



**The**



**Fiscal**



**Survey**



**of**



**States**

**December 2006**

**National Governors Association**

**National Association of State Budget Officers**

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National Association of State Budget Officers  
444 North Capitol Street, NW, Suite 642  
Washington, DC 20001-1511  
Tel: (202) 624-5382 Fax: (202) 624-7745  
[www.nasbo.org](http://www.nasbo.org)

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Larry Schlicht, Idaho  
Erin VonHolten, Illinois  
Carol Kraus, Illinois  
David Reynolds, Indiana  
Scott Geans, Indiana  
Joel Lunde, Iowa  
Louis Chabira, Kansas  
Sandy Russell, Kansas  
John Hicks, Kentucky  
Ternisa Hutchinson, Louisiana  
David Lachance, Maine  
Amber Tiette, Maryland  
David Riedell, Massachusetts  
Colleen Gossman, Michigan  
Nancy Rooney, Minnesota  
Deborah Collier Biggers, Mississippi

Evona Loving, Mississippi  
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Rebecca Skillings, Ohio  
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Linda Ames, Oregon  
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Elizabeth Leach, Rhode Island  
Daniel Orgel, Rhode Island  
Jean Ricard, South Carolina  
Tamara Darnall, South Dakota  
Charles Brown, Tennessee  
Terri Wegner, Texas  
Phil Jeffery, Utah  
Otto Trautz, Vermont  
Mike Barton, Virginia  
Pam Davidson, Washington  
Roger Smith, West Virginia  
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## Preface

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*The Fiscal Survey of 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 1979. The survey presents aggregate and individual data on the states' general fund receipts, expenditures and balances. Although 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 NASBO from August through November 2006. The surveys were completed by Governors' state budget officers in 50 states.

Fiscal 2005 data represent actual figures, fiscal 2006 figures are preliminary actual, and fiscal 2007 data reflect enacted budgets.

Forty-six states begin their fiscal years in July and end them in June. The exceptions are Alabama and Michigan, with an October to September fiscal year; New York, with an April to March fiscal year; and Texas, with a September to August fiscal year. Additionally, 20 states operate on a biennial budget cycle.

NASBO staff member Jordan Head compiled the data and prepared the text for the report, with assistance from staff member Brian Sigriz. Nelle Sandridge of State Services Organization provided typesetting services.





## Executive Summary

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State fiscal conditions continued to improve in fiscal 2006. Revenues were strong and only two states were forced to make mid-year budget cuts. States were able to offer their citizens tax cuts, increase funding for programs, and replenish budget stabilization funds. However, realizing the inevitable cyclical nature of the economy, states are cautious. While revenue increased strongly in fiscal 2006, the estimates in fiscal 2007 enacted budgets are for slightly more modest growth. Expenditure pressure is also high due to the pent-up demand of programs that were cut in the past, the budgetary strain of programs such as Medicaid, and looming issues such as pensions, demographic shifts and infrastructure. Additionally, states have begun to feel pressure to spend down their recently rebuilt budget surpluses on programs cut in previously tight fiscal periods. This edition of *The Fiscal Survey of States* reflects actual fiscal 2005, preliminary actual fiscal 2006, and appropriated fiscal 2007 figures. The data were collected during fall 2006.

### State Spending

State general fund spending grew by 8.7 percent in fiscal 2006, significantly higher than the 29-year average of 6.4 percent. This high rate of growth is the result of states bolstering spending on programs that experienced significant budget cuts in the most recent fiscal crisis and the rebuilding of budget reserves that were drawn down in previous years. Additionally, states are experiencing pressure on mandatory programs, particularly Medicaid. For fiscal 2007, state spending is budgeted to grow by 7.0 percent, closer to the average rate. Expenditures typically include one-time spending from surplus funds, transfers into reserve funds, and payments to local governments to reduce property taxes.

Findings of this edition of the *Fiscal Survey of States* include the following:

In fiscal 2006, two states reduced their enacted budgets by \$521 million. So far, no states have cut their enacted fiscal 2007 budgets. At the height of the downturn in fiscal 2003, 37 states made mid-year budget cuts.

Three states reported negative budget growth for fiscal 2006 and 4 states enacted negative growth budgets for fiscal 2007. This is in sharp contrast to fiscal 2003 when twenty-one states enacted negative growth budgets.

In terms of providing supportive services for families to achieve self-sufficiency, five states will increase their fiscal 2007 cash assistance levels under the Temporary Assistance for Needy Families (TANF) program, ranging from 0.9 percent to 6.5 percent. One state (Louisiana), facing severe pressures on health and human services spending, will decrease TANF spending by 13.1 percent.

### State Revenue Actions

States enacted net tax and fee decreases of \$2.2 billion in fiscal 2007. Twenty-four states adopted net decreases while 15 states enacted net increases. The largest enacted net decrease was in personal income taxes (-\$2.32 billion), and the largest net enacted increase was in cigarette and tobacco taxes (\$487.9 million). Additionally:

- In fiscal 2006, revenues exceeded expectations in forty-six states and were on target in 4 states.
- Fiscal 2006 revenues were 5.9 percent higher than originally estimated. Specifically, sales taxes were 2.3 percent higher, personal income taxes were 6.6 percent higher, and corporate income taxes were 20.5 percent greater.
- States budgeted for more moderate revenue growth in their fiscal 2007 budgets, with total revenue collections expected to be 3.0 percent

higher than fiscal 2006 levels. Compared to actual fiscal 2006 collections, enacted fiscal 2007 budgets reflect 3.5 percent more in sales tax revenue, 4.0 percent more in personal income taxes, and a 4.0 percent decrease in corporate income tax revenue.

### **Year-End Balances**

Total balances—ending balances and the amounts in budget stabilization funds—are a crucial tool that states relied on heavily during the recent fiscal downturn, and continued to rebuild in fiscal 2006.

Total balances were \$47 billion or 8.4 percent of expenditures in fiscal 2005, \$59 billion or 9.8 percent of expenditures in fiscal 2006, and based on fiscal 2007 enacted budgets are \$44 billion or 6.8 percent of expenditures. Fiscal 2006 ending balances as a percentage of expenditures are the highest they have been since 2000, when ending balances reached 10.4 percent of expenditures.

# State Expenditure Developments

## CHAPTER ONE

### Overview

Although states' finances remained strong in fiscal 2006, they still face spending challenges due to Medicaid cost pressures and under-funded employee pension systems, among other pressures. Revenues continued to climb in fiscal 2006 and most states have been able to restore their budget reserves, although two states, Louisiana and Indiana, were forced to make mid-year budget cuts totaling approximately \$521 million. So far in fiscal 2007, no states have had to make cuts to their enacted budgets. In fiscal 2005, five states made budget cuts that amounted to \$891 million. In 2004, eighteen states made budget cuts that amounted to \$4.8 billion. At the depths of the most recent state fiscal crisis in fiscal 2002 and fiscal 2003, thirty-seven states in each year were forced to make mid-year budget cuts that totaled nearly \$15 billion and \$11.8 billion, respectively.

In contrast to recent years when many states used across-the-board percentage cuts to reduce or eliminate budget gaps, only two states did so in fiscal 2006. States used other budget-balancing tools in fiscal 2006, including using rainy day funds, reorganizing programs, privatizing programs, furloughs, early retirement, and layoffs (see Appendix Table A-5).

### State Spending for Fiscal 2006

This report captures only state general fund spending, which represents the primary component of discretionary expenditures of revenue derived from general sources which has not been earmarked for specific items. According to the most recent edition of NASBO's *State Expenditure Report*, estimated fiscal 2006 spending from all sources (general funds, federal funds, other state funds and bonds) is approximately \$1.34 trillion, with the general fund representing 43.7 percent of the total. The components of total state spending for estimated fiscal 2006 are: Medicaid, 22.2 percent; elementary and secondary education, 21.5 percent; higher education, 10.7 percent; transportation, 8.7 percent; corrections, 3.4 percent; public assistance, 1.9 percent; and all other expenditures, 31.6 percent.

Components of state spending within the general fund specifically are elementary and secondary education, 35.1 percent; Medicaid, 18.1 percent; higher education, 11.4 percent; corrections, 7 percent; transportation, 0.8 percent; public assistance, 2.1 percent; and all other expenditures, 25.5 percent.

State general fund expenditures were \$602 billion in fiscal 2006 (preliminary actual), an 8.7 percent increase compared to the previous year. The 28-year historical average rate of growth is 6.4 percent.

**TABLE 1**

#### Budget Cuts Made After the Fiscal 2006 Budget Passed

State	FY 2006 Size of Cuts (\$ in Millions)	FY 2007 Size of Cuts (\$ in Million)	Programs or Expenditures Exempted from Cuts
Louisiana	\$431.2	\$0.0	Programs or funds that have Constitutional provisions
Indiana	90.0	0.0	Medicaid, Tuition Support, and Education
<b>Total</b>	<b>\$521.2</b>	<b>\$0.0</b>	--

**SOURCE:** National Association of State Budget Officers.

Contributing to the higher-than-average growth rate are higher than expected revenues which have allowed for increased spending on programs that were cut during the most recent economic downturn, as well as general program expenditure increases (especially within Medicaid). Enacted fiscal 2007 budgets reflect general fund spending that is 7.0 percent higher than the fiscal 2006 level (see Table 2, Figure 1, and Appendix Table A-4).

**TABLE 2**
**State Nominal and Real Annual Budget Changes, Fiscal 1979 to Fiscal 2007**

<i>Fiscal Year</i>	<i>State General Fund</i>	
	<i>Nominal Change</i>	<i>Real Change</i>
2007*	7.0%	3.5%
2006*	8.7	5.4
2005	6.5	3.2
2004	3.0	-0.4
2003	0.6	-3.1
2002	1.3	-1.4
2001	8.3	4.0
2000	7.2	4.0
1999	7.7	5.2
1998	5.7	3.9
1997	5.0	2.3
1996	4.5	1.6
1995	6.3	3.2
1994	5.0	2.3
1993	3.3	0.6
1992	5.1	1.9
1991	4.5	0.7
1990	6.4	2.1
1989	8.7	4.3
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
<b>1979-2007 average</b>	<b>6.4%</b>	<b>2.0%</b>

**NOTES:** \*The state and local government implicit price deflator, 3.3 (Implicit Price Deflator for Gross Domestic Product as cited by the Bureau of Economic Analysis in November 2006) is used for state expenditures in determining real changes. Fiscal 2006 figures are based on the change from fiscal 2005 actual to fiscal 2006 preliminary actual. Fiscal 2007 figures are based on the change from fiscal 2006 preliminary actual to fiscal 2007 appropriated. See Appendix Table A-4 for state-by-state data.

**SOURCE:** National Association of State Budget Officers.

Expenditures continued to grow in almost all states, with only three states reporting negative expenditure growth for fiscal 2006, 34 states reporting expenditure growth to be positive but less than 10 percent, and 13 states experiencing expenditure growth of 10 percent or more. For fiscal 2007, four states enacted negative growth budgets, 32 states have budgeted expenditure growth to be positive but below 10 percent, and 14 states have budgeted growth of 10 percent or more. (see Table 3 and Appendix Table A-4).

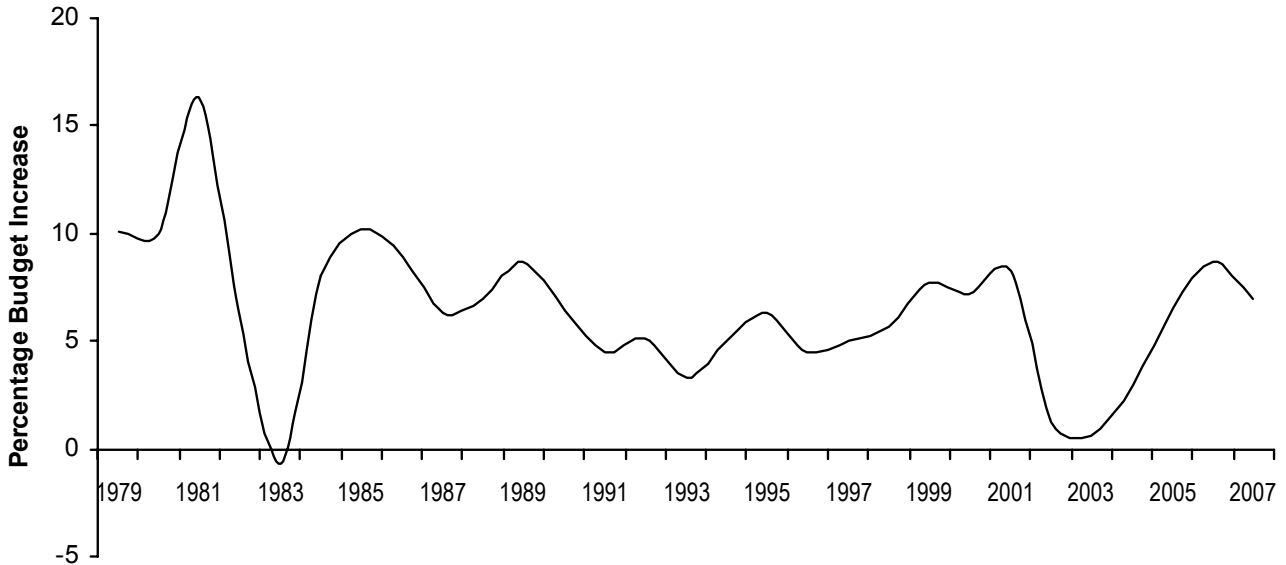
### State Cash Assistance Increased Under the Temporary Assistance for Needy Families Program

The Temporary Assistance for Needy Families (TANF) program was reauthorized under the Deficit Reduction Act in February 2006. The TANF block grant is funded at \$16.57 billion each year through 2010. Although the program retains the work participation rates of 50 percent for all families and 90 percent for two-parent families, adjusting the base year for the caseload reduction credit effectively increases the work requirements from the prior levels. The reauthorized program also includes specific definitions of work, work verification requirements, and penalties if states do not meet the requirements.

Since welfare reform was initially passed in 1996, states have focused on providing supportive services for families to achieve self-sufficiency rather than rely on cash assistance. This report has information only on the changes in the cash assistance benefit levels within the program which represents approximately 36 percent of total program costs. For fiscal 2007, forty-four states maintain the same cash assistance benefit levels that were in effect in fiscal 2006. Five states increase cash assistance benefit levels (ranging from 0.9 percent to 6.5 percent) and one state decreases cash assistance benefits (see Table 4 and Notes to Table 4).

FIGURE 1

## Annual Percentage Budget Increases, Fiscal 1979 to Fiscal 2007



**SOURCE:** National Association of State Budget Officers.

TABLE 3

## Annual State General Fund Expenditure Changes, Fiscal 2006 and Fiscal 2007

Spending Growth	Number of States	
	Fiscal 2006 (Preliminary Actual)	Fiscal 2007 (Appropriated)
Negative growth	3	4
0.0% to 4.9%	8	15
5.0% to 9.9%	26	17
10% or more	13	14

**NOTE:** Average spending growth for fiscal 2006 (preliminary actual) is 8.7 percent; average spending growth for fiscal 2007 (appropriated) is 7.0 percent. See Appendix Table A-4 for state-by-state data.

**SOURCE:** National Association of State Budget Officers.

TABLE 4

## Enacted Cost-of-Living Changes for Cash Assistance Benefit Levels Under the Temporary Assistance For Needy Families Block Grant, Fiscal 2007

State	Percent Change
Florida	6.5%
Louisiana	-13.1
Maryland	4.8
Nebraska*	*
New Hampshire	2.6
Oregon	2.4
Texas	0.9

**NOTE:** \*See Notes to Table 4.

**SOURCE:** National Association of State Budget Officers.

## NOTES TO TABLE 4

Nebraska No increase in the maximum grant an individual may receive has been enacted for Fiscal 2007. Per State Statute (Sec. 43-513), Nebraska will not increase the maximum "standard of need" in Fiscal 2007. The next "standard of need" increase is due July 1, 2007.

## Medicaid

Medicaid is a means-tested entitlement program financed by the states and the federal government that provides comprehensive and long-term medical care for more than 59 million low-income individuals. Medicaid spending is approximately 22 percent of total state spending while all health care accounts for about 32 percent and is the single largest portion of total state spending.

**Medicaid growth rates.** With its dominance in state spending, Medicaid continues to be a major budget issue for states. Medicaid spending is estimated to have increased by 5 percent in fiscal 2006, with state funds increasing by 7.7 percent and federal funds increasing by 2.9 percent, based on NASBO's latest *State Expenditure Report*. State funds are estimated to have increased more than the federal share in fiscal 2006 for the majority of states. Some of the reasons for the higher growth rates of state funds versus federal funds are attributable to factors such as a change in the amount of federal funds individual states will receive as part of the FMAP formula in current law and phasing out of special financing.

A significant factor affecting Medicaid growth rates and historical comparisons is the change in the financing of prescription drug benefits for the dual eligibles, those who are eligible for both Medicaid and Medicare. Beginning in January 2006, the prescription drug costs for the dual eligibles are no longer part of the Medicaid program. Instead these costs are now part of Medicare Part D. States finance these benefits by providing a payment to the federal Medicare trust fund. The amount that will be paid by states to the federal government repre-

sents about five percent of state Medicaid expenditures. At the federal level, lower Medicaid spending will be offset by an increase in Medicare spending for the dual eligibles. Other costs for the dual eligibles, such as for long-term care, remain within the Medicaid program.

States have been aggressive over the past five years in pursuing cost containment measures. According to the Kaiser Commission on Medicaid and the Uninsured, every state instituted cost containment measures during this period with the majority centered on freezing or reducing provider payments and managing prescription drug costs. Long range projections for national health spending are approximately 7.2 percent, according to the Centers for Medicare and Medicaid Services, and will continue to rise as a percentage of the nation's gross domestic product.

**Significant health issues.** States face a number of challenges in funding health care both within the Medicaid program and throughout state government. Among the issues of greatest concern for states include health care cost increases and greater utilization of services, rising state employee health insurance costs, the number of uninsured, the aging population and the impact on long-term care financing, and changes at the federal level affecting Medicaid. Even with the more moderating growth rates in health care spending from the height of the recession, projections over the next decade remain at an average annual rate of growth of 8 percent according to the most recent estimates by the Congressional Budget Office. With Medicaid comprising 22 percent of state budgets, these long-term growth rates will continue to strain state budgets.

