

TAX AND INCOME SUPPORTS

State Revenues Continue to Grow Amid Fiscal Pressures

State Tax and Economic Review, 2025 Q4

Lucy Dadayan



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Get Real Time Data

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

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

Monthly State Government Tax Revenue Data

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

Monthly State Government Personal Income Tax Data

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

Quarterly State Government Tax Revenue Data

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

Annual State Government Tax Revenue Collections versus Official Forecasts

Data from nearly all states from fiscal year 2013 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

As states approach the start of fiscal year 2027, lawmakers are confronting increasingly constrained fiscal conditions and heightened uncertainty during final budget negotiations. Most legislatures convened in early 2026 and are now advancing or finalizing budget agreements ahead of the July 1 start of the new fiscal year in 46 states. In 2026 sessions, governors in 31 states must enact annual budgets for fiscal year 2027, while three states—Kentucky, Virginia, and Wyoming—must adopt biennial budgets covering fiscal years 2027 and 2028. Other biennial states have already enacted budgets that include fiscal year 2027, though many may still consider supplemental appropriations, revenue revisions, or midcycle adjustments as economic and federal policy uncertainties continue to evolve.

This budget cycle reflects a markedly different fiscal environment from the surplus-driven conditions states experienced earlier in the decade. Revenue growth has moderated following several years of exceptionally strong tax collections and unprecedented federal pandemic aid. In addition, states face heightened uncertainty surrounding the national economic outlook, federal funding decisions, and the sustainability of recent state tax rate cuts. As a result, many states are approaching fiscal year 2027 budget negotiations with greater caution, balancing weaker revenue expectations against rising spending pressures and long-term structural challenges.

At the same time, broader economic and policy developments are complicating fiscal year 2027 budget negotiations and intensifying fiscal pressures for states. Inflation has accelerated again in recent months, continuing to drive up costs for labor, health care, construction, and public services. Policy changes at both the federal and state levels are also reshaping the fiscal outlook. Federal actions, including the One Big Beautiful Bill Act (OBBBA) and anticipated reductions in federal funding, may significantly affect state revenue and expenditure dynamics, while recent tax reductions enacted in some states are expected to further constrain future revenue growth.

The special section of this quarterly report examines state revenue forecasts for fiscal year 2027. These forecasts—covering personal income, corporate income, sales, and overall tax collections—provide insight into how current economic conditions and recent policy changes are expected to influence state revenue performance in the coming fiscal year.

Overall, state and local tax revenue growth remained modest in the fourth quarter of 2025, increasing 2.8 percent in real terms compared with the same quarter one year earlier. State tax revenues recorded solid gains, driven primarily by stronger growth in personal income tax collections.

By contrast, local tax revenues experienced comparatively weak growth in real terms. More specifically, we find the following:

- **State government tax revenue trends varied by source and state:** After adjusting for inflation, state personal income tax revenues increased 6.8 percent in the fourth quarter of 2025 compared with the same quarter in 2024, while state corporate income tax collections rose 5.2 percent. State sales tax revenues increased by a modest 1.7 percent, though the gain follows a relatively weak prior-year base. The strong growth in personal income tax collections was largely driven by double-digit increases in nonwithholding payments as taxpayers made estimated payments toward their 2025 tax liabilities. These payments likely reflected elevated capital gains realizations and other investment income associated with strong stock market performance through much of 2025. National personal and corporate income tax growth was also boosted by strong collections in California, where wildfire-related filing extensions shifted some tax payments from April to October 2025.
- **Local government tax revenues increased modestly in real terms:** Year-over-year growth in inflation-adjusted revenues from all major local tax sources combined was 1.7 percent in the fourth quarter of 2025. Local property tax revenues, which accounted for roughly 87 percent of major local tax revenues, increased 0.9 percent in real terms. Although personal income, corporate income, and sales taxes make up a relatively small share of local revenues, each posted strong growth: personal income tax revenues increased 8.1 percent, corporate income tax revenues rose 18.9 percent, and sales tax revenues grew 5.7 percent.
- **Economic indicators once again showed mixed signals:** Year-over-year growth in real gross domestic product (GDP) was 2.0 percent in the fourth quarter of 2025. Real consumer spending declined 1.8 percent for durable goods but increased 0.5 percent for nondurable goods and 2.5 percent for services. Housing prices continued to rise, though the pace of growth softened. Meanwhile, the labor market remained relatively weak, with unemployment rate at 4.4 percent.
- **Modest growth projected for state tax revenues in fiscal year 2027:** The median state forecasts nominal revenue growth of 2.3 percent, slightly above the projected national growth rate of 2.0 percent. Median state forecasts for both personal income and sales tax revenues remains modest, at less than 3 percent, reflecting the effects of recent policy changes and varying state economic conditions.

Trends in State and Local Revenues

Shifting federal policies, anticipated reductions in federal payments to states and localities for safety net and other programs, and moderating economic growth have added new risks to state fiscal outlooks (Dadayan and Schwabish 2026a; Dadayan 2025). At the same time, renewed inflationary pressures, trade and tariff uncertainty, and heightened geopolitical tensions have contributed to increased financial market volatility and higher energy prices, underscoring how global economic disruptions can complicate state and local budget planning and increase program and operating costs. With state and local revenue growth slowing and fiscal risks increasing, many states are facing renewed budget constraints despite continued, albeit modest, economic expansion.

Table 1 shows real state and local government tax revenues from major sources for the fourth quarters of 2024 and 2025, as well as cumulative totals for the first two quarters of fiscal years 2025 and 2026, along with percentage changes.

TABLE 1
State and Local Government Tax Revenue Trends

Millions of dollars, adjusted for inflation

Tax source	2024 Q4	2025 Q4	YOY percent change	Fiscal YTD 2025	Fiscal YTD 2026	YOY percent change
Total state-local major taxes	\$650,510	\$668,852	2.8	\$1,108,479	\$1,134,247	2.3
State major taxes	\$280,740	\$292,958	4.4	\$552,065	\$567,518	2.8
Personal income tax	124,443	132,957	6.8	246,345	261,662	6.2
Corporate income tax	31,656	33,309	5.2	60,210	56,955	(5.4)
Sales tax	117,932	119,883	1.7	232,832	235,849	1.3
Property tax	6,709	6,808	1.5	12,678	13,052	3.0
Local major taxes	\$369,770	\$375,894	1.7	\$556,415	\$566,729	1.9
Personal income tax	12,524	13,535	8.1	22,089	23,177	4.9
Corporate income tax	2,807	3,337	18.9	6,000	6,291	4.8
Sales tax	30,942	32,721	5.7	61,585	63,185	2.6
Property tax	323,497	326,301	0.9	466,740	474,076	1.6

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

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

Key findings on inflation-adjusted revenue growth include the following:

- **State and local government tax revenues** from major sources increased 2.8 percent in the fourth quarter of 2025 compared with the same period a year earlier. For the first half of fiscal year 2026, year-over-year revenue growth was 2.3 percent.
- **State government tax revenues** from major sources increased 4.4 percent in the fourth quarter of 2025 compared with a year earlier, while year-over-year growth for the first half of fiscal year 2026 was only 2.8 percent. **State personal income taxes** rose 6.8 percent in the fourth quarter of 2025 and 6.2 percent for the first half of fiscal year 2026. **State corporate income taxes** increased 5.2 percent in the fourth quarter of 2025 but declined 5.4 percent for the first

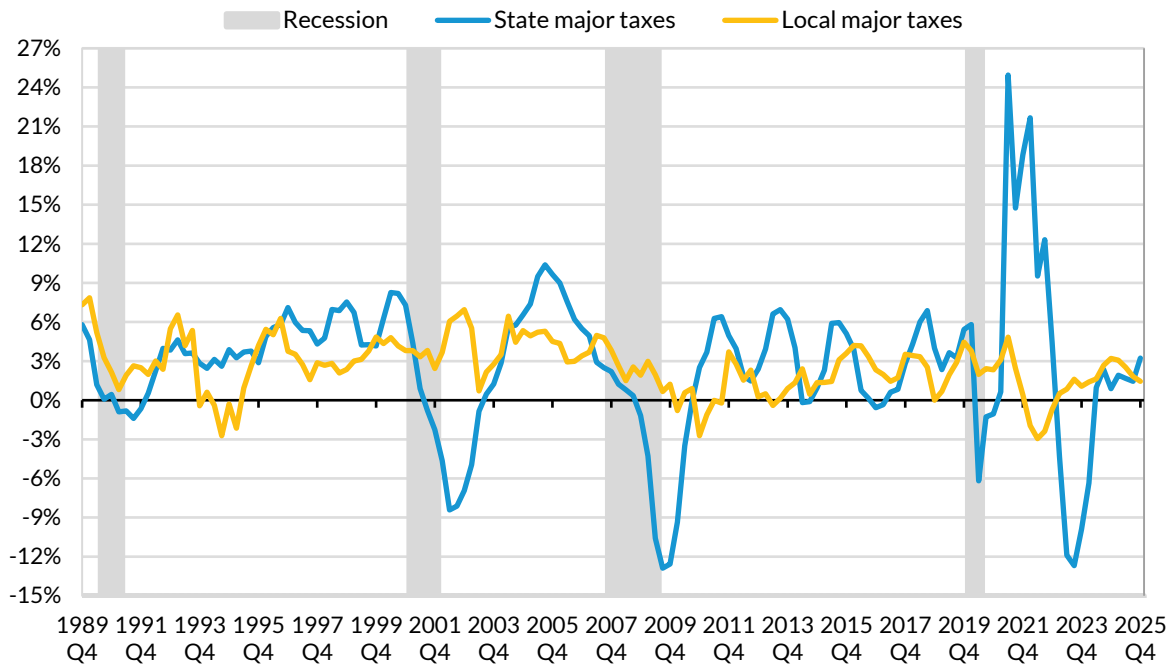
half of fiscal year 2026. **State sales taxes** grew 1.7 percent in the fourth quarter of 2025 and 1.3 percent for the first half of fiscal year 2026.

- **Local government tax revenues** from major sources grew 1.7 percent in the fourth quarter of 2025 compared with a year earlier, while year-over-year growth for the half of fiscal year 2026 was 1.9 percent. **Local property taxes**, the largest source of local revenue, rose 0.9 percent in the fourth quarter of 2025 and 1.6 percent for the half of fiscal year 2026. **Local sales taxes** increased 5.7 percent in the fourth quarter of 2025 and 2.6 percent for the half of fiscal year 2026. **Local personal income taxes** grew 8.1 percent in the fourth quarter of 2025 and 4.9 percent for the half of fiscal year 2026. **Local corporate income taxes** grew 18.9 percent in the fourth quarter of 2025 and 4.8 percent for the first half of fiscal year 2026. However, income taxes are a small revenue source for most local governments.

Figure 1 shows the year-over-year growth in the four-quarter moving average of inflation-adjusted state and local tax revenue collections from major sources, providing a clearer view of broader revenue trends by smoothing short-term fluctuations. By this measure, state tax revenues from major sources increased 3.2 percent in the fourth quarter of 2025, while local major tax revenues rose 1.4 percent.

FIGURE 1
State and Local Major Tax Revenue Growth Remains Modest

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



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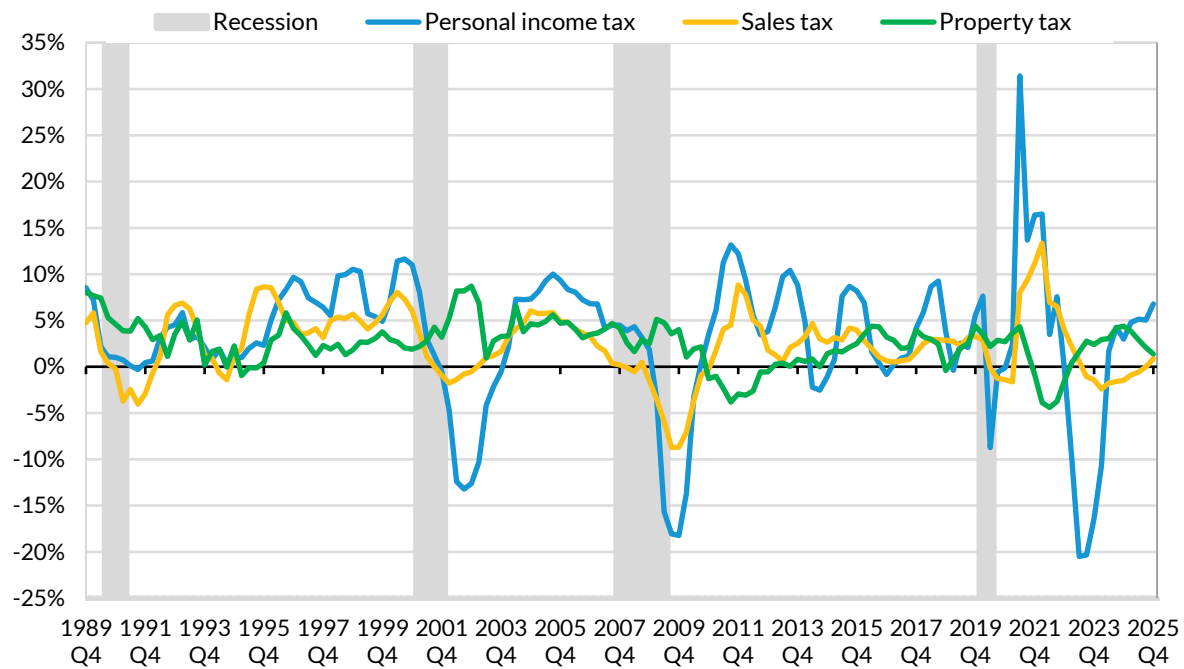
Source: US Census Bureau (tax revenue) and Bureau of Economic Analysis (GDP), analysis by the author.

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

Figure 2 breaks out inflation-adjusted state and local personal income, sales, and property tax revenues, using four-quarter moving average. State and local personal income tax revenues increased 6.8 percent in the fourth quarter of 2025 compared with the same quarter of 2024. Over the same period, state and local sales tax revenues grew 0.9 percent, while property tax revenues, most of which are collected by local governments, increased by 1.4 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
Persistent Weakness in State and Local Sales Tax Revenues
 Year-over-year inflation-adjusted percentage change in major state-local taxes



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

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

State Tax Revenues in the Fourth Quarter of 2025

Total state government tax collections increased 7.7 percent in nominal terms and 4.2 percent in real terms in the fourth quarter of 2025 compared with a year earlier, according to US Census Bureau data adjusted by the author ([table A.1](#)).¹ Looking at major state tax sources, personal income tax revenues increased 6.8 percent and corporate income tax revenues rose 5.2 percent in real terms. By contrast, sales tax revenues grew a more modest 1.7 percent, while motor fuel tax revenues declined 1.4 percent.

[Table A.1](#) presents nominal and inflation-adjusted growth in state government tax collections by major source, along with average quarterly year-over-year growth for the first half of fiscal year 2026. During the first half of fiscal year 2026, total state tax revenues increased by an average of 6.0 percent per quarter in nominal terms and 2.8 percent in real terms.

Revenue performance continued to vary across regions and states in the fourth quarter of 2025 ([table A.2](#)). The Plains region recorded the weakest growth in nominal revenue collections, up 1.1 percent, while the Far West region posted the strongest growth at 15.7 percent.²

Forty states reported year-over-year nominal growth in total tax revenue collections for the fourth quarter of 2025, with seven states reporting double-digit growth. In contrast, 10 states reported declines in total tax revenues, driven in part by state tax rate cuts and other policy decisions.

Overall growth in state tax revenues was solid during the half of fiscal year 2026. However, growth has weakened substantially and stands in sharp contrast to the double-digit increases seen in fiscal years 2021 and 2022, the strongest in at least five decades. Those increases were driven by a combination of factors, including a robust stock market, a record number of initial public offerings, high inflation, increased spending on taxable goods during the COVID-19 pandemic, and expectations of potential (though unrealized) federal tax hikes (Dadayan 2022a).

