

RESEARCH REPORT

# State Revenues Dropped in Calendar Year 2023

State Tax and Economic Review, 2023 Quarter 4

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# Contents

<b>Acknowledgments</b>	<b>iv</b>
<b>Get Real-Time Data</b>	<b>v</b>
<b>Executive Summary</b>	<b>vi</b>
<b>Trends in State and Local Revenues</b>	<b>8</b>
State Tax Revenues in the Fourth Quarter of 2023	11
Personal Income Taxes	13
Withholding	14
Estimated Payments	16
Final Payments	18
Refunds	18
Actual versus Forecasted Personal Income Tax Revenues	19
Corporate Income Taxes	20
General Sales Taxes	21
Motor Fuel Taxes	22
Other Taxes	23
Preliminary Review of State Tax Revenues in the First Quarter of 2024	24
<b>Factors Driving State Tax Revenues</b>	<b>25</b>
Economic Indicators	25
State Gross Domestic Product	25
State Unemployment and Employment	27
Housing Market	29
Personal Consumption Expenditures	32
Tax Law Changes Affecting the Fourth Quarter of 2024	33
<b>Conclusion</b>	<b>36</b>
<b>Appendix: Additional Tables</b>	<b>37</b>
<b>Notes</b>	<b>49</b>
<b>References</b>	<b>51</b>
<b>About the Author</b>	<b>52</b>
<b>Statement of Independence</b>	<b>53</b>

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# Get Real-Time Data

The *State Tax and Economic Review* is the preeminent source of data and analysis on state tax collections. The Urban Institute's State and Local Finance Initiative regularly collects data and information from all 50 states, uses this information to adjust national and state data from the US Census Bureau, then provides the most timely, accurate, and in-depth look at how states are faring.

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## [Monthly State Government Tax Revenue Data](#)

Data from all states from 2010 to present on revenue from the individual income tax, corporate income tax, general sales tax, and total taxes.

## [Monthly State Government Personal Income Tax Data](#)

Data from 41 states with broad-based income taxes from 2010 to present for the following components of personal income taxes: withholding, estimated payments, final payments, refunds, and total net personal income taxes.

## [Quarterly State Government Tax Revenue Data](#)

Data from all states from 2010 to present on tax revenue from the individual income tax, corporate income tax, general sales tax, and motor fuel tax.

## [Annual State Government Tax Revenue Collections versus Official Forecasts](#)

Data from nearly all states from fiscal year 2015 onward for actual revenue collections and revenue forecasts for the individual income tax, corporate income tax, and general sales tax.

## [Annual State and Local Government Gambling Revenue Data](#)

Data from all states for fiscal year 2000 onward for revenues collected on various types of gambling, including lottery, pari-mutuels, casinos and racinos, and video games.

## [Monthly State Government Marijuana Tax Revenue Data](#)

Data from all states that tax sales of recreational marijuana from inception of the tax to present.

# Executive Summary

- **State and local government tax revenues** from major sources—personal income, corporate income, sales, and property taxes—increased 4.5 percent in nominal terms and 1.8 percent in real terms in the fourth quarter of 2023 compared with the same quarter in 2022.<sup>1</sup>
- **State government tax revenues** from major sources increased 5.4 percent in nominal terms and 2.7 percent in real terms in the fourth quarter of 2023 compared with the same quarter in 2022. This increase marks a turnaround after four consecutive quarters of declines in nominal revenue. For calendar year 2023, state government tax revenues from major sources fell by 6.3 percent in nominal terms and 9.6 percent in real terms compared to the calendar year 2022.
  - » **State personal income tax revenues** increased 8.6 percent in nominal terms and 5.9 percent in real terms in the fourth quarter of 2023 compared with the fourth quarter of 2022. However, this robust national growth was primarily driven by California's collections, where personal income tax revenues surged largely due to the postponement of the income tax due date from April 2023 to November 2023. In fact, over the calendar year 2023, state personal income tax revenues experienced a notable year-over-year decrease of 16.4 percent in real terms.
  - » **State corporate income tax revenues** increased 9.5 percent in nominal terms and 6.7 percent in real terms in the fourth quarter of 2023 compared with the same quarter in 2022. As with personal income tax revenue, this strong growth was primarily fueled by the delayed income tax due date in California. Similarly, over the calendar year 2023, state corporate income tax revenues experienced a year-over-year decrease of 11.2 percent in real terms.
  - » **State sales tax revenues** increased 1.3 percent in nominal terms but declined 1.3 percent in real terms in the fourth quarter of 2023 compared with the same quarter in 2022. Sales tax revenue growth in 2023 was far weaker than 2022, which was largely related to high inflation. The current weakness in sales tax revenues is attributable to shifting consumption patterns, particularly increased spending on mostly nontaxed services instead of taxable goods. In the calendar year 2023, state sales tax revenues saw a year-over-year decrease of 1.0 percent in real terms.
- **Local government tax revenues** from major sources increased 3.7 percent in nominal terms and 1.0 percent in real terms in the fourth quarter of 2023 compared with the same quarter in

2022. In the calendar year 2023, local government tax revenues from major sources saw a year-over-year increase of 5.1 percent in real terms.

- » **Local property tax revenues**, the largest source of local government revenues, increased by 4.8 percent in nominal terms and 2.1 percent in real terms in the fourth quarter of 2023 compared with the fourth quarter of 2022. In the calendar year 2023, local property tax revenues saw a year-over-year increase of 7.6 percent in real terms.
- **Preliminary data for the first quarter of 2024** suggest ongoing sluggishness in overall state tax revenue collections, primarily due to continued weakness in personal income tax revenues. Total state tax revenues increased 1.9 percent in nominal terms in the first quarter of 2024 compared with the same period in 2023, with the median state growth at 1.3 percent. Year-over-year changes in major state tax revenues in the first quarter of 2024 were as follows:
  - » **State personal income tax** collections increased by 1.3 percent in nominal terms, but the median state experienced a decline of 0.3 percent.
  - » **State corporate income tax** collections increased by 6.7 percent in nominal terms, but the median state experienced a decrease of 4.5 percent.
  - » **State sales tax** collections increased by 0.4 percent in nominal terms; growth in the median state was 1.3 percent.
- **Economic drivers** of revenue growth mostly maintained a positive trend in the fourth quarter of 2023 when compared with the same quarter in 2022.
  - » Year-over-year growth in real **gross domestic product** (GDP) was 3.1 percent for the fourth quarter of 2023.
  - » The seasonally adjusted **unemployment rate** was 3.8 percent in the fourth quarter of 2023.
  - » Seasonally adjusted nationwide **employment** increased 1.9 percent in the fourth quarter of 2023 compared with the same quarter in 2022, but in eight states employment was still below levels in the fourth quarter of 2019.
  - » **House prices** increased 5.7 percent in nominal terms and 3.0 percent in real terms for the fourth quarter of 2023 compared with a year earlier. Hawaii was the only state with a nominal decline, while Connecticut, New Jersey, Rhode Island, and Vermont saw double-digit growth.
  - » Real **personal consumption expenditures** grew by 2.8 percent for the fourth quarter of 2023 compared with the same quarter in 2022, driven largely by spending on (often non-taxed) services, which make up about two-thirds of total personal consumption spending. Inflation-adjusted spending on taxable goods increased by a modest 0.8 percent .

# Trends in State and Local Revenues

State and local tax revenues have been significantly influenced by the economic changes resulting from the COVID-19 pandemic and related federal and state policy interventions. During calendar years 2020 and 2021, the federal government infused trillions of dollars into the economy. This infusion provided essential support to consumers, businesses, and state and local governments, helping them navigate the challenges of the pandemic. However, these relief packages may have also played a role in driving persistent and elevated inflation levels. Consequently, the combination of unprecedented federal aid and high inflation led to a substantial increase in state and local government revenues (especially in nominal terms). In response to this robust revenue growth, several states implemented tax cuts, including reductions in income tax rates, the introduction of refundable income tax credits, gas and sales tax holidays, and the issuance of one-time rebate checks.

The long-term fiscal outlook for states remains uncertain due to several challenges, including volatility in financial and oil markets, high interest rates, changing consumption patterns, declining labor force participation, and weakening in commercial and residential property markets.

Table 1 shows real state and local government tax revenues from major sources for the fourth quarters of 2022 and 2023 as well as for calendar years 2022 and 2023, along with the percentage changes between these periods. We present real growth rates to illustrate the impact of inflation on state and local government revenues and how state and local purchasing power may have changed.

TABLE 1

## State and Local Government Tax Revenue Trends

Millions of dollars, adjusted for inflation

Tax source	2022 Q4	2023 Q4	YOY percent change	Calendar year 2022	Calendar year 2023	YOY percent change
<b>Total state-local major taxes</b>	<b>\$601,184</b>	<b>\$611,894</b>	<b>1.8</b>	<b>\$2,124,326</b>	<b>\$2,051,364</b>	<b>(3.4)</b>
<b>State major taxes</b>	<b>\$265,590</b>	<b>\$272,788</b>	<b>2.7</b>	<b>\$1,228,394</b>	<b>\$1,110,023</b>	<b>(9.6)</b>
Personal income tax	115,728	122,498	5.9	599,392	501,241	(16.4)
Corporate income tax	29,610	31,594	6.7	141,883	125,950	(11.2)
Sales tax	113,895	112,389	(1.3)	463,561	458,826	(1.0)
Property tax	6,358	6,306	(0.8)	23,558	24,007	1.9
<b>Local major taxes</b>	<b>\$335,594</b>	<b>\$339,106</b>	<b>1.0</b>	<b>\$895,932</b>	<b>\$941,340</b>	<b>5.1</b>
Personal income tax	11,738	10,729	(8.6)	50,935	47,332	(7.1)
Corporate income tax	2,525	2,474	(2.0)	12,685	13,210	4.1
Sales tax	30,576	29,134	(4.7)	123,128	117,646	(4.5)
Property tax	290,755	296,769	2.1	709,184	763,152	7.6

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 rose by 1.8 percent in real terms in the fourth quarter of 2023 compared with the same period a year earlier. However, the year-over-year real growth for the entire calendar year 2023 was negative 3.4 percent.
- **State government tax revenues** from major sources rose by 2.7 percent in real terms in the fourth quarter of 2023 relative to a year earlier. Year-over-year real growth for the calendar year 2023 was negative 9.6 percent. **State personal income tax** revenues increased 5.9 percent in real terms in the fourth quarter of 2023 relative to a year earlier. Year-over-year real growth for the calendar year 2023 was negative 16.4 percent. **State corporate income tax** revenues increased 6.7 percent in real terms in the fourth quarter of 2023 compared with a year earlier. Year-over-year real growth for the calendar 2023 was negative 11.2 percent. **State sales tax** revenues decreased by 1.3 percent in real terms in the fourth quarter of 2023 compared with the fourth quarter of 2022. The year-over-year real growth for the entire calendar year 2023 similarly showed a decline of 1.0 percent.
- **Local government tax revenue** from major sources rose by 1.0 percent in real terms for the fourth quarter of 2023 compared with the same period in 2022. Year-over-year real growth for the entire calendar year 2023 was 5.1 percent. **Local property taxes**, the single largest source of local government tax revenues, increased 2.1 percent in real terms in the fourth quarter of 2023 compared with the same quarter in 2022. Year-over-year real growth for the calendar year 2023 was 7.6 percent. **Local sales taxes** declined 4.7 percent in real terms for the fourth quarter of 2023 compared with a year earlier. **Local personal income taxes** declined 8.6 percent and **local corporate income taxes** declined 2.0 percent in real terms in the fourth quarter of 2023 compared with the same quarter of 2022, but these constitute relatively small shares of local revenues and are concentrated in a few states.

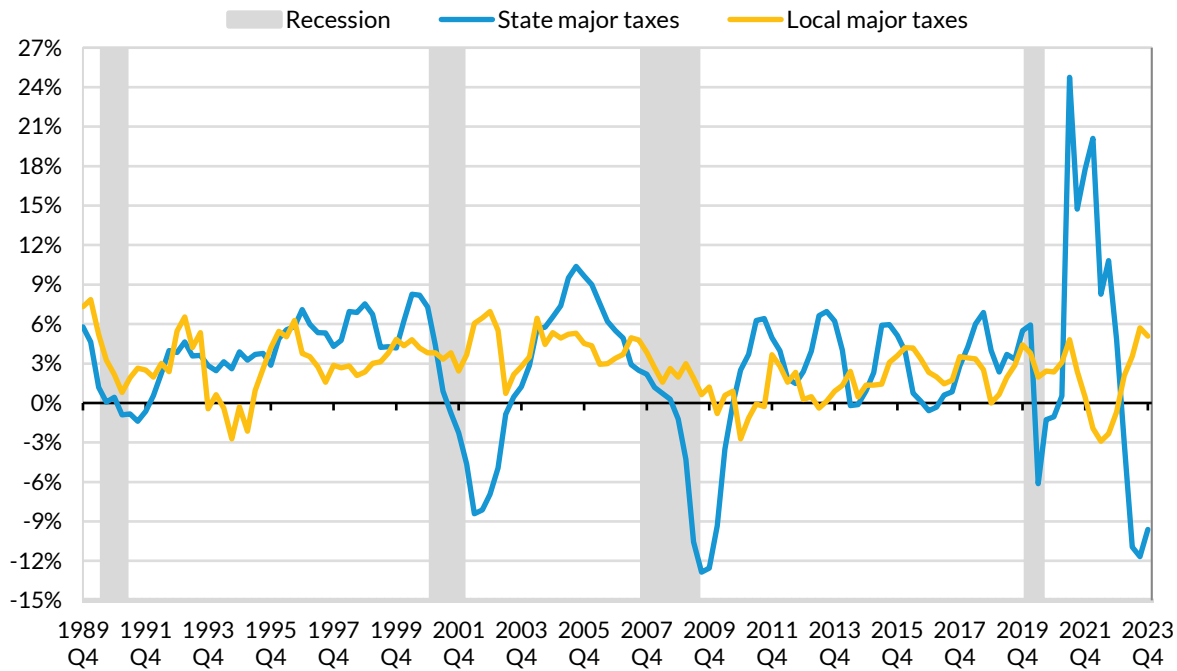
Figure 1 shows the year-over-year percentage change in the four-quarter moving average of inflation-adjusted state and local revenue collections from major sources: personal income tax, corporate income tax, sales tax, and property tax. The four-quarter moving average prevents short-term economic events and policy changes, such as changes to income tax filing deadlines, from distorting broader revenue trends. State tax revenues from major sources decreased 9.6 percent in the fourth quarter of 2023 by this measure.

Local tax revenues were resilient at the outset of the COVID-19 pandemic due to a strong housing market and solid growth in residential property tax revenues, but they dropped in calendar year 2022, as discussed below. Now local tax revenue collections seem to be bouncing back. The four-quarter moving average of inflation-adjusted local tax revenues from major sources showed a 5.1 percent increase in the fourth quarter of 2023.

FIGURE 1

**State Major Tax Revenues Declined in Calendar Year 2023**

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



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**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.

