# FISCAL SURVEY of the STATES

March 1990

NATIONAL GOVERNORS' ASSOCIATION NATIONAL ASSOCIATION OF STATE BUDGET OFFICERS

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**March 1990**

**by**

**Marcia A. Howard**

National Governors' Association

National Association of State Budget Officers

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National Governors' Association
444 North Capitol Street
Suite 250
Washington, DC 20001-1572
(202) 624-5300

National Association of State Budget Officers
400 North Capitol Street
Suite 295
Washington, DC 20001-1572
(202) 624-5382

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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 January, February, and March 1990. The surveys were completed by Governors' state budget officers in the fifty states.

Fiscal 1989 data represent actual figures, fiscal 1989 figures are estimated data, and fiscal 1991 data are figures contained in proposed 1990 budgets. In forty-six states, fiscal 1990 will close on June 30, 1990. New York's fiscal year will end March 31, 1990. Texas' fiscal year will end on August 31, 1990, and Michigan and Alabama 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 compiled data for the report and prepared the text. Laura Shaw produced the report, and Gerald Miller provided technical support. Gerry Feinstein of the National Governors' Association edited the report.

# Executive Summary

In general, the fiscal condition of states is worse today than it was a year ago. The economic slowdown that plunged a handful of northeastern states into fiscal distress in fiscal 1989 has become evident down the eastern seaboard as many states cut enacted fiscal 1990 budgets in response to revenue shortfalls. Total state year-end balances, which registered a record high $12.6 billion at the end of fiscal 1989, are forecast to drop to $8.3 billion in 1990, a dramatic $4.3 billion decline in just one year. Whereas eight states had cut their enacted budgets at this time a year ago, twenty have already cut or proposed to cut budgets this year.

There are strong regional variations in fiscal condition. Only a few states west of the Mississippi River have cut enacted 1990 budgets and the northwestern states are experiencing strong revenue growth. Weak fiscal conditions are concentrated largely in New England, the Mideast, and the Southeast. Most of the states in the central part of the country remain stable with a slight slowing in revenue growth relative to forecasts.

After several years of strong spending growth, proposed 1991 budgets reflect weakening state economies. The average growth in recommended 1991 budgets is just 5.1 percent. Whereas appropriated 1990 state budgets grew by 7.7 percent over fiscal 1989 budgets, 1990 budgets are now estimated to grow at 8.5 percent, reflecting supplemental expenditures. This increase in current year expenditures is strong evidence of the expenditure pressures that have been built into state budgets.

Compared with an unexpectedly strong 1989, revenue growth in 1990 is slower than many states anticipated. While both original and current estimates call for revenue growth of 5.5 percent, twenty-two states report that current 1990 revenues are below original estimates. A year ago only twelve states reported low revenue collections. The corporate income tax is the primary source of weak collections, although several states also reported low sales tax collections.

There are significant new tax proposals in fiscal 1991 state budgets, especially in northeastern states. Overall, $4.9 billion in new revenues is recommended, the same amount that was added to fiscal 1990 revenues during 1989 legislative sessions. More than 50 percent of the recommended 1991 increase is accounted for by just two states, New Jersey and New York.

Major findings of this survey include:

- Proposals to increase benefits for recipients of Aid to Families with Dependent Children (AFDC) have been included in nineteen executive budgets. Eleven states will consider proposals to increase aid to local governments.
- Revenue increases are proposed in twenty-one states and decreases are proposed in two states. The sales tax is the single largest source of proposed increases.
- As proposed, six states' fiscal 1991 budgets will decline and twenty-four will grow less than 5.0 percent.
- Medicaid spending continues to strain state budgets. State spending on Medicaid has increased by up to $1 billion from original estimates in fiscal 1990.
- For fiscal 1990, ending balances as a percent of spending are estimated to be at their lowest level since the recession year of 1983 and are forecast to drop even more in fiscal 1991.

# I. State Expenditure Developments

## Overview

Proposed 1991 state budgets reflect declining fiscal conditions across the country. Expenditure growth for next year is recommended to be only 5.1 percent. Oddly, spending growth in fiscal 1990 has been revised upward from 7.7 percent in enacted budgets to 8.5 percent. This increase occurs in spite of the fact that twenty states have had to reduce enacted budgets.

Table 1 shows the dramatic decline in proposed state spending increases for 1991 compared with recent years. If approved as recommended, fiscal 1991 budgets will increase at the lowest rate since 1983. While it is common for legislatures to increase the budgets recommended by Governors, this should occur less in 1991 than in recent years, given the weakening national economy.

**Table 1**
**STATE NOMINAL AND REAL ANNUAL BUDGET INCREASES, 1979-1991**

| | *State General Fund* | |
|---|---|---|
| *Fiscal Year* | *Nominal Increase (est.)* | *Real Increase* |
| 1991 | 5.1% (est.) | 0.6% (est.) |
| 1990 | 8.5 (est.) | 3.3 (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 | 8.3% | 1.9% |

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

Whereas nine Governors proposed spending increases of 10 percent or more for 1990, only four have done so for 1991. Proposed spending growth tends to be lower than enacted spending so increases of more than 10 percent will probably occur in more than those four states. This year, however, there will be less tendency for legislatures to add to Governors' proposals because budgets are tighter than they have been in recent years.

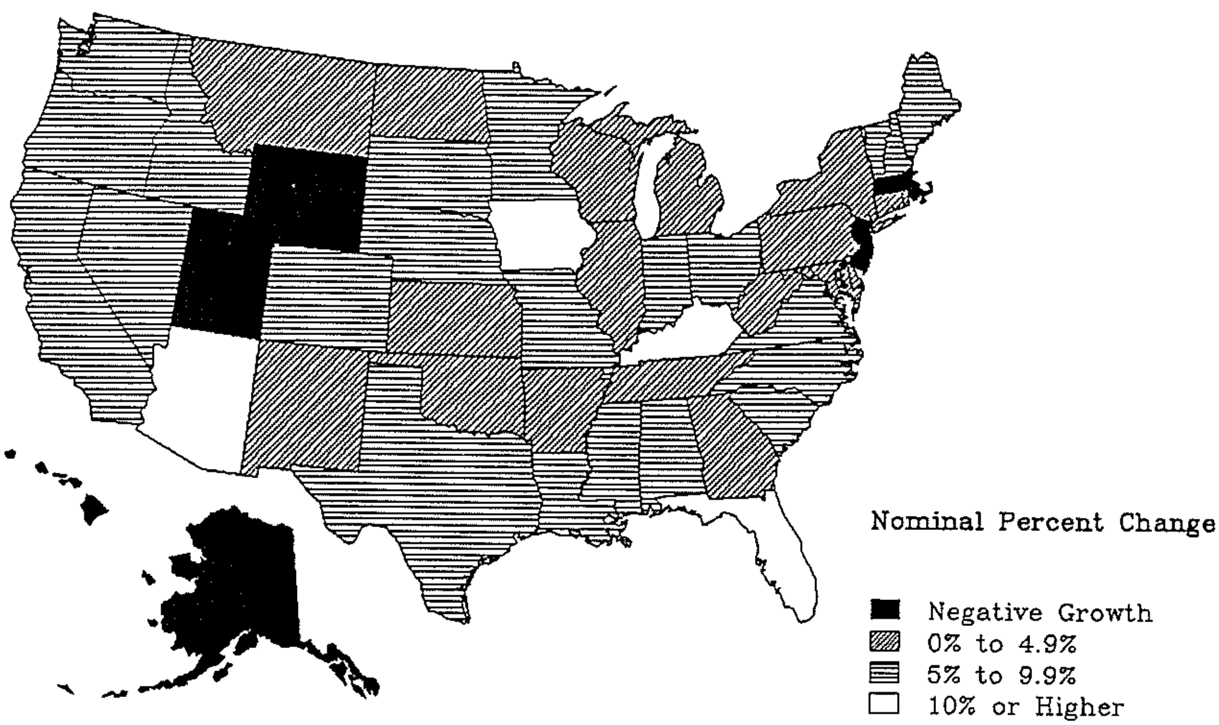
**Table 2**
**ANNUAL STATE GENERAL FUND EXPENDITURE INCREASES**

| *Spending Growth (percentage)* | *Number of States* Fiscal 1990 (Estimates) | Fiscal 1991 (Proposed) |
|---|---|---|
| Less than 0 | 3 | 6 |
| 0.0 to 4.9 | 11 | 18 |
| 5.0 to 9.9 | 21 | 22 |
| 10 or more | 15 | 4 |
| **Average Growth Rate** | **8.5%** | **5.1%** |

SOURCE: National Association of State Budget Officers

While there is wide variation in the increases proposed in Governors' budgets — including actual declines in some states — Table 2 shows that most of the proposed spending increases for 1991 fall in the 5 to 10 percent range, suggesting budgets that continue current programs without a large number of new initiatives. Almost half the states have proposed increases of less than 5 percent, suggesting real expenditure declines when adjusted for inflation.

**Figure 1**
**NOMINAL EXPENDITURE GROWTH IN FISCAL 1991 STATE BUDGETS**




SOURCE: National Association of State Budget Officers

Figure 1 illustrates some of the regional variations. While there are exceptions to the general trends described in this report, Figure 1 shows the tight fiscal condition in many states east of the Mississippi River. Details about specific state spending proposals are included in Appendix Tables A-1, A-2, A-3, and A-5.

## Biennial Budgets

The data on expenditure growth reveal the peculiarities of biennial budgeting. Depending on how states stagger their spending across the two years, it is possible to have large swings in year-to-year expenditures. A biennium-to-biennium figure would produce a smoother growth line for many of the twenty-one states with biennial budgets. It is increasingly common, however, for states to make budgetary adjustments at the mid-point of the biennium. This evens out some of the swings that can occur. The twenty-one states that budget on a biennial basis are shown in Appendix Tables A-1 through A-6.

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

| *State* | *Amount (in mil.)* | *Date(s) Enacted* | *Notes* |
|---|---|---|---|
| Arizona | $16.3 | 1/90 | Exempts K-12 education and transportation. |
| Connecticut | 28.0 | 1/90 | Includes only agency operating budgets. |
| Florida | 271.6 | 11/89 | Education, health, and rehabilitative service cuts offset by other fund balances. |
| Hawaii | 28.0 | 7/89 | Exempts local aid, K-12 education, unemployment insurance, workers' compensation. |
| Kansas | 35.1 | Proposed | Cut based on individual reviews of all state agency budgets. |
| Maine | 76.4 | Proposed | Exempts bonded debt and retirement. |
| Massachusetts | 638.0 | 7/89, 1/90 | Exempts mandated programs underfunded in legislative budget (e.g., Medicaid, AFDC, employee health insurance premiums). |
| Michigan | 132.0 | Proposed | Exempts K-12 education, higher education. |
| Minnesota | 145.0 | Proposed | Exemptions not yet determined. |
| Missouri | 7.3 | 10/89 | Exempts K-12 education, higher education, Medicaid, AFDC, certain mental health programs. |
| New Hampshire | 67.5 | 2/90 | Exempts direct aid to local government. |
| New Jersey | 405.0 | 12/89 | Cut achieved through freeze on hiring, travel, equipment purchases, use of consultants, and temporary employees and similar actions. |
| New York | 135.0 | 11/89 | Cut is based on 2 percent of agency cash disbursement limits and allows complete flexibility in meeting savings amount. |
| North Carolina | 203.0 | 9/89 | Reductions occur through allotment procedure rather than budget reductions and through delay of capital projects. |
| North Dakota | 90.0 | 12/89 | Reduction is on a biennial basis. |
| Rhode Island | 31.2 | 11/89, 1/90 | An additional $13.2 million in revenue measures and $22.6 million in improvements to balance have been proposed. Corrections and child welfare are exempt from reductions. |
| Tennessee | 100.0 | 11/89 | No exemptions. |
| Vermont | 10.0 | 7,8,12/89 | Exempts debt service, property tax relief, state aid, some human service programs. |
| Virginia | 57.4 | 12/89 | Capital outlay appropriations frozen. |
| | 35.5 | 12/89 | Exempts local aid, K-12 education, corrections, law enforcement and others. |
| | 66.5 | 1/90 | Capital projects funded with lottery fund frozen. |
| West Virginia | 42.0 | 11/89 | Exempts debt service. |

SOURCE: National Association of State Budget Officers

## Budget Management

When it becomes clear that revenues will not meet their forecast levels in a given year or will not be high enough to cover expenditures, states must act quickly to close the gap. Since it can be difficult to obtain quick legislative approval for tax increases, it is common for states to respond to revenue shortfalls by first cutting expenditures.

A year ago this survey reported that eight states had cut enacted 1989 budgets in response to potential imbalances. This year twenty states already have reduced or proposed to reduce enacted 1990 budgets (see Table 3). Whereas most of the states cut budgets in response to revenue shortfalls, some states, like Kansas and Michigan, enacted cuts to finance additional expenditures in specific programs.

Budget cuts enacted in all of fiscal 1989 totaled $923 million. Thus far in fiscal 1990 $2.6 billion, almost three times that amount, has been cut. Whereas cuts made in 1989 tended to be heavily concentrated in one or two northeastern states, cuts this year are more evenly spread and include a number of states outside New England and the Mideast.

