RESEARCH REPORT

Real State Tax Revenues Decline Amid Growing Fiscal Uncertainty

State Tax and Economic Review, 2024 Quarter 4

Lucy Dadayan

May 2025

URBAN INSTITUTE · ELEVATE · THE · DEBATE

TPC

ABOUT THE URBAN INSTITUTE

The Urban Institute is a nonprofit research organization that provides data and evidence to help advance upward mobility and equity. We are a trusted source for changemakers who seek to strengthen decisionmaking, create inclusive economic growth, and improve the well-being of families and communities. For more than 50 years, Urban has delivered facts that inspire solutions—and this remains our charge today.

ABOUT THE TAX POLICY CENTER

The Urban-Brookings Tax Policy Center aims to provide independent analyses of current and longer-term tax issues and to communicate its analyses to the public and to policymakers in a timely and accessible manner. The Center combines top national experts in tax, expenditure, budget policy, and microsimulation modeling to concentrate on overarching areas of tax policy that are critical to future debate.

Contents

Acknowledgments

This report is funded in part by subscribers to the Urban Institute's proprietary state tax collection data and other State and Local Finance Initiative funders. We are grateful to them and to all our funders, who make it possible for Urban to advance its mission.

The views expressed are those of the author and should not be attributed to the Urban Institute, its trustees, or its funders. Funders do not determine research findings or the insights and recommendations of Urban experts. Further information on the Urban Institute's funding principles is available at urban.org/fundingprinciples.

Thanks to Tracy Gordon and Alex Dallman for their thoughtful review of and feedback on the report.

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 tax revenue performance weakened in the fourth quarter of 2024, with all major sources combined increasing by 0.1 percent in real terms compared with the same period a year earlier. While local tax revenues posted modest real growth, major state tax revenues declined, reflecting the ongoing volatility in key state revenue streams. More specifically, we find the following:

- **State tax revenue trends varied by source and state:** In inflation-adjusted terms, personal income tax revenues declined by 1.4 percent, corporate income taxes fell sharply by 15.1 percent, and sales taxes dipped by 1.2 percent.[1] Notably, the fourth quarter of 2024 marked the seventh consecutive quarterly decline in sales tax collections, highlighting an ongoing shift in consumer spending from taxable goods to untaxed services. The nationwide drop in personal income tax revenue was driven largely by California, primarily due to a timing issue previously detailed in our previous reports.
- **Local government tax revenues continued to grow steadily:** Revenues from all major sources combined rose by 2.7 percent in real terms. Local property taxes—the largest revenue source for local governments—increased by 2.6 percent, while local sales tax collections posted modest growth of just 0.4 percent. Although personal and corporate income taxes represent relatively small shares of local government revenue, both experienced solid growth in the fourth quarter of 2024.
- **Economic indicators affecting state and local revenues diverged:** Gross domestic product (GDP) grew by 2.5 percent, while personal consumption spending increased by 3.1 percent, driven by services. However, inflation-adjusted spending on nondurable goods declined by 0.3 percent. Housing prices continued to rise steadily, supporting the stability of property tax revenues. Meanwhile, the labor market remained cool, with unemployment at 4.2 percent.

With the Tax Cuts and Jobs Act's (TCJA's) $10,000 state and local tax (SALT) deduction cap set to expire at the end of the year, this quarter's report examines state pass-through entity (PTE) taxes, which many states have implemented as a workaround. If the cap lapses, the federal tax benefit that underpins PTE taxes would disappear, rendering the workaround unnecessary. This potential policy shift presents several scenarios for state-level responses, which are summarized in this report.

The broader fiscal outlook remains uncertain. States face potential disruptions from many scheduled expirations in TCJA in 2025, including the SALT cap. These changes could significantly affect state revenues and taxpayer behavior. At the same time, new federal policies—such as tariffs, funding reductions, and federal workforce cuts—are already impacting state economies by raising costs, dampening consumer spending, and increasing pressure on budgets.

Trends in State and Local Revenues

State and local tax revenues have faced sustained volatility over the past five years—first from the economic shock of COVID-19, then from unprecedented federal aid, followed by sweeping state tax cuts, and now due to ongoing federal policy actions. What began as a pandemic-driven disruption has evolved into a period of persistent fiscal instability for many state and local governments.

State and local tax revenues declined sharply during the early stages of the pandemic due to lockdowns, changes in consumer and business behavior, and widespread economic disruptions. This was followed by a surge in revenues, largely fueled by substantial federal aid, which enabled many states to adopt tax-relief measures, such as income tax rate cuts, refundable credits, tax holidays, and one-time rebates.

However, the fiscal landscape has shifted notably. The combination of widespread tax cuts and a weak stock market contributed to revenue declines in fiscal years 2023 and 2024. While most states reported revenue growth in the first half of fiscal year 2025, current federal policy actions—including tariffs, federal job cuts, and reductions in funding—have introduced new uncertainty and fiscal strain on state and local budgets.

Table 1 shows real state and local government tax revenues from major sources for the fourth quarters of 2023 and 2024, as well as cumulative totals for the first half of state fiscal years 2024 and 2025, along with percentage changes.

TABLE 1

State and Local Government Tax Revenue Trends

Millions of dollars, adjusted for inflation

Tax source	2023 Q4	2024 Q4	YOY percent change	Fiscal YTD 2024	Fiscal YTD 2025	YOY percent change
Total state-local major taxes	**$628,297**	**$629,227**	**0.1**	**$1,056,475**	**$1,076,228**	**1.9**
State major taxes	**$279,840**	**$271,472**	**(3.0)**	**$537,869**	**$534,266**	**(0.7)**
Personal income tax	122,066	120,309	(1.4)	232,420	237,880	2.3
Corporate income tax	36,037	30,584	(15.1)	63,657	58,178	(8.6)
Sales tax	115,447	114,012	(1.2)	229,497	225,914	(1.6)
Property tax	6,290	6,567	4.4	12,295	12,294	(0.0)
Local major taxes	**$348,458**	**$357,755**	**2.7**	**$518,606**	**$541,962**	**4.5**
Personal income tax	10,992	12,125	10.3	20,850	21,383	2.6
Corporate income tax	2,534	2,719	7.3	5,181	5,809	12.1
Sales tax	29,848	29,957	0.4	59,984	59,617	(0.6)
Property tax	305,083	312,955	2.6	432,590	455,153	5.2

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

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

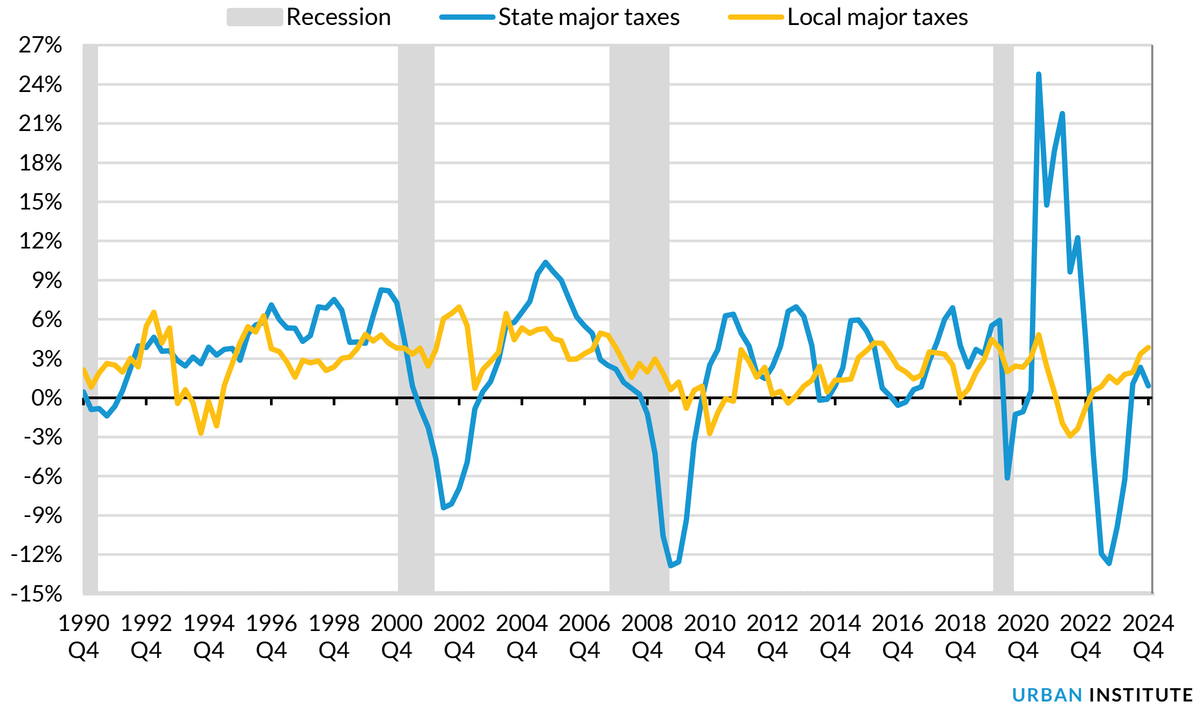
Major findings include the following:

- **State and local government tax revenues** from major sources increased by 0.1 percent in real terms in the fourth quarter of 2024 compared with the same period a year earlier, while the year-over-year real growth for the first half of fiscal year 2025 was 1.9 percent.
- **State government tax revenues** from major sources declined by 3.0 percent in real terms in the fourth quarter of 2024 compared with the same period a year earlier. For the first half of fiscal year 2025, the year-over-year real decline was 0.7 percent. **State personal income taxes** fell by 3.0 percent in the fourth quarter of 2024 but increased by 2.3 percent over the first half of the fiscal year 2025. **State corporate income taxes** saw a sharp decline—down 15.1 percent in real terms in the fourth quarter of 2024 and 8.6 percent over the first half of fiscal year 2025. **State sales taxes** also declined, falling 1.2 percent in real terms in the fourth quarter of 2024 and 1.6 percent over the first half of fiscal year 2025.
- **Local government tax revenues** from major sources rose by 2.7 percent in real terms in the fourth quarter of 2024 compared with the same period in 2023, and by 4.5 percent over the first half of fiscal year 2025. **Local property taxes**, the largest local government revenue source, increased by 2.6 percent in real terms in the fourth quarter of 2024 and 5.2 percent over the first half of fiscal year 2025. Furthermore, **local sales taxes** increased by 0.4 percent, **local personal income taxes** rose by 10.3 percent, and **local corporate income taxes** increased by 7.3 percent in the fourth quarter of 2024. However, income taxes remain a relatively minor revenue source for most local governments, concentrated in a few states.

FIGURE 1

State Major Tax Revenues Show Continued Weakness

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



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

Figure 1 shows the year-over-year percentage change in the four-quarter moving average of real state and local revenue collections from major sources—personal income, corporate income, sales, and property taxes—providing a clearer view of broader revenue trends by smoothing out short-term economic fluctuations and policy changes, such as shifts in income tax filing deadlines. By this measure, real state tax revenues from major sources increased by 0.9 percent in the fourth quarter of 2024, while real local tax revenues increased by 3.9 percent.

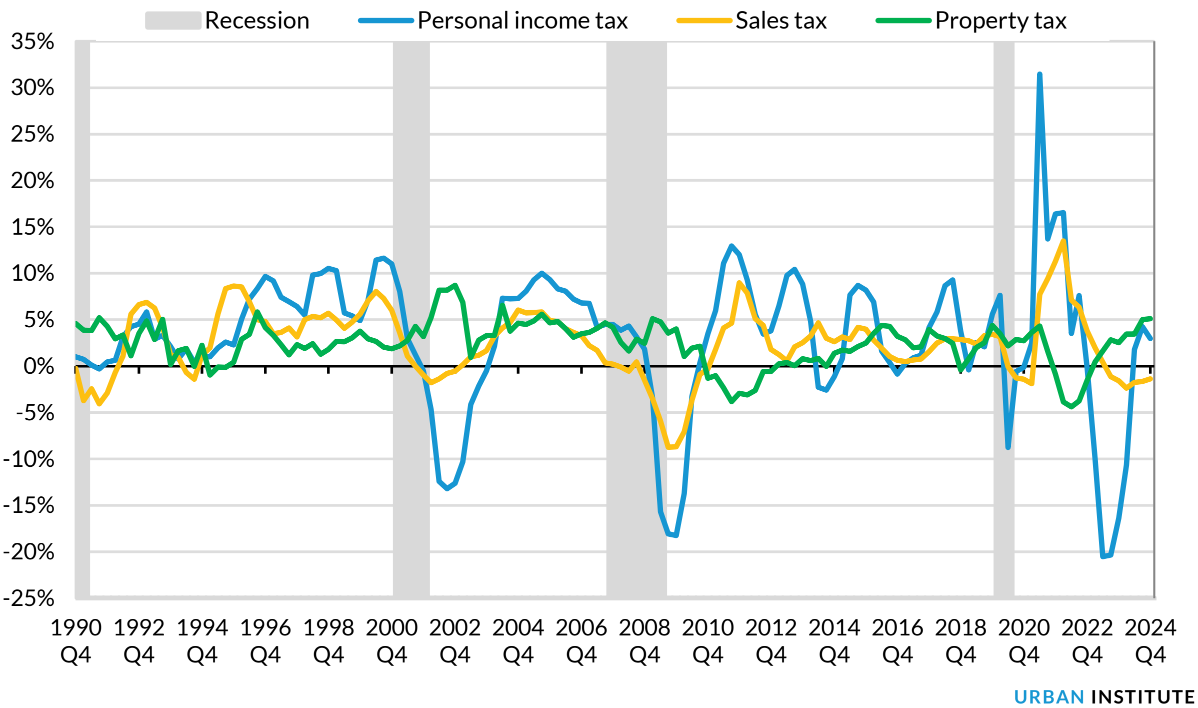
Most local governments rely heavily on property taxes, which tend to respond relatively slowly to changes in property values. Since the COVID-19 pandemic, commercial property values, particularly for office spaces, have declined, negatively impacting local property tax collections despite rising residential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

Figure 2 breaks out inflation-adjusted state and local personal income, sales, and property tax revenues. Real state and local personal income tax revenues increased by 3.0 percent in the fourth quarter of 2024 compared with the same quarter of 2023, using the four-quarter moving average. Over the same period, real state and local sales tax revenues declined 1.4 percent and real state and local property taxes, the majority of which are collected by local governments, increased 5.1 percent.

FIGURE 2

State and Local Sales Tax Revenues Continue to Fall

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



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

State Tax Revenues in the Fourth Quarter of 2024

Total state government tax revenue collections increased by 0.9 percent in nominal terms but declined by 1.5 percent in real terms in the fourth quarter of 2024 relative to a year earlier, according to US Census Bureau data adjusted by the author (table A.1).[2] In the fourth quarter of 2024, year-over-year personal income tax revenues declined by 1.4 percent, corporate income tax revenues fell by 15.1 percent, and sales tax collections dropped by 1.2 percent, all in inflation-adjusted terms. In contrast, motor fuel tax collections rose by 2.1 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 calendar year 2024. The average quarterly year-over-year growth rate in overall state tax collections for calendar year 2024 was 4.4 percent in nominal terms and 1.9 percent in real terms.