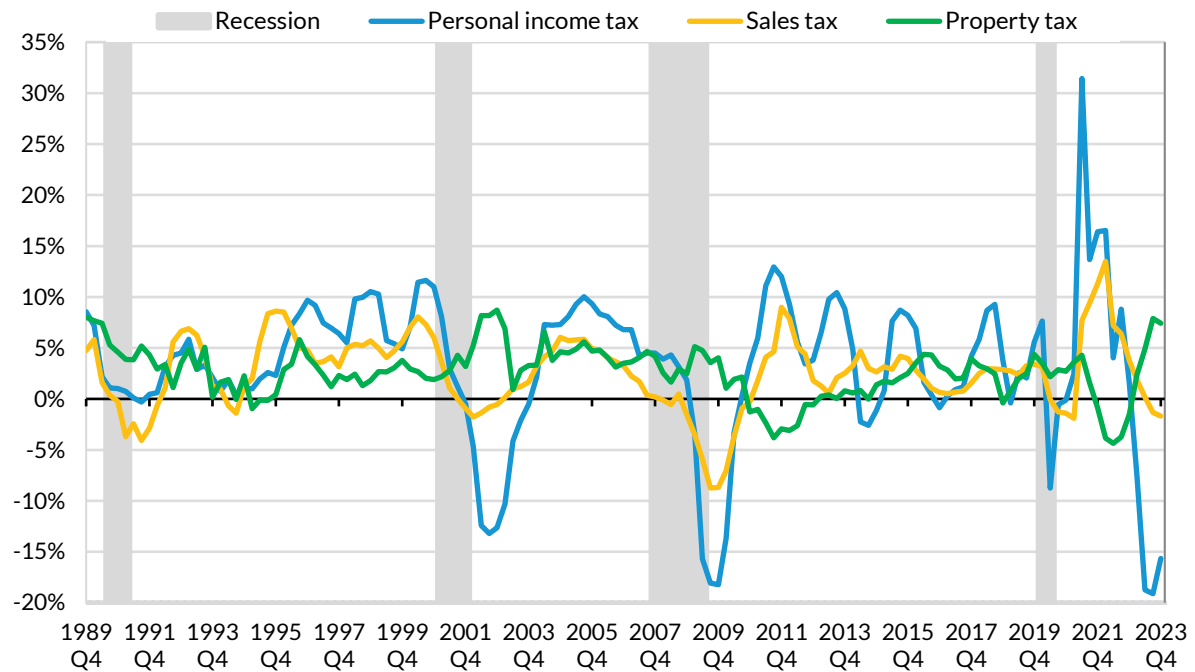
Most local governments rely heavily on property taxes, which tend to respond relatively slowly to changes in property values. However, the values of commercial properties (specifically, office properties) have declined since the COVID-19 pandemic, and negatively affected overall local property tax collections, despite soaring residential property values observed in the postpandemic period. These trends could result in ongoing vulnerability for some local governments. Furthermore, with the Federal Reserve Board's significant interest rate hikes to combat inflation, mortgage costs have risen. These increased borrowing costs have started to cool some housing markets and could lead to a decrease in future residential property tax revenues, further impacting local government finances.

Figure 2 breaks out inflation-adjusted state and local personal income, sales, and property tax revenues. Real state and local personal income tax revenues declined 15.6 percent in the fourth quarter of 2023 compared with the same quarter of 2022, using the four-quarter moving average. Over the same period, real state and local sales tax revenues declined 1.7 percent and real state and local property taxes, the majority of which are collected by local governments, increased by 7.4 percent.

FIGURE 2

**State and Local Personal Income Tax Revenues Declined Steeply in Recent Months**

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



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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 Fourth Quarter of 2023

Total state government tax revenue collections rose by 4.5 percent in nominal terms and 1.8 percent in real terms in the fourth quarter of 2023 relative to a year earlier, according to US Census Bureau data adjusted by the author (table A1).<sup>2</sup> Personal income tax revenues increased by 5.9 percent and corporate income tax revenues increased by 6.7 percent in real terms in the fourth quarter of 2023 compared relative to a year earlier. However, this national growth was primarily driven by California, where income tax revenues surged largely due to the extension of the income tax filing deadline from April 2023 to November 2023 and not economic growth. Inflation-adjusted sales tax collections decreased 1.3 percent while motor fuel tax collections increased 3.9 percent in the fourth quarter of 2023 relative to a year earlier.

Table A1 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 calendar year 2023. The average quarterly year-over-year growth rate in overall state tax revenue collections for calendar year 2023 was negative 4.1 percent in nominal terms and negative 7.4 percent in real terms.

However, revenue varied across regions and states for the fourth quarter of 2023 (table A2). The Southwest, Southeast, and New England regions reported year-over-year declines in nominal state tax revenue collections in the fourth quarter of 2023, while the rest of the regions reported year-over-year growth. The Southwest region reported the largest decline at 2.1 percent, while the Far West region reported the strongest growth at 17.9 percent, primarily due to significant gains in California, as mentioned above.<sup>3</sup>

Twenty-three states reported year-over-year nominal growth in total state tax revenue collections for the fourth quarter of 2023, with three states (California, Hawaii, and Nebraska) reporting double-digit growth. State tax revenues declined in 27 states, mostly because of declines in personal income tax revenues. The largest total revenue drops were in Alaska and Wyoming, where total state tax revenues declined 40.9 and 18.8 percent, respectively. Both Alaska and Wyoming have a high reliance on natural resource industries and their resulting tax revenue, and the revenue declines in these states are primarily attributed to the year-over-year decline in oil and gas prices.

In the calendar year 2023, overall growth in state tax revenues weakened substantially, which contrasts with the strong growth observed throughout calendar year 2022. The boost in state tax revenues in 2022 was driven by the following factors: the robust stock market observed throughout 2021, the record number of initial public offerings in 2021, the high inflation rate, the boost in spending on taxable goods caused by the COVID-19 pandemic, and the expectation of potential (if unrealized) federal tax hikes (Dadayan 2022a).

State total tax revenues declined 4.9 percent in nominal terms in calendar year 2023 compared with calendar year 2022. All regions experienced declines, though the extent of these decreases varied. In calendar year 2023, the Far West region reported the most significant year-over-year decrease in overall state tax revenues, with a 12.9 percent drop. In contrast, the Southeast region saw the smallest decline, at 0.6 percent. Specifically, states that depend heavily on high-income taxpayers, like California and New York, experienced the largest reductions. These declines were primarily attributed to the stock market's poor performance throughout 2023. Still, the median state reported 1.7 percent decline (table A3).

State tax revenues increased in 18 states and declined in 32 states in calendar year 2023 in nominal terms, ranging from a 9.3 percent increase in Wyoming to a 45.1 percent decline in Alaska. Six states—Alaska, Arizona, California, Connecticut, New York, and South Carolina—recorded year-over-year declines greater than 8.0 percent. Conversely, Wyoming was the sole state to report an increase exceeding 8.0 percent.

# Personal Income Taxes

State personal income tax revenues increased 8.6 percent in nominal terms and 5.9 percent in real terms in the fourth quarter of 2023 compared with the same period in 2022. However, the national growth was primarily driven by California and its postponed income tax due date. As such, the median state reported a decline of 1.3 percent in nominal terms. The average quarterly year-over-year growth rate in state personal income tax collections was negative 10.1 percent in nominal terms and negative 13.2 percent in real terms in calendar year 2023 (table A1).

Personal income tax revenue performance varied significantly across different regions and states. The Plains, Southeast, and Southwest regions reported year-over-year declines in personal income tax revenue collections in the fourth quarter of 2023 while the rest of the regions reported growth (table A2). The Southwest region faced the sharpest decline, with a 14.6 percent decrease. Conversely, the Far West region recorded the most robust growth, at 36.8 percent.

Twenty-five states reported year-over-year declines in personal income tax revenues in the fourth quarter of 2023, with six states reporting double-digit declines. The declines in personal income tax revenues were largely due to state income tax rate cuts and the weakness in the stock market during the fourth quarter of 2023.

State personal income taxes declined 13.2 percent in nominal terms in the calendar year 2023 compared with the calendar year 2022 (table A3). During the same period, the median state experienced a decline of 7.5 percent in nominal terms. State personal income tax revenues increased in seven states and declined in 35 states in the calendar year 2023, ranging from a 43.8 percent decline in Arizona to 8.3 percent increase in Wisconsin.

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 eight quarters. Delayed income tax filing due dates led to large fluctuations in nonwithholding income tax revenues during the COVID-19 pandemic. Income taxes have also become more volatile 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, contributed to personal income tax collection volatility.

Overall, personal income tax revenues saw strong year-over-year growth in the first and second quarters of 2022, primarily due to elevated inflation which resulted in bracket creep in some 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. While there was a national uptick in personal income tax revenues in the fourth quarter of 2023, but this growth was primarily driven by California. Excluding California, personal income tax revenues for the rest of the nation fell by 0.3 percent in nominal terms.

**TABLE 2**  
**Growth in State Government Personal Income Tax Components**  
*Year-over-year nominal percentage change*

Personal income tax components	Tax Year 2022				Tax Year 2023			
	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4
Withholding	12.9	7.5	3.1	(0.6)	0.3	3.8	3.3	3.1
Estimated payments	16.4	(5.9)	(18.4)	(16.2)	(44.7)	(44.6)	(26.0)	53.0
Final payments	45.2	41.3	23.7	44.3	(0.6)	(39.3)	3.6	21.6
Refunds	12.1	12.7	81.2	87.6	28.3	3.7	(14.4)	4.6
<b>Total</b>	<b>17.7</b>	<b>14.0</b>	<b>(1.6)</b>	<b>(6.0)</b>	<b>(18.5)</b>	<b>(28.0)</b>	<b>(2.4)</b>	<b>8.9</b>

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.

As of now, 36 states have enacted a pass-through entity tax. This is in part a workaround to the 2017 Tax Cuts and Jobs Act'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). 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 A7](#) 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.

## Withholding

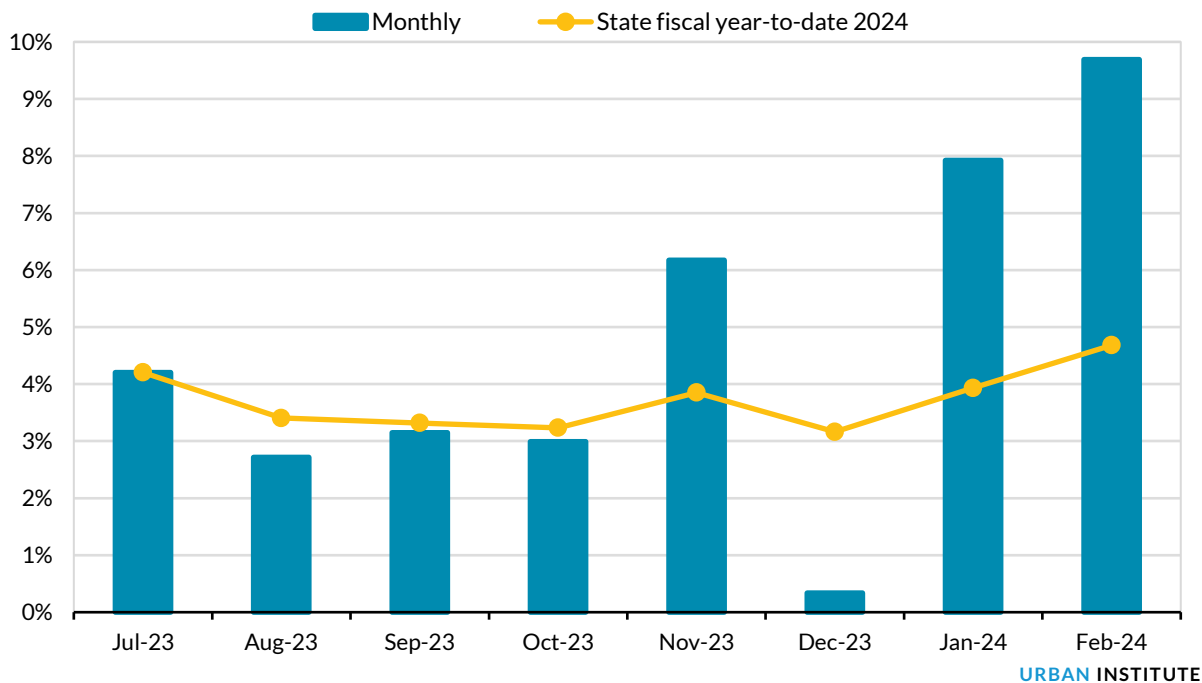
Withholding is usually a good indicator of the current strength of personal income tax revenue and the economy because it comes largely from current wages and salaries and is less volatile than estimated payments or final settlements. However, bonuses and stock options received by employees are also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

Table A4 shows year-over-year nominal growth in withholding for the last eight quarters for all states with a broad-based personal income tax. The strong growth in average wages as well as people taking higher-paying jobs led to stronger withholding tax revenue collections in the first half of 2022. In addition, heightened inflation also contributed to the stronger growth in withholding, particularly in states that have progressive income tax structures but do not adjust their tax brackets for inflation.

Following exceptionally strong growth in the first half of 2022, withholding tax collections have significantly weakened. In the fourth quarter of 2023, year-over-year growth in withholding was 3.1 percent. All regions, except the Southwest and Plains, experienced growth in withholding during this period. The Great Lakes region led with the strongest year-over-year increase at 6.2 percent. Conversely, the Southwest and Plains regions saw declines of 3.2 percent and 0.6 percent, respectively.

In the fourth quarter of 2023, 29 of the 41 states that levy personal income tax reported growth in withholding compared with a year earlier. The growth rates varied, ranging from 0.7 percent in Delaware to 16.1 percent in Indiana. In contrast, twelve states reported declines in withholding during the same period. Notably, four states—Arizona, Iowa, North Dakota, and West Virginia—reported double-digit declines, primarily due to income tax cuts enacted since 2021.

**FIGURE 3**  
**Solid Growth in Withholding in Fiscal Year to Date 2024**  
*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.

Figure 3 shows monthly and fiscal year-to-date nominal growth rates in withholding between July 2023 and February 2024, which corresponds to the first eight months of state fiscal year 2024 in 46 states.<sup>4</sup> 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.

During the first eight months of fiscal year 2024, withholding exhibited solid nominal growth, characterized by robust year-over-year growth in January and February 2024. However, growth in withholding was weak in December 2023, which is likely attributable to a reduction in bonus payments compared to those in December 2022.

## 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 the combined estimated payments for December 2023 and January 2024, which correspond to the fourth estimated payment for tax year 2023. Additionally, we present the combined estimated payments for the April 2023 through January 2024 period, corresponding to all four estimated payments for tax year 2023 (table A5).



