

THE FISCAL SURVEY OF STATES

SPRING 2015

AN UPDATE OF STATE FISCAL CONDITIONS

A REPORT BY THE NATIONAL ASSOCIATION OF STATE BUDGET OFFICERS

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THE 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). The series was started in 1979. The survey presents aggregate and individual data on the states' general fund receipts, expenditures, and balances. Although not the totality of state spending, these funds are raised from states' own taxes and fees, such as state income and sales taxes. 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, NASBO's *State Expenditure Report*, is also conducted annually.

The field survey on which this report is based was conducted by NASBO from February through April 2015. The surveys were completed by executive state budget officers in all 50 states.

Fiscal 2014 data represent actual figures, fiscal 2015 figures are estimated, and fiscal 2016 data reflect governors' recommended budgets.

Forty-six states begin their fiscal years on July 1. The exceptions are New York, which starts its fiscal year on April 1; Texas, with a September 1 start date; and Alabama and Michigan, which start their fiscal years on October 1. Additionally, 30 states operate on an annual budget cycle, while 20 states operate on a biennial (two-year) budget cycle.

NASBO staff member Kathryn Vesey White compiled the data and prepared the text for the report.



EXECUTIVE SUMMARY

This report finds that state budgets are stable and continue to grow. However, this growth is moderate and recovery for state finances since the end of the Great Recession has been modest. While states' fiscal conditions are improving, progress is slow and state governments face significant financial challenges going forward. Requirements for spending on K-12 education, health care and other important areas continue to grow, often at faster rates than state revenue growth. Long-term critical challenges include pent-up demand for spending on infrastructure and rising pension and health care costs. States vary in their fiscal health, some doing very well and others facing more significant budgetary problems. For example, the steep decline in oil prices has impacted some energy producing states. Overall, state finances are somewhat improved compared to last year, but growth is modest and some states are worse off than others.

Modest state fiscal advancements are widespread, with 42 executive budgets recommending higher spending levels in fiscal 2016 compared to fiscal 2015. Aggregate spending and revenue are projected to remain below historical growth trends, though inflation also continues to be low. Governors in most states have proposed to increase spending in fiscal 2016 by more than the current rate of inflation to bolster core services such as K-12 education and respond to rising spending demands in health care. In some states, however, problems remain from prior budget cuts, especially in discretionary programs that have had to absorb a disproportionate share of reductions to protect other programs like Medicaid and K-12 education.

Mid-year budget cuts in fiscal 2015 remain fairly minimal compared to the levels observed in the strained years during and immediately following the Great Recession, though they exceed the level observed during the same period in fiscal 2014. While the national unemployment rate continues to decline as the economy grows and adds more jobs, regional disparities in economic performance, including uneven job growth, are becoming more pronounced, putting budgetary pressure on some states, while helping to strengthen fiscal conditions in others.

State tax revenue growth remains modest, as employment continues to grow slowly, wages remain relatively stagnant, and the

labor force participation rate continues to hover around historic lows.¹ The strong stock market performance in calendar year 2014 led to higher state income tax collections in fiscal 2015, though such gains may be a one-time windfall. States' spending proposals continue to be cautious as they plan for modest revenue growth and focus on ensuring structural balance.

State Spending

In fiscal 2016, general fund expenditures are projected to increase by 3.1 percent, a slower rate of growth than the estimated 4.6 percent increase in fiscal 2015. Spending growth for both fiscal 2015 and fiscal 2016 continues to be below the historical average of 5.5 percent. Executive budgets show general fund spending increasing to \$779.6 billion in fiscal 2016, compared to \$756.2 billion in fiscal 2015. General fund spending in fiscal 2014 reached \$722.8 billion, a 4.1 percent increase over general fund spending in fiscal 2013.

Aggregate general fund expenditures first exceeded pre-recession levels in fiscal 2013 (on a nominal basis), but some states have yet to surpass their pre-recession spending peak. Governors' recommended budgets for fiscal 2016 show that eight states are still expected to see general fund expenditure levels below pre-recession highs, without adjusting for inflation. Moreover, aggregate general fund spending at the state level is still below the fiscal 2008 peak after accounting for inflation, indicating that state budgets have not fully recovered from the recession. Aggregate spending levels would need to be at \$780.5 billion, or 3.2 percent higher than the \$756.2 billion currently estimated for fiscal 2015, to be equivalent with real 2008 spending levels.²

Budget Gaps, Mid-Year Budget Actions and Recommended Budget Adjustments

With modest revenue growth and continued long-term spending pressures, budget gaps increased slightly in fiscal 2015, though they remain far below the levels observed in the years during and immediately following the Great Recession. Twenty states reported closing \$9.3 billion in budget gaps, and ten states have a combined \$7.1 billion in remaining gaps that must be closed by the end of the fiscal year. This compares with 15

¹ According to the Bureau of Labor Statistics, the civilian labor force participation rate was 62.8 percent in April 2015, and has remained between 62.7 percent and 62.9 percent since April 2014.

² See Bureau of Economic Analysis National Income and Product Account Tables, Table 3.9.4, Line 33 in April 2015, which provides state and local government implicit price deflator on a quarterly basis. The fiscal 2015 inflation rate is determined based on an average of the first three quarters.

states reporting \$6.8 billion in budget gaps in fiscal 2014 and 18 states reporting \$33.8 billion in budget gaps in fiscal 2013. With more limited revenue growth and mandatory spending pressures expected, budget gaps are projected to increase further in fiscal 2016, with 24 states projecting \$25.2 billion in budget gaps. However, this figure reflects forecasted budget shortfalls prior to incorporating governors' budget recommendations. Shortfall projections tend to change, in some cases dramatically, over the course of the fiscal year.

Virtually all states are required to balance their budgets, and relatively few states are permitted to carry over a deficit.³ State budget gaps that arise during the fiscal year are primarily solved through a reduction in previously appropriated spending. Similar to fiscal 2013 and 2014, mid-year budget cuts have been minimal in fiscal 2015. At the time of data collection, 11 states had enacted net mid-year budget cuts totaling \$2.0 billion in fiscal 2015. This compares with eight states enacting net mid-year budget cuts totaling \$1.0 billion in fiscal 2014, and 11 states enacting \$1.3 billion in net mid-year budget cuts in fiscal 2013. Sixteen states enacted mid-year spending increases in fiscal 2015 totaling \$2.3 billion. Additionally, four states enacted mid-year tax decreases and one state enacted a mid-year tax increase, resulting in a net revenue reduction of \$1.3 billion in fiscal 2015.

Governors recommended that additional budget dollars for fiscal 2016 most heavily target K-12 education and Medicaid, calling for spending increases of \$10.2 billion and \$9.2 billion, respectively. Governors in 42 states recommended spending increases for K-12 education, while 38 governors recommended increases for Medicaid. Net spending increases were also recommended for higher education at \$2.6 billion, corrections at \$1.8 billion and public assistance at \$82 million in additional spending in fiscal 2016. Thirty-three states recommended fiscal 2016 increases for higher education, 38 states for corrections, and 19 states for public assistance.

State Revenues

Aggregate general fund revenues are projected to modestly increase in fiscal 2016. Governors' recommended budgets show collections are projected to increase by 3.0 percent in fiscal 2016 — a somewhat slower rate of growth than the estimated 3.7 percent gain in fiscal 2015. However, the growth rate is

higher than observed in fiscal 2014, when revenues increased by only 1.6 percent. The revenue slowdown in fiscal 2014 can be largely attributed to the volatility caused by individuals shifting capital gains, dividends and personal income to the 2012 calendar year to avoid higher federal tax rates that were set to take effect on January 1, 2013. This one-time shift led to a substantial acceleration of revenue growth in fiscal 2013, followed by the slowdown in fiscal 2014. With more distance now from the impact of the so-called "federal fiscal cliff," states appear to be returning to more stable patterns of modest annual revenue growth.

Governors' budget proposals forecast total general fund tax revenues of \$777.6 billion in fiscal 2016, compared to the estimated \$755.1 billion collected in fiscal 2015 and actual collections of \$728.1 billion in fiscal 2014. Total general fund revenues first surpassed the pre-recession high of \$680 billion in nominal terms in fiscal 2013. However, projected revenues in governors' recommended budgets remain below pre-recession peaks in five states, without adjusting for inflation.

Fiscal 2015 general fund revenues from all sources, including sales, personal income, corporate income and all other taxes and fees, are exceeding original forecasts in 24 states, on target in six states and below forecasts in 19 states. When comparing current revenue collections to more recent forecasts, 19 states are above projections, 23 states are on target and seven states are below updated projections. Due to higher than anticipated windfalls in April as taxpayers paid their federal and state taxes, more states are expected to meet or exceed revenue projections for fiscal 2015 once final fiscal year tax collections are determined. Most of these gains are the result of an increase in income tax collections, which can be attributed in part to the strong stock market performance in calendar year 2014.

State Revenue Actions

Governors are proposing a mix of tax increases on general sales and cigarettes and tobacco products and tax cuts in other areas (namely personal income and other taxes) for fiscal 2016. Sixteen governors are proposing net tax increases of \$6.7 billion, while 12 are proposing net tax decreases totaling \$3.7 billion, resulting in a net tax increase of \$3.0 billion. States with the largest proposed tax decreases (in absolute dollar

³ See NASBO, *Budget Processes in the States* (2015), Table 9.

amounts) include Florida, Ohio, and Texas. States with governors proposing the largest tax increases include Alabama, Connecticut, and Pennsylvania. Governors have also proposed \$1.7 billion in new revenue measures in fiscal 2016. This mix of proposed tax and fee increases and decreases across states contrasts with state revenue actions in fiscal 2015, when states enacted net tax decreases totaling \$2.3 billion.

Year-End Balances

Total balances include ending balances and the amounts in states' budget stabilization or "rainy day" funds. They are a crucial tool that states heavily rely on during fiscal downturns and to address budget shortfalls. Balances reflect the surplus funds and reserves that states may use to respond to unforeseen circumstances, helping to offset potential revenue declines and increased spending demands. In fiscal 2014, total balances decreased slightly in dollar terms to \$71.2 billion and as a percentage of general fund expenditures to 9.9 percent, compared to \$72.2 billion (or 10.4 percent of expenditures) in fiscal 2013. Total balances for fiscal 2014 were greater than previously reported in NASBO's Fall 2014 Fiscal Survey, mainly due to larger ending balances in California and Texas, compared to preliminary figures. Total balances are estimated to decline to \$60.3 billion or 8.0 percent of expenditures in fiscal 2015, with most of this decrease attributable to Alaska drawing down on its reserves to respond to declining oil prices. Governors recommended decreasing total balance levels further in fiscal 2016 to \$55.2 billion or 7.1 percent of general fund expenditures. Additionally, it should be noted that two states have generally held a disproportionate share of states' total budget reserves. For example, the total balance levels of Alaska and Texas are estimated to make up 34 percent of total state balance levels in fiscal 2015 and 38 percent in fiscal 2016. The remaining 48 states have balance levels that represent only 5.7 percent of general fund expenditures for fiscal 2015 and 4.7 percent for fiscal 2016.

Total balances include both ending balances and rainy day fund balances. State balances in rainy day funds — budget stabilization funds set aside to respond to unforeseen circumstances — tend to be more stable than total balance levels. Excluding Alaska, whose rainy day fund declined significantly in fiscal

2015, as well as two other states for which complete data are not available, rainy day fund balances totaled \$30.2 billion in fiscal 2014, are estimated to total \$30.7 billion in fiscal 2015, and are projected to increase to \$35.2 billion in fiscal 2016.

Medicaid Costs and Enrollment

Medicaid is estimated to account for about 25.8 percent of total state spending from all fund sources in fiscal 2014, the single largest portion of total state expenditures, and 19.1 percent of general fund spending (the second largest portion of general fund expenditures) according to NASBO's 2014 *State Expenditure Report*. As reported in the *Fiscal Survey*, total Medicaid spending increased by 8.6 percent in fiscal 2014 with state funds growing by 5.9 percent and federal funds growing by 11.9 percent. For fiscal 2015, total Medicaid spending is estimated to grow more rapidly by 18.2 percent, with state funds increasing by 5.2 percent and federal funds increasing by 24.2 percent.

Executive budgets for fiscal 2016 assume an increase in Medicaid spending of 5.2 percent in total funds with state funds increasing by 3.1 percent and federal funds increasing by 6.9 percent. The growth rates in fiscal 2014, fiscal 2015 and fiscal 2016 reflect both the *Affordable Care Act's* Medicaid expansion option that began on January 1, 2014, in addition to ongoing program spending. The rate of growth in federal funds exceeds state funds since costs for those newly eligible for coverage are fully federally funded in calendar years 2014, 2015, and 2016 with federal financing phasing down to 90 percent by 2020.

Medicaid enrollment increased by 9.5 percent during fiscal 2014 and is estimated to increase more rapidly by 13.7 percent in fiscal 2015. In governors' recommended budgets for fiscal 2016, Medicaid enrollment growth is expected to stabilize somewhat, with enrollment projected to rise by 4.6 percent. These enrollment increases reflect the impact from the *Affordable Care Act*, including increased enrollment in states that have implemented the Medicaid expansion that began in January 1, 2014, as well as increased participation among those currently eligible in both states that did and did not implement the expansion. Medicaid enrollment is estimated to grow by roughly 30 percent over the fiscal 2014 through fiscal 2016 period.

This edition of The Fiscal Survey of States reflects actual fiscal 2014, estimated fiscal 2015, and recommended fiscal 2016 figures. The data were collected in the spring of 2015.