Revenue performance varied significantly across regions and states in the fourth quarter of 2024 (table A.2). The Far West and Plains regions recorded year-over-year declines in nominal revenue collections, falling by 8.0 and 1.5 percent, respectively. In contrast, all other regions saw nominal growth, with New England reporting the strongest year-over-year increase at 7.1 percent, and the Southwest reporting the weakest growth at 1.4 percent.[3]

Thirty-two states reported year-over-year nominal growth in total state tax revenue collections for the fourth quarter of 2024, with six states reporting double-digit growth. In contrast, 18 states reported declines in tax revenues, driven in part by state tax rate cuts and other policy decisions. The most significant revenue decline occurred in Nebraska, where total state tax revenues fell by 25.6 percent, partly due to recent income tax rate cuts.

Overall growth in state tax revenues was weak in the first half of fiscal year 2025. 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 half of fiscal year 2025, state total tax revenues increased by 3.1 percent in nominal terms compared with the same period in fiscal year 2024. However, the median state reported a more modest increase of just 2.3 percent (table A.3), reflecting a broader trend of sluggish revenue growth across states. The New England and Mideast regions saw the strongest year-over-year gains, at 6.6 and 5.9 percent, respectively. In contrast, the Far West and Southwest regions reported the weakest growth, at 0.5 and 2.0 percent, respectively. The weakness in the Far West region is largely driven by California, where prior-year revenues were elevated due to the state's extended tax filing deadline.

During the first half of fiscal year 2025, state tax revenues increased in 38 states and declined in 12, in nominal terms. Growth ranged from a 12.8 percent increase in Minnesota to a 17.2 percent decline in Nebraska. Nebraska was the only state to experience a double-digit year-over-year decline, while just four states—Minnesota, Vermont, Hawaii, and South Carolina—reported double-digit growth.

Personal Income Taxes

State personal income tax revenues rose by 1.0 percent in nominal terms but declined by 1.4 percent in real terms in the fourth quarter of 2024 compared with the same quarter in 2023. Growth in the median state was stronger, at 8.3 percent. The average quarterly year-over-year growth rate in state personal income tax collections was 6.0 percent in nominal terms and 3.5 percent in real terms in calendar year 2024 (table A.1).

Personal income tax revenue performance varied significantly across regions and states, despite overall growth in collections driven largely by stock market gains. The Far West region experienced a sharp decline of 14.6 percent in the fourth quarter of 2024, primarily due to California, where revenues were affected by a timing-related issue resulting from a change in the income tax due date. In contrast, all other regions saw growth, with the Mideast, New England, and Plains regions recording double-digit increases (table A.2).

Ten states reported year-over-year declines in personal income tax revenues in the fourth quarter of 2024, with three states—California, Montana, and Nebraska—experiencing double-digit declines. The sharp drops in Montana and Nebraska were primarily the result of state income tax rate cuts enacted in 2024.

State personal income tax collections rose 4.7 percent in nominal terms during the first half of fiscal year 2025 compared with the same period in fiscal year 2024 (table A.3). Growth in the median state was stronger, at 7.1 percent. Personal income tax revenues increased in 32 states and declined in eight states during this period, with 14 states reporting double-digit gains and two states experiencing double-digit declines. Minnesota saw the strongest growth at 26.8 percent, driven largely by a weak prior-year base due to substantial one-time tax rebate refunds.[4] In contrast, North Dakota and Kentucky recorded the steepest declines—20.2 percent and 13.4 percent, respectively—reflecting income tax rate cuts enacted over the past two years.

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 half of 2022, fueled by robust stock market gains and elevated inflation, which led to bracket creep in many states. However, personal income tax revenues declined over the next five quarters, driven by stock market weakness and compounded by personal income tax rate cuts in several states. Additionally, reductions in personal income tax rates in several states further weakened revenue growth. Moreover, the introduction of new PTE taxes also contributed to the slowdown, shifting some revenues from the personal income to the corporate income tax category.

As of now, 37 states have enacted a pass-through entity tax. This is in part a workaround to the 2017 TCJA's $10,000 cap on the federal individual income tax deduction for state and local taxes because state and local taxes are fully deductible as a business expense in calculating business earnings for determining federal tax liability (Dadayan and Buhl 2023).

The upcoming expiration of the $10,000 cap on the SALT deduction at the end of 2025 has created uncertainty for states. It remains unclear whether the cap will be allowed to expire, extended, or modified. The outcome will have broad implications for state income tax revenues, particularly impacting pass-through entity taxes. (See the special section below for a discussion of potential impacts on PTE taxes if the SALT cap sunsets.)

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

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

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

TABLE 2

Growth in State Government Personal Income Tax Components

Year-over-year nominal percentage change

	Tax Year 2023				Tax Year 2024			
Personal Income Tax Components	**2023 Q1**	**2023 Q2**	**2023 Q3**	**2023 Q4**	**2024 Q1**	**2024 Q2**	**2024 Q3**	**2024 Q4**
Withholding	0.3	3.8	3.4	3.1	5.4	5.5	5.8	7.1
Estimated payments	(44.7)	(44.5)	(28.2)	52.2	(6.1)	27.6	26.6	(27.9)
Final payments	(3.4)	(39.3)	10.5	20.6	6.0	5.2	(5.6)	(43.4)
Refunds	28.3	3.7	(14.0)	4.5	13.6	6.4	(4.0)	(14.2)
Total	**(18.7)**	**(28.0)**	**(2.4)**	**8.8**	**2.0**	**13.6**	**8.9**	**0.7**

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 eight quarters for all states with a broad-based personal income tax. In the fourth quarter of 2024, growth in withholding was positive across all regions, with a national year-over-year increase of 7.1 percent in nominal terms. The Far West region led with the strongest year-over-year increase at 11.7 percent, while the Southeast region reported the weakest growth at 3.0 percent.

In the fourth quarter of 2024, 34 of the 41 states with a personal income tax reported year-over-year growth in withholding. Growth rates varied widely, from less than 0.1 percent in Ohio to 13.5 percent in Delaware. In contrast, seven states saw declines in withholding during the same period. Notably, Montana and Indiana recorded double-digit decreases, largely due to income tax rate cuts implemented in 2024.

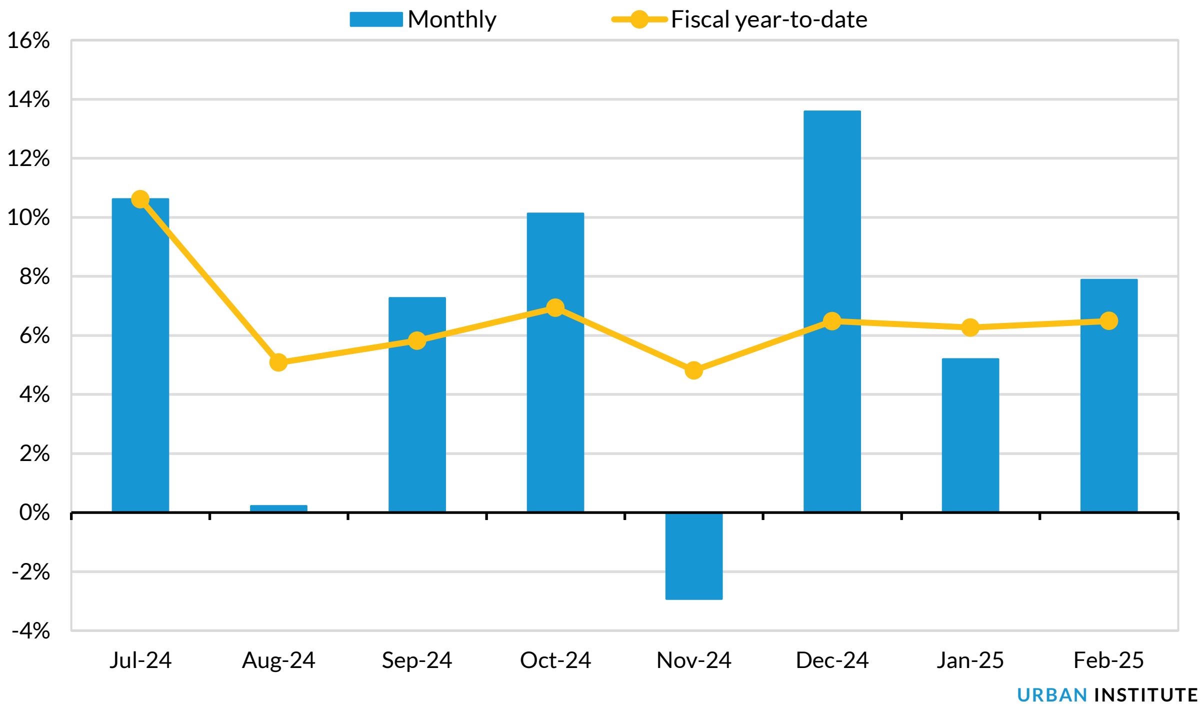
Figure 3 shows monthly and fiscal year-to-date nominal growth rates in withholding between July 2024 and February 2025, which corresponds to the first eight months of state fiscal year 2025 in 46 states.[5] Monthly data should be viewed with caution because they may include one-time payments, or a given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

Withholding growth showed monthly fluctuations during the first eight months of fiscal year 2025, including double-digit increases in July, October, and December 2024, and a decline in November 2024. Despite this volatility, cumulative growth remained stable throughout the first eight months of fiscal year 2025, showing a 6.5 percent year-over-year increase. States collected around $311 billion in withholding revenues in the first eight months of fiscal year 2025. Thirty-one states reported year-over-year gains, while nine saw declines—mostly in states that enacted income tax rate cuts in 2024.

FIGURE 3

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

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



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

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 income and provide a more accurate, real-time view of the state's economic performance and income tax base. Weakness in these payments may signal declines in nonwage income—such as capital gains or investment earnings—but they can also be volatile, reflecting both taxpayer behavior and shifting expectations in response to tax rules and payment strategies.

In this report, we present the combined estimated payments for December 2024 and January 2025, which correspond to the fourth estimated payment for tax year 2024. Additionally, we present the combined estimated payments for the April 2024 through January 2025 period, corresponding to all four estimated payments for tax year 2024 (table A.5).

Estimated payments showed varied performance across states. Among the 38 states with complete data, fourth estimated payments for tax year 2024 (filed in December 2024 and January 2025) rose by 13.9 percent, though growth in the median state was more modest at 7.8 percent. This represented a sharp reversal from the broad declines observed in the fourth estimated payments for tax year 2023. Between April 2024 and January 2025, total estimated payments increased 13.0 percent year-over-year, while the median state saw a 7.8 percent gain. Twenty-six states reported year-over-year growth in both fourth estimated payments and in all four estimated payments combined. The robust growth in estimated payments was driven by a low prior-year base, as well as strong stock market performance in 2024 and increased capital gains realizations.

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

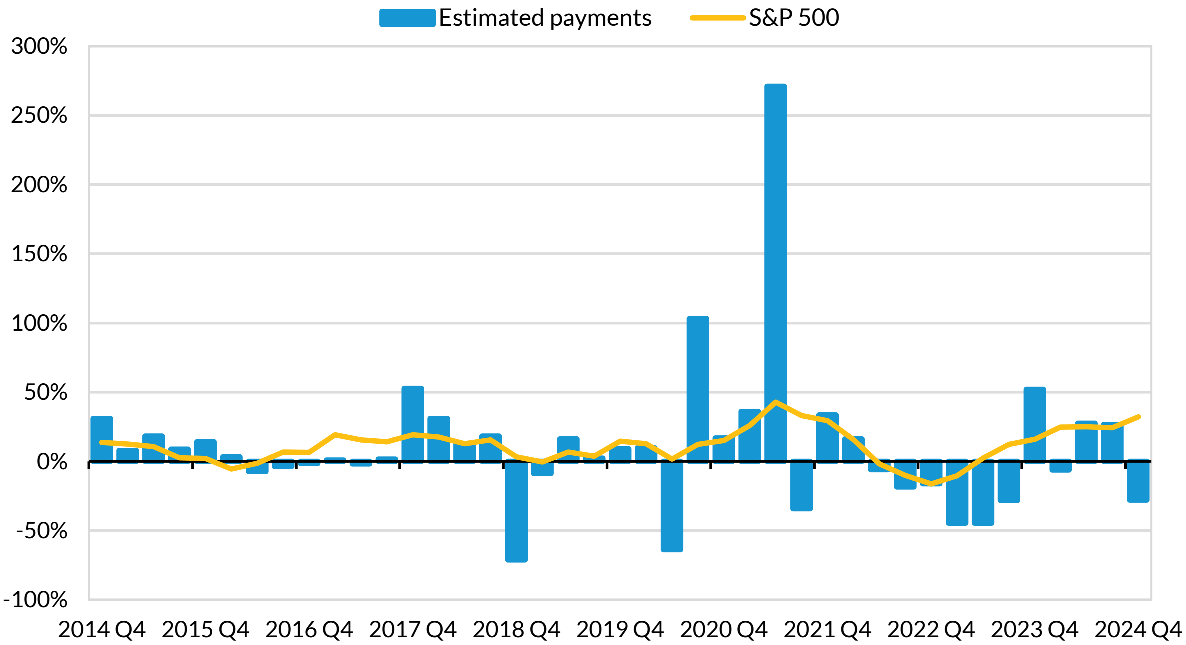
Because temporary shifts in payment timing can significantly distort revenue patterns, we recommend relying on combined quarterly figures and longer-term trends. The year-over-year growth in estimated payments generally mirrored stock market trends in 2022. Both estimated payments and the stock market saw increases in the first quarter of 2022 but declined over the following three quarters of 2022. This pattern continued into the first quarter of 2023, with both experiencing further declines. However, while the stock market began to rebound in the second quarter of 2023, estimated payments lagged, continuing to fall through the second and third quarters. A notable rebound in estimated payments occurred in the fourth quarter of 2023, fueled in part by strong growth in California due to a delayed income tax deadline.

Estimated payments demonstrated robust growth in the second and third quarters of 2024, closely tracking the stock market's upward trends. However, in the fourth quarter of 2024, estimated payments declined despite continued market gains. This weakness was largely attributable to California and reflects a comparison to the unusually high prior-year base, which had been inflated by the timing shift from the delayed filing deadline.

FIGURE 4

Large Volatility in Estimated Payments

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



URBAN INSTITUTE

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

Final Payments

Final payments typically account for a small share of total personal income tax revenues in the first, third, and fourth quarters of the tax year and a much larger share in the second quarter due to the April 15 personal income tax filing deadline.[6] Final payments accounted for 6.8 percent of all personal income tax revenues in the fourth quarter of 2024.

Table A.6 shows nominal year-over-year growth rates in final payments for two periods: April 2023 through January 2024 and April 2024 through January 2025. Final payments declined sharply in the first period, falling 26.7 percent compared to the previous year, with the median state seeing a similar drop of 26.1 percent. All states except Nebraska, North Dakota, and West Virginia reported year-over-year declines. While most states had anticipated a decrease, the magnitude was greater than expected, putting additional downward pressure on personal income tax revenues.

