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NCSL FISCAL BRIEF: PROJECTED STATE TAX GROWTH IN FY 2012 AND BEYOND

December 6, 2011

Fiscal year (FY) 2012 marks the second consecutive year state officials are forecasting state tax growth compared with the previous fiscal year (FY). This is a welcome development in the states following the revenue declines that occurred in FY 2009 and FY 2010, the height of *The Great Recession*. According to data from the U.S. Census Bureau, total state tax collections peaked in FY 2008 before falling in FY 2009 and eventually reaching their trough in FY 2010.[1] In nominal terms, total state tax collections in FY 2010 were 10.3 percent below FY 2008 levels. Thus, despite the good news that revenues are expected to grow for the second consecutive year, it may take years for revenues to reach pre-recession levels.

This brief includes:

- Projected FY 2012 growth for total tax collections and personal income, sales, corporate income, severance, real estate transfer and miscellaneous taxes.
- Tax collection forecasts for FY 2013, FY 2014 and FY 2015.

This report is based on a survey of legislative fiscal directors in the summer of 2011. All 50 states provided information.

Although most states are projecting tax collections to grow in FY 2012, two-thirds are anticipating growth of less than 5 percent. However, as they emerge from historically bad fiscal conditions.

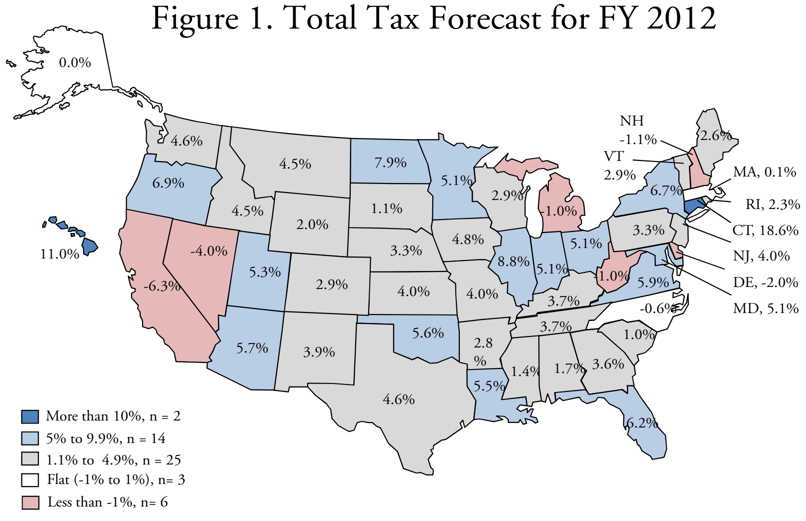
At the same time, officials in some states expressed concern about whether they will hit their collection targets. It is likely that many states will revisit their forecasts before legislatures convene their 2012 sessions.

[1] U.S. Census Bureau Quarterly Summary of State & Local Taxes. www.census.gov/govs/qtax

Total Tax Forecasts for FY 2012

Forty-one states expect total tax collections in FY 2012 to be higher than they were in FY 2011. This is similar to one year ago when 40 states expected FY 2011 collections to be higher than FY 2010 amounts.

Figure 1. Total Tax Forecast for FY 2012



- Sixteen states expect total tax collections to grow at least 5 percent above FY 2011 levels (see Figure 1). The largest increases are projected in Connecticut (18.6 percent) and Hawaii (11 percent). The increase in Connecticut is driven primarily by policy changes, including increases in marginal income tax rates, sales tax rates and the removal of sales tax exemptions.[2] Hawaii's growth is attributed to a large one-time tax refund payment in FY 2011, which artificially lowered that year's base.
- Twenty-five states project total tax collections to grow between 1 percent (South Carolina) and 4.8 percent (Iowa).
- Three states expect collections to be essentially flat in FY 2012: Massachusetts (0.1 percent), Alaska (0 percent) and North Carolina (-0.6 percent).
- Six states anticipate FY 2012 revenue to declines by at least 1 percent compared with FY 2011: Michigan (-1 percent), West Virginia (-1 percent), New Hampshire (-1.1 percent), Delaware (-2 percent) Nevada (-4 percent) and California (-6.3 percent). Nevada's decline is the result of the room tax and some local property taxes being directed away from the state's general fund, but the shift is mitigated by the extension of temporary sales and business taxes previously scheduled to expire in 2011. Michigan enacted tax policy changes resulting in substantial declines in forecasted corporate tax revenue, largely offset by an expansion of the personal income tax base and the removal of most income tax credits. In California, temporary increases in sales and use, and personal income taxes are expiring.

