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FISCAL SURVEY of the STATES

September 1990

NATIONAL GOVERNORS' ASSOCIATION NATIONAL ASSOCIATION OF STATE BUDGET OFFICERS

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Fiscal Survey of the States

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Preface

The Fiscal Survey of the States is published twice annually by the National Association of State Budget Officers (NASBO) and the National Governors' Association (NGA). The series was started in 1977. The survey presents aggregate and individual data on the states' general fund receipts, expenditures, and balances. While not the totality of state spending, these funds are used to finance most broad-based state services and are the most important elements in determining the fiscal health of the states. A separate survey that includes total state spending also is conducted annually.

The field survey on which this report is based was conducted by the National Association of State Budget Officers in July, August, and September 1990. The surveys were completed by Governors' state budget officers in the fifty states.

Fiscal 1989 data represent actual figures, fiscal 1990 figures are preliminary actual data, and fiscal 1991 data are figures contained in appropriated 1991 budgets. In forty-six states, fiscal 1990 closed on June 30, 1990. New York's fiscal year ended March 31, 1990. Texas' fiscal year ended on August 31, 1990, and Alabama and Michigan will close their fiscal years on September 30, 1990.

The Fiscal Survey of the States is a cooperative effort of the National Association of State Budget Officers and the National Governors' Association. Marcia Howard of the National Association of State Budget Officers compiled data for the report and prepared the text. Laura Shaw produced the report, and Gerald Miller provided technical support. Karen Glass of the National Governors' Association edited the report.

Executive Summary

The decline in state fiscal conditions experienced in the eastern United States over a year ago has begun to be reflected in other regions of the country. Several developments illustrate the spread of fiscal difficulty from east to west, including an increase in the number of states cutting enacted budgets in fiscal 1990, an increase in the number reporting tax collections below original estimates, and an increase in the number reducing their balances. In fact, there is no evidence to suggest that state fiscal conditions in 1991 will represent an improvement over fiscal 1990.

Forty-nine states operate with balanced budget requirements and, therefore, they generally respond quickly to potential imbalances. Twenty states and the District of Columbia reduced enacted budgets in fiscal 1990. In addition, several states took other actions--such as borrowing from internal funds or delaying payments--in order to balance their fiscal 1990 budgets. Indeed, more than half of the states would have ended fiscal 1990 with a deficit had they not addressed the imbalances that developed after their budgets were enacted.

For the most part, imbalances were created by poor revenue performance. More than half the states reported that revenue collections for fiscal 1990 were lower than the estimates used when the budget was adopted. Strong regional patterns have developed in revenue collections, with the western states showing the strongest revenue growth and the northeastern states showing the weakest.

Thirty-three states spent more than they collected in tax revenue in fiscal 1990, and thirty-four expect to spend more than they collect in fiscal 1991. While a few states actually ended fiscal 1990 with a deficit, most were able to access accumulated balances to finance their additional spending. As a result, state ending balances declined from $12.5 billion in fiscal 1989 to $9.1 billion in fiscal 1990, an alarming one-year reduction of more than 25 percent. Balances are estimated to decline even further in fiscal 1991, to $7.4 billion. This portends significant problems for states in fiscal 1992.

Other major findings of this survey include:

- Twenty-six states increased net revenues during their 1990 legislative sessions. Over $10.3 billion in new revenue will result from these changes. The personal income tax is the largest source of new revenue.

- The corporate income tax was the weakest of the three major sources of state tax revenue in fiscal 1990, with thirty-three of forty-two states reporting collections below estimates.

- Twenty-four states and the District of Columbia increased benefits for recipients of Aid to Families with Dependent Children in fiscal 1991.

- States spent more than $660 million above their original Medicaid estimates for fiscal 1990.

- Ending balances in fiscal 1991 are estimated at $7.4 billion, or 2.5 percent of expenditures. This constitutes the lowest level of balances since 1983.

State fiscal conditions for fiscal 1991 are based on budgets that assume slow, but positive, growth. They do not anticipate a recession. If a recession were to occur, states would be in substantially worse condition than the data in this report indicate.

I. State Expenditure Developments

Overview

In the face of declining economies, states have entered fiscal 1991 with scaled back spending plans. A 6.5 percent increase in appropriated state spending for fiscal 1991 represents the second lowest rate of spending growth since 1983, as shown in Table 1. Fiscal 1990 spending growth was 7.7 percent, much of it financed from balances accumulated during the stronger economic environment of fiscal 1988 and fiscal 1989.

Table 1
STATE NOMINAL AND REAL ANNUAL BUDGET INCREASES, FISCAL 1979 TO FISCAL 1991

	State General Fund	
Fiscal Year	*Nominal Increase (est.)*	*Real Increase*
1991	6.5% (est.)	1.0% (est.)
1990	7.7 (est.)	2.6 (est.)
1989	8.7	3.5
1988	7.0	2.9
1987	6.3	2.6
1986	8.9	3.7
1985	10.2	4.6
1984	8.0	3.3
1983	-0.7	-6.3
1982	6.4	-1.1
1981	16.3	6.1
1980	10.0	-0.6
1979	10.1	1.5
1979-91 average	**8.1%**	**1.8%**

NOTE: The state and local government implicit price deflator was used for state expenditures in determining real changes.

SOURCE: National Association of State Budget Officers

Appropriated budgets for fiscal 1991 total nearly the same amount as Governors' recommended budgets. Recommended spending for fiscal 1991, as reported in March 1990, totaled $292.3 billion and appropriated budgets totaled $297.5 billion. (Massachusetts increased its reporting base by about $5.0 billion. This accounts for most of the difference between recommended and appropriated budgets.) This is a departure from the past few years, when strong state economies allowed state legislatures to enhance Governors' spending proposals.

In fiscal 1990 forty states had spending growth of 5.0 percent or more. In fiscal 1991 the number of states in this category has declined to thirty-one. As Table 2 shows, the most dramatic change in state spending appears in the number of states with spending growth between 0.0 percent and 5.0 percent. This number has increased from eight in fiscal 1989 to nineteen in fiscal 1991. For these nineteen states, fiscal 1991 budgets may not even keep up with inflation.

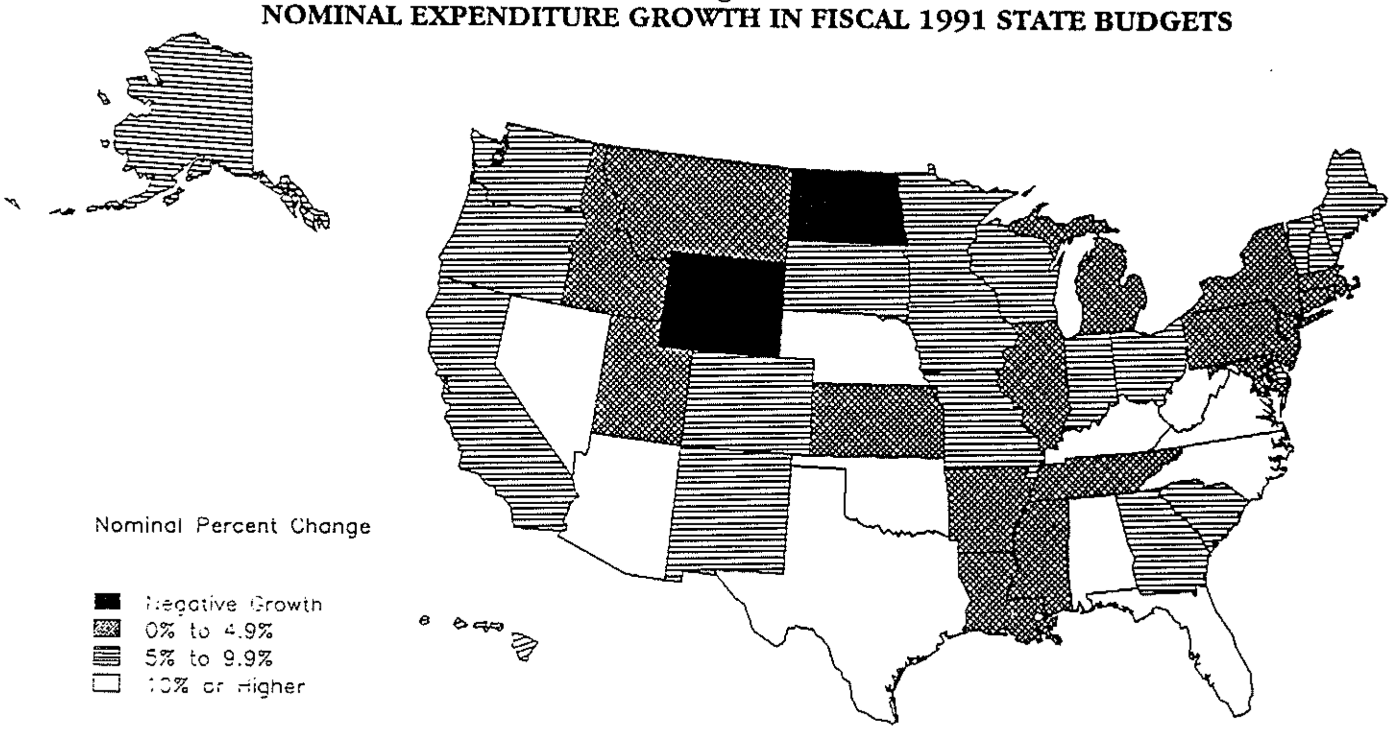
Table 2
ANNUAL STATE GENERAL FUND EXPENDITURE INCREASES,
FISCAL 1990 AND FISCAL 1991

	Number of States	
Spending Growth (percentage)	*Fiscal 1990 (Estimates)*	*Fiscal 1991 (Appropriated)*
Negative Growth	3	2
0.0% to 4.9%	7	17
5.0% to 9.9%	24	20
10% or Higher	16	11
Average Growth Rate	7.7%	**6.5%**

SOURCE: National Association of State Budget Officers

Regional variations in state spending growth for fiscal 1991 are illustrated in Figure 1. In general, the New England, Mid-Atlantic, Great Lakes, Plains, and Southeast regions have felt or have begun to feel the impact of a slowing national economy. The enacted budgets in many of these states reflect the slow growth they have been experiencing.

Figure 1
NOMINAL EXPENDITURE GROWTH IN FISCAL 1991 STATE BUDGETS



SOURCE: National Association of State Budget Officers

Biennial Budgets

Twenty-one states have biennial budgets: Arkansas, Florida, Hawaii, Indiana, Kentucky, Maine, Minnesota, Montana, Nebraska, Nevada, New Hampshire, North Carolina, North Dakota, Ohio, Oregon, Texas, Vermont, Virginia, Washington, Wisconsin, and Wyoming. For these states year-to-year spending comparisons can be difficult. Virginia provides a good example. The 1989-90 biennium was drawing to a close when the state economy began to slow down. The next biennial budget was already enacted. Budget cuts made at the end of the 1989-90 biennium reduced spending growth in fiscal 1990, while spending for fiscal 1991 is high because no adjustments have yet been made to the new biennial budget (though reductions have been recommended by the Governor). Spending increases for individual states in fiscal 1990 and fiscal 1991 are listed in Appendix Table A-5.

Budget Management

The art of budget management was well tested in fiscal 1990 and will continue to be tested in fiscal 1991.. The decline in state fiscal conditions occurred quickly. In fiscal 1989 only eight states had to cut enacted budgets. In fiscal 1990 twenty states and the District of Columbia had to reduce enacted budgets. These reductions are listed in Table 3. Already in fiscal 1991, only a few months into most states' fiscal year, some states have announced budget reductions because of the continued and spreading weakness in the national economy. This number is certain to grow as the year progresses.

Budget cuts enacted in fiscal 1990 totaled more than $2.7 billion, compared with less than $1.0 billion in cuts in fiscal 1989. Also, while fiscal 1989 cuts were centered in northeastern states, fiscal 1990 cuts were more geographically diversified, reflecting the spread of fiscal weakness from east to west.

In addition to cutting enacted budgets, eighteen states and the District of Columbia report that they took other types of actions to balance their fiscal 1990 budgets. Those actions are described below.

Alabama: Transferred $2.7 million from the general liability trust fund to provide the state match for Federal Emergency Management Assistance (FEMA) disasters; and voted three bond issues ($20.0 million general obligation, $16.0 million public school and college authority, and $20.0 million highway) to match FEMA for the same disasters.

Arizona: Rolled the last state aid for education payment of $100.0 million into fiscal 1991.

California: Postponed Medi-Cal payments until fiscal 1991 ($48.0 million general fund); gained authority to transfer (if necessary) all or part of money not needed in special funds to the general fund, as determined by the Pooled Money Investment Board; and postponed payment of the state share of the University of California retirement system ($56.0 million).

Connecticut: Borrowed approximately $260.0 million on short-term credit line.

District of Columbia: Deferred 2.0 percent pay increase for nonunion employees; imposed a hiring freeze in most agencies under the mayor's control; and restricted spending on uncommitted balances in nonpersonal services budgets for mayoral and independent agencies.

Florida: Limited certain expenditures.

Maine: Delayed implementation of health insurance for low-income persons; and delayed implementation of homestead exemption program.

Massachusetts: Will borrow (through the bond market) between $1.2 billion and $1.3 billion to redress its fiscal 1990 budget shortfall.

