

RESEARCH REPORT

State Revenues Show Sluggish Growth Through the First Six Months of 2024

State Tax and Economic Review, 2024 Quarter 1

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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.

Visit our [project page](#) to read previous *State Tax and Economic Review* reports and subscribe to gain direct access to the following datasets:

[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 2.7 percent in nominal terms and 0.2 percent in real terms in the first quarter of 2024 compared with the same quarter in 2023.¹
- **State government tax revenues** from major sources grew by 1.4 percent in nominal terms but fell by 1.0 percent in real terms in the first quarter of 2024 compared with the same quarter in 2023. Over the first three quarters of fiscal year 2024, state government tax revenues from major sources increased by 2.2 percent in nominal terms but declined by 0.6 percent in real terms compared with the same period in fiscal year 2023.
 - » **State personal income tax revenues** rose by 1.1 percent in nominal terms but decreased by 1.4 percent in real terms in the first quarter of 2024 compared with the first quarter of 2023. Over the first three quarters of fiscal year 2024, personal income tax revenues increased by 2.2 percent in nominal terms but declined by 0.5 percent in real terms compared with the same period in fiscal year 2023.
 - » **State corporate income tax revenues** increased 4.9 percent in nominal terms and 2.4 percent in real terms in the first quarter of 2024 compared with the same quarter in 2023. Over the first three quarters of fiscal year 2024, corporate income tax revenues increased 4.8 percent in nominal terms and 2.0 percent in real terms compared to the same period in fiscal year 2023.
 - » **State sales tax revenues** increased 0.7 percent in nominal terms but declined 1.7 percent in real terms in the first quarter of 2024 compared with the same quarter in 2023. Recent growth in sales tax revenue collections has been sluggish, largely driven by shifting consumption patterns, with consumers increasingly spending on mostly untaxed services rather than taxable goods. In the first three quarters of fiscal year 2024, sales tax revenues grew by 1.1 percent in nominal terms but fell by 1.6 percent in real terms compared with the same period in fiscal year 2023.
- **Local government tax revenues** from major sources increased 4.2 percent in nominal terms and 1.7 percent in real terms in the first quarter of 2024 compared with the same quarter in 2023. In the first three quarters of fiscal year 2024, local government tax revenues grew by 5.8 percent in nominal terms and 3.0 percent in real terms compared with the same period in fiscal year 2023.

- » **Local property tax revenues**, the largest source of local government revenues, increased by 5.8 percent in nominal terms and 3.3 percent in real terms in the first quarter of 2024 compared with the first quarter of 2023. Over the first three quarters of fiscal year 2024, local property tax revenues saw a year-over-year increase of 7.6 percent in nominal terms and 4.7 percent in real terms.
- **Preliminary data for the second quarter of 2024** indicate continued sluggishness in overall state tax revenue collections for the median state, driven by weaknesses in both income and sales tax revenues. Although national state tax revenues rose by 7.5 percent in nominal terms compared to the same period in 2023, the median state saw a much more modest growth of just 1.0 percent. The national growth was largely driven by California, where a delayed income tax due date in 2023 lowered that year's collections and correspondingly inflated the growth rate in 2024. The year-over-year changes in major state tax revenues for the second quarter of 2024 are as follows:
 - » **State personal income tax** collections increased by 14.2 percent in nominal terms, but growth in the median state was only 1.7 percent.
 - » **State corporate income tax** collections increased by 9.5 percent in nominal terms, but the median state experienced a decrease of 2.8 percent.
 - » **State sales tax** collections increased by 0.6 percent in nominal terms, with the median state experiencing slightly stronger growth at 1.2 percent.
- **Economic drivers** of revenue growth mostly maintained a positive trend in the first quarter of 2024 when compared with the same quarter in 2023.
 - » Year-over-year growth in real **gross domestic product** (GDP) was 2.9 percent for the first quarter of 2024.
 - » The seasonally adjusted **unemployment rate** was 3.8 percent in the first quarter of 2024.
 - » Seasonally adjusted nationwide **employment** increased 1.8 percent in the first quarter of 2024 compared with the same quarter in 2023.
 - » **House prices** increased 6.4 percent in nominal terms and 3.9 percent in real terms for the first quarter of 2024 compared with a year earlier.
 - » Real **personal consumption expenditures** grew by 2.3 percent for the first quarter of 2024 compared with the same quarter in 2023, driven largely by spending on (often nontaxed) services, which make up about two-thirds of total personal consumption spending. Inflation-adjusted spending on taxable goods declined by 1.1 percent.

Trends in State and Local Revenues

State and local tax revenues surged due to economic shifts from the COVID-19 pandemic and substantial federal aid. This revenue growth prompted many states to implement tax cuts, including income tax rate reductions, refundable credits, tax holidays, and one-time rebates.

The long-term fiscal outlook for states remains uncertain due to several challenges, including volatility in financial and oil markets, higher 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 first quarters of 2023 and 2024 as well as for the first three quarters of fiscal years 2023 and 2024, along with percentage changes.

TABLE 1
State and Local Government Tax Revenue Trends
Millions of dollars, adjusted for inflation

Tax source	2023 Q1	2024 Q1	YOY percent change	Fiscal YTD 2023	Fiscal YTD 2024	YOY percent change
Total state-local major taxes	\$486,172	\$487,238	0.2	\$1,522,230	\$1,539,445	1.1
State major taxes	\$265,844	\$263,224	(1.0)	\$797,306	\$792,565	(0.6)
Personal income tax	125,665	123,960	(1.4)	360,900	359,074	(0.5)
Corporate income tax	22,710	23,261	2.4	77,343	78,852	2.0
Sales tax	111,659	109,782	(1.7)	340,982	335,618	(1.6)
Property tax	5,810	6,221	7.1	18,080	19,021	5.2
Local major taxes	\$220,328	\$224,013	1.7	\$724,925	\$746,880	3.0
Personal income tax	11,945	11,246	(5.8)	33,619	31,754	(5.5)
Corporate income tax	3,494	3,212	(8.1)	8,453	8,308	(1.7)
Sales tax	30,238	29,097	(3.8)	92,174	88,099	(4.4)
Property tax	174,652	180,458	3.3	590,679	618,720	4.7

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

Notes: Q = quarter; YOY = year-over-year; YTD = year-to-date.

Major findings include the following:

- **State and local government tax revenues** from major sources increased by 0.2 percent in real terms in the first quarter of 2024 compared with the same period a year earlier, while the year-over-year real growth for the first three quarters of fiscal year 2024 was 1.1 percent.
- **State government tax revenues** from major sources decreased by 1.0 percent in real terms in the first quarter of 2024 compared to the previous year, with a year-over-year decline of 0.6 percent for the first three quarters of fiscal year 2024. **State personal income tax** revenues decreased by 1.4 percent in real terms in the first quarter of 2024 compared to the same period the previous year, and by 0.5 percent over the first three quarters of fiscal year 2024. **State corporate income tax** revenues rose by 2.4 percent in real terms in the first quarter of 2024 compared with a year earlier, and by 2.0 percent over the first three quarters of fiscal year

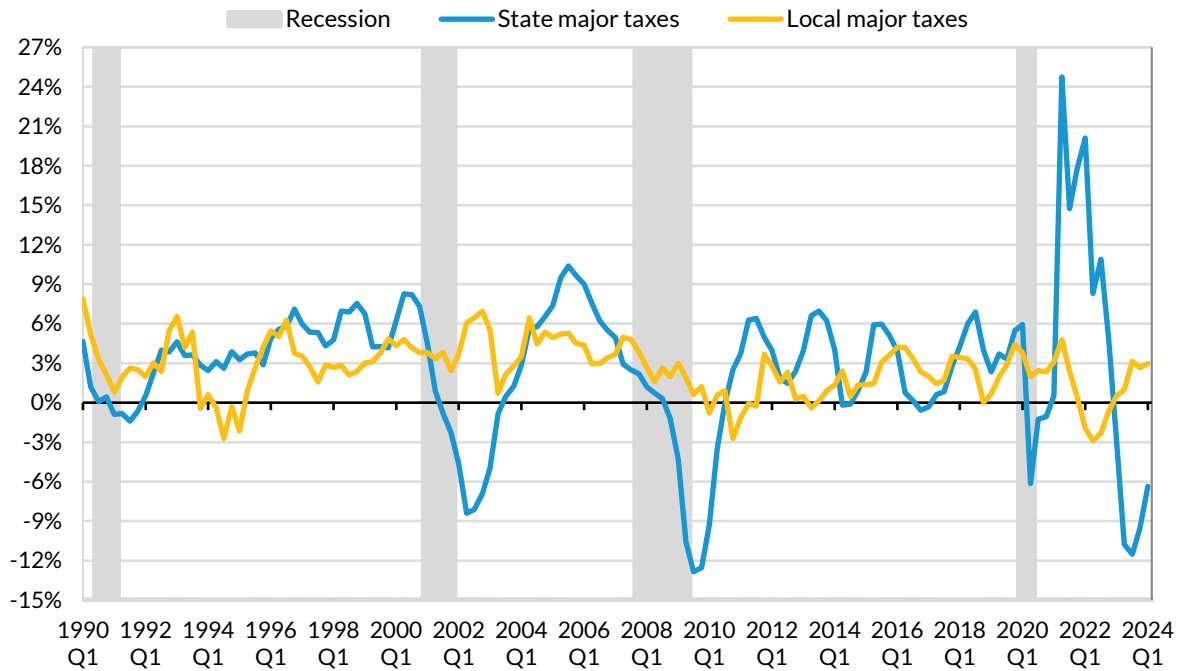
2024. **State sales tax** revenues fell by 1.7 percent in real terms in the first quarter of 2024 and 1.6 percent over the first three quarters of fiscal year 2024.

- Local government tax revenues** from major sources increased by 1.7 percent in real terms in the first quarter of 2024 compared to the same period in 2023, with a year-over-year growth of 3.0 percent for the first three quarters of fiscal year 2024. **Local property taxes**, the largest source of local government revenue, rose by 3.3 percent in the first quarter of 2024. However, **local sales taxes** fell by 3.8 percent, while **local personal and corporate income taxes** decreased by 5.8 percent and 8.1 percent, respectively, in the first quarter of 2024, though these taxes represent 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 real state and local revenue collections from major sources—personal income, corporate income, sales, and property taxes—providing a clearer view of broader revenue trends by smoothing out short-term economic fluctuations and policy changes, such as shifts in income tax filing deadlines.

FIGURE 1
State Major Tax Revenues Declined in Recent Months

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.

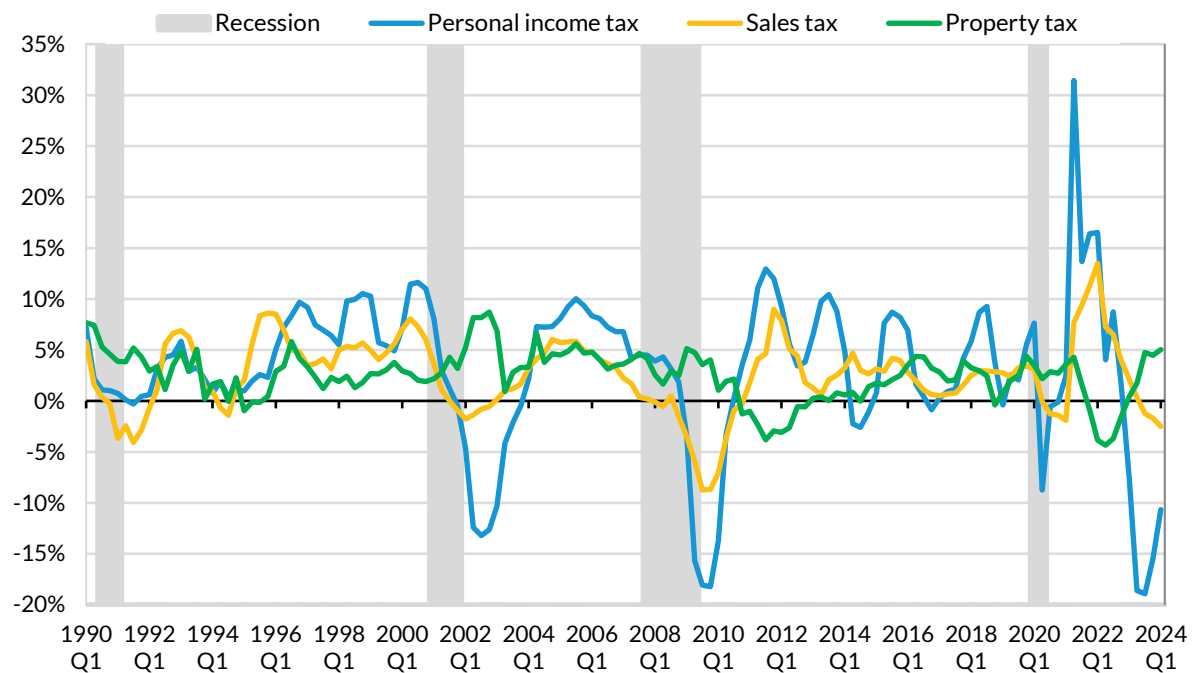
Notes: Year-over-year change is the percentage change of four-quarter moving averages. Data are adjusted for inflation. Data are for four major tax categories only: personal income, corporate income, general sales, and property.