STATE EXPENDITURE DEVELOPMENTS

CHAPTER ONE

Overview

State budgets are projected to continue their trajectory of moderate growth in fiscal 2016 for the sixth consecutive year, according to governors' recommended budgets. Consistent year-over-year growth has helped states achieve relative budget stability with minimal need for unanticipated cuts. General fund spending increased by 4.6 percent in fiscal 2015, more than previously estimated, and well above the rate of inflation around 1.0 percent.⁴ At the same time, budgets remain constrained by a variety of factors. Mandatory spending demands in health care and other areas continue to rise faster than revenue growth in a number of states. Budgetary challenges also linger from the Great Recession and slow recovery for some states that have not been able to fully restore previous spending cuts. In eight states, nominal spending levels recommended for fiscal 2016 are still below pre-recession highs set back in fiscal 2008. Spending in some states is also being restrained by strict tax and expenditure limitations.⁵ Despite these constraints, more and more states are moving beyond recession-induced declines and returning to more normal patterns of growth. Spending growth in fiscal 2016 is projected to be limited, but governors have recommended funding increases for core services such as K-12 education, Medicaid and higher education. In this constrained budget environment, fiscal progress is likely to remain slow and steady in fiscal 2016.

State Spending from All Sources

This report captures only state general fund spending. General fund spending represents the primary component of discretionary expenditures of revenue derived from general sources which have not been earmarked for specific items. According to the most recent edition of NASBO's *State Expenditure Report*, estimated fiscal 2014 spending from all sources (general funds, federal funds, other state funds and bonds) is approximately \$1.79 trillion, with the general fund representing 40.5 percent of the total. The components of total state spending for estimated fiscal 2014 are: Medicaid, 25.8 percent; elemen-

tary and secondary education, 19.5 percent; higher education, 10.1 percent; transportation, 7.7 percent; corrections, 3.1 percent; public assistance, 1.4 percent; and all other expenditures, 32.4 percent.

For estimated fiscal 2014, components of general fund spending are elementary and secondary education, 35.0 percent; Medicaid, 19.1 percent; higher education, 9.4 percent; corrections, 6.8 percent; public assistance, 1.4 percent; transportation, 0.9 percent; and all other expenditures, 27.4 percent.

State General Fund Spending

State general fund spending is projected to be \$779.6 billion in fiscal 2016 according to governors' recommended budgets. This represents a 3.1 percent increase from the estimated \$756.2 billion spent in fiscal 2015. General fund spending increases are projected to be widespread in fiscal 2016, with governors in 42 states having proposed a larger budget for fiscal year 2016 over 2015. Eight states have fiscal 2016 recommended budgets that have yet to surpass pre-recession highs in nominal dollars, compared to 10 states last year and 19 states in fiscal 2014. Aggregate general fund spending is estimated to increase by 4.6 percent in fiscal 2015 compared to fiscal 2014, and 44 states estimate they will end fiscal 2015 with greater general fund spending levels than in fiscal 2014. (See Table 1, Figure 1, and Tables 3 – 5)

For fiscal 2015, six states estimate general fund expenditures below fiscal 2014 levels, 30 states had general fund expenditure growth between 0 and 4.9 percent, 12 states had general fund spending growth between 5.0 and 9.9 percent and two states experienced budget growth greater than 10.0 percent. For fiscal 2016, eight states project negative budget growth, 28 states project budget growth between 0 and 4.9 percent, 10 states expect budget growth between 5.0 and 9.9, and four states expect budget growth greater than 10.0 percent. (See Table 2 and Table 6)

⁴ See Bureau of Economic Analysis National Income and Product Account Tables, Table 3.9.4, Line 33 in April 2015, which provides state and local government implicit price deflator on a quarterly basis. The fiscal 2015 inflation rate was determined based on an average of the first three quarters.

⁵ For more on state tax and expenditure limitations, see NASBO, *Budget Processes in the States* (Spring 2015), Table 11.

TABLE 1

State Nominal and Real Annual Budget Increases, Fiscal 1979 to Fiscal 2016

Fiscal Year	State General Fund	
	Nominal Increase	Real Increase
2016	3.1%	
2015	4.6	3.6%
2014	4.1	2.8
2013	4.1	2.5
2012	3.4	0.9
2011	3.5	0.3
2010	-5.7	-6.5
2009	-3.8	-6.3
2008	4.9	-0.4
2007	9.4	4.4
2006	8.7	3.2
2005	6.5	0.5
2004	3.0	-0.7
2003	0.6	-2.4
2002	1.3	-0.9
2001	8.3	3.9
2000	7.2	2.4
1999	7.7	4.9
1998	5.7	3.7
1997	5.0	2.7
1996	4.5	2.2
1995	6.3	3.3
1994	5.0	2.8
1993	3.3	-0.1
1992	5.1	1.8
1991	4.5	0.0
1990	6.4	1.5
1989	8.7	4.8
1988	7.0	2.9
1987	6.3	2.6
1986	8.9	5.4
1985	10.2	6.0
1984	8.0	3.9
1983	-0.7	-6.2
1982	6.4	-0.9
1981	16.3	5.2
1980	10.0	-0.5
1979	10.1	3.2
1979–2015 average	5.5%	1.5%

NOTES: The state and local government implicit price deflator cited by the Bureau of Economic Analysis National Income and Product Account Tables, Table 3.9.4, Line 33 in April 2015 is used for state expenditures in determining real changes. Fiscal Year real changes are based on quarterly averages. Fiscal 2014 figures are based on the change from fiscal 2013 actuals to fiscal 2014 actuals. Fiscal 2015 figures are based on the change from fiscal 2014 actuals to fiscal 2015 estimated. Fiscal 2016 figures are based on the change from fiscal 2015 estimated figures to fiscal 2016 recommended.

FIGURE 1:

Annual Percentage Budget Increases, Fiscal 1979 to Fiscal 2016

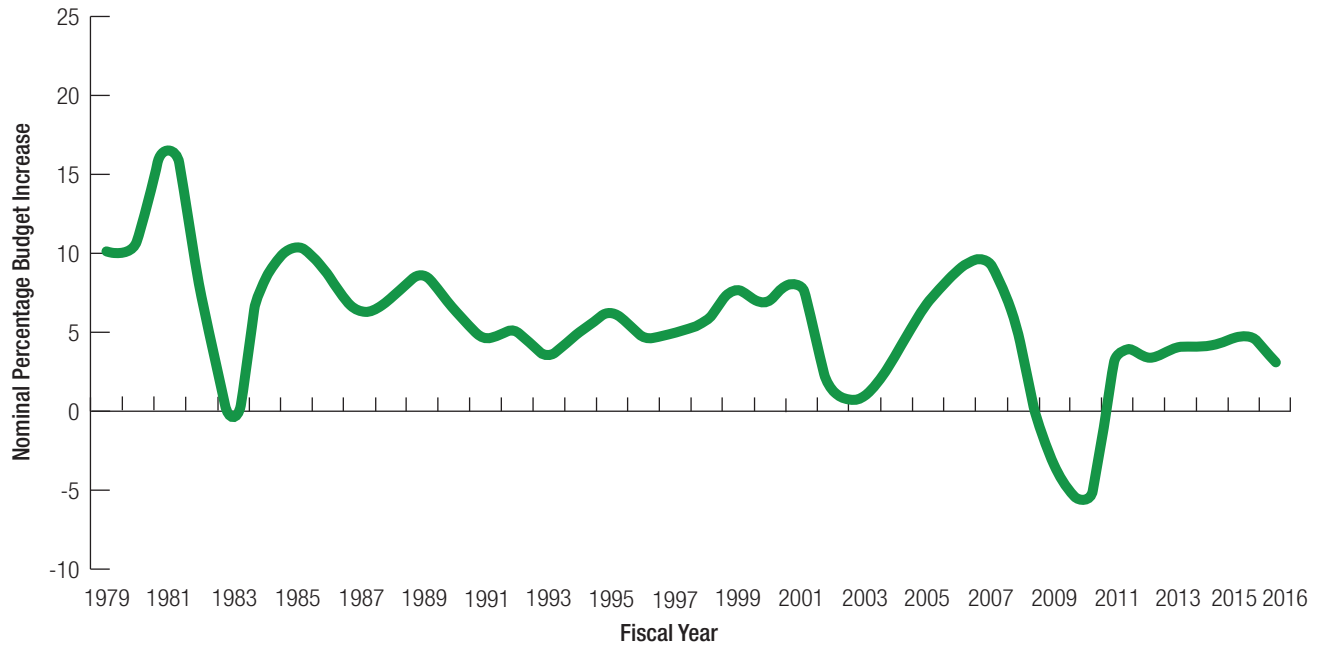


TABLE 2

**State General Fund Expenditure Growth,
Fiscal 2015 and 2016**

Spending Growth	Number of States	
	Fiscal 2015 (Estimated)	Fiscal 2016 (Recommended)
Negative growth	6	8
0.0% to 4.9%	30	28
5.0% to 9.9%	12	10
10% or more	2	4

NOTES: Average spending growth for fiscal 2015 (estimated) is 4.6 percent; average spending growth for fiscal 2016 (recommended) is 3.1 percent. See Table 6 for state-by-state data.

TABLE 3
Fiscal 2014 State General Fund, Actual (Millions)

State	Beginning Balance	Revenues	Adjustments	Total Resources	Expenditures	Adjustments	Ending Balance	Rainy Day Fund Balance
Alabama*	\$304	\$7,353	\$204	\$7,862	\$7,479	\$330	\$52	\$276
Alaska*	0	5,394	35	5,429	7,323	-180	-1,714	15,597
Arizona	895	8,482	0	9,377	8,798	0	579	455
Arkansas	0	4,944	0	4,944	4,944	0	0	0
California* **	2,528	102,675	-856	104,346	99,838	-592	5,100	4,130
Colorado* **	373	8,978	14	9,365	8,764	-50	651	436
Connecticut*	0	17,230	0	17,230	16,982	0	249	519
Delaware**	636	3,573	0	4,209	3,794	0	414	202
Florida	2,892	26,604	0	29,495	26,914	0	2,581	925
Georgia* **	761	19,168	280	20,210	19,139	0	1,071	863
Hawaii	844	6,096	0	6,940	6,275	0	665	83
Idaho*	80	2,815	-56	2,840	2,781	14	44	161
Illinois*	154	34,616	2,142	36,912	31,479	5,359	74	276
Indiana*	1,428	14,660	22	16,110	14,553	520	1,036	969
Iowa*	0	6,489	679	7,168	6,462	0	707	650
Kansas*	709	5,653	0	6,363	5,983	0	380	0
Kentucky*	123	9,621	302	10,046	9,864	102	81	77
Louisiana*	0	8,217	545	8,762	8,583	0	179	445
Maine*	8	3,075	132	3,214	3,200	2	12	68
Maryland*	502	15,106	78	15,686	15,539	0	148	764
Massachusetts**	1,874	33,843	0	35,718	34,267	0	1,451	1,248
Michigan*	1,187	9,788	-1,351	9,624	9,317	0	306	386
Minnesota* **	1,712	19,522	0	21,234	19,348	0	1,886	661
Mississippi*	54	5,403	-105	5,352	5,310	0	41	110
Missouri*	447	8,003	124	8,574	8,385	0	189	277
Montana*	538	2,077	-2	2,613	2,188	0	425	0
Nebraska*	815	4,106	-456	4,465	3,791	0	674	719
Nevada*	300	3,209	0	3,509	3,291	34	184	28
New Hampshire* **	82	1,322	0	1,404	1,251	122	31	9
New Jersey*	310	31,423	-27	31,706	31,406	0	300	0
New Mexico* **	671	6,097	0	6,769	5,992	140	637	638
New York* **	1,610	61,868	0	63,478	61,243	0	2,235	1,481
North Carolina	269	21,001	0	21,271	21,082	186	2	652
North Dakota*	1,396	2,586	342	4,324	3,237	0	1,087	584
Ohio	2,639	29,233	0	31,872	30,172	0	1,700	1,478
Oklahoma*	133	6,330	37	6,500	6,500	0	0	535
Oregon*	470	7,634	-164	7,940	7,693	0	247	153
Pennsylvania*	541	28,607	-672	28,476	28,395	0	81	0
Rhode Island*	104	3,430	-99	3,436	3,336	-31	130	177
South Carolina* **	1,046	6,552	0	7,599	6,329	106	1,163	408
South Dakota*	24	1,354	98	1,476	1,442	24	10	139
Tennessee*	800	12,052	154	13,006	12,136	486	384	456
Texas*	5,505	51,640	-3,413	53,732	46,764	0	6,968	6,703
Utah	122	5,393	0	5,515	5,402	0	113	432
Vermont*	0	1,388	12	1,400	1,386	14	0	71
Virginia	880	17,304	0	18,184	17,705	0	479	688
Washington*	168	16,383	-98	16,453	16,079	0	373	415
West Virginia*	512	4,106	8	4,626	4,208	6	412	956
Wisconsin*	759	13,948	606	15,313	14,674	122	517	0
Wyoming*	0	1,787	0	1,787	1,787	0	0	926
Total	\$37,204	\$728,139		\$763,859	\$722,811		\$34,333	\$47,224

NOTES: NA Indicates data are not available. *See Notes to Table 3 on page 20. **In these states, the ending balance includes the balance in the rainy day fund.

