and state policy actions and background conditions can affect these relationships, as during the COVID-19 pandemic and its aftermath, for example.

State Gross Domestic Product

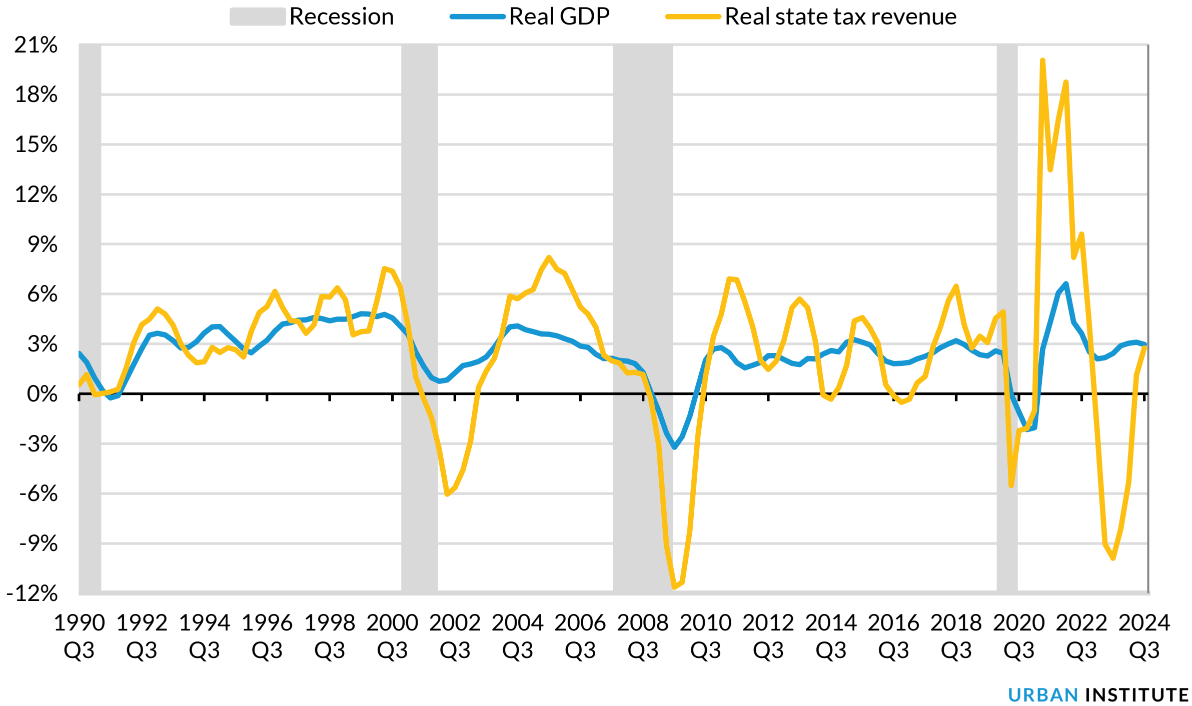
Figure 5 shows year-over-year growth for four-quarter moving averages in real GDP and real state tax revenue. We present moving averages to smooth short-term fluctuations and illustrate the interplay between the state of the economy and state revenues. As shown in figure 5, real GDP growth remained steady throughout 2023 and the first three quarters of 2024. In contrast, real state tax revenues saw sharp declines from the first quarter of 2023 through the first quarter of 2024, resuming growth only in the second and third quarters of 2024. Year-over-year growth in the four-quarter moving average was 3.0 percent for real GDP and 2.7 percent for real state tax revenues in the third quarter of 2024.

However, volatility in state tax revenue is not fully explained by changes in real GDP, a broad measure of the economy. State tax revenues became far more volatile in the past two decades, mostly due to changes in state tax rates and states' growing reliance on income taxes, some of which are progressive and dependent on volatile non-wage income sources such as stock options and capital gains. This was particularly true for the second half of 2020 and all of 2021, when the stock market soared and led to larger capital gains realizations and increases in nonwithholding income tax payments. However, the stock market declined in 2022 and performed weakly for much of 2023. In calendar year 2022, the S&P 500 index recorded an average annual decline of 4.1 percent, a sharp reversal from the robust 32.8 percent average annual growth seen in 2021. The market showed modest recovery in calendar year 2023, with an average annual growth of 4.5 percent, and its performance was robust in 2024, achieving an average annual growth of 26.7 percent.

FIGURE 5

State Tax Revenue Is More Volatile Than the Economy

Year-over-year percentage change in real state taxes and real GDP



Source: US Census Bureau (tax revenue) and Bureau of Economic Analysis (GDP), analysis by the author.
Notes: Year-over-year change is the percentage change of four-quarter moving averages. Data are adjusted for inflation.

States vary substantially in correlations between growth rates in real GDP and real state tax revenues. The relationship between state economic growth and revenue growth has been impacted by state tax cuts implemented over the last three years.

Figure 6 shows each state's four-quarter moving averages in real GDP and real state tax revenues for the third quarter of 2024 compared with the third quarter in 2023. By this measure, real state GDP increased in all 50 states, while real state tax revenues increased in only 17 states. The year-over-year change in real state GDP ranged from 4.6 percent in Texas and Washington to 0.7 percent in Iowa; the change in real state tax revenues ranged from 22.9 percent in California to negative 27.3 percent in Alaska. Large swings in Alaska's and other energy-dependent states' revenue collections reflect volatile oil prices (Dadayan and Boyd 2016).

FIGURE 6

Growth Disparity: State Tax Revenues versus State GDP

Year-over-year percentage change in real state taxes and real GDP, 2024 Q3 versus 2023 Q3

URBAN INSTITUTE

Source: US Census Bureau (tax revenue) and Bureau of Economic Analysis (GDP), analysis by the author.
Notes: Year-over-year change is the percentage change of four-quarter moving averages. Data are adjusted for inflation. Red lines show US median. Alaska and Oregon are outliers and are excluded from the figure.

State Unemployment and Employment

The national unemployment rate has steadily increased since the first quarter of 2023, when it averaged 3.5 percent. By the second quarter of 2024, it had risen to 4.0 percent, reaching 4.2 percent in the third quarter of 2024.

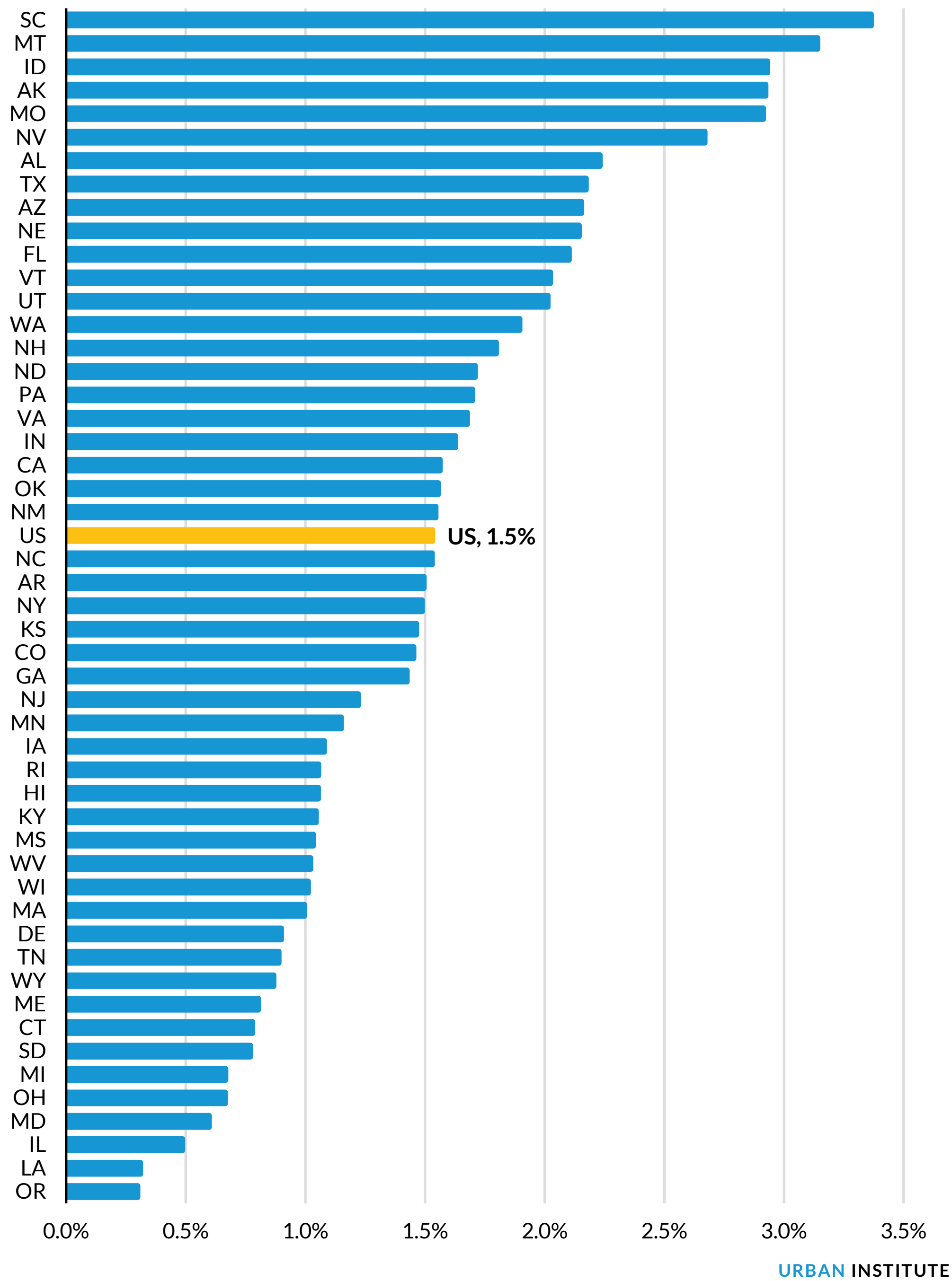
During the third quarter of 2024, unemployment rates ranged from 2.0 percent in South Dakota to 5.5 percent in Nevada, with variations observed among different socioeconomic and demographic groups within each state. Additionally, unemployment rates rose in 40 states compared with the second quarter of 2024.