In the second period, from April 2024 to January 2025, final payments continued to decline but at a slower pace—down 7.2 percent overall, with the median state reporting a more modest 2.4 percent drop. This disparity reflects significant variation across states: 20 reported declines, while 19 saw growth. Notably, the national decline was heavily influenced by a sharp drop in California's final payments. In calendar year 2024, California's final payments accounted for over 15 percent of all nationwide final payments, underscoring its outsized impact on national revenue trends.

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.

In the fourth quarter of 2024, refund payments fell by 14.4 percent compared to the same period in 2023, resulting in approximately $2.8 billion less refunds issued by states. While 29 states reported a decrease in refund amounts during this period, 11 states saw an increase. California accounted for the largest decline, issuing $1.6 billion less in refunds than in the fourth quarter of 2023. The sharp drop reflects a return to normal filing schedules in 2024, following the temporary extension of tax deadlines in 2023 due to natural disasters. That extension had shifted a large volume of refunds into the fourth quarter of 2023, creating an unusually high baseline for comparison.

Actual versus Forecasted Personal Income Tax Revenues

We collect and analyze actual and forecasted monthly personal income tax revenue from various states, with forecast data available for 24 states. In table 3, we present the actual income tax revenue data for the fourth quarters of 2023 and 2024, along with the forecasted values for the fourth quarter of 2024.

In the fourth quarter of 2024, actual personal income tax collections were lower than forecasted in 16 of 24 states. On average, however, states underestimated income tax revenues by 10.7 percent, reflecting stronger-than-expected collections in a few large states. In contrast, the median forecast error was an overestimate of 5.2 percent, indicating that more than half of states collected less than projected (table 3). These discrepancies partly reflect differences in forecast timing—some states update revenue projections monthly, while others revise them only annually. Additionally, the wide variation in actual versus forecasted amounts, particularly in a few states, reflects the influence of fiscal policy changes, which can significantly affect revenue performance relative to projections.

TABLE 3

Actual versus Forecasted State Personal Income Tax Revenues

State	2023 Q4 actual ($ millions)	2024 Q4 actual ($ millions)	2024 Q4 forecast ($ millions)	Percent change, 2024 Q4 vs 2023 Q4	Percentage variance, 2024 Q4 actual from forecast	Forecast date
Median				*-8.5%*	*-5.2%*	
Average	*$74,662*	*$76,065*	*$68,725*	*1.9%*	*10.7%*	
Arizona	1,396	1,193	1,299	(14.5)	(8.2)	Jun-24
Arkansas	713	688	658	(3.6)	4.5	Nov-24
California	28,110	33,348	24,011	18.6	38.9	May-24
Idaho	563	499	557	(11.3)	(10.4)	Jul-24
Indiana	1,860	1,711	2,040	(8.1)	(16.1)	Dec-23
Kansas	1,098	988	1,080	(10.1)	(8.6)	Jun-24
Maine	659	605	636	(8.3)	(4.9)	May-24
Massachusetts	5,581	4,988	5,347	(10.6)	(6.7)	Aug-24
Michigan	3,537	3,281	3,583	(7.2)	(8.4)	Nov-24
Minnesota	3,926	3,542	3,677	(9.8)	(3.7)	Nov-24
Mississippi	590	568	563	(3.8)	0.8	Nov-23
Montana	632	573	422	(9.3)	35.9	Jun-23
Nebraska	523	896	381	71.1	134.8	Nov-24
New Mexico	488	532	596	9.0	(10.8)	Jan-25
New York	11,797	10,362	11,079	(12.2)	(6.5)	Sep-24
North Dakota	78	62	93	(20.6)	(32.8)	Oct-24
Ohio	2,556	2,318	2,235	(9.3)	3.7	Jun-24
Oklahoma	857	797	806	(7.0)	(1.1)	Feb-24
Pennsylvania	3,878	3,753	3,923	(3.2)	(4.3)	Jun-24
Rhode Island	494	451	478	(8.6)	(5.6)	Nov-24
South Carolina	1,869	1,680	1,833	(10.1)	(8.3)	Nov-24
Vermont	284	273	269	(3.6)	1.7	Jul-24
West Virginia	547	567	544	3.6	4.2	Jul-24
Wisconsin	2,625	2,391	2,616	(8.9)	(8.6)	Jan-25

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 revenues from corporate taxes, and thus large fluctuations in percentage terms might yield little overall budget impact.

Total state corporate income tax revenues declined by 13.1 percent in nominal terms and 15.1 percent in real terms in the fourth quarter of 2024 compared with the same quarter in 2023 (table A.1). The largest dollar decline was in California, where corporate income tax revenues dropped by nearly $4.0 billion or 30.1 percent. This sharp decrease was primarily due to the prior year's extended income tax filing deadline, which had artificially inflated collections in the fourth quarter of 2023, creating a high base for comparison. Excluding California, corporate income tax revenues for the rest of the nation declined by 2.9 percent in nominal terms, while the median state reported a 6.5 percent drop. In calendar year 2024, state corporate income tax collections grew at an average quarterly year-over-year rate of 0.6 percent in nominal terms, but declined by 1.8 percent in real terms.

All regions except the Southwest and Mideast reported year-over-year declines in state corporate income tax revenue collections in the fourth quarter of 2024. The Far West saw the steepest drop, down 28.9 percent, driven largely by sharp declines in California. The Plains region followed with a 21.6 percent decrease. In contrast, the Southwest posted strong growth of 25.4 percent, while the Mideast recorded more modest growth at 7.8 percent.

State-level corporate income tax performance varied widely in the fourth quarter of 2024 (table A.2). Seventeen states reported year-over-year growth, while 28 recorded declines. Overall, 20 states saw double-digit declines, and 11 states reported double-digit growth. The largest increase in dollar terms was in New York, where corporate income tax revenues rose by $1.1 billion—or 21.8 percent—compared with the same quarter in 2023.

State corporate income tax revenues declined by 6.5 percent year-over-year in nominal terms during the first half of fiscal year 2025. The median state reported a smaller decline of 3.1 percent. Overall, 19 states saw year-over-year growth, while 26 reported declines in nominal terms (table A.3).

Before the COVID-19 pandemic, states projected lower corporate income tax collections due to higher costs for business inputs and a sluggish global economy (Dadayan 2020b). After the initial pandemic shock, corporate income tax revenues surged, supported by federal pandemic relief. As of the fourth quarter of 2024, US corporate profits rose by $257 billion, or 6.9 percent, year-over-year, according to the Bureau of Economic Analysis.[7] Despite this sustained growth in corporate profits, state corporate income tax revenues have not seen a corresponding increase. This disconnect is due to recent state-level corporate tax rate cuts, corporate tax planning strategies that shift profits to lower-tax jurisdictions, and timing lags between profit reporting and tax payments. These factors have dampened revenue growth despite rising profits.

The outlook for corporate income tax collections remains uncertain, influenced in part by potential shifts in federal policy under the current federal administration and continued uncertainty about the economy. According to the most recent survey by the Conference Board, the Consumer Confidence Index fell by 7.9 points in April 2025—its fifth consecutive monthly decline. Notably, the drop in confidence was broad-based, spanning all age groups, political affiliations, and most income levels.[8]

General Sales Taxes

State general sales tax collections increased by 1.2 percent in nominal terms but declined by 1.2 percent in real terms for the fourth quarter of 2024 compared with the same period in 2023 (table A.1). Growth in the median state was 1.9 percent in nominal terms. The average quarterly year-over-year growth rate in state general sales tax collections in calendar year 2024 was 0.9 percent in nominal terms, but negative 1.5 percent in real terms.

Sales tax collections increased in all regions except the Far West during the fourth quarter of 2024 compared with the same period in 2023. The New England region reported the largest average year-over-year growth at 3.2 percent, while the Far West region saw a 1.6 percent decline in nominal terms (table A.2).

Of the 45 states with broad-based sales taxes, 33 reported year-over-year growth in sales tax collections for the fourth quarter of 2024, while 12 reported declines. North Carolina saw the strongest growth at 9.2 percent, followed by New Mexico at 7.7 percent. In contrast, Nevada reported the largest decline at 18.2 percent, with Oklahoma close behind at 12.8 percent.

State sales tax revenues rose by 0.8 percent in nominal terms during the first half of fiscal year 2025 compared with the same period in 2024 (table A.3). Year-over-year growth was observed in all regions except the Far West. On a state-by-state basis, 14 states reported declines in sales tax revenues, while 31 states saw growth.

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

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

Motor Fuel Taxes

Motor fuel tax collections increased by 4.6 percent in nominal terms and 2.1 percent in real terms in the fourth quarter of 2024, compared with the same period in 2023 (table A.1). Year-over-year growth in the median state was 2.6 percent in nominal terms. In calendar year 2024, the average quarterly year-over-year growth rate in state motor fuel tax collections was 3.6 percent in nominal terms and 1.1 percent in real terms.

Motor fuel tax revenue collections varied widely across regions and states in the fourth quarter of 2024. All regions except the Mideast reported year-over-year growth in nominal terms. The Southeast region saw the strongest growth at 13.3 percent, followed by the Rocky Mountain at 9.1 percent. In contrast, collections in the Mideast region declined by 4.2 percent.

Thirty-one states reported year-over-year growth in motor fuel sales tax collections for the fourth quarter of 2024, while 19 states saw declines (table A.2). Four states—Georgia, Iowa, Nevada, and Utah—reported growth of over 10 percent, whereas Hawaii recorded a double-digit decline.

State motor fuel sales tax revenues rose by 2.8 percent during the first half of fiscal year 2025 compared with the same period in 2024, with the median state reporting much weaker growth at 1.1 percent (table A.3). Thirty-seven states reported year-over-year growth in motor fuel sales tax revenue collections, while 13 states saw declines during the first half of fiscal year 2025.

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

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

Other Taxes

The US Census Bureau's quarterly data on state tax collections provide detailed information for some smaller revenue sources, including state property taxes, tobacco excise taxes, alcoholic beverage excise taxes, and motor vehicle and operators' license taxes. In table A.8, we present year-over-year growth rates for a four-quarter moving average of inflation-adjusted revenues at the national level. In the fourth quarter of 2024, states collected $73.8 billion from these combined smaller tax sources, constituting approximately 20.8 percent of total state tax collections.

Compared with major tax sources, revenues from smaller state taxes have seen less volatility. The four-quarter moving average of inflation-adjusted revenues from smaller state tax sources showed a

6.4 percent increase for the fourth quarter of 2024 compared with the same quarter in 2023. State property taxes, which represent a small portion of overall state tax revenues, increased 2.4 percent. Tax revenues from tobacco product sales declined 9.0 percent, tax revenues from alcoholic beverage sales declined 2.5 percent, while revenues from motor vehicle and operators' licenses increased 4.1 percent. Finally, revenues from all other smaller tax sources increased 9.0 percent.

Preliminary Review of State Tax Revenues in the First Quarter of 2025

The Urban Institute regularly collects monthly state tax revenue data for all states. Preliminary data from 46 states show continued sluggish year-over-year growth in median state tax revenue collections during the first quarter of 2025, with a 2.7 percent increase in nominal terms. Nationally, year-over-year growth in total state tax revenues was 5.3 percent in nominal terms and 2.6 percent in real terms during the first quarter of 2025. In nominal terms, 29 states reported year-over-year revenue increases, while 17 states saw declines during the same period (table A.9).

Personal income tax revenue collections rose by 9.5 percent nationwide in the first quarter of 2025 compared with the same period in 2024, with much of the growth driven by Oregon. However, the median state saw more modest growth, at 4.8 percent in nominal terms. Among individual states, 27 reported year-over-year increases in personal income tax revenue collections, while 13 states saw declines. The overall growth was primarily driven by gains in nonwithholding income tax revenues, supported by strong stock market performance in the second half of 2024. January collections in particular reflected capital gains and other investment-related income from 2024 market activity. The S&P 500 index rose by 32.2 percent in the fourth quarter of 2024 compared with the same quarter in 2023, while the annual average growth was 26.7 percent in 2024 compared with 2023.

Corporate income tax revenue collections increased by 4.8 percent nationwide in the first quarter of 2025, driven largely by strong growth in New York. However, the median state saw a 3.7 percent decline in nominal terms. The downturn was widespread, with 26 states reporting year-over-year decreases in corporate income tax revenues, while only 18 states recorded growth.

Finally, state general sales tax revenue collections increased by 2.0 percent in the first quarter of 2025 compared with the same period in 2024; growth in the median state was 2.0 percent in nominal terms. Thirty-four states recorded year-over-year growth, while seven states reported declines. Overall, sales tax revenue growth remains weak and disappointing.

BOX 1

What Happens to PTE Taxes If the SALT Cap Expires?

The TCJA introduced a $10,000 cap on the SALT deduction, significantly impacting residents in high-income, high-tax states like California, New York, and New Jersey. In response, 37 states established PTE tax regimes as a workaround. These regimes allow entities such as S-corporations, partnerships, and LLCs to pay state income tax at the entity level, which remains deductible on federal returns, thereby bypassing the SALT cap. Business owners then receive a state credit or income exclusion on their individual returns.

In some states, the amount paid through PTE taxes has begun to rival and even exceed the amount paid through estimated and final payments. This shift indicates that high-income taxpayers are increasingly paying taxes via their businesses rather than personally. Consequently, states have observed declines in estimated and final payments as a share of total personal income tax revenues.

Below is a summary of combined estimated and final payments, along with PTE tax collections, for calendar years 2023 and 2024 across eight selected states. States with high income taxpayers—such as California, Connecticut, New York, and New Jersey—have reported substantial PTE tax revenues, reflecting the widespread adoption of PTE tax workarounds by business owners seeking to mitigate the impact of the federal SALT deduction cap.

TABLE 4

Estimated and Final Payments versus Pass-Through Entity Taxes in Selected States

	Estimated and Final Payments			Pass-Through Entity Taxes		
State	Calendar year 2023	Calendar year 2024	Percent change	Calendar year 2023	Calendar year 2024	Percent change
California	31,348	32,278	3.0	18,021	19,887	10.4
Connecticut	2,796	3,247	16.1	1,797	1,938	7.8
Michigan	2,395	2,304	(3.8)	876	983	12.2
Minnesota	4,074	4,034	(1.0)	2,495	2,780	11.4
New Jersey	6,792	6,856	0.9	4,165	4,081	(2.0)
New York	14,676	15,363	4.7	14,452	15,699	8.6
Ohio	3,176	2,632	(17.1)	1,836	1,236	(32.7)
Rhode Island	740	722	(2.4)	174	219	25.9

Source: Individual state data, analysis by the author.

Both California and New York experienced solid growth in estimated and final payments, along with robust increases in PTE taxes. These gains reflect the concentration of high-income individuals and businesses in both states, as well as the impact of strong stock market performance in 2024. Additionally, the broad adoption of PTE elections contributed to higher collections. In states like Michigan, Minnesota, and Rhode Island, there appears to be a shift in taxpayer behavior toward electing the PTE option, likely driven by strategic tax planning in response to federal deduction limits. In contrast, the declines in both estimated payments and PTE taxes in Ohio may be attributed to weaker economic conditions and potentially lower business profitability.

The divergence in trends across states can be explained by a combination of factors, including stock market performance, strategic use of PTE elections, the concentration of high-income earners, broader economic conditions, and state policy actions such as tax cuts. For policymakers, these trends highlight the importance of understanding how tax policy, economic health, and taxpayer behavior interact to shape state revenue outcomes.