New Jersey: Delayed payment of $144.0 million to municipalities, including May and June payments of the utility tax, business personal property tax, and payments in lieu of taxes.

New York: Issued tax and revenue anticipation notes of $775.0 million; transferred excess balances totaling $350.0 million from several state funds to the general fund to offset revenue shortfalls; and postponed $70.0 million in scheduled fiscal 1990 expenditures.

Table 3
STATE BUDGET CUTS ADOPTED IN FISCAL 1990 AFTER THE APPROPRIATIONS BILL PASSED

State	Amount (in mil.)	Date(s) Enacted	Notes
Arizona	$11.3	11/89	Exempted K-12 education.
California	N/A	5/90	Reduction achieved through reduced travel and overtime, and by not filling vacant positions.
Connecticut	28.0	1/90	Included only agency operating budgets.
District of Columbia	65.0	5,7/90	Exempted police and contributions to teacher, police officer, and firefighter retirement funds.
Florida	279.8	11/89	Most agencies requested reductions in the areas addressed by the Administration Commission's resolutions (i.e., salary lapse increase and reductions in expenses and equipment categories).
Hawaii	8.0	7/89	Exempts local aid, K-12 education, debt service, unemployment insurance, workers' compensation.
Kansas	54.8	5/90	Exempted Public Disclosure Commission. Savings were reapportioned.
Maine	43.0	3/90	Exempted bonded debt and retirement.
Massachusetts	638.0	7/89, 1/90	Exempted AFDC, general relief, SSI, and emergency assistance, as well as employment and training.
Michigan	187.6	7/90	Excluded higher education, judiciary, mental health, military affairs, school aid, and transportation.
Minnesota	178.0	4/90	No programs were exempted from the reduction process.
Missouri	7.3	10/89	Exempted K-12 education, higher education, Medicaid, AFDC, certain mental health programs.
New Jersey	405.0	12/89	Exempted direct care personnel in corrections, mental hospitals, and institutions for the developmentally disabled.
New York	465.0	11/89,3/90	Reduced school aid payments by $330 million as a result of equivalent reduction in required local pension contributions; balance ($335 million) reflects 2% reduction in state agencies.
North Dakota	90.0	12/89	Reduction is on a biennial basis.
Rhode Island	31.2	various	
Tennessee	54.0	3/90	Exempted Medicaid.
Texas	59.5	6/90	Applied to debt service, legislative agencies, Governor's office, statewide accounting, and probation.
Vermont	13.4	various	Exempted debt service, human service entitlement programs, corrections (partial), and other minor hold harmless programs.
Virginia	95.1	9/90	Exempted aid to individuals, aid to local governments, debt service, and essential services.
West Virginia	42.0	11/89	Exempted debt service.

SOURCE: National Association of State Budget Officers

North Carolina: Delayed capital improvements of $95.2 million; changed payroll date by executive order from June 30 to July 2, 1990; and reduced allotments for all state agencies to save $343.3 million.

Ohio: Imposed a modified hiring freeze.

Pennsylvania: Shifted fourth-quarter payment of $135.3 million to the Public School Employees Retirement Fund from an encumbrance to a cash basis; curtailed expenditures of $3.0 million for automobiles and $4.0 million for automated technology; and received refund billings of $1.0 million for data network and central computer system.

Rhode Island: Accelerated loan repayments of $6.8 million from the turnpike and bridge authority; recovered $6.3 million of restricted funds; closed Auto Replacement Fund and transferred $0.7 million to general fund; and reallocated $5.0 million from the Affordable Housing Fund to the general fund.

South Carolina: Borrowed $31.35 million by means of a one-year note to finance obligations incurred from Hurricane Hugo. General Assembly intends to repay note in full in fiscal 1991 with capital reserve funds.

Tennessee: Transferred $113.0 million reserve to general fund; bonded or cancelled $61.0 million in capital projects; transferred $23.0 million from debt service fund; and reserved $65.0 million to fund fiscal 1991 one-time appropriations.

Vermont: Transferred $9.3 million from special funds; postponed $3.0 million in Medicaid payments.

Virginia: Deferred $89.1 million in capital projects funded by lottery receipts; and used $45.0 million from lottery funds to pay teacher retirement.

Wyoming: Appropriated $58.0 million from the budget stabilization account during the 1989-90 biennium.

When added to the list of states reducing enacted budgets, this list reveals the fundamental weakness in many state budgets. More than half of the states would have ended fiscal 1990 with a deficit had they not taken action to correct budget imbalances.

Other Expenditure Issues

In recent years there has been an increased focus on particular programs within state budgets. In particular, states have expressed concern about spending in the Medicaid program. Moreover, Aid to Families with Dependent Children (AFDC), aid to local government, and employee compensation increases have been important areas in which to monitor state spending trends.

Aid to Families with Dependent Children. Twenty-four states and the District of Columbia increased benefits in their AFDC programs for fiscal 1991, though in only nineteen states did Governors actually recommend such increases. The size of these increases varies widely (see Table 4). In fiscal 1990 twenty-nine states enacted cost-of-living increases for AFDC recipients. AFDC increases will continue to be a sensitive area as states face increased spending pressures with fewer resources.

Aid to Local Government. As state budgets decline, programs to aid local government usually are assumed to be among the first programs cut. This assumption has not been borne out in the current slowdown. New programs to aid general purpose local governments are prevalent in fiscal 1991 and are listed in Table 5. Many of the new programs involve earmarking a portion of a state revenue source for local distribution or granting taxing authority to local governments. In addition to the types of aid listed in Table 5, many states have increased funding for schools districts.

Table 4
ENACTED COST-OF-LIVING INCREASES FOR AID TO FAMILIES WITH DEPENDENT CHILDREN, FISCAL 1991

State	*Enacted 1991*	*State*	*Enacted 1991*
Alabama	5.0%	New Hampshire	2.0%
Alaska	7.2	New Mexico	25.0
Arizona	*	North Dakota	4.0
Connecticut	4.8	Oklahoma	5.0
Delaware	1.3	Oregon	17.4
District of Columbia	4.7	Rhode Island*	2.0
Georgia	18.9	South Carolina*	3.0
Idaho	3.5	South Dakota	2.0
Iowa	4.0	Tennessee	6.4
Maine	*	Utah*	4.0
Maryland	2.5	Vermont	3.0
Missouri	1.0	Wyoming*	15.0
Montana	4.8		

NOTES:	Arizona	Increase of 8-9 percent effective June 1991.
	Maine	Standard of need increased by 3 percent.
	Rhode Island	Effective August 1990.
	South Carolina	The General Assembly passed a 3 percent increase, but the Governor vetoed a provision allowing carry-forward dollars to fund part of the increase. Thus, the effective increase is 2 percent.
	Utah	Increase by executive order after the general session, with legislative leadership agreeing in principle.
	Wyoming	Increase includes welfare reform.

SOURCE: National Association of State Budget Officers

Employee Compensation Increases. Appendix Table A-8 lists approved employee compensation increases for fiscal 1991. The table shows that pay increases generally have not been eliminated in response to budget shortfalls, though some increases have been postponed. Most increases fall in the 4.0 to 6.0 percent range.

Medicaid Spending. Over the last few years Medicaid has grown faster than any other major state spending program. Much of this growth results from expansions to the program that were initiated at the federal level but require state spending increases. Examples include provisions under welfare reform legislation, catastrophic care legislation, and nursing home reform legislation. These expansions are estimated to cost states $2.5 billion in fiscal 1991.

To some extent, the growth in state spending within a fiscal year has stemmed from states' inability to accurately forecast Medicaid spending. Original estimates for Medicaid spending in fiscal 1990 and final estimates (or, in many cases, actual expenditures) for the year are listed for each state in Appendix Table A-9. For fiscal 1990, states spent $662.0 million more on Medicaid than they originally budgeted for the program. Thirty-one states spent more than they estimated for this program. Overspending is important because it reveals the difficulty states may face in holding down expenditures.

Table 5
ENACTED NEW SPENDING OR TAX PROGRAMS TO AID GENERAL PURPOSE LOCAL GOVERNMENT, FISCAL 1991

California	Legislation was enacted to authorize counties to establish business license and utility taxes, resulting in up to $300.0 million in new revenues. Legislation also was enacted to allow counties to charge fees for nonjurisdictional criminal bookings and for property tax administration, yielding approximately $255.0 million in revenue to counties with corresponding reductions in revenues to cities and other entities.
Delaware	Will contribute $4.0 million to counties as state share in support of statewide paramedic program and increase aid to local law enforcement by $0.5 million.
Florida	An additional $3.0 million is appropriated annually to be shared with certain small communities to supplement distributions under the half-cent sales tax distribution program for local governments.
Hawaii	Transferred 95.0 percent of the transient accommodations tax to the counties and provided financial support for the mass transit system for Honolulu city and county and for public transportation systems for the other counties.
Idaho	One-time appropriations of $16.0 million for local road projects, $6.0 million for juvenile detention facilities, and $6.0 million for water and sewer projects.
Maryland	State assumed operation of the Community College of Baltimore at a cost of $6.0 million and provided $1.0 million in police aid for municipalities.
Missouri	State appropriation of $75,000 to reimburse counties with certain mental health facilities for the costs of additional clerical staff for the public administrator when caseloads reach a certain level. State is providing $4.7 million in fiscal 1991 to four projects supporting new or existing sports complex projects. Additional funding (estimated at $148,622 in fiscal 1991) for maintenance and repair of publicly owned airports will be provided by a nine-cent tax on aviation fuel deposited into the Aviation Trust Fund. Other appropriations: Department of Natural Resources staff to work with local emergency planning committees on Poplar Bluff land conveyance ($91,407); testing drinking water ($776,078); drought relief and Clarence County Dam Water district ($680,000); aid to local soil water conservation districts ($500,000); rural community economic development grants ($150,000); and aid for local renewal plans under the Main Street program for small communities ($195,000).
New Jersey	Several new provisions have been passed to take effect in fiscal 1992.
New York	Medicaid cost containment package ($162.0 million); 21st Century Environmental Bond Act ($962.0 million); savings from pension reform ($480.0 million); increased support for preschool handicapped education program ($13.0 million); sales tax base broadeners ($65.0 million); elimination of duplicative teacher examination process in New York City ($6.4 million); municipal cost-effectiveness grants program ($250,000); and office of mandate review ($125,000).
North Dakota	The budget for the 1989-91 biennium (fiscal 1990 and 1991) includes 60.0 percent of one-cent sales tax for distribution to political subdivisions. This would amount to about $27.0 million in each year of the biennium but was cut by $1.0 million per year as a result of referral of sales and income tax measures in December 1989.
Ohio	Increased percentage of designated taxes to local government revenue assistance fund by 0.3 percent or approximately $1.7 million per year.

Table 5 (continued)
ENACTED NEW SPENDING OR TAX PROGRAMS TO AID GENERAL PURPOSE LOCAL GOVERNMENT, FISCAL 1991

South Carolina	A local option one-cent sales tax with property tax roll-back requirement is on the November ballot.
Tennessee	Will provide $7.0 million for local bridge program through a 70 percent/30 percent state-local match.
Virginia	Tax compliance efforts (thirty additional auditors) will generate state and local audit revenues. Recordation tax receipts will be returned to localities ($20.0 million).
Washington	Increase in transportation tax distributions ($22.0 million); one-time liquor profits distribution ($7.5 million); aid for criminal justice ($60.0 million); additional taxing authority for criminal justice ($40.0 million); additional taxing authority for conservation ($20.0 million).
Wisconsin	Will pick up some costs of public health agencies ($1.0 million per year); grants for local recycling programs ($18.5 million); revolving loan fund for municipal wastewater treatment facilities; increased funding for school district capital debt ($16.4 million).

SOURCE: National Association of State Budget Officers

II. State Revenue Developments

Overview

Poor revenue performance was the primary cause of budget imbalances in fiscal 1990. In sharp contrast to fiscal 1989, when the majority of states collected higher revenues than they had anticipated, in fiscal 1990 more than half the states collected less revenue than they anticipated.

Revenue growth for fiscal 1990 was 5.4 percent, and for fiscal 1991 state revenues are estimated to grow by 7.1 percent. This rate of growth for fiscal 1991 is lower than would be expected given the number of revenue increases that the rate incorporates. More than $10.3 billion in new revenues have been added for fiscal 1991. Without these revenues, state revenue growth would be less than 5.0 percent.

Revenue Collections for Fiscal 1990

Twenty-seven states and the District of Columbia collected less revenue in fiscal 1990 than they anticipated. These collections, presented in Appendix Table A-6, reveal strong regional trends.

Of the seventeen states reporting collections above original estimates, ten are in the three western regions of the country. Only three of the fifteen states in these regions (California, Colorado, and Hawaii) collected less than they anticipated. In contrast, only two of the sixteen states that lie in the three northeastern regions (Michigan and Wisconsin) have collected more than they anticipated.

What does this mean? While generalizations are difficult, the slowdown in the national economy has been moving from east to west. The first states hit were those in New England, where tight fiscal conditions have been predominant for more than eighteen months. The Mid-Atlantic states followed in fiscal 1990, along with some states in the Great Lakes and Southeast regions. It appears likely that these three regions will feel more strongly the effects of the slowdown in fiscal 1991, as will the Plains. For now, the western United States offers the country's only bright revenue picture.