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

| *State* | *Proposed 1991* | *State* | *Proposed 1991* |
|---|---|---|---|
| Alaska | 3.6 | New Hampshire | 2.0 |
| Colorado | 5.0 | North Dakota* | 4.0 |
| Connecticut | 4.8 | Oklahoma | 5.0 |
| Delaware | 3.7 | Oregon | 3.0 |
| Florida* | 3.0 | South Dakota | 2.0 |
| Georgia | 2.5 | Tennessee | 6.4 |
| Iowa | 3.2 | Utah | 4.0 |
| Maine | * | Vermont | 3.0 |
| Maryland | 5.0 | Wyoming | * |
| Missouri | 1.0 | | |

NOTES: Florida — Increase effective January 1991.
Maine — Proposed 3 percent increase in standard of need.
North Dakota — A 4 percent increase effective July 1990 was approved by the legislature.
Wyoming — The Governor proposed a 10 percent increase in the number of eligible families.

SOURCE: National Association of State Budget Officers

## Other Expenditure Issues

States have traditionally provided information on proposed increases in Aid to Families with Dependent Children (AFDC), new programs to aid local government, and employee compensation increases. This year, in response to recent federal actions in the Medicaid program, state Medicaid spending data also was requested.

**Aid to Families with Dependent Children.** Nineteen Governors have proposed increases in AFDC (see Table 4). These recommendations compare with those of twenty-nine states that increased benefits for fiscal 1990, twenty of which had been recommended in Governors' budget proposals. Given the number of states with budget constraints, it is surprising that the number of Governors proposing AFDC increases has not declined more since last year.

**Aid to Local Government.** Table 5 lists new proposals to assist local government. Several of the proposals involve limiting property taxes or granting property tax relief. There appears to be increasing interest in property tax issues as states step in to ease the burden of rising tax assessments.

The number of proposals to aid local government has declined since fiscal 1990, when twenty Governors proposed new programs and twenty-eight states enacted new programs. This probably reflects the tight fiscal condition of many states and their inability to fund new programs out of available resources.

**Employee Compensation Increases.** Appendix Table A-8 lists proposed increases in state employee compensation for fiscal 1991. Fiscal conditions have eliminated proposed increases in only a few states. For most states, increases fall in the 4 to 6 percent range.

**Table 5**
**PROPOSED NEW SPENDING OR TAX PROGRAMS TO AID LOCAL GOVERNMENT**
**FISCAL 1991**

| | |
|---|---|
| Delaware | Contribute $3.9 million to counties as state share (60 percent) in support of statewide paramedic program. |
| Hawaii | Grant counties authority to levy .5 percent sales tax ($150 million); transfer taxing authority for the transient accommodations tax to the counties ($45 million). |
| Idaho | Assist in construction of juvenile detention facilities ($8.2 million); assume county share of drug cost for medical assistance program ($2 million). |
| Iowa | Provide property tax relief of $15 million. |
| Kansas | Provide $1 million for "Parents as Teachers" program in school districts. Districts will provide 50 percent match. |
| Michigan | Introduce program to contain property tax assessments for local school taxes to rate of consumer price index. |
| New York | Proposals include Medicaid cost containment package ($149.5 million); 21st Century Environment Bond Act ($430 million); savings from pension reform ($170 million); increased support for preschool handicapped education program ($17.5 million); sales tax base broadeners ($35 million); authorization for variable rate bonds for New York City ($10 million); elimination of duplicative teacher examination process in New York City ($6.4 million); municipal cost effectiveness grants program ($0.5 million); office of mandate review ($0.25 million). |
| South Carolina | Allow counties to levy one cent sales tax with property tax roll-back requirement (legislative proposal). |
| Tennessee | Provide $7 million for local bridge program through a 70 percent-30 percent state-local match. |
| Washington | Increase in gas/transportation taxes ($84 million); one-time liquor profits distribution ($7.5 million); targeted local assistance ($27 million). |
| Wisconsin | Incentive payments to limit property tax increases through levy restraint program ($4 million); cost sharing for school infrastructure ($33 million); lottery proceeds property tax credit ($92 million). |

SOURCE: National Association of State Budget Officers

# II. State Revenue Developments

## Overview

A year ago this survey reported that fiscal 1989 revenues were exceeding expectations and that thirty-eight states were reporting revenues at or ahead of original revenue estimates. Much has changed. In general, fiscal 1990 revenues are below expectations and nearly half the states report that actual collections are lower than original estimates.

In both proposed and enacted 1990 budgets, revenue growth was estimated at 5.5 percent. Revenue growth is now estimated to be 5.6 percent. Some of the spending that was included in 1990 budgets was made possible not by revenue growth but by high

**Table 6**
**SOURCES OF INCREASES IN STATE TAX COLLECTIONS, FISCAL 1978-1991**

| *Fiscal Year* | *Total Tax Revenue Collection ($ in billions)* | *$ Change in Total Tax Revenue ($ in billions)* | *% Change in Tax Revenue*[a] | *Net Change Resulting From Political Actions*[b] *($ in billions)* | *Change Resulting From Economic Factors*[c] *($ in billions)* |
|---|---|---|---|---|---|
| 1991 | N/A | N/A | N/A | $4.9 (est.) | N/A |
| 1990 | N/A | N/A | N/A | 4.9 (est.) | N/A |
| 1989 | $284.6 | $22.3 | 8.5% | 0.8 | $21.5 |
| 1988 | 262.3 | 15.7 | 6.4 | 6.0 | 9.7 |
| 1987 | 246.6 | 18.5 | 8.1 | 0.6 | 17.9 |
| 1986 | 228.1 | 12.8 | 5.9 | -1.1 | 13.9 |
| 1985 | 215.3 | 18.3 | 9.3 | 0.9 | 17.4 |
| 1984 | 197.0 | 25.6 | 14.9 | 10.1 | 15.5 |
| 1983 | 171.4 | 8.8 | 5.4 | 3.5 | 5.3 |
| 1982 | 162.7 | 12.9 | 8.6 | 3.8 | 9.1 |
| 1981 | 149.7 | 12.7 | 9.2 | 0.4 | 12.3 |
| 1980 | 137.1 | 12.1 | 9.8 | -2.0 | 14.1 |
| 1979 | 125.0 | 11.7 | 10.3 | -2.3 | 14.0 |
| 1978 | 113.3 | 12.2 | 12.0 | 0.5 | 11.7 |

NOTES:
a. Increase in actual tax collections divided by previous year collections.
b. Political action includes discretionary legislative actions such as adopting or repealing a tax, raising or lowering a tax rate, and changing the tax base. Does not include administrative tax adjustments or changes in tax collection procedures. Generally includes temporary taxes that were made permanent (e.g., if a state adopted a one-year temporary tax increase in 1982 and than extended it in 1983, and made it permanent in 1984, then the tax increase was counted for three years because it required legislative action to maintain a rate that was scheduled to decrease). If a tax change is phased in over several years, only the first year of the tax change is counted. Figures in this column represent legislative tax changes that resulted from actions passed in the prior legislative session (e.g., fiscal 1989 tax changes were passed in the 1988 session); therefore, these figures represent revenue projections presented to legislators when they passed the tax change.
c. Economic growth (or decline) and inflation's effect on revenue growth.

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.

balances resulting from strong economic activity in fiscal 1989. Table 6 compares state revenues for fiscal 1978 through fiscal 1989.

Now that economic activity has slowed, it is no longer possible to tap balances for spending increases. Instead, revenues must be increased to support additional spending. For 1991, proposed budgets assume revenue growth of 6.3 percent. This increase includes proposed tax increases totaling $4.9 billion.

### Revenue Collections for Fiscal 1990

Compared with 1989, revenue collections for 1990 have been disappointing. A year ago states were increasing their revenue estimates for the current year; this year they are decreasing the estimates. A year ago states were reporting revenues that exceeded original estimates; this year they report revenues below original estimates. Although overall fiscal 1990 revenue growth has changed little over the last three surveys, many states have had small revenue shortfalls, while a few have large revenue increases compared with original projections.

Appendix Table A-6 compares original revenue projections for fiscal 1990 with current estimates for three tax sources: sales tax, personal income tax, and corporate income tax. The table shows that for most states personal income tax revenues are running close to estimates while the sales tax and corporate income tax are creating problems for some.

The regional breakdown on revenue collections is predictable. Most of the eastern United States reports low collections while many western states report high collections. The central states are mixed, with collections running both high and low but generally close to estimates.

### Fiscal 1991 Tax Changes

Based on the data reported in Table 6, it appears that large tax proposals are not commonly enacted in years corresponding with gubernatorial elections. Fiscal 1991 is such a year. Thirty-six Governors races will be decided in November 1990.

This makes it all the more unusual that $4.9 billion in new revenue is proposed in fiscal 1991 budgets. This compares with $4.9 billion in enacted new revenues in fiscal 1990. Of the proposed increase, more than 50 percent is for New Jersey and New York. These two are among several northeastern states with severe budget problems. Table 7 lists proposed net revenue increases by state and by revenue source.

Overall, revenue changes are proposed in twenty-three states. Only two of these states, Georgia and Hawaii, have proposals for net decreases. Specific proposals are included in Appendix Table A-7. Details on tax proposals in Louisiana were not available as the survey went to press, though the magnitude of the increase is shown in Table 7.

### Personal Income Tax

The most significant personal income tax proposals have been made in Kentucky, New York, and Oklahoma. Kentucky is the only state that has not yet conformed to the federal tax code. The proposal to do so will increase personal income tax revenues by more than $300 million. Some other states realized this type of gain when they changed their tax codes following federal tax reform in 1986. Also, both Arizona and Kentucky have proposed to eliminate the deduction for federal income taxes. Few states offer this deduction on their state income taxes.

## Table 7
## SUMMARY OF FISCAL 1991 REVENUE PROPOSALS BY TYPE OF REVENUE AND NET INCREASE OR DECREASE
## ($ in millions)

| *State* | *Personal Income* | *Sales* | *Corporate Income* | *Cigarette/ Tobacco* | *Motor Fuels* | *Alcohol* | *Others* | *Total* |
|---|---|---|---|---|---|---|---|---|
| Alabama | | | | | | | 55.0 | 55.0 |
| Alaska | | | | | 34.2 | | | 34.2 |
| Arizona | 69.3 | | 39.3 | 30.5 | | | 30.9 | 139.1 |
| Arkansas | | | | | | | | 0.0 |
| California | | | | | | | | 0.0 |
| Colorado | | | | | | | | 0.0 |
| Connecticut | | | | | | | | 0.0 |
| Delaware | | | | | | 5.0 | 2.9 | 7.9 |
| Florida | | | | 259.3 | | | | 259.3 |
| Georgia | | -125.0 | | | | | | -125.0 |
| Hawaii | -64.0 | | | | | | -45.0 | -109.0 |
| Idaho | | | | | | | | 0.0 |
| Illinois | | | | 80.0 | | | 135.0 | 215.0 |
| Indiana | | | | | | | | 0.0 |
| Iowa | | | | | | | | 0.0 |
| Kansas | | | | | | | | 0.0 |
| Kentucky | 332.2 | 82.4 | 30.2 | 37.8 | | | | 482.6 |
| Louisiana | | | | | | | 604.0 | 604.0 |
| Maine | | | | | | | | 0.0 |
| Maryland | | 29.5 | | | | | 4.7 | 34.2 |
| Massachusetts | | | | | | | 12.0 | 12.0 |
| Michigan | | | | | | | | 0.0 |
| Minnesota | | | | | | | | 0.0 |
| Mississippi | | | | | | | | 0.0 |
| Missouri | | 5.0 | | | | | | 5.0 |
| Montana | | | | | | | | 0.0 |
| Nebraska | | | | | | | | 0.0 |
| Nevada | | | | | | | | 0.0 |
| New Hampshire | | | | 7.8 | 10.0 | 1.9 | 16.1 | 35.8 |
| New Jersey | | 1,007.0 | | 100.0 | | 52.0 | 255.0 | 1,414.0 |
| New Mexico | | 45.7 | | 9.1 | | | | 54.8 |
| New York | 400.0 | 77.0 | 175.0 | 66.0 | | | 426.0 | 1,144.0 |
| North Carolina | | | | | | | | 0.0 |
| North Dakota | | | | | | | | 0.0 |
| Ohio | | | | | 116.0 | | | 116.0 |
| Oklahoma | 101.4 | 97.0 | | | | | 5.0 | 203.4 |
| Oregon | | | | | | | | 0.0 |
| Pennsylvania | | | | | | | | 0.0 |
| Rhode Island | | | | | | | 53.1 | 53.1 |
| South Carolina | | | | | | | | 0.0 |
| South Dakota | | | | | | | | 0.0 |
| Tennessee | | | | | | | | 0.0 |
| Texas | | | | | | | | 0.0 |
| Utah | | | | | | | | 0.0 |
| Vermont | 17.2 | 5.0 | 3.3 | 5.0 | | | 14.0 | 44.5 |
| Virginia | 15.0 | | 29.9 | | | 9.1 | | 54.0 |
| Washington | | | | | 130.0 | | | 130.0 |
| West Virginia | | | | | | | | 0.0 |
| Wisconsin | | | | | | | | 0.0 |
| Wyoming | | | | | | | | 0.0 |
| Total | $871.1 | $1,223.6 | $277.7 | $595.5 | $290.2 | $68.0 | $1,568.7 | $4,863.9 |

New York has proposed to freeze the tax cut scheduled for 1990 and 1991. This cut was enacted several years ago as part of New York's response to both federal tax reform and strong economic performance. Freezing the reduction will increase revenues by $400 million in fiscal 1991.