Declines in these payments were widespread across states. In the 38 states with comprehensive data, the median fourth estimated payments for tax year 2023 (filed in December 2023 and January 2024) declined sharply, by 17.1 percent from the previous year. From April 2023 through January 2024, estimated payments saw a steep decline of 23.9 percent, with the median state reporting a 25.2 percent decrease. Thirty-six of the 38 states (excluding Ohio and Virginia) reported year-over-year declines in estimated payments for all four estimated payments combined. A significant decline was expected, primarily due to the poor stock market performance in 2022 and 2023, reduced capital gain realizations, and shifts of some partnership income to the entity level.

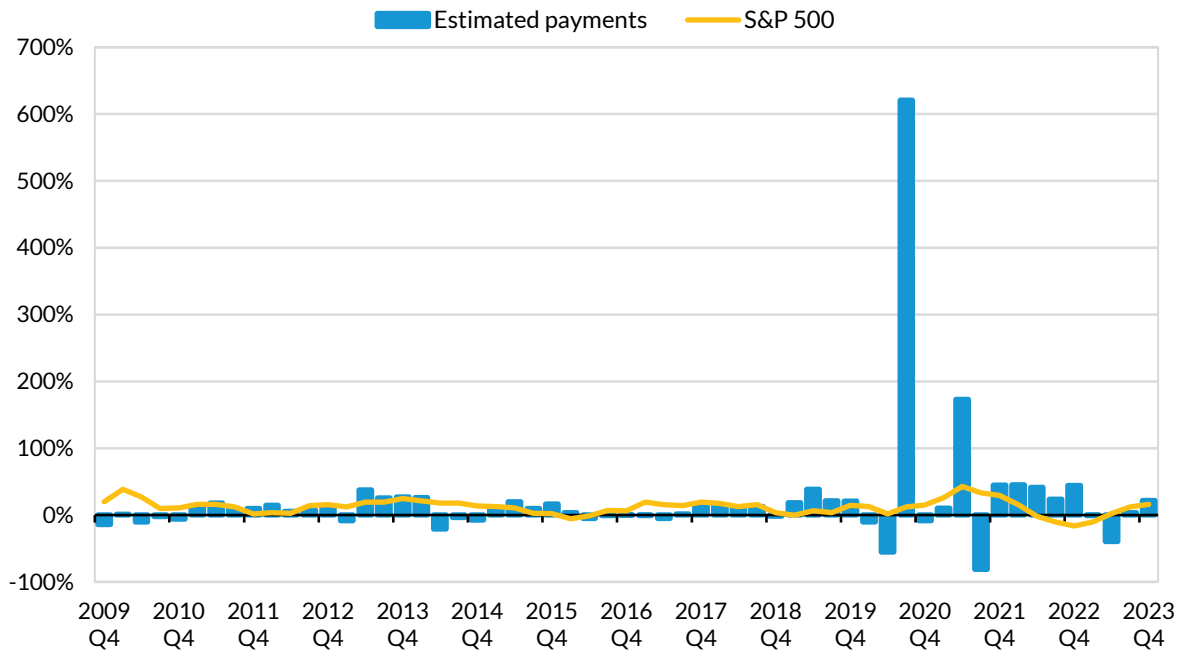
The largest decline was in New York, where estimated payments fell by \$7.6 billion, or 41.9 percent, from April 2023 through January 2024 compared with the same period a year earlier. California also experienced significant decreases, with estimated payments dropping by \$3.3 billion, or 15.0 percent. The steep declines in both New York and California are partly attributed to the weak stock market.

Figure 4 shows year-over-year quarterly percentage change in estimated payments and S&P 500 Index for the past 15 years. 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.

FIGURE 4

**Large Volatility in Estimated Payments**

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



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

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 aligned more closely with stock market trends in 2022. Both estimated payments and the stock market increased in the first quarter but declined in the subsequent three quarters of 2022. A similar trend continued into the first quarter of 2023, with both declining again. Although the stock market rebounded in the second quarter of 2023, estimated payments continued to decline, partially due to a delayed income tax due date in California. However, improvements were observed in both the stock market and estimated payments during the third and fourth quarters of 2023.

## Final Payments

Final tax 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.<sup>5</sup> Final payments accounted for 10.8 percent of all personal income tax revenues in the fourth quarter of 2022 and 12.1 percent in the fourth quarter of 2023.

[Table A6](#) illustrates the nominal year-over-year growth rates in final payments for two periods: April 2022 through January 2023, and April 2023 through January 2024. Year-over-year growth in final payments was robust for April 2022 through January 2023 period, at 40.8 percent. All states but Minnesota and New Mexico reported year-over-year growth in final payments during this period, with 34 states reporting double-digit percentage growth.

In contrast, the period from April 2023 through January 2024 witnessed a sharp decline in final payments, falling by 27.2 percent compared with the previous year, with the median state experiencing a 26.3 percent decline. All states except Nebraska, North Dakota, and West Virginia reported year-over-year declines. Although a drop in final payments was anticipated by most states, the actual declines were more severe than expected, creating a downward pressure on personal income tax revenues.

## 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 increased 4.6 percent in the fourth quarter of 2023 compared with the same quarter in 2022, resulting in states issuing \$0.8 billion more in refunds. During this period, 15 states reported a decrease in refund amounts, whereas 25 states increased their refund payouts compared with the fourth quarter of 2022. The increase in refunds among these 25 states can be partially

attributed to reduced tax liabilities related to recently enacted income tax cuts and pass-through entity taxes.

## Actual versus Forecasted Personal Income Tax Revenues

We collect data on actual and forecasted amounts for monthly personal income tax revenue from the states. Monthly personal income tax forecast information is available for 24 states. In table 3, we present data for the fourth quarter of 2023.

TABLE 3

### Actual Versus Forecasted State Personal Income Tax Revenues

State	2022 Q4 actual (\$ millions)	2023 Q4 actual (\$ millions)	2023 Q4 forecast (\$ millions)	Percent change, 2023 Q4 vs 2022 Q4	Percentage variance, 2023 Q4 actual from forecast	Forecast date
<b>Median</b>				1.5%	-0.1%	
<b>Average</b>	<b>\$65,503</b>	<b>\$76,728</b>	<b>\$97,014</b>	<b>17.1%</b>	<b>-20.9%</b>	
Arizona	1,659	1,193	1,432	(28.1)	(16.7)	Jun-23
Arkansas	804	688	668	(14.4)	3.0	May-23
California	23,476	33,348	53,248	42.1	(37.4)	May-23
Idaho	449	499	465	11.3	7.4	Jul-23
Indiana	1,679	1,711	1,479	1.9	15.7	Dec-23
Kansas	1,025	988	1,032	(3.6)	(4.4)	Nov-23
Maine	587	605	565	3.0	7.0	Dec-23
Massachusetts	4,743	4,932	4,752	4.0	3.8	Aug-23
Michigan	3,655	3,838	3,870	5.0	(0.8)	May-23
Minnesota	3,359	3,542	3,458	5.5	2.4	Nov-23
Mississippi	606	568	633	(6.4)	(10.3)	Nov-22
Montana	519	738	2,298	42.2	(67.9)	Jun-23
Nebraska	703	896	732	27.5	22.3	Oct-23
New Mexico	578	527	561	(8.8)	(6.1)	Aug-23
New York	8,940	10,362	9,533	15.9	8.7	Oct-23
North Dakota	87	62	57	(28.4)	10.0	May-23
Ohio	2,570	2,318	2,392	(9.8)	(3.1)	Jun-23
Oklahoma	831	797	797	(4.1)	0.0	Feb-23
Pennsylvania	3,714	3,753	3,763	1.1	(0.3)	Jun-23
Rhode Island	430	451	453	4.8	(0.5)	Nov-23
South Carolina	1,916	1,680	1,609	(12.3)	4.4	Nov-23
Vermont	275	273	279	(0.7)	(2.0)	Jul-23
West Virginia	569	567	477	(0.4)	18.8	Jan-23
Wisconsin	2,331	2,392	2,461	2.6	(2.8)	May-23

Source: Individual state data, analysis by the author.

In the fourth quarter of 2023, actual personal income tax collections were lower than forecasted in 12 of 24 states. The average forecast underestimate was 20.9 percent, while the median underestimate was only 0.1 percent suggesting a few large variances driving the average change (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 current

global geopolitical crises, elevated inflation, federal monetary policy actions, and state fiscal policy measures. These factors contribute to the uncertainty surrounding revenue forecasts.

## Corporate Income Taxes

Corporate income tax revenues showed strong growth throughout 2022, but the picture for corporate income tax revenues was more mixed in the first three quarters of 2023. Total state corporate income tax revenues increased by 9.5 percent in nominal terms and 6.7 percent in real terms in the fourth quarter of 2023 relative to a year earlier ([table A1](#)). This overall growth was primarily influenced by significant growth in California attributed to a delayed income tax filing deadline until November 2023. If we exclude California, corporate income tax revenues for the rest of the nation declined by 4.1 percent in nominal terms. The median state reported a 0.6 percent decline in nominal terms. The average quarterly year-over-year growth rate in state corporate income tax collections for calendar year 2023 was negative 6.8 percent in nominal terms and negative 10.0 percent in real terms.

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.

The Far West, Plains, and Rocky Mountain regions reported year-over-year growth in state corporate income tax revenue collections in the fourth quarter of 2023, while the rest of the regions reported declines. The Far West region saw the strongest increase, at 34.3 percent, followed by the Plains region, at 28.2 percent. The Southwest region saw the steepest year-over-year decline in corporate income tax revenues, at 16.9 percent, followed by the Great Lakes region, at 15.0 percent.

Twenty-one states reported year-over-year growth in corporate income tax collections, while 24 states reported declines in the fourth quarter of 2023 ([table A2](#)). The strongest growth in dollar value was in California, where corporate income tax revenues increased by \$3.5 billion, or 36.9 percent, in the fourth quarter of 2023 compared with the same quarter in 2022. The steepest decline in dollar value was in Illinois, where corporate income tax revenues declined by \$0.5 billion, or 21.0 percent.

Year-over-year nominal growth in state corporate income tax revenues was negative 7.9 percent in the calendar year 2023. The median state, however, reported a 0.6 percent growth. Twenty-four states reported year-over-year growth, while 21 states reported declines in nominal terms ([table A3](#)).

Before the COVID-19 pandemic, states were forecasting lower corporate income tax collections, mostly because of higher costs for business inputs and a weakened global economy (Dadayan 2020b).

State corporate income tax revenues, however, showed strong overall growth after the initial shock of the pandemic, thanks in part to federal COVID relief.

Currently, we are witnessing a notable slowdown in corporate profit growth. According to data from the Bureau of Economic Analysis, US corporate profits increased by \$166 billion, or 5.1 percent, in the fourth quarter of 2023 compared with the same quarter of 2022.<sup>6</sup> Despite overall growth in corporate profits, the financial sector continued to underperform and suffered a 4.6 percent year-over-year decline in corporate profits in the fourth quarter of 2023.

The future of state corporate income tax collections remains unpredictable, driven in part by the potential for federal policy changes following the 2024 presidential elections and continued uncertainty about the economy. According to the Conference Board's survey, the Consumer Confidence Index deteriorated in April 2024, marking the third consecutive monthly decline. This downturn in consumer confidence is attributed to a negative outlook on future business conditions, labor market conditions, and income expectations.<sup>7</sup> This pessimism contrasts sharply with the optimism observed at the end of 2023, which was driven by positive assessments of business conditions and job availability.

## General Sales Taxes

State general sales tax collections increased by 1.3 percent in nominal terms but declined by 1.3 percent in real terms for the fourth quarter of 2023 compared with the same period in 2022 ([table A1](#)). Growth in the median state was 1.4 percent in nominal terms. The average quarterly year-over-year growth rate in state general sales tax collections for the calendar year 2023 was 2.6 percent in nominal terms, but negative 1.0 percent in real terms.

Sales tax collections declined in the Far West region but increased in other regions for the fourth quarter of 2023 compared with the same period in 2022. The New England region reported the largest average year-over-year growth at 3.8 percent, while the Far West region reported a decline of 0.1 percent in nominal terms ([table A2](#)).

Thirty-two of 45 states with broad-based sales taxes reported year-over-year growth in sales tax collections for the fourth quarter of 2023, while 13 states reported declines. Nebraska saw the strongest year-over-year growth in sales tax revenues at 17.2 percent, while North Carolina reported the steepest decline at 4.6 percent.

State sales tax revenues increased by 2.6 percent in nominal terms in the calendar year 2023, compared with the calendar year 2022 ([table A3](#)). During this period, all regions experienced year-over-

year growth. However, among individual states, six reported declines in sales tax revenues, while 39 states exhibited growth.

Overall growth in sales tax revenues weakened substantially throughout 2023. Strong growth in general sales taxes during 2022 was driven partly by price increases from high inflation. Yet, it seems consumers have adjusted their spending habits, reducing purchases because of persistent high inflation and interest rates.

Many state officials have expressed concerns about the sales tax performance over the longer run, especially 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.

## Motor Fuel Taxes

Motor fuel tax collections increased 6.6 percent in nominal terms and 3.9 percent in real terms for the fourth quarter of 2023 compared with the same period in 2022 (table A1). Year-over-year growth in the median state was much weaker, at 1.5 percent in nominal terms. The average quarterly year-over-year growth rate in state motor fuel tax collections was 6.6 percent in nominal terms and 2.9 percent in real terms in the calendar year 2023.

All regions except the Southwest reported year-over-year nominal growth in motor fuel tax revenue collections during the fourth quarter of 2023. The New England region saw the strongest growth at 25.2 percent, while the Southwest region experienced a decline of 0.15 percent.

Thirty-three states reported year-over-year growth in motor fuel sales tax collections for the fourth quarter of 2023, while 17 states saw declines (table A2). Washington saw the largest year-over-year decline, with a 27.5 percent drop in motor fuel sales tax collections, followed by Vermont with a 10.7 percent decrease. Conversely, 12 states reported double-digit year-over-year growth, largely due to a weak base for comparison, primarily resulting from gas tax holidays the previous year.

State motor fuel sales tax revenues increased 6.7 percent in the calendar year 2023 compared with the calendar year 2022; the median state saw 2.0 growth (table A3). Thirty-eight states reported year-over-year growth in motor fuel sales tax revenue collections, while 12 states reported declines.

Enacted gas tax holidays were anticipated to result in a temporary reduction of motor fuel sales tax revenues.<sup>8</sup> The growth observed in the fourth quarter of 2023 signifies a reversal of the earlier temporary decline. States that enacted gas tax holidays include Connecticut (from April 1, 2022, through December 31, 2022), Florida (for the month of October 2022), Georgia (from March 18, 2022,

through January 11, 2023), Maryland (from March 18, 2022, through April 16, 2022), and New York (from June 1, 2022, through December 31, 2022). Additionally, several states had temporarily suspended gas tax increases, which also affected motor fuel sales tax revenue collections.

