TAX AND INCOME SUPPORTS

State Revenues Lose Momentum as Fiscal Pressures Build

State Tax and Economic Review, 2026 Q1

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URBAN INSTITUTE

RESEARCH REPORT

August 2026

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Acknowledgments

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

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

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Executive Summary

After several years of robust revenue collections and historic budget surpluses, many states entered fiscal 2027 with significantly tighter budget conditions. Despite these pressures, most states enacted their fiscal 2027 budgets before the start of the new fiscal year. However, five states—Massachusetts, New York, North Carolina, Pennsylvania, and South Carolina—missed their budget deadlines, reflecting the increasingly difficult tradeoffs policymakers faced in balancing competing priorities.

To maintain structural balance, some states adopted targeted spending reductions, eliminated vacant positions, delayed new initiatives, or relied on revenue increases and other budget adjustments. As states navigate the new fiscal year, spending pressures will remain elevated because of rising Medicaid and other program costs, higher operating expenses, uncertainty surrounding federal funding, and a slowing economic outlook. At the same time, many states continue to implement previously enacted tax reductions, further heightening uncertainty about recurring revenue growth.

Overall, state and local tax revenue growth remained modest in the first quarter of calendar year 2026, increasing 2.0 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 3.7 percent in the first quarter of 2026 compared with the same quarter in 2025, while state corporate income tax collections rose 5.9 percent. State sales tax revenues increased by only 0.3 percent, although the gain followed a relatively weak prior-year base. Growth in personal income tax collections was largely driven by double-digit increases in nonwithholding payments, reflecting elevated capital gains realizations and other investment income associated with strong stock market performance. National personal and corporate income tax growth was also boosted by strong collections in California, where filing and payment extensions granted to taxpayers affected by the January 2025 Los Angeles County wildfires shifted a substantial amount of tax payments into the fourth quarter of 2025, affecting year-over-year revenue comparisons in early 2026.
- **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 1.4 percent in the

first quarter of 2026. Local property tax revenues, which accounted for roughly 81 percent of major local tax revenues, increased 1.5 percent in real terms. The remaining major local tax sources represent a relatively small share of total local tax revenues and exhibited mixed performance: personal income tax revenues increased 2.7 percent, sales tax revenues grew 0.9 percent, while corporate income tax revenues declined 3.3 percent.

- **Economic indicators continued to send mixed signals:** Real gross domestic product (GDP) increased 2.6 percent year over year in the first quarter of 2026, while consumer spending remained resilient, rising 0.6 percent for durable goods, 0.5 percent for nondurable goods, and 2.6 percent for services. Housing prices continued to increase, although the pace of appreciation moderated. Meanwhile, labor market conditions remained relatively stable, with the unemployment rate holding at 4.3 percent.
- **Modest state tax revenue growth projected for fiscal year 2027:** The median state forecasts nominal total tax revenue growth of 2.2 percent, compared with a projected national growth rate of 1.8 percent. Forecasts for the two largest state revenue sources also remain relatively subdued, with median personal income tax and sales tax growth projected at 2.0 percent and 3.0 percent, respectively. These projections reflect slower underlying economic growth, recent state tax policy changes, and continued variation in economic conditions across the states.

The special section of this quarterly report examines the rapid growth of prediction markets and the challenges they pose for state tax systems. As states consider new approaches to taxing and regulating these markets, the section reviews recent state policy responses, discusses the evolving federal regulatory framework and its implications for state authority, and explores how the expansion of prediction markets could affect state gambling tax revenues.

Trends in State and Local Revenues

The fiscal outlook for states has become increasingly uncertain. Federal funding reductions for major safety net programs (Brosy and Dadayan 2025), along with the shift of greater fiscal responsibility to states under the One Big Beautiful Bill Act (OBBBA), are expected to increase state and local budget pressures in the coming years. At the same time, uncertainty surrounding trade policy, higher energy and operating costs, and ongoing geopolitical tensions have clouded the economic outlook and complicated state revenue forecasting. Although the national economy continues to expand, the combination of slower revenue growth, rising expenditure demands, and reduced federal support has left many states with tighter budget conditions and diminished fiscal flexibility than in recent years.

Table 1 shows real state and local tax revenues from major sources for the first quarters of 2025 and 2026, as well as cumulative totals for the first three quarters of fiscal years 2025 and 2026.

TABLE 1

State and Local Government Tax Revenue Trends

Millions of dollars, adjusted for inflation

Tax source	2025 Q1	2026 Q1	YOY percent change	Fiscal YTD 2025	Fiscal YTD 2026	YOY percent change
Total state-local major taxes	**$529,318**	**$539,765**	**2.0**	**$1,671,293**	**$1,688,659**	**1.0**
State major taxes	**$288,266**	**$295,410**	**2.5**	**$845,996**	**$867,548**	**2.5**
Personal income tax	134,601	139,616	3.7	383,056	403,365	5.3
Corporate income tax	30,931	32,762	5.9	91,657	90,120	(1.7)
Sales tax	116,367	116,759	0.3	351,649	354,400	0.8
Property tax	6,367	6,273	(1.5)	19,633	19,663	0.2
Local major taxes	**$241,052**	**$244,355**	**1.4**	**$825,297**	**$821,111**	**(0.5)**
Personal income tax	12,087	12,408	2.7	34,365	35,785	4.1
Corporate income tax	3,735	3,613	(3.3)	9,786	9,958	1.8
Sales tax	30,425	30,684	0.9	92,538	94,415	2.0
Property tax	194,805	197,650	1.5	688,609	680,954	(1.1)

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 2.0 percent in the first quarter of 2026 compared with the same period a year earlier. For the first nine months of fiscal year 2026, year-over-year revenue growth was only 1.0 percent.
- **State government tax revenues** from major sources increased 2.5 percent in the first quarter of 2026 compared with a year earlier, while year-over-year growth for the first nine months of fiscal year 2026 was also 2.5 percent. **State personal income taxes** rose 3.7 percent in the first quarter of 2026 and 5.3 percent for the first nine months of fiscal year 2026. **State corporate income taxes** increased 5.9 percent in the first quarter of 2026 but declined 1.7 percent for the first nine months of fiscal year 2026. **State sales taxes** grew 0.3 percent in the first quarter of 2026 and 0.8 percent for the first nine months of fiscal year 2026.

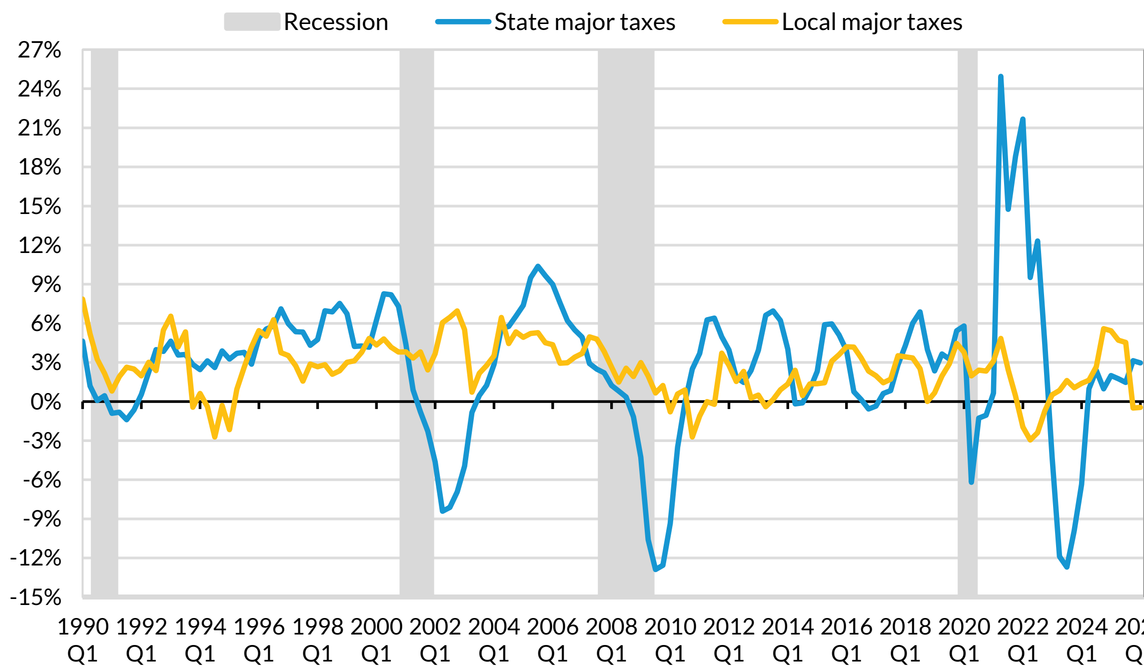
- **Local government tax revenues** from major sources grew 1.4 percent in the first quarter of 2026 compared with a year earlier but declined 0.5 percent for the first nine months of fiscal year 2026. **Local property taxes**, the largest source of local revenue, rose 1.5 percent in the first quarter of 2026 but declined 1.1 percent for the first nine months of fiscal year 2026. **Local sales taxes** increased 0.9 percent in the first quarter of 2026 and 2.0 percent for the first nine months of fiscal year 2026. **Local personal income taxes** grew 2.7 percent in the first quarter of 2026 and 4.1 percent for the first nine months of fiscal year 2026. **Local corporate income taxes** declined 3.3 percent in the first quarter of 2026 but remained up 1.8 percent for the fiscal year to date. 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 3.0 percent in the first quarter of 2026, while local major tax revenues declined 0.5 percent.

FIGURE 1

Local Major Tax Revenue Growth Dipped in Recent Quarters

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.

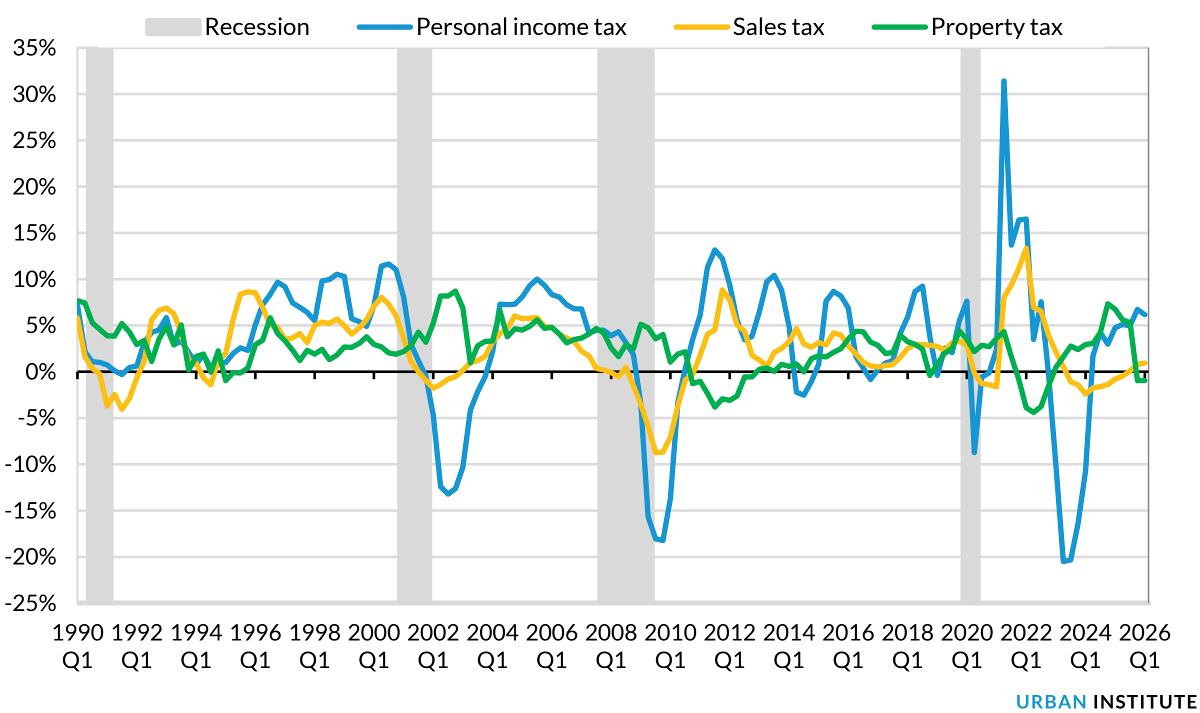
[Figure 2](#) breaks out inflation-adjusted state and local personal income, sales, and property tax revenues, using a four-quarter moving average. In the first quarter of 2026, state and local personal income tax revenues increased 6.2 percent from a year earlier, while sales tax revenues grew 0.9 percent. Property tax revenues, which are collected primarily by local governments, declined 0.9 percent over the same period.