Oklahoma proposes bracket changes and an increase in calculating the income tax under a certain method to raise more than $100 million in fiscal 1991. In addition to these four states, two others have proposed personal income tax increases and one, Hawaii, has proposed a decrease.

### Sales Tax

The largest amount of new revenue, more than $1.2 billion, is proposed to be raised in the sales tax. Eight states have proposed sales tax increases and one state, Georgia, will exempt food from an increase enacted last year. This exemption will cost $125 million in fiscal 1991.

New Jersey proposes to increase sales tax revenues by more than $1.0 billion by increasing the sales tax rate from 6 percent to 7 percent and by removing several sales tax exemptions. Both New Mexico and Oklahoma will consider proposals to increase the sales tax rate.

In the area of base expansion, Kentucky proposes to extend the sales tax to certain services, Maryland proposes to extend it to certain types of snack foods, Missouri has proposes to extend it to newspapers, and Vermont proposes to extend it to beer and wine.

### Business Tax

Only five states have proposals to increase business taxes. The net impact of these changes is an increase of $277 million. New York accounts for most of the increase with $175 million in proposed changes in the tax on Sub-chapter S corporations and the corporate franchise tax. Arizona proposes to remove the state deduction for federal taxes paid. This proposal will raise $24.5 million.

### Cigarette Taxes

While fewer states than last year have proposed raising cigarette taxes, the increases account for more revenue. Almost $600 million is proposed to be raised through this tax source, compared with $362 million in enacted increases last year. The largest revenue increase comes from Florida, where a 19 cents per pack increase will raise $259 million in new revenue. Eight other states have proposed increases.

### Motor Fuel Taxes

Fewer states have proposed raising revenue from this tax source compared with a year ago. Only four states face proposals to increase motor fuel taxes and those increases will raise less than $300 million. The largest increases have been proposed in Ohio and Washington.

### Alcohol Taxes

Only four states have proposed raising taxes on alcohol following a year in which only five actually raised them. Proposed increases for 1991 will raise only $68 million in additional revenue. There is little interest in resorting to these "sin taxes" as a source of additional revenue.

## Miscellaneous Taxes

Many states report proposed changes in miscellaneous taxes that will increase revenues by more than $1.5 billion in fiscal 1991. Most of the increase is attributable to Louisiana, where detail on specific increases was unavailable. In addition, Illinois, New Jersey, and New York together account for more than $700 million in increases. Illinois proposes to increase telecommunications taxes; New Jersey proposes a gross receipts tax on petroleum products; and New York proposes a variety of tax increases ranging from telecommunications taxes to insurance premium taxes and estate and gift taxes.

# III. Year-End Balances

The spend-down in balances that this survey has warned of in recent years appears to have finally become a reality in fiscal 1990. Not only are states reporting lower total balances for the current year compared with the prior year, but they are currently showing lower balances for 1990 than were estimated at the beginning of the fiscal year. Appropriated fiscal 1990 budgets assumed ending balances of 3.5 percent; those balances are now estimated at 3.0 percent. This decline reflects a $4.3 billion drop in balances in a single year.

In the past, this report has examined both general fund ending balances and budget stabilization fund balances. General fund balances are assumed to be available for spending in the following year while stabilization fund balances are more difficult to tap and require a trigger of certain economic changes or phenomena such as rising unemployment rates or falling personal income.

These distinctions seem less valid now. Some states put resources into budget stabilization funds but the funds may be used simply by legislative appropriation. No economic criteria must be met before they can be used. For this reason, the report now combines the two balances and refers to total balances. Details on the components of the balances can be found in Appendix Tables A-1, A-2, and A-3.

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

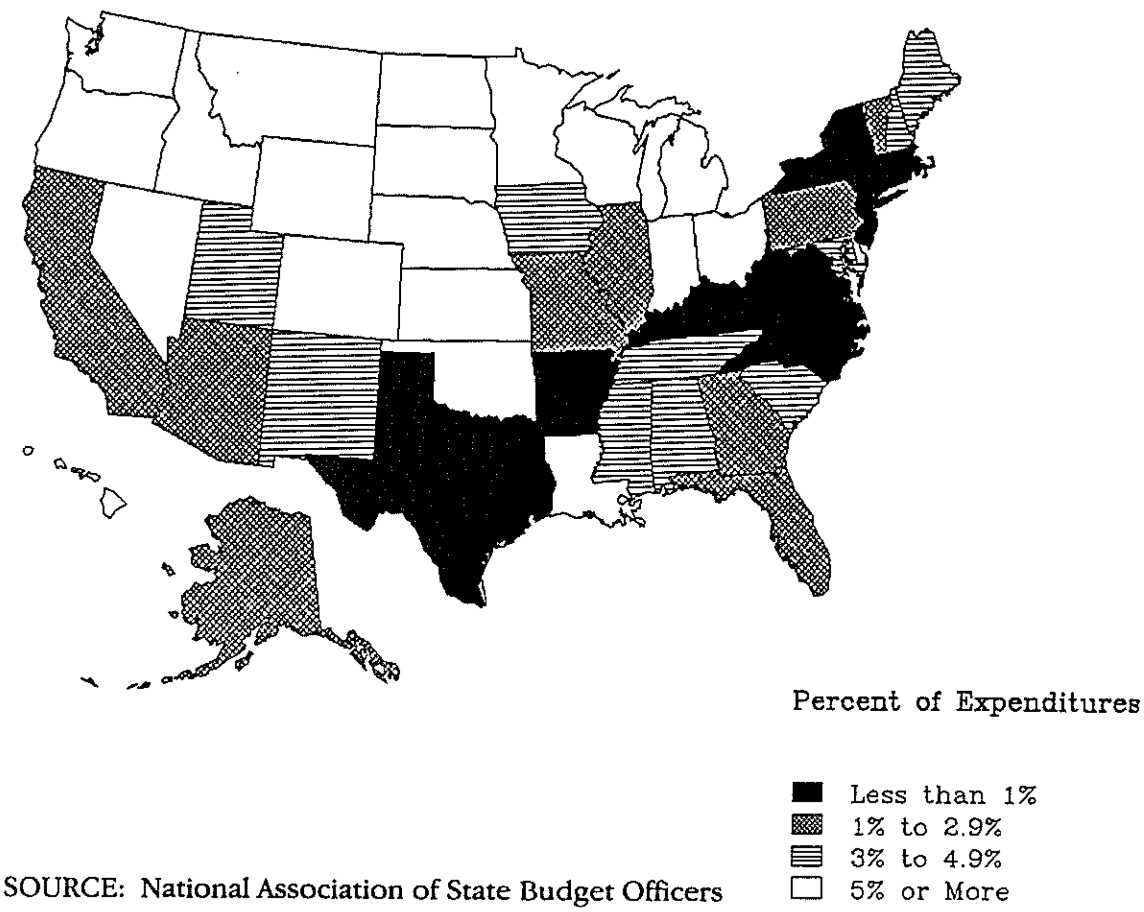
| *Year* | *Total Balance ($ in billions)* | *Total Balance (As % of Expenditures)* |
|---|---|---|
| 1991 | $7.9 (est.) | 2.7% |
| 1990 | 8.3 (est.) | 3.0 |
| 1989 | 12.6 | 4.9 |
| 1988 | 9.8 | 4.2 |
| 1987 | 6.7 | 3.1 |
| 1986 | 7.2 | 3.5 |
| 1985 | 9.7 | 5.2 |
| 1984 | 6.4 | 3.8 |
| 1983 | 2.3 | 1.5 |
| 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

Table 8 shows changes in state balances in terms of dollar levels and as a percentage of expenditures. It is now clear that fiscal 1989 was one of the strongest years in recent history for state budgets. Total balances were at their highest dollar level in history and they represented almost 5 percent of expenditures.

In recent years, original estimates of balances have been low and have increased as the fiscal year has progressed. Thus, 1989 balances were originally estimated to be only $5.5 billion and ended up at $12.6 billion. The pattern has definitely changed in fiscal 1990. Original estimates called for balances of $8.1 billion. The estimate was raised to $9.6 billion when budgets were enacted. It has now declined to $8.3 billion, revealing the tighter condition of state budgets.

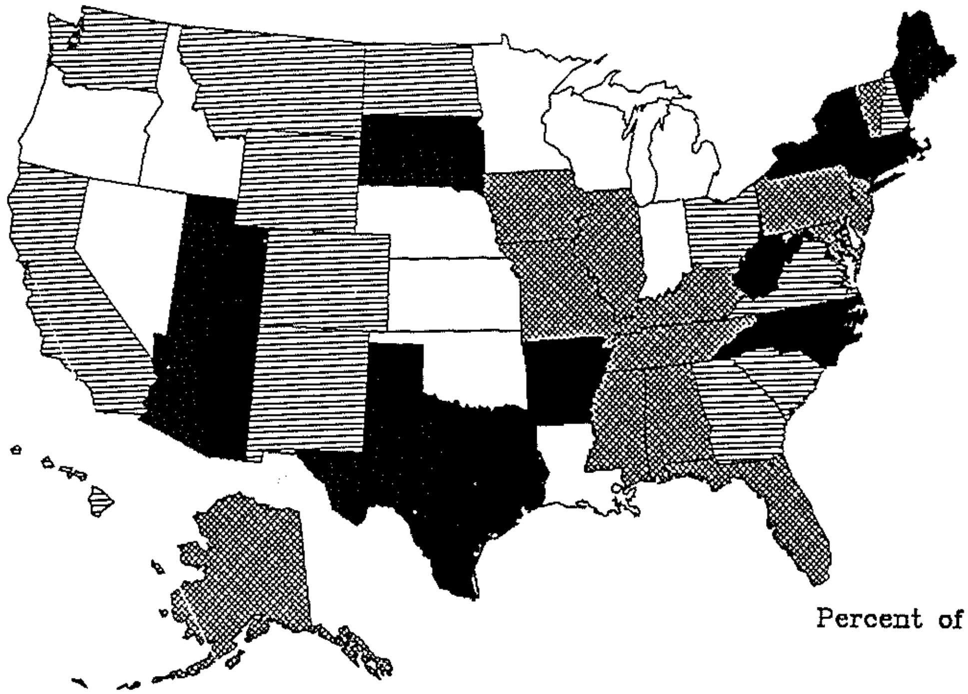
**Figure 2**
**TOTAL YEAR-END BALANCES AS A PERCENT OF EXPENDITURES**
**FISCAL 1990**




SOURCE: National Association of State Budget Officers

For fiscal 1991, Governors propose to end the year with $7.9 billion in balances. This figure represents just 2.7 percent of proposed expenditures and would be the lowest balance held since 1983. Figures 2 and 3 show the regional variations in total balances. The maps show that most of the northeastern states are in a condition of extreme fiscal difficulty.

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




SOURCE: National Association of State Budget Officers

Table 9 illustrates the decline in state fiscal condition. More than half the states ended fiscal 1989 with balances of more than 5 percent of expenditures. The number in this category is estimated to decline to twenty in fiscal 1990 and to eleven in fiscal 1991. By the end of fiscal 1991, thirty-nine states plan to hold less than 5 percent of expenditures as total balances.

**Table 9**
**TOTAL YEAR-END BALANCES AS A PERCENT OF EXPENDITURES**

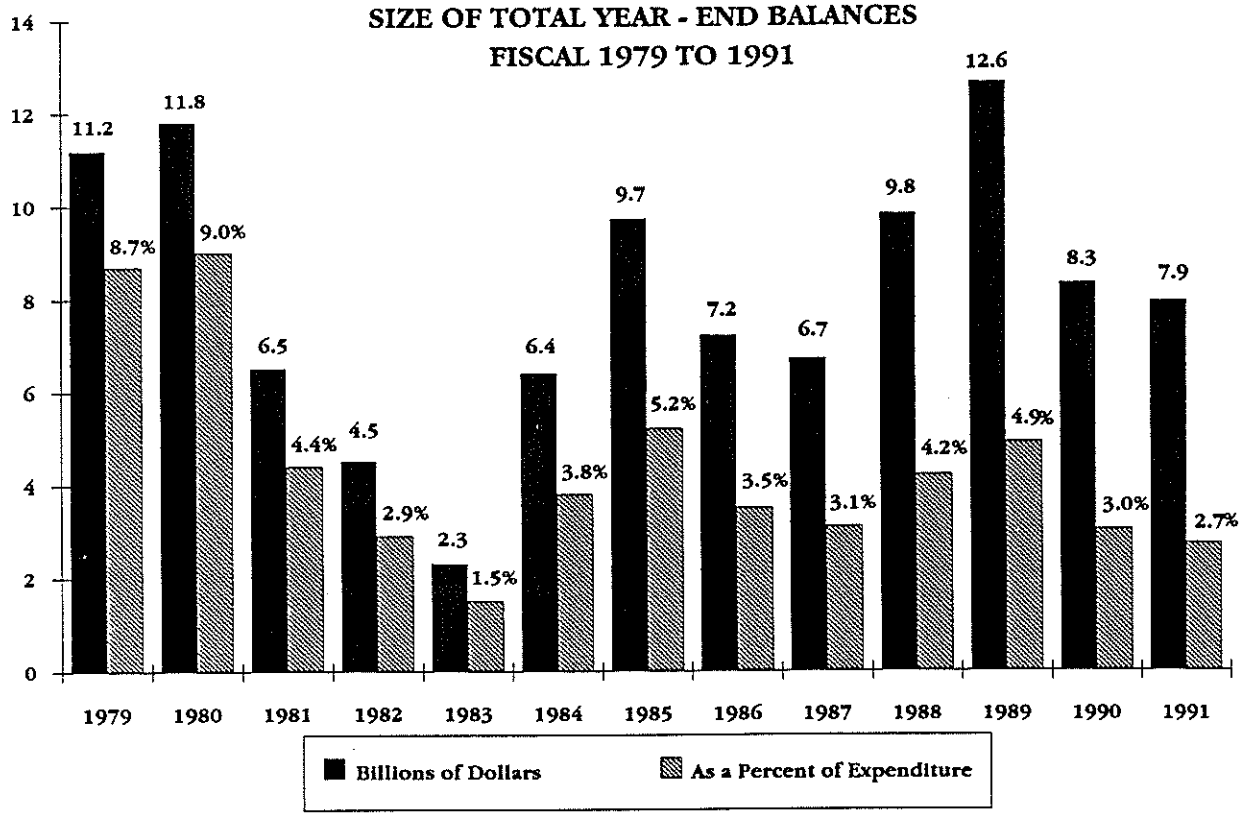
| | *Number of States* | | |
|---|---|---|---|
| *(Percentage)* | *Fiscal 1989 (Actual)* | *Fiscal 1990 (Estimated)* | *Fiscal 1991 (Proposed)* |
| Less than 1.0 | 5 | 12 | 12 |
| 1.0 to 2.9 | 7 | 8 | 14 |
| 3.0 to 4.9 | 9 | 10 | 13 |
| 5 or more | 29 | 20 | 11 |
| **Average Percent** | 4.9% | **3.0%** | **2.7%** |