By this measure, real state tax revenues from major sources declined by 6.4 percent in the first quarter of 2024, while real local tax revenues increased by 3.0 percent.

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

Figure 2 breaks out inflation-adjusted state and local personal income, sales, and property tax revenues. Real state and local personal income tax revenues declined 10.7 percent in the first quarter of 2024 compared with the same quarter of 2023, using the four-quarter moving average. Over the same period, real state and local sales tax revenues declined 2.5 percent and real state and local property taxes, the majority of which are collected by local governments, increased 5.0 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 First Quarter of 2024

Total state government tax revenue collections rose 3.0 percent in nominal terms and 0.6 percent in real terms in the first quarter of 2024 relative to a year earlier, according to US Census Bureau data adjusted by the author ([table A.1](#)).² In the first quarter of 2024, personal income tax revenues declined by 1.4 percent in real terms compared to the previous year, while corporate income tax revenues rose by 2.4 percent. Inflation-adjusted sales tax collections fell by 1.7 percent, whereas motor fuel tax collections increased by 4.3 percent over the same period.

[Table A.1](#) shows (1) nominal and inflation-adjusted growth in state government tax revenue collections from major sources and (2) average quarterly year-over-year growth for the first three quarters of fiscal year 2024. The average quarterly year-over-year growth rate in overall state tax revenue collections for the first three quarters of fiscal year 2024 was 2.1 percent in nominal terms and negative 0.7 percent in real terms.

Revenue performance varied across regions and states during the first quarter of 2024 ([table A.2](#)). The New England and Rocky Mountain regions experienced year-over-year declines in nominal state tax revenue collections, with the Rocky Mountain region reporting the largest decrease at 2.3 percent in the first quarter of 2024. In contrast, other regions saw year-over-year growth, with the Far West region leading at 11.9 percent, primarily driven by significant gains in California.³

Twenty-six states reported year-over-year nominal growth in total state tax revenue collections for the first quarter of 2024, with four states (California, Nebraska, Nevada, and South Carolina) reporting double-digit growth. State tax revenues declined in 24 states, mostly because of declines in personal income tax revenues. The largest total revenue drops were in Alaska and Oregon, where total state tax revenues declined 53.2 and 51.1 percent, respectively. Alaska has a high reliance on natural resource industries and the revenue decline is primarily attributed to the year-over-year decline in oil and gas prices. Revenue declines in Oregon were primarily due to the issuance of a substantial “kicker” credit, which returned a significant portion of the previous year’s revenue surplus to taxpayers in the form of tax rebates.⁴ This credit, along with decreases in personal and corporate income tax revenues, contributed to the overall reduction in state tax revenues.

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

In the first three quarters of fiscal year 2024, state total tax revenues increased by 2.1 percent in nominal terms compared to the same period in the previous year. However, regional performance varied significantly. While the Southwest, New England, and Rocky Mountain regions experienced declines, other regions reported growth. The Southwest region saw the steepest year-over-year decrease, with a 2.2 percent drop, while the Far West region demonstrated the strongest growth at 8.3 percent. Notably, the median state reported a marginal decline of less than 0.1 percent (table A.3), indicating a widespread trend of stagnant or slightly declining revenues across many states.

State tax revenues increased in 24 states and declined in 26 states in the first three quarters of fiscal year 2024 in nominal terms, ranging from a 25.6 percent increase in Nebraska to a 53.1 percent decline in Alaska. Four states—Alaska, Oregon, West Virginia, and Wyoming—recorded year-over-year double-digit declines. Conversely, California and Nebraska were the only two states to report double-digit growth.

Personal Income Taxes

State personal income tax revenues increased 1.1 percent in nominal terms but declined 1.4 percent in real terms in the first quarter of 2024 compared with the same period in 2023. The average quarterly year-over-year growth rate in state personal income tax collections was 2.3 percent in nominal terms and negative 0.5 percent in real terms in the first three quarters of fiscal year 2024 (table A1).

Personal income tax revenue performance varied significantly across different regions and states. The Southwest, Far West, and Mideast regions reported year-over-year growth in personal income tax revenue collections in the first quarter of 2024 while the rest of the regions reported declines (table A2). The Great Lakes region faced the steepest decline, with a 4.5 percent decrease. Conversely, the Southwest region recorded the most robust growth, at 13.8 percent.

Twenty-one states reported year-over-year declines in personal income tax revenues in the first quarter of 2024, with 11 states reporting double-digit declines. The declines in personal income tax revenues were largely due to recent state income tax rate cuts.

State personal income taxes increased 2.2 percent in nominal terms in the first three quarters of fiscal year 2024 compared with the same period in fiscal year 2023 (table A.3). However, the median state saw a 1.8 percent decline in nominal terms. Personal income tax revenues increased in 17 states and declined in 25 states during this period, with changes ranging from a 38.5 percent decline in North Dakota to a 16.1 percent increase in California.

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

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

As of now, 36 states have enacted a pass-through entity tax. This is in part a workaround to the 2017 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 A.7](#) lists all states that enacted a pass-through entity tax and their respective effective dates. State pass-through entity tax structures and rules vary widely, which can lead to complications, especially for businesses operating across state lines. States also differ in their classification of pass-through entity taxes. Some states categorize these taxes as corporate income taxes (because they are paid by businesses), while others categorize them as personal income taxes (as they apply to pass-through income). A few states even categorize them for both personal and corporate income taxes.

State personal income tax revenues experienced strong growth in the fourth quarter of 2023, largely driven by California. However, growth slowed significantly in the first quarter of 2024.

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

[Table 2](#) shows the growth for each major component of personal income tax collections in the past seven quarters.

TABLE 2

Growth in State Government Personal Income Tax Components

Year-over-year nominal percentage change

Personal Income Tax Components	Fiscal Year 2023				Fiscal Year 2024		
	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1
Withholding	3.1	(0.6)	0.3	3.8	3.3	3.1	5.4
Estimated payments	(18.4)	(16.2)	(44.7)	(44.6)	(25.9)	53.0	(5.3)
Final payments	23.7	44.3	(0.6)	(39.3)	3.5	21.6	2.6
Refunds	81.2	87.6	28.3	3.7	(14.4)	4.5	13.6
Total	(1.6)	(6.0)	(18.5)	(28.0)	(2.4)	8.9	1.9

Source: Individual state data, analysis by the author.

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

Withholding

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

Table A.4 shows year-over-year nominal growth in withholding for the last seven quarters for all states with a broad-based personal income tax. In the first quarter of 2024, growth in withholding was positive across all regions, with a national year-over-year increase of 5.4 percent in nominal terms. The Far West region led with the strongest year-over-year increase at 9.7 percent, while the Southeast region reported the weakest growth at 1.1 percent.

In the first quarter of 2024, 30 of the 41 states that levy personal income tax reported growth in withholding compared with a year earlier. The growth rates varied, ranging from 0.4 percent in Arizona to 14.6 percent in Idaho. In contrast, 11 states reported declines in withholding during the same period. Notably, 3 states—Montana, North Dakota, and West Virginia—reported double-digit declines, primarily due to income tax cuts enacted since 2021.

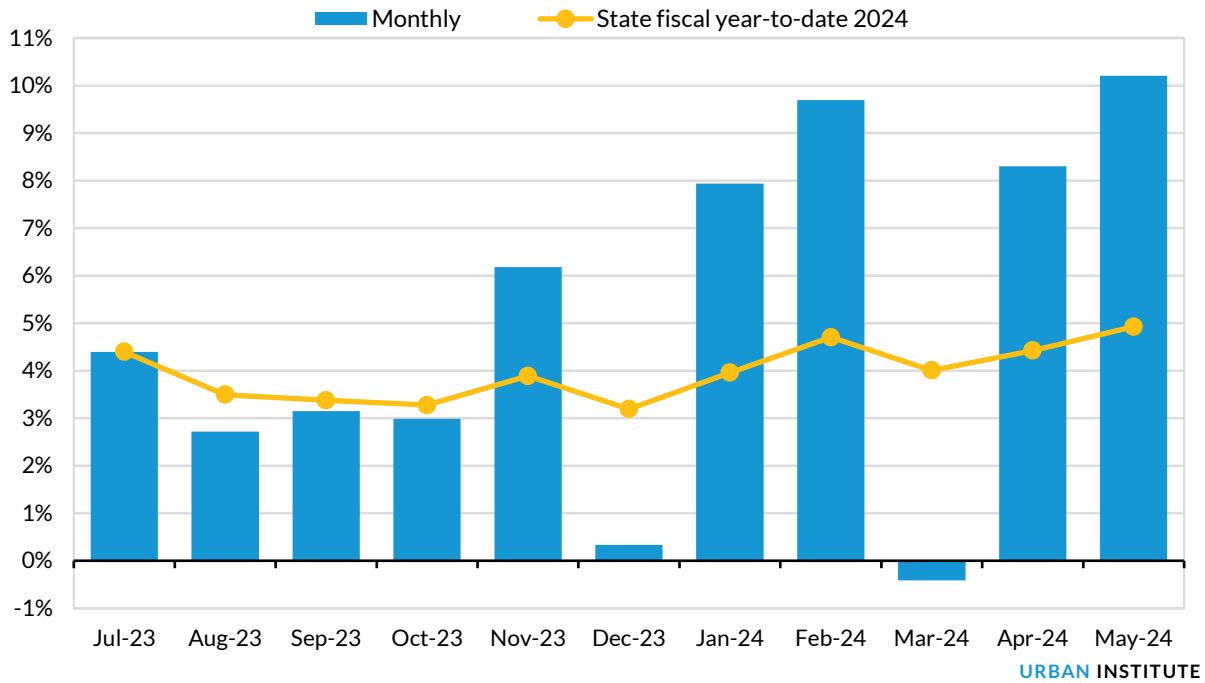
Figure 3 shows monthly and fiscal year-to-date nominal growth rates in withholding between July 2023 and May 2024, which corresponds to the first eleven months of state fiscal year 2024 in 46 states.⁵ Monthly data should be viewed with caution because they may include one-time payments, or a given month may have fewer tax processing days than the same month in the prior year.

During the first 11 months of fiscal year 2024, withholding growth fluctuated monthly, with notable peaks in February 2024 and May 2024. Despite these variations, cumulative growth remained stable throughout the fiscal year, showing a 4.9 percent year-over-year increase.

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.

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 April 2023 through January 2024, which correspond to all four payments for tax year 2023. Additionally, we present the combined estimated payments for the April-May 2024 period, largely corresponding to the first estimated payments for tax year 2024 (table A.5).

Declines in estimated payments were widespread across states throughout tax year 2023. In the 38 states with comprehensive data, the median estimated payments for tax year 2023 (filed between April 2023 and January 2024) declined sharply, by 23.9 percent from the previous year, with the median state reporting a 25.2 percent decrease. 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.

Thirty-six of the 38 states (excluding Ohio and Virginia) reported year-over-year declines in estimated payments for all four estimated payments combined. 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 were partly attributed to the weak stock market throughout 2023.

The stock market's strong performance in the first half of 2024 is evident in the growth of estimated payments filed in April and May. This led to a year-over-year growth of 11.5 percent in estimated payments during these months, with a median state reporting a 7.5 percent increase.

