The Fiscal Survey of States

June 2007

National Governors Association
National Association of State Budget Officers

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Preface

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 general 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 January through May 2007. The surveys were completed by Governors' state budget officers in the 50 states.

Fiscal 2006 data represent actual figures, fiscal 2007 figures are estimated, and fiscal 2008 data reflect recommended 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 associate Jordan Head compiled the data and prepared the text for this report. Nelle Sandridge of State Services Organization provided typesetting services.

Executive Summary

Fiscal 2007 has been a year of stable financial conditions for the states. While most states expect a steady fiscal 2008 with reasonable revenue growth, a handful of states are already seeing some slowing of their revenue. Additionally, governors' fiscal 2008 recommended budgets include lower ending balances and slower expenditure growth. Overall, state finance officers are concerned about the future due to anticipated trends toward at least somewhat slower growth, as well as continued expenditure pressures in areas such as health care (primarily Medicaid), education, corrections, employee pension systems, and infrastructure.

This edition of *The Fiscal Survey of States* reflects actual fiscal 2006, estimated fiscal 2007, and recommended fiscal 2008 figures. Data were collected during spring 2007 from all 50 states and show stable fiscal conditions in most states. For consistency, the data in this report represent the original budget recommendations governors submitted to state legislatures, although some governors made modifications later.

State Spending

In fiscal 2007, state general fund spending was strong, growing by 8.6 percent—about two percentage points above the 29-year historical state spending average of 6.5 percent. State expenditures are anticipated to drop to 4.2 percent based on the governors' recommended fiscal 2008 budgets. Expenditures include one-time spending from surplus funds, transfers into budget stabilization funds and other reserve funds, and payments to local governments to reduce property taxes.

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

- Fiscal conditions have been strong and stable. Not only has spending been above historical averages, but very few states have had to cut budgets. Only three states were forced to reduce their enacted budgets by an aggregate $170 million in fiscal 2007. A fourth state had an assumed lapse of $400 million in fiscal 2007, although no cuts were made to the enacted budget. By comparison, 37 states were forced to make reductions to enacted budgets in both fiscal 2002 and fiscal 2003, totaling $12.6 and $11.7 billion, respectively.

- As the dominant force in state spending, Medicaid continues to constrict state budgets as it has for many years. Medicaid currently represents 22 percent of total state spending. Additionally, over the past year health insurance issues have become increasingly significant at the state level. Thirty-four governors introduced plans to reduce the number of uninsured residents in their states in fiscal 2008. These proposals rely on a variety of vehicles, including expansion of the State Children's Health Insurance Program (SCHIP), traditional Medicaid expansion, using flexibilities offered under the Deficit Reduction Act (DRA), waivers, and various state programs. Proposed fiscal 2008 funding for these programs totals nearly $18.4 billion.

- A handful of states are experiencing tight fiscal conditions. In fiscal 2007, five states reported having negative expenditure growth and 6 states reported negative growth in the governors' recommended budgets for fiscal 2008. By comparison, 21 states enacted negative growth budgets in fiscal 2003.

State Revenue Actions

Many states have proposed significant tax and fee changes for fiscal 2008. Forty-one states are proposing changes to their tax systems totaling a net increase of $4.5 billion. The majority of this can be attributed to net tax increase proposals in just two states—Illinois ($2,836 million) and Michigan ($2,789 million). Eighteen states are proposing net increases while 23 states are proposing net decreases. Governors proposed a net decrease of $3,018 million in personal income taxes. There is also a recommended $1,771 million increase in other taxes and a $1,221 million increase in cigarette and tobacco taxes.

Sales, Personal Income, and Corporate Income Tax Collections

State revenue growth remained strong in fiscal 2007. Revenue in most states met or exceeded expectations.

- In fiscal 2007, total revenue exceeded original budget projections in 27 states. Revenues were on target in fourteen states and below budget projections in nine states. This is in contrast to fiscal 2006, when all states either met or exceeded their revenue projections.
- Revenue collections from personal income, corporate income, and sales taxes in fiscal 2007 were 2.4 percent higher than original estimates. Specifically, corporate income taxes were 10.9 percent higher, personal income taxes were 2.4 percent higher, and sales taxes were 0.6 percent above original estimates.
- Revenues in governors' recommended budgets are projected to be 3.3 percent higher than estimated fiscal 2007 collections.

Year-End Balances

Total year-end balances—ending balances and the amounts in budget stabilization funds—are critical in balancing revenues with expenditure demands during depressed fiscal times. The current trend shows healthy balances at this time. However, the report shows an expected modest decline in total balances for fiscal 2008. Total balances were $62.1 billion or 10.9 percent of expenditures in fiscal 2006; $50.4 billion or 8.2 percent of expenditures in 2007; and are projected to decline to $38.7 billion or 6.0 percent of expenditures in fiscal 2008.

State Expenditure Developments

CHAPTER ONE

Budget Management in Fiscal 2007

Most states continue to experience stable financial conditions in fiscal 2007. This has been due in large part to continued revenue growth that has exceeded budgeted expectations. As a result, many states have been able to absorb persistent and mounting spending pressures in areas such as health care, infrastructure, education, employee pension systems, and employee benefits. While this is positive, states realize that meeting increasing expenditure expectations with limited revenues will likely be problematic in the future, and are preparing for a trend toward slower growth in fiscal 2008. A number of states are also concerned about structural deficits over the long term.

Although most states continue to experience stable fiscal conditions, a handful of states have not been so fortunate. Three states were forced to make mid-year budget cuts totaling approximately $170 million in fiscal 2007. By comparison, a record 37 states cut their enacted budgets by nearly $13 billion in fiscal 2002—the highest dollar amount recorded during the most recent fiscal downturn. In fiscal 2006, two states were forced to make mid-year budget cuts totaling $521.2 million.

To stabilize their budgets—especially during distressed fiscal times—states typically make across-the-board and targeted cuts. In fiscal 2007, only one state was forced to make across-the-board budget cuts and one state made targeted cuts. Aside from making cuts and charging fees, states use a variety of strategies to reduce or eliminate budget gaps. During fiscal 2007 two states charged fees; one state resorted to layoffs; one state used furloughs; one state used rainy day funds; and five took other measures to eliminate or reduce their budget gaps. Other strategies include fund shifts, transfers, transferring payments, debt restructuring, hiring freezes and the closing of tax loopholes (see Appendix Table A-5).

TABLE 1

Budget Cuts Made After the Fiscal 2007 Budget Passed

State	*Size of Cuts ($ in Millions)*	*Programs or Expenditures Exempted from Cuts*
Michigan*	$131	—
New Jersey*	—	Appropriations to institutions, Debt Service, State Aid.
Rhode Island	28	—
Wisconsin	11	State agency administrative operations are included. All other programs are exempt, including small agency and transportation operations.
Total	**$170**	—

NOTE: *See Notes to Table 1

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE 1

Michigan	Additional budget cuts are pending agreement between the Governor and Legislature.
New Jersey	While there were no cuts to the enacted budget in fiscal 2007, there is an assumed lapse of $400 million.

State Spending for Fiscal 2007 and Fiscal 2008

This report captures only state general fund spending, which represents the major component of discretionary spending of revenues derived from general sources not earmarked for specific items. According to the most recent edition of NASBO's State Expenditure Report, estimated fiscal 2006 state spending from all sources is over $1.3 trillion, with the general fund representing 43.7 percent of the total, or $585 billion. The components of total state spending 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, 7.0 percent; public assistance, 2.1 percent; transportation, 0.8 percent; and all other expenditures, 25.5 percent.

Estimated state general fund expenditures in fiscal 2007 totaled approximately $616 billion, an increase of 8.6 percent from the previous year. The 29-year historical average rate of growth is 6.5 percent. Among factors contributing to the higher-than-average expenditure growth rate are spending pressures from programs that were cut during the recent fiscal downturn, and general program expenditure increases (especially for health care). In fiscal 2008, governors' budget proposals reflect a slower expected expenditure growth rate of 4.2 percent, and expenditures are expected to total $642 billion. (see Table 2, Figure 1, and Appendix Tables A-2. A-3, and A-4).)

TABLE 2

State Nominal and Real Annual Budget Increases, Fiscal 1979 to Fiscal 2008

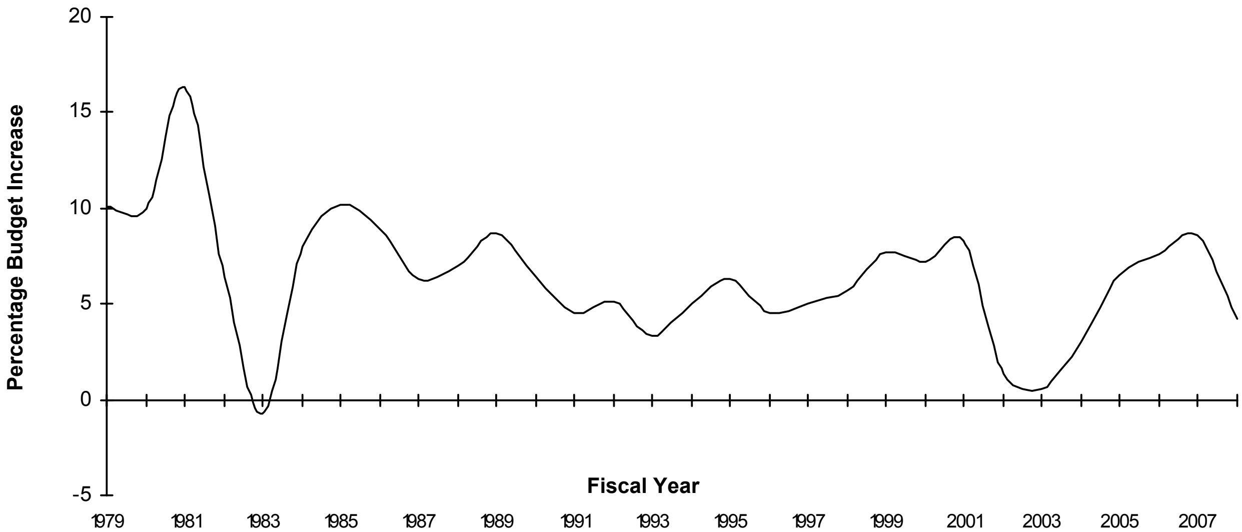
	State General Fund	
	Nominal Increase	*Real Increase*
2008*	4.2%	1.0%
2007*	8.6	5.3
2006	8.7	5.4
2005	6.5	3.1
2004	3.0	-0.4
2003	0.6	-3.1
2002	1.3	-1.4
2001	8.3	4.0
2000	7.2	4.0
1999	7.7	5.2
1998	5.7	3.9
1997	5.0	2.3
1996	4.5	1.6
1995	6.3	3.2
1994	5.0	2.3
1993	3.3	0.6
1992	5.1	1.9
1991	4.5	0.7
1990	6.4	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
1979-2008 average	**6.5%**	**2.1%**

NOTES: *The state and local government implicit price deflator, table 1.1.9 (Implicit Price Deflators for Gross Domestic Product) as cited by the Bureau of Economic Analysis in April 2007, is used for state expenditures in determining real changes. Fiscal 2007 figures are based on the change from fiscal 2006 actuals to estimated fiscal 2007. Fiscal 2008 figures are based on the change from estimated fiscal 2007 to recommended fiscal 2008.

SOURCE: National Association of State Budget Officers.

FIGURE 1

Annual Percentage Budget Increases, Fiscal 1979 to Fiscal 2008



SOURCE: National Association of State Budget Officers.

While the fiscal situation in most states is stable, a few are experiencing tight fiscal constraints. In fiscal 2007, five states experienced negative expenditure growth, and governors' recommended fiscal 2008 budgets reflect negative growth in 6 states. Furthermore, 12 states have experienced expenditure growth of less than 5 percent in fiscal 2007 and 18 states expect the same in 2008. Since fiscal 2003, however, overall state fiscal conditions have improved greatly. In fiscal 2003, 21 states reported negative expenditure growth, the highest number of states to report a negative nominal percentage expenditure change since the first edition of this report (see Table 3 and Appendix Table A-4). In contrast, in fiscal 2007 sixteen states experienced growth of 10 percent or more, while 8 states are expected to experience growth of 10 percent or more in fiscal 2008.

TABLE 3

Annual State General Fund Expenditure Increases, Fiscal 2007 and Fiscal 2008

	Number of States	
Spending Growth	*Fiscal 2007 (Estimated)*	*Fiscal 2008 (Recommended)*
Negative growth	5	6
0.0% to 4.9%	12	18
5.0% to 9.9%	17	17
10% or more	16	8

NOTE: Average spending growth for fiscal 2007 (estimated) is 8.6 percent; average spending growth for fiscal 2008 (recommended) is 4.2 percent. Fiscal 2008 data were unavailable for Texas.

SOURCE: National Association of State Budget Officers.

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 cash assistance. This report has information only on the changes in the cash assistance benefit levels within the program which represents approximately 42 percent of total program costs. For governors' recommended budgets for fiscal 2008, 44 states maintain the same cash assistance benefit levels that were in effect in fiscal 2007. Six states propose increases in cash assistance benefit levels, ranging from 1.6 percent to 13.5 percent (see Table 4 and Notes to Table 4).

TABLE 4

Proposed Cost-of-Living Changes for Cash Assistance Benefit Levels Under the Temporary Assistance For Needy Families Block Grant, Fiscal 2008

State	*Percent Change*
Florida	7.0%
Maryland	13.5
Montana	6.7
Nebraska*	—
Oregon	1.6
South Dakota	3.0
Texas	2.0

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 2008. Nebraska is planning to increase the maximum "standard of need" for TANF cash assistance from $643 to $675 per month (family of three). This increase is based on a 3.4 percent CPI increase in Calendar Year 2005 and 2.5 percent CPI increase in Calendar Year 2006.

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 62 million low-income individuals. Medicaid spending is approximately 22 percent of total state spending while all health care accounts for about 32 percent of total state spending and is the single largest portion of total state spending. Most state plans to reduce the uninsured use Medicaid as a building block for additional coverage and financing.

Medicaid Growth Rates. While Medicaid spending rates have moderated somewhat, Medicaid continues to be a major budget issue for states. Medicaid spending is estimated to increase by 5.8 percent in governors' recommended budgets for fiscal 2008, with state funds increasing by 7.0 percent and federal funds increasing by 4.9 percent (see Table 5). In fiscal 2007, total Medicaid spending is estimated to increase by 6.6 percent, with state funds increasing by 8.0 percent and federal funds by 6.1 percent. Since Medicaid makes up such a major portion of state budgets, these large growth rates have a major impact on states.

In fiscal 2006, the Medicaid spending growth rate of 2.5 percent was significantly lower than previous years due partly to the Medicare Part D legislation. A major factor affecting Medicaid growth rates in fiscal 2006 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 were 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 represents 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 to help moderate spending increases. 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 expenditures are estimated to increase approximately 6.9 percent annually on average, according to the Centers for Medicare and Medicaid Services and will continue to rise as a percentage of the nation's gross domestic product.

Governors' Proposals for Health Care Expansion. One of the paramount health care issues states have been grappling with is the number of individuals lacking health insurance. To address this concern, about two-thirds of governors included plans to expand health care coverage in proposed fiscal 2008 budgets, as shown in Table 6-A. Key characteristics of governors' proposed health expansions, including number of individuals covered; target of coverage; methods to be used in the expansion, such as Medicaid and/or SCHIP; funding sources; and whether proposals include such provisions as employer and/or individual mandates and personal responsibility elements are detailed in Tables 6-A and 6-B. Governors' proposals vary widely from proposals to cover all of the uninsured in the state to targeted expansions for specific groups such as uninsured children.

The approximate number of additional people that would be covered under governors' proposals ranges from 268 to 4.8 million. The number of additional individuals that would be covered is highly dependent on the scope of the proposal, the population of the state, and the percentage of the state's population that is uninsured. While the national uninsured rate is about 16 percent, individual state percentages range from about 9 percent to 25 percent of the state's population.

TABLE 5
Annual Percentage Medicaid Growth Rate

	Fiscal 2006 (Actual)			Fiscal 2007 (Estimated)			Fiscal 2008 (Recommended)		
Region and State	*State Funds*	*Federal Funds*	*Total Funds*	*State Funds*	*Federal Funds*	*Total Funds*	*State Funds*	*Federal Funds*	*Total Funds*
NEW ENGLAND									
Connecticut*	7.5%	5.4%	NA	3.2%	2.8%	NA	6.4%	4.1%	NA
Maine	13.3	3.3	6.8	-1.4	5.2	2.7	2.7	4.5	3.8
Massachusetts	7.8	7.8	7.8	8.1	8.1	8.1	4.6	4.6	4.6
New Hampshire	-9.2	-8.9	-9.1	8.6	8.6	8.6	5.1	5.1	5.1
Rhode Island*	1.7	-1.9	-0.3	10.6	2.0	4.9	8.1	-1.1	3.3
Vermont	15.5	7.9	10.9	13.9	14.6	14.3	5.5	10.1	8.2
MID-ATLANTIC									
Delaware	7.2	6.5	6.9	8.4	7.2	7.8	9.9	9.9	9.9
Maryland	3.0	3.0	3.0	3.8	4.0	3.9	6.5	6.2	6.4
New Jersey	4.5	2.2	3.3	8.3	7.3	7.8	5.6	0.2	2.9
New York	18.2	-5.0	0.6	7.1	4.2	5.8	1.0	2.5	2.0
Pennsylvania	8.0	-0.1	3.5	1.8	3.3	2.6	0.6	3.3	2.1
GREAT LAKES									
Illinois	8.6	2.5	5.5	19.9	19.2	19.5	0.8	-7.3	-3.2
Indiana	0.5	10.5	6.8	6.1	-2.2	0.7	5.0	7.4	6.6
Michigan*	9.0	-4.1	1.2	6.0	6.1	9.9	1.7	7.1	4.8
Ohio	4.4	2.1	3.1	8.6	-1.8	1.4	-2.9	9.9	2.6
Wisconsin	-1.0	-0.1	-0.5	5.8	2.1	3.6	9.2	9.3	9.3
PLAINS									
Iowa	17.8	7.5	10.4	4.6	1.3	1.3	6.9	-0.5	3.4
Kansas	7.3	3.1	4.7	9.5	-5.0	-0.3	9.2	9.5	9.4
Minnesota	4.4	5.2	4.7	5.3	7.7	6.5	9.9	10.0	9.9
Missouri	-2.9	-0.1	-1.2	5.3	1.8	3.1	2.3	7.2	5.3
Nebraska	7.4	-2.2	1.2	12.2	15.7	14.4	2.5	-7.8	-4.0
North Dakota	0.6	-5.1	-3.3	2.5	0.9	1.4	15.4	5.9	9.1
South Dakota	2.5	1.8	2.0	10.4	7.5	8.4	10.0	-0.1	3.3
SOUTHEAST									
Alabama	4.0	3.0	3.3	-1.8	7.5	4.8	22.2	-10.8	-1.7
Arkansas	6.2	3.7	4.3	10.4	6.6	7.6	13.0	10.3	11.0
Florida*	2.2	-1.6	-0.6	7.5	3.4	5.1	12.1	4.1	7.5
Georgia*	4.8	9.1	7.5	3.4	8.2	6.2	16.3	22.0	19.8
Kentucky	6.8	5.4	5.8	-0.2	-3.2	-2.3	3.2	3.6	3.5
Louisiana	-17.0	-2.9	-6.4	35.7	14.2	18.9	11.7	1.4	4.0
Mississippi	-7.0	-7.0	-7.0	1.5	1.5	0.0	0.0	1.4	1.0
North Carolina*	14.8	4.3	5.1	5.0	3.5	3.8	9.7	8.4	8.5
South Carolina	5.1	-10.7	-10.1	5.6	25.6	25.8	-6.3	0.3	-0.1
Tennessee	-18.9	-14.2	-19.3	28.8	1.5	8.1	1.4	1.4	1.4
Virginia	8.0	9.3	8.6	8.4	2.6	5.5	7.8	8.0	7.9
West Virginia	8.7	-1.2	1.3	8.8	1.9	4.8	4.0	9.4	7.9
SOUTHWEST									
Arizona	15.1	11.9	12.9	14.2	8.0	9.6	7.7	9.0	8.7
New Mexico	15.8	2.0	4.9	11.1	9.3	9.7	8.9	6.3	7.0
Oklahoma	24.8	6.9	12.8	5.1	16.0	12.0	10.9	8.5	9.3
Texas	-1.6	1.0	-0.1	6.1	6.8	6.5	NA	NA	NA
ROCKY MOUNTAIN									
Colorado*	2.0	4.3	3.1	4.9	5.1	5.0	7.3	7.7	7.5
Idaho	7.3	3.6	4.1	8.2	2.2	3.7	8.0	7.3	7.7
Montana	10.0	5.0	6.0	12.0	1.0	4.0	10.0	7.0	8.0
Utah	19.1	6.6	8.7	5.3	2.0	3.1	3.4	4.0	3.8
Wyoming	1.0	1.0	1.0	5.0	5.0	5.0	6.0	6.0	6.0
FAR WEST									
Alaska	16.4	-2.6	3.7	4.5	20.9	14.8	12.1	-7.6	-0.9
California*	-1.3	-5.0	-3.4	4.8	21.1	13.8	6.9	4.4	5.4
Hawaii	7.6	10.2	9.1	10.6	1.0	4.9	6.0	2.4	3.9
Nevada	0.2	0.1	0.0	18.6	9.7	NA	3.4	-1.4	NA
Oregon	-1.9	-1.3	-1.5	1.5	-0.8	0.1	29.6	26.0	27.4
Washington	1.8	2.3	1.2	-0.5	-1.0	0.0	2.1	2.3	1.9
Average**	**5.3%**	**1.6%**	**2.5%**	**8.0%**	**6.1%**	**6.6%**	**7.0%**	**4.9%**	**5.8%**

NOTES: NA indicates data not available *See Notes to Table 5. ** Average percent changes are not weighted averages as are other percentage changes in this report. **SOURCE:** National Association of State Budget Officers.