SOURCE: National Association of State Budget Officers

Fiscal 1990 is a transition year. On one hand are northeastern states holding perilously low balances and on the other are states in the Midwest, Plains, and Northwest regions that still have healthy balances. Only three states estimate that they will hold a higher percentage of expenditures as balances in fiscal 1990 than in fiscal 1989. For fiscal 1991, thirteen states propose to increase their balances relative to expenditures.

Figure 4 provides the most graphic representation of balances relative to expenditures and the pattern they have followed over the last several years. This survey suggests a pattern that mirrors the 1980 to 1982 period closely. If the pattern holds, states may find that fiscal 1992 and fiscal 1993 are extremely difficult years.

**Figure 4**
**SIZE OF TOTAL YEAR - END BALANCES**
**FISCAL 1979 TO 1991**




SOURCE: National Association of State Budget Officers

# IV. Regional Fiscal Outlook

## Overview

The decline of state fiscal condition in New England and its neighboring states relative to the rest of the country is now well-established. This survey shows that fiscal instability is spreading to other regions, especially the Mideast. For the states as a whole, personal income growth is higher than it was six months ago but total state balances are lower than they were in fiscal 1989. Proposed spending growth for fiscal 1991 is lower than appropriated growth in fiscal 1990.

In three of the regions listed below, fiscal 1990 balances exceed 5 percent of expenditures. These same regions reported balances above 5 percent in fiscal 1989 but the balances were higher then than they are now. In every region, estimated 1990 balances are lower than actual 1989 balances.

**Table 10**
**REGIONAL BUDGET AND ECONOMIC INDICATORS**

| | *Weighted Unemploy-ment Rate*[a] | *Weighted Annual % Change in Personal Income*[b] | *Annual % Change in Population*[c] | *Fiscal 1990 Total Balances as a Percent of Expenditures* | *Proposed 1991 General Fund Budget Growth (%)* | *Number of States in Region* |
|---|---|---|---|---|---|---|
| New England | 4.1% | 8.2% | 0.7% | -2.8% | 1.8% | 6 |
| Mideast | 4.7 | 8.4 | 0.4 | 0.8 | 2.2 | 5 |
| Great Lakes | 6.0 | 8.1 | 0.4 | 5.7 | 5.6 | 5 |
| Plains | 4.1 | 9.2 | 0.5 | 8.9 | 6.9 | 7 |
| Southeast | 5.2 | 8.3 | 1.1 | 2.9 | 7.1 | 12 |
| Southwest | 5.5 | 8.2 | 0.9 | 1.9 | 7.7 | 4 |
| Rocky Mountain | 4.9 | 8.7 | 0.6 | 6.4 | 2.5 | 5 |
| Far West | 4.9 | 9.2 | 2.6 | 3.5 | 5.8 | 6 |
| **Average** | **5.1%** | **8.5%** | **1.0%** | **3.0%** | **5.1%** | **50** |

SOURCES:
a. U.S. Department of Labor, Bureau of Labor Statistics, December 1989.
b. Survey of Current Business, State Personal Income, 1988.3-1989.3, January 1990.
c. FFIS Issue Brief 90-1, Percent Change in Population, 1988-1989, p.2.

## New England

This region receives most of the national media attention for poor state fiscal conditions. Compared with data reported six months ago, the changes in the region are all for the worse. The unemployment rate has risen, personal income growth has slowed, population growth has slowed, ending balances are negative, and budget growth, at 1.8 percent for 1991, represents real declines in state spending.

The region is dominated by Massachusetts, the largest of the six states. While all of the states are grappling with potential budget imbalances, none are as dramatic as the imbalance in Massachusetts. The large negative balance it estimates for fiscal 1990 dominates the regional statistics.

### Mideast

This region had begun to show signs of fiscal instability six months ago and those signs are stronger now. New York and New Jersey have significant budget imbalances that are reflected in both ending balances and new revenue proposals. Although personal income growth in the region has increased in the last six months, the unemployment rate also has increased. As a result, proposed 1991 budgets are slated to grow just 2.2 percent compared with growth of 5.7 percent in appropriated 1990 budgets.

### Great Lakes

The most alarming statistic from the Great Lakes region is the increase in the unemployment rate from the rate reported six months ago. The increase, from 5.4 percent to 6.0 percent, reflects weakness in the automotive sector. It is accompanied by an increase in personal income growth and stable population change. While ending balances are estimated to decline from their 1989 level, they will still exceed 5.0 percent of expenditures. Proposed 1991 spending growth is 5.5 percent, a decrease from 1990 spending growth of 8.5 percent.

### Plains

As in the last survey, the Plains region reports the most stable fiscal condition among the eight regions. The unemployment rate is both stable and low and ending balances --- while they have declined --- are the highest in the country. Personal income growth has increased from 5.5 percent in the last survey to 9.2 percent, the highest in the country. This stable environment provides the resources for proposed spending growth of 6.9 percent in fiscal 1991.

### Southeast

The largest region is also the most diverse and perhaps the most in flux. Many of the states in the Southeast have reduced enacted budgets while only two report tax collections above original estimates. The economic statistics show that the regional unemployment rate is lower than it was six months ago but still above the national average, while personal income growth is higher than it was six months ago and still below the national average.

Proposed spending growth for 1991 is the second highest in the country and well above the national average. This could reflect the pressure of Medicaid mandates on this region relative to other parts of the country. Ending balances are estimated at only 2.9 percent for fiscal 1990.

### Southwest

This region contains only four states and is heavily dominated by Texas. Compared with the data reported six months ago, the Southwest has experienced an increase in personal income growth, from 5.6 percent to 8.2 percent. The unemployment rate has declined and population growth has increased. Yet, the region has below-average ending balances, just 1.9 percent, and above-average proposed spending growth for fiscal 1991.

### Rocky Mountain

The Rocky Mountain region may have improved the most since the survey six months ago. The unemployment rate has gone from above-average to below-average and personal income growth has gone from below-average to above-average. Population growth is positive and ending balances are estimated to exceed 5 percent of expenditures for fiscal 1990. Proposed spending growth for fiscal 1991 is just 2.5 percent, well below the national average.

### Far West

This region has the strongest economic statistics in the Unites States. Both Oregon and Washington are experiencing dramatic revenue growth and Hawaii continues to cut taxes. Both personal income growth and population growth for the region are the highest in the nation. Like the Southwest, the Far West is dominated by one state. The condition of California's economy tends to mask the other states in the region. Ending balances are estimated at 3.5 percent of expenditures for fiscal 1990 but would be higher if California were excluded from the group. Spending growth for 1991 is proposed to be 5.8 percent.

# APPENDIX

**TABLE A-1**
**FISCAL 1989 STATE GENERAL FUND**
**($ in millions)**
**Actual**

| | *Beginning Balance* | *Revenues* | *Resources* | *Expenditures* | *Ending Balance* | *Budget Stabilization Fund* |
|---|---|---|---|---|---|---|
| **States With Annual Budgets** | | | | | | |
| Alabama | $177 | $3,087 | $3,264 | $3,211 | $53 | $21 |
| Alaska | 224 | 2,186 | 2,410 | 2,248 | 163 | |
| Arizona | 6 | 2,886 | 2,892 | 2,890 | 1 | |
| California* | 54 | 36,953 | 37,007 | 35,897 | 1,109 | * |
| Colorado* | 106 | 2,385 | 2,491 | 2,356 | 135 | * |
| Connecticut* | 0 | 5,715 | 5,715 | 5,743 | -28 | 130 |
| Delaware* | 158 | 1,119 | 1,278 | 1,092 | 185 | * |
| Georgia | 151 | 6,468 | 6,619 | 6,382 | 237 | 194 |
| Idaho | 17 | 773 | 790 | 701 | 89 | * |
| Illinois | 246 | 12,133 | 12,379 | 11,838 | 541 | |
| Iowa | 62 | 2,701 | 2,763 | 2,668 | 95 | |
| Kansas | 303 | 2,228 | 2,531 | 2,160 | 371 | |
| Louisiana* | -512 | 5,227 | 4,715 | 4,060 | 655 | |
| Maryland | 409 | 5,442 | 5,851 | 5,461 | 390 | 92 |
| Massachusetts | 322 | 7,975 | 8,297 | 8,523 | -226 | |
| Michigan | 22 | 7,081 | 7,103 | 7,035 | 68 | 419 |
| Mississippi | 89 | 1,804 | 1,893 | 1,809 | 84 | 24 |
| Missouri | 94 | 3,792 | 3,886 | 3,791 | 95 | |
| New Jersey | 774 | 11,187 | 11,962 | 11,550 | 411 | |
| New Mexico* | 0 | 1,867 | 1,867 | 1,754 | * | 113 |
| New York* | 53 | 28,191 | 28,244 | 28,244 | 0 | 0 |
| Oklahoma | 117 | 2,585 | 2,702 | 2,545 | 157 | 152 |
| Pennsylvania* | 95 | 11,260 | 11,355 | 10,970 | 385 | 112 |
| Rhode Island* | 115 | 1,299 | 1,413 | 1,400 | 14 | 37 |
| South Carolina | 13 | 3,137 | 3,150 | 3,092 | 58 | 88 |
| South Dakota | 42 | 409 | 450 | 411 | 40 | |
| Tennessee | 66 | 3,470 | 3,536 | 3,408 | 128 | 100 |
| Utah | 42 | 1,540 | 1,582 | 1,511 | 71 | 48 |
| West Virginia | 35 | 1,494 | 1,529 | 1,463 | 66 | |
| **States With Biennial Budgets** | | | | | | |
| Arkansas | $0 | $1,714 | $1,714 | $1,714 | $0 | |
| Florida | 235 | 9,272 | 9,506 | 9,465 | 42 | 157 |
| Hawaii | 471 | 2385 | 2,856 | 2,227 | 629 | |
| Indiana* | 243 | 5,198 | 5,441 | 5,017 | 425 | 265 |
| Kentucky | 32 | 3,326 | 3,358 | 3,310 | 48 | |
| Maine | 142 | 1,498 | 1,640 | 1,477 | 163 | 25 |
| Minnesota* | 850 | 6,032 | 6,882 | 5,936 | 946 | * |
| Montana | 40 | 412 | 451 | 384 | 67 | |
| Nebraska | 178 | 1,099 | 1,277 | 987 | 290 | 50 |
| Nevada | 65 | 695 | 760 | 750 | 11 | 40 |
| New Hampshire | 13 | 571 | 584 | 578 | 6 | 29 |
| North Carolina* | 393 | 6,175 | 6,568 | 6,410 | 158 | |
| North Dakota | 51 | 536 | 587 | 547 | 40 | 25 |
| Ohio | 297 | 10,953 | 11,250 | 10,775 | 475 | 340 |
| Oregon* | 115 | 2,125 | 2,240 | 1,948 | 292 | |
| Texas | 113 | 12,821 | 12,934 | 12,778 | 156 | |
| Vermont | 74 | 546 | 619 | 608 | 11 | 13 |
| Virginia* | 275 | 5,555 | 5,830 | 5,830 | * | |
| Washington | 178 | 5,991 | 6,169 | 5,713 | 456 | 60 |
| Wisconsin | 194 | 5,635 | 5,829 | 5,454 | 375 | |
| Wyoming | 72 | 306 | 379 | 324 | 54 | 58 |
| Total | $7,307 | $259,239 | $266,546 | $256,444 | $9,990 | $2,594 |