TABLE 5

**Enacted Changes in Aid to Local Governments, Fiscal 2007**

Arizona	Instituted a 3 year suspension of county equalization property tax, which has a fiscal 2007 impact of -\$215 million, a 5.9 percent increase.
California	The 2006 Budget Act reflects the termination of Educational Revenue Augmentation Fund III (ERAF III) payments, which means local governments will retain an additional \$1.3 billion in property taxes that had been shifted to K-14 schools in both 2004-05 and 2005-06. Another significant change is \$1.4 billion to partially repay the 2003-04 and 2004-05 Proposition 42 suspensions; these monies may be used for local transit projects, and streets and roads maintenance. Other changes include \$35 million to backfill booking fees that cities paid to book suspects into county jails in 2005-06, and an increase in Citizens Option for Public Safety/Juvenile Justice Crime Prevention Act funding of \$38 million, bringing total program funding to \$238 million in 2006-07. The 2006 Budget Act provides approximately \$404 million to fund local agency mandates. Pursuant to Proposition 1A, local governments are not required to perform mandated activities for which funding is not provided.
Colorado	Colorado Heritage Grant Program: After three years of not funding the Colorado Heritage Planning Grant (CHPG) program in the Office of Smart Growth, the General Assembly appropriated \$200,000 General Fund to this program for Fiscal 2006-07. Established in 2000, this grant program has awarded almost \$1.6 million to local governments working cooperatively around the state to address the impacts of growth and development. In previous years, the CHPG Program made awards to projects addressing wildfire mitigation, preservation of agricultural land, impact fee studies, landscape codes incorporating water efficiency, transportation planning, and the social and economic effects of second homes.
Connecticut	Connecticut's aid to local governments in Fiscal 2007 is projected to increase by \$112.5 million (an increase of nearly 4.7 percent) over the amount of state aid provided in Fiscal 2006. Legislation was enacted that removed the Waterbury Financial Assistance Board's (a state-appointed financial oversight board) authority as the final arbitrator over labor contracts and placed the municipal unions under the arbitration process of the Municipal Employee Relations Act. Legislation was also enacted that prohibits municipalities from diminishing or eliminating retiree health insurance benefits.
Florida	Florida's aid to local government decreases in Fiscal 2007 by \$4.4 million due to various Ad Valorem tax issues and by another \$19.4 million due to various sales tax issues. Aid to local governments was increased by \$15.4 million due to various other tax issues, for a net impact of an \$8.4 million decrease in aid to local governments.
Georgia	Increase of \$1.7 million in homeowners' tax relief grants contributing to a total of \$434 million for property tax relief. Increase of \$53 million contributing to a total of \$212.7 million in Local Road Assistance Grants. Aid to local governments includes local Property Tax buy-downs totaling \$1.7 million, an increase of 0.4 percent.
Hawaii	Allowed counties to levy a surcharge of up to .5 percent on the State's general excise and use tax beginning 1/1/07 and ending 12/31/22 to pay for transportation projects. Tax collections could total as much as \$215 million annually.
Iowa	The state property tax credits were paid in Fiscal 2006 from a fund in which part of the Fiscal 2005 ending balance was deposited. At the end of Fiscal 2006, part of the ending balance of the general fund was transferred to this fund, from which the Fiscal 2007 state property tax credits will be paid from. The dollar amounts did not change materially.
Kansas	SB 55 provides for uniformity in local retail sales taxes. It allows cities to levy a retail sales tax up to 3 percent, of which no more than 2 percent can be for general purposes and no more than 1 percent for special purposes. All special purpose taxes will terminate after 10 years. SB 55 also allows any sales taxes levied under home rule authority by July 1, 2006, to remain in effect. It also prohibits cities from levying development excise taxes after January 1, 2006. Those cities already levying those taxes are prohibited from increasing the rates after that date. It also allows cities to levy excise taxes on tickets to theatrical performances, concerts, and sports contests on city property. SB 435 grants additional local sales tax authority to selected counties for economic development and public infrastructure projects.
Maryland	Local income tax revenues are estimated to decrease by \$9 million due to the adoption of an income tax subtraction modification for military retirement income. Local Boards of Education must develop and implement an automated external defibulator program at each high school. Expenditures by Local Boards of Education are estimated to increase by \$497,000 statewide in fiscal 2007, but ongoing costs would be less. Changes in state requirements for local land use planning are estimated to increase local government expenditures by \$443,000.
Massachusetts	The fiscal 2007 GAA increases the lottery component of local aid by \$158.6 million (to \$920 million) over last year, an increase of approximately 20 percent by uncapping lottery revenues to cities and towns. In addition, Chapter 70 education funding increased by \$216.6 million (to \$3.5 billion), an increase of approximately 6.6 percent to support reforms to the education funding formula in the Commonwealth.
Michigan	Fiscal 2007 is the ninth year of a 10-year phase-in of a new formula to distribute aid to local governments. Funding is shifted from formulas primarily based upon local mileages to formulas based primarily upon taxable value. The new formula is suspended beginning in fiscal 2003 to ensure funding reductions to local governments are uniformly distributed. For fiscal 2007, the enacted budget maintains the fiscal 2006 spending level for revenue sharing payments to cities, villages, and townships. The fiscal 2007 budget also continues to suspend revenue sharing payments to counties under tax law changes effective for fiscal 2005 and subsequent fiscal years. Counties expend the equivalent of revenue sharing payments from individual revenue sharing reserve funds established with early collection of county-allocated property taxes. Suspending county revenue sharing payments reduces state spending by over \$180 million annually. It is estimated a similar savings will occur each year through 2008; thereafter, savings will begin to decline as county revenue sharing reserve funds are depleted and state payments are resumed.



TABLE 5 (continued)

Montana	In fiscal 2007, the state of Montana has assumed the responsibility for providing public defender services for Montanans. This service was previously provided by local governments through a combination of employees and contracted attorneys. The state will provide a more coordinated system of public defender services. The total cost for the Public Defender Program in Fiscal 2007 is projected to be approximately \$17 million and is funded by the state general fund.
North Dakota	Insurance premium tax allocations to fire districts were increased by \$500,000 per year, or 19.2 percent. Fee increases resulted in additional public transportation funding allocations of \$775,000 per year, a 55.0 percent increase, and additional motor vehicle fee and fuel tax allocations to cities and counties of \$5.6 million per year, a 9.5 percent increase. Forecasted revenue increases are expected to result in increases in state aid payments to cities and counties of \$2.0 million per year, or 5.5 percent, and oil and gas production tax allocations of \$4.4 million per year, or 20.3 percent.
Nebraska	Enacted changes in spending or tax programs that affect aid to local governments for fiscal 2007 include: Homestead Exemption Program - \$2.6 million, a 4.9 percent increase in fiscal 2007; Aid to Community Colleges - \$3.3 million, a 4.98 percent increase in fiscal 2007; Aid to K-12 Schools - \$38.2 million, a 4.3 percent increase in fiscal 2007; Aid to Counties - \$0.4 million, a 4 percent increase in fiscal 2007; and Aid to Cities - \$2.4 million, a 21.4 percent increase in fiscal 2007. Due to a municipal local option sales tax, a sales tax exemption for materials used to make molds and dies for use in manufacturing is estimated to reduce city sales tax revenue by \$435,000 during state fiscal 2007. Exemption of contractor labor on owner-occupied residences from sales tax is estimated to reduce city sales tax revenue by \$7.16 million during state fiscal 2007. Aid to local governments includes local Property Tax buy-downs totaling \$24.2 million, an increase of 3 percent.
New Jersey	Funding for the Special Municipal Aid program was increased by \$145.4 million (496 percent) to \$174.7 million. Special Municipal Aid assists municipalities facing severe fiscal conditions in recovering from fiscal distress and improving management and financial practices. The Public Employees Retirement System (PERS) local billings are at 60 percent phase-in and the Police and Firemen's Retirement System (PFRS) local billings are at 80 percent phase-in. The increase in the PERS local obligation due to the increase in the phase-in percentage from 40 percent to 60 percent is \$75,840,260. For PFRS, the increase in the local obligation due to the increase in the phase-in percentage from 60 percent to 80 percent is \$105,685,805.
New York	The 2006-07 Enacted State budget provides over \$1.1 billion in increased assistance and cost savings to local governments. New York City will receive approximately \$695 million in benefits, including school aid, on a state fiscal year basis. Counties and cities, and towns and villages outside New York City receive \$70 million and \$158 million, respectively. School districts outside New York City will receive more than \$541 million in aid. The 2006-07 Enacted State Budget includes a \$127 million increase in aid for cities, towns and villages that features second year funding under the Aid and Incentives for Municipalities (AIM) program, as well as additional unrestricted aid. Most cities receive a 24 percent increase in aid for 2006-07, and aid for most towns and villages increases by 20 percent. As a condition of receiving additional AIM funding, cities must comply with fiscal accountability requirements that include multi-year financial planning, use of the AIM increase for property tax relief and pursuit of cost saving efficiencies through shared service arrangements or consolidation. In addition, the Shared Municipal Services Incentive (SMSI) grant award program received a dramatic increase from \$2.75 million in 2005-06 to \$25 million in 2006-07, representing an increase of more than 800 percent. The SMSI program provides state grants to encourage local government consolidation and shared services. The budget also provides \$42 million in additional funding for welfare programs, and almost \$34 million in additional funding for public protection programs. Due to the Medicaid cap and the final phase-in of Family Health Plus full takeover (January 1, 2006), local governments will be receiving savings associated with the Medicaid program. Fiscal year 2007 is the first year that the state is responsible for these costs on a full annual basis, and local governments are projected to save \$878 million.
Ohio	The enacted budget eliminates the tangible personal property (TPP) tax on most businesses over four years. In Ohio the TPP tax is an entirely local tax, paid to school districts (70 percent) and local governments (30 percent). Recognizing that these entities need time to adjust to the elimination of this tax, the budget provides full revenue replacement for several years to school districts and governments and then gradually phases out those state payments. School districts are held harmless from the elimination by means of a combination of additional state foundation aid and direct reimbursement payments from the state. Revenues from state reimbursements primarily come from the new commercial activity tax (CAT). After fiscal year 2011, the direct TPP reimbursement payments from the state are gradually phased-out; however, school districts in the aggregate will continue to receive 70 percent of annual CAT revenues earmarked for school purposes. The budget also holds local governments harmless from the TPP tax changes through tax year 2010 (tax year 2011 for telephone company property) through state reimbursement payments. As with the school districts, the direct state payments targeted to local governments are then gradually phased out.
Oklahoma	An appropriation of \$11.7 million to the Department of Education for distribution to school districts to replace decreased ad valorem tax revenue resulting from a state economic development incentive.
Oregon	For the 2005-07 biennium: K-12 school district support was increased by 6.6 percent; community college support was increased by 2.3 percent; children and families prevention programs were reduced by 12.5 percent; Juvenile Crime Prevention was held constant; programs serving people with developmental disabilities grew by about 1 percent; lottery revenues distributed to counties increased by 28 percent; and liquor revenues distributed to cities and counties increased by about 7 percent.
Pennsylvania	Gaming and property tax reform are expected to reduce local reliance on property taxes, but the impact for 2007 is not known at this time.

TABLE 5 (continued)

Rhode Island	The PILOT program is fully funded at 27 percent of property taxes for certain eligible real-estate, requiring an increase of \$0.8 million to \$27.8 (2.9 percent more than enacted). A total of \$10.9 million was appropriated for the distressed communities program (9.6 percent more than enacted), to be shared with one newly-qualified community. The General Revenue sharing program was level funded. Future scheduled increases in funding (percent of state tax revenues) will resume after this year. The on-going phase-out of the motor vehicle excise tax required an additional \$23.7 over enacted amount of \$112.3 to increase the exemption from \$5,000 to \$6,000 per motor vehicle. New total is 21.1 percent over enacted. The Public Service Corporation Tax pass-through was \$12.2 million, a reduction from \$14.6 million in the previous year. The cap on property tax increases was modified to limit growth on the tax levy, rather than the rate, beginning in fiscal 2008. The levy increase will be limited to 5.25 percent in 2008, declining to 4 percent by 2013. School budget requests were capped at 5.25 percent, declining to 4 percent by 2013. Aid to local governments includes local Property Tax buy-downs totaling \$23.7 million, an increase of 21.1 percent.
South Carolina	Although there were no enacted changes in fiscal 2007 that affect local governments' financial operations, mileage caps effective in 2008 may impact cities, counties, and school districts' ability to raise taxes.
Tennessee	The second and final step in fully restoring state-shared taxes, \$23.3 million in Fiscal 2007. Local Property Tax buy-downs totaled \$7.7 million, an increase of 77 percent.
Texas	In a special session ending in May 2006, the Legislature passed a comprehensive public school finance reform and property tax relief package and appropriated \$3.825 billion in additional state aid to local school districts for fiscal 2007. Of this amount, more than \$2.1 billion will be used to reduce school property tax rates for maintenance and operations, an increase of 20.9 percent. The tax rate is currently capped at \$1.50 per \$100 in assessed valuation and will be reduced 17 cents in 2006 (fiscal 2007) to \$1.33, an 11.3 percent reduction, and by another 33 cents in 2007 (fiscal 2008) to \$1, a 33 percent reduction. The remaining \$1.7 billion in appropriations will be used to provide \$275 more per high school student, a \$2,000 net pay raise for teachers, and increased payments to property-poor school districts to ensure equity levels. Overall, this additional funding represents a 37.2 percent increase in state aid for the Foundation School Program in fiscal 2007.
Utah	The legislature annually provides increased appropriations to various local governments largely for jail reimbursement and county health agencies. These standard increases amount to a few million dollars annually and take effect on July 1 of each fiscal year.
Wisconsin	State aid totaling \$67.3 million for exempt computer property payment was delayed from March to July. State aid for direct property tax credits increased by \$123.7 million, effective fiscal 2008. Total aid for local governments in fiscal 2007 increased by \$77.9. Aid to local governments includes property-tax buy downs totaling \$123.7 million, effective fiscal 2008.

# State Revenue Developments

## CHAPTER TWO

### Overview

State revenues continue to be strong and in every state, fiscal 2006 collections of sales, personal income, and corporate income taxes either met or surpassed budgeted estimates. Even with a brighter revenue picture, significant challenges exist and are projected to persist in fiscal 2007. With the margin by which collections exceeded expected revenues narrowing and demand for state spending high, states still face fiscal challenges. Among other long-term issues, states must deal with underfunded employee pensions, accounting changes related to retiree benefits, an aging population, and deteriorating infrastructure.

In contrast to fiscal 2006 when states enacted tax and fee increases of \$2.5 billion, states enacted \$2.2 billion in tax and fee decreases for fiscal 2007, as well as \$458 million of other revenue measures that enhance general fund revenue but that do not affect taxpayer liability.

### Collections in Fiscal 2006

Collections of sales, personal income, and corporate income taxes exceeded budgeted amounts in forty-six states in fiscal 2006 and were on target in four states. No states missed their revenue targets for the year. By comparison, as recently as fiscal 2002, forty-two states reported collecting less revenue than budgeted. Fiscal 2006 revenue collections were 5.9 percent higher than anticipated in originally enacted budgets. Sales taxes were 2.3 percent higher, personal income taxes were 6.6 percent higher, and corporate income taxes were 20.5 percent higher than original estimates (See Table A-7).

### Projected Collections in Fiscal 2007

Based on enacted fiscal 2007 budgets, states expect that revenues will be 3.0 percent higher than those collected in fiscal 2006. Compared to actual fiscal 2006 collections, enacted fiscal 2007 budgets reflect

3.5 percent more in sales tax revenue, 4.0 percent more in personal income tax revenue, and 4.0 percent less in corporate income tax revenue (See Table A-8).

**TABLE 6**

#### Enacted State Revenue Changes, Fiscal 1979 to Fiscal 2007

<i>Fiscal Year</i>	<i>Revenue Change (Billions)</i>
2007	-\$2.2
2006	2.5
2005	3.5
2004	9.6
2003	8.3
2002	0.3
2001	-5.8
2000	-5.2
1999	-7.0
1998	-4.6
1997	-4.1
1996	-3.8
1995	-2.6
1994	3.0
1993	3.0
1992	15.0
1991	10.3
1990	4.9
1989	0.8
1988	6.0
1987	0.6
1986	-1.1
1985	0.9
1984	10.1
1983	3.5
1982	3.8
1981	0.4
1980	-2.0
1979	-\$2.3

**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 1988-2007 data provided by the National Association of State Budget Officers.

TABLE 7

**Enacted Fiscal 2007 Revenue Actions By Type of Revenue and Net Increase or Decrease\* (Millions)**

<i>State</i>	<i>Sales</i>	<i>Personal Income</i>	<i>Corporate Income</i>	<i>Cigarettes/ Tobacco</i>	<i>Motor Fuels</i>	<i>Alcohol</i>	<i>Other Taxes</i>	<i>Fees</i>	<i>Total</i>
Alabama									\$0.00
Alaska									0.00
Arizona		-165.50							-165.50
Arkansas									0.00
California	28.00	165.00							193.00
Colorado									0.00
Connecticut	-7.00	-76.60	-78.20				-2.60		-164.40
Delaware							-7.00		-7.00
Florida	-89.10		-9.00				-130.60		-228.70
Georgia	-14.70	-25.20	-5.00						-44.90
Hawaii		-39.00		10.00	32.00		-16.00		-13.00
Idaho						5.40			5.40
Illinois									0.00
Indiana	-9.00	-1.40	32.40					19.10	41.10
Iowa									0.00
Kansas	-12.70	-5.80							-18.50
Kentucky			-15.00				20.00		5.00
Louisiana		-2.30					-0.20		-2.50
Maine	1.50	1.50							3.00
Maryland		-14.32					-105.95	1.20	-119.07
Massachusetts	12.00	-26.00	-75.50						-89.50
Michigan			-4.50		-2.5				-7.00
Minnesota	-1.80	-60.60	-1.90					10.80	-53.50
Mississippi									0.00
Missouri								4.20	4.20
Montana									0.00
Nebraska	-32.40	-57.60	-1.30						-91.30
Nevada							-50.20		-50.20
New Hampshire									0.00
New Jersey	1587.20		119.00	32.00			53.50	49.00	1840.70
New Mexico	-8.30	-0.70	-1.80						-10.80
New York	-632.00	-823.00	-88.00		-109.80		-3.80	179.50	-1477.10
North Carolina	-145.30	-30.60					-10.00		-185.90
North Dakota					10.20			8.60	18.80
Ohio		-1136.60	79.20				-527.20		-1584.60
Oklahoma									0.00
Oregon								3.70	3.70
Pennsylvania			-198.20				-35.00		-233.20
Rhode Island	1.00	-9.40	-1.00				-0.20	1.50	-8.10
South Carolina	-77.20								-77.20
South Dakota									0.00
Tennessee	-22.40		23.60						1.20
Texas				431.70					431.70
Utah	-48.20						-2.60		-50.80
Vermont				14.20				1.60	15.80
Virginia	-2.50	-4.90	-14.50						-21.90
Washington	-2.90						44.10		41.20
West Virginia							1.00		1.00
Wisconsin		-8.90			-45.10				-54.00
Wyoming	-98.20								98.20
<b>Total</b>	<b>\$426.00</b>	<b>(\$2,321.92)</b>	<b>(\$239.70)</b>	<b>\$487.90</b>	<b>(\$115.20)</b>	<b>\$5.40</b>	<b>(\$772.75)</b>	<b>\$279.20</b>	<b>(\$2,054.67)</b>

NOTE: \*See Appendix Table A-10 for details on specific revenue changes.

SOURCE: National Association of State Budget Officers.

## Enacted Fiscal 2007 Revenue Changes

States utilized their higher than anticipated revenues and budget surpluses to enact net tax and fee decreases totaling \$2.2 billion for fiscal 2007. Twenty-four states adopted net tax and fee decreases, while 15 adopted increases. The largest enacted decrease is in personal income taxes (\$2.3 billion). States also adopted a net decrease in other taxes (\$772.8 million), corporate income taxes (\$239.7 million) and motor fuel taxes (\$115.2 million). The largest enacted increases are cigarette and tobacco taxes (\$487.9 million) and sales tax (\$426 million).

The Fiscal Survey distinguished between tax and fee changes (detailed in Table 7 and Table A-10) and revenue measures (detailed in Table A-11). Tax and fee changes are revisions in current law that affect taxpayer liability and that in some instances reflect one-time actions such as sales tax holidays. Revenue measures refer to actions that do not affect taxpayer liability, such as the deferral of a tax increase or decrease or the extension of a tax credit that occurs each year.

**Sales Taxes.** Five states enacted net sales tax increases while 16 states enacted decreases in their fiscal 2007 budgets. The result is a net revenue increase of \$426 million. The largest enacted increases were in New Jersey, where the sales tax rate was increased from 6 to 7 percent and the base of the sales and use tax was extended, resulting in revenue increases of \$1.25 billion and \$300.6 million, respectively. North Carolina reduced their sales tax by .25 percent (from 4.5 to 4.25 percent), a \$140.1 million revenue decrease. Additionally, New York made their clothing sales tax exemption permanent, a \$607.5 million revenue decrease (see Appendix Table A-10).

**Personal Income Taxes.** Decreases in personal income taxes make up the largest portion of enacted changes for fiscal 2007, totaling \$2.3 billion. Eighteen states enacted decreases in personal income taxes, while only two enacted increases. The largest of these decreases were in Ohio, where rates were cut by 4.2 percent in fiscal 2007, as part of a 21 percent reduction evenly spread over five years. Additionally, Ohio instituted a low-income tax credit. These changes resulted in a net decrease of \$1.2 billion in revenue. New York decreased enacted personal income tax revenue by distributing property tax rebates to recipients of School Tax Relief (STAR), which resulted in a revenue decrease of \$675 million.

**Corporate Income Taxes.** Seventeen states enacted changes to their corporate income taxes for fiscal 2007, resulting in a net decrease of \$239.7 million. Ohio had both the largest increases and decreases in corporate income tax, with the effects of the Corporate Franchise Tax elimination decreasing revenues by \$427.4 million and new the Commercial Activity Tax (CAT) increasing revenues by \$506.6 million. Pennsylvania continued to phase-out its capital stock and franchise tax, a revenue decrease of \$198.2 million.