NOTES TO TABLE 5

California	These numbers include local assistance costs from State General Fund and Federal Fund sources. They include benefits, county administrative costs and administrative vendor costs (fiscal intermediary costs), but not state operational costs.
Colorado	Medicaid Spending includes the administrative costs, Medical Services Premiums (the actual cost of providing medical services to clients), Medicaid mental health services, and Medicaid services provided by the Department of Human Services; State Funds include General Fund, cash funds, and cash funds exempt (tobacco settlement funds, tobacco tax funds matched for Medicaid purposes, General Funds transferred from other state agencies, etc.); Fiscal 2006-2007 figures are equal to the appropriation and fiscal 2007-2008 figures represent the Governor's budget request.
Connecticut	Connecticut "gross appropriates" Medicaid funding. State funds represent total state expenditures on Medicaid. Federal funds represent federal reimbursement (FFP) for state expenditures.
Florida	This rate is calculated by subtracting the current year expenditures from prior year expenditures then dividing by the prior year expenditures. This growth rate is broken out by State Funds, Federal Funds and Total Funds.
Georgia	State Funds include state General Funds, tobacco funds, and other funds such as Intergovernmental Transfers and Prior Year Reserves. Fiscal 2008 increases are primarily due to loss of one-time upper payment limits funds, change in Federal Financial Participation Rate, Medicaid growth, and provider fees for Care Management Organizations and nursing homes. Without these items the Medicaid growth rate would be 5.2 percent in state funds and 5.5 percent in federal funds.
Michigan	The decline in federal funds in fiscal 2006 is due to the implementation of Medicare Part D and a less favorable FMAP rate than in the prior year.
North Carolina	State Funds only includes state appropriation, other receipts (including county share of Medicaid) are used to offset the non-federal share of Medicaid.
Rhode Island	Figures represented do not include SCHIP or Part D match.

In 22 of the states, the target group for expansion is children. This mirrors discussion at the federal level regarding plans to expand the State Children's Health Insurance Program (SCHIP) when it is reauthorized in fiscal 2008. In addition to seeking greater coverage for children, governors' proposals also include childless adults, parents, and the aged and disabled, as shown in Table 6-A. For example, 11 states seek to expand coverage for childless adults. In 7 states, health care expansions are intended to cover all of the uninsured. Expansion often includes an increase in the income allowed to meet eligibility requirements of the program typically defined as a percentage of the federal poverty level.

The methods that states are planning to use for proposed health care expansions include Medicaid, SCHIP, Medicaid waivers, state programs, flexibilities under the Deficit Reduction Act (DRA), and market-based approaches. In many cases, states plan on using a combination of funding sources and may also include employer and individual contributions, tobacco funding, and provider taxes and fees (see Table 6-B).

Features of the expansions include employer mandates in 5 states; individual mandates in 5 states; personal responsibility requirements in 12 states such as requiring healthy behaviors and health screenings; flexibilities under the DRA in 7 states to allow changes in benefit packages and cost-sharing; market based components in 12 states such as the use of Health Savings Accounts or purchasing pools; and capping enrollment in 7 states to provide greater certainty in funding.

Total funding for the health care expansion proposals in governors' proposed fiscal 2008 budgets is $18.4 billion as shown in Table 6-B. Most states are assuming that Medicaid and SCHIP would provide funding for expansions with about half of the $18.4 billion of additional funds coming from state and federal Medicaid and SCHIP dollars, with the majority in the form of federal funds. Other funding sources assumed for health care expansions are provider taxes or fees, tobacco taxes, state general funds, local government, redirecting dollars used in charity care, and contributions from participants and employers.

TABLE 6-A

Covering the Uninsured: Recommended Fiscal 2008 Budget Proposals to Reduce the Number of Uninsured State Residents

Region and State	*Approximate Number of People Covered Under Proposal*	*Target Population*	*Main Vehicle for Proposal*	*Individual Mandate*	*Employer Mandate*	*Market-Based Components***	*DRA Flexibility*	*Personal Responsibility****	*Enrollment Caps*
NEW ENGLAND									
Connecticut*	40,150	Children; Childless Adults	SCHIP; State Program; State Funds; Possibly DRA or Waiver; Combination				possibly	X	
Massachusetts*	196,000	All uninsured	Waiver; SCHIP; State Program; Combination	X	X	X		X	X
New Hampshire	2,000	Children	Medicaid; SCHIP						
Vermont*	12,745	All uninsured	Combination		X			X	
MID-ATLANTIC									
Delaware*	To be determined based on specific program design	Children; Parents; Childless adults	State program						
Maryland*	3,010	Children	SCHIP		X				
New Jersey	37,718	Children; Parents	Medicaid; SCHIP; Combination						
New York	1.3 million	All uninsured	Combination						
Pennsylvania*	171,937	Children; Parents; Childless adults	Combination		X				
GREAT LAKES									
Illinois*	550,000	All uninsured	State Program			X			
Indiana*	200,000	Parents; Childless Adults	Waiver; State Program (Tobacco Funding)	X		X			
Michigan	up to 550,000	Parents; Childless Adults	Title XIX; SCHIP					X	
Ohio	52,800	Children; Parents; Aged/Disabled	Medicaid; SCHIP State Program						
Wisconsin*	185,500	Children; Parents; Childless Adults; Aged/Disabled	Medicaid; Waiver; DRA; SCHIP				X	X	
PLAINS									
Iowa*	17,200	Children; Parents	Medicaid; SCHIP						
Kansas	2,000	Children	Medicaid; SCHIP; State Program				X		
Minnesota*	16,200	Children; Parents	Waiver; Other		X	X		X	
Missouri*	118,000*	Parents; Childless Adults	Waiver; DRA			X	X	X	
SOUTHEAST									
Arkansas*	12,800	Adults 19-64	Waiver	X					X
Kentucky	18,000-20,000	Children; Parents; Childless Adults	State Program			X		X	X
Louisiana*	35,516	Children; Aged/Disabled	Medicaid; Possibly SCHIP						
North Carolina*	11,800	Children; Aged/Disabled	Waiver; DRA				X		X
South Carolina*									
Tennessee*	100,000+	Children; Working poor adults; Uninsurable adults	SCHIP (CoverKids); State Programs (Access TN, Cover Rx); Other (CoverTN)			X		X	X
SOUTHWEST									
Arizona	28,900	Children	Medicaid; SCHIP						
New Mexico	34,500	Parents; Childless Adults	Medicaid; Waiver; SCHIP			X		X	
Oklahoma	42,159	Children	SCHIP						
Texas	500,000	All uninsured	Medicaid; DRA			X	X	X	
ROCKY MOUNTAIN									
Montana*	6,537	Children, Parents, Childless adults	HIFA 1115 Waiver	X		X			X
Utah	18,000	Children	SCHIP						
FAR WEST									
California*	4.8 million	all uninsured; 750,000 children	Medicaid; SCHIP; State Program	X		X	X	X	
Hawaii*	21,000	Children; Childless adults	Waiver; SCHIP						X
Nevada*	268	Aged/disabled	Medicaid						
Oregon*	25,000	All uninsured	Medicaid; Waiver; Combo-Medicaid/SCHIP			X	X		
Washington*	12,300	children	Medicaid;SCHIP;State Program						

NOTES: *See Notes to Table 6-A. **i.e., Health Savings Accounts. ***i.e., Benefits rewards programs for healthy or preventative behavior. Please note that these proposals were included in Governors' recommended Fiscal 2008 budgets.

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE 6-A

Arkansas	The proposal calls for use of a HIFA Waiver (ARHealthNet). There is no individual mandate, but Individuals must be at 200 percent or below the FPL and have no insurance coverage to participate. Employers must not have offered group coverage within the last 12 months and 100 percent employee participation is required.
California	While not included in the actual Governor's Budget, the Administration is pursuing significant reforms to reduce the number of uninsured by expanding Medicaid and SCHIP, mandating individual coverage, and establishing a state purchasing pool. The Governor's proposal would cover approximately 4.1 million adults by various means, including 650,000 through Medicaid, 600,000 through employer-based coverage, 1.0 million through a purchasing pool, 900,000 through individual mandated coverage, and 750,000 through local government programs. The remainder of the state's 6.5 million currently uninsured persons would continue to have access to care through local government-operated health care systems. The main vehicle for the proposal is a combination of Medicaid, SCHIP, state purchasing pool, local government coverage and an individual mandate.
Connecticut	The plan seeks to cover 6,000 children and 34,150 adults, most of whom are childless.
Delaware	The Governor proposed $5 million in fiscal 2008 to address the uninsured population in Delaware. The actual program design is currently under development.
Hawaii	The proposal would cover 9,000 children and 12,000 childless adults.
Iowa	Uninsured population to be covered under the proposal includes 10,800 children and 6,400 parents. The proposal calls for 11,700 of these individuals to be covered under traditional Medicaid, and 5,500 to be covered under SCHIP.
Indiana	The proposal will cover 200,000 uninsured citizens assuming the funding source as proposed (tobacco increase) is accepted by the Legislature. Although there is no employer mandate, there is a contribution made at the discretion of the employers.
Louisiana	The 35,516 individuals to be covered under the proposal include 31,374 children, 3,738 disabled individuals, and 404 individuals through the Family Opportunity Act.
Maryland	Requires employers to create a cafeteria plan through a health insurance exchange. This has minimal budgetary impact.
Massachusetts	The proposal does not explicitly require that employers provide health insurance; however, "non-providing" employers are subject to a per-employee assessment.
Minnesota	Employers that do not offer health insurance and have 11 or more employees would be required to establish Section 125 plans for their employees.
Missouri	118,000 people are eligible for the proposed plan. It is estimated that 25 percent will enroll in the first year.
Montana	The HIFA 1115 Waiver covers 1,800 children, 833 parents, and 3,904 childless adults and other adults with and without children. The indication that individual mandates are used refers to the use of specific group eligibility criteria.
Nevada	HIWA unearned income limit
North Carolina	The proposal would provide coverage for children through age 18, with incomes between 200 percent and 300 percent of the FPL. A final decision has not been made as to whether DRA flexibility or a Medicaid waiver will be used. The proposal includes an enrollment cap of 12,100 during the biennium. The Governor also proposes expanding Medicaid coverage to Foster Care Adolescents, per the federal Foster Care Independence Act.
Oregon	Healthy Kids and Policy Package 103-36
Pennsylvania	Proposal will cover 171,937 individuals through 2007-2008 enrollment, with increases expected in future years. No benefit mandate, Fair Share Assessment.
South Carolina	The Governor's Executive Budget includes a proposal to pass legislation to create purchasing pools to help small businesses obtain more affordable health insurance for their employees. Specifics related to the impact on Medicaid are unknown at this time.
Tennessee	The 100,000+ estimate is a 3-year projection.
Vermont	Under the proposal, 12,745 would be covered in fiscal 2008; 17,000 would be covered by full implementation in 2010.
Washington	The state's Blue Ribbon Commission released its final report in January 2007 (http://www.governor.wa.gov/priorities/healthcare/BlueRibbon_FinalReport.pdf), outlining a goal that all children have insurance by 2010 and all Washingtonians by 2012. The key challenge is identifying how to fund coverage expansions, through both public and private insurance mechanisms, and how to decide the level of coverage (what's included/excluded, who decides, etc.).
Wisconsin	The proposed plan would offer access to coverage for children, regardless of income; parents and childless adults up to 200 percent of the federal poverty level; and would expand community-based long-term care eligibility.

TABLE 6-B

Covering the Uninsured: States with Proposals to Reduce the Number of Uninsured Residents Included in Recommended Fiscal 2008 Budgets

	Revenue Sources for Proposal (in millions)					
	General Funds			Federal Funds		
Region and State	Medicaid	SCHIP	Other	Medicaid	SCHIP	Other
NEW ENGLAND						
Connecticut	$4.5	$2.4	$16.7	$2.2	$1.5	
Massachusetts	399.1	30.0	23.9	956.5	0.0	98.9
New Hampshire	0.5	0.2		0.5	0.3	
Vermont	9.3	0.3		22.0	0.7	5.3
MID-ATLANTIC						
Delaware						
Maryland		2.0			4.0	
New Jersey	24.2	51.3		23.0	11.4	
New York	19.0			24.0	11.0	
Pennsylvania*	4.7	16.0	129.5	109.6	34.0	
GREAT LAKES						
Illinois	25.0		525.0	25.0		
Indiana				310.0		180.0
Michigan*						
Ohio	14.2	2.2	0.8	21.2	3.4	
Wisconsin*						41.5
PLAINS						
Iowa	14.0	4.0		22.0	10.0	
Kansas	4.0			6.0		
Minnesota*	0.7					
Missouri	54.3	3.3		84.3	9.2	
SOUTHEAST						
Arkansas				9.6	16.6	
Kentucky			13.5			
Louisiana*			0.6	38.7		
North Carolina*			4.7	10.5		
Tennessee*		21.2	73.8		63.6	
SOUTHWEST						
Arizona	3.0	2.9		5.9	9.4	
New Mexico	20.0			62.4	21.5	
Oklahoma		8.6			29.8	
Texas*			50.0	75.0		
ROCKY MOUNTAIN						
Montana*	54.0			129.0		
Utah	5.2	4.2		11.1	16.7	
FAR WEST						
California	1,200.0	49.0		4,100.0	1,400.0	
Hawaii	8.0	3.0		10.0	8.0	
Nevada	0.2			0.3		
Oregon				50.1		
Washington	18.3	5.7		18.4	10.5	
Total	**$1,882.1**	**$206.2**	**$838.5**	**$6,127.4**	**$1,661.6**	**$325.7**

NOTES:*See Notes to Table 6-B. Please note that these proposals were included in Governors' recommended Fiscal 2008 budgets.

SOURCE: National Association of State Budget Officers.

TABLE 6-B, continued

Covering the Uninsured: States with Proposals to Reduce the Number of Uninsured Residents Included in Recommended Fiscal 2008 Budgets

	Other Revenue Sources for Proposal (in millions)				
Region and State	*Tobacco Tax*	*Provider Tax/Fee*	*Contribution from Participants*	*Other*	*TOTAL (all sources & funds)*
NEW ENGLAND					
Connecticut					$27.3
Massachusetts*	0.0	320.0	33.5	46.1	1,908.1
New Hampshire					1.5
Vermont*	9.1		3.3	8.3	58.3
MID-ATLANTIC					
Delaware	5.0				5.0
Maryland					6.0
New Jersey					109.9
New York*				16.0	70.0
Pennsylvania			77.0		370.8
GREAT LAKES					
Illinois			950.0		1,525.0
Indiana	215.0		33.0		738.0
Ohio			0.5		42.3
Wisconsin					41.5
PLAINS					
Iowa					50.0
Kansas					10.0
Minnesota					88.2
Missouri		1.0			151.1
SOUTHEAST					
Arkansas	7.9		5.2		39.3
Kentucky					13.5
Louisiana*				14.6	53.9
North Carolina*			1.7		16.9
Tennessee*			19.8	19.8	198.2
SOUTHWEST					
Arizona			1.5		22.7
New Mexico					103.9
Oklahoma					38.4
Texas					125.0
ROCKY MOUNTAIN					
Montana*					183.0
Utah					37.2
FAR WEST					
California*		3,600.0	800.0	1,000.0	12,149.0
Hawaii					29.0
Nevada			0.1		0.6
Oregon	40.8	2.2			93.1
Washington					52.9
Total	**$277.8**	**$3,923.2**	**$1,925.6**	**$1,104.8**	**$18,359.6**

NOTES:*See Notes to Table 6-B. Please note that these proposals were included in Governors' recommended Fiscal 2008 budgets.
SOURCE: National Association of State Budget Officers.