## NOTES TO TABLE A-1

**For all states and 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 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. |
| **Idaho** | Ending balance includes $12 million budget stabilization fund. |
| **Indiana** | Figures include Property Tax Replacement Fund. |
| **Louisiana** | Revenues include $783 million of Recovery District Bond proceeds to be repaid over a ten-year period. |
| **Minnesota** | Ending balance includes $550 million budget stabilization fund. |
| **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 million and temporary loan of $656 million from the infrastructure trust fund, and a drawdown of $69 million from the tax stabilization reserve (rainy day) fund. |
| **North Carolina** | Revenues include $20 million in general obligation bonds for capital improvements. |
| **Oregon** | Biennial expenditures were split 48 percent to the first year of the biennium and 52 percent to the second year of the biennium. |
| **Pennsylvania** | Revenues include prior year lapses. In addition to its budget stabilization fund Pennsylvania reported $44 million in its Sunny Day Fund, which is used for economic development. |
| **Rhode Island** | Revenues include other financing sources. |
| **Virginia** | Expenditures and ending balance include undesignated fund balance. |

**TABLE A-2**
**FISCAL 1990 STATE GENERAL FUND**
**($ in millions)**
**Estimated**

| | *Beginning Balance* | *Revenues* | *Resources* | *Expenditures* | *Ending Balance* | *Budget Stabilization Fund* |
|---|---|---|---|---|---|---|
| **States With Annual Budgets** | | | | | | |
| Alabama | $53 | $3,246 | $3,299 | $3,192 | $107 | $30 |
| Alaska | 163 | 2,296 | 2,458 | 2,428 | 30 | |
| Arizona | 1 | 3,148 | 3,149 | 3,121 | 28 | |
| California* | 1,109 | 39,775 | 40,885 | 40,070 | 815 | * |
| Colorado* | 135 | 2,552 | 2,686 | 2,543 | 143 | * |
| Connecticut | 0 | 6,240 | 6,240 | 6,331 | -90 | 102 |
| Delaware* | 185 | 1,158 | 1,343 | 1,192 | 152 | * |
| Georgia | 237 | 7,407 | 7,644 | 7,644 | 0 | 222 |
| Idaho* | 77 | 835 | 912 | 849 | 63 | 12 |
| Illinois | 541 | 13,009 | 13,550 | 13,275 | 275 | |
| Iowa | 95 | 2,900 | 2,996 | 2,863 | 132 | |
| Kansas | 371 | 2,298 | 2,669 | 2,420 | 249 | |
| Louisiana | 655 | 4,128 | 4,783 | 4,172 | 611 | |
| Maryland | 390 | 5,809 | 6,200 | 6,135 | 65 | 118 |
| Massachusetts | 0 | 8,272 | 8,272 | 8,933 | -661 | |
| Michigan | 68 | 7,245 | 7,313 | 7,308 | 5 | 388 |
| Mississippi | 84 | 1,871 | 1,955 | 1,907 | 48 | 24 |
| Missouri | 95 | 4,155 | 4,249 | 4,158 | 91 | |
| New Jersey | 411 | 11,416 | 11,827 | 11,826 | 1 | |
| New Mexico* | 0 | 1,918 | 1,918 | 1,829 | 0 | 89 |
| New York* | 0 | 29,638 | 29,638 | 29,638 | 0 | 0 |
| Oklahoma | 157 | 2,683 | 2,840 | 2,679 | 161 | 123 |
| Pennsylvania* | 385 | 11,542 | 11,927 | 11,926 | 1 | 126 |
| Rhode Island* | 14 | 1,459 | 1,473 | 1,473 | 0 | 1 |
| South Carolina | 58 | 3,364 | 3,421 | 3,360 | 61 | 95 |
| South Dakota | 39 | 441 | 480 | 447 | 34 | |
| Tennessee | 128 | 3,631 | 3,759 | 3,707 | 52 | 100 |
| Utah | 71 | 1,584 | 1,655 | 1,655 | 0 | 52 |
| West Virginia | 66 | 1,681 | 1,747 | 1,733 | 14 | |
| **States With Biennial Budgets** | | | | | | |
| Arkansas | $0 | $1,745 | $1,745 | $1,745 | $0 | |
| Florida | 42 | 9,984 | 10,026 | 10,026 | 0 | 106 |
| Hawaii | 629 | 2,366 | 2,995 | 2,702 | 293 | |
| Indiana* | 425 | 5,505 | 5,929 | 5,509 | 420 | 322 |
| Kentucky | 48 | 3,499 | 3,547 | 3,547 | 0 | |
| Maine | 163 | 1,415 | 1,578 | 1,522 | 55 | 6 |
| Minnesota* | 946 | 6,523 | 7,469 | 6,644 | 825 | * |
| Montana | 67 | 420 | 487 | 432 | 55 | |
| Nebraska | 290 | 1,164 | 1,454 | 1,244 | 210 | 40 |
| Nevada | 11 | 761 | 772 | 762 | 10 | 40 |
| New Hampshire | 6 | 594 | 600 | 601 | -1 | 29 |
| North Carolina* | 157 | 7,269 | 7,426 | 7,360 | 66 | |
| North Dakota | 40 | 504 | 544 | 514 | 30 | 22 |
| Ohio | 475 | 11,520 | 11,995 | 11,593 | 402 | 359 |
| Oregon* | 292 | 2,132 | 2,424 | 2,201 | 223 | |
| Texas* | 156 | 13,822 | 13,978 | 13,958 | * | 20 |
| Vermont | 11 | 588 | 599 | 599 | 0 | 11 |
| Virginia | 0 | 5,932 | 5,932 | 5,893 | 39 | |
| Washington | 456 | 6,174 | 6,630 | 6,205 | 425 | 60 |
| Wisconsin | 375 | 5,739 | 6,114 | 5,816 | 298 | |
| Wyoming | 54 | 402 | 456 | 432 | 25 | 30 |
| Total | $10,231 | $273,756 | $283,987 | $278,118 | $5,760 | $2,528 |

## NOTES TO TABLE A-2

**For all states and 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 $511.9 million budget stabilization fund. |
| **Colorado** | Ending balance includes required reserve of $123.4 million. |
| **Delaware** | Ending balance includes $62.5 million reserve fund. |
| **Idaho** | Ending balance includes $38 million increase in budget stabilization fund. |
| **Indiana** | Figures include property tax replacement fund. |
| **Minnesota** | Ending balance includes $550 million budget stabilization 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 million revenue reduction for impoundment for fiscal 1989 deficit notes and an estimated receipt of $665 million for fiscal 1990 deficit notes. |
| **North Carolina** | Revenues include a $279.4 million transfer from the highway trust fund. |
| **Oregon** | Biennial expenditures were split 48 percent to the first year of the biennium and 52 percent to the second year of the biennium. |
| **Pennsylvania** | Revenues include prior year lapses. In addition to its Rainy Day Fund Pennsylvania expects a balance of $48 million in its Sunny Day Fund, which is used for economic development. |
| **Rhode Island** | Revenues include other financing sources. |
| **Texas** | Ending balance is held in a budget stabilization fund. |

**TABLE A-3**
**FISCAL 1991 STATE GENERAL FUND**
**($ in millions)**
**Recommended**

| | *Beginning Balance* | *Revenues* | *Resources* | *Expenditures* | *Ending Balance* | *Budget Stabilization Fund* |
|---|---|---|---|---|---|---|
| **States With Annual Budgets** | | | | | | |
| Alabama | $107 | $3,383 | $3,490 | $3,490 | $0 | $37 |
| Alaska | 30 | 2,442 | 2,472 | 2,419 | 53 | |
| Arizona | 28 | 3,457 | 3,485 | 3,453 | 32 | |
| California* | 815 | 43,102 | 43,917 | 42,613 | 1,304 | * |
| Colorado* | 143 | 2,664 | 2,807 | 2,695 | 112 | * |
| Connecticut | 0 | 6,604 | 6,604 | 6,604 | 0 | 12 |
| Delaware* | 152 | 1,235 | 1,387 | 1,250 | 137 | * |
| Georgia | 0 | 7,785 | 7,785 | 7,785 | 0 | 234 |
| Idaho | 25 | 885 | 910 | 910 | 0 | 50 |
| Illinois | 275 | 13,770 | 14,045 | 13,770 | 275 | |
| Iowa | 132 | 3,081 | 3,213 | 3,153 | 60 | |
| Kansas | 250 | 2,337 | 2,587 | 2,459 | 128 | |
| Louisiana | 611 | 4,343 | 4,954 | 4,503 | 451 | |
| Maryland | 65 | 6,276 | 6,340 | 6,338 | 2 | 133 |
| Massachusetts | 0 | 8,790 | 8,790 | 8,790 | 0 | |
| Michigan | 5 | 7,630 | 7,635 | 7,623 | 12 | 423 |
| Mississippi | 48 | 2,022 | 2,070 | 2,068 | 1 | 24 |
| Missouri | 91 | 4,458 | 4,549 | 4,474 | 75 | |
| New Jersey | 1 | 12,032 | 12,033 | 11,788 | 245 | |
| New Mexico* | 0 | 1,971 | 1,971 | 1,882 | 0 | 89 |
| New York* | 0 | 30,404 | 30,404 | 30,404 | 0 | 0 |
| Oklahoma | 161 | 2,803 | 2,964 | 2,779 | 185 | 123 |
| Pennsylvania* | 1 | 12,261 | 12,262 | 12,260 | 2 | 160 |
| Rhode Island* | 0 | 1,523 | 1,523 | 1,522 | 1 | 1 |
| South Carolina | 61 | 3,539 | 3,599 | 3,539 | 61 | 101 |
| South Dakota | 33 | 452 | 485 | 482 | 2 | |
| Tennessee | 52 | 3,724 | 3,776 | 3,776 | 0 | 100 |
| Utah | 0 | 1,646 | 1,646 | 1,646 | 0 | |
| West Virginia | 14 | 1,754 | 1,768 | 1,768 | 0 | |
| **States With Biennial Budgets** | | | | | | |
| Arkansas | $0 | $1,791 | $1,791 | $1,791 | $0 | |
| Florida | 0 | 11,193 | 11,193 | 11,193 | 0 | 150 |
| Hawaii | 293 | 2,477 | 2,770 | 2,674 | 96 | |
| Indiana* | 420 | 5,773 | 6,193 | 6,000 | 194 | 336 |
| Kentucky* | 0 | 4,139 | 4,139 | 4,079 | 60 | * |
| Maine | 55 | 1,546 | 1,602 | 1,602 | 0 | 6 |
| Minnesota* | 825 | 6,862 | 7,687 | 7,136 | 551 | * |
| Montana | 55 | 411 | 466 | 446 | 20 | |
| Nebraska | 210 | 1,198 | 1,408 | 1,331 | 77 | 32 |
| Nevada | 11 | 819 | 829 | 820 | 10 | 40 |
| New Hampshire | -1 | 639 | 638 | 636 | 2 | 29 |
| North Carolina* | 66 | 7,686 | 7,752 | 7,752 | 0 | |
| North Dakota | 30 | 484 | 514 | 514 | 0 | 23 |
| Ohio | 402 | 12,109 | 12,511 | 12,451 | 60 | 376 |
| Oregon* | 223 | 2,362 | 2,585 | 2,385 | 201 | |
| Texas* | 20 | 15,155 | 15,175 | 15,132 | 0 | 42 |
| Vermont | 0 | 650 | 650 | 650 | 0 | 11 |
| Virginia* | 39 | 6,370 | 6,409 | 6,407 | 2 | 200 |
| Washington | 425 | 6,336 | 6,761 | 6,588 | 173 | 122 |
| Wisconsin | 298 | 6,216 | 6,514 | 6,097 | 417 | |
| Wyoming | 25 | 346 | 370 | 361 | 10 | 3 |
| Total | $6,492 | $290,933 | $297,425 | $292,283 | $5,009 | $2,857 |

## NOTES TO TABLE A-3

**For all states and 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 $1,001.4 million budget stabilization fund. |
| **Colorado** | Ending balance includes required reserve of $106.5 million. |
| **Delaware** | Ending balance includes $66.3 million reserve fund. |
| **Indiana** | Figures include property tax replacement fund. |
| **Kentucky** | Ending balance includes $40 million budget stabilization fund. |
| **Minnesota** | Ending balance includes $550 million budget stabilization 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 $665 million revenue reduction for impoundment for 1990 deficit notes. Revenue recommendations include thirty-day amendments to the budget submitted to the legislature on February 15, 1990. |
| **North Carolina** | Revenues include a $356 million transfer from the highway trust fund. |
| **Oregon** | Reported figures are estimated, not recommended. Biennial expenditures were split 48 percent to the first year of the biennium and 52 percent to the second year of the biennium. |
| **Pennsylvania** | Revenues anticipate $52.5 million in prior year lapses from legislative accounts. In addition to its Rainy Day Fund, Pennsylvania expects a balance of $35 million in its Sunny Day Fund, which is used for economic development. |
| **Rhode Island** | Revenues include other financing sources. |
| **Texas** | Ending balance is held in a budget stabilization fund. Beginning balances include a budget stabilization fund. |
| **Virginia** | The projected undesignated fund balance at the end of the 1990-92 biennium is $202.4 million. Of this amount, $200 million constitutes a revenue reserve. Biennial expenditures have been apportioned to fiscal 1991 to reflect the anticipated balance at the end of the biennium. |