Collection data are reported for three tax sources--sales taxes, personal income taxes, and corporate income taxes--and corporate collections are definitely the weakest. Thirty-three of forty-five states report collections below original estimates. For sales taxes, twenty-three of forty-five states report collections below estimates. Twenty of forty-two report low collections for personal income taxes.

Fiscal 1991 Tax Changes

Fiscal 1991 tax increases total $10.3 billion, the largest single-year increase ever recorded. Table 6 lists the size of annual tax increases. No year has exceeded the current year in the magnitude of its tax increase, though fiscal 1983 increases were greater as a percent of total revenues.

Since the northeastern regions of the country were the first to fall on hard times, they also are the first to have exhausted budget reduction strategies and to resort to revenue increases in order to maintain balanced budgets. Three northeastern states--Massachusetts, New Jersey, and New York--account for almost half of the fiscal 1991 tax increase.

Other than to address general fiscal difficulty, a number of states increased taxes to fund significant reform in their education funding formulas. They include Kentucky, Nebraska, New Jersey, Oklahoma, and Texas. Some of these reforms were made in response to court rulings and some were in anticipation of them. Table 7 lists revenue increases and decreases in individual states. Further detail on specific actions taken and changes to tax bases are included in Appendix Table A-7.

A total of thirty-three states enacted tax changes for fiscal 1991, with twenty-six states increasing net revenues and seven reducing them. This compares with thirty-eight states enacting tax changes for fiscal 1990 (thirty increases and eight decreases). While fewer states increased revenues in fiscal 1991 than in fiscal 1990, the fiscal 1991 increases will raise more than twice the revenue--$10.3 billion compared with $4.9 billion.

Table 6
STATE REVENUE INCREASES, FISCAL 1978 TO FISCAL 1991

Fiscal Year	*Revenue Increase ($ in billions)*	*Fiscal Year*	*Revenue Increase ($ in billions)*
1991	$10.3	1984	$10.1
1990	4.9	1983	3.5
1989	0.8	1982	3.8
1988	6.0	1981	0.4
1987	0.6	1980	-2.0
1986	-1.1	1979	-2.3
1985	0.9	1978	0.5

SOURCES: Advisory Commission on Intergovernmental Relations, *Significant Features of Fiscal Federalism, 1985-86 Edition*, page 77, based on data from the Tax Foundation and the National Conference of State Legislatures. Fiscal 1988, 1989, 1990, and 1991 data provided by the National Association of State Budget Officers.

Sales Tax

The sales tax is the second largest source of tax increases for fiscal 1991. It accounts for roughly $2.5 billion, or 24.1 percent, of total new revenues. Fifteen states have increased sales tax revenues and four have decreased them.

Seven states (Kentucky, Nebraska, New Jersey, New Mexico, Oklahoma, Rhode Island, and Texas) increased their sales tax rates, and Massachusetts significantly broadened its sales tax base. The single largest sales tax increase came in New Jersey, where a full percentage point increase and other changes will generate over $1.3 billion in fiscal 1991.

In addition to tax rate and tax base increases, other sources of increased sales tax revenue will come from removing exemptions and speeding up payments. The latter will result in one-time--not ongoing--revenue gains.

Personal Income Tax

Thirteen states have enacted net increases in their personal income taxes, and four states have enacted decreases. The net impact of these changes will be to increase fiscal 1991 revenue by over $2.9 billion, the largest increase in any single tax source. More than half of this increase is accounted for by New Jersey, where top income tax rates were doubled to help finance education funding reform and by Massachusetts, where a surtax on the top rate remains in effect. Other significant increases were enacted in Kentucky ($432.0 million), where the state conformed to the federal tax code, and in New York ($404.0 million), where a planned reduction in tax rates was postponed.

Corporate Income Tax

Only five recommended budgets included corporate tax increases for fiscal 1991, but enacted budgets in thirteen states include them. Two states enacted small reductions in corporate income taxes. The net effect of these changes will be to increase state revenues by $1.4 billion. The vast majority of the increase comes from New York ($611.0 million) and California ($525.0 million).

Table 7

SUMMARY OF FISCAL 1991 REVENUE INCREASES BY TYPE OF REVENUE AND NET INCREASE OR DECREASE

($ in millions)

State	*Sales*	*Personal Income*	*Corporate Income*	*Cigarette/ Tobacco*	*Motor Fuels*	*Alcohol*	*Others*	*Total*
Alabama							47.0	47.0
Alaska								0.0
Arizona	6.2	118.7	30.9	9.5			53.7	219.0
Arkansas								0.0
California		79.0	525.0		760.0		183.0	1,547.0
Colorado								0.0
Connecticut		10.5						10.5
Delaware				5.5	6.0	5.7	3.7	20.9
Florida	99.8		-6.8	118.2	187.6	132.2	398.8	929.8
Georgia								0.0
Hawaii	-2.0	-64.0						-66.0
Idaho	-1.0							-1.0
Illinois								0.0
Indiana			-1.5					-1.5
Iowa		-7.1						-7.1
Kansas								0.0
Kentucky	187.0	432.0	30.0				33.0	682.0
Louisiana	11.0			14.0			80.0	105.0
Maine				3.4				3.4
Maryland								0.0
Massachusetts	192.6	742.1	50.0		177.4			1,162.1
Michigan								0.0
Minnesota		-4.7	4.6					-0.1
Mississippi								0.0
Missouri	-58.5							-58.5
Montana								0.0
Nebraska	108.9	75.8					6.9	191.6
Nevada								0.0
New Hampshire			2.0	2.0	10.0	0.5	16.1	30.6
New Jersey	1,305.0	732.0		103.0		-25.0	150.0	2,265.0
New Mexico	45.7							45.7
New York	134.0	404.0	611.0	78.0		49.0	401.0	1,677.0
North Carolina	5.2	130.6	48.9				2.0	186.7
North Dakota								0.0
Ohio					116.0		-20.0	96.0
Oklahoma	80.0	101.0	20.0				5.0	206.0
Oregon								0.0
Pennsylvania								0.0
Rhode Island	82.0						29.4	111.4
South Carolina							28.7	28.7
South Dakota								0.0
Tennessee			20.0		12.0			32.0
Texas	279.4			178.6		25.7		483.7
Utah								0.0
Vermont		42.5			10.2		6.8	59.5
Virginia	3.0	81.7	29.9			1.0	1.1	116.7
Washington					130.0			130.0
West Virginia	8.0	4.0	3.0				33.0	48.0
Wisconsin	-0.6	-2.7	3.0				-4.7	-5.0
Wyoming								0.0
Total	$2,485.7	$2,875.4	$1,370.0	$512.2	$1,409.2	$189.1	$1,454.5	$10,296.1
District of Columbia						-1.3	41.8	40.5

In addition to corporate income taxes, many states increased taxes that affect businesses but are not strictly defined as corporate income taxes. These increases are listed under Miscellaneous Taxes.

Cigarette and Tobacco Taxes

Only nine states raised cigarette taxes this year, compared with thirteen in fiscal 1990. The largest increases came in New Jersey (21 cents per pack) and in Texas (15 cents per pack). These two states account for over half of the $512.2 million in new revenue that cigarette and tobacco taxes will generate.

Motor Fuel Taxes

Motor fuel tax increases were implemented in over twenty states in fiscal 1990; in 1991 only nine states have increased them. Five large increases came in California ($760.0 million), Florida ($188.0 million), Massachusetts ($177.0 million), Washington ($130.0 million), and Ohio ($118.0 million). Together these states account for over 97.0 percent of the tax increase.

Alcohol Taxes

About $190.0 million has been raised in alcohol taxes for fiscal 1991. Most of the increase comes from Florida, where a surcharge on served drinks will generate $132.0 million.

Miscellaneous Taxes

As states seek to increase revenues without resorting to increases in broad-based taxes, targeted taxes become a popular source of revenue. Many of these tax increases constitute some type of business tax. For example, severance taxes, utilities taxes, and gross receipts taxes all affect businesses.

Seventeen states have increased taxes that fall into the miscellaneous category. These increases, along with three net decreases, will generate more than $1.4 billion in new revenue in fiscal 1991.

III. Year-End Balances

The decline in state fiscal conditions best manifests itself in year-end balance data; spending pressures and revenue shortfalls combine to create a picture of significantly declining balances from which states can finance unanticipated needs. Although fiscal 1989 saw an increase in balances resulting from strong revenue collections, fiscal 1990 saw a decline in balances as weak revenue collections forced states to tap their surpluses. The decline continues in fiscal 1991.

Thirty-three states held lower balances at the end of fiscal 1990 than at the end of fiscal 1989. Thirty-three also report that their ending balances will be less in fiscal 1991 than in fiscal 1990. As a result, total balances will decline from 4.8 percent in fiscal 1989 to 3.3 percent in fiscal 1990, and to only 2.5 percent by the end of fiscal 1991. Table 8 shows that this level of balances is the lowest since fiscal 1983, a recession year.

Table 8
SIZE OF TOTAL YEAR-END BALANCES, FISCAL 1978 TO FISCAL 1991

Fiscal Year	*Total Balance ($ in billions)*	*Total Balance (As % of Expenditures)*
1991	$7.4 (est.)	2.5%
1990	9.1 (est.)	3.3
1989	12.5	4.8
1988	9.8	4.2
1987	6.7	3.1
1986	7.2	3.5
1985	9.7	5.2
1984	6.4	3.8
1983	2.3	1.5
1982	4.5	2.9
1981	6.5	4.4
1980	11.8	9.0
1979	11.2	8.7
1978	8.9	8.6

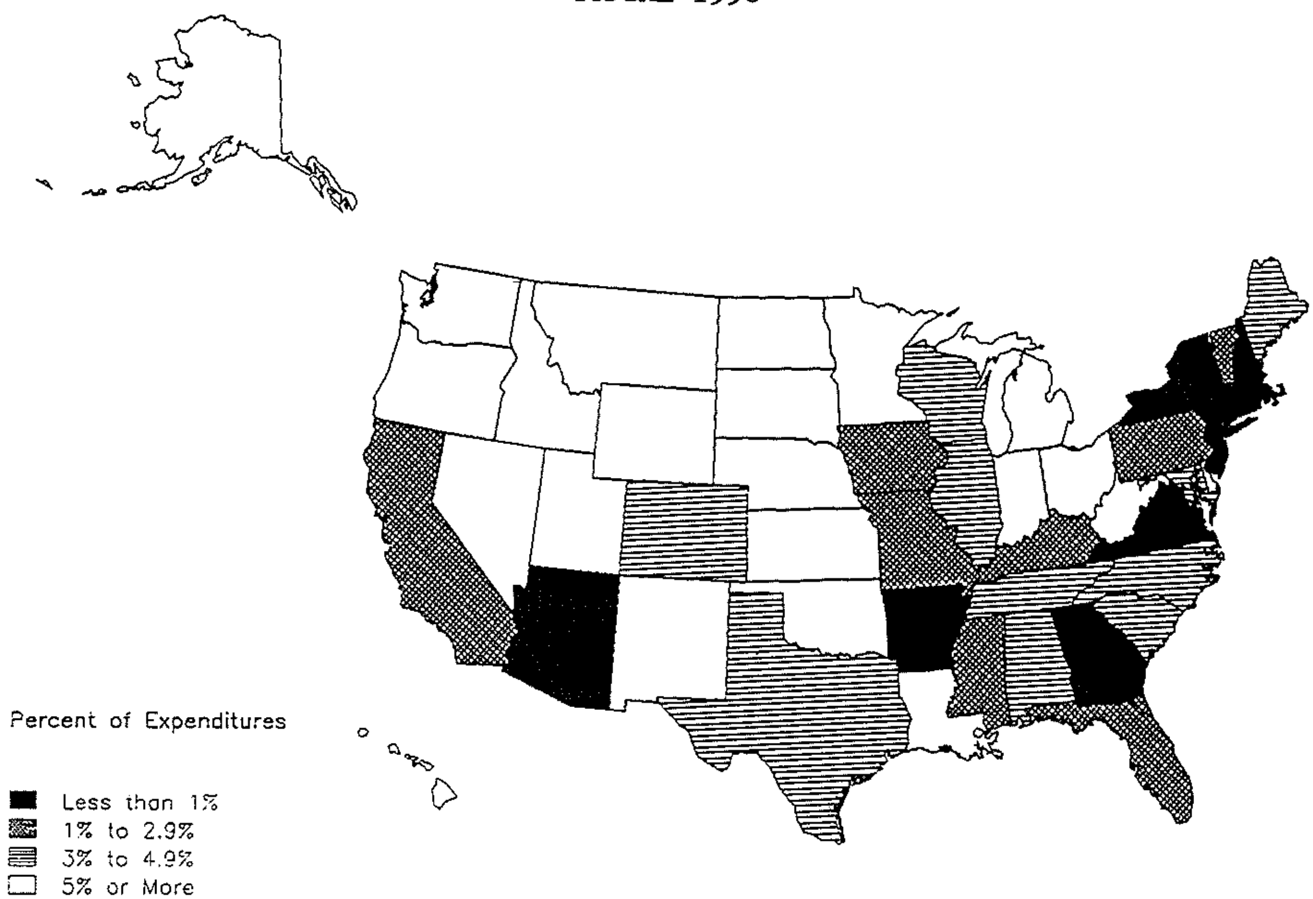
SOURCE: National Association of State Budget Officers

How did this happen? When revenues failed to keep pace with both estimates and spending requirements, states tapped their balances. As the national economy slows even further, they will continue to do so this year, perhaps even more than they anticipate. As a result, little revenue will be available to serve as a reserve. States will face the need to either increase revenues in order to finance spending or make dramatic spending reductions.