Nationwide employment increased 1.5 percent in the third quarter of 2024 compared with the same quarter in 2023 (figure 7). All states experienced year-over-year employment growth during this period, though the rates varied significantly. Oregon recorded the smallest increase at 0.3 percent, while South Carolina saw the highest growth at 3.4 percent. However, despite this overall growth, employment levels in Hawaii, Louisiana, and Maryland remained below their pre-pandemic levels from the third quarter of 2019.

FIGURE 7

Continued Employment Expansion in the Third Quarter of 2024

Year-over-year percentage change in employment, 2024 Q3 versus 2023 Q3



Source: Bureau of Labor Statistics, analysis by the author.

Notes: Year-over-year change is the percentage change of seasonally adjusted employment.

Both public and private sector employment have surpassed prepandemic levels as of December 2024, reflecting a steady recovery in the labor market. State and local governments now employ approximately 490,000 more individuals than they did prior to the COVID-19 pandemic.

In the private sector, however, there is significant variation across industries. The leisure and hospitality sector, which was among the hardest hit during the pandemic, has rebounded to employ around 202,000 more people than before. Despite this overall gain, the sector still faces challenges; notably, the accommodations subsector remains about 174,800 jobs below pre-pandemic levels.

Conversely, other sectors have flourished in the post-pandemic economy. The trade, transportation, and utilities sector, for example, has seen substantial growth, adding approximately 1.4 million jobs above pre-pandemic levels by December 2024. This increase is largely driven by the boom in e-commerce and heightened demand for logistics and delivery services throughout the pandemic period and beyond.

Despite the overall recovery, the labor market continues to face challenges. Persistent staffing shortages in key industries, particularly those in leisure and hospitality, and signs of a cooling job market highlight the ongoing challenges that need to be addressed to ensure sustained economic growth and stability.

Housing Market

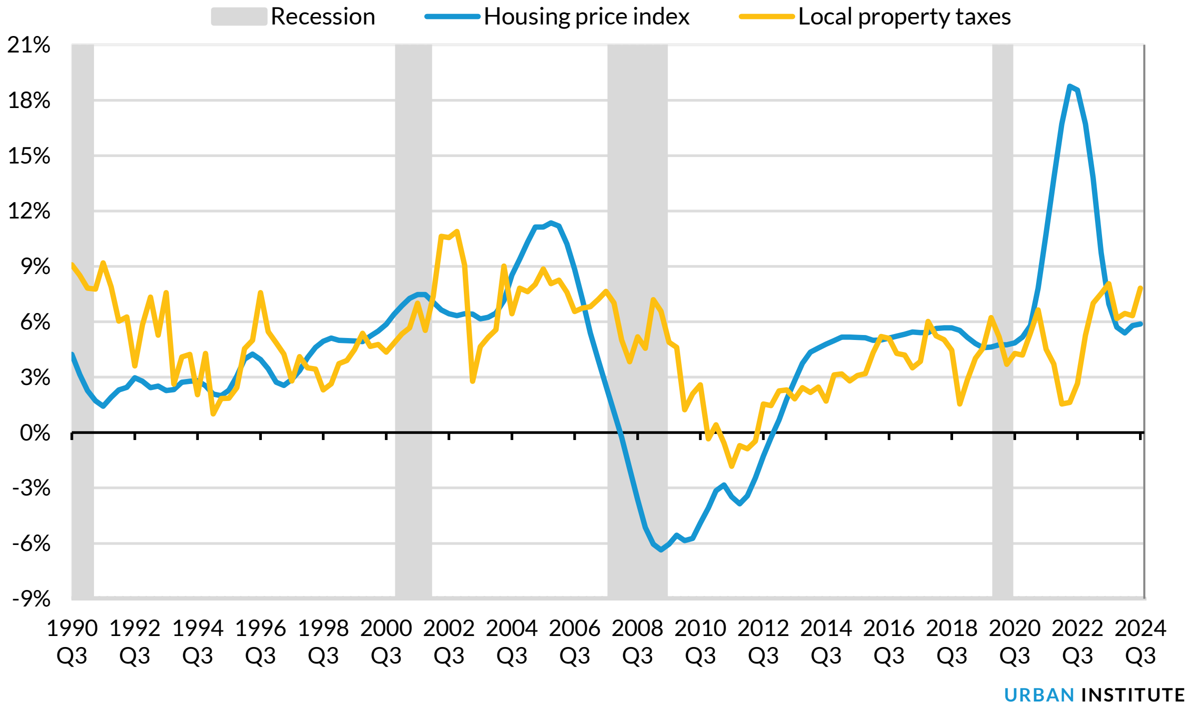
House prices are an important determinant of local property taxes, though changes in property tax revenues often lag property price changes. Assessment lags and assessment caps can affect how quickly house price changes translate into property tax revenue changes. Declines in house prices usually lead to declines in property taxes, while growth in house prices usually leads to growth in property tax revenues.

Figure 8 shows year-over-year percentage changes in the four-quarter moving average of the house price index and local property taxes in nominal terms. National average house prices showed robust growth during the COVID-19 pandemic, but this trend has been tapering off since mid-2022. House prices appreciated 5.9 percent for the third quarter of 2024 compared with a year earlier; year-over-year growth in local property taxes was 7.8 percent for the same period, based on four-quarter moving averages.

FIGURE 8

Housing Prices Skyrocketed During the Pandemic but Growth Is Moderating Now

Year-over-year nominal percentage change in house prices versus local property taxes



Sources: US Census Bureau (property taxes) and Federal Housing Finance Agency (house price indexes), analysis by the author.
Notes: Year-over-year change is the percentage change of four-quarter moving averages.

Figure 9 shows year-over-year nominal percentage change in house price indexes for all states in the third quarter of 2024. House price indexes increased in all 50 states compared with the same period a year earlier. The range of growth spanned from a modest 1.9 percent increase in Oregon to a robust 8.8 percent surge in New Jersey and Connecticut. This wide range indicates the uneven nature of the housing market recovery and growth across different regions. Nationally, house prices grew at a year-over-year rate of 5.1 percent in the third quarter of 2024, reflecting a deceleration from the 6.1 percent growth recorded in the second quarter of 2024.

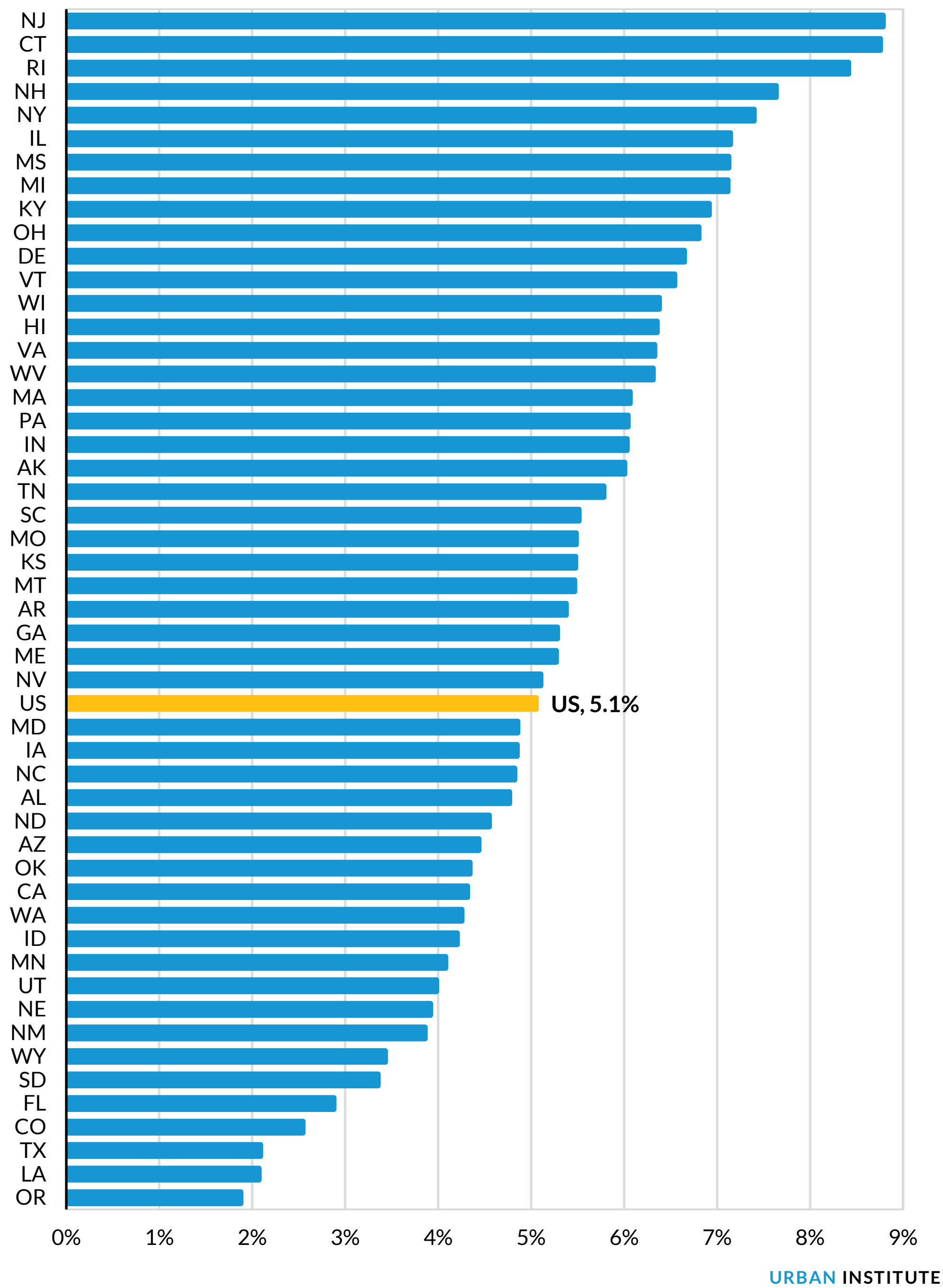
The COVID-19 pandemic, contrary to initial fears, did not negatively impact residential real estate values. Instead, it catalyzed a boom in many housing markets as demand for homes surged, driven by factors such as the need for more space, low interest rates, and changing work patterns (Duca and Murphy 2021).