Most local governments rely heavily on property taxes, which respond relatively slowly to changes in property values because assessments are updated periodically and tax collections generally lag market conditions. Declining post-pandemic commercial property values, particularly for office buildings, have placed downward pressure on tax bases in many jurisdictions, while higher borrowing costs have slowed housing market activity and residential property value appreciation. In addition, many states have recently enacted or expanded property tax relief measures, including homestead exemptions, assessment caps, tax rate limits, and other tax reductions, which have further constrained property tax revenue growth in some jurisdictions. Together, these factors likely contributed to the recent weakness in local property tax revenues.

FIGURE 2

Diverging Trends Across Major State and Local Tax Sources

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



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

State Tax Revenues in the First Quarter of 2026

Total state government tax collections increased 5.0 percent in nominal terms and 1.7 percent in real terms in the first quarter of 2026 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 3.7 percent and corporate income tax revenues rose 5.9 percent in real terms. By contrast, sales tax revenues grew a more modest 0.3 percent, while motor fuel tax revenues declined 0.5 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 nine months of fiscal year 2026. Total state tax revenues increased an average of 5.7 percent per quarter in nominal terms and 2.5 percent in real terms during the first nine months of fiscal year 2026.

Revenue performance continued to vary considerably across regions and states in the first quarter of 2026 (table A.2). Total state tax revenues declined 2.4 percent in nominal terms in the Rocky Mountain region, while the Mideast region recorded the strongest growth at 8.5 percent.[2]

Forty-two states reported year-over-year nominal growth in total tax revenue collections for the first quarter of 2026, with three states reporting double-digit growth. In contrast, eight 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 first nine months 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 nine months of fiscal year 2026, total state tax revenues increased 5.7 percent in nominal terms compared with the same period in fiscal year 2025. However, the median state reported a more modest gain of 3.1 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 10.1 percent and 7.2 percent, respectively. In contrast, the Rocky Mountain region experienced the weakest growth, at 1.0 percent. Nominal tax revenues increased in 42 states and declined in eight states during the first nine months of fiscal year 2026. Alaska was the only state to post a double-digit year-over-year decline, while California, Oregon, and West Virginia reported double-digit growth.

Personal Income Taxes

State personal income tax revenues increased 7.1 percent in nominal terms and 3.7 percent in real terms in the first quarter of 2026 compared with the same period in 2025. Nominal growth in the median state was weaker, at only 1.8 percent, highlighting uneven gains across states. Average quarterly year-over-year growth in state personal income tax collections was 8.7 percent in nominal terms and 5.3 percent in real terms during the first nine months of fiscal year 2026 (table A.1).

While personal income tax collections posted solid gains nationally, growth varied considerably across states and regions (table A.2), reflecting differences in stock market exposure, income composition, state tax policy changes, and temporary shifts in tax filing deadlines.

All regions except the Rocky Mountain and Southwest regions recorded nominal gains in the first quarter of 2026. Collections declined 4.8 percent in the Rocky Mountain region and 0.5 percent in the Southwest, due in part to enacted income tax rate reductions in several states. The Far West region posted the strongest nominal growth, at 13.6 percent, followed by the Mideast and New England regions, each at 7.9 percent. Growth in the Far West was driven largely by California, where wildfire-related disaster relief extended the filing and payment deadlines for certain personal and business income taxes to October 2025.[3]

Sixteen states reported year-over-year declines in personal income tax revenues in the first quarter of 2026, led by Louisiana, where collections fell 25.9 percent. Colorado, Nebraska, North Dakota, and Oregon also reported double-digit declines. The declines in Colorado, Louisiana, and Nebraska were driven in part by recently enacted income tax rate reductions. In contrast, six states reported double-digit growth in personal income tax revenues. These differences reflect a combination of taxpayer composition, economic structure, exposure to capital gains and investment income, and increasingly divergent state tax policy choices (Dadayan and Brosy, 2026).

State personal income tax collections increased 8.6 percent in nominal terms during the first nine months of fiscal year 2026 compared with the same period in fiscal year 2025 (table A.3). Growth in the median state was weaker, at 5.0 percent, indicating that gains were concentrated in a relatively small number of states. Personal income tax revenues declined in seven states and increased in 34 states. Iowa and Louisiana posted double-digit declines, while four states reported 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 pass-through entity taxes (PTETs) have shifted some tax collections from the personal income tax base to the corporate income tax base. As of now, 37 states have enacted a PTET, as a workaround to the $10,000 cap on the federal deduction for state and local taxes (SALT) 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 for federal tax purposes, PTETs allow 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 the states that enacted a PTET and their respective effective dates. However, PTET structures and rules vary considerably across states, creating administrative complexity, particularly for multistate businesses. States also differ in their classification of PTETs. Some states treat them as corporate income taxes since they are paid by the business, others classify them as personal income taxes because they apply to pass-through income, and a few classify them as both.

The OBBBA temporarily increases the federal SALT deduction cap from $10,000 to $40,000 per filer for tax years 2025 through 2029 while preserving the federal deductibility of PTET payments. Although the higher SALT cap will reduce federal tax liability for many higher-income taxpayers, it is not expected to directly affect state revenues (Dadayan 2025c). Moreover, despite the temporary increase in the SALT deduction cap, most states have retained or extended their PTET regimes, reflecting the continued federal deductibility of entity-level taxes and the ongoing value of PTETs for many pass-through businesses.

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 seven quarters.

TABLE 2
Growth in State Government Personal Income Tax Components

Year-over-year nominal percentage change

	Fiscal Year 2025				Fiscal Year 2026		
Personal Income Tax Components	**2024 Q3**	**2024 Q4**	**2025 Q1**	**2025 Q2**	**2025 Q3**	**2025 Q4**	**2026 Q1**
Withholding	5.8	7.1	6.3	3.2	6.5	4.7	4.2
Estimated payments	26.6	(27.9)	14.5	14.0	20.1	55.5	26.7
Final payments	(5.6)	(43.4)	(1.3)	19.1	(4.0)	42.7	7.6
Refunds	(4.0)	(14.2)	(3.7)	(4.4)	(12.1)	5.9	5.9
Total	**8.9**	**0.7**	**9.2**	**11.1**	**9.1**	**10.5**	**7.5**

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 seven quarters for states with a broad-based personal income tax. Withholding growth remained steady during this period, increasing 4.2 percent in the first quarter of 2026. However, growth varied considerably across regions and states. The Southeast recorded the weakest year-over-year growth, at 1.5 percent, while New England posted the strongest, at 5.7 percent.

In the first quarter of 2026, 31 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 less than 1.0 percent in Pennsylvania to double-digit gains in Arkansas. Meanwhile, withholding collections declined in 10 states, led by Hawaii and Iowa, where collections fell 9.0 percent and 8.3 percent, respectively, due in part to recent income tax rate reductions.

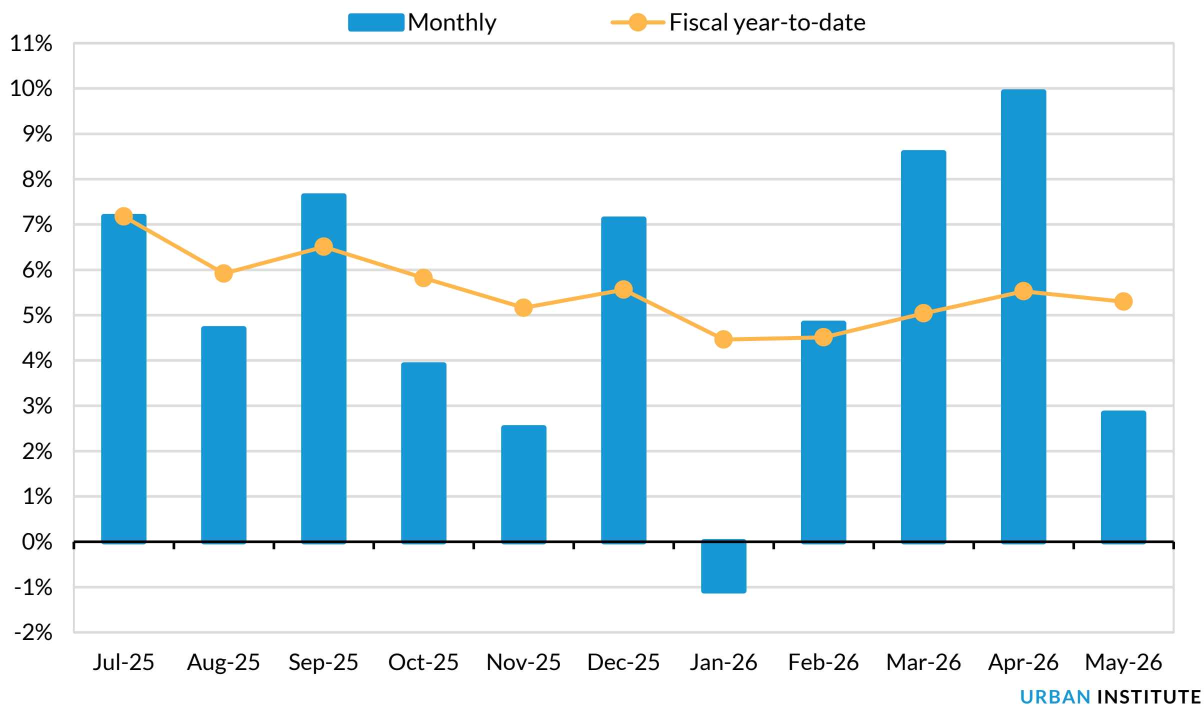
Figure 3 shows monthly and fiscal year-to-date nominal growth rates in withholding between July and May 2026, corresponding to the first 11 months of fiscal year 2026 in 46 states.[4] Monthly data should be viewed with caution because they may include one-time payments, or a given month may have fewer tax processing days than the same month in the prior year.

Monthly withholding collections generally increased in nominal terms during the first 11 months of fiscal year 2026, although growth rates fluctuated and turned negative in January 2026. Despite this volatility, year-to-date withholding collections rose 5.3 percent in nominal terms. States collected around $460 billion in withholding revenue in the 11 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 11 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 combined estimated tax payments made between April 2025 and January 2026, corresponding to all four estimated payments for tax year 2025. We also present combined estimated payments made between April and May 2026, which largely reflect the first estimated payment for tax year 2026 (table A.5).

Among the 38 states with complete data, total estimated payments for tax year 2025 increased 23.7 percent over the same period in the prior year, while the median state recorded a 14.2 percent increase. Thirty-one states reported year-over-year growth in combined estimated payments. The strong performance largely reflected elevated capital gains realizations and other investment income associated with robust stock market gains in 2025.