During the first half of fiscal year 2026, total state tax revenues increased 6.0 percent in nominal terms compared with the same period in fiscal year 2025. However, the median state reported a more modest gain of 3.0 percent ([table A.3](#)), reflecting uneven and generally sluggish revenue growth across states. The Far West and Mideast regions recorded the strongest year-over-year growth, at 12.0 percent and 6.3 percent, respectively. In contrast, the Plains region experienced the weakest growth, at 0.7 percent. Nominal tax revenues increased in 41 states and declined in nine states during the first half of fiscal year 2026. Alaska was the only state to post a double-digit year-over-year decline, while California, Nevada, and Oregon reported double-digit growth.

Personal Income Taxes

State personal income tax revenues increased 10.4 percent in nominal terms and 6.8 percent in real terms in the fourth quarter of 2025 compared with the same period in 2024. Nominal growth in the median state was weaker, at 6.9 percent, highlighting uneven gains across states. Average quarterly year-over-year growth in state personal income tax collections was 9.5 percent in nominal terms and 6.2 percent in real terms during the first half of fiscal year 2026 (table A.1).

While personal income tax collections posted solid gains nationally, growth varied considerably across states and regions, reflecting differences in stock market exposure, income composition, state tax policy changes, and temporary shifts in tax filing deadlines. All regions recorded gains in the fourth quarter of 2025, though the pace of growth varied substantially (table A.2).

The Far West region posted double-digit growth, while all other regions experienced single-digit increases. The Plains region recorded the weakest growth, at 1.5 percent in nominal terms, due in part to enacted income tax rate reductions in several states. In contrast, strong growth in the Far West region was driven largely by California and Oregon. In California, wildfire-related disaster relief postponed the filing deadline for certain personal and business income tax payments to October 2025, temporarily boosting fourth-quarter income tax collections.³ In Oregon, strong growth partly reflected comparison to a weak prior-year revenue base following the state's 2024 "kicker" tax credit, which returned surplus revenues to taxpayers and reduced collections in the earlier period.⁴

Nine states reported year-over-year declines in personal income tax revenues in the fourth quarter of 2025, with Iowa and New Mexico posting the largest declines, at 20.4 percent and 17.3 percent, respectively. In both states, the declines were driven in part by recent tax policy changes. Iowa implemented a flat individual income tax rate of 3.8 percent beginning in tax year 2025, down from a top rate of 5.7 percent in 2024. In New Mexico, for tax year 2025, lawmakers expanded the state's personal income tax bracket structure from five tiers to six, lowered rates for many taxpayers, and created or expanded several income tax credits, including incentives for clean vehicle purchases.⁵

On the upside, eight states posted double-digit year-over-year gains in personal income tax collections, with Nebraska and Oregon recording the largest increases at 34.9 and 27.3 percent, respectively. Nebraska's outsized growth partly reflects a lower prior-year base and the effects of recent tax policy changes related to the state's pass-through entity tax (PTET). Because Nebraska allows retroactive PTET elections for earlier tax years, the timing of payments, credits, and refunds can shift across tax years.⁶ Oregon's strong growth primarily reflects a rebound from a depressed prior-year base associated with the state's "kicker" rebate, as discussed above.

State personal income tax collections increased 9.6 percent in nominal terms during the first half of fiscal year 2026 compared with the same period in fiscal year 2025 (table A.3). Growth in the median state was weaker, at 5.5 percent. Personal income tax revenues declined in six states and increased in 35 states, with eight states reporting double-digit gains.

More broadly, personal income taxes have become more volatile in recent years because an increasing share of income is generated from capital gains instead of wage income. Consequently, fluctuations in stock markets—along with the timing of taxpayers’ capital gains realizations—have amplified year-to-year variation in personal income tax revenue performance.

This relationship is evident in recent data. The stock market rose 32.8 percent in calendar year 2021, contributing to an 11.1 percent surge in personal income tax collections in fiscal year 2022. Elevated inflation during this period also led to “bracket creep” in several states, further boosting personal income tax revenues. In contrast, stock market weakness in 2022, when equity values declined 4.1 percent, coincided with a 17.8 percent drop in fiscal year 2023 personal income tax collections, compounded by the implementation of personal income tax rate reductions in several states. Moderate stock market gains of 4.5 percent in 2023 were reflected in a similarly moderate 5.5 percent increase in fiscal year 2024 personal income tax receipts. A stronger rebound in 2024, when equity values rose 26.7 percent, supported a 7.9 percent increase in fiscal year 2025 personal income tax revenues. The stock market showed solid gains of 14.5 percent in 2025, suggesting that states with a high reliance on high-income taxpayers may see stronger April 2026 collections and potential upside in personal income tax revenues as they close their fiscal year 2026 budgets.

In addition, the introduction and expansion of PTETs have shifted some revenue from the personal income tax base to the corporate income tax base, adding complexity to state tax administration and contributing to volatility in personal income tax collections.

As of now, 37 states have enacted a PTET, in part as a workaround to the \$10,000 cap on the federal individual income tax deduction for state and local taxes imposed by the 2017 Tax Cuts and Jobs Act (TCJA). Because state and local taxes paid at the entity level are fully deductible as a business expense when calculating federal taxable income, the PTET regimes allow certain taxpayers, typically owners of pass-through businesses, to reduce their federal tax liability by shifting the tax payment from the individual to the business level (Dadayan and Buhl 2023).

Table A.7 lists all states that enacted a PTET and their respective effective dates. However, state PTET structures and rules vary widely, which can create complications, especially for businesses operating across state lines. States also differ in their classification of PTETs. Some states treat them as

corporate income taxes since they are paid by the business, others as personal income taxes because they apply to pass-through income, and a few classify them as both.

The recent OBBBA temporarily raises the State and Local Tax (SALT) deduction cap from \$10,000 to \$40,000 per filer for tax years 2025 through 2029, while maintaining the federal deductibility of PTETs. This higher cap will reduce federal tax liability for some high-income filers without directly affecting state revenues (Dadayan 2025c).

To better understand the underlying trends in personal income tax collections, we examine four key components: withholding, quarterly estimated payments, final payments, and refunds. [Table 2](#) summarizes the growth trends for each component over the past eight quarters.

TABLE 2
Growth in State Government Personal Income Tax Components

Year-over-year nominal percentage change

Personal Income Tax Components	Calendar Year 2024				Calendar Year 2025			
	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4
Withholding	5.3	5.5	5.8	7.1	6.3	3.2	6.5	4.7
Estimated payments	(6.1)	27.6	26.6	(27.9)	14.5	14.0	20.3	55.5
Final payments	6.0	5.2	(5.6)	(43.4)	(1.3)	19.1	(3.9)	44.3
Refunds	13.6	6.4	(4.0)	(14.2)	(3.7)	(4.4)	(11.8)	5.3
Total	2.0	13.7	8.9	0.7	9.2	11.1	9.1	10.7

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 over the past eight quarters for states with a broad-based personal income tax. Withholding increased steadily during this period, rising 6.5 percent in the third quarter of 2025 and 4.7 percent in the fourth quarter of 2025. Growth, however, varied across regions. The Plains region recorded the weakest year-over-year growth in the fourth quarter of 2025, at 0.8 percent, while the Mideast region recorded the strongest, at 8.2 percent.

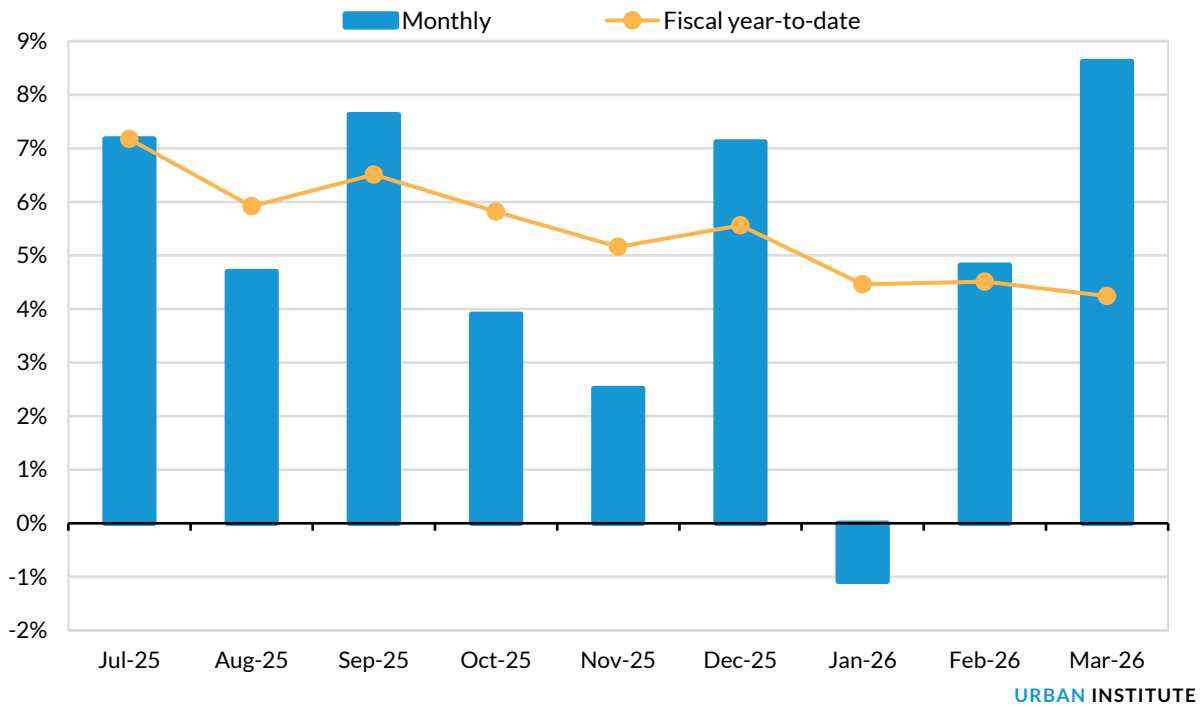
In the fourth quarter of 2025, 32 of the 41 states with a broad-based personal income tax reported year-over-year increases in withholding collections. Growth varied considerably across states, ranging from gains of less than 1.0 percent in Georgia to double-digit increases in New Jersey. Meanwhile,

withholding collections declined in nine states, with Hawaii, Iowa, and Louisiana posting double-digit decreases, largely reflecting recent income tax rate reductions.

Figure 3 shows monthly and fiscal year-to-date nominal growth rates in withholding between July and March 2026, corresponding to the first nine months of fiscal year 2026 in 46 states.⁷ 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.

Monthly withholding collections generally increased in nominal terms during the first nine months of fiscal year 2026, although growth rates fluctuated and turned negative in January 2026. Despite this volatility, year-to-date withholding collections rose 4.2 percent in nominal terms. States collected around \$378 billion in withholding revenue in the nine months of fiscal year 2026. While most states reported year-over-year gains, seven states recorded declines, largely reflecting income tax rate cuts enacted in 2025.

FIGURE 3
Moderate Growth in Withholding During the First Nine Months of Fiscal Year 2026
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. Weaknesses in these payments may signal declines in nonwage incomes—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 2025 and January 2026, which correspond to the fourth estimated payment for tax year 2025. Additionally, we present the combined estimated payments for the April 2025 through January 2026 period, corresponding to all four estimated payments for tax year 2025 ([table A.5](#)).

Estimated payments showed mixed performance across states. In the 38 states with complete data, fourth estimated payments for tax year 2025 (filed in December 2025 and January 2026) increased 31.6 percent year-over-year, while the median state reported weaker growth of 10.2 percent. Between April 2025 and January 2026, total estimated payments rose 23.7 percent compared with the same period in the prior year, with the median state recording a 15.1 percent increase.

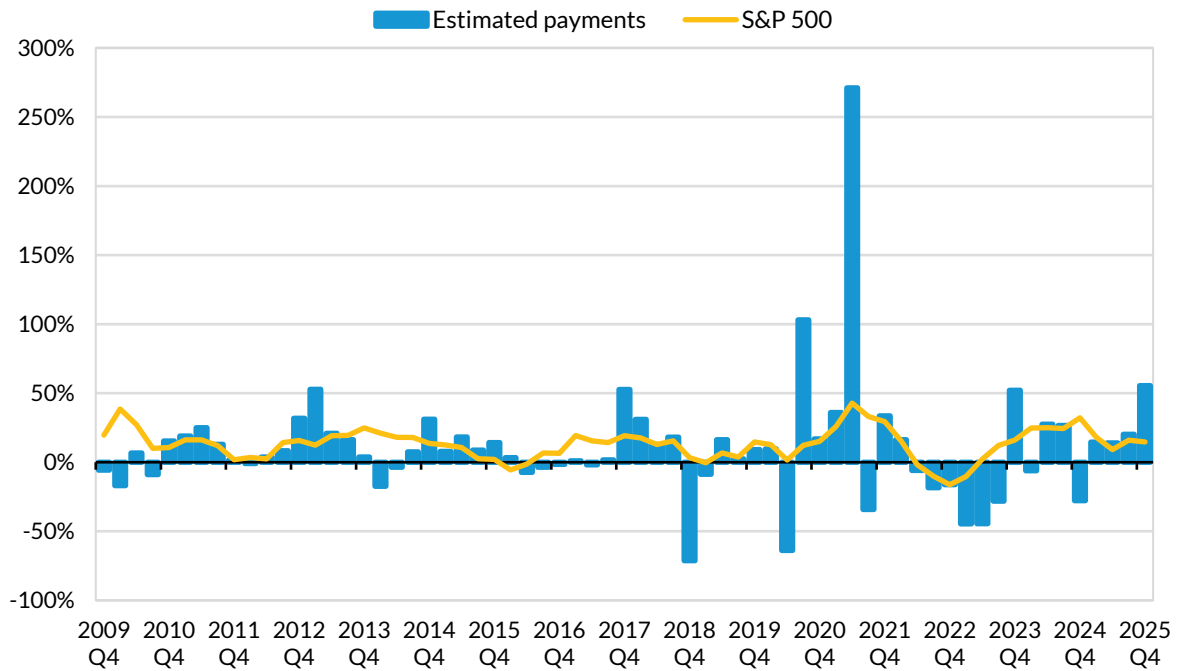
At the state level, 33 states reported year-over-year growth in the fourth estimated payment installment, while 31 states reported growth for the combined total of all four estimated payments. The overall increase in estimated payments largely reflected strong stock market performance in 2025,

leading to higher capital gains realizations. Although the stock market was volatile early in 2025, performance strengthened in subsequent months, ending the year with average gains of 14.5 percent.

Figure 4 shows year-over-year quarterly percentage change in estimated payments and S&P 500 Index over the past decade. Estimated payments have shown substantial volatility, driven in part by stock market fluctuations and by taxpayer responses to actual or anticipated federal and state tax policy changes, which affect the timing of capital gains realizations.

Because temporary shifts in payment timing can distort revenue patterns, it is more reliable to focus on combined quarterly figures and longer-term trends. In 2022, estimated payments generally tracked the stock market, rising in the first quarter before falling over the next three quarters. That trend continued into early 2023, with both declining further. While the stock market began to recover in the second quarter of 2023, estimated payments lagged, only rebounding in the fourth quarter—largely due to delayed filings in California that boosted that quarter’s totals. Estimated payments grew strongly in the second and third quarters of 2024, closely tracking the stock market’s upward trend. In the fourth quarter of 2024, however, estimated payments declined despite continued market gains, largely reflecting an unusually high prior-year base in California caused by a one-time filing deadline delay.