However, it is important to note the contrasting impact on commercial real estate. While residential markets thrived, the COVID-19 pandemic's effect on commercial property values, and consequently on commercial property tax revenues, has been largely negative and continues to be uncertain (Auxier and Brosy 2024).

FIGURE 9

All States Reported Growth in Housing Prices in the Third Quarter of 2024

Year-over-year percentage change in house prices, 2024 Q3 versus 2023 Q3



Source: Federal Housing Finance Agency (house price indexes for all transactions, seasonally not adjusted, analysis by the author.

As business leases come due, many companies are reevaluating their office space needs in terms of both size and location. This has resulted in a rise in commercial property vacancies in numerous urban centers. Additionally, higher borrowing costs for mortgages have weakened home sales due to higher interest rates.

The Fannie Mae Home Purchase Sentiment Index indicated a decline in consumer confidence in the housing market in December 2024. Despite this dip, the index remained significantly higher than its levels from a year earlier, largely due to recent reductions in mortgage interest rates. However, steep home prices continue to dampen consumer optimism.[11]

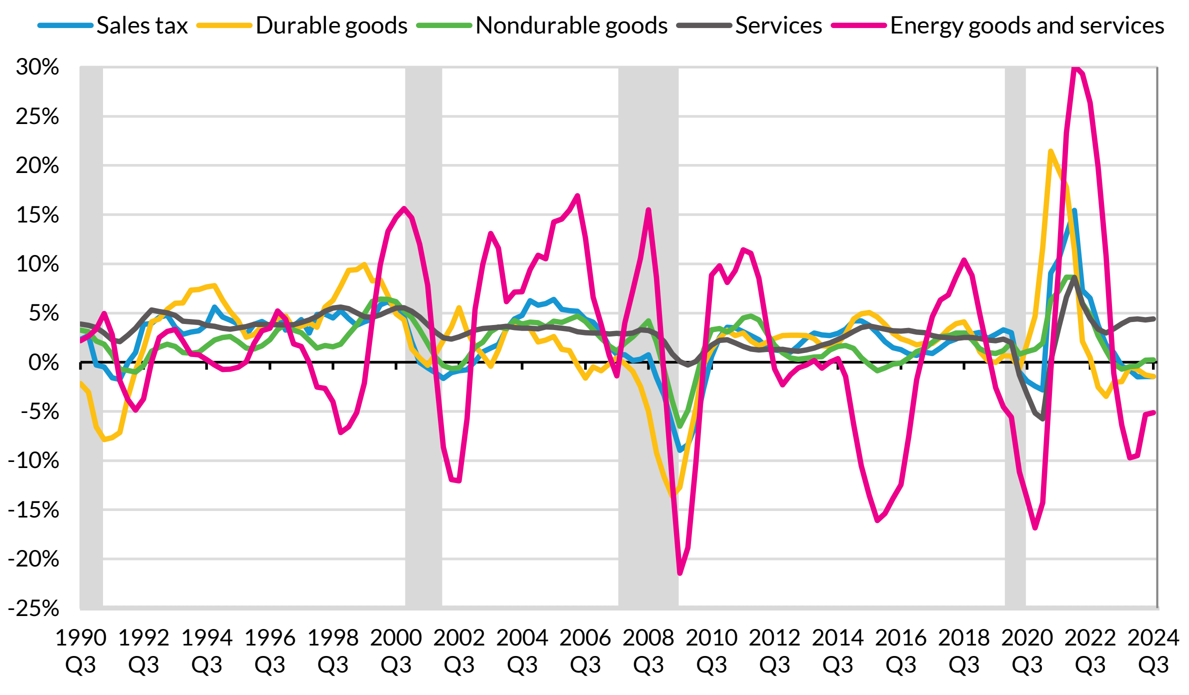
Personal Consumption Expenditures

Personal consumption expenditures is a measure national consumer spending, reflecting the total value of goods and services purchased by American consumers. This metric is correlated with states' general sales tax base, serving as a key indicator of economic activity. Figure 10 displays the year-over-year percentage change in the four-quarter moving average of inflation-adjusted personal consumption expenditures for services, durable goods, and nondurable goods as well as for aggregate state real sales tax collections. We also show trends in the consumption of energy goods and services.

FIGURE 10

Continued Weakness in Spending on Goods in the Third Quarter of 2024

Year-over-year percentage change in real sales taxes and real personal consumption spending



Sources: US Census Bureau (sales taxes) and Bureau of Economic Analysis (NIPA table 2.3.5), analysis by the author.
Notes: Year-over-year change is the percentage change of four-quarter moving averages. Data are adjusted for inflation.

As shown in figure 10, year-over-year spending on services increased an average 4.4 percent in the third quarter of 2024. Although spending on both durable and nondurable goods surged during the pandemic, this growth has significantly slowed since the second quarter of 2022. In the third quarter of 2024, year-over-year spending on durable goods decreased by 1.5 percent, marking its eighth consecutive quarterly drop, while nondurable goods spending increased slightly by 0.2 percent. Overall, these patterns indicate a return to more typical spending habits, with a shift back toward services over goods.

Spending on gasoline and energy goods accounts for approximately one-fifth of total spending on nondurable goods. Figure 10 shows that after eight consecutive quarters of contraction, real spending on energy goods and services began to increase in the third quarter of 2021, driven largely by significant increases in gas and oil prices, and continued through the first quarter of 2023. However, in the second quarter of 2023, year-over-year spending on gasoline and energy goods fell by 1.1 percent, with sharper declines occurring in the subsequent quarters. By the third quarter of 2024, year-over-year spending on gasoline and energy goods had dropped by 5.1 percent, marking its sixth consecutive quarterly drop.

Tax Law Changes Affecting the Third Quarter of 2024

Anticipated and actual federal policy changes have had a substantial effect on state tax revenues in the last few years. But changes in state tax laws also affect state tax revenue trends. Several states enacted tax changes for the fiscal year 2025.

We present analysis based on data and information retrieved from the National Association of State Budget Officers' Fall 2024 Fiscal Survey of the States. However, the analysis and forecasted effects are based on anticipated revenue gains or losses in response to states' legislated tax changes and do not include the effects of changing economic conditions. Actual revenue collections often deviate from estimated tax revenues, driven by the performance of underlying economic indicators, and these estimates may not fully account for inflation.[12]

During the third quarter of 2024, enacted tax changes were forecasted to increase state revenues by a net $1.2 billion compared with the same period in 2022 (this reflects both tax decreases and increases).[13] Overall, tax changes were expected to decrease personal income taxes by $416 million and sales taxes by $28 million. In contrast, corporate income taxes were expected to increase by $1.7 billion due to enacted state tax changes. Other changes to taxes and fees were forecasted to decrease revenues by approximately $47 million (NASBO 2024). Below, we discuss some of the major enacted tax changes for fiscal year 2025.

The cumulative effect of all tax enacted changes is projected to result in a net increase of $3.9 billion in state revenues for fiscal year 2025. This increase is primarily driven by California's suspension of net operating loss deductions and imposition of a cap on business tax credit utilization, which alone are projected to boost the state's corporate income tax revenues by $5.8 billion in fiscal year 2025.

In contrast, most other states have continued the trend of cutting taxes despite the expiration of federal relief aid and emerging budgetary challenges. Outside of California, enacted state tax changes are estimated to decrease state tax revenues by $2.2 billion in fiscal year 2025. This includes some one-time measures, with an estimated impact of $0.6 billion decline in overall state tax revenues in fiscal year 2025. In comparison, legislated tax actions were estimated to decrease state revenues by $13.3 billion in fiscal year 2024 and by $16.2 billion in fiscal year 2023.

Tennessee and Kansas enacted the most substantial tax cuts in terms of total revenue, with estimated net losses of $607 million and $484 million, respectively. Conversely, California and Illinois enacted the most substantial tax increases, with estimated net gains of $6.2 billion and $1.1 billion, respectively.

For fiscal year 2025, 19 states enacted **personal income tax** cuts, and four states enacted increases. The combined impact of these legislated tax changes is projected to result in an estimated net decrease of personal income tax revenues by approximately $2.0 billion. Kansas is projected to see the most significant revenue decline. In June 2024, the Governor of Kansas approved a bill that introduced several major tax reforms. Key provisions included the exemption of Social Security income from state individual income tax, increases in the standard deduction and personal exemption amounts, and reductions in income tax rates, among other measures.[14] Collectively, these changes are projected to reduce Kansas's personal income tax revenues by approximately $444 million in fiscal year 2025.