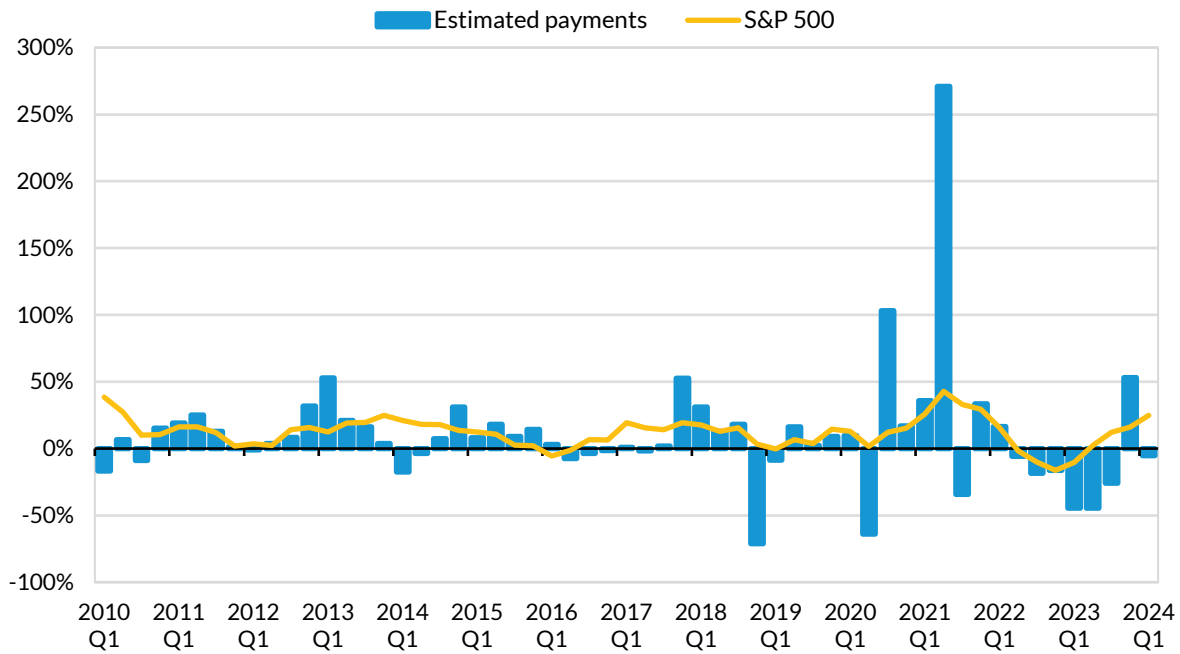
Figure 4 shows year-over-year quarterly percentage change in estimated payments and S&P 500 Index for the past 15 years. The longer-term trends indicate substantial volatility in estimated payments, which is partially caused by volatility in the stock market as well as by taxpayer responses to actual and expected federal and state tax policy changes, which affect timing of the capital gains realizations.

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.

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.

A similar trend continued into the first quarter of 2023, with both declining again. However, while the stock market began to recover from the second quarter of 2023, estimated payments continued to fall in the second and third quarters. Estimated payments rebounded substantially in the fourth quarter of 2023, driven partly by strong growth in California due to a delayed income tax due date.⁶ Preliminary data indicates a resurgence in estimated payments in the second quarter of 2024, consistent with continued stock market growth.

Final Payments

Final payments accounted for 8.0 percent of all personal income tax revenues in the first quarter of 2024. 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.⁷

Table A.6 presents the nominal year-over-year growth rates in final payments for four distinct periods: April 2022 through January 2023, April 2023 through January 2024, April through May 2023, and April-May 2024. Year-over-year growth in final payments was robust for April 2022 through January 2023 period, at 41.2 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 stark contrast, the period from April 2023 through January 2024 saw a steep decline in final payments, dropping by 27.4 percent year-over-year, with the median state experiencing a 26.5 percent decrease. 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.

Similarly, final payments saw widespread declines during the April-May 2023 period, falling 39.8 percent nationally and 34.4 percent in the median state. However, there was a partial rebound in April-May 2024, with final payments showing a modest 4.4 percent year-over-year increase for the nation, though the median state still reported a 3.3 percent decline.

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 by 13.4 percent in the first quarter of 2024 compared with the same period in 2023, leading to states issuing over \$5.0 billion more in refunds. While 11 states reported a decrease in refund amounts during this period, 29 states saw an increase. This rise in refunds across these 29 states can be partially attributed to reduced tax liabilities resulting from recently enacted income tax cuts and pass-through entity taxes.

Actual versus Forecasted Personal Income Tax Revenues

We collect and analyze data on both actual and forecasted monthly personal income tax revenue from various states. Forecast information is available for 24 states. In [table 3](#), we present the actual income tax revenue data for the first quarters of 2023 and 2024, alongside the forecasted values for the first quarter of 2024.

In the first quarter of 2024, actual personal income tax collections were lower than forecasted in 11 of 24 states. The average forecast underestimate was 0.7 percent, while the median underestimate was 1.9 percent ([table 3](#)). The variance between actual and forecasted revenues can be attributed to differences in the timing of the forecasts—some states update their revenue forecasts monthly, while others do so only annually. Moreover, the considerable variance in recent quarters, especially for a few

states, also reflects the impact of current global geopolitical crises, federal monetary policy actions, and state fiscal policy measures. These factors contribute to the uncertainty surrounding revenue forecasts.

TABLE 3

Actual versus Forecasted State Personal Income Tax Revenues

State	2023 Q1 actual (\$ millions)	2024 Q1 actual (\$ millions)	2024 Q1 forecast (\$ millions)	Percent change, 2024 Q1 vs 2023 Q1	Percentage variance, 2024 Q1 actual from forecast	Forecast date
Median Average	\$70,895	\$74,838	\$74,344	0.1% 5.6%	1.9% 0.7%	
Arizona	571	901	833	57.9	8.1	Jan-24
Arkansas	695	636	605	(8.6)	5.1	Feb-24
California	24,165	27,964	29,279	15.7	(4.5)	May-23
Idaho	439	476	516	8.5	(7.8)	Jul-23
Indiana	1,546	1,759	1,602	13.8	9.8	Dec-23
Kansas	1,021	1,014	1,050	(0.6)	(3.4)	Nov-23
Maine	485	381	426	(21.4)	(10.5)	Dec-23
Massachusetts	5,279	5,419	5,545	2.7	(2.3)	Jan-24
Michigan	2,590	1,933	2,192	(25.4)	(11.8)	Jan-24
Minnesota	3,928	3,743	3,520	(4.7)	6.3	Feb-24
Mississippi	414	351	383	(15.2)	(8.4)	Nov-22
Montana	502	531	460	5.8	15.4	Jun-23
Nebraska	606	622	535	2.7	16.3	Feb-24
New Mexico	551	438	423	(20.4)	3.5	Dec-23
New York	16,657	17,497	15,755	5.0	11.1	Oct-23
North Dakota	91	77	66	(15.6)	16.2	May-23
Ohio	2,213	1,733	1,929	(21.7)	(10.2)	Jun-23
Oklahoma	691	688	671	(0.4)	2.5	Feb-23
Pennsylvania	4,523	4,548	4,568	0.5	(0.4)	Jun-23
Rhode Island	419	376	410	(10.1)	(8.3)	Nov-23
South Carolina	684	1,007	994	47.1	1.3	Nov-23
Vermont	239	244	227	2.2	7.4	Jan-24
West Virginia	628	461	478	(26.6)	(3.6)	Jan-23
Wisconsin	1,959	2,039	1,874	4.1	8.8	Jan-24

Source: Individual state data, analysis by the author.

Corporate Income Taxes

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

Total state corporate income tax revenues increased by 4.9 percent in nominal terms and 2.4 percent in real terms in the first quarter of 2024 relative to a year earlier (table A.1). This overall growth was primarily driven by significant gains in California, not due to economic growth, but because of a delayed income tax filing deadline in 2023.

Excluding California, corporate income tax revenues for the rest of the nation fell by 7.1 percent in nominal terms. The median state reported a 5.5 percent decline in nominal terms. The average quarterly year-over-year growth rate in state corporate income tax collections for the first three quarters of fiscal year 2024 was 4.4 percent in nominal terms and 1.6 percent in real terms.

The Far West, Plains, and Southwest regions reported year-over-year growth in state corporate income tax revenue collections in the first quarter of 2024, while the rest of the regions reported declines. The Far West region saw the strongest increase, at 40.0 percent, followed by the Plains region, at 33.5 percent. The Southwest region saw the steepest year-over-year decline in corporate income tax revenues, at 18.0 percent, followed by the Great Lakes region, at 11.2 percent.

Sixteen states reported year-over-year growth in corporate income tax collections, while 29 states reported declines in the first quarter of 2024 (table A.2). The strongest growth in dollar value was in California, where corporate income tax revenues increased by \$2.3 billion, or 40.7 percent, in the first quarter of 2024 compared with the same quarter in 2023. The steepest decline in dollar value was in Illinois, where corporate income tax revenues declined by \$0.5 billion, or 30.4 percent.

Year-over-year nominal growth in state corporate income tax revenues was 4.8 percent in the first three quarters of fiscal year 2024. The median state, however, reported a 3.5 percent decline. Nineteen states reported year-over-year growth, while 26 states reported declines in nominal terms (table A.3).

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). However, after the initial pandemic shock, corporate tax revenues grew significantly, aided by federal COVID relief efforts. Currently, we are witnessing sustained growth in corporate profits. According to data from the Bureau of Economic Analysis, US corporate profits increased by \$202 billion, or 6.4 percent, in the first quarter of 2024 compared with the same quarter of 2023.⁸

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 improved slightly in August 2024, but consumers continued to express concerns about the labor market.⁹ Despite the pessimism about the labor market, consumers were more positive about the current and future business conditions.

General Sales Taxes

State general sales tax collections increased by 0.7 percent in nominal terms but declined by 1.7 percent in real terms for the first quarter of 2024 compared with the same period in 2023 (table A.1). Growth in the median state was 2.1 percent in nominal terms. The average quarterly year-over-year growth rate in state general sales tax collections for the first three quarters of fiscal year 2024 was 1.1 percent in nominal terms, but negative 1.6 percent in real terms.

Sales tax collections increased in all regions but New England for the first quarter of 2024 compared with the same period in 2023. The Plains region reported the largest average year-over-year growth at 2.4 percent, while the New England region reported a decline of 0.5 percent in nominal terms (table A.2).

Thirty-three of 45 states with broad-based sales taxes reported year-over-year growth in sales tax collections for the first quarter of 2024, while 12 states reported declines. North Carolina saw the strongest year-over-year growth in sales tax revenues at 11.1 percent, while Maryland reported the steepest decline at 15.7 percent.

State sales tax revenues increased by 1.1 percent in nominal terms in the first three quarters of fiscal year 2024, compared with the same period in fiscal year 2023 (table A.3). During this period, all regions experienced year-over-year growth. However, among individual states, nine reported declines in sales tax revenues, while 36 states exhibited growth.

Overall growth in general sales tax revenues weakened substantially throughout fiscal year 2024. Strong growth observed during the COVID-19 period was partly driven partly by inflation-induced price increases, which boosted sales tax revenues. However, as high inflation and interest rates have persisted, consumers have adjusted their spending habits, leading to reduced purchases.

This shift, along with the transition back to spending on services rather than goods, has contributed to the slowdown in sales tax revenue growth. Many state officials have expressed concerns about 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.¹⁰

Motor Fuel Taxes

Motor fuel tax collections increased 6.9 percent in nominal terms and 4.3 percent in real terms for the first quarter of 2024 compared with the same period in 2023 (table A.1). Year-over-year growth in the median state was much weaker, at 2.1 percent in nominal terms. The average quarterly year-over-year growth rate in state motor fuel tax collections was 8.0 percent in nominal terms and 5.1 percent in real terms in the first three quarters of fiscal year 2024.

All regions except the Plains reported year-over-year nominal growth in motor fuel tax revenue collections during the first quarter of 2024. The New England region saw the strongest growth at 20.9 percent, while the Plains region experienced a decline of 3.9 percent.

Thirty-five states reported year-over-year growth in motor fuel sales tax collections for the first quarter of 2024, while 15 states saw declines (table A.2). Alaska saw the largest year-over-year decline, with a 45.0 percent drop in motor fuel sales tax collections, followed by Iowa with a 12.3 percent decrease. Conversely, seven 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 8.0 percent in the first three quarters of fiscal year 2024 compared with the same period in fiscal year 2023; the median state saw 1.9 growth (table A.3). Thirty-seven states reported year-over-year growth in motor fuel sales tax revenue collections, while 13 states reported declines.

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 tax collections, as do changes in state motor fuel tax rates. States also 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.¹¹

Oil and gas prices are typically volatile. High prices have largely benefitted oil-dependent states, at least in the short-term (Dadayan 2022b). Price increases generally boost motor fuel tax revenues in states with a variable tax rate and that do not enact gas tax holidays or suspend motor fuel tax rate adjustments.

Other Taxes

The US Census Bureau's quarterly data on state tax collections provide detailed information for some smaller revenue sources, including state property taxes, tobacco excise taxes, alcoholic beverage excise taxes, and motor vehicle and operators' license taxes. In [table A.8](#), we present year-over-year growth rates for a four-quarter moving average of inflation-adjusted revenues at the national level. In the first quarter of 2024, states collected \$79.2 billion from these combined smaller tax sources, constituting approximately 22.6 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 3.0 percent decline for the first quarter of 2024 compared with the same quarter in 2023. State property taxes, which represent a small portion of overall state tax revenues, increased 3.4 percent. Tax revenues from tobacco product sales declined 10.4 percent, tax revenues from alcoholic beverage sales declined 1.4 percent, while revenues from motor vehicle and operators' licenses increased 0.6 percent. Finally, revenues from all other smaller tax sources declined 3.8 percent.