**Cigarette, Tobacco and Alcohol Taxes.** States continued to raise taxes on cigarettes and other tobacco products, making this category a large source of revenue increases in enacted fiscal 2007 budgets. Cigarette and tobacco increases were smaller than those enacted in fiscal 2006, when revenue increases spanned eleven states and totaled \$1.2 billion. For fiscal 2007, increases in four states total \$488 million. The largest of these increases was in Texas, where a 41 cent increase per pack of cigarettes (from \$1.00 to \$1.41) resulted in an increase of \$431.7 million in revenue. Hawaii, New Jersey, and Vermont also raised their states' cigarette taxes. Idaho was the only state to increase alcohol revenues. A change in the liquor distribution formula resulted in an increase of \$5.4 million.

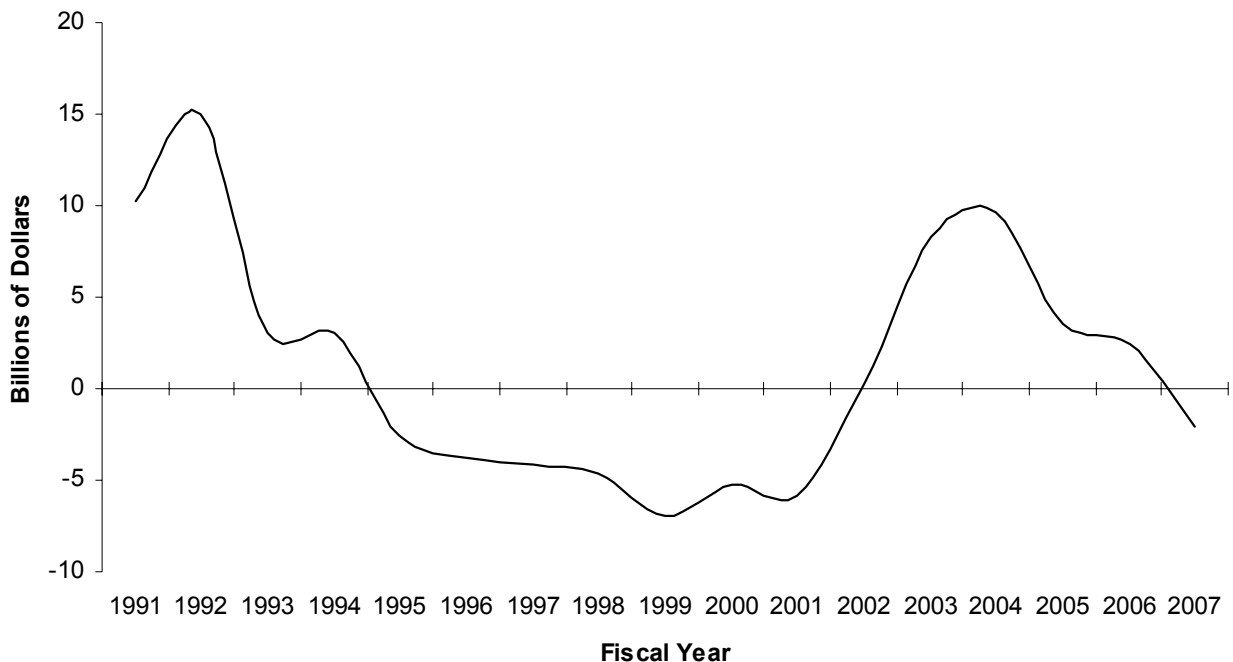
**Motor Fuel Taxes.** Five states enacted changes in motor fuel taxes resulting in a revenue decrease of \$115 million in fiscal 2007. The largest of these was a Gas Tax cap in New York resulting in a decrease of \$109 million; a reduction of the petroleum inspection fee and other measures in Wisconsin resulting in a revenue decrease of \$45.1 million; and the termination of the alcohol fuel exemption in Hawaii, resulting in a revenue increase of \$32 million.

**Other Taxes and Fees.** Seventeen states enacted changes in other taxes for fiscal 2007, a net revenue

decrease of \$773 million, and 10 states enacted changes to fees that resulted in a net revenue increase of \$279 million. Revenue from other taxes, such as personal property taxes, provider taxes, and levies on hotels and rental cars usually cover the costs for license and regulation enforcement, promote environmental conservation, and generate revenues for health care. Fees are most often associated with motor vehicle and other types of licensing.

**FIGURE 2**

**Enacted State Revenue Changes, Fiscal 1991 to Fiscal 2007**



**SOURCE:** National Association of State Budget Officers

## Total Balances

### CHAPTER THREE

States have continued to rebuild budget reserves which were depleted during the recent fiscal downturn, and have bolstered total balances. Total balances include both ending balances and the amounts in states' budget stabilization funds; they reflect the funds states may use to respond to unforeseen circumstance after budget obligations have been met. In Fiscal 2002, in the midst of the state fiscal crunch, total balances fell to \$18.3 billion, or 3.7 percent of expenditures. Based on the most recent data reported to NASBO, total balances have grown dramatically in the past several years, totaling \$46.6 billion in fiscal 2005, or 8.4 percent of total expenditures; \$59.1 billion in fiscal 2006 or 9.8 percent of expenditures; and based on enacted budgets fall to \$43.5 billion or 6.8 percent of expenditures for fiscal 2007 (see Table 10 and Tables A-1, A-2, A-3, and A-12).

After the recession of the early 1990s, states worked hard to replenish their rainy day fund balances and ending balances to safeguard against disruption of services should economic growth slow. The fiscal downturn during those years and during a similar period in the early 1980s caused state balances to fall rapidly. During the one-year period from 1980 to 1981, for example, balances plunged from 9 percent of expenditures to 4.4 percent, forcing states to cut

budgets and raise taxes. During the early 1990s, states once again found themselves lacking balances adequate to manage a fiscal slowdown. Before the economy slowed in 1989, state balances equaled 4.8 percent of expenditures. Within two years, balances hit a low, totaling only 1.1 percent of expenditures in 1991. In fiscal 1992, thirty-five states were forced to cut current-year budgets. The following year, twenty-three states were forced to take that action again, causing uncertainty both for citizens receiving necessary services and for the governments delivering them. To stem these losses, states raised \$25 billion in new revenues during the same two-year period. Remembering how swiftly that economic decline transpired, states prepared themselves to handle the next slowdown, and indeed, would be even more hard-pressed to deal with the current fiscal situation had they not done so.

Forty-seven states currently have budget stabilization funds, which may be budget reserve funds, revenue-shortfall accounts or cash-flow accounts. About three-fifths of the states have limits on the size of their budget reserve funds, ranging from 3 percent to 10 percent of appropriations. Ordinarily, funds above those limits remain in a state's ending balance (See Tables A-1, A-2 and A-3).

TABLE 8

**Enacted Changes to Budgeting and Financial Management Practices***Region and State***NEW ENGLAND**

Maine	Public Law 2005, c. 12, Part G provided for the review of statewide financial and human resources services to improve efficiency and cost-effectiveness. Projected savings of \$0.7 million in fiscal year 2005-06 and \$1.6 million in fiscal year 2006-07 will be realized statewide through the consolidation of payroll, personnel and accounting services. Public Law 2005, c. 12, Part I provided for the review of statewide information technology functions and systems to improve efficiency and cost-effectiveness. Projected savings of \$1.2 million in fiscal year 2005-06 and \$3.8 million in fiscal year 2006-07 will be realized.
	The 2nd Regular Session of the 122nd Legislature enacted the recommendations of the Commission to Reform the State Budget Process that was established in PL 2005, c. 386, Part O. The Commission recommended a format that presents a base budget for each state program by line category (i.e. position count, Personal Services, All Other and Capital Expenditures) with individual initiatives for any adjustments to the base or any new or expanded program initiatives. The base budget for All Other and Capital Expenditures in the ensuing biennium will be the same level of appropriations as appropriated for on-going initiatives in fiscal year 2006-07. The Commission recommended the elimination of the current performance budgeting system. They agreed that the measurement tools are important but that the current process does not provide the adequate flexibility necessary to produce meaningful results.
New Hampshire	New ERP being implemented.
Rhode Island	New Department of Revenue (consolidates taxation, property valuation, and lottery). Reduction in Force initiative, adds 5.1 percent additional turnover to all general revenue personnel accounts and redistributes medical premium savings for a total of 5.2 percent. Continuation of Governor's 'Fiscal Fitness' program to review all aspects of government service delivery and spending. The Budget Office was removed from the state business process. The Budget Office will no longer approve expenditures, aside from bond fund and COP expenditures, and will no longer approve personnel financing prior to position hiring. New Oracle accounting and purchasing system to be operational in fiscal 2007.

**MID-ATLANTIC**

Delaware	The Budget Office, State Personnel Office and units of the Department of Administrative Services were combined to form the Office of Management and Budget.
Maryland	Legislation was enacted in 2006 that enhanced retirement benefits for teachers and state employees. The legislation provides for an increased annual benefit multiplier of 1.8 percent per year of service, which replaces the current 1.4 percent multiplier, retroactive to July 1, 1998. Employees are required to contribute 3 percent of annual salary from July 1, 2006 through June 30, 2007, increasing by 1 percent annually to a maximum of 5 percent from July 1, 2008 forward.
	Legislation was enacted in 2006 that changed requirements for the use and minimum appropriation to the Revenue Stabilization Account (Rainy Day Fund). The Governor is required to include in each annual budget bill an appropriation of \$100 million if the balance in the Account is less than 3.0 percent of estimated general fund revenues. Prior to July 1, 2006, if the balance in the Account was at least 3.0 percent but less than 5.0 percent, the Governor was required to include an appropriation to the Account of \$50 million or whatever lesser amount was necessary to bring the balance of the Account to 5.0 percent. Legislation enacted by the 2006 General Assembly increased the threshold from 5.0 percent to 7.5 percent. Withdrawals that do not result in an Account balance below 5.0 percent may be authorized by an act of the General Assembly or specifically authorized in the State Budget. The 2006 Legislation changed the requirement for transfers resulting in an Account balance below 5.0 percent, in which case the Governor may transfer funds from the Account only if the transfer is authorized by an act of the General Assembly other than the State Budget Bill.

**GREAT LAKES**

Illinois	Since fiscal 2004, Illinois has consolidated various agencies (and thus functions) in order to reduce administrative costs and redundancy as well as provide more effective and efficient services. During fiscal 2005, Illinois offered a limited and targeted Early Retirement Initiative for non-frontline workers. During fiscal 2006, Illinois offered a limited and targeted Early Retirement Initiative for non-frontline workers. Illinois continually reviews and monitors the state's expenditures and revenues, on both an agency-by-agency basis and on a fund-by-fund basis.
Ohio	Following an assessment of the state's multiple current central administrative computer systems, Ohio determined that an Enterprise Resource Planning (ERP) system would be a more effective tool for performance of the state's critical central business functions. The new ERP system, the Ohio Administrative Knowledge System (OAKS), will support administrative functions such as financials, human resources, procurement, capital improvements and fixed assets. The first phase of system implementation will be December 2006, with the introduction of the new Human Capital Management system. The remaining system components are scheduled for implementation by July 2008.



TABLE 8 (continued)

PLAINS	
Missouri	<p>Information technology appropriations for most departments were consolidated and authority to control expenditures was given to the Information Technology Services Division within the Office of Administration. Legislation was also adopted rewriting the state's K-12 school funding formula.</p> <p>Legislation was adopted that will generate savings to Missouri's Medicaid program. The bill also established a Medicaid Reform Commission to make recommendations for replacing the current program, which is set to expire at the end of fiscal 2008.</p>
Nebraska	The Budget Office received a legislative endorsement to proceed with the development of a new budget request and reporting system.
SOUTHEAST	
Alabama	Legislation was enacted to change employees' salary pay schedule from a biweekly basis to a bimonthly basis effective April 2006.
Florida	<p>In May 2006, Florida implemented the automated statewide Budget Amendment Processing System (BAPS)—a statewide budget amendment processing system that electronically processes agency budget amendment requests through the review and approval process of the appropriate government body without the need to circulate paper copies. This system is used to amend the budget during the interim after the budget is passed by the Legislature.</p> <p>BAPS is a web-based system accessible to all parties who play a role in the state budgeting process. Agencies first create their budget requests through the use of a series of web pages. Once the agency has completed their budget request entry, BAPS automatically checks the accuracy of the data. The request is then electronically submitted to the appropriate entity for review, and all actors in the budgeting process have access to its progress of becoming either approved or rejected. The Governor's Office of Policy and Budget, the Florida House of Representatives, and the Florida Senate all utilize this system to view newly submitted agency budget amendments, electronically route these requests to the appropriate unit for the designated review and approval, and create agenda packets for the Legislative Budget Commission. BAPS also serves as a recordkeeping tool in that it stores supporting agency budget documentation and links it to the agency's current budget requests.</p> <p>BAPS has replaced a paper-driven, complicated system and has established a streamlined method for monitoring and approving agency budget actions throughout the fiscal year.</p>
Louisiana	Created a new budget unit, LA Recovery Authority. In addition, the Governor's Office of Homeland Security was moved from the Office of Military Affairs and established as an independent budget unit. These changes in budget units were a result of Hurricane Katrina. Change in statutory requirement of the Continuation budget for fiscal 2006-2007. The statute was due to Hurricane Katrina and the effect it had on the state agencies.
SOUTHWEST	
Arizona	Statewide employee pay raise of \$130 million for \$1650 per FTE and a 2.5 percent performance adjustment. A one-time deposit of \$245 million to the Highway Fund to accelerate road construction.
New Mexico	Implemented a new statewide enterprise accounting and human resource management system effective July 1, 2006.
Texas	In the 2005 Regular Session, the Legislature incorporated several of the governor's recommended changes to agency budget structures, which resulted in more transparent and detailed bill patterns. The changes are reflected in the General Appropriations Act.
ROCKY MOUNTAIN	
Utah	<p>The legislature appropriated funds for a 3.5 percent cost-of-living adjustment for state employees, along with public and higher education faculty and staff. In addition to the 3.5 percent COLA, two-step increases were funded with \$3.6 million for correctional officers and \$1.1 million for sergeants and lieutenants.</p> <p>A performance measurement called the Balance Scorecard is being initiated within each Department this year. This measurement was developed by a group of Harvard business graduates. It guides each agency in selecting their performance measurements and displays the same format. The scorecard is turned in each month to the Governor and his staff.</p>
FAR WEST	
California	Beginning with the 2005-06 Governor's Budget, interactive budget information of the Governor's Budget was made available over the Internet via the Department of Finance's eBudget website. Starting in May 2006, the May Revision of the Governor's Budget and the final enacted budget are also available over the Internet. In addition, California is proposing to change approved IT project for budgets to a statewide integrated financial management system based on an enterprise resource planning software. This project includes budget development and administration, department and statewide accounting, procurement and cash management.

**SOURCE:** National Association of State Budget Officers.

TABLE 9

**Total Year-End Balances, Fiscal 1979 to Fiscal 2007**

<i>Fiscal Year</i>	<i>Total Balance (Billions)</i>	<i>Total Balance (Percentage of Expenditures)</i>
2007*	\$43.5	6.8%
2006*	59.1	9.8
2005	46.6	8.4
2004	27.5	4.6
2003	16.4	3.2
2002	18.3	3.7
2001	44.1	9.1
2000	48.8	10.4
1999	39.3	8.4
1998	35.4	9.2
1997	30.7	7.9
1996	25.1	6.8
1995	20.6	5.8
1994	16.9	5.1
1993	13.0	4.2
1992	5.3	1.8
1991	3.1	1.1
1990	9.4	3.4
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

**NOTE:** \*Figures for fiscal 2006 are preliminary actual; figures for fiscal 2007 are based on appropriated data.

**SOURCE:** National Association of State Budget Officers.

TABLE 10

**Total Year-End Balances as a Percentage of Expenditures, Fiscal 2005 to Fiscal 2007**

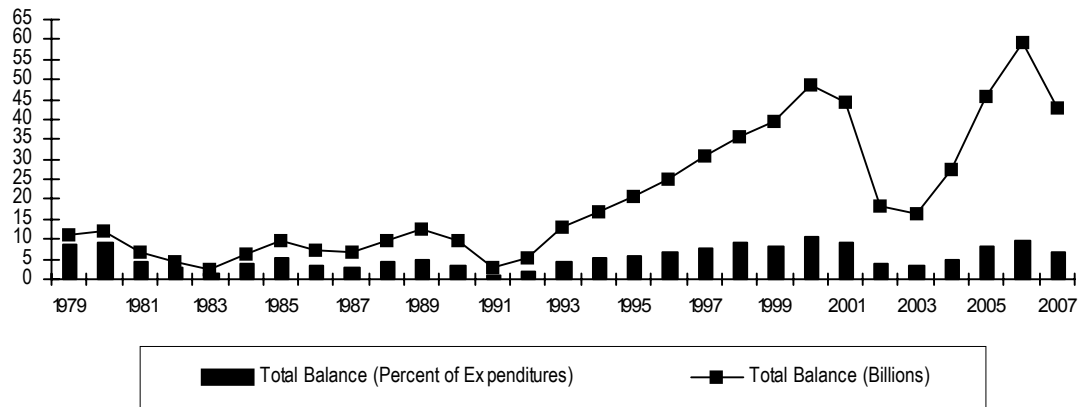
<i>Percentage</i>	<i>Number of States</i>		
	<i>Fiscal 2005 (Actual)</i>	<i>Fiscal 2006 (Preliminary Actual)</i>	<i>Fiscal 2007 (Appropriated)</i>
Less than 1.0%	2	3	3
1.0% to 2.9%	5	1	2
3.0% to 4.9%	6	5	12
5% or more	37	41	33

**NOTE:** The average for fiscal 2005 (actual) was 8.4 percent; the average for fiscal 2006 (preliminary actual) is 9.8 percent; and the average for fiscal 2007 (appropriated) is 6.8 percent.

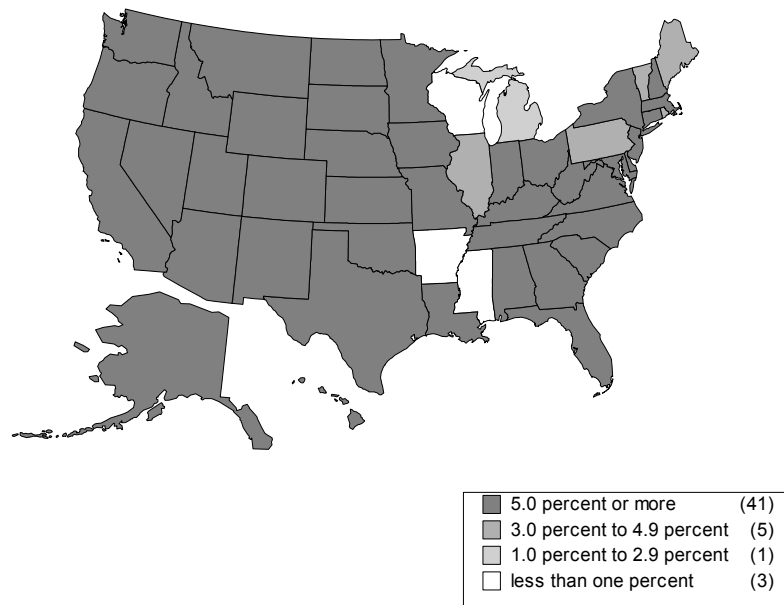
**SOURCE:** National Association of State Budget Officers.

**FIGURE 3**

**Total Year-End Balances and Total Year-End Balances as a Percentage of Expenditures, Fiscal 1979 to Fiscal 2007**



**SOURCE:** National Association of State Budget Officers.

**FIGURE 4****Total Year-End Balances as a Percentage of Expenditures, Fiscal 2006****SOURCE:** National Association of State Budget Officers.