FIGURE 4
Large Volatility in Estimated Payments
 Year-over-year nominal percentage change in estimated payments and S&P 500 Index



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

Estimated payments rebounded in the first quarter of 2025 and continued to grow steadily through the rest of the year, broadly in line with stock market performance. In 2025, California again postponed filing and payment deadlines for taxpayers in Los Angeles County affected by the January 2025 wildfires, extending returns and estimated payments originally due on April 15 and June 16 (and other dates) to October 15, 2025.⁸ This extension dampened national estimated payment growth in the second quarter of 2025. In contrast, estimated payments surged 55.5 percent in the fourth quarter of 2025, largely reflecting delayed payments in California. Excluding California, estimated payments grew 17.7 percent in the fourth quarter of 2025, a rate more consistent with stock market trends.

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.⁹ Final payments accounted for 28.2 percent of all personal income tax revenues in the second quarter of 2025 but only 4.3 percent and 8.9 percent in the third and fourth quarters of 2025, respectively.

Table A.6 shows nominal year-over-year growth rates in final payments for the last eight quarters. The median state recorded double-digit growth in the first, second, and fourth quarters of 2025, driven largely by strong stock market performance and elevated capital gains realizations. Nationally, final payments increased 43.0 percent in the fourth quarter of 2025 compared with a year earlier, while the median state recorded growth of 13.6 percent. Performance varied widely across states: 10 states reported year-over-year declines, while the remaining states posted gains.

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 2025, state personal income tax refund payments increased 6.0 percent compared to the same period in 2024, amounting to roughly \$1.0 billion more refunds issued by states. Refund trends were mixed across states: 20 states reported decreases in refund amounts, while another 20 states reported increases. Oregon recorded the largest decline, issuing about \$0.6 billion less in refunds in the fourth quarter of 2025 than during the same period of 2024. The decline largely reflects base effects associated with Oregon's record "kicker" rebate tied to the 2021–23 biennium,

which taxpayers claimed on 2023 tax returns filed during the 2024 tax filing season and which temporarily boosted refunds that year. In contrast, New York recorded the largest increase, issuing about \$1.9 billion more in refunds in the fourth quarter of 2025 compared with a year earlier.

Actual versus Forecasted Personal lower 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 2024 and 2025, along with the forecasted values for the fourth quarter of 2025.

TABLE 3

Actual versus Forecasted State Personal Income Tax Revenues

State	2024 Q4 actual (\$ millions)	2025 Q4 actual (\$ millions)	2025 Q4 forecast (\$ millions)	Percent change, 2025 Q4 vs 2024 Q4	Percentage variance, 2025 Q4 actual from forecast	Forecast date
Median				6.6%	3.0%	
Average	\$74,554	\$83,374	\$83,390	11.8%	0.0%	
Arizona	1,396	1,508	1,464	8.0	3.0	Apr-25
Arkansas	713	741	718	3.9	3.2	May-25
California	28,176	35,427	37,564	25.7	(5.7)	May-25
Idaho	563	615	599	9.2	2.7	Jul-25
Indiana	1,860	1,814	1,625	(2.5)	11.6	Apr-25
Kansas	1,098	1,184	1,146	7.8	3.3	Nov-25
Maine	659	693	701	5.1	(1.1)	May-25
Massachusetts	5,581	5,772	5,702	3.4	1.2	Aug-25
Michigan	3,537	3,876	3,842	9.6	0.9	May-25
Minnesota	3,926	3,915	3,939	(0.3)	(0.6)	Nov-25
Mississippi	590	632	609	7.0	3.8	Nov-24
Montana	458	512	477	11.8	7.2	May-25
Nebraska	523	704	715	34.6	(1.5)	Oct-25
New Mexico	488	403	636	(17.3)	(36.6)	Aug-25
New York	11,797	11,405	9,936	(3.3)	14.8	Jun-25
North Dakota	78	77	73	(1.9)	4.8	May-25
Ohio	2,556	2,771	2,675	8.4	3.6	Jun-25
Oklahoma	857	948	855	10.6	10.9	Feb-25
Pennsylvania	3,878	4,270	4,184	10.1	2.1	Nov-25
Rhode Island	494	504	507	2.1	(0.6)	Nov-25
South Carolina	1,869	1,998	1,920	6.9	4.1	Nov-25
Vermont	284	302	299	6.3	1.0	Jul-25
West Virginia	547	531	513	(3.0)	3.5	Jul-25
Wisconsin	2,625	2,773	2,694	5.6	2.9	Jul-25

Source: Individual state data, analysis by the author.

In the fourth quarter of 2025, actual personal income tax collections fell below forecasts in six of 24 states. The median forecast error was an underestimate of 3.0 percent, with three states recording double-digit underestimations ([table 3](#)). Variation in forecast accuracy reflects, in part, differences in forecast timing and methodology—some states update revenue projections monthly, while others revise them only annually. Discrepancies between actual and forecasted amounts also stem from fiscal policy adjustments and stock market performance, both of which can materially influence personal

income tax receipts relative to projections. It is worth noting that California’s actual revenue performance was weaker than forecast in the fourth quarter of 2025, reflecting the difficulty of accounting for timing effects associated with wildfire-related filing and payment deadline extensions in Los Angeles County, as discussed above.

Corporate Income Taxes

State corporate income taxes tend to fluctuate sharply, reflecting volatility in corporate profits and the timing of tax payments across quarters. Because these taxes account for a relatively small share of total state revenue, even large percentage swings tend to have a limited impact on overall budgets.

Total state corporate income tax revenues increased 8.7 percent in nominal terms and 5.2 percent in real terms in the fourth quarter of 2025 compared with the same quarter in 2024 (table A.1). Despite the strong national growth, the median state recorded a decline of 14.3 percent in nominal terms. During the first half of fiscal year 2026, state corporate income tax collections declined at an average quarterly year-over-year rate of 3.0 percent in nominal terms and 6.0 percent in real terms.

Performance varied considerably across regions. The Far West, Great Lakes, and Mideast regions reported year-over-year growth in state corporate income tax collections in the fourth quarter of 2025, while the remaining regions experienced declines. The Plains region recorded the sharpest drop, with corporate income tax revenues declining 22.7 percent, followed by the Rocky Mountain region, where collections fell 20.8 percent. In contrast, the Far West region posted strong growth of 36.4 percent, driven largely by California, where wildfire-related filing extensions temporarily shifted some corporate income tax payments into the fourth quarter of 2025.

State-level corporate income tax performance also varied widely in the fourth quarter of 2025 (table A.2). Sixteen states reported year-over-year growth, while 29 recorded declines.

State corporate income tax revenues fell by 2.4 percent year-over-year in nominal terms during the first half of fiscal year 2026 compared with the same period a year earlier. The median state experienced a steeper decline of 14.0 percent. Overall, 12 states reported year-over-year growth, while 33 states saw declines in nominal terms (table A.3).

The widespread declines in state corporate income tax collections partly reflect multiyear corporate income tax rate reductions and structural tax changes enacted in several states, as well as the inherent volatility of corporate tax payments. For example, Louisiana replaced its graduated corporate income tax—formerly with a top rate of 7.5 percent—with a flat 5.5 percent rate effective January 1,

2025.¹⁰ Nebraska also reduced its corporate income tax rate and is transitioning from a graduated structure to a flat rate of 3.99 percent by 2027; for tax year 2025, the rate was reduced to 5.2 percent, down from 5.58 percent in 2024.¹¹ Pennsylvania continued its multi-year phasedown of the corporate net income tax rate, lowering it to 7.99 percent for tax year 2025 from 8.49 percent in 2024.¹² Utah enacted legislation reducing its corporate income tax rate to 4.5 percent for tax years beginning on or after January 1, 2025, down from 4.55 percent previously.¹³

Corporate income tax collections were also affected by broader economic uncertainty in 2025, as tariff policies and trade tensions dampened business investment and profit expectations—particularly in states with large manufacturing or export sectors.

Although US corporate profits continued to rise in the fourth quarter of 2025,¹⁴ state corporate income tax revenues did not follow the same trend in many states. Corporate income tax rate cuts in several states, tax planning strategies and apportionment changes, and timing lags between profit realization and tax payments likely moderated revenue growth despite rising profits.

The outlook for corporate income tax collections remains uncertain. According to the latest survey by the Conference Board, the *Consumer Confidence Index* edged up by 0.6 points in April 2026 but remained below levels reached in late 2024.¹⁵ Consumers continued to express concerns about rising prices, particularly for oil and gas, as well as broader geopolitical instability and inflationary pressures.

General Sales Taxes

State general sales tax collections increased 5.0 percent in nominal terms and 1.7 percent in real terms in the fourth quarter of 2025 compared with the same period in 2024 ([table A.1](#)). Growth in the median state was slightly lower, at 4.5 percent in nominal terms. During the first half of fiscal year 2026, state general sales tax collections grew at an average quarterly year-over-year rate of 4.5 percent in nominal terms and 1.3 percent in real terms.

Sales tax collections rose across all regions in the fourth quarter of 2025 compared with the same period in 2024. The Far West region saw the strongest year-over-year growth at 6.8 percent, while the Rocky Mountain region recorded the weakest increase, at just 0.3 percent in nominal terms ([table A.2](#)).

Of the 46 states with broad-based sales taxes, 42 reported year-over-year growth in sales tax collections for the fourth quarter of 2025, while four reported declines. Nevada saw the strongest growth at 31.2 percent, followed by Louisiana at 19.8 percent. In contrast, Utah reported the largest drop, with sales tax revenues down 6.8 percent.

State sales tax revenues increased 4.5 percent in nominal terms during the first half of fiscal year 2026 compared with the same period in fiscal year 2025 (table A.3). The median state recorded slightly weaker growth of 4.2 percent. All regions reported year-over-year gains, led by the Mideast region at 5.8 percent, while the Rocky Mountain region recorded the weakest growth at 0.4 percent.

On a state-by-state basis, sales tax revenues increased in 41 states and declined in five states in nominal terms during the first half of fiscal year 2026. Utah recorded the steepest drop, at 5.2 percent, while Louisiana reported the strongest growth, at 23.2 percent. Adjusted for inflation, however, many states would show overall declines in sales tax revenues during the first half of fiscal year 2026.

Many state officials have expressed concerns about the long-term performance of sales tax revenues, particularly as consumers shift 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.¹⁶

Motor Fuel Taxes

Motor fuel tax collections increased 1.9 percent in nominal terms but declined 1.4 percent in real terms in the fourth quarter of 2025 compared with the same period in 2024 (table A.1). Nominal growth in the median state was weaker, at 1.2 percent. During the first half of fiscal year 2026, the average quarterly year-over-year growth rate in state motor fuel tax collections was 2.5 percent in nominal terms but negative 0.6 percent in real terms.

Motor fuel tax collections varied widely across regions and states in the fourth quarter of 2025. The Far West, New England, and Mideast regions recorded year-over-year declines in nominal terms, while all other regions posted gains. The Plains region reported the strongest increase, at 7.6 percent, while the Far West region experienced the steepest decline, at 1.4 percent.

Thirty-two states reported year-over-year growth in motor fuel tax collections in the fourth quarter of 2025, while 18 states posted declines (table A.2). Alaska and New Hampshire recorded double-digit decreases, while five states reported double-digit increases.

State motor fuel tax revenues increased 2.5 percent in nominal terms during the first half of fiscal year 2026 compared with the same period in fiscal year 2025, while the median state recorded a more modest gain of 1.3 percent (table A.3). Thirty-one states reported year-over-year growth in motor fuel tax collections, while 19 states experienced declines. In inflation-adjusted terms, however, declines were more widespread across states.

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.¹⁷

Oil and gas prices are inherently volatile, and the ongoing geopolitical tensions have pushed fuel prices higher. Higher oil and gas prices can temporarily benefit oil-dependent states, at least in the short-term (Dadayan, 2022b). Historically, price increases tend to boost motor fuel tax revenues in states with a variable tax rate and that do not enact gas tax holidays or suspend rate adjustments. Conversely, price declines weaken motor fuel tax collections, as seen over the past two years, as lower gasoline prices reduced per-gallon tax revenue in states with percentage-based or adjustable tax rates.

The recent increase in gas prices driven by geopolitical tensions has already prompted governors in several states to enact or consider temporary gas tax holidays to ease pressure on consumers (Dadayan, 2026). However, prior experience suggests that gas tax holidays can be costly for state budgets (Dadayan, 2023), while providing only limited and uneven relief to consumers, particularly lower-income households.

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 2025, states collected \$79.1 billion from these combined smaller tax sources, constituting approximately 20.8 percent of total state tax collections.

Revenues from smaller state taxes have seen less volatility. The four-quarter moving average of inflation-adjusted revenues from smaller state tax sources showed a 3.7 percent increase for the fourth quarter of 2025 compared with the same quarter in 2024. State property taxes, which represent a small portion of overall state tax revenues, increased 2.0 percent. Tax revenues from tobacco product sales declined 7.1 percent, tax revenues from alcoholic beverage sales declined 4.4 percent, while revenues from motor vehicle and operators' licenses increased 0.7 percent. Finally, revenues from all other smaller tax sources increased 5.4 percent.

Preliminary Review of State Tax Revenues in the First Quarter of 2026

The Urban Institute regularly compiles monthly state tax revenue data for all states. Preliminary data from 47 states show continued sluggish year-over-year growth in median state tax revenue collections during the first quarter of 2026, with a 2.7 percent increase in nominal terms. Nationally, year-over-year growth in total state tax revenues was 5.8 percent in nominal terms during the first quarter of 2026. In total, 37 states reported total tax revenue gains in nominal terms, while 10 states recorded declines ([table A.9](#)).

Personal income tax collections increased 7.3 percent nationwide in the first quarter of 2026 compared with the same period in 2025, while the median state recorded a more modest nominal gain of 1.6 percent. Much of the national growth was driven by California and New York, which together accounted for 43 percent of total personal income tax collections nationwide. In California, the strong increase partly reflected timing effects associated with delayed income tax filing deadlines. Both California and New York also experienced robust growth in estimated payments, driven by strong stock market performance and elevated capital gains realizations.

Among individual states, 24 reported year-over-year increases in personal income tax collections in the first quarter of 2026, while 16 recorded declines. Overall growth was driven primarily by gains in nonwithholding revenues, reflecting strong stock market performance and elevated capital gains realizations. Withholding collections increased 4.2 percent, while estimated payments surged 26.7 percent. January 2026 collections were boosted by higher capital gains and other investment-related income associated with strong market performance. As noted above, the S&P 500 index increased 14.5 percent in calendar year 2025, contributing to stronger estimated income tax payments.

Corporate income tax collections increased 9.6 percent nationwide in the first quarter of 2026. However, the median state recorded a sharp nominal decline of 8.1 percent. The national increase was driven largely by California and New York, where corporate income tax collections rose 22.5 percent and 14.9 percent, respectively. Declines were widespread across the rest of the nation, with 28 reporting year-over-year decreases and only 17 states posting gains.

Finally, state general sales tax collections increased 3.7 percent in the first quarter of 2026 compared with the same period in 2025. The median state recorded a nominal gain of 4.4 percent. Thirty-eight states reported year-over-year growth, while four experienced declines. Despite this improvement, sales tax growth remained modest in most states by historical standards.

BOX 1

Forecasts: States Expect Weak Tax Revenue Growth in Fiscal Year 2027

State tax revenues are expected to grow modestly in fiscal year 2027, with most states projecting small increases in income, sales, and corporate tax collections rather than major gains. These forecasts likely reflect some effects of the recently enacted OBBBA, but they may not fully account for newer economic risks such as rising energy prices and global instability. Overall, the outlook suggests cautious expectations for economic growth, ongoing inflation pressures, and continued uncertainty around the effects of federal policy and broader economic conditions.

Table 4 presents projected personal income, corporate income, sales, and overall tax collections for fiscal year 2027, along with the month and year of each forecast issued. These estimates are the most current public projections available as of this report's publication. Most forecasts were prepared in early 2026. As a result, these projections likely incorporate at least some anticipated fiscal effects of the OBBBA but may not fully reflect more recent global developments.

