

**URBAN**

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# Renters and Rental Market Crisis Working Group

*Note to participants:*

*Please keep your camera turned off until the facilitated discussion*



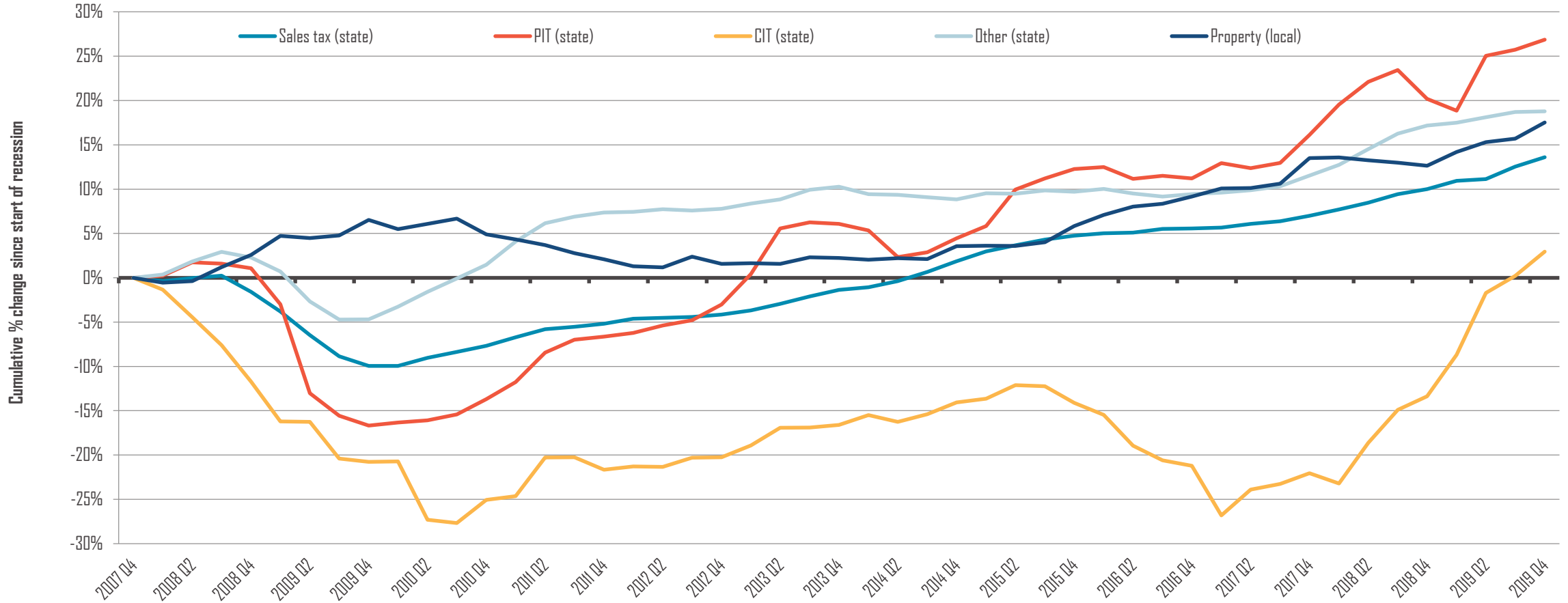
Wednesday, May 6, 2020

# Renters and Rental Market Crisis Working Group

# Potential lasting impacts to state and local revenues

- With the exception of the last recession, recoveries have been relatively swift. However, the depth of current job losses is on a larger scale than any prior recession.
- State revenues largely recovered in 2014 (with the exception of the income tax which recovered in 2019). And, income taxes will likely be heavily impacted during the current crisis (21 states have heavy reliance on income taxes as a revenue source).
- Despite steady economic growth, since the 2007 recession economic expansion (and local government revenue) has not equaled that of prior post-recession expansions.

# Trends in Major State Tax Revenue Sources (2007-2020)



Sources: U.S. Census Bureau (taxes) and Bureau of Economic Analysis (GDP).