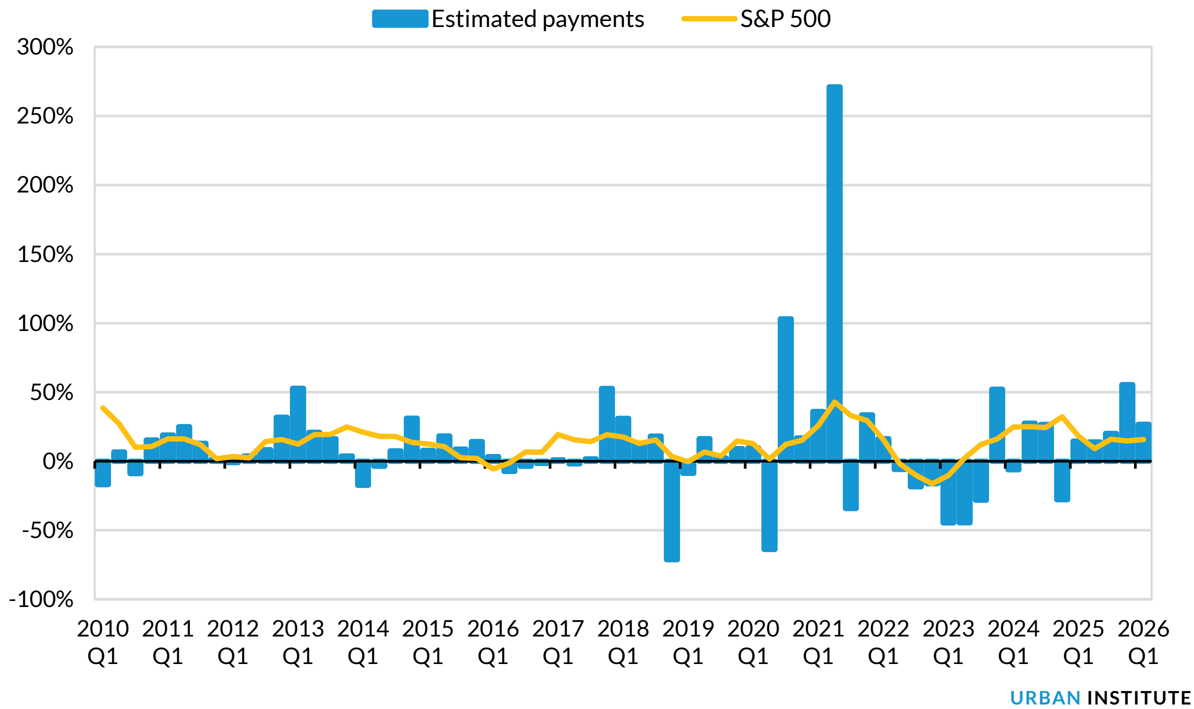
Growth moderated during the April through May 2026 filing period, with estimated payments increasing 10.2 percent nationally and 6.5 percent in the median state. Performance varied considerably across states, with 23 states reporting year-over-year increases and 14 reporting declines.

Figure 4 shows the year-over-year quarterly percentage change in estimated payments and the S&P 500 Index over the past decade. Estimated payments have shown substantial volatility, reflecting fluctuations in the stock market as well as taxpayer responses to actual or anticipated federal and state tax policy changes that affect the timing of capital gains realizations. Because temporary shifts in payment timing can distort quarterly revenue patterns, longer-term trends provide a more reliable indicator of underlying revenue performance.

FIGURE 4

Large Volatility in Estimated Payments

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



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

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. Although the stock market began to recover in the second quarter of 2023, estimated payments lagged, rebounding only in the fourth quarter of 2023, largely because of delayed filings in California that boosted collections during that quarter. 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 a high prior-year base caused by California's 2023 filing extension.

Estimated payments rebounded in the first quarter of 2025 and continued to grow steadily through the remainder 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 tax payments originally due on April 15, June 16, and other dates to October 15, 2025.[5] As a result, national estimated payment growth was dampened in the second quarter of 2025 but surged 55.5 percent in the fourth quarter of 2025, largely reflecting delayed payments in California. Excluding California, estimated payments increased 14.6 percent in the fourth quarter of 2025, more closely reflecting underlying stock market performance. Growth moderated to 26.7 percent in the first quarter of 2026.

Final Payments

Final payments typically account for a small share of total personal income tax revenues in the first, third, and fourth quarters of the tax year and a much larger share in the second quarter due to the April 15 personal income tax filing deadline.[6] Final payments accounted for 7.3 percent of all personal income tax revenues in the first quarter of 2026.

Table A.6 presents nominal year-over-year growth rates in final payments for two periods: April 2025 through January 2026 and April through May 2026. Nationally, final payments increased 19.9 percent during the April 2025-January 2026 period compared with the same period a year earlier, while the median state recorded growth of 15.5 percent. Performance varied across states, with six states reporting year-over-year declines and the remaining states posting gains.

Growth in final payments moderated during the April through May 2026 period, increasing 9.1 percent nationally and 6.0 percent in the median state. Ten states reported year-over-year declines during this period.

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 first quarter of 2026, state personal income tax refund payments increased 6.0 percent compared with the same period in 2025, amounting to roughly $2.5 billion more refunds issued by states. Refund trends varied across states: 25 states reported year-over-year declines in refund amounts, while 15 reported increases. California and Oregon recorded the largest increases, at approximately $575 million and $456 million, respectively. The increase in California refunds likely reflected timing-related factors associated with return processing and filing extensions. In Oregon, the increase was largely attributable to the state's constitutional "kicker," which returned a portion of the $1.41 billion revenue surplus from the 2023–25 biennium to taxpayers through refundable credits claimed on 2025 income tax returns.[7]

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 first quarters of 2025 and 2026, along with the forecasted values for the first quarter of 2026.

TABLE 3

Actual versus Forecasted State Personal Income Tax Revenues

State	2025 Q1 actual ($ millions)	2026 Q1 actual ($ millions)	2026 Q1 forecast ($ millions)	Percent change, 2026 Q1 vs 2025 Q1	Percentage variance, 2026 Q1 actual from forecast	Forecast date
Median				**1.7%**	**5.1%**	
Average	**$82,492**	**$91,691**	**$85,118**	**11.2%**	**7.7%**	
Arizona	938	924	978	(1.4)	(5.5)	Jan-26
Arkansas	668	774	698	15.8	10.9	Jan-26
California	30,819	36,292	33,030	17.8	9.9	May-25
Idaho	448	469	482	4.8	(2.7)	Jul-25
Indiana	1,890	1,921	1,809	1.6	6.2	Dec-25
Kansas	1,001	1,019	1,105	1.8	(7.7)	Nov-25
Maine	379	387	456	2.0	(15.2)	Dec-25
Massachusetts	6,091	6,661	6,087	9.4	9.4	Aug-25
Michigan	2,327	2,711	2,325	16.5	16.6	Jan-26
Minnesota	3,498	4,005	3,651	14.5	9.7	Feb-26
Mississippi	300	304	304	1.6	(0.1)	Nov-25
Montana	561	565	517	0.8	9.3	May-25
Nebraska	579	517	625	(10.7)	(17.3)	Feb-26
New Mexico	442	483	418	9.3	15.5	Dec-25
New York	20,477	22,492	21,140	9.8	6.4	Oct-25
North Dakota	97	69	85	(28.5)	(18.8)	May-25
Ohio	2,077	2,096	1,911	0.9	9.7	Jun-25
Oklahoma	724	680	683	(6.0)	(0.3)	Feb-25
Pennsylvania	4,822	4,884	4,760	1.3	2.6	Nov-25
Rhode Island	391	422	426	8.1	(0.8)	Nov-25
South Carolina	1,072	1,257	1,126	17.3	11.6	Nov-25
Vermont	282	279	268	(0.9)	4.1	Jan-26
West Virginia	455	456	447	0.4	2.1	Jul-25
Wisconsin	2,157	2,023	1,789	(6.2)	13.1	Dec-25

Source: Individual state data, analysis by the author.

In the first quarter of 2026, actual personal income tax collections fell below forecasts in nine of 24 states. The median forecast error was an underestimate of 5,1 percent, with five states recording double-digit underestimates (table 3). Differences in forecast accuracy reflect, in part, variation in forecasting methodologies and update schedules. Some states revise revenue estimates quarterly, while others update their forecasts only annually. Forecast errors also reflect evolving fiscal policies, stock market performance, and taxpayer behavior, all of which can materially affect personal income tax collections. Overall, the greatest challenge facing state revenue forecasters in recent months has been heightened uncertainty driven by evolving federal policies, slowing economic growth, and heightened geopolitical tensions rather than widespread weakness in personal income tax collections.

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 9.4 percent in nominal terms and 5.9 percent in real terms in the first quarter of 2026 compared with the same quarter in 2025 (table A.1). Despite the strong national growth, the median state recorded a decline of 2.0 percent in nominal terms. During the first nine months of fiscal year 2026, state corporate income tax collections increased at an average quarterly year-over-year rate of 1.0 percent in nominal terms but declined 2.4 percent in real terms.

Performance varied considerably across regions. The Plains and Rocky Mountain regions reported year-over-year declines in state corporate income tax collections in the first quarter of 2026, while all other regions recorded growth. The Plains region posted the sharpest decline, at 21.8 percent, followed by the Rocky Mountain region, where collections fell 7.8 percent. In contrast, the Southwest and Far West regions recorded the strongest growth, at 32.8 percent and 22.8 percent, respectively.

State-level corporate income tax performance also varied widely in the first quarter of 2026 (table A.2). Twenty states reported year-over-year growth, while the rest of the states recorded declines.

State corporate income tax collections increased 1.5 percent in nominal terms during the first nine months of fiscal year 2026 compared with the same period a year earlier. However, the median state recorded a decline of 8.6 percent, indicating that national growth was concentrated in a relatively small number of states. Overall, 13 states reported year-over-year growth, while 32 recorded 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 structure, which had a top rate of 7.5 percent, with a flat 5.5 percent rate effective January 1, 2025.[8] Nebraska also transitioned from a graduated corporate income tax to a flat tax beginning in 2025. The tax rate declined from a top rate of 5.84 percent in 2024 to 5.20 percent in 2025 and 4.99 percent in 2026 and is scheduled to decline further to 3.99 percent in 2027.[9] Pennsylvania continued its multi-year phasedown of the corporate net income tax, lowering the rate from 7.99 percent in 2025 to 7.49 percent in 2026 as part of a scheduled reduction to 4.99 percent by 2031.[10] Utah continued reducing its corporate income tax rate, lowering it from 4.55 percent in 2024 to 4.50 percent for tax year 2025 and 4.45 percent for tax year 2026.[11]

Although US corporate profits continued to rise in the first quarter of 2026,[12] many states did not experience corresponding growth in corporate income tax collections. Recently enacted tax rate reductions, tax planning strategies, apportionment changes, and timing differences between profit realization and tax payments likely contributed to the divergence. In states with large manufacturing or export-oriented industries, trade and tariff policies also may have weighed on business investment, corporate profitability, and revenues.

The outlook for corporate income tax collections remains uncertain. The Conference Board's *Consumer Confidence Index* declined by 1.4 points in July 2026, continuing a broader downward trend in consumer sentiment since late 2021. Consumers' assessments of current business and labor market conditions weakened for the third consecutive month, while short-term expectations remained below the threshold historically associated with recession risk. Survey responses continued to reflect concerns about elevated prices, with food and grocery costs cited more frequently than oil and gas prices, as well as ongoing geopolitical tensions.[13]

General Sales Taxes

State general sales tax collections increased 3.6 percent in nominal terms and 0.3 percent in real terms in the first quarter of 2026 compared with the same period in 2025 (table A.1). Growth in the median state was slightly stronger, at 4.2 percent in nominal terms. During the first nine months of fiscal year 2026, state general sales tax collections grew at an average quarterly year-over-year rate of 4.0 percent in nominal terms and 0.8 percent in real terms.