TABLE 4

Fiscal 2015 State General Fund, Estimated (Millions)

State	Beginning Balance	Revenues	Adjustments	Resources	Expenditures	Adjustments	Ending Balance	Rainy Day Fund Balance
Alabama*	\$52	\$7,562	\$256	\$7,871	\$7,755	\$45	\$71	\$414
Alaska*	0	2,216	24	2,240	6,063	92	-3,915	8,875
Arizona*	579	8,577	0	9,156	9,281	-126	1	329
Arkansas	0	5,047	0	5,047	5,047	0	0	0
California* **	5,100	108,042	0	113,142	111,720	0	1,423	2,059
Colorado* **	436	9,768	66	10,270	9,713	0	556	556
Connecticut*	0	17,333	0	17,333	17,551	-86	-133	519
Delaware* **	414	3,928	0	4,342	3,808	0	535	213
Florida	2,581	27,765	0	30,347	28,526	0	1,821	1,139
Georgia*	1,071	20,021	0	21,091	20,021	0	1,071	N/A
Hawaii	665	6,389	0	7,054	6,469	0	585	91
Idaho*	44	2,965	-4	3,005	2,936	6	63	161
Illinois*	74	32,333	1,736	34,143	31,110	2,959	74	276
Indiana*	1,036	14,954	0	15,990	14,909	377	705	1,255
Iowa*	0	6,857	543	7,400	6,989	0	411	696
Kansas*	380	6,014	0	6,394	6,322	0	72	0
Kentucky*	81	9,901	337	10,318	10,124	112	82	77
Louisiana*	0	8,408	61	8,469	8,510	-41	0	470
Maine*	12	3,277	50	3,339	3,213	125	2	72
Maryland*	148	15,708	162	16,018	15,981	0	37	786
Massachusetts**	1,451	36,682	0	38,133	36,938	0	1,195	1,128
Michigan*	306	10,245	-967	9,584	9,584	0	0	498
Minnesota* **	1,886	19,916	0	21,802	19,950	0	1,852	994
Mississippi	41	5,464	0	5,505	5,502	0	4	395
Missouri*	189	8,372	120	8,680	8,570	0	110	270
Montana*	427	2,144	0	2,571	2,227	0	343	0
Nebraska*	674	4,282	-217	4,738	4,136	302	299	685
Nevada*	184	3,396	0	3,580	3,415	11	155	0
New Hampshire* **	31	1,355	13	1,399	1,294	80	25	12
New Jersey*	300	32,298	285	32,883	32,495	0	388	0
New Mexico**	637	6,169	0	6,807	6,317	0	489	490
New York* **	2,235	68,714	0	70,949	63,181	0	7,768	1,796
North Carolina	2	21,522	0	21,524	21,522	2	0	698
North Dakota*	1,087	2,338	520	3,945	3,264	104	577	687
Ohio*	1,700	30,779	0	32,479	31,847	274	358	1,478
Oklahoma*	0	6,595	-14	6,581	6,403	0	177	N/A
Oregon*	247	8,278	-44	8,482	8,221	0	260	391
Pennsylvania*	81	30,177	-1,197	29,061	29,048	4	9	4
Rhode Island*	68	3,510	-86	3,491	3,488	0	3	180
South Carolina* **	1,163	6,660	22	7,846	6,532	326	988	447
South Dakota*	10	1,374	24	1,408	1,398	10	0	149
Tennessee*	384	12,467	37	12,888	12,597	141	150	492
Texas*	6,933	52,580	-2,774	56,739	48,401	0	8,339	7,500
Utah	113	5,953	0	6,066	5,781	0	285	432
Vermont*	0	1,417	5	1,422	1,406	15	0	76
Virginia*	479	17,738	0	18,216	18,094	0	123	468
Washington*	373	17,164	-71	17,467	16,706	0	761	510
West Virginia*	412	4,192	56	4,660	4,289	0	371	866
Wisconsin*	517	14,470	556	15,542	15,797	-255	0	0
Wyoming*	0	1,774	0	1,774	1,773	0	1	960
Total	\$34,603	\$755,091		\$789,189	\$756,225		\$28,490	\$39,593

NOTES: NA Indicates data are not available. *See Notes to Table 4 on page 23. **In these states, the ending balance includes the balance in the rainy day fund.

TABLE 5

Fiscal 2016 State General Fund, Recommended (Millions)

State	Beginning Balance	Revenues	Adjustments	Total Resources	Expenditures	Adjustments	Ending Balance	Rainy Day Fund Balance
Alabama*	\$0	\$8,283	\$0	\$8,283	\$8,247	\$15	\$21	\$406
Alaska*	0	2,198	4	2,202	5,605	-50	-3,353	5,622
Arizona*	1	9,020	209	9,230	9,094	0	136	329
Arkansas	0	5,207	0	5,207	5,207	0	0	0
California* **	1,423	113,380	0	114,803	113,298	0	1,505	3,361
Colorado* **	556	10,260	63	10,880	10,268	0	611	611
Connecticut*	0	18,005	0	18,005	18,002	0	3	522
Delaware* **	535	3,950	0	4,485	3,971	0	513	214
Florida	1,821	28,231	0	30,052	28,544	0	1,507	1,354
Georgia*	1,071	20,663	0	21,733	20,663	0	1,071	N/A
Hawaii	585	6,642	0	7,227	6,789	0	439	103
Idaho*	63	3,128	-99	3,091	3,089	0	3	195
Illinois*	74	30,339	1,661	32,074	27,789	4,211	74	276
Indiana*	705	15,310	50	16,064	15,143	191	730	1,256
Iowa*	0	7,195	391	7,586	7,336	0	250	721
Kansas*	72	6,244	0	6,317	6,229	0	88	0
Kentucky*	82	10,140	187	10,409	10,312	96	0	63
Louisiana*	0	8,517	526	9,043	9,043	0	0	514
Maine*	2	3,321	2	3,325	3,272	11	42	72
Maryland*	37	16,317	55	16,409	16,362	0	47	814
Massachusetts**	1,195	38,047	0	39,242	38,062	0	1,180	1,135
Michigan*	0	10,635	-1,265	9,370	9,341	0	29	611
Minnesota* **	1,831	20,706	0	22,538	20,911	0	1,626	994
Mississippi*	4	5,630	-19	5,615	5,615	0	0	412
Missouri*	110	8,673	99	8,882	8,782	0	100	275
Montana*	343	2,294	0	2,637	2,352	0	285	0
Nebraska*	300	4,418	-230	4,487	4,256	5	227	746
Nevada*	155	3,672	0	3,827	3,613	9	205	0
New Hampshire* **	25	1,409	48	1,483	1,390	77	17	12
New Jersey	388	33,545	0	33,932	33,584	0	349	0
New Mexico* **	489	6,291	0	6,781	6,278	0	503	503
New York* **	7,768	66,090	0	73,858	70,629	0	3,229	1,796
North Carolina	0	22,234	0	22,234	22,230	0	4	698
North Dakota*	577	2,744	657	3,979	3,616	0	362	687
Ohio	358	35,166	0	35,524	35,334	0	190	1,478
Oklahoma*	177	6,094	0	6,271	6,094	0	177	N/A
Oregon*	260	8,674	-226	8,707	8,507	0	200	637
Pennsylvania*	9	31,388	-1,383	30,014	29,884	33	97	37
Rhode Island*	3	3,597	-108	3,492	3,492	0	1	180
South Carolina* **	988	6,947	-61	7,874	6,750	170	954	459
South Dakota*	0	1,433	0	1,433	1,433	0	0	149
Tennessee*	150	12,822	-37	12,935	12,861	74	0	528
Texas*	7,533	53,778	-2,395	58,916	49,703	0	9,213	9,770
Utah	285	5,995	0	6,280	6,258	0	22	433
Vermont*	0	1,469	17	1,486	1,468	18	0	82
Virginia*	123	18,261	0	18,384	18,376	0	8	712
Washington*	761	17,929	339	19,029	18,504	0	525	231
West Virginia*	371	4,322	0	4,693	4,357	5	331	856
Wisconsin*	0	15,191	531	15,722	15,876	-246	92	0
Wyoming*	1	1,773	0	1,774	1,772	0	2	961
Total	\$31,230	\$777,576		\$807,821	\$779,588		\$23,615	\$40,818

NOTES: NA Indicates data are not available. *See Notes to Table 5 on page 26. **In these states, the ending balance includes the balance in the rainy day fund.

TABLE 6

General Fund Nominal Percentage Expenditure Change, Fiscal 2015 and Fiscal 2016

State	Fiscal 2015	Fiscal 2016
Alabama	3.7%	6.3%
Alaska	-17.2	-7.6
Arizona	5.5	-2.0
Arkansas	2.1	3.2
California	11.9	1.4
Colorado	10.8	5.7
Connecticut	3.4	2.6
Delaware	0.4	4.3
Florida	6.0	0.1
Georgia	4.6	3.2
Hawaii	3.1	4.9
Idaho	5.6	5.2
Illinois	-1.2	-10.7
Indiana	2.4	1.6
Iowa	8.2	5.0
Kansas	5.7	-1.5
Kentucky	2.6	1.9
Louisiana	-0.9	6.3
Maine	0.4	1.8
Maryland	2.8	2.4
Massachusetts	7.8	3.0
Michigan	2.9	-2.5
Minnesota	3.1	4.8
Mississippi	3.6	2.1
Missouri	2.2	2.5
Montana	1.8	5.6
Nebraska	9.1	2.9
Nevada	3.7	5.8
New Hampshire	3.5	7.4
New Jersey	3.5	3.3
New Mexico	5.4	-0.6
New York	3.2	11.8
North Carolina	2.1	3.3
North Dakota	0.8	10.8
Ohio	5.6	10.9
Oklahoma	-1.5	-4.8
Oregon	6.9	3.5
Pennsylvania	2.3	2.9
Rhode Island	4.6	0.1
South Carolina	3.2	3.3
South Dakota	-3.1	2.5
Tennessee	3.8	2.1
Texas	3.5	2.7
Utah	7.0	8.2
Vermont	1.5	4.4
Virginia	2.2	1.6
Washington	3.9	10.8
West Virginia	1.9	1.6
Wisconsin	7.7	0.5
Wyoming	-0.8	-0.1
Average Total Change	4.6%	3.1%

NOTES: *Fiscal 2015 reflects changes from fiscal 2014 expenditures (actual) to fiscal 2015 expenditures (estimated). Fiscal 2016 reflects changes from fiscal 2015 expenditures (estimated) to fiscal 2016 expenditures (recommended).

Recommended Budget Adjustments, Mid-Year Budget Adjustments, Budget Cuts and Budget Gaps

Budget adjustments help identify changing spending patterns within the general fund. The degree of competition for state resources can be analyzed by highlighting budget cuts and spending increases across program areas. Governors have recommended that additional budget dollars in fiscal 2016 most heavily target K-12 education and Medicaid, calling for spending increases in these areas totaling \$10.2 billion and \$9.2 billion respectively. Recommended program area spending increases also include higher education at \$2.6 billion, corrections at \$1.8 billion, and public assistance at \$82 million in proposed additional spending in fiscal 2016. Governors recommended net reductions in general fund spending on transportation. However, most states rely on other fund sources primarily to finance transportation spending; in fiscal 2014, general fund spending accounted for less than 5.0 percent of total state spending on transportation. Therefore, general fund spending adjustments are not necessarily indicative of overall recommended state spending changes for transportation for fiscal 2016. In fact, New York and North Dakota, which both reported a net decrease in recommended general fund spending on transportation in fiscal 2016, indicated in footnotes that additional funding from dedicated fund sources are recommended for infrastructure investments for the upcoming fiscal year. (See Table 11)

Fiscal 2015 mid-year budget adjustments resulted in \$214 million in net additional spending. The program areas that received mid-year spending increases were Medicaid, corrections and transportation. K-12 education, higher education, and public assistance received net mid-year spending reductions. For K-12, the bulk of this decrease is driven by a \$710 million reduction in bond debt service in Texas. States with the largest mid-year spending increases in fiscal 2015 include California, Georgia, Massachusetts, Ohio, and Texas. (See Tables 8 and 10)

One sign of state fiscal stress can be mid-year budget cuts, as these actions are often evidence that states will not be able to

meet previously set revenue collections forecasts. Eleven states have enacted net mid-year budget cuts in fiscal 2015 totaling \$2.0 billion, greater than the \$1.0 billion in mid-year cuts enacted in eight states by this time in fiscal 2014. Despite this uptick in mid-year funding reductions, overall budget stability is widespread in fiscal 2015 with still relatively few states enacting a small amount of net mid-year budget cuts. (See Table 7 and Figure 2)

In addition to reduced spending, legislatively approved changes in taxes and fees can also be implemented in the middle of the fiscal year. States enacted net mid-year tax cuts of \$1.3 billion in fiscal 2015. Only a handful of states enacted mid-year tax changes, with Illinois and Ohio accounting for the largest decreases. (See Table 12)

State revenues have improved substantially over the last two fiscal years, helping to minimize the gaps between projected spending demands and revenue collections. Previously closed budget gaps for fiscal 2015 totaled \$9.3 billion, more than the \$4.0 billion closed by this time in fiscal 2014, but significantly less than fiscal 2013 and fiscal 2012, when states closed \$33.3 billion and \$68 billion in budget gaps prior to the start of the next fiscal year. At the time of data collection, 10 states reported \$7.1 billion in ongoing budget gaps to be closed before the end of fiscal 2015. Twenty-four states are projecting \$25.2 billion in budget gaps for fiscal 2016, prior to incorporating governors' budget recommendations for fiscal 2016.