Several states, including Arkansas, Georgia, and Iowa, enacted income tax rate cuts that are expected to reduce personal income tax revenue collections in fiscal year 2025. In April 2024, Georgia Governor Brian Kemp signed House Bill 1015 into law, lowering the state's flat personal income tax rate from 5.49 percent to 5.39 percent.[15] This reduction is projected to decrease Georgia's personal income tax revenues by approximately $361 million in fiscal year 2025. In May 2024, Iowa Governor Reynolds signed legislation that replaced the state's progressive income tax system, which had a top rate of 5.7 percent, with a flat individual income tax rate of 3.8 percent.[16] Effective for tax years starting on or after January 1, 2025, this reform is estimated to reduce personal income tax revenues by approximately $335 million in fiscal year 2025. In April 2023, Arkansas officials enacted legislation reducing the state's top personal income tax rate from 4.9 percent to 4.7 percent. Subsequently, further tax cuts were approved in June 2024, lowering the top rate to 3.9 percent, effective January 1, 2024.[17] Collectively, these measures are projected to reduce the state's personal income tax revenues by approximately $313 million in fiscal year 2025.

Thirteen states enacted **corporate income tax** cuts, and four states enacted increases. The combined impact of these legislated tax changes is projected to result in an estimated net increase of corporate income tax revenues by approximately $6.6 billion. The most significant projected net corporate income tax revenue growth due to legislated actions are in California, Illinois, and New Jersey. In June 2024, California officials enacted temporary measures to address budgetary challenges, projected to significantly increase corporate income tax revenues. Key provisions include the suspension of net operating loss (NOL) deductions for tax years 2024, 2025, and 2026, prohibiting businesses with taxable income over $1 million from utilizing NOLs. Additionally, businesses are restricted from using tax credits to reduce their tax liability by more than $5 million per year during this period.[18] These measures are estimated to boost California's corporate income tax revenues by approximately $5.8 billion in fiscal year 2025.[19] Officials in New Jersey enacted a series of legislative measures projected to increase the state's corporate income tax revenues by approximately $1 billion in fiscal year 2025. Among these measures is a 2.5 percent Corporate Transit Fee, applicable to corporations with taxable net income exceeding $10 million.[20] In June 2024, Illinois officials enacted a measure limiting the net loss deduction for corporations to $500,000 per year for tax years ending on or after December 31, 2024, and before December 31, 2027. This represents an increase from the previous cap of $100,000, which applied to tax years ending on or after December 31, 2021, and before December 31, 2024. The measure is projected to generate an estimated net gain of $526 million in corporate income tax revenues in fiscal year 2025.[21]

Fourteen states enacted **sales tax** decreases, and six states enacted increases. The net impact of these legislated tax changes was an estimated decrease in national sales tax revenues of $455 million in fiscal year 2025. The most significant projected net sales tax declines due to legislated actions and temporary measures are in Oklahoma and Florida. Oklahoma's Governor Stitt eliminated the sales tax on groceries.[22] This policy change is projected to reduce the state's sales tax revenues by an estimated $290 million in fiscal year 2025. Florida's Governor DeSantis authorized temporary measures, which includes four major tax holidays: a freedom month sales tax holiday, a 14-day "back-to-school" sales tax holiday, a one-week skilled workers sales tax holiday, and two 14-day disaster preparedness holidays.[23] These temporary sales tax measures are projected to reduce Florida's states revenues by $219 million in fiscal year 2025.

Eighteen states enacted changes affecting various **other types of taxes and fees**, resulting in an estimated overall net decrease of $223 million in state tax revenues for fiscal year 2025. These changes are projected to reduce revenues in 13 states while increasing revenues in five states. The most notable legislated changes were in Florida, where tax measures are estimated to decrease collections by $144 million, and in Illinois, where tax measures are projected to increase collections by $190 million.

Conclusion

State revenues have become increasingly volatility since the onset of the COVID-19 pandemic, complicating accurate revenue forecasting (Dadayan 2024). While states initially forecasted sustained growth for fiscal years 2023 and 2024 (Dadayan 2023a), actual collections fell short, driven by stock market fluctuations and widespread state-level income tax cuts.

State tax revenue performance in the first half of fiscal year 2025, encompassing the third and fourth quarters of 2024, revealed mixed results across revenue sources and states. Personal income tax revenue collections showed solid growth in many states, driven by robust stock market performance, which led to increased nonwithholding revenues.

However, sales tax revenues remained sluggish, largely due to shifting consumer spending toward untaxed services. Corporate income tax revenue collections saw widespread declines, with the national average dropping sharply, underscoring ongoing challenges and volatility in this revenue stream. The overall nominal growth in state revenues during this period was modest and failed to meet expectations, particularly in the fourth quarter, which typically benefits from holiday shopping.

Recent tax cuts enacted between 2021 and 2024 played a significant role in shaping state tax revenue performance. Twenty-four states implemented personal income tax cuts, many of which disproportionately benefited higher-income taxpayers, creating more regressive tax structures. States like Arizona, Georgia, Idaho, Iowa, and Louisiana transitioned to flat tax systems, reducing progressivity. In some cases, like Iowa, tax restructuring temporarily increased rates for certain lower-class taxpayers, highlighting the uneven impact of these measures. While these reforms aimed to provide tax relief and stimulate economic growth, they have also contributed to slower revenue growth and raised questions about fairness or equity.

Looking ahead, states face a cloud of uncertainty stemming from the expiration of key provisions in the federal TCJA in 2025. This potential policy shift could have significant implications for state budgets, particularly as they navigate evolving economic conditions and revenue challenges. Additionally, the transition to a new federal administration adds another layer of unpredictability, as potential changes in fiscal policy may reshape the economic landscape for states.

In this environment, states must balance the need for competitive tax policies with the imperative to maintain fiscal health and equity. Policymakers will need to carefully assess the long-term effects of recent tax cuts while preparing for potential federal policy changes that could further strain state tax revenues. Sustaining critical public services and ensuring revenue stability will require thoughtful, forward-looking strategies that account for both immediate fiscal needs and future uncertainties.

Appendix: Additional Tables

TABLE A.1

Quarterly State Government Tax Revenue by Major Tax

	Nominal YOY Percentage Change					Inflation	Real YOY Percentage Change				
Year/quarter	PIT	CIT	Sales	MFT	Total	rate	PIT	CIT	Sales	MFT	Total
Average growth, Calendar YTD 2024	*7.8*	*5.1*	*0.9*	*3.2*	*5.4*	*2.4*	*5.2*	*2.6*	*(1.5)*	*0.8*	*2.9*
2024 Q3	9.0	1.9	0.5	0.9	5.2	2.2	6.6	(0.3)	(1.7)	(1.3)	2.9
2024 Q2	12.8	9.6	1.3	1.9	7.9	2.6	9.9	6.9	(1.2)	(0.6)	5.2
2024 Q1	1.5	3.7	0.8	6.9	3.1	2.4	(0.9)	1.3	(1.6)	4.4	0.7
2023 Q4	9.0	9.4	1.2	6.6	4.4	2.6	6.2	6.7	(1.3)	3.9	1.8
2023 Q3	(2.6)	(1.2)	1.4	10.6	(1.0)	3.1	(5.6)	(4.2)	(1.7)	7.3	(4.0)
2023 Q2	(27.5)	(10.5)	2.1	7.2	(12.5)	3.4	(29.9)	(13.5)	(1.3)	3.7	(15.4)
2023 Q1	(21.8)	(23.1)	6.6	0.8	(6.7)	5.3	(25.8)	(27.0)	1.3	(4.3)	(11.4)
2022 Q4	(13.1)	(9.7)	7.0	(3.1)	(0.3)	6.5	(18.4)	(15.2)	0.4	(9.0)	(6.4)
2022 Q3	(0.7)	28.9	11.5	(3.4)	7.2	7.3	(7.4)	20.1	3.9	(10.0)	(0.1)
2022 Q2	13.5	42.6	9.4	(1.2)	15.2	7.8	5.4	32.3	1.6	(8.3)	6.9
2022 Q1	24.2	166.9	18.0	10.0	24.3	7.0	16.1	149.4	10.3	2.8	16.1
2021 Q4	28.4	121.4	18.6	8.1	24.2	6.2	21.0	108.5	11.7	1.8	17.0
2021 Q3	(16.6)	(3.0)	12.4	7.7	(0.5)	5.1	(20.6)	(7.7)	7.0	2.5	(5.3)
2021 Q2	75.5	163.0	40.2	27.6	59.1	4.4	68.1	151.9	34.3	22.2	52.3
2021 Q1	18.0	31.2	3.0	(7.3)	9.4	2.5	15.1	28.0	0.5	(9.6)	6.7
2020 Q4	8.9	24.3	3.4	(7.6)	6.1	1.7	7.1	22.3	1.7	(9.2)	4.4
2020 Q3	43.9	61.8	2.8	(4.2)	19.3	1.3	42.0	59.7	1.5	(5.4)	17.7
2020 Q2	(32.9)	(44.3)	(13.4)	(17.9)	(24.8)	0.8	(33.4)	(44.7)	(14.0)	(18.5)	(25.4)
2020 Q1	5.0	(0.8)	3.9	5.2	4.0	1.6	3.3	(2.3)	2.2	3.5	2.4
2019 Q4	6.2	18.7	5.6	8.3	5.6	1.5	4.6	17.0	4.0	6.7	4.0
2019 Q3	4.3	12.7	7.1	6.0	5.6	1.6	2.7	10.9	5.4	4.4	3.9
2019 Q2	18.8	20.9	2.3	3.2	10.4	1.7	16.9	18.9	0.6	1.5	8.6
2019 Q1	(2.4)	40.8	5.5	1.8	2.7	1.9	(4.2)	38.2	3.6	(0.0)	0.8
2018 Q4	(9.2)	12.9	4.4	6.0	(0.1)	2.2	(11.2)	10.5	2.1	3.8	(2.3)
2018 Q3	7.9	26.7	6.2	8.8	8.3	2.4	5.3	23.7	3.7	6.3	5.8
2018 Q2	10.6	17.3	5.3	8.9	9.0	2.5	7.9	14.4	2.7	6.2	6.4
2018 Q1	15.3	(6.7)	5.0	10.9	8.8	2.1	13.0	(8.5)	2.9	8.7	6.6
2017 Q4	14.9	10.4	4.5	9.7	9.3	1.9	12.7	8.3	2.5	7.6	7.2
2017 Q3	4.6	6.5	3.1	2.0	3.9	1.8	2.7	4.6	1.3	0.1	2.1
2017 Q2	(0.0)	11.7	3.2	5.2	2.5	1.6	(1.6)	10.0	1.6	3.6	0.9
2017 Q1	8.9	(28.0)	2.3	0.9	3.5	2.0	6.7	(29.4)	0.4	(1.0)	1.5
2016 Q4	0.3	(3.3)	1.7	1.2	1.2	1.4	(1.1)	(4.6)	0.3	(0.2)	(0.2)
2016 Q3	2.4	(9.1)	2.7	1.4	1.3	0.9	1.6	(9.8)	1.8	0.5	0.4
2016 Q2	(2.8)	(9.3)	1.2	0.3	(1.6)	0.8	(3.6)	(10.0)	0.3	(0.5)	(2.4)
2016 Q1	1.7	(6.0)	1.9	2.9	1.4	0.8	0.9	(6.7)	1.1	2.1	0.7
2015 Q4	5.1	(9.7)	2.7	3.5	2.3	0.8	4.3	(10.3)	1.9	2.7	1.6
2015 Q3	6.5	0.4	3.5	5.0	4.1	0.8	5.6	(0.4)	2.7	4.1	3.3
2015 Q2	14.0	5.6	3.6	2.5	7.0	1.0	12.9	4.5	2.6	1.5	6.0
2015 Q1	6.9	3.5	5.8	4.3	5.5	0.9	5.9	2.5	4.8	3.3	4.5
2014 Q4	8.4	10.0	6.5	2.4	5.7	1.4	6.9	8.5	5.1	1.0	4.2
2014 Q3	4.4	7.3	6.6	0.6	4.3	1.9	2.5	5.3	4.6	(1.2)	2.4
2014 Q2	(6.7)	(0.3)	4.6	4.0	(1.0)	2.0	(8.5)	(2.2)	2.6	2.0	(2.9)
2014 Q1	(1.3)	7.9	3.0	2.8	0.5	1.7	(2.9)	6.0	1.2	1.1	(1.2)