## Appendix

TABLE A-1

## Fiscal 2005 General Fund, Actual (Millions)

Region/State	Beginning Balance	Revenues	Adjustments	Total Resources	Expenditures	Adjustments	Ending Balance	Budget Stabilization Fund
<b>NEW ENGLAND</b>								
Connecticut**	\$0	\$14,063	\$0	\$14,063	\$13,699	\$0	\$364	\$666
Maine**	15	2,791	12	2,818	2,784	0	34	47
Massachusetts** *	756	24,373	0	25,129	23,779	0	2,487	1,728
New Hampshire	15	1,392	0	1,407	1,325	0	82	17
Rhode Island**	35	3,005	-61	2,979	2,927	14	39	91
Vermont**	0	1,035	48	1,083	1,038	45	0	46
<b>MID-ATLANTIC</b>								
Delaware*	646	2,878	0	3,524	2,822	0	701	148
Maryland**	453	11,548	438	12,438	11,264	0	1,174	521
New Jersey** *	834	28,132	0	28,966	27,844	344	778	289
New York** *	2,302	43,863	0	46,165	43,619	0	2,546	872
Pennsylvania**	77	23,309	98	23,483	23,054	64	365	329
<b>GREAT LAKES</b>								
Illinois**	182	23,647	2,513	26,342	22,184	3,661	497	276
Indiana**	0	11,488	158	11,647	11,800	-272	119	317
Michigan**	0	8,163	701	8,865	8,644	0	221	2
Ohio**	158	25,551	0	25,708	24,831	739	138	575
Wisconsin**	105	11,474	194	11,773	11,860	-91	4	0
<b>PLAINS</b>								
Iowa**	0	4,929	0	4,929	4,603	160	166	226
Kansas**	328	4,841	0	5,169	4,690	0	479	0
Minnesota**	1,269	14,653	0	15,922	14,529	0	1,393	1,340
Missouri**	489	6,933	0	7,421	7,121	0	300	232
Nebraska**	176	3,032	-84	3,124	2,720	0	403	177
North Dakota**	76	997	0	1,073	904	100	69	100
South Dakota**	0	958	33	991	989	2	0	134
<b>SOUTHEAST</b>								
Alabama**	323	6,406	24	6,753	6,052	38	664	157
Arkansas	0	3,630	0	3,630	3,630	0	0	0
Florida	2,457	25,553	0	28,010	24,440	0	3,571	988
Georgia*	763	16,789	0	17,551	16,323	0	1,228	257
Kentucky**	250	7,757	231	8,238	7,698	71	469	29
Louisiana**	0	7,392	78	7,470	7,127	91	252	462
Mississippi	3	3,727	0	3,730	3,678	0	52	20
North Carolina**	289	16,327	0	16,616	15,798	339	479	313
South Carolina** *	120	5,591	0	5,712	5,073	105	533	75
Tennessee**	545	9,311	-60	9,796	9,113	221	462	275
Virginia	677	13,759	0	14,436	13,879	0	557	1,111
West Virginia**	291	3,505	8	3,803	3,410	32	361	79
<b>SOUTHWEST</b>								
Arizona**	360	7,799	25	8,184	7,545	0	639	161
New Mexico*	327	4,982	473	5,782	4,727	367	688	688
Oklahoma**	67	5,374	-301	5,140	4,945	186	10	461
Texas**	1,448	32,655	295	34,398	29,711	948	3,739	7
<b>ROCKY MOUNTAIN</b>								
Colorado**	224	6,475	-251	6,448	6,113	0	336	0
Idaho**	100	2,268	-43	2,325	2,110	0	214	16
Montana	135	1,531	-4	1,662	1,365	0	297	0
Utah**	54	4,092	-63	4,083	3,978	0	106	146
Wyoming**	58	1,246	0	1,304	1,299	0	5	446
<b>FAR WEST</b>								
Alaska**	0	3,055	0	3,055	3,055	0	9	2,274
California*	7,228	82,210	0	89,438	79,804	0	9,634	9,112
Hawaii	185	4,486	0	4,671	4,185	0	486	54
Nevada	221	3,041	0	3,262	3,101	0	161	156
Oregon**	-716	5,516	0	4,801	4,492	0	309	0
Washington**	500	12,067	522	13,089	12,220	0	870	0
<b>Total***</b>	<b>\$23,823</b>	<b>\$569,597</b>	<b>-</b>	<b>\$598,404</b>	<b>\$553,900</b>	<b>-</b>	<b>\$38,488</b>	<b>\$25,420</b>

NOTES: NA indicates data are not available. \*In these states, the ending balance includes the balance in the budget stabilization fund.

\*\*See Notes to Table A-1.

SOURCE: National Association of State Budget Officers.

**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.**

Alabama	Revenue adjustments reflect the release of prior year Debt Service Reserve. Expenditure adjustments reflect reversions and reserves for General Obligation Debt Service Payments.
Alaska	Budget Surplus
Arizona	Revenue adjustments represent enacted fund transfers, VLT transfer, and Ladewig lawsuit payments.
Colorado	Revenue adjustments include diversions to the State Education Fund and the Older Coloradan's program, as well as transfers to the General Fund to mitigate revenue declines. Ending balance was \$98 million above the 4 percent statutory reserve requirement. Colorado law requires monies in excess of the statutory reserve to be credited to the Highway User's Tax Fund and the Capital Construction Fund.
Connecticut	Includes the expenditure of \$639.8 million of surplus funds
Idaho	Revenue transfers include \$21.3 million to the Revolving Development Fund and \$21 million to the Budget Stabilization Fund.
Illinois	Revenue adjustments include \$2.513 billion in transfers to general funds. Expenditure adjustments include transfers out of \$3.163 billion and \$495 million to repay Pension Obligation Bond Debt Service.
Indiana	Revenue adjustments represent one-time transfers from dedicated funds and transfer to Rainy Day Fund. Expenditure Adjustments represent one-time capital reversions from prior biennium.
Iowa	\$159.7 million was appropriated from the ending balance for the general fund to the Property Tax Credit fund to pay for property tax credits in Fiscal 2006.
Kansas	Kansas does not have a Rainy Day Fund. However, the balanced budget provision of the constitution requires revenues to finance the approved budget.
Kentucky	Revenue includes \$112.2 million in Tobacco Settlement funds. Revenue adjustments include \$77.2 million that represents appropriation balances carried over from the prior fiscal year, and \$154 million from fund transfers into the General Fund. Expenditure adjustments represent appropriation balances forwarded to the next fiscal year.
Louisiana	Revenue adjustments include \$22.8 million in general fund carry-forward, \$32.9 million of prior year surplus, \$2.7 million of fund balances, and \$17.3 million of non-recurring revenue for capital outlays. Expenditure adjustments include \$36.7 million in general fund carry-forward, \$49.5 million in capital outlay carry-forward, and \$4.6 million in carry-forward and prior appropriations for IEB.
Maine	Revenue adjustments reflect \$12.4 million in legislative and statutory authorized transfers.
Maryland	Adjustments reflect a \$37 million reduction resulting from a multi-year reconciliation of cash, transfers from the Rainy Day Fund to the General Fund of \$91 million, and \$383.6 million from various special funds.
Massachusetts	Includes Budgeted Operating Funds
Michigan	Revenue adjustments include federal and state law changes of \$98.4 million, revenue sharing law changes of \$506.3 million, \$15.6 million in property sales, a withdrawal from the Rainy Day Fund of \$81.3 million, deposits from state restricted revenues of \$21.5 million, and other revenue adjustments of -\$21.7 million.
Minnesota	Ending balance includes budget reserve of \$653 million, cash flow account of \$350 million and tax relief account of \$336.7 million.
Missouri	Revenues are net of refunds. Refunds for Fiscal 2005 totaled \$1.071 billion. Revenues include \$175.9 million transferred to the General Revenue Fund and \$45.2 million from bond proceeds for capital improvement projects.
Nebraska	Revenue adjustments are transfers between the General Fund and other funds. Per Nebraska law, includes a transfer to the Cash Reserve Fund (Rainy Day Fund) of the amount the prior year's net General Fund receipts exceeded the official forecast.
New Jersey	Budget vs. GAAP Adjustments
New York	The ending balance included \$727 million to pay tax refunds and prior year obligations, \$601 million in a spending stabilization reserve, \$872 million in the tax stabilization reserve fund (rainy day fund), \$325 million in the Community Projects Fund and \$21 million in a reserve for litigation risks.
North Carolina	\$199.1 million increase to Rainy Day Fund, \$125 million increase to Repair and Renovation Reserve, \$14.9 million transferred from Unreserved Credit balance.



**NOTES TO TABLE A-1 (continued)**

North Dakota	Transfer to the budget stabilization fund
Ohio	Federal reimbursements and other human services programs are included in the general revenue fund. Beginning balances are undesignated, unreserved fund balances. The actual cash balances would be higher by the amount reserved for encumbrances and designated transfers from the general revenue fund. Expenditures for fiscal 2005 do not include encumbrances outstanding at the end of the year. Ohio reports expenditures based on disbursements for the general revenue fund. Expenditure adjustments reflect a transfer to the Budget Stabilization Fund of \$394.2 million and miscellaneous transfers-out of \$193.5 million. These transfer-outs are adjusted for a net change in encumbrances from fiscal 2004 levels of \$151 million.
Oklahoma	The adjustment to the Revenues subtracts out the Rainy Day Fund deposit of \$461 million and the increase in the deposit into the Cash Flow Reserve Fund from Fiscal 2005 to Fiscal 2006.
Oregon	Oregon budgets on a biennial basis. The constitution requires the state to be balanced at the end of each biennium.
Pennsylvania	Revenue adjustments include \$97.2 million in prior year lapses and \$.7 million in adjustments to the beginning balance. Expenditure adjustment reflects a statutory transfer to the Budget Stabilization (Rainy Day) fund.
Rhode Island	Revenue adjustments include transfer to Budget Stabilization (Rainy Day) Fund. Expenditure adjustments include general revenue reappropriations.
South Carolina	Correction of prior year's accounting errors
South Dakota	Revenue adjustments include \$7.4 million from one-time receipts, \$24.6 million in transfers from the Property Tax Reduction Fund to cover the budget shortfall, and \$1.2 million in obligated cash carried forward from Fiscal 2004. Expenditure adjustments include \$1.2 million in transfers to the Budget Reserve Fund from the prior year's obligated cash, and \$0.8 million in obligated cash to the Budget Reserve Fund
Tennessee	Revenue adjustments include \$42.7 million in transfers from debt service fund unexpended appropriations, -\$58.4 million in transfers to the Rainy Day Fund and -\$44.5 million to the dedicated revenue appropriations reserve. Expenditure adjustments include a \$36.3 million transfer to Transportation Equity Fund, an \$81 million transfer to the capital outlay projects fund, \$56 million in transfers to systems development projects, and \$47.6 million in dedicated revenue appropriations.
Texas	The beginning balance is from the Comptroller's January 2005 Biennial Revenue Estimate. Revenues are from the Comptroller's April 2006 revised revenue estimate. Revenue adjustment is the actual increase in dedicated account balances. Total expenditures are 2005 budgeted, as reported by the Legislative Budget Board. Expenditure adjustment includes \$905 million reserved for transfer to the Rainy Day Fund and other adjustments to reconcile the ending balance.
Utah	Revenue adjustments include a \$107.2 million reserve from prior fiscal year, \$5 million lapsing balances from agencies, \$2.2 million in transfers from various restricted accounts, \$4.4 million in industrial assistance fund reserve from previous fiscal year, \$2.1 million from other miscellaneous revenue sources, a \$4.1 million surplus designated for debt service, \$3.2 million in industrial assistance fund reserve for the following fiscal year, a \$69.2 million transfer to the rainy day fund, and a \$117.6 million reserve for the following fiscal year.
Vermont	Revenue adjustments include \$2 million for Vermont Economic Development Authority debt forgiveness, \$20.6 in direct applications and transfers in, \$13.8 million in additional property transfer tax to the General Fund, and \$15.6 million in transfers from General Fund Surplus Reserve. Expenditure adjustments include transfers to the Transportation Fund of \$4.8 million, transfers from the General Bond Fund of \$1.7 million, transfers of \$14.3 million to the Health Access Trust Fund, \$3.7 million to Internal Service Funds, \$3.1 million to miscellaneous other funds, \$1.3 million to the Budget Stabilization Fund, and \$19.6 million to the General Fund Surplus Reserve.
Washington	Transfers from other accounts to the General Fund and adjustments to balance to the official annual financial statement account for \$522.4 million.
West Virginia	Fiscal 2005 Actual General Fund beginning balance includes \$203.3 million in Reappropriations, \$21.2 million of Surplus Appropriations, and an Unappropriated Surplus balance of \$66 million. Revenue adjustments include transfers from Special Revenue of \$7.3 million, and prior year redeposits of \$0.3 million. Total Expenditures include Regular Appropriations of \$3.249 billion, \$118 million in Reappropriations, \$20 million of Surplus Appropriations and 31 day prior year Expenditures of \$23.7 million. Expenditure adjustments represent the amount transferred to the Rainy Day Fund.
Wisconsin	Revenue excludes \$3.8 million of Tribal Gaming, \$166.3 million in Transfers in to General Fund, \$51.2 million in Unreserved designated balances, and a -\$27.4 million adjustment to prior year tax collection accruals. These total \$193.9, which also constitute the Revenue adjustments. Expenditure adjustments include \$5.2 million designation for continuing appropriations, interfund transfers of -\$166.3 million, and a transfer to the MA Trust Fund of \$70 million.
Wyoming	The State of Wyoming budgets on a biennial basis. To complete the survey using annual figures certain assumptions and estimates were required.

TABLE A-2

## Fiscal 2006 State General Fund, Preliminary Actual (Millions)

Region/State	Beginning Balance	Revenues	Adjustments	Resources	Expenditures	Adjustments	Ending Balance	Budget Stabilization Fund
<b>NEW ENGLAND</b>								
Connecticut**	\$0	\$14,999	\$0	\$14,999	\$14,552	\$0	\$446	\$1,112
Maine**	34	2,858	93	2,984	2,872	98	14	80
Massachusetts** *	759	26,306	0	27,064	25,585	0	3,208	2,160
New Hampshire**	82	1,329	0	1,411	1,334	52	26	69
Rhode Island**	52	3,135	-64	3,124	3,100	0	24	95
Vermont**	0	1,112	45	1,157	1,114	43	0	52
<b>MID-ATLANTIC</b>								
Delaware*	701	3,170	0	3,871	3,181	0	691	161
Maryland**	1,174	12,390	139	13,703	12,342	0	1,362	759
New Jersey** *	778	27,789	0	28,567	27,111	1	1,455	430
New York***	2,546	47,206	0	49,752	46,495	0	3,257	944
Pennsylvania**	365	24,819	166	25,350	24,681	155	514	512
<b>GREAT LAKES</b>								
Illinois**	497	25,254	2,105	27,856	24,193	3,073	590	276
Indiana**	119	12,143	292	12,553	12,204	-62	411	328
Michigan**	221	8,315	606	9,141	9,032	0	110	2
Ohio**	139	25,846	0	25,985	24,866	486	632	1,011
Wisconsin**	4	12,030	780	12,814	12,385	380	49	0
<b>PLAINS</b>								
Iowa**	0	5,382	0	5,382	5,021	213	149	392
Kansas**	479	5,394	0	5,873	5,139	0	734	0
Minnesota**	1,393	15,314	0	16,707	15,806	0	901	1,095
Missouri**	300	7,520	0	7,821	7,125	0	695	246
Nebraska**	403	3,349	-271	3,482	2,916	0	566	274
North Dakota	69	1,094	0	1,163	966	0	197	100
South Dakota**	0	1,018	38	1,057	1,056	1	0	137
<b>SOUTHEAST</b>								
Alabama**	730	7,155	9	7,894	6,962	26	907	419
Arkansas	0	3,825	0	3,825	3,825	0	0	0
Florida	3,571	27,141	0	30,712	27,140	0	3,572	1,068
Georgia*	1,228	18,485	0	19,713	17,851	0	1,863	904
Kentucky**	469	8,479	346	9,294	8,436	177	681	119
Louisiana**	0	8,305	300	8,605	7,740	37	827	682
Mississippi**	52	3,980	0	4,032	4,037	-5	0	19
North Carolina**	479	17,874	0	18,353	17,065	538	749	629
South Carolina** *	533	6,226	0	6,759	5,640	132	988	154
Tennessee**	462	9,852	16	10,330	9,866	154	311	325
Virginia	557	16,052	0	16,609	15,232	0	1,377	1,306
West Virginia**	361	3,661	54	4,076	3,562	45	469	124
<b>SOUTHWEST</b>								
Arizona**	639	9,270	-48	9,861	8,945	0	916	650
New Mexico*	688	5,510	287	6,485	5,417	287	781	781
Oklahoma**	10	6,201	-87	6,123	5,532	457	133	496
Texas**	3,739	36,675	548	40,962	32,283	1,133	7,547	405
<b>ROCKY MOUNTAIN</b>								
Colorado**	237	7,322	227	7,786	7,097	0	689	0
Idaho**	214	2,431	-126	2,520	2,218	0	302	109
Montana	297	1,708	-11	1,994	1,583	5	406	0
Utah**	106	4,474	104	4,683	4,223	0	460	255
Wyoming**	5	1,247	0	1,252	1,242	0	10	892
<b>FAR WEST</b>								
Alaska**	0	4,470	-1,223	3,247	3,247	NA	0	2,396
California** *	9,634	92,749	-122	102,260	92,730	0	9,530	9,009
Hawaii	486	4,925	0	5,411	4,679	0	732	54
Nevada	161	3,049	0	3,210	2,916	0	294	167
Oregon**	309	6,308	0	6,617	6,090	0	527	0
Washington**	\$870	\$13,327	\$126	\$14,323	\$13,621	\$0	\$702	\$0
<b>Total***</b>	<b>\$35,950</b>	<b>\$618,473</b>	<b>\$4,328</b>	<b>\$658,751</b>	<b>\$602,251</b>	<b>\$7,426</b>	<b>\$50,802</b>	<b>\$31,193</b>

NOTES: NA Indicates data are not available. \*In these states, the ending balance includes the balance in the budget stabilization fund.

\*\*See Notes to Table A-2.

SOURCE: National Association of State Budget Officers.

## 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.**

Alabama	Revenue adjustment-release of prior year Debt Service Reserve. Expenditure Adjustment-Reversions and Reserve for General Obligation Debt Service Payment.
Alaska	Budget Surplus
Arizona	The revenue adjustments represent enacted fund transfers and Ladewig lawsuit payments.
California	The revenue adjustment is an adjustment to the fiscal 2006 beginning fund balance.
Colorado	Adjustments include diversions to the Older Coloradan's Program and State Education Fund. Ending balance includes \$437.7 million above 4 percent statutory reserve requirement. Per Colorado Statute, these monies will be allocated for transportation and capital construction needs.
Connecticut	Includes \$485.5 million in surplus spending such as the expenditure of \$85.5 million to pre-fund Economic Recovery Notes and the expenditure of \$245.65 million for the Teachers' Retirement Fund.
Idaho	Revenue transfers include \$92.7 million to the Budget Stabilization Fund, \$11.5 million to the Economic Recovery Reserve Fund, \$9.2 million to the Fire Suppression Fund, \$5 million to the Public Education Stabilization Fund, \$4.6 million to several endowment funds, and \$3 million to the Revolving Development Fund.
Illinois	Revenue adjustments include \$2.101 billion of transfers into general funds. Expenditure adjustments include \$427 million to repay Pension Obligation Bond Debt Service and transfers-out from general funds of \$2.632 billion.
Indiana	Revenue adjustments represent a one-time tax amnesty revenue (net of expenditures) of \$228.8 million, and Quality Assessment Fees of \$62.7 million. Expenditure adjustments include adjustments to the Property Tax Replacement Credit and Homestead Credit of \$61.9 million.
Iowa	To pay for property tax credits in fiscal 2007, \$159.9 million was appropriated from the ending balance of the general fund to the Property Tax Credit fund. \$2.8 million of the ending balance was appropriated to the Board of Regents to be spread among the Universities. \$49.9 million of the ending balance was credited to the Senior Living Trust Fund.
Kansas	Kansas does not have a "Rainy Day" fund. However, the balanced budget provision of the constitution requires revenues to finance the approved budget.
Kentucky	Revenue includes \$103 million in Tobacco Settlement funds. Revenue adjustments include \$70.7 million that represents appropriation balances carried over from the prior fiscal year, and \$275.7 million from fund transfers into the General Fund. Expenditure adjustments represent appropriation balances forwarded to the next fiscal year.
Louisiana	Revenue adjustments include \$41.6 million of IEB and General Fund carry-forward, \$40.3 million of Bond Premium Dedication, and \$217.9 million in transfers to the General Fund. Expenditure adjustments include \$23 million of carry-forward balances, \$13.1 million in capital outlay carry-forward, and \$1.3 million of Carry-forward for IEB.
Maine	Revenue adjustments of \$92.5 million and expenditure adjustments of \$97.5 million are reflected in legislative and statutory authorized transfers.
Maryland	Adjustments reflect transfers to the General Fund of \$90 million from transfer tax revenues and \$48.5 million from the local share of highway user revenues.
Massachusetts	Includes Budgeted Operating Funds
Michigan	Revenue adjustments include federal and state law changes of -\$33 million, \$543 million in revenue sharing law changes, \$47 million from several pending property sales, and deposits from state restricted revenues of \$49 million.
Minnesota	Ending balance includes budget reserve of \$653 million, cash flow account of \$350 million and tax relief account of \$109.7 million
Mississippi	Transfers, lapses & other adjustments
Missouri	Revenues are net of refunds. Refunds for fiscal 2006 totaled \$1.129 billion. Revenues include \$188.1 million transferred to the General Revenue Fund.
Nebraska	Revenue adjustments are transfers between the General Fund and other funds. Per Nebraska law, includes a transfer to the Cash Reserve Fund (Rainy Day Fund) of the amount the prior year's net General Fund receipts exceeded the official forecast.
New Hampshire	Expenditure adjustment is a \$51.7 million transfer to the Rainy Day Fund.