Forecasts for fiscal year 2027 indicate modest growth in total state revenue collections, with the median state projecting a 2.4 percent increase and a national growth rate of 2.0 percent. Overall, 40 states expect growth in total tax revenues for fiscal year 2027, though only six states anticipate increases exceeding 5.0 percent, suggesting a generally tempered revenue outlook.

Personal income tax revenues are projected to increase 2.7 percent in the median state and 3.4 percent nationwide in fiscal year 2027. Overall, 35 states project year-over-year growth in personal income tax collections, although only seven anticipate increases exceeding 5.0 percent, while five forecast declines.

Corporate income tax revenue forecasts for fiscal year 2027 project a median nominal increase of 0.6 percent among states, while nationwide collections are expected to grow by just 0.1 percent. Eighteen states forecast year-over-year declines, while 27 anticipate growth, though only eight project increases exceeding 5.0 percent.

Sales tax revenues are projected to increase 2.9 percent in the median state and 2.8 percent nationally in fiscal year 2027. Although nearly all states project year-over-year growth, forecasts generally remain modest, reflecting slowing consumer spending growth, persistent inflationary pressures, and cautious economic outlooks. Nebraska is the only state projecting a decline, while just one state anticipates growth exceeding 5.0 percent. Overall, the forecasts point to continued but restrained sales tax revenue growth in fiscal year 2027.

TABLE 4

State Revenue Forecasts for Fiscal Year 2027*Nominal percentage change, fiscal year 2027 versus fiscal year 2026*

State/region	PIT	CIT	Sales	Total	Forecast date
US (median)	2.7	0.6	2.9	2.4	
US (average)	3.4	0.1	2.8	2.0	
Alabama	2.6	(0.1)	1.7	0.8	1/15/2026
Alaska	N/A	(14.1)	N/A	(18.5)	3/13/2026
Arizona	5.4	3.6	3.5	4.2	1/29/2026
Arkansas	1.5	(3.2)	3.1	2.7	1/30/2026
California	3.2	4.4	2.0	2.4	1/15/2026
Colorado	17.3	6.9	3.3	10.1	3/15/2026
Connecticut	1.6	(2.1)	3.1	6.4	4/30/2026
Delaware	3.9	(29.6)	N/A	0.7	3/13/2026
Florida	N/A	0.5	1.1	2.2	1/23/2026
Georgia	0.3	(2.1)	2.2	(0.4)	12/15/2025
Hawaii	(2.9)	3.9	3.9	2.0	3/10/2026
Idaho	1.2	(7.0)	8.0	3.0	1/15/2026
Illinois	(0.4)	0.7	2.9	(0.5)	3/15/2026
Indiana	3.0	2.6	3.5	2.7	12/18/2025
Iowa	5.2	3.0	3.7	4.4	3/12/2026
Kansas	3.5	(0.9)	2.6	1.1	4/15/2026
Kentucky	ND	ND	ND	ND	
Louisiana	0.8	(6.7)	1.4	0.5	5/8/2026
Maine	2.8	7.4	2.7	2.5	3/1/2026
Maryland	1.8	(0.2)	3.1	(0.3)	3/11/2026
Massachusetts	1.2	(0.6)	2.0	1.3	12/16/2025
Michigan	2.3	(11.2)	0.9	1.0	1/15/2026
Minnesota	2.7	0.1	3.4	1.6	2/1/2026
Mississippi	(4.6)	3.4	2.3	(0.3)	11/15/2025
Missouri	3.2	5.9	2.6	3.8	1/13/2026
Montana	2.4	3.7	N/A	1.0	4/15/2025
Nebraska	3.4	(3.4)	(9.6)	(4.9)	2/1/2026
Nevada	N/A	N/A	3.3	2.9	5/15/2025
New Hampshire	N/A	3.0	N/A	5.2	2/1/2025
New Jersey	1.9	23.5	3.1	2.4	4/2/2026
New Mexico	2.6	51.8	2.7	1.2	12/8/2025
New York	5.9	(7.4)	2.9	1.1	1/15/2026
North Carolina	(0.2)	0.6	3.7	0.5	4/15/2026
North Dakota	3.4	0.9	2.0	(0.3)	5/15/2025
Ohio	3.8	2.4	1.7	2.6	6/15/2025
Oklahoma	(1.7)	(8.1)	2.8	(0.6)	2/13/2026
Oregon	10.6	(5.7)	N/A	7.7	2/1/2026
Pennsylvania	5.6	0.2	4.3	5.8	2/3/2026
Rhode Island	3.6	6.1	2.8	(1.5)	11/17/2025
South Carolina	2.4	0.0	3.4	2.2	11/18/2025
South Dakota	N/A	0.8	4.1	2.7	2/15/2026
Tennessee	N/A	(3.1)	3.0	0.5	11/15/2025
Texas	N/A	N/A	4.7	2.6	10/1/2025
Utah	4.8	12.1	3.1	3.6	11/1/2025
Vermont	2.2	11.1	2.6	2.4	1/16/2026
Virginia	3.6	0.7	2.2	3.1	12/17/2025
Washington	N/A	N/A	3.9	4.5	2/15/2026
West Virginia	7.6	(12.5)	4.2	3.2	1/14/2026
Wisconsin	4.8	1.5	2.1	3.1	1/15/2026
Wyoming	N/A	N/A	3.1	20.9	1/15/2026

Source: Individual state data, analysis by the author.

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

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 grow when the economy expands. Income taxes rise as residents earn more. Sales taxes increase when people spend more on taxable goods and services. Property taxes increase as home, commercial, and industrial property values go up. Still, these relationships don't always move in sync with the economy. Federal and state policy choices and broader conditions can shift them in meaningful ways, whether it is a major public health crisis, tax changes, new tariffs, a government shutdown, or reductions in the federal workforce.

State Gross Domestic Product

Volatility in state tax revenue is not fully explained by changes in real GDP, a broad measure of the economy. [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.

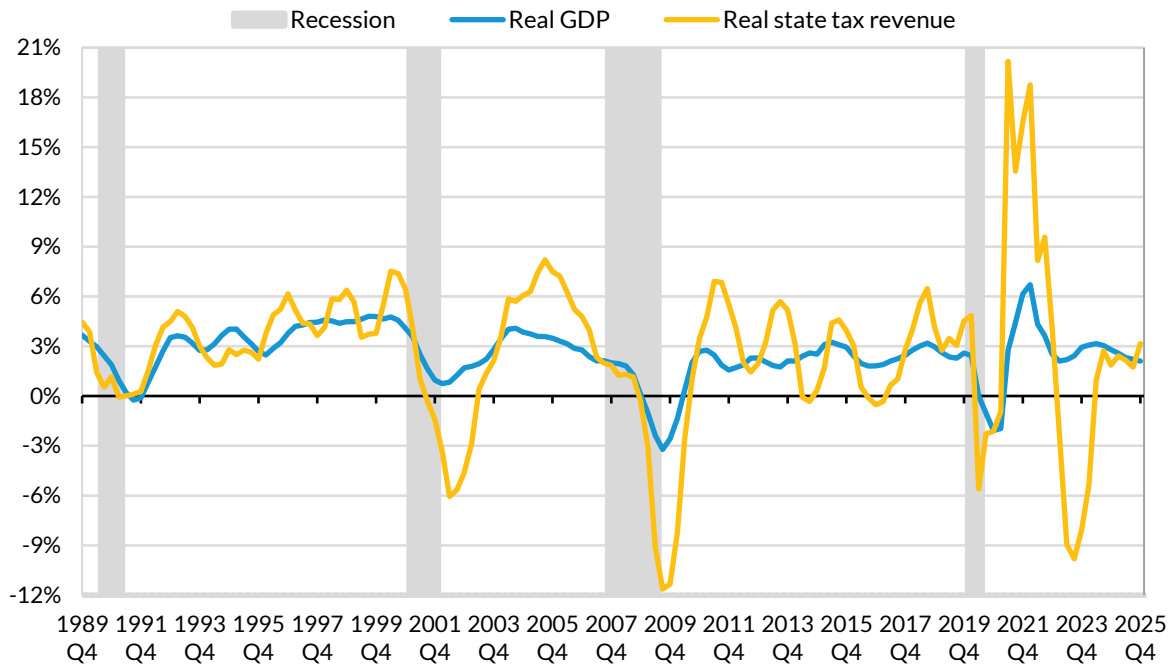
As shown in [figure 5](#), real GDP growth has remained steady since 2023, ranging between 2.1 percent and 3.2 percent. In contrast, real state tax revenues saw sharp declines from the first quarter of 2023 through the first quarter of 2024, resuming growth since the second quarter of 2024. Year-over-year growth in the four-quarter moving average was 2.1 percent for GDP and 3.2 percent for state tax revenues in the fourth quarter of 2025.

States exhibit substantial variation in the correlation between growth in real GDP and growth in real state tax revenues. In recent years, this relationship has been shaped by state-level tax rate reductions and, more recently, by federal actions—such as reductions in the federal workforce—that have affected regional income and spending patterns. More broadly, state tax revenues have become far more volatile over the past decade due to states' growing reliance on volatile nonwage income sources, particularly capital gains and stock-based compensation.

FIGURE 5

State Tax Revenue Is More Volatile Than the Economy

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



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

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

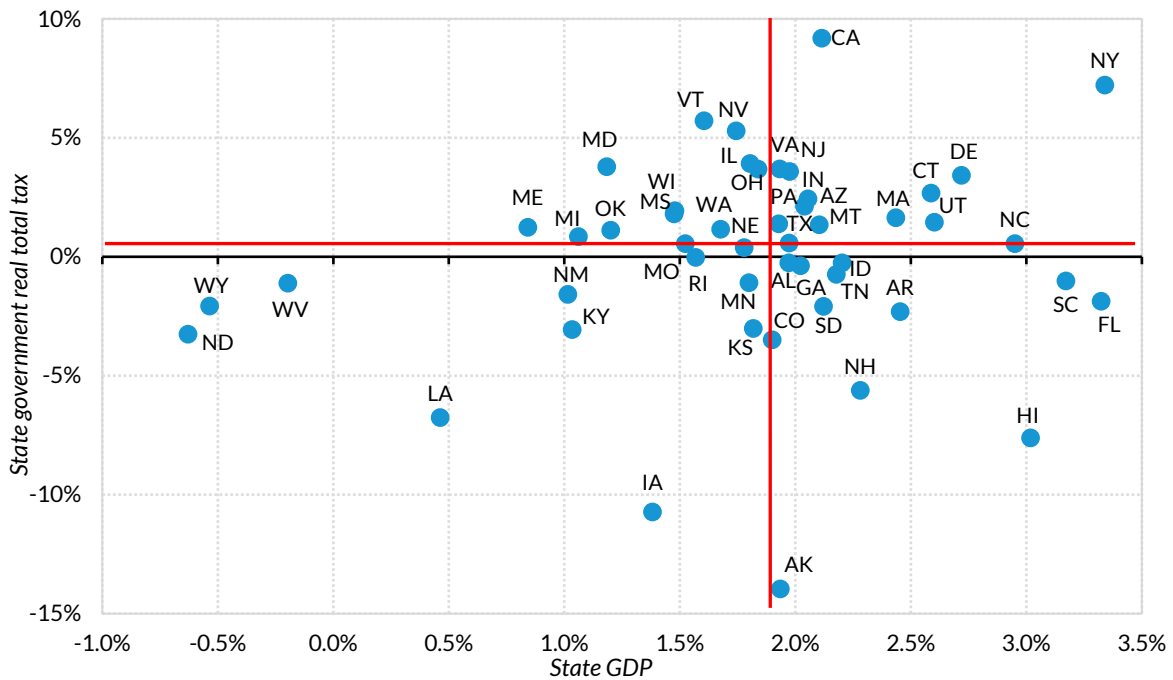
Figure 6 shows each state's four-quarter moving averages in real GDP and real state tax revenues for the fourth quarter of 2025 compared with the same quarter in 2024. By this measure, real GDP increased in 47 states, while real state tax revenues rose in only 28 states. Year-over-year real GDP growth ranged from just 0.5 percent in Louisiana to 3.3 percent in New York.

Three states—North Dakota, West Virginia, and Wyoming—recorded declines in real GDP in the fourth quarter of 2025. All three states also reported declines in inflation-adjusted state tax revenues, reflecting their heavy reliance on the energy sector and severance taxes, which are highly sensitive to fluctuations in oil prices (Dadayan and Boyd 2016). Oregon was the only state to post double-digit growth in inflation-adjusted state tax revenues, while Alaska and Iowa were the only two states to post double-digit declines. The sharp shifts in Oregon and Iowa were largely driven by state-specific policies, as discussed above, while Alaska's revenues are inherently volatile because of its heavy reliance on severance taxes and the absence of a broad-based income or sales tax.

FIGURE 6

Growth Disparity: State Tax Revenues versus State GDP

Year-over-year percentage change in real state taxes and real GDP, 2025 Q4 versus 2024 Q4



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

State Unemployment and Employment

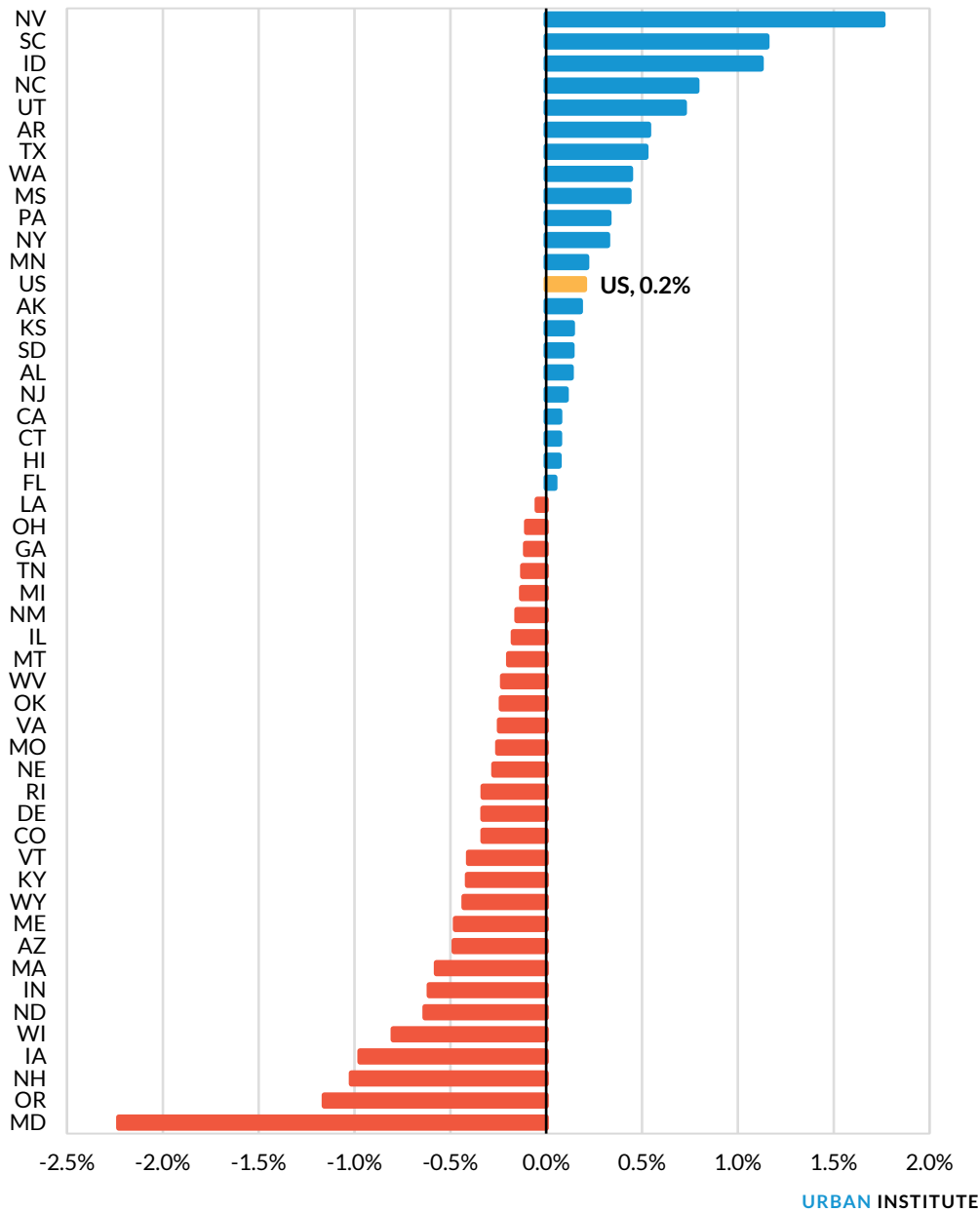
During the fourth quarter of 2025, unemployment rates ranged from a low of 2.2 percent in Hawaii and South Dakota to a high of 6.7 percent in the District of Columbia and 5.5 percent in California, with notable variation across socioeconomic and demographic groups within states. Compared with the third quarter of 2025, unemployment rates increased in 32 states, indicating a broad, though uneven, softening in labor market conditions.

