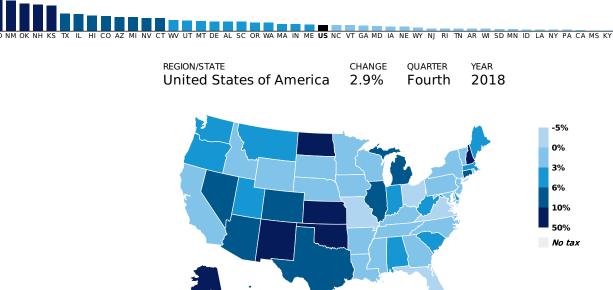
Examining inflation-adjusted total, sales, individual income, and corporate income tax revenue data for all 50 states and DC during the most recent four quarters compared with the previous four quarters.

Total Tax Revenue (inflation-adjusted, percent change year over year)

Real total state tax revenue increased 2.9 percent in the year ending in the fourth quarter of 2018 compared with one year earlier.



Source: US Census Bureau, (http://www.census.gov/govs/gtax/) Note: Four quarters ending in the fourth quarter of 2018 are compared with four quarters ending in the the fourth quarter of 2017.

the year ending in the fourth guarter of 2018 compared with the previous yearlong period, according to US Census Bureau data (https://www.census.gov/programs-surveys/qtax.html). This uptick tracks other reports (https://www.taxpolicycenter.org/publications/another-stellar-quarter-state-revenue-growth-pace-slowingdown) of increasing state tax revenue, but because some of this is related to how the Tax Cuts and Jobs Act (https://www.taxpolicycenter.org/feature/states-and-tax-cuts-and-jobs-act) interacts with state taxpayers and state tax systems, there is still a large degree of uncertainty about tax revenue growth going forward. These interactions include changes to federal and state tax law, which are more permanent, as well as onetime income shifts in response to the law. Total real tax revenue increased in 46 states. Alaska's 40.3 percent increase in total real tax revenue was the

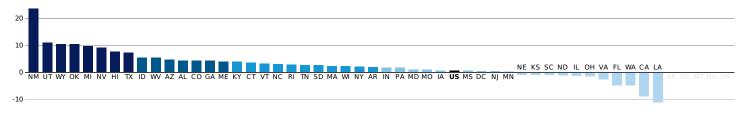
Total state tax revenue (https://www.urban.org/policy-centers/cross-center-initiatives/state-local-financeinitiative/state-and-local-backgrounders/state-and-local-revenues) increased 2.9 percent in real terms during

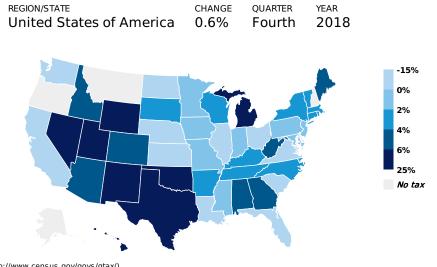
largest of any state. Although the state saw a large percentage increase in corporate income tax revenue, the total tax revenue increase was mostly attributable to increased severance tax revenue (https://www.urban.org/policy-centers/cross-center-initiatives/state-local-finance-initiative/state-and-localbackgrounders/severance-taxes). Real total tax revenue increases were also high in other states with large amounts of severance tax revenue, such as North Dakota (25.8 percent), New Mexico (14.9 percent), Oklahoma (13.4 percent) and Texas (8.6 percent). Much of the recent growth in severance tax revenue, however, is a recovery from previously depressed levels of revenue when the production and price of oil and other natural resources was relatively low.

Real total tax revenue declined in Florida (-3.0 percent), Ohio (-1.8 percent), Missouri (-0.8 percent), Virginia (-0.6 percent), and the District of Columbia (-0.5 percent).

Sales Tax Revenue (inflation-adjusted, percent change year over year)

Real total state tax revenue increased 0.6 percent in the year ending in the fourth quarter of 2018 compared with one year earlier.





Source: US Census Bureau. (http://www.census.gov/govs/qtax/)
Note: Four quarters ending in the fourth quarter of 2018 are compared with four quarters ending in the the fourth quarter of 2017. Total general sales tax (https://www.urban.org/policy-centers/cross-center-initiatives/state-local-finance-

initiative/projects/state-and-local-backgrounders/sales-taxes) increased 0.6 percent in real terms over the year ending in the fourth quarter of 2018 compared with the previous four quarters. Sales tax revenue increased the most in New Mexico (23.7 percent), Utah (11.1 percent), Wyoming (10.5