What Happens After 2025?

The SALT cap is scheduled to expire after 2025. If Congress allows it to lapse, high-income individuals would once again be able to fully deduct their state and local taxes on their personal returns. Without the cap, the federal benefit of PTE taxes would largely disappear, rendering the workaround redundant.

This potential change raises several possibilities for state responses:

- **Maintain PTE tax regimes**: Some states might retain them for simplicity or to avoid disruption to existing business structures. However, without federal deductibility, participation would likely decline sharply.
- **Make PTE optional or conditional**: States could allow PTE tax elections only for those still subject to SALT limitations, such as under the Alternative Minimum Tax (AMT) or if Congress reinstates a partial cap.
- **Phase out or repeal**: If the workaround is no longer needed, states may choose to unwind these regimes and return to traditional income tax collection methods. However, unwinding will require careful planning to avoid disruptions.
- **Keep PTE Taxes as a strategic tool**: Some states may retain PTE taxes as a hedge against future federal changes or as a planning tool for businesses with complex structures.

PTE taxes emerged as a workaround to a federal SALT cap, and taxpayers took advantage of it. These taxes reshaped the way high-income individuals pay state taxes, shifting billions of dollars in liability from individuals to entities. If the SALT cap expires in 2026, states will need to decide whether to phase them out, maintain them, or redesign them for a post-SALT-cap world. Alternatively, as in the current bill moving through Congress, the cap could be raised to $30,000 or even higher. Future reports will continue to monitor this issue.

Factors Driving State Tax Revenues

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

Economic Indicators

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

State Gross Domestic Product

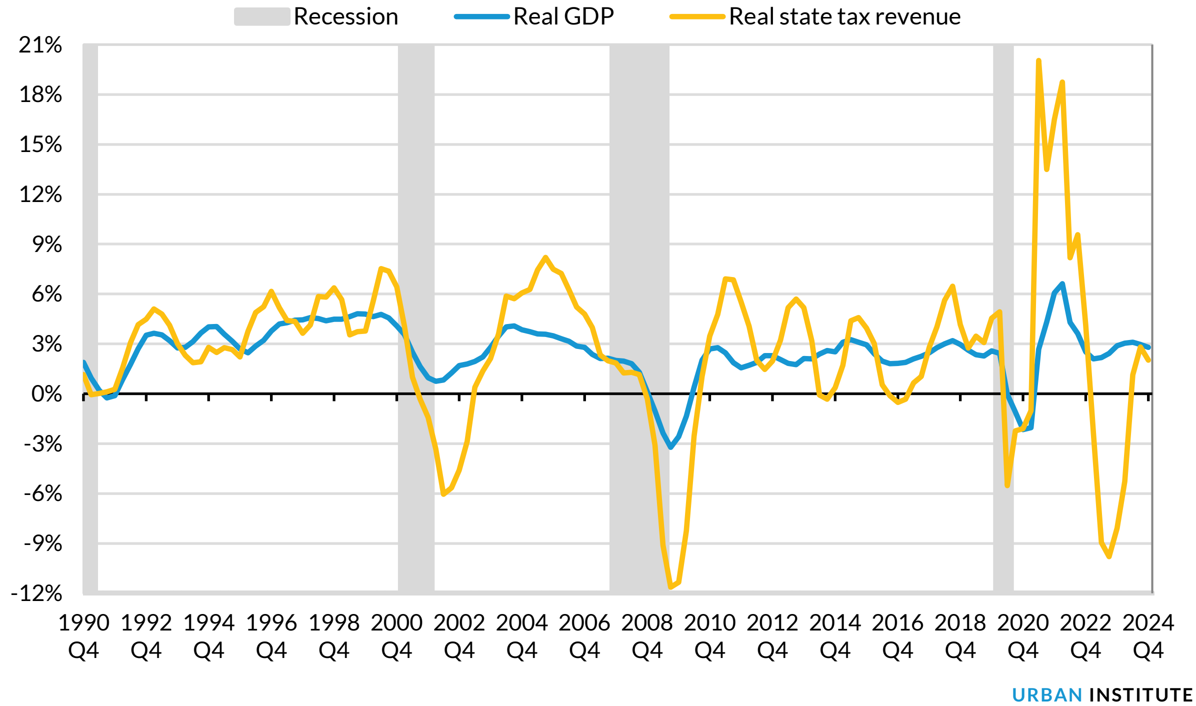
Figure 5 shows year-over-year growth for four-quarter moving averages in real GDP and real state tax revenue. We present moving averages to smooth short-term fluctuations and illustrate the interplay between the state of the economy and state revenues. As shown in figure 5, real GDP growth remained steady throughout 2023 and 2024. In contrast, real state tax revenues saw sharp declines from the first quarter of 2023 through the first quarter of 2024, resuming growth since the second quarter of 2024. Year-over-year growth in the four-quarter moving average was 2.8 percent for real GDP and 2.0 percent for real state tax revenues in the fourth quarter of 2024.

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

FIGURE 5

State Tax Revenue Is More Volatile Than the Economy

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



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

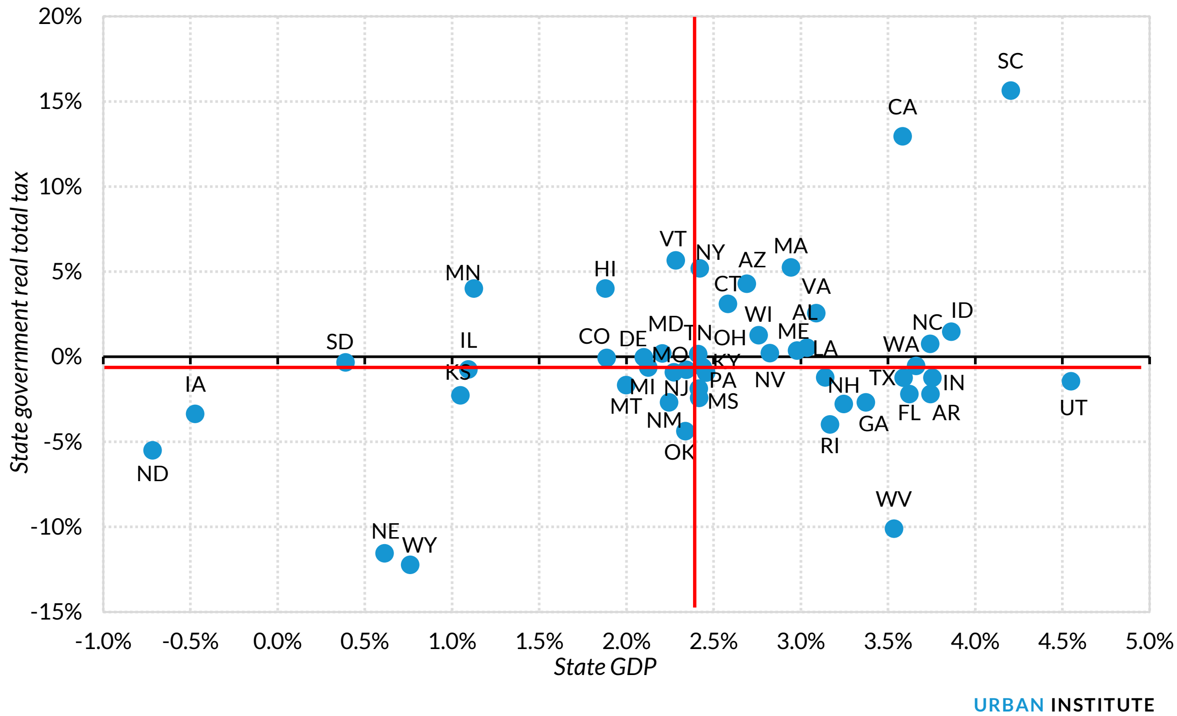
States vary substantially in correlations between growth rates in real GDP and real state tax revenues. The relationship between state economic growth and revenue growth has been impacted by state tax cuts implemented over the last three years.

Figure 6 shows each state's four-quarter moving averages in real GDP and real state tax revenues for the fourth quarter of 2024 compared with the fourth quarter in 2023. By this measure, real state GDP increased in 48 states, while real state tax revenues rose in only 18 states. Iowa and North Dakota were the only states with real GDP declines, at 0.5 percent and 0.7 percent, respectively. Among the remaining states, year-over-year growth ranged from 0.4 percent in South Dakota to 4.5 percent in Utah. Only two states—California and South Carolina—reported double-digit growth in real state tax revenues, at 13.0 percent and 15.6 percent, respectively. In contrast, five states—Alaska, Nebraska, Oregon, West Virginia, and Wyoming—saw double-digit declines. The steep declines in Alaska, West Virginia, and Wyoming reflect their reliance on the energy sector and severance taxes, which are highly sensitive to oil price volatility (Dadayan and Boyd 2016). Oregon's decline was largely attributable to a significant "kicker" credit, which returned a substantial portion of the previous year's revenue surplus to taxpayers in the form of tax rebates.[11]

FIGURE 6

Growth Disparity: State Tax Revenues versus State GDP

Year-over-year percentage change in real state taxes and real GDP, 2024 Q4 versus 2023 Q4



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

State Unemployment and Employment

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

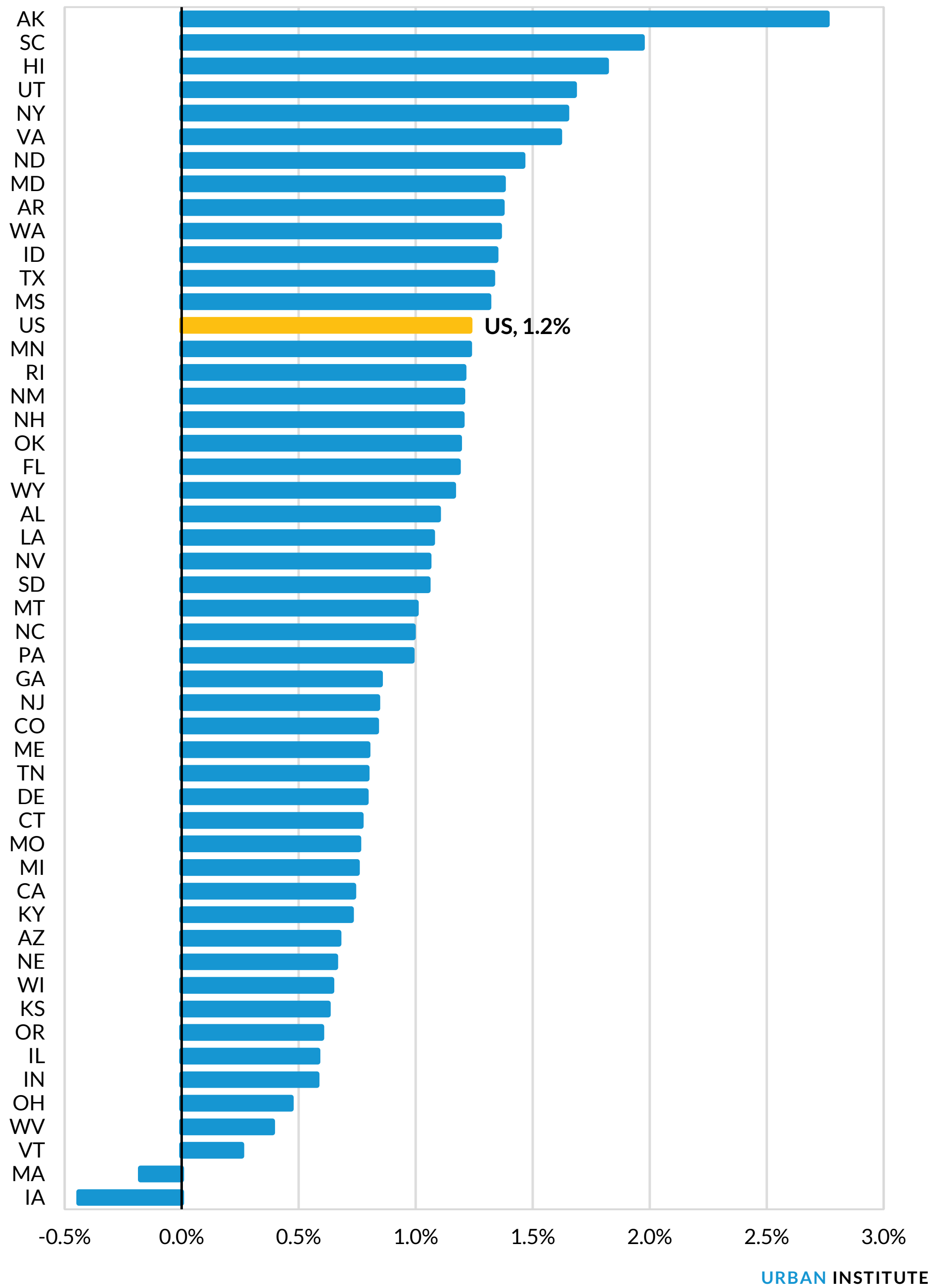
During the fourth quarter of 2024, state unemployment rates ranged from a lot of 1.9 percent in South Dakota to a high of 5.8 percent in Nevada, with notable variation across socioeconomic and demographic groups within states. Compared with the third quarter of 2024, unemployment rates increased in 32 states, indicating a broad, though uneven, softening in labor market conditions.

Nationwide employment grew by 1.2 percent in the fourth quarter of 2024 compared with the same quarter in 2023 (figure 7). Forty-eight states experienced year-over-year employment gains during this period, though growth rates varied widely. Employment declined in only two states—Iowa and Massachusetts—by 0.4 percent and 0.2 percent, respectively. Vermont recorded the smallest increase, at 0.3 percent, while Alaska posted the highest growth, at 2.8 percent.

FIGURE 7

Continued Employment Expansion in the Fourth Quarter of 2024

Year-over-year percentage change in employment, 2024 Q4 versus 2023 Q4



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

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

Both public and private sector employment have continued to recover steadily in the postpandemic labor market. State and local governments now employ approximately 623,000 more people than they did before the COVID-19 pandemic. In the private sector, however, recovery has been uneven across industries. The leisure and hospitality sector—one of the hardest hit during the pandemic—has rebounded to employ about 104,000 more workers than in the prepandemic period. Yet challenges persist: the accommodations subsector alone remains approximately 155,300 jobs below its prepandemic employment level.

Conversely, other sectors have flourished in the post-pandemic economy. The trade, transportation, and utilities sector, for example, has seen substantial growth, adding approximately 1.4 million jobs above pre-pandemic levels by April 2025. This increase is largely driven by the boom in e-commerce and heightened demand for logistics and delivery services throughout the pandemic period and beyond.