## TABLE A-4
## COMBINED ENDING BALANCES AND STABILIZATION FUNDS AS A PERCENT OF EXPENDITURES 1989 TO 1991

| | Total Balances ($ in millions) | | | As a Percent of Expenditures | | |
|---|---|---|---|---|---|---|
| | Fiscal 1989 | Fiscal 1990 | Fiscal 1991 | Fiscal 1989 | Fiscal 1990 | Fiscal 1991 |
| **States With Annual Budgets** | | | | | | |
| Alabama | $74 | $136 | $37 | 2.3 % | 4.3 % | 1.1 % |
| Alaska | 163 | 30 | 53 | 7.2 | 1.2 | 2.2 |
| Arizona | 1 | 28 | 32 | 0.0 | 0.9 | 0.9 |
| California | 1,109 | 815 | 1,304 | 3.1 | 2.0 | 3.1 |
| Colorado | 135 | 143 | 112 | 5.7 | 5.6 | 4.2 |
| | | | 0 | | | |
| Connecticut | 102 | 12 | 12 | 1.8 | 0.2 | 0.2 |
| Delaware | 185 | 152 | 137 | 17.0 | 12.7 | 11.0 |
| Georgia | 431 | 222 | 234 | 6.8 | 2.9 | 3.0 |
| Idaho | 89 | 75 | 50 | 12.7 | 8.8 | 5.5 |
| Illinois | 541 | 275 | 275 | 4.6 | 2.1 | 2.0 |
| Iowa | 95 | 132 | 60 | 3.6 | 4.6 | 1.9 |
| Kansas | 371 | 249 | 128 | 17.2 | 10.3 | 5.2 |
| Louisiana | 655 | 611 | 451 | 16.1 | 14.6 | 10.0 |
| Maryland | 482 | 183 | 135 | 8.8 | 3.0 | 2.1 |
| Massachusetts | -226 | -661 | 0 | -2.7 | -7.4 | 0.0 |
| Michigan | 488 | 393 | 434 | 6.9 | 5.4 | 5.7 |
| Mississippi | 108 | 72 | 26 | 6.0 | 3.8 | 1.2 |
| Missouri | 95 | 91 | 75 | 2.5 | 2.2 | 1.7 |
| New Jersey | 411 | 1 | 245 | 3.6 | 0.0 | 2.1 |
| New Mexico | 113 | 89 | 89 | 6.4 | 4.9 | 4.7 |
| New York | 0 | 0 | 0 | 0.0 | 0.0 | 0.0 |
| Oklahoma | 309 | 284 | 308 | 12.1 | 10.6 | 11.1 |
| Pennsylvania | 497 | 127 | 162 | 4.5 | 1.1 | 1.3 |
| Rhode Island | 51 | 1 | 2 | 3.6 | 0.1 | 0.1 |
| South Carolina | 146 | 156 | 162 | 4.7 | 4.6 | 4.6 |
| | | | 0 | | | |
| South Dakota | 40 | 34 | 2 | 9.7 | 7.6 | 0.5 |
| Tennessee | 228 | 152 | 100 | 6.7 | 4.1 | 2.6 |
| Utah | 119 | 52 | 0 | 7.9 | 3.1 | 0.0 |
| West Virginia | 66 | 14 | 0 | 4.5 | 0.8 | 0.0 |
| **States With Biennial Budgets** | | | | | | |
| Arkansas | $0 | $0 | $0 | 0.0 % | 0.0 % | 0.0 % |
| Florida | 199 | 106 | 150 | 2.1 | 1.1 | 1.3 |
| Hawaii | 629 | 293 | 96 | 28.2 | 10.8 | 3.6 |
| Indiana | 690 | 742 | 530 | 13.8 | 13.5 | 8.8 |
| Kentucky | 48 | 0 | 60 | 1.4 | 0.0 | 1.5 |
| Maine | 188 | 61 | 6 | 12.7 | 4.0 | 0.4 |
| Minnesota | 946 | 825 | 551 | 15.9 | 12.4 | 7.7 |
| Montana | 67 | 55 | 20 | 17.5 | 12.7 | 4.5 |
| Nebraska | 340 | 249 | 109 | 34.5 | 20.0 | 8.2 |
| Nevada | 51 | 50 | 50 | 6.8 | 6.6 | 6.1 |
| | | | 0 | | | |
| New Hampshire | 34 | 27 | 30 | 5.9 | 4.5 | 4.8 |
| North Carolina | 158 | 66 | 0 | 2.5 | 0.9 | 0.0 |
| North Dakota | 65 | 52 | 23 | 11.9 | 10.1 | 4.5 |
| Ohio | 815 | 761 | 436 | 7.6 | 6.6 | 3.5 |
| Oregon | 292 | 223 | 201 | 15.0 | 10.1 | 8.4 |
| Texas | 156 | 20 | 42 | 1.2 | 0.1 | 0.3 |
| Vermont | 24 | 11 | 11 | 4.0 | 1.8 | 1.7 |
| Virginia | 0 | 39 | 202 | 0.0 | 0.7 | 3.2 |
| Washington | 516 | 485 | 294 | 9.0 | 7.8 | 4.5 |
| Wisconsin | 375 | 298 | 417 | 6.9 | 5.1 | 6.8 |
| Wyoming | 112 | 55 | 13 | 34.6 | 12.7 | 3.5 |
| Total | $12,584 | $8,287 | $7,866 | 4.9 % | 3.0 % | 2.7 % |

**TABLE A-5**
**NOMINAL PERCENTAGE EXPENDITURE CHANGE, FISCAL 1989 TO 1990 AND FISCAL 1990 TO 1991**

| | *Fiscal 1990* | *Fiscal 1991* |
|---|---|---|
| **States With Annual Budgets** | | |
| Alabama | -0.6 % | 9.3 % |
| Alaska | 8.0 | -0.4 |
| Arizona | 8.0 | 10.6 |
| California | 11.6 | 6.3 |
| Colorado | 7.9 | 6.0 |
| Connecticut | 10.2 | 4.3 |
| Delaware | 9.1 | 4.8 |
| Georgia | 19.8 | 1.8 |
| Idaho | 21.1 | 7.2 |
| Illinois | 12.1 | 3.7 |
| Iowa | 7.3 | 10.1 |
| Kansas | 12.0 | 1.6 |
| Louisiana | 2.8 | 7.9 |
| Maryland | 12.3 | 3.3 |
| Massachusetts | 4.8 | -1.6 |
| Michigan | 3.9 | 4.3 |
| Mississippi | 5.4 | 8.5 |
| Missouri | 9.7 | 7.6 |
| New Jersey | 2.4 | -0.3 |
| New Mexico | 4.3 | 2.9 |
| New York | 4.9 | 2.6 |
| Oklahoma | 5.3 | 3.7 |
| Pennsylvania | 8.7 | 2.8 |
| Rhode Island | 5.2 | 3.3 |
| South Carolina | 8.7 | 5.3 |
| South Dakota | 8.8 | 8.0 |
| Tennessee | 8.8 | 1.9 |
| Utah | 9.5 | -0.5 |
| West Virginia | 18.4 | 2.0 |
| **States With Biennial Budgets** | | |
| Arkansas | 1.8 % | 2.6 % |
| Florida | 5.9 | 11.6 |
| Hawaii | 21.3 | -1.0 |
| Indiana | 9.8 | 8.9 |
| Kentucky | 7.2 | 15.0 |
| Maine | 3.1 | 5.2 |
| Minnesota | 11.9 | 7.4 |
| Montana | 12.5 | 3.2 |
| Nebraska | 26.1 | 7.0 |
| Nevada | 1.6 | 7.6 |
| New Hampshire | 3.9 | 5.8 |
| North Carolina | 14.8 | 5.3 |
| North Dakota | -6.0 | 0.0 |
| Ohio | 7.6 | 7.4 |
| Oregon | 13.0 | 8.3 |
| Texas | 9.2 | 8.4 |
| Vermont | -1.5 | 8.4 |
| Virginia | 1.1 | 8.7 |
| Washington | 8.6 | 6.2 |
| Wisconsin | 6.6 | 4.8 |
| Wyoming | 33.1 | -16.4 |
| Total | 8.5 % | 5.1 % |

TABLE A-6

FISCAL 1990 TAX COLLECTIONS COMPARED WITH PROJECTIONS USED IN FORMULATING BUDGET

($ in millions)

| | *Sales Tax* | | *Personal Income Tax* | | *Corporate Tax* | | *Total* |
|---|---|---|---|---|---|---|---|
| | *Original Estimate* | *Current Estimate* | *Original Estimate* | *Current Estimate* | *Original Estimate* | *Current Estimate* | *Revenue Collection #* |
| **States With Annual Budgets** | | | | | | | |
| Alabama* | $822 | $822 | $1,296 | $1,296 | * | * | T |
| Alaska | 55 | 60 | N/A | N/A | 153 | 165 | H |
| Arizona | 1,422 | 1,450 | 1,032 | 1,027 | 199 | 214 | L |
| California | 13,450 | 13,410 | 17,580 | 17,375 | 5,693 | 5,235 | L |
| Colorado | 706 | 765 | 1,353 | 1,417 | 160 | 156 | T |
| Connecticut* | 2,506 | 2,460 | 613 | 624 | 967 | 942 | L |
| Delaware | N/A | N/A | 524 | 529 | 95 | 98 | H |
| Georgia | 2,713 | 2,713 | 2,986 | 2,986 | 504 | 504 | T |
| Idaho | 316 | 379 | 298 | 317 | 57 | 67 | H |
| Illinois | 3,886 | 3,886 | 4,039 | 4,015 | 712 | 649 | H |
| Iowa | 726 | 727 | 1,437 | 1,472 | 252 | 278 | T |
| Kansas | 730 | 728 | 830 | 840 | 170 | 199 | T |
| Louisiana | 1,396 | 1,396 | 697 | 730 | 300 | 322 | H |
| Maryland | 1,632 | 1,594 | 2,814 | 2,872 | 275 | 270 | H |
| Massachusetts | 2,200 | 1,990 | 4,570 | 4,540 | 1,050 | 865 | L |
| Michigan* | 2,720 | 2,738 | 3,493 | 3,512 | 1,968 | 1,908 | H |
| Mississippi | 825 | 805 | 398 | 438 | 182 | 195 | H |
| Missouri | 1,299 | 1,283 | 2,015 | 2,047 | 304 | 295 | L |
| New Jersey | 3,400 | 3,200 | 3,300 | 3,000 | 1,300 | 1,200 | L |
| New Mexico | 729 | 725 | 350 | 379 | 67 | 42 | T |
| New York | 6,000 | 5,770 | 15,670 | 15,562 | 1,664 | 1,620 | L |
| Oklahoma | 767 | 782 | 959 | 1,009 | 104 | 83 | H |
| Pennsylvania | 4,300 | 4,216 | 3,349 | 3,349 | 1,194 | 1,196 | L |
| Rhode Island | 434 | 401 | 472 | 441 | 80 | 58 | L |
| South Carolina | 1,123 | 1,128 | 1,377 | 1,391 | 239 | 222 | T |
| South Dakota | 223 | 234 | N/A | N/A | N/A | N/A | H |
| Tennessee | 2,418 | 2,330 | 90 | 104 | 389 | 379 | L |
| Utah | 675 | 703 | 616 | 625 | 72 | 90 | H |
| West Virginia | 505 | 505 | 472 | 472 | 152 | 152 | L |
| **States With Biennial Budgets** | | | | | | | |
| Arkansas | $824 | $820 | $809 | $825 | $135 | $135 | T |
| Florida | 8,294 | 8,121 | N/A | N/A | 931 | 783 | L |
| Hawaii | 1,127 | 1,150 | 802 | 685 | 84 | 77 | L |
| Indiana | 2,189 | 2,214 | 2,019 | 2,074 | 776 | 759 | L |
| Kentucky | 1,095 | 1,073 | 1,132 | 1,262 | 330 | 286 | T |
| Maine | | | | | | | |
| Minnesota | 1,881 | 1,867 | 2,746 | 2,731 | 467 | 471 | L |
| Montana | N/A | N/A | 149 | 153 | 30 | 36 | H |
| Nebraska | 450 | 455 | 492 | 485 | 70 | 75 | L |
| Nevada* | * | * | N/A | N/A | N/A | N/A | H |
| New Hampshire | N/A | N/A | N/A | N/A | 150 | 114 | L |
| North Carolina | 1,703 | 1,710 | 3,496 | 3,410 | 788 | 694 | L |
| North Dakota* | 495 | 430 | 244 | 201 | 63 | 63 | L |
| Ohio | 3,394 | 3,394 | 3,670 | 3,670 | 930 | 880 | T |
| Oregon | N/A | N/A | 3,676 | 3,723 | 320 | 319 | H |
| Texas | 7,190 | 7,264 | N/A | N/A | N/A | N/A | H |
| Vermont | 151 | 141 | 248 | 236 | 45 | 32 | L |
| Virginia | 1,383 | 1,356 | 3,293 | 3,238 | 429 | 331 | L |
| Washington* | 2,725 | 3,021 | N/A | N/A | 1,001 | 1,087 | H |
| Wisconsin | 1,951 | 1,990 | 2,497 | 2,600 | 476 | 425 | H |
| Wyoming | 93 | 86 | N/A | N/A | N/A | N/A | 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. |
| **Connecticut** | Personal income tax applies to only capital gains, dividends, and interest income. |
| **Michigan** | The single business tax is reported under corporate income tax. |
| **Nevada** | No re-estimates of the sales tax have been prepared. |
| **North Dakota** | Due to referral of sales and income tax measures, overall fiscal 1990 revenues will be lower than originally projected. |
| **Washington** | Business and occupations tax collections are reported under corporate income tax. |