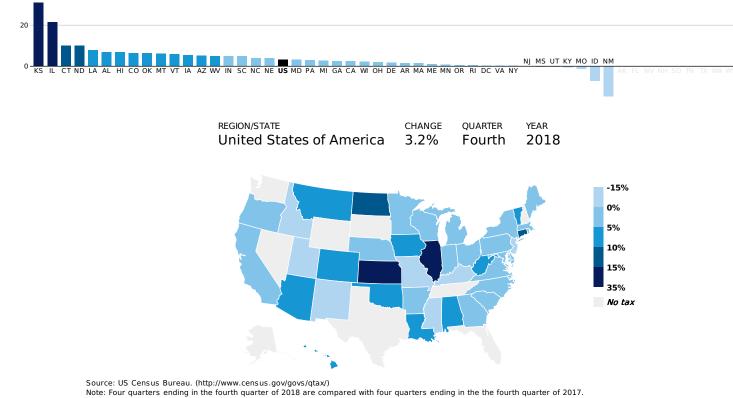
percent), and Oklahoma (10.4 percent). None of these states changed its sales tax rate in the past two years. However, some states may be collecting more sales tax revenue because, following a June 2018 Supreme Court decision (https://www.taxpolicycenter.org/publications/evolution-online-sales-taxes-andwhats-next-states) and resulting state action, more online purchases are now taxable. Sales tax revenue declined in 11 of the 45 states that levy a general sales tax. The largest declines were in

Louisiana (-11.2 percent) and California (-8.9 percent). Louisiana's sales tax rate fell from 5 percent to 4.45 percent (http://revenue.louisiana.gov/LawsPolicies/RIB%2018-016%20Decrease%20in%20State%20Sales%20Tax%20Rate%20to%20be%20Effective%20July%201%202018.pdf)

in July 2018. California has not changed its sales tax rate in the past two years.

Personal Income Tax Revenue (inflation-adjusted, percent change year over year)

Real total state tax revenue increased 3.2 percent in the year ending in the fourth quarter of 2018 compared with one year earlier.



Total individual income tax (https://www.urban.org/policy-centers/cross-center-initiatives/state-local-financeinitiative/projects/state-and-local-backgrounders/individual-income-taxes) revenue increased 3.2 percent in real terms over the year ending in the fourth quarter of 2018 compared with the previous four quarters.

Thirty-four of the 41 states with broad-based individual income taxes and the District of Columbia saw real income tax revenue increase over the year. The largest revenue growth was in Kansas (31.2 percent), a state that increased its tax rate (https://www.taxpolicycenter.org/taxvox/what-kansas-tax-cut-about-face-means)

in 2017 and 2018. The next highest revenue gain was in Illinois (21.5 percent), which increased its tax rate (https://www2.illinois.gov/rev/research/taxrates/Pages/income.aspx) in July 2017. Connecticut and North Dakota also saw real income tax revenue increase at least 10.0 percent. Among the seven states that saw real individual income tax revenue fall over the year, New Mexico's 14.8 percent decline was the largest. The next-largest declines were in Idaho (-7.3 percent) and Missouri (-1.3 percent). Idaho (https://www.taxpolicycenter.org/taxvox/conformity-and-child-tax-credits-how-idahos-100-

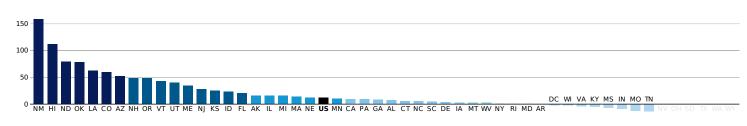
million-tax-cut-could-raise-taxes-large) and Missouri (https://www.kansascity.com/news/politicsgovernment/article214768515.html) passed income tax cuts in 2018, but New Mexico did not make any major changes to its law in 2017 or 2018.

Corporate Income Tax Revenue (inflation-adjusted, percent change year over year)

REGION/STATE

United States of America

Real total state tax revenue increased 11.9 percent in the year ending in the fourth quarter of 2018 compared with one year earlier.





CHANGE

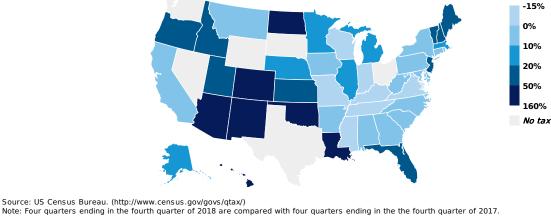
11.9%

QUARTER

Fourth

YEAR

2018



Total corporate income tax (https://www.urban.org/policy-centers/cross-center-initiatives/state-local-finance-

in absolute dollars can create dramatic percentage changes.

real terms over the year ending in fourth quarter of 2018 compared with the previous four quarters. State corporate income tax revenue is always volatile: profits fluctuate, the timing of tax payments changes as states offer amnesty programs, and corporate tax filers can offset current profits with previous losses;

these all can create fluctuations in state tax revenue from year to year. The Tax Cuts and Jobs Act also affected corporate investments and other business decisions that affect state taxes. Moreover, corporate income taxes raise relatively little revenue (only 2 percent of state general revenue in 2016), so small changes

 $initiative/projects/state- and-local-backgrounders/corporate-income-taxes)\ revenue\ increased\ 11.9\ percent\ in$

This is evident in New Mexico, which saw a 158.9 percent real increase in corporate tax revenue over the past year—from \$70 million to \$182 million. For perspective, New Mexico's total tax revenue in the fourth quarter of 2018 was \$1.8 billion. The next largest increases were in Hawaii (111.9 percent), North Dakota (79.5 percent), and Oklahoma (78.8 percent). In total, real revenue increased in 37 of the 44 states with a broadbased corporate income tax.

Click here for a printer-friendly PDF

Real corporate income tax revenue declined the most in Tennessee (-13.1 percent) and Missouri (-12.4

percent).