Sales tax collections rose across all regions in the first quarter of 2026 compared with the same period in 2025. The Plains region saw the strongest year-over-year growth at 7.2 percent, while the New England region recorded the weakest increase, at 0.6 percent in nominal terms (table A.2).

Of the 46 states with broad-based sales taxes, 41 reported year-over-year growth in sales tax collections for the first quarter of 2026, while five reported declines. Nebraska saw the strongest growth at 22.1 percent, followed by Iowa at 12.4 percent. In contrast, Michigan reported the largest drop, with sales tax revenues down 6.4 percent.

State sales tax revenues increased 4.0 percent in nominal terms during the first nine months of fiscal year 2026 compared with the same period in fiscal year 2025 (table A.3). The median state recorded slightly weaker growth of 3.9 percent. All regions reported year-over-year gains, led by the

Southwest region at 5.3 percent, while the Rocky Mountain region recorded the weakest growth at 0.8 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 nine months of fiscal year 2026. Utah recorded the steepest drop, at 4.7 percent, while Louisiana reported the strongest growth, at 19.1 percent. Adjusted for inflation, however, many states would show overall declines in sales tax revenues during the first nine months 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.[14]

Motor Fuel Taxes

Motor fuel tax collections increased 2.8 percent in nominal terms but declined 0.5 percent in real terms in the first quarter of 2026 compared with the same period in 2025 (table A.1). Nominal growth in the median state was weaker, at 0.4 percent. During the first nine months 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 first quarter of 2026. The Rocky Mountain region was the only region to report a year-over-year decline, with collections falling 4.1 percent in nominal terms. All other regions recorded gains, led by the Great Lakes region at 8.1 percent. The Far West region posted the weakest growth, at 0.3 percent.

Thirty-two states reported year-over-year growth in motor fuel tax collections in the first quarter of 2026, while the remaining 18 states recorded declines (table A.2). Utah posted the steepest decline, at 9.2 percent, while five states reported double-digit increases.

State motor fuel tax revenues increased 2.5 percent in nominal terms during the first nine months of fiscal year 2026 compared with the same period in fiscal year 2025, while the median state recorded a more modest gain of 0.9 percent (table A.3). Thirty-five states reported year-over-year growth in motor fuel tax collections, while the remaining 15 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.[15]

Oil and gas prices are inherently volatile, and 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.

Recent gas price increases have prompted governors in several states to enact or consider temporary gas tax holidays to ease pressure on consumers (Dadayan, 2026a). 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 first quarter of 2026, states collected $84.7 billion from these combined smaller tax sources, constituting approximately 21.8 percent of total state tax collections.

Revenues from smaller state taxes were generally less volatile than those from the major tax sources. The four-quarter moving average of inflation-adjusted revenues from these taxes increased 1.9 percent in the first quarter of 2026 compared with the same quarter in 2025. State property tax revenues, which account for only a small share of total state tax revenues, increased 1.2 percent. In contrast, tobacco and alcoholic beverage tax revenues declined 4.7 percent and 4.1 percent, respectively, while motor vehicle and operators' license revenues increased 1.5 percent. Revenues from all other smaller tax sources rose 2.6 percent.

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

The Urban Institute regularly compiles monthly state tax revenue data for all states. Preliminary data from 44 states indicate continued year-over-year growth in state tax revenue collections during the second quarter of 2026. The median state reported a 4.3 percent increase in nominal tax revenues, while nationwide collections rose 8.0 percent in nominal terms and 3.5 percent in real terms. Overall, 37 states reported nominal gains in total tax revenues, while seven states recorded declines (table A.9).

Personal income tax collections increased 9.9 percent nationwide in the second quarter of 2026 compared with the same period in 2025, while the median state recorded a much smaller nominal gain of 4.8 percent. Much of the national increase was driven by California and New York, which together accounted for more than 40 percent of nationwide personal income tax collections. In California, growth partly reflected the delayed filing and payment deadlines associated with the January 2025 wildfires. Both California and New York also experienced strong growth in estimated payments, reflecting robust stock market performance and elevated capital gains realizations.

Among individual states, 26 reported year-over-year increases in personal income tax collections in the second quarter of 2026, while 11 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 6.5 percent, while estimated payments surged 10.2 percent. April 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 12.0 percent nationwide in the second quarter of 2026, while the median state recorded a much smaller gain of 2.7 percent. Much of the national increase was driven by California and New York, where corporate income tax collections rose 21.7 percent and 28.2 percent, respectively. Outside California and New York, corporate income tax performance was considerably weaker: 18 states reported year-over-year declines, while 24 posted gains.

Finally, state general sales tax collections increased 4.9 percent in the second quarter of 2026 compared with the same period in 2025. The median state recorded a nominal gain of 5.0 percent. Thirty-six states reported year-over-year growth, while three experienced declines. Despite this improvement, sales tax growth remained modest in most states by historical standards.

BOX 1

Prediction Markets Pose New Challenges for State Tax Systems

Prediction markets allow participants to buy and sell contracts tied to the outcome of future events, including elections, sporting events, economic indicators, weather, and geopolitical developments. Unlike traditional sportsbooks, many prediction market platforms operate under the federal Commodity Exchange Act and are regulated by the Commodity Futures Trading Commission (CFTC).

The rapid growth of prediction markets has important fiscal implications for states. If prediction markets continue to expand, **they may divert wagering activity from state-regulated sportsbooks to federally regulated exchanges that generally fall outside existing state gambling tax systems.** As a result, states could experience slower growth in sports wagering tax revenues even as overall wagering activity continues to increase. Although sports wagering taxes currently account for only a small share of overall state revenues, prediction markets raise broader questions about states' ability to tax and regulate emerging forms of digital wagering (Dadayan 2026b).

Several states responded in 2026 by adopting new tax or regulatory approaches. Kentucky enacted a 14.25 percent excise tax on prediction market operators' transaction fees, while North Carolina enacted a 6.0 percent tax on operators' net trading fee revenue. Illinois brought qualifying prediction market contracts within its Sports Wagering Act by imposing licensing requirements and transaction-based fees. Other states pursued regulatory rather than tax-based responses. Connecticut issued cease-and-desist orders against several prediction market operators, Tennessee challenged sports-related event contracts through litigation, and Minnesota enacted legislation prohibiting prediction markets, underscoring the unsettled legal landscape surrounding these markets.[16]

These divergent approaches reflect continuing uncertainty over the respective roles of federal and state regulators. If courts conclude that federally regulated event contracts preempt state gambling laws, states may have limited authority to regulate or tax a growing share of wagering activity. Conversely, if states retain broad authority over sports-related prediction markets, additional states may adopt taxes, licensing requirements, or other regulatory frameworks. Future CFTC actions regarding sports and event contracts will therefore play a central role in determining the fiscal consequences for states.

Prediction markets also illustrate a broader challenge confronting state tax systems. As economic activity increasingly shifts toward digital platforms and emerging technologies, states are reevaluating how existing tax structures apply to new industries. Alongside recent efforts to reconsider tax preferences for large electricity-intensive data centers and other rapidly evolving sectors, the debate over prediction markets demonstrates the growing need for state tax systems to adapt while protecting existing revenue bases. Whether states ultimately choose to tax, regulate, or prohibit prediction markets, their rapid expansion highlights the increasingly difficult task of balancing innovation, consumer protection, and revenue sustainability within an evolving federal-state regulatory framework.

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.

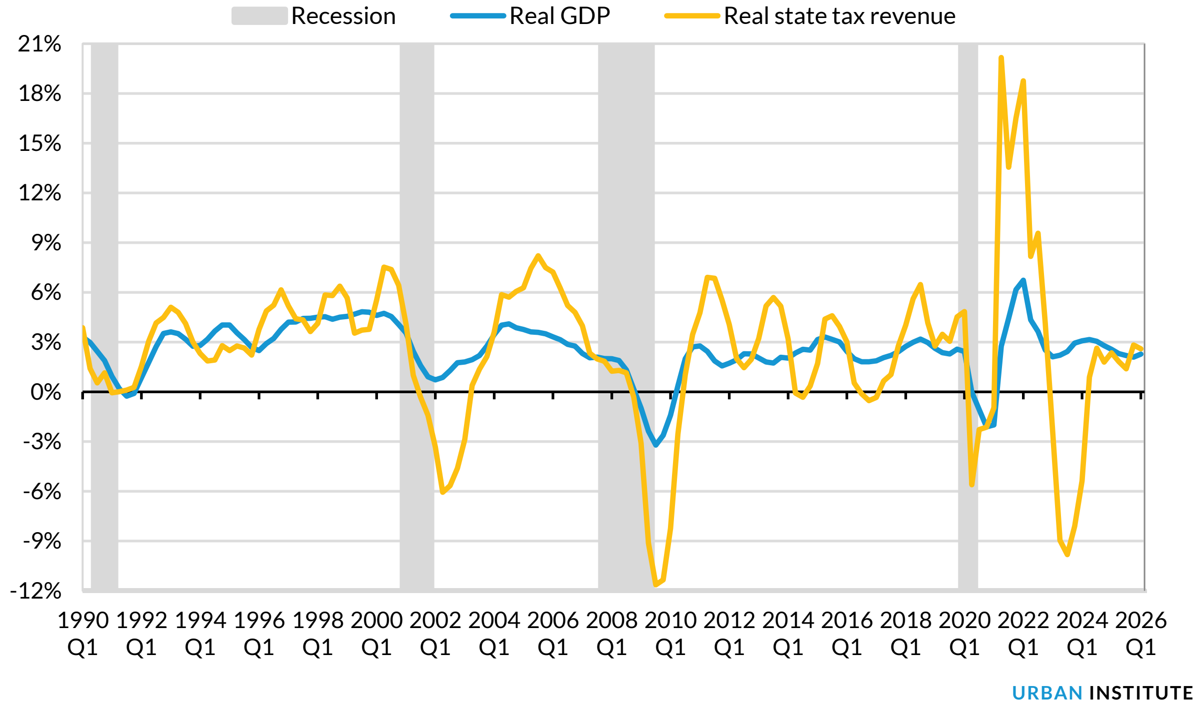
Year-over-year growth in the four-quarter moving average was 2.3 percent for GDP and 2.6 percent for state tax revenues in the first quarter of 2026. (

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



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 first quarter of 2026 compared with the same quarter in 2025. By this measure, real GDP increased in 48 states, while real state tax revenues rose in only 33 states. Year-over-year real GDP growth ranged from just 0.6 percent in West Virginia to 3.2 percent in Florida.

North Dakota and Wyoming were the only two states to record declines in real GDP in the first quarter of 2026. Both 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). Although oil prices increased late in the quarter, the four-quarter moving averages were influenced more by subdued energy production and the lagged response of severance tax collections to market conditions. Oregon was the only state to post double-digit growth in inflation-adjusted state tax revenues, while Alaska was the only state to post double-digit decline. Oregon's sharp increase was largely driven by state-specific policies, as discussed above, while Alaska's revenues are inherently volatile because of the state's 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, 2026 Q1 versus 2025 Q1

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. Alaska and Oregon are outliers and excluded from the figure.

State Unemployment and Employment

During the first quarter of 2026, unemployment rates ranged from a low of 2.3 percent in Hawaii and South Dakota to a high of 6.5 percent in the District of Columbia and 5.4 percent in California and Delaware, with notable variation across socioeconomic and demographic groups within states. Compared with the fourth quarter of 2025, unemployment rates increased in 30 states, pointing to a broad, though uneven, softening in labor market conditions.