The performance of total state collections is based on the performance of combined individual tax categories. The following sections summarize expectations for major state tax sources. More information is shown in Appendix 1.

[2] Information on state changes is available in *State Tax Update: August 2010*. Final information, which will include tax changes by state and by type, will be available in *State Tax Actions 2011* (forthcoming).

Personal Income Tax Forecasts for FY 2012

Personal income taxes represent the largest share of state tax collections, accounting for approximately 34 percent of the total.[3] Forty-one states levy a broad-based personal income tax and two others—New Hampshire and Tennessee—levy a limited tax. Of these 43 states, 40 provided a personal income tax forecast for FY 2012.[4]

- Twenty-four states project personal income tax collections to rise by at least 5 percent in FY 2012 (see Table 1). The largest increases are expected in Illinois (33.2 percent), Louisiana (15 percent) and Tennessee (10 percent). The expected increase in Illinois comes from the first full year of an income tax increase.
- Twelve states expect personal income tax collections to rise between 1 percent (California) and 4.4 percent (Arizona).
- Three states expect essentially flat personal income tax growth: Rhode Island (0.3 percent), Ohio (0.1 percent) and Massachusetts (0 percent).
- North Dakota is the only state that expects personal income tax collections to fall in FY 2012 compared with FY 2011. The 15.4 percent drop is due to a reduction in individual income tax rates.

Table 1. Personal Income Tax Collections (FY 2012 Compared with FY 2011)

Projected Change	Number of States
>5%	24
1.1% to 5%	12
Flat (-1% to 1%)	3
-1.1% or less	1
Do not levy	7
Not Available	Hawaii, Idaho & N.H.

Sales Tax Forecasts for FY 2012

Sales taxes account for approximately 32 percent of total state taxes—slightly less than personal income taxes. Forty-five states levy this tax, and 43 provided information on its expected performance for FY 2012.

- Eight states forecast that sales tax collections will exceed last year's levels by 5 percent or more The biggest year-over-year increases are projected in Maryland (12.3 percent), Nebraska (9.6 percent) and North Dakota (8.7 percent). A change in the distribution of sales tax revenues explains the rise in Maryland; baseline sales tax revenues are expected to grow 4.3 percent in FY 2012 (see Table

Table 2. Sales Tax Collections (FY 2012 Compared with FY 2011)

Projected Change	Number of States
>5%	8
1.1% to 5%	32
Flat (-1% to 1%)	0
-1.1% or less	3
Do not levy	5
Not Available	Hawaii & Idaho

[3] NCSL calculations based on data from the Bureau of the Census, 2010.

[4] Hawaii and Idaho project only an aggregate forecast, so separate information is not available for personal income, sales, and corporate income taxes. New Hampshire, which derives less than 5 percent of total tax revenue from the personal income tax, did not provide an estimate.

2).

- Thirty-two states expect sales tax collections to rise between 1 percent (South Carolina) and 4.9 percent (Indiana, Oklahoma and Virginia).
- Three states expect sales tax revenue declines in FY 2012: California (-30 percent), North Carolina (-11.3 percent) and Illinois (-3.6 percent). The declines in both California and North Carolina are due largely to the expiration of temporary increases.

Corporate Income Tax Forecasts for FY 2012

For most states, corporate income tax collections represent a much smaller share of tax revenues than other sources, on average representing less than 6 percent of the total. Forty-two state provided a corporate income tax forecast.