This pattern of declining balances has exhibited strong regional trends that are illustrated in Figure 2 and Figure 3. The first states to experience a decline in revenues and a subsequent decline in balances were those in the northeastern regions. This occurred in fiscal 1989 and fiscal 1990. Many of these states raised revenues for fiscal 1990 and fiscal 1991.

States that have not yet depleted their reserves are continuing to draw down on them during fiscal 1991. Some in the Southeast and Plains plan to end the year with fairly slim margins, suggesting that they will next confront potential budget imbalances. The only regions where the trend is to increase, rather than to decrease, balances are the three western regions.

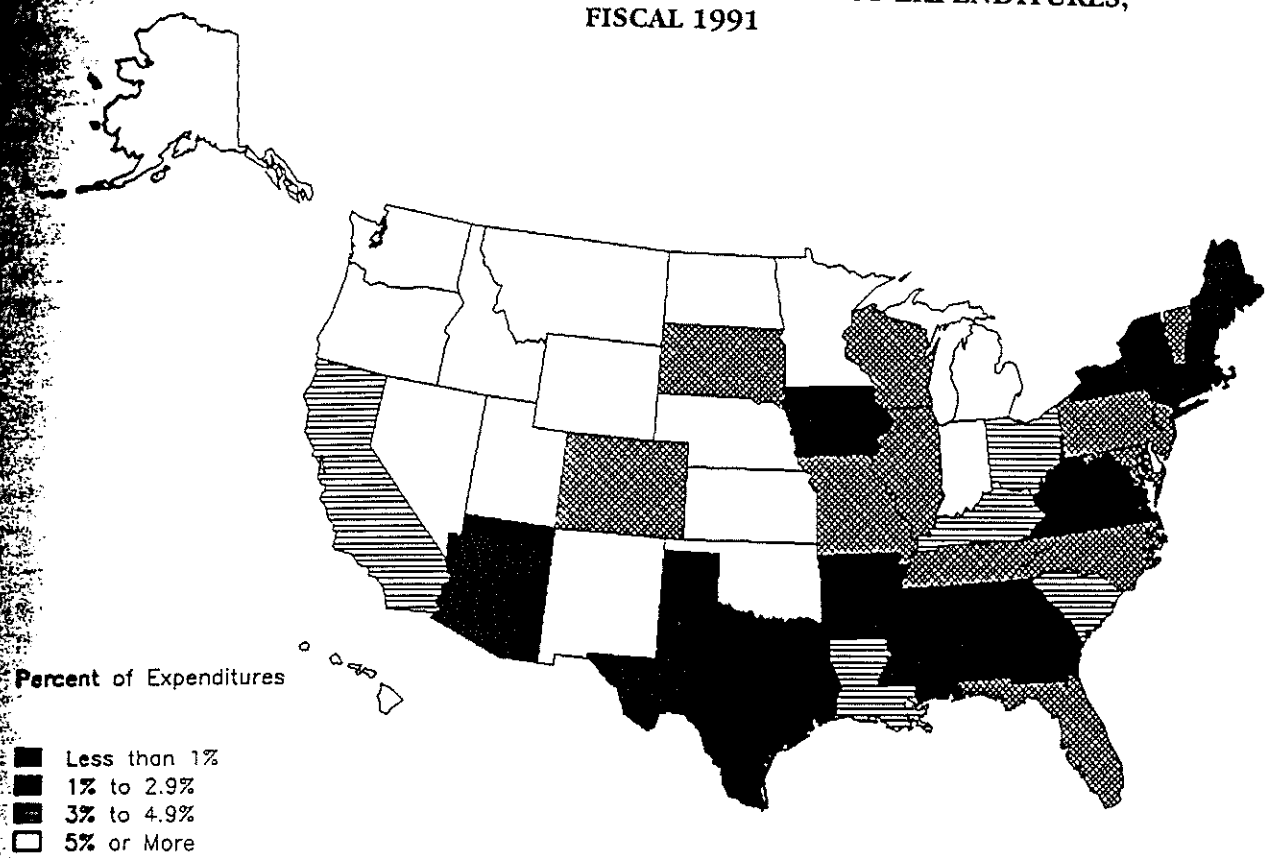
Figure 2
TOTAL YEAR-END BALANCES AS A PERCENT OF EXPENDITURES, FISCAL 1990



SOURCE: National Association of State Budget Officers

This same regional trend in fiscal conditions is shown in Table 9. The number of states holding the equivalent of more than 5.0 percent of expenditures declined from twenty-nine in fiscal 1989 to twenty-two in fiscal 1990, and is estimated to drop to only eighteen in fiscal 1991. While more than half the states held balances of over 5.0 percent in fiscal 1989, more than half expect to hold balances of less than 3.0 percent in fiscal 1991.

Figure 3
TOTAL YEAR-END BALANCES AS A PERCENT OF EXPENDITURES, FISCAL 1991



SOURCE: National Association of State Budget Officers

Again, the regional contrast is startling. At the end of fiscal 1991 only one state in the New England and Mideast regions (Delaware) will hold a balance of more than 2.1 percent. In contrast, nine of the eleven states in the Rocky Mountain and Far West regions will hold balances of more than 5.0 percent. Ending balance data for individual states is reported in Appendix Table A-4.

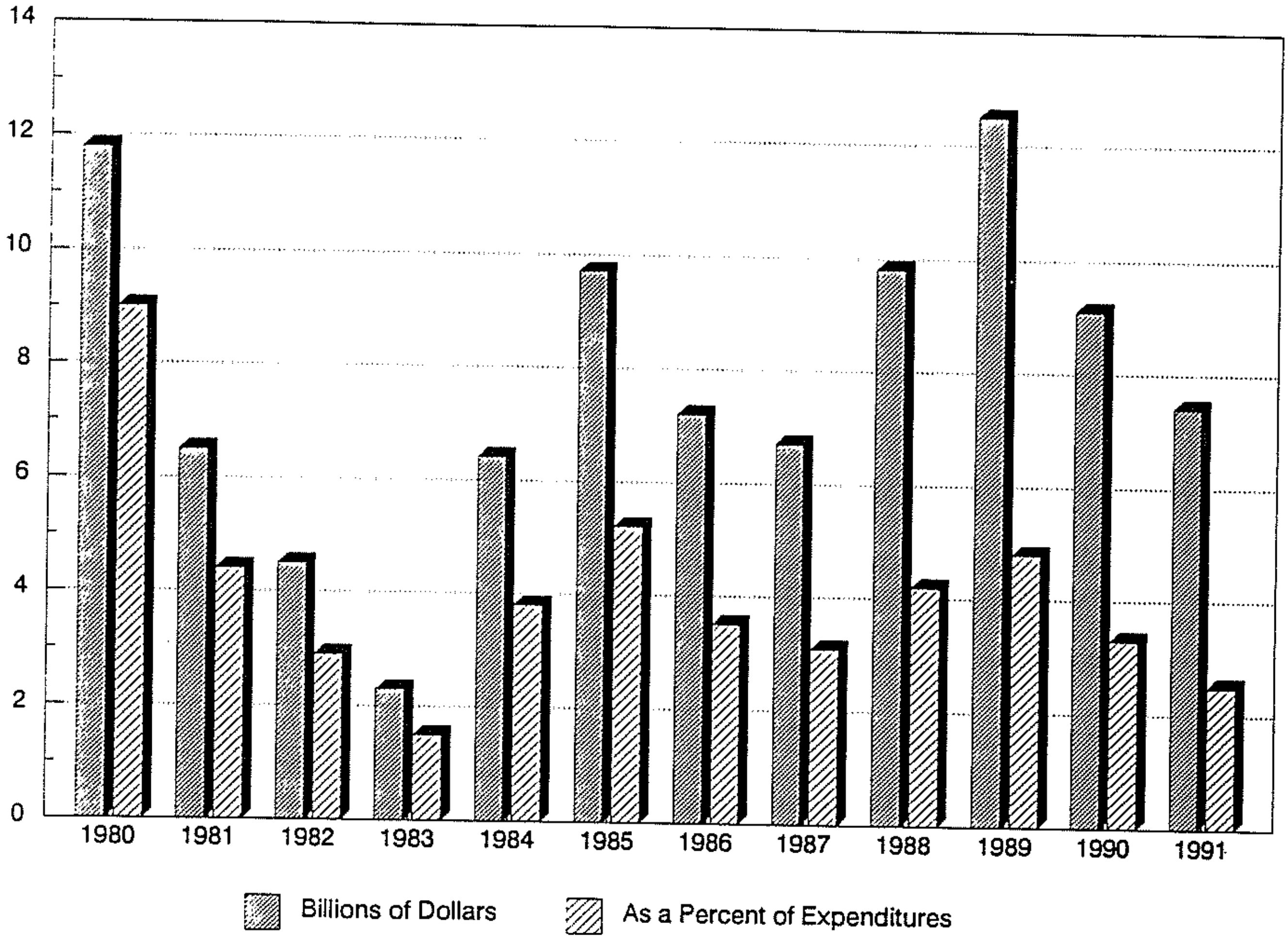
Table 9
TOTAL YEAR-END BALANCES AS A PERCENT OF EXPENDITURES, FISCAL 1989 TO FISCAL 1991

	Number of States		
Percentage	*Fiscal 1989 (Actual)*	*Fiscal 1990 (Estimated)*	*Fiscal 1991 (Appropriated)*
Less than 1.0%	5	10	15
1.0% to 2.9%	7	8	12
3.0% to 4.9%	9	10	5
5% or More	29	22	18
Average Percent	4.8%	3.3%	2.5%

SOURCE: National Association of State Budget Officers

It is now clear that fiscal 1989 was a turning point for state budgets, as shown in Figure 4. State balances peaked at $12.5 billion and reached almost 5.0 percent of expenditures, a level that some argue states should hold as a prudent balance. Fiscal 1990 and fiscal 1991 are years of decline. If current national economic trends persist, fiscal 1992 will continue the decline. The important question, and the one only time will answer, is whether states will have to endure a decline of the magnitude experienced in the early 1980s. States clearly are not well positioned to absorb significant additional erosion.

Figure 4
SIZE OF TOTAL YEAR - END BALANCES,
FISCAL 1980 TO FISCAL 1991



SOURCE: National Association of State Budget Officers

V. Regional Fiscal Outlook

Overview

The current decline in state fiscal conditions is occurring along strong regional lines. The New England region was hit first, followed by the Mideast. The Midwest, Plains, and Southeast will face significant challenges in the current fiscal year to keep their budgets in balance. For now, the Southwest, Rocky Mountain, and Far West regions are the bright spots on the U.S. map.

The data in Table 10 confirm the slowing of the national economy and many regional economies. Compared with a year ago, national unemployment has increased slightly (from 5.1 percent to 5.3 percent), balances have declined (from 4.8 percent to 3.3 percent), and expenditure growth has declined (from 7.7 percent to 6.5 percent).

Table 10
REGIONAL BUDGET AND ECONOMIC INDICATORS

Region	*Weighted Unemployment Rate*[a]	*Weighted Annual % Change in Personal Income*[b]	*Annual % Change in Population*[c]	*Fiscal 1990 Total Balances as a Percent of Expenditures*	*Enacted 1991 General Fund Budget Growth (%)*	*Number of States in Region*
New England	5.5%	6.9%	0.7%	-5.5%	3.1%	6
Mideast	4.7	7.4	0.4	1.0	2.7	5
Great Lakes	5.9	7.2	0.4	6.2	6.5	5
Plains	4.1	7.4	0.5	9.0	8.1	7
Southeast	5.8	7.7	1.1	2.9	10.2	12
Southwest	6.1	7.3	0.9	4.3	12.1	4
Rocky Mountain	5.1	7.7	0.6	7.0	3.7	5
Far West	5.6	8.7	2.6	4.6	6.1	6
Average	5.3%	7.6%	1.0%	3.3%	6.5%	50

SOURCES:
a. U.S. Department of Labor, Bureau of Labor Statistics, August 1990.
b. FFIS Issue Brief 90-15, State Personal Income, Percent Change 1988-1989, p.11.
c. FFIS Issue Brief 90-1, Percent Change in Population, 1988-1989, p.2.

New England

This region continues to have the worst state fiscal conditions. Three states in the region (Connecticut, Massachusetts, and New Hampshire) ended fiscal 1990 with deficits and two of the remaining three states (Rhode Island and Vermont) ended with balances of under 2.0 percent. By the end of fiscal 1991 Vermont will have the highest balance in the region, a balance of only 1.3 percent of expenditures.