States use a variety of budget management strategies in order to reduce expenses or increase revenues to help eliminate or prevent budget gaps. Twenty-five states have recommended targeted cuts to reduce expenditures in fiscal 2016, while 24 states reported using targeted cuts to manage their budgets in fiscal 2015. Other budget management strategies used by states in fiscal 2015 and recommended in fiscal 2016 include across-the-board cuts, reorganizing agencies, tapping rainy day funds, and increasing user fees, among others. (See Tables 13 and 14)

TABLE 7

States with Net Mid-Year Budget Cuts Made After the Fiscal 2015 Budget Passed

State	FY 2015 Size of Cuts (\$ in Millions)	Programs or Expenditures Exempted from Cuts
Hawaii*	\$47.8	Debt service, employee retirement and health benefits
Indiana	119.4	Distributions to K-12 school corporations.
Louisiana	247.9	Non Discretionary Programs
Maryland	273.7	
Michigan*	532.7	Higher education, local revenue sharing, and K-12 operations
Missouri	479.9	
New Hampshire	18.3	All mid-year programs impacted were targeted cuts.
New Jersey	51.0	
Pennsylvania*	71.0	After budget enactment, the Governor does not have the authority to reduce appropriations to the Attorney General, Auditor General, Treasurer (all independently elected), the legislature and the judiciary.
Vermont	34.1	
Virginia	168.3	
Total	\$2,044.1	

NOTES: *See Notes to Table 7 on page 29. Budget Cuts for Fiscal 2015 are currently ongoing.

Note: Only states with net mid-year budget cuts are included in Table 7. See Table 10 for state-by-state data on mid-year program adjustments.

TABLE 8

Fiscal 2015 Mid-Year Program Area Cuts

State	K-12 Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	Other
Alabama							
Alaska							
Arizona							
Arkansas							
California							
Colorado							
Connecticut							
Delaware							
Florida							
Georgia*					X		
Hawaii*	X	X	X	X	X		X
Idaho							
Illinois							
Indiana	X	X	X	X	X	X	X
Iowa							
Kansas	X	X			X		
Kentucky							
Louisiana	X	X		X	X		X
Maine							
Maryland	X	X	X	X	X		X
Massachusetts	X	X	X				
Michigan*	X		X	X	X		X
Minnesota							
Mississippi							
Missouri		X		X	X	X	X
Montana							
Nebraska	X						
Nevada							
New Hampshire	X	X			X		X
New Jersey	X		X	X	X		X
New Mexico							
New York		X	X				X
North Carolina							
North Dakota							
Ohio							
Oklahoma							
Oregon							
Pennsylvania*	X		X		X		X
Rhode Island	X	X					
South Carolina							
South Dakota	X			X	X		
Tennessee							
Texas*	X					X	
Utah							
Vermont	X	X	X	X	X		X
Virginia	X	X		X			
Washington		X	X			X	
West Virginia							
Wisconsin							
Wyoming							
Total	16	13	10	10	13	4	11

NOTE: *See Notes to Table 8 on page 29. See Table 10 for state-by-state dollar values.

TABLE 9

Fiscal 2016 Recommended Program Area Cuts

State	K-12 Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	Other
Alabama							
Alaska	X		X	X	X	X	X
Arizona		X		X			X
Arkansas		X					
California			X				X
Colorado							
Connecticut		X	X				
Delaware			X	X			
Florida						X	X
Georgia							
Hawaii				X			
Idaho							
Illinois		X	X	X		X	X
Indiana			X			X	X
Iowa			X				
Kansas		X	X		X		X
Kentucky							
Louisiana		X			X		X
Maine	X		X		X		
Maryland		X	X				
Massachusetts			X				
Michigan*	X	X	X	X	X	X	X
Minnesota						X	X
Mississippi						X	
Missouri		X			X	X	X
Montana							
Nebraska							
Nevada				X			
New Hampshire							
New Jersey			X		X	X	
New Mexico							
New York		X	X			X	
North Carolina							
North Dakota*						X	
Ohio							
Oklahoma							
Oregon							
Pennsylvania							X
Rhode Island				X			X
South Carolina		X					
South Dakota							
Tennessee			X				
Texas							
Utah						X	
Vermont		X	X				
Virginia	X	X	X	X			
Washington							
West Virginia	X	X			X	X	X
Wisconsin	X	X				X	X
Wyoming							
Total	6	15	17	9	8	14	15

NOTE: *See Notes to Table 9 on page 29. See Table 11 for state-by-state values.

TABLE 10

Fiscal 2015 Mid-Year Program Area Adjustments By Value (Millions)

State	K-12 Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	Other	Total
Alabama	\$0.0	\$0.0	\$0.0	\$38.3	\$7.8	\$0.0	\$39.6	\$85.7
Alaska	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Arizona	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Arkansas	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
California*	0.0	0.0	0.0	0.0	0.0	0.0	224.9	224.9
Colorado	0.1	0.1	0.0	88.7	0.5	0.0	38.7	128.1
Connecticut	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Delaware	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Florida	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Georgia	139.2	12.1	16.5	45.5	-0.4	4.4	58.9	276.3
Hawaii*	-14.0	-5.4	-2.5	-7.0	-0.8	0.0	-18.1	-47.8
Idaho	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Illinois	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Indiana	-1.8	-26.5	-7.9	-2.4	-12.9	-1.9	-66.0	-119.4
Iowa	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Kansas	-16.1	-10.7	0.0	31.1	-2.2	0.0	2.0	4.1
Kentucky	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Louisiana	-8.9	-15.8	0.0	-175.3	-6.4	0.0	-41.5	-247.9
Maine	0.0	0.0	1.6	21.0	0.0	0.0	5.0	27.6
Maryland	-0.8	-54.7	-17.8	-26.2	-24.2	0.0	-150.0	-273.7
Massachusetts	-41.8	-18.4	-14.0	226.4	6.5	10.0	239.9	408.6
Michigan	-80.0	0.0	-14.3	-138.7	-20.7	0.0	-279.0	-532.7
Minnesota	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mississippi	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Missouri	0.0	-21.3	0.0	-63.6	-7.7	-4.0	-383.3	-479.9
Montana	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nebraska	-1.3	0.0	0.0	0.0	10.8	0.0	21.0	30.5
Nevada	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Hampshire	-4.4	-3.4	0.0	0.0	-1.9	0.0	-8.6	-18.3
New Jersey	-41.9	7.8	-11.7	-35.7	-9.9	41.0	-0.6	-51.0
New Mexico	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New York*	1.0	-11.0	-13.0	66.0	53.0	8.0	-64.0	40.0
North Carolina	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
North Dakota	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ohio	0.0	0.0	0.0	453.9	0.0	0.0	0.0	453.9
Oklahoma	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Oregon*	50.0	13.9	0.0	0.0	25.7	5.4	58.1	153.0
Pennsylvania*	-0.2	0.0	-9.4	0.0	-2.0	0.0	-59.4	-71.0
Rhode Island	-0.8	-2.7	0.0	35.8	8.5	0.0	2.4	43.2
South Carolina	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
South Dakota*	-6.0	0.4	0.0	-5.6	-1.4	0.0	18.6	6.0
Tennessee	0.0	0.0	0.0	0.0	0.0	0.0	20.3	20.3
Texas*	-710.0	0.0	23.0	165.2	50.5	-22.1	783.5	290.1
Utah	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Vermont	-0.4	-0.4	-5.0	-20.1	-0.6	0.0	-7.6	-34.1
Virginia	-96.5	-45.0	4.8	-192.0	10.9	0.0	149.5	-168.3
Washington	24.9	-11.2	-30.0	47.2	14.8	-1.7	22.1	66.1
West Virginia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Wisconsin	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Wyoming	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	-\$809.7	-\$192.2	-\$79.6	\$552.6	\$97.8	\$39.0	\$606.4	\$214.3

NOTES: *See Notes to Table 10 on page 29.

TABLE 11

Fiscal 2016 Recommended Program Area Adjustments By Value (Millions)

State	K-12 Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	Other	Total
Alabama	\$149.3	\$89.8	\$7.4	\$110.0	\$36.0	\$0.0	\$126.4	\$518.9
Alaska	-174.6	6.2	-8.2	-20.0	-19.4	-119.0	-217.2	-552.2
Arizona	8.0	-103.9	0.0	-67.2	9.5	0.0	-73.1	-226.7
Arkansas	59.4	-0.1	20.1	61.1	16.0	0.0	3.4	159.9
California	2,091.0	1,350.6	-71.8	1,775.8	575.3	1.0	-411.2	5,310.7
Colorado	188.4	107.3	0.0	144.1	35.7	0.0	179.7	655.2
Connecticut	17.6	-13.7	-6.1	233.1	123.5	116.6	73.1	544.1
Delaware	46.9	3.8	-1.5	-2.7	7.2	N/A	36.7	90.4
Florida	544.8	74.8	0.0	66.7	50.9	-12.0	-332.4	392.8
Georgia	549.9	98.6	53.0	52.0	54.7	12.2	98.0	918.4
Hawaii	132.8	17.9	2.6	-25.3	20.6	0.0	258.1	406.7
Idaho	101.2	8.1	7.2	18.4	5.6	0.0	11.9	152.4
Illinois	488.8	-398.8	-91.3	-981.4	171.1	-5.5	-2,232.9	-3,050.0
Indiana	168.7	27.2	-6.1	1.5	29.5	-101.3	-21.9	97.6
Iowa	84.6	22.2	-1.1	95.8	4.3	0.0	148.8	354.6
Kansas	11.3	-5.9	-1.1	141.7	-0.5	0.0	-174.3	-28.8
Kentucky	69.0	35.0	18.0	53.0	8.0	0.0	32.0	215.0
Louisiana	7.9	-172.0	0.0	516.5	-13.0	0.0	-54.3	285.1
Maine	-9.2	10.5	-4.1	20.2	-1.5	0.0	71.8	87.7
Maryland*	79.1	-8.3	-9.5	11.7	15.8	0.0	181.3	270.1
Massachusetts	83.9	19.3	-22.0	908.0	31.5	59.6	360.6	1,440.9
Michigan*	-69.0	-6.0	-16.6	-143.7	-61.9	-145.1	-194.0	-636.3
Minnesota	241.5	83.1	96.0	561.2	33.2	-22.0	-31.9	961.1
Mississippi	47.6	10.8	12.6	2.2	26.4	-0.7	24.4	123.3
Missouri	44.6	-15.5	0.0	150.5	-8.7	-6.0	-76.1	88.8
Montana	32.0	16.1	0.9	32.8	10.4	0.0	23.2	115.4
Nebraska	29.5	14.0	5.7	47.9	20.0	0.0	32.7	149.7
Nevada	153.0	36.1	4.6	-4.4	16.2	0.0	61.6	267.1
New Hampshire	0.0	5.5	44.9	30.0	7.4	0.0	3.3	91.1
New Jersey	809.4	19.1	-38.9	75.5	-3.0	-119.2	345.3	1,088.2
New Mexico	68.0	6.1	0.0	33.7	10.5	0.0	23.1	141.4
New York*	1,219.0	-73.0	-41.0	743.0	101.0	-19.0	5,556.0	7,486.0
North Carolina	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
North Dakota*	45.4	55.1	0.0	46.0	34.8	-731.5	735.2	185.0
Ohio	441.2	39.2	20.1	3,267.2	69.1	1.0	87.0	3,924.8
Oklahoma	25.0	0.0	0.0	0.0	15.0	0.0	43.6	83.6
Oregon*	138.1	128.8	0.0	293.1	58.0	13.3	273.3	904.4
Pennsylvania	662.0	159.0	2.0	362.0	165.0	0.0	-573.0	777.0
Rhode Island	62.9	4.7	0.0	-17.3	12.3	0.0	-16.1	46.5
South Carolina	107.6	-17.1	9.7	66.4	8.0	0.0	47.1	221.7
South Dakota	11.0	6.5	6.9	7.6	1.8	0.0	7.2	41.0
Tennessee	36.3	24.8	-8.2	39.6	35.7	0.0	258.0	386.2
Texas*	403.0	627.9	128.5	105.3	0.0	400.0	467.6	2,132.3
Utah	311.3	69.4	0.0	22.1	18.7	-3.2	58.3	476.6
Vermont*	11.9	-0.4	-11.3	26.4	11.2	0.0	5.9	43.7
Virginia	-54.4	-45.0	-87.6	-39.0	0.0	0.0	481.5	255.5
Washington	874.0	273.5	49.9	4.7	83.3	7.9	500.8	1,794.2
West Virginia	-84.1	-7.3	18.0	110.4	-6.5	-0.1	-29.8	0.6
Wisconsin	-110.4	-124.7	0.0	272.1	22.0	-12.9	-53.8	-7.7
Wyoming	32.0	103.0	0.0	0.0	0.0	11.0	322.0	468.0
Total	\$10,187.3	\$2,562.2	\$81.6	\$9,208.3	\$1,840.6	-\$674.9	\$6,446.9	\$29,652.1

NOTE: *See Notes to Table 11 on page 30.

TABLE 12

Enacted Mid-year Fiscal 2015 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									\$0.0
Alaska									0.0
Arizona									0.0
Arkansas									0.0
California								TBD	TBD
Colorado									0.0
Connecticut									0.0
Delaware									0.0
Florida									0.0
Georgia									0.0
Hawaii									0.0
Idaho			-10.6						-10.6
Illinois		-558.0	-344.0						-902.0
Indiana									0.0
Iowa									0.0
Kansas									0.0
Kentucky									0.0
Louisiana									0.0
Maine									0.0
Maryland									0.0
Massachusetts		-70.0							-70.0
Michigan									0.0
Minnesota									0.0
Mississippi									0.0
Missouri									0.0
Montana									0.0
Nebraska									0.0
Nevada									0.0
New Hampshire									0.0
New Jersey									0.0
New Mexico									0.0
New York									0.0
North Carolina									0.0
North Dakota									0.0
Ohio		-312.0							-312.0
Oklahoma									0.0
Oregon									0.0
Pennsylvania									0.0
Rhode Island									0.0
South Carolina									0.0
South Dakota					10.3		6.8	3.7	20.8
Tennessee									0.0
Texas							TBD		TBD
Utah									0.0
Vermont									0.0
Virginia									0.0
Washington									0.0
West Virginia									0.0
Wisconsin									0.0
Wyoming									0.0
Total	\$0.0	-\$940.0	-\$354.6	\$0.0	\$10.3	\$0.0	\$6.8	\$3.7	-\$1,273.8

NOTES: *See Appendix Table A-1 for details on specific revenue changes.