Table 3. Corporate Income Tax Collections (FY 2012 Compared with FY 2011)

Projected Change	Number of States
>5%	15
1.1% to 5%	12
Flat (-1% to 1%)	3
-1.1% or less	12
Do not levy	6
Not Available	Hawaii & Idaho

- Fifteen states project increases of at least 5 percent, with eight projecting double-digit growth (see Table 3).
- Twelve states expect corporate income tax collections to rise between 1 percent (Kentucky) and 4 percent (Alaska).
- Three states expect essentially flat revenue growth: Pennsylvania (0.7 percent), Wisconsin (0.1 percent) and Kansas (0 percent).
- Twelve states anticipate corporate income tax collections falling in FY 2012, with Michigan (-48.3 percent), West Virginia (-43 percent) and North Dakota (-33.8 percent) reporting substantial expected declines. Michigan cut business taxes by more than $1 billion as part of a major tax restructuring measure. Lawmakers eliminated the Michigan Business Tax and replaced it with a 6 percent corporate income tax. North Dakota's expected decline is largely due to a 19.5 percent corporate tax rate reduction enacted in 2011.

Severance Tax Forecasts for FY 2012

Severance taxes are typically paid by firms engaged in the extraction of natural resources, including oil, natural gas, coal, timber and iron. Although severance taxes represent less than 2 percent of all state tax revenues, North Dakota and Wyoming derive more than 40 percent of their total tax collections from severance taxes. Nineteen states provided an estimate for projected changes in severance tax collections.

- Thirteen states forecast severance tax revenues to exceed FY 2011 amounts by at least 1 percent, with eight expecting increases greater than 5 percent. The largest increases are expected in Arkansas (27.4 percent) and Colorado (14.4 percent). The high growth rate in Arkansas is driven by expected increases in the price of crude oil.

- Kentucky, Mississippi and North Dakota project essentially flat growth.
- Three states expect severance tax collections to fall: Alaska (2 percent), Florida (4.7 percent) and Montana (1.5 percent).

Real Estate Transfer Tax Forecasts for FY 2012

Although no state relies heavily on real estate transfer taxes, their performance can be an indicator of trends in the housing market. Twenty-two states provided information on the projected performance of these taxes.

- Fourteen state project real estate transfer tax collections to grow by at least 1 percent in FY 2012 compared with FY 2011. Ten of those anticipate collections will grow by more than 5 percent. The largest increases are projected in Washington (20.6 percent), Florida (16.9 percent) and New Jersey (11.8 percent).
- Five states expect no growth.
- Delaware, Minnesota and Nevada anticipate real estate transfer taxes to decline.

Miscellaneous Tax Forecasts for FY 2012

Many states provided additional information on the expected performance of miscellaneous taxes. Expectations for growth (12 states) exceed expected declines (4 states).

- North Dakota (44.8 percent) and Texas (6.2 percent) are projecting that motor vehicle sales tax collections will increase.
- Gaming tax collections are anticipated to grow in Indiana (3.9 percent), Mississippi (3 percent) and Nevada (2.7 percent).
- Florida expects insurance premium tax collection to decline 4.7 percent in FY 2012. Ohio projects cigarette tax collections to fall 4.4 percent.

Long-Term Tax Collection Forecasts

States vary in their approaches to revenue forecasting, including the length of the forecast horizon. Some states limit their forecasts to the coming fiscal year or biennium while others look ahead five years or more. Generally speaking, the longer the time horizon the less accurate the forecasts will be because economic and fiscal circumstances can change. Despite this limitation, lawmakers in states with long-term forecasts see value in getting a general sense of the future revenue situation.

Nine states do not have forecasts beyond FY 2012. In the other 41 states, however, forecasts extend to at least FY 2013, and in some cases beyond. State-by-state information is shown in Appendix 3.

FY 2013

Forty-one states provided total tax collection forecasts for FY 2013.