As a result of the poor economic environment, state spending also is low. In fiscal 1990 only one state budget (Maine) increased more than the national average. Several tax increases enacted during fiscal 1990 will allow fiscal 1991 spending to increase at a higher, but still modest, rate. Even employment and personal income growth--variables that remained strong during the early months of the slowdown--now are performing below the national average.

Mideast

Balances as a percent of expenditures declined or remained at zero in every state in this region between fiscal 1989 and fiscal 1990. In all but one state (New Jersey) they are estimated to decline further between 1990 and 1991. The economic statistics for the region are stronger than those for New England, with a lower unemployment rate and higher personal income growth. Compared with a year ago, however, personal income growth has slowed from 8.4 percent growth to 7.4 percent growth. At just 2.7 percent, fiscal 1991 spending growth is the lowest in the country, reflecting tightening state economies.

Great Lakes

This region currently is benefiting from the large balances it established over the last few years. Although the slowing economy is taking its toll, these balances may allow the region to squeak through fiscal 1991 without dramatic fiscal upheaval. While four states (Indiana, Michigan, Ohio, and Wisconsin) held balances exceeding 5.0 percent of expenditures in fiscal 1989, three states (Indiana, Michigan, and Ohio) did so in fiscal 1990, and two states (Indiana and Michigan) plan to do so in fiscal 1991. Even that estimate may prove optimistic. The region's unemployment rate exceeds the national average and its personal income growth lags the national average. Spending growth in the region equals the national average (6.5 percent).

Plains

The Plains states hold the highest balances in the country, but like the Great Lakes states , they are relying on high balances to see them through a slow economy. All but one of the states in the region (North Dakota) reduced their balances as a percent of spending between fiscal 1989 and fiscal 1990, and all seven states plan to reduce balances between fiscal 1990 and fiscal 1991. The region enjoys a low unemployment rate, but also experienced slower personal income growth in fiscal 1989 than in the previous year. Its spending growth exceeds the national average, but that growth is lower than its 10.0 percent growth in enacted budgets last year.

Southeast

In a region as large as the Southeast, generalizations are difficult. Therefore, it is significant that eleven of the twelve states in the region plan to reduce their balances as a percent of expenditures between fiscal 1990 and fiscal 1991. The only exception is Kentucky, which enacted a major tax increase in fiscal 1990. In fiscal 1990 the region held the third lowest balance in the nation. Fiscal 1991 spending growth in the region exceeds the national average, though some of the states in the region have spending growth far below the regional average--Arkansas, Georgia, Louisiana, Mississippi, and Tennessee. Unemployment in the region exceeds the national average as does personal income growth.

Southwest

The Southwest holds the distinction of having the highest percentage expenditure growth (12.1 percent) in fiscal 1991. Although the regional totals are dominated by Texas, three of the four states plan to increase spending by more than 10.0 percent. Both Oklahoma and Texas have addressed education funding reforms, which partly explains their spending increases. This region has the highest unemployment rate in the country, though current increases in the price of oil may improve the regional economy. Balances declined in two of the four states (New Mexico and Oklahoma) between fiscal 1989 and fiscal 1990 and are estimated to decrease in two states (New Mexico and Texas) between fiscal 1990 and fiscal 1991.

Rocky Mountain

The economic statistics for the Rocky Mountain region are comparable to national averages; its unemployment rate is slightly lower and its personal income growth is slightly higher. Spending growth increases are modest in a region that has become accustomed to slow growth. Balances declined in four of the five states in the region between fiscal 1989 and fiscal 1990. In only one state (Wyoming) are balances estimated to increase as a percent of spending between fiscal 1990 and fiscal 1991. This region is likely to see an improvement in its economy, given the recent developments in the oil and energy markets.

Far West

The data for the Far West region are very strong, and if California were excluded they would be even stronger. For example, ending balances in the region were 4.6 percent of expenditures for fiscal 1990. Without California they would have been 13.1 percent. All states except Alaska and Hawaii increased their balances between fiscal 1989 and fiscal 1990. Yet, only Alaska and California plan to increase balances between fiscal 1990 and fiscal 1991. The region continues to enjoy the strongest population and personal income growth in the country. Enacted budget increases for fiscal 1991 are lower than the national average (6.1 percent in the region compared with 6.5 percent nationally).

APPENDIX

Table A-1
FISCAL 1989 STATE GENERAL FUND, ACTUAL
($ in millions)

Region/State	*Beginning Balance*	*Revenues*	*Resources*	*Expenditures*	*Ending Balance*	*Budget Stabilization Fund*
NEW ENGLAND						
Connecticut*	$0	$5,715	$5,715	$5,743	-$28	$130
Maine	142	1,498	1,640	1,477	163	25
Massachusetts*	353	11,968	12,322	12,764	-442	
New Hampshire	13	571	584	578	6	29
Rhode Island*	115	1,299	1,413	1,400	14	37
Vermont	74	546	619	608	11	13
MIDEAST						
Delaware*	158	1,119	1,278	1,092	185	*
Maryland	408	5,442	5,850	5,460	390	92
New Jersey	774	11,187	11,962	11,550	411	
New York*	53	28,191	28,244	28,244	0	
Pennsylvania*	95	11,260	11,355	10,970	385	112
GREAT LAKES						
Illinois	246	12,134	12,380	11,839	541	
Indiana*	243	5,198	5,442	5,017	425	265
Michigan	22	7,064	7,085	7,024	61	419
Ohio	297	9,012	9,309	8,834	475	340
Wisconsin	194	5,635	5,829	5,454	375	
PLAINS						
Iowa	62	2,701	2,763	2,668	95	
Kansas	303	2,228	2,531	2,160	371	
Minnesota*	850	6,032	6,882	5,936	946	*
Missouri	100	3,792	3,892	3,781	110	
Nebraska	178	1,099	1,277	987	290	50
North Dakota	51	536	587	547	40	25
South Dakota	42	409	450	411	39	
SOUTHEAST						
Alabama	177	3,087	3,264	3,211	53	21
Arkansas	0	1,714	1,714	1,714	0	
Florida	235	9,272	9,506	9,465	42	157
Georgia*	151	6,468	6,619	6,380	239	194
Kentucky	32	3,326	3,358	3,310	48	
Louisiana*	-512	5,195	4,683	4,028	655	
Mississippi	89	1,804	1,893	1,809	84	24
North Carolina*	393	6,175	6,568	6,411	157	
South Carolina	13	3,137	3,150	3,092	58	88
Tennessee	66	3,470	3,536	3,408	128	100
Virginia*	275	5,555	5,830	5,830	0	
West Virginia	35	1,494	1,529	1,463	66	
SOUTHWEST						
Arizona	6	2,886	2,892	2,890	1	
New Mexico*	0	1,867	1,867	1,754	*	113
Oklahoma	117	2,585	2,702	2,545	157	152
Texas	113	13,314	13,427	13,130	297	
ROCKY MOUNTAIN						
Colorado*	106	2,385	2,491	2,356	135	*
Idaho	17	773	790	713	77	12
Montana*	40	416	455	388	67	
Utah	42	1,540	1,582	1,511	71	48
Wyoming	72	369	441	387	54	58
FAR WEST						
Alaska	224	2,186	2,410	2,248	163	
California*	225	36,953	37,178	36,068	1,109	*
Hawaii	471	2,385	2,856	2,227	629	
Nevada	65	713	778	751	27	40
Oregon*	119	2,125	2,244	1,948	296	
Washington	178	5,991	6,169	5,713	456	60
TOTAL	$7,518	$261,819	$269,338	$259,293	$9,932	$2,607
District of Columbia	-219	2,873	2,655	2,872	-217	

NOTES TO TABLE A-1

For all states, unless otherwise noted, transfers into budget stabilization funds are counted as expenditures and transfers from budget stabilization funds are counted as revenues.

California	Ending balance includes $856.5 million budget stabilization fund.
Colorado	Required reserve of $92.0 million is included with ending balance.
Connecticut	Figures include $204.7 million for expenses related to the Educational Excellence Trust Fund, which was merged into the general fund beginning in fiscal 1990.
Delaware	Ending balance includes $55.9 million reserve fund.
Georgia	Beginning balance includes $58.9 million mid-year adjustment reserve. Ending balance includes $64.7 million mid-year adjustment reserve.
Indiana	Figures include Property Tax Relief Fund.
Louisiana	Revenues include $783.0 million of Recovery District Bond proceeds to be repaid over a ten-year period.
Massachusetts	State is required to show consolidated budgetary funds for reporting. Revenues include other financing sources.
Minnesota	Ending balance includes $550.0 million budget stabilization fund.
Montana	Revenues include adjustments.
New Mexico	Ending balance is held in budget stabilization fund.
New York	General fund figures are reported on a cash basis. Revenues reflect deficit note of $460.0 million and drawdown of $69.0 million from the tax stabilization reserve (rainy day) fund.
North Carolina	Revenues include $20.0 million in general obligation bonds for capital improvements.
Oregon	Biennial expenditures were split 48.0 percent to the first year of the biennium and 52.0 percent to the second year of the biennium. Year-to-year comparisons may be misleading.
Pennsylvania	Revenues include adjustments. In addition to its budget stabilization fund, Pennsylvania reported $44.0 million in its Sunny Day Fund, which is used for economic development.
Rhode Island	Revenues include other financing sources.
Virginia	Expenditures include reserve and ending balance includes undesignated fund balance.

Table A-2
FISCAL 1990 STATE GENERAL FUND, PRELIMINARY ACTUAL
($ in millions)

Region/State	*Beginning Balance*	*Revenues*	*Resources*	*Expenditures*	*Ending Balance*	*Budget Stabilization Fund*
NEW ENGLAND						
Connecticut	$0	$6,112	$6,112	$6,372	-$260	$102
Maine	163	1,419	1,582	1,525	57	8
Massachusetts*	-442	12,636	12,194	13,420	-1,226	
New Hampshire	6	568	574	607	-33	3
Rhode Island*	14	1,461	1,474	1,472	2	1
Vermont	11	588	599	599	0	11
MIDEAST						
Delaware*	185	1,157	1,342	1,170	172	*
Maryland	390	5,707	6,098	6,039	58	120
New Jersey	411	11,407	11,818	11,817	1	
New York*	0	29,229	29,229	29,229	0	
Pennsylvania*	385	11,571	11,956	11,820	136	127
GREAT LAKES						
Illinois	541	12,841	13,382	12,987	395	
Indiana*	425	5,459	5,884	5,512	372	318
Michigan	61	7,246	7,307	7,304	3	388
Ohio	475	9,382	9,857	9,412	445	364
Wisconsin	375	5,705	6,080	5,837	243	
PLAINS						
Iowa	95	2,817	2,912	2,841	71	
Kansas*	371	2,299	2,671	2,400	270	
Minnesota*	946	6,527	7,473	6,645	828	*
Missouri	110	4,050	4,160	4,103	57	
Nebraska*	290	1,163	1,453	1,194	259	40
North Dakota	40	543	583	529	54	21
South Dakota	39	444	483	445	38	
SOUTHEAST						
Alabama	53	3,232	3,285	3,218	67	30
Arkansas	0	1,812	1,812	1,812	0	
Florida	42	9,985	10,027	9,950	77	163
Georgia*	239	7,196	7,435	7,398	37	
Kentucky	48	3,572	3,620	3,533	87	0
Louisiana	655	4,295	4,950	4,404	546	
Mississippi	84	1,848	1,932	1,927	5	21
North Carolina*	157	6,988	7,145	6,923	222	
South Carolina	58	3,318	3,376	3,360	15	94
Tennessee	128	3,690	3,818	3,753	65	100
Virginia*	0	5,691	5,691	5,691	0	
West Virginia	66	1,746	1,812	1,712	100	
SOUTHWEST						
Arizona	1	3,091	3,092	3,086	6	
New Mexico*	0	1,928	1,928	1,820	*	108
Oklahoma	157	2,697	2,854	2,707	147	151
Texas	297	14,950	15,247	14,697	550	
ROCKY MOUNTAIN						
Colorado*	135	2,480	2,615	2,504	111	*
Idaho	77	857	934	885	49	35
Montana*	67	450	517	432	85	
Utah	71	1,609	1,680	1,628	52	52
Wyoming*	54	429	483	434	49	2
FAR WEST						
Alaska	163	2,572	2,735	2,467	268	
California*	1,134	39,258	40,392	39,698	694	*
Hawaii	629	2,509	3,138	2,682	456	
Nevada	27	806	833	764	70	40
Oregon*	296	2,217	2,513	2,202	311	
Washington	456	6,426	6,882	6,371	511	260
TOTAL	$9,986	$275,982	$285,967	$279,337	$6,522	$2,560
District of Columbia*	-217	3,088	2,871	3,088	-217	

NOTES TO TABLE A-2

For all states, unless otherwise noted, transfers into budget stabilization funds are counted as expenditures and transfers from budget stabilization funds are counted as revenues.