Nationwide employment increased just 0.2 percent in the fourth quarter of 2025 compared with the same quarter in 2024 (figure 7). Twenty-one states recorded year-over-year employment gains, while 29 states experienced declines. Maryland posted the steepest decline, at 2.2 percent, in part reflecting reductions in the federal workforce.

As of April 2026, state and local governments employed 643,000 more workers than in February 2020, just before the COVID-19 pandemic. In the private sector, recovery has been uneven across industries. The leisure and hospitality sector has added 89,000 jobs, but the accommodations subsector

remains about 188,700 jobs below its prepandemic level. In contrast, the trade, transportation, and utilities sectors have expanded sharply, adding roughly 986,000 jobs above February 2020 levels, driven largely by growth in e-commerce and increased demand for logistics and delivery services.

FIGURE 7
Widespread Weakness in Employment Growth in the Fourth Quarter of 2025
 Year-over-year percentage change in employment, 2025 Q4 versus 2024 Q4



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

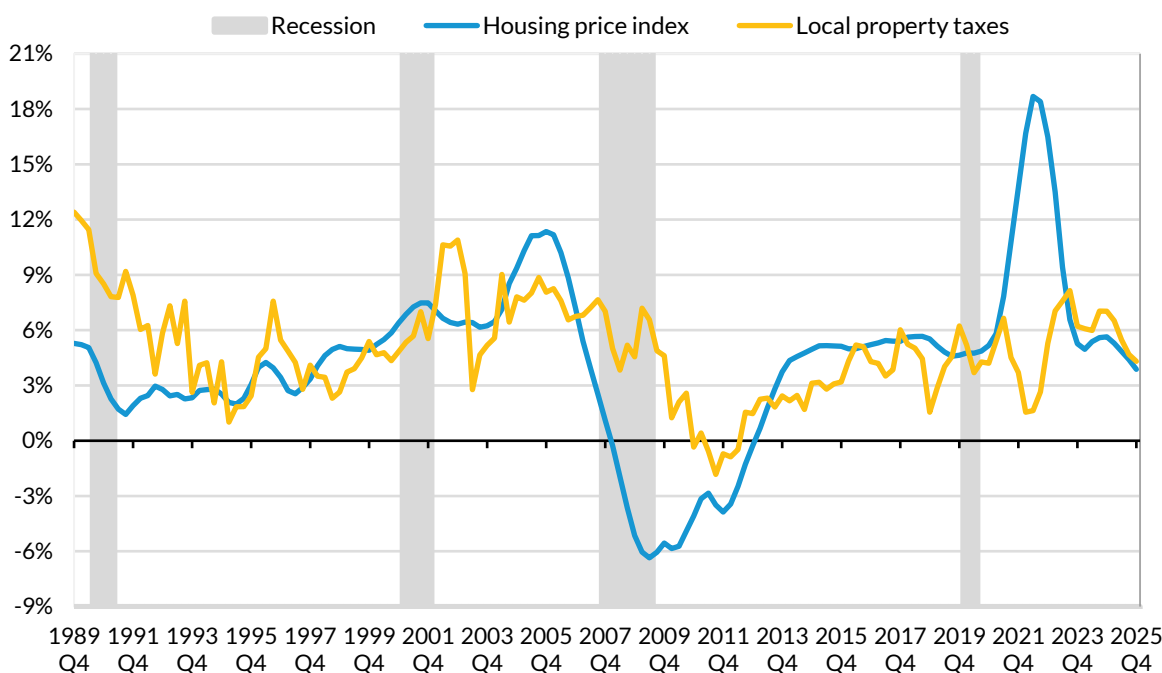
Notes: Year-over-year change is the percentage change of seasonally adjusted employment.

Housing Market

House prices are an important determinant of local property taxes, but assessment lags and assessment caps can delay how quickly house price changes translate into property tax revenue changes. Changes in house prices typically translate into similar movements in property tax revenues, with price declines leading to lower revenues and price gains driving increases.

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. House prices appreciated 3.9 percent for the fourth quarter of 2025 compared with a year earlier; year-over-year growth in local property taxes was 4.3 percent for the same period, based on four-quarter moving averages.

FIGURE 8
Housing Price Growth Continues to Moderate, Weighing on Property Tax Growth
Year-over-year nominal percentage change in house prices versus local property taxes



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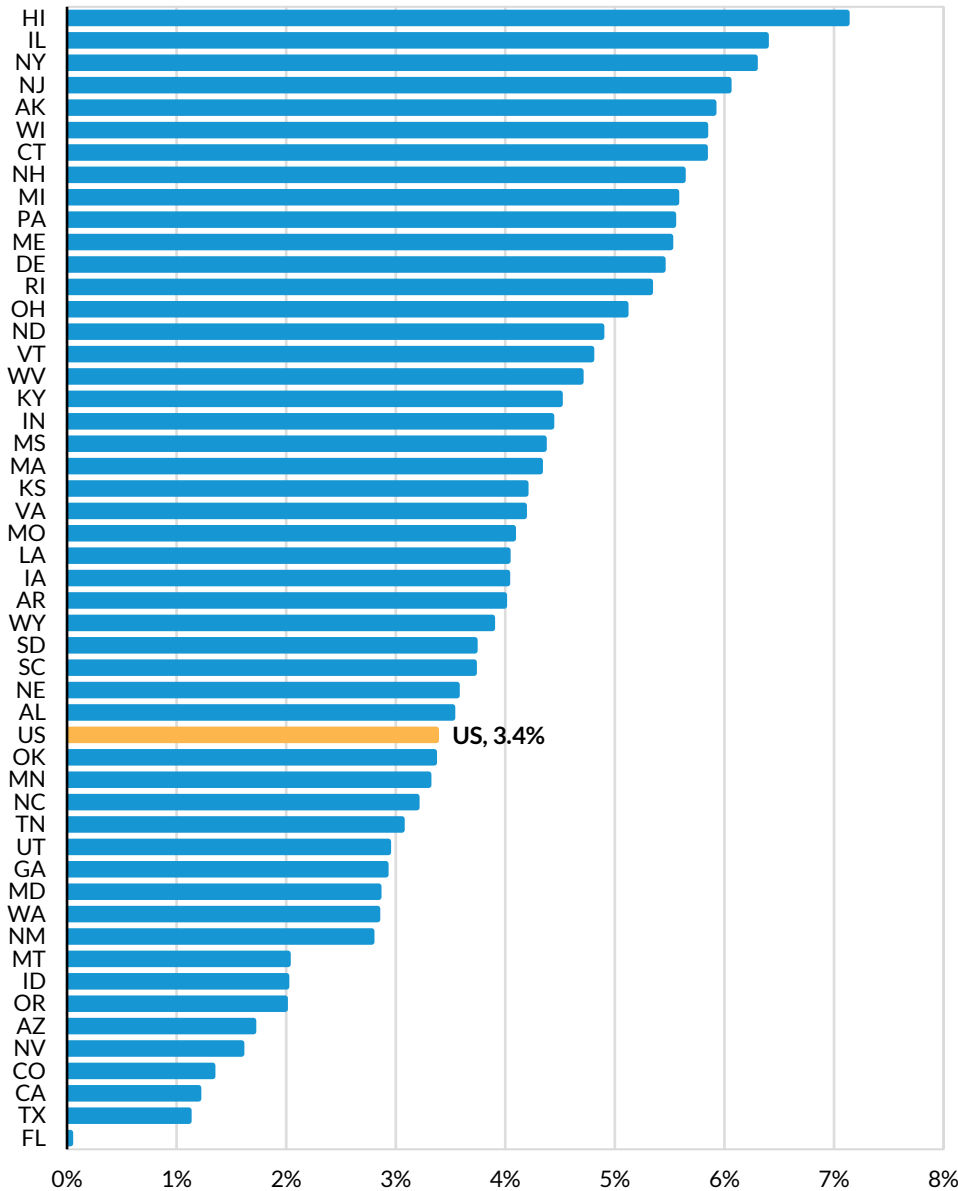
Sources: US Census Bureau (property taxes) and Federal Housing Finance Agency (house price indexes), analysis by the author.
Notes: Year-over-year change is the percentage change of four-quarter moving averages.

Figure 9 shows the year-over-year nominal percentage change in house price indexes across all states in the fourth quarter of 2025. House prices increased in all 50 states, though the pace of growth varied considerably. Growth ranged from less than 0.1 percent in Florida to 7.1 percent in Hawaii. Nationally, house prices increased 3.4 percent year over year in the fourth quarter of 2025, highlighting continued but uneven housing market growth across states.

FIGURE 9

Housing Prices Rose in all 50 States in the Fourth Quarter of 2025

Year-over-year percentage change in house prices, 2025 Q4 versus 2024 Q4



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

Despite early fears, housing demand surged in the COVID-19 pandemic, driven by factors such as the need for more space, low interest rates, and remote work (Duca and Murphy 2021). However, the pandemic's effect on commercial property values, and consequently on commercial property tax revenues, has been largely negative and continues to be uncertain (Auxier and Brosy 2024).

As office leases expire, many firms continue to reassess their space needs, often downsizing or relocating in response to hybrid work patterns. This shift has contributed to higher office vacancies in many major urban centers. At the same time, persistently elevated borrowing costs have kept mortgage rates high, limiting housing affordability and dampening home sales activity.

According to the Fannie Mae Home Price Expectations Survey for the first quarter of 2026, housing experts expect home price growth to moderate in the coming years, reflecting ongoing affordability constraints and a softer housing market outlook. Although home prices are still projected to rise nationally, elevated mortgage rates, high home prices, and broader economic uncertainty continue to weigh on housing demand and market sentiment. Survey results also suggest growing concern among housing analysts about downside risks to home prices in some regional markets.¹⁸

Personal Consumption Expenditures

Personal consumption expenditures measure national consumer spending by capturing the total value of goods and services purchased by households. Because consumer spending is closely tied to states' general sales tax bases, this measure serves as an important indicator of broader economic activity and sales tax revenue performance.

Figure 10 shows 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 aggregate state real sales tax collections. We also show trends in the consumption of energy goods and services.

As shown in figure 10, growth in services spending moderated over the past year, averaging 3.0 percent year over year in the fourth quarter of 2025. Spending on both durable and nondurable goods surged during the pandemic but slowed sharply after the second quarter of 2022. Durable goods spending declined for nine consecutive quarters before returning to growth in the first quarter of 2025. In the fourth quarter of 2025, it rose 1.2 percent from a year earlier, partly reflecting a low comparison base. Nondurable goods spending increased 1.0 percent.

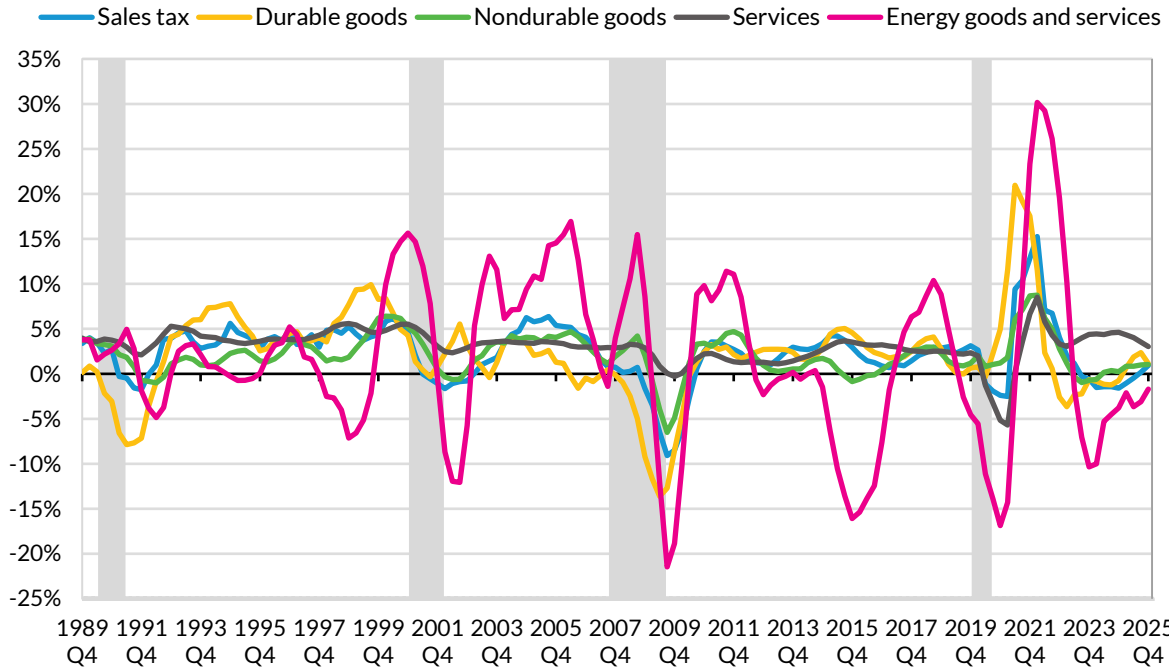
Spending on gasoline and energy goods accounts for approximately one-fifth of total spending on nondurable goods. As shown in figure 10, after eight consecutive quarters of contraction, real spending on energy goods and services began to rise in the third quarter of 2021, driven largely by significant increases in gas and oil prices, and continued through the first quarter of 2023. However, beginning in the second quarter of 2023, year-over-year spending on gasoline and energy goods turned negative and remained below prior-year levels through the fourth quarter of 2025. In the fourth quarter of 2025, real

spending on gasoline and energy goods declined 1.7 percent year over year, marking the eleventh consecutive quarterly decline.

FIGURE 10

Spending on Goods Remains Sluggish in the Fourth Quarter of 2025

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



URBAN INSTITUTE

Sources: US Census Bureau (sales taxes) and Bureau of Economic Analysis (NIPA table 2.3.5), analysis by the author.

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

Nevertheless, recent increases in oil prices associated with ongoing geopolitical tensions could place renewed upward pressure on household spending for gasoline and other energy-related goods and services if elevated fuel prices persist.

Tax Law Changes Affecting the Fourth Quarter of 2025

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 fiscal year 2026, including modifications to their conformity with OBBBA provisions, which are expected to affect state tax revenues.

We present analysis based on data and information retrieved from the National Association of State Budget Officers' Fall 2025 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.

During the fourth quarter of 2025, forecasts of enacted state tax changes indicated a net \$0.9 billion decline in total state tax revenues, reflecting the combined effects of tax increases and decreases.¹⁹ Overall, these tax changes were projected to reduce personal income tax collections by \$1.1 billion and sales tax collections by \$0.5 billion, while increasing corporate income tax revenues by \$0.4 billion. Changes to other taxes and fees were projected to raise revenues by approximately \$0.3 billion (NASBO 2025). Below, we discuss some of the major enacted tax changes for fiscal year 2026.