Notes to Table 6-B

California	The $3.6 billion in provider funding is in the form of a provider fee, not a provider tax.
Louisiana	The $.6 million in other funds from the General Fund comes from self-generated revenues. $14.6 million in other funds comes from the Healthcare Redesign Fund.
Massachusetts	Other funding sources include health benefits recoupment of $22.5 million and Fair Share Assessment of $23.63 million.
Michigan	Financing of the proposed health care proposal is currently under negotiation with the federal government and is not available at this time.
Minnesota	Funding for the proposal is from Medicaid from the General Fund/Health Care Access Fund. Fiscal 2009, $13.10 million; fiscal 2010, $33.01 million; fiscal 2011, $41.39 million.
Montana	Funding is for the period from 2/1/04 through 1/31/09. Financing includes current Basic Medicaid savings.
New York	$16 million in other funding is from the Health Care Reform Act. Total state fiscal year 2008 funding of $70 million is associated with the first year of voluntary enrollment of children and adults under the Governor's expansion of the Child Health Plus program from 250 percent to 400 percent FPL as well as the streamlining of both Medicaid and Family Health Plus eligibility applications. Taken together these proposals are part of a multi-year effort to target 400,000 uninsured children and 900,000 uninsured adults.
North Carolina	$4.7 million of General Funds is from state appropriations. $1.7 million contribution from participants is in the form of premiums.
Pennsylvania	Other General Funds used include existing tobacco funds, Fair Share Assessment, and other funds.
Tennessee	General Funds for the proposal include: SCHIP (CoverKids)--$7 million in fiscal 2007, $21.2 million in fiscal 2008, and a 3-year projection of $63.2; Other Funds (CoverTN/AccessTN/CoverRx)- $62.3 million in fiscal 2007, $73.8 million in fiscal 2008, and a 3-year projection of $232.9 million. Federal funds for the proposal include: SCHIP (CoverKids)--$21 million in fiscal 2007, $63.6 million in fiscal 2008, and a 3-year projection of $189.6 million; Other funds (AccessTN)–$1 million in fiscal 2007 and a 3-year projection of $1 million. Other sources of funding for the proposal include: Contribution from participants (CoverTN)–$1.6 million in fiscal 2007, $19.8 million in fiscal 2008, and a 3-year projection of $60.6 million; Contribution from Employers (CoverTN)--$1.6 million in fiscal 2007, $19.8 million in fiscal 2008, and a 3-year projection of $60.6 million. Total Funds for the proposal include $94.5 million in fiscal 2007, $198.2 million in fiscal 2008, and a 3-year projection of $607.9 million.
Texas	The Governor proposed to fund the uninsured initiative through the sale of the lottery. The trust fund would be capitalized with $2.7 billion to annually produce approximately $250 million. These funds would be matched with $375 million in federal funds (through the Medicaid Disproportionate Share Hospital–DSH—program) for a total of $625 million all funds. Since the program phases in operations, the budget provides $50 million in fiscal 2008, which would produce $125 million All Funds.
Vermont	Other funding sources amount of $8.3 million is from an employer assessment.
Wisconsin	$41.5 million represents total Federal Funds from both Medicaid and SCHIP.

About one-third of the states have plans to conduct outreach and streamline eligibility in Medicaid and SCHIP in order to attain greater participation in these programs. This is to address concerns about those currently eligible but who have not enrolled in Medicaid and SCHIP programs and would have a significant reduction in the numbers of uninsured children.

The number of health care proposals at the state level to expand coverage and the federal interest in expansion of SCHIP continue to place health care access in the limelight. While many proposals may not be enacted this year or may be scaled down considerably, it is clear that covering the uninsured is a high priority across many state governments. Due to the high cost of health care proposals, changes to expand health care may take more than one budget cycle to achieve and proposals to address the uninsured are expected to surface for the next several years.

Significant Health Issues. States face a number of challenges in funding and providing health care both within the Medicaid program and throughout state government (see Table 7). Among the issues of the greatest concern for states are: expanding access to health care for the uninsured; health care cost increases and greater utilization of services; the aging population and the impact on long-term care financing; reductions at the federal level for health care programs including public health programs;

inmate health care; workforce shortages such as nurses; pressure to raise physician rates in order to maintain participation in the Medicaid program; State Children's Health Insurance Program (SCHIP) funding; mental health funding and access; changes at the federal level affecting Medicaid such as proposed regulations affecting government health care providers; and generally the pressure to maintain health care spending that on average consumes a greater share of state budgets over time.

Even with the more moderate growth rates in health care spending from the height of the most recent fiscal downturn, projections over the next decade remain at an average annual rate of about 8 percent from fiscal 2008 through fiscal 2017, 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 7

Significant Health Care Issues Facing the States

Region and State	
NEW ENGLAND	
Connecticut	Providing health insurance for low and moderate income uninsured individuals and expanding access to health care for children.
Maine	Maine's most significant challenges related to health care lay in meeting the needs of our aging population as well as the demands presented by a growing burden of chronic illness, including chronic mental illness. At the same time, we must work to maintain our safety net programs such as our Medicaid and SCHIP programs and expand opportunities for affordable health insurance for all Mainers in the face of ever-increasing health care costs, declining federal support and competing demands for scarce state resources.
Massachusetts	Implementing health care reform, citizenship documentation requirements under the Deficit Reduction Act (DRA), developing and implementing quality and performance standards.
New Hampshire	Managing growth in Medicaid & long term care cost, federal fund reductions (Preventive Health Block Grant, Social Services Block Grant, HIV, Bioterrorism).
Rhode Island	Medicaid inflation exceeds growth rate for general revenues.
Vermont	Vermont faces the self-imposed challenge of reducing the number of uninsured citizens to 4 percent or less by 2010.In addition to new major programs targeted at this goal the state of Vermont is also undergoing a transformation of the health care sector from a primary focus on acute care delivery to a system focused on identifying and treating chronic conditions across an individual's lifespan. This refocusing of the health care system is in fact transformational in nature and involves the only state-wide Public-Private Partnership in the country.
MID-ATLANTIC	
Delaware	The most significant health care challenges for Delaware include providing coverage for uninsured and underinsured and controlling spiraling costs of health care.
Maryland	Large numbers of the uninsured; increasing demands for health services for forensic patients; physician rates and participation in Medicaid; Health IT; redesign of long-term care system; projected SCHIP funding shortfall; recruiting/retaining staff for state health programs; and Inmate Health Care.
New Jersey	Uninsured population, children's health, disabled adults.
New York	Rising pharmacy costs, reforming Long Term Care system, coordinating/implementing Medicare Part D, Medicaid burden on local governments, number of uninsured in New York State, reducing fraud, waste and abuse, hospital consolidation–Berger Commission.
Pennsylvania	Providing long-term living services (institutional and community-based) for Pennsylvania's growing elderly population. Providing health care coverage to the uninsured. Addressing the financial requirements of continued increases in health care costs.

TABLE 7 (continued)

GREAT LAKES	
Illinois	The rising cost of health care and providing access to healthcare for the uninsured.
Indiana	Maintaining adequate growth to address eligible population growth, control of the growth of health care costs, and covering the uninsured segment of the population.
Michigan	Rising health care costs; federal actuarial soundness requirements for managed care organizations; loss of private sector, employer-sponsored insurance; economic recovery lag in Michigan; Medicaid continues to consume a larger portion of the state budget; future proposed changes to Medicaid at the federal level; state costs as a result of federal efforts to discontinue certain Medicaid funding mechanisms.
Ohio	Lack of affordable healthcare coverage for working families and children and the demands placed on a long term care budget by the aging population.
PLAINS	
Iowa	Rate of increase in medical costs; uninsured populations.
Kansas	Covering the uninsured.
Minnesota	Private insurance premiums grew by 81 percent per enrollee between 2000 and 2005, while average wages grew 15 percent. Declining employer-based coverage and increasing uninsurance rates. Medicaid spending grew by 68 percent from 2000 to 2006.
Missouri	The rising cost of the Medicaid program and quality health care access.
Nebraska	Medicaid and employee health insurance expenditure growth relative to state revenue growth.
South Dakota	Funding concerns due to continued reductions in federal participation through changes in the matching rate coupled with projected shortfalls in our SCHIP allotment are a challenge for our state.
SOUTHEAST	
Alabama	Providing affordable health insurance (small business tax incentive for health care); increasing access to health care in all areas (especially rural); lowering the rate of obesity (especially in children).
Arkansas	The major healthcare challenge in Arkansas is threefold: workforce, expanded coverage and systems of treatment. Workforce: Arkansas has been a leader since 1997 in expanding access to health care coverage for children which has greatly benefited both families and health care providers. However, the expansion of covered lives has in turn placed a greater demand on the availability of health care providers to serve these individuals. For example, many children who formerly had no dental coverage until their enrollment in the Medicaid Expansion, ARKids First Program, are seeking dental care. As many of these children may have not received preventive dental care early on in their young lives, substantial treatment may be needed. This in turn is leading to competition with dentists who have patients with other payor sources, including self-pay, with a limited supply of dentists in our state. In addition, our primary care case management program ConnectCare, has been a leader in access for many years for enrolled children, however due to the limited number of pediatricians in some areas families may not be able to choose a pediatrician in every instance to care for their children. Family physicians are available and can care for these children, but in a rural state and with the rapid growth of northwest Arkansas, again with all payor sources involved these professional resources are being stretched. Expanded Coverage is another concern for advocates that were critical to the previous Medicaid expansion of ten years ago. Current Medicaid eligibility is available up to 200 percent of the federal poverty level. However, with the rise in wages a new group of uninsured is developing, those children with family incomes just above the 200 percent of the federal poverty level. Though these families may have increased incomes their employers may not be offering health care coverage or the cost is not affordable for these families. The previous discussion about workforce is critical to any expansion of health care coverage.

TABLE 7 (continued)

Arkansas (cont'd)	Systems of treatment are also of concern in Arkansas. The Arkansas Hospital Association is supporting legislation to establish a statewide system of trauma care. There currently is no Level I trauma center within the state and advocates for this initiative point to the rural nature of Arkansas and the incidence of traffic related injuries as primary causes for such a system. Another area is children's mental health. Arkansas Medicaid is the primary payor for children (under age 21) mental health services in our state. Due to varied reasons this service with many access points does not always present families with the best information to determine the appropriate services and where these are located to benefit the family and their child. The Arkansas Department of Health and Human Services is currently examining with a broad range of stakeholders, including family consumers, provider representatives, and state officials, how to address this matter though a possible mental health system of care for children. All involved realize that ensuring access to the most effective services for Arkansas' children is the goal while at the same time assuring that state resources are utilized wisely to maintain the services that are provided in this program area.
Florida	Growing numbers of uninsured children, yet Florida's Title XXI (SCHIP) program is not seeing a significant increase in enrollment. The continued implementation of Medicaid as the expansion begins in certain specified rural counties. The increasing cost of long-term care is a significant challenge to Florida, due to the high number of elderly in Florida, the increasing cost of nursing home care, and the need for integration of health care services for seniors to increase access to care and the quality of care.
Georgia	Continued need to contain increases in health expenditures by bending the curve on trend line growth in Medicaid and insurance coverage for employees.
Louisiana	The most significant issue that Medicaid is facing is redesign of health care in the state of Louisiana. There are internal discussions concerning health care redesign as well as external discussions with the federal government. Other significant issues are a result of Hurricanes Katrina and Rita. One subject of concern is the funding currently needed to cover Medicaid nursing services. Subsequent to Hurricane Katrina, the nursing shortage has been exacerbated, resulting in higher payments to nurses to cover the same services delivered prior to Katrina. The instability of infrastructure to deliver services and a shortage of Medical Professional staff continues to impact the entire state.
North Carolina	The overall cost of health care, covering the uninsured, and mental health issues, specifically: determining the appropriate care based on best practices/evidence based research and balancing the actual needed level of services with the demand for level of services (advocacy).
South Carolina	Balancing the need to maintain the financial solvency and sustainability of the Medicaid Program with the continuing pressure to expand Medicaid to address the uninsured issue.
Virginia	The number of uninsured, access to health care, nursing shortage, costs and affordability of long-term care, and improving the quality of care.
SOUTHWEST	
Arizona	Controlling medical inflation driven by new technologies, medications, and procedures, and the growing elderly population.
New Mexico	Reducing the number of uninsured adults. Substance abuse.
Oklahoma	Oklahoma's uninsured rate is almost 20 percent and expansion of coverage for this population is the most significant challenge. Governor Brad Henry is proposing to extend SCHIP coverage for children from the current 185 percent federal poverty level up to 300 percent of the federal poverty level for fiscal 2008.
Texas	High number of uninsured, Medicaid growth rate.

TABLE 7 (continued)

ROCKY MOUNTAIN	
Colorado	Children's Health Insurance Program reauthorization and federal cap; Center for Medicare and Medicaid Services rules to disallow DSH and UPL Financing; coverage of approximately 800,000 uninsured citizens; rising cost of health care / premiums; implementation of the Medicare Modernization Act; illegal immigrant health care issues (i.e. children are U.S. citizens); affordability /access to health care for small business employers/employees.
Idaho	High numbers/rates of uninsured and under-insured. Lack of Medicaid providers. A shortage of nurses. Access to adequate health care in rural areas. Substance abuse/mental health care.
Montana	Covering the uninsured and access to Medicaid Covered Care.
Utah	Rate of uninsured individuals and underinsured individuals.
Wyoming	Rising health costs and reduction in the federal match rate and increasing enrollment.
FAR WEST	
Alaska	How to develop policy to manage Medicaid with the looming forecast of large increases of disabled and seniors needing services in Alaska.
California	California has 6.5 million uninsured residents and California's Governor and Legislature are working to design and adopt a proposal to ensure access to services for these uninsured. With rising medical costs and the aging of the population and the need to maintain safety net hospitals, fiscal resources are being stretched. California also faces a large fiscal burden if the Federal State Children's Health Insurance Program (SCHIP) is not reauthorized with significant funding increases.
Hawaii	Low reimbursements and medically uninsured patients.
Nevada	Increasing costs of health care, access to behavioral health.
Oregon	The largest issue is lack of funding. The federal proposed budget reflects reductions of funds for many major programs. Some examples are SCHIP, Medicaid, Preventive Health and Health Services Block Grant and Rural Health. Additionally, the loss of timber revenue (PL 106-393) in the state will result in funding shortfalls estimated to be $108 million. Because of this the state must understand the potential fiscal impact in the event counties choose not to provide statutorily mandated services. The federal rule making process is another way that funds are being limited or restricted. The economic outlook is concerning.
Washington	The state's Blue Ribbon Commission released its final report in January 2007 (http://www.governor.wa.gov/priorities/healthcare/BlueRibbon_FinalReport.pdf), outlining a goal that all children have insurance by 2010 and all Washingtonians by 2012. The key challenge is identifying how to fund coverage expansions, through both public and private insurance mechanisms, and how to decide the level of coverage (what's included/excluded, who decides, etc.)

SOURCE: National Association of State Budget Officers

State Revenue Developments

CHAPTER TWO

Overview

In fiscal 2007, sales, personal income, and corporate income tax receipts either met or exceeded budgeted estimates in forty-one states, while 9 states tax receipts were below expectations. This is in contrast to fiscal 2006, when all states either met or exceeded their revenue projections. Revenues in fiscal 2008 governors' recommended budgets are expected to exceed fiscal 2007 levels by 3.3 percent. States are expected to be cautious, as revenue growth may slow, demand for state spending remains high, and the economy is expected to grow at a less robust pace in the near future. Governors are proposing net tax and fee increases of $4.5 billion in fiscal 2008. In addition, they are recommending other measures totaling $7 billion that enhance general fund revenue but do not impact taxpayer liability.

Collections in Fiscal 2007

In fiscal 2007, revenues exceeded originally budgeted projections in 27 states, were on target in 14 states, and were lower than projections in 9 states. In fiscal 2007, revenue collections were 2.4 percent higher than the amounts reflected in originally enacted budgets. Specifically, sales taxes were 0.6 percent higher, personal income taxes were 2.4 percent higher, and corporate income tax collections were 10.9 percent above original estimates (see Table A-6).

Projected Collection in Fiscal 2008

Based on governors' recommended fiscal 2008 budgets, states anticipate that revenues will continue to grow in fiscal 2008, exceeding fiscal 2007 amounts by 3.3 percent. Fiscal 2008 recommended budgets reflect 3.5 percent more in personal income tax revenue, 2.6 percent more in sales tax revenue, and 4.1 percent less in corporate income tax revenue when compared to collections in fiscal 2007 (see Table A-7).

TABLE 8

Enacted State Revenue Changes, Fiscal 1979 to Fiscal 2007; and Proposed State Revenue, Fiscal 2008

Fiscal Year	*Revenue Change (Billions)*
2008	$4.5
2007	-2.1
2006	2.4
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 1988–2008 data provided by the National Association of State Budget Officers.

TABLE 9

Proposed Fiscal 2008 Revenue Actions by Type of Revenue and Net Increase or Decrease* (Millions)

State	*Sales*	*Personal Income*	*Corporate Income*	*Cigarettes/ Tobacco*	*Motor Fuels*	*Alcohol*	*Other Taxes*	*Fees*	*Total*
Alabama	-$12.0	-$34.5	-$6.8						-$53.3
Alaska								-1.4	-1.4
Arizona									0.0
Arkansas	-179.9	-14.7			23.7		-26.9		-197.8
California	35.0	165.0							200.0
Colorado								7.4	7.4
Connecticut	-35.0	717.5	20.2	81.5			-21.3	4.3	767.2
Delaware				42.0	23.4			34.3	99.7
Florida	-88.2		-82.4						-170.6
Georgia	-1.5	-94.2							-95.7
Hawaii	-71.9	-156.7					14.0		-214.6
Idaho		-22.0							-22.0
Illinois	5.0	27.0	2626.0				178.0		2836.0
Indiana		-5.8							-5.8
Iowa		-6.3	25.0	138.4				1.5	158.6
Kansas			-5.8				-7.0		-12.8
Kentucky			-38.3				-14.3		-52.6
Louisiana		-28.1	-28.1						-56.1
Maine	2.4	-3.1	9.7	66.0					75.0
Maryland									0.0
Massachusetts									0.0
Michigan	-100.8	3.9	1,086.0	57.6		27.0	1,603.1	112.4	2,789.2
Minnesota	-12.5	-36.6	-8.6				20.9	11.6	-25.2
Mississippi									0.0
Missouri		-102.7					-14.0		-116.7
Montana			7.5				-2.5		5.0
Nebraska	-5.7	-227.4					-9.7		-242.8
Nevada	-20.0								-20.0
New Hampshire				48.5					48.5
New Jersey		-64.0	-275.0						-339.0
New Mexico	-10.3	-102.6							-112.9
New York	16.0	-1,179.0	398.0			15.0		66.6	-683.5
North Carolina		-49.2	-35.8						-85.0
North Dakota									0.0
Ohio		-1,429.7	4.2				-128.5		-1,554.0
Oklahoma									0.0
Oregon			42.3	72.7				5.0	120.0
Pennsylvania	826.0			77.5			-1.4	9.2	911.3
Puerto Rico									0.0
Rhode Island							7.4	24.0	31.4
South Carolina		-205.2		107.3					-97.9
South Dakota				41.8					41.8
Tennessee	7.7			211.9					219.6
Texas									0.0
Utah		-100.0						34.5	-65.5
Vermont								2.6	2.6
Virginia		-13.8							-13.8
Washington									0.0
West Virginia	-12.6				45.8				33.2
Wisconsin	-10.3	-55.5	-37.1	275.7			179.3		352.1
Wyoming									0.0
Total	**$331.4**	**($3,017.6)**	**$3,701.1**	**$1,220.9**	**$92.9**	**$42.0**	**$1,777.1**	**$312.0**	**$4,459.7**

NOTE: *See Appendix Table A-8 for details on specific revenue changes.
SOURCE: National Association of State Budget Officers.

Proposed Fiscal 2008 Revenue Changes

Governors are proposing net tax increases in 18 states, while 23 states are proposing net tax decreases. Recommended net tax and fee increases total approximately $4.5 billion for fiscal 2008 proposed budgets, but that total is mainly due to proposals in just 2 states, Illinois and Michigan. The largest proposed net tax increase is in corporate income taxes ($3,707.1 million) and the largest proposed net decrease is in personal income taxes (-$3,017.6 million). Additional net increases being recommended by governors are reflected mostly in other taxes ($1,777.1 million) and cigarette and tobacco taxes ($1,220.9 million).

