State Budget & Tax Actions
FY 2014 & FY 2015

Presentation to the Budgets & Revenue Committee
Minneapolis, Minnesota
Wednesday, August 20, 2014

Arturo Pérez
Fiscal Affairs Program
National Conference of State Legislatures
Overview

• Slow revenue growth in FY 2014.

• Slightly stronger growth expected in FY 2015.

• Funding for higher education and Medicaid continue to outpace other spending.

• States are still talking about tax reform, but acting less.

• Year-end balances are expected to decline in FY 2015.
Changes in General Fund Revenues
FY 2014 and FY 2015

Source: NCSL survey of state legislative fiscal offices, summer 2014
Changes in General Fund Spending

Source: NCSL survey of state legislative fiscal offices, summer 2014
Percent Change in General Fund Appropriations for Major Budget Categories in FY 2015 (projected)

- Higher Education: 6.1%
- Medicaid: 5.7%
- K-12 Education: 4.9%
- Corrections: 1.2%

Source: NCSL survey of state legislative fiscal offices, summer 2014
Tax Overview 2014

- States are still interested in tax reform, but there is not as much activity as 2013.
- Tax reductions have focused primarily on income taxes.
- Tax increases have focused on health provider and motor fuel taxes.

Source: NCSL survey of state legislative fiscal offices, summer 2014
Tax Highlights

• Complete tax restructuring in DC.
• New York and New Mexico reduced business taxes.
• Missouri and Oklahoma cut income taxes contingent on sufficient revenue.
• Indiana cuts in personal and corporate income tax rates.
• Michigan personal property tax reform.
• Ohio phasing down income tax cuts at an accelerated pace.
• Minnesota cut taxes in response to last year's increases.
• Illinois not taking action to extend temporary tax increases.
Components of State Year-End Balances
FY 2013 to FY 2015 (projected)

Source: NCSL survey of state legislative fiscal offices, summer 2014
State Year-End Balances
FY 1981 to FY 2015 (projected)

Source: NCSL survey of state legislative fiscal offices, various years
State Year-End Balances
FY 2006 to FY 2015 (projected)

Source: NCSL survey of state legislative fiscal offices, various years
Summary

Slow revenue growth

Fiscal situation remains stable

Remain cautiously optimistic
Questions?

Contact
arturo.perez@ncsl.org
303-856-1428

Resources
Fiscal Affairs Homepage:
http://www.ncsl.org/fiscal