The cumulative effect of all enacted tax changes is projected to result in a net \$2.6 billion decline in state revenues for fiscal year 2026. Many states continued to implement tax cuts despite the expiration of federal relief aid and growing budget pressures, including uncertainty surrounding potential reductions in federal funding. Florida and Georgia enacted the largest tax cuts in terms of total revenue, with estimated net losses of \$1.3 billion and \$0.9 billion, respectively. In contrast, Pennsylvania and Maryland enacted the largest tax increases, with estimated net gains of \$1.3 billion and \$1.2 billion, respectively.

For fiscal year 2026, 22 states enacted **personal income tax** cuts, while three states enacted increases. The combined impact of these legislated tax changes is projected to result in a net decrease in personal income tax revenues of approximately \$4.8 billion. Georgia and Wisconsin are projected to experience the largest revenue declines from these changes.

Georgia enacted legislation accelerating previously scheduled income tax reductions as part of its multiyear tax reform. The state's flat personal income tax rate declined from 5.39 percent in tax year 2024 to 5.19 percent in tax year 2025, with additional legislation proposed to further reduce the rate to 4.99 percent beginning in tax year 2026. The reform also included related changes to the tax code, including adjustments to the standard deduction and increases to the personal exemption.²⁰ Enacted

personal income tax changes are projected to reduce Georgia's personal income tax revenues by approximately \$758 million in fiscal year 2026.

Wisconsin enacted income tax changes in its 2025–27 budget that reduced taxes primarily for middle-income households. The legislation expanded the second-lowest income tax bracket beginning in tax year 2025, allowing more income to be taxed at the 4.4 percent rate, and substantially increased the retirement income exclusion for taxpayers ages 67 or older.²¹ In total, these changes are projected to reduce Wisconsin's personal income tax revenues by approximately \$700 million in fiscal year 2026.

Several other states, including Ohio, Hawaii, and Missouri, also enacted income tax rate cuts that were expected to reduce personal income tax revenue collections in fiscal year 2026.

On June 30, 2025, Ohio's Governor Mike DeWine signed the 2026–2027 state budget into law. The legislation reduced the state's top personal income tax rate from 3.5 percent to 3.125 percent beginning in tax year 2025 and transitions the state to a flat tax rate of 2.75 percent on income above \$26,050 beginning in tax year 2026, eliminating the previous top bracket.²² These changes are projected to reduce Ohio's personal income tax revenues by approximately \$573 million in fiscal year 2026.

Hawaii enacted major personal income tax changes in 2024 that took effect beginning in tax year 2025. The legislation restructured tax brackets by shifting higher marginal rates to higher income levels and increased the standard deduction, reducing effective tax burdens for many taxpayers. These changes remain in effect for tax year 2026.²³ Enacted personal income tax changes are projected to reduce Hawaii's personal income tax revenues by approximately \$567 million in fiscal year 2026.

Missouri enacted several personal income tax changes affecting tax years 2025 and 2026. The state's top individual income tax rate declined from 4.95 percent in tax year 2024 to 4.8 percent in tax year 2025 and to 4.7 percent in tax year 2026 under previously enacted rate-reduction triggers. Beginning in tax year 2026, legislation transitions Missouri from its graduated income tax structure to a flat tax rate of approximately 4.0 percent, replacing the previous multi-bracket system, although the brackets had limited practical effect because the top rate applied to taxable income above roughly \$9,400. The legislation also eliminates the state income tax on capital gains beginning in tax year 2025.²⁴ These enacted personal income tax changes are projected to reduce Missouri's personal income tax revenues by approximately \$562 million in fiscal year 2026.

While numerous states restructured their income tax systems and reduced rates, Maryland enacted several personal income tax changes that increase taxes on higher-income taxpayers. Beginning in tax year 2025, legislation adopted through the Maryland Budget Reconciliation and

Financing Act created new higher marginal income tax brackets, including a 6.25 percent rate on taxable income above \$500,000 and a 6.5 percent rate on taxable income above \$1 million. The legislation also imposed a 2 percent surtax on capital gains and limited the value of itemized deductions for higher-income taxpayers.²⁵ These enacted personal income tax changes are projected to increase Maryland's personal income tax revenues by approximately \$581 million in fiscal year 2026.

For fiscal year 2026, 18 states enacted **corporate income tax** rate changes and conformity changes related to OBBBA. As a result, corporate income tax revenues are projected to increase in 10 states and decline in eight states. The net impact of these legislated changes is projected to increase corporate income tax revenues by approximately \$2.1 billion. Washington and Michigan are expected to see the largest corporate income tax revenue gains, while Georgia is projected to experience the largest decline.

Washington enacted several business tax changes, including raising the workforce education investment surcharge on select advanced computing businesses from 1.22 percent to 7.5 percent and increasing the cap on that surcharge from \$9 million to \$75 million, imposing a new 0.5 percent surcharge on businesses with Washington taxable income exceeding \$250 million, and increasing the surcharge on certain financial institutions from 1.2 percent to 1.5 percent.²⁶ These changes are projected to increase corporate income tax revenues by approximately \$746 million in fiscal year 2026.

Michigan enacted corporate income tax changes affecting fiscal year 2026 revenues by decoupling from several federal tax provisions under the OBBBA, including provisions related to research and experimental expenses, bonus depreciation, business interest deductions, and expensing limits.²⁷ These changes broaden the state corporate income tax base and are projected to increase revenues by approximately \$540 million in fiscal year 2026.²⁸

Georgia reduced its corporate income tax rate from 5.39 percent to 5.19 percent beginning January 1, 2025, and scheduled additional reductions beginning in 2026, contingent on revenue triggers, until the rate reaches 4.99 percent. These changes are projected to reduce revenues by approximately \$110 million in fiscal year 2026.²⁹

Sixteen states enacted **sales tax** decreases, while nine states enacted increases. The net impact of these changes is an estimated \$1.9 billion decrease in national sales tax revenues in fiscal year 2026. Florida and Michigan are projected to experience the largest revenue declines, while Maryland is projected to see the largest increase.

Florida enacted several sales tax reductions affecting fiscal year 2026 revenues, including the repeal of the sales tax on commercial real property leases effective October 1, 2025, along with the

creation of new permanent exemptions for selected goods and services and the establishment of a recurring back-to-school sales tax holiday each August. The legislation also expanded temporary sales tax holidays from September 8 through December 31, 2025, for items such as firearms, ammunition, and camping equipment.³⁰ These changes are projected to reduce revenues by approximately \$1.3 billion in fiscal year 2026.

Michigan enacted sales tax changes affecting fiscal year 2026 revenues, including the elimination of the sales tax on motor fuel beginning January 1, 2026. The legislation shifts the taxation of motor fuel from the state sales tax to a higher per-gallon motor fuel tax, reducing general fund revenues while increasing transportation-dedicated revenues.³¹ These changes are projected to reduce Michigan's sales tax revenues by approximately \$545 million in fiscal year 2026.

Maryland enacted several sales and use tax changes, with the most significant revenue impact from expanding the sales tax base to data and information technology services through a new 3 percent tax. The state also enacted additional changes, including increasing the tax rate on adult-use cannabis from 9 percent to 12 percent and raising the tax rate on sports wagering from 15 percent to 20 percent.³² These changes are projected to increase sales and use tax revenues by approximately \$584 million in fiscal year 2026.

Twenty-two states proposed or enacted changes affecting various **other types of taxes and fees**, resulting in an estimated net increase of approximately \$2 billion in state tax revenues for fiscal year 2026. These changes are projected to reduce revenues in eight states and increase revenues in 14 states, with the most significant revenue impacts in Pennsylvania and New Jersey.

Officials in Pennsylvania proposed tax changes, including taxes and licensing fees on adult-use cannabis³³ and adjustments to video gaming terminal and skill game taxes; however, these measures remain under legislative consideration. If enacted, these changes are projected to increase revenues by approximately \$905 million.

Officials in New Jersey enacted several tax changes, resulting in an estimated net revenue increase of approximately \$667 million in fiscal year 2026. While the legislation included multiple measures, the largest revenue impacts are attributable to increases in the "Mansion Tax" on high-value real estate transfers (up to 3.5 percent) and higher tax rates on internet sports wagering and related gaming activities (19.75 percent).³⁴

Conclusion

State and local tax revenues posted modest growth during the first half of fiscal year 2026. Overall, gains were driven by strong personal income tax collections in a few states with progressive tax structures and a high reliance on high-income taxpayers, where growth was closely tied to solid stock market performance and elevated capital gains realizations. However, these gains masked a broader pattern of uneven and generally subdued revenue growth across states, with many states seeing little or no growth.

At the median state level, total state tax revenues increased 3.7 percent in nominal terms in the fourth quarter of 2025. Revenue performance, however, varied substantially across major tax sources. Median state personal income tax collections rose 6.9 percent, driven by strong nonwithholding payments and steady, though moderating withholding growth. In contrast, median state corporate income tax revenues declined 14.3 percent, reflecting the effects of enacted rate reductions, tax planning, and timing-related payment shifts. Median state sales tax collections increased 4.5 percent, while median motor fuel tax revenues grew a more modest 1.2 percent.

States continue to face mounting uncertainty from both economic and policy developments, including elevated oil prices associated with geopolitical tensions, renewed inflationary pressures, and ongoing federal policy uncertainty (Dadayan and Schwabish 2026b). In addition, anticipated reductions in federal payments to states and localities represent a significant downside risk for state budgets, particularly for states that rely more heavily on federal funding (Broisy and Dadayan 2025).

State tax policy responses are becoming increasingly divergent. Even as revenue growth moderates and federal aid declines, many states continue to implement scheduled tax cuts, while others are raising taxes or broadening tax bases to stabilize revenues (Dadayan and Broisy 2026).

Looking ahead to fiscal year 2027, most states are forecasting continued but modest revenue growth, reflecting a more constrained and uncertain fiscal environment. Forecasts for major tax sources remain below historical growth trends, with many states projecting only limited gains and some anticipating declines because of recent tax policy changes. At the same time, renewed inflationary pressures, elevated energy prices, slowing economic growth, and uncertainty surrounding federal policy and intergovernmental funding could place additional strain on state budgets. These challenges are further compounded by the increasing volatility of state revenue systems. As a result, many states may face tighter budgets and more difficult tradeoffs in the years ahead.

Appendix: Additional Tables

TABLE A.1

Quarterly State Government Tax Revenue by Major Tax

Year/quarter	Nominal YOY Percentage Change					Inflation rate	Real YOY Percentage Change				
	PIT	CIT	Sales	MFT	Total		PIT	CIT	Sales	MFT	Total
<i>Average growth, Fiscal YTD 2026</i>	9.5	(3.0)	4.5	2.5	6.0	3.1	6.2	(6.0)	1.3	(0.6)	2.8
2025 Q4	10.4	8.7	5.0	1.9	7.7	3.3	6.8	5.2	1.7	(1.4)	4.2
2025 Q3	8.7	(14.7)	3.9	3.1	4.4	3.0	5.6	(17.2)	0.9	0.1	1.3
2025 Q2	11.3	(0.7)	3.6	(0.0)	6.7	2.5	8.6	(3.1)	1.1	(2.4)	4.1
2025 Q1	9.2	5.7	2.6	0.9	5.3	2.6	6.5	3.0	0.0	(1.7)	2.6
2024 Q4	1.0	(12.9)	1.0	4.7	0.7	2.5	(1.5)	(15.0)	(1.4)	2.2	(1.7)
2024 Q3	9.3	2.3	0.5	1.4	5.6	2.3	6.8	0.0	(1.7)	(0.9)	3.2
2024 Q2	12.5	9.4	1.7	1.9	7.9	2.7	9.6	6.6	(1.0)	(0.8)	5.2
2024 Q1	1.6	3.7	0.2	6.9	2.9	2.5	(0.9)	1.2	(2.3)	4.2	0.3
2023 Q4	9.0	9.3	1.9	6.6	4.5	2.7	6.1	6.5	(0.8)	3.8	1.8
2023 Q3	(2.6)	(1.2)	1.5	10.6	(1.1)	3.3	(5.7)	(4.4)	(1.7)	7.1	(4.2)
2023 Q2	(27.4)	(10.4)	2.1	7.3	(12.3)	3.5	(29.9)	(13.5)	(1.3)	3.6	(15.3)
2023 Q1	(21.8)	(23.1)	7.1	0.8	(6.5)	5.3	(25.7)	(27.0)	1.7	(4.3)	(11.2)
2022 Q4	(13.0)	(9.7)	6.9	(3.1)	(0.2)	6.5	(18.3)	(15.2)	0.4	(9.0)	(6.3)
2022 Q3	(0.7)	28.9	12.0	(3.4)	7.0	7.3	(7.4)	20.1	4.4	(9.9)	(0.2)
2022 Q2	13.4	42.6	9.7	(1.2)	15.1	7.8	5.3	32.3	1.8	(8.3)	6.8
2022 Q1	24.2	166.9	18.4	10.0	24.4	7.0	16.0	149.4	10.7	2.8	16.3
2021 Q4	28.4	121.4	18.4	8.1	24.2	6.2	20.9	108.5	11.5	1.7	16.9
2021 Q3	(16.6)	(3.0)	11.0	7.7	(0.6)	5.1	(20.6)	(7.7)	5.6	2.5	(5.4)
2021 Q2	75.4	163.0	40.7	27.6	59.2	4.4	67.9	151.9	34.8	22.2	52.5
2021 Q1	17.8	31.2	3.4	(7.3)	9.6	2.5	15.0	28.0	0.9	(9.6)	6.9
2020 Q4	8.9	24.3	3.5	(7.6)	6.2	1.7	7.2	22.3	1.8	(9.2)	4.4
2020 Q3	43.9	61.8	3.2	(4.2)	19.3	1.4	42.0	59.6	1.8	(5.5)	17.7
2020 Q2	(32.9)	(44.3)	(13.0)	(17.9)	(24.8)	0.8	(33.4)	(44.7)	(13.7)	(18.5)	(25.4)
2020 Q1	5.1	(0.8)	3.2	5.2	3.8	1.6	3.4	(2.4)	1.5	3.5	2.1
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	6.8	6.0	5.5	1.6	2.7	10.9	5.2	4.4	3.9
2019 Q2	18.7	20.9	1.8	3.2	10.4	1.7	16.8	18.9	0.1	1.5	8.6
2019 Q1	(2.3)	40.8	5.5	1.8	2.7	1.9	(4.1)	38.2	3.6	(0.0)	0.8
2018 Q4	(9.2)	12.9	4.4	6.0	(0.1)	2.2	(11.1)	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	10.5	17.3	5.3	8.9	9.0	2.5	7.8	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	0.2	11.7	3.2	5.2	2.5	1.6	(1.3)	10.0	1.6	3.6	0.9
2017 Q1	8.5	(28.0)	2.3	0.9	3.5	2.0	6.4	(29.4)	0.4	(1.0)	1.5
2016 Q4	0.3	(3.3)	1.7	1.2	1.2	1.4	(1.0)	(4.6)	0.3	(0.2)	(0.2)
2016 Q3	2.5	(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	13.9	5.6	3.6	2.5	7.0	1.0	12.8	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

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

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

TABLE A.2

Quarterly State Government Tax Revenue, by State*Nominal percentage change, 2025 Q4 versus 2024 Q4*