## Table A-7
## PROPOSED 1991 TAX CHANGES BY TYPE OF TAX

| State | Tax Change Description | Effective Date(s) | Fiscal 1991 Revenue Change ($ in millions) |
|---|---|---|---|
| PERSONAL INCOME TAX | | | |
| **Arizona** | Repeal federal tax subtraction and expand brackets. | 1/90 | $69.3 |
| **Hawaii** | Change in rates, brackets, and standard deduction. | 1/90 | (64.0) |
| **Kentucky** | Conform to federal tax reform act and eliminate federal tax deductibility. | 7/90 | 332.2 |
| **New York** | Freeze tax cut scheduled for 1990 and 1991 and continue 1989 rates. | 1/90 | 400.0 |
| **Oklahoma** | Bracket change; increase maximum under certain method. | 1/90 | 101.4 |
| **Vermont** | Increase rate from 25% to 26.5% of federal liability. | 1/90 | 17.2 |
| **Virginia** | Delay allowance of additional withholding exemptions. | 7/90 | 15.0 |
| **Wisconsin** | Increase one-time rebate based on 1987 and 1988 property tax rent credit. | 4/90 | (100.0) |
| | Expand farmland tax credit to real property improvements. | 4/90 | (26.0) |
| SALES TAX | | | |
| **Georgia** | Exclude food items from 1989 one cent increase. | 10/90 | $(125.0) |
| **Kentucky** | Broaden base to selected business services. | 7/90 | 82.4 |
| **Maryland** | Expand base to include certain categories of food (e.g., potato chips, take-outs). | 6/90 | 29.5 |
| **Missouri** | Extend tax to newspapers per state supreme court decision. | 1/90 | 5.0 |
| **New Mexico** | Increase rate by .25 percentage. | 7/90 | 45.0 |
| **New York** | Eliminate exclusion for trade-in allowance on motor vehicles; accelerate payment on long-term auto leases, collect; collect outstanding liability upon corporate dissolution and reinstatement. | 9/90 | 77.0 |
| **Oklahoma** | Increase rate by .50 percentage. | passage | 97.0 |
| **Vermont** | Subject beer and wine to sales tax. | 3/90 | 5.0 |
| BUSINESS TAXES | | | |
| **Arizona** | Conform to federal definition of "foreign." | 1/90 | $11.7 |
| | Repeal foreign tax credit subtraction. | 1/90 | 3.1 |
| | Repeal federal tax subtraction, expand brackets, lower rate. | 1/90 | 24.5 |
| **Kentucky** | Increase all rates by one percentage point. | 7/90 | 30.2 |
| **New York** | Alternative gross receipts tax base for corporate franchise tax; impose 2% tax on S corporation net income. | 1/90 | 175.0 |
| **Vermont** | Remove state tax deductions. | 1/90 | 3.3 |
| **Virginia** | Delay ACRS recovery implementation. | 7/90 | 29.9 |

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

| State | Tax Change Description | Effective Date(s) | Fiscal 1991 Revenue Change ($ in millions) |
|---|---|---|---|
| CIGARETTE TAXES | | | |
| Arizona | Increase of 10 cents/pack. | 7/90 | $30.5 |
| Florida | Increase of 19 cents/pack. | 7/90 | 259.3 |
| Illinois | Increase of 8 cents/pack and 20% of wholesale on other tobacco products. | 7/90 | 80.0 |
| Kentucky | Increase of 7 cents/pack. | 7/90 | 37.8 |
| New Hampshire | Increase of 4 cents/pack. | 2/90 | 7.8 |
| New Jersey | Increase wholesale surtax to 16.4%. | 7/90 | 90.0 |
| | Levy 24% wholesale surtax on other tobacco products. | 7/90 | 10.0 |
| New Mexico | Increase of 10 cents/pack. | 7/90 | 9.1 |
| New York | Increase of 5 cents/pack. | 6/90 | 66.0 |
| Vermont | Increase of 8 cents/pack. | 3/90 | 5.0 |
| MOTOR FUEL TAXES | | | |
| Alaska | Increase of 8 cents/gallon. | 7/90 | $34.2 |
| New Hampshire | Increase of 2 cents/gallon. | 4/90 | 10.0 |
| Ohio | Increase of 2 cents/gallon. | 7/90 | 116.0 |
| Washington | Increase of 4 cents/gallon. | 4/90 | 80.8 |
| | Increase of 1 cent/gallon. | 4/91 | |
| ALCOHOLIC BEVERAGES | | | |
| Delaware | Double the tax on all alcoholic beverages. | 7/90 | $5.0 |
| New Hampshire | Increase of 5 cents/gallon of beer. | 4/90 | 1.9 |
| New Jersey | Increase wholesale sales tax to 11.2%. | 7/90 | 52.0 |
| Virginia | Increase markup in state stores and implement operating budget reductions. | 7/90 | 9.1 |
| MISCELLANEOUS TAXES | | | |
| Alabama | Raise hazardous waste fees by $85 per ton. | passage | $55.0 |
| Arizona | Double mining severance tax rate. | 7/90 | 30.9 |
| Delaware | Hospital board and treatment tax. | 7/90 | 1.4 |
| | Miscellaneous fees. | 7/90 | 1.5 |
| Hawaii | Transfer transient accommodations taxing authority to counties. | 1/91 | (45.0) |
| Illinois | Increase telecommunications excise tax. | 7/91 | 130.0) |
| Maryland | Alter apportionment formula for gross receipts tax on interstate telephone revenues. | 1/91 | 2.9 |
| | Adjust property transfer tax so it cannot be avoided by structuring transactions through partnerships. | 7/90 | 1.8 |
| Massachusetts | Tax the first possessor of a hazardous material. | 7/90 | 12.0 |
| 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 on petroleum products. | 7/90 | 255.0 |

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

| *State* | *Tax Change Description* | *Effective Date(s)* | *Fiscal 1991 Revenue Change ($ in millions)* |
|---|---|---|---|
| **New York** | Increase certain motor vehicle registration fees and penalties. | mid-1990 | 12.0 |
| | Convert to cents/gallon equivalent; impose tax on certain petroleum lubricants. | 6/90 | 52.0 |
| | Eliminate exclusion for local telecommunications carriers for access charges and allow deduction for charges by inter-exchange carriers. | 1/90 | 35.0 |
| | Disallow bank expenses associated with earning tax-exempt income. | 1/90 | 20.0 |
| | Impose 6% excise tax on interstate and international telecommunications. | 6/90 | 135.0 |
| | Eliminate tax on net insurance income and impose 2% tax on premiums only. | 1/90 | 100.0 |
| | Increase estate and gift tax rate by 1% and increase unified credit; close loopholes and other reforms. | 4/90 | 43.0 |
| | Close loopholes on real property gains tax and real property transfer tax by conforming treatment of townhouses to treatment of condominiums and taxing certain transactions that are similar to sales. | 5/90 | 29.0 |
| **Oklahoma** | Increase use tax by .50 percentage. | passage | 5.0 |
| **Rhode Island** | Increase various fees delay phase-out of estate and public utility tax. | passage | 53.1 |
| **Vermont** | Increase meals and rooms tax rate from 6% to 8%. | 3/90 | 14.0 |

## Table A-8
## PROPOSED STATE EMPLOYMENT COMPENSATION CHANGES
## FISCAL 1991

| *State and Region* | *Across the Board* | *Merit* | *Other* | *Notes** |
|---|---|---|---|---|
| **New England** | | | | |
| Connecticut | 4.5% | — | 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. |
| Massachusetts | — | — | * | On average, half of the state workforce will receive an step increase of approximately 6% in the fiscal year. |
| New Hampshire | 5.0 | — | — | |
| Rhode Island | 4.5 | — | — | Budget proposes delaying non-union increases from 7/90 until 4/91. |
| Vermont | — | — | — | Compensation package is currently under negotiation. |
| **Mideast** | | | | |
| Delaware | 4.7% | — | — | Employees at or above the maximum salary of the assigned pay grade receive 2.35%. Employees near maximum receive the greater of 2.35% or a percentage amount, which places the salary at the maximum. |
| Maryland | 4.0 | — | 1.25 | Other is $22.7 million classification and personnel review increase, primarily for public safety and health care employees. |
| New Jersey | 4.0 | 4.0 | — | ATB effective 1/13/90; merit range from 3.5-5.0% depending on employee's step within range. Those at maximum of range do not receive merit increase. |
| 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% longevity increase that takes effect 1/91. |
| **Great Lakes** | | | | |
| Illinois | 4.5% | * | — | Average merit increase is 6%; 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 | — | — | — | Not yet determined. |
| Michigan | 4.0 | — | * | Additional increase ranging from 1% for first step of pay range to 6% for last step granted for corrections officers. |
| Ohio | 4.0 | — | 2.5 | Employees not in the last step of pay range receive step increase of approximately 5%. The average step increase for all state employees is approximately 2.5%. |
| Wisconsin | — | — | — | Not yet determined. |

**Table A-8 (continued)**
**PROPOSED STATE EMPLOYMENT COMPENSATION CHANGES**
**FISCAL 1991**

| *State and Region* | *Across the Board* | *Merit* | *Other* | *Notes** |
|---|---|---|---|---|
| **Plains** | | | | |
| Iowa | 5.0% | 1.5% | — | |
| Kansas | 1.5 | — | 2.5 | All employees receive a step or anniversary increase. |
| Minnesota | 5.0 | — | — | |
| Missouri | — | — | 2.0 | Increase is "within grade" and applies to 90% of state employees. |
| Nebraska | 4.0 | 1.0 | 1.5 | Increase of 4% effective 7/1/89 and 1.5% on anniversary date if satisfactory performance or 2.5% if above satisfactory. |
| North Dakota | — | — | — | No general increases provided for fiscal 1991. |
| South Dakota | 3.0 | 0.5 | 1.5 | |
| **Southeast** | | | | |
| Alabama | 5.0% | 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 | 3.0 | 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 | — | ATB portion has $450 minimum. |
| Kentucky | 5.0 | — | — | In addition, $15 million recommended for statewide salary improvement fund for equity, recruitment and retention problems. |
| Louisiana | — | 4.0 | — | Approximately 10% of workforce is at top of pay scale and do not qualify for further merit increases. |
| Mississippi | * | * | — | Employees earning less than $25,000 receive 7% ATB or $1,200, whichever is greater; those earning above $25,000 eligible for merit increase averaging 7%. |
| North Carolina | 4.0 | 2.0 | — | Merit increase is average of all employees under performance pay plan. Maximum merit increase is 6%. |
| South Carolina | 2.0 | * | — | Merit is on anniversary date, insuring equal distribution throughout the year; a 1.0% increase results in a 0.5% payout. |
| Tennessee | 6.0 | — | — | A $1,000 increase or one-step increase — whichever is greater — will average 6%. |
| Virginia | 5.06 | — | — | ATB of 3% effective 1/90; 2% effective 12/90. |
| West Virginia | — | — | — | No increases recommended. |
| **Southwest** | | | | |
| Arizona | 3.0% | 0.75% | 0.25% | Merit is one-time non-base adjustment for meritorious performance; other is for classification and market inequity adjustments. |
| New Mexico | — | — | 5.5 | Proposed increase will be based on pay grade study results. |
| Oklahoma | 5.0 | 0.25 | — | Merit increase of 2.5% affects 10% of workforce. |

## Table A-8 (continued)
## PROPOSED STATE EMPLOYMENT COMPENSATION CHANGES
## FISCAL 1991

| *State and Region* | *Across the Board* | *Merit* | *Other* | *Notes** |
|---|---|---|---|---|
| Texas | — | — | — | |
| **Rocky Mountain** | | | | |
| Colorado | 2.16% | — | * | Individual classes of employees receive grade adjustment in 2.5% increments. Average 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 | — | 5.0 | 0.8 | Other consists of an enhanced benefits package. |
| Montana | 2.5 | — | — | Employees receive 2.5% or $560/year, whichever is greater, plus additional insurance contribution of $240/year. |
| Utah | 4.0 | — | 1.0 | |
| Wyoming | — | 3.0 | — | Proposed increase is approximate. |
| **Far West** | | | | |
| California | 3.9% | — | — | Increases based on Consumer Price Index and current rate is an estimate subject to change. Increase will be in 3% to 5% range. |
| Nevada | * | * | — | ATB will vary from 0% to 5% depending on 1990 ending fund balance. All employees except those at top of range receive 5% merit increase that equates to 2.5% actual increase to the state. |
| Oregon | 4.5 | 5.0 | 1.0 | Merit adjustments are not funded by legislature. Costs of annual adjustments within salary range are covered by vacancy/turnover savings. Other refers to implementation of revised classification system based on job value studies. |
| Washington | 6.0 | — | 1.0 | Other is estimated impact of comparable worth increases. Classified employees are also eligible for 5% increase for each of first five years in a job class. ATB increase effective 1/91. |
| Alaska | — | 3.0 | — | Negotiations continuing with all major employee bargaining units. |
| Hawaii | * | — | — | Increase will be in 2% to 5% range. |