The Fiscal Survey distinguishes between tax and fee increases or decreases (detailed in Table 9 and Table A-8) and revenue measures (listed in Table A-9). 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. In fiscal 2008, governors are proposing a net increase in sales taxes of $331.4 million in their budget recommendations. Specifically, 6 states are proposing to increase sales taxes, while 13 states are proposing decreases. Among the largest increases, Pennsylvania is proposing to increase their sales and use tax rate from 6 percent to 7 percent, creating $826.0 million in sales tax revenues. In Arkansas, the sales tax on food would decline from 6 percent to 3 percent, the sales tax on manufacturers' natural gas and electricity would decline from 6 percent to 4.5 percent, and dyed diesel fuel would be exempt from the sales tax. The tax changes would result in a $179.9 million reduction in sales tax revenue in Arkansas (See Table A-8).

Personal Income Taxes. Various recommended changes in 25 states reflect a net personal income tax decrease of $3,017.6 million in fiscal 2008, the only category reflecting a decrease in tax revenues. The largest decrease is in Ohio, where the phase-in of the 5-year 21 percent personal income tax rate cut which began in fiscal 2005 will continue at the pace of 4.2 percent per year. This will result in a $1,392.2 million reduction in revenues. New York is proposing a new Middle Class School Tax Relief (STAR) program, which will decrease revenues by $1,211.0 million. Connecticut is proposing the largest increase in personal income taxes by beginning a tax rate increase. Effective January 1, 2007 the tax rate would retroactively increase to 5.25 percent for Income Year 2007 and effective January 1, 2008, the rate would increase to 5.5 percent for Income Year 2008. Also effective January 1, 2007 the Property Tax Credit on Personal Income Tax would be phased out. These proposals would increase tax revenues by a combined $717.5 million (See Table A-8).

Corporate Income Taxes. Eighteen states are recommending changes to corporate income taxes resulting in a net increase of $3,701.1 million in fiscal 2008, the largest increase in any tax category. The majority of the tax increases are due to proposals in Illinois and Michigan. In Illinois, the governor has proposed replacing the corporate income tax with a Gross Receipts Tax, which would increase fiscal 2008 revenue by $2,626.0 million. In Michigan, a proposal to create the Michigan Business Tax as a replacement for the repealed Single Business Tax would increase revenues by $1,439.4 million. Combined with $354 million in corporate tax decreases, this results in a net increase of $1,086.0 million in Michigan (See Table A-8).

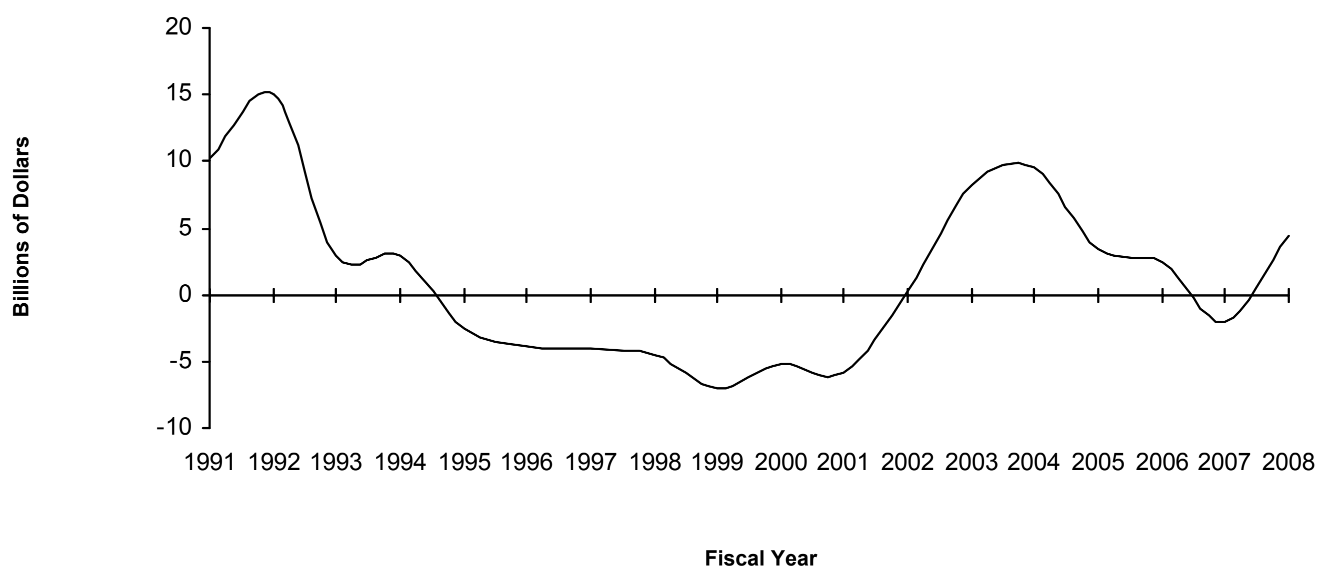
Cigarette, Tobacco and Alcohol Taxes. Continuing the trend of recent years, twelve states have proposed to increase cigarette and tobacco taxes in fiscal 2008 by $1,220.9 million. The largest increase comes from Wisconsin, where a cigarette and tobacco products tax increase would increase revenues by $275.7 million. In Tennessee, the cigarette tax would increase from 20 cents to 60 cents per pack, increasing revenue by $211.9 million. Only two states proposed increases in alcohol taxes, totaling $42.0 million

Motor Fuel Taxes. Only three states proposed increases in motor fuels taxes, resulting in a total revenue increase of $92.9 million. West Virginia proposed a renewal of the flat-rate proportion of the motor fuel excise tax, which would have an impact of $45.8 million.

Other Taxes and Fees. 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. Governors in 15 states proposed changes in other taxes totaling a net $1,777.1 million increase in fiscal 2008. Fees frequently are associated with motor vehicle and other types of licensing. Recommended changes in fees would occur in 13 states and amount to a $312 million increase.

FIGURE 2

Enacted State Revenue Changes, Fiscal 1991 to Fiscal 2007, and Proposed State Revenue Change, Fiscal 2008



SOURCE: National Association of State Budget Officers.

Total Balances

CHAPTER THREE

In the aftermath of the early 2000's when nearly every state was experiencing distressed fiscal conditions, states recognized how important it was to have budget reserve balances to address fiscal downturns. Though budget experts views vary, the informal rule-of-thumb has previously been to build-up budget reserve balances to a level that equals at least 5 percent of total expenditures to provide a relatively adequate fiscal cushion. Due in large part to strong revenue growth, states have either met or exceeded these expectations—even as spending pressures continue to persist. 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 circumstances after budget obligations have been met. After falling to $16.4 billion or 3.2 percent of expenditures in 2003, the peak of the most recent fiscal downturn, balances in fiscal 2006 were at their highest level in the history of this report, reaching $62.1 billion, or 10.9 percent of expenditures. Based on the most recent data, total balances have fallen slightly to an estimated $50.4 billion, or 8.2 percent of expenditures, in fiscal 2007. In fiscal 2008, governors' recommended budgets reflect further declines in total balances to $38.7 billion, or 6.0 percent of expenditures (see Table 10 and Tables A-1, A-2, A-3, and A-10).

Prior to the fiscal downturn of the early 2000s, states were experiencing record ending balances. In fiscal 2000, for example, ending balances reached 10.4 percent of expenditures and the following year were 9.1 percent of expenditures. The downturn from 2001 to 2003 was dramatic, with total balances falling by nearly $30 billion over a two-year period. From fiscal 2001 to fiscal 2002, total balances fell by $25.8 billion, and went from 9.1 percent of expenditures to 3.7 percent of expenditures. By fiscal 2003, total balances had fallen to 3.2 percent of expenditures. While the balances and rainy day funds were helpful to ameliorate some of the pain of the downturn, states still needed to cut budgets and in some cases increase taxes. States were forced to enact tax increases to prevent massive shutdowns and lags in state services. During the last few years, states have built up their rainy day funds to shield against the next fiscal downturn, which states have learned is inevitable in the face of a cyclical fiscal environment. Although state fiscal conditions remain strong, total balances as a percentage of expenditures are far from their peak levels of the late 1990s and early 2000s. This could explain the predicted trend of slowing state expenditures in the next couple of years.

Forty-seven states 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 balances.

TABLE 10

Total Year-End Balances, Fiscal 1979 to Fiscal 2008

Fiscal Year	*Total Balance (Billions)*	*Total Balance (Percentage of Expenditures)*
2008*	$38.7	6.0%
2007*	50.4	8.2
2006	62.1	10.9
2005	48.0	8.7
2004	26.7	5.1
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 2007 are estimates; figures for fiscal 2008 are based on recommendations.

SOURCE: National Association of State Budget Officers.

TABLE 11

Total Year-End Balances as a Percentage of Expenditures, Fiscal 2006 to Fiscal 2008

	Number of States		
Percentage	*Fiscal 2006 (Actual)*	*Fiscal 2007 (Estimated)*	*Fiscal 2008 (Recommended)*
Less than 1.0%	4	4	5
1.0% to 4.9%	6	9	17
5.0% to 9.9%	10	15	19
10% or more	30	22	8

NOTE: The average for fiscal 2006 (actual) was 10.9 percent; the average for fiscal 2007(estimated) is 8.2 percent; and the average for fiscal 2008(recommended) is 6.0 percent. Recommended fiscal 2008 data was unavailable for Texas.

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 2008

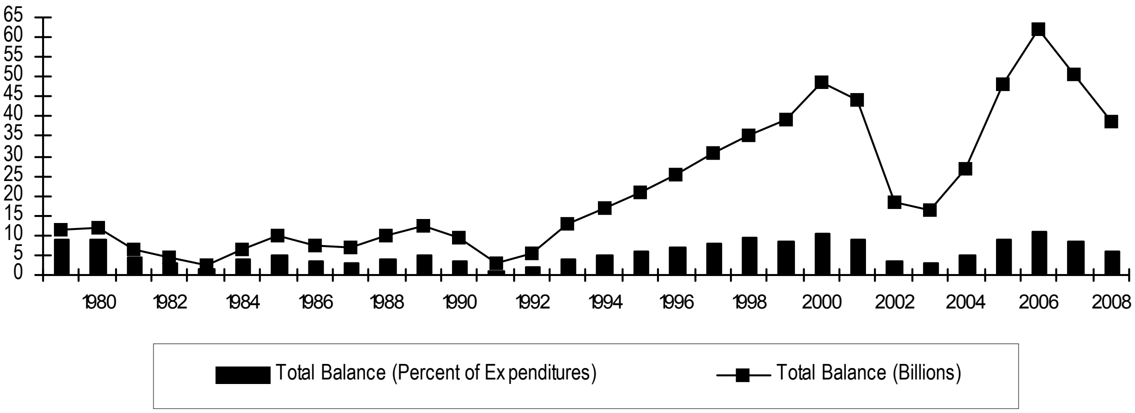
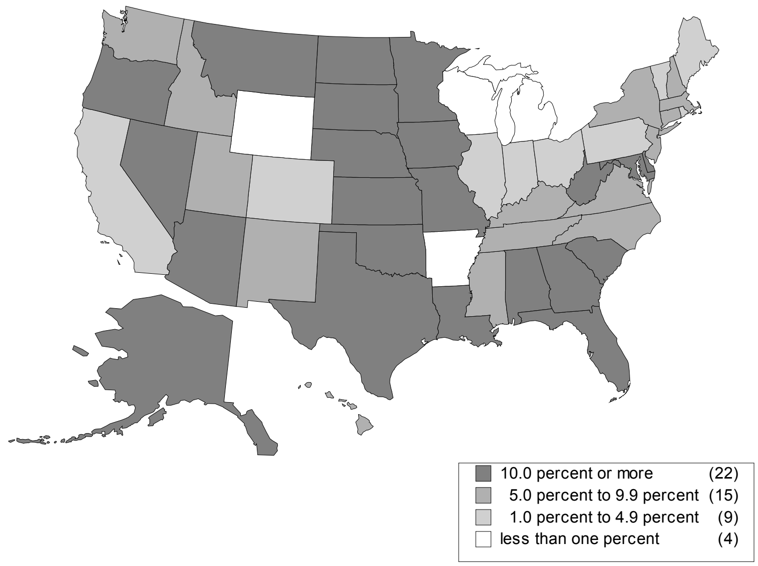


FIGURE 4

Total Year-end Balances as a Percent of Expenditures, Fiscal 2007



SOURCE: National Association of State Budget Officers.

Appendix

TABLE A-1

Fiscal 2006 General Fund, Actual (Millions)

Region/State	*Beginning Balance*	*Revenues*	*Adjustments*	*Total Resources*	*Expenditures*	*Adjustments*	*Ending Balance*	*Budget Stabilization Fund*
NEW ENGLAND								
Connecticut	$0	$14,999	$0	$14,999	$14,508	$44	$446	$1,112
Maine**	34	2,858	93	2,984	2,872	98	14	80
Massachusetts* **	2,487	26,306	0	28,793	25,585	0	3,208	2,155
New Hampshire	82	1,329	0	1,411	1,334	52	26	69
Rhode Island**	52	3,141	-64	3,129	3,091	-17	56	95
Vermont**	0	1,112	45	1,157	1,113	43	0	52
MID-ATLANTIC								
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	28,705	329	29,812	28,033	0	1,779	560
New York* **	2,546	47,206	0	49,752	46,495	0	3,257	944
Pennsylvania**	365	24,819	166	25,350	24,665	171	514	512
GREAT LAKES								
Illinois**	497	25,258	2,101	27,856	24,193	3,073	590	276
Indiana**	119	12,205	229	12,553	11,954	188	411	328
Michigan**	221	8,186	624	9,030	9,024	0	6	2
Ohio**	138	25,846	0	25,984	24,866	348	770	1,011
Wisconsin**	4	12,030	780	12,814	12,385	380	49	0
PLAINS								
Iowa**	0	5,382	0	5,382	5,021	0	362	392
Kansas**	479	5,394	0	5,873	5,139	0	734	0
Minnesota* **	1,393	15,962	0	17,355	15,542	0	1,813	1,113
Missouri**	300	7,520	0	7,821	7,125	0	695	247
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
SOUTHEAST								
Alabama**	730	7,155	9	7,894	6,962	-17	949	419
Arkansas	0	3,825	0	3,825	3,825	0	0	0
Florida	3,571	27,434	0	31,004	26,014	0	4,990	1,069
Georgia* **	1,300	18,462	0	19,762	17,751	0	2,011	795
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	4,265	-127	4,190	4,120	35	35	18
North Carolina**	479	17,874	125	18,478	17,065	663	749	629
South Carolina* **	533	6,226	0	6,759	5,640	132	988	154
Tennessee**	462	9,954	-49	10,368	9,064	560	744	325
Virginia	557	16,052	0	16,609	15,232	0	1,377	1,065
West Virginia**	361	3,661	54	4,076	3,562	45	469	359
SOUTHWEST								
Arizona**	639	9,303	-99	9,843	8,768	0	1,075	651
New Mexico* **	688	5,541	246	6,475	5,417	281	778	778
Oklahoma	10	6,213	-87	6,136	5,545	457	134	496
Texas**	2,345	36,675	86	39,105	32,283	746	6,076	405
ROCKY MOUNTAIN								
Colorado**	237	7,322	228	7,787	7,099	0	689	0
Idaho**	214	2,432	-127	2,520	2,218	0	302	109
Montana	281	1,708	0	1,989	1,567	0	422	0
Utah**	106	4,864	-438	4,532	4,223	0	308	255
Wyoming**	5	1,247	0	1,252	1,242	0	10	0
FAR WEST								
Alaska**	0	4,470	-1,223	3,247	3,247	0	0	2,424
California*	8,981	93,427	0	102,408	91,592	0	10,816	0
Hawaii	486	4,925	0	5,411	4,679	0	732	54
Nevada	351	3,402	0	3,754	3,595	0	159	267
Oregon**	309	6,312	0	6,620	5,937	0	684	0
Washington**	870	13,329	126	14,325	13,621	0	704	0
Total* **	**$33,533**	**$585,468**	**-**	**$622,493**	**$567,564**	**-**	**$48,179**	**$21,043**

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. ***In order to make comparisons across years more accurate, totals exclude Texas, which was unable to provide fiscal 2008 expenditure data.

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 include the release of prior year Debt Service Reserve and tobacco transfers. Expenditure adjustments include reversions and reserve for General Obligation Debt Service payment.
Alaska	Budget Surplus
Arizona	Revenue adjustments represent enacted fund transfer, Ladewig lawsuit payment, and a transfer to the School Facilities Board (SFB). In fiscal 2006, SFB transferred $60 million more from the General Fund than it's entitled to, and the adjustment transfer was made in fiscal 2007.
Colorado	Ending balance includes $436.8 million above 4 percent statutory reserve requirement. Per Colorado statute, these monies will be allocated for transportation and capital construction needs.
Georgia	Rainy Day Balance for fiscal 2006 excludes $171.2 million which has been included in Governor's 2007 amended revenue estimate for mid year adjustment in education funding as provided by statute (up to 1 percent of prior year's revenue).
Idaho	Revenue adjustments include the following transfers: $92.7 million to the Budget Stabilization Fund; $11.5 million to the Economic Recovery Reserve Fund; $9.4 million to several deficiency warrant funds; $5.0 million to the Public Education Stabilization Fund; $4.6 million to several endowment funds; and $3.0 million to the Revolving Development Fund.
Illinois	Revenue adjustments are transfers-in; Total expenditures include change in accounts payable; Expenditure adjustments are transfers-out and interest on short-term borrowing.
Indiana	Revenue adjustment represents one-time revenue from Tax Amnesty Program in excess of plan. Expenditure adjustments include tuition support deficiency, PTRC and Homestead Credit Adjustments, transfer to Medicaid Contingency, transfer to Tuition Support Reserve, Local Option Income Tax distributions, and reversal of payment delay.
Iowa	Rainy Day Funds include the Cash Reserve Fund ($374.3 million) and Economic Emergency Fund ($17.5 million).
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 Fund transfers of $276 million and $70 million Reserve for Continuing Appropriations. Expenditure adjustments include funds reserved for Continued Appropriations.
Louisiana	Revenue adjustments include $3.4 million IEB carry-forward of prior appropriations, $40.3 million bond premium dedication, $38.2 million 04/05 carry-forward balances, $153.9 million use of 1/3 Rainy Day Fund, $57.6 million from Executive Order KBB 2005-82 and $6.4 million from Supplemental Act 67: transfer of general fund equivalent. Expenditure adjustments include $23 million 05/06 carry-forward balance, $13.1 million capital outlay carry-forward balance, $1.3 million 05/06 IEB carry-forward balance.
Maine	Revenue adjustments of $92.5 million and expenditure adjustments of $97.5 million are reflected in legislative and statutory authorized transfers. The Budget Stabilization Fund is the third priority reserve and receives 25 percent of the excess General Fund revenues after the State Controller has satisfied all required deductions of appropriations, budgeted financial commitments and adjustments.
Maryland	Revenue 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 balances in all budgeted funds included in the state's definition of fiscal balance.
Michigan	Fiscal 2006 revenue adjustments include federal and state law changes ($80.9 million); revenue sharing law changes ($543.0 million); and other revenue adjustments (-$0.2 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	Revenue adjustment is a transfer of $126.7 million to Budget Contingency Fund. Expenditure adjustment is a General Fund lapse. Ending balance includes 50 percent transfer to Working Cash Stabilization Fund.
Missouri	Revenues are net of refunds. Refunds for fiscal 2006 totaled $1,128.9 million. 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 Jersey	Budget vs. GAAP adjustment.
New Mexico	Most adjustments are transfers between reserve accounts; in addition $34.9 million was transferred from the Tobacco Settlement Permanent Fund, a reserve account, to the Tobacco Settlement Program Fund, a non-reserve account.
New York	The ending balance includes $2 billion in spending stabilization reserves, $944 million in rainy day reserve funds, $251 million in a community projects fund, and $21 million in a reserve for litigation risks.