Source: Bureau of Economic Analysis (GDP) and US Census Bureau (tax revenue), analysis by the author.

Notes: CIT = corporate income tax; MFT = motor fuel tax; PIT = personal income tax; YOY = year-over-year; YTD = year to date.

TABLE A.2

Quarterly State Government Tax Revenue, by State

Nominal percentage change, 2024 Q3 versus 2023 Q3

State/region	PIT	CIT	Sales	MFT	Total
US (median)	**5.5**	**(0.2)**	**1.9**	**1.3**	**3.1**
US (average)	**9.0**	**1.9**	**0.5**	**0.9**	**5.2**
New England	**10.0**	**1.4**	**5.4**	**(0.1)**	**6.0**
Connecticut	5.2	12.2	5.5	(10.0)	4.6
Maine	22.1	12.9	1.9	7.0	10.7
Massachusetts	9.4	(4.0)	6.7	0.5	6.0
New Hampshire	1.0	(15.3)	NA	2.3	(6.1)
Rhode Island	17.4	8.4	4.4	4.3	7.6
Vermont	8.2	58.4	2.1	2.8	10.5
Mideast	**7.1**	**(4.8)**	**1.9**	**(3.1)**	**3.6**
Delaware	4.0	25.5	NA	(0.3)	6.9
Maryland	3.4	9.3	0.3	7.2	3.0
New Jersey	5.9	4.6	2.3	1.6	3.2
New York	10.7	(7.8)	1.9	(4.1)	4.6
Pennsylvania	(0.1)	(8.5)	2.0	(5.7)	1.4
Great Lakes	**7.4**	**(10.3)**	**(1.3)**	**(1.2)**	**1.3**
Illinois	11.0	(15.7)	(1.5)	5.5	2.5
Indiana	(0.2)	(24.3)	2.0	2.3	0.1
Michigan	18.9	(3.5)	(0.5)	(19.9)	0.6
Ohio	(4.2)	NA	(5.3)	(0.4)	(0.6)
Wisconsin	6.7	2.8	2.1	2.0	4.1
Plains	**13.3**	**(0.3)**	**1.3**	**2.8**	**8.0**
Iowa	(1.2)	5.1	2.2	0.5	11.3
Kansas	10.2	(15.1)	(2.1)	1.6	0.1
Minnesota	45.9	(6.6)	3.9	2.1	20.7
Missouri	(7.1)	(2.5)	(1.5)	8.0	(1.0)
Nebraska	(33.0)	59.6	3.5	0.3	(6.3)
North Dakota	(26.8)	(6.6)	7.0	(1.2)	0.2
South Dakota	NA	(45.0)	(4.2)	0.2	(2.7)
Southeast	**4.4**	**5.1**	**0.2**	**3.1**	**3.5**
Alabama	7.0	3.2	(3.2)	3.2	3.7
Arkansas	(1.5)	(19.9)	1.6	1.3	(0.5)
Florida	NA	10.5	(1.8)	3.7	0.3
Georgia	(1.8)	(2.1)	3.6	4.6	2.0
Kentucky	(17.5)	73.5	1.3	(2.0)	2.2
Louisiana	20.0	47.9	(5.5)	4.1	8.2
Mississippi	0.7	(39.5)	0.9	(2.2)	(2.0)
North Carolina	2.7	17.3	(1.0)	(0.9)	2.0
South Carolina	12.3	24.2	2.3	(0.5)	12.8
Tennessee	NA	(7.8)	4.0	0.9	7.4
Virginia	15.1	(21.2)	2.0	13.2	9.2
West Virginia	(12.2)	(36.4)	2.3	5.9	(8.3)
Southwest	**10.5**	**(5.0)**	**0.2**	**0.1**	**2.3**
Arizona	9.6	3.3	2.6	1.3	4.5
New Mexico	13.7	1.0	1.1	1.3	5.6
Oklahoma	9.7	(26.7)	(0.9)	2.6	2.3
Texas	NA	NA	(0.4)	(0.6)	1.2
Rocky Mountain	**2.1**	**1.7**	**2.2**	**6.3**	**3.0**
Colorado	0.6	(0.5)	1.5	(9.9)	0.2
Idaho	7.6	19.0	4.0	7.3	8.0
Montana	2.1	(3.6)	NA	1.0	4.6
Utah	3.0	(0.2)	2.1	37.0	5.2
Wyoming	NA	NA	(0.3)	(2.5)	0.6
Far West	**14.5**	**24.0**	**0.1**	**0.6**	**11.8**
Alaska	NA	31.6	NA	(2.0)	14.8
California	18.1	27.4	(0.6)	3.9	14.7
Hawaii	8.4	6.0	3.2	49.2	24.2
Nevada	NA	NA	(1.5)	(95.1)	0.2
Oregon	(9.1)	(4.4)	NA	(12.3)	(5.1)
Washington	NA	NA	0.8	(6.2)	4.6

Source: US Census Bureau (tax revenue), analysis by the author.
Notes: PIT = personal income tax; CIT = corporate income tax; MFT = motor fuel tax; NA = not applicable.

