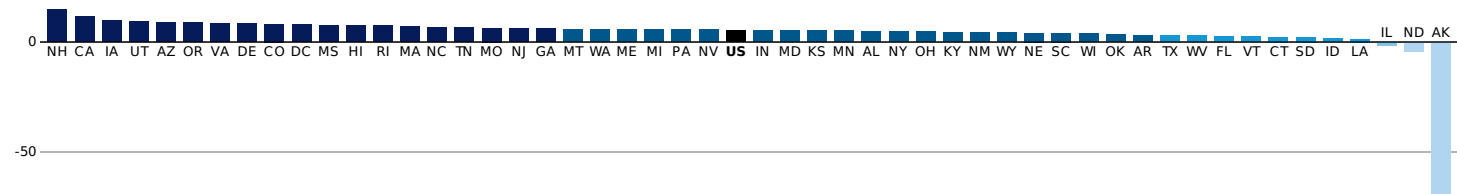


TAXES

Examining total, sales, individual income, and corporate income tax revenue data for all 50 states and DC during the most recent four quarters compared with the previous four quarters.

Total Tax Revenue (percent change year over year)

Total state tax revenue increased 5.4 percent in the year ending in the second quarter of 2015 compared to one year earlier.

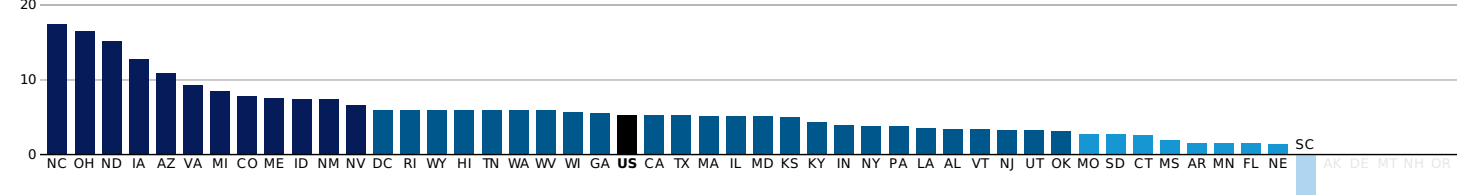


Source: US Census Bureau. (<http://www.census.gov/govs/qtax/>)
Note: Four quarters ending in the second quarter of 2015 are compared with four quarters ending in the the second quarter of 2014.

TEST Total state tax revenue (<http://www.urban.org/policy-centers/cross-center-initiatives/state-local-finance-initiative/state-and-local-backgrounders/state-and-local-revenues>) increased 5.4 percent nationally in the year ending in the second quarter of 2015 compared with one year earlier. New Hampshire's 14.7 percent increase was the largest of any state. New Hampshire's corporate income tax revenue increased, but insurance premium tax revenue in the second quarter of 2015 also boosted its total. Typically, New Hampshire only reports insurance premium revenue in the first quarter of the year so this data should be used with caution. The next-highest total tax revenue increases were in California (11.7 percent), Iowa (9.7 percent), and Utah (9.3 percent). Alaska's 73.4 percent revenue decline was again a substantial outlier. Both Alaskan oil production and the price of oil have fallen and greatly affected the state's total tax revenue. Specifically, in the past four quarters Alaska's severance tax revenue was \$150 million. In the four quarters before that period—second quarter of 2013 to the second quarter of 2014—Alaska's severance tax revenue was \$2.5 billion. Only two other states saw total tax revenue decline over the past year: North Dakota (-4.1 percent) and Illinois (-1.6 percent). North Dakota's total revenue declined despite increased sales and individual income tax because, like Alaska, it suffered from decreased severance tax revenue. Lower individual income tax revenue in Illinois drove its overall decline (see income tax section below).

Sales Tax Revenue (percent change year over year)

Total state tax revenue increased 5.3 percent in the year ending in the second quarter of 2015 compared to one year earlier.

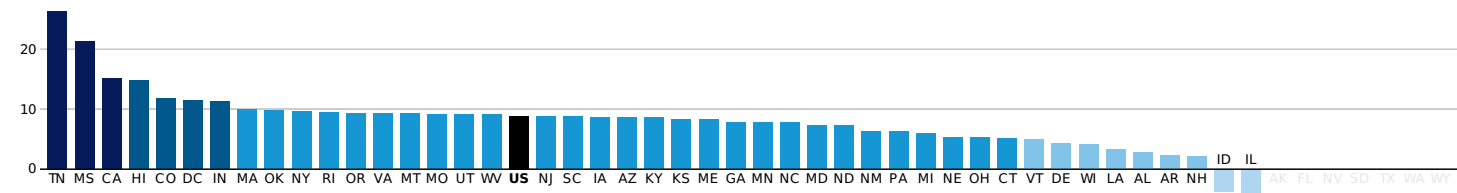


Source: US Census Bureau. (<http://www.census.gov/govs/qtax/>)
Note: Four quarters ending in the second quarter of 2015 are compared with four quarters ending in the the second quarter of 2014.