State/region	PIT	CIT	Sales	MFT	Total
US (median)	6.9	(14.3)	4.5	1.2	3.7
US (average)	10.4	8.7	5.0	1.9	7.7
New England	4.6	(11.4)	1.6	(0.9)	1.8
Connecticut	8.5	(24.0)	2.3	(3.0)	1.5
Maine	4.7	(19.3)	2.0	1.2	3.8
Massachusetts	3.2	(6.5)	1.0	0.9	1.7
New Hampshire	NA	7.2	NA	(10.7)	0.1
Rhode Island	7.6	15.4	1.0	6.8	2.9
Vermont	5.6	(53.6)	3.2	(1.2)	0.9
Mideast	3.3	2.7	5.9	(0.8)	6.8
Delaware	17.0	29.4	NA	(0.3)	12.8
Maryland	6.4	(11.6)	7.2	(1.7)	9.9
New Jersey	12.8	(31.7)	2.7	0.3	9.9
New York	(3.3)	7.4	7.9	(4.1)	4.2
Pennsylvania	9.3	8.3	5.4	0.9	7.4
Great Lakes	4.9	8.9	5.1	3.1	8.0
Illinois	4.7	10.4	5.4	1.8	14.8
Indiana	(1.4)	77.4	5.8	7.3	5.3
Michigan	7.5	(16.1)	2.7	2.6	2.8
Ohio	8.5	NA	6.9	2.7	6.4
Wisconsin	5.7	18.3	3.2	1.5	5.4
Plains	1.5	(22.7)	4.1	7.6	1.1
Iowa	(20.4)	(49.6)	5.6	(0.3)	(3.2)
Kansas	7.8	(23.4)	(0.8)	2.0	(1.3)
Minnesota	(0.3)	(18.0)	3.6	18.0	0.7
Missouri	7.0	(9.1)	6.6	10.4	6.3
Nebraska	34.9	(34.8)	7.9	6.5	7.5
North Dakota	(11.1)	3.6	(0.9)	(1.4)	(9.5)
South Dakota	NA	(33.9)	4.5	1.6	2.2
Southeast	8.1	(11.0)	3.9	2.8	4.7
Alabama	7.6	(47.8)	(2.5)	6.2	(0.0)
Arkansas	4.8	(5.7)	3.7	1.2	3.3
Florida	NA	0.1	1.1	1.2	1.9
Georgia	3.7	(4.5)	3.4	18.0	3.7
Kentucky	10.2	(42.1)	6.7	(3.4)	1.1
Louisiana	(8.8)	(77.6)	19.8	1.4	(0.7)
Mississippi	0.2	231.2	3.4	16.2	6.0
North Carolina	7.4	(29.3)	6.4	(2.4)	5.1
South Carolina	6.9	(31.0)	4.2	(0.5)	2.2
Tennessee	NA	63.0	4.4	(1.6)	18.8
Virginia	19.2	(17.9)	4.6	2.2	10.8
West Virginia	(3.0)	(25.2)	5.3	1.2	(0.2)
Southwest	5.5	(12.4)	6.0	2.1	4.7
Arizona	8.0	15.0	2.2	1.2	5.9
New Mexico	(17.3)	(95.1)	6.9	1.2	5.7
Oklahoma	11.9	(44.3)	8.6	(0.9)	6.9
Texas	NA	NA	6.7	2.9	3.8
Rocky Mountain	7.2	(20.8)	0.3	6.2	2.5
Colorado	9.7	(20.0)	1.9	1.6	4.5
Idaho	9.2	(11.9)	5.3	5.5	3.7
Montana	2.2	(14.3)	NA	(5.4)	(1.7)
Utah	4.5	(44.7)	(6.8)	19.3	1.0
Wyoming	NA	NA	2.0	(7.2)	(3.6)
Far West	25.0	36.4	6.8	(1.4)	15.7
Alaska	NA	126.6	NA	(15.1)	(7.1)
California	25.3	36.0	3.4	(0.8)	18.9
Hawaii	(7.9)	(31.5)	10.3	1.2	0.4
Nevada	NA	NA	31.2	1.2	16.3
Oregon	27.3	52.4	14.0	0.1	23.2
Washington	NA	NA	7.2	(8.3)	(4.3)

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

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

TABLE A.3

State Government Tax Revenue Trends in Fiscal Year-to-Date 2026*Nominal percentage change, fiscal year-to-date 2026 versus fiscal year-to-date 2025*

State/region	PIT	CIT	Sales	MFT	Total
US (median)	5.5	(14.0)	4.2	1.3	3.0
US (average)	9.6	(2.4)	4.5	2.5	6.0
New England	4.8	(14.1)	1.7	(0.6)	2.2
Connecticut	4.8	(13.7)	4.2	(1.2)	2.2
Maine	1.7	(19.3)	2.6	(0.1)	2.5
Massachusetts	5.6	(17.5)	0.1	(0.6)	1.9
New Hampshire	NA	(1.2)	NA	(5.3)	(2.6)
Rhode Island	2.8	(0.7)	1.4	6.8	6.9
Vermont	7.7	(36.3)	3.9	(2.6)	1.9
Mideast	7.3	(5.5)	5.8	(0.4)	6.3
Delaware	11.9	0.4	NA	(0.4)	7.0
Maryland	5.7	(17.9)	5.8	0.2	7.9
New Jersey	12.8	(33.4)	2.9	1.5	7.4
New York	5.1	2.9	7.5	(4.5)	6.1
Pennsylvania	9.8	(18.1)	5.7	1.2	5.0
Great Lakes	4.7	(1.1)	4.6	2.6	6.0
Illinois	4.2	(3.8)	5.9	2.3	9.6
Indiana	2.7	46.3	5.6	4.4	6.4
Michigan	1.7	(14.0)	2.4	3.1	0.5
Ohio	10.0	NA	4.7	2.0	6.5
Wisconsin	6.8	10.1	4.4	1.2	5.6
Plains	2.6	(22.9)	3.5	7.6	0.7
Iowa	(20.4)	(36.5)	3.7	(0.6)	(7.8)
Kansas	7.7	(20.1)	(0.8)	3.0	0.9
Minnesota	2.6	(18.1)	3.4	15.3	1.5
Missouri	5.5	(21.1)	2.9	12.0	3.5
Nebraska	34.3	(37.6)	12.0	6.0	9.1
North Dakota	(4.7)	8.2	(0.7)	(1.1)	(9.5)
South Dakota	NA	(19.1)	4.2	1.9	3.0
Southeast	5.6	(13.7)	4.2	3.5	3.1
Alabama	6.6	(38.9)	0.3	5.1	0.2
Arkansas	3.8	(10.9)	3.8	6.6	2.9
Florida	NA	(10.1)	2.1	1.6	1.6
Georgia	2.8	(4.2)	2.2	9.5	2.5
Kentucky	8.7	(41.9)	5.3	(3.3)	(0.5)
Louisiana	(12.1)	(61.5)	23.2	(1.1)	(2.9)
Mississippi	0.1	85.1	4.0	14.0	4.9
North Carolina	5.8	(20.0)	4.5	5.6	4.6
South Carolina	5.2	(20.8)	5.5	0.7	1.9
Tennessee	NA	26.9	4.2	(0.9)	7.4
Virginia	12.6	(14.0)	4.8	4.5	8.0
West Virginia	(1.0)	(12.7)	10.1	(0.8)	5.2
Southwest	5.1	(12.9)	5.3	2.1	4.5
Arizona	7.8	5.4	3.1	1.6	6.7
New Mexico	(8.8)	(101.6)	6.9	(0.1)	(1.1)
Oklahoma	8.2	18.2	(0.8)	0.1	4.5
Texas	NA	NA	6.1	2.7	4.8
Rocky Mountain	7.7	(31.7)	0.4	7.6	2.3
Colorado	10.9	(33.2)	2.2	1.7	3.9
Idaho	1.4	(19.4)	4.5	4.7	1.4
Montana	5.7	(12.9)	NA	(1.4)	2.4
Utah	5.3	(51.2)	(5.2)	23.3	0.2
Wyoming	NA	NA	(0.2)	(0.8)	(0.6)
Far West	20.6	20.8	4.8	0.5	12.0
Alaska	NA	56.3	NA	(1.1)	(15.2)
California	20.6	20.9	2.8	(0.1)	14.4
Hawaii	(10.9)	(5.2)	6.1	4.0	(6.9)
Nevada	NA	NA	19.6	1.2	11.7
Oregon	27.4	16.6	8.3	(5.2)	19.2
Washington	NA	NA	5.1	7.9	1.0

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

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

TABLE A4

State Personal Income Tax Withholding

Year-over-year nominal percentage change

State/Region	Tax Year 2024				Tax Year 2025			
	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4
US (median)	4.2	5.4	5.3	6.7	4.6	2.8	5.4	4.4
US (average)	5.3	5.5	5.8	7.1	6.3	3.2	6.5	4.7
New England	5.4	6.6	7.3	5.5	8.1	3.7	5.8	5.7
Connecticut	(0.3)	2.8	9.7	3.4	7.8	6.2	5.7	5.7
Maine	(5.5)	8.2	6.0	6.8	7.9	5.1	8.6	4.7
Massachusetts	10.2	8.3	6.3	6.3	8.6	2.8	5.4	5.6
Rhode Island	4.6	6.2	11.1	6.5	5.8	3.6	4.9	6.4
Vermont	3.2	5.4	3.4	4.2	4.8	(6.1)	8.7	9.6
Mideast	5.9	6.9	7.1	8.6	9.5	4.3	8.1	8.2
Delaware	8.6	9.9	2.7	13.5	6.8	4.8	9.4	3.7
Maryland	4.2	8.1	8.7	8.7	9.6	(3.5)	5.5	2.6
New Jersey	6.0	7.0	5.8	7.3	7.2	8.3	7.8	12.0
New York	6.6	6.8	8.4	9.7	11.4	6.7	9.5	9.5
Pennsylvania	4.1	4.4	2.4	5.5	3.4	4.5	5.9	7.1
Great Lakes	3.8	5.7	3.1	3.4	3.7	3.4	4.2	2.8
Illinois	7.1	14.0	8.7	6.3	6.5	8.1	1.0	(1.1)
Indiana	7.4	(0.6)	(14.3)	(10.4)	(4.5)	(7.0)	13.2	6.4
Michigan	2.9	5.1	11.5	9.4	5.3	3.3	2.3	4.8
Ohio	(7.5)	(1.5)	(2.2)	0.0	2.3	2.0	4.8	4.2
Wisconsin	6.6	2.5	5.8	8.0	4.6	4.1	6.2	5.6
Plains	4.3	3.8	3.6	6.4	1.6	0.3	2.2	0.8
Iowa	(2.6)	2.1	0.7	1.8	(12.2)	(22.8)	(21.0)	(21.0)
Kansas	8.8	9.2	6.3	7.4	9.3	6.4	10.8	9.1
Minnesota	6.3	5.1	8.7	8.7	5.0	5.1	5.8	4.4
Missouri	5.5	3.0	(1.1)	7.9	(1.3)	1.7	5.5	2.7
Nebraska	1.2	2.3	(2.0)	(0.4)	1.8	(6.2)	(0.3)	(2.7)
North Dakota	(18.3)	(25.9)	(17.4)	(4.8)	0.9	36.8	(9.2)	(3.7)
Southeast	1.1	3.4	2.2	3.0	2.8	(0.7)	3.1	2.3
Alabama	3.2	5.1	(0.3)	1.4	6.5	(0.6)	9.4	8.9
Arkansas	1.1	1.3	(1.1)	(4.1)	(2.5)	(5.9)	0.1	4.5
Georgia	(4.3)	(1.5)	(3.8)	(3.4)	3.0	0.0	(0.1)	0.8
Kentucky	(7.4)	(10.5)	(10.9)	(7.5)	(1.8)	4.9	7.5	4.7
Louisiana	(3.5)	9.5	23.3	6.9	(2.8)	(17.4)	(20.1)	(15.6)
Mississippi	(0.5)	4.1	0.6	0.8	0.4	(3.7)	0.3	(0.7)
North Carolina	6.7	5.5	3.1	7.2	(0.0)	0.1	2.9	4.1
South Carolina	3.0	6.4	9.0	7.0	6.8	5.0	1.7	4.9
Virginia	6.3	8.5	5.5	7.6	6.5	0.6	10.6	3.5
West Virginia	(13.2)	(2.0)	3.8	6.8	(1.3)	(6.1)	3.4	(2.0)
Southwest	3.7	6.1	7.8	6.8	3.2	3.8	2.8	4.4
Arizona	0.4	5.6	7.7	7.3	3.8	3.9	3.6	3.3
New Mexico	8.2	7.3	7.9	6.2	(0.3)	(2.4)	(5.5)	(0.2)
Oklahoma	5.8	6.1	7.9	6.4	4.1	6.9	6.1	8.1
Rocky Mountain	0.8	5.3	3.4	5.3	4.7	2.6	4.1	5.1
Colorado	4.9	6.5	4.9	6.0	5.2	3.7	5.6	5.8
Idaho	14.6	14.7	5.3	9.7	6.6	2.1	(3.9)	5.9
Montana	(11.3)	(13.5)	(12.7)	(11.1)	0.4	7.2	8.0	4.2
Utah	(7.5)	5.3	4.7	6.7	4.0	(0.4)	3.6	4.1
Far West	9.7	5.5	9.5	11.7	8.2	5.3	11.1	4.9
California	10.2	5.1	10.1	12.1	8.8	6.3	12.5	5.4
Hawaii	7.4	9.3	4.8	8.3	(3.7)	(13.7)	(12.2)	(10.8)
Oregon	5.9	8.1	6.1	8.5	5.7	2.3	5.2	4.1

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 2024		Tax year 2025	
	December 2024 - January 2025, 4th payment	April 2024 - January 2025, all 4 payments	December 2025 - January 2026, 4th payment	April 2025 - January 2026, all 4 payments
Median	7.8	7.8	10.2	15.1
Average	16.8	13.9	31.6	23.7
Alabama	3.6	8.1	17.1	25.6
Arizona	3.3	1.9	18.9	20.6
Arkansas	8.5	9.5	(15.1)	(11.0)
California	20.0	22.8	54.0	39.5
Colorado	41.2	13.2	23.4	(9.7)
Connecticut	21.7	26.2	26.5	19.7
Delaware	4.4	(13.8)	2.3	36.3
Georgia	(11.0)	10.2	17.3	6.7
Hawaii	6.9	0.8	18.5	(7.0)
Illinois	20.0	17.5	83.8	43.5
Indiana	17.6	9.9	6.9	19.9
Iowa	(9.9)	(92.0)	(125.6)	132.2
Kansas	7.0	9.2	1.1	(0.2)
Kentucky	(14.3)	(22.4)	29.9	0.1
Louisiana	(21.0)	(13.1)	(29.3)	(7.3)
Maine	(0.4)	7.4	8.5	8.5
Maryland	4.5	1.2	20.1	22.7
Massachusetts	34.8	31.7	10.2	12.0
Michigan	13.6	11.7	20.8	25.9
Minnesota	0.1	5.0	17.4	13.8
Mississippi	22.2	10.6	1.3	7.7
Missouri	(43.2)	(5.4)	(25.5)	(18.6)
Montana	(3.5)	(13.1)	10.3	6.0
Nebraska	(14.8)	(35.7)	8.6	11.6
New Jersey	16.9	16.1	24.1	21.8
New York	14.8	14.0	26.2	20.9
North Carolina	74.4	43.0	5.5	19.8
North Dakota	(12.4)	(15.3)	(6.3)	(1.8)
Ohio	(2.8)	(4.0)	6.2	15.6
Oklahoma	13.4	6.5	11.4	19.3
Oregon	13.3	(11.6)	2.0	26.9
Pennsylvania	1.7	6.5	12.6	13.2
Rhode Island	20.2	7.4	4.7	16.0
South Carolina	12.2	48.3	17.8	15.6
Vermont	30.1	23.0	0.8	10.8
Virginia	61.8	52.1	26.1	19.7
West Virginia	(15.7)	(29.1)	8.1	14.5
Wisconsin	12.8	10.1	8.3	9.7