- Twelve states expect collections to grow by at least 5 percent above FY 2012 projected levels led by: Ohio (9 percent), Idaho (8.3 percent), Florida (7.1 percent) and Washington (7 percent).
- Twenty-seven states forecast FY 2013 revenue growth between 1.4 percent (California) and 4.6 percent (Texas). Michigan forecasts relatively flat growth (0.8 percent).
- Alaska was the only state to project a year-over-year decline (-6 percent).

FY 2014

Twenty-seven states provided forecasts for FY 2014.

- Eight states expect collections to grow by at least 5 percent above FY 2013 projected levels. The largest increases are forecasted in Arizona (7.6 percent), Oregon (7.4 percent) and Idaho (7.1 percent).
- Eighteen states forecast FY 2014 revenue growth between 1.3 percent (Michigan) and 4.9 percent (New York).
- Maine anticipates essentially flat growth of -0.6 percent.
- No state projected a decline.

FY 2015

Twenty-four states provided forecasts for FY 2015.

- Seven states expect collections to grow by at least 5 percent above FY 2014 projected levels. California (8.5 percent) and Oregon (8.3 percent) forecasted the largest increases.
- Seventeen states forecast FY 2015 revenue growth between 1.7 percent (Michigan) and 4.8 percent (Florida).
- No state projected a decline.

The state revenue situation appears to be stabilizing. Although this is good news, any significant disruptions to the recovery could stall or derail recent state improvements.

Appendix 1. FY 2012 Tax Forecast Compared to FY 2011 Estimated Collections

State	Total Tax	Personal Income	General Sales	Corporate Income	Severance	Real Estate Transfer	Other	Other – Type
Alabama	1.7%	3.0%	3.0%	3.5%	7.0%	0.0%		
Alaska	0.0%	X	X	4.0%	-2.0%	X	2.0%	Petroleum royalties
Arizona	5.7%	4.4%	5.5%	18.0%	NR	X		
Arkansas	2.8%	3.8%	2.6%	3.4%	27.4%	NR		
California	-6.3%	1.0%	-30.0%	-10.0%	X	X		
Colorado	2.9%	1.2%	4.5%	14.0%	14.4%	X		
Connecticut	18.6%	7.7%	3.5%	3.7%	X	6.0%		
Delaware	-2.0%	6.1%	X	-17.2%	X	-29.1%		
Florida	6.2%	X	5.4%	9.8%	-4.7%	16.9%	-4.7%	Insurance premium tax
Georgia	3.6%	6.9%	5.6%	10.2%	X	0.0%	5.7%	Motor fuel tax
Hawaii	11.0%	NA	NA	NA	X	NR		
Idaho	4.5%	NA	NA	NA	NR	X		
Illinois	8.8%	33.2%	-3.6%	6.9%	NR	NR		
Indiana	5.1%	8.7%	4.9%	2.0%	NR	NR	3.9%	Gaming tax
Iowa	4.8%	5.2%	3.1%	11.9%	X	NR	4.3%	Insurance premium, inheritance, cigarette, tobacco, beer, and franchise taxes
Kansas	4.0%	5.0%	4.5%	0.0%	4.7%	X		
Kentucky	3.7%	5.1%	3.8%	1.0%	0.1%	X		
Louisiana	5.5%	15.0%	1.7%	-9.7%	8.7%	X		
Maine	2.6%	5.8%	4.5%	2.2%	NR	10.8%		
Maryland	5.1%	5.4%	12.3%	1.6%	NR	4.5%		
Massachusetts	0.1%	0.0%	2.8%	-9.0%	X	NR		
Michigan	-1.0%	9.1%	2.3%	-48.3%	6.9%	10.4%		
Minnesota	5.1%	7.2%	4.8%	-6.8%	NR	-4.8%		
Mississippi	1.4%	2.1%	2.0%	3.0%	0.0%	X	3.0%	Gaming taxes
Missouri	4.0%	5.3%	3.0%	6.8%	X	X		
Montana	4.5%	5.9%	X	18.2%	-1.5%	X	0.0%	Vehicle fees/taxes
Nebraska	3.3%	3.2%	9.6%	26.6%	NR	NR	-28.0%	Miscellaneous taxes
Nevada	-4.0%	X	2.2%	X	X	-0.3%	2.7%	Tax on gross gaming revenue
New Hampshire	-1.1%	NR	X	1.6%	X	2.1%	-2.1%	Various taxes including meals and rooms and tobacco
New Jersey	4.0%	5.7%	3.9%	7.3%	X	11.8%		