California	Beginning balance includes a prior year expenditure accrual adjustment of $25.0 million. Ending balance includes $240.8 million budget stabilization fund.
Colorado	Ending balance includes required reserve of $99.1 million.
Delaware	Ending balance includes $62.5 million reserve fund.
District of Columbia	Current estimates indicate a potential revenue shortfall of $70.0 million and potential overspending (compared with figures reported here) of $40.0 million.
Georgia	Beginning balance includes $64.7 million mid-year adjustment reserve. Ending balance consists of $37.0 mid-year adjustment reserve.
Indiana	Figures include the Property Tax Relief Fund.
Kansas	Revenue figure is preliminary. Expenditure figure is preliminary. Approved expenditures were $2,405.5 million. Some underspending will shift to fiscal 1991.
Massachusetts	State is required to show consolidated budgetary funds for reporting. Revenues include other financing sources.
Minnesota	Ending balance includes $550.0 million budget stabilization fund.
Montana	Revenues include adjustments.
Nebraska	Revenues include transfer of $10.5 million from cash reserve fund.
New Mexico	Ending balance is held in budget stabilization fund.
New York	General fund figures are reported on a cash basis. Revenues reflect a $460.0 million revenue reduction for impoundment for fiscal 1989 deficit notes and receipt of $775.0 million for fiscal 1990 deficit notes. Figures are actual.
North Carolina	Revenues include a $279.4 million transfer from the highway trust fund.
Oregon	Biennial expenditures were split 48.0 percent to the first year of the biennium and 52.0 percent to the second year of the biennium. Year-to-year comparisons may be misleading.
Pennsylvania	Revenues include adjustments. In addition to its Rainy Day Fund, Pennsylvania estimates a balance of $59.0 million in its Sunny Day Fund, which is used for economic development.
Rhode Island	Revenues include other financing sources.
Virginia	Expenditures include reserve and ending balance includes undesignated fund balance.
Wyoming	Revenues include a $58.0 million transfer from the budget stabilization fund.

Table A-3
FISCAL 1991 STATE GENERAL FUND, APPROPRIATED
($ in millions)

Region/State	Beginning Balance	Revenues	Resources	Expenditures	Ending Balance	Budget Stabilization Fund
NEW ENGLAND						
Connecticut	-$157	$6,300	$6,143	$6,522	-$379	$0
Maine	57	1,570	1,627	1,627	0	7
Massachusetts*	-1,226	15,053	13,827	13,785	41	
New Hampshire*	-7	640	633	638	-5	0
Rhode Island*	2	1,534	1,536	1,535	1	5
Vermont	0	633	633	632	0	8
MIDEAST						
Delaware*	172	1,213	1,384	1,261	124	*
Maryland	58	6,257	6,316	6,310	6	130
New Jersey	1	12,246	12,247	12,066	181	
New York*	0	29,774	29,774	29,774	0	
Pennsylvania*	136	12,143	12,279	12,277	2	137
GREAT LAKES						
Illinois	395	13,471	13,866	13,591	275	
Indiana*	372	5,790	6,162	6,006	156	336
Michigan	3	7,665	7,668	7,650	18	423
Ohio	445	9,747	10,192	10,131	61	378
Wisconsin	243	6,201	6,444	6,345	99	
PLAINS						
Iowa	71	3,024	3,094	3,093	1	
Kansas*	270	2,344	2,615	2,488	127	
Minnesota*	828	6,855	7,683	7,151	532	*
Missouri	57	4,415	4,472	4,426	47	
Nebraska	259	1,343	1,602	1,485	117	32
North Dakota	54	484	538	500	38	23
South Dakota	38	455	493	482	11	
SOUTHEAST						
Alabama*	67	3,390	3,457	3,543	-86	39
Arkansas	0	1,829	1,829	1,829	0	
Florida	77	11,244	11,321	11,269	52	176
Georgia*	37	7,785	7,822	7,785	37	0
Kentucky	87	4,381	4,468	4,286	182	20
Louisiana	546	4,144	4,690	4,491	199	
Mississippi	5	1,968	1,973	2,010	-37	5
North Carolina*	222	7,928	8,150	8,009	141	*
South Carolina	15	3,593	3,608	3,593	15	100
Tennessee	65	3,720	3,785	3,785	0	100
Virginia*	0	5,861	5,861	6,617	-756	200
West Virginia	100	1,836	1,936	1,936	0	
SOUTHWEST						
Arizona*	6	3,463	3,469	3,456	14	
New Mexico*	0	2,047	2,047	1,940	*	107
Oklahoma	147	3,034	3,181	2,986	195	151
Texas	550	16,145	16,695	16,620	75	
ROCKY MOUNTAIN						
Colorado*	111	2,629	2,740	2,695	44	*
Idaho	49	878	927	910	17	35
Montana	85	431	516	449	67	
Utah	52	1,681	1,733	1,681	52	56
Wyoming	49	346	395	365	29	35
FAR WEST						
Alaska	268	2,610	2,878	2,595	283	
California*	694	42,915	43,609	42,032	1,578	*
Hawaii	456	2,677	3,133	2,820	313	
Nevada	70	860	930	875	55	40
Oregon*	311	2,379	2,690	2,384	306	
Washington	511	6,646	7,156	6,771	385	260
TOTAL	$6,650	$295,574	$302,223	$297,506	$4,610	$2,802
District of Columbia*	-217	3,241	3,024	3,241	-217	

NOTES TO TABLE A-3

For all states, unless otherwise noted, transfers into budget stabilization funds are counted as expenditures and transfers from budget stabilization funds are counted as revenues.

Alabama	Expenditures represent total appropriations. This amount may have to be reduced in order to balance the budget.
Arizona	New legislation created a Budget Stabilization Fund that will have an automatic triggering mechanism when Arizona personal income growth rate is above or below the seven-year moving average.
California	Ending balance includes budget stabilization fund of $1,299.0 million.
Colorado	Ending balance includes required reserve of $44.3 million.
Delaware	Ending balance includes $65.4 million reserve fund.
District of Columbia	Ending balance includes $1.7 million deficit repayment.
Georgia	Beginning balance is available only for supplemental purposes. There are efforts to reduce spending to $7,453.0 million.
Kansas	Expenditure figure is as approved and does not reflect shifts from fiscal 1990.
Indiana	Figures include Property Tax Relief Fund.
Massachusetts	The state is required to show consolidated budgetary funds for reporting. Revenues include other financing sources.
Minnesota	Ending balance includes $550.0 million budget stabilization fund that is available to offset a deficit of $18.0 million.
New Hampshire	Beginning balance reflects a transfer of $26.0 million from the budget stabilization fund.
New Mexico	Ending balance is held in a budget stabilization fund.
New York	General fund figures are reported on a cash basis. Revenues reflect a $775.0 million revenue reduction for impoundment for 1990 deficit notes.
North Carolina	Revenues include a $17.0 million transfer from the highway fund and a $264.0 million transfer from the highway trust fund. Resources include $75.0 million in legislative bonds. The General Assembly appropriated $141.0 million for a Reserve for Budget Stabilization. In Fiscal 1991 funds from the reserve are available only through appropriation by the General Assembly.
Oregon	Biennial expenditures were split 48.0 percent to the first year of the biennium and 52.0 percent to the second year of the biennium. Year-to-year comparisons may be misleading.

Pennsylvania	Revenues include adjustments. In addition to its Rainy Day Fund, Pennsylvania expects a balance of $28.0 million in its Sunny Day Fund, which is used for economic development.
Rhode Island	Revenues include other financing sources.
Virginia	Ending balance reflects the first year anticipated shortfall only. Virginia faces a $1,342.0 million shortfall for the 1990-92 biennium. As enacted in March 1990, the budget anticipated a $203.6 million undesignated fund balance at the end of the biennium. Of this amount. $200.0 million constituted a revenue reserve (shown as a budget stabilization fund). In July 1990, revenue projections were revised downward. The Governor's plan to address the shortfall would keep the reserve intact by reducing expenditures.

Table A-4
TOTAL BALANCES AS A PERCENT OF EXPENDITURES, FISCAL 1989 TO FISCAL 1991

Region/State	Total Balances ($ in millions) Fiscal 1989	Fiscal 1990	Fiscal 1991	As a Percent of Expenditures Fiscal 1989	Fiscal 1990	Fiscal 1991
NEW ENGLAND						
Connecticut	$102	-$157	-$379	1.8 %	-2.5 %	-5.8 %
Maine	188	65	7	12.7	4.3	0.4
Massachusetts	-442	-1,226	41	-3.5	-9.1	0.3
New Hampshire	35	-30	-5	6.1	-4.9	-0.8
Rhode Island	51	3	6	3.6	0.2	0.4
Vermont	24	11	8	4.0	1.9	1.3
MIDEAST						
Delaware	185	172	124	17.0	14.7	9.8
Maryland	482	178	136	8.8	3.0	2.1
New Jersey	411	1	181	3.6	0.0	1.5
New York	0	0	0	0.0	0.0	0.0
Pennsylvania*	497	263	139	4.5	2.2	1.1
GREAT LAKES						
Illinois	541	395	275	4.6	3.0	2.0
Indiana	690	690	492	13.8	12.5	8.2
Michigan	480	391	441	6.8	5.4	5.8
Ohio	815	810	439	9.2	8.6	4.3
Wisconsin	375	243	99	6.9	4.2	1.6
PLAINS						
Iowa	95	71	1	3.6	2.5	0.0
Kansas	371	270	127	17.2	11.3	5.1
Minnesota	946	828	532	15.9	12.5	7.4
Missouri	110	57	47	2.9	1.4	1.1
Nebraska	340	299	148	34.5	25.0	10.0
North Dakota	65	75	61	11.9	14.2	12.2
South Dakota	39	38	11	9.4	8.6	2.3
SOUTHEAST						
Alabama	74	97	-47	2.3	3.0	-1.3
Arkansas	0	0	0	0.0	0.0	0.0
Florida	199	240	228	2.1	2.4	2.0
Georgia	433	37	37	6.8	0.5	0.5
Kentucky	48	87	202	1.4	2.5	4.7
Louisiana	655	546	199	16.3	12.4	4.4
Mississippi	108	26	-32	6.0	1.4	-1.6
North Carolina	157	222	141	2.4	3.2	1.8
South Carolina	146	109	115	4.7	3.3	3.2
Tennessee	228	165	100	6.7	4.4	2.6
Virginia	0	0	-556	0.0	0.0	-8.4
West Virginia	66	100	0	4.5	5.8	0.0
SOUTHWEST						
Arizona	1	6	14	0.0	0.2	0.4
New Mexico	113	108	107	6.4	5.9	5.5
Oklahoma	309	298	346	12.1	11.0	11.6
Texas	297	550	75	2.3	3.7	0.5
ROCKY MOUNTAIN						
Colorado	135	111	44	5.7	4.4	1.6
Idaho	89	84	52	12.5	9.5	5.7
Montana	67	85	67	17.3	19.7	14.8
Utah	119	104	108	7.9	6.4	6.4
Wyoming	112	51	65	29.0	11.8	17.7
FAR WEST						
Alaska	163	268	283	7.2	10.9	10.9
California	1,109	694	1,578	3.1	1.7	3.8
Hawaii	629	456	313	28.2	17.0	11.1
Nevada	67	110	95	8.9	14.4	10.8
Oregon	296	311	306	15.2	14.1	12.8
Washington	516	771	645	9.0	12.1	9.5
TOTAL	$12,538	$9,082	$7,412	4.8 %	3.3 %	2.5 %
District of Columbia	-217	-217	-217	-7.6	-7.0	-6.7

NOTES TO TABLE A-4

Pennsylvania	In addition to its Rainy Day Fund, Pennsylvania expects a balance of $44.0, $59.0, and $28.0 million in its Sunny Day Fund for the three years shown.