TABLE A.3

State Government Tax Revenue Trends in Calendar Year to Date 2024

Nominal percentage change, calendar YTD 2024 versus calendar YTD 2023

State/region	PIT	CIT	Sales	MFT	Total
US (median)	**2.4**	**(2.1)**	**1.6**	**1.6**	**1.8**
US (average)	**8.0**	**6.1**	**0.9**	**3.1**	**5.6**
New England	**10.7**	**(1.8)**	**3.5**	**7.8**	**6.0**
Connecticut	7.7	3.3	5.4	28.0	5.4
Maine	1.0	2.2	3.2	2.9	2.6
Massachusetts	14.0	(5.4)	2.3	0.7	7.0
New Hampshire	17.5	(10.7)	NA	(1.9)	0.1
Rhode Island	0.8	35.4	4.9	8.6	8.7
Vermont	9.2	(4.4)	1.5	0.1	7.0
Mideast	**6.1**	**(4.2)**	**1.9**	**(1.9)**	**3.1**
Delaware	6.6	3.5	NA	0.4	1.5
Maryland	2.1	10.8	(2.3)	5.6	3.5
New Jersey	6.0	(8.6)	2.6	1.6	1.9
New York	8.9	(2.1)	2.4	(2.1)	4.9
Pennsylvania	0.8	(15.2)	2.4	(4.7)	0.4
Great Lakes	**2.0**	**(14.5)**	**(0.3)**	**1.6**	**0.6**
Illinois	9.5	(22.8)	0.6	6.2	1.5
Indiana	3.5	(28.4)	0.5	2.3	0.5
Michigan	(4.1)	2.6	0.1	(4.7)	(0.6)
Ohio	(13.5)	NA	(3.0)	(0.0)	(1.6)
Wisconsin	4.7	3.6	1.9	1.6	3.1
Plains	**(0.7)**	**13.6**	**1.9**	**1.9**	**2.9**
Iowa	(13.3)	53.9	2.9	(0.7)	2.6
Kansas	5.3	(19.1)	(3.6)	(0.6)	(1.2)
Minnesota	10.4	2.1	2.7	1.6	6.8
Missouri	(0.3)	(3.9)	3.1	5.2	1.8
Nebraska	(42.6)	130.8	6.1	2.0	(2.5)
North Dakota	(33.2)	(17.7)	2.6	0.7	0.7
South Dakota	NA	32.3	(1.8)	2.7	0.6
Southeast	**1.7**	**(1.0)**	**0.5**	**5.1**	**2.1**
Alabama	2.6	15.6	(2.8)	3.8	3.2
Arkansas	4.3	(20.8)	1.0	2.3	(0.0)
Florida	NA	9.0	(1.4)	3.4	0.4
Georgia	(5.2)	(4.7)	0.9	21.8	(1.0)
Kentucky	(8.1)	30.9	2.0	8.0	1.8
Louisiana	7.2	(17.5)	1.6	(0.1)	2.6
Mississippi	(3.3)	(25.3)	2.8	(1.4)	(0.5)
North Carolina	(2.0)	(1.0)	1.5	3.2	0.6
South Carolina	27.8	14.5	2.6	(0.8)	21.2
Tennessee	NA	(5.7)	2.6	0.4	3.5
Virginia	9.7	(21.2)	0.5	5.1	5.5
West Virginia	(23.6)	(7.2)	2.9	3.9	(12.1)
Southwest	**11.1**	**(3.5)**	**0.9**	**0.8**	**1.7**
Arizona	21.7	1.7	2.0	1.6	6.0
New Mexico	2.0	73.7	1.3	0.1	0.6
Oklahoma	6.8	(48.6)	(0.5)	1.0	(2.0)
Texas	NA	NA	0.7	0.6	1.4
Rocky Mountain	**1.2**	**(4.1)**	**1.9**	**4.3**	**0.9**
Colorado	5.9	(5.4)	1.3	(2.4)	2.1
Idaho	1.3	(2.8)	3.3	(0.7)	1.9
Montana	(3.3)	(2.1)	NA	3.3	3.0
Utah	(4.9)	(2.3)	2.1	16.7	(0.1)
Wyoming	NA	NA	0.1	(1.8)	(9.9)
Far West	**21.4**	**42.9**	**0.5**	**4.9**	**17.9**
Alaska	NA	40.6	NA	(10.9)	(18.2)
California	32.4	45.5	0.2	6.0	26.9
Hawaii	(1.4)	63.0	1.3	10.6	8.5
Nevada	NA	NA	2.5	(6.5)	4.5
Oregon	(42.2)	(2.6)	NA	(3.5)	(27.4)
Washington	NA	NA	0.4	6.0	1.8

Source: US Census Bureau (tax revenue), analysis by the author.
Notes: PIT = personal income tax; CIT = corporate income tax; MFT = motor fuel tax; NA = not applicable, YTD= year to date.

TABLE A4

State Personal Income Tax Withholding

Year-over-year nominal percentage change

	Tax Year 2023				Tax Year 2024		
State/Region	**2023 Q1**	**2023 Q2**	**2023 Q3**	**2023 Q4**	**2024 Q1**	**2024 Q2**	**2024 Q3**
US (median)	**2.4**	**4.5**	**3.3**	**3.6**	**4.2**	**5.4**	**5.1**
US (average)	**0.3**	**3.8**	**3.4**	**3.1**	**5.4**	**5.5**	**5.9**
New England	**4.1**	**7.1**	**7.3**	**4.8**	**5.4**	**6.6**	**7.3**
Connecticut	6.4	7.0	10.4	2.6	(0.3)	2.8	9.7
Maine	15.1	3.8	7.2	5.9	(5.5)	8.2	6.0
Massachusetts	1.5	8.0	7.0	5.8	10.2	8.3	6.3
Rhode Island	2.4	3.6	1.9	3.8	4.6	6.2	11.1
Vermont	6.5	5.3	(2.4)	4.0	3.2	5.4	3.3
Mideast	**(1.6)**	**5.3**	**3.5**	**3.4**	**5.9**	**6.9**	**7.1**
Delaware	4.2	8.4	8.3	0.7	8.6	9.9	2.7
Maryland	2.0	9.9	4.8	2.5	4.2	8.1	8.7
New Jersey	2.4	2.9	6.3	4.8	6.0	7.0	5.8
New York	(4.9)	4.2	1.7	3.2	6.6	6.8	8.4
Pennsylvania	5.0	4.6	5.0	4.2	4.1	4.4	2.4
Great Lakes	**0.1**	**5.1**	**10.0**	**6.2**	**3.8**	**5.7**	**3.1**
Illinois	(6.4)	1.5	16.8	9.6	7.1	14.0	8.7
Indiana	4.9	8.7	16.8	16.1	7.4	(0.6)	(14.3)
Michigan	3.5	5.4	(0.1)	(0.1)	2.9	5.1	11.5
Ohio	11.4	6.2	5.5	(1.1)	(7.5)	(1.5)	(2.2)
Wisconsin	(3.2)	7.8	4.8	5.3	6.6	2.5	5.9
Plains	**0.4**	**2.7**	**2.2**	**(0.6)**	**4.4**	**3.8**	**3.6**
Iowa	(5.7)	(13.0)	(6.2)	(12.3)	(2.6)	2.1	0.7
Kansas	3.9	9.3	9.0	5.5	8.8	9.2	6.3
Minnesota	3.3	6.0	3.3	4.1	6.3	5.1	8.7
Missouri	(2.5)	0.8	0.2	(4.5)	5.5	3.0	(1.1)
Nebraska	2.2	7.0	6.6	3.5	1.2	2.3	(2.0)
North Dakota	(7.1)	20.9	2.4	(26.3)	(18.2)	(25.9)	(17.4)
Southeast	**2.3**	**1.2**	**0.6**	**0.8**	**1.1**	**3.4**	**2.5**
Alabama	6.6	6.9	8.4	6.6	3.2	5.1	(0.3)
Arkansas	(8.3)	(1.3)	(0.8)	(1.0)	1.1	1.3	(1.1)
Georgia	7.1	4.7	4.8	4.4	(4.3)	(1.5)	(3.8)
Kentucky	(1.0)	(6.7)	(0.8)	(7.2)	(7.4)	(10.5)	(10.9)
Louisiana	2.1	4.5	(2.3)	12.9	(3.5)	9.5	23.3
Mississippi	1.2	(2.2)	(2.8)	(3.4)	(0.5)	4.1	0.6
North Carolina	0.7	2.4	2.8	(0.6)	6.7	5.5	3.1
South Carolina	(3.0)	(8.9)	(8.3)	(8.0)	3.0	6.4	9.0
Virginia	2.6	2.8	0.4	3.6	6.3	8.5	6.8
West Virginia	9.5	(0.1)	(13.4)	(13.2)	(13.2)	(2.0)	3.8
Southwest	**(1.2)**	**(5.3)**	**(5.8)**	**(3.1)**	**3.7**	**6.1**	**7.8**
Arizona	(9.6)	(16.9)	(15.5)	(12.6)	0.4	5.6	7.7
New Mexico	11.0	4.4	2.3	9.5	8.2	7.3	ND
Oklahoma	6.6	9.2	5.2	4.9	5.8	6.1	7.9
Rocky Mountain	**2.2**	**3.9**	**4.4**	**3.7**	**3.6**	**5.3**	**3.4**
Colorado	2.9	3.6	3.2	2.8	4.9	6.5	4.9
Idaho	(0.6)	2.4	13.3	9.4	14.6	14.7	5.3
Montana	5.7	5.3	5.0	10.6	(11.3)	(13.5)	(12.7)
Utah	1.0	4.5	3.1	1.3	1.6	5.3	4.7
Far West	**0.1**	**3.7**	**1.5**	**3.5**	**9.7**	**5.5**	**9.5**
California	(0.3)	3.5	0.8	3.3	10.2	5.1	10.1
Hawaii	6.0	7.1	9.7	6.3	7.4	9.3	4.8
Oregon	2.6	4.1	4.5	5.1	5.9	8.1	6.1

Source: Individual state data, analysis by the author.