Appendix 1. FY 2012 Tax Forecast Compared to FY 2011 Estimated Collections

State	Total Tax	Personal Income	General Sales	Corporate Income	Severance	Real Estate Transfer	Other	Other – Type
New Mexico	3.9%	3.8%	3.6%	57.4%	5.6%	NR	2.0%	Investment and public land revenue
New York	6.7%	7.9%	3.3%	14.2%	X	6.9%	-2.0%	Excise, estate, and racing taxes
North Carolina	-0.6%	4.4%	-11.3%	-2.8%	NR	X		
North Dakota	7.9%	-15.4%	8.7%	-33.8%	-0.1%	X	44.8%	Motor vehicle and excise taxes
Ohio	5.1%	0.1%	3.8%	X	NR	NR	-4.4%	Cigarette tax
Oklahoma	5.6%	6.8%	4.9%	6.9%	6.8%	0.0%		
Oregon	6.9%	7.9%	X	-13.8%	X	X		
Pennsylvania	3.3%	5.4%	2.3%	0.7%	X	4.4%	4.1%	Inheritance tax
Rhode Island	2.3%	0.3%	2.3%	8.9%	X	1.6%		
South Carolina	1.0%	1.3%	1.0%	-2.1%	NR	0.0%		
South Dakota	1.1%	X	2.2%	X	1.7%	X	0.0%	Bank franchise tax
Tennessee	3.7%	10.0%	3.5%	3.5%	NR	NR	0.9%	Gasoline
Texas	4.6%	X	4.5%	X	4.7%	X	6.2% 7.5% 3.5%	Motor vehicle sales and use tax Franchise tax (all funds) Insurance premium tax
Utah	5.3%	6.5%	5.4%	1.4%	5.5%	X	0.6%	Cable, liquor profits, insurance premiums, beer, cigarette, tobacco, inheritance, investment income, mineral production withholding, escheats, radioactive waste, property credit and others taxes.
Vermont	2.9%	7.7%	3.8%	-13.1%	X	5.3%		Higher collections are expected from fuel, rooms and meals, and miscellaneous taxes. Lower collections are expected in estate and bank taxes.
Virginia	5.9%	6.0%	4.9%	8.5%	NR	9.9%	5.9%	Insurance premium
Washington	4.6%	X	5.3%	X	NR	20.6%	8.7%	Business and occupation taxes
West Virginia	-1.0%	3.0%	3.0%	-43.0%	1.0%	0.0%		
Wisconsin	2.9%	2.7%	4.4%	0.1%	NR	8.0%	-0.3%	Alcohol and tobacco taxes
Wyoming	2.0%	X	3.5%	X	2.0%	X		

Key: NR=No Response; NA=Not Available; X=Does Not Levy.

Source: NCSL survey of state legislative fiscal offices, summer 2011.

