

## MONTHLY STATE REVENUE HIGHLIGHTS

### State Tax Revenues Continued to Decline in May 2020

Total state taxes declined 20.9 percent in May 2020 compared to a year earlier, according to preliminary data from 46 states. Personal income taxes declined 10.6 percent, sales taxes declined 27.8 percent, and corporate income taxes declined 50.7 percent. The steep declines in tax revenues are predominantly caused by government decisions surrounding the COVID-19 pandemic. Specifically, the closing of many businesses and the delay of filing deadlines lowered May payments. Revenue declines in the median state were slightly lower (see table).

Declines in personal income tax revenues were steeper in April than in May, mostly due to the states delaying their income tax filing deadline. On the other hand, declines in sales tax revenues were steeper in May than in April, as April sales tax revenue collections reflected activity occurred in March, which included some weeks before most states shut down economic activity.

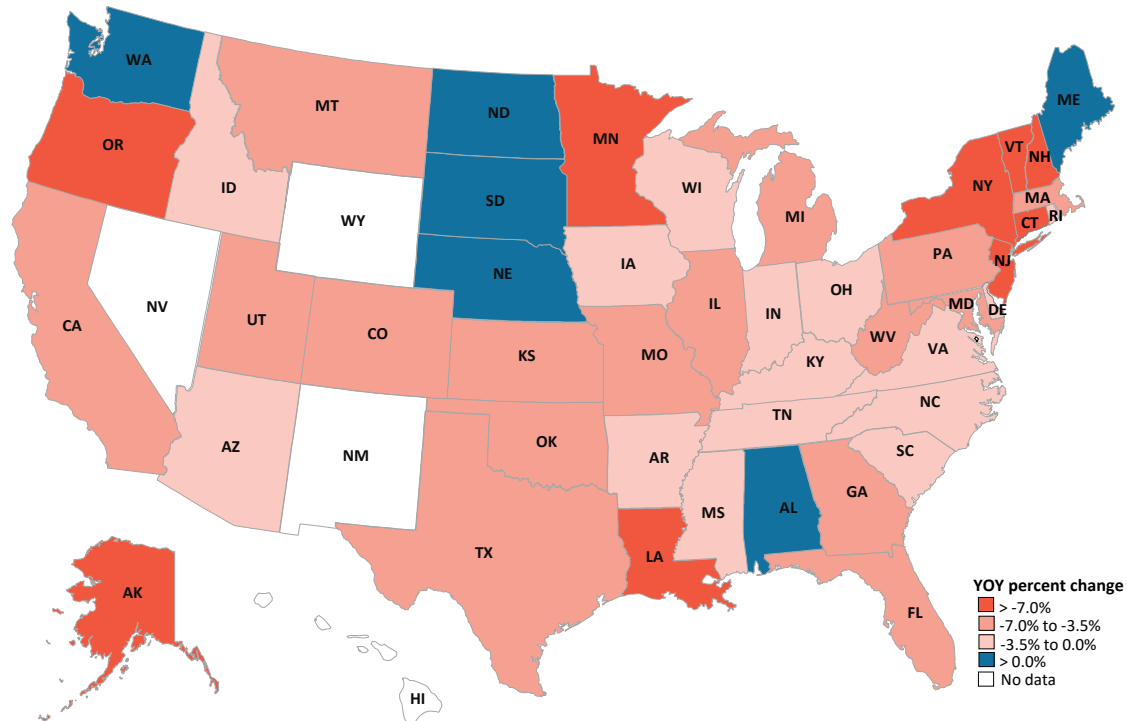
#### National Trends

Tax source	May 2020 (\$ millions)	May 2019 (\$ millions)	YOY percent change	YOY median percent change	Fiscal YTD 2020 (\$ millions)	Fiscal YTD 2019 (\$ millions)	YOY percent change	YOY median percent change
<b>Total state taxes</b>	<b>\$57,551</b>	<b>\$72,780</b>	<b>-20.9%</b>	<b>-15.8%</b>	<b>\$773,644</b>	<b>\$814,663</b>	<b>-5.0%</b>	<b>-4.1%</b>
Personal income	23,509	26,284	(10.6)	(3.8)	329,335	363,241	(9.3)	(8.1)
Corporate income	968	1,965	(50.7)	(50.5)	41,798	46,987	(11.0)	(11.7)
Sales	22,479	31,123	(27.8)	(13.1)	272,773	273,202	(0.2)	1.4

Note: YOY = year-over-year; YTD = year-to-date.

#### Percent Change in State Fiscal Year-to-Date Tax Revenues

July 2019 through May 2020, year-over-year percent change



Overall, many states had seen healthy growth in tax revenue collections before the economic disruptions caused by the COVID-19 pandemic. But COVID-19 wiped out these gains. On a fiscal year-to-date basis, total state tax revenues have turned sharply negative. Between July 2019 and May 2020 (the first eleven months of fiscal year 2020 for 46 states), total tax revenues declined 5 percent, personal income taxes declined 9.3 percent, corporate income taxes declined 11 percent, and sales taxes declined 0.2 percent.

Looking at individual states:

- 40 states reported **total tax** revenue declines from July 2019 to May 2020 and only 6 states (Alabama, Maine, Nebraska, North Dakota, South Dakota, and Washington) reported growth.
- 39 states reported declines in **personal income tax** revenues, while 2 states (Maine and Oklahoma) reported growth.
- 35 states reported declines in **corporate income tax** revenues, while 9 states reported growth.
- 29 states reported **general sales tax** growth, while 12 states reported declines.

COVID-19 and subsequent federal and state stay-at-home orders rapidly altered states' fiscal year 2020 trajectory. With only one month remaining in fiscal year 2020 for 46 states, total state tax revenues are now down by about \$41 billion.

While most states have been gradually relaxing stay-at-home restrictions and opening economies back up, it will take a long time for business activity to return to pre-pandemic, with some activities and industries facing a very slow recovery.

Looking at the next few months, all states are facing a tough and uncertain revenue path, unlike any we have seen since the Great Depression. Many states will re-revise their revenue forecasts and all forecasts will be subject to high uncertainties as it is difficult to predict the future of the pandemic itself and possible government responses if caseloads continue to increase.

The [State and Local Finance Initiative](#) at the Urban Institute continues to monitor state tax collections and associated economic indicators and will report results on a monthly basis. For more comprehensive analysis of state tax revenues and underlying economic data by [Lucy Dadayan](#), please read the quarterly [State Tax and Economic Review](#).

To learn more about gaining access to the full datasets, please read about our subscription service [here](#).