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

Housing Market

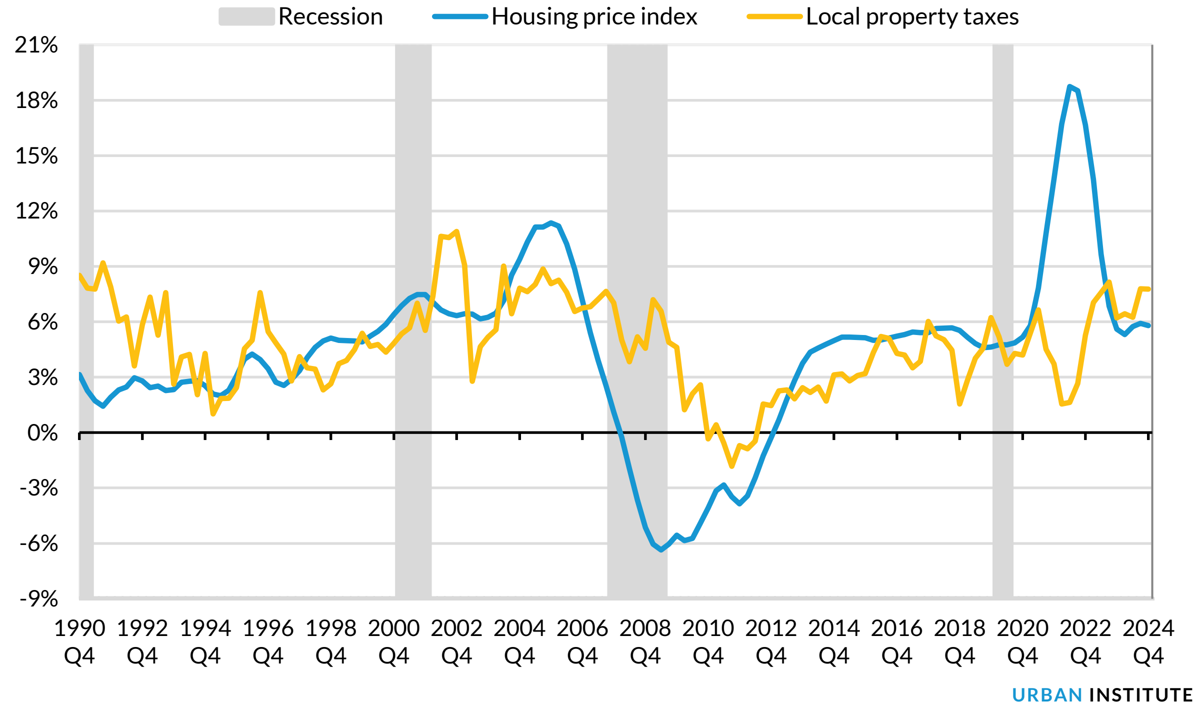
House prices are an important determinant of local property taxes, though changes in property tax revenues often lag property price changes. Assessment lags and assessment caps can affect how quickly house price changes translate into property tax revenue changes. Declines in house prices usually lead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

Figure 8 shows year-over-year percentage changes in the four-quarter moving average of the house price index and local property taxes in nominal terms. National average house prices showed robust growth during the COVID-19 pandemic, but this trend has been tapering off since mid-2022. House prices appreciated 5.8 percent for the fourth quarter of 2024 compared with a year earlier; year-over-year growth in local property taxes was 7.8 percent for the same period, based on four-quarter moving averages.

FIGURE 8

Housing Prices Skyrocketed During the Pandemic but Growth Is Moderating Now

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



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

Figure 9 shows the year-over-year nominal percentage change in house price indexes for all states in the fourth quarter of 2024. House prices increased in 49 states compared with the same period a year earlier, with Hawaii being the only exception. Growth ranged from a modest 2.1 percent increase in Louisiana to a strong 8.9 percent surge in Vermont. This variation highlights the uneven pace of housing market recovery and growth across regions. Nationally, house prices rose by 5.4 percent year-over-year in the fourth quarter of 2024.

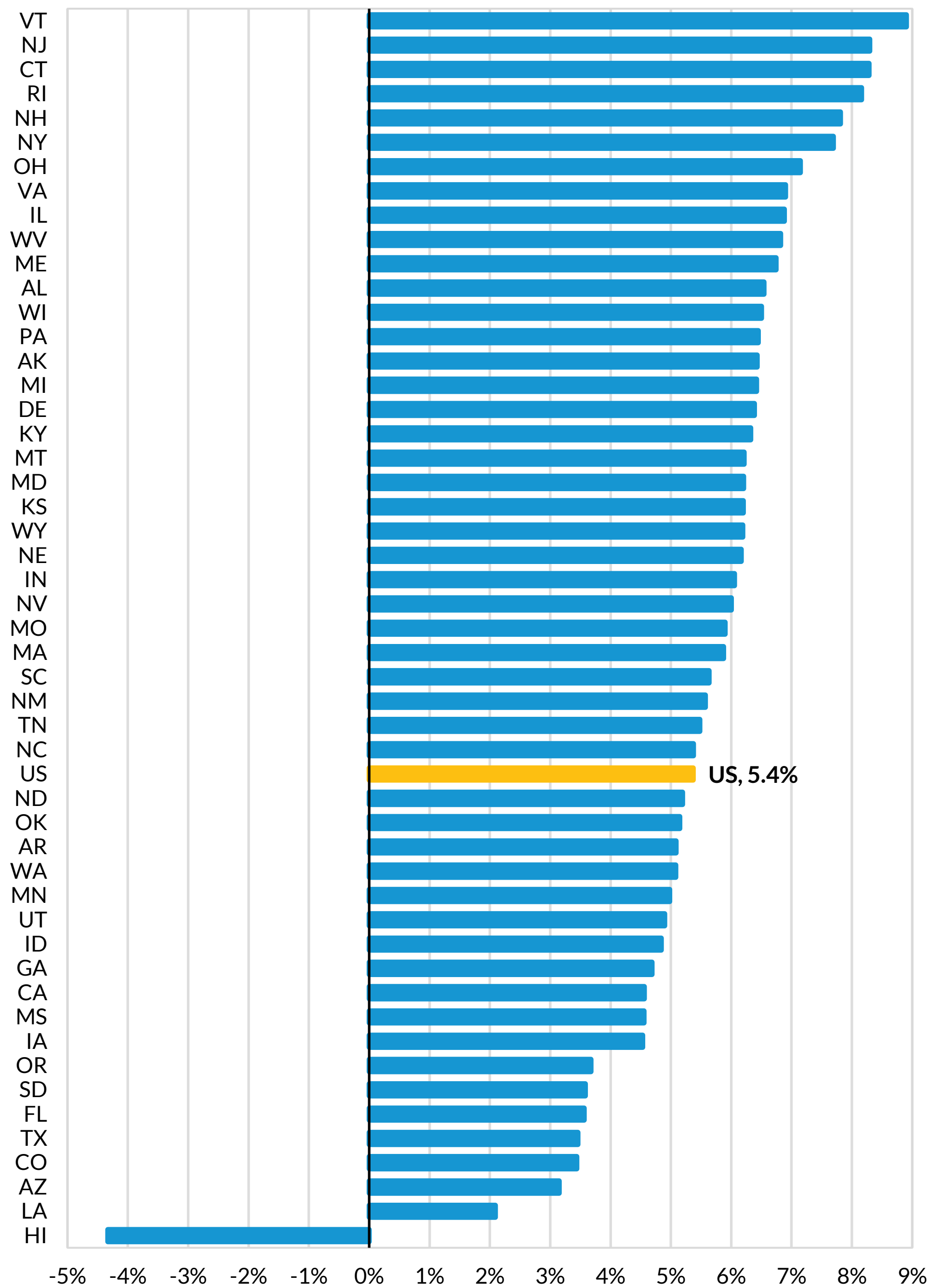
The COVID-19 pandemic, contrary to initial fears, did not negatively impact residential real estate values. Instead, it catalyzed a boom in many housing markets as demand for homes surged, driven by factors such as the need for more space, low interest rates, and changing work patterns (Duca and Murphy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

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

FIGURE 9

Housing Prices Rose in Every State Except Hawaii in the Fourth Quarter of 2024

Year-over-year percentage change in house prices, 2024 Q4 versus 2023 Q4



URBAN INSTITUTE

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

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

The Fannie Mae Home Purchase Sentiment Index showed a decline in consumer confidence in the housing market in February 2025. This drop was primarily driven by growing pessimism about the likelihood of mortgage rates falling over the next year, along with a marked decrease in optimism regarding personal financial situations. Persistently high home prices also continue to dampen consumer sentiment.[12]

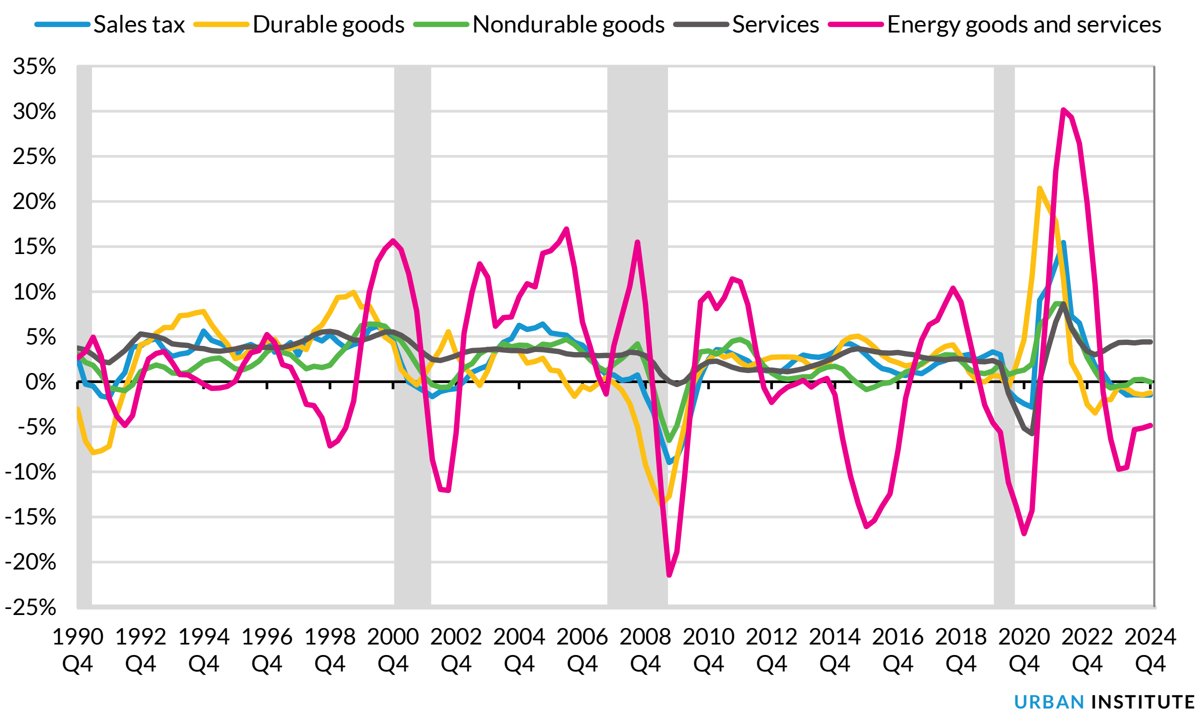
Personal Consumption Expenditures

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

FIGURE 10

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

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



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

As shown in figure 10, year-over-year spending on services increased an average of 4.4 percent in the fourth quarter of 2024. While spending on both durable and nondurable goods surged during the pandemic, that growth has slowed markedly since the second quarter of 2022. In the fourth quarter of 2024, spending on durable goods declined by 1.2 percent year-over-year—its ninth consecutive quarterly decrease—while spending on nondurable goods was flat. These trends suggest a continued normalization of consumer behavior, with a shift back toward services and away from goods.

Spending on gasoline and energy goods accounts for approximately one-fifth of total spending on nondurable goods. Figure 10 shows that after eight consecutive quarters of contraction, real spending on energy goods and services began to increase in the third quarter of 2021, driven largely by significant increases in gas and oil prices, and continued through the first quarter of 2023. However, in the second quarter of 2023, year-over-year spending on gasoline and energy goods fell by 1.1 percent, with sharper declines occurring in the subsequent quarters. By the fourth quarter of 2024, year-over-year spending on gasoline and energy goods had dropped by 4.9 percent, marking its seventh consecutive quarterly drop.

Tax Law Changes Affecting the Fourth Quarter of 2024

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

We present analysis based on data and information retrieved from the National Association of State Budget Officers' Fall 2024 Fiscal Survey of the States. However, the analysis and forecasted effects are based on anticipated revenue gains or losses in response to states' legislated tax changes and do not include the effects of changing economic conditions. Actual revenue collections often deviate from estimated tax revenues, driven by the performance of underlying economic indicators, and these estimates may not fully account for inflation.[13]

During the fourth quarter of 2024, enacted tax changes were forecasted to increase state revenues by a net $1.1 billion compared with the same period in 2023 (this reflects both tax decreases and increases).[14] Overall, tax changes were expected to decrease personal income taxes by $363 million and sales taxes by $140 million. In contrast, corporate income taxes were expected to increase by $1.6 billion due to the enacted state tax changes. Other changes to taxes and fees were forecasted to decrease revenues by approximately $52 million (NASBO 2024). Below, we discuss some of the major enacted tax changes for fiscal year 2025.

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

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

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

For fiscal year 2025, 19 states enacted **personal income tax** cuts, and four states enacted increases. The combined impact of these legislated tax changes is projected to result in an estimated net decrease of personal income tax revenues by approximately $2.0 billion. Kansas is projected to see the most significant revenue decline. In June 2024, the Governor of Kansas approved a bill that introduced several major tax reforms. Key provisions included the exemption of Social Security income from state individual income tax, increases in the standard deduction and personal exemption amounts, and reductions in income tax rates, among other measures.[15] Collectively, these changes are projected to reduce Kansas's personal income tax revenues by approximately $444 million in fiscal year 2025.

Several states, including Arkansas, Georgia, and Iowa, enacted income tax rate cuts that are expected to reduce personal income tax revenue collections in fiscal year 2025. In April 2024, Georgia Governor Brian Kemp signed House Bill 1015 into law, lowering the state's flat personal income tax rate from 5.49 percent to 5.39 percent.[16] This reduction is projected to decrease Georgia's personal income tax revenues by approximately $361 million in fiscal year 2025. In May 2024, Iowa Governor Reynolds signed legislation that replaced the state's progressive income tax system, which had a top rate of 5.7 percent, with a flat individual income tax rate of 3.8 percent.[17] Effective for tax years starting on or after January 1, 2025, this reform is estimated to reduce personal income tax revenues by approximately $335 million in fiscal year 2025. In April 2023, Arkansas officials enacted legislation reducing the state's top personal income tax rate from 4.9 percent to 4.7 percent. Subsequently, further tax cuts were approved in June 2024, lowering the top rate to 3.9 percent, effective January 1, 2024.[18] Collectively, these measures are projected to reduce the state's personal income tax revenues by approximately $313 million in fiscal year 2025.