FIGURE 2:

Budget Cuts Made After the Budget Passed, Fiscal 1990 to Fiscal 2015

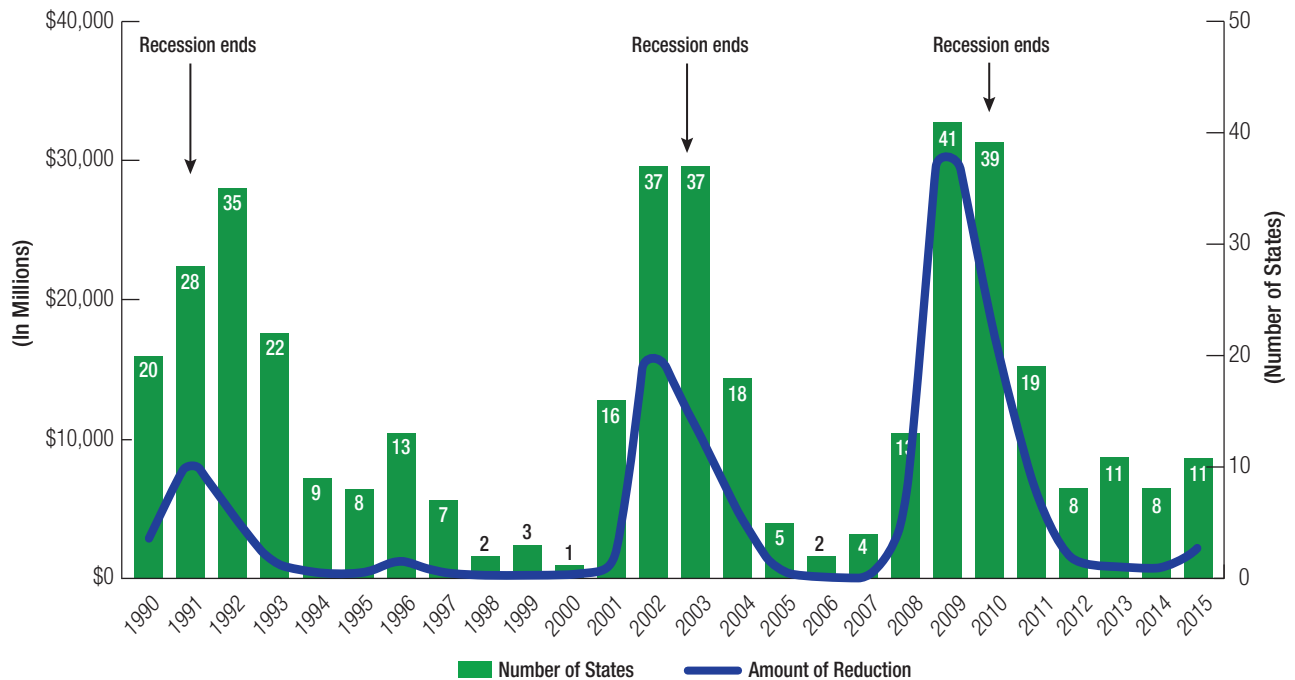


TABLE 13

Strategies Used to Manage Budget, Fiscal 2015

State	User Fees	Higher Education Related Fees	Court Related Fees	Transportation/Motor Vehicle Related Fees	Business Related Fees	Layoffs	Furloughs	Early Retirement	Salary Reductions
Alabama									
Alaska									
Arizona									
Arkansas									
California*	X				X				
Colorado									
Connecticut									
Delaware					X				
Florida									
Georgia									
Hawaii*									
Idaho									
Illinois*						X	X		
Indiana*									
Iowa									
Kansas			X						
Kentucky									
Louisiana	X	X				X	X	X	
Maine									
Maryland*								X	
Massachusetts				X					
Michigan*						X			
Minnesota									
Mississippi*									
Missouri						X			
Montana									
Nebraska									
Nevada		X					X		
New Hampshire*									
New Jersey*	X								
New Mexico									
New York*									
North Carolina	X	X							
North Dakota									
Ohio									
Oklahoma*									
Oregon									
Pennsylvania									
Rhode Island			X	X					
South Carolina									
South Dakota				X					
Tennessee*									
Texas									
Utah									
Vermont*	X		X		X				
Virginia									
Washington									
West Virginia*									
Wisconsin									
Wyoming									
Total	5	3	3	3	3	4	3	2	0

NOTE: *See Notes to Table 13 on page 30.

Table 13 continues on next page.

TABLE 13 (CONTINUED)

Strategies Used to Manage Budget, Fiscal 2015

State	Cuts to State Employee Benefits	Across-the-Board Percent Cuts	Targeted Cuts	Reduce Local Aid	Reorganize Agencies	Privatization	Rainy Day Fund	Lottery Expansion	Gaming/Gambling Expansion	Other (Specify)
Alabama					X		X			
Alaska			X				X			
Arizona							X			
Arkansas										
California*			X							X
Colorado										
Connecticut			X							
Delaware			X							
Florida			X							
Georgia										
Hawaii*			X							X
Idaho										
Illinois*			X	X						X
Indiana*		X								X
Iowa										
Kansas		X	X							
Kentucky			X				X	X		X
Louisiana			X		X					
Maine										
Maryland*		X	X							X
Massachusetts		X	X							
Michigan*			X							X
Minnesota										
Mississippi*										X
Missouri		X	X			X				
Montana										
Nebraska										
Nevada							X			X
New Hampshire*			X							X
New Jersey*			X			X				X
New Mexico							X			
New York*			X	X	X				X	X
North Carolina		X	X		X	X				
North Dakota										
Ohio					X					
Oklahoma*			X							X
Oregon										
Pennsylvania			X		X	X				
Rhode Island			X							
South Carolina										
South Dakota										
Tennessee*										X
Texas	X	X			X	X				
Utah										
Vermont*		X	X							
Virginia			X	X			X			
Washington							X			
West Virginia*			X				X			X
Wisconsin										
Wyoming										
Total	1	8	24	3	7	5	9	1	1	15

NOTE: *See Notes to Table 13 on page 30.

TABLE 14

Strategies Used to Manage Budget, Fiscal 2016

State	User Fees	Higher Education Related Fees	Court Related Fees	Transportation/Motor Vehicle Related Fees	Business Related Fees	Layoffs	Furloughs	Early Retirement	Salary Reductions
Alabama									
Alaska	X	X	X	X		X			
Arizona				X					
Arkansas									
California*	X				X				
Colorado									
Connecticut*									
Delaware									
Florida									
Georgia									
Hawaii*									
Idaho									
Illinois						X			
Indiana									
Iowa									
Kansas			X						
Kentucky									
Louisiana		X				X	X	X	
Maine*			X						
Maryland*									X
Massachusetts						X		X	
Michigan									
Minnesota	X			X	X				
Mississippi*									
Missouri									
Montana									
Nebraska									
Nevada		X			X				
New Hampshire	X			X					
New Jersey									
New Mexico									
New York*									
North Carolina	X	X							
North Dakota									
Ohio									
Oklahoma*									
Oregon									
Pennsylvania									
Rhode Island		X							
South Carolina									
South Dakota				X					
Tennessee*									
Texas							X		
Utah									
Vermont*	X				X				
Virginia									
Washington									
West Virginia*									
Wisconsin									
Wyoming									
Total	6	5	3	5	4	4	2	2	1

NOTE: *See Notes to Table 14 on page 31.

Table 14 continues on next page.

TABLE 14 (CONTINUED)

Strategies Used to Manage Budget, Fiscal 2016

State	Cuts to State Employee Benefits	Across-the-Board Percent Cuts	Targeted Cuts	Reduce Local Aid	Reorganize Agencies	Privatization	Rainy Day Fund	Lottery Expansion	Gaming/Gambling Expansion	Other (Specify)
Alabama					X					
Alaska		X		X	X	X	X			
Arizona			X	X	X			X		
Arkansas		X	X							
California*			X							X
Colorado										
Connecticut*			X							X
Delaware			X							
Florida			X							
Georgia										
Hawaii*			X							X
Idaho										
Illinois	X	X	X	X	X		X			
Indiana										
Iowa										
Kansas		X	X		X		X			
Kentucky			X				X	X		X
Louisiana			X		X					
Maine*				X	X					X
Maryland*		X	X	X						X
Massachusetts	X	X	X							
Michigan			X							
Minnesota										
Mississippi*										X
Missouri			X			X				
Montana										
Nebraska										
Nevada							X			X
New Hampshire					X				X	
New Jersey			X							
New Mexico										
New York*			X	X	X				X	X
North Carolina		X	X		X					
North Dakota										
Ohio										
Oklahoma*			X							X
Oregon										
Pennsylvania								X		
Rhode Island	X		X	X	X					
South Carolina										
South Dakota										
Tennessee*										X
Texas	X	X	X		X	X				
Utah										
Vermont*		X	X				X			
Virginia			X	X			X			
Washington			X				X			
West Virginia*			X				X			X
Wisconsin										
Wyoming										
Total	4	9	25	8	12	3	9	3	2	12

NOTE: *See Notes to Table 14 on page 31.

CHAPTER 1 NOTES

Notes to Table 3

Fiscal 2014 State General Fund, Actual

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 \$204.2M in one-time revenues (from Rainy Day Account, \$145.8M; Tobacco Settlement, \$46.4M; and Insurance Settlement, \$12M). Expenditure adjustment includes \$330.4M of Rainy Day repayment (Per Code Section 29-9-4).
Alaska	Revenues: Spring 2015 Revenue Source Book (Total Revenue) Revenue Adjustments: SLA2014 Fiscal Summary (Revenue Carryforward) Expenditures: SLA2014 Fiscal Summary (Pre-Transfer Authorization) Ending Balance: SLA2014 Fiscal Summary (Transfer to SBR) Rainy Day Balance: FY2014 Comprehensive Annual Financial Report (CAFR)
Arizona	Adjustments to revenue include revenues from the temporary 1% sales tax increase and budget transfers. Adjustments to expenditures include the transfer of revenue into the rainy day fund.
California	Represents adjustments to the Beginning Fund Balance. This consists primarily of adjustments made to major taxes and K-12 spending.
Colorado	Reflects Table 4 of the March 18, 2015 OSPB forecast. Note that the ending GF balance is \$650.9M; however, \$215.0M is transferred to other funds per statute (HB14-1339, HB14-1342, and SB14-223). Thus the \$410.9M statutory reserve plus the remaining \$25.0M that is above the statutory reserve but not transferred out to other funds, becomes the beginning fund balance for FY 2014–15.
Connecticut	The reported rainy day fund balance includes the ending balance.
Georgia	Adjustments to revenues include agency surplus returned and the National Mortgage Settlement Agreement.
Idaho	Budget Stabilization Fund – \$26,375,800, Business Job Development Fund – \$3,000,000, Water Resources Boards – \$10,000,000, Public Education Stabilization Fund – \$10,000,000, and Higher Education Stabilization Fund – \$2,000,000. Miscellaneous Adjustments included: \$9,142,100 Health and Welfare reversion and \$10,620,000 reserved for tax conformity legislation.
Illinois	Revenue adjustments include transfers in to the general fund. Expenditure adjustments include transfers out of the general fund and the change in accounts payable.
Indiana	Revenue adjustments include PTRC and homestead credit adjustments HEA 1072-2011 loan repayments, and a transfer from the Mine Subsidence Fund. Expenditure adjustments include reversions from distributions, capital, and reconciliations; the cost of a 13th check for pension recipients; transfer to the Major Moves 2020 trust fund; transfer to the tuition reserve fund; and state agency and university line item capital projects. The FY14 Rainy Day Fund balance reflects \$373.9M in the Counter-Cyclical Revenue and Economic Stabilization Fund, \$445M in the Medicaid Contingency and Reserve Account, and \$150M in the State Tuition Reserve Fund.
Iowa	Revenue adjustments include an estimated \$679.3 million of residual funds transferred to the General Fund after the Reserve Funds are filled to their statutorily set maximum amounts. The Ending balance of the General Fund is transferred in the current fiscal year to the Reserve Funds in the subsequent fiscal year. After the Reserve Funds are at their statutorily set maximum amounts, the remainder of the funds are transferred back to the General Fund in that subsequent fiscal year.
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 \$159.4 million in Tobacco Settlement funds. Adjustment for Revenues includes \$156.4 million that represents appropriation balances carried over from the prior fiscal year, and \$145.7 million from fund transfers into the General Fund. Adjustment to Expenditures represents appropriation balances forwarded and to the next fiscal year and budgeted balances to be expended in the next fiscal year.
Louisiana	Revenues adjustments—Includes transfer of \$198.7 million from various funds and \$345.2 million in undesignated General Fund Cash Balance from prior years.
Maine	Revenue and Expenditure adjustments reflect Legislatively authorized transfers.
Maryland	Revenue adjustments include \$16.1 million for tax credit reimbursements and \$61.8 million in transfers from other funds.
Michigan	Fiscal 2014 revenue adjustments include the impact of federal and state law changes (-\$769.1 million); revenue sharing payments to local government units (-\$396.6 million); use tax adjustment (\$164.6 million); state restricted fund adjustments (-\$44.6 million); deposit to the rainy day fund (-\$75.0 million); and deposit to the Roads and Risks Reserve Fund (-\$230.0 million). Fiscal 2014 expenditures include \$522.2 million in one-time spending financed from one-time resources, excluding deposits to the rainy day fund and the Roads and Risks Reserve Fund.
Minnesota	Ending balance includes cash flow account of \$350 million, a budget reserve of \$661 million, and stadium reserve of \$39.8 million.
Mississippi	State statute requires 2% of the revenue estimate plus beginning cash (excluding reappropriated amounts) be set aside prior to legislative appropriations. At fiscal year close, the 2% is recombined with any remaining revenue balance and distributed to other funds as required by statute, leaving an amount equal to 1% of the appropriations retained in the General Fund.
Missouri	Revenue adjustments include transfers from other funds into the general revenue fund.
Montana	Revenue adjustments include prior year revenues which impact fund balance for the current year and/or direct entries to fund balance.
Nebraska	Revenue adjustments are transfers between the General Fund and other funds. Per Nebraska law, includes a transfer of \$285.3 million to the Cash Reserve Fund (Rainy Day Fund) of the amount the prior year's net General Fund receipts exceeded the official forecast and an additional \$49.4 million transferred from the General Fund to the Cash Reserve Fund to set aside additional funds as a result of increasing General Fund revenues. Among others, also includes a \$113 million transfer from the General Fund to the Property Tax Credit Cash Fund.
Nevada	Expenditure adjustments are restricted transfers.
New Hampshire	Expenditure Adjustments: \$102 million moved to the Education Trust Fund and \$.7 million moved to the Fish and Game Fund at year end. (Adjustments also include \$18.9 million of GAAP and Other.)
New Jersey	Budget vs. GAAP adjustments and transfers to other funds. All FY 2014 Actual amounts are preliminary figures as of February 24, 2015.
New Mexico	FY14 includes \$30 million for unreconciled account balances and \$36 million for Public Education Department (PED) Special Education Maintenance of Effort as reflected in the FY14 General Fund audit, and a \$73.1 million FY14 General Fund audit adjustment for the Human Services Department for unreconciled account balances..
New York	The ending balance includes nearly \$1.5 billion in rainy day reserve funds, \$45 million reserved to cover costs of potential retroactive labor settlements with certain unions, \$87 million in a community projects fund, \$500 million reserved for debt reduction, \$58 million from a monetary settlement with J.P. Morgan, \$21 million reserved for litigation risks, and \$43 million in undesignated reserve.
North Dakota	Revenue adjustments are a \$341.8 million transfer from the property tax relief fund into the general fund.