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

| *State* | *Amount (in mil.)* | *Date(s) Enacted* | *Notes* |
|---|---|---|---|
| Arizona | $16.3 | 1/90 | Exempts K-12 education and transportation. |
| Connecticut | 28.0 | 1/90 | Includes only agency operating budgets. |
| Florida | 271.6 | 11/89 | Education, health, and rehabilitative service cuts offset by other fund balances. |
| Hawaii | 28.0 | 7/89 | Exempts local aid, K-12 education, unemployment insurance, workers' compensation. |
| Kansas | 35.1 | Proposed | Cut based on individual reviews of all state agency budgets. |
| Maine | 76.4 | Proposed | Exempts bonded debt and retirement. |
| Massachusetts | 638.0 | 7/89, 1/90 | Exempts mandated programs underfunded in legislative budget (e.g., Medicaid, AFDC, employee health insurance premiums). |
| Michigan | 132.0 | Proposed | Exempts K-12 education, higher education. |
| Minnesota | 145.0 | Proposed | Exemptions not yet determined. |
| Missouri | 7.3 | 10/89 | Exempts K-12 education, higher education, Medicaid, AFDC, certain mental health programs. |
| New Hampshire | 67.5 | 2/90 | Exempts direct aid to local government. |
| New Jersey | 405.0 | 12/89 | Cut achieved through freeze on hiring, travel, equipment purchases, use of consultants, and temporary employees and similar actions. |
| New York | 135.0 | 11/89 | Cut is based on 2 percent of agency cash disbursement limits and allows complete flexibility in meeting savings amount. |
| North Carolina | 203.0 | 9/89 | Reductions occur through allotment procedure rather than budget reductions and through delay of capital projects. |
| North Dakota | 90.0 | 12/89 | Reduction is on a biennial basis. |
| Rhode Island | 31.2 | 11/89, 1/90 | An additional $13.2 million in revenue measures and $22.6 million in improvements to balance have been proposed. Corrections and child welfare are exempt from reductions. |
| Tennessee | 100.0 | 11/89 | No exemptions. |
| Vermont | 10.0 | 7,8,12/89 | Exempts debt service, property tax relief, state aid, some human service programs. |
| Virginia | 57.4 | 12/89 | Capital outlay appropriations frozen. |
| | 35.5 | 12/89 | Exempts local aid, K-12 education, corrections, law enforcement and others. |
| | 66.5 | 1/90 | Capital projects funded with lottery fund frozen. |
| West Virginia | 42.0 | 11/89 | Exempts debt service. |

SOURCE: National Association of State Budget Officers

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

| *State* | *Proposed 1991* | *State* | *Proposed 1991* |
|---|---|---|---|
| Alaska | 3.6 | New Hampshire | 2.0 |
| Colorado | 5.0 | North Dakota* | 4.0 |
| Connecticut | 4.8 | Oklahoma | 5.0 |
| Delaware | 3.7 | Oregon | 3.0 |
| Florida* | 3.0 | South Dakota | 2.0 |
| Georgia | 2.5 | Tennessee | 6.4 |
| Iowa | 3.2 | Utah | 4.0 |
| Maine | * | Vermont | 3.0 |
| Maryland | 5.0 | Wyoming | * |
| Missouri | 1.0 | | |

NOTES:
Florida — Increase effective January 1991.
Maine — Proposed 3 percent increase in standard of need.
North Dakota — A 4 percent increase effective July 1990 was approved by the legislature.
Wyoming — The Governor proposed a 10 percent increase in the number of eligible families.

SOURCE: National Association of State Budget Officers

## Table 5
## PROPOSED NEW SPENDING OR TAX PROGRAMS TO AID LOCAL GOVERNMENT FISCAL 1991

| | |
|---|---|
| Delaware | Contribute $3.9 million to counties as state share (60 percent) in support of statewide paramedic program. |
| Hawaii | Grant counties authority to levy .5 percent sales tax ($150 million); transfer taxing authority for the transient accommodations tax to the counties ($45 million). |
| Idaho | Assist in construction of juvenile detention facilities ($8.2 million); assume county share of drug cost for medical assistance program ($2 million). |
| Iowa | Provide property tax relief of $15 million. |
| Kansas | Provide $1 million for "Parents as Teachers" program in school districts. Districts will provide 50 percent match. |
| Michigan | Introduce program to contain property tax assessments for local school taxes to rate of consumer price index. |
| New York | Proposals include Medicaid cost containment package ($149.5 million); 21st Century Environment Bond Act ($430 million); savings from pension reform ($170 million); increased support for preschool handicapped education program ($17.5 million); sales tax base broadeners ($35 million); authorization for variable rate bonds for New York City ($10 million); elimination of duplicative teacher examination process in New York City ($6.4 million); municipal cost effectiveness grants program ($0.5 million); office of mandate review ($0.25 million). |
| South Carolina | Allow counties to levy one cent sales tax with property tax roll-back requirement (legislative proposal). |
| Tennessee | Provide $7 million for local bridge program through a 70 percent-30 percent state-local match. |
| Washington | Increase in gas/transportation taxes ($84 million); one-time liquor profits distribution ($7.5 million); targeted local assistance ($27 million). |
| Wisconsin | Incentive payments to limit property tax increases through levy restraint program ($4 million); cost sharing for school infrastructure ($33 million); lottery proceeds property tax credit ($92 million). |

SOURCE: National Association of State Budget Officers

**Table 6**
**SOURCES OF INCREASES IN STATE TAX COLLECTIONS, FISCAL 1978-1991**

| *Fiscal Year* | *Total Tax Revenue Collection ($ in billions)* | *$ Change in Total Tax Revenue ($ in billions)* | *% Change in Tax Revenue*[a] | *Net Change Resulting From Political Actions*[b] *($ in billions)* | *Change Resulting From Economic Factors*[c] *($ in billions)* |
|---|---|---|---|---|---|
| 1991 | N/A | N/A | N/A | $4.9 (est.) | N/A |
| 1990 | N/A | N/A | N/A | 4.9 (est.) | N/A |
| 1989 | $284.6 | $22.3 | 8.5% | 0.8 | $21.5 |
| 1988 | 262.3 | 15.7 | 6.4 | 6.0 | 9.7 |
| 1987 | 246.6 | 18.5 | 8.1 | 0.6 | 17.9 |
| 1986 | 228.1 | 12.8 | 5.9 | -1.1 | 13.9 |
| 1985 | 215.3 | 18.3 | 9.3 | 0.9 | 17.4 |
| 1984 | 197.0 | 25.6 | 14.9 | 10.1 | 15.5 |
| 1983 | 171.4 | 8.8 | 5.4 | 3.5 | 5.3 |
| 1982 | 162.7 | 12.9 | 8.6 | 3.8 | 9.1 |
| 1981 | 149.7 | 12.7 | 9.2 | 0.4 | 12.3 |
| 1980 | 137.1 | 12.1 | 9.8 | -2.0 | 14.1 |
| 1979 | 125.0 | 11.7 | 10.3 | -2.3 | 14.0 |
| 1978 | 113.3 | 12.2 | 12.0 | 0.5 | 11.7 |

NOTES:

a. Increase in actual tax collections divided by previous year collections.

b. Political action includes discretionary legislative actions such as adopting or repealing a tax, raising or lowering a tax rate, and changing the tax base. Does not include administrative tax adjustments or changes in tax collection procedures. Generally includes temporary taxes that were made permanent (e.g., if a state adopted a one-year temporary tax increase in 1982 and than extended it in 1983, and made it permanent in 1984, then the tax increase was counted for three years because it required legislative action to maintain a rate that was scheduled to decrease). If a tax change is phased in over several years, only the first year of the tax change is counted. Figures in this column represent legislative tax changes that resulted from actions passed in the prior legislative session (e.g., fiscal 1989 tax changes were passed in the 1988 session); therefore, these figures represent revenue projections presented to legislators when they passed the tax change.

c. Economic growth (or decline) and inflation's effect on revenue growth.

SOURCES: Advisory Commission on Intergovernmental Relations, *Significant Features of Fiscal Federalism, 1985-86 Edition,* Page 77, based on data from the Tax Founda-

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

| *Year* | *Total Balance ($ in billions)* | *Total Balance (As % of Expenditures)* |
|---|---|---|
| 1991 | $7.9 (est.) | 2.7% |
| 1990 | 8.3 (est.) | 3.0 |
| 1989 | 12.6 | 4.9 |
| 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

## Table 9
## TOTAL YEAR-END BALANCES AS A PERCENT OF EXPENDITURES

| *(Percentage)* | *Number of States* *Fiscal 1989 (Actual)* | *Fiscal 1990 (Estimated)* | *Fiscal 1991 (Proposed)* |
|---|---|---|---|
| Less than 1.0 | 5 | 12 | 12 |
| 1.0 to 2.9 | 7 | 8 | 14 |
| 3.0 to 4.9 | 9 | 10 | 13 |
| 5 or more | 29 | 20 | 11 |
| **Average Percent** | **4.9%** | **3.0%** | **2.7%** |

SOURCE: National Association of State Budget Officers

**Table 1**
**STATE NOMINAL AND REAL ANNUAL BUDGET INCREASES, 1979-1991**

| | *State General Fund* | |
|---|---|---|
| *Fiscal Year* | *Nominal Increase (est.)* | *Real Increase* |
| 1991 | 5.1% (est.) | 0.6% (est.) |
| 1990 | 8.5 (est.) | 3.3 (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** | **8.3%** | **1.9%** |

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

**Table 2**
**ANNUAL STATE GENERAL FUND EXPENDITURE INCREASES**

| *Spending Growth (percentage)* | *Number of States* | |
|---|---|---|
| | *Fiscal 1990 (Estimates)* | *Fiscal 1991 (Proposed)* |
| Less than 0 | 3 | 6 |
| 0.0 to 4.9 | 11 | 18 |
| 5.0 to 9.9 | 21 | 22 |
| 10 or more | 15 | 4 |
| **Average Growth Rate** | **8.5%** | **5.1%** |

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

| *State* | *Amount (in mil.)* | *Date(s) Enacted* | *Notes* |
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| Arizona | $16.3 | 1/90 | Exempts K-12 education and transportation. |
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| Michigan | 132.0 | Proposed | Exempts K-12 education, higher education. |
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| Georgia | 2.5 | Tennessee | 6.4 |
| Iowa | 3.2 | Utah | 4.0 |
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| Missouri | 1.0 | | |

NOTES:
- Florida — Increase effective January 1991.
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| 1982 | 162.7 | 12.9 | 8.6 | 3.8 | 9.1 |
| 1981 | 149.7 | 12.7 | 9.2 | 0.4 | 12.3 |
| 1980 | 137.1 | 12.1 | 9.8 | -2.0 | 14.1 |
| 1979 | 125.0 | 11.7 | 10.3 | -2.3 | 14.0 |
| 1978 | 113.3 | 12.2 | 12.0 | 0.5 | 11.7 |

NOTES:

a. Increase in actual tax collections divided by previous year collections.

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| 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

## Table 9
## TOTAL YEAR-END BALANCES AS A PERCENT OF EXPENDITURES

| | *Number of States* | | |
|---|---|---|---|
| *(Percentage)* | *Fiscal 1989 (Actual)* | *Fiscal 1990 (Estimated)* | *Fiscal 1991 (Proposed)* |
| Less than 1.0 | 5 | 12 | 12 |
| 1.0 to 2.9 | 7 | 8 | 14 |
| 3.0 to 4.9 | 9 | 10 | 13 |
| 5 or more | 29 | 20 | 11 |
| **Average Percent** | **4.9%** | **3.0%** | **2.7%** |

SOURCE: National Association of State Budget Officers

**Table 10**
**REGIONAL BUDGET AND ECONOMIC INDICATORS**

| | *Weighted Unemploy-ment Rate*[a] | *Weighted Annual % Change in Personal Income*[b] | *Annual % Change in Population*[c] | *Fiscal 1990 Total Balances as a Percent of Expenditures* | *Proposed 1991 General Fund Budget Growth (%)* | *Number of States in Region* |
|---|---|---|---|---|---|---|
| New England | 4.1% | 8.2% | 0.7% | -2.8% | 1.8% | 6 |
| Mideast | 4.7 | 8.4 | 0.4 | 0.8 | 2.2 | 5 |
| Great Lakes | 6.0 | 8.1 | 0.4 | 5.7 | 5.6 | 5 |
| Plains | 4.1 | 9.2 | 0.5 | 8.9 | 6.9 | 7 |
| Southeast | 5.2 | 8.3 | 1.1 | 2.9 | 7.1 | 12 |
| Southwest | 5.5 | 8.2 | 0.9 | 1.9 | 7.7 | 4 |
| Rocky Mountain | 4.9 | 8.7 | 0.6 | 6.4 | 2.5 | 5 |
| Far West | 4.9 | 9.2 | 2.6 | 3.5 | 5.8 | 6 |
| **Average** | **5.1%** | **8.5%** | **1.0%** | **3.0%** | **5.1%** | **50** |

SOURCES:
a. U.S. Department of Labor, Bureau of Labor Statistics, December 1989.
b. Survey of Current Business, State Personal Income, 1988.3-1989.3, January 1990.
c. FFIS Issue Brief 90-1, Percent Change in Population, 1988-1989, p.2.