Thirteen states enacted **corporate income tax** cuts, and four states enacted increases. The combined impact of these legislated tax changes is projected to result in an estimated net increase of corporate income tax revenues by approximately $6.6 billion. The most significant projected net corporate income tax revenue growth due to legislated actions are in California, Illinois, and New Jersey. In June 2024, California officials enacted temporary measures to address budgetary challenges, projected to significantly increase corporate income tax revenues. Key provisions include the suspension of net operating loss (NOL) deductions for tax years 2024, 2025, and 2026, prohibiting businesses with taxable income over $1 million from utilizing NOLs. Additionally, businesses are restricted from using tax credits to reduce their tax liability by more than $5 million per year during this period.[19] These measures are estimated to boost California's corporate income tax revenues by approximately $5.8 billion in fiscal year 2025.[20] Officials in New Jersey enacted a series of legislative measures projected to increase the state's corporate income tax revenues by approximately $1 billion in fiscal year 2025. Among these measures is a 2.5 percent Corporate Transit Fee, applicable to corporations with taxable net income exceeding $10 million.[21] In June 2024, Illinois officials enacted a measure limiting the net loss deduction for corporations to $500,000 per year for tax years ending on or after December 31, 2024, and before December 31, 2027. This represents an increase from the previous cap of $100,000, which applied to tax years ending on or after December 31, 2021, and before December 31, 2024. The measure is projected to generate an estimated net gain of $526 million in corporate income tax revenues in fiscal year 2025.[22]

Fourteen states enacted **sales tax** decreases, and six states enacted increases. The net impact of these legislated tax changes was an estimated decrease in national sales tax revenues of $455 million in fiscal year 2025. The most significant projected net sales tax declines due to legislated actions and temporary measures are in Oklahoma and Florida. Oklahoma's Governor Stitt eliminated the sales tax on groceries.[23] This policy change is projected to reduce the state's sales tax revenues by an estimated $290 million in fiscal year 2025. Florida's Governor DeSantis authorized temporary measures, which includes four major tax holidays: a freedom month sales tax holiday, a 14-day "back-to-school" sales tax holiday, a one-week skilled workers sales tax holiday, and two 14-day disaster preparedness holidays.[24] These temporary sales tax measures are projected to reduce Florida's states revenues by $219 million in fiscal year 2025.

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

Conclusion

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

State tax revenue performance during the first half of fiscal year 2025, covering the third and fourth quarters of 2024, revealed mixed results across revenue sources and states. Personal income tax revenue collections posted solid gains in many states, driven by strong stock market performance, which led to increased nonwithholding revenues. In contrast, sales tax revenues remained sluggish, as consumers increasingly shifted spending toward untaxed services.

Corporate income tax revenues declined broadly, with the national average dropping sharply, underscoring ongoing challenges and volatility in this revenue stream. The overall nominal growth in state revenues during this period was modest and fell short of expectations, particularly in the fourth quarter, which typically benefits from year-end holiday spending.

Looking ahead, the fiscal outlook for states is increasingly uncertain, shaped by both anticipated tax policy changes and recent federal actions. The scheduled expiration of key provisions in the 2017 TCJA at the end of 2025 adds significant uncertainty. Meanwhile, the current federal administration has already enacted several major policy shifts with direct consequences for state budgets. These include:

- **Tariffs** that likely contributed to a 0.3 percent contraction in GDP in the first quarter of 2025—the first economic decline in three years—while also disrupting trade flows, widening the goods trade deficit, and intensifying inflation pressures.
- **Reductions in federal funding**, forcing states to either absorb increased costs or scale back services.
- **A large-scale reduction in federal workforce**, triggering cascading effects on state and local economies, particularly in regions heavily reliant on federal employment.

The convergence of these factors—impending tax code changes, enacted tariffs, declining federal support, and federal job cuts—poses serious challenges for state fiscal planning. States will likely need to reassess budget priorities, reevaluate revenue assumptions, and prepare for growing demands on public services.

In summary, while the expiration of TCJA provisions looms on the horizon, already-implemented federal policies are actively reshaping the economic and fiscal landscape, forcing states to adapt to a more complex and uncertain environment.

Appendix: Additional Tables

TABLE A.1

Quarterly State Government Tax Revenue by Major Tax

	Nominal YOY Percentage Change					Inflation	Real YOY Percentage Change				
Year/quarter	PIT	CIT	Sales	MFT	Total	rate	PIT	CIT	Sales	MFT	Total
Average growth, CY 2024	**6.0**	**0.6**	**0.9**	**3.6**	**4.4**	**2.4**	**3.5**	**(1.8)**	**(1.5)**	**1.1**	**1.9**
2024 Q4	1.0	(13.1)	1.2	4.6	0.9	2.5	(1.4)	(15.1)	(1.2)	2.1	(1.5)
2024 Q3	8.9	2.1	0.3	1.0	5.4	2.2	6.5	(0.1)	(1.9)	(1.2)	3.1
2024 Q2	12.5	9.6	1.3	1.9	8.0	2.6	9.7	6.9	(1.2)	(0.6)	5.3
2024 Q1	1.5	3.7	0.8	6.9	3.1	2.4	(0.9)	1.3	(1.6)	4.4	0.6
2023 Q4	9.0	9.3	1.2	6.6	4.3	2.6	6.2	6.6	(1.3)	3.9	1.7
2023 Q3	(2.6)	(1.2)	1.4	10.6	(1.1)	3.1	(5.6)	(4.2)	(1.7)	7.3	(4.1)
2023 Q2	(27.5)	(10.4)	2.1	7.2	(12.4)	3.4	(29.9)	(13.4)	(1.3)	3.7	(15.3)
2023 Q1	(21.8)	(23.1)	6.6	0.8	(6.6)	5.3	(25.8)	(27.0)	1.2	(4.3)	(11.3)
2022 Q4	(13.1)	(9.7)	7.1	(3.1)	(0.1)	6.5	(18.4)	(15.2)	0.5	(9.0)	(6.2)
2022 Q3	(0.7)	28.9	11.5	(3.4)	7.2	7.3	(7.4)	20.1	3.9	(10.0)	(0.1)
2022 Q2	13.5	42.6	9.4	(1.2)	15.1	7.8	5.4	32.3	1.6	(8.3)	6.8
2022 Q1	24.2	166.9	18.0	10.0	24.3	7.0	16.1	149.4	10.3	2.8	16.1
2021 Q4	28.4	121.4	18.6	8.1	24.2	6.2	21.0	108.5	11.7	1.8	17.0
2021 Q3	(16.6)	(3.0)	12.4	7.7	(0.5)	5.1	(20.6)	(7.7)	7.0	2.5	(5.3)
2021 Q2	75.5	163.0	40.2	27.6	59.1	4.4	68.1	151.9	34.3	22.2	52.3
2021 Q1	18.0	31.2	3.0	(7.3)	9.4	2.5	15.1	28.0	0.5	(9.6)	6.7
2020 Q4	8.9	24.3	3.4	(7.6)	6.1	1.7	7.1	22.3	1.7	(9.2)	4.4
2020 Q3	43.9	61.8	2.8	(4.2)	19.2	1.3	42.0	59.7	1.5	(5.4)	17.6
2020 Q2	(32.9)	(44.3)	(13.4)	(17.9)	(24.8)	0.8	(33.4)	(44.7)	(14.0)	(18.5)	(25.4)
2020 Q1	5.0	(0.8)	3.9	5.2	4.0	1.6	3.3	(2.3)	2.2	3.5	2.4
2019 Q4	6.2	18.7	5.6	8.3	5.6	1.5	4.6	17.0	4.0	6.7	4.0
2019 Q3	4.3	12.7	7.1	6.0	5.6	1.6	2.7	10.9	5.4	4.4	3.9
2019 Q2	18.8	20.9	2.3	3.2	10.4	1.7	16.9	18.9	0.6	1.5	8.6
2019 Q1	(2.4)	40.8	5.5	1.8	2.7	1.9	(4.2)	38.2	3.6	(0.0)	0.8
2018 Q4	(9.2)	12.9	4.4	6.0	(0.1)	2.2	(11.2)	10.5	2.1	3.8	(2.3)
2018 Q3	7.9	26.7	6.2	8.8	8.3	2.4	5.3	23.7	3.7	6.3	5.8
2018 Q2	10.6	17.3	5.3	8.9	9.0	2.5	7.9	14.4	2.7	6.2	6.4
2018 Q1	15.3	(6.7)	5.0	10.9	8.8	2.1	13.0	(8.5)	2.9	8.7	6.6
2017 Q4	14.9	10.4	4.5	9.7	9.3	1.9	12.7	8.3	2.5	7.6	7.2
2017 Q3	4.6	6.5	3.1	2.0	3.9	1.8	2.7	4.6	1.3	0.1	2.1
2017 Q2	(0.0)	11.7	3.2	5.2	2.5	1.6	(1.6)	10.0	1.6	3.6	0.9
2017 Q1	8.9	(28.0)	2.3	0.9	3.5	2.0	6.7	(29.4)	0.4	(1.0)	1.5
2016 Q4	0.3	(3.3)	1.7	1.2	1.2	1.4	(1.1)	(4.6)	0.3	(0.2)	(0.2)
2016 Q3	2.4	(9.1)	2.7	1.4	1.3	0.9	1.6	(9.8)	1.8	0.5	0.4
2016 Q2	(2.8)	(9.3)	1.2	0.3	(1.6)	0.8	(3.6)	(10.0)	0.3	(0.5)	(2.4)
2016 Q1	1.7	(6.0)	1.9	2.9	1.4	0.8	0.9	(6.7)	1.1	2.1	0.7
2015 Q4	5.1	(9.7)	2.7	3.5	2.3	0.8	4.3	(10.3)	1.9	2.7	1.6
2015 Q3	6.5	0.4	3.5	5.0	4.1	0.8	5.6	(0.4)	2.7	4.1	3.3
2015 Q2	14.0	5.6	3.6	2.5	7.0	1.0	12.9	4.5	2.6	1.5	6.0
2015 Q1	6.9	3.5	5.8	4.3	5.5	0.9	5.9	2.5	4.8	3.3	4.5
2014 Q4	8.4	10.0	6.5	2.4	5.7	1.4	6.9	8.5	5.1	1.0	4.2
2014 Q3	4.4	7.3	6.6	0.6	4.3	1.9	2.5	5.3	4.6	(1.2)	2.4
2014 Q2	(6.7)	(0.3)	4.6	4.0	(1.0)	2.0	(8.5)	(2.2)	2.6	2.0	(2.9)
2014 Q1	(1.3)	7.9	3.0	2.8	0.5	1.7	(2.9)	6.0	1.2	1.1	(1.2)

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

Notes: CIT = corporate income tax; MFT = motor fuel tax; PIT = personal income tax; YOY = year-over-year; CY = calendar year.

TABLE A.2

Quarterly State Government Tax Revenue, by State

Nominal percentage change, 2024 Q4 versus 2023 Q4

State/region	PIT	CIT	Sales	MFT	Total
US (median)	***8.3***	***(6.5)***	***1.9***	***2.6***	***1.6***
US (average)	***1.0***	***(13.1)***	***1.2***	***4.6***	***0.9***
New England	**11.4**	**(4.6)**	**3.2**	**1.2**	**7.1**
Connecticut	8.3	8.6	2.9	7.7	5.0
Maine	8.9	(13.3)	2.5	(0.2)	3.9
Massachusetts	13.4	(6.5)	3.8	(1.9)	9.9
New Hampshire	NA	(15.5)	NA	(1.7)	(3.1)
Rhode Island	6.3	(16.9)	3.0	2.7	0.3
Vermont	14.8	(16.0)	(0.2)	(3.8)	14.0
Mideast	**10.6**	**7.8**	**2.3**	**(4.2)**	**6.9**
Delaware	5.4	28.5	NA	(3.6)	6.2
Maryland	11.7	(3.5)	(0.3)	(3.0)	7.8
New Jersey	8.3	(25.3)	3.8	(1.1)	(0.0)
New York	13.8	21.8	1.9	(4.1)	12.4
Pennsylvania	3.5	(21.3)	2.6	(5.3)	0.9
Great Lakes	**8.6**	**(10.8)**	**1.6**	**0.4**	**6.0**
Illinois	7.5	(17.9)	2.2	3.1	2.9
Indiana	9.0	(36.6)	1.7	0.6	3.4
Michigan	8.7	3.5	(0.9)	5.9	8.4
Ohio	9.6	NA	2.2	(4.5)	11.1
Wisconsin	9.8	4.7	3.1	(1.1)	5.6
Plains	**12.7**	**(21.6)**	**1.0**	**1.9**	**(1.5)**
Iowa	14.2	(73.5)	5.2	12.4	(11.7)
Kansas	11.2	3.9	(3.1)	(0.4)	4.9
Minnesota	10.8	16.3	0.2	(2.1)	7.4
Missouri	61.0	(14.1)	1.5	(0.5)	0.9
Nebraska	(41.6)	(44.0)	0.0	1.9	(25.6)
North Dakota	(7.2)	2.9	5.2	3.3	(14.3)
South Dakota	NA	191.4	0.1	2.2	6.5
Southeast	**2.9**	**(9.0)**	**2.3**	**13.3**	**2.6**
Alabama	(0.2)	(3.3)	4.3	3.4	1.6
Arkansas	6.7	(40.8)	1.9	2.6	1.3
Florida	NA	(8.8)	(1.2)	2.6	(0.5)
Georgia	(3.0)	(11.8)	2.5	536.1	3.3
Kentucky	(8.8)	79.3	(0.3)	(8.0)	1.6
Louisiana	3.3	(11.6)	1.9	4.0	(3.4)
Mississippi	4.3	(87.3)	3.6	(0.8)	(2.4)
North Carolina	9.5	(0.8)	9.2	5.3	10.7
South Carolina	11.2	50.3	5.3	3.4	10.8
Tennessee	NA	(30.4)	5.7	2.6	(0.8)
Virginia	4.3	(10.7)	2.5	3.7	3.7
West Virginia	(3.5)	5.8	2.1	(3.8)	(1.0)
Southwest	**9.2**	**25.4**	**1.3**	**2.7**	**1.4**
Arizona	17.0	20.2	2.9	2.6	9.4
New Mexico	(7.5)	51.7	7.7	2.6	(5.2)
Oklahoma	8.7	22.4	(12.8)	5.6	(2.3)
Texas	NA	NA	1.5	2.2	1.0
Rocky Mountain	**4.6**	**(3.0)**	**0.6**	**9.1**	**2.7**
Colorado	6.5	(5.1)	1.2	(5.1)	3.0
Idaho	14.0	25.2	4.6	9.5	10.5
Montana	(18.4)	(10.5)	NA	8.2	(5.7)
Utah	6.7	(25.1)	(1.4)	24.0	3.9
Wyoming	NA	NA	(6.5)	8.5	(10.4)
Far West	**(14.6)**	**(28.9)**	**(1.6)**	**3.7**	**(8.0)**
Alaska	NA	(1.3)	NA	2.8	(12.5)
California	(15.7)	(30.1)	(0.2)	2.6	(10.1)
Hawaii	12.8	39.8	(3.5)	(27.1)	0.6
Nevada	NA	NA	(18.2)	33.8	(3.2)
Oregon	(7.5)	(7.0)	NA	3.7	(5.0)
Washington	NA	NA	0.8	5.3	2.1

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 2025

Nominal percentage change, fiscal year-to-date 2025 versus fiscal year-to-date 2024