Changing fuel prices, general increases in fuel efficiency, purchases of electric or hybrid vehicles, and changing driving habits all affect gasoline consumption and motor fuel taxes. Changes in state motor fuel tax rates also affect motor fuel sales tax collections. States differ in their motor fuel sales tax structures. In 28 states, motor fuel sales taxes are structured as a fixed cent-per-gallon rate, while in 22 states at least a portion of the motor fuel tax rate is tied to a variable, such as the price of gasoline, inflation, or another metric.<sup>9</sup>

Oil and gas prices are typically subject to high volatility. The high prices largely benefitted oil-dependent states, at least in the short-term (Dadayan 2022b). The increases in prices were expected to boost motor fuel tax revenues in states with a variable tax rate and that did not enact gas tax holidays or suspend motor fuel tax rate adjustments.

## 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 A8](#), we present year-over-year growth rates for a four-quarter moving average of inflation-adjusted revenues at the national level. In the fourth quarter of 2023, states collected \$69.6 billion from these combined smaller tax sources, constituting approximately 19.8 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 decline for the fourth quarter of 2023 compared with the same quarter in 2022. State property taxes, which represent a small portion of overall state tax revenues, increased 1.9 percent. Tax revenues from tobacco product sales declined 11.1 percent, tax revenues from alcoholic beverage sales declined 2.1 percent, and revenues from motor vehicle and operators' licenses declined 0.5 percent. Finally, revenues from all other smaller tax sources declined 4.9 percent.

# Preliminary Review of State Tax Revenues in the First Quarter of 2024

The Urban Institute regularly collects monthly state tax revenue data for all states. Preliminary data from 47 states indicate sluggish growth in nationwide state tax revenue collections in the first quarter of 2024. Nominal state tax revenue collections increased by 1.9 percent in the first quarter of 2024 compared with the same period in 2023. Year-over-year growth in the median state was weaker, at 1.3 percent in nominal terms ([table A9](#)). State tax revenues increased in 28 states in nominal terms, while 19 states reported year-over-year declines for the first quarter of 2024.

Personal income tax collections increased by 1.3 percent in the first quarter of 2024 compared with the same period a year earlier. The median state, however, reported a 0.3 percent decline in nominal terms. However, the national growth was largely driven by California. If we exclude California, personal income tax revenues showed a year-over-year decline of 2.3 percent in the first quarter of 2024. According to preliminary data, 21 states reported year-over-year declines in personal income tax revenues in the first quarter of 2024, with 10 states reporting double-digit declines. Overall, it appears that growth in withholding has moderated, partly due to personal income tax rate cuts in several states. Additionally, growth in estimated payments has substantially weakened in recent quarters, indicating that upper-income taxpayers reduced their tax payments in response to volatility in the stock market and lower capital gain realizations.

Year-over-year growth in state corporate income tax revenues was 6.7 percent in the first quarter of 2024. The median state, however, reported a 4.5 percent decline. Just like in the case of personal income tax revenues, the growth in the national average is largely attributed to California. Excluding California from the analysis, corporate income tax revenues exhibited a year-over-year decrease of 5.5 percent in the first quarter of 2024. Large variations were observed across the states, with corporate income tax revenues increasing in 15 states, 13 of them reporting double-digit growth. Conversely, 29 states reported year-over-year declines in corporate income tax revenues, with 19 states reporting double-digit declines.

Finally, state general sales tax collections increased 0.4 percent in the first quarter of 2024 compared with the same quarter in 2023; growth in the median state was 1.3 percent. Twenty-eight states reported growth in sales tax collections, while 14 states reported declines.



# 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, major events like the COVID-19 pandemic and the federal and state policy responses to it can alter these standard revenue and economic trends.

### State Gross Domestic Product

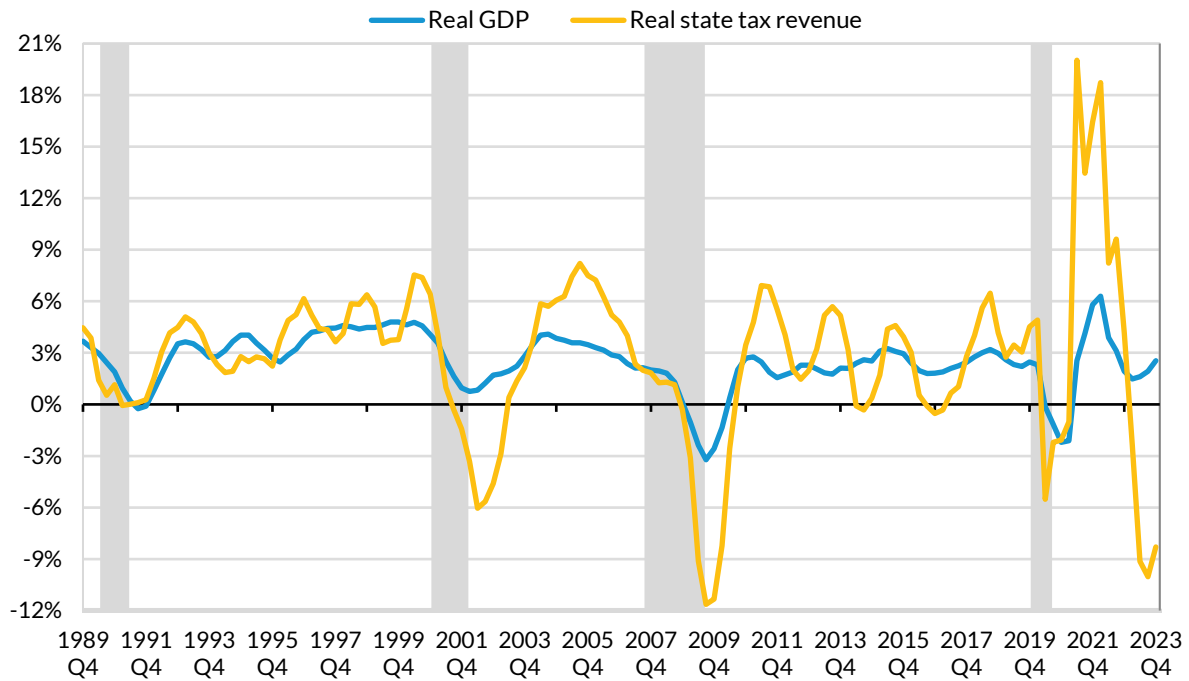
Figure 5 shows year-over-year growth for four-quarter moving averages in real GDP and real state tax revenue. We present moving averages to smooth short-term fluctuations and illustrate the interplay between the state of the economy and state revenues. As shown in figure 5, real GDP growth remained continuous but weak throughout 2023, while real state revenues experienced steep declines. Year-over-year growth for the four-quarter moving average was 2.5 percent in real GDP and negative 8.3 percent in real state tax revenues in the fourth quarter of 2023.

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 performed weakly for much of 2023. In calendar year 2022, the S&P 500 index saw an average annual decrease of 4.1 percent, a stark contrast to the average annual growth of 32.8 percent observed in calendar year 2021. In calendar year 2023 its average annual growth was 4.5 percent. Notably, there was a significant improvement in the stock market during the final quarter of calendar year 2023 and the first quarter of 2024.

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.

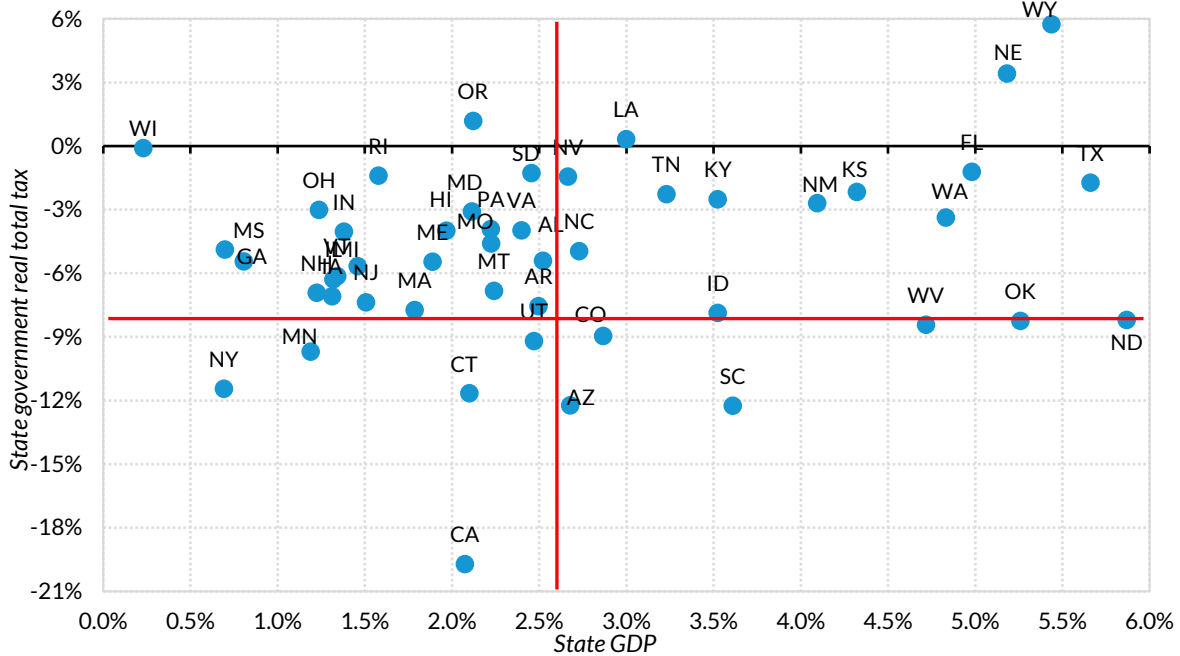
Notes: Year-over-year change is the percentage change of four-quarter moving averages. Data are adjusted for inflation.

States vary substantially in correlations between growth rates in real GDP and real state tax revenues. Figure 6 shows each state’s four-quarter moving averages in real GDP and real state tax revenues for the fourth quarter of 2023 compared with the fourth quarter in 2022. By this measure, real state GDP increased in 49 states, while real state tax revenues increased in only four states. The year-over-year change in real state GDP ranged from 5.9 percent in North Dakota to negative 1.2 percent in Delaware; the change in real state tax revenues ranged from 5.7 percent in Wyoming to negative 46.9 percent in Alaska. Large swings in Wyoming’s and other energy-dependent states’ revenue collections reflect volatile oil prices (Dadayan and Boyd 2016). In addition, the relationship between economic growth and revenue growth was also impacted by state tax cuts over the last three years.

FIGURE 6

**Growth Disparity: State Tax Revenues versus State GDP**

Year-over-year percentage change in real state taxes and real GDP, 2023 Q4 versus 2022 Q4



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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 Delaware are outliers and are excluded from the figure.

**State Unemployment and Employment**

The unemployment rate for the nation averaged 3.8 percent in the fourth quarter of 2023.

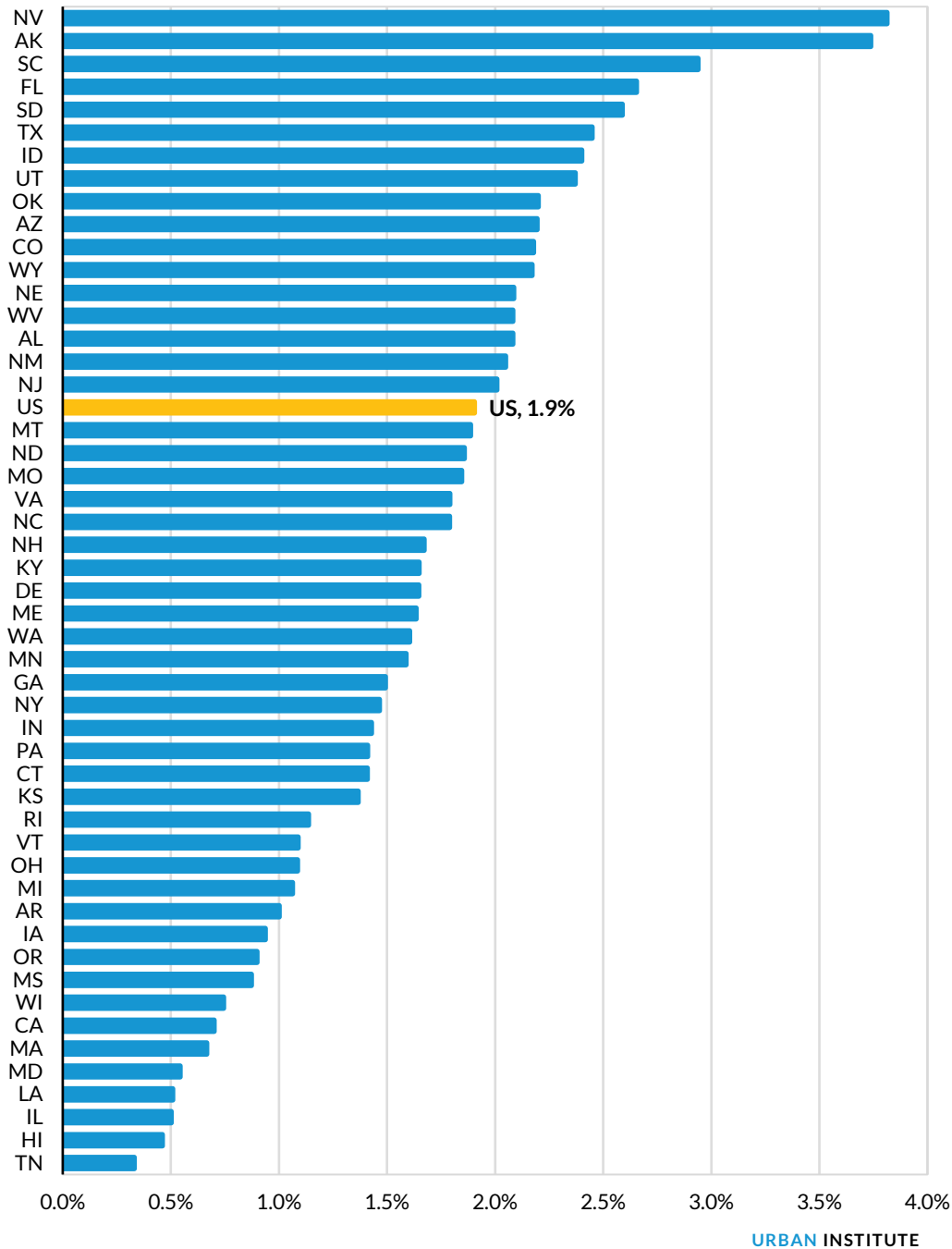
Unemployment rates ranged from 1.9 percent in North Dakota to 5.3 percent in Nevada for the fourth quarter of 2023, although unemployment rates varied for different socioeconomic and demographic groups in each state. According to the latest data, the national unemployment rate remained at 3.8 percent in the first quarter of 2024.

Nationwide employment increased 1.9 percent in the fourth quarter of 2023 compared with the same quarter in 2022 (figure 7). All states experienced year-over-year employment growth in this period. However, eight states still reported lower employment levels compared to the fourth quarter of 2019. The range of year-over-year employment growth varied significantly, with Tennessee seeing a modest increase of 0.3 percent and Nevada experiencing the highest increase at 3.8 percent.