Table A-5
NOMINAL PERCENTAGE EXPENDITURE CHANGE, FISCAL 1990 AND FISCAL 1991

Region/State	*Fiscal 1990*	*Fiscal 1991*
NEW ENGLAND		
Connecticut	10.9 %	2.4 %
Maine	3.2	6.7
Massachusetts	5.1	2.7
New Hampshire	5.0	5.1
Rhode Island	5.2	4.3
Vermont	-1.5	5.6
MIDEAST		
Delaware	7.1	7.7
Maryland	10.6	4.5
New Jersey	2.3	2.1
New York	3.5	1.9
Pennsylvania	7.7	3.9
GREAT LAKES		
Illinois	9.7	4.7
Indiana	9.9	9.0
Michigan	4.0	4.7
Ohio	6.6	7.6
Wisconsin	7.0	8.7
PLAINS		
Iowa	6.5	8.9
Kansas	11.1	3.6
Minnesota	11.9	7.6
Missouri	8.5	7.9
Nebraska	21.1	24.3
North Dakota	-3.3	-5.5
South Dakota	8.2	8.3
SOUTHEAST		
Alabama	0.2	10.1
Arkansas	5.7	1.0
Florida	5.1	13.3
Georgia	16.0	5.2
Kentucky	6.7	21.3
Louisiana	9.3	2.0
Mississippi	6.5	4.3
North Carolina	8.0	15.7
South Carolina	8.7	6.9
Tennessee	10.1	0.9
Virginia	-2.4	16.3
West Virginia	17.0	13.0
SOUTHWEST		
Arizona	6.8	12.0
New Mexico	3.8	6.6
Oklahoma	6.4	10.3
Texas	11.9	13.1
ROCKY MOUNTAIN		
Colorado	6.3	7.6
Idaho	24.1	2.8
Montana	11.3	3.9
Utah	7.7	3.3
Wyoming	12.2	-15.9
FAR WEST		
Alaska	9.8	5.2
California	10.1	5.9
Hawaii	20.4	5.1
Nevada	1.6	14.6
Oregon	13.0	8.3
Washington	11.5	6.3
TOTAL	7.7 %	6.5 %
District of Columbia	7.5	5.0

Table A-6
TAX COLLECTIONS COMPARED WITH PROJECTIONS USED IN ADOPTING FISCAL 1990 BUDGET
($ in millions)

Region/State	Sales Tax Original Estimate	Sales Tax Current Estimate	Personal Income Tax Original Estimate	Personal Income Tax Current Estimate	Corporate Income Tax Original Estimate	Corporate Income Tax Current Estimate	Total Revenue Collection #
NEW ENGLAND							
Connecticut*	$2,506	$2,495	$613	$629	$967	$792	L
Maine	524	483	585	574	81	71	L
Massachusetts	2,215	1,371	4,570	4,465	1,075	717	L
New Hampshire	N/A	N/A	N/A	N/A	114	114	L
Rhode Island	434	397	472	435	80	56	L
Vermont*	151	136	227	251	45	26	T
MIDEAST							
Delaware*	N/A	N/A	524	521	95	81	L
Maryland	1,594	1,572	2,872	2,863	141	113	L
New Jersey	3,411	3,220	3,266	2,980	1,322	1,130	L
New York*	6,000	5,729	15,670	15,252	1,664	1,276	L
Pennsylvania	4,300	4,225	3,349	3,294	1,194	1,081	L
GREAT LAKES							
Illinois*	3,886	3,827	4,039	3,984	712	568	L
Indiana*	2,189	2,119	2,019	2,090	776	753	L
Michigan*	2,720	2,725	3,493	3,572	1,968	1,830	H
Ohio*	3,394	3,403	3,670	3,660	930	813	T
Wisconsin*	1,951	1,984	2,497	2,624	476	436	H
PLAINS							
Iowa*	727	729	1,472	1,446	260	231	L
Kansas	733	732	845	863	172	168	L
Minnesota	1,881	1,867	2,746	2,730	467	478	L
Missouri	1,299	1,274	2,015	2,007	304	246	L
Nebraska	450	444	492	501	70	72	T
North Dakota	240	221	119	99	30	30	H
South Dakota	223	235	N/A	N/A	N/A	N/A	H
SOUTHEAST							
Alabama*	822	822	1,296	1,296	*	*	L
Arkansas	824	840	809	838	135	145	H
Florida*	8,294	8,260	N/A	N/A	931	800	L
Georgia	2,815	2,740	2,909	2,868	515	497	L
Kentucky	1,095	1,073	1,132	1,238	330	293	T
Louisiana	1,396	1,396	697	730	300	322	H
Mississippi	825	805	398	438	182	185	L
North Carolina*	1,739	1,763	3,496	3,390	788	558	L
South Carolina	1,123	1,143	1,377	1,394	239	162	L
Tennessee	2,418	2,319	90	94	388	350	L
Virginia	1,383	1,356	3,293	3,238	429	331	L
West Virginia*	505	495	472	517	152	148	H
SOUTHWEST							
Arizona	1,422	1,423	1,032	996	199	178	T
New Mexico	729	716	350	360	67	62	T
Oklahoma*	767	796	959	992	104	93	H
Texas	7,293	7,484	N/A	N/A	N/A	N/A	H
ROCKY MOUNTAIN							
Colorado	706	768	1,358	1,397	160	97	L
Idaho	298	319	317	398	57	72	H
Montana	N/A	N/A	149	160	30	48	H
Utah	700	706	623	661	90	99	H
Wyoming	101	105	N/A	N/A	N/A	N/A	H
FAR WEST							
Alaska	N/A	N/A	N/A	N/A	N/A	N/A	H
California	13,450	13,475	17,580	17,020	5,693	5,000	L
Hawaii	1,127	1,177	802	695	84	75	L
Nevada	262	282	N/A	N/A	N/A	N/A	H
Oregon	N/A	N/A	1,721	1,828	169	148	H
Washington*	2,725	3,126	N/A	N/A	1,001	1,093	H
TOTAL	$93,645	$92,573	$96,414	$95,387	$24,986	$21,837	
District of Columbia	526	557	658	636	178	149	L

L=revenues lower than estimates; H=revenues higher than estimates; and T=revenues on target.

NOTES TO TABLE A-6

Alabama	Corporate income tax collections are reported under personal income tax.
Arkansas	Current estimate is actual collections.
Connecticut	Personal income tax applies to capital gains, dividends, and interest income.
Delaware	Estimate at budget adoption was based on June 19, 1989 projection.
Florida	Current sales tax estimate reflects recently enacted payment speed-up.
Illinois	Current estimate is actual collections.
Indiana	Current estimate is actual collections.
Iowa	Current estimate is actual collections.
Michigan	The single business tax is reported under corporate income tax.
New York	Current estimate is actual collections.
North Carolina	Current estimate is actual collections.
Ohio	Current estimate is actual collections.
Oklahoma	Current estimate is actual collections.
Vermont	Current estimate is actual collections.
Washington	Business and occupations tax collections are reported under corporate income tax.
Wisconsin	Current estimate is actual collections.
West Virginia	Current estimate is actual collections.

Table A-7
ENACTED 1991 TAX CHANGES BY TYPE OF TAX

State	Tax Change Description	Effective Date(s)	Fiscal 1991 Revenue Change ($ in millions)
SALES TAX			
Arizona	Eliminate accounting allowance.	7/90	$8.0
	Reduce rate on real property rental.	7/90	-1.8
Florida	Speed up estimated payments.	6/90	76.7
	Remove spa/health club exemption.	7/90	6.9
	Strengthen mail order provisions.	10/90	1.5
	Exempt certain commercial leases.	7/90	-3.5
Hawaii	Waive statute of limitations for claims for use taxes by Hawaii General Motors dealers.	6/90	-2.0
Idaho	Change responsibility for determining who qualifies for production exemption from merchant to purchaser.	7/90	-1.0
Kentucky	Increase rate from 5% to 6%.	7/90	187.0
Louisiana	Increase telecommunications tax from 2% to 3%.	8/90	11.0
Massachusetts	Extend tax to most business purchases, telecommunications, and utilities purchased by businesses.	9,12/90	192.6
Missouri	Mail-order sales tax nexus (Bellas Hess).	10/90	1.5
	Expiration of temporary increase.	7/90	-60.0
Nebraska	Increase rate from 4% to 5%; increase motor vehicle usage tax from 4% to 5% (deposited in Highway Trust Fund).	7/90	108.9
New Jersey	Increase rate from 6% to 7%.	7/90	550.0
	Extend tax to telecommunications.	7/90	323.0
	Extend tax to cigarettes.	7/90	82.0
	Remove exemption for sales of heavy trucks and leased trucks and trailers; for disposable paper products; for household soaps and detergents.	7/90	138.0
	Extend tax to janitorial services and to alcoholic beverages.	7/90	212.0
New Mexico	Increase rate from 4.75% to 5%.	7/90	45.7
New York	Extend tax to interior cleaning, maintenance and design, protective and detective services, and to entertainment services provided by phone; require payment of outstanding tax liability upon corporation dissolution and reinstatement; accelerated payment of sales tax on long-term auto leases.	6/90	134.0
North Carolina	Release of reserve on mail-order sales taxes (one-time gain); collection of mail-order sales tax.	7/90	5.2
Oklahoma	Increase rate from 4% to 4.5%; introduce rebates.	5/90	80.0
Rhode Island	Increase rate from 6% to 7%; remove cigarette exemption; remove other exemptions.	7/90	82.0
Texas	Increase rate from 6% to 6.25%.	7/90	279.4

Table A-7 (continued)
ENACTED 1991 TAX CHANGES BY TYPE OF TAX

State	*Tax Change Description*	*Effective Date(s)*	*Fiscal 1991 Revenue Change ($ in millions)*
Virginia	Compliance efforts.	7/90	3.0
West Virginia	Remove exemption for goods used in government contracts.	10/90	2.0
	Acceleration of payments for large taxpayers.	10/90	6.0
Wisconsin	Expand exemptions.	7/90	-0.6
PERSONAL INCOME TAX			
Arizona	Simplification, loss of deductions, lower rates.	1/90	$110.0
	Conform to Internal Revenue Code.	1/90	4.9
	Limit renter's credit.	1/90	3.8
California	Withholding on out-of-state sellers of California real estate.	1/91	43.0
	Conform with 1987 and 1989 federal tax changes.	1/90	36.0
Connecticut	Tax Connecticut real property gains of nonresidents.	1/90	10.5
Hawaii	Tax credit of $60/taxpayer.	1/90	-54.0
	Increase food tax credit from $45 to $55.	1/90	-9.0
	Withholding tax of 9% on foreign real estate sales.	1/91	3.0
	Liberalize energy tax credit (until 12/31/98).	1/90	-4.0
Indiana	Tax bingo winnings.	7/90	N/A
Iowa	Government pension extension.	7/90	-7.0
	Child care credit doubled.	7/90	-1.3
	Internal Revenue Code update.	7/90	1.2
Kentucky	Conform to federal tax reform act, eliminate federal tax deducibility, and introduce low income tax credit.	1/90	432.0
Massachusetts	Increase rate from 5.75% to 5.95% for tax year 1990 and from 5% to 6.25% for tax year 1991.	1/90	742.1
Minnesota	Political contributions credit.	1/90	-4.7
Nebraska	Increase primary rate from 3.15% to 3.43%.	1/90	75.8
New Jersey	Increase dependents exemption; increase in rates; repeal of property tax deduction.	1/91	732.0
New York	Freeze tax cut scheduled for 1990 and continue 1989 rates. Cuts resume in calendar year 1991.	1/90	404.0
North Carolina	Conform extension returns to federal tax code (one time); withholding acceleration (1/91, one time).	1/90	144.9
	Refunds on federal retirees for 1988; disability credit; mortgage credit; S-corporation carry-forwards.	1/90	-14.3
Oklahoma	Increase rates by average of 8.2%.	1/90	101.0
Vermont	Increase rate from 25% to 28% of federal liability.	1/90	42.5

Table A-7 (continued)
ENACTED 1991 TAX CHANGES BY TYPE OF TAX

State	*Tax Change Description*	*Effective Date(s)*	*Fiscal 1991 Revenue Change ($ in millions)*
Virginia	Pension tax reform; real income tax credit; defer housing credit; reporting on out-of-state withholding.	1/90	81.7
West Virginia	Acceleration of withholding for large taxpayers.	10/90	4.0
Wisconsin	Internal Revenue Code update.	1/90	-2.7
CORPORATE INCOME TAX			
Arizona	Reduce deductions.	1/90	$25.6
	Conform to Internal Revenue Code.	1/90	5.3
California	Conform with 1987 and 1989 federal tax changes.	1/90	525.0
Florida	Increase tax credit for banks and S&Ls.	7/90	-6.8
Indiana	Extend income tax credit for scientific research.	7/90	-1.5
Kentucky	Increase all rates by one percentage point.	1/90	30.0
Massachusetts	Make accelerated estimated payments schedule permanent.	1/91	50.0
Minnesota	Internal Revenue Code update.	1/90	4.6
Nebraska	Tied to individual rate; cash flow delays revenue until fiscal 1992.	1/90	0.0
New Hampshire	Estimated payments increase.	4/90	2.0
New York	Temporary 15% surcharge under corporate franchise, bank, insurance, and public utility taxes. Surcharge decreases to 10% in 1992 and 0% thereafter.	7/90	470.0
	Eliminate exclusions for local telecommunications carriers under corporation and utilities tax.	1/90	102.0
	Revision of tax on S corporations.	1/90	39.0
North Carolina	Extension returns (one-time); withholding acceleration (1/91, one-time).	1/90	48.9
Oklahoma	Increase by average of 17.2%.	1/90	20.0
Tennessee	Unitary reporting for out-of-state financial institutions doing business in Tennessee.	7/90	20.0
Virginia	Delay ACRS recovery implementation.	7/90	29.9
West Virginia	Remove severance tax credit.	10/90	3.0
Wisconsin	Internal Revenue Code update.	1/90	3.0
CIGARETTE AND TOBACCO TAXES			
Arizona	Increase of 3 cents/pack.	7/90	$9.5
Delaware	Increase to 5 cents/pack.	8/90	3.6
	Increase to 5 cents/pack.	8/91	1.9
Florida	Increase of 9.9 cents/pack.	7/90	118.2
Louisiana	Increase of 4 cents/pack.	8/90	14.0
Maine	Increase of 2 cents/pack.	1/91	3.4