State/region	PIT	CIT	Sales	MFT	Total
US (median)	**7.1**	**(3.1)**	**1.4**	**1.1**	**2.3**
US (average)	**4.7**	**(6.5)**	**0.8**	**2.8**	**3.1**
New England	**10.7**	**(1.4)**	**4.2**	**0.6**	**6.6**
Connecticut	7.1	10.2	3.9	0.2	5.2
Maine	15.5	(0.2)	2.2	3.5	7.6
Massachusetts	11.4	(5.0)	5.2	(0.7)	7.9
New Hampshire	NA	(15.4)	NA	0.3	(4.7)
Rhode Island	12.0	(5.2)	3.7	3.5	2.2
Vermont	11.5	23.0	0.3	(0.5)	12.2
Mideast	**8.9**	**1.5**	**2.1**	**(3.7)**	**5.9**
Delaware	4.7	26.9	NA	(2.1)	6.5
Maryland	7.8	2.3	(0.1)	0.8	5.5
New Jersey	7.2	(10.0)	3.2	(0.0)	1.5
New York	12.2	7.0	1.9	(4.1)	9.8
Pennsylvania	1.7	(14.4)	2.3	(5.5)	1.2
Great Lakes	**8.0**	**(10.5)**	**0.1**	**(0.4)**	**3.7**
Illinois	9.2	(16.8)	0.3	4.3	2.7
Indiana	4.3	(29.6)	1.9	1.4	1.7
Michigan	13.7	(0.7)	(0.6)	(7.3)	4.3
Ohio	2.2	NA	(1.5)	(2.5)	5.3
Wisconsin	8.4	3.8	2.7	0.2	4.9
Plains	**13.0**	**(12.4)**	**0.3**	**2.4**	**2.7**
Iowa	6.2	(51.6)	3.7	6.5	(0.7)
Kansas	10.7	(5.7)	(2.6)	0.6	2.5
Minnesota	26.8	4.0	(1.0)	0.0	12.8
Missouri	19.1	(8.0)	(0.1)	3.4	(0.1)
Nebraska	(37.6)	(20.9)	1.7	1.1	(17.2)
North Dakota	(20.3)	(3.1)	6.1	1.0	(7.3)
South Dakota	NA	114.7	(2.1)	1.2	1.7
Southeast	**3.7**	**(1.6)**	**1.2**	**7.7**	**3.0**
Alabama	3.4	0.1	0.5	3.3	2.6
Arkansas	2.3	(30.1)	1.4	(4.7)	0.2
Florida	NA	0.4	(1.5)	3.2	(0.1)
Georgia	(2.4)	(7.3)	3.0	69.8	1.8
Kentucky	(13.4)	76.0	0.5	(5.0)	1.9
Louisiana	11.3	15.2	(1.9)	4.1	2.4
Mississippi	2.6	(64.9)	2.2	0.9	(0.4)
North Carolina	6.1	12.4	3.4	2.2	6.1
South Carolina	11.7	32.2	3.8	1.4	11.8
Tennessee	NA	(16.9)	4.8	1.7	3.6
Virginia	9.6	(16.2)	2.3	8.2	6.5
West Virginia	(8.0)	(18.6)	2.2	1.0	(4.6)
Southwest	**7.8**	**13.2**	**0.7**	**1.4**	**2.0**
Arizona	13.2	11.2	2.8	2.0	6.9
New Mexico	(6.3)	69.6	3.6	2.0	1.1
Oklahoma	9.2	(14.9)	(6.9)	4.1	0.0
Texas	NA	NA	0.6	0.8	1.1
Rocky Mountain	**3.4**	**(0.6)**	**1.4**	**7.7**	**2.8**
Colorado	3.5	(2.5)	1.4	(7.6)	1.5
Idaho	10.6	22.9	4.3	8.4	9.3
Montana	(9.0)	(7.5)	NA	4.6	(1.4)
Utah	5.1	(12.9)	0.4	29.4	4.5
Wyoming	NA	NA	(3.3)	3.2	(6.2)
Far West	**(2.5)**	**(16.3)**	**(0.8)**	**2.6**	**0.5**
Alaska	NA	13.1	NA	0.4	2.4
California	(2.1)	(17.5)	(0.4)	3.2	0.1
Hawaii	10.5	25.0	(0.1)	(1.7)	12.1
Nevada	NA	NA	(11.8)	3.4	(1.9)
Oregon	(8.3)	(5.6)	NA	3.5	(5.1)
Washington	NA	NA	0.8	(1.7)	3.4

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 A4

State Personal Income Tax Withholding

Year-over-year nominal percentage change

	Tax Year 2023				Tax Year 2024			
State/Region	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4
US (median)	***2.4***	***4.5***	***3.3***	***3.6***	***4.2***	***5.4***	***5.3***	***6.5***
US (average)	**0.3**	**3.8**	**3.4**	**3.1**	**5.4**	**5.5**	**5.8**	**7.1**
New England	**4.1**	**7.1**	**7.3**	**4.8**	**5.4**	**6.6**	**7.3**	**5.5**
Connecticut	6.4	7.0	10.4	2.6	(0.3)	2.8	9.7	3.4
Maine	15.1	3.8	7.2	5.9	(5.5)	8.2	6.0	6.8
Massachusetts	1.5	8.0	7.0	5.8	10.2	8.3	6.3	6.3
Rhode Island	2.4	3.6	1.9	3.8	4.6	6.2	11.1	6.5
Vermont	6.5	5.3	(2.4)	4.0	3.2	5.4	3.4	4.2
Mideast	**(1.6)**	**5.3**	**3.5**	**3.4**	**5.9**	**6.9**	**7.1**	**8.6**
Delaware	4.2	8.4	8.3	0.7	8.6	9.9	2.7	13.5
Maryland	2.0	9.9	4.8	2.5	4.2	8.1	8.7	8.7
New Jersey	2.4	2.9	6.3	4.8	6.0	7.0	5.8	7.3
New York	(4.9)	4.2	1.7	3.2	6.6	6.8	8.4	9.7
Pennsylvania	5.0	4.6	5.0	4.2	4.1	4.4	2.4	5.5
Great Lakes	**0.1**	**5.1**	**10.0**	**6.2**	**3.8**	**5.7**	**3.1**	**3.4**
Illinois	(6.4)	1.5	16.8	9.6	7.1	14.0	8.7	6.3
Indiana	4.9	8.7	16.8	16.1	7.4	(0.6)	(14.3)	(10.4)
Michigan	3.5	5.4	(0.1)	(0.1)	2.9	5.1	11.5	9.4
Ohio	11.4	6.2	5.5	(1.1)	(7.5)	(1.5)	(2.2)	0.0
Wisconsin	(3.2)	7.8	4.8	5.3	6.6	2.5	5.9	8.1
Plains	**0.4**	**2.7**	**2.2**	**(0.6)**	**4.3**	**3.8**	**3.6**	**6.4**
Iowa	(5.7)	(13.0)	(6.2)	(12.3)	(2.6)	2.1	0.7	1.8
Kansas	3.9	9.3	9.0	5.5	8.8	9.2	6.3	7.4
Minnesota	3.3	6.0	3.3	4.1	6.3	5.1	8.7	8.7
Missouri	(2.5)	0.8	0.2	(4.5)	5.5	3.0	(1.1)	7.9
Nebraska	2.2	7.0	6.6	3.5	1.2	2.3	(2.0)	(0.4)
North Dakota	(7.2)	20.9	2.3	(26.2)	(18.3)	(25.9)	(17.4)	(4.8)
Southeast	**2.3**	**1.2**	**0.6**	**0.8**	**1.1**	**3.4**	**2.2**	**3.0**
Alabama	6.6	6.9	8.4	6.6	3.2	5.1	(0.3)	1.4
Arkansas	(8.3)	(1.3)	(0.8)	(1.0)	1.1	1.3	(1.1)	(4.1)
Georgia	7.1	4.7	4.8	4.4	(4.3)	(1.5)	(3.8)	(3.4)
Kentucky	(1.0)	(6.7)	(0.8)	(7.2)	(7.4)	(10.5)	(10.9)	(7.5)
Louisiana	2.1	4.5	(2.3)	12.9	(3.5)	9.5	23.3	6.9
Mississippi	1.2	(2.2)	(2.8)	(3.4)	(0.5)	4.1	0.6	0.8
North Carolina	0.7	2.4	2.8	(0.6)	6.7	5.5	3.1	7.2
South Carolina	(3.0)	(8.9)	(8.3)	(8.0)	3.0	6.4	9.0	7.0
Virginia	2.6	2.8	0.4	3.6	6.3	8.5	5.5	7.6
West Virginia	9.5	(0.1)	(13.4)	(13.2)	(13.2)	(2.0)	3.8	6.8
Southwest	**(1.2)**	**(5.3)**	**(5.8)**	**(3.1)**	**3.7**	**6.1**	**7.8**	**6.8**
Arizona	(9.6)	(16.9)	(15.5)	(12.6)	0.4	5.6	7.7	7.3
New Mexico	11.0	4.4	2.3	9.5	8.2	7.3	7.9	6.2
Oklahoma	6.6	9.2	5.2	4.9	5.8	6.1	7.9	6.4
Rocky Mountain	**2.2**	**3.9**	**4.4**	**3.7**	**3.6**	**5.3**	**3.4**	**4.6**
Colorado	2.9	3.6	3.2	2.8	4.9	6.5	4.9	6.0
Idaho	(0.6)	2.4	13.3	9.4	14.6	14.7	5.3	9.7
Montana	5.7	5.3	5.0	10.6	(11.3)	(13.5)	(12.7)	(11.1)
Utah	1.0	4.5	3.1	1.3	1.6	5.3	4.7	4.5
Far West	**0.1**	**3.7**	**1.5**	**3.5**	**9.7**	**5.5**	**9.5**	**11.7**
California	(0.3)	3.5	0.8	3.3	10.2	5.1	10.1	12.1
Hawaii	6.0	7.1	9.7	6.3	7.4	9.3	4.8	8.3
Oregon	2.6	4.1	4.5	5.1	5.9	8.1	6.1	8.5

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 2023: Dec. 2023 – Jan. 2024, 4th payment	Tax year 2023: April 2023 – Jan. 2024, all 4 payments	Tax year 2024: Dec. 2024 – Jan. 2025, 4th payment	Tax year 2024: April 2024 – Jan. 2025, all 4 payments
Median	***(17.1)***	***(25.2)***	***7.8***	***7.8***
Average	**(6.3)**	**(24.4)**	**13.9**	**13.0**
Alabama	(14.1)	(25.1)	3.6	8.1
Arizona	(13.8)	(39.9)	3.3	1.9
Arkansas	(42.0)	(49.6)	8.5	9.5
California	12.3	(15.0)	20.0	22.8
Colorado	(27.9)	(45.2)	41.2	13.2
Connecticut	(28.5)	(28.5)	21.7	26.2
Delaware	(7.3)	(11.0)	4.4	(13.8)
Georgia	(24.4)	(31.0)	(11.0)	10.2
Hawaii	(25.8)	(25.8)	6.9	0.8
Illinois	(16.8)	(20.4)	20.0	17.5
Indiana	(33.8)	(37.9)	17.6	9.9
Iowa	(84.3)	(46.0)	(9.9)	(92.0)
Kansas	(26.3)	(34.8)	7.0	9.2
Kentucky	(31.9)	(35.3)	(14.3)	(22.4)
Louisiana	(14.9)	(17.2)	(21.0)	(13.1)
Maine	3.0	(8.4)	(0.4)	7.4
Maryland	(2.3)	(3.8)	4.5	1.2
Massachusetts	(13.1)	(13.8)	34.8	31.7
Michigan	(10.3)	(19.3)	13.6	11.7
Minnesota	(6.1)	(29.3)	0.1	5.0
Mississippi	(19.5)	(27.8)	22.2	10.6
Missouri	98.8	(7.8)	(43.2)	(5.4)
Montana	(26.1)	(25.4)	(3.5)	(13.1)
Nebraska	(44.8)	(32.3)	(14.8)	(35.7)
New Jersey	(18.8)	(22.2)	16.9	16.1
New York	(13.3)	(41.9)	14.8	14.0
North Carolina	(30.5)	(37.6)	74.4	43.0
North Dakota	(4.5)	(45.1)	(12.6)	(15.3)
Ohio	34.3	19.5	(2.8)	(4.0)
Oklahoma	(11.1)	(22.1)	13.4	6.5
Oregon	(22.7)	(17.3)	13.3	(11.6)
Pennsylvania	(17.9)	(19.1)	(91.1)	(20.8)
Rhode Island	(19.0)	(24.2)	20.2	7.4
South Carolina	(17.4)	(38.5)	12.2	48.3
Vermont	(10.0)	(17.8)	30.1	23.0
Virginia	0.4	(13.5)	61.8	52.1
West Virginia	(38.2)	(29.1)	(15.7)	(29.1)
Wisconsin	(5.0)	(18.2)	12.8	10.1

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/Region	Tax Year 2023 April 2023-January 2024 vs April 2022-January 2023	Tax Year 2024 April 2024-January 2025 vs April 2023-January 2024
Median	***(26.1)***	***(2.4)***
Average	**(26.7)**	**(7.2)**
Alabama	(26.6)	4.0
Arizona	(52.2)	(17.7)
Arkansas	(52.8)	6.6
California	(6.5)	(28.0)
Colorado	(31.3)	2.7
Connecticut	(37.7)	19.3
Delaware	(23.1)	0.7
Georgia	(46.2)	(14.8)
Hawaii	(23.0)	(3.0)
Idaho	(30.4)	(10.2)
Illinois	(39.4)	5.3
Indiana	(39.6)	4.9
Iowa	(4.5)	43.3
Kansas	(41.8)	(2.9)
Kentucky	(18.6)	(19.2)
Louisiana	(10.1)	(5.8)
Maine	(26.1)	2.6
Maryland	(23.2)	19.2
Massachusetts	(39.0)	43.1
Michigan	(31.4)	(10.4)
Minnesota	(24.6)	(3.9)
Missouri	(61.2)	(2.9)
Montana	(25.2)	(9.7)
Nebraska	21.9	(34.4)
New Jersey	(35.3)	0.8
New Mexico	(19.8)	22.3
New York	(34.5)	(2.4)
North Carolina	(9.8)	(25.3)
North Dakota	65.2	(30.0)
Ohio	(1.0)	(36.5)
Oklahoma	(11.0)	5.0
Pennsylvania	(37.8)	27.5
Rhode Island	(23.3)	1.8
South Carolina	(29.9)	3.8
Utah	(42.3)	(7.2)
Vermont	(32.4)	12.5
Virginia	(15.2)	(30.3)
West Virginia	49.2	(42.1)
Wisconsin	(10.0)	4.8

Source: Individual state data, analysis by the author.

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

TABLE A.7

States with Pass-Through Entity Elective Tax and Effective Dates

State	Effective date
Alabama	Tax year 2021
Arizona	Tax year 2022
Arkansas	Tax year 2022
California	Tax year 2021
Colorado	Tax year 2022
Connecticut	Tax year 2018
Delaware	NA
Georgia	Tax year 2022
Hawaii	Tax year 2023
Idaho	Tax year 2021
Illinois	Tax year 2021
Indiana	Tax year 2022
Iowa	Tax year 2022
Kansas	Tax year 2022
Kentucky	Tax year 2022
Louisiana	Tax year 2019
Maine	Tax year 2025
Maryland	Tax year 2020
Massachusetts	Tax year 2021
Michigan	Tax year 2021
Minnesota	Tax year 2021
Mississippi	Tax year 2022
Missouri	Tax year 2022
Montana	Tax year 2023
Nebraska	Tax year 2018
New Jersey	Tax year 2020
New Mexico	Tax year 2022
New York	Tax year 2021
North Carolina	Tax year 2022
North Dakota	NA
Ohio	Tax year 2022
Oklahoma	Tax year 2019
Oregon	Tax year 2022
Pennsylvania	NA
Rhode Island	Tax year 2019
South Carolina	Tax year 2021
Utah	Tax year 2022
Vermont	NA
Virginia	Tax year 2021
West Virginia	Tax year 2022
Wisconsin	Tax year 2019

Source: Individual state information, compiled by the author.