TABLE A.5

State Personal Income Tax Estimated Payments and Declarations

Year-over-year nominal percentage change

	Tax year 2023		Tax year 2024	
State	September 2023, 3rd payment	April-September 2023, first 3 payments	September 2024, 3rd payment	April-September 2024, first 3 payments
Median	**(24.7)**	**(28.6)**	**7.7**	**8.0**
Average	**(29.3)**	**(40.1)**	**28.4**	**27.3**
Alabama	(32.2)	(32.3)	4.6	11.0
Arizona	(40.7)	(47.3)	2.4	2.5
Arkansas	(49.3)	(51.6)	10.6	1.7
California	(55.8)	(64.4)	135.6	151.0
Colorado	(37.2)	(49.6)	(103.0)	(23.0)
Connecticut	(25.2)	(27.9)	31.5	30.6
Delaware	(6.2)	(9.9)	(88.7)	(21.0)
Georgia	(36.9)	(33.3)	12.0	21.5
Hawaii	(32.1)	(26.0)	19.1	(5.8)
Illinois	(16.8)	(22.8)	13.5	16.7
Indiana	(2.1)	(32.1)	14.1	9.3
Iowa	(53.7)	(33.3)	(82.9)	(100.6)
Kansas	(37.8)	(39.0)	13.7	11.1
Kentucky	(35.8)	(36.3)	(22.0)	(26.4)
Louisiana	(18.0)	(17.6)	(9.5)	(7.3)
Maine	(11.3)	(13.5)	2.1	9.8
Maryland	(11.3)	(5.8)	(7.0)	(1.7)
Massachusetts	(6.0)	(14.5)	30.2	29.9
Michigan	(22.6)	(24.0)	14.9	11.2
Minnesota	(17.9)	(35.3)	7.7	6.7
Mississippi	(24.2)	(33.6)	10.0	3.0
Missouri	(39.3)	(40.2)	2.9	36.1
Montana	(18.2)	(31.2)	(14.0)	(20.1)
Nebraska	(29.4)	(26.4)	(38.4)	(43.6)
New Jersey	(22.0)	(24.5)	15.7	16.9
New York	(25.8)	(47.7)	22.3	14.0
North Carolina	(40.8)	(41.2)	53.7	28.1
North Dakota	(25.3)	(54.8)	(4.5)	(16.2)
Ohio	(4.0)	2.0	(5.9)	(2.9)
Oklahoma	(21.9)	(25.1)	7.1	4.5
Oregon	(6.2)	(16.4)	3.0	(19.5)
Pennsylvania	(21.0)	(20.4)	10.2	11.0
Rhode Island	(22.2)	(26.3)	7.7	2.7
South Carolina	(27.4)	(43.2)	13.6	51.8
Vermont	(18.7)	(23.0)	22.9	23.0
Virginia	(31.3)	(29.3)	79.4	55.7
West Virginia	(40.9)	(25.8)	(21.2)	(34.0)
Wisconsin	(6.0)	(21.7)	3.4	9.3

Source: Individual state data, analysis by the author.

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

TABLE A.6

State Personal Income Tax Final Payments

Year-over-year nominal percentage change

	Tax Year 2023				Tax Year 2024		
State/Region	**2023 Q1**	**2023 Q2**	**2023 Q3**	**2023 Q4**	**2024 Q1**	**2024 Q2**	**2024 Q3**
Median	**(6.9)**	**(33.7)**	**(6.9)**	**(16.1)**	**(3.9)**	**(3.6)**	**0.3**
Average	**(3.4)**	**(39.3)**	**10.5**	**20.6**	**6.0**	**5.2**	**(5.7)**
Alabama	(0.7)	(36.7)	(1.7)	(4.0)	(8.9)	2.3	39.3
Arizona	(13.3)	(57.1)	(34.4)	(30.7)	(15.0)	(17.8)	(8.6)
Arkansas	(28.6)	(61.4)	(8.2)	(38.3)	(6.2)	15.9	(24.2)
California	(27.0)	(60.0)	18.6	142.9	19.3	61.9	(30.4)
Colorado	(8.8)	(42.2)	(4.6)	(12.6)	(3.0)	23.2	152.7
Connecticut	(80.2)	(45.7)	107.0	(15.6)	396.9	22.5	(5.4)
Delaware	(19.9)	(29.3)	(15.4)	177.9	(19.7)	2.3	33.6
Georgia	(0.7)	(51.4)	(21.2)	(29.0)	(13.5)	(13.2)	(1.6)
Hawaii	(17.5)	(28.0)	(12.9)	(16.1)	(5.3)	(2.9)	0.5
Idaho	(4.3)	(34.1)	(15.4)	(19.7)	(11.0)	(12.7)	8.9
Illinois	(2.9)	(44.6)	0.1	(20.9)	(4.0)	6.9	6.6
Indiana	16.9	(38.3)	(41.4)	(62.6)	(10.2)	(1.2)	59.3
Iowa	(2.0)	(18.6)	(13.8)	15.6	42.3	(6.3)	544.4
Kansas	(6.9)	(47.5)	(23.0)	(12.8)	6.9	(3.3)	14.9
Kentucky	17.4	(19.9)	1.3	(16.6)	(18.5)	(21.5)	(19.9)
Louisiana	58.7	(15.0)	(5.5)	1.4	(3.9)	(3.6)	(3.2)
Maine	7.0	(29.3)	(6.9)	(24.1)	(3.9)	(19.8)	151.8
Maryland	(12.5)	(29.6)	27.4	(20.8)	17.7	30.0	(8.5)
Massachusetts	(6.9)	(44.2)	(9.0)	(19.6)	(1.0)	52.2	(2.5)
Michigan	(6.5)	(35.7)	(7.4)	(3.4)	(15.6)	(7.8)	(38.7)
Minnesota	(34.6)	(27.5)	(15.4)	(16.1)	(9.8)	(6.3)	(0.8)
Missouri	134.7	(33.3)	4.0	(243.5)	31.7	(37.7)	(71.3)
Montana	(16.4)	(27.9)	17.1	(19.1)	(1.9)	(6.7)	(24.9)
Nebraska	(15.8)	(29.4)	6.5	356.3	119.4	(27.4)	65.2
New Jersey	(15.6)	(38.7)	(20.1)	(20.4)	(3.8)	2.8	0.2
New Mexico	(23.0)	(47.8)	(7.6)	(40.7)	16.0	70.3	ND
New York	(21.1)	(35.9)	(26.8)	(32.6)	(3.4)	1.2	2.1
North Carolina	106.6	(22.0)	79.1	54.5	(27.2)	(13.1)	(31.8)
North Dakota	37.9	63.7	(22.2)	126.0	(23.8)	(23.4)	7.1
Ohio	15.8	(14.6)	207.5	31.7	36.1	(32.7)	(59.0)
Oklahoma	9.7	(15.2)	(6.7)	(3.9)	1.7	2.9	14.2
Pennsylvania	2.6	(42.0)	13.2	(19.0)	(8.4)	(5.2)	(5.7)
Rhode Island	15.8	(25.9)	5.8	(8.5)	(25.3)	(4.4)	108.8
South Carolina	38.0	(33.7)	(16.8)	(25.3)	(11.4)	8.6	15.3
Utah	(16.1)	(50.5)	(20.7)	(9.0)	(8.1)	(9.5)	(8.8)
Vermont	(9.4)	(34.2)	(26.2)	(12.6)	(0.7)	9.1	31.1
Virginia	(36.1)	(13.5)	79.8	(41.9)	120.9	(20.5)	0.3
West Virginia	(14.9)	9.8	154.1	109.6	49.7	(43.3)	(46.8)
Wisconsin	20.5	(15.1)	(1.9)	14.1	(10.4)	1.8	20.9

Source: Individual state data, analysis by the author.

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

TABLE A.7

States with Pass-Through Entity Elective Tax and Effective Dates

State	Effective date
Alabama	Tax year 2021
Arizona	Tax year 2022
Arkansas	Tax year 2022
California	Tax year 2021
Colorado	Tax year 2022
Connecticut	Tax year 2018
Delaware	NA
Georgia	Tax year 2022
Hawaii	Tax year 2023
Idaho	Tax year 2021
Illinois	Tax year 2021
Indiana	Tax year 2022
Iowa	Tax year 2022
Kansas	Tax year 2022
Kentucky	Tax year 2022
Louisiana	Tax year 2019
Maine	NA
Maryland	Tax year 2020
Massachusetts	Tax year 2021
Michigan	Tax year 2021
Minnesota	Tax year 2021
Mississippi	Tax year 2022
Missouri	Tax year 2022
Montana	Tax year 2023
Nebraska	Tax year 2018
New Jersey	Tax year 2020
New Mexico	Tax year 2022
New York	Tax year 2021
North Carolina	Tax year 2022
North Dakota	NA
Ohio	Tax year 2022
Oklahoma	Tax year 2019
Oregon	Tax year 2022
Pennsylvania	NA
Rhode Island	Tax year 2019
South Carolina	Tax year 2021
Utah	Tax year 2022
Vermont	NA
Virginia	Tax year 2021
West Virginia	Tax year 2022
Wisconsin	Tax year 2019

Source: Individual state information, compiled by the author.

Notes: Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington, and Wyoming have no broad-based personal income tax and are not shown in this table. NA = not applicable. State names are hyperlinked to their respective pass-through entity elective tax guidelines.