Oklahoma	FY–2014 Revenue adjustment is the difference in cash flow.
Oregon	Revenue adjustments include: prior biennium transfer adjustment; transfer 2011–13 biennium ending GF balance to Rainy Day Fund (up to 1% of total biennial budget appropriation minus GF reversions); cost of Tax Anticipation Notes; statutory dedication of some corp. taxes to RDF; and, a statutory transfer to local governments for local property tax relief. As in previous reports, the Rainy Day Fund balance is a combined total of RDF (primarily GF) and Education Stability Fund (primarily Lottery Fund).
Pennsylvania	Revenue adjustments include refunds, lapses and adjustments to beginning balances.
Rhode Island	Adjustments to revenues reflect a transfer of \$106.0 million to the Budget Reserve Fund plus a reappropriation of \$7.1 million. Total expenditure adjustments of \$31.2 million reflect transfers to the Accelerated Depreciation Fund of \$10.0 million, projected transfer of surplus revenues to the State Retirement Fund of \$13.8 million, and reappropriations of \$7.4 million.
South Carolina	Ending Balance = 5% General Reserve (\$292.9) + 2% Capital Reserve (\$114.9) + Surplus Contingency Reserve (\$265.6) + Agency Appropriation Balances Carried Forward to Next FY (\$489.9); Expenditure Adjustments include FY12–13 Capital Reserve Funds transferred to State agencies.
South Dakota	The beginning balance of \$24.2 million and adjustment to expenditures reflects the prior year's ending balance that is transferred to the rainy day fund. Adjustments to revenue of \$98.2 million are from one-time receipts. The ending balance of \$9.9 million is cash that is obligated to the Budget Reserve fund the following fiscal year. This \$9.9 million is not included in the total rainy day fund balance of \$139.3 million.
Tennessee	Adjustments (Revenues) include: \$83.5 million transfer from debt service fund unexpended appropriations; -\$100.0 million transfer to Rainy Day Fund; \$315.9 million transfer from reserves for closing; and -\$145.3 million transfer to dedicated revenue reserves. Adjustments (Expenditures) include: \$215.9 million transfer to capital outlay projects fund; \$170.8 million transfer to state office buildings and support facilities fund; \$3.8 million transfer to debt service fund; \$3.6 million transfer to Systems Development Fund; and \$91.9 million transfer to reserves for unexpended appropriations. The Ending Balance includes \$272.5 million reserve for appropriations 2014–2015 and \$111.3 million unappropriated budget surplus at June 30, 2014.
Texas	Adjustment is net of set aside for transfer to Rainy Day Fund (-\$1,383.5m) and the State Highway Fund 6 (-\$1,383.4m). In addition, the Comptroller adjustment to general fund dedicated account balances (-\$646.1m).
Vermont	Adjustments equal net transfer effect in/out of General Fund.
Washington	Fund transfers between General Fund and other accounts, and changes made by the 2014 Legislature.
West Virginia	Fiscal Year 2014 beginning balance includes \$456.2 million in Reappropriations, Unappropriated Surplus Balance of \$11.8 million, and FY 2013 13th month expenditures of \$44.1 million. Expenditures include Regular, Surplus and Reappropriated funds and \$44.1 million of 31 day prior year expenditures. Revenue adjustments are prior year redeposits and special revenue expirations. Expenditure adjustment represents the amount transferred to the Rainy Day Fund. The ending balance is mostly the historically carried forward reappropriation amounts that will remain and be reappropriated to the next fiscal year, the 13th month expenditures & unappropriated surplus balance.
Wisconsin	Revenue adjustments include Designated Balance, \$18.8m and Other Revenue, \$587.1m. Expenditure adjustments include Designation for Continuing Balances, \$122.4m.
Wyoming	WY budgets on a biennial basis. To arrive at annual figures certain assumptions and estimates were required.

Notes to Table 4

Fiscal 2015 State General Fund, Estimated

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 \$256.3M in one-time revenues (from Rainy Day Account, \$145.8M; Various agency transfers, \$110.5M). Expenditure adjustment includes \$35.1M repayment to the Rainy Day Fund and \$10M repayment to the Alabama Trust Fund.
Alaska	Revenues: Spring 2015 Revenue Source Book (Total Revenue) Revenue Adjustments: SLA2015 Fiscal Summary (Revenue Carryforward) Expenditures: SLA2015 Fiscal Summary (Pre-Transfer Authorization) Ending Balance: SLA2015 Fiscal Summary (Transfer to SBR) Rainy Day Balance: OMB Spring Fiscal Model
Arizona	Adjustments include shifting \$126M from the Rainy Day Fund to leave an ending balance of \$1M.
California	Ending balance excludes \$1,606.4 million that was transferred to the Budget Stabilization Account for "rainy day" purposes.
Colorado	Reflects Table 4 of the March 18, 2015 OSPB forecast. Forecast (but not final budget) reflects very slight shortfall in FY 2014–15 which was quickly addressed by the General Assembly. Expenditure figures reflect expenditures by the General Assembly as of the date of the forecast (3/18/15) but final expenditures will not be established until May or June 2015.
Connecticut	The reported rainy day fund balance includes the ending balance. Expenditure adjustment includes \$85.9 million in continuing appropriations from FY 2014.
Delaware	Reflects estimates presented in Governor's FY 2016 Recommended Budget
Georgia	General Fund Revenues include \$192 million for the Mid Year Adjustment Reserve for Education. Georgia is required by its constitution to maintain a balanced budget. The fund balances for both FY 2015 and FY 2016 reflect the Governor's balanced budget. Georgia does not project future Rainy Day fund balances, but expects the reserve to continue to grow in future years.
Idaho	Wolf Control Fund – \$400,000, Permanent Building Fund – \$101,200, Time Sensitive Fund Health and Welfare – \$225,800, Constitutional Defense Fund – \$1,000,000. Miscellaneous Adjustments include: \$9,142,100 Health and Welfare reversion and \$10,620,000 reserved for Tax Conformity legislation.
Illinois	Revenue adjustments include transfers in to the general fund. Expenditure adjustments include transfers out of the general fund and the change in accounts payable.
Indiana	Expenditure adjustments include reversions from distributions, capital, and reconciliations; the cost of a 13th check for pension recipients; transfer to the Major Moves 2020 trust fund, transfer to the tuition reserve fund; and state agency and university line item capital projects. The FY15 Rainy Day Fund balance reflects \$376.9M in the Counter-Cyclical Revenue and Economic Stabilization Fund, \$577.6M in the Medicaid Contingency and Reserve Account, and \$300M in the State Tuition Reserve Fund.
Iowa	Revenue adjustments include an estimated \$642.2 million of residual funds transferred to the General Fund after the Reserve Funds are filled to their statutorily set maximum amounts. The Ending balance of the General Fund is transferred in the current fiscal year to the Reserve Funds in the subsequent fiscal year. After the Reserve Funds are at their statutorily set maximum amounts, the remainder of the funds are transferred back to the General Fund in that subsequent fiscal year. Also included in revenue adjustments is a -\$99 million adjustment for the proposed annual Internal Revenue Code update bill. FY2015 Revenues are based upon the December 2014 Revenue Estimating Conference estimates.
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 \$99.7 million in Tobacco Settlement funds. Adjustment for Revenues includes \$112.1 million that represents appropriation balances carried over from the prior fiscal year, and \$224.5 million from fund transfers into the General Fund. Adjustment to Expenditures represents appropriation balances forwarded and to the next fiscal year and budgeted balances to be expended in the next fiscal year.
Louisiana	Revenues adjustments—Includes \$11.2 from carryforwards and \$49.8 from various funds Expenditure adjustments—Includes the remaining \$40.7 state general fund reduction as authorized by Act 15 of the 2014 legislative session.
Maine	Revenue and Expenditure adjustments reflect Legislatively authorized transfers.
Maryland	Adjustments to revenues include \$143.9 million in fund transfers and \$17.6 million in tax credit reimbursements.
Michigan	Fiscal 2015 revenue adjustments include the impact of federal and state law changes (-\$744.0 million); revenue sharing payments to local government units (-\$468.0 million); use tax adjustment (\$373.7 million); state restricted fund adjustments (-\$35.1 million); and deposit to the rainy day fund (-\$94.0 million).
Minnesota	Ending balance includes cash flow account of \$350 million, a budget reserve of \$994.3 million, and stadium reserve of \$30 million.
Missouri	Revenue adjustments include transfers from other funds into the general revenue fund. The enacted revenue estimate, if met, would be insufficient to cover budget expenses. The above expenditures assume expenditure restrictions.
Montana	Recommendations based on Governor's budget request
Nebraska	The Nebraska Economic Forecasting Advisory Board met in Feb. 2015 (subsequent to the time the Governor's budget recommendations upon which this survey response is based were presented) to reconsider its revenue forecasts for FY2015 and FY2016. The board reduced the General Fund revenue forecast for FY2015 by \$1 million and reduced the General Fund revenue forecast for FY2016 by \$5 million at that time. Revenue adjustments are transfers between the General Fund and other funds. Per Nebraska law, includes a transfer of \$96.7 million to the Cash Reserve Fund (Rainy Day Fund) of the amount the prior year's net General Fund receipts exceeded the official forecast. Among others, also includes a \$138 million transfer from the General Fund to the Property Tax Credit Cash Fund. Expenditure adjustments are reappropriations (\$302.3 million) of unexpended balance of appropriations from the prior year.
Nevada	Expenditure adjustments are restricted transfers.
New Hampshire	Expenditure Adjustments: Executive Order 2014–09 issued to reduce General Fund Appropriations by \$18.2 million; \$97.0 million expected to be moved to the Education Trust Fund, \$0.9 million moved to the Fish and Game Fund, and \$2.9 million to the Rainy Day Fund at year end.
New Jersey	Transfers to other funds and estimated lapses
New York	The ending balance includes nearly \$1.8 billion in rainy day reserve funds, \$500 million reserved for debt reduction, \$51 million reserved to cover costs of potential retroactive labor settlements with certain unions, \$21 million reserved for litigation risks and \$5.4 billion in proceeds from monetary settlements.
North Dakota	Revenue adjustments are a \$520.0 million transfer from the strategic investment and improvements fund to the general fund. Expenditure adjustments are a \$103.6 transfer to the budget stabilization fund.
Ohio	Excess dollars will be transferred to non-General funds. FY 2016 is budgeted to begin with the statutory one half percent of previous year revenue plus an additional \$200 million to fund an FY 2016 tax cut.
Oklahoma	FY–2015 Revenue adjustment is the difference in cash flow and is based on estimates certified by the State Board of Equalization in February of 2015. Expenditure adjustments cannot be estimated at this time, nor can Rainy Day Fund balance.
Oregon	Revenue adjustment is a statutory transfer to local governments for local property tax relief.
Pennsylvania	Revenue adjustments include refunds, lapses and adjustments to beginning balances; Expenditure adjustments include transfers to the Budget Stabilization Fund (rainy day).