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

TABLE A.8

Quarterly State Government Tax Revenue for Nonmajor Tax Revenue Sources

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

Year/quarter	Property tax	Tobacco product sales tax	Alcoholic beverage sales tax	Motor vehicle & operators' license taxes	Other taxes	Total nonmajor taxes
2024 Q4 collections ($ millions)	**$6,567**	**$3,830**	**$2,057**	**$8,813**	**$52,538**	**$73,805**
Average growth, CY 2024	***1.3***	***(9.7)***	***(2.1)***	***2.4***	***3.6***	***2.3***
2024 Q4	2.4	(9.0)	(2.5)	4.1	9.0	6.4
2024 Q3	0.3	(9.6)	(2.2)	3.5	6.8	4.6
2024 Q2	1.7	(10.3)	(2.5)	1.3	1.9	0.9
2024 Q1	0.6	(9.8)	(1.1)	0.8	(3.2)	(2.8)
2023 Q4	(1.3)	(10.6)	(1.8)	(0.3)	(1.6)	(2.0)
2023 Q3	(0.7)	(11.0)	(1.6)	(1.7)	4.3	1.9
2023 Q2	0.0	(12.3)	(1.7)	(2.2)	8.0	4.3
2023 Q1	1.3	(13.6)	(3.5)	(5.0)	14.7	8.2
2022 Q4	1.7	(12.6)	(1.6)	(6.2)	10.3	5.2
2022 Q3	1.6	(12.3)	(0.8)	(7.1)	4.2	1.0
2022 Q2	0.6	(9.6)	2.5	(7.3)	7.6	3.3
2022 Q1	2.4	(5.2)	10.4	0.5	12.1	8.0
2021 Q4	2.8	(4.6)	8.7	1.3	13.2	8.9
2021 Q3	4.6	(1.3)	7.8	5.2	14.7	10.8
2021 Q2	5.8	0.9	5.3	7.7	7.7	6.9
2021 Q1	2.1	(0.7)	(5.5)	(3.1)	(5.8)	(4.3)
2020 Q4	2.8	0.7	(5.1)	(2.5)	(6.0)	(4.2)
2020 Q3	2.6	(1.1)	(3.3)	(3.4)	(6.9)	(5.0)
2020 Q2	0.3	(2.5)	(2.3)	(3.0)	(4.6)	(3.7)
2020 Q1	1.3	(3.1)	2.9	2.0	1.4	1.1
2019 Q4	0.4	(4.0)	2.9	1.3	1.6	1.0
2019 Q3	(0.2)	(6.0)	0.3	1.5	3.6	2.0
2019 Q2	5.5	(7.6)	(1.2)	0.9	4.8	2.9
2019 Q1	6.6	(5.4)	(0.5)	4.4	5.5	4.2
2018 Q4	9.1	(5.2)	(1.4)	7.2	5.4	4.7
2018 Q3	8.2	0.9	0.1	4.5	5.5	5.0
2018 Q2	3.7	5.3	1.4	4.8	3.9	4.0
2018 Q1	1.1	4.8	1.2	1.2	3.1	2.7
2017 Q4	(0.5)	6.2	3.0	(0.2)	2.9	2.5
2017 Q3	(1.2)	3.6	3.0	3.8	1.2	1.7
2017 Q2	0.5	1.9	2.3	1.6	0.4	0.8
2017 Q1	3.1	1.3	1.1	2.4	(1.3)	(0.1)
2016 Q4	2.4	1.5	0.5	2.8	(1.6)	(0.3)
2016 Q3	5.0	1.3	0.8	1.1	(2.4)	(0.9)
2016 Q2	4.2	0.7	1.7	2.6	(1.7)	(0.3)
2016 Q1	5.1	1.8	2.7	2.3	(1.3)	0.1
2015 Q4	8.8	0.2	1.6	2.9	(0.9)	0.5
2015 Q3	6.2	(0.7)	1.4	1.7	(0.3)	0.5
2015 Q2	5.3	(2.0)	1.7	1.3	(0.6)	0.1
2015 Q1	4.4	(3.9)	(0.1)	1.3	(0.3)	(0.0)
2014 Q4	0.9	(4.6)	1.6	(0.6)	(1.8)	(1.6)
2014 Q3	3.3	(3.6)	1.4	0.7	(1.6)	(1.0)
2014 Q2	5.3	0.6	0.0	1.2	(0.4)	0.3
2014 Q1	5.2	1.9	1.4	0.9	0.5	1.0

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

Notes: Q= quarter, CY = calendar year.

TABLE A.9

Preliminary State Government Tax Revenues in the First Quarter of 2025, by State

Nominal percentage change, 2025 Q1 versus 2024 Q1

State/region	PIT	CIT	Sales	Total
US (median)	***4.8***	***(3.7)***	***2.0***	***2.7***
US (average)	***9.5***	***4.8***	***2.0***	***5.3***
New England	**11.4**	**0.7**	**1.4**	**4.9**
Connecticut	11.8	5.6	2.0	7.5
Maine	(0.6)	(39.7)	2.6	(0.4)
Massachusetts	12.3	0.8	0.5	7.4
New Hampshire	(16.4)	(3.4)	NA	(31.8)
Rhode Island	6.3	(13.3)	1.8	6.6
Vermont	17.0	21.5	3.9	11.4
Mideast	**12.4**	**27.9**	**4.3**	**11.5**
Delaware	0.2	(1.1)	NA	1.7
Maryland	7.6	(9.6)	18.5	5.3
New Jersey	8.7	52.0	4.1	9.7
New York	17.0	30.5	2.1	17.8
Pennsylvania	2.7	7.3	2.3	2.2
Great Lakes	**10.0**	**(13.6)**	**1.9**	**4.8**
Illinois	6.9	(22.8)	1.1	3.6
Indiana	4.2	5.4	1.8	3.0
Michigan	47.2	(45.5)	0.8	6.5
Ohio	19.2	(34.0)	3.5	7.3
Wisconsin	6.2	2.1	2.1	4.1
Plains	**(7.7)**	**(35.6)**	**(0.5)**	**(7.4)**
Iowa	(16.7)	(60.0)	(8.4)	(21.4)
Kansas	(1.3)	(23.5)	(1.8)	(3.7)
Minnesota	(6.5)	(4.0)	0.8	(3.4)
Missouri	(9.6)	(12.5)	5.6	0.2
Nebraska	(6.9)	(67.8)	1.0	(23.5)
North Dakota	25.5	77.1	2.9	(22.7)
South Dakota	NA	25.5	(1.0)	(0.2)
Southeast	**2.1**	**(10.2)**	**1.5**	**1.0**
Alabama	4.6	19.6	0.4	3.0
Arkansas	7.1	(16.7)	(1.2)	(3.3)
Florida	NA	(23.2)	1.3	2.9
Georgia	5.4	(4.7)	3.7	3.7
Kentucky	ND	ND	ND	ND
Louisiana	(1.6)	(114.6)	8.3	(8.9)
Mississippi	1.9	(11.9)	3.8	0.9
North Carolina	(3.8)	41.9	(5.6)	(4.2)
South Carolina	6.5	(12.5)	5.1	5.3
Tennessee	NA	(16.4)	2.9	(0.0)
Virginia	4.2	67.7	1.8	4.2
West Virginia	(1.3)	24.0	0.9	(2.3)
Southwest	**4.6**	**2.7**	**3.7**	**4.0**
Arizona	4.1	(2.0)	2.5	2.5
New Mexico	ND	ND	ND	ND
Oklahoma	5.3	18.0	(11.2)	(0.0)
Texas	NA	NA	5.0	4.6
Rocky Mountain	**(9.8)**	**(15.1)**	**4.0**	**(3.9)**
Colorado	(21.8)	(19.4)	1.5	(14.5)
Idaho	(6.1)	(12.6)	2.9	2.1
Montana	5.6	5.6	NA	7.7
Utah	5.0	(8.6)	8.3	3.9
Wyoming	NA	NA	ND	ND
Far West	**18.6**	**0.8**	**0.6**	**8.9**
Alaska	NA	30.5	NA	(33.8)
California	12.6	2.3	(0.1)	6.7
Hawaii	(10.8)	(135.4)	3.8	(5.0)
Nevada	NA	NA	ND	ND
Oregon	258.0	(3.4)	NA	199.4
Washington	NA	NA	2.0	3.4

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

Notes

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

[2] The author made several adjustments for the fourth 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] See "August Revenue Review," Minnesota Management and Budget, September 11, 2023, https://mn.gov/mmb-stat/000/az/forecast/2023/monthly-revenue-review/august.pdf.

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

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

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

[8] The Conference Board, "US Consumer Confidence Plunged Against in April," April 29, 2025, https://www.conference-board.org/topics/consumer-confidence/press/CCI-Apr-2025.

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

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

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

[12] See "National Housing Survey," Fannie Mae, March 7, 2025, https://www.fanniemae.com/newsroom/fannie-mae-news/consumer-housing-sentiment-down-year-over-year-first-time-2023.

[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, 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 (2024), table A-1.

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

[16] Georgia Office of the Governor, "Gov. Kemp Signs Historic Tax Cut Package Into Law," April 18, 2024, https://gov.georgia.gov/press-releases/2024-04-18/gov-kemp-signs-historic-tax-cut-package-law.

[17] Iowa Department of Revenue, "IDR Announces 2025 Individual Income Tax Brackets and Interest Rates," October 16, 2024, https://revenue.iowa.gov/press-release/2024-10-16/idr-announces-2025-individual-income-tax-brackets-and-interest-rates.

[18] Arkansas Department of Finance and Administration, "Income tax withholding tables adjusted due to most recent tax cut," July 15, 2024, https://www.dfa.arkansas.gov/news/income-tax-withholding-tables-adjusted-due-to-most-recent-tax-cut.

[19] California Governor Gavin Newsom, "2024 Budget Agreement," accessed May 1, 2025, https://www.gov.ca.gov/wp-content/uploads/2024/06/2024-Budget-Agreement-.pdf.

[20] California Legislative Analyst's Office, "The 2024-25 Budget, Overview of the Spending Plan," September 6, 2024, https://lao.ca.gov/Publications/Report/4922.

[21] New Jersey Treasury, "2024 Tax Law Summaries," accessed May 1, 2025, https://nj.gov/treasury/taxation/newlegislation2024.shtml.

[22] Illinois Department of Revenue, "Informational Bulletin, FY 2025-01, Guidance for Corporations Affected by Changes to Net Loss Deduction Limitation for Tax Years Ending On or After December 31, 2024," accessed May 1, 2025, https://tax.illinois.gov/research/publications/bulletins/fy-2025-01.html.

[23] Oklahoma Governor J. Kevin Stitt, "Goodbye Grocery Tax: Governor Stitt Signs State Grocery Tax Elimination Bill Into Law," accessed May 1, 2025, https://oklahoma.gov/governor/newsroom/newsroom/2024/february2024/goodbye-grocery-tax--governor-stitt-signs-state-grocery-tax-elim.html.

[24] Florida Executive Office of the Governor, "Governor Ron DeSantis Signs Fiscal Year 2024-2025 "Focus on Florida's Future" Budget, June 12, 2024, https://www.flgov.com/eog/news/press/2024/governor-ron-desantis-signs-fiscal-year-2024-2025-focus-floridas-future-budget.

References

Auxier, Richard, and Thomas Brosy. 2024. *Navigating the Looming Commercial Property Tax Shortfall*. Washington, DC: Urban-Brookings Tax Policy Center.

Dadayan, Lucy. 2024. *Beyond the Crystal Ball: State Revenue Forecasts before, during, and after the COVID-19 Pandemic*. Washington, DC: Urban Institute.

Dadayan, Lucy. 2020a. *COVID-19 Pandemic Could Slash 2020-21 State Revenues By $200 Billion*. Washington, DC: Urban-Brookings Tax Policy Center.

Dadayan, Lucy. 2020b. *State Revenue Forecasts Before COVID-19 and Directions Forward*. Washington, DC: Urban Institute.

Dadayan, Lucy. 2022a. *Five Reasons Why States Should Proceed with Caution Despite Soaring Revenues*. Washington, DC: Urban-Brookings Tax Policy Center.

Dadayan, Lucy. 2022b. *The Winners and Losers of Rising Oil Prices*. Washington DC: Urban-Brookings Tax Policy Center.

Dadayan, Lucy. 2023a. *State Revenue Forecasts Look Bleak as Revenue Boom Subsides*. Washington, DC: Urban-Brookings Tax Policy Center.

Dadayan, Lucy. 2023b. *Navigating Fiscal Uncertainty: Weak State Revenue Forecasts for Fiscal Year 2024*. Washington, DC: Urban-Brookings Tax Policy Center.

Dadayan, Lucy. 2012. *The Impact of the Great Recession on Local Property Taxes*. Albany, NY: Nelson A. Rockefeller Institute of Government.

Dadayan, Lucy, and Donald J. Boyd. 2016. *Double, Double, Oil and Trouble*. Albany, NY: Nelson A. Rockefeller Institute of Government.

Dadayan, Lucy, and Kim Rueben. 2021. *Surveying State Leaders on the State of State Taxes*. Washington, DC: Urban-Brookings Tax Policy Center.

Dadayan, Lucy, and John Buhl. 2023. *Understanding Revenue Implications for State Pass-Through-Entity Taxes*. Washington, DC: Urban-Brookings Tax Policy Center.

Duca, John V., and Anthony Murphy. 2021. *Why House Prices Surged as the COVID-19 Pandemic Took Hold*. Dallas, TX: Federal Reserve Bank of Dallas.

NASBO. 2024. *The Fiscal Survey of States: Fall 2024*. Washington, DC: National Association of State Budget Officers.

About the Author

Lucy Dadayan is a senior research associate with the Urban-Brookings Tax Policy Center at the Urban Institute. Before joining Urban, Dadayan was a senior research scientist with the Rockefeller Institute of Government, where she wrote extensively on state and local government fiscal issues, including state government tax revenue trends, personal income taxes, tax revenue forecasts, property taxes, gambling tax revenue, government employment, spending on social services, education spending, and state spending on children's programs. She has authored or coauthored four chapters for the *Book of the States* (2015, 2016, and 2017 editions). Dadayan's work is frequently cited in major news media, including the *Wall Street Journal*, the *New York Times*, the *Bond Buyer*, Bloomberg, the *Washington Post*, *Forbes*, the *Boston Globe*, the *Financial Times*, and the *Los Angeles Times*. Dadayan is often invited to present at conferences and provide testimonies for state government agencies. Dadayan holds an MA in public policy and affairs and a PhD in informatics, both from the State University of New York at Albany.

Statement of Independence

URBAN INSTITUTE · ELEVATE · THE · DEBATE

500 L'Enfant Plaza SW
Washington, DC 20024

www.urban.org