FIGURE 7

**Continued Employment Expansion in the Fourth Quarter of 2023**

Year-over-year percentage change in employment, 2023 Q4 versus 2022 Q4



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

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

As of February 2024, state and local governments employed approximately 194,000 more people than they did before the COVID-19 pandemic. Early in the pandemic, states and localities cut public-sector jobs to address actual and anticipated budgetary challenges or in response to reduced demand.

Additionally, some government sector workers, particularly teachers, retired or did not return to the public sector. Despite federal aid and stronger budgets, many state and local governments struggled to refill these positions, taking over three years to recover and fill the vacancies.

Among private-sector jobs, current employment numbers are now above prepandemic levels, but there are still large variations across different sectors and industries. The share of workers employed declined dramatically for the leisure and hospitality sector, which as of February 2024 employed around 60,000 fewer people than before the COVID-19 pandemic. On the other hand, the job market thrived for the trade, transportation, and utilities sector, which as of February 2024 employed around 1.2 million more people than before the pandemic.

## 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 5.8 percent for the fourth quarter of 2023 compared with a year earlier; year-over-year growth in local property taxes was 11.4 percent for the same period, based on four-quarter moving averages. Despite the strength in house prices, local government property tax revenues fluctuated substantially since the pandemic, likely because of declines in commercial property tax revenues caused by the pandemic and the increase in remote work.

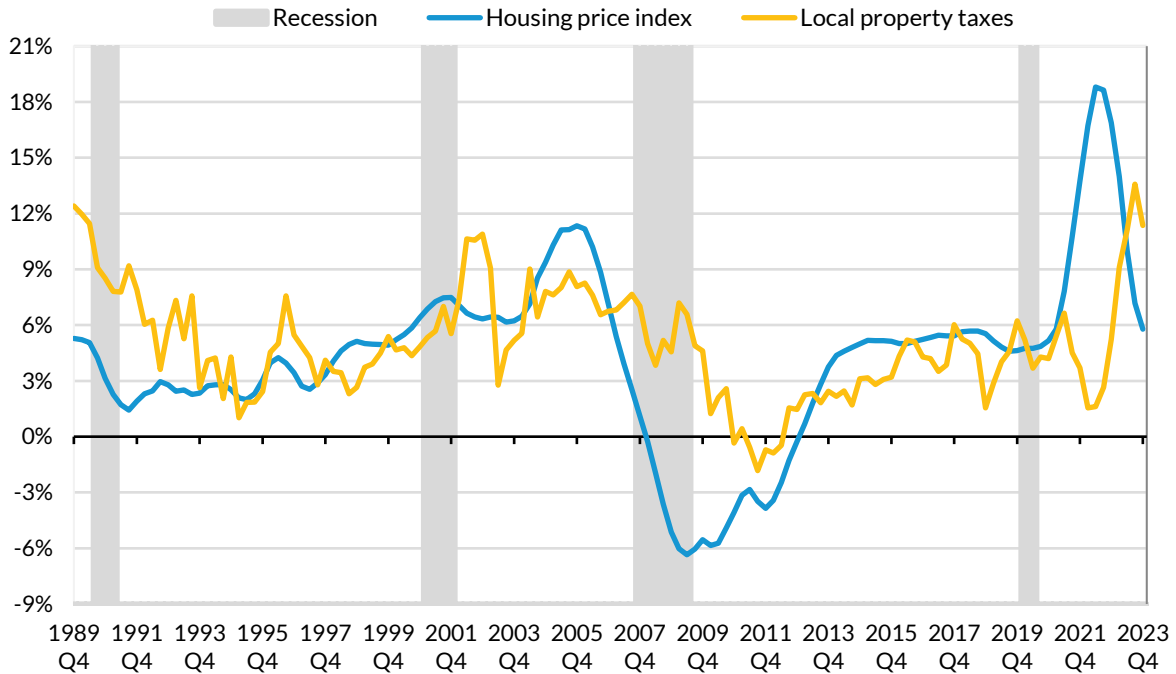
Figure 9 shows year-over-year nominal percentage change in house price indexes in the fourth quarter of 2023 for all states. House price indexes increased in all states except Hawaii in the fourth quarter of 2023 compared with the same period a year earlier. Changes ranged from a 0.5 percent decline in Hawaii to a 10.6 percent increase in Rhode Island. Year-over-year growth for the nation in the fourth quarter of 2023 was 5.7 percent, an improvement over the 4.8 percent growth observed in the third quarter of 2023.

The COVID-19 pandemic generally did not negatively affect residential real estate property values. In fact, housing markets experienced a boost as demand for new homes exceeded supply during the initial months of the pandemic (Duca and Murphy 2021). In contrast, the pandemic's impact on

commercial real estate property values, and subsequently, commercial property tax revenues, has been negative and remains uncertain.

**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*



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**Sources:** US Census Bureau (property taxes) and Federal Housing Finance Agency (house price indexes), analysis by the author.

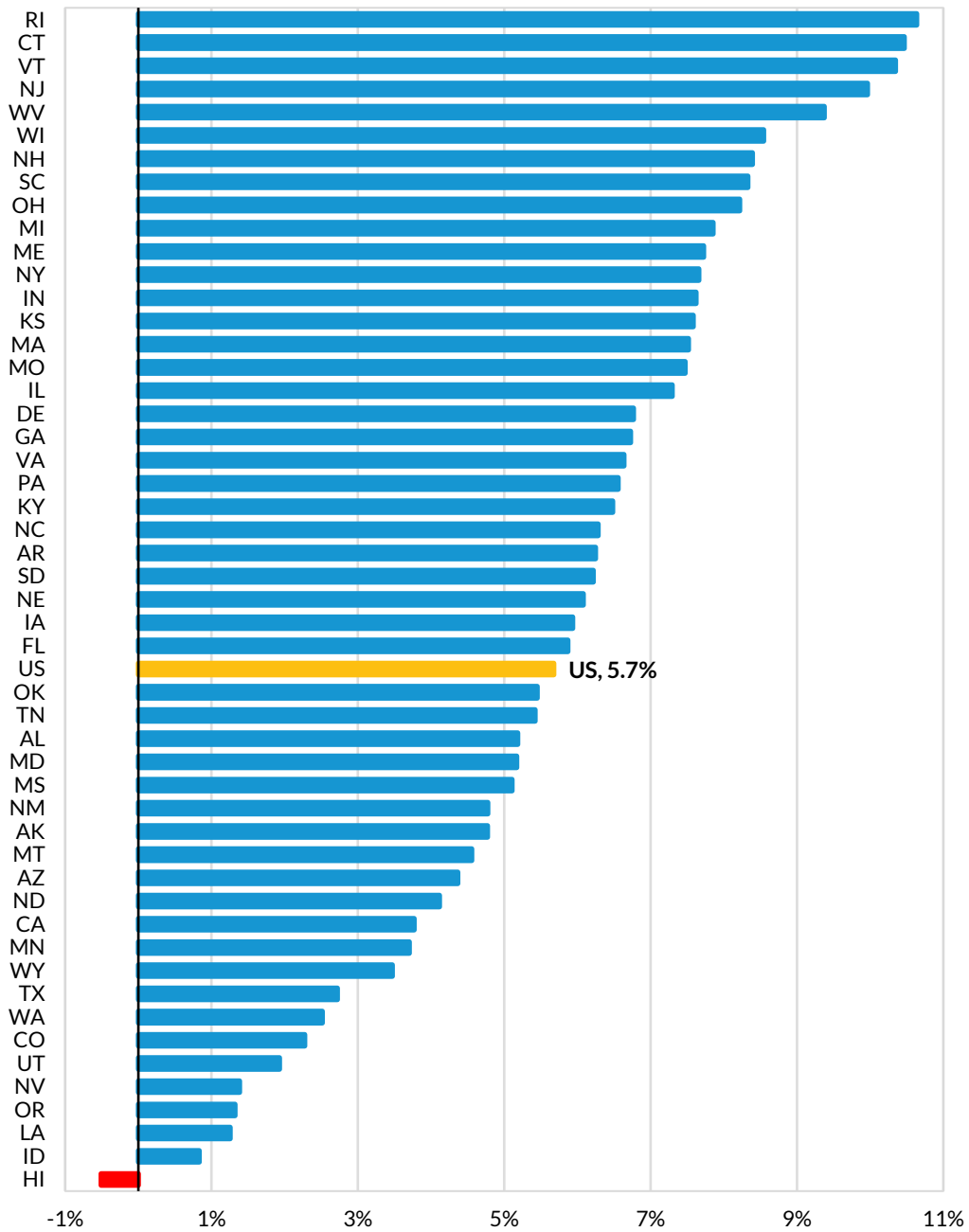
**Notes:** Year-over-year change is the percentage change of four-quarter moving averages.

Forecasting the long-term impact of the COVID-19 pandemic on commercial properties remains challenging, given the uncertainty surrounding remote work (Auxier and Brosy 2024). 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, the extent to which the Federal Reserve Board’s interest rate hikes will continue to impact residential property markets remains uncertain. Higher borrowing costs for mortgages have weakened home sales as interest rates increased. The Fannie Mae Home Purchase Sentiment Index reflects a lack of consumer confidence in the housing market, primarily driven by concerns related to housing affordability, elevated housing costs, and higher mortgage rates.<sup>10</sup>

FIGURE 9

Most States Reported Growth in Housing Prices in the Fourth Quarter of 2023

Year-over-year percentage change in house prices, 2023 Q4 versus 2022 Q4



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

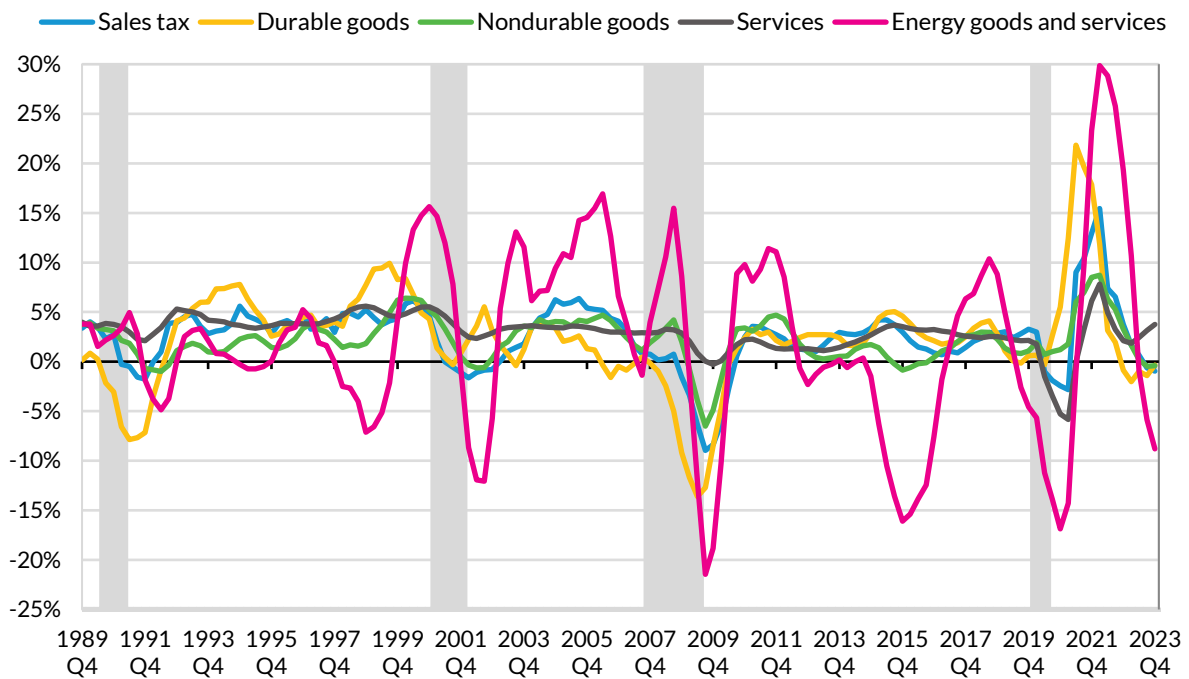
## Personal Consumption Expenditures

Personal consumption expenditures are a measure of national consumer spending. The measure shows the value of the goods and services purchased by American consumers and is correlated with most states general sales tax base. Figure 10 displays the year-over-year percentage change in the four-quarter moving average of real 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 Fourth Quarter of 2023

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



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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.

Before the COVID-19 pandemic, spending on services was resilient during economic downturns. However, spending on services declined in the second quarter of 2020, marking the first decline on record since 1948. Spending on services continued to decline for another year, primarily because of government restrictions and consumer choices during the pandemic. As shown in figure 10, year-over-year spending on services increased an average 3.7 percent in the fourth quarter of 2023. Spending on both durable and nondurable goods increased significantly throughout the COVID-19 pandemic. However, this growth has substantially weakened since the second quarter of 2022. In the fourth



quarter of 2023, year-over-year spending decreased by 0.4 percent for both nondurable and durable goods.

Spending on gasoline and energy goods represents about one-fifth of total spending on nondurable goods. As shown in [figure 10](#), after eight consecutive quarters of contraction, real spending on energy goods and services began to grow in the third quarter of 2021 and continued through the first quarter of 2023. This growth was partly driven by sharp increases in gas and oil prices. However, year-over-year spending on gasoline and energy goods decreased by 0.9 percent in the second quarter of 2023, followed by more substantial declines of 5.9 percent and 8.8 percent in the third and fourth quarters of 2023, respectively, primarily due to a downturn in energy prices.

## Tax Law Changes Affecting the Fourth Quarter of 2024

Anticipated and actual federal policy changes had a substantial effect on state tax revenues in the past few years. But changes in state tax laws also affect state tax revenue trends. Several states enacted tax changes for the fiscal year 2024.

We present analysis based on data and information retrieved from the National Association of State Budget Officers' Fall 2023 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.<sup>11</sup>

During the fourth quarter of 2023, enacted tax changes were forecasted to decrease state revenues by a net \$4.5 billion compared with the same period in 2022 (this reflects both tax decreases and increases).<sup>12</sup> Overall, tax changes were expected to decrease personal income taxes by \$4 billion, corporate income taxes by \$81 million, and sales taxes by \$387 million. Other changes to taxes and fees were forecasted to decrease revenues by approximately \$110 million (NASBO 2023). Below, we discuss some of the major enacted tax changes for fiscal year 2024.

The cumulative effect of all tax changes enacted is projected to result in a net decrease of \$13.3 billion in state revenues for fiscal year 2024, with \$5.4 billion of this decrease stemming from one-time measures. In comparison, legislated tax actions in fiscal year 2023 were estimated to decrease state revenues by \$16.2 billion. Minnesota, Ohio, and Virginia enacted the most substantial tax cuts in terms of total revenue, with estimated net losses of \$1.3 billion, \$1.4 billion, and \$2.0 billion, respectively. However, some smaller states (e.g., Iowa and Tennessee) enacted tax cuts that were larger as a share of their revenue collections.