NOTES TO TABLE A-1 (continued)

North Carolina	Revenue adjustments include $125 million of Repair & Renovation appropriations from earmarked ending balance. Expenditure adjustments include a $316.2 million transfer to Savings Reserve, $222.2 million transferred to Repair & Renovation Reserve at end of fiscal 2005-2006, and $125 million of Repair & Renovation appropriated from earmarked ending balance.
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 transfers-out are adjusted for an anticipated net change in encumbrances from Fiscal 2005 levels of -$23.7 million.
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 lapse. Expenditures adjustment reflects a transfer of $171.4 million (25 percent of the ending balance) to the Rainy Day Fund.
Rhode Island	Fiscal 2006 amounts are from audited financial statements dated January 16, 2007. Revenue adjustment includes transfer to Rainy Day Fund. Expenditure adjustments are re-appropriations to fiscal 2007.
South Carolina	Increased enforced tax collections transferred out to other funds.
South Dakota	Revenue adjustments include $2.1 million in one-time receipts, a $35.4 million transfer from the Property Tax Reduction Fund to cover the budget shortfall, and $0.8 million in obligated cash carried forward from fiscal 2005. Expenditure adjustments include a $0.8 million transfer 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 a $65 million transfer from Debt Service Fund unexpected appropriations; a -$49.3 million transfer to the Rainy Day Fund; and $64.5 million reserved for dedicated revenue appropriations. Expenditure adjustments include a -$46.3 million transfer to the Transportation Equity Fund; a $94.7 million transfer to the Capital Outlay Projects Fund; a $273 million transfer to TennCare reserve; a $20.2 million transfer to systems development projects; and a $125.4 million transfer to dedicated revenue appropriations.
Texas	The beginning balance, ending balance, Rainy Day Fund balance and revenues are from the Comptroller's February 2007 Biennial Revenue Estimate. Total Expenditures are 2006 appropriated as reported by the Legislative Budget Board. Expenditure adjustments include funds reserved for transfer to the Rainy Day Fund.
Utah	Revenue adjustments include the following: $117.7 million reserve from prior fiscal year, $3.4 million reserve from surplus for Industrial Assistance Fund, $.08 million in other funds, -$1.4 million reserve from surplus for Industrial Assistance Fund, $.02 million surplus reserved for other uses, -$102.5 million surplus transferred to the Rainy Day Fund, and -$460.1 million funds held in reserve for the following fiscal year.
Vermont	Revenue adjustments include $14.9 million of direct applications and transfers in, a $10.3 million increase in property transfer tax revenue estimate, $0.1 liquidated debt service and bond premium reserve, and $19.6 from the General Fund Surplus Reserve. Expenditure adjustments include -$10.1 million from the Human Services Caseload Reserve (net), $10 million to the Transportation Fund, $0.7 reserve for fiscal 2006 bond issuance premium, $5.2 million Estate Tax to Higher Education Trust Fund, $2.6 to Internal Service Funds, $7.9 to miscellaneous other funds, $6 million to the Budget Stabilization Reserve, and $21.1 million to the General Fund Surplus Reserve.
Washington	$126 is the net amount of transfers between other accounts and the General Fund.
West Virginia	Beginning balance includes $243.5 million in re-appropriations and an unappropriated surplus balance of $117.3 million. Revenue adjustments include transfers from Special Revenue of $53.5 million and prior year redeposits of $0.1 million. Expenditures include regular appropriations of $3.343 billion, $90.1 million in re-appropriations, $101.5 million of surplus appropriations 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: Transfers-in ($389.9 million), other revenue ($301.4 million), and tribal gaming ($88.0 million). Expenditure adjustments include: Designation for continuing balances ($43.2 million), Transfers to MA Trust ($341.8 million), and unreserved designated balance ($-5.2 million).
Wyoming	Wyoming budgets on a biennial basis. To arrive at annual figures certain assumptions and estimates were required.

TABLE A-2

Fiscal 2007 State General Fund, Estimated (Millions)

Region/State	*Beginning Balance*	*Revenues*	*Adjustments*	*Resources*	*Expenditures*	*Adjustments*	*Ending Balance*	*Budget Stabilization Fund*
NEW ENGLAND								
Connecticut	$0	$15,357	$0	$15,357	$14,831	$18	$508	$1,264
Maine**	15	3,021	131	3,167	2,994	168	5	113
Massachusetts* **	3,208	25,650	0	28,859	26,482	0	2,377	2,254
New Hampshire**	26	1,362	0	1,387	1,375	12	0	81
Rhode Island* **	56	3,220	-2	3,274	3,239	-28	63	35
Vermont**	0	1,124	49	1,173	1,147	26	0	55
MID-ATLANTIC								
Delaware*	691	3,269	0	3,960	3,464	0	496	175
Maryland**	1,362	12,865	160	14,387	14,203	0	184	1,415
New Jersey*	1,779	30,288	0	32,068	30,127	0	1,940	490
New York* **	3,257	51,441	0	54,698	51,091	0	3,607	1,025
Pennsylvania**	514	25,766	87	26,367	26,327	3	38	542
GREAT LAKES								
Illinois**	590	26,320	2,173	29,083	25,499	2,893	691	276
Indiana**	411	12,424	20	12,854	12,254	472	128	443
Michigan**	6	8,265	954	9,225	9,223	0	2	2
Ohio**	770	25,718	0	26,629	26,092	267	130	1,019
Wisconsin**	49	12,543	595	13,187	13,377	-274	84	0
PLAINS								
Iowa**	0	5,567	32	5,600	5,284	55	260	535
Kansas**	734	5,632	0	6,365	5,586	0	779	0
Minnesota* **	1,813	16,249	0	18,062	15,953	0	2,108	1,113
Missouri**	695	7,820	0	8,515	7,888	0	627	264
Nebraska**	566	3,316	-253	3,629	3,166	156	307	504
North Dakota**	197	1,147	0	1,343	1,024	-100	219	200
South Dakota**	0	1,076	7	1,082	1,080	2	0	139
SOUTHEAST								
Alabama**	949	7,588	18	8,555	7,930	-14	639	646
Arkansas	0	4,059	0	4,059	4,059	0	0	0
Florida	4,990	27,091	0	32,081	29,339	0	2,742	1,230
Georgia*	2,011	19,366	0	21,377	19,366	0	2,011	795
Kentucky**	681	8,700	310	9,691	8,874	177	640	232
Louisiana**	0	8,540	29	8,569	7,308	0	1,261	683
Mississippi**	35	4,672	-305	4,402	4,106	146	150	223
North Carolina**	749	18,117	1,047	19,913	18,866	560	488	849
South Carolina*	988	6,429	0	7,417	6,659	0	758	168
Tennessee**	744	10,316	-72	10,988	10,449	138	402	497
Virginia	1,377	16,866	0	18,243	17,970	0	272	1,190
West Virginia**	469	3,657	0	4,126	4,037	89	0	500
SOUTHWEST								
Arizona**	1,075	9,688	-35	10,728	10,307	0	422	676
New Mexico* **	778	5,646	240	6,664	5,858	258	549	549
Oklahoma	134	6,219	-90	6,262	6,057	0	205	572
Texas**	7,073	37,635	88	44,795	31,843	1,552	11,400	1,222
ROCKY MOUNTAIN								
Colorado	252	7,593	24	7,869	7,602	0	267	0
Idaho**	302	2,706	-294	2,714	2,591	0	123	122
Montana	422	1,762	0	2,184	1,655	0	530	0
Utah**	308	4,979	-231	5,057	5,057	0	0	275
Wyoming**	10	1,692	0	1,702	1,697	0	5	0
FAR WEST								
Alaska**	0	5,505	-1,280	4,225	4,225	0	0	3,813
California*	10,816	94,519	0	105,335	102,137	0	3,198	0
Hawaii	732	5,190	0	5,922	5,456	0	466	61
Nevada	159	3,380	0	3,539	3,371	0	168	267
Oregon**	684	6,422	0	7,105	5,707	0	1,398	0
Washington**	704	14,037	83	14,823	14,010	0	814	128
Total* **	**$46,106**	**$604,177**	**-**	**$653,821**	**$616,396**	**-**	**$32,062**	**$25,417**

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. ***In order to make comparisons across years more accurate, totals exclude Texas, which was unable to provide fiscal 2008 expenditure data.

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 adjustments include the release of prior year Debt Service Reserve and estimated Tobacco Settlement Transfers. Expenditure adjustments include reversions and reserve for General Obligation Debt Service payment.
Alaska	Budget Surplus
Arizona	Revenue adjustments represent Ladewig lawsuit payment and the reverse transfer from the School Facilities Board (SFB). In fiscal 2006, SFB transferred $60 million more from the General Fund than it is entitled to, and the adjustment transfer was made in fiscal 2007.
Idaho	Revenue adjustments include the following transfers: $134.7 million to the Permanent Building Fund; $110.0 million to the Public Education Stabilization Fund; $25.0 million to the Public Schools Facilities Cooperative Fund; $23.9 million to the Economic Recovery Reserve Fund; $21.3 million from the Revolving Development Fund; $12.9 million to the Budget Stabilization Fund; $5.9 million to several deficiency warrant funds; and $3.1 million to the Disaster Emergency Fund. It should also be noted that the sales tax rate was raised from 5 percent to 6 percent effective October 1, 2006, generating an additional $151.2 million in revenue during fiscal 2007.
Illinois	Revenue adjustments are transfers-in; Total expenditures include change in accounts payable; Expenditure adjustments are transfers out and interest on short-term borrowing.
Indiana	Revenue adjustment represents a Medicaid Bed Tax. Expenditure adjustments include PTRC and Homestead Credit Adjustments, Local Option Income Tax Distributions, reversal of payment delay, and transfer to the Rainy Day Fund.
Iowa	Revenue adjustments are based upon the Governor's recommendation of an increase of the cigarette tax by $1.00 per pack starting April 1, 2007. Expenditure adjustments include an approved increase in appropriations of $4.8 million and proposed supplementals of $55.3 million. Rainy Day Fund includes the Cash Reserve Fund ($401.3 million) and the Economic Emergency Fund ($133.8 million).
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 $91 million in Tobacco Settlement funds. Revenue adjustments include fund transfers ($133 million) and reserve for continuing appropriations ($177 million). Expenditure adjustments include funds reserved for continued appropriations.
Louisiana	Revenue adjustments include $23 million 05/06 carry-forward balance, Act 640, a $3 million transfer from incentive and $3 million from the Mineral Resources Operating Fund.
Maine	Revenue adjustments of $131.3 million and expenditure adjustments of $168.2 million are reflected in legislative and statutory authorized transfers. The Budget Stabilization Fund is the third priority reserve and receives 25 percent of the excess General Fund revenues after the State Controller has satisfied all required deductions of appropriations, budgeted financial commitments and adjustments.
Maryland	Revenue adjustments reflect a $6 million reimbursement from the reserve for Heritage Tax Credits and $154.2 million from the Local Income Tax Reserve.
Massachusetts	Includes balances in all budgeted funds included in the state's definition of fiscal balance.
Michigan	Fiscal 2007 revenue adjustments include federal and state law changes (-$35.2 million); revenue sharing law changes ($558.0 million); deposits from state restricted revenues ($41.6 million); several pending actions, including property sales ($46.9 million); tax policy changes and revenue options ($320.7 million); and other revenue adjustments ($22.0 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	Revenue adjustments include a $37.2 million transfer to the Budget Contingency Fund and a $268 million transfer to the Hurricane Disaster Reserve Fund. Expenditure adjustment is a debt service reduction. Ending balance includes 50 percent transfer to Working Cash Stabilization Fund.
Missouri	Revenues are net of refunds. Estimated refunds for fiscal 2007 total $1,168 million. Revenues include $192.8 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. Expenditure adjustments are carryover appropriations from the prior fiscal year.
New Hampshire	$51.7 million transfer to the Rainy Day Fund.
New Mexico	Most adjustments are transfers between reserve accounts; in addition, $18.1 million was transferred from the Tobacco Settlement Permanent Fund, a reserve account, to the Tobacco Settlement Program Fund, a non-reserve account.
New York	The ending balance per the 2007-08 Executive Budget includes $2.3 billion in Spending Stabilization Reserves, $1 billion in Rainy Day Reserve funds, $276 million in a community projects fund and $21 million in a reserve for litigation risks.
North Carolina	Revenue adjustments include $222.2 million of Repair and Renovation appropriations from earmarked ending balance and $825.1 million of anticipated over-collection of revenues. Expenditure Adjustments include $222.2 million transferred to Repair and Renovation Reserve, a $237.5 million transfer to Savings Reserve, and a $100 million transfer to Repair and Renovation Reserve.

NOTES TO TABLE A-2 (continued)

North Dakota	Additional transfer to 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 2007 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 $7.0 million and miscellaneous transfers-out of $327.1 million. These transfers-out are adjusted for an anticipated net change in encumbrances from Fiscal 2006 levels of -$36.5 million.
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 a $1.5 million adjustment to the beginning balance and $85 million in estimated prior year lapse. Expenditure adjustments include $10 million estimated current year lapse and a transfer of $12.5 million (25 percent the ending balance) to the Rainy Day Fund.
Rhode Island	Fiscal 2007 beginning balance includes additional $5.2 million in general revenue as determined by audit report. Revenues determined by November 2006 Revenue Estimating Conference. Revenue adjustments include the net value of transfers to and from the Rainy Day Fund. In fiscal 2007, the Governor proposes a $63.0 million transfer from the Rainy Day Fund which results in a surplus of $63.0 million. Expenditure adjustments reflect a withdrawal of $28.0 million as reflected in revised appropriations.
South Dakota	Revenue adjustments include $6.6 million from one-time receipts and $0.3 million in obligated cash carried forward from fiscal 2006. Expenditure adjustments include a $0.3 million transfer to the Budget Reserve Fund from the prior year's obligated cash, and $1.9 million obligated to the Budget Reserve Fund.
Tennessee	Revenue adjustments include a $100 million transfer from Debt Service Fund unexpended appropriations and a -$172.2 million transfer to the Rainy Day Fund. Expenditure adjustments include a $47 million transfer to the Transportation Equity Fund; a $74.3 million transfer to the Capital Outlay Projects Fund; a $2.5 million transfer to the Highway Fund; and $14.3 million for dedicated revenue appropriations.
Texas	The beginning balance, ending balance, Rainy Day Fund balance and revenues are from the Comptroller's February 2007 Biennial Revenue Estimate. Total expenditures are 2007 appropriated as reported by the Legislative Budget Board. Expenditure adjustments include funds reserved for transfer to the Rainy Day Fund.
Utah	Revenue adjustments include the following: $460.1 million of funds held in reserve from fiscal 2006 for use in fiscal 2007, -$49 million for income and sales tax reform, -$20.0 million transfer to Rainy Day Funds, and -$622.1 million held in reserve for next fiscal year.
Vermont	Revenue adjustments include $20.2 million in direct applications and transfers in, a $7.1 million increase in property tax revenue estimate, and $21.8 million from the General Fund Surplus Reserve. Expenditure adjustments include $1.5 million to the Transportation Fund, -$5.9 million in Federal Funds Part D Refund, $3.7 million to Internal Service Funds, $5 million to miscellaneous other funds, $3.4 million to the Budget Stabilization Reserve, $5.9 million to the Human Services Caseload Reserve, and $12.6 million to the General Fund Surplus Reserve.
Washington	$82.9 is the net amount of transfers between other accounts and the General Fund.
West Virginia	Fiscal Year 2007 Beginning balance includes $266 million in reappropriations, an unappropriated surplus balance of $178 million, and fiscal 2006 13th month expenditures of $25 million. Revenue reflects a $28 million increase to the revenue estimate ($3 million B&O tax, $4 million use tax, $5 million corporate income tax, $16 million interest income). Expenditures include $3.657 billion of regular appropriations, $89 million of surplus appropriations, $266 million of reappropriations, and $25 million of 31-day prior year expenditures. Total expenditures for fiscal 2007 assume all appropriations will be expended and does not anticipate ending balances.
Wisconsin	Revenue adjustments include Tribal Gaming Revenue ($75.6 million) and Other Revenue ($519.5 million). Expenditure adjustments include estimated lapses ($-299.9 million) and Transfer to MA Trust ($25.4 million). Ending balance reflects reserve balance of $65 million.
Wyoming	Wyoming budgets on a biennial basis. To arrive at annual figures certain assumptions and estimates were required.