Appendix 2. Notes Regarding FY 2012 Tax Forecast Compared to FY 2011 Estimated Collections

State/Jurisdiction	Notes
Alabama	
Alaska	
Arizona	
Arkansas	The severance tax growth rate is driven by the continued increase in the expected price of crude oil.
California	While baseline revenues are forecasted to improve between FY 2010 and FY 2012, actual receipts are forecast to decline based in part on the expiration of a number of temporary rate increases in the sales and use tax and the personal income tax. Overall, the final budget package includes an additional $11.8 billion in baseline revenues (compared with the governor's January projections) over 2010-11 and 2011-12. The budget also shifts some $5 billion in sales and use taxes from the general fund to a special fund to support local programs.
Colorado	Total tax collections include income and excise taxes to the general fund.
Connecticut	Growth in total FY 2012 collections is due in large part (15 percent) to policy decision. Figures reflect the latest budgeted growth rates estimated on April 29, 2011. At this point, officials would revise them downward based on negative outlooks.
Delaware	
Florida	
Georgia	
Hawaii	The Council on Revenues projects an aggregate increase in total collections.
Idaho	The official FY 2012 revenue forecast used in setting the budget was not made by each tax source, only as a total.
Illinois	Growth percentages are meaningless for FY 2012 due to annualizations of income tax increases and the impact of the prior year tax amnesty and interfund borrowing programs. Growth in general fund revenues is estimated to grow between $2.6 billion and $3.4 billion as a result. Base growth of the economic related sources is expected to continue at fairly modest rates, down from more robust growth experienced in FY 2011.
Indiana	
Iowa	The total FY 2012 tax collections percentage is based on tax receipts only, and not other receipts such as fees, judicial revenue and liquor profits. When those are included, the growth figure is 5.3 percent.
Kansas	
Kentucky	
Louisiana	Forecasts for FY 2012 are currently consistent with forecasts for FY 2011.
Maine	The forecast reflects general fund revenue estimates updated on May 1, 2011, and does not reflect legislative changes. The total includes all general fund revenue sources.
Maryland	Baseline sales tax revenues are expected to grow 4.3 percent in FY 2012. Legislation passed during the 2011 session increased the sales tax on alcoholic beverages, pushing the expected growth rate to 6.4 percent (all funds). A change in the distribution of sales tax revenues causes general fund sales tax receipts to rise an estimated 12.3 percent in FY 2012.
Massachusetts	Actual FY 2011 collections far exceeded the original projection of roughly $1.4 billion. Thus, the FY 2012 projection exceeds actual FY 2011 collections by less than $20 million.

Appendix 2. Notes Regarding FY 2012 Tax Forecast Compared to FY 2011 Estimated Collections

State/Jurisdiction	Notes
Michigan	Figures for personal and corporate income taxes reflect changes enacted in May 2011, when the Legislature replaced the Michigan business tax with a corporate income tax. Effective Jan. 1, 2012, it will generate substantially less revenue. To offset a portion of the revenue loss, significant changes to the individual income tax were enacted, most of them also effective Jan. 1, 2012. Without these changes, net income tax revenue was expected to grow 0.3 percent in FY 2012, while the business tax revenue was expected to increase 4.8 percent.
Minnesota	
Mississippi	Projections provided are above the revised estimate for FY 2011 revenue.
Missouri	
Montana	Severance tax information is for oil and gas production taxes only.
Nebraska	Growth rates are calculated based on the nominal change in forecasts from one year to the next.
Nevada	Projected negative growth in total tax collections is due to one-time revenue in FY 2011 and tax changes approved for FY 2012.
New Hampshire	
New Jersey	
New Mexico	Projected growth from FY 2011 to FY 2012 was 4 percent at the last revenue estimate, but FY 2011 revenues are greater than forecast.
New York	Amounts are based on total collections for all funds.
North Carolina	Negative growth for sales and corporate income taxes are the result of tax rate increases expiring at the start of FY 2012.
North Dakota	The 2011 Legislative Assembly reduced individual income tax rates by 17.9 percent and reduced corporate income tax rates by 19.5 percent.
Ohio	Parts of the growth in personal income, general sales and total tax receipts are due to the state retaining some of the revenue formerly shared with local governments. Slow growth in the income tax is due to a reduction in tax rates. Ohio no longer imposes a corporate income tax or a statewide real estate transfer tax. The severance tax is not deposited in the general revenue fund.
Oklahoma	
Oregon	The decline in the corporate income tax forecast is partially due to reconnect to federal bonus depreciation.
Pennsylvania	
Rhode Island	
South Carolina	
South Dakota	
Tennessee	The personal income tax is based on income from stock dividends and interest on certain bonds. Details are not available for severance or real estate transfer taxes.
Texas	
Utah	Utah made a one-time shift in sale tax revenue from the transportation fund to the general fund in FY 2011. The state also implemented a motion picture tax credit for FY 2012. State economists controlled for these policy changes when they calculated year-over-year changes. There were some smaller policy changes as well, but officials did not control for those.