For fiscal year 2024, 29 states enacted personal income tax cuts and two states enacted increases. The net impact of these legislated tax changes was a net estimated decrease of personal income tax revenues by \$10.9 billion. Virginia is projected to see the most considerable revenue decrease, including a \$1 billion tax refund through the pass-through entity tax and a \$0.9 billion refund to all taxpayers who filed a Virginia income tax return for the 2022 tax year.<sup>13</sup> It is important to note, however, that both these measures are one-time actions.

Several other states also enacted various laws that were expected to significantly reduce personal tax revenue collections in the fiscal year 2024. Officials in Minnesota put into effect various personal income tax measures, such as issuing one-time rebates and expanding the state's child tax credit. The net impact of Minnesota's measures is forecasted to decrease personal income tax revenues by approximately \$1.7 billion in fiscal year 2024. Notably, the distribution of one-time rebates is expected to be the primary contributor to this reduction, accounting for approximately \$1.1 billion of the decrease.<sup>14</sup>

Officials in Ohio enacted income tax rate cuts and streamlined the income tax brackets, consolidating them from four to three for the 2023 tax year, and further from three to two for the 2024 tax year. These changes are projected to decrease personal income tax revenues by approximately \$1.1 billion in fiscal year 2024.<sup>15</sup>

Kentucky retroactively reduced the state's flat personal income tax rate from 5.0 percent to 4.5 percent starting January 1, 2023, and then further lowered the rate to 4.0 percent effective January 1, 2024. As a result of these income tax rate cuts, it is estimated that the state will experience a net loss of approximately \$1.0 billion in revenue in fiscal year 2024.<sup>16</sup>

Officials in Michigan enacted several income tax measures, including reduction of state personal income tax rate from 4.25 percent to 4.05 percent for 2023, rolling back the retirement tax, and expanding the Working Families Tax Credit.<sup>17</sup> These tax measures were estimated to decrease Michigan's personal income tax collections by \$0.8 billion in fiscal year 2024.

West Virginia Governor Justice signed into law a bill that lowered personal income tax rates by 21.25 percent across all brackets, which is estimated to decrease personal income tax collections by \$0.8 billion in fiscal year 2024.<sup>18</sup>

Nineteen states enacted corporate income tax decreases and two states enacted increases. Legislated tax changes were estimated to decrease aggregate corporate income tax revenues by \$0.5 billion in fiscal year 2024. The largest corporate income tax revenue reduction was in New Jersey, where a 2.5 percent surtax on corporations with annual net income over \$1 million expired on January 1, 2024. Not renewing the surtax is estimated to reduce New Jersey's corporate income tax revenues

by \$0.3 billion in fiscal year 2024.<sup>19</sup> Meanwhile, officials in Ohio restructured their commercial activity tax by eliminating the annual minimum tax and increasing the exclusion amount from \$1 million to \$3 million effective January 1, 2024. The net impact of these changes pertaining to commercial activity tax is an estimated decrease of \$0.2 billion in Ohio's corporate income tax revenues for fiscal year 2024.<sup>20</sup> And Minnesota reformed its treatment of global intangible low-taxed income (GILTI) to align with federal standards, effective January 1, 2023, which means the state now classifies GILTI income as dividend income for state tax purposes. This measure is estimated to increase Minnesota's corporate income tax revenues by \$0.3 billion in fiscal year 2024.<sup>21</sup>

Thirteen states enacted sales tax decreases and three states enacted increases. The net impact of these legislated tax changes was an estimated decrease in national sales tax revenues of \$1.5 billion in fiscal year 2024. The most significant sales tax legislation was in Florida, where sales tax revenues were estimated to decrease by \$0.9 billion in fiscal year 2024. Governor DeSantis authorized a substantial tax relief package, which included numerous sales tax holidays, toll relief package, and tax incentives and sales tax refunds targeted for incentivizing new housing development.<sup>22</sup> Officials in Tennessee approved a one-time sales tax holiday on groceries for a three-month period that is estimated to decrease Tennessee's sales tax revenue by \$0.3 billion in fiscal year 2024.<sup>23</sup>

Nineteen states enacted changes for some other type of tax, with an estimated overall net decrease of \$0.5 billion in fiscal year 2023. These changes were estimated to decrease state tax revenues in 15 states and increase revenues in four states. The most significant legislated changes for these other taxes were in Massachusetts, New Mexico, and Nevada, where tax measures were estimated to decrease collections in fiscal year 2024 by \$128 million, \$148 million, and \$138 million, respectively.

# Conclusion

State tax revenues have become increasingly volatile in recent years. At the onset of the COVID-19 pandemic, states forecasted steep revenue shortfalls for fiscal years 2021 and 2022 (Dadayan 2020a). While state revenues did decline early in the pandemic, these declines were temporary and mitigated by substantial federal relief, which led to a surge in revenue growth in fiscal years 2021 and 2022, surpassing revenue forecasts in most states.

State revenue collections saw strong growth across various sources in fiscal year 2022, but revenue collections significantly deteriorated during fiscal year 2023 and the first half of fiscal year 2024. Although some of this was related to the performance of the stock market, tax cuts in recent years also significantly lowered revenue collections. Taken together, these tax cuts were estimated to lower state tax revenue by \$16.2 billion in 2023—a record reduction in revenue from state tax cuts. For fiscal year 2024, a further decrease of \$13.3 billion is projected, with \$5.4 billion, or 40 percent, attributed to one-time measures like rebates and tax holidays.

States initially projected sustained revenue growth for fiscal years 2023 and 2024, but many later revised forecasts downward (Dadayan 2023a). The weakness in state tax revenues was predominantly driven by steep declines in personal income tax collections, influenced by a weak stock market and widespread income tax rate cuts.

State revenues are also influenced by a combination of other factors, including ongoing geopolitical crises, stubborn inflation, stock market and oil price volatility, federal monetary policy, shifts in consumer spending patterns, and natural disasters, among others. Consequently, states have revised their revenue forecasts and are now projecting sluggish growth for fiscal year 2024 (Dadayan 2023b).

The fiscal outlook for state and local governments remains uncertain, with potential risks stemming from economic fluctuations and policy changes. Large rainy-day funds could help ease the transition to slower revenue growth. However, if revenue collections deteriorate further, state policymakers will need to take additional steps to ensure stable and sustainable revenue streams for the upcoming fiscal year and beyond.

# Appendix: Additional Tables

TABLE A1

## Quarterly State Government Tax Revenue by Major Tax

Year/quarter	Nominal YOY Percentage Change					Inflation rate	Real YOY Percentage Change				
	PIT	CIT	Sales	MFT	Total		PIT	CIT	Sales	MFT	Total
<i>Average growth, calendar year 2023</i>	<b>(10.1)</b>	<b>(6.8)</b>	2.7	6.6	<b>(4.1)</b>	3.6	<b>(13.2)</b>	<b>(10.0)</b>	<b>(0.9)</b>	2.9	<b>(7.4)</b>
2023 Q4	8.6	9.5	1.6	6.6	4.5	2.6	5.9	6.7	<b>(1.0)</b>	3.9	1.8
2023 Q3	<b>(3.1)</b>	<b>(0.4)</b>	1.5	10.8	<b>(1.3)</b>	3.2	<b>(6.1)</b>	<b>(3.5)</b>	<b>(1.7)</b>	7.4	<b>(4.3)</b>
2023 Q2	<b>(27.7)</b>	<b>(10.8)</b>	1.6	8.4	<b>(12.8)</b>	3.5	<b>(30.1)</b>	<b>(13.8)</b>	<b>(1.8)</b>	4.7	<b>(15.7)</b>
2023 Q1	<b>(18.4)</b>	<b>(25.5)</b>	6.3	0.6	<b>(6.7)</b>	5.3	<b>(22.5)</b>	<b>(29.2)</b>	0.9	<b>(4.5)</b>	<b>(11.4)</b>
2022 Q4	<b>(10.4)</b>	11.3	6.7	<b>(3.1)</b>	<b>(0.3)</b>	6.4	<b>(15.8)</b>	4.5	0.2	<b>(9.0)</b>	<b>(6.3)</b>
2022 Q3	2.6	10.4	11.2	<b>(3.3)</b>	7.1	7.2	<b>(4.3)</b>	2.9	3.7	<b>(9.8)</b>	<b>(0.2)</b>
2022 Q2	15.3	35.9	9.5	<b>(1.3)</b>	15.1	7.7	7.1	26.2	1.8	<b>(8.3)</b>	6.9
2022 Q1	24.2	123.3	18.0	10.0	24.3	6.9	16.2	108.9	10.4	2.9	16.2
2021 Q4	28.4	61.1	18.6	8.1	24.2	6.1	21.0	51.8	11.7	1.8	17.0
2021 Q3	<b>(16.6)</b>	<b>(3.0)</b>	12.4	7.7	<b>(0.5)</b>	5.1	<b>(20.7)</b>	<b>(7.7)</b>	7.0	2.5	<b>(5.3)</b>
2021 Q2	75.5	163.0	40.2	27.6	59.1	4.5	68.0	151.8	34.2	22.1	52.3
2021 Q1	18.0	31.2	3.0	<b>(7.3)</b>	9.4	2.6	15.0	27.9	0.4	<b>(9.6)</b>	6.7
2020 Q4	8.9	24.3	3.4	<b>(7.6)</b>	6.1	1.7	7.1	22.3	1.7	<b>(9.2)</b>	4.4
2020 Q3	43.9	61.8	2.8	<b>(4.2)</b>	19.3	1.3	42.0	59.7	1.5	<b>(5.4)</b>	17.7
2020 Q2	<b>(32.9)</b>	<b>(44.3)</b>	<b>(13.4)</b>	<b>(17.9)</b>	<b>(24.8)</b>	0.8	<b>(33.4)</b>	<b>(44.7)</b>	<b>(14.0)</b>	<b>(18.5)</b>	<b>(25.4)</b>
2020 Q1	5.0	<b>(0.8)</b>	3.9	5.2	4.0	1.6	3.3	<b>(2.3)</b>	2.3	3.5	2.4
2019 Q4	6.2	18.7	5.6	8.3	5.6	1.5	4.6	17.0	4.0	6.6	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	8.5
2019 Q1	<b>(2.4)</b>	40.8	5.5	1.8	2.7	1.9	<b>(4.2)</b>	38.1	3.5	<b>(0.1)</b>	0.7
2018 Q4	<b>(9.2)</b>	12.9	4.4	6.0	<b>(0.1)</b>	2.2	<b>(11.2)</b>	10.5	2.1	3.7	<b>(2.3)</b>
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	<b>(6.7)</b>	5.0	10.9	8.8	2.1	13.0	<b>(8.5)</b>	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	<b>(0.0)</b>	11.7	3.2	5.2	2.5	1.6	<b>(1.6)</b>	10.0	1.6	3.6	0.9
2017 Q1	8.9	<b>(28.0)</b>	2.3	0.9	3.5	2.0	6.7	<b>(29.4)</b>	0.4	<b>(1.0)</b>	1.5
2016 Q4	0.3	<b>(3.3)</b>	1.7	1.2	1.2	1.4	<b>(1.1)</b>	<b>(4.6)</b>	0.3	<b>(0.2)</b>	<b>(0.2)</b>
2016 Q3	2.4	<b>(9.1)</b>	2.7	1.4	1.3	0.9	1.6	<b>(9.8)</b>	1.8	0.5	0.4
2016 Q2	<b>(2.8)</b>	<b>(9.3)</b>	1.2	0.3	<b>(1.6)</b>	0.8	<b>(3.6)</b>	<b>(10.0)</b>	0.3	<b>(0.5)</b>	<b>(2.4)</b>
2016 Q1	1.7	<b>(6.0)</b>	1.9	2.9	1.4	0.8	0.9	<b>(6.7)</b>	1.1	2.1	0.7
2015 Q4	5.1	<b>(9.7)</b>	2.7	3.5	2.3	0.8	4.3	<b>(10.3)</b>	1.9	2.7	1.6
2015 Q3	6.5	0.4	3.5	5.0	4.1	0.8	5.6	<b>(0.4)</b>	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	<b>(1.2)</b>	2.4
2014 Q2	<b>(6.7)</b>	<b>(0.3)</b>	4.6	4.0	<b>(1.0)</b>	2.0	<b>(8.5)</b>	<b>(2.2)</b>	2.6	2.0	<b>(2.9)</b>
2014 Q1	<b>(1.3)</b>	7.9	3.0	2.8	0.5	1.7	<b>(2.9)</b>	6.0	1.2	1.1	<b>(1.2)</b>
2013 Q4	1.1	3.7	5.1	3.6	3.1	1.7	<b>(0.6)</b>	2.0	3.3	1.8	1.3
2013 Q3	4.9	2.0	5.5	2.8	5.3	1.6	3.2	0.3	3.8	1.1	3.6
2013 Q2	19.2	8.6	4.6	2.0	10.0	1.7	17.2	6.8	2.8	0.3	8.1
2013 Q1	18.2	9.6	3.9	<b>(1.7)</b>	8.9	1.8	16.0	7.6	2.0	<b>(3.4)</b>	6.9