TABLE A-3

Fiscal 2008 State General Fund, Recommended (Millions)

Region/State	*Beginning Balance*	*Revenues*	*Adjustments*	*Resources*	*Expenditures*	*Adjustments*	*Ending Balance*	*Budget Stabilization Fund*
NEW ENGLAND								
Connecticut	$0	$16,181	$0	$16,181	$16,178	$0	$3	$1,266
Maine**	5	3,170	1	3,176	3,168	0	8	0
Massachusetts* **	2,377	26,727	0	29,104	26,714	0	2,390	2,276
New Hampshire**	0	1,522	0	1,522	1,524	0	-2	81
Rhode Island**	63	3,428	-70	3,421	3,421	0	0	105
Vermont**	0	1,153	25	1,178	1,168	10	0	57
MID-ATLANTIC								
Delaware*	496	3,346	0	3,842	3,428	0	414	178
Maryland**	184	13,430	995	14,610	14,605	0	5	674
New Jersey*	1,940	31,424	0	33,365	32,765	0	600	490
New York* **	3,607	52,666	0	56,273	53,248	0	3,025	1,200
Pennsylvania**	38	27,242	0	27,280	27,275	1	4	564
GREAT LAKES								
Illinois**	691	29,958	1,620	32,269	28,462	3,101	706	500
Indiana**	128	12,939	12	13,080	12,725	284	71	460
Michigan**	0	8,378	1,212	9,590	9,544	0	46	2
Ohio**	130	26,743	0	26,873	26,132	0	742	1,019
Wisconsin**	84	12,883	463	13,430	13,510	-211	131	0
PLAINS								
Iowa**	0	5,752	179	5,931	5,742	0	189	577
Kansas**	779	5,687	0	6,466	6,015	0	451	0
Minnesota* **	2,108	16,490	0	18,598	17,006	0	1,592	1,150
Missouri**	627	7,967	0	8,594	8,394	0	200	274
Nebraska**	307	3,173	35	3,516	3,282	5	229	451
North Dakota	219	1,123	0	1,342	1,210	0	133	200
South Dakota**	0	1,130	13	1,143	1,143	0	0	133
SOUTHEAST								
Alabama**	639	7,778	15	8,431	8,431	0	0	675
Arkansas	0	4,346	0	4,346	4,346	0	0	0
Florida	2,742	28,191	0	30,933	29,504	0	1,429	1,335
Georgia*	2,011	20,231	0	22,242	20,231	0	2,011	795
Kentucky**	640	8,988	249	9,877	9,440	165	272	232
Louisiana	0	8,613	0	8,613	8,613	0	0	683
Mississippi**	150	4,922	-101	4,970	4,898	70	2	225
North Carolina**	0	19,573	825	20,398	19,941	338	119	849
South Carolina*	758	6,467	0	7,225	6,914	0	311	187
Tennessee**	402	11,052	-37	11,418	11,165	252	1	536
Virginia	272	17,320	0	17,592	17,584	0	8	1,314
West Virginia**	15	3,868	0	3,883	3,868	0	15	617
SOUTHWEST								
Arizona	422	10,002	0	10,424	10,362	0	62	700
New Mexico* **	549	5,765	0	6,314	5,724	22	568	568
Oklahoma	205	6,471	0	6,676	6,393	0	283	0
Texas**	6,987	38,209	0	45,197	NA	1,689	NA	3,032
ROCKY MOUNTAIN								
Colorado	267	7,865	35	8,167	7,883	0	283	0
Idaho**	123	2,808	-42	2,889	2,840	48	1	135
Montana**	530	1,798	0	2,328	2,125	0	202	0
Utah**	0	5,208	503	5,710	5,683	0	28	275
Wyoming**	5	1,691	0	1,696	1,686	0	10	0
FAR WEST								
Alaska**	0	4,449	-511	3,938	3,938	0	0	5,276
California*	3,198	101,278	0	104,476	103,141	0	1,335	0
Hawaii	466	5,303	0	5,769	5,509	0	260	74
Nevada	168	3,647	0	3,815	3,633	0	182	303
Oregon**	1,398	5,709	0	7,107	7,059	0	48	0
Washington**	814	14,366	14	15,194	14,628	0	566	128
Total* **	**$29,558**	**$630,219**	**-**	**$665,213**	**$642,193**	**-**	**$18,935**	**$26,564**

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. ***In order to make comparisons across years more accurate, totals exclude Texas, which was unable to provide fiscal 2008 expenditure data.
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 include the release of prior year Debt Service Reserve, estimated State Department of Education transfer to General Fund, and estimated Tobacco Settlement Transfer.
Alaska	Budget Surplus
Idaho	Revenue adjustments include the following transfers: $13.8 million to the Budget Stabilization Fund; $8.2 million to the Permanent Building Fund; and $1.8 million to two other funds. The Governor's proposal to expand the grocery tax credit will result in a $22.0 million reduction in revenue. Several other revenue proposals will increase revenue by $3.7 million. Expenditure adjustments include the Governor's proposal to reserve $40.0 million for an integrated public safety communications project and $8.0 million for potential deficiency warrant and supplemental needs.
Illinois	Revenue adjustments for are transfers in; Total expenditures include change in accounts payable; Expenditure adjustments are transfers out and interest on short-term borrowing.
Indiana	Revenue adjustment represents military and energy credits and the Medicaid Bed Tax. Expenditure adjustments include Tobacco Master Settlement Fund Deficit, local police and fire pensions, Local Option Income Tax Distributions, reversal of payment delay, additional spending over base for K-12 education, higher education, Student Assistance Grants, Public Safety, Economic Development, Legislative & Judicial, and other necessary agency spending.
Iowa	Revenue adjustments are based upon the Governor's recommendation of an increase of the Cigarette Tax by $1.00 per pack, combined corporate reporting, tax amnesty, and miscellaneous tax and revenue items. Rainy Day Funds are an estimated $432.9 million in the Cash Reserve Fund and $144.3 million in the Economic Emergency 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	Since Kentucky has a biennial budget process, the fiscal 2008 figures represent the enacted as revised amounts. Revenue includes $103 million in Tobacco Settlement funds. Revenue adjustments include fund transfers ($84 million) and reserve for continuing appropriations ($165 million). Expenditure adjustments include funds reserved for continued appropriations.
Maine	The Budget Stabilization Fund is the third priority reserve and receives 25 percent of the excess General Fund revenues after the State Controller has satisfied all required deductions of appropriations, budgeted financial commitments and adjustments.
Maryland	Revenue adjustments reflect a $17.4 million reimbursement from the reserve for Heritage Tax Credits and transfers of $978 million from the State Reserve Fund.
Massachusetts	Includes balances in all budgeted funds included in the state's definition of fiscal balance.
Michigan	Fiscal 2007 revenue adjustments include federal and state law changes (-$35.2 million); revenue sharing law changes ($558.0 million); deposits from state restricted revenues ($41.6 million); several pending actions including property sales ($46.9 million); tax policy changes and revenue options ($320.7 million); and other revenue adjustments ($22.0 million)
Minnesota	Ending balance includes budget reserve of $800 million and cash flow account of $350 million.
Mississippi	Revenue adjustment is a 2 percent holdback. Expenditures adjustment is a transfer of $38.0 million to Health Care Expendable Fund and $30.0 million in special fund transfers.
Missouri	Revenues are net of refunds. Estimated refunds for fiscal 2008 total $1,300 million. Revenues include $150.2 million transferred to the General Revenue Fund.
Montana	Transfer to Rainy Day Fund recommended to the Legislature at the end of calendar 2008 (fiscal 2009) to bring the ending fund balance to $100 million.
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 re-appropriations of unexpended balance of appropriations from the first fiscal year of the biennium and a small amount ($5 million) reserved for supplemental/deficit appropriations. The revenue forecasts for fiscal 2007 and fiscal 2008 have been revised since the amounts shown were included in the Governor's budget recommendations. Official revenue estimates have increased by $30.0 million for fiscal 2007 and by $27.0 million for fiscal 2008.
New Hampshire	$11.9 million transfer to the Rainy Day Fund.
New Mexico	Most adjustments are transfers between reserve accounts; in addition $21.7 million was transferred from the Tobacco Settlement Permanent Fund, a reserve account, to the Tobacco Settlement Program Fund, a non-reserve account.
New York	The ending balance per the 2007-08 Executive Budget includes $1.2 billion in spending stabilization reserves, $1.2 billion in rainy day reserve funds, $351 million in a community projects fund, $250 million in a debt reduction reserve and $21 million in a reserve for litigation risks.
North Carolina	Revenue adjustments include $825.1 million of anticipated over-collections. Expenditure Adjustments include a $237.5 million transfer to Savings Reserve and a $100 million transferred to Repair and Renovation Reserve.

NOTES TO TABLE A-3 (continued)

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. Estimated expenditures for fiscal 2008 do not include encumbrances outstanding at the end of the year. Ohio reports expenditures based on disbursements for the General Revenue Fund.
Oregon	Oregon budgets on a biennial basis. By law, certain surplus revenue from previous biennium must be returned to taxpayers. Fiscal 2008 revenue amount shown is after those payments have been made.
Pennsylvania	Expenditure adjustment reflects a transfer of $1.3 million (25 percent of the ending balance) to the Rainy Day Fund.
Rhode Island	Revenue adjustment includes transfer from the Rainy Day Fund.
South Dakota	Revenue adjustments include $6.5 from one-time receipts and $6.4 million from the Property Tax Reduction Fund to cover the projected budget shortfall.
Tennessee	Revenue adjustment represents a -$36.6 million transfer to the Rainy Day Fund. Expenditure adjustments include a $47 million transfer to the Transportation Equity Fund; a $59.3 million transfer to the Capital Outlay Projects Fund; a $32.8 million transfer to the Highway Fund; a $100 million transfer to K-12 school construction reserve; and a $13 million transfer to dedicated revenue appropriations.
Texas	The beginning balance, ending balance, Rainy Day Fund balance and revenues are from the Comptroller's February 2007 Biennial Revenue Estimate. Expenditure adjustments include funds reserved or transferred to the Rainy Day Fund.
Utah	Revenue adjustments include the following: $622.1 million fiscal 2007 reserve held for fiscal 2008, -$12.6 million mineral lease transfer, -$67.0 million in other miscellaneous funds, and -$100.0 million revenue reduction for tax reform.
Vermont	Revenue adjustments include -$1.7 million in Streamlined Sales Tax, $9.9 million in direct applications and transfers in, $4.4 million increase in property transfer tax revenue estimate, $1 million converting Attorney General Consumer Fund to General Fund, and $11.6 from the General Fund Surplus Reserve. Expenditure adjustments include $.5 million to Internal Service Funds, $7 million to miscellaneous other funds, and $2.1 million to the Budget Stabilization Reserve.
Washington	$13.9 million is the net amount of transfers between other accounts and the General Fund.
West Virginia	Total expenditures include $117.5 million recommended to be transferred to the Rainy Day Fund and is reflected in year-end balance for Rainy Day Fund.
Wisconsin	Revenue adjustments include tribal gaming revenues ($47.2 million) and other revenues ($416.0 million). Expenditure adjustments include lapses ($-214.2 million) and transfer to Health In Trust ($3.7 million). Ending balance reflects reserve balance of $130 million.
Wyoming	Wyoming budgets on a biennial basis. To arrive at annual figures certain assumptions and estimates were required.

TABLE A-4

General Fund Nominal Percentage Expenditure Change, Fiscal 2007 and Fiscal 2008*

Region/State	*Fiscal 2007*	*Fiscal 2008*
NEW ENGLAND		
Connecticut	2.2%	9.1%
Maine	4.2	5.8
Massachusetts	3.5	0.9
New Hampshire	3.1	10.8
Rhode Island	4.8	5.6
Vermont	3.0	1.9
MID-ATLANTIC		
Delaware	8.9	-1.0
Maryland	15.1	2.8
New Jersey	7.5	8.8
New York	9.9	4.2
Pennsylvania	6.7	3.6
GREAT LAKES		
Illinois	5.4	11.6
Indiana	2.5	3.8
Michigan	2.2	3.5
Ohio	4.9	0.2
Wisconsin	8.0	1.0
PLAINS		
Iowa	5.3	8.7
Kansas	8.7	7.7
Minnesota	2.6	6.6
Missouri	10.7	6.4
Nebraska	8.6	3.7
North Dakota	6.0	18.1
South Dakota	2.3	5.8
SOUTHEAST		
Alabama	13.9	6.3
Arkansas	6.1	7.1
Florida	12.8	0.6
Georgia	9.1	4.5
Kentucky	5.2	6.4
Louisiana	-5.6	17.9
Mississippi	-0.3	19.3
North Carolina	10.6	5.7
South Carolina	18.1	3.8
Tennessee	15.3	6.9
Virginia	18.0	-2.1
West Virginia	13.3	-4.2
SOUTHWEST		
Arizona	17.5	0.5
New Mexico	8.1	-2.3
Oklahoma	9.2	5.5
Texas	-1.4	NA
ROCKY MOUNTAIN		
Colorado	7.1	3.7
Idaho	16.8	9.6
Montana	5.6	28.4
Utah	19.7	12.4
Wyoming	36.6	-0.6
FAR WEST		
Alaska	30.1	-6.8
California	11.5	1.0
Hawaii	16.6	1.0
Nevada	-6.2	7.8
Oregon	-3.9	23.7
Washington	2.9	4.4
Average**	**8.6%**	**4.2%**

* Fiscal 2007 reflects changes from fiscal 2006 expenditures (actual) to fiscal 2007 expenditures (estimated). Fiscal 2008 reflects changes from fiscal 2007 expenditures (estimated) to fiscal 2008 expenditures (recommended). NA indicates data not available. **To make comparisons across years more accurate, totals exclude Texas, which was unable to provide fiscal 2008 expenditure data.

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*	*Targeted Cuts*	*Reduce Local Aid*	*Programs Reorganized*	*Privatization*	*Rainy Day Fund*	*Other*
NEW ENGLAND											
Connecticut											
Maine											
Massachusetts*											x
New Hampshire											
Rhode Island*	x		x							x	x
Vermont											
MID-ATLANTIC											
Delaware											
Maryland											
New Jersey											
New York											
Pennsylvania											
GREAT LAKES											
Illinois											
Indiana											
Michigan*	x	x				x					x
Ohio											
Wisconsin					x						
PLAINS											
Iowa											
Kansas											
Minnesota											
Missouri											
Nebraska											
North Dakota											
South Dakota											
SOUTHEAST											
Alabama											
Arkansas											
Florida											
Georgia*											x
Kentucky											
Louisiana											
Mississippi											
North Carolina											
South Carolina											
Tennessee											
Virginia											
West Virginia											
SOUTHWEST											
Arizona											
New Mexico											
Oklahoma											
Texas											
ROCKY MOUNTAIN											
Colorado											
Idaho											
Montana											
Utah											
Wyoming											
FAR WEST											
Alaska											
California											
Hawaii*											x
Nevada											
Oregon											
Washington											
Total	**2**	**1**	**1**	**0**	**1**	**1**	**0**	**0**	**0**	**1**	**5**

NOTE: *See Notes to Table A-5.

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE A-5

Georgia	Shortfall includes $8.2 million in state funds and $73 million in federal funds for SCHIP. Shortfall also includes $14 million for DSH and $9 million for state hospitals, and a reduction of tobacco settlement funds of $10 million. Recognized additional revenue in the amended budget to cover the shortfall.
Hawaii	Carry-over balance from prior year to address the budget gap.
Massachusetts	To address the fiscal 2007 budget gap of $425 million, the tax revenue estimate has been raised, and revenues are currently above the most recent benchmark. Currently a surplus is projected.
Michigan	In February 2007, the Governor submitted a comprehensive plan to address a fiscal 2007 budget gap of $605 million. In addition to spending reductions, other strategies proposed by the Governor to address the fiscal 2007 budget gap include one-time rate adjustments for state employee and community college retirement systems, a payment deferral for higher education institutions, tax policy changes and revenue options. The Governor and the Legislature are continuing to discuss ways to resolve the deficit.
Rhode Island	Fiscal 2007 budget gap of $104.8 million is based on the first quarter report and November 2006 Revenue Estimating Conference. Fees: Various resource enhancements of $30.8 million. Furloughs: Four shutdown days at $6 million, which was subsequently revised as an across-the-board payroll reduction. Rainy Day Fund: Drew $63 million from Budget Reserve. Other: Savings from Health Benefit premium adjustment ($14.2 million); Shifted capital financing ($4.9 million); Assessed Fringe Benefit Fund savings ($2.7 million); Caseload projections lowered for Medical Benefits programs ($8.5 million); Transfer of retroactive payments to correctional officers to fiscal 2008 ($15.8 million); Retiree Health Subsidy adjustments ($9.4 million).

TABLE A-6

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

	Sales Tax		*Personal Income Tax*		*Corporate Income Tax*		*Total*
Region and State	*Original Estimate*	*Current Estimate*	*Original Estimate*	*Current Estimate*	*Original Estimate*	*Current Estimate*	*Revenue Collection****
NEW ENGLAND							
Connecticut	$ 3,534	$ 3,487	$ 6,428	$ 6,625	$ 707	$ 787	H
Maine*	1,027	1,024	1,275	1,334	168	199	L
Massachusetts	4,285	4,090	10,817	11,122	1,258	1,498	H
New Hampshire	NA	NA	NA	NA	246	268	H
Rhode Island	921	895	1,052	1,069	122	138	L
Vermont	228	226	533	556	54	67	T
MID-ATLANTIC							
Delaware	NA	NA	1,062	1,034	169	141	L
Maryland*	3,501	3,457	6,579	6,594	686	574	L
New Jersey	8,722	8,768	11,475	11,465	2,727	2,898	T
New York	10,253	10,186	34,218	34,434	5,303	6,027	H
Pennsylvania	8,621	8,546	9,849	10,030	2,142	2,477	T
GREAT LAKES							
Illinois	7,295	7,356	8,884	9,130	1,711	1,688	H
Indiana	5,451	5,366	4,660	4,495	768	895	T
Michigan	6,959	6,732	6,386	6,242	1,886	1,870	T
Ohio	7,610	7,470	8,650	8,790	895	1,055	H
Wisconsin	4,358	4,210	6,503	6,480	670	880	T
PLAINS							
Iowa	1,935	1,932	2,914	3,027	319	433	T
Kansas	2,003	2,065	2,439	2,585	306	375	H
Minnesota	4,624	4,519	6,948	7,094	883	1,178	T
Missouri	1,985	1,997	4,677	4,870	393	419	T
Nebraska*	1,267	1,274	1,517	1,560	219	245	H
North Dakota	467	515	237	281	42	77	H
South Dakota	605	608	NA	NA	NA	NA	H
SOUTHEAST							
Alabama	2,027	2,134	2,716	2,932	439	600	T
Arkansas	2,137	2,180	2,064	2,113	314	319	H
Florida	20,022	19,637	NA	NA	2,439	2,635	L
Georgia	5,926	5,990	8,193	8,499	829	976	T
Kentucky	2,771	2,833	3,084	3,122	852	976	H
Louisiana	2,750	3,293	2,124	2,457	237	592	H
Mississippi	1,924	2,004	1,315	1,340	376	438	H
North Carolina	5,033	5,036	9,635	9,981	1,053	1,387	H
South Carolina	2,496	2,542	2,600	2,859	223	279	H
Tennessee*	6,805	6,797	204	204	1,531	1,531	H
Virginia	3,148	3,090	9,650	9,969	788	901	T
West Virginia	1,018	1,018	1,318	1,318	296	301	H
SOUTHWEST							
Arizona	4,629	4,615	3,695	3,857	902	959	H
New Mexico	2,160	2,292	1,065	1,138	325	400	H
Oklahoma*	1,751	1,807	2,804	2,763	248	525	L
Texas	18,393	19,480	NA	NA	NA	NA	H
ROCKY MOUNTAIN							
Colorado	2,067	2,078	4,274	4,492	479	465	T
Idaho	842	1,085	1,164	1,274	173	208	H
Montana	14	14	713	769	97	154	H
Utah	1,653	1,806	2,270	2,415	244	360	H
Wyoming	421	480	NA	NA	NA	NA	L
FAR WEST							
Alaska	NA	NA	NA	NA	552	793	H
California	28,114	27,775	50,885	52,042	10,507	10,311	L
Hawaii	2,533	2,527	1,630	1,635	91	134	T
Nevada	1,007	1,042	NA	NA	NA	NA	L
Oregon*	NA	NA	4,942	5,567	261	377	H
Washington	7,385	7,740	NA	NA	NA	NA	H
Total	**$212,675**	**$214,016**	**$253,446**	**$259,560**	**$44,928**	**$49,809**	-

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-6. **Unless otherwise noted, original estimates reflect the figures used when the fiscal 2007 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-6

Maine	These figures do not reflect the March 2007 revenue re-projections by the Revenue Forecasting Committee.
Maryland	All estimates include the portion of Sales, Personal Income, and Corporate Income taxes that are included in General Fund revenues. The portion that funds transportation programs is not included.
Nebraska	The revenue forecasts for fiscal 2007 and fiscal 2008 have been revised since the amounts shown were included in the Governor's budget recommendations. Official revenue estimates have increased by $30.0 million for fiscal 2007 and by $27.0 million for fiscal 2008.
Oklahoma	Overall, fiscal 2007 tax receipts are coming in slightly lower than estimated, due to implemented tax cuts, lower gas prices and production, inclement weather impacts, etc.
Oregon	By law, certain surplus revenue from the previous biennium must be returned to taxpayers. Fiscal 2008 revenue amount shown is after those payments have been made.
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-7

Fiscal 2007 Tax Collections Compared with Projections Used in Adopting Fiscal 2008 Budgets (Millions)