**NOTES TO TABLE A-2 (continued)**

New Jersey	Transfers to other funds
New York	The ending balance includes over \$2 billion in a spending stabilization reserve, \$944 million in the tax stabilization reserve fund (Rainy Day Fund), \$251 million in the Community Projects Fund and \$21 million in reserve for litigation risks.
North Carolina	Includes a \$222.2 million increase to Repair & Renovation Reserve and \$316.1 million increase to Rainy Day Reserve
Ohio	Federal reimbursements and other human services programs are included in the general revenue fund. Beginning balances are undesignated, unreserved fund balances. The actual cash balances would be higher by the amount reserved for encumbrances and designated transfers from the general revenue fund. Expenditures for fiscal 2006 do not include encumbrances outstanding at the end of the year. Ohio reports expenditures based on disbursements for the general revenue fund. Expenditure adjustments reflect a transfer to the Budget Stabilization Fund of \$434.1 million and miscellaneous transfers-out of \$75.8 million. These transfer-outs are adjusted for an anticipated net change in encumbrances from Fiscal 2005 levels of -\$23.7 million.
Oklahoma	Revenue adjustments subtracts out the Rainy Day Fund deposit of \$34 million and the increase in the deposit into the Cash Flow Reserve Fund from fiscal 2006 to fiscal 2007.
Oregon	Oregon budgets on a biennial basis. The constitution requires the state to be balanced at the end of each biennium.
Pennsylvania	Revenue adjustments include \$165.9 million in prior year lapses. Expenditure adjustment reflects a statutory transfer to the budget stabilization (rainy day) fund and current year lapse of \$15.9 million.
Rhode Island	Revenue Adjustments include Transfer to Budget Stabilization (Rainy Day) Fund.
South Carolina	Increased enforcement of tax collections
South Dakota	Revenue adjustments include \$2.1 million from one-time receipts, \$35.4 million in transfers from the Property Tax Reduction Fund to cover budget shortfall, and \$0.8 million in obligated cash carried forward from Fiscal 2005. Expenditure adjustments include \$0.8 million in transfers to the Budget Reserve Fund from the prior year's obligated cash, and \$0.3 million in obligated cash to the Budget Reserve Fund.
Tennessee	Revenue adjustments include \$65 million in transfers from debt service fund unexpended appropriations, and -\$49.3 million in transfers to the Rainy Day Fund. Expenditure adjustments include transfers to Transportation Equity Fund of \$32 million, transfers to capital outlay projects fund of \$68.8, transfers to Highway Fund of \$10 million, and dedicated revenue appropriations of \$43 million.
Texas	The beginning balance is from the Comptroller's April 2006 revised revenue estimate. Revenues are from the Comptroller's monthly revenue collections report through August 2006. Revenue adjustment is the actual increase in dedicated account balances. Total expenditures are 2006 appropriated, as reported by the Legislative Budget Board. Expenditure adjustment is to reconcile appropriations to the preliminary estimated ending balance.
Utah	Includes \$117.6 million held in reserve from previous fiscal year, \$25.0 million repayment of emergency loan to Washington County, a \$7.0 million one-time revenue from implementing double weighted sales tax reform, \$0.2 million from miscellaneous revenue sources, and a -\$24.0 million transfer to the Rainy Day Fund.
Vermont	Revenue adjustments include \$14.9 million in direct applications and transfers in, \$10.3 million due to an increase in property transfer tax revenue estimate, \$0.1 million from the liquidation of debt service and bond premium reserve, and transfers from General Fund Surplus Reserve of \$19.6 million. Expenditure adjustments include \$10.1 million in net transfers from the Human Services Caseload Reserve, \$10 million in transfers to the Transportation Fund, a \$0.7 million reserve for fiscal 2006 bond insurance premium, \$5.2 million from the Estate tax to the Higher Education Trust Fund, \$9.3 million to Internal Service Funds, \$0.6 million to miscellaneous other funds, \$6.0 million to the Budget Stabilization Reserve, and \$21.1 million to the General Fund Surplus Reserve.
Washington	The net amount for transfers from other accounts to the General Fund is \$126 million.
West Virginia	Fiscal 2006 Preliminary Actual General Fund beginning balance includes \$243.5 million in Reappropriations and an Unappropriated Surplus Balance of \$117.3 million. Revenue adjustments include \$53.5 million in transfers from Special Revenue and \$0.1 million in prior year redeposits. Total Expenditures include \$3,342.8 million of Regular Appropriations, Reappropriations of \$90.1 million, Surplus Appropriations of \$101.5 million, and 31 day prior year Expenditures of \$27.5 million. Expenditure adjustments represent the amount transferred to the Rainy Day Fund.
Wisconsin	Revenue adjustments include \$88.9 million of Tribal Gaming and \$691.2 million of transfers from other funds. Expenditure adjustments include a \$43.2 million designation for continuing appropriations, interfund transfers to MA of \$341.8 million, and designated funds of \$5.2 million.
Wyoming	The State of Wyoming budgets on a biennial basis. To complete the survey using annual figures certain assumptions and estimates were required.

TABLE A-3

## Fiscal 2007 State General Fund, Appropriated (Millions)

<i>Region/State</i>	<i>Beginning Balance</i>	<i>Revenues</i>	<i>Adjustments</i>	<i>Resources</i>	<i>Expenditures</i>	<i>Adjustments</i>	<i>Ending Balance</i>	<i>Budget Stabilization Fund</i>
<b>NEW ENGLAND</b>								
Connecticut	\$0	\$14,998	\$0	\$14,998	\$14,837	\$0	\$161	\$1,273
Maine**	15	2,934	126	3,075	2,918	157	0	110
Massachusetts**	1,048	26,941	0	27,989	27,989	0	0	2,160
New Hampshire	26	1,352	0	1,377	1,365	0	12	69
Rhode Island**	24	3,264	-66	3,222	3,222	0	0	99
Vermont**	0	1,093	41	1,133	1,130	3	0	55
<b>MID-ATLANTIC</b>								
Delaware*	691	3,280	0	3,971	3,568	0	403	176
Maryland**	1,362	12,915	10	14,286	14,113	0	173	1,407
New Jersey** *	1,455	30,084	0	31,538	30,279	0	1,260	449
New York***	3,257	50,860	0	54,117	50,843	0	3,274	944
Pennsylvania**	514	25,605	0	26,119	26,114	1	4	513
<b>GREAT LAKES</b>								
Illinois**	590	26,035	2,295	28,920	25,235	3,091	594	276
Indiana**	411	12,414	-49	12,775	12,442	13	320	443
Michigan**	110	8,500	614	9,223	9,223	0	0	2
Ohio**	632	25,997	0	26,629	26,074	291	264	1,012
Wisconsin**	49	12,491	591	13,131	13,035	25	70	0
<b>PLAINS</b>								
Iowa**	0	5,540	0	5,540	5,284	99	158	535
Kansas**	734	5,293	0	6,027	5,516	23	487	0
Minnesota**	901	16,018	0	16,919	15,807	0	1,113	1,095
Missouri**	695	7,494	0	8,190	7,795	0	394	247
Nebraska**	566	3,217	-253	3,530	3,181	162	187	516
North Dakota	197	978	0	1,174	1,024	0	151	100
South Dakota**	0	1,066	7	1,073	1,073	0	0	137
<b>SOUTHEAST</b>								
Alabama**	949	7,401	9	8,359	7,669	4	686	658
Arkansas	0	4,059	0	4,059	4,059	0	0	0
Florida	3,572	27,636	0	31,208	29,293	0	1,916	1,226
Georgia	1,863	18,655	0	20,517	18,655	0	1,863	904
Kentucky**	681	8,480	272	9,434	8,750	250	434	231
Louisiana**	0	7,293	29	7,322	7,321	0	1	683
Mississippi**	0	4,479	-89	4,390	4,390	0	0	207
North Carolina	749	18,117	0	18,866	18,866	0	0	629
South Carolina*	988	6,108	0	7,096	6,771	0	325	168
Tennessee**	311	10,433	-172	10,572	10,451	120	1	497
Virginia	1,377	16,427	0	17,804	17,570	0	234	1,388
West Virginia**	469	3,629	0	4,098	3,920	89	89	213
<b>SOUTHWEST</b>								
Arizona**	916	9,537	-154	10,299	9,998	0	300	663
New Mexico*	781	5,537	381	6,699	5,204	363	1,132	1,132
Oklahoma	133	6,219	0	6,352	6,057	0	296	NA
Texas**	7,547	35,314	128	42,989	31,843	5,354	5,792	1,214
<b>ROCKY MOUNTAIN</b>								
Colorado**	252	7,439	33	7,724	7,457	0	267	0
Idaho**	302	2,305	-57	2,550	2,343	0	207	109
Montana**	406	1,597	0	2,003	1,659	0	345	0
Utah**	460	4,517	40	5,016	4,943	0	73	255
Wyoming**	10	1,443	0	1,453	1,448	0	5	536
<b>FAR WEST</b>								
Alaska**	0	5,761	-1,608	4,152	4,152	0	0	2,597
California** *	9,530	93,882	0	103,412	101,261	0	2,151	2,102
Hawaii**	732	5,178	0	5,911	5,428	0	483	61
Nevada	294	3,419	0	3,713	3,334	0	379	218
Oregon**	527	6,299	0	6,826	5,554	0	1,272	0
Washington**	702	13,990	80	14,771	13,677	0	1,094	0
<b>Total**</b>	<b>\$46,825</b>	<b>\$633,518</b>	<b>-</b>	<b>\$682,549</b>	<b>\$644,136</b>	<b>-</b>	<b>\$28,367</b>	<b>\$27,306</b>

NOTES: NA Indicates data are not available. \*In these states, the ending balance includes the balance in the budget stabilization fund.

\*\*See Notes to Table A-3.

SOURCE: National Association of State Budget Officers.

**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	Revenue adjustments represent release of prior year Debt Service Reserve. Expenditure Adjustments represent reversions and reserve for General Obligation Debt Service Payment
Alaska	Budget Surplus
Arizona	The revenue adjustments represent Ladewig lawsuit payments and one-time revenue shift due to recent legislation.
California	Of the \$2.102 billion, \$471.8 million is in a separate Budget Stabilization Account and not included in the fund balance, but is included in the reserve for rainy day purposes.
Colorado	Adjustments include diversions to the Older Coloradan's Program and State Education Fund.
Hawaii	Estimates do not reflect Governor's revenue and expenditure measures to be presented during the 2007 Legislative session.
Idaho	Revenue transfers include \$22.1 million from the Revolving Development Fund, \$24.0 million to the Public School Facilities Cooperative Fund, \$10.0 million to the Public Education Stabilization Fund, \$23.9 million to the Economic Recovery Reserve Fund, and \$21.0 million to the Permanent Building Fund.
Illinois	Revenue adjustments include \$2.056 billion of transfers into general funds. Expenditure adjustments include \$432 million to repay Pension Obligation Bond Debt Service and transfers-out from general funds of \$2.659 billion.
Indiana	Revenue adjustments represents net enrolled acts in 2006 of \$29.7, a transfer to the rainy day fund of -\$100 million, Quality Assessment Fees of \$19.9 million, and a transfer from dedicated funds of \$1.2 million. Expenditure adjustments represent adjustments to the Property Tax Replacement Credit and Homestead Credit of \$12.9 million.
Iowa	Revenues are based upon the October 16, 2006 Revenue Estimating Conference numbers. Expenditure adjustments include \$4.8 million for Pandemic Flu vaccinations, \$40.5 million for Medical Assistance payments and \$53.5 million to the Senior Living Trust Fund.
Kansas	Kansas does not have a Rainy Day Fund. However, the balanced budget provision of the constitution requires revenues to finance the approved budget.
Kentucky	Revenue includes \$88.8 million in Tobacco Settlement funds. Revenue adjustments include \$139.5 million of appropriation balances carried over from the prior fiscal year, and \$132.8 million from fund transfers into the General Fund. Expenditure Adjustments represent appropriation balances forwarded to the next fiscal year.
Louisiana	Revenue adjustments include \$23 million in general fund carry-forward, a transfer of \$3 million from Incentive, and \$3 million from the Mineral Resources Operating Fund.
Maine	Revenue adjustments of \$126.2 million and expenditure adjustments of \$157.2 million are reflected in legislative and statutory authorized transfers.
Maryland	Adjustments reflect a \$9.9 million reimbursement from the reserve for Heritage Tax Credits.
Massachusetts	Includes Budgeted Operating Funds
Michigan	Revenue adjustments include federal and state law changes of -\$64.1 million, revenue sharing law changes totaling \$585 million, several pending property sales totaling \$28 million, deposits from state restricted revenues of \$38.8 million, and other revenue adjustments of \$26.3 million.
Minnesota	Ending balance includes budget reserve of \$653 million, cash flow account of \$350 million and tax relief account of \$109.7 million
Mississippi	Reinstated statutory 2 percent holdback
Missouri	Revenues are net of refunds. Estimated refunds for fiscal 2007 total \$1.245.1 billion. Revenues include \$136.1 million transferred to the General Revenue Fund.
Montana	Reported official general fund revenue projections for fiscal 2007. Recent analysis shows significantly higher revenues for fiscal 2007. Expenditures include \$60 million potential supplementals.
Nebraska	Revenue adjustments are transfers between the General Fund and other funds. Per Nebraska law, includes a transfer to the Cash Reserve Fund (Rainy Day Fund) of the amount the prior year's net General Fund receipts are estimated to exceed the official forecast. Expenditure adjustments are reappropriations of unexpended balance of appropriations from the first fiscal year of the biennium and a small amount (\$6.4 million) reserved for supplemental/deficit appropriations.

**NOTES TO TABLE A-3 (continued)**

New Jersey	Ending balance includes \$600 million Property Tax Reserve Fund.
New York	The ending balance per the 2006-07 Enacted Budget includes over \$1.8 billion in the spending stabilization reserve, \$944 million in the tax stabilization reserve fund (rainy day fund), \$276 million in the Community Projects Fund, \$250 million in a debt reduction reserve, and \$21 million in a reserve for litigation risks.
Ohio	Federal reimbursements and other human services programs are included in the general revenue fund. Beginning balances are undesignated, unreserved fund balances. The actual cash balances would be higher by the amount reserved for encumbrances and designated transfers from the general revenue fund. Expenditure adjustments reflect projected miscellaneous transfers out of \$327.1 million.
Oregon	Oregon budgets on a biennial basis. The constitution requires the state to be balanced at the end of each biennium.
Pennsylvania	Expenditure adjustments include a transfer of 25 percent of the ending balance to the Budget Stabilization (Rainy Day) fund.
Rhode Island	Revenue adjustments include transfer to Budget Stabilization (Rainy Day) Fund.
South Dakota	Revenue adjustments include \$6.5 million projected from one time receipt.
Tennessee	Revenue adjustments include a -\$172.2 million transfer to the Rainy Day Fund. Expenditure adjustments include a \$32 million transfer to Transportation Equity Fund, a \$74.3 million transfer to capital outlay projects fund, and dedicated revenue appropriations of \$14 million.
Texas	The beginning balance is a preliminary estimate. Revenues are from the Comptroller's April 2006 revised revenue estimate. Revenue adjustment is the Comptroller's estimated increase in dedicated account balances. Total expenditures are 2007 appropriated, as reported by the Legislative Budget Board. Expenditure adjustment includes nearly \$3.9 billion in additional appropriations for public education/property tax relief made in the May 2006 special session, nearly \$1.1 billion reserved for transfer to the Rainy Day Fund, and other adjustments needed to reconcile to the ending balance. An estimated \$462.3 million in additional tax revenues from the cigarette tax and motor vehicle sales tax will be deposited in fiscal 2007 to a new Property Tax Relief Fund outside the General Revenue Fund. These revenues are dedicated to property tax relief and are not included in the totals above.
Utah	\$3.5 million from sales tax on food; \$3.6 million from miscellaneous revenue sources
Vermont	Revenue adjustments include -\$1.8 due to Streamlined Sales Tax, \$17.1 million in direct applications and transfers, an \$8.9 million increase in property transfer tax revenue estimates, -\$1 million due to the downtown revitalization tax credit, and \$17.5 million from the General Fund Surplus Reserve. Expenditure adjustments include \$2.6 million to the Budget Stabilization Reserve and \$0.3 million to the General Fund Surplus Reserve
Washington	The net amount for transfers from other accounts to the General Fund is \$79.6.
West Virginia	Fiscal 2007 Appropriated General Total Expenditures include \$3.629 billion of Regular Appropriations, Reappropriations of \$266.4 million, and 31 day prior year expenditures of \$25 million. Ending balances for fiscal 2007 assume all appropriations will be expended and does not anticipate ending balances. However, some amounts will remain and be reappropriated to the next fiscal year.
Wisconsin	Revenue adjustments include \$92.7 million of Tribal Gaming and departmental revenues, including \$497.8 million in transfers from other funds. Expenditure adjustments include \$25.4 million in transfer to MA.
Wyoming	The State of Wyoming budgets on a biennial basis. To complete the survey using annual figures certain assumptions and estimates were required.

TABLE A-4

**General Fund Nominal Percentage Expenditure Change, Fiscal 2006 and Fiscal 2007\***

<i>Region/State</i>	<i>Fiscal 2006</i>	<i>Fiscal 2007</i>
<b>NEW ENGLAND</b>		
Connecticut	6.2%	2.0%
Maine	3.1	1.6
Massachusetts	7.6	9.4
New Hampshire	0.7	2.3
Rhode Island	5.9	3.9
Vermont	7.3	1.5
<b>MID-ATLANTIC</b>		
Delaware	12.7	12.2
Maryland	9.6	14.4
New Jersey	-2.6	11.7
New York	6.6	9.4
Pennsylvania	7.1	5.8
<b>GREAT LAKES</b>		
Illinois	9.1	4.3
Indiana	3.4	1.9
Michigan	4.5	2.1
Ohio	0.1	4.9
Wisconsin	4.4	5.2
<b>PLAINS</b>		
Iowa	9.1	5.2
Kansas	9.6	7.3
Minnesota	8.8	0.0
Missouri	0.1	9.4
Nebraska	7.2	9.1
North Dakota	6.9	6.0
South Dakota	6.7	1.6
<b>SOUTHEAST</b>		
Alabama	15.0	10.2
Arkansas	5.4	6.1
Florida	11.0	7.9
Georgia	9.4	4.5
Kentucky	9.6	3.7
Louisiana	8.6	-5.4
Mississippi	9.8	8.7
North Carolina	8.0	10.6
South Carolina	11.2	20.1
Tennessee	8.3	5.9
Virginia	9.7	15.4
West Virginia	4.4	10.1
<b>SOUTHWEST</b>		
Arizona	18.6	11.8
New Mexico	14.6	-3.9
Oklahoma	11.9	9.5
Texas	8.7	-1.4
<b>ROCKY MOUNTAIN</b>		
Colorado	16.1	5.1
Idaho	5.1	5.7
Montana	15.9	4.8
Utah	6.2	17.0
Wyoming	-4.4	16.6
<b>FAR WEST</b>		
Alaska	6.3	27.9
California	16.2	9.2
Hawaii	11.8	16.0
Nevada	-6.0	14.3
Oregon	35.6	-8.8
Washington	11.5	0.4
<b>Average</b>	<b>8.7%</b>	<b>7.0%</b>

\*Fiscal 2006 reflects changes from fiscal 2005 expenditures (actual) to fiscal 2006 expenditures (preliminary actual). Fiscal 2007 reflects changes from fiscal 2006 expenditures (preliminary actual) to fiscal 2007 expenditures (appropriated).