Rhode Island	Adjustments to revenues reflect a transfer of \$107.8 million to the Budget Reserve Fund, an adjustment to the opening surplus of \$14.2 million, and a reappropriation of \$7.4 million. The Governor recommends that surplus revenues be redirected to the general fund instead of the State Retirement Fund (\$14.2 million).
South Carolina	Ending Balance = 5% General Reserve (\$319.5) + 2% Capital Reserve (\$127.8) + Surplus Contingency Reserve (\$51.2) + Agency Appropriation Balances Carried Forward to Next FY (\$489.9); Revenue Adjustments include BEA estimated revenue revision and Legal Settlement; Expenditure Adjustments include FY13–14 Capital Reserve Funds transferred to State agencies, nonrecurring supplemental appropriations, loan to a State supported Higher Ed institution, and estimated debt service appropriation lapse.
South Dakota	The beginning balance of \$9.9 million and adjustment to expenditures reflects the prior year's ending balance that is transferred to the rainy day fund. Adjustments to revenue of \$23.9 million are from one-time receipts.
Tennessee	Adjustments (revenues) include: \$72.0 million transfer from debt service fund unexpended appropriations; \$0.3 million transfer from TennCare Reserve Fund; and -\$35.5 million transfer to Rainy Day Fund. Adjustments (expenditures) include: \$123.3 million transfer to capital outlay projects fund; \$13.1 million transfer to state office buildings and support facilities fund; \$3.8 million transfer to debt service fund; and \$1.0 million transfer to reserves for dedicated revenue appropriations. The Ending Balance includes \$150.0 million unappropriated budget surplus at June 30, 2014.
Texas	Revenue adjustment to Dedicated Account Balances (-\$341m); Also, adjustment for transfers to the Economic Stabilization and State Highway Funds (-\$2,433m).
Vermont	Adjustments equal net transfer effect in/out of General Fund.
Virginia	In May 2014, when final payments on income taxes were received, it became apparent that general fund revenue collections would be significantly lower than original estimates. The Governor therefore directed the Secretary of Finance to begin the process required to reforecast revenues for the 2014–16 biennium. In June 2014, the General Assembly passed and the Governor signed into law, Chapter 2, the 2014 Appropriation Act which appropriates funding for the 2014–16 biennium. When Chapter 2 was being finalized, it was assumed that revenues would be lower than the original estimate. However, since the revenue reforecasting process was not complete, the enacted Appropriation Act contained the original revenue forecast. To accommodate a pending reduction in the official revenue forecast, the General Assembly appropriated cash reserves that could be used to address any budget shortfall. As it turned out, the results of the revised forecast in August were much greater than the assumed shortfall that could be addressed by the appropriated budget reserve. In addition, Chapter 2 relied on a balance rolling forward from FY 2014 into FY 2015 which in reality fell short because of the actual revenue shortfall in FY 2014. This reforecasting process resulted in the August 2014 Interim Revenue Forecast. This forecast is based on the updated economic outlook for Virginia as approved by the Joint Advisory Board of Economists (JABE) and the Governor's Advisory Council on Revenue Estimates (GACRE). Governor McAuliffe presented the results of the revised forecast to a joint meeting of the House Appropriations and Senate Finance Committees on August 15. The revised forecast reduces general fund revenues by nearly \$2.0 billion over the 2014–16 biennium. For a more complete presentation, see http://dpb.virginia.gov/forms/20141015-1/Item471_10_2015_SavingsPlan.pdf .
Washington	Fund transfers between General Fund and other accounts, and changes made by the 2014 Legislature.
West Virginia	Fiscal Year 2015 Beginning balance includes \$378.2 million in Reappropriations, Unappropriated Surplus Balance of \$18.4 million, and FY 2014 13th month expenditures of \$15.8 million. Expenditures include Regular, Surplus and Reappropriated funds and \$15.8 million of 31 day prior year expenditures. Revenue adjustments are prior year redeposits and special revenue expirations and usages. Expenditure adjustment represents the amount transferred to the Rainy Day Fund. The ending balance is mostly the historically carried forward reappropriation amounts that will remain and be reappropriated to the next fiscal year, the 13th month expenditures & unappropriated surplus balance.
Wisconsin	Revenue adjustments include Tribal Gaming, \$49.0m and Other Revenue, \$506.7m. Expenditure adjustments include Transfers, \$169.6m; Lapses, -\$454.8m; Biennial Spend Ahead, -\$4.4m; and Compensation Reserves of \$35.0m. Note: The transfer amount includes the amount needed to reflect the biennial transfer requirement.
Wyoming	WY budgets on a biennial basis. To arrive at annual figures certain assumptions and estimates were required.

Notes to Table 5

Fiscal 2016 State General Fund, Recommended

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	Expenditure adjustment includes \$15M repayment to the Alabama Trust Fund.
Alaska	Revenues: Spring 2015 Revenue Source Book (Total Revenue) Revenue Adjustments: SLA2015 Fiscal Summary (Revenue Carryforward) Expenditures: SLA2015 Fiscal Summary (Pre-Transfer Authorization) Ending Balance: SLA2015 Fiscal Summary (Transfer to SBR) Rainy Day Balance: OMB Spring Fiscal Model
Arizona	Adjustments include miscellaneous fund transfers to the General Fund
California	Ending balance excludes projected \$1,220 million transfer to the Budget Stabilization Account for "rainy day" purposes.
Colorado	Reflects Table 4 of the March 18, 2015 OSPB forecast. Expenditures reflect the Governor's request and not the final expenditures authorized by the General Assembly. These final expenditures will not be established until approximately June 2015 (when all legislation is signed).
Connecticut	The reported rainy day fund balance includes the ending balance.
Delaware	Reflects estimates presented in Governor's FY 2016 Recommended Budget
Georgia	Georgia is required by its constitution to maintain a balanced budget. The fund balances for both FY 2015 and FY 2016 reflect the Governor's balanced budget. Georgia does not project future Rainy Day fund balances, but expects the reserve to continue to grow in future years.
Idaho	Budget Stabilization Fund – \$29,645,000, additional transfer to Budget Stabilization Fund – \$4,100,000, Wolf Control Fund – \$400,000, Military Communication Towers – \$1,300,800, Permanent Building Fund \$6,250,000, Elected Official Rent – \$2,737,500, Opportunity Grant, Commerce – \$3,000,000, Industry Sector Grant, Labor – \$5,000,000, Economic Recovery Reserve Fund for FY 2017 – 27th payroll cost – \$20,000,000. Miscellaneous Adjustments include: Income Tax Relief – Phase 1 of 5 – \$17,800,000, Tax Conformity legislation – \$7,080,000, and miscellaneous Executive Legislation with a fiscal impact – \$2,029,500.
Illinois	Revenue adjustments include transfers in to the general fund. Expenditure adjustments include transfers out of the general fund and the change in accounts payable.
Indiana	Revenue adjustments include the proceeds of a cell tower lease. Expenditure adjustments include reversions from distributions, capital, and reconciliations; transfer to the Major Moves 2020 trust fund; and state agency and university line item capital projects. The FY16 Rainy Day Fund balance reflects \$377.9M in the Counter-Cyclical Revenue and Economic Stabilization Fund, \$577.6M in the Medicaid Contingency and Reserve Account, and \$300M in the State Tuition Reserve Fund.
Iowa	Revenue adjustments include an estimated \$374.2 million of residual funds transferred to the General Fund after the Reserve Funds are filled to their statutorily set maximum amounts. The Ending balance of the General Fund is transferred in the current fiscal year to the Reserve Funds in the subsequent fiscal year. After the Reserve Funds are at their statutorily set maximum amounts, the remainder of the funds are transferred back to the General Fund in that subsequent fiscal year. Also included in revenue adjustments is a \$17.2 million adjustment for the proposed legislative changes by the Governor. FY2016 Revenues are based upon the December 2014 Revenue Estimating Conference estimates.
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 \$72.4 million in Tobacco Settlement funds. Adjustment for Revenues includes \$109.8 million that represents appropriation balances carried over from the prior fiscal year, and \$77.4 million from fund transfers into the General Fund. Adjustment to Expenditures represents appropriation balances forwarded and to the next fiscal year and budgeted balances to be expended in the next fiscal year.
Louisiana	Revenues adjustments—Includes \$525.9 in Tax Credits
Maine	Revenue and Expenditure adjustments reflect transfers included in the proposed biennial budget.
Maryland	Adjustments to revenues include \$17.4 million in tax credit reimbursements, \$34 million transfer from the Rainy Day Fund, and \$4 million in other fund transfers.
Michigan	Fiscal 2016 revenue adjustments include the impact of federal and state law changes (-\$921.4 million); revenue sharing payments to local government units (-\$462.7 million); use tax adjustment (\$377.7 million); state restricted fund adjustments (-\$24.1 million); deposit to the rainy day fund (-\$95.0 million); and matching funds for transportation projects (-\$139.5 million). Fiscal 2016 expenditures include \$76.7 million in one-time spending financed from one-time resources, excluding deposits to the rainy day fund, and funds earmarked for transportation.
Minnesota	Ending balance includes cash flow account of \$350 million, a budget reserve of \$994.3 million, and stadium reserve of \$13.9 million.
Mississippi	The revenues adjustment is comprised of a projected decrease of \$78.7 million resulting from the Governor's recommendation for a Mississippi Working Families Tax Credit, and a projected increase of \$60 million derived by additional auditors hired at the State Department of Revenue.
Missouri	Revenue adjustments include transfers from other funds into the general revenue fund. The above expenditures assume expenditure restrictions.
Montana	Recommendations based on Governor's budget request.
Nebraska	The Nebraska Economic Forecasting Advisory Board met in Feb. 2015 (subsequent to the time the Governor's budget recommendations upon which this survey response is based were presented) to reconsider its revenue forecasts for FY2015 and FY2016. The board reduced the General Fund revenue forecast for FY2015 by \$1 million and reduced the General Fund revenue forecast for FY2016 by \$5 million at that time. Revenue adjustments are transfers between the General Fund and other funds. Per Nebraska law, includes an estimated transfer of \$61.5 million 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. Among others, also includes a \$198 million transfer (a \$60 million increase) from the General Fund to the Property Tax Credit Cash Fund. Expenditure adjustment represents \$5 million reserved for potential deficit appropriations.
Nevada	Expenditure adjustments are restricted transfers.
New Hampshire	Revenue Adjustments: The FY 2016 budget proposes increases in Tobacco Taxes to yield \$20.6 million, Business Enterprise Tax-Reasonable Compensation Basis Changes to yield \$21.7 million, Offshore Tax Loop Hole Closure to yield \$3.5 million and other revenue initiatives to yield \$2.4 million. Expenditure Adjustments: The FY 2016 Recommended Budget anticipates moving \$75.9 million to the Education Trust Fund and \$.8 million to the Fish and Game Fund at year end.
New Mexico	FY15 figures include nonrecurring appropriations recommended in the Governor's FY16 budget recommendation. FY16 figures reflect the Governor's budget recommendation for recurring appropriations.
New York	The ending balance includes nearly \$1.8 billion in rainy day reserve funds, \$500 million reserved for debt reduction, \$62 million reserved to cover costs of potential retroactive labor settlements with certain unions, \$21 million reserved for litigation risks and \$850 million in proceeds from monetary settlements.
North Dakota	Revenue adjustments are a \$657.0 million transfer from the property tax relief fund into the general fund.

Oklahoma	No FY–2016 expenditures have been authorized by the Legislature at this time. The estimate assumes that all available revenue will be appropriated. Adjustments and Rainy Day Fund balance cannot be calculated at this time.
Oregon	Revenue adjustments include: transfer 2013–15 biennium ending GF balance to Rainy Day Fund (up to 1% of total biennial budget appropriation); cost of Tax Anticipation Notes; and, a statutory transfer to local governments for local property tax relief. Expenditures represent 48% of the 2015–17 (Biennium) Governor's Budget.
Pennsylvania	Revenue adjustments include refunds, lapses and adjustments to beginning balances; Expenditure adjustments include transfers to the Budget Stabilization Fund (rainy day).
Rhode Island	Adjustments to revenues reflect a transfer of \$108.0 million to the Budget Reserve Fund.
South Carolina	Ending Balance = 5% General Reserve (\$327.6) + 2% Capital Reserve (\$131.0) + estimated Surplus Contingency Reserve (\$5.7) + Agency Appropriation Balances Carried Forward to Next FY (\$489.9); Revenue Adjustments includes proposed transfer of sales tax on cars to the Highway Fund; Expenditure Adjustments include FY14–15 Capital Reserve Funds transferred to State agencies.
South Dakota	The rainy day fund balance of \$149.2 million includes \$11.5 million that has been loaned to a department for a specific project that will be repaid to the rainy day fund within four years. Note: All fiscal 2016 figures for South Dakota in this report represent the Legislative Adopted FY2016 Budget.
Tennessee	Adjustments (Revenues) include: -\$36.5 million transfer to Rainy Day Fund. Adjustments (Expenditures) include \$54.8 million transfer to capital outlay projects fund; \$14.7 million transfer to state office buildings and support facilities fund; \$3.8 million transfer to debt service fund; and \$1.0 million transfer to reserves for dedicated revenue appropriations. The Ending Balance includes \$0.2 million undesignated balance.
Texas	Revenue adjustment for transfers to the Economic Stabilization and State Highway Funds (-\$2,395m). Texas budgets on a biennial basis. The fiscal 2016 recommended expenditure level represents 50% of the GR spending level proposed by the Governor for the fiscal 2016-2017 biennium. Texas is projected to have an \$11.1 billion balance in its Economic Stabilization Fund (ESF) at the end of fiscal 2017.
Vermont	Adjustments equal net transfer effect in/out of General Fund.
Virginia	See footnote to Table 4.
Washington	Fund transfers between General Fund and other accounts, and changes assumed in Governor's budget proposal.
West Virginia	Revenues are FY 2016 Official Estimate. Expenditures are the Governor's FY 2016 General Revenue Fund anticipated total appropriations plus estimated 13th month expenditures of FY15 appropriations. Expenditure adjustment represents the amount estimated to be transferred to the Rainy Day Fund. The ending balance is mostly the historically carried forward reappropriation amounts that will remain and be reappropriated to the next fiscal year, the 13th month expenditures and unappropriated surplus balance.
Wisconsin	Revenue adjustments include Tribal Gaming, \$23.5m and Other Revenue, \$507.3m. Expenditure adjustments include Transfers, \$38.0m; Lapses, -\$294.4m; and Compensation Reserves of \$10.7m.
Wyoming	WY budgets on a biennial basis. To arrive at annual figures certain assumptions and estimates were required.