Nationwide employment grew just 0.1 percent in the first quarter of 2026 compared with the same quarter in 2025 (figure 7), reflecting a continued slowdown in labor market growth. Twenty-six states recorded year-over-year employment gains, while 24 experienced declines. Maryland posted the steepest decline, at 1.7 percent, in part reflecting reductions in the federal workforce. In contrast, Nevada posted the strongest gains, at 2.1 percent.

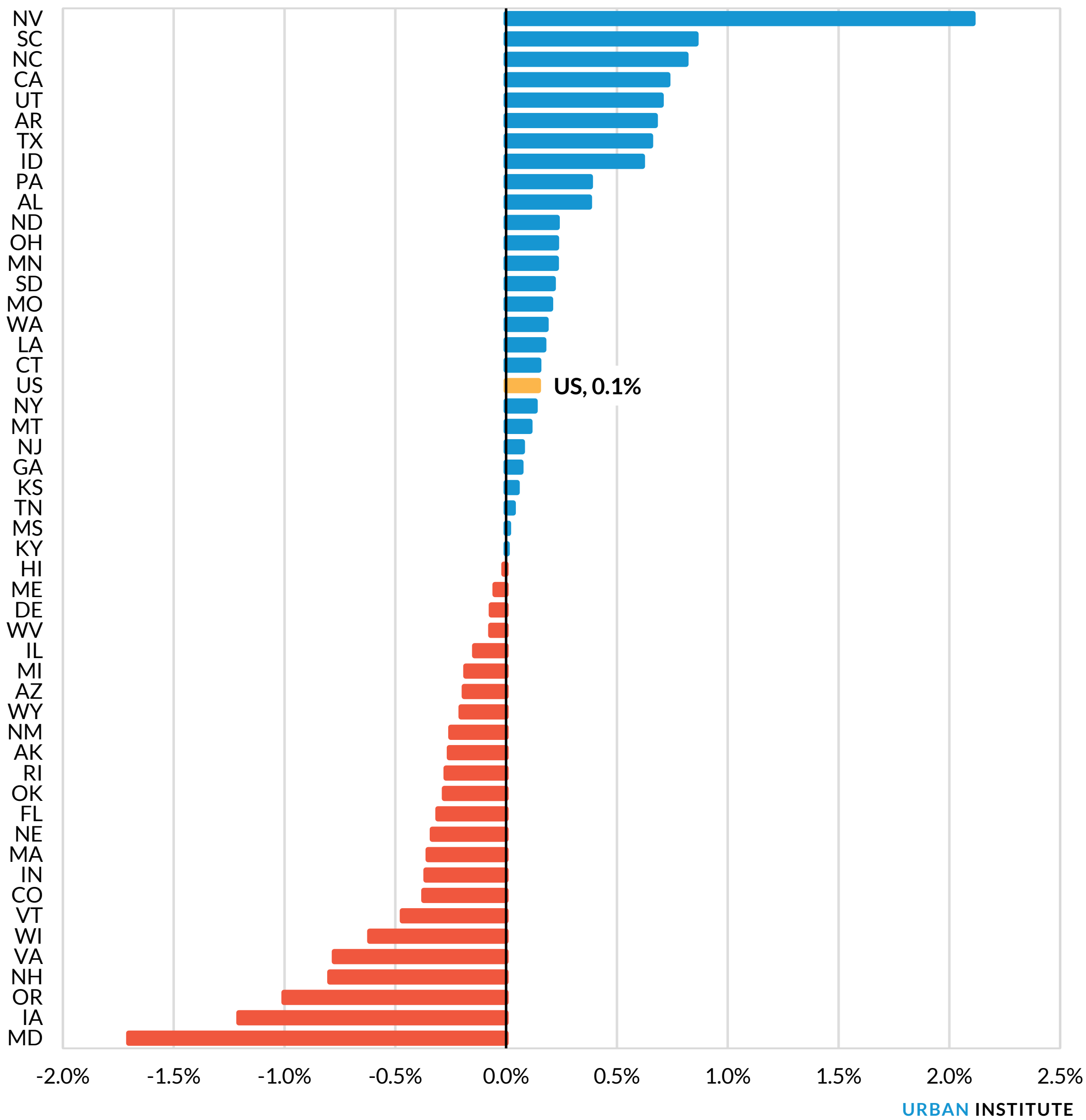
As of July 2026, state and local governments employed 587,000 more workers than in February

2020, just before the COVID-19 pandemic. Despite this recovery, employment growth has slowed in recent months across both the public and private sectors. Public-sector job losses have been concentrated in local government education, while private-sector hiring has moderated across many industries. For example, the leisure and hospitality sector shed 40,000 jobs in July 2026 from the previous month.

FIGURE 7

Employment Weakness Was Widespread in the First Quarter of 2026

Year-over-year percentage change in employment, 2026 Q1 versus 2025 Q1



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

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

Housing Market

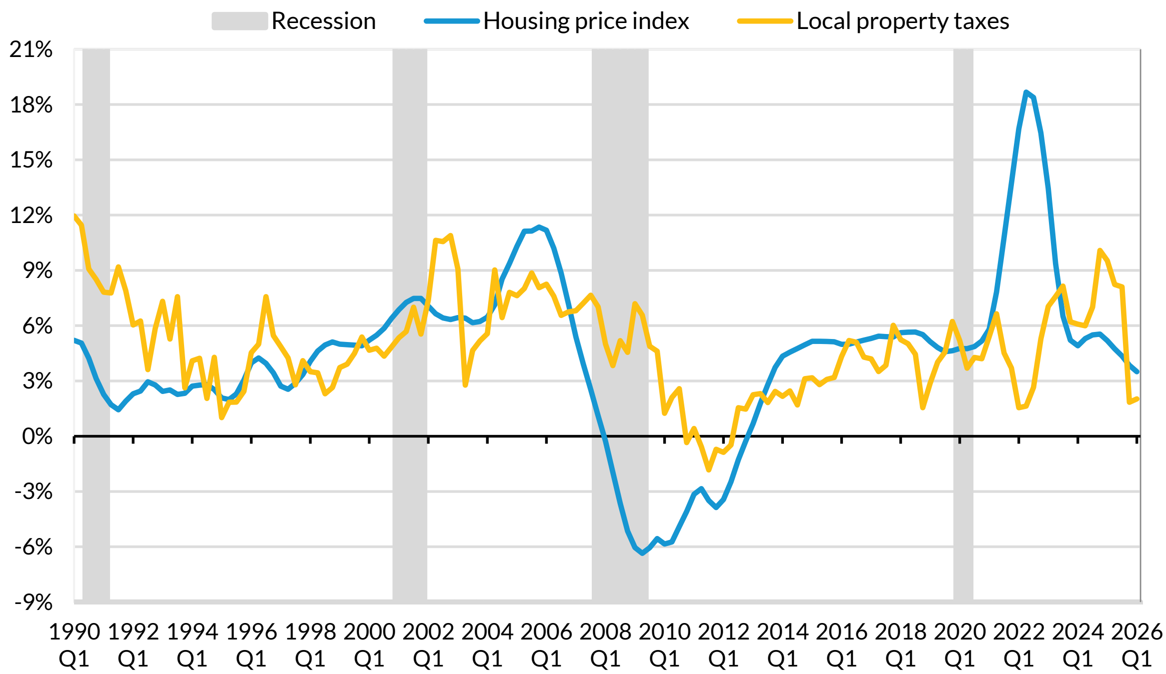
House prices are an important determinant of local property taxes, but assessment lags and assessment caps can delay how quickly house price changes translate into property tax revenue changes. Changes in house prices typically translate into similar movements in property tax revenues, with price declines 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 3.5 percent for the first quarter of 2026 compared with a year earlier; year-over-year growth in local property taxes was 2.0 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



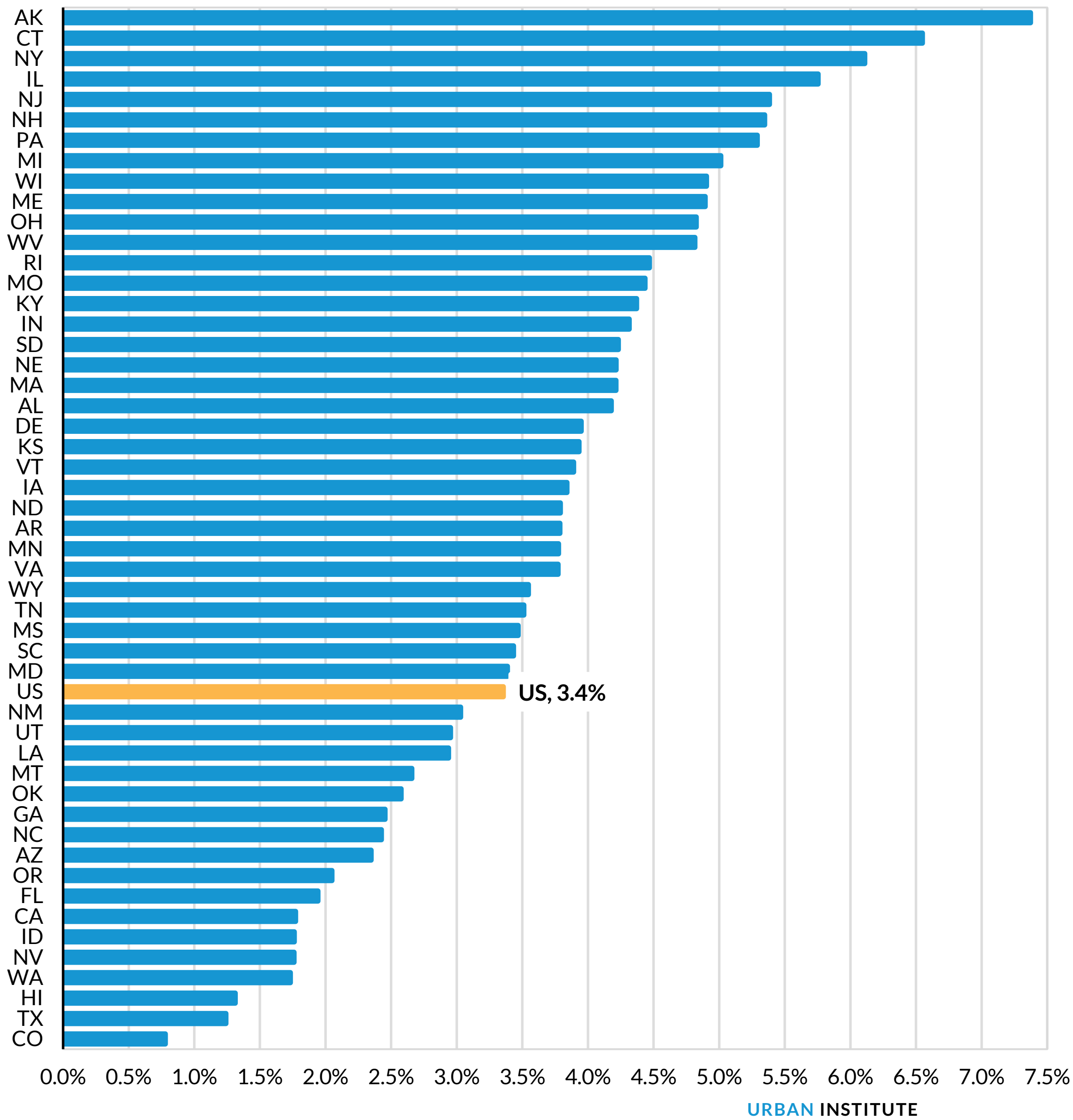
Sources: US Census Bureau (property taxes) and Federal Housing Finance Agency (house price indexes), analysis by the author.
Notes: Year-over-year change is the percentage change of four-quarter moving averages.