**SOURCE:** National Association of State Budget Officers.



TABLE A-5

## Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2006

Region/State	Fees	Layoffs	Furloughs	Early Retirement	Across-the-Board Percentage Cuts	Reduce Local Aid	Programs Reorganized	Privatization	Rainy Day Fund	Other
<b>NEW ENGLAND</b>										
Connecticut										
Maine										
Massachusetts										
New Hampshire*										X
Rhode Island										
Vermont										
<b>MID-ATLANTIC</b>										
Delaware										
Maryland										
New Jersey										
New York										
Pennsylvania										
<b>GREAT LAKES</b>										
Illinois*										
Indiana					X		X	X		
Michigan										X
Ohio										
Wisconsin										
<b>PLAINS</b>										
Iowa										
Kansas										
Minnesota*										
Missouri										
Nebraska										
North Dakota										
South Dakota									X	
<b>SOUTHEAST</b>										
Alabama										
Arkansas										
Florida										
Georgia										
Kentucky										
Louisiana		X	X	X	X				X	
Mississippi										
North Carolina										
South Carolina										
Tennessee										
Virginia										
West Virginia										
<b>SOUTHWEST</b>										
Arizona										
New Mexico										
Oklahoma										
Texas										
<b>ROCKY MOUNTAIN</b>										
Colorado										
Idaho										
Montana										
Utah										
Wyoming										
<b>FAR WEST</b>										
Alaska										
California										
Hawaii										
Nevada										
Oregon										
Washington										
<b>Total</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>

NOTE: \*See Notes to Table A-5.

SOURCE: National Association of State Budget Officers.

**NOTES TO TABLE A-5**

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Illinois	Implemented Quarterly Performance reports and monthly Budget Variance reports for each agency; consolidated and merged agencies; cut administrative and operating budgets; and placed tighter controls on hiring and reduced the workforce.
Minnesota	There is a budget gap of \$211.6 million in fiscal 2006 but not for the 2006-07 biennium. The general fund is required to be balanced by the end of the biennium which would be at the close of fiscal 2007. The budget gap is reported as of the end of the 2006 legislative session. Since then, a court challenge regarding the health impact fee has been resolved. This allowed for a transfer of \$210 million from the Health Impact Fund to the general fund and negates any budget gap.
New Hampshire	Additional appropriation to cover energy shortfalls

TABLE A-6

## Number of Filled Full-Time Equivalent Positions at the End of Fiscal 2005 to Fiscal 2007, in All Funds\*\*

<i>Region/State</i>	<i>Fiscal 2005</i>	<i>Fiscal 2006</i>	<i>Fiscal 2007</i>	<i>Percent Change, 2005-2006</i>	<i>Percent Change, 2006-2007</i>	<i>Includes Higher Education Daily</i>	<i>State-Administered Welfare System</i>
<b>NEW ENGLAND</b>							
Connecticut	51,190	51,612	51,612	0.82%	0.00%	X	X
Maine	14,391	14,078	14,102	-2.17%	0.17%		
Massachusetts	64,513	65,239	66,000	1.13%	1.17%	X	X
New Hampshire	10,703	11,070	11,079	3.43%	0.08%		X
Rhode Island*	15,006	15,151	16,038	0.96%	5.86%	X	X
Vermont	7,947	8,158	8,208	2.66%	0.61%		X
<b>MID-ATLANTIC</b>							
Delaware*	28,543	30,554	31,121	7.05%	1.86%	X	X
Maryland*	74,185	74,561	75,772	0.51%	1.62%	X	X
New Jersey	79,371	79,467	81,887	0.12%	3.05%		
New York	188,931	191,391	191,267	1.30%	-0.06%	X	
Pennsylvania	84,879	84,668	82,861	-0.25%	-2.13%		X
<b>GREAT LAKES</b>							
Illinois*	57,047	56,857	58,490	-0.33%	2.87%		X
Indiana	35,814	35,364	38,621	-1.26%	9.21%		X
Michigan	50,671	50,593	50,600	-0.15%	0.01%		X
Ohio*	57,272	56,835	56,835	-0.76%	0.00%		
Wisconsin	68,564	65,174	67,295	-4.94%	3.25%	X	
<b>PLAINS</b>							
Iowa	42,233	42,875	44,692	1.52%	4.24%	X	X
Kansas	41,189	41,411	41,496	0.54%	0.20%	X	X
Minnesota	33,705	34,352	NA	1.92%	NA		
Missouri	61,389	59,019	59,983	-3.86%	1.63%		X
Nebraska*	NA	NA	NA	NA	NA		X
North Dakota	7,282	7,161	7,714	-1.66%	7.72%		
South Dakota	13,429	13,627	14,125	1.47%	3.65%	X	
<b>SOUTHEAST</b>							
Alabama	36,941	37,756	38,000	2.21%	0.65%		X
Arkansas	29,784	30,361	30,797	1.94%	1.44%		X
Florida	116,266	116,233	113,409	-0.03%	-2.43%		X
Georgia	99,315	101,460	102,097	2.16%	0.63%	X	X
Kentucky*	35,500	35,100	35,300	-1.13%	0.57%		
Louisiana	43,882	40,355	45,726	-8.04%	13.31%	X	X
Mississippi	32,255	31,837	32,282	-1.30%	1.40%		X
North Carolina	NA	NA	NA	NA	NA	X	
South Carolina	60,459	60,157	60,155	-0.50%	0.00%	X	X
Tennessee	44,905	46,172	46,200	2.82%	0.06%		X
Virginia	112,098	113,436	116,871	1.19%	3.03%	X	
West Virginia	35,685	35,097	35,382	-1.65%	0.81%	X	X
<b>SOUTHWEST</b>							
Arizona*	50,164	50,079	50,811	-0.17%	1.46%	X	X
New Mexico	23,645	23,935	26,018	1.23%	8.70%		
Oklahoma	66,738	68,171	68,500	2.15%	0.48%	X	
Texas	218,070	221,438	219,555	1.54%	-0.85%	X	X
<b>ROCKY MOUNTAIN</b>							
Colorado	46,633	46,617	47,931	-0.03%	2.82%		
Idaho	17,528	17,828	18,013	1.71%	1.04%	X	X
Montana	12,446	12,724	12,920	2.23%	1.54%		X
Utah	20,282	20,408	21,324	0.62%	4.49%		X
Wyoming	6,656	6,656	7,413	0.00%	11.37%	X	X
<b>FAR WEST</b>							
Alaska	19,319	19,840	20,166	2.70%	1.64%	X	X
California*	313,684	330,147	337,362	5.25%	2.19%	X	X
Hawaii*	44,040	44,202	45,027	0.37%	1.87%	X	X
Nevada	23,430	24,322	24,554	3.81%	0.95%	X	X
Oregon	47,567	47,169	47,717	-0.84%	1.16%	X	X
Washington	106,769	106,627	107,736	-0.13%	1.04%	X	X
<b>Total***</b>	<b>2,718,610</b>	<b>2,742,992</b>	<b>2,781,064</b>	<b>0.90%</b>	<b>1.39%</b>		

NOTES: NA indicates data are not available.

\*See Notes to Table A-6.

\*\*Unless otherwise noted, fiscal 2005 reflects actual figures, 2006 reflects preliminary actuals and fiscal 2007 reflects appropriated figures.

\*\*\*Totals exclude states that were not able to provide data for all three years.

SOURCE: National Association of State Budget Officers.

**NOTES TO TABLE A-6**


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Arizona	FTE positions are based on appropriations report, and these figures do not include positions funded by non-appropriated funds. For fiscal 2005, total actual FTE (including all funds) is 70,493, according to Department of Administration, as of November 5, 2005.
California	The counties administer the welfare system with state oversight
Delaware	All figures are for authorized positions
Hawaii	Data reflect appropriated positions
Illinois	Generally, State employees supported by most Bargaining Unions receive an annual COLA of 4 percent divided into 3 percent on July 1, and 1 percent on January 1. These employees are also given a step increase on the employee's credible service date ranging roughly between 3 percent and 6 percent, these step increases are capped after a certain number of years of service in the same title.
Kentucky	Figures represent Executive branch full-time positions only
Maryland	Positions are estimated using authorized FTEs and an estimated vacancy rate of 5 percent. Includes Executive, Legislative and Judicial branches and higher education
Nebraska	Appropriations bills do not limit authorized FTE to a specific number
Ohio	Ohio's welfare system is administered by county governments
Rhode Island	Fiscal 2005 year-end actual includes 412.6 filled higher education sponsored research positions. Fiscal 2006 year-end actual includes 412.3 filled higher education sponsored research positions. For fiscal 2007, enacted cap of 16,038 includes 784 higher education sponsored research positions.

TABLE A-7

## Fiscal 2006 Tax Collections Compared with Projections Used in Adopting Fiscal 2006 Budgets (Millions)\*\*

Region and State	Sales Tax		Personal Income Tax		Corporate Income Tax		Total
	Original Estimate	Current Estimate	Original Estimate	Current Estimate	Original Estimate	Current Estimate	Revenue Collection***
NEW ENGLAND							
Connecticut	\$ 3,432	\$ 3,414	\$ 5,786	\$ 6,170	\$ 646	\$ 781	H
Maine	980	993	1,239	1,255	165	188	H
Massachusetts	4,037	4,004	9,728	10,483	2,043	2,256	H
New Hampshire	NA	NA	NA	NA	231	266	H
Rhode Island	875	NA	994	NA	158	NA	T
Vermont	211	217	491	542	46	76	H
MID-ATLANTIC							
Delaware	NA	NA	953	1,015	131	163	H
Maryland*	3,256	3,355	5,801	6,200	501	644	H
New Jersey	6,890	6,883	10,335	10,475	2,555	3,007	T
New York	10,611	10,593	30,345	30,813	4,283	5,084	H
Pennsylvania	8,269	8,334	9,182	9,524	2,059	2,302	H
GREAT LAKES							
Illinois	6,873	7,092	8,235	8,635	1,266	1,427	H
Indiana	5,187	5,226	4,371	4,322	757	925	H
Michigan*	6,905	6,710	6,176	6,255	1,914	1,853	T
Ohio	7,409	7,368	8,506	8,786	1,096	1,240	H
Wisconsin	4,182	4,128	6,145	6,144	683	780	H
PLAINS							
Iowa	1,850	1,881	2,791	2,854	296	349	H
Kansas	1,995	2,005	2,310	2,371	330	350	H
Minnesota	4,468	4,467	6,604	6,875	956	1,062	H
Missouri	1,948	1,962	4,184	4,579	342	405	H
Nebraska	1,264	1,264	1,500	1,545	245	262	H
North Dakota	432	456	227	273	42	112	H
South Dakota	565	577	NA	NA	NA	NA	H
SOUTHEAST							
Alabama	1,873	2,002	2,405	2,689	314	484	H
Arkansas	1,999	2,087	1,879	2,013	271	350	H
Florida	18,642	19,378	NA	NA	1,841	2,405	H
Georgia	5,638	5,712	7,748	8,022	564	863	H
Kentucky	2,717	2,750	3,089	2,919	530	1,002	H
Louisiana	2,546	3,073	2,416	2,512	428	506	H
Mississippi	1,652	1,652	1,197	1,219	381	381	H
North Carolina	4,693	4,894	8,840	9,400	906	1,204	H
South Carolina	2,396	2,545	2,158	2,608	143	258	H
Tennessee*	6,346	6,516	162	194	1,358	1,492	H
Virginia	2,812	2,804	9,075	9,170	722	852	H
West Virginia	972	1,013	1,153	1,298	245	348	H
SOUTHWEST							
Arizona	4,294	4,273	3,585	3,689	848	874	H
New Mexico	2,025	2,150	1,012	1,127	210	382	T
Oklahoma	1,623	1,701	2,466	2,787	183	338	H
Texas	16,558	18,201	NA	NA	NA	NA	H
ROCKY MOUNTAIN							
Colorado	1,846	1,957	3,484	4,376	313	448	H
Idaho	784	881	1,046	1,217	134	194	H
Montana	3	3	607	769	81	154	H
Utah	1,635	1,744	1,934	2,119	198	253	H
Wyoming	364	421	NA	NA	NA	NA	H
FAR WEST							
Alaska	NA	NA	NA	NA	329	694	H
California	26,951	27,211	42,231	49,555	8,822	10,484	H
Hawaii	2,144	2,355	1,400	1,551	71	130	H
Nevada	925	1,005	NA	NA	NA	NA	H
Oregon	NA	NA	4,942	5,444	261	438	H
Washington	6,851	7,311	NA	NA	NA	NA	H
Total	\$199,926	\$204,566	\$228,731	\$243,795	\$39,897	\$48,062	-

NOTES: NA indicates data are not available because, in most cases, these states do not have this type of tax.

\*See Notes to Table A-6.

\*\*Unless otherwise noted, original estimates reflect the figures used when the fiscal 2005 budget was adopted, and current estimates reflect preliminary actual tax collections.

\*\*\*Key: L=Revenues lower than estimates. H=Revenues higher than estimates. T=Revenues on target.

SOURCE: National Association of State Budget Officers.

**NOTES TO TABLE A-7**

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Maryland	Fiscal 2006 actuals are final, not preliminary. Sales Tax Collections reflect the General Fund portion only; Personal Income Tax Collections estimates reflect proposed subtraction modifications; Corporate Income Tax Collections reflect the General Fund portion only, and fiscal 2006 reflects an extraordinary item of \$20.4 million (MCI settlement).
Michigan	<p>The original fiscal 2006 budget has been modified and is based on the May 2006 consensus estimates and is net of all enacted tax changes. Tax estimates represent total tax collections. Sales tax collections are for the Michigan sales tax only and do not include collections from Michigan use tax. Michigan does not have a Corporate Income tax; estimates are for Michigan's Single Business Tax.</p> <p>The fiscal 2006 revenues are on target with the May 2006 consensus revenue estimates; final revenue figures will be available when the State of Michigan Comprehensive Annual Financial report is published in December 2006.</p>
Tennessee	Corporate Income Tax includes excise tax and franchise tax. Sales tax, personal income tax, and corporate excise tax are shared with local governments.

TABLE A-8

## Fiscal 2006 Tax Collections Compared with Projections Used in Adopting Fiscal 2007 Budgets (Millions)

Region/State	Sales Tax		Personal Income Tax		Corporate Income Tax	
	Fiscal 2006	Fiscal 2007	Fiscal 2006	Fiscal 2007	Fiscal 2006	Fiscal 2007
<b>NEW ENGLAND</b>						
Connecticut	\$ 3,414	\$ 3,534	\$ 6,170	\$ 6,428	\$ 781	\$ 707
Maine	993	1,026	1,255	1,277	188	168
Massachusetts	4,004	4,285	10,483	10,817	2,256	2,131
New Hampshire	NA	NA	NA	NA	266	246
Rhode Island	NA	921	NA	1,052	NA	122
Vermont	217	228	542	533	76	54
<b>MID-ATLANTIC</b>						
Delaware	NA	NA	1,015	1,062	163	169
Maryland	3,355	3,501	6,200	6,579	644	686
New Jersey	6,883	8,722	10,475	11,475	3,007	2,727
New York	10,593	10,252	30,813	34,218	5,084	5,303
Pennsylvania	8,334	8,606	9,524	9,960	2,302	2,450
<b>GREAT LAKES</b>						
Illinois	7,092	7,280	8,635	8,888	1,427	1,707
Indiana	5,226	5,472	4,322	4,523	925	804
Michigan*	6,710	6,959	6,255	6,386	1,853	1,886
Ohio	7,368	7,610	8,786	8,650	1,240	895
Wisconsin	4,128	4,358	6,144	6,503	780	670
<b>PLAINS</b>						
Iowa	1,881	1,946	2,854	2,918	349	320
Kansas	2,005	2,003	2,371	2,439	350	306
Minnesota	4,467	4,624	6,875	6,948	1,062	883
Missouri	1,962	1,985	4,579	4,677	405	393
Nebraska	1,264	1,266	1,545	1,517	262	219
North Dakota	456	467	273	237	112	42
South Dakota	577	605	NA	NA	NA	NA
<b>SOUTHEAST</b>						
Alabama	2,002	2,024	2,689	2,689	484	423
Arkansas	2,087	2,137	2,013	2,064	350	314
Florida	19,378	20,022	NA	NA	2,405	2,439
Georgia	5,712	5,926	8,022	8,193	863	829
Kentucky	2,750	2,778	2,919	3,161	1,002	759
Louisiana	3,073	2,719	2,512	2,124	506	425
Mississippi	1,652	1,924	1,219	1,315	381	376
North Carolina	4,894	5,033	9,400	9,635	1,204	1,053
South Carolina	2,545	2,496	2,608	2,600	258	223
Tennessee*	6,516	6,805	194	204	1,492	1,531
Virginia	2,804	3,148	9,170	9,650	852	788
West Virginia	1,013	1,018	1,298	1,318	348	296
<b>SOUTHWEST</b>						
Arizona	4,273	4,629	3,689	3,879	874	902
New Mexico	2,150	2,160	1,127	1,065	382	325
Oklahoma	1,701	1,751	2,787	2,740	338	248
Texas	18,201	17,353	NA	NA	NA	NA
<b>ROCKY MOUNTAIN</b>						
Colorado	1,957	1,944	4,376	3,976	448	435
Idaho	881	842	1,217	1,164	194	173
Montana	3	3	769	713	154	97
Utah	1,744	1,835	2,119	2,270	253	240
Wyoming	421	468	NA	NA	NA	NA
<b>FAR WEST</b>						
Alaska	NA	NA	NA	NA	\$694	\$552
California	27,211	28,114	49,555	50,885	10,484	10,507
Hawaii	2,355	2,533	1,551	1,630	130	91
Nevada	1,005	1,007	NA	NA	NA	NA
Oregon	NA	NA	5,444	5,182	438	239
Washington	7,311	7,385	NA	NA	NA	NA
<b>Total</b>	<b>\$204,566</b>	<b>\$211,702</b>	<b>\$243,795</b>	<b>\$253,544</b>	<b>\$48,062</b>	<b>\$46,151</b>

**NOTES:** NA indicates data are not available because, in most cases, these states do not have that type of tax.

\*See Notes to Table A-8.

\*\*Unless otherwise noted, fiscal 2006 figures reflect preliminary actual tax collections estimates as shown in Table A-7, and fiscal 2007 figures reflect the estimates used in enacted budgets.