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

The Urban Institute regularly collects monthly state tax revenue data for all states. Preliminary data from 47 states indicate continued sluggishness in the median state tax revenue collections in the second quarter of 2024. Although nominal state tax revenues rose by 7.2 percent in the second quarter of 2024 compared with the same period in 2023, the year-over-year growth in the median state was a modest 1.0 percent ([table A.9](#)). State tax revenues increased in 29 states in nominal terms, while 17 states reported year-over-year declines for the second quarter of 2024.

Personal income tax collections rose by 13.4 percent in the second quarter of 2024 compared to the same period a year earlier. This significant increase was largely driven by California, where the surge in tax revenues resulted from a delayed income tax filing deadline in 2023, creating a lower base for comparison.

Additionally, several states implemented income tax cuts, which contributed to declines in revenue. Excluding California, personal income tax revenues showed a year-over-year growth of 3.2 percent in the second quarter of 2024. The median state reported a 1.9 percent growth in nominal terms, highlighting the variability in tax revenue performance across states.

According to preliminary data, 16 states experienced year-over-year declines in personal income tax revenues during this period, with seven states reporting double-digit declines. These declines were influenced by both the economic slowdown and the tax cuts enacted in recent years, which have reduced state revenues and created budgetary challenges for some states.

Year-over-year growth in state corporate income tax revenues was 9.7 percent in the second quarter of 2024. The median state, however, reported a 2.5 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 3.7 percent in the second quarter of 2024. Large variations were observed across the states, with corporate income tax revenues increasing in 18 states, nine of them reporting double-digit growth. Conversely, 24 states reported year-over-year declines in corporate income tax revenues, with 13 states reporting double-digit declines.

Finally, state general sales tax collections increased 0.7 percent in the second quarter of 2024 compared with the same quarter in 2023; growth in the median state was 1.2 percent. Twenty-seven 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

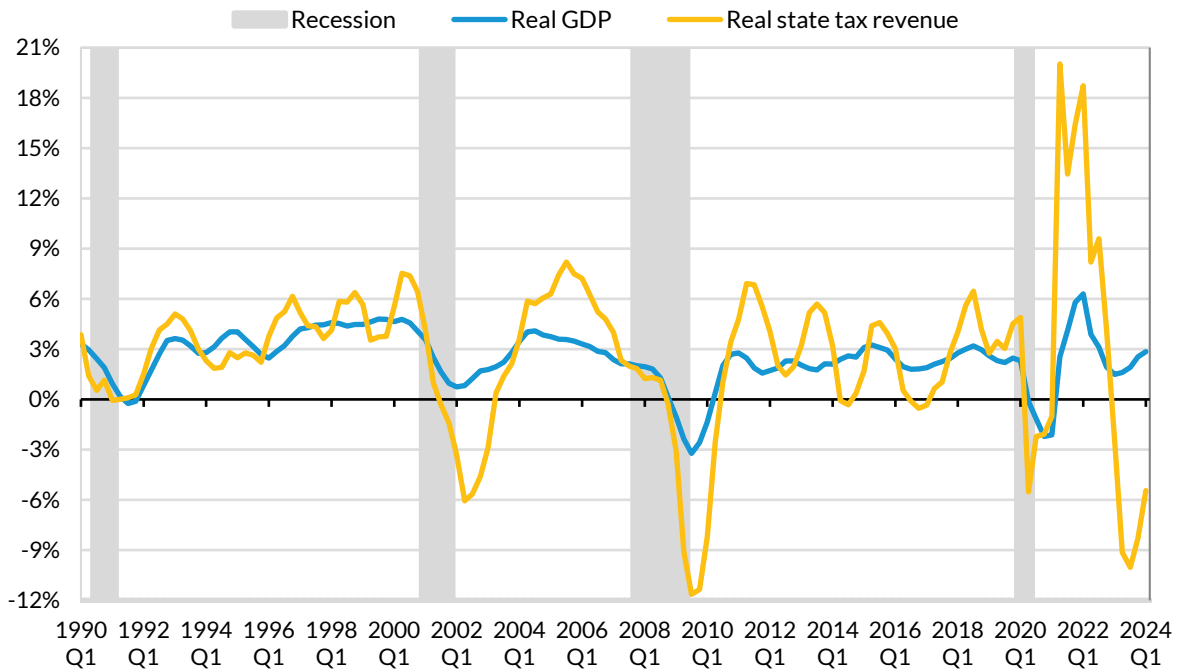
Figure 5 shows year-over-year growth for four-quarter moving averages in real GDP and real state tax revenue. We present moving averages to smooth short-term fluctuations and illustrate the interplay between the state of the economy and state revenues. As shown in figure 5, real GDP growth remained continuous throughout fiscal year 2024, while real state revenues experienced steep declines. Year-over-year growth for the four-quarter moving average was 2.8 percent in real GDP and negative 5.4 percent in real state tax revenues in the first quarter of 2024.

However, volatility in state tax revenue is not fully explained by changes in real GDP, a broad measure of the economy. State tax revenues became far more volatile in the past two decades, mostly due to changes in state tax rates and states' growing reliance on income taxes, some of which are progressive and dependent on volatile non-wage income sources such as stock options and capital gains. This was particularly true for the second half of 2020 and all of 2021 when the stock market soared and led to larger capital gains realizations and increases in nonwithholding income tax payments. However, the stock market declined in 2022 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 half 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



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

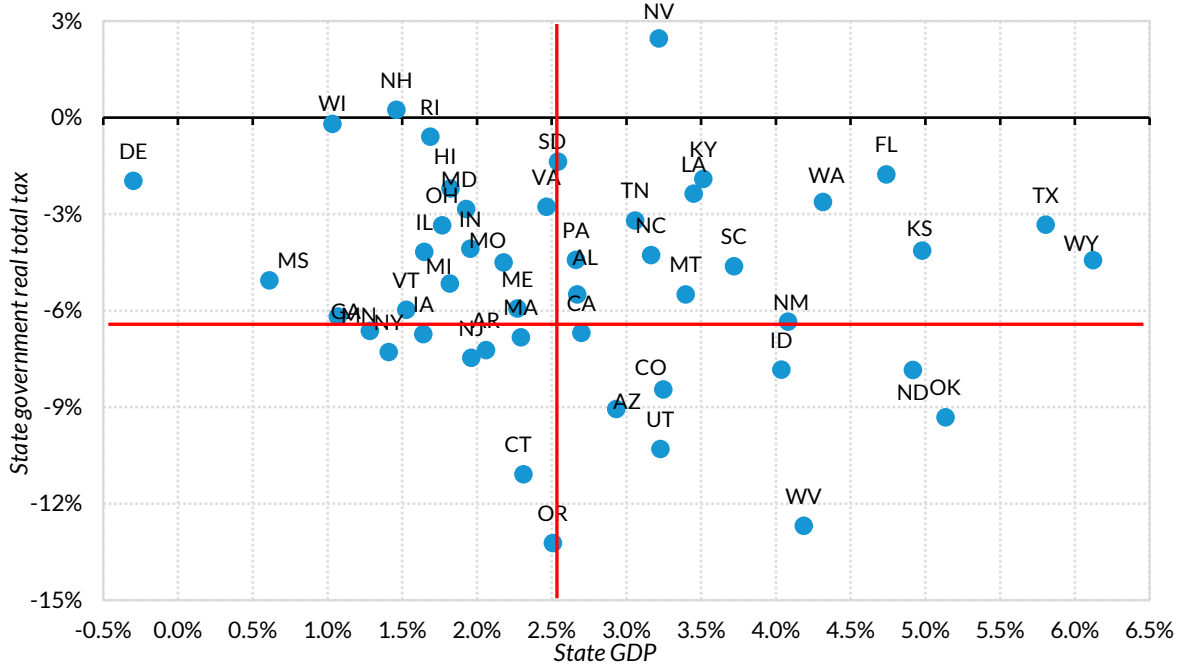
Notes: Year-over-year change is the percentage change of four-quarter moving averages. Data are adjusted for inflation.

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 first quarter of 2024 compared with the first quarter in 2023. By this measure, real state GDP increased in 49 states, while real state tax revenues increased in only three states. The year-over-year change in real state GDP ranged from 6.1 percent in Wyoming to negative 0.3 percent in Delaware; the change in real state tax revenues ranged from 11.3 percent in Nebraska to negative 56.0 percent in Alaska. Large swings in Alaska’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, 2024 Q1 versus 2023 Q1



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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 Nebraska are outliers and are excluded from the figure.

State Unemployment and Employment

The unemployment rate for the nation averaged 3.8 percent in the first quarter of 2024.

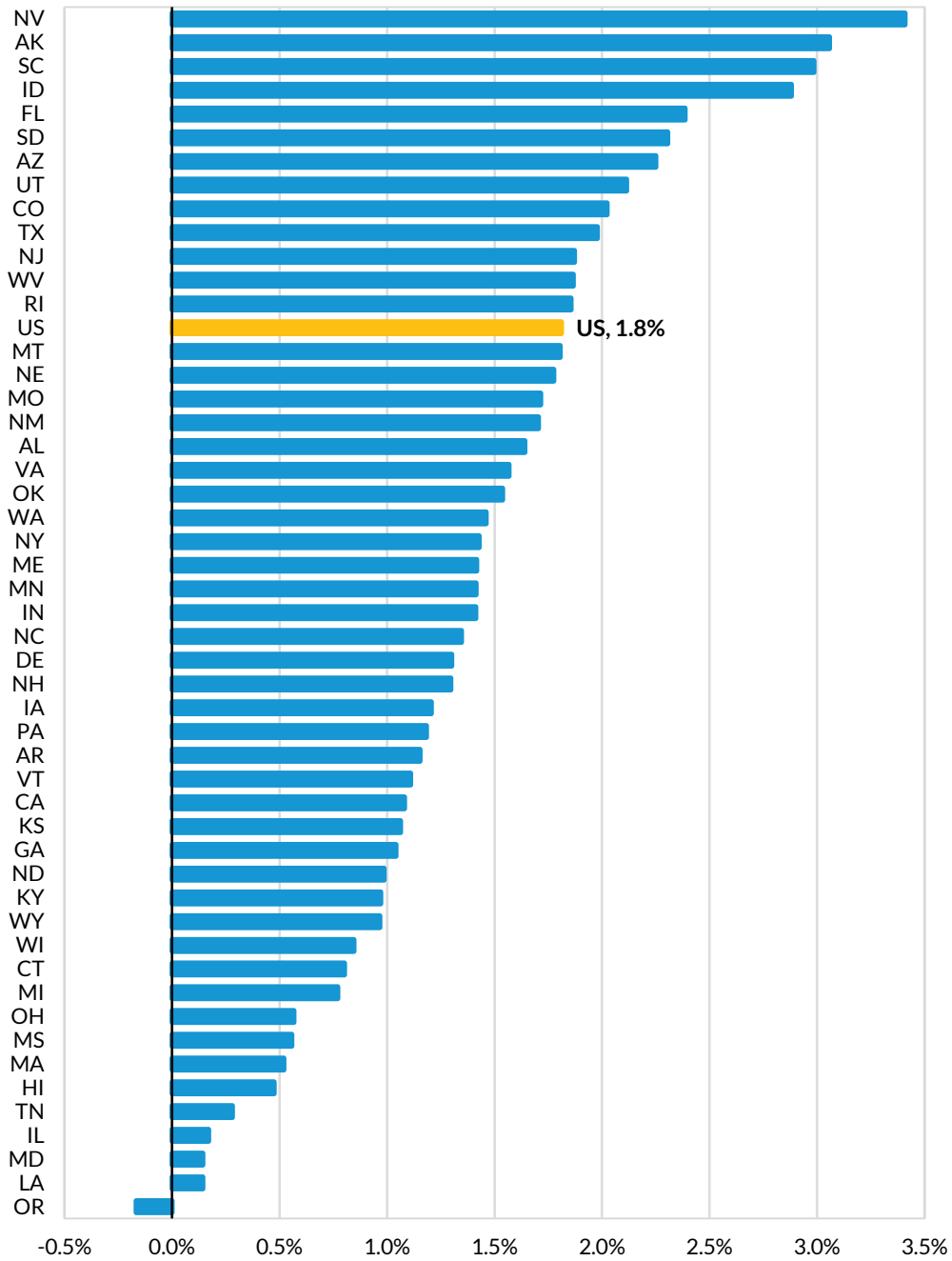
Unemployment rates ranged from 2.0 percent in North Dakota to 5.3 percent in California for the first quarter of 2024, although unemployment rates varied for different socioeconomic and demographic groups in each state. According to the latest data, the national unemployment rate edged up slightly to 4.0 percent in the second quarter of 2024.

Nationwide employment increased 1.8 percent in the first quarter of 2024 compared with the same quarter in 2023 (figure 7). Every state except Oregon experienced year-over-year employment growth during this period. The growth rates varied significantly across states, with Oregon seeing a slight decline of 0.2 percent, while Nevada recorded the highest increase at 3.4 percent. Additionally, employment levels in four states—Hawaii, Louisiana, Maryland, and Vermont—remained below their levels from the first quarter of 2019 (i.e., prior to the pandemic).