Figure 9 shows the year-over-year nominal percentage change in house price indexes across all states in the first quarter of 2026. House prices increased in all 50 states, though the pace of growth varied considerably. Growth ranged from 0.8 percent in Colorado to 7.4 percent in Alaska. Nationally, house prices increased 3.4 percent year over year in the first quarter of 2026, highlighting continued but uneven housing market growth across states.

FIGURE 9

Housing Prices Rose in all 50 States in the First Quarter of 2026

Year-over-year percentage change in house prices, 2026 Q1 versus 2025 Q1



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 Fannie Mae's Home Price Expectations Survey for the second quarter of 2026, housing experts expect national home price growth to moderate over the next several years, reflecting persistent affordability constraints and a softer housing market outlook. Although home prices are expected to continue rising nationally, elevated mortgage rates, high home prices, and broader economic uncertainty are expected to weigh on housing demand. The survey also points to growing regional divergence, with some housing markets facing greater downside risks than others.[17]

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 growth 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.

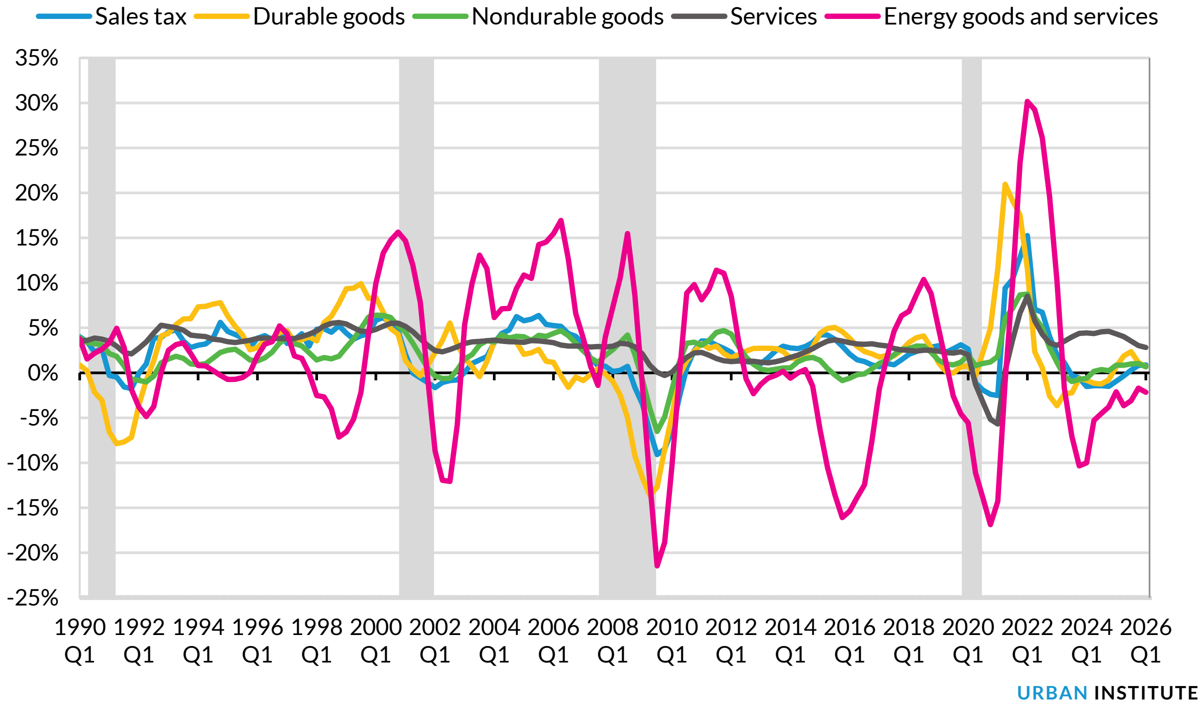
Growth in real services spending moderated over the past year, averaging 2.8 percent year over year in the first quarter of 2026. Spending on durable and nondurable goods increased sharply during the COVID-19 pandemic but slowed considerably beginning in mid-2022. Real durable goods spending declined for nine consecutive quarters before returning to modest growth in the first quarter of 2025. By the first quarter of 2026, growth in both durable and nondurable goods spending remained subdued, at 0.7 percent year over year.

Spending on gasoline and energy goods accounts for roughly one-fifth of total spending on nondurable goods. After increasing from the third quarter of 2021 through the first quarter of 2023, largely because of higher gasoline and oil prices, real spending on energy goods and services began to decline in the second quarter of 2023. By the first quarter of 2026, real spending was 2.2 percent below its level a year earlier, marking the twelfth consecutive quarterly decline.

FIGURE 10

Spending on Goods Remains Sluggish in the First Quarter of 2026

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



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

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

Higher oil and gasoline prices resulting from heightened geopolitical tensions in recent months may alter this trend in subsequent quarters by placing upward pressure on household spending for gasoline and other energy-related goods and services, although the extent of any change will depend on both energy prices and consumer demand.

Tax Law Changes Affecting the First Quarter of 2026

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 first quarter of 2026, forecasts of enacted state tax changes indicated a net $0.6 billion decline in total state tax revenues, reflecting the combined effects of tax increases and decreases.[18] Overall, these tax changes were projected to reduce personal income tax collections by $1.4 billion and sales tax collections by $0.6 billion, while increasing corporate income tax revenues by $0.6 billion. Changes to other taxes and fees were projected to raise revenues by approximately $0.7 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 was 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 was projected to result in a net decrease in personal income tax revenues of approximately $4.8 billion. Georgia and Wisconsin were 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.[19] Enacted personal income tax changes were 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.[20] In total, these changes were 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.[21] These changes were 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.[22] Enacted personal income tax changes were 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.[23] These enacted personal income tax changes were 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 increased 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.[24] These enacted personal income tax changes were 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 were projected to increase in 10 states and decline in eight states. The net impact of these legislated changes was projected to increase corporate income tax revenues by approximately $2.1 billion. Washington and Michigan were expected to see the largest corporate income tax revenue gains, while Georgia was 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.[25] These changes were 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.[26] These changes broaden the state corporate income tax base and were projected to increase revenues by approximately $540 million in fiscal year 2026.[27]

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 were projected to reduce revenues by approximately $110 million in fiscal year 2026.[28]

Sixteen states enacted **sales tax** decreases, while nine states enacted increases. The net impact of these changes was an estimated $1.9 billion decrease in national sales tax revenues in fiscal year 2026. Florida and Michigan were projected to experience the largest revenue declines, while Maryland was 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.[29] These changes were 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.[30] These changes were 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.[31] These changes were 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 were 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 cannabis[32] and the regulation and taxation of skill games. However, these measures were not enacted and remain under legislative consideration. If enacted, they could generate more than $1 billion in annual revenue.

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 were 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).[33]

Conclusion

State tax revenues remained weak throughout much of fiscal year 2026. After adjusting for inflation, state tax revenues declined in 26 states during the first nine months of the fiscal year, while most of the remaining states recorded only modest gains.

Although a handful of states with progressive personal income tax structures and high concentrations of high-income taxpayers benefited from strong stock market performance and elevated capital gains realizations, most states experienced sluggish revenue growth or outright declines across one or more major tax sources. Corporate income tax collections remained particularly weak in many states, reflecting enacted rate reductions, tax planning strategies, and continued volatility in business profits, while sales tax growth moderated as consumer spending softened.

Although several states were still finalizing their fiscal year 2026 financial results at the time of writing, preliminary data suggested that revenue growth remained subdued through the end of the fiscal year. As states entered fiscal year 2027, many faced tighter budget conditions than in recent years. Slower economic growth, heightened geopolitical uncertainty, renewed inflationary pressures, financial market volatility, and uncertainty surrounding federal fiscal policy and intergovernmental funding complicated revenue forecasting and budget planning (Dadayan and Schwabish 2026b).

State tax policy responses also became increasingly divergent. Even as revenue growth moderated and federal aid declined, many states continued to implement previously enacted tax cuts, while others raised taxes or broadened tax bases to stabilize revenues (Dadayan and Brosy 2026). At the same time, states continue to reevaluate tax expenditures and explore new or expanded revenue sources to address slowing growth in traditional tax bases.

One notable development has been states' growing interest in taxing emerging industries and economic activities. In addition to reconsidering tax preferences for large electricity-intensive data centers, states are increasingly exploring the taxation and regulation of prediction markets and other rapidly expanding digital activities.

Looking ahead, states are likely to face increasingly difficult fiscal tradeoffs. Revenue systems are becoming more volatile as they rely heavily on capital gains, corporate profits, and other economically sensitive tax bases, while demographic changes, evolving consumer behavior, technological change, and federal policy shifts continue to reshape state tax bases. The fiscal challenges of fiscal year 2027 will therefore extend beyond managing slower revenue growth to determining how state tax systems should evolve to remain competitive, fair, efficient, and sustainable in a rapidly changing economy.

Appendix: Additional Tables

TABLE A.1

Quarterly State Government Tax Revenue by Major Tax

	Nominal YOY Percentage Change					Inflation	Real YOY Percentage Change				
Year/quarter	PIT	CIT	Sales	MFT	Total	rate	PIT	CIT	Sales	MFT	Total
Average growth, Fiscal YTD 2026	**8.7**	**1.0**	**4.0**	**2.5**	**5.7**	**3.2**	**5.3**	**(2.1)**	**0.8**	**(0.6)**	**2.5**
2026 Q1	7.1	9.4	3.6	2.8	5.0	3.3	3.7	5.9	0.3	(0.5)	1.7
2025 Q4	10.4	8.7	4.4	1.6	7.8	3.3	6.9	5.2	1.1	(1.7)	4.4
2025 Q3	8.6	(15.0)	3.9	3.2	4.3	3.0	5.4	(17.5)	0.9	0.2	1.3
2025 Q2	11.3	(0.7)	3.7	(0.0)	5.5	2.5	8.6	(3.1)	1.2	(2.4)	2.9
2025 Q1	9.0	5.7	2.7	0.9	5.3	2.6	6.3	3.0	0.1	(1.7)	2.6
2024 Q4	1.0	(12.9)	1.4	4.7	0.8	2.5	(1.5)	(15.0)	(1.1)	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)	3.3
2024 Q2	12.5	9.4	1.7	2.2	7.6	2.7	9.6	6.6	(1.0)	(0.5)	4.8
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, 2026 Q1 versus 2025 Q1