Appendix 2. Notes Regarding FY 2012 Tax Forecast Compared to FY 2011 Estimated Collections

State/Jurisdiction	Notes
Vermont	The figures provided reflect the July 2011 forecast. Corporate revenue was substantially up in FY 2011 due to one-time events. FY 2012 corporate revenue is expected to be down from higher one-time levels.
Virginia	
Washington	Despite growth, revenues remain below historical levels. General sales taxes included sales and use taxes. The severance tax is not a significant source of revenues. Property taxes are projected to grow by 2.3 percent.
West Virginia	The corporate net negative growth rate is not statistically accurate for FY 2011 and FY 2012; the amount in FY 2011 was 30 percent above the estimated receipts; therefore, the percentage difference is skewed.
Wisconsin	The total is for general fund taxes only.
Wyoming	
Source: NCSL survey of legislative fiscal offices, summer 2011.	

Appendix 3. Long-Term Tax Collection Forecasts

State	FY 2013 Total Tax Growth	FY 2014 Total Tax Growth	FY 2015 Total Tax Growth	Comments
Alabama	NA	NA	NA	Officials have not made projections beyond FY 2012.
Alaska	-6.0%	2.0%	6.0%	
Arizona	6.0%	7.6%	NA	
Arkansas	5.0%	NA	NA	Currently, no forecast exists beyond FY 2013.
California	1.4%	4.5%	8.5%	Reflects general fund tax collections. Currently, the state does not have a multi-year special fund revenue forecast.
Colorado	5.9%	NA	NA	Tax collections include income and excise taxes that go to the general fund. FY 2013 is the last year in the forecast horizon.
Connecticut	4.4%	5.8%	3.4%	
Delaware	2.9%	NA	NA	
Florida	7.1%	6.2%	4.8%	These are estimated changes in net general revenue. Legislative changes affecting other tax sources, especially unemployment tax and property tax reduction for water management districts, will reduce total tax collections compared with pre-session estimates.
Georgia	NA	NA	NA	
Hawaii	6.0%	6.0%	6.0%	
Idaho	8.3%	7.1%	5.9%	Reflects the Division of Financial Management's long-range projection before tax law changes.
Illinois	4.2%	3.6%	NA	Percentage change based on Commission on Government Forecasting and Accountability estimates detailed in the April 2011 three-year budget forecast.
Indiana	3.7%	NA	NA	Not available for FY 2014 and FY 2015.
Iowa	4.0%	NA	NA	Although the Revenue Estimating Conference (REC) did not estimate revenues for FY 2013, the governor insisted on a biennial budget and the General Assembly passed a partial biennial budget for FY 2013. Most of the state agencies' operating appropriations were funded at 50 percent of the FY 2012 level. However, several standing appropriations remained at 100 percent of their FY 2012 levels while others were increased. Funding for K-12 schools was increased by $89.1 million (3.4 percent), which included a 2.0 percent allowable growth rate. House File 148, passed this session, requires the REC to make estimates for the current fiscal year as well as the next fiscal year. As originally drafted, the bill would have required revenue estimates for the next two fiscal years. The bill also limits the governor's appropriation transfer authority.
Kansas	4.0%	NA	NA	A temporary sales tax rate increase sunsets at the beginning of FY 2014. This drops the rate from 6.3 percent to 5.7 percent.