FIGURE 7

Continued Employment Expansion in the First Quarter of 2024

Year-over-year percentage change in employment, 2024 Q1 versus 2023 Q1



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

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

As of July 2024, state and local governments employed approximately 326,000 more people than they did before the COVID-19 pandemic. Initially, during the pandemic, states and localities reduced public-sector jobs to manage actual and anticipated budgetary challenges or due to diminished demand. Additionally, some government workers, particularly teachers, retired or chose not to return to the public sector. Despite receiving federal aid and experiencing stronger budgets, many state and local governments faced difficulties in refilling these positions, taking over three years to recover and fill the vacancies.

In the private sector, current employment numbers have surpassed prepandemic levels, yet significant variations exist across different sectors and industries. The leisure and hospitality sector, which was hit particularly hard during the pandemic, has rebounded to employ around 27,000 more people than before the pandemic as of July 2024. However, it is important to note that while the sector has regained jobs, it still faces challenges. The accommodations subsector, for instance, remains about 196,000 jobs below pre-pandemic levels as of July 2024.

On the other hand, some sectors have thrived in the post-pandemic job market. The trade, transportation, and utilities sector has experienced substantial growth, employing around 1.4 million more people in July 2024 compared with prepandemic levels. This growth can be attributed in part to the surge in e-commerce and the increased demand for logistics and delivery services during and after the pandemic.

Despite the overall recovery, the labor market continues to face challenges. Many industries, particularly those in leisure and hospitality, are still grappling with staffing shortages.

Housing Market

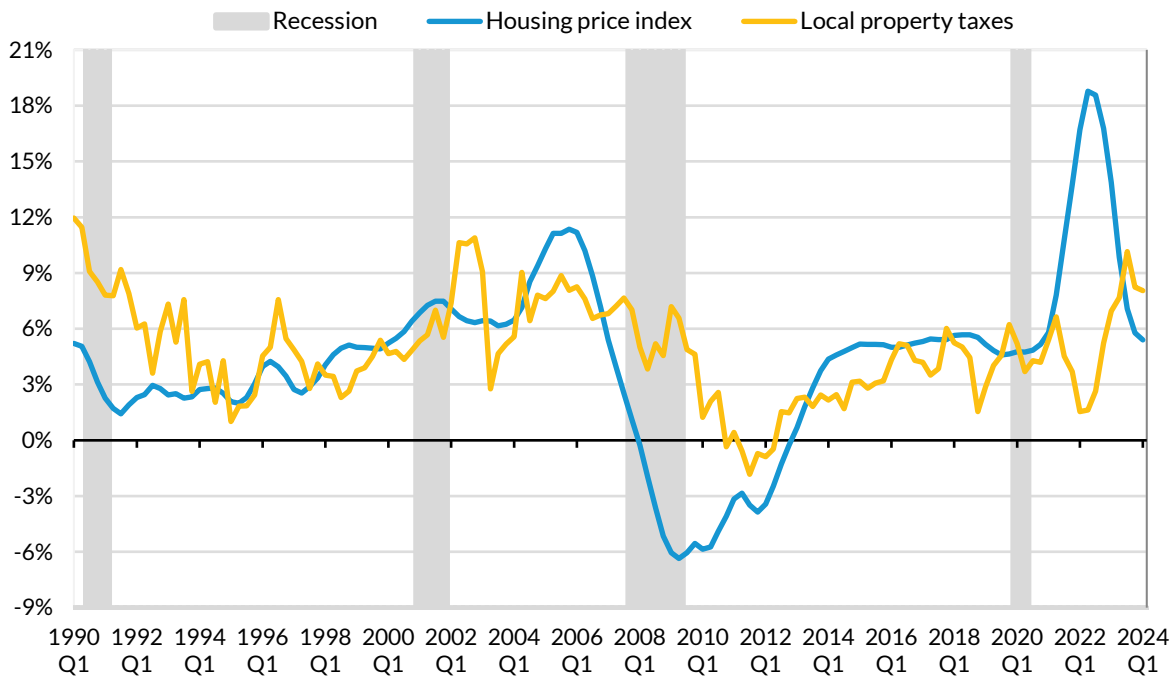
House prices are an important determinant of local property taxes, though changes in property tax revenues often lag property price changes. Assessment lags and assessment caps can affect how quickly house price changes translate into property tax revenue changes. Declines in house prices usually lead 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 5.4 percent for the first quarter of 2024 compared with a year earlier; year-over-year growth in local property taxes was 8.0 percent for the same period, based on four-quarter moving averages.

FIGURE 8

Housing Prices Skyrocketed During the Pandemic but Growth Is Moderating Now

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



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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.

Figure 9 shows year-over-year nominal percentage change in house price indexes for all states in the first quarter of 2024. House price indexes increased in all 50 states compared to the same period a year earlier. The range of growth spanned from a modest 1.5 percent increase in Louisiana to a robust 11.2 percent surge in New Jersey. This wide range indicates the uneven nature of the housing market recovery and growth across different regions. Nationally, the year-over-year growth rate for house prices stood at 6.4 percent in the first quarter of 2024, marking an improvement from the 5.9 percent growth observed in the fourth quarter of 2023. This

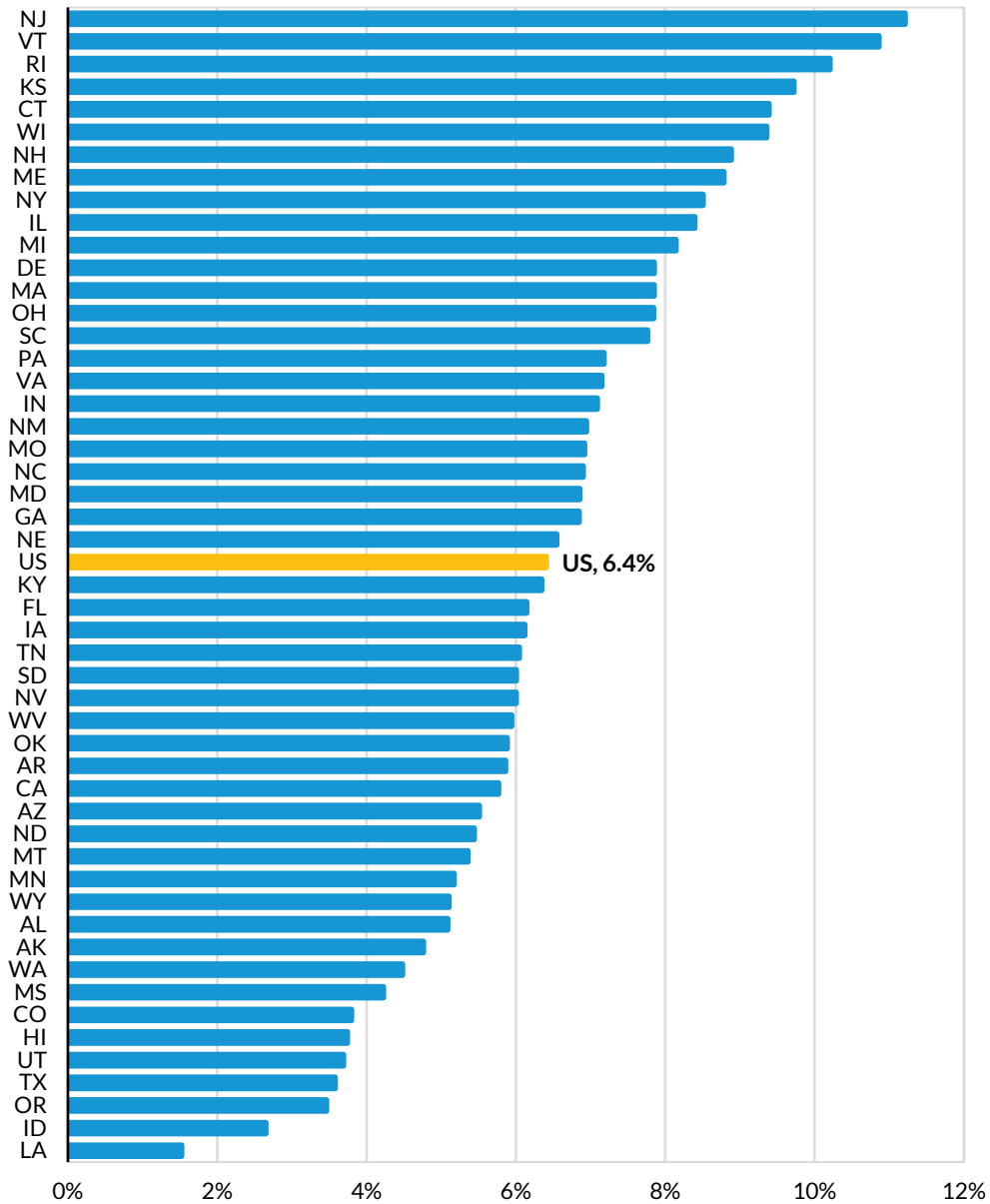
The COVID-19 pandemic, contrary to initial fears, did not negatively impact residential real estate values. Instead, it catalyzed a boom in many housing markets as demand for homes surged, driven by factors such as the need for more space, low interest rates, and changing work patterns (Duca and Murphy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

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

FIGURE 9

Most States Reported Growth in Housing Prices in the First Quarter of 2024

Year-over-year percentage change in house prices, 2024 Q1 versus 2023 Q1



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

As business leases come due, many companies are reevaluating their office space needs in terms of both size and location. This has resulted in a rise in commercial property vacancies in numerous urban centers. Additionally, higher borrowing costs for mortgages have weakened home sales 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.¹²

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.

Before the COVID-19 pandemic, spending on services typically remained stable during economic downturns. However, in the second quarter of 2020, spending on services experienced its first recorded decline since 1948. This downward trend continued for another year, mainly due to government-imposed restrictions and shifts in consumer behavior during the pandemic. As shown in [figure 10](#), year-over-year spending on services increased an average 3.9 percent in the first quarter of 2024.

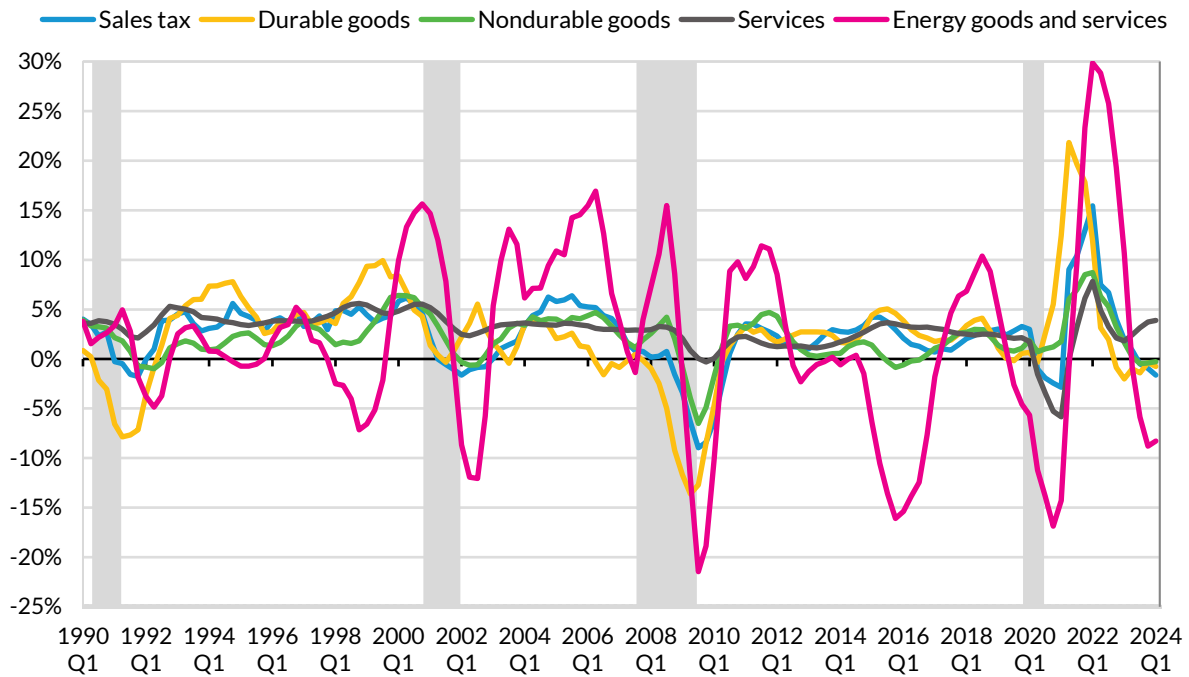
Spending on both durable and nondurable goods surged during the pandemic, driven by increased consumer demand and higher disposable incomes from fiscal stimulus measures. However, this growth has significantly slowed since the second quarter of 2022. In the first quarter of 2024, year-over-year spending on durable goods decreased by 0.8 percent, while spending on nondurable goods fell by 0.3 percent. This shift reflects a return to more typical spending patterns as the effects of the pandemic and related fiscal policies wane.