State/region	PIT	CIT	Sales	MFT	Total
US (median)	**1.8**	**(2.0)**	**4.2**	**0.4**	**3.0**
US (average)	**7.1**	**9.4**	**3.6**	**2.8**	**5.0**
New England	**7.9**	**2.0**	**0.6**	**1.2**	**5.3**
Connecticut	6.5	18.0	2.9	(2.6)	7.7
Maine	2.2	(41.9)	0.9	0.0	3.1
Massachusetts	9.6	(8.7)	(1.7)	1.4	5.2
New Hampshire	NA	(2.0)	NA	0.5	0.1
Rhode Island	10.8	(8.1)	4.1	18.3	3.3
Vermont	(1.6)	(10.4)	2.4	(0.5)	(0.7)
Mideast	**7.9**	**8.4**	**3.9**	**0.3**	**8.5**
Delaware	6.6	(13.2)	NA	(2.0)	5.2
Maryland	9.6	(27.7)	6.2	0.2	9.0
New Jersey	6.5	(40.4)	1.6	(0.4)	5.6
New York	9.8	15.1	5.6	(2.0)	11.6
Pennsylvania	(0.5)	(13.0)	2.9	1.5	2.9
Great Lakes	**4.1**	**1.2**	**1.5**	**8.1**	**4.5**
Illinois	6.1	1.8	1.1	3.2	7.8
Indiana	1.0	(40.4)	5.5	3.5	3.6
Michigan	14.9	4.0	(6.4)	42.7	3.6
Ohio	1.3	NA	3.6	(1.1)	2.6
Wisconsin	(6.2)	5.7	5.1	2.3	0.0
Plains	**3.9**	**(21.8)**	**7.2**	**3.5**	**2.4**
Iowa	(9.7)	(49.9)	12.4	1.9	(8.0)
Kansas	1.8	(51.0)	1.4	5.1	1.0
Minnesota	14.5	(5.3)	3.9	2.0	8.0
Missouri	(2.2)	(24.2)	5.2	5.3	0.2
Nebraska	(11.8)	(32.4)	22.1	5.5	3.5
North Dakota	(13.3)	6.5	4.5	(2.2)	(7.3)
South Dakota	NA	17.1	7.9	2.9	7.6
Southeast	**0.7**	**1.2**	**2.9**	**0.5**	**3.3**
Alabama	8.8	(90.0)	(0.8)	4.6	4.2
Arkansas	17.7	9.9	4.5	2.2	8.0
Florida	NA	25.7	0.1	0.1	1.9
Georgia	(1.8)	(1.8)	6.7	1.4	1.1
Kentucky	(2.6)	(48.6)	7.2	(5.1)	0.5
Louisiana	(25.9)	NM	11.8	(2.4)	0.1
Mississippi	(1.5)	(28.1)	5.3	16.7	0.9
North Carolina	(3.4)	1.1	1.0	(3.6)	0.2
South Carolina	17.3	(3.3)	2.5	(1.0)	6.1
Tennessee	NA	11.4	3.7	(0.9)	12.3
Virginia	4.5	11.9	4.9	2.7	4.6
West Virginia	0.4	(34.9)	6.3	8.8	10.2
Southwest	**(0.5)**	**32.8**	**5.4**	**1.9**	**3.0**
Arizona	(1.4)	5.6	4.4	0.1	1.7
New Mexico	9.3	58.8	4.3	0.1	8.8
Oklahoma	(3.8)	11.7	5.2	1.2	0.8
Texas	NA	NA	5.8	2.6	2.7
Rocky Mountain	**(4.8)**	**(7.8)**	**1.6**	**(4.1)**	**(2.4)**
Colorado	(16.5)	(36.6)	2.6	(2.3)	(8.5)
Idaho	5.1	2.1	6.0	(6.9)	4.2
Montana	0.8	48.0	NA	5.1	(1.4)
Utah	5.9	56.1	(3.7)	(9.2)	2.4
Wyoming	NA	NA	5.4	11.6	(0.6)
Far West	**13.6**	**22.8**	**4.3**	**4.9**	**5.7**
Alaska	NA	(34.3)	NA	(6.4)	(23.1)
California	16.2	22.5	2.4	0.1	6.7
Hawaii	3.6	NM	2.7	(0.3)	3.9
Nevada	NA	NA	2.6	0.1	2.2
Oregon	(13.7)	38.2	(0.4)	(0.6)	(7.7)
Washington	NA	NA	9.8	54.9	7.2

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; NM = not meaningful.

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)	**5.0**	**(8.6)**	**3.9**	**0.9**	**3.1**
US (average)	**8.6**	**1.5**	**4.0**	**2.5**	**5.7**
New England	**5.9**	**(7.3)**	**1.1**	**(0.1)**	**3.3**
Connecticut	5.5	2.1	3.7	(1.7)	4.5
Maine	1.8	(23.0)	0.2	(0.1)	1.9
Massachusetts	7.0	(13.7)	(0.5)	0.0	3.1
New Hampshire	NA	(1.5)	NA	(3.4)	(1.6)
Rhode Island	5.0	(3.6)	2.2	10.4	7.1
Vermont	4.7	(28.3)	3.4	(1.9)	1.0
Mideast	**7.6**	**0.2**	**5.2**	**(0.2)**	**7.2**
Delaware	9.9	(2.6)	NA	(0.9)	6.3
Maryland	7.2	(20.0)	5.9	0.2	8.3
New Jersey	10.2	(35.2)	2.4	0.8	6.6
New York	7.2	8.6	6.9	(3.7)	8.5
Pennsylvania	6.0	(16.5)	4.7	1.3	4.2
Great Lakes	**4.1**	**(1.6)**	**3.2**	**4.5**	**5.4**
Illinois	4.9	(2.7)	4.3	2.6	9.0
Indiana	2.1	24.6	5.5	4.1	5.5
Michigan	2.6	(13.1)	(2.5)	16.0	0.6
Ohio	7.5	NA	4.4	1.0	5.3
Wisconsin	2.7	8.7	4.6	1.6	4.2
Plains	**3.0**	**(22.6)**	**4.6**	**6.3**	**1.3**
Iowa	(17.1)	(40.7)	6.4	0.1	(7.9)
Kansas	5.9	(25.9)	(0.1)	3.7	1.4
Minnesota	6.2	(14.6)	3.6	11.0	3.5
Missouri	3.1	(22.3)	3.7	9.8	2.4
Nebraska	18.0	(36.4)	15.3	5.8	7.3
North Dakota	(7.7)	7.7	0.8	(1.4)	(8.8)
South Dakota	NA	0.6	5.3	2.2	4.5
Southeast	**4.0**	**(10.3)**	**3.8**	**2.2**	**3.3**
Alabama	7.4	(47.5)	(0.1)	4.9	1.5
Arkansas	8.0	(6.6)	3.8	0.1	4.1
Florida	NA	(3.0)	1.4	1.0	1.7
Georgia	1.3	(3.5)	3.7	6.7	2.0
Kentucky	4.9	(42.9)	5.9	(3.9)	(0.2)
Louisiana	(16.2)	(48.7)	19.1	(1.5)	(2.0)
Mississippi	(0.3)	28.6	4.4	14.9	3.7
North Carolina	2.5	(15.1)	3.4	2.6	3.1
South Carolina	7.9	(15.5)	4.5	0.1	3.1
Tennessee	NA	21.9	4.0	(0.9)	9.0
Virginia	9.9	(8.6)	4.9	3.9	6.9
West Virginia	(0.6)	(17.6)	8.8	(2.1)	11.7
Southwest	**3.5**	**2.6**	**5.3**	**1.9**	**3.5**
Arizona	5.5	5.5	3.5	1.1	2.5
New Mexico	(3.6)	(9.5)	6.0	(2.7)	2.3
Oklahoma	4.6	16.2	1.1	0.4	3.4
Texas	NA	NA	6.0	2.7	4.1
Rocky Mountain	**4.6**	**(26.3)**	**0.8**	**3.9**	**1.0**
Colorado	4.1	(33.9)	2.3	0.5	0.5
Idaho	2.4	(12.4)	4.9	1.4	2.3
Montana	6.2	(5.0)	NA	0.4	2.1
Utah	5.5	(28.7)	(4.7)	10.6	0.9
Wyoming	NA	NA	1.4	2.7	(0.6)
Far West	**18.1**	**21.5**	**3.9**	**1.9**	**10.1**
Alaska	NA	40.7	NA	(2.3)	(16.8)
California	19.0	21.5	2.7	(0.0)	11.6
Hawaii	(7.2)	(0.1)	4.9	2.6	(3.7)
Nevada	NA	NA	3.4	0.8	3.1
Oregon	13.4	20.3	5.6	(3.8)	12.1
Washington	NA	NA	6.6	20.3	6.5

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

	Fiscal Year 2025				Fiscal Year 2026		
State/Region	**2024 Q3**	**2024 Q4**	**2025 Q1**	**2025 Q2**	**2025 Q3**	**2025 Q4**	**2026 Q1**
US (median)	**5.3**	**6.7**	**4.6**	**2.8**	**5.4**	**4.4**	**3.9**
US (average)	**5.8**	**7.1**	**6.3**	**3.2**	**6.5**	**4.7**	**4.2**
New England	**7.3**	**5.5**	**8.1**	**3.7**	**5.8**	**5.7**	**5.7**
Connecticut	9.7	3.4	7.8	6.2	5.7	5.7	4.3
Maine	6.0	6.8	7.9	5.1	8.6	4.7	5.0
Massachusetts	6.3	6.3	8.6	2.8	5.4	5.6	6.3
Rhode Island	11.1	6.5	5.8	3.6	4.9	6.4	7.6
Vermont	3.4	4.2	4.8	(6.1)	8.7	9.6	4.8
Mideast	**7.1**	**8.6**	**9.5**	**4.3**	**8.1**	**8.2**	**5.3**
Delaware	2.7	13.5	6.8	4.8	9.4	3.7	3.1
Maryland	8.7	8.7	9.6	(3.5)	5.5	2.6	3.9
New Jersey	5.8	7.3	7.2	8.3	7.8	12.0	2.1
New York	8.4	9.7	11.4	6.7	9.5	9.5	7.3
Pennsylvania	2.4	5.5	3.4	4.5	5.9	7.1	0.9
Great Lakes	**3.1**	**3.4**	**3.7**	**3.4**	**4.2**	**2.8**	**4.6**
Illinois	8.7	6.3	6.5	8.1	1.0	(1.1)	2.9
Indiana	(14.3)	(10.4)	(4.5)	(7.0)	13.2	6.4	6.7
Michigan	11.5	9.4	5.3	3.3	2.3	4.8	6.1
Ohio	(2.2)	0.0	2.3	2.0	4.8	4.2	3.6
Wisconsin	5.8	8.0	4.6	4.1	6.2	5.6	6.2
Plains	**3.6**	**6.4**	**1.6**	**0.3**	**2.2**	**0.8**	**3.2**
Iowa	0.7	1.8	(12.2)	(22.8)	(21.0)	(21.0)	(8.3)
Kansas	6.3	7.4	9.3	6.4	10.8	9.1	6.8
Minnesota	8.7	8.7	5.0	5.1	5.8	4.4	6.6
Missouri	(1.1)	7.9	(1.3)	1.7	5.5	2.7	4.0
Nebraska	(2.0)	(0.4)	1.8	(6.2)	(0.3)	(2.7)	(5.1)
North Dakota	(17.4)	(4.8)	0.9	36.8	(9.2)	(3.7)	(5.2)
Southeast	**2.2**	**3.0**	**2.8**	**(0.7)**	**3.1**	**2.3**	**1.5**
Alabama	(0.3)	1.4	6.5	(0.6)	9.4	8.9	8.4
Arkansas	(1.1)	(4.1)	(2.5)	(5.9)	0.1	4.5	12.0
Georgia	(3.8)	(3.4)	3.0	0.0	(0.1)	0.8	(0.7)
Kentucky	(10.9)	(7.5)	(1.8)	4.9	7.5	4.7	(3.0)
Louisiana	23.3	6.9	(2.8)	(17.4)	(20.1)	(15.6)	(5.7)
Mississippi	0.6	0.8	0.4	(3.7)	0.3	(0.7)	(3.0)
North Carolina	3.1	7.2	(0.0)	0.1	2.9	4.1	(1.3)
South Carolina	9.0	7.0	6.8	5.0	1.7	4.9	2.9
Virginia	5.5	7.6	6.5	0.6	10.6	3.5	4.4
West Virginia	3.8	6.8	(1.3)	(6.1)	3.4	(2.0)	4.1
Southwest	**7.8**	**6.8**	**3.2**	**3.8**	**2.8**	**4.4**	**2.0**
Arizona	7.7	7.3	3.8	3.9	3.6	3.3	4.3
New Mexico	7.9	6.2	(0.3)	(2.4)	(5.5)	(0.2)	1.4
Oklahoma	7.9	6.4	4.1	6.9	6.1	8.1	(0.8)
Rocky Mountain	**3.4**	**5.3**	**4.7**	**2.6**	**4.1**	**5.1**	**3.5**
Colorado	4.9	6.0	5.2	3.7	5.6	5.8	3.7
Idaho	5.3	9.7	6.6	2.1	(3.9)	5.9	2.6
Montana	(12.7)	(11.1)	0.4	7.2	8.0	4.2	2.1
Utah	4.7	6.7	4.0	(0.4)	3.6	4.1	3.9
Far West	**9.5**	**11.7**	**8.2**	**5.3**	**11.1**	**4.9**	**4.4**
California	10.1	12.1	8.8	6.3	12.5	5.4	4.8
Hawaii	4.8	8.3	(3.7)	(13.7)	(12.2)	(10.8)	(9.0)
Oregon	6.1	8.5	5.7	2.3	5.2	4.1	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 April 2024 – January 2025, all 4 payments	Tax year 2025 April 2025 – January 2026, all 4 payments	Tax year 2025 April-May 2025 vs April-May 2024	Tax year 2026 April-May 2026 vs April-May 2025
Median	**7.8**	**14.2**	**18.8**	**6.0**
Average	**13.9**	**23.7**	**16.7**	**10.2**
Alabama	8.1	25.6	65.7	(15.2)
Arizona	1.9	20.6	26.4	6.8
Arkansas	9.5	(11.0)	(11.0)	50.5
California	22.8	39.5	12.5	28.9
Colorado	13.2	(9.7)	(66.4)	31.2
Connecticut	26.2	19.7	22.2	16.3
Delaware	(13.8)	36.3	10.5	7.0
Georgia	10.2	6.7	(7.1)	(17.7)
Hawaii	0.8	(7.0)	(10.9)	(2.1)
Illinois	17.5	43.5	24.6	7.8
Indiana	9.9	19.9	66.2	2.0
Iowa	(92.0)	132.2	35.3	NM
Kansas	9.2	(0.2)	(6.3)	16.7
Kentucky	(22.4)	0.1	(50.8)	18.5
Louisiana	(13.1)	(7.3)	5.3	(36.6)
Maine	7.4	8.5	36.7	12.1
Maryland	1.2	22.7	21.7	12.5
Massachusetts	31.7	12.0	17.4	13.6
Michigan	11.7	25.9	39.9	1.7
Minnesota	5.0	13.8	14.2	5.9
Mississippi	10.6	7.7	10.2	(11.4)
Missouri	(5.4)	(18.6)	(47.4)	(33.5)
Montana	(13.1)	6.0	1.8	3.1
Nebraska	(35.7)	11.6	25.5	(1.5)
New Jersey	16.1	21.8	27.6	6.9
New York	14.0	20.9	21.6	8.3
North Carolina	43.0	19.8	54.4	(5.0)
North Dakota	(15.3)	(1.8)	22.9	(10.8)
Ohio	(4.0)	15.6	22.3	(11.8)
Oklahoma	6.5	19.3	19.8	213.8
Oregon	(11.6)	26.9	56.4	(5.9)
Pennsylvania	6.5	13.2	18.5	6.0
Rhode Island	7.4	16.0	25.4	10.9
South Carolina	48.3	12.6	17.4	(3.2)
Vermont	23.0	10.8	14.7	11.0
Virginia	52.1	19.7	10.2	7.1
West Virginia	(29.1)	14.5	19.1	(6.1)
Wisconsin	10.1	9.7	10.5	(3.7)