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 2024				Tax Year 2025			
	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4
Median	(3.9)	(3.6)	0.3	(9.7)	11.8	18.7	6.5	13.6
Average	6.0	5.2	(5.6)	(43.4)	(1.3)	19.1	(3.9)	43.0
Alabama	(8.9)	2.3	39.3	(9.3)	16.1	28.6	(7.3)	18.2
Arizona	(15.0)	(17.8)	(8.6)	(25.5)	20.0	24.6	10.2	22.6
Arkansas	(6.2)	15.9	(24.2)	1.0	(3.9)	(24.0)	10.4	(1.9)
California	19.3	61.9	(30.4)	(71.4)	12.0	28.6	35.3	103.1
Colorado	(3.0)	23.2	152.7	(133.3)	(16.8)	57.3	(67.6)	NM
Connecticut	396.9	22.5	(5.4)	8.3	16.2	26.9	36.1	26.5
Delaware	(19.7)	2.3	33.6	(31.5)	37.3	13.1	6.1	58.4
Georgia	(13.5)	(13.2)	(1.6)	(27.8)	12.7	11.1	30.5	27.3
Hawaii	(5.3)	(2.9)	0.5	(6.5)	7.2	17.8	(2.2)	7.4
Idaho	(11.0)	(12.7)	8.9	(8.4)	(9.5)	23.0	(7.4)	12.7
Illinois	(4.0)	6.9	6.6	(5.4)	11.8	28.2	3.9	37.0
Indiana	(10.2)	(1.2)	59.3	129.6	0.6	1.5	8.5	15.6
Iowa	42.3	(6.3)	544.4	223.3	(9.6)	18.6	(38.1)	(4.9)
Kansas	6.9	(3.3)	14.9	(7.6)	(18.5)	(3.0)	(8.4)	4.1
Kentucky	(18.5)	(21.5)	(19.9)	(16.7)	27.3	13.1	11.3	20.9
Louisiana	(3.9)	(3.6)	(3.2)	(22.1)	39.2	14.6	28.7	48.1
Maine	(3.9)	(19.8)	151.8	27.1	6.5	42.7	(56.6)	8.4
Maryland	17.7	30.0	(8.5)	(11.9)	36.1	(5.0)	(13.8)	43.6
Massachusetts	(1.0)	52.2	(2.5)	24.3	16.4	15.0	6.5	(3.0)
Michigan	(15.6)	(7.8)	(38.7)	(10.1)	10.2	33.2	65.7	5.8
Minnesota	(9.8)	(6.3)	(0.8)	(5.8)	7.4	24.9	21.9	1.0
Missouri	31.7	(37.7)	(71.3)	NM	(77.9)	29.0	29.3	23.6
Montana	(1.9)	(6.7)	(24.9)	(29.0)	63.4	10.0	22.4	(6.2)
Nebraska	119.4	(27.4)	65.2	(50.7)	(27.8)	0.5	(0.3)	(16.3)
New Jersey	(3.8)	2.8	0.3	(10.7)	12.5	18.7	20.4	13.6
New Mexico	16.0	70.3	(1.5)	17.7	20.2	10.2	11.5	(83.0)
New York	(3.4)	1.2	2.1	(12.9)	28.9	33.2	8.2	24.2
North Carolina	(27.2)	(13.1)	(31.8)	(48.8)	(22.0)	(4.2)	0.8	21.6
North Dakota	(23.2)	(23.5)	7.0	(62.7)	7.0	22.8	4.4	40.7
Ohio	36.1	(32.7)	(59.0)	(37.5)	(30.4)	20.8	4.8	24.2
Oklahoma	1.7	2.9	14.2	4.2	12.1	16.7	2.2	(1.6)
Pennsylvania	(8.4)	(5.2)	(5.7)	9.8	20.9	18.7	14.6	31.3
Rhode Island	(25.3)	(4.4)	108.8	(7.1)	7.2	12.4	(52.5)	4.3
South Carolina	(11.4)	8.6	15.3	(21.4)	(7.0)	8.8	23.5	47.2
Utah	(8.1)	(9.5)	(8.8)	(0.4)	14.2	19.6	32.9	(0.1)
Vermont	(0.7)	9.1	31.1	12.8	42.9	28.4	(4.5)	(3.0)
Virginia	120.9	(20.5)	0.3	(99.9)	(43.2)	20.3	(106.6)	NM
West Virginia	49.7	(43.3)	(46.8)	(35.8)	(36.9)	11.3	(13.0)	(9.2)
Wisconsin	(10.4)	1.8	20.9	8.8	26.6	28.6	8.0	0.4

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. NM = not meaningful.

TABLE A.7

States with Pass-Through Entity Elective Tax and Effective Dates

State	Effective date
Alabama	Tax Year 2021
Arizona	Tax Year 2022
Arkansas	Tax Year 2022
California	Tax Year 2021
Colorado	Tax Year 2022
Connecticut	Tax Year 2018
Delaware	N/A
Georgia	Tax Year 2022
Hawaii	Tax Year 2023
Idaho	Tax Year 2021
Illinois	Tax Year 2021
Indiana	Tax Year 2022
Iowa	Tax Year 2022
Kansas	Tax Year 2022
Kentucky	Tax Year 2022
Louisiana	Tax Year 2019
Maine	Tax Year 2026
Maryland	Tax Year 2020
Massachusetts	Tax Year 2021
Michigan	Tax Year 2021
Minnesota	Tax Year 2021
Mississippi	Tax Year 2022
Missouri	Tax Year 2022
Montana	Tax Year 2023
Nebraska	Tax Year 2018
New Jersey	Tax Year 2020
New Mexico	Tax Year 2022
New York	Tax Year 2021
North Carolina	Tax Year 2022
North Dakota	N/A
Ohio	Tax Year 2022
Oklahoma	Tax Year 2019
Oregon	Tax Year 2022
Pennsylvania	N/A
Rhode Island	Tax Year 2019
South Carolina	Tax Year 2021
Utah	Tax Year 2022
Vermont	N/A
Virginia	Tax Year 2021
West Virginia	Tax Year 2022
Wisconsin	Tax Year 2019

Source: Individual state information, compiled by the author.

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

TABLE A.8

Quarterly State Government Tax Revenue for Nonmajor Tax Revenue Sources

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

Year/quarter	Property tax	Tobacco product sales tax	Alcoholic beverage sales tax	Motor vehicle & operators' license taxes	Other taxes	Total nonmajor taxes
2025 Q4 collections (\$ millions)	\$6,808	\$3,794	\$2,051	\$9,137	\$57,266	\$79,056
Average growth, Fiscal YTD 2026	2.5	(7.5)	(4.1)	1.2	5.0	3.5
2025 Q4	2.0	(7.1)	(4.4)	0.7	5.4	3.7
2025 Q3	3.0	(8.0)	(3.9)	1.8	4.7	3.3
2025 Q2	1.8	(8.2)	(3.8)	2.8	6.4	4.5
2025 Q1	0.8	(9.4)	(3.6)	2.5	7.0	4.8
2024 Q4	2.9	(9.0)	(2.1)	4.0	8.1	5.9
2024 Q3	0.1	(9.6)	(1.9)	3.2	6.2	4.2
2024 Q2	(0.6)	(10.4)	(2.2)	1.1	1.4	0.4
2024 Q1	(1.4)	(9.9)	(1.0)	0.6	(3.4)	(3.1)
2023 Q4	(2.8)	(10.7)	(1.7)	(0.4)	(1.7)	(2.2)
2023 Q3	(1.6)	(11.1)	(1.5)	(1.8)	4.3	1.8
2023 Q2	0.0	(12.3)	(1.6)	(2.2)	7.6	4.0
2023 Q1	1.3	(13.6)	(3.5)	(5.0)	14.3	7.9
2022 Q4	1.7	(12.6)	(1.5)	(6.2)	10.0	5.0
2022 Q3	1.6	(12.3)	(0.8)	(7.1)	3.9	0.8
2022 Q2	0.6	(9.6)	2.5	(7.3)	8.3	3.8
2022 Q1	2.4	(5.2)	10.4	0.4	12.7	8.4
2021 Q4	2.8	(4.6)	8.7	1.3	13.8	9.3
2021 Q3	4.6	(1.3)	7.9	5.2	15.3	11.2
2021 Q2	5.8	0.9	5.4	7.8	7.6	6.9
2021 Q1	2.1	(0.7)	(5.5)	(3.1)	(5.9)	(4.4)
2020 Q4	2.8	0.6	(5.1)	(2.5)	(6.3)	(4.4)
2020 Q3	2.6	(1.2)	(3.4)	(3.4)	(7.2)	(5.2)
2020 Q2	0.3	(2.5)	(2.3)	(3.0)	(4.9)	(3.9)
2020 Q1	1.3	(3.1)	2.8	2.0	1.6	1.3
2019 Q4	0.4	(4.0)	2.9	1.3	1.9	1.2
2019 Q3	(0.2)	(6.0)	0.3	1.5	3.9	2.2
2019 Q2	5.5	(7.6)	(1.2)	0.9	5.1	3.1
2019 Q1	6.6	(5.4)	(0.5)	4.4	5.6	4.3
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	2.8	2.6
2017 Q4	(0.5)	6.2	3.0	(0.2)	2.8	2.4
2017 Q3	(1.2)	3.6	3.0	3.8	1.2	1.7
2017 Q2	0.5	1.9	2.3	1.6	0.3	0.7
2017 Q1	3.1	1.3	1.1	2.4	(1.2)	(0.0)
2016 Q4	2.4	1.5	0.5	2.8	(1.6)	(0.3)
2016 Q3	5.0	1.3	0.8	1.1	(2.5)	(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	(1.2)	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	(0.2)	0.5
2015 Q2	5.3	(2.0)	1.7	1.3	(0.5)	0.1
2015 Q1	4.4	(3.9)	(0.1)	1.3	(0.3)	(0.0)

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

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

TABLE A.9

Preliminary State Government Tax Revenues in the First Quarter of 2026, by State*Nominal percentage change, 2026 Q1 versus 2025 Q1*

State/region	PIT	CIT	Sales	Total
US (median)	1.6	(8.1)	4.4	2.7
US (average)	7.3	9.6	3.7	5.8
New England	7.8	2.0	0.9	5.7
Connecticut	6.5	18.0	2.9	7.8
Maine	2.0	(41.9)	3.7	0.9
Massachusetts	9.6	(8.7)	(1.7)	6.0
New Hampshire	NM	(2.0)	NA	1.5
Rhode Island	10.8	(8.1)	4.1	2.8
Vermont	(1.6)	(12.1)	2.4	(2.0)
Mideast	7.9	8.4	4.3	6.7
Delaware	6.6	(13.2)	NA	(12.7)
Maryland	9.6	(27.7)	7.6	4.0
New Jersey	6.5	(40.4)	1.6	2.7
New York	9.8	14.9	5.6	10.8
Pennsylvania	(0.6)	(13.8)	3.9	3.0
Great Lakes	5.2	20.4	2.2	4.8
Illinois	6.1	(4.2)	2.1	5.1
Indiana	1.0	(40.4)	5.5	3.6
Michigan	40.1	382.6	(4.1)	12.0
Ohio	1.3	(75.8)	3.6	2.6
Wisconsin	(6.2)	5.7	5.1	0.6
Plains	3.8	(22.4)	7.6	2.3
Iowa	(9.7)	(49.9)	12.4	(8.0)
Kansas	1.8	(51.0)	1.3	(2.6)
Minnesota	14.5	(5.3)	3.3	8.2
Missouri	(0.3)	(24.2)	6.0	0.4
Nebraska	(10.7)	(32.1)	25.3	4.2
North Dakota	(28.5)	(18.3)	4.4	(3.1)
South Dakota	NA	52.1	8.0	8.5
Southeast	1.2	0.6	3.3	3.5
Alabama	8.8	(90.0)	(0.8)	4.2
Arkansas	17.7	9.9	4.5	5.1
Florida	NA	25.7	0.1	4.4
Georgia	(1.8)	(1.8)	6.7	1.0
Kentucky	(2.6)	(48.6)	7.2	0.3
Louisiana	(25.9)	(522.3)	10.6	0.1
Mississippi	(2.3)	(28.1)	5.4	2.2
North Carolina	(1.4)	1.1	7.0	2.5
South Carolina	17.3	(3.3)	2.5	9.1
Tennessee	NA	8.1	3.6	4.5
Virginia	4.5	11.9	4.9	4.6
West Virginia	0.4	(34.9)	6.3	4.5
Southwest	(3.6)	7.3	5.6	1.3
Arizona	(1.4)	5.6	4.4	0.7
New Mexico	ND	ND	ND	ND
Oklahoma	(6.0)	11.7	5.3	(2.3)
Texas	NA	NA	5.8	1.8
Rocky Mountain	(4.8)	(8.7)	1.6	(3.5)
Colorado	(16.5)	(36.6)	2.6	(11.4)
Idaho	5.1	2.1	6.0	3.5
Montana	0.8	48.0	NA	(1.6)
Utah	5.9	51.4	(3.7)	0.8
Wyoming	NA	NA	ND	ND
Far West	13.6	22.8	3.7	11.1
Alaska	NA	(34.3)	NA	(25.7)
California	16.2	22.5	2.4	12.9
Hawaii	3.6	(39.5)	2.7	5.3
Nevada	NA	NA	ND	ND
Oregon	(13.7)	38.2	NA	(10.0)
Washington	NA	NA	8.2	8.1

Source: Individual state data, analysis by the author.

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

Notes

- ¹ The author made several adjustments for the fourth quarter of 2025 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.
- ² In this report, the author uses US Bureau of Economic Analysis regions as the basis of analysis.
- ³ See “Disaster Declaration Tax Payments,” California Franchise Tax Board, accessed May 15, 2026, <https://www.ftb.ca.gov/file/when-to-file/disaster-declarations-tax-payments.html>.
- ⁴ Oregon Department of Revenue, “Oregon ‘Kicker’ Tax Credit,” accessed May 15, 2026, <https://www.oregon.gov/dor/programs/individuals/pages/kicker.aspx>.
- ⁵ See “Governor Signs Tax Bill That Will Save New Mexicans \$231 Million,” Office of the Governor, accessed May 15, 2026, <https://www.tax.newmexico.gov/wp-content/uploads/2024/03/Signing-release.pdf>.
- ⁶ 2025 Nebraska Legislative Changes accessed May 15, 2026, <https://revenue.nebraska.gov/about/2025-nebraska-legislative-changes>.
- ⁷ 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.
- ⁸ See “Los Angeles County fires, 2024 taxable year disaster,” State of California Franchise Tax Board, Accessed May 15, 2026, <https://www.ftb.ca.gov/file/when-to-file/los-angeles-county-fires.html>.
- ⁹ 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).
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- ¹³ Utah State Tax Commission, “2025 Utah Corporation Franchise and Income Tax,” <https://files.tax.utah.gov/tax/forms/current/tc-20inst.pdf>.
- ¹⁴ Table 6.16D. Corporate Profits by Industry, US Bureau of Economic Analysis, accessed May 15, 2026, <https://apps.bea.gov/iTable/?reqid=19&step=3&isuri=1&1921=survey&1903=239>.
- ¹⁵ The Conference Board, “US Consumer Confidence Edged Up Again in April,” April 28, 2026, <https://www.conference-board.org/topics/consumer-confidence>.
- ¹⁶ 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>.
- ¹⁷ National Conference of State Legislatures, “Variable Rate Gas Taxes,” July 14, 2021, <https://www.ncsl.org/research/transportation/variable-rate-gas-taxes.aspx>.

- ¹⁸ See “Q1 2026 Home Price Expectations Survey,” Fannie Mae, accessed May 15, 2026, <https://www.fanniemae.com/media/56676/display>.
- ¹⁹ Author’s analysis of data from National Association of State Budget Officers (2025), table 17.
- ²⁰ Georgia General Assembly, “Summary of Georgia State Income Tax Changes From 2018 Through 2030,” https://www.house.ga.gov/Documents/CommitteeDocuments/2022/RDC/Tax_Reform_Update.pdf.
- ²¹ Wisconsin Legislative Fiscal Bureau, “State Tax and Fee Modifications,” July 29, 2025, https://docs.legis.wisconsin.gov/misc/lfb/budget/2025_27_biennial_budget/285_state_tax_and_fee_modifications_included_in_2025_wisconsin_act_15_7_29_25.
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About the Author

Lucy Dadayan is a principal 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.

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