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

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

TABLE A2

## Quarterly State Government Tax Revenue, by State

Nominal percentage change, 2023 Q4 versus 2022 Q4

State/region	PIT	CIT	Sales	MFT	Total
<b>US (median)</b>	<b>(1.3)</b>	<b>(0.6)</b>	<b>1.4</b>	<b>1.5</b>	<b>(0.5)</b>
<b>US (average)</b>	<b>8.6</b>	<b>9.5</b>	<b>1.3</b>	<b>6.6</b>	<b>4.5</b>
<b>New England</b>	<b>0.9</b>	<b>(6.2)</b>	<b>3.8</b>	<b>25.2</b>	<b>(0.6)</b>
Connecticut	(3.4)	(14.7)	10.2	271.8	(2.0)
Maine	3.0	43.0	4.1	0.1	4.8
Massachusetts	2.0	(11.5)	(0.3)	1.2	(1.4)
New Hampshire	63.3	(0.6)	NA	3.5	(3.4)
Rhode Island	5.9	24.2	4.8	5.3	5.8
Vermont	(0.7)	41.9	4.1	(10.7)	0.3
<b>Mideast</b>	<b>4.3</b>	<b>(7.6)</b>	<b>1.8</b>	<b>8.9</b>	<b>2.1</b>
Delaware	(4.4)	(21.6)	NA	1.7	(4.9)
Maryland	(3.1)	3.5	(1.4)	(6.5)	(2.4)
New Jersey	(4.9)	7.2	0.0	1.8	(2.8)
New York	10.8	(12.3)	5.8	50.0	8.0
Pennsylvania	(0.1)	(16.0)	(0.4)	4.0	(1.4)
<b>Great Lakes</b>	<b>3.5</b>	<b>(15.0)</b>	<b>0.6</b>	<b>6.8</b>	<b>0.8</b>
Illinois	7.7	(21.0)	1.2	13.0	1.3
Indiana	4.7	7.5	(0.4)	0.3	1.6
Michigan	6.9	(6.0)	(0.4)	7.2	2.0
Ohio	(9.2)	NA	0.8	7.7	(2.0)
Wisconsin	2.6	(9.7)	1.7	(0.2)	0.7
<b>Plains</b>	<b>(8.9)</b>	<b>28.2</b>	<b>3.1</b>	<b>7.3</b>	<b>4.6</b>
Iowa	(18.6)	6.0	2.7	(3.0)	4.3
Kansas	(3.6)	(1.0)	(2.7)	(0.6)	(4.2)
Minnesota	5.5	(0.8)	(0.5)	(2.0)	1.5
Missouri	(41.6)	15.4	6.0	25.6	1.3
Nebraska	27.5	263.2	17.2	19.4	44.2
North Dakota	(38.0)	(9.1)	11.4	2.8	5.4
South Dakota	NA	(38.9)	(1.1)	1.1	(1.0)
<b>Southeast</b>	<b>(4.3)</b>	<b>(1.8)</b>	<b>0.7</b>	<b>11.0</b>	<b>(0.9)</b>
Alabama	(1.9)	6.9	(4.1)	1.5	(0.4)
Arkansas	(18.8)	6.4	3.3	(0.6)	(1.5)
Florida	NA	13.6	2.3	27.8	4.0
Georgia	(5.4)	(9.9)	1.0	NM	(2.5)
Kentucky	(4.5)	(4.8)	5.9	12.2	0.7
Louisiana	12.3	8.3	1.5	(5.5)	(0.6)
Mississippi	(3.6)	(0.2)	(0.5)	(3.2)	(0.7)
North Carolina	(3.3)	(17.8)	(4.6)	5.4	(3.4)
South Carolina	(12.3)	(27.1)	2.6	(2.0)	(1.4)
Tennessee	NA	(25.4)	0.3	(2.4)	(4.7)
Virginia	(3.3)	10.8	(4.3)	4.1	(1.3)
West Virginia	(0.4)	2.3	4.1	6.5	(12.4)
<b>Southwest</b>	<b>(14.6)</b>	<b>(16.9)</b>	<b>2.7</b>	<b>(0.1)</b>	<b>(2.1)</b>
Arizona	(27.1)	(23.6)	6.0	1.1	(3.1)
New Mexico	(6.6)	(10.2)	1.2	1.1	(0.9)
Oklahoma	(0.0)	48.9	0.6	(3.5)	(6.4)
Texas	NA	NA	2.2	(0.1)	(1.3)
<b>Rocky Mountain</b>	<b>1.9</b>	<b>7.5</b>	<b>2.7</b>	<b>2.6</b>	<b>1.4</b>
Colorado	(2.5)	23.4	1.4	(6.8)	0.8
Idaho	9.8	(29.0)	0.5	(3.4)	(0.0)
Montana	10.3	17.6	NA	(3.5)	8.9
Utah	3.8	26.7	3.0	20.2	5.8
Wyoming	NA	NA	15.8	6.4	(18.8)

State/region	PIT	CIT	Sales	MFT	Total
<b>Far West</b>	<b>36.8</b>	<b>34.3</b>	<b>(0.1)</b>	<b>1.5</b>	<b>17.9</b>
Alaska	NA	(41.8)	NA	51.9	(40.9)
California	42.1	36.9	(0.9)	5.8	23.4
Hawaii	23.3	37.4	2.7	32.3	13.3
Nevada	NA	NA	2.4	4.4	4.3
Oregon	(2.3)	(1.9)	NA	1.1	7.8
Washington	NA	NA	0.6	(27.5)	0.3

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; NM = not meaningful.

TABLE A3

## State Government Tax Revenue Trends in Calendar Year 2023

Nominal percentage change, calendar year 2023 versus calendar year 2022

State/region	PIT	CIT	Sales	MFT	Total
<b>US (median)</b>	<b>(7.5)</b>	<b>0.6</b>	<b>2.7</b>	<b>2.0</b>	<b>(1.7)</b>
<b>US (average)</b>	<b>(13.2)</b>	<b>(7.9)</b>	<b>2.6</b>	<b>6.7</b>	<b>(4.9)</b>
<b>New England</b>	<b>(9.3)</b>	<b>(4.4)</b>	<b>2.5</b>	<b>13.9</b>	<b>(4.8)</b>
Connecticut	(12.5)	(13.3)	2.3	93.2	(8.3)
Maine	(6.7)	11.5	2.7	0.1	(2.1)
Massachusetts	(8.2)	(2.8)	2.5	0.4	(4.3)
New Hampshire	7.6	4.8	NA	1.6	(3.3)
Rhode Island	(7.2)	7.1	2.3	3.6	2.2
Vermont	(13.3)	14.2	3.9	(3.4)	(2.8)
<b>Mideast</b>	<b>(12.4)</b>	<b>3.3</b>	<b>2.9</b>	<b>8.6</b>	<b>(4.5)</b>
Delaware	6.2	(0.7)	NA	2.1	1.9
Maryland	(4.2)	0.6	(0.4)	(2.5)	0.5
New Jersey	(13.1)	(6.3)	1.7	1.6	(4.0)
New York	(15.5)	10.2	6.2	26.4	(8.0)
Pennsylvania	(6.4)	4.5	1.3	7.1	(0.4)
<b>Great Lakes</b>	<b>(3.1)</b>	<b>(9.7)</b>	<b>0.6</b>	<b>5.1</b>	<b>(1.0)</b>
Illinois	(4.7)	(11.9)	(1.7)	9.1	(2.8)
Indiana	(1.5)	(12.8)	1.6	4.6	(0.6)
Michigan	(7.8)	2.4	(1.6)	5.1	(2.3)
Ohio	(4.6)	NA	2.9	3.8	0.5
Wisconsin	8.3	(10.7)	3.4	(0.3)	3.5
<b>Plains</b>	<b>(13.3)</b>	<b>8.4</b>	<b>5.4</b>	<b>4.5</b>	<b>(2.6)</b>
Iowa	(17.0)	(0.1)	5.4	(3.7)	(3.7)
Kansas	(11.5)	61.6	2.5	(0.3)	1.4
Minnesota	(11.4)	(14.2)	1.6	(0.3)	(6.4)
Missouri	(18.7)	8.8	11.8	15.8	(1.2)
Nebraska	(3.6)	51.8	8.7	15.0	7.3
North Dakota	(21.0)	19.6	11.1	3.0	(4.9)
South Dakota	NA	(11.2)	3.1	(1.4)	2.3
<b>Southeast</b>	<b>(8.5)</b>	<b>9.9</b>	<b>2.5</b>	<b>12.2</b>	<b>(0.6)</b>
Alabama	(6.9)	0.1	1.8	1.4	(1.9)
Arkansas	(28.7)	23.6	5.2	0.6	(4.2)
Florida	NA	26.6	2.6	11.4	2.4
Georgia	(12.4)	12.9	2.9	154.3	(2.0)
Kentucky	(5.6)	(1.0)	7.7	8.9	1.0
Louisiana	5.2	16.7	(0.7)	10.0	3.9
Mississippi	(10.1)	(0.1)	1.4	4.0	(1.5)
North Carolina	(4.8)	(2.1)	0.8	7.1	(1.5)
South Carolina	(25.1)	(4.5)	4.0	4.6	(9.1)
Tennessee	NA	(4.9)	3.6	0.1	1.2
Virginia	(4.0)	18.6	(2.4)	2.5	(0.5)
West Virginia	0.6	15.1	5.1	5.0	(5.2)
<b>Southwest</b>	<b>(22.8)</b>	<b>3.8</b>	<b>6.1</b>	<b>1.1</b>	<b>(0.9)</b>
Arizona	(43.8)	17.5	5.3	1.5	(9.1)
New Mexico	2.2	(16.4)	6.7	0.4	0.8
Oklahoma	(0.2)	(8.9)	2.8	(0.8)	(5.0)
Texas	NA	NA	6.5	1.3	1.8
<b>Rocky Mountain</b>	<b>(14.6)</b>	<b>18.2</b>	<b>2.2</b>	<b>3.2</b>	<b>(4.6)</b>
Colorado	(17.8)	56.9	2.6	2.6	(5.7)
Idaho	(11.2)	(20.8)	0.6	(3.9)	(4.5)
Montana	(9.5)	3.6	NA	(0.4)	(3.4)
Utah	(12.3)	(0.3)	0.7	10.3	(5.9)
Wyoming	NA	NA	11.4	1.9	9.3



State/region	PIT	CIT	Sales	MFT	Total
Far West	(21.2)	(26.6)	0.3	2.9	(12.9)
Alaska	NA	(45.7)	NA	8.0	(45.1)
California	(23.8)	(27.6)	(1.0)	5.1	(16.5)
Hawaii	(3.2)	3.2	4.3	(0.1)	(0.4)
Nevada	NA	NA	2.9	1.5	2.2
Oregon	1.5	2.5	NA	1.6	4.8
Washington	NA	NA	1.6	(8.1)	0.2

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 A4

## State Personal Income Tax Withholding

Year-over-year nominal percentage change

State/region	Tax Year 2022				Tax Year 2023			
	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4
<b>US (median)</b>	12.0	9.8	7.2	6.3	2.4	4.5	3.2	3.6
<b>US (average)</b>	12.9	7.5	3.1	(0.6)	0.3	3.8	3.3	3.1
<b>New England</b>	11.1	6.3	2.5	5.6	4.1	7.1	7.3	4.8
Connecticut	16.3	5.3	(5.8)	7.0	6.4	7.0	10.4	2.6
Maine	18.1	13.3	5.4	8.3	15.1	3.8	7.2	5.9
Massachusetts	7.2	5.6	5.0	4.7	1.5	8.0	7.0	5.8
Rhode Island	11.4	5.8	8.0	2.1	2.4	3.6	1.9	3.8
Vermont	22.5	12.3	13.0	11.3	6.5	5.3	(2.4)	4.0
<b>Mideast</b>	17.8	7.7	3.5	(1.3)	(1.6)	5.3	3.5	3.4
Delaware	(14.9)	8.2	9.0	9.1	4.2	8.4	8.3	0.7
Maryland	11.8	3.3	4.3	5.1	2.0	9.9	4.8	2.5
New Jersey	10.9	11.3	8.3	5.3	2.4	2.9	6.3	4.8
New York	24.1	8.1	1.3	(7.0)	(4.9)	4.2	1.7	3.2
Pennsylvania	10.6	9.8	5.4	5.6	5.0	4.6	5.0	4.2
<b>Great Lakes</b>	15.8	9.0	4.0	4.5	0.1	5.1	9.6	6.2
Illinois	30.0	18.7	3.6	8.8	(6.4)	1.5	16.8	9.6
Indiana	13.0	15.9	7.0	8.9	4.9	8.7	16.8	16.1
Michigan	9.3	5.6	8.1	3.3	3.5	5.4	(0.1)	(0.1)
Ohio	11.1	5.8	6.4	9.1	11.4	6.2	3.2	(1.1)
Wisconsin	0.3	(7.8)	(8.1)	(11.4)	(3.2)	7.8	4.9	5.3
<b>Plains</b>	13.2	5.9	6.6	7.7	0.4	2.7	2.2	(0.6)
Iowa	9.9	13.3	5.8	9.5	(5.7)	(13.0)	(6.2)	(12.3)
Kansas	14.6	8.3	7.3	9.1	3.9	9.3	9.0	5.5
Minnesota	13.4	(1.9)	5.9	6.2	3.3	6.0	3.3	4.1
Missouri	13.0	10.8	6.5	6.4	(2.5)	0.8	0.2	(4.5)
Nebraska	13.9	9.8	8.4	10.6	2.2	7.0	6.6	3.5
North Dakota	34.4	35.6	17.4	24.8	(7.1)	20.9	2.4	(26.3)
<b>Southeast</b>	10.1	8.3	6.9	1.9	2.3	1.2	0.6	0.8
Alabama	11.1	13.0	8.4	8.0	6.6	6.9	8.4	6.6
Arkansas	10.7	2.2	2.2	(3.8)	(8.3)	(1.3)	(0.8)	(1.0)
Georgia	10.6	10.0	10.1	3.6	7.1	4.7	4.8	4.4
Kentucky	13.3	14.9	8.0	7.5	(1.0)	(6.7)	(0.8)	(7.2)
Louisiana	8.0	(2.0)	(5.0)	(15.0)	2.1	4.5	(2.3)	12.9
Mississippi	11.2	11.8	9.8	7.3	1.2	(2.2)	(2.8)	(3.4)
North Carolina	8.4	3.8	1.0	(0.7)	0.7	2.4	2.8	(0.6)
South Carolina	12.0	13.1	10.4	4.7	(3.0)	(8.9)	(8.3)	(8.0)
Virginia	9.4	8.0	9.6	1.8	2.6	2.8	0.4	3.6
West Virginia	10.8	9.7	10.9	8.9	9.5	(0.1)	(13.4)	(13.2)
<b>Southwest</b>	12.5	11.3	10.8	3.5	(1.2)	(5.3)	(5.9)	(3.2)
Arizona	11.5	14.6	7.9	2.0	(9.6)	(16.9)	(15.7)	(12.8)
New Mexico	16.8	10.6	29.3	0.8	11.0	4.4	2.3	9.5
Oklahoma	12.1	6.6	7.2	7.3	6.6	9.2	5.2	4.9
<b>Rocky Mountain</b>	15.8	11.7	8.0	6.5	2.2	3.9	4.4	3.7
Colorado	16.4	10.7	7.3	6.9	2.9	3.6	3.2	2.8
Idaho	13.3	14.0	6.0	3.8	(0.6)	2.4	13.3	9.4
Montana	15.8	13.1	12.1	9.1	5.7	5.3	5.0	10.6
Utah	15.7	12.3	9.0	6.3	1.0	4.5	3.1	1.3
<b>Far West</b>	7.7	5.4	(2.8)	(9.1)	0.1	3.7	1.5	3.5
California	7.0	4.9	(3.9)	(10.8)	(0.3)	3.5	0.8	3.3
Hawaii	12.5	7.4	6.6	9.1	6.0	7.1	9.7	6.3
Oregon	12.5	8.9	4.9	4.5	2.6	4.1	4.5	5.1

Source: Individual state data, analysis by the author.