TABLE A.8

Quarterly State Government Tax Revenue for Nonmajor Tax Revenue Sources

Year-over-year real percentage change, four-quarter moving averages

Year/quarter	Property tax	Tobacco product sales tax	Alcoholic beverage sales tax	Motor vehicle & operators' license taxes	Other taxes	Total nonmajor taxes
2024 Q3 collections ($ millions)	**$6,237**	**$3,939**	**$2,022**	**$9,464**	**$48,952**	**$70,614**
Average growth, calendar YTD 2024	**4.0**	**(10.3)**	**(2.1)**	**1.8**	**1.1**	**0.7**
2024 Q3	2.4	(9.9)	(2.4)	3.4	5.9	4.2
2024 Q2	6.1	(10.6)	(2.6)	1.3	1.2	0.8
2024 Q1	3.6	(10.3)	(1.1)	0.7	(3.8)	(3.0)
2023 Q4	1.7	(11.1)	(1.8)	(0.3)	(2.3)	(2.3)
2023 Q3	1.6	(11.1)	(1.5)	(1.7)	3.4	1.5
2023 Q2	0.1	(12.4)	(1.6)	(2.2)	7.2	3.7
2023 Q1	1.3	(13.6)	(3.5)	(5.0)	14.5	8.1
2022 Q4	1.7	(12.6)	(1.6)	(6.2)	10.3	5.3
2022 Q3	1.6	(12.3)	(0.8)	(7.1)	4.4	1.2
2022 Q2	0.6	(9.6)	2.5	(7.3)	7.8	3.5
2022 Q1	2.4	(5.2)	10.4	0.5	12.1	8.0
2021 Q4	2.8	(4.6)	8.7	1.3	13.2	8.9
2021 Q3	4.6	(1.3)	7.8	5.2	14.6	10.8
2021 Q2	5.8	0.9	5.3	7.7	7.8	6.9
2021 Q1	2.1	(0.7)	(5.5)	(3.1)	(5.7)	(4.2)
2020 Q4	2.8	0.7	(5.1)	(2.5)	(5.9)	(4.1)
2020 Q3	2.6	(1.1)	(3.3)	(3.4)	(6.8)	(5.0)
2020 Q2	0.3	(2.5)	(2.3)	(3.0)	(4.6)	(3.7)
2020 Q1	1.3	(3.1)	2.9	2.0	1.4	1.1
2019 Q4	0.4	(4.0)	2.9	1.3	1.6	1.0
2019 Q3	(0.2)	(6.0)	0.3	1.5	3.6	2.0
2019 Q2	5.5	(7.6)	(1.2)	0.9	4.8	2.9
2019 Q1	6.6	(5.4)	(0.5)	4.4	5.5	4.2
2018 Q4	9.1	(5.2)	(1.4)	7.2	5.4	4.7
2018 Q3	8.2	0.9	0.1	4.5	5.5	5.0
2018 Q2	3.7	5.3	1.4	4.8	3.9	4.0
2018 Q1	1.1	4.8	1.2	1.2	3.1	2.7
2017 Q4	(0.5)	6.2	3.0	(0.2)	2.9	2.5
2017 Q3	(1.2)	3.6	3.0	3.8	1.2	1.7
2017 Q2	0.5	1.9	2.3	1.6	0.4	0.8
2017 Q1	3.1	1.3	1.1	2.4	(1.3)	(0.1)
2016 Q4	2.4	1.5	0.5	2.8	(1.6)	(0.3)
2016 Q3	5.0	1.3	0.8	1.1	(2.4)	(0.9)
2016 Q2	4.2	0.7	1.7	2.6	(1.7)	(0.3)
2016 Q1	5.1	1.8	2.7	2.3	(1.3)	0.1
2015 Q4	8.8	0.2	1.6	2.9	(0.9)	0.5
2015 Q3	6.2	(0.7)	1.4	1.7	(0.3)	0.5
2015 Q2	5.3	(2.0)	1.7	1.3	(0.6)	0.1
2015 Q1	4.4	(3.9)	(0.1)	1.3	(0.3)	(0.0)
2014 Q4	0.9	(4.6)	1.6	(0.6)	(1.8)	(1.6)
2014 Q3	3.3	(3.6)	1.4	0.7	(1.6)	(1.0)
2014 Q2	5.3	0.6	0.0	1.2	(0.4)	0.3
2014 Q1	5.2	1.9	1.4	0.9	0.5	1.0

Source: US Census Bureau (tax revenue), analysis by the author.
Notes: Q= quarter, YTD = year to date.

TABLE A.9

Preliminary State Government Tax Revenues in the Fourth Quarter of 2024, by State

Nominal percentage change, 2024 Q4 versus 2023 Q4

State/region	PIT	CIT	Sales	Total
US (median)	***7.9***	***(7.3)***	***2.2***	***2.5***
US (average)	***0.5***	***(14.1)***	***1.7***	***(1.0)***
New England	**11.4**	**(3.7)**	**3.2**	**7.6**
Connecticut	8.3	11.4	2.9	6.0
Maine	9.0	(13.3)	2.7	5.2
Massachusetts	13.4	(6.5)	3.8	10.5
New Hampshire	(37.7)	(15.5)	NA	(8.6)
Rhode Island	6.3	(16.9)	3.0	2.5
Vermont	14.8	(16.4)	(0.1)	11.3
Mideast	**10.6**	**8.2**	**2.6**	**5.6**
Delaware	ND	ND	ND	ND
Maryland	ND	ND	ND	ND
New Jersey	8.3	(25.3)	3.8	1.0
New York	13.8	21.2	1.9	10.0
Pennsylvania	3.6	(21.3)	2.5	0.7
Great Lakes	**8.6**	**(9.7)**	**2.1**	**4.1**
Illinois	7.5	(12.0)	1.8	3.8
Indiana	9.0	(36.6)	1.7	3.4
Michigan	ND	ND	ND	ND
Ohio	9.6	NA	2.2	4.0
Wisconsin	9.8	4.7	3.1	5.5
Plains	**12.0**	**(21.2)**	**1.0**	**(1.5)**
Iowa	14.2	(73.5)	5.2	(11.7)
Kansas	11.2	3.9	(3.6)	3.9
Minnesota	10.8	16.3	0.2	6.9
Missouri	48.6	(14.1)	1.9	2.9
Nebraska	(41.5)	(44.1)	(0.2)	(30.0)
North Dakota	25.9	2.9	5.2	(11.0)
South Dakota	NA	334.1	0.6	3.4
Southeast	**2.8**	**(13.9)**	**3.6**	**2.7**
Alabama	(0.2)	(3.3)	4.3	2.0
Arkansas	6.7	(40.8)	2.4	(3.2)
Florida	NA	ND	ND	ND
Georgia	(2.9)	(11.8)	2.5	3.3
Kentucky	(8.8)	79.3	(0.3)	1.4
Louisiana	3.3	(11.6)	0.3	(5.6)
Mississippi	4.1	(87.3)	3.7	(4.4)
North Carolina	8.9	(0.8)	6.0	9.4
South Carolina	11.2	50.3	5.3	10.6
Tennessee	NA	(43.2)	5.7	(1.5)
Virginia	4.3	(10.7)	2.5	3.7
West Virginia	(3.5)	5.8	2.1	1.5
Southwest	**12.9**	**21.5**	**0.8**	**1.2**
Arizona	17.0	20.2	3.0	9.2
New Mexico	ND	ND	ND	ND
Oklahoma	7.4	30.2	(13.3)	(2.0)
Texas	NA	NA	1.5	(0.0)
Rocky Mountain	**4.4**	**(3.1)**	**1.0**	**1.8**
Colorado	6.5	(5.1)	1.2	3.5
Idaho	14.0	25.2	3.3	4.5
Montana	(14.4)	(7.6)	NA	(9.5)
Utah	6.7	(26.3)	(1.4)	2.1
Wyoming	NA	NA	ND	ND
Far West	**(14.5)**	**(28.9)**	**(0.4)**	**(11.4)**
Alaska	NA	(1.3)	NA	(15.4)
California	(15.7)	(30.1)	(0.2)	(13.8)
Hawaii	12.8	39.8	(3.5)	5.3
Nevada	NA	NA	ND	ND
Oregon	(7.5)	(7.0)	NA	(9.3)
Washington	NA	NA	(0.1)	2.1

Source: Individual state data, analysis by the author.
Notes: PIT = personal income tax; CIT = corporate income tax; NA = not applicable, ND = no data.

Notes

[1] In this report, all the references to inflation-adjusted (or real) revenues and growth rates are based on the adjustments using the GDP price index and relative to the third quarter of 2024.

[2] The author made several adjustments for the third quarter of 2024 and to several previous quarters of tax revenue data reported by the US Census Bureau based on information and data received directly from the states and from the Census Bureau.

[3] In this report, the author uses US Bureau of Economic Analysis regions as the basis of analysis.

[4] Oregon Department of Revenue, "Oregon "Kicker" Tax Credit," accessed January 15, 2025, https://www.oregon.gov/dor/programs/individuals/pages/kicker.aspx

[5] The fiscal year in 46 states runs from July 1 to June 30. The fiscal year runs from October 1 to September 31 in Alabama and Michigan, from April 1 to March 31 in New York, and from September 1 to August 31 in Texas.

[6] Income tax returns are usually due on April 15 in 35 of 41 states that have a broad-based personal income tax. The remaining six states have income tax return due dates later than April 15. Those states are Arkansas (May 15), Delaware (April 30), Hawaii (April 20), Iowa (April 30), Louisiana (May 15), and Virginia (May 1).

[7] "Table 6.16D. Corporate Profits by Industry," US Bureau of Economic Analysis, accessed January 15, 2025, https://apps.bea.gov/iTable/?reqid=19&step=3&isuri=1&1921=survey&1903=239.

[8] The Conference Board, "US Consumer Confidence Pulled Back in December," December 24, 2024, https://www.conference-board.org/topics/consumer-confidence/press/CCI-dec-2024.

[9] See "What Happens When States Ditch Income Tax for Sales Tax?" National Conference of State Legislatures, February 14, 2023, https://www.ncsl.org/state-legislatures-news/details/what-happens-when-states-ditch-income-tax-for-sales-tax.

[10] National Conference of State Legislatures, "Variable Rate Gas Taxes," July 14, 2021, https://www.ncsl.org/research/transportation/variable-rate-gas-taxes.aspx.

[11] See "National Housing Survey," Fannie Mae, January 7, 2025, https://www.fanniemae.com/research-and-insights/surveys-indices/national-housing-survey.

[12] For state-by-state analysis on the impact of the pandemic-related changes on state budgets, visit "How the COVID-19 Pandemic is Transforming State Budgets," Urban Institute, https://www.urban.org/policy-centers/cross-center-initiatives/state-and-local-finance-initiative/projects/state-fiscal-pages-covid-edition.

[13] Author's analysis of data from National Association of State Budget Officers (2024), table A-1.

[14] Kansas Department of Revenue, "Changes to Individual Income Tax Rates, Social Security Subtraction Modification, Standard Deduction and Personal Exemption." July 1, 2024, https://www.ksrevenue.gov/taxnotices/notice24-08.pdf.

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