Table A-7 (continued)
ENACTED 1991 TAX CHANGES BY TYPE OF TAX

State	*Tax Change Description*	*Effective Date(s)*	*Fiscal 1991 Revenue Change ($ in millions)*
New Hampshire	Increase of 4 cents/pack.	2/90	2.0
New Jersey	Increase of 21 cents/pack.	7/90	151.0
	Remove wholesale surtax.	7/90	-58.0
	Levy 24% wholesale surtax on other tobacco products.	7/90	10.0
New York	Increase of 6 cents/pack.	6/90	78.0
Texas	Tax all tobacco products; increase of 15 cents/pack.	7/90	178.6
MOTOR FUEL TAXES			
California	Increase of 5 cents/gallon.	8/90	$760.0
	Increase of 1 cent/gallon.	1/90	
Delaware	Increase of 3 cents/gallon.	1/91	6.0
Florida	Increase motor/aviation fuel sales tax by 1%.	7/90	87.8
	Set motor fuel tax equal to 2/3 local option tax rate in a given county.	1/91	99.8
Indiana	Exempt RVs from motor carrier fuel tax.	7/90	N/A
Massachusetts	Increase of 6 cents/gallon.	7/90	177.4
	Increase of 4 cents/gallon.	1/91	
New Hampshire	Increase of 2 cents/gallon.	4/90	10.0
Ohio	Increase of 2 cents/gallon.	7/90	116.0
Tennessee	Fee of .4 cents/gallon for underground storage tank fund.	7/90	12.0
Vermont	Increase of 2 cents/gallon (gas); 11 cents/gallon (diesel).	6/89, 4/90	10.2
Washington	Increase of 4 cents/gallon (4/90) and 4 cents/gallon (4/91).	4/90, 4/91	130.0
ALCOHOLIC BEVERAGES			
Delaware	Increase the taxes on beer, wine, and spirits.	9/90	$5.7
District of Columbia	Reduce tax on light wines and increase tax on sparkling wines.	6/90	-1.3
Florida	Surcharge on served drinks.	7/90	132.2
New Hampshire	Increase of 5 cents/gallon.	4/90	0.5
New Jersey	Impose excise tax.	7/90	35.0
	Remove surtax.	7/90	-60.0
New York	Increase liquor and beer taxes.	6/90	49.0
Texas	Mixed beverage gross receipts tax increase from 12% to 14%.	7/90	25.7
Virginia	Increase markup in state stores.	7/90	1.0
MISCELLANEOUS TAXES			
Alabama	Raise hazardous waste fees.	7/90	$47.0

Table A-7 (continued)
ENACTED 1991 TAX CHANGES BY TYPE OF TAX

State	Tax Change Description	Effective Date(s)	Fiscal 1991 Revenue Change ($ in millions)
Arizona	Increase minimum school property tax.	7/90	47.7
	Increase assessment ratio on mines and utilities.	7/90	9.6
	Reduce minimum vehicle license tax.	7/90	-3.6
California	Fee on out-of-state vehicles that do not meet state pollution control standards.	10/90	50.0
	Increase motor vehicle weight by 40%.	8/90	133.0
Delaware	Fee package.	N/A	1.7
	Miscellaneous general fund fees.	N/A	1.0
	Realty transfer tax to occupant.	9/90	1.0
District of Columbia	Create new property class 5 with higher property tax rate for vacant property.	7/90	38.7
	Initiative on solid waste disposal.	N/A	3.1
Florida	Increase documentary stamp tax by 17 cents/$100.	7/90	146.5
	Increase gross receipts tax from 1.5% to 2%.	7/90	77.9
	Increase insurance premiums tax from 3% to 5% on certain coverage and reduce some credits.	7/90	13.4
	Increase intangible tax by .5 mills; increase coverage.	7/90	161.0
Kentucky	Increase motor vehicle usage tax from 5% to 6%.	7/90	33.0
Louisiana	Increase rate on disposal and impose tax on transportation of hazardous waste.	7/90	41.0
	Increase natural gas severance tax and index rate to price of natural gas.	7/90	39.0
New Hampshire	Increase rooms and meals tax from 7% to 8%.	4/90	11.1
	Increase real estate transfer tax.	4/90	5.0
New Jersey	Gross receipts tax of 2.75% on oil companies.	7/90	150.0
New York	Increase certain motor vehicle registration fees and penalties.	mid-1990	8.0
	Convert to cents/gallon equivalent; impose tax on certain petroleum lubricants.	9/90	234.0
	Two-cent tax on nonreturnable soda cans and bottles.	9/90	24.0
	Impose tax on thruway mileage.	7/90	47.0
	Tax (5%) on rental of passenger vehicles.	6/90	27.0
	Tax (5%) on hotel rooms over $100/night.	6/90	35.0
	Cigarette license fee and tax on certain insurance policies.	mid-1990	10.0
	Estate tax reform.	4/90	16.0
North Carolina	Extension returns for franchise tax (one time).	1/90	2.0

Table A-7 (continued)
ENACTED 1991 TAX CHANGES BY TYPE OF TAX

State	*Tax Change Description*	*Effective Date(s)*	*Fiscal 1991 Revenue Change ($ in millions)*
Ohio	Exemption of public utility telephone access charges.	1/90	-20.0
Rhode Island	Increase various fees and delay tax decreases.	7/90	29.4
South Carolina	Increase license on poker machines; increase fees on investment advisers; administrative fee for Medicaid permit; increase court filing fee for civil petitions.	7/90	28.7
Vermont	Increase meals and rooms tax rate from 6% to 7%.	3/90	6.8
Virginia	Increase court fees.	7/90	1.1
West Virginia	Increase of 30% in kilowatt hour tax.	10/90	28.0
	Impose minimum tax of 50 cents/ton on coal.	10/90	5.0
Wisconsin	Public utility payment date change (one time).	7/90	-4.7

Table A-8
ENACTED STATE EMPLOYMENT COMPENSATION CHANGES, FISCAL 1991

State and Region	*Across the Board*	*Merit*	*Other*	*Notes*
New England				
Connecticut	4.0%	-	2.5%	ATB represents 80% of classified employees who have collective bargaining agreements in place for 1990-91. Other increases are anniversary increases for good performance for all classified employees.
Maine	3.75	2.0	-	Three percent of increase effective 10/90 and 3% effective 4/91, plus 10% increase in dependent medical insurance cost.
Massachusetts	*	*	*	Not yet negotiated.
New Hampshire	5.0	-	-	Step increases were maintained, but layoffs did occur.
Rhode Island	5.0	-	-	Four percent effective 7/90 and 1% effective 1/91. Nonunion employees receive 5% effective 4/91.
Vermont	3.0	-	-	Two percent effective 7/90 and 2% effective 1/91.
Mideast				
Delaware	4.0%	-	-	Employees at or above the maximum salary of the assigned pay grade receive 2%. Employees near maximum receive the greater of 2% or a percentage amount that places the salary at the maximum.
District of Columbia	*	*	*	Compensation package has not been negotiated yet.
Maryland	4.0	1.25	1.5	
New Jersey	4.0	4.5	-	ATB effective 10/6/90; merit range from 3.5-5.0% depending on employee's step within range. Those at maximum of range do not receive merit increase, nor do employees in a no-range position.
New York	5.5	*	*	Provisions for annual increments within salary ranges and longevity increases and lump sum payments for employees at maximum of salary range. Other increases of 5.5% for salary sensitive areas.
Pennsylvania	5.5	-	0.625	ATB consists of 5% effective 7/90 and 1% effective 1/91. Other is 1.25% increment that takes effect 1/91.
Great Lakes				
Illinois	4.5%	*	-	Average merit increase is 4.5%; average step increase for collective bargaining employee is 3.6%. Budgeting is 3% and 1.8% and represents new money to finance merit increases.
Indiana	5.0	-	-	Special compensation for law enforcement personnel, corrections officers, welfare caseworkers, and mental health attendants.
Michigan	4.0	-	-	

Table A-8 (continued)
ENACTED STATE EMPLOYMENT COMPENSATION CHANGES, FISCAL 1991

State and Region	*Across the Board*	*Merit*	*Other*	*Notes*
Ohio	4.0	-	2.5	Effective 7/90 for most employees. The average step increase is approximately 2%.
Wisconsin	3.0	1.25	*	Other increases are based on market surveys for certain employee groups, and may vary significantly.
Plains				
Iowa	5.0%	1.5%	-	
Kansas	1.5	-	2.5	All employees receive a step or anniversary increase or the equivalent thereof amounting to approximately 2.5%.
Minnesota	5.0	-	-	
Missouri	-	-	2.0	Increase is within grade.
Nebraska	4.0	1.0	1.5	Increase of 4% effective 7/90 and 1.5% on anniversary date if satisfactory performance or 2.5% if above satisfactory. Amounts vary slightly among bargaining units.
North Dakota	-	-	-	No general increases provided for fiscal 1991.
South Dakota	3.0	0.5	1.5	
Southeast				
Alabama	7.5%	5.0%	*	Merit based on performance and ranges from 0% to 5% based on evaluation. Other is longevity pay ranging from $300 to $600.
Arkansas	2.0	2.5	-	Employees are eligible for 2.5% merit increase on anniversary date.
Florida	3.0	-	-	Increase effective 1/91.
Georgia	2.5	4.2	-	Merit increases are received by approximately 70% of employees; the other 30% have reached the upper end of their job classification pay range.
Kentucky	5.0	1.5	2.0	Other applies to salary equity fund.
Louisiana	4.0	4.0	*	Approximately 10% of workforce is at top of pay scale and does not qualify for further merit increases. ATB portion applies to all classified and unclassified employees.
Mississippi	*	*	-	Employees receive 5% ATB or $125/month, or realignment, whichever is greater.
North Carolina	4.0	2.0	-	
South Carolina	2.5	2.0	-	Merit is on employee's performance review date; ATB portion effective 9/90.
Tennessee	6.0	-	-	A $1,000 increase or one-step increase - whichever is greater - will average 6% plus selected classes increased to average about another 2%.
Virginia	3.0	-	-	ATB of 3% effective 1/90; 2% effective 12/90.
West Virginia	*	-	-	ATB of $1,008.

Table A-8 (continued)
ENACTED STATE EMPLOYMENT COMPENSATION CHANGES, FISCAL 1991

State and Region	*Across the Board*	*Merit*	*Other*	*Notes*
Southwest				
Arizona	4.5%	-	0.25%	Other is for classification and market adjustment funding.
New Mexico	-	-	*	Increases are based on pay grade study results and cannot be generalized.
Oklahoma	-	-	*	Raise of $1,000/year per employee.
Texas	-	-	-	
Rocky Mountain				
Colorado	2.16%	-	*	Average classified increase per employee is 2.16%. Also, 5% anniversary step increase for eligible employees. About 40% of classified employees eligible for step increase each year.
Idaho	-	5.3	0.8	Other is to shift part of health insurance premiums from the employee to the state and to implement an employee assistance program.
Montana	2.5	-	-	Employees receive 2.5% or $560/year, whichever is greater, plus additional insurance contribution of $240/year.
Utah	4.0	-	2.0	Other consists of health and other benefits.
Wyoming	-	3.0	-	
Far West				
Alaska	3.3%	3.5%	-	All employees are eligible for merit increases.
California	5.0	-	*	ATB effective 1/91; other is health, dental, vision, and life insurance benefit increases.
Hawaii	*	-		Increase will be in 2% to 5% range.
Nevada	5.0	*	-	Effective 7/90; all employees except those at top receive 5% merit increase that equates to 2.5% actual cost to state.
Oregon	4.0	*	-	Most employees receive merit increase unless they are at top of salary range. Very few are not at the top because recent classification system increased most salary ranges.
Washington	6.0	-	2.0	Other is combination of comparable worth increases (1%), salary survey increases, and reclassifications. Classified employees also are eligible for 5% increase for each of first five years in a job class. ATB increase effective 1/91.

Table A-9
FISCAL 1990 MEDICAID EXPENDITURES COMPARED WITH ORIGINAL ESTIMATES
(state funds, $ in millions)

Region/State	*Original Estimate*	*Current Estimate*
NEW ENGLAND		
Connecticut	$917	$965
Maine	147	141
Massachusetts	1,300	1,339
New Hampshire	71	76
Rhode Island	148	160
Vermont	36	36
MIDEAST		
Delaware	63	64
Maryland	624	630
New Jersey	907	940
New York	3,351	3,517
Pennsylvania	1,298	1,327
GREAT LAKES		
Illinois	2,285	2,249
Indiana	543	542
Michigan	1,011	1,068
Ohio	1,123	1,143
Wisconsin	574	591
PLAINS		
Iowa	183	194
Kansas	156	185
Minnesota	565	598
Missouri	325	346
Nebraska	113	97
North Dakota	59	58
South Dakota	45	47
SOUTHEAST		
Alabama	148	162
Arkansas	147	150
Florida	825	812
Georgia	558	547
Kentucky	227	250
Louisiana	349	361
Mississippi	123	128
North Carolina	382	376
South Carolina	148	133
Tennessee	427	427
Virginia	469	497
West Virginia	101	107
SOUTHWEST		
Arizona	320	272
New Mexico	81	76
Oklahoma	249	226
Texas	1,206	1,232
ROCKY MOUNTAIN		
Colorado	261	291
Idaho	39	39
Montana	47	57
Utah	49	49
Wyoming	19	21
FAR WEST		
Alaska	62	68
California*	3,451	3,556
Hawaii	125	121
Nevada*	70	70
Oregon	305	332
Washington	522	542
TOTAL	$26,552	$27,214
District of Columbia	165	165

NOTES TO TABLE A-9

California:	Current estimate includes $95.0 million Late Medi-Cal deficiency in fiscal 1990.
Nevada	There is a legal prohibition against exceeding the Medicaid appropriation. However, for fiscal 1990 there was a $2.0 million shortfall in the Medicaid budget.