Spending on gasoline and energy goods accounts for approximately one-fifth of total spending on nondurable goods. As shown in [figure 10](#), after experiencing eight consecutive quarters of contraction, real spending on energy goods and services began to increase in the third quarter of 2021 and continued this upward trajectory through the first quarter of 2023. This growth was largely fueled by significant rises in gas and oil prices. However, in the second quarter of 2023, year-over-year spending on gasoline and energy goods decreased by 0.9 percent, with more pronounced declines occurring in the following quarters. By the first quarter of 2024, year-over-year spending on gasoline and energy goods had dropped by 8.3 percent, primarily due to a downturn in energy prices.

FIGURE 10

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

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



URBAN INSTITUTE

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.

Tax Law Changes Affecting the First 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.¹³

During the first quarter of 2024, enacted tax changes were forecasted to decrease state revenues by a net \$3.3 billion compared with the same period in 2022 (this reflects both tax decreases and increases).¹⁴ Overall, tax changes were expected to decrease personal income taxes by \$2.5 billion, corporate income taxes by \$188 million, and sales taxes by \$399 million. Other changes to taxes and

fees were forecasted to decrease revenues by approximately \$123 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 state's 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 was 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.¹⁵ It is important to note, however, that both these measures were 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 was forecasted to decrease personal income tax revenues by approximately \$1.7 billion in fiscal year 2024. Notably, the distribution of one-time rebates was expected to be the primary contributor to this reduction, accounting for approximately \$1.1 billion of the decrease.¹⁶

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 were projected to decrease personal income tax revenues by approximately \$1.1 billion in fiscal year 2024.¹⁷

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 was estimated that the state will experience a net loss of approximately \$1.0 billion in revenue in fiscal year 2024.¹⁸

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.¹⁹ 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 was estimated to decrease personal income tax collections by \$0.8 billion in fiscal year 2024.²⁰

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 was estimated to reduce New Jersey's corporate income tax revenues by \$0.3 billion in fiscal year 2024.²¹ 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 was an estimated decrease of \$0.2 billion in Ohio's corporate income tax revenues for fiscal year 2024.²² 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 was estimated to increase Minnesota's corporate income tax revenues by \$0.3 billion in fiscal year 2024.²³

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.²⁴ Officials in Tennessee approved a one-time sales tax holiday on groceries for a three-month period that was estimated to decrease Tennessee's sales tax revenue by \$0.3 billion in fiscal year 2024.²⁵

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

At the onset of the COVID-19 pandemic, states forecasted steep revenue shortfalls for fiscal years 2021 and 2022 (Dadayan 2020a). However, these forecasts proved overly pessimistic. Declines were short-lived, as substantial federal relief measures and a faster-than-expected economic recovery led to a surge in revenue growth, surpassing forecasts in most states.

The revenue landscape has shifted considerably since then. After forecasting sustained growth for fiscal years 2023 and 2024, many states had revised their forecasts downward as revenue collections weakened. This downturn has been primarily driven by declines in personal income tax collections, influenced by stock market volatility and widespread state-level income tax rate cuts. Consequently, most states saw significantly weaker revenue performance than initially projected for fiscal year 2024. (Dadayan 2023a).

State revenue collections declined during the first half of fiscal year 2024, while growth was sluggish in the second half, with significant variations across states. In the first quarter of 2024, state tax revenues increased by 3.0 percent in nominal terms and just 0.6 percent in real terms compared with the same period in 2023. Preliminary data for the second quarter of 2024 indicate continued weakness, with the median state experiencing only a 1.0 percent increase in nominal terms.

This stagnation can be partially attributed to recent state tax policies, including income tax rate cuts and one-time rebates, which contributed to a \$16.2 billion reduction in state tax revenue in 2023—a record reduction. For fiscal year 2024, a further decrease of \$13.3 billion was projected, with \$5.4 billion, or 40 percent, attributed to one-time measures such as rebates and tax holidays.

The fiscal outlook for states remains uncertain, with potential risks posed by ongoing economic fluctuations, policy changes, and the fading impact of federal pandemic aid. While many states have built up substantial rainy-day funds, which could help ease the transition to slower revenue growth, the long-term sustainability of recent tax cuts amid economic headwinds remains a concern.

States now face the challenge of balancing tax relief measures with the need to maintain stable revenue streams to fund public services in an evolving economic landscape. In response, states are enhancing their forecasting methods by developing multiple revenue scenarios, updating projections more frequently, and incorporating a broader array of economic indicators into their models (Dadayan 2024).

Appendix: Additional Tables

TABLE A.1

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, fiscal YTD 2024</i>	2.3	4.4	1.1	8.0	2.1	2.8	(0.5)	1.6	(1.6)	5.1	(0.7)
2024 Q1	1.1	4.9	0.7	6.9	3.0	2.4	(1.4)	2.4	(1.7)	4.3	0.6
2023 Q4	8.6	9.4	1.3	6.6	4.4	2.6	5.9	6.6	(1.3)	3.9	1.8
2023 Q3	(2.8)	(1.0)	1.5	10.6	(1.2)	3.2	(5.9)	(4.1)	(1.7)	7.2	(4.3)
2023 Q2	(27.2)	(10.8)	1.6	8.3	(12.7)	3.5	(29.6)	(13.8)	(1.8)	4.7	(15.6)
2023 Q1	(18.4)	(25.5)	6.6	0.6	(6.9)	5.3	(22.5)	(29.2)	1.2	(4.5)	(11.5)
2022 Q4	(10.4)	11.3	7.0	(3.2)	(0.3)	6.4	(15.8)	4.5	0.5	(9.1)	(6.4)
2022 Q3	2.4	12.6	11.5	(3.3)	7.1	7.2	(4.5)	5.0	4.0	(9.8)	(0.1)
2022 Q2	15.3	35.9	9.9	(1.2)	15.0	7.7	7.1	26.2	2.1	(8.2)	6.8
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	(16.6)	(3.0)	12.4	7.7	(0.5)	5.1	(20.7)	(7.7)	7.0	2.5	(5.3)
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	(7.3)	9.4	2.6	15.0	27.9	0.4	(9.6)	6.7
2020 Q4	8.9	24.3	3.4	(7.6)	6.1	1.7	7.1	22.3	1.7	(9.2)	4.4
2020 Q3	43.9	61.8	2.8	(4.2)	19.3	1.3	42.0	59.7	1.5	(5.4)	17.7
2020 Q2	(32.9)	(44.3)	(13.4)	(17.9)	(24.8)	0.8	(33.4)	(44.7)	(14.0)	(18.5)	(25.4)
2020 Q1	5.0	(0.8)	3.9	5.2	4.0	1.6	3.3	(2.3)	2.3	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	(2.4)	40.8	5.5	1.8	2.7	1.9	(4.2)	38.1	3.5	(0.1)	0.7
2018 Q4	(9.2)	12.9	4.4	6.0	(0.1)	2.2	(11.2)	10.5	2.1	3.7	(2.3)
2018 Q3	7.9	26.7	6.2	8.8	8.3	2.4	5.3	23.7	3.7	6.3	5.8
2018 Q2	10.6	17.3	5.3	8.9	9.0	2.5	7.9	14.4	2.7	6.2	6.4
2018 Q1	15.3	(6.7)	5.0	10.9	8.8	2.1	13.0	(8.5)	2.9	8.7	6.6
2017 Q4	14.9	10.4	4.5	9.7	9.3	1.9	12.7	8.3	2.5	7.6	7.2
2017 Q3	4.6	6.5	3.1	2.0	3.9	1.8	2.7	4.6	1.3	0.1	2.1
2017 Q2	(0.0)	11.7	3.2	5.2	2.5	1.6	(1.6)	10.0	1.6	3.6	0.9
2017 Q1	8.9	(28.0)	2.3	0.9	3.5	2.0	6.7	(29.4)	0.4	(1.0)	1.5
2016 Q4	0.3	(3.3)	1.7	1.2	1.2	1.4	(1.1)	(4.6)	0.3	(0.2)	(0.2)
2016 Q3	2.4	(9.1)	2.7	1.4	1.3	0.9	1.6	(9.8)	1.8	0.5	0.4
2016 Q2	(2.8)	(9.3)	1.2	0.3	(1.6)	0.8	(3.6)	(10.0)	0.3	(0.5)	(2.4)
2016 Q1	1.7	(6.0)	1.9	2.9	1.4	0.8	0.9	(6.7)	1.1	2.1	0.7
2015 Q4	5.1	(9.7)	2.7	3.5	2.3	0.8	4.3	(10.3)	1.9	2.7	1.6
2015 Q3	6.5	0.4	3.5	5.0	4.1	0.8	5.6	(0.4)	2.7	4.1	3.3
2015 Q2	14.0	5.6	3.6	2.5	7.0	1.0	12.9	4.5	2.6	1.5	6.0
2015 Q1	6.9	3.5	5.8	4.3	5.5	0.9	5.9	2.5	4.8	3.3	4.5
2014 Q4	8.4	10.0	6.5	2.4	5.7	1.4	6.9	8.5	5.1	1.0	4.2
2014 Q3	4.4	7.3	6.6	0.6	4.3	1.9	2.5	5.3	4.6	(1.2)	2.4
2014 Q2	(6.7)	(0.3)	4.6	4.0	(1.0)	2.0	(8.5)	(2.2)	2.6	2.0	(2.9)
2014 Q1	(1.3)	7.9	3.0	2.8	0.5	1.7	(2.9)	6.0	1.2	1.1	(1.2)
2013 Q4	1.1	3.7	5.1	3.6	3.1	1.7	(0.6)	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	(1.7)	8.9	1.8	16.0	7.6	2.0	(3.4)	6.9

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

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

TABLE A.2

Quarterly State Government Tax Revenue, by State

Nominal percentage change, 2024 Q1 versus 2023 Q1

State/region	PIT	CIT	Sales	MFT	Total
US (median)	0.0	(5.5)	2.1	2.1	0.2
US (average)	1.1	4.9	0.7	6.9	3.0
New England	(0.8)	(6.7)	(0.5)	20.9	(0.8)
Connecticut	(2.0)	(8.7)	(5.0)	135.6	(3.7)
Maine	(21.7)	30.9	2.8	3.8	(5.6)
Massachusetts	2.1	(5.9)	1.0	1.5	0.4
New Hampshire	28.8	(20.7)	NA	(9.5)	4.7
Rhode Island	(9.8)	44.8	3.9	12.9	1.8
Vermont	2.1	(41.6)	3.2	(1.5)	2.8
Mideast	1.1	(10.7)	0.6	3.4	0.5
Delaware	9.6	(13.7)	NA	1.4	(2.2)
Maryland	(0.6)	26.3	(15.7)	29.8	(3.4)
New Jersey	(0.3)	(32.4)	2.6	1.8	(1.0)
New York	1.6	(4.6)	3.1	(1.2)	1.8
Pennsylvania	0.5	(21.5)	2.8	(2.3)	0.9
Great Lakes	(4.5)	(11.2)	0.1	4.1	0.5
Illinois	4.9	(30.4)	1.8	7.9	1.5
Indiana	5.2	(11.2)	(1.5)	2.3	1.5
Michigan	(34.3)	37.1	(1.5)	5.1	(4.2)
Ohio	(20.8)	NA	(0.2)	2.6	0.1
Wisconsin	4.1	13.0	2.6	(0.3)	3.5
Plains	(1.5)	33.5	2.4	(3.9)	4.4
Iowa	(20.6)	(40.6)	0.3	(12.3)	(0.1)
Kansas	(0.6)	(34.4)	(5.1)	(2.3)	(3.1)
Minnesota	(4.7)	25.8	5.8	1.8	1.9
Missouri	15.4	(5.5)	4.6	(9.3)	8.7
Nebraska	3.3	412.1	7.5	6.9	32.7
North Dakota	(31.8)	(34.2)	0.1	(0.0)	1.2
South Dakota	NA	(14.1)	0.5	4.5	2.3
Southeast	(0.8)	(18.0)	0.5	10.3	0.5
Alabama	(9.7)	2.2	(3.0)	5.2	(2.9)
Arkansas	(6.8)	(42.2)	2.3	3.9	(2.3)
Florida	NA	14.4	(2.6)	3.5	(1.1)
Georgia	(10.2)	(26.3)	(0.4)	92.1	(4.4)
Kentucky	0.4	(25.8)	5.1	19.4	3.7
Louisiana	(4.5)	24.5	(5.0)	(1.2)	(2.0)
Mississippi	(11.8)	(4.5)	4.6	0.4	0.6
North Carolina	2.1	(72.8)	11.1	6.7	3.3
South Carolina	47.1	(4.0)	3.1	(0.3)	25.3
Tennessee	NA	(6.3)	1.8	1.4	(2.0)
Virginia	6.9	(46.7)	(1.0)	1.7	3.8
West Virginia	(26.6)	2.5	2.1	0.3	(15.8)
Southwest	13.8	14.6	0.3	2.1	0.6
Arizona	57.9	(3.7)	2.1	2.2	9.1
New Mexico	(17.0)	80.8	4.3	2.2	(2.5)
Oklahoma	4.4	(35.7)	0.4	9.6	(3.9)
Texas	NA	NA	(0.5)	1.0	(0.2)
Rocky Mountain	(1.7)	(11.0)	1.4	5.4	(2.3)
Colorado	3.3	(14.5)	0.5	2.9	(0.5)
Idaho	8.7	(0.2)	2.5	(10.5)	(1.6)
Montana	5.8	44.2	NA	2.1	6.9
Utah	(16.0)	(26.5)	1.5	24.4	(6.1)
Wyoming	NA	NA	2.5	(10.3)	(15.4)
Far West	6.4	40.0	1.4	10.8	11.9

State/region	PIT	CIT	Sales	MFT	Total
Alaska	NA	139.0	NA	(45.0)	(53.2)
California	15.5	40.7	0.6	7.7	19.7
Hawaii	(4.3)	114.3	2.5	(0.9)	1.8
Nevada	NA	NA	5.8	6.1	10.6
Oregon	(71.5)	(4.8)	NA	2.2	(51.1)
Washington	NA	NA	2.1	48.6	1.4

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

Notes: PIT = personal income tax; CIT = corporate income tax; MFT = motor fuel tax; NA = not applicable.