Notes to Table 7

States with Net Mid-Year Budget Cuts Made After the Fiscal 2015 Budget Passed

Hawaii	Some of the mid-year budget adjustments were released throughout the fiscal year.
Michigan	Fiscal 2015 budget adjustments reflect changes in general fund spending. In some cases, general fund spending reductions create corresponding spending increases in other revenue sources.
Pennsylvania	After 2014–15 enactment, during the rebudget (spending plan approval), \$71 million in approved vacancy funding was frozen so that agencies could not spend these funds.

Notes to Table 8

Fiscal 2015 Mid-Year Program Area Cuts

Georgia	Programs were not required to provide budgetary cuts for the mid-year.
Hawaii	Some of the mid-year budget adjustments were released throughout the fiscal year.
Michigan	Fiscal 2015 budget adjustments reflect changes in general fund spending. In some cases, general fund spending reductions create corresponding spending increases in other revenue sources.
Pennsylvania	The \$9.4 million in Human Services personnel vacancy funding is included in operating appropriations and should not be considered as Public Assistance or Medicaid services reductions.
Texas	Mid-year program area reductions reflect a decrease in bond debt service.

Notes to Table 9

Fiscal 2016 Recommended Program Area Cuts

Michigan	Fiscal 2016 general fund budget adjustments replace general fund revenue with restricted School Aid Fund revenue for K-12 Education (\$69.0 million) and Community Colleges (\$30.0 million).
North Dakota	An additional \$675.0 million was provided for transportation expenditures through a separate special fund.

Notes to Table 10

Fiscal 2015 Mid-Year Program Area Adjustments by Value

California	Represents changes made through the 2015–16 Governor's Budget.
Hawaii	Some of the mid-year budget adjustments were released throughout the fiscal year.
New York	Changes to cash projections have been used to illustrate changes in spending levels and changes in projected receipts.
Oregon	Oregon budgets on a biennial basis. Mid-year adjustments represent an approximate single fiscal year change.
Pennsylvania	The \$9.4 million in Human Services personnel vacancy funding is included in operating appropriations and should not be considered as Public Assistance or Medicaid services reductions. After 2014–15 enactment, during the rebudget (spending plan approval), \$71 million in approved vacancy funding was frozen so that agencies could not spend these funds.

South Dakota Mid-year adjustments were made in the public assistance program area, but changes net to zero.

Texas Mid-year program area reductions reflect a decrease in bond debt service.

Notes to Table 11

Fiscal 2016 Recommended Program Area Adjustments by Value

Maryland	These figures do not reflect actions taken during FY 2015 to further reduce the budget. When accounting for FY 2015 mid-year reductions and the Governor's budget, FY 2016 grows \$381.7 million.
Michigan	Fiscal 2016 general fund budget adjustments replace general fund revenue with restricted School Aid Fund revenue for K-12 Education (\$69.0 million) and Community Colleges (\$30.0 million).
New York	Changes to cash projections have been used to illustrate changes in spending levels and changes in projected receipts. FY 2016 changes also include a \$4.55 billion transfer to a dedicated fund for infrastructure investments. These investments are funded by proceeds from monetary settlements received in FY 2015.
North Dakota	North Dakota's budget is based on a biennial period. This adjustment amount is half of the recommended biennial increase for the 2015–17 biennium. An additional \$675.0 million was provided for transportation expenditures through a separate special fund.
Oregon	Oregon budgets on a biennial basis. Adjustments represent an approximate single fiscal year change.
Texas	These are the Office of the Governor's (OOG) budget recommendations for FY 16–17. Includes a three percent across-the-board reduction to all agencies.
Vermont	Transportation does not receive General Funds—Appropriations are made through the Transportation fund.

Notes to Table 13

Strategies to Manage Budget, Fiscal 2015

California	Other—Zero Based Budget Analysis, Work Study Analysis.
Hawaii	Other—Prior year fund balance
Illinois	Other—Executive Order 15–08; Reserves and grant suspensions for non-essential spending.
Indiana	Other—In FY14, Indiana paid off the debt for Miami Correctional Facility early. As a result, we are able to revert \$12.9M that would have been used towards bond lease payments in FY15. In addition, we have reconciled state matching funds in order to revert excess funding from prior years.
Maryland	Other—Transfers from Special Funds to the General Fund and a Voluntary Separation Program
Michigan	Other—Lower caseload costs; shift costs to non-general fund revenue sources
Mississippi	Other—State Department of Revenue hiring additional auditors.
New Hampshire	Other—A tax amnesty program was recommended by the Governor as a one-time tax enhancement measure to increase FY 2015 business taxes.
New Jersey	Other—Closing Tax Loopholes

New York	The Executive Budget for FY 2015 proposed to limit annual growth in State spending consistent with the spending benchmark adopted in 2012.
Oklahoma	Other—Revolving Fund reconciliations and efficiencies
Tennessee	Other—Agency Reserves, Carryforwards, and Overappropriation Increase
Vermont	Across-the-board cuts: \$1.5 million in management savings
West Virginia	Use one time surplus from General Revenue and Lottery Funds from previous fiscal years. Also use one time excess cash in various Special Revenue accounts.

Notes to Table 14

Strategies to Manage Budget, Fiscal 2016 Recommended

California	Other—Zero Based Budget Analysis, Work Study Analysis.
Connecticut	Other—Combination of exemption delays/eliminations, revenue and fee intercepts.
Hawaii	Other—Prior year fund balance
Maine	Other—Increase in the attrition rate from 1.6% to 3%
Maryland	Other—Voluntary Separation Program
Mississippi	Other—State Department of Revenue hiring additional auditors.
New York	The Executive Budget for FY 2016 proposes limiting annual growth in State spending consistent with the spending benchmark adopted in 2012.
Oklahoma	Other—Revolving Fund reconciliations and efficiencies
Tennessee	Other—Base Budget Reductions
Vermont	Across-the-board cuts: \$10.8M in Labor Savings
West Virginia	Use one time surplus from General Revenue and Lottery Funds from previous fiscal years. Also use one time excess cash in various Special Revenue accounts.

STATE REVENUE DEVELOPMENTS

CHAPTER TWO

Overview

States forecast that general fund revenue collections will increase again in fiscal 2016, marking a sixth consecutive annual increase. However, the growth of general fund revenues is projected to decelerate slightly in fiscal 2016 compared to the rate of growth estimated for fiscal 2015. Overall, state tax collection growth has fluctuated over the past couple of years, with that volatility largely caused by individuals shifting income to the 2012 calendar year to avoid federal tax changes that were set to take effect in 2013. This one-time shift led to a substantial acceleration of state revenue growth in fiscal 2013, followed by a significant slowdown in fiscal 2014. Most states show signs of returning to more stable, steadier revenue growth, though certain energy-producing states are seeing some negative impact on their revenues and economies from the rapid decline in oil prices. Meanwhile, lower gas prices have yet to produce noticeable increases in consumption and other positive economic benefits across the country, but some analysts say these gains are likely to appear soon. Also, early indications point to a positive “April surprise” this year in most states after taxpayers filed their income tax returns, in contrast to last year, which will likely help more states, including some oil-rich ones, stabilize their budgets.

Revenues

Aggregate general fund revenues are projected to reach \$777.6 billion in fiscal 2016, \$22.5 billion or 3.0 percent greater than the estimated \$755.1 billion collected in fiscal 2015. Revenue collections have been revised slightly upward in fiscal 2015 from the projections used to enact fiscal 2015 budgets. As previously reported in NASBO’s Fall 2014 *Fiscal Survey of States*, general fund revenues were projected to be \$748.3 billion in fiscal 2015 based on states’ enacted budgets. The upward re-

vision by \$6.8 billion is largely driven by unanticipated revenue gains in the state of New York, including a one-time windfall from financial settlements. Fiscal 2015 general fund revenues are estimated to end the fiscal year up \$27.0 billion or 3.7 percent from the \$728.1 billion collected by states in fiscal 2014.

According to the Rockefeller Institute of Government at SUNY-Albany, state tax collections for the first two quarters of fiscal 2015—the last two quarters of calendar year (CY) 2014—grew by 4.9 percent compared to the same period in fiscal 2014, rebounding after the decline in collections in the second quarter of CY 2014 due to the impact of the federal fiscal cliff. Preliminary figures for the first quarter of CY 2015 point to further growth in overall tax collections, and higher-than-anticipated personal income tax collections in April are expected due to the strong stock market performance in 2014. All regions reported growth in overall state tax collections in the fourth quarter of CY 2014, though the rate of growth varied significantly by region, with several states recording a quarterly decline.⁶ In particular, Alaska, heavily reliant on oil and gas severance taxes, has faced a severe revenue shortfall due to the rapidly declining price of oil, forcing the state to tap its large rainy day fund and reduce spending as officials work to find a longer-term solution.

In the wake of the last recession, general fund revenues dropped to \$609.9 billion in fiscal 2010 from \$680.2 billion in fiscal 2008. After five years of improvement, general fund revenues are estimated to end fiscal 2015 up \$145.2 billion, or 24 percent, over collections in fiscal 2010 (without adjusting for inflation). While states have enacted some tax increases since that time, most of the revenue gains are due to improved collections resulting from the gradual strengthening of the economy. General fund revenue collections increased by 1.6 percent in fiscal 2014, 7.1 percent in fiscal 2013, 2.9 percent in fiscal 2012, and 6.6 percent in fiscal 2011. (*See Table 15*)

⁶ See Nelson A. Rockefeller Institute of Government, *State Revenue Report: May 2015*, No. 99 (May 19, 2015)

Estimated Collections in Fiscal 2015

At the time of data collection, aggregate state revenues from all sources, including sales, personal income, corporate income and all other taxes and fees, were coming in close to original projections used to enact fiscal 2015 budgets. State-by-state, collections compared to projections were somewhat mixed. Twenty-four states reported that fiscal 2015 revenue collections were higher than originally forecasted, six states reported that collections were on target, and 19 states reported collections coming in below original projections. By comparison, in the spring of 2014, 39 states reported that revenue collections were meeting or exceeding original revenue forecasts and 11 states reported that fiscal 2014 collections were below original forecasts, though this had been before negative “April surprises” in many states in fiscal 2014 due to the impact of the federal fiscal cliff. Unlike last year, strong income tax collections this April may help more states meet or exceed their original fiscal 2015 forecasts; however, that data is not captured in this report. [\(See Tables 16 and 17\)](#)

Revenue collections of sales, personal income, and corporate income tax collections, which make up approximately 80 per-

cent of general fund revenue, are projected to be \$614.5 billion in fiscal 2015, or 4.4 percent above 2014 levels. Specifically, fiscal 2015 sales tax collections are estimated to be 5.2 percent higher than fiscal 2014 collections, personal income tax collections are projected to be 4.3 percent higher and corporate income tax collections are expected to be 1.7 percent higher. [\(See Tables 18 and 19\)](#)

Forecasted Collections in Fiscal 2016

States’ proposed budgets for fiscal 2016 project continued modest growth in sales, personal income and corporate income taxes. Combined collections from these three sources of revenue are forecasted to be \$638.5 billion in fiscal 2016, a 3.9 percent increase compared to estimated fiscal 2015 and an 8.5 percent increase from fiscal 2014. [\(See Tables 18 and 19\)](#) Specifically, fiscal 2016 sales tax collections are forecasted to be 4.6 percent higher than fiscal 2015 collections, personal income tax collections are projected to be 3.6 percent higher and corporate income tax collections are expected to increase by 2.7 percent. [\(See Table 19\)](#)

TABLE 15

State Nominal and Real Annual Revenue Increases, Fiscal 1979 to Fiscal 2016

Fiscal Year	State General Fund	
	Nominal Increase	Real Increase
2016	3.0%	
2015	3.7	2.7%
2014	1.6	0.3
2013	7.1	5.5
2012	2.9	0.4
2011	6.6	3.4
2010	-2.5	-3.3
2009	-8.0	-10.5
2008	3.9	-1.4
2007	5.4	0.4
2006	9.1	3.6
2005	7.8	1.8
2004	5.4	1.7
2003	8.0	5.0
2002	-6.8	-9.1
2001	4.5	0.1
2000	2.0	-2.7
1999	19.2	16.3
1998	-0.6	-2.6
1997	5.0	2.7
1996	5.9	3.6
1995	5.3	2.3
1994	5.5	3.3
1993	5.8	2.4
1992	6.6	3.3
1991	4.7	0.2
1990	3.4	-1.5
1989	10.1	6.1
1988	6.5	2.4
1987	8.2	4.5
1986	6.3	2.8
1985	8.8	4.5
1984	12.5	8.4
1983	3.7	-1.9
1982	12.6	5.3
1981	7.9	-3.2
1980	9.8	-0.6
1979	7.8	0.9
1979–2015 average	5.6%	1.5%

NOTES: The state and local government implicit price deflator cited by the Bureau of Economic Analysis National Income and Product Account Tables, Table 3.9.4, Line 33 in April 2015 is used for state expenditures in determining real changes. Fiscal Year real changes are based on quarterly averages. Fiscal 2014 figures are based on the change from fiscal 2013 actuals to fiscal 2014 actuals. Fiscal 2015 figures are based on the change from fiscal 2014 actuals to fiscal 2015 estimated. Fiscal 2016 figures are based on the change from fiscal 2015 estimated figures to fiscal 2016 recommended.

TABLE 16**Number of States With Revenues Higher, Lower
and On Target with Projections***

	Original Fiscal 2015	Most Recent Fiscal 2015
Lower	19	7