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. NM = not meaningful.

TABLE A.6

State Personal Income Tax Final Payments

Year-over-year nominal percentage change

State	Tax year 2024 April 2024 – January 2025, all 4 payments	Tax year 2025 April 2025 – January 2026, all 4 payments	Tax year 2025 April-May 2025 vs April-May 2024	Tax year 2026 April-May 2026 vs April-May 2025
Median	**(2.9)**	**15.1**	**19.4**	**6.0**
Average	**(8.4)**	**19.9**	**22.3**	**9.1**
Alabama	4.0	19.7	25.5	4.3
Arizona	(17.7)	21.4	23.5	5.0
Arkansas	6.6	(15.6)	(24.6)	39.9
California	(28.0)	46.8	34.6	17.4
Colorado	2.7	45.5	69.2	12.6
Connecticut	19.3	26.4	25.8	6.3
Delaware	0.7	14.7	13.0	323.9
Georgia	(14.8)	15.4	5.0	4.8
Hawaii	(3.0)	11.8	20.0	(1.3)
Idaho	(10.2)	17.7	23.0	(1.6)
Illinois	5.3	27.5	28.3	4.3
Indiana	4.9	2.9	1.3	2.9
Iowa	43.3	(0.2)	20.5	(34.4)
Kansas	(2.9)	(3.0)	(2.9)	20.9
Kentucky	(19.2)	13.5	15.8	83.8
Louisiana	(5.8)	22.0	12.1	(40.9)
Maine	2.6	13.7	54.5	7.1
Maryland	19.2	(1.7)	19.3	22.7
Massachusetts	43.1	11.7	15.3	10.2
Michigan	(10.4)	31.3	36.3	(2.1)
Minnesota	(3.9)	21.2	25.4	5.7
Missouri	(2.9)	27.6	28.2	(23.9)
Montana	(9.7)	8.5	10.0	11.4
Nebraska	(34.4)	(4.4)	0.8	6.7
New Jersey	0.8	17.7	18.6	7.5
New Mexico	15.1	(3.4)	8.2	27.1
New York	(2.4)	29.7	33.4	7.8
North Carolina	(25.3)	0.7	3.5	(0.6)
North Dakota	(30.1)	23.4	17.4	(0.4)
Ohio	(36.5)	20.8	23.2	0.6
Oklahoma	5.0	9.5	14.9	7.7
Pennsylvania	(3.3)	19.8	19.0	7.1
Rhode Island	1.8	4.1	47.4	16.7
South Carolina	3.8	14.9	5.2	(1.6)
Utah	(7.2)	16.9	19.5	5.7
Vermont	12.5	21.6	28.4	(3.1)
Virginia	(30.3)	2.4	22.3	0.3
West Virginia	(42.1)	1.4	15.1	14.9
Wisconsin	4.8	22.9	29.3	(12.2)

Source: Individual state data, analysis by the author.

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

TABLE A.7

States with Pass-Through Entity Elective Tax and Effective Dates

State	Effective date
Alabama	Tax Year 2021
Arizona	Tax Year 2022
Arkansas	Tax Year 2022
California	Tax Year 2021
Colorado	Tax Year 2022
Connecticut	Tax Year 2018
Delaware	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
2026 Q1 collections ($ millions)	**$6,273**	**$3,366**	**$1,943**	**$10,023**	**$63,116**	**$84,721**
Average growth, Fiscal YTD 2026	**1.9**	**(6.6)**	**(4.1)**	**1.5**	**2.8**	**1.9**
2026 Q1	1.2	(4.7)	(4.1)	1.5	2.6	1.9
2025 Q4	1.2	(7.1)	(4.4)	0.9	3.7	2.4
2025 Q3	3.3	(7.9)	(3.9)	2.3	2.0	1.5
2025 Q2	4.0	(8.2)	(3.9)	3.7	3.4	2.7
2025 Q1	3.5	(9.4)	(3.6)	3.1	6.1	4.3
2024 Q4	5.2	(9.0)	(2.0)	4.3	7.1	5.4
2024 Q3	1.7	(9.6)	(1.8)	3.3	5.4	3.7
2024 Q2	(0.3)	(10.4)	(2.2)	1.0	0.7	(0.1)
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 Second Quarter of 2026, by State

Nominal percentage change, 2026 Q2 versus 2025 Q2

State/region	PIT	CIT	Sales	Total
US (median)	**4.8**	**2.7**	**5.0**	**4.3**
US (average)	**9.9**	**12.0**	**4.9**	**8.0**
New England	**8.3**	**2.3**	**6.0**	**5.5**
Connecticut	8.8	(1.4)	6.3	6.7
Maine	9.5	9.7	5.0	5.3
Massachusetts	7.8	2.9	6.2	5.1
New Hampshire	NM	8.7	NA	6.4
Rhode Island	ND	ND	ND	ND
Vermont	9.4	(1.0)	3.7	4.1
Mideast	**7.9**	**19.2**	**8.7**	**9.6**
Delaware	7.7	3.9	NA	2.1
Maryland	ND	ND	ND	ND
New Jersey	7.8	1.5	11.9	10.1
New York	8.7	28.2	7.5	11.4
Pennsylvania	5.3	11.1	6.2	5.9
Great Lakes	**2.7**	**7.0**	**3.0**	**4.0**
Illinois	2.8	(1.0)	5.5	2.7
Indiana	4.2	27.2	0.9	4.1
Michigan	3.9	13.3	(2.2)	6.2
Ohio	4.4	(97.8)	7.1	5.5
Wisconsin	(2.1)	9.1	2.5	1.9
Plains	**3.0**	**(11.2)**	**7.1**	**2.9**
Iowa	(15.6)	(24.0)	3.6	(8.3)
Kansas	13.0	(19.0)	2.4	3.6
Minnesota	9.2	11.4	12.2	9.3
Missouri	(6.6)	(22.1)	8.0	(3.6)
Nebraska	28.9	(23.9)	5.4	8.2
North Dakota	(32.8)	(32.4)	2.5	(2.8)
South Dakota	NA	53.5	9.7	7.9
Southeast	**2.0**	**8.0**	**3.2**	**2.6**
Alabama	9.5	(10.4)	(2.6)	3.2
Arkansas	28.1	39.6	4.7	6.5
Florida	NA	8.6	0.9	4.5
Georgia	(0.1)	(0.9)	6.7	(3.6)
Kentucky	4.0	15.4	8.0	6.4
Louisiana	(26.5)	(49.1)	3.2	(17.0)
Mississippi	(4.5)	20.0	0.4	3.3
North Carolina	ND	ND	ND	ND
South Carolina	(2.2)	2.2	6.1	0.3
Tennessee	NA	24.2	4.6	10.1
Virginia	5.2	13.7	7.0	5.3
West Virginia	10.4	(20.3)	2.6	3.3
Southwest	**2.6**	**2.5**	**4.3**	**5.9**
Arizona	2.7	11.9	5.0	6.0
New Mexico	ND	ND	ND	ND
Oklahoma	2.5	(16.8)	9.0	3.5
Texas	NA	NA	4.0	6.1
Rocky Mountain	**5.8**	**(24.0)**	**2.5**	**0.5**
Colorado	10.1	(23.7)	3.2	2.8
Idaho	(10.6)	2.4	6.1	2.9
Montana	4.8	(12.2)	NA	4.1
Utah	6.0	(41.1)	(1.7)	(5.1)
Wyoming	NA	NA	ND	ND
Far West	**21.7**	**20.5**	**6.4**	**16.2**
Alaska	NA	49.0	NA	87.4
California	25.3	21.7	5.5	18.6
Hawaii	(0.3)	17.5	1.2	4.0
Nevada	NA	NA	ND	ND
Oregon	(4.5)	(19.7)	NA	(6.0)
Washington	NA	NA	11.2	8.3

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

Notes

[1] The author made several adjustments for the first quarter of 2026 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 August 15, 2026, https://www.ftb.ca.gov/file/when-to-file/disaster-declarations-tax-payments.html.

[4] 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.

[5] See "Los Angeles County fires, 2024 taxable year disaster," State of California Franchise Tax Board, Accessed August 15, 2026, https://www.ftb.ca.gov/file/when-to-file/los-angeles-county-fires.html.

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

[7] Oregon Department of Revenue, "$1.41 billion state revenue surplus confirmed; Taxpayers to receive kicker credit on 2025 Oregon tax returns next year," November 7, 2025, https://apps.oregon.gov/oregon-newsroom/OR/DOR/Posts/Post/Revenue-surplus-confirmed-Taxpayers-to-receive-kicker-credit-on-2025-Oregon-tax-returns-next-year.

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