**SOURCE:** National Association of State Budget Officers.

**NOTES TO TABLE A-8**

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Michigan	<p>The fiscal 2007 enacted budget is based on the May 2006 consensus estimates and is net of all enacted tax changes. Tax estimates represent total tax collections. Sales tax collections are for the Michigan sales tax only and do not include collections from Michigan use tax. Michigan does not have a Corporate Income tax; estimates are for Michigan's Single Business Tax.</p> <p>The fiscal 2007 revenues are on target with the May 2006 consensus revenue estimates; updated fiscal 2007 revenue figures will be released at the next regularly scheduled consensus revenue conference in January 2007.</p>
Tennessee	<p>Corporate Income Tax includes excise tax and franchise tax. Sales tax, personal income tax, and corporate excise tax are shared with local governments.</p>



TABLE A-9

## State Employment Compensation Changes, Fiscal 2007

<i>Region/State</i>	<i>Across-the-Board</i>	<i>Merit</i>	<i>Other</i>	<i>Notes</i>
<b>NEW ENGLAND</b>				
Connecticut	3 to 3.5%	3.0%		Merit increases (including step increases) average about 3 percent to employees who get them. Approximately half of the employees receive them in any given year. ATB vary by labor unit.
Maine	3.0	3.5 to 5.0*		*Only includes merit increases for employees not at the top of their scale.
Massachusetts	3.0	3.0		Most unionized employees receive an ATB of 3 percent in July in addition to step increases. Managers receive an average merit increase of 3 percent.
New Hampshire	2.0			--
Rhode Island	3.0% COLA	2.0 % average	5.2% RIF	The 3.0 percent COLA increase is offset by contribution for health care of 2.5 percent of salary for settled union contracts and 2.5 percent of premium for non-union classified employees. The 2.0 percent average in the merit category relates to the approximate annual growth in salaries due to step and longevity increases. The -5.2 percent RIF is the reduction in force and adjustment to medical benefits totaling \$36.5 million.
Vermont	2.0		2.0	2.0 percent COLA. Also, per the state employee contract, about 56 percent of employees receive annual step increases worth in aggregate about 2.0 percent of statewide salary costs.
<b>MID-ATLANTIC</b>				
Delaware	*	\$1,000.0		*Across-the-board raises of 2 percent or \$1,250 per year, whichever is greater.
Maryland	2.0	2.0 to 4.0		Merit Increases depend on length of service and averages 2.8 percent per employee. A cost of living increase of \$900 was provided per employee whose salary is less than \$45,000; \$1,400 per employee whose salary is more than \$70,000 and 2 percent of salary for all remaining employees.
New Jersey	4.6		2.0	Majority of contracting unions will receive a 2.25 percent increase at the beginning of the fiscal year and a 2.35 percent increase in January. Others receive 4 percent increase at the beginning of the fiscal year.
New York	3.0		1.0	There are a series of step increases within each pay grade until reaching a salary threshold. Approximately 45 percent of the workforce is eligible to receive such increase (i.e., not at Job Rate). Other compensation is also driven by personnel transactions. New York State is in the final year of the four-year collective bargaining agreement; most agreements expire on 4/1/07 (UUP doesn't expire until 7/1/07). On April 1, 2007, there will be an \$800 on base increase. The 2003-07 Agreements included—\$800 lump: 4/1/03; 2.5 percent: 4/1/04; 2.75 percent: 4/1/05; 3 percent: 4/1/06; and \$800: on base 4/1/07). There is a total of \$3.5 million that is pro-rated to agencies with M/C employees; agencies give merit awards at their discretion. Rules under BPRM D-280 are that no M/C employee can receive more than 5 percent of his/her annual salary in the form of merit awards and that the agency allocation cannot be divided equally amongst all M/C employees. The idea is to recognize outstanding performance—these awards are lump sums, not added to base salary.
Pennsylvania	3.5		2.25	Most employees receive a 3.5 percent pay increase and a 2.25 percent longevity increase in January 2006

TABLE A-9 (continued)

## State Employment Compensation Changes, Fiscal 2007

Region/State	Across-the-Board	Merit	Other	Notes
<b>GREAT LAKES</b>				
Indiana		4.2		There will be a set percentage increase for overall performance that Meets Expectations and a higher set percentage increase for Exceeds Expectations. Employees receiving an overall rating of Does Not Meet Expectations will not receive a performance increase. The average increase will be 4.2 percent. Non-exempt and non-professional employees will receive performance increases in January 2007. Professional and executive employees will receive performance increases in April 2007.
Michigan	2.0*			*2 percent effective 10/1/2006 and 2 percent effective 4/8/2007. Some classified employees will receive step increases, including special compensation provisions for state police enlisted personnel effective 4/8/2007. Other employees may be eligible for promotion to a higher classification grade and pay level. Career employees receive an annual longevity payment following completion of 6 years of continuous full-time service. The amount of the longevity payment varies depending on the number of years of full-time service and is increased in four-year increments.
Ohio	3.0			In addition to standard wage increases of 3 percent in fiscal year 2007, 4 percent step increases, and supplemental increases were negotiated for certain medical profession classifications.
Wisconsin	4.5			2 percent Effective 7/1/2006; 2.25 percent Effective 4/1/2007
Iowa	2.0		4.5	Iowa has step increases which are not to be confused with a merit (based) increase. Step increases are permissive to non-contract employees but mandatory for collective bargaining covered employees who are below the top of their pay plan. Step increases are given on the employee's review date which may fall during any pay period during the fiscal year, so adding the Across-the-board and Step increases together produces a misleading amount for fiscal 2007.
Kansas	1.5		2.5	Step movement with delayed start on 9/10/2006
Minnesota	2.0	discretionary	3.5	About 30 percent of employees are eligible for a 3.5 percent annual step increase.
Missouri	4.0		4 to 8	Nursing positions received an additional 2-step repositioning equivalent to approximately 4 percent increase; corrections officers and other law-enforcement positions received an additional 4-step repositioning equivalent to approximately 8 percent.
Nebraska	3.3			Salary increase of 3.25 percent for most State employees effective 7/1/2006. Members of the State Law Enforcement Bargaining Council negotiated an annual salary increase averaging about 6.9 percent effective 7/1/2006.
North Dakota	4.0			--
South Dakota	3.0		2.5	The "other" represents the movement to job worth for employees who are under the midpoint of their job classification.

TABLE A-9 (continued)

## State Employment Compensation Changes, Fiscal 2007

<i>Region/State</i>	<i>Across-the-Board</i>	<i>Merit</i>	<i>Other</i>	<i>Notes</i>
<b>SOUTHEAST</b>				
Alabama	5.0	5.0		Across-the-board cost of living adjustment effective fiscal 2007. Merit raises are performance based ranging from 0 percent to 5 percent. Beginning fiscal 2007 employees with 25 years of service or more can receive \$700 annually as long as they remain in service.
Arkansas	1.5 to 3.0	up to 8.0		--
Mississippi	3.3		1.2	Each year the Mississippi State Personnel Board provides a Variable Compensation Plan (VCP) recommendation to the Legislature which addresses compensation increases for all job classifications. The Legislature adopted a bill specifying that fiscal 2007 compensation increases for state employees would be the greater of the VCP or \$1,500. The projected increase in total compensation over fiscal 2006 was reflected as 4.5 percent. 3.3 percent of the increase is accounted for by multiplying the number of employees by \$1,500, and accounted for as an across-the-board increase. The remaining 1.2 percent is attributed to the recommended VCP.
Florida	3.0			Salary Increases in Dept. of Children and Families Child Protective Investigators, Dept. of Families and Children—Abuse Registry Employees, Dept. of Children and Families—Adult Protection Investigators, Dept. of Environmental Protection—Coastal and Aquatic Area, Dept. of Juvenile Justice—Detention and Probation Officers, Dept. of Agriculture and Consumer Services—Florida State Fire Services; Salary Increases for State University System Graduate Assistants; Salary Increases for Judicial Benchmarking; Increases associated with Critical Class/Retention Adjustments/Department of Financial Services and Department of Agriculture and Consumer Services- Professional Accountants; Retention of Sworn Officers and Retention of Security Services Bargaining Unit Members and Non-Members; Salary Compression Adjustments for Capitol Police; Performance Based Compensation-Florida Department of Law Enforcement
Georgia			up to 4.0	Up to a 4 percent increase effective 1/1/2007calculated as follows: 2 percent for employees who are at or greater than the midpoint on their pay grade. 2 percent plus for employees below the midpoint.
Kentucky				Nominal dollar increases ranging from \$400 to \$1,350 dependent upon salary level.
Louisiana		4.0		--
North Carolina	5.5			5.5 percent annual salary increase for full-time permanent employees of State agencies and departments (excluding employees of schools and educational institutions.)
Tennessee	3.0		2.8	Other compensation increase includes: \$15.1 million, or 1.1 percent, for classification/compensation adjustments; \$1.4 million, or 0.1 percent, for adjustment recommended by a management study; and \$21.1 million, or 1.6 percent to reduce salary range compression. A one-time bonus of \$350 was given to state employees with at least 3 years of creditable service as of 10/1/06. The bonus, which was given to 33,656 employees, totaled \$11,779,600.
Virginia		4.0		Employees who were rated a "Contributor" on their latest performance evaluation shall receive the increase, effective 11/25/2006

TABLE A-9 (continued)

## State Employment Compensation Changes, Fiscal 2007

<i>Region/State</i>	<i>Across-the-Board</i>	<i>Merit</i>	<i>Other</i>	<i>Notes</i>
<b>SOUTHWEST</b>				
Arizona	3.8	2.5		The salary increase includes a \$1,650 increase per employee and a 2.5 percent performance pay. This salary adjustment provides an average of approximately 6.3 percent increase for all state employees, effective 03/11/2006.
Oklahoma	5.0			Pay raises to take effect on 10/1/2006 but will be annualized in fiscal 2008.
New Mexico	5.0 average		17.0	Across the board increases for Classified, Legislative, Judicial and Exempt Employees. Merit increases for Commissioned Officers.
Texas	3.0			An across-the-board salary increase for general state employees of 3 percent with a minimum increase of \$50 per month took effect on 09/01/2006.
<b>ROCKY MOUNTAIN</b>				
Colorado	2.5			--
Idaho			1.0	State employees received a 1.0 percent one-time increase in fiscal 2006. In February, 2006 an ongoing 3.0 percent merit increase was provided for the balance of fiscal 2006. This increase was annualized in the fiscal 2007 budget. An amount equivalent to about 1.0 percent of statewide salaries was provided selected job classifications in fiscal 2007.
Montana	4.0			Employees receive additional longevity increments every 5 years. The minimum increase is \$1,188 per year.
Utah	3.5			--
Wyoming	3.5			--
<b>FAR WEST</b>				
Alaska		3.0	*	Most employees receive an annual 3 percent merit increase. *Bargaining units received \$15 towards increased health insurance costs. The largest unit also received a 2 percent wage increase while the remaining units' wage increase ranged from 1 percent to 6 percent.
California	3.5		3.5	20 of 21 bargaining units agreed to new 2 year contracts. 3.5 percent increase in 2006-07 plus \$1,000 one-time bonus, CPI increase for 2007-08. Three highest years of salary for retirement calculation, health benefits for new employee dependents to be phased in.
Hawaii			3.5	Only certain bargaining units receive step increases and generally only a portion of those employees will be eligible in any given year. Note that rate is out-of-pocket.
Nevada	2.0	4.3		Merit is average of increase between steps
Hawaii			3.5	Only certain bargaining units receive step increases and generally only a portion of those employees will be eligible in any given year. Note that rate is out-of-pocket.
Oregon	2.0	2.6		Merit (step) increases for an individual are usually about 5 percent, but not all employees receive them. In addition, a new top step was implemented on 7/1/06.
Washington	1.6			Across-the-board: all employees received a COLA of 1.6 percent. However, this raise was effective on 7/1/2006 for employees represented by unions, but not until 9/1/2006 for nonrepresented employees. Merit: Classified employees receive annual merit increases until they reach step K, at which point they no longer receive merit increases.

TABLE A-10

## Enacted Revenue Changes by Type of Revenue, Fiscal 2007

State	Tax Change Description	Effective Date	Fiscal 2007 Revenue Changes (\$ in Millions)
<b>SALES TAXES</b>			
California	Extended collection of use tax on vessels, vehicles and aircraft	7/06	\$ 28.0
Connecticut	Extension of the sales tax free period on energy products	6/06	-7.0
Florida	Holiday on clothing and books <\$50 and school supplies < \$10	7/06	-32.0
	Exemption for machinery and equipment used in manufacturing	7/06	-19.7
	Exemption for machinery and equipment used in research and development	7/06	-24.7
	Exemption for civic centers	7/06	-3.8
	Community Contribution Tax Credit	7/06	-1.6
	Diesel fuel/electricity used in farming	7/06	-1.8
	Energy efficient tax holiday	6/06	-2.2
	Energy efficient technology	6/06	-3.3
Georgia	Sales Tax exemption for construction of National Infantry Museum	1/06	-1.2
	Temporary Sales Tax Holiday for school and energy items	8/06	-11.3
	Exemption for certain materials used by defense contractors	7/06	-2.2
Indiana	Tax exemption on RV Sales		-6.8
	Home Energy Sales Tax Exemption		-2.2
Kansas	Expands sales tax exemptions & changes the Food Sales Tax Refund Program	7/06	-12.7
Maine	The Maine Use Tax Compliance program was established to encourage delinquent taxpayers to comply with the provisions of chapter 215, to enable the State Tax Assessor to identify and collect previously unreported use tax.	7/06	1.5
Massachusetts	Federal internet access tax moratorium		-9.5
	Sales of Canned Software in Intangible form		37.5
	Sales tax holiday		-16.0
Minnesota	Twins stadium construction building materials exemption	5/06	-1.8
Nebraska	Exempt contractor labor on owner-occupied residences; exempt materials used to make molds & dies for use in manufacturing	7/06	-32.4
New Jersey	Increase in tax rate from 6 percent to 7 percent	7/06	1245.6
	Extension of base of sales and use tax	10/06	300.6
	6 percent gross receipts from retail sales of fur clothing	7/06	5.0
	Increased car rental surcharge from \$2 per day to \$5 per day	7/06	36.0
New Mexico	Licensing Fees, Bed Surtax, Sales Tax Exemptions	7/06	-8.3
New York	Sales tax exemption for admission charges to amusement parks	4/06	-0.5
	Sales tax vendor credit	9/06	-24.0
	Sales tax clothing returned to permanent	4/06	-607.5
North Carolina	Reduced sales tax from 4.5 percent to 4.25 percent	12/06	-140.1
	Internet Facility Sales Tax Exemption	7/06	-2.3
	Logging Machinery Sales Tax Exemption	7/06	-2.9
Rhode Island	Increase attributable to elimination of Economic Development Corporation project status exemptions	7/06	1.0
South Carolina	Reduced sales tax on food from 5 percent to 3 percent	10/06	-77.2
Tennessee	The sales tax laws were amended to provide for a Sales Tax Holiday. The Sales Tax Holiday exempts clothing and school supplies with a sales price of \$100 or less, and computers with a price of \$1,500 or less. To be exempt from sales tax, items must be purchased between 12:01 a.m. on the first Friday of August and 11:59 p.m. the following Sunday (TCA 67-6-393). Public Chapter 1019 provides for a one-time Sales Tax Holiday between 12:01 am on 4/27/2007 and 11:59 pm on 04/29/2007.	7/06	-22.4
Utah	Reduced sales tax rate levied by the state on unprepared foods by 2 percent	1/06	-35.0

TABLE A-10 (continued)

## Enacted Revenue Changes by Type of Revenue, Fiscal 2007

State	Tax Change Description	Effective Date	Fiscal 2007 Revenue Changes (\$ in Millions)
<b>SALES TAXES (continued)</b>			
Virginia	Back to school sales tax holiday	7/06	-2.5
Washington	Extends sales/use tax exemption for computer equipment software used primarily in commercial airplane development to nonmanufacturing firms. Extends the B&O tax credit equal to nonmanufacturing firms. Extends the B&O tax credit equal to 1.5 percent of preproduction development expenditures related to commercial aircraft to nonmanufacturing firms. Allows B&O tax credit for leasehold excise taxes paid on property used in the manufacture of commercial airplanes and airplane components. Extends the reduced B&O tax rate for FAA certificated repair stations engaged in the repair of equipment used in interstate or foreign commerce to 7/1/2011.	7/06	-2.9
Wyoming	Repealed tax on food for domestic home consumption	7/06	-98.2
<b>Total Revenue Changes—Sales Tax</b>			<b>\$426.00</b>
<b>PERSONAL INCOME TAXES</b>			
Arizona	5 percent tax rate deduction and military pay tax exemption	7/06	-\$165.5
California	Suspended teacher tax credit for 2006	1/06	165.0
Connecticut	Increase in the property tax credit to \$500 in fiscal 06	7/06	-70.0
	Allowing CHET deductions on the PI tax starting in fiscal 06	7/06	-6.6
Georgia	Child Care Tax Credit	1/06	-11.8
	Conservation Use Tax Credits	1/06	-2.4
	Georgia Income Tax Conformity with Federal Tax Code	1/06	-11.0
Hawaii	Expanded tax brackets and increased standard deduction	1/07	-25.0
	Credit for flood victims	7/06	-7.0
	Credit for agricultural irrigation and repair	7/06	-4.0
	Credit for renewable energy	7/06	-3.0
Indiana	Revenue Code Update		-1.4
Kansas	SB 432 Checkoff for military personnel and cancer research reflects various credits; allows a tax advantage a tuition program; modifies the treatment of farm net operating losses.	7/06	-5.8
	HB 2583 provides various property tax exemptions and reinstates the local ad valorem tax reduction fund assistance to local governments starting in 2010.	7/06	
Louisiana	Hold harmless for federal disaster credits	7/06	-2.3
Maryland	Subtraction modification for military retirement income	7/06	-14.3
Maine	Computer upgrade to income tax non-filer discovery and assessment	7/06	1.5
Massachusetts	Increase in personal exemption		-25.0
	Conform to federal income tax code		15.0
	Capital Gains tax refunds		-12.0
	Commuter deduction		-4.0
Michigan	The legislature adopted an Earned Income Tax Credit, effective for tax years beginning after 12/31/2007, and estimated to reduce revenue by \$128 million in fiscal 2009 and \$284 million in fiscal 2010.	12/07	N/A
Minnesota	Conforming to the federal change in the standard deduction for filers contained in the Working Families Tax Relief Act of 2004	1/06	-28.7
	Reduced alternative minimum tax	1/06	-23.8
	Tax credits for persons in active military service	1/06	-8.1

TABLE A-10 (continued)

## Enacted Revenue Changes by Type of Revenue, Fiscal 2007

State	Tax Change Description	Effective Date	Fiscal 2007 Revenue Changes (\$ in Millions)
<b>PERSONAL INCOME TAXES (continued)</b>			
Nebraska	Increased tax brackets; Enacted Earned Income Tax Credit; Tax credit for charitable contributions as planned gift to endowment; Deduction for contributions to a long-term care savings account	1/06	-57.6
New Mexico	Solar Tax Credit, National Guard Insurance Premium Exemption	7/06	-0.7
New York	National Guard exemption	1/04	-1.0
	STAR rebate/credit	1/07	-675.0
	Enhanced STAR exemption	1/07	-72.0
	Child Tax Credit	10/06	-75.0
North Carolina	Reduced top bracket tax rate from 8.25 percent to 8 percent	1/07	-28.6
	529 Savings Plan Income Tax Deduction	7/06	-1.0
	Joint filing options under Personal Income Tax	7/06	-1.0
Ohio	All personal income tax rates will be cut by 21 percent over five years, with the cuts evenly phased in at 4.2 percent per year. The change not only reduces the current top rate from 7.5 percent to 5.925 percent but cuts all tax rates in the same proportion. Also provided is a new low-income credit that results in taxpayers with Ohio Taxable Income of less than \$10,000 paying zero Ohio income tax.	7/05	-1150.0
	Eliminated the Higher Education Tuition Deduction in favor of expansion of direct financial aid support	7/07	13.4
Rhode Island	Personal income tax decrease of \$9.4 million attributable to decrease of \$1.0 million from the earned income credit, which was increased from 10 percent to 15 percent.	7/06	-9.4
Virginia	Credit for purchase of long-term care insurance	1/06	-4.9
Wisconsin	Expanded Deduction for Health Insurance Premiums & Expanded Dairy Modernization Credit & Expanded Tuition Deduction	1/06	-8.9
<b>Total Revenue Changes—Personal Income Taxes</b>			<b>-\$2,321.9</b>
<b>CORPORATE INCOME TAXES</b>			
Connecticut	Institution of the Film Industry Tax Credits	7/06	-\$37.5
	Repeal of the 15 percent Corporation Tax Credit Surcharge	7/06	-32.2
	Job Creation Tax Credit	7/06	-2.0
	Displaced Worker Tax Credit	7/06	-4.5
	Various pass through credits	7/06	-2.0
Florida	Corporate scholarships credit	7/06	-3.5
	Energy efficient technology	6/06	-5.5
Georgia	Adjustment to income tax liability for partnerships	1/06	-5.0
Indiana	Increased EDGE credits		-5.0
	Utility Services Use Tax		40.0
	Single Factor Apportionment		-2.6
Kentucky	Relief to small businesses: no liability for gross receipts or gross profits under \$3 million, and reduced liability for those between \$3 and \$6 million; established a new limited liability entity tax with a \$175 minimum; and returns to conformity on federal treatment	1/06	-15.0
Massachusetts	Historic Rehabilitation Credit		-28.9
	Motion picture production incentive		-46.6