TABLE A5

## State Personal Income Tax Estimated Payments or Declarations

Year-over-year nominal percentage change

State	Tax year 2022		Tax year 2023	
	Dec 2022 – Jan 2023, 4th payment	April 2022 – Jan 2023, all 4 payments	Dec 2023 – Jan 2024, 4th payment	April 2023 – Jan 2024, all 4 payments
<b>Median</b>	(10.2)	5.4	(17.1)	(25.2)
<b>Average</b>	(44.1)	(21.9)	(6.5)	(23.9)
Alabama	(18.3)	(5.3)	(14.1)	(25.1)
Arizona	(44.0)	(19.2)	(13.8)	(39.9)
Arkansas	(19.4)	(4.6)	(42.0)	(49.6)
California	(66.8)	(52.6)	12.3	(15.0)
Colorado	(26.7)	26.8	(27.9)	(45.2)
Connecticut	(13.1)	(3.3)	(28.5)	(28.5)
Delaware	(8.5)	3.9	(7.3)	(11.0)
Georgia	(6.1)	12.5	(24.4)	(31.0)
Hawaii	(18.7)	9.1	(25.8)	(25.8)
Illinois	(23.8)	(23.1)	(16.8)	(20.4)
Indiana	21.7	32.7	(33.8)	(37.9)
Iowa	876.9	6.3	(84.3)	(46.0)
Kansas	(12.3)	3.0	(26.3)	(34.8)
Kentucky	(4.0)	27.6	(31.9)	(35.3)
Louisiana	16.8	37.0	(14.9)	(17.2)
Maine	10.4	13.3	3.0	(8.4)
Maryland	(28.7)	(10.7)	(2.5)	(4.0)
Massachusetts	(31.1)	(8.8)	(13.1)	(13.8)
Michigan	(19.5)	(24.4)	(10.3)	(19.3)
Minnesota	(9.6)	(0.9)	(6.1)	(29.3)
Mississippi	8.2	33.0	(19.5)	(27.8)
Missouri	(12.4)	(3.0)	98.8	(7.8)
Montana	1.5	36.9	(26.1)	(25.4)
Nebraska	1.7	12.4	(44.8)	(32.3)
New Jersey	(9.0)	(5.1)	(18.8)	(22.2)
New York	(46.7)	(14.3)	(13.3)	(41.9)
North Carolina	(25.1)	(11.3)	(30.5)	(37.6)
North Dakota	27.4	91.0	(4.6)	(45.1)
Ohio	(12.4)	0.4	34.3	19.5
Oklahoma	7.6	46.4	(11.1)	(22.1)
Oregon	57.3	36.7	(22.7)	(17.3)
Pennsylvania	5.5	20.8	(17.9)	(19.1)
Rhode Island	11.1	10.4	(19.0)	(24.2)
South Carolina	(10.9)	0.0	(17.4)	(38.5)
Vermont	3.1	14.2	(10.0)	(17.8)
Virginia	(10.8)	4.5	(5.2)	0.9
West Virginia	11.9	28.4	(38.2)	(29.1)
Wisconsin	(11.0)	14.5	(5.0)	(18.2)

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 A6

## State Personal Income Tax Final Payments

Year-over-year nominal percentage change

State	Tax year 2022	Tax year 2023
	April 2022–January 2023 vs April 2021–January 2022	April 2023–January 2024 vs April 2022–January 2023
<b>Median</b>	41.9	(26.3)
<b>Average</b>	40.8	(27.2)
Alabama	31.8	(26.6)
Arizona	57.3	(52.2)
Arkansas	39.9	(52.8)
California	21.4	(6.5)
Colorado	42.8	(31.3)
Connecticut	54.8	(37.7)
Delaware	40.3	(23.1)
Georgia	113.2	(46.2)
Hawaii	19.1	(23.0)
Idaho	1.7	(30.4)
Illinois	37.2	(39.4)
Indiana	54.6	(39.6)
Iowa	48.3	(4.5)
Kansas	40.7	(41.8)
Kentucky	41.9	(18.6)
Louisiana	55.6	(10.1)
Maine	57.7	(26.1)
Maryland	45.6	(23.2)
Massachusetts	38.0	(39.0)
Michigan	4.3	(31.4)
Minnesota	(6.4)	(24.6)
Missouri	111.6	(61.2)
Montana	80.5	(25.2)
Nebraska	41.1	21.9
New Jersey	46.4	(35.3)
New Mexico	(25.4)	(19.8)
New York	22.5	(34.5)
North Carolina	62.8	(9.8)
North Dakota	10.4	64.9
Ohio	36.1	(1.0)
Oklahoma	28.4	(11.0)
Pennsylvania	73.8	(37.8)
Rhode Island	134.0	(23.3)
South Carolina	46.4	(29.9)
Utah	49.9	(42.3)
Vermont	72.7	(32.4)
Virginia	88.1	(26.3)
West Virginia	23.5	49.2
Wisconsin	6.8	(10.0)

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 A7

## 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	N/A
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	N/A
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	N/A
Ohio	Tax year 2022
Oklahoma	Tax year 2019
Oregon	Tax year 2022
Pennsylvania	N/A
Rhode Island	Tax year 2019
South Carolina	Tax year 2021
Utah	Tax year 2022
Vermont	N/A
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 A8

## 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
<b>2023 Q4 collections (\$ millions)</b>	<b>\$6,306</b>	<b>\$3,966</b>	<b>\$2,077</b>	<b>\$8,282</b>	<b>\$48,675</b>	<b>\$69,306</b>
<b>Average growth, Calendar year 2023</b>	<b>1.1</b>	<b>(12.0)</b>	<b>(2.1)</b>	<b>(2.2)</b>	<b>(1.4)</b>	<b>(2.0)</b>
2023 Q4	1.9	(11.1)	(2.1)	(0.5)	(5.1)	(4.3)
2023 Q3	1.9	(11.1)	(1.7)	(1.8)	(4.7)	(4.2)
2023 Q2	(0.3)	(12.3)	(1.5)	(1.8)	(0.9)	(1.7)
2023 Q1	1.0	(13.5)	(3.3)	(4.6)	5.1	2.0
2022 Q4	1.4	(12.5)	(1.3)	(5.8)	7.6	3.6
2022 Q3	1.3	(12.2)	(0.6)	(6.8)	13.1	7.0
2022 Q2	0.7	(9.6)	2.5	(7.2)	16.7	9.3
2022 Q1	2.4	(5.2)	10.4	0.5	22.0	14.5
2021 Q4	2.7	(4.6)	8.7	1.3	19.4	12.9
2021 Q3	4.6	(1.3)	7.8	5.2	14.6	10.8
2021 Q2	5.8	0.8	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)	2.8	2.0	1.4	1.1
2019 Q4	0.4	(4.0)	2.9	1.3	1.6	1.0
2019 Q3	(0.2)	(6.1)	0.3	1.4	3.5	1.9
2019 Q2	5.4	(7.6)	(1.2)	0.9	4.8	2.9
2019 Q1	6.5	(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
2013 Q4	4.9	3.7	(0.7)	0.4	3.3	2.9
2013 Q3	3.3	3.6	(2.4)	(0.5)	3.7	2.9
2013 Q2	(0.3)	(1.0)	(1.8)	(0.9)	2.7	1.5
2013 Q1	(3.2)	(1.5)	(0.1)	0.3	2.5	1.3

Source: US Census Bureau (tax revenue), analysis by the author.

Notes: Q= quarter; YTD = year to date.

TABLE A9

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

Nominal percentage change, 2024 Q1 versus 2023 Q1

State/region	PIT	CIT	Sales	Total
<b>US (median)</b>	<b>(0.3)</b>	<b>(4.5)</b>	<b>1.3</b>	<b>1.3</b>
<b>US (average)</b>	<b>1.3</b>	<b>6.7</b>	<b>0.4</b>	<b>1.9</b>
<b>New England</b>	<b>(0.9)</b>	<b>(4.2)</b>	<b>(0.4)</b>	<b>(0.8)</b>
Connecticut	(2.0)	(2.4)	(5.0)	(2.6)
Maine	(21.4)	30.9	3.5	(5.8)
Massachusetts	1.7	(5.9)	1.0	(0.6)
New Hampshire	27.8	(20.7)	NA	8.8
Rhode Island	(9.8)	44.8	3.9	1.2
Vermont	2.2	(43.3)	3.2	3.0
<b>Mideast</b>	<b>1.1</b>	<b>(10.7)</b>	<b>0.8</b>	<b>0.6</b>
Delaware	9.6	(13.7)	NA	2.2
Maryland	(0.6)	26.3	(15.7)	2.4
New Jersey	(0.3)	(32.4)	2.6	(1.3)
New York	1.6	(4.6)	3.1	0.7
Pennsylvania	0.2	(22.1)	3.3	1.3
<b>Great Lakes</b>	<b>(4.0)</b>	<b>4.2</b>	<b>(0.3)</b>	<b>(1.3)</b>
Illinois	4.9	(10.5)	1.1	2.7
Indiana	5.2	(11.2)	(1.5)	1.5
Michigan	(47.8)	207.9	(2.3)	(10.1)
Ohio	(20.8)	NA	(0.2)	(5.5)
Wisconsin	4.1	13.0	2.6	3.6
<b>Plains</b>	<b>(1.5)</b>	<b>33.3</b>	<b>2.2</b>	<b>4.3</b>
Iowa	(20.6)	(40.6)	0.3	(0.1)
Kansas	(0.6)	(34.4)	(5.1)	(6.1)
Minnesota	(4.7)	25.8	6.5	2.1
Missouri	11.3	(1.1)	6.2	3.4
Nebraska	2.7	409.5	3.3	37.4
North Dakota	(15.6)	(45.8)	(1.1)	27.4
South Dakota	NA	(14.0)	(0.6)	3.0
<b>Southeast</b>	<b>0.2</b>	<b>(15.7)</b>	<b>0.5</b>	<b>0.8</b>
Alabama	(9.7)	2.2	(3.0)	(2.8)
Arkansas	(6.8)	(42.2)	2.6	(1.9)
Florida	NA	17.7	(2.6)	0.2
Georgia	(10.2)	(26.3)	(0.4)	(4.7)
Kentucky	0.4	(25.8)	5.1	3.3
Louisiana	(4.5)	24.5	(0.3)	(0.9)
Mississippi	(11.9)	(4.5)	1.6	(1.3)
North Carolina	6.2	(67.9)	11.1	5.1
South Carolina	47.1	(4.0)	3.1	17.6
Tennessee	NA	(3.4)	1.8	1.3
Virginia	6.9	(46.7)	(1.0)	3.8
West Virginia	(26.6)	2.5	2.1	(16.0)
<b>Southwest</b>	<b>24.4</b>	<b>(13.8)</b>	<b>(0.1)</b>	<b>(0.5)</b>
Arizona	57.9	(3.7)	1.9	13.3
New Mexico	ND	ND	ND	ND
Oklahoma	(0.5)	(36.0)	0.5	(8.2)
Texas	NA	NA	(0.5)	(1.7)
<b>Rocky Mountain</b>	<b>(1.7)</b>	<b>(11.2)</b>	<b>1.5</b>	<b>(1.1)</b>
Colorado	3.3	(14.7)	0.5	0.3
Idaho	8.7	(0.2)	2.9	2.6
Montana	5.8	44.2	NA	5.9
Utah	(16.0)	(26.5)	1.5	(7.7)
Wyoming	NA	NA	ND	ND
<b>Far West</b>	<b>6.4</b>	<b>40.0</b>	<b>0.7</b>	<b>7.6</b>

State/region	PIT	CIT	Sales	Total
Alaska	NA	139.0	NA	(33.5)
California	15.5	40.7	0.6	13.6
Hawaii	(4.3)	114.3	2.5	1.5
Nevada	NA	NA	ND	ND
Oregon	(71.5)	(4.8)	NA	(65.5)
Washington	NA	NA	0.4	1.5

Source: Individual state data, analysis by the author.

Notes: PIT = personal income tax; CIT = corporate income tax; NA = not applicable; ND = no data.



# Notes

- <sup>1</sup> 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 fourth quarter of 2023.
- <sup>2</sup> The author made several adjustments for the fourth quarter of 2023 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.
- <sup>3</sup> In this report, the author uses US Bureau of Economic Analysis regions as the basis of analysis.
- <sup>4</sup> 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.
- <sup>5</sup> 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).
- <sup>6</sup> “Table 6.16D. Corporate Profits by Industry,” US Bureau of Economic Analysis, accessed May 15, 2024, <https://apps.bea.gov/iTable/?reqid=19&step=3&isuri=1&1921=survey&1903=239>.
- <sup>7</sup> The Conference Board, “US Consumer Confidence Retreats in April,” April 30, 2024, <https://www.conference-board.org/topics/consumer-confidence/press/CCI-Apr-2024>.
- <sup>8</sup> Jackson Brainerd, “Relief Is the Year’s Most Prominent Tax Policy Trend,” National Conference of State Legislatures, July 25, 2022, <https://www.ncsl.org/research/fiscal-policy/relief-is-the-year-s-most-prominent-tax-policy-trend-magazine2022.aspx>.
- <sup>9</sup> National Conference of State Legislatures, “Variable Rate Gas Taxes,” July 14, 2021, <https://www.ncsl.org/research/transportation/variable-rate-gas-taxes.aspx>.
- <sup>10</sup> See “National Housing Survey,” Fannie Mae, May 7, 2024, <https://www.fanniemae.com/research-and-insights/surveys-indices/national-housing-survey>.
- <sup>11</sup> 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, accessed May 15, 2024, <https://www.urban.org/policy-centers/cross-center-initiatives/state-and-local-finance-initiative/projects/state-fiscal-pages-covid-edition>.
- <sup>12</sup> Author’s analysis of data from National Association of State Budget Officers (2023), table A-1.
- <sup>13</sup> Governor of Virginia, “Governor Glenn Youngkin Announces Eligible Taxpayers Will Begin to Receive Tax Rebates,” October 24, 2023, <https://www.governor.virginia.gov/newsroom/news-releases/2023/october/name-1016371-en.html>.
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- <sup>15</sup> Ohio Department of Taxation, “Annual Tax Rates,” accessed May 15, 2024, <https://tax.ohio.gov/individual/resources/annual-tax-rates>.
- <sup>16</sup> Kentucky Department of Revenue, “DOR Announces Updates to Individual Income Tax for 2023 Tax Year,” accessed May 15, 2024, <https://revenue.ky.gov/News/Pages/DOR-Announces-Updates-to-Individual-Income-Tax-for-2023-Tax-Year.aspx>.

- <sup>17</sup> Michigan Department of Treasury, “Treasurer Eubanks Announces Income Tax Cut for Michiganders,” March 29, 2023, <https://www.michigan.gov/treasury/about/news/2023/03/29/treasurer-eubanks-announces-income-tax-cut-for-michiganders>.
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- <sup>19</sup> See New Jersey Treasury, Division of Taxation, “Corporation Business Tax Reform Information, Surtax,” accessed May 15, 2024, <https://www.state.nj.us/treasury/taxation/cbt/surtax.shtml>.
- <sup>20</sup> Ohio Department of Taxation, “Changes to Ohio's Commercial Activity Tax,” accessed May 15, 2024, [https://tax.ohio.gov/business/ohio-business-taxes/commercial-activities/changes\\_to\\_ohios\\_commercial\\_activity\\_tax](https://tax.ohio.gov/business/ohio-business-taxes/commercial-activities/changes_to_ohios_commercial_activity_tax).
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- <sup>23</sup> Tennessee Department of Revenue, “Sales Tax Holiday,” accessed May 15, 2024, <https://www.tn.gov/revenue/taxes/sales-and-use-tax/sales-tax-holiday.html>.

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