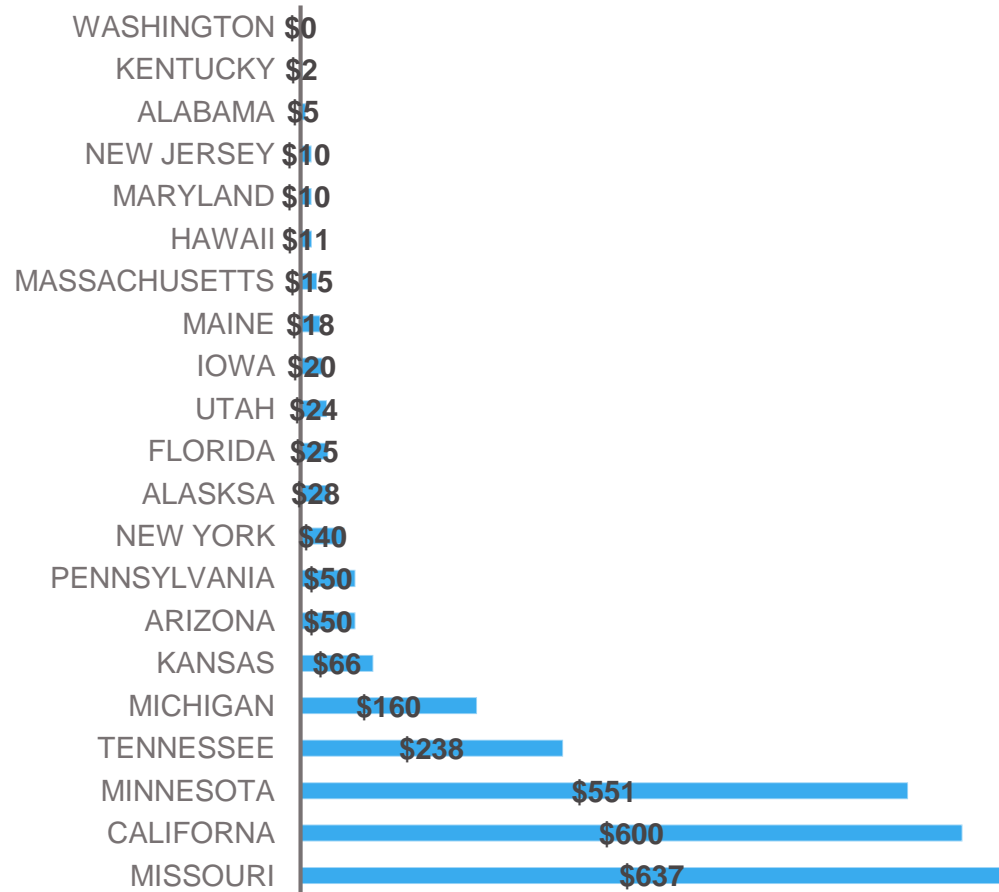
Notes: (1) 4-quarter moving average of inflation-adjusted tax revenue; (2) No adjustments for legislative changes.

# The Economic Impact on State and Local Government is Uncertain

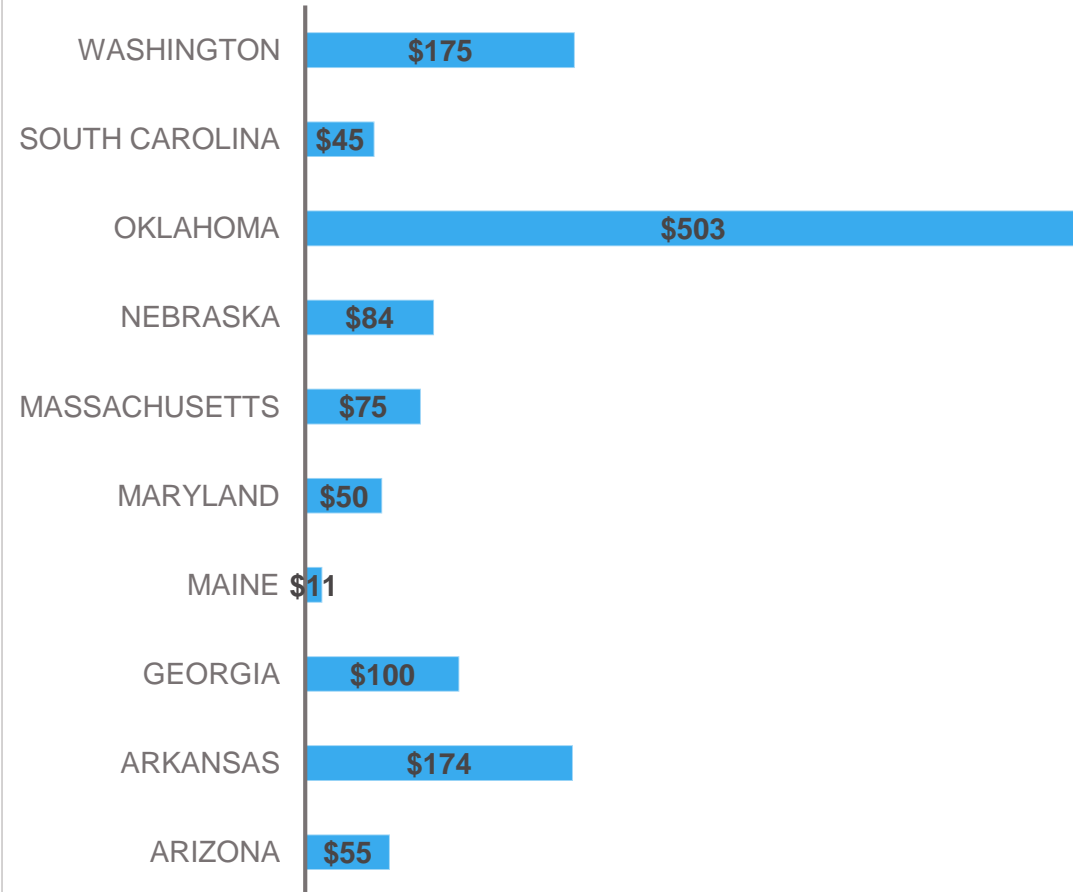
- States have not resorted to budget cuts so far. They have pursued stop gap measures like transfers and accessing rainy day funds (budget reserves).
- A few states have made specific allocations to address the COVID crisis. Their response are varied ranging from < \$200,000 to \$637 million.
- The impacts of the crisis will vary by state and depend on the level of state budget reserves, reversion of unspent funds, and the prospect of federal funding.
- Very few states have increased local government funding. Much hinges on whether the federal government will provide stimulus funds to state and local government to stave off layoffs and severe cuts.