TABLE A-10 (continued)

## Enacted Revenue Changes by Type of Revenue, Fiscal 2007

State	Tax Change Description	Effective Date	Fiscal 2007 Revenue Changes (\$ in Millions)
<b>CORPORATE INCOME TAXES (continued)</b>			
Michigan	Expanded Brownfield Credit	4/06	-4.5
Minnesota	Conformed to the federal change in the Energy Tax Incentives Act of 2005 for taxpayers engaged in the production and distribution of energy	1/06	-1.9
Nebraska	Tax credit for charitable contributions as planned gift to endowment	1/06	-1.3
New Jersey	Imposed 4 percent surcharge	7/06	94.0
	Increased corporate minimum tax	7/06	25.0
New Mexico	Film Production Tax Credit	1/06	-1.8
New York	Credit Handicapped Taxi Cabs Companies	1/06	-3.0
	First Year Business Employment Test	Immediate	-3.0
	Eliminated S-corp differential rate	1/06	-40.0
	Marginal tax rate for annuity premiums	1/06	-3.0
	Low income housing credit	1/06	-4.0
	Empire State Film Production Credit	1/09	-35.0
Ohio	The corporate franchise tax will be eliminated over five years--except for the special net worth tax paid by financial institutions--phasing it down by 20 percent per year over a five year period, beginning with tax year 2006 and ending with tax year 2010.	7/05	-427.4
	A new commercial activity tax (CAT) will be phased-in over five years, with taxpayers paying 20 percent of the "full-strength" tax in fiscal year 2006, 40 percent in fiscal year 2007, etc. until it is fully phased-in for fiscal year 2010. The CAT is a tax on the gross revenues of all business entities, whatever their form of organization (C-corporation, S-corporation, limited liability corporation, partnership, sole proprietorship). Business entities that have less than \$150,000 in annual gross receipts will pay no tax. Business entities with annual gross revenues greater than or equal to \$150,000, but less than \$1 million, will pay a "minimum tax" of \$150 annually. Business entities with gross receipts above \$1 million annually will pay \$150 plus 0.26 percent of their gross receipts in excess of \$1 million. The tax will be imposed on the gross revenues of the company, based on its books and records, on a quarterly basis. Financial institutions will not be subject to the CAT. They will continue to pay the corporate franchise tax. Revenue from the CAT will be credited to the School District and Local Government.	7/05	506.6
Pennsylvania	Continued phase-out of Capital Stock and Franchise Tax; increased Net Operating Loss cap	1/06	-198.2
Rhode Island	Decreased attributable to tax credit for K-12 scholarship contributions	1/06	-1.0
Tennessee	The Franchise and Excise tax laws were amended in a technical correction bill with several increases and decreases of tax liabilities (Public Chapter 1019).	7/06	23.6
Virginia	Expanded coal tax credit	1/06	-14.5
<b>Total Revenue Changes—Corporate Income Taxes</b>			<b>-\$239.70</b>
<b>CIGARETTE AND TOBACCO TAXES</b>			
Hawaii	The tobacco tax was raised from 7 cents to 9 cents per cigarette.	1/07	\$10.0
New Jersey	Increased cigarette tax rate by 17.5 cents per pack	7/06	30
	Imposed tax on sale, use or distribution of moist snuff	8/06	2
Texas	Cigarette tax increased \$1 per pack from 41 cents per pack to \$1.41 per pack. Increase dedicated to new Property Tax Relief Fund outside general revenue.	1/07	431.7
Vermont	Increase in cigarette tax	7/06	12.9
	Changes to tobacco product tax	7/06	1.3
<b>Total Revenue Changes—Cigarette and Tobacco Taxes</b>			<b>\$487.9</b>



TABLE A-10 (continued)

## Enacted Revenue Changes by Type of Revenue, Fiscal 2007

State	Tax Change Description	Effective Date	Fiscal 2007 Revenue Changes (\$ in Millions)
<b>ALCOHOLIC BEVERAGES</b>			
Idaho	Changed the liquor distribution formula	7/06	\$5.4
<b>Total Revenue Changes—Alcoholic Beverages</b>			<b>\$5.4</b>
<b>MOTOR FUELS TAXES</b>			
Hawaii	The exemption for alcohol fuel will be eliminated on December 31, 2006	1/07	\$32.0
Michigan	Differential rate on certain motor fuel	9/06	-2.5
New York	Alternative Fuel Exemption	9/06	-0.8
	Gas Tax Cap	6/06	-109.0
North Dakota	\$.02 per gallon fuel tax increase	7/06	10.2
Wisconsin	Reduction of petroleum inspection fee and ending indexing of motor fuel tax	1/06	-45.1
<b>Total Revenue Changes—Motor Fuel Taxes</b>			<b>-\$115.2</b>
<b>OTHER TAXES</b>			
Connecticut	Modified the public service tax on Municipal Electric Companies	7/06	-\$2.6
Delaware	Bank Franchise tax- provides an alternate method of calculating Delaware Bank Franchise Tax liability	1/07	-7.0
Florida	Intangible tax repeal	1/07	-130.6
Hawaii	Reduction in the tax on rental motor vehicles.	7/06	-16.0
Kentucky	To improve compliance, the motor vehicle property tax on apportioned motor carriers was converted to an apportioned fee—\$5 million revenues to the General Fund. Collect sales and use tax on non-residents who purchase automobiles in Kentucky whose state does not have reciprocity with Kentucky—\$6 million in Motor Vehicle Usage tax revenues to the Road Fund. Raise the minimum value of the retail price of the sale of a used motor vehicle from \$100 to not less than 50 percent of the NADA trade-in value of the vehicle being purchased or traded—\$9 million in Motor Vehicle Usage tax revenues to the Road Fund.	January, 2007 for Motor Vehicles to non-residents; July, 2006 for others.	20.0
Louisiana	Changed severance due date		-16.4
	Increased severance parish maximum		3.0
	Reduced unclaimed property holding time to 3 years		13.2
Maryland	Decrease of \$8.6 million due to legislation limiting the amount of federal credit used to calculate the Maryland Estate Tax	7/06	-8.6
New Jersey	Decrease of 2 cents in the State Property Tax Rate	7/06	-97.3
	Transitional Energy Facility Assessment extends the current rate by altering the phase-out schedule	7/06	53.5
Nevada	Property tax abatement	7/05	-50.2
New York	Pari-mutual rate and reductions	4/06	-3.8
North Carolina	Mill Rehabilitation Income Tax Credit	7/06	-2.8
	Small Business Health Insurance Credit	1/07	-7.2
Ohio	The enacted budget eliminates the tangible personal property tax (TPP) on most businesses over four years. The tax is phased-out through reductions in the assessment percentages applied to all categories of TPP: manufacturing machinery and equipment, inventory, and all other tangible personal property. The assessment rates were reduced from 25 percent to 18.75 percent in tax year 2007, 6.25 percent in tax year 2008, and 0 percent in tax year 2009.	7/05	-527.2
Pennsylvania	Research and Development Tax Credit Expansion	1/06	-10.0
	Keystone Innovation Zone Tax Credits	1/06	-25.0

TABLE A-10 (continued)

## Enacted Revenue Changes by Type of Revenue, Fiscal 2007

State	Tax Change Description	Effective Date	Fiscal 2007 Revenue Changes (\$ in Millions)
<b>OTHER TAXES (continued)</b>			
Rhode Island	Decreased attributable to tax limitation on other tobacco products to \$0	7/06	-0.2
Utah	Repeal of the gross receipts tax on electrical corporations and decreases the gross receipts tax rate on certain corporations	7/06	-2.6
Washington	Require insurers to pay retail sales and use taxes on purchases of both tangible personal property or services, on the same terms as other taxpayers	3/06	51.6
	For fiscal 2007 only, increases by \$6 million the statewide cap on the public utility tax credit for qualifying contributions and billing discounts made by a utility for the purpose of providing home energy assistance to low-income households	7/06	-6.0
	For fiscal 2007 only, authorizes a public utility tax liability credit for natural gas distribution utilities that invest in high-efficiency equipment and services to reduce gas consumption	7/06	-1.5
West Virginia	Timber Severance Tax rate reduced from 3.22 percent to 1.22 percent	1/07	1.0
<b>Total Revenue Changes—Other Taxes</b>			<b>-\$772.7</b>
<b>FEES</b>			
Indiana	Medicaid Health Facility Quality Assessment		\$18.0
	State Child Support Central Collection Unit		1.1
Maryland	Increase in Office of Health Care Quality fees for nursing homes, assisted living facilities and hospitals	7/06	1.2
Minnesota	Various changes in community support services fees in Dept of Human Services state operated services	various	7.3
	Medical assistance critical access dental rates	10/06	3.5
Missouri	Increased drinking water primacy and boat registration fees	8/06	4.2
New Jersey	Assessment on Real Property imposed fee on transfers of certain commercial properties	7/06	32.0
	Established a one-time supplemental titling fee on new luxury and fuel inefficient passenger automobiles	7/06	17.0
New York	Increase in Banking fines/penalties	4/06	8.0
	Internet point insurance reduction program	4/06	0.7
	Dedication of Driver Responsibility Assessment revenue to DHBTF	4/06	3.6
	ATV registration fee		-2.5
	Health – HCRA compliance	4/06	15.0
	Medicaid – continue nursing home assessments	4/07	--
	Accelerated abandoned property dormancy periods	4/06	150.0
	Tribal State Compact	4/06	4.7
North Dakota	Motor vehicle registration fee increase	7/06	8.6
Oregon	Criminal/Court fee increase	7/05	3.7
Rhode Island	Imposition of \$200 breathalyzer refusal fee	3/06	0.3
	Increased State's Share of emissions testing fee by \$3.00 per test	1/06	0.5
	Increased Newborn testing fee to \$110	7/06	0.7
Texas	Various regulatory agencies were authorized to raise fees as needed to pay for across-the-board salary increases.	9/06	N/A
Vermont	Liquor Control Enforcement	7/06	0.8
	Secretary of State- Office of Professional Regulation	7/06	0.3
	Victims Compensation Fund, Victim Advocates and Victim Services	7/06	0.5
<b>Total Revenue Changes—Fees</b>			<b>\$279.2</b>

SOURCE: National Association of State Budget Officers.

TABLE A-11

## Enacted Revenue Measures, Fiscal 2007

<i>State</i>	<i>Description</i>	<i>Effective Date</i>	<i>Fiscal 2007 Enacted Changes (Millions)</i>
Alabama	Sales Tax Holiday	8/06	-\$3.5
	Increased personal and dependent exemptions, raised optional standard deduction to increase threshold of paying individual income tax	4/06	-36.0
Arizona	Increased threshold requirement for TPT June estimated payment	7/06	-55.2
California	Sales tax audit programs	7/06	11.0
Colorado	A vote of the people in November 2005 temporarily suspended Colorado's constitutional revenue cap (TABOR limit) for a period of 5 years to allow the state to recover from the 2002 recession. The Colorado Tax Payer's Bill of Rights (TABOR) is a constitutional amendment passed in 1992 which limits the amount of revenue the State can keep in any particular year. Revenue received in excess of the TABOR limit must be refunded to the taxpayers. The TABOR limit allows retained revenue to grow by population growth plus inflation, but does not allow for recovery when revenues fall as they did in fiscal 2001-02. The referendum allows Colorado to retain all revenue received from fiscal 2005-06 through fiscal 2009-10, and resets the fiscal 2010-11 TABOR limit at the highest total revenue received in any one fiscal year during the time that the cap is suspended.	7/05	N/A
Florida	Redirected \$30 million from trust back to GR	7/06	30.0
Georgia	Elimination of estimated sales tax prepayment for dealers paying less than \$5,000 per month	6/06	-7.5
Idaho	Increased the circuit breaker property tax relief program	7/06	-4.1
	Exemption of certain pollution control equipment from sales tax	7/06	-2.5
	Changed the liquor distribution formula	7/06	5.4
Indiana	Collection of delinquent taxes		2.7
Minnesota	Sales-June sales tax acceleration percentage reduced from 85 to 78 percent	6/07	-19.5
	Cigarettes/Tobacco-June sales tax acceleration percentage reduced from 85 to 78 percent	6/07	-1.3
New Jersey	Enhanced Debt, Audit and Enforcement- Enhancement of enforcement collections	7/06	50.5
	Urban Enterprise Zone Reform reformats the process for sales tax exemptions by qualified businesses	7/06	46.0
New Mexico	Enhanced Tax Audit, Tax Collection Services	7/06	8.2
Oregon	Audit/Compliance increase	7/05	1.6
	Federal reconnect	7/05	6.8
Rhode Island	Sales and Use Tax temporary amnesty (7/15/06-9/30/06) on overdue tax payments	1/06	2.4
	Streamlined sales tax implementation	7/06	4.8
	Personal Income Tax temporary amnesty (7/15/06-9/30/06) on overdue tax payments	7/06	4.8
	Property Tax Circuit Breaker treated as Personal Income Tax refund rather than expenditure	7/06	-8.7
	Corporate Income Tax temporary amnesty (7/15/06-9/30/06) on overdue tax payments	7/06	1.9
	Increase interest rate on overdue taxes and decrease interest rate on overpaid taxes	10/06	5.7
	Collect Attorney General receivables from insurance companies reimbursements for Advocacy Unit	6/06	2.4
	Temporary amnesty on overdue tax payments for Motor Carrier Fuel Use Tax, Gas Tax Transfer, and Inheritance & Gift Tax	7/06	0.2
	Reinstitute Hospital Licensing Fee	7/06	71.6
	Delay Disproportionate Share payment to fiscal 2008	7/06	-12.9
	Incent Judiciary to collect and post fines and penalties receivables	7/06	7.8
	Transfer retained earnings from Resource Recovery Corporation	7/06	3.3

TABLE A-11 (continued)

## Enacted Revenue Measures, Fiscal 2007

<i>State</i>	<i>Description</i>	<i>Effective Date</i>	<i>Fiscal 2007 Enacted Changes (Millions)</i>
Rhode Island (cont'd)	AIG Overdue Taxes transfer	7/06	2.0
	Dredging fees for new disposal and transfer of the Army Corps of Engineer's escrow account	7/06	1.6
	Indirect cost recoveries from Underground Storage Tank merger	7/06	0.4
	Apply overdue tax payments to outstanding interest first	10/06	0.1
	Additional private energy grants	7/06	0.8
	Transfer from Attorney General Education Escrow account	7/06	0.2
South Carolina	Sales tax holiday after Thanksgiving	11/06	-14.4
Texas	Closed a motor vehicle sales tax loophole by establishing a standard presumptive value for determining the proper amount of sales tax due on private-party used car transactions. Revenue increase dedicated to new Property Tax Relief Fund outside general revenue.	10/06	30.6
	Extended existing Telecommunications Infrastructure Fund assessment until 2011 (\$200 million gain); temporarily transferred certain driver-related fee revenue from the Texas Mobility Fund to general revenue (\$101.6 million gain); implemented a "Model Fines" program to increase collections of court costs and fees (\$27.7 million gain).	9/06	329.3
Washington	Moves the due date for excise taxes from the 20th of the month to the 25th of the month, and eliminates an assessment penalty	6/06	2.8
	Moves the due date for excise taxes from the 20th of the month to the 25th of the month, and eliminates an assessment penalty	7/06	-18.3
Wisconsin	Withholding of pass-through income for non-resident members of LLC and LLP; disclosure of information to the DOR, internet posting of tax delinquencies	7/05	7.3
<b>Total</b>			<b>\$458.3</b>

SOURCE: National Association of State Budget Officers.

TABLE A-12

## Total Balances and Balances as a Percentage of Expenditures, Fiscal 2005 to Fiscal 2007\*

Region/State	Total Balance (\$ in Millions)**			Balances as a Percent of Expenditures		
	Fiscal 2005	Fiscal 2006	Fiscal 2007	Fiscal 2005	Fiscal 2006	Fiscal 2007
<b>NEW ENGLAND</b>						
Connecticut	\$ 666	\$ 1,112	\$ 1,273	4.9%	7.6%	8.6%
Maine	81	94	110	2.9	3.3	3.8
Massachusetts	2,487	3,208	2,160	10.5	12.5	7.7
New Hampshire	99	95	81	7.5	7.1	5.9
Rhode Island	130	119	99	4.4	3.8	3.1
Vermont	46	52	55	4.4	4.6	4.8
<b>MID-ATLANTIC</b>						
Delaware	701	691	403	24.8	21.7	11.3
Maryland	1,696	2,120	1,579	15.1	17.2	11.2
New Jersey	778	1,455	1,260	2.8	5.4	4.2
New York	2,546	3,257	3,274	5.8	7.0	6.4
Pennsylvania	694	1,026	517	3.0	4.2	2.0
<b>GREAT LAKES</b>						
Illinois	773	866	870	3.5	3.6	3.4
Indiana	435	739	763	3.7	6.1	6.1
Michigan	222	112	2	2.6	1.2	0.0
Ohio	713	1,643	1,276	2.9	6.6	4.9
Wisconsin	4	49	70	0.0	0.4	0.5
<b>PLAINS</b>						
Iowa	392	541	693	8.5	10.8	13.1
Kansas	479	734	487	10.2	14.3	8.8
Minnesota	2,733	1,996	2,207	18.8	12.6	14.0
Missouri	532	941	641	7.5	13.2	8.2
Nebraska	581	840	703	21.3	28.8	22.1
North Dakota	169	297	251	18.7	30.7	24.5
South Dakota	134	137	137	13.6	13.0	12.8
<b>SOUTHEAST</b>						
Alabama	821	1,325	1,344	13.6	19.0	17.5
Arkansas	0	0	0	0.0	0.0	0.0
Florida	4,559	4,640	3,141	18.7	17.1	10.7
Georgia	1,228	1,863	2,767	7.5	10.4	14.8
Kentucky	498	800	666	6.5	9.5	7.6
Louisiana	714	1,509	684	10.0	19.5	9.3
Mississippi	72	19	207	2.0	0.5	4.7
North Carolina	791	1,378	629	5.0	8.1	3.3
South Carolina	533	988	325	10.5	17.5	4.8
Tennessee	738	636	498	8.1	6.4	4.8
Virginia	1,668	2,683	1,622	12.0	17.6	9.2
West Virginia	440	593	302	12.9	16.7	7.7
<b>SOUTHWEST</b>						
Arizona	800	1,565	964	10.6	17.5	9.6
New Mexico	688	781	1,132	14.6	14.4	21.7
Oklahoma	471	629	296	9.5	11.4	4.9
Texas	3,746	7,952	7,006	12.6	24.6	22.0
<b>ROCKY MOUNTAIN</b>						
Colorado	336	689	267	5.5	9.7	3.6
Idaho	230	411	316	10.9	18.5	13.5
Montana	297	406	345	21.8	25.7	20.8
Utah	252	715	328	6.3	16.9	6.6
Wyoming	451	902	541	34.7	72.6	37.4
<b>FAR WEST</b>						
Alaska	2,283	2,396	2,597	74.7	73.8	62.5
California	9,634	9,530	2,151	12.1	10.3	2.1
Hawaii	541	786	544	12.9	16.8	10.0
Nevada	316	461	598	10.2	15.8	17.9
Oregon	309	527	1,272	6.9	8.7	22.9
Washington	870	702	1,094	7.1	5.2	8.0
<b>Total</b>	<b>\$46,629</b>	<b>\$59,056</b>	<b>\$43,537</b>	<b>8.4%</b>	<b>9.8%</b>	<b>6.8%</b>

NOTES: \*Fiscal 2005 are actual figures, fiscal 2006 are preliminary actual figures, and fiscal 2007 are appropriated figures.

\*\*Total balances include both the ending balance and balances in budget stabilization funds.

SOURCE: National Association of State Budget Officers.



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