FOOGeneral sales tax (<http://www.urban.org/policy-centers/cross-center-initiatives/state-local-finance-initiative/projects/state-and-local-backgrounders/sales-taxes>) revenue increased nationally 5.3 percent in the year ending in the second quarter of 2015 compared with one year earlier. Sales tax revenue increased more than 10.0 percent in five states: North Carolina (17.5 percent), Ohio (16.5 percent), North Dakota (15.2 percent), Iowa (12.8 percent), and Arizona (10.9 percent). Among these five states, only Ohio raised its state sales tax rate in the past two years, but North Carolina expanded its tax base (http://www.dor.state.nc.us/taxes/taxlawupdate_2013.pdf) to some new services and utilities. In total, the District of Columbia (DC) and 26 of the 45 states with a general sales tax saw revenue increase 5.0 percent or more. Only South Carolina (-5.4 percent) had sales tax revenue decline over the year. We do not know what caused this decline, and it could be related to data reporting and not solely economic factors.

Personal Income Tax Revenue (percent change year over year)

Total state tax revenue increased 8.9 percent in the year ending in the second quarter of 2015 compared to one year earlier.

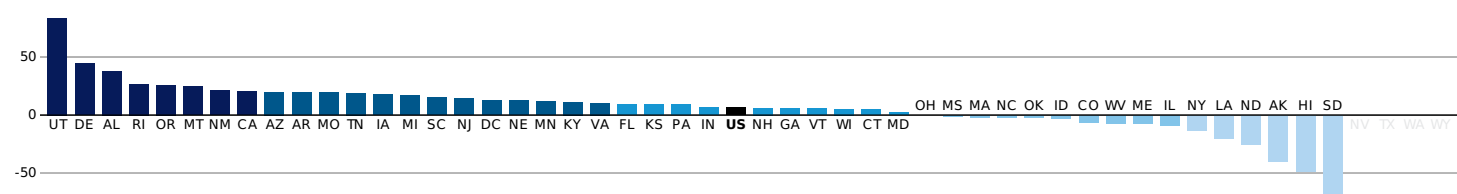


Source: US Census Bureau. (<http://www.census.gov/govs/qtax/>)
Note: Four quarters ending in the second quarter of 2015 are compared with four quarters ending in the the second quarter of 2014.

FOOIndividual income tax (<http://www.urban.org/policy-centers/cross-center-initiatives/state-local-finance-initiative/projects/state-and-local-backgrounders/individual-income-taxes>) revenue increased nationally 8.9 percent in the year ending in the second quarter of 2015 compared with one year earlier. Thirty-nine of the 41 states with a broad-based income tax (New Hampshire and Tennessee have narrow tax bases) had revenue increase over the year. This includes states like Kansas, Ohio, and Wisconsin that passed tax cuts that were in effect two years ago (and thus are starting from a new baseline). Six states and DC had revenue increase 10.0 percent or more: Mississippi (21.4 percent), California (15.2 percent), Hawaii (14.8 percent), Colorado (11.9 percent), DC (11.5 percent), Indiana (11.3 percent), and Massachusetts (10.0 percent). Individual income tax revenue declined over the past year in Illinois (-4.4 percent) and Idaho (-3.8 percent). Illinois's drop was because of the state's flat income tax rate falling from 5.00 percent to 3.75 percent on January 1, 2015, when a temporary tax increase expired (<http://www.revenue.state.il.us/Publications/Bulletins/2015/FY-2015-09.pdf>).

Corporate Income Tax Revenue (percent change year over year)

Total state tax revenue increased 6.4 percent in the year ending in the second quarter of 2015 compared to one year earlier.



Source: US Census Bureau. (<http://www.census.gov/govs/qtax/>)
Note: Four quarters ending in the second quarter of 2015 are compared with four quarters ending in the the second quarter of 2014.

FOOCorporate income tax (<http://www.urban.org/policy-centers/cross-center-initiatives/state-local-finance-initiative/projects/state-and-local-backgrounders/corporate-income-taxes>) Corporate income tax revenue

increased nationally 6.4 percent over the four quarters that concluded in June 2015 compared with the previous year. In the 44 states with a broad corporate income tax (Nevada, Texas, Washington, and Wyoming do not tax corporate income; South Dakota only taxes financial institutions; Ohio’s corporate income tax was repealed, but prior year liabilities are still being processed), revenue changes ranged from a 48.9 percent decline in Hawaii, largely anticipated by the state’s revenue estimators (http://files.hawaii.gov/tax/useful/cor/2015gf09-03_attach_1.pdf), to a 83.7 percent increase in Utah. Thirty states and DC saw revenue increases over the past year. These data show that, even when using four quarters of data, state corporate income tax revenue is highly variable—profits fluctuate, the timing of tax payments change, and states offer amnesty programs.

Note: All of Connecticut’s tax data for the second quarter of 2015 were derived from Rockefeller Institute of Government estimates (http://www.rockinst.org/pdf/government_finance/state_revenue_report/2015-09-17-SRR_100.pdf) and not the Census of Governments data because Connecticut’s recent pattern of second quarter tax data being revised upward later.