Appendix 3. Long-Term Tax Collection Forecasts

State	FY 2013 Total Tax Growth	FY 2014 Total Tax Growth	FY 2015 Total Tax Growth	Comments
Kentucky	NA	NA	NA	The official forecasting group will begin discussion on the 2012-14 biennium in early fall 2011.
Louisiana	3.8%	4.2%	3.4%	
Maine	3.2%	-0.6%	4.0%	Reflects significant tax reductions that will fully phase-in in FY 2014. Without legislative changes, general fund revenue growth was projected to be 3.9 percent, 4.9 percent and 4.3 percent, respectively.
Maryland	4.1%	4.7%	4.6%	
Massachusetts	NA	NA	NA	Massachusetts does not estimate tax collections beyond FY 2012.
Michigan	0.8%	1.3%	1.7%	
Minnesota	4.5%	2.9%	4.1%	
Mississippi	3.8%	4.0%	4.2%	Revenue estimates were provided in April 2011 by the University Research Center.
Missouri	NA	NA	NA	The state does not have a revenue forecast beyond FY 2012.
Montana	3.8%	NA	NA	
Nebraska	3.5%	4.4%	4.4%	Projections are rate and base adjusted growth rates.
Nevada	2.1%	NA	NA	Revenue forecasts for FY 2014 and FY 2015 have not yet been developed.
New Hampshire	1.9%	NA	NA	Tax collection growth rates for FY 2014 and FY 2015 have not yet been forecast.
New Jersey	NA	NA	NA	Out-year projections are not traditionally made this early.
New Mexico	4.5%	4.1%	3.8%	
New York	2.0%	4.9%	2.8%	
North Carolina	5.8%	NA	NA	The Fiscal Research Division does not produce a revenue forecast beyond the upcoming FY 2011-13 biennium.
North Dakota	4.0%	NA	NA	Tax collection growth rates for FY 2014 and FY 2015 are not available.
Ohio	9.0%	NA	NA	
Oklahoma	NA	NA	NA	There are no official or published long-term estimates at this time.
Oregon	5.8%	7.4%	8.3%	Several income tax credits are scheduled to sunset in 2014 as part of Oregon's tax credit review process. The current law forecast assumes these sunsets occur.
Pennsylvania	3.5%	2.7%	2.3%	
Rhode Island	5.7%	5.3%	4.1%	Staff estimate based on economic forecast adopted in May.

Appendix 3. Long-Term Tax Collection Forecasts

State	FY 2013 Total Tax Growth	FY 2014 Total Tax Growth	FY 2015 Total Tax Growth	Comments
South Carolina	2.0%	1.5%	NA	South Carolina revises its long-range financial plan annually each December.
South Dakota	NA	NA	NA	The FY 2013 revenue estimate will be available when the governor presents the budget in December 2011, followed by the "official" legislative estimate in March 2012. The FY 2014 and FY 2015 estimates will be calculated one year later.
Tennessee	4.5%	5.0%	5.0%	
Texas	4.6%	NA	NA	Texas has not forecasted tax collections beyond FY 2013.
Utah	NA	NA	NA	Outside of the forecast period.
Vermont	6.4%	4.7%	3.5%	Figures reflect the July 2011 forecast.
Virginia	4.2%	4.7%	5.3%	Projections are based on the December 2010 official out-year forecast. Estimates will be revised in fall 2011.
Washington	7.0%	4.8%	4.8%	FY 2013 is from the official revenue forecast. FY 2014 and FY 2015 are typical (average) long-term growth rates for Washington (between 4.5 percent and 5 percent).
West Virginia	3.6%	4.3%	3.7%	Tax collections projected for FY 2013 are $4,159.6 million; for FY 2014, $4339.4 million; for FY 2015, $4,500.9 million.
Wisconsin	3.6%	NA	NA	
Wyoming	2.0%	2.0%	2.0%	Percentages are approximates.
Key: NA=Not Available				
Source: NCSL survey of legislative fiscal offices, summer 2011.				

NCSL

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