TABLE A.3

State Government Tax Revenue Trends in Fiscal Year-to-Date 2024

Nominal percentage change, fiscal YTD 2024 versus fiscal YTD 2023

State/region	PIT	CIT	Sales	MFT	Total
US (median)	(1.8)	(3.5)	1.7	1.9	(0.0)
US (average)	2.2	4.8	1.1	8.0	2.1
New England	1.0	(8.6)	1.0	22.6	(0.7)
Connecticut	(1.8)	(17.2)	1.2	216.7	(4.2)
Maine	(4.4)	12.2	3.5	0.9	0.3
Massachusetts	2.8	(7.8)	(0.2)	2.1	0.1
New Hampshire	NM	(3.5)	NA	(1.7)	2.4
Rhode Island	(0.7)	28.9	3.9	8.3	3.7
Vermont	(2.9)	(18.8)	2.5	(4.7)	(0.4)
Mideast	1.1	(5.6)	1.7	8.4	1.1
Delaware	4.5	(12.4)	NA	1.5	(2.4)
Maryland	(0.2)	8.4	(6.3)	5.4	1.7
New Jersey	(3.7)	(11.1)	1.0	0.6	(2.7)
New York	2.7	(2.4)	4.9	30.8	3.1
Pennsylvania	(0.1)	(11.4)	1.0	2.3	0.2
Great Lakes	0.7	(11.0)	0.3	6.2	0.9
Illinois	6.3	(19.4)	1.1	11.4	1.7
Indiana	6.1	(6.5)	(0.9)	5.7	2.1
Michigan	(8.4)	5.1	(2.0)	4.2	(0.8)
Ohio	(9.3)	NA	1.6	4.9	(0.1)
Wisconsin	2.9	(2.5)	2.0	(0.3)	2.4
Plains	(9.0)	22.9	4.2	3.9	1.2
Iowa	(18.0)	(16.9)	5.2	(5.5)	(1.1)
Kansas	(2.9)	0.7	0.4	(1.8)	(0.6)
Minnesota	(9.1)	13.3	2.7	0.4	(2.1)
Missouri	(12.1)	(3.1)	7.6	13.5	3.0
Nebraska	10.5	202.6	8.6	15.6	25.6
North Dakota	(38.5)	(24.4)	4.9	2.0	(5.3)
South Dakota	NA	(17.9)	0.3	3.0	1.2
Southeast	(1.0)	(4.1)	0.8	14.1	0.6
Alabama	(3.2)	4.7	(1.5)	3.5	(0.0)
Arkansas	(12.7)	(7.8)	2.7	2.0	(2.1)
Florida	NA	11.7	(0.3)	11.9	0.6
Georgia	(6.3)	(11.3)	0.2	330.7	(0.4)
Kentucky	1.9	(7.7)	5.5	15.0	2.8
Louisiana	1.0	9.3	(3.5)	(2.8)	(1.4)
Mississippi	(7.3)	(6.1)	2.0	(0.9)	(0.2)
North Carolina	0.7	(30.6)	2.8	6.2	1.0
South Carolina	(2.9)	(8.7)	2.9	0.4	3.9
Tennessee	NA	(13.1)	1.8	0.4	(1.2)
Virginia	6.6	1.3	(1.4)	4.0	5.4
West Virginia	(9.4)	11.2	3.7	2.0	(12.9)
Southwest	(7.8)	(1.6)	2.3	1.0	(2.2)
Arizona	(15.0)	(7.0)	3.5	1.8	(0.6)
New Mexico	(7.1)	25.9	3.4	(0.6)	(3.3)
Oklahoma	1.2	(12.0)	0.9	1.6	(6.7)
Texas	NA	NA	2.0	0.8	(1.7)
Rocky Mountain	(0.8)	7.9	1.6	2.5	(0.4)
Colorado	(1.8)	24.2	1.1	1.5	0.8
Idaho	9.2	(17.9)	0.8	(7.6)	(0.6)
Montana	3.7	6.4	NA	0.7	2.5
Utah	(3.7)	2.1	1.3	13.2	(0.2)
Wyoming	NA	NA	8.3	(0.5)	(13.7)
Far West	12.0	27.1	0.1	5.4	8.3

State/region	PIT	CIT	Sales	MFT	Total
Alaska	NA	(38.7)	NA	(5.9)	(53.1)
California	16.1	29.3	(1.0)	6.7	13.0
Hawaii	13.3	27.9	1.7	(1.4)	4.8
Nevada	NA	NA	4.3	5.4	6.4
Oregon	(23.1)	2.4	NA	1.9	(15.3)
Washington	NA	NA	1.2	(0.2)	0.0

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

Notes: CIT = corporate income tax; MFT = motor fuel tax; NA = not applicable; NM = not meaningful; PIT = personal income tax; YTD = year-to-date.

TABLE A4

State Personal Income Tax Withholding

Year-over-year nominal percentage change

State/Region	Fiscal Year 2023				Fiscal Year 2024		
	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1
US (median)	7.2	6.3	2.4	4.5	3.2	3.6	4.2
US (average)	3.1	(0.6)	0.3	3.8	3.3	3.1	5.4
New England	2.5	5.6	4.1	7.1	7.3	4.8	5.4
Connecticut	(5.8)	7.0	6.4	7.0	10.4	2.6	(0.3)
Maine	5.4	8.3	15.1	3.8	7.2	5.9	(5.5)
Massachusetts	5.0	4.7	1.5	8.0	7.0	5.8	10.2
Rhode Island	8.0	2.1	2.4	3.6	1.9	3.8	4.6
Vermont	13.0	11.3	6.5	5.3	(2.4)	4.0	3.2
Mideast	3.5	(1.3)	(1.6)	5.3	3.5	3.4	5.9
Delaware	9.0	9.1	4.2	8.4	8.3	0.7	8.6
Maryland	4.3	5.1	2.0	9.9	4.8	2.5	4.2
New Jersey	8.3	5.3	2.4	2.9	6.3	4.8	6.0
New York	1.3	(7.0)	(4.9)	4.2	1.7	3.2	6.6
Pennsylvania	5.4	5.6	5.0	4.6	5.0	4.2	4.1
Great Lakes	4.0	4.5	0.1	5.1	9.6	6.2	3.9
Illinois	3.6	8.8	(6.4)	1.5	16.8	9.6	7.1
Indiana	7.0	8.9	4.9	8.7	16.8	16.1	7.4
Michigan	8.1	3.3	3.5	5.4	(0.1)	(0.1)	2.9
Ohio	6.4	9.1	11.4	6.2	3.2	(1.1)	(7.5)
Wisconsin	(8.1)	(11.4)	(3.2)	7.8	4.9	5.3	6.7
Plains	6.6	7.7	0.4	2.7	2.2	(0.6)	4.4
Iowa	5.8	9.5	(5.7)	(13.0)	(6.2)	(12.3)	(2.6)
Kansas	7.3	9.1	3.9	9.3	9.0	5.5	8.8
Minnesota	5.9	6.2	3.3	6.0	3.3	4.1	6.3
Missouri	6.5	6.4	(2.5)	0.8	0.2	(4.5)	5.5
Nebraska	8.4	10.6	2.2	7.0	6.6	3.5	1.2
North Dakota	17.4	24.8	(7.1)	20.9	2.4	(26.3)	(18.2)
Southeast	6.9	1.9	2.3	1.2	0.6	0.8	1.1
Alabama	8.4	8.0	6.6	6.9	8.4	6.6	3.2
Arkansas	2.2	(3.8)	(8.3)	(1.3)	(0.8)	(1.0)	1.1
Georgia	10.1	3.6	7.1	4.7	4.8	4.4	(4.3)
Kentucky	8.0	7.5	(1.0)	(6.7)	(0.8)	(7.2)	(7.4)
Louisiana	(5.0)	(15.0)	2.1	4.5	(2.3)	12.9	(3.5)
Mississippi	9.8	7.3	1.2	(2.2)	(2.8)	(3.4)	(0.5)
North Carolina	1.0	(0.7)	0.7	2.4	2.8	(0.6)	6.7
South Carolina	10.4	4.7	(3.0)	(8.9)	(8.3)	(8.0)	3.0
Virginia	9.6	1.8	2.6	2.8	0.4	3.6	6.3
West Virginia	10.9	8.9	9.5	(0.1)	(13.4)	(13.2)	(13.2)
Southwest	10.8	3.5	(1.2)	(5.3)	(5.8)	(3.1)	3.7
Arizona	7.9	2.0	(9.6)	(16.9)	(15.5)	(12.6)	0.4
New Mexico	29.3	0.8	11.0	4.4	2.3	9.5	8.2
Oklahoma	7.2	7.3	6.6	9.2	5.2	4.9	5.8
Rocky Mountain	8.0	6.5	2.2	3.9	4.4	3.7	3.6
Colorado	7.3	6.9	2.9	3.6	3.2	2.8	4.9
Idaho	6.0	3.8	(0.6)	2.4	13.3	9.4	14.6
Montana	12.1	9.1	5.7	5.3	5.0	10.6	(11.3)
Utah	9.0	6.3	1.0	4.5	3.1	1.3	1.6
Far West	(2.8)	(9.1)	0.1	3.7	1.5	3.5	9.7
California	(3.9)	(10.8)	(0.3)	3.5	0.8	3.3	10.2
Hawaii	6.6	9.1	6.0	7.1	9.7	6.3	7.4
Oregon	4.9	4.5	2.6	4.1	4.5	5.1	5.9

Source: Individual state data, analysis by the author.

TABLE A.5

State Personal Income Tax Estimated Payments and Declarations

Year-over-year nominal percentage change

State	Tax year 2022	Tax year 2023	Tax year 2023	Tax year 2024
	April 2022 – Jan 2023, all 4 payments	April 2023 – Jan 2024, all 4 payments	April-May 2023	April-May 2024
Median	5.4	(25.2)	(31.5)	7.5
Average	(21.9)	(23.9)	(44.9)	11.1
Alabama	(5.3)	(25.1)	(41.7)	10.4
Arizona	(19.2)	(39.9)	(42.4)	2.9
Arkansas	(4.6)	(49.6)	(58.6)	6.3
California	(52.6)	(15.0)	(61.7)	100.7
Colorado	26.8	(45.2)	(55.5)	(3.5)
Connecticut	(3.3)	(28.5)	(31.1)	22.0
Delaware	3.9	(11.0)	(7.9)	12.6
Georgia	12.5	(31.0)	(31.9)	47.6
Hawaii	9.1	(25.8)	(24.3)	(15.2)
Illinois	(23.1)	(20.4)	(29.0)	19.0
Indiana	32.7	(37.9)	(49.1)	7.8
Iowa	6.3	(46.0)	(27.5)	(88.9)
Kansas	3.0	(34.8)	(41.3)	10.2
Kentucky	27.6	(35.3)	(38.6)	(26.9)
Louisiana	37.0	(17.2)	(18.2)	(9.0)
Maine	13.3	(8.4)	(20.5)	(0.9)
Maryland	(10.7)	(3.9)	16.6	8.4
Massachusetts	(8.8)	(13.8)	(29.4)	30.9
Michigan	(24.4)	(19.3)	(27.0)	4.2
Minnesota	(0.9)	(29.3)	(45.4)	7.8
Mississippi	33.0	(27.8)	(39.0)	(0.6)
Missouri	(3.0)	(7.8)	(36.6)	114.8
Montana	36.9	(25.4)	(48.2)	(33.6)
Nebraska	12.4	(32.3)	(25.7)	(46.8)
New Jersey	(5.1)	(22.2)	(30.0)	18.7
New York	(14.3)	(41.9)	(55.0)	9.2
North Carolina	(11.3)	(37.6)	(42.3)	9.9
North Dakota	91.0	(45.1)	(80.1)	(37.8)
Ohio	0.4	19.5	4.0	(5.2)
Oklahoma	46.4	(22.1)	(29.4)	2.1
Oregon	36.7	(17.3)	(18.3)	(31.1)
Pennsylvania	20.8	(19.1)	(22.1)	7.3
Rhode Island	10.4	(24.2)	(32.2)	(3.9)
South Carolina	0.0	(38.5)	(80.3)	331.1
Vermont	14.2	(17.8)	(29.1)	23.5
Virginia	4.5	0.9	(41.5)	21.9
West Virginia	28.4	(29.1)	(12.9)	(41.5)
Wisconsin	14.5	(18.2)	(28.2)	9.5

Source: Individual state data, analysis by the author.