# State Fiscal Responses Are Uneven

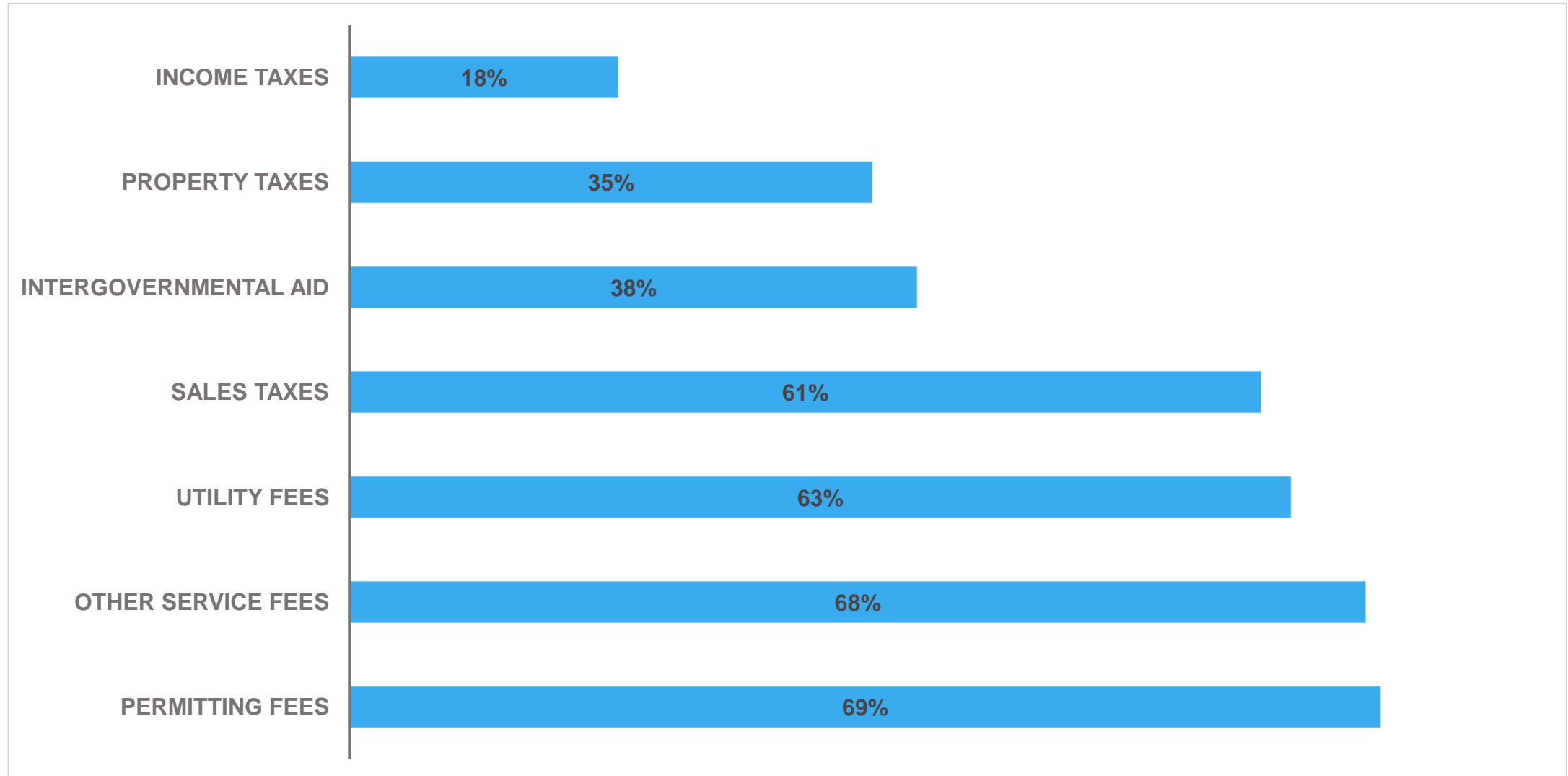
## State COVID Appropriations



## State Budget Stabilization Transfers

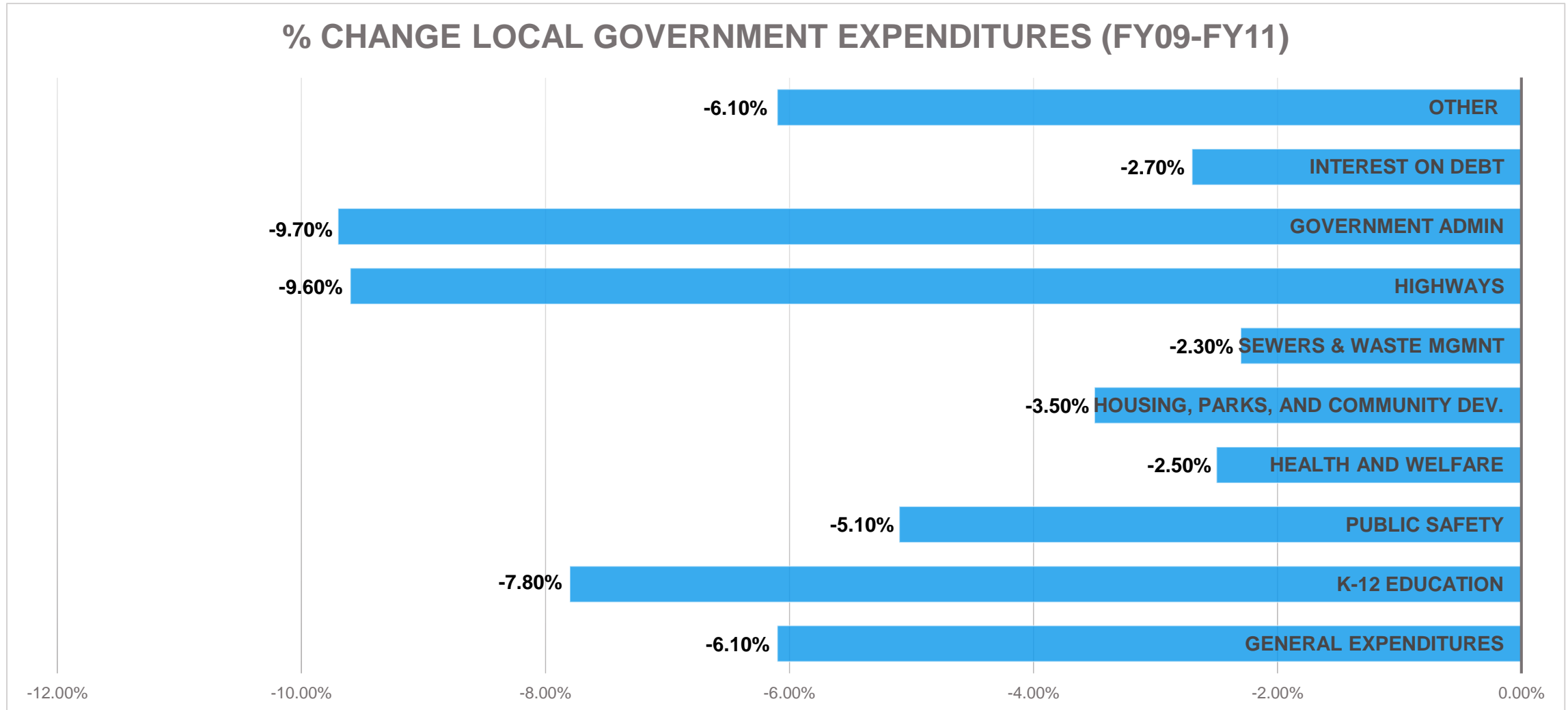


# Local leaders report immediate impacts to revenue . . .



Source: United States Conference of Mayors

# Historic Local Government Budget Reductions



Source: US Census Bureau (Taxes)