	Sales Tax		*Personal Income Tax*		*Corporate Income Tax*	
Region/State	*Fiscal 2007*	*Fiscal 2008*	*Fiscal 2007*	*Fiscal 2008*	*Fiscal 2007*	*Fiscal 2008*
NEW ENGLAND						
Connecticut	$ 3,487	$ 3,602	$ 6,625	$ 7,578	$ 787	$ 745
Maine*	1,024	1,056	1,334	1,378	199	212
Massachusetts	4,090	4,215	11,122	11,605	1,498	1,519
New Hampshire	NA	NA	NA	NA	268	303
Rhode Island	895	930	1,069	1,088	138	129
Vermont	226	239	556	577	67	55
MID-ATLANTIC						
Delaware	NA	NA	1,034	1,124	141	179
Maryland*	3,457	3,623	6,594	7,041	574	591
New Jersey	8,768	9,188	11,465	12,351	2,898	2,534
New York	10,186	10,585	34,434	36,274	6,027	6,333
Pennsylvania	8,546	9,636	10,030	10,503	2,477	2,542
GREAT LAKES						
Illinois	7,356	7,577	9,130	9,519	1,688	1,733
Indiana	5,366	5,598	4,495	4,737	895	901
Michigan*	6,732	6,891	6,242	6,312	1,870	701
Ohio	7,470	7,839	8,790	9,148	1,055	813
Wisconsin	4,210	4,311	6,480	6,766	880	888
PLAINS						
Iowa	1,932	2,023	3,027	3,150	433	421
Kansas	2,065	2,035	2,585	2,750	375	355
Minnesota	4,519	4,616	7,094	7,551	1,178	1,141
Missouri	1,997	2,002	4,870	5,145	419	422
Nebraska*	1,274	1,300	1,560	1,680	245	235
North Dakota	515	504	281	297	77	86
South Dakota	608	642	NA	NA	NA	NA
SOUTHEAST						
Alabama	2,134	2,223	2,932	3,110	600	647
Arkansas*	2,180	NA	2,113	NA	319	NA
Florida	19,637	20,367	NA	NA	2,635	2,704
Georgia	5,990	6,394	8,499	8,994	976	884
Kentucky	2,833	2,959	3,122	3,429	976	787
Louisiana	3,293	3,358	2,457	2,407	592	527
Mississippi	2,004	2,124	1,340	1,409	438	455
North Carolina	5,036	5,137	9,981	10,519	1,387	1,194
South Carolina	2,542	2,702	2,859	2,937	279	270
Tennessee*	6,797	7,145	204	216	1,531	1,536
Virginia	3,090	3,253	9,969	10,530	901	795
West Virginia	1,018	1,027	1,318	1,409	301	362
SOUTHWEST						
Arizona	4,615	4,976	3,857	3,930	959	982
New Mexico	2,292	2,419	1,138	1,181	400	400
Oklahoma	1,807	1,913	2,763	2,690	525	583
Texas	19,480	20,335	NA	NA	NA	NA
ROCKY MOUNTAIN						
Colorado	2,078	2,197	4,492	4,627	465	473
Idaho	1,085	1,197	1,274	1,255	208	213
Montana	14	15	769	794	154	161
Utah	1,806	1,880	2,415	2,555	360	380
Wyoming	480	474	NA	NA	NA	NA
FAR WEST						
Alaska	NA	NA	NA	NA	793	622
California	27,775	29,347	52,042	55,598	10,311	10,816
Hawaii	2,527	2,761	1,635	1,667	134	130
Nevada	1,042	1,096	NA	NA	NA	NA
Oregon*	NA	NA	5,567	4,836	377	430
Washington	7,740	8,040	NA	NA	NA	NA
Total* **	**$211,882**	**$219,529**	**$256,628**	**$267,556**	**$49,209**	**$47,539**

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-7.
** Unless otherwise noted, fiscal 2007 figures reflect preliminary actual tax collections estimates as shown in Table A-6, and fiscal 2008 figures reflect the estimates used in recommended budgets. ***In order to make comparisons across years more accurate, totals exclude Arkansas, which was unable to provide fiscal 2008 expenditure data.

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE A-7

Arkansas	Due to the ongoing Legislative Session fiscal 2008 projections for Sales Tax collections, Personal Income Tax collections, and Corporate Income Tax collections are not available.
Maine	These figures do not reflect the March 2007 revenue re-projections by the Revenue Forecasting Committee.
Maryland	All estimates include the portion of Sales, Personal Income, and Corporate Income taxes that are included in General Fund revenues. The portion that funds transportation programs is not included.
Michigan	The $1.2 billion drop in Corporate Income Tax collections is due to the repeal of the Single Business Tax (SBT), effective 12/31/07. The Governor proposes a Michigan Business Tax to replace the SBT repeal and is working with the Legislature to enact legislation.
Nebraska	The revenue forecasts for fiscal 2007 and fiscal 2008 have been revised since the amounts shown were included in the Governor's budget recommendations. Official revenue estimates have increased by $30.0 million for fiscal 2007 and by $27.0 million for fiscal 2008.
Oregon	By law, certain surplus revenue from previous biennium must be returned to taxpayers. Fiscal 2008 revenue amount shown is after those payments have been made.
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

Proposed Revenue Changes by Type of Revenue, Fiscal 2008

State	*Tax Change Description*	*Effective Date*	*Fiscal 2008 Revenue Changes ($ in Millions)*
	SALES TAXES		
Alabama	Eliminates sales tax on over-the-counter medication	6/07	-$12.0
Arkansas	Reduce sales tax on food from 6 percent to 3 percent. Reduce sales tax rate on manufacturers' natural gas and electricity from 6 percent to 4.5 percent. Exempt dyed diesel fuel from sales tax.	1/07	-179.9
California	Use Tax on Luxury Vessels	upon enactment	35.0
Connecticut	Various changes including eliminating the sales tax on commercial businesses	7/07	-30.8
	Various energy efficiency related exemptions	7/07	-9.1
	Additional sales tax on increased cigarettes and floor tax	7/07	4.9
Florida	Sales tax holiday on clothing, school supplies, and books	7/07	-32
	Sales tax holiday on hurricane preparedness supplies	5/07	-19.8
	Sales tax holiday on energy efficient products	7/07	-3.3
	Communications Services Tax rate reduction of 0.25 percent	7/07	-33.1
Georgia	Exemption for construction of alternative fuel facility	7/07	-1.5
Hawaii	Eliminate the General Excise Tax (GET) on alcohol fuels	7/07	-32.1
	Eliminate the GET on eleven essential foods	7/07	-39.8
Illinois	Increase auditing initiatives	7/07	5.0
Maine	Increase the Cigarette Tax by $1.00 and increased Other Tobacco Products Tax	7/07	2.4
Michigan	Tax on international and other calls	6/07	22.8
	Cut the sales tax exemption for interstate trucks	6/07	16.9
	Tax on insurance company out-of-state purchases	6/07	3.7
	Tax on vended foods	6/07	27.2
	Taxation of affiliates with a nexus in Michigan	6/07	3.6
	Trade-in allowances on new vehicle purchases	10/07	-175
Minnesota	Exemption for purchases made by the Minnesota Department of Transportation from the Trunk Highway Fund	7/07	-4.1
	Exemption for commuter rail construction materials and equipment	1/07	-4.6
	Exemption for Minnesota company expansion	1/07	-3.8
Nebraska	Exempt certain construction labor services	10/07	-5.7
Nevada	Sales Tax exemption for vehicle trade-ins.	1/07	-20.0
New Mexico	Reduce Gross Receipts Tax (GRT) pyramiding	7/07	-1.5
	GRT credit for for-profit hospitals	7/07	-4.0
	GRT deduction for mutual fund advisory services	7/07	-0.1
	GRT relief for railroad fuel	7/07	-3.3
	GRT deduction for repair and maintenance services by aircraft manufacturers	7/07	-0.3
	Various energy incentives	7/07	-1.1
New York	Tax full cost of internet hotel costs	6/07	16.0
Pennsylvania	Increase Sales & Use Tax from 6 percent to 7 percent.	2007-2008	826.0
Tennessee	Increase cigarette tax by 40 cents (from 20 cents to 60 cents per pack), which would generate $211.9 million and increase sales tax revenues by $7.7 million	7/07	7.7
West Virginia	Prescription Drug Exemption for health care providers	7/07	-10.0
	Pass-through exemption for direct use contractors	7/07	-2.6
Wisconsin	Exemption for fuel and electricity used in manufacturing		-3.0
	Extend sales tax to digital personal property		2.6
	Exemption for internet broadband equipment		-7.5
	Exemption for biotechnology equipment		-2.4
Total Revenue Changes--Sales Taxes			**$331.4**

TABLE A-8 (continued)

Proposed Revenue Changes by Type of Revenue, Fiscal 2008

State	*Tax Change Description*	*Effective Date*	*Fiscal 2008 Revenue Changes ($ in Millions)*
	PERSONAL INCOME TAXES		
Alabama	Tax cuts for middle class, retirement income exemptions, health insurance deductions, and targeted credits	1/08	-$34.50
Arkansas	Income tax relief for low-income taxpayers.	1/07	-14.7
California	Repeal of Teacher Tax Credit	1/07	165.0
Connecticut	Effective 1/1/2007 the Personal Income Tax rate will increase to 5.25 percent for Income Year 2007, and effective 1/1/2008 the Personal Income Tax rate will increase to 5.50 percent for Income Year 2008. Effective 1/1/2007, the Property Tax Credit on Personal Income Tax will be phased out, increasing revenue $100.0 million. IncomeYear 2007 proposals are retroactive and revenue effects would occur in fiscal 2008.	various	717.5
Georgia	Raised the income tax exclusion for those 62 and over from $25,000 to $30,000. Additional increase to $35,000 in fiscal 2009	1/07	-94.2
Hawaii	Increase standard deduction to 75 percent of federal level	7/07	-30.0
	Index standard deduction, personal exemption and tax brackets for inflation	7/07	-10.0
	Provide an income-staged increase in personal exemption for children	7/07	-16.9
	Increase the Dependent Care Tax Credit	7/07	-9.0
	Provide a one-time income tax rebate	7/07	-90.8
Idaho	Increase the grocery credit for low income individuals and families.	7/07	-22.0
Illinois	Increased auditing initiatives	7/07	27.0
Indiana	Increased maximum allowable state veteran income tax deduction		-3.8
	Exempted military pay while serving		-2.0
Iowa	Increase in the Earned Income Tax Credit	1/07	-4.3
	Alternative energy fuel vehicle tax credit	1/07	-2.0
Louisiana	Refundable tax credit as reimbursement for insurance premium assessments imposed to cover Louisiana Citizens' Property Insurance Corp. liabilities (can be taken by individuals and corporations)		-28.1
Maine	Amend the three-factor corporate income apportionate formula to a single-factor, based upon sales.	1/07	-3.1
Michigan	Repeal oil and gas exemption in 2007 tax year (fiscal 2008 impact)	6/07	3.9
Minnesota	Conform Minnesota to the federal tax laws passed in 2006	1/06	-26
	Military income and pension exemption	1/07	-5.8
	Dairy investment credit	1/07	-4.8
Missouri	Exempt social security benefits from income tax	1/07	-100.0
	Increase long-term care insurance deduction from 50 percent to 100 percent	1/07	-2.7
Nebraska	Reduce the number of tax brackets to three, adjusted applicable income ranges, and reduced tax rates	1/07	-226.1
	Increase college savings investment deduction	1/07	-1.3
New Jersey	Increase Earned Income Tax Credit to federal level	1/07	-64.0
New Mexico	Working families tax credit	7/07	-30.0
	Special needs adoption tax credit	7/07	-0.5
	Rural healthcare practitioner tax credit	7/07	-3.5
	Angel investment tax credit	7/07	-0.8
	College tuition and fees tax credit	7/07	-5.4
	Teacher retention tax credit	7/07	-7.0
	Middle income taxpayer income tax exemptions	7/07	-20.0
	Armed forces income tax exemptions	7/07	-9.4
	Military retirees tax exclusion	7/07	-8.4

TABLE A-8 (continued)

Proposed Revenue Changes by Type of Revenue, Fiscal 2008

State	*Tax Change Description*	*Effective Date*	*Fiscal 2008 Revenue Changes ($ in Millions)*
	PERSONAL INCOME TAXES (continued)		
New Mexico (continued)	Accelerate half of fiscal 2009 personal income tax cut made in prior year (top rate from 5.3 percent to 5.1 percent)	7/07	-16.0
	Various energy incentives	7/07	-1.6
New York	Restructure and extend higher fees on limited liability companies	1/07	30.0
	Make reporting of tax shelters permanent	7/07	6.0
	Make low-income housing permanent	1/07	-4.0
	New Middle Class School Tax Relief (STAR) program	7/07	-1211.0
North Carolina	Eliminate income taxes for low-income taxpayers, and reduce income taxes for other group of low-income taxpayers	7/07	-28.0
	Provide tax deductions for higher education tuition	7/07	-13.9
	Allow deductions for qualified expenses for K-12 teachers	7/07	-2.3
	Allow retired Public Safety Officers to deduct Health Insurance Premiums		-2.0
	Adoption Tax Credit		-3.0
Ohio	Continue phase-in of the 5-year 21 percent rate cut which began in tax year 2005 at the pace of 4.2 percent every year.	7/07	-1392.2
	Residency Definition: Recent legislation increases the number of contact periods from 120 to 183 per year in Ohio before an individual with an abode in another state may be defined as an Ohio resident for income tax purposes. Active-duty military and allowances are exempted from the state income tax.	4/07	-30.0
	Authorized a refundable tax credit for rehabilitating historic buildings.	5/07	-7.5
South Carolina	Tax rate reduction	1/07	-205.2
Utah	Flat tax reform		-100.0
Virginia	Increase filing thresholds	1/07	-13.8
Wisconsin	100 percent Social Security exclusion	1/08	-45.9
	Deduction for health insurance premiums		-5.8
	Increase angel investor credits		-1.4
	Increase college tuition deduction	1/07	-2.4
Total Revenue Changes—Personal Income Taxes			**-$3,017.6**
	CORPORATE INCOME TAXES		
Alabama	Small business health insurance deductions and targeted credits	1/08	-$6.8
Connecticut	Reform of the Industry Tax Credit increases revenue $21.0 million, the Biofuels Production Tax Credit decreases revenue $800,000	1/07	20.2
Florida	Film industry incentives	7/07	-75.0
	Various energy (alternative fuels) incentives	7/07	-7.4
Illinois	Gross Receipts Tax net of Corporate Income Tax Credit	1/07	2,626.0
Iowa	Institute combined corporate tax reporting.	1/07	25.0
Kansas	Reduce Corporate Income Tax surcharge over 2 years from 3.35 percent to 2.75 percent	1/07	-5.8
Kentucky	Adjustment to allow relief for small business Income and Gross Receipts Taxes, and return pass-through entities to federal filing status.		-38.3
Louisiana	Refundable tax credit as reimbursement for insurance premium assessments imposed to cover Louisiana Citizens' Property Insurance Corp. liabilities (can be taken by individuals and corporations)		-28.1
Maine	Amend the three-factor corporate income apportionate formula to a single-factor, based upon sales.	1/07	9.7

TABLE A-8 (continued)

Proposed Revenue Changes by Type of Revenue, Fiscal 2008

State	*Tax Change Description*	*Effective Date*	*Fiscal 2008 Revenue Changes ($ in Millions)*
	CORPORATE INCOME TAXES (continued)		
Michigan	Create Michigan Business Tax as a replacement for the repealed Single Business Tax, effective December 2007	1/08	1439.4
	Corporate headquarters credit	1/08	-150.0
	Personal property tax exemption	1/08	-203.4
Minnesota	Conform Minnesota to the federal tax laws passed in 2006	1/07	-2.6
	Credits for emerging businesses	day following enactment	-6.0
Montana	Propose to prevent non-insurance companies with an affiliate or subsidiary insurance company from transferring gains, assets, or income to the insurance company in order to avoid taxation.	1/07	1.5
	Require real estate investment trusts to pay taxes on income earned in Montana.	1/07	6.0
New Jersey	Expiration of the Alternative Minimum Assessment	1/07	-160.0
	Full phase in of full net operating loss deduction	1/07	-80.0
	Elimination of the .67 percent tax rate on S-corporations	1/07	-35.0
New York	Make reporting of tax shelters permanent	7/07	10.0
	Corporate Franchise Tax combined filing	1/07	185.0
	Decouple from federal deduction for qualified production activities	1/07	25.0
	Real Estate Investment Trusts	1/07	88.0
	Grandfathered corporations	1/07	19.0
	Conform to federal bad debt deduction	1/07	13.0
	Require add-back of expenses of subsidiary capital and eliminate discounted wage factor	1/07	35.0
	Cooperative insurance companies	1/07	23.0
North Carolina	Increase deductions for small businesses	7/07	-35.8
Ohio	Continue phase-out of the Corporate Franchise Tax: The Corporate Franchise Tax is being eliminated over five years—except for the special net worth tax paid by financial institutions—phasing it down by 20 percent per year beginning tax year 2006 and ending with tax year 2010.	6/05	-971.3
	A new corporate activity tax (CAT) is being 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. Revenue from the CAT totaled $975.5 million, $43.9 of which will be deposited to the General Revenue Fund. The remainder will be credited to the School District and Local Government Property Tax Replacement Funds. The CAT is a tax on 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 is imposed on the gross revenues of a 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.		975.5
Oregon	Graduated increase in Corporate Minimum Tax.	1/07	42.3
Wisconsin	Phase-in of single factor sales apportionment		-16.0
	Health Insurance Risk-Sharing Authority		-10.0
	Credits for fuel and electricity used in manufacturing		-5.9
	Credits for research facilities		-2.8
	Airport development zone credits		-0.7
	Early seed investors' credit		-1.4
	Credits for dairy manufacturing investment		-0.3
Total Revenue Changes—Corporate Income Taxes			**$3,701.1**

TABLE A-8 (continued)

Proposed Revenue Changes by Type of Revenue, Fiscal 2008

State	*Tax Change Description*	*Effective Date*	*Fiscal 2008 Revenue Changes ($ in Millions)*
	CIGARETTE AND TOBACCO TAXES		
Connecticut	Increase the tax rate from $1.51 to $2.00 per pack	7/07	$76.1
	Corresponding floor tax due to the increase in per-pack tax	7/07	5.4
Delaware	Increase tax from $0.55 per pack to $1.00 per pack. To be dedicated to Delaware Healthy Life Fund, a fund dedicated for health needs of Delaware's most at-risk population as well as improving the State's comprehensive system of health services	9/07	42.0
Iowa	Increase cigarette tax by $1.00 per pack with corresponding increase in tobacco tax	4/07	138.4
Maine	Increase the Cigarette Tax by $1.00 to $3.00 per pack	7/07	63.7
	Increase tax on smokeless tobacco to 117 percent and the tax on other tobacco products to 30 percent	7/07	2.3
Michigan	Increase the tax from $2.00 to $2.05 per pack	6/07	21.0
	Double the tax on other tobacco products from 32 percent to 64 percent	6/07	36.6
New Hampshire	Tax increase of $.28 per pack	7/07	48.5
Oregon	Tax increase of $.845 per pack	11/07	72.7
Pennsylvania	Increase the Cigarette Tax by the equivalent of 10 cents per pack of cigarettes to $1.45 per pack and impose a new tax on other tobacco products.	2007-2008	77.5
South Carolina	Tax increase of $.30 per pack	7/07	107.3
South Dakota	Initiate measure adopted by the voters of South Dakota which increased cigarette taxes by $1.00 per pack and also increased taxes on other tobacco products from 10 percent to 35 percent of wholesale price. The total revenue increase from this tax is projected at $41.8 million, of which a portion is allocated to trust funds. Not all additional revenue is allocated to the general fund. The general fund will receive approximately $15.8 million additional revenue in fiscal 2008 due to this tax increase.	1/07	41.8
Tennessee	Raise cigarette tax by 40 cents (from 20 cents to 60 cents per pack)	7/07	211.9
Wisconsin	Cigarette Tax Increase		257.5
	Tobacco Products Tax Increase		18.2
Total Revenue Changes—Cigarette and Tobacco Taxes			**$1,220.9**
	ALCOHOLIC BEVERAGES		
Michigan	Increase the liquor mark-up from 65 percent to 75 percent before selling to licensees	6/07	$27.0
New York	Alcohol Tax Enforcement Extender	1/07	15.0
Total Revenue Changes—Alcoholic Beverages			**$42.0**
	MOTOR FUELS TAXES		
Arkansas	$.06 per gallon tax on dyed diesel fuel.	1/07	$23.7
Delaware	Increase tax from $0.23 per gallon to $0.28 per gallon for gas and from $0.22 per gallon to $0.27 per gallon for special fuels. This revenue is dedicated to the Transportation Trust Fund	9/07	23.4
West Virginia	Renew flat-rate portion of motor fuel excise tax at .205 per gallon (otherwise would have been .155 per gallon)- Dedicated to State Road Fund	7/07	45.8
Total Revenue Changes—Motor Fuel Taxes			**$92.9**