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

TABLE A.6

State Personal Income Tax Final Payments

Year-over-year nominal percentage change

State	Tax year 2022	Tax year 2023	Tax year 2023	Tax year 2024
	April 2022 – Jan 2023	April 2023 – Jan 2024	April-May 2023	April-May 2024
Median	42.4	(26.5)	(34.4)	(3.3)
Average	41.2	(27.4)	(39.8)	4.4
Alabama	31.8	(26.6)	(41.9)	4.0
Arizona	57.3	(52.2)	(54.7)	(16.5)
Arkansas	39.9	(52.8)	(62.6)	17.5
California	21.4	(6.5)	(62.2)	64.0
Colorado	42.8	(31.3)	(43.8)	22.6
Connecticut	54.8	(37.7)	(46.2)	21.8
Delaware	40.3	(23.1)	(28.6)	3.5
Georgia	113.2	(46.2)	(52.3)	(14.1)
Hawaii	19.1	(23.0)	(29.1)	(2.6)
Idaho	1.7	(30.4)	(34.3)	(13.8)
Illinois	37.2	(39.4)	(45.4)	7.6
Indiana	54.6	(39.6)	(38.3)	(1.6)
Iowa	48.3	(4.5)	(29.5)	1.6
Kansas	40.7	(41.8)	(48.1)	(2.6)
Kentucky	41.9	(18.6)	(21.4)	(22.2)
Louisiana	55.6	(10.1)	(17.5)	(3.3)
Maine	57.7	(26.1)	(30.8)	(26.3)
Maryland	45.6	(23.2)	12.4	3.2
Massachusetts	38.0	(39.0)	(45.2)	54.4
Michigan	4.3	(31.4)	(36.5)	(8.9)
Minnesota	(6.4)	(24.6)	(28.5)	(6.6)
Missouri	111.6	(61.2)	(29.1)	(33.5)
Montana	80.5	(25.2)	(29.2)	(12.8)
Nebraska	41.1	21.9	(29.8)	(34.3)
New Jersey	46.4	(35.3)	(38.8)	2.8
New Mexico	(25.4)	(19.8)	49.2	ND
New York	22.5	(34.5)	(36.0)	1.6
North Carolina	62.8	(9.8)	(27.3)	(15.8)
North Dakota	10.4	64.9	62.7	(24.2)
Ohio	36.1	(1.0)	(16.2)	(31.3)
Oklahoma	28.4	(11.0)	(16.5)	4.4
Pennsylvania	73.8	(37.8)	(42.5)	(5.4)
Rhode Island	134.0	(23.3)	(39.9)	(12.0)
South Carolina	46.4	(29.9)	(34.8)	9.2
Utah	49.9	(42.3)	(51.1)	(9.5)
Vermont	72.7	(32.4)	(34.6)	9.6
Virginia	88.1	(26.3)	(19.9)	(11.3)
West Virginia	23.5	49.2	8.7	(51.5)
Wisconsin	6.8	(10.0)	(16.5)	1.0

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. ND = no data.

TABLE A.7

States with Pass-Through Entity Elective Tax and Effective Dates

State	Effective date
Alabama	Tax year 2021
Arizona	Tax year 2022
Arkansas	Tax year 2022
California	Tax year 2021
Colorado	Tax year 2022
Connecticut	Tax year 2018
Delaware	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 A.8

Quarterly State Government Tax Revenue for Nonmajor Tax Revenue Sources

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

Year/quarter	Property tax	Tobacco product sales tax	Alcoholic beverage sales tax	Motor vehicle & operators' license taxes	Other taxes	Total nonmajor taxes
2024 Q1 collections (\$ millions)	\$6,221	\$3,582	\$2,053	\$9,456	\$57,877	\$79,189
Average growth, fiscal YTD 2024	2.2	(10.9)	(1.6)	(0.5)	(5.0)	(4.1)
2024 Q1	3.4	(10.4)	(1.4)	0.6	(3.8)	(3.0)
2023 Q4	1.6	(11.2)	(1.9)	(0.4)	(5.6)	(4.6)
2023 Q3	1.5	(11.2)	(1.6)	(1.7)	(5.5)	(4.7)
2023 Q2	0.0	(12.4)	(1.6)	(2.2)	(1.9)	(2.5)
2023 Q1	1.4	(13.5)	(3.4)	(5.0)	3.9	1.1
2022 Q4	1.7	(12.5)	(1.5)	(6.1)	6.7	2.9
2022 Q3	1.7	(12.2)	(0.8)	(7.0)	12.4	6.5
2022 Q2	0.7	(9.6)	2.5	(7.2)	16.2	9.0
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 A.9

Preliminary State Government Tax Revenues in the Second Quarter of 2024, by State*Nominal percentage change, 2024 Q2 versus 2023 Q2*

State/region	PIT	CIT	Sales	Total
US (median)	1.9	(2.5)	1.2	1.0
US (average)	13.4	9.7	0.7	7.2
New England	20.8	(2.0)	5.5	11.2
Connecticut	14.9	5.3	13.4	11.3
Maine	(1.5)	(10.4)	5.3	3.5
Massachusetts	27.1	(5.8)	(0.6)	14.1
New Hampshire	21.8	(2.8)	NA	(1.7)
Rhode Island	ND	ND	ND	ND
Vermont	14.2	(6.8)	(0.4)	6.3
Mideast	9.1	(5.9)	3.0	5.0
Delaware	5.9	0.0	NA	(1.0)
Maryland	1.2	(3.3)	8.1	6.3
New Jersey	10.6	(8.4)	2.7	4.2
New York	12.9	3.1	2.4	8.2
Pennsylvania	1.6	(17.1)	2.0	(0.4)
Great Lakes	2.4	(10.8)	(4.9)	(3.2)
Illinois	12.6	(14.1)	(0.1)	4.2
Indiana	5.1	(32.8)	1.0	0.1
Michigan	(9.9)	1.6	1.2	(2.0)
Ohio	(16.0)	NA	(3.5)	(7.6)
Wisconsin	4.0	2.2	(27.2)	(15.8)
Plains	(9.6)	(5.5)	1.2	(1.3)
Iowa	(16.0)	(40.8)	6.5	(2.4)
Kansas	6.0	(14.6)	(3.6)	(1.1)
Minnesota	0.4	(2.1)	(1.5)	0.5
Missouri	(7.9)	(4.2)	5.3	3.2
Nebraska	(81.3)	55.4	3.8	(23.7)
North Dakota	(20.4)	(12.7)	1.2	3.3
South Dakota	NA	90.8	(3.2)	1.8
Southeast	1.7	1.3	0.6	1.6
Alabama	12.3	28.2	(2.2)	8.0
Arkansas	21.0	(13.6)	(1.5)	0.5
Florida	NA	5.7	0.3	3.9
Georgia	(3.8)	7.4	(0.7)	(0.8)
Kentucky	(6.6)	15.5	0.0	(0.0)
Louisiana	6.7	(35.2)	14.4	0.1
Mississippi	(0.4)	(27.2)	2.9	(1.8)
North Carolina	ND	ND	ND	ND
South Carolina	37.5	18.7	2.3	15.6
Tennessee	NA	(1.7)	2.0	1.1
Virginia	7.8	(14.8)	0.3	3.8
West Virginia	(29.5)	10.4	4.1	(12.8)
Southwest	10.1	(20.7)	2.2	1.2
Arizona	17.5	2.9	3.2	7.2
New Mexico	ND	ND	ND	ND
Oklahoma	1.9	(63.5)	(1.1)	(12.9)
Texas	NA	NA	2.3	1.8
Rocky Mountain	3.0	(4.8)	2.0	3.5
Colorado	12.5	(4.8)	1.8	6.4
Idaho	(7.1)	(12.2)	3.3	(0.1)
Montana	(14.8)	(5.6)	NA	9.1
Utah	(1.6)	1.9	1.1	0.1
Wyoming	NA	NA	ND	ND
Far West	45.2	51.1	0.3	26.4

State/region	PIT	CIT	Sales	Total
Alaska	NA	37.2	NA	(4.8)
California	65.1	54.1	0.6	39.4
Hawaii	(6.4)	80.5	(1.7)	1.4
Nevada	NA	NA	2.0	1.7
Oregon	(46.6)	(0.9)	NA	(39.5)
Washington	NA	NA	(0.7)	1.0

Source: Individual state data, analysis by the author.

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

Notes

- ¹ In this report, all the references to inflation-adjusted (or real) revenues and growth rates are based on the adjustments using the GDP price index and relative to the first quarter of 2024.
- ² The author made several adjustments for the first quarter of 2024 and to several previous quarters of tax revenue data reported by the US Census Bureau based on information and data received directly from the states and from the Census Bureau.
- ³ In this report, the author uses US Bureau of Economic Analysis regions as the basis of analysis.
- ⁴ Oregon Department of Revenue, “Oregon “Kicker” Tax Credit,” accessed September 5, 2024, <https://www.oregon.gov/dor/programs/individuals/pages/kicker.aspx>
- ⁵ The fiscal year in 46 states runs from July 1 to June 30. The fiscal year runs from October 1 to September 31 in Alabama and Michigan, from April 1 to March 31 in New York, and from September 1 to August 31 in Texas.
- ⁶ California extended the income tax filing deadline from April 2023 to November 2023 for residents impacted by 2022-23 winter storms. See State of California Franchise Tax Board, “California Severe Winter Storms,” accessed September 5, 2024, <https://www.ftb.ca.gov/file/when-to-file/california-severe-winter-storms.html>.
- ⁷ 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).
- ⁸ “Table 6.16D. Corporate Profits by Industry,” US Bureau of Economic Analysis, accessed September 5, 2024, <https://apps.bea.gov/iTable/?reqid=19&step=3&isuri=1&1921=survey&1903=239>.
- ⁹ The Conference Board, “US Consumer Confidence Rises Slightly in August,” August 27, 2024, <https://www.conference-board.org/topics/consumer-confidence/press/CCI-Aug-2024>.
- ¹⁰ See “What Happens When States Ditch Income Tax for Sales Tax?” National Conference of State Legislatures, February 14, 2023, <https://www.ncsl.org/state-legislatures-news/details/what-happens-when-states-ditch-income-tax-for-sales-tax>.
- ¹¹ National Conference of State Legislatures, “Variable Rate Gas Taxes,” July 14, 2021, <https://www.ncsl.org/research/transportation/variable-rate-gas-taxes.aspx>.
- ¹² See “National Housing Survey,” Fannie Mae, August 7, 2024, <https://www.fanniemae.com/research-and-insights/surveys-indices/national-housing-survey>.
- ¹³ 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 September 5, 2024, <https://www.urban.org/policy-centers/cross-center-initiatives/state-and-local-finance-initiative/projects/state-fiscal-pages-covid-edition>.
- ¹⁴ Author’s analysis of data from National Association of State Budget Officers (2023), table A-1.
- ¹⁵ 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>.
- ¹⁶ Minnesota Department of Revenue, “One-Time Tax Rebate Payments of up to \$1,300 Will Begin This Week,” August 16, 2023, <https://www.revenue.state.mn.us/press-release/2023-08-16/one-time-tax-rebate-payments-1300-will-begin-week>.

- ¹⁷ Ohio Department of Taxation, “Annual Tax Rates,” accessed September 5, 2024, <https://tax.ohio.gov/individual/resources/annual-tax-rates>.
- ¹⁸ Kentucky Department of Revenue, “DOR Announces Updates to Individual Income Tax for 2023 Tax Year,” accessed September 5, 2024, <https://revenue.ky.gov/News/Pages/DOR-Announces-Updates-to-Individual-Income-Tax-for-2023-Tax-Year.aspx>.
- ¹⁹ 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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