TABLE A-8 (continued)

Proposed Revenue Changes by Type of Revenue, Fiscal 2008

State	*Tax Change Description*	*Effective Date*	*Fiscal 2008 Revenue Changes ($ in Millions)*
	OTHER		
Arkansas	Increase homestead property tax credit from $300 to $350.	Effective 2007 assessment year	-$26.9
Connecticut	Elimination of the Estate Tax Cliff and phase-out of the tax over 5 years	1/07	-21.3
Hawaii	Continue the $1 surcharge on visitor car rentals	7/07	14.0
Illinois	Gaming Rate change	7/07	115.0
	Increase Medicaid reimbursements due to increased provider rates	7/07	63.0
Kansas	Raise net worth exemption from $100,000 to $1.0 million	1/07	-7.0
Kentucky	New, limited jobs retention economic development incentive program for the automotive industry; allowing credits to individual income, corporate income, and limited liability entity taxes.		-14.3
Michigan	2 percent excise tax on select services	6/07	1473.8
	Decouple from federal estate tax for deaths on or after April 2007	4/07	119.2
	Create a new specific tax for commercial rental property	1/08	5.0
	Restore penalties for late payment of certain income tax withholding, sales tax, and use tax	6/07	5.1
Minnesota	Tax compliance	7/07	20.9
Missouri	Raise the threshold for franchise tax from $1 million to $15 million when business provides health care for employees	1/07	-14.0
Montana	$2.357 million general fund and $0.153 million for state special revenue to exempt business equipment property from taxation if the business has more than $20,000 but less than $150,000 of business equipment. Further reductions would lower local property taxes.	NA	-2.5
Nebraska	Repeal state estate tax	1/07	-9.7
Ohio	Real property tax: extended homestead exemption to include all senior citizen and permanently disabled homeowners, regardless of income - also increase exemption to $25,000 of market value multiplied by effective residential tax.	7/07	-128.5
Pennsylvania	Increase the Education Improvement Tax Credit.	2007-2008	-1.4
Rhode Island	Motor Vehicles Excise: Charge auto registration fees based on gross vehicle weight	7/07	3.6
	Motor Vehicles Excise: Charge a transaction fee for registry activity	7/07	2.3
Wisconsin	Increase in real estate transfer fee to 6 mills; adopt oil company assessment		179.3
Total Revenue Changes—Other Taxes			**$1,777.1**

TABLE A-8 (continued)

Proposed Revenue Changes by Type of Revenue, Fiscal 2008

State	*Tax Change Description*	*Effective Date*	*Fiscal 2008 Revenue Changes ($ in Millions)*
	FEES		
Alaska	Repeal the tire fee	7/07	-$1.4
Colorado	Fee increase of $4.40 for adult drivers licenses	7/07	4.9
	Fee increase of $25 for some specialty license plates	7/07	2.5
Connecticut	Raise the Department of Public Safety's Division of Fire, Emergency and Building Services Fees	7/07	1.1
	Increase the safety plate fee from $5 to $10	7/07	2.5
	Increase the Abandoned Motor Vehicle Filing Fee from $5 to $20	7/07	0.2
	Enhance enforcement at weigh stations	7/07	0.5
Delaware	Increase vehicle registration fees for passenger vehicles from $20 per year to $30 per year. All other vehicle types increased 50 percent as well. This revenue is dedicated to the Transportation Trust Fund	9/07	9.5
	Increase vehicle documentation fee from 2.75 percent to 4.5 percent. This revenue is dedicated to the Transportation Trust Fund	9/07	24.8
Iowa	Increases in various fees charged by state agencies	7/07	1.5
Michigan	Remove sunset date and increase air emission fees	10/07	16.5
	Increase land and water permit fees	10/07	6.2
	Remove sunset date and increase solid waste surcharge fees	10/07	6.0
	Remove sunset date and increase groundwater discharge permit fees	10/07	3.1
	Remove sunset date and increase hazardous waste user fees	10/07	2.5
	Create pollution prevention fee	10/07	2.4
	Remove sunset date for securities fees	10/07	4.3
	Remove sunset date for corporations fees	10/07	6.5
	Remove sunset date for occupational licensure and regulation fees	10/07	2.6
	Remove sunset date for fingerprint fees	10/07	1.5
	Remove sunset date for commercial mobile radio system fees	10/07	18.7
	Increase hunting and fishing license fees	10/07	16.9
	Create judiciary local court technology user fees	10/07	1.7
	Increase teacher certification fees	10/07	1.5
	Increase liquor license fees	10/07	22.0
Minnesota	Human Services Department state-operated service mental health initiatives	1/08	2.3
	Health Department, state government special revenue fund: Increase newborn screening fee	7/07	1.9
	Department of Natural Resources, natural resources fund: Increased watercraft license surcharge, fishing license surcharge, recreational camper surcharge for control and management of invasive species	7/07	1.8
	Public Safety Department, special revenue fund: Increase driver's license fees to support current driver services operations, and added a $20 reinstatement fee for driver license suspensions due to conviction for theft of gasoline at the pump	7/07	1.3
	Public Safety Department, special revenue fund: Increase license plate fees.	7/07	1.1
	Labor and Industry Department, various funds: Fee adjustments for licensing of residential building contractors, boiler operators, piping and electrical.	7/07	3.2
New York	Implement a new security assessment on nuclear power plant operators	4/07	9.8
	EPF Bottle Bill	1/07	25.0
	Increase Title V Federal Air Regulatory Fees	4/07	6.4
	Deploy cameras to enforce speed limit and safety in work zones	4/07	18.8
	Increase Criminal History Search Fee to fund civil legal services and the judiciary data processing offset fund	4/07	6.6

TABLE A-8 (continued)

Proposed Revenue Changes by Type of Revenue, Fiscal 2008

State	*Tax Change Description*	*Effective Date*	*Fiscal 2008 Revenue Changes ($ in Millions)*
	FEES (continued)		
Oregon	Surcharge on auto insurance premiums.	1/08	5.0
Pennsylvania	Increase waste disposal fees for conservation programs and hazardous sites cleanup.	2007-2008	9.2
Rhode Island	Transfer reserves from insurers	7/07	15.2
	Increase various health fees	7/07	4.1
	Charge provider tax for surgical and imaging centers	7/07	4.0
	License mortgage originators	12/07	1.3
	Increase building contractors' Registration Board Fee	7/07	1.0
	Decrease state's share of Emissions Testing Fee	7/07	-3.2
	Require administrative cost collection for Good Driving Dismissals	3/07	0.7
	Increase Pesticide Fee	7/07	0.7
	Increase Gaming License Fees	7/07	0.2
	Increase Fire Safety Fees	7/07	0.1
Utah	Fee increases on approximately 150 miscellaneous regulatory fees to cover agency operations.	various	34.5
Vermont	Fish and Wildlife Fees- mostly licenses	7/07	0.2
	Special Funds Fees:		
	Secretary of State professional regulation	7/07	0.1
	Health care provider assessments- nursing homes	7/07	1.0
	Health Department- various health protection programs	7/07	0.4
	Disabilities, aging and independent living (vocational rehab assessments)	7/07	0.1
	Environmental conservation—various permits	7/07	0.6
	Various other fees	7/07	0.1
Total Revenue Changes—Fees			**$312.0**

SOURCE: National Association of State Budget Officers.

TABLE A-9

Recommended Revenue Measures, Fiscal 2008

State	*Description*	*Effective Date*	*Fiscal 2008 Recommended Changes ($ in Millions)*
California	Sales Tax enforcement	Upon enactment	$12.0
	Personal Income Tax enforcement	Upon enactment	69.0
	Corporate Income Tax enforcement	Upon enactment	9.0
	Alcoholic Beverage Tax enforcement	Upon enactment	1.0
Connecticut	Tax department measure of increased staff to audit cash businesses	7/07	5.0
	Various tax department measures to increase personal income tax revenue	7/07	10.5
	Intercept Cable Television Gross Receipts for Cultural Treasures	1/07	-5.0
	Transfer General Fund monies to the Emergency Spill Response Account	7/07	-12.5
	Redirect Indian Gaming Deposits into the CAR Fund	7/07	-100.0
	Impact of recommended federal expenditure changes	7/07	-7.6
	Various other transfers to other funds	7/07	-142.3
Florida	Redirection of documentary stamp taxes to general revenue	7/07	105.0
	Redirection of Communications Services Taxes to Education Trust Fund	7/07	-11.1
	Redirect Eco System to GR	7/07	47.2
	Florida Forever / Everglades Restoration debt service	7/07	-12.7
Illinois	Lease of Lottery with proceeds earmarked for pension funding (loss from prior fiscal years)	9/07	-535.0
Iowa	Proposed tax amnesty to occur in fall 2007	Fall 2007	16.0
	Increase in revenue auditors	NA	4.6
Kentucky	Improved enforcement		45.4
Minnesota	Upfront exemption of Sales Tax on capital equipment purchased or leased by small businesses and the forest products industry	7/07	-7.2
	Sales Taxes on motor vehicle leases dedicated to transportation. General Fund loss with an offsetting gain to highway funds	7/07	-29.0
	Accelerate single sales factor method of apportionment on Corporate Income Tax	1/07	-4.3
Missouri	Restored original legislative intent by reversing recent Supreme Court decisions that broadly applied Sales Tax exemptions for certain businesses	1/07	30.0
Nebraska	Repealed credit for business-operated childcare that has never gone into effect	1/07	1.2
New Jersey	Due to refunding and reissue of bonds that are securitized by tobacco (MSA) payments the pledged amount decreased from 100 percent to 76.26 percent. The balance (23.74 percent) is now available to the General Fund.	7/07	108.6
	The balance of the dedicated Cigarette Tax that was not pledged to bondholders will now be available to the General Fund.	7/07	85.1
	Outdoor advertising would be permanently extended. (It was set to expire in fiscal 2008).	7/07	7.8
New Mexico	Earmark the Oil Conservation Tax, a General Fund revenue, for land conservation	7/07	-10.5
North Carolina	Continuation of 4.25 percent state Sales Tax rate	7/07	259.9
	Continuation of 8 percent Income Tax rate that would have expired	7/07	40.8

TABLE A-9 (continued)

Recommended Revenue Measures, Fiscal 2008

State	*Description*	*Effective Date*	*Fiscal 2008 Recommended Changes ($ in Millions)*
Ohio	Auto sales tax: Restructure nonresident tax exemption for Ohio motor vehicle purchases -- nonresident is charged 6.0 percent: 5.5 percent state rate plus 0.5 percent permissive rate (permissive portion is the lowest permissive rate in effect in Ohio); if home state does not have Sales Tax Credit for its residents, no Ohio tax is charged.	8/07	64.0
	Non-auto Sales Tax: Change vendor discount from 0.75 percent of all collections to 1.0 percent on first $3,000 of tax collections for the reporting period (monthly or semiannual).	8/07	35.0
Oregon	Retained surplus revenue that otherwise would be returned to taxpayers, to create Rainy Day Fund.	7/07	275.1
	Extended provider taxes for Managed Care Organizations, hospitals, and nursing facilities.	1/08	77.3
Rhode Island	Buy Back Historic Structures Tax Credits-Personal Income Tax	7/07	8.56
	Buy Back Historic Structures Tax Credits- Corporate Income Tax	7/07	0.36
	Reinstituted the Small Business Administration Tax Credit	12/07	-0.48
	Public utilities gross receipts: Phased-in Affordable Energy Fee	7/07	7.55
	Miscellaneous other revenues: Repealed restriction on bond premiums from General Fund use	7/07	3.00
	Unclaimed Property: Augmented compliance with taxation field auditors; decreased reservation for claims.	7/07	1.27
	Insurance: Buy back Historic Structures Tax Credits	7/07	1.08
	Lottery: State share of Simulcast on parity with live pari-mutual wagering	7/07	0.59
	Financial Institutions: Buy back Historic Structures Tax Credits	7/07	NA
	Reinstituted Hospital Licensing Fee	7/07	71.6
	Sale of various state property	7/07	28.2
	Accelerate hospital settlement payments	7/07	14.1
	Moved GIS surcharge and transfer balance to General Revenues	7/07	2.2
	Rebates from banking arrangement	7/07	1.0
	Discontinue DEFRA Child Support	7/07	0.5
	Improve child support enforcement	7/07	0.2
	Pickering Commonwealth Award	7/07	0.1
	Healthcare Regional Quality Award	7/07	0.1
	Transfer collection of Prison Locker Fees to the state	7/07	0.1
Texas	Revised the Texas Franchise Tax - expanded the tax base and lowered the rate to apply to the taxable margin of the business instead of earned surplus. Increase in revenue dedicated to property tax relief.	1/08	6100.0
	Cigarette tax increase occurred in 2007. Increase in revenue dedicated to property tax relief.	NA	none
West Virginia	General revenue sales tax transfer to Highway Fund		-13.5
	One-time shift (deceleration of Sales Tax collections- moved from June 2007 to July 2007)		15
	One-time shift (deceleration of Personal Income Tax collections- moved from June 2007 to July 2007)		15
	Dedication to Workers Compensation Debt Reduction Fund (replaces tobacco funds due to securitization)		-50.4
	Transfer to rail port authority		-2.2
	Tobacco master agreement- securitization of future payment (minimum return of $800 million)		

TABLE A-9 (continued)

Recommended Revenue Measures, Fiscal 2008

State	*Description*	*Effective Date*	*Fiscal 2008 Recommended Changes ($ in Millions)*
Wisconsin	Streamlined Sales Tax	9/07	1.6
	Disclosure of tax shelters	9/07	9.6
	1 percent assessment on hospital revenue	7/07	291.0
	Raise automobile registration by $20	10/07	71.0
	Vital records fee	7/07	15.9
	Environmental repair tipping fee	7/07	7.3
	Recycling tipping fee	7/07	18.0
	Federal security mandate fee	1/08	7.4
	College application fee increase	effective date of budget bill	1.8
	Child support fee: non-custodial parents	1/08	2.1
	Custodial parent child support fee	1/08	1.4
	Increase securities agent fee	effective date of budget bill	3.0
Total			**$6,970.5**

SOURCE: National Association of State Budget Officers.

TABLE A-10

Total Balances and Balances as a Percentage of Expenditures, Fiscal 2006 to Fiscal 2008*

	*Total Balance ($ in Millions)***			*Balances as a Percent of Expenditures*		
Region/State	*Fiscal 2006*	*Fiscal 2007*	*Fiscal 2008*	*Fiscal 2006*	*Fiscal 2007*	*Fiscal 2008*
NEW ENGLAND						
Connecticut	$1,112	$1,264	$1,266	7.7%	8.5%	7.8%
Maine	94	118	8	3.3	3.9	0.3
Massachusetts	3,208	2,377	2,390	12.5	9.0	8.9
New Hampshire	95	81	79	7.1	5.9	5.2
Rhode Island	151	63	105	4.9	1.9	3.1
Vermont	52	55	57	4.7	4.8	4.9
MID-ATLANTIC						
Delaware	691	496	414	21.7	14.3	12.1
Maryland	2,121	1,599	679	17.2	11.3	4.6
New Jersey	1,779	1,940	600	6.3	6.4	1.8
New York	3,257	3,607	3,025	7.0	7.1	5.7
Pennsylvania	1,026	579	568	4.2	2.2	2.1
GREAT LAKES						
Illinois	866	967	1,206	3.6	3.8	4.2
Indiana	739	571	531	6.2	4.7	4.2
Michigan	8	4	48	0.1	0.0	0.5
Ohio	1,781	1,149	1,761	7.2	4.4	6.7
Wisconsin	49	84	131	0.4	0.6	1.0
PLAINS						
Iowa	754	796	766	15.0	15.1	13.3
Kansas	734	779	451	14.3	13.9	7.5
Minnesota	1,813	2,108	1,592	11.7	13.2	9.4
Missouri	942	891	474	13.2	11.3	5.6
Nebraska	840	811	680	28.8	25.6	20.7
North Dakota	297	419	333	30.7	40.9	27.5
South Dakota	137	139	133	13.0	12.9	11.6
SOUTHEAST						
Alabama	1,368	1,285	675	19.7	16.2	8.0
Arkansas	0	0	0	0.0	0.0	0.0
Florida	6,059	3,972	2,764	23.3	13.5	9.4
Georgia	2,011	2,011	2,011	11.3	10.4	9.9
Kentucky	800	872	504	9.5	9.8	5.3
Louisiana	1,509	1,944	683	19.5	26.6	7.9
Mississippi	53	373	227	1.3	9.1	4.6
North Carolina	1,378	1,336	968	8.1	7.1	4.9
South Carolina	988	758	311	17.5	11.4	4.5
Tennessee	1,069	899	536	11.8	8.6	4.8
Virginia	2,442	1,462	1,322	16.0	8.1	7.5
West Virginia	828	500	632	23.2	12.4	16.3
SOUTHWEST						
Arizona	1,726	1,098	763	19.7	10.7	7.4
New Mexico	778	549	568	14.4	9.4	9.9
Oklahoma	629	777	283	11.4	12.8	4.4
Texas	6,481	12,622	NA	20.1	39.6	NA
ROCKY MOUNTAIN						
Colorado	689	267	283	9.7	3.5	3.6
Idaho	411	245	136	18.5	9.4	4.8
Montana	422	530	202	26.9	32.0	9.5
Utah	563	275	303	13.3	5.4	5.3
Wyoming	10	5	10	0.8	0.3	0.6
FAR WEST						
Alaska	2,424	3,813	5,276	74.6	90.2	134.0
California	10,816	3,198	1,335	11.8	3.1	1.3
Hawaii	786	527	333	16.8	9.7	6.0
Nevada	426	435	485	11.9	12.9	13.4
Oregon	684	1,398	48	11.5	24.5	0.7
Washington	704	942	694	5.2	6.7	4.7
Total* **	**$62,117**	**$50,368**	**$38,652**	**10.9%**	**8.2%**	**6.0%**

NOTES: NA indicates data not available. *Fiscal 2006 are actual figures, fiscal 2007 are estimated figures, and fiscal 2008 are recommended figures. ** Total balances include both the ending balance and balances in budget stabilization funds. *** To make comparisons across years more accurate, totals exclude Texas, which was unable to provide fiscal 2008 expenditure data.

SOURCE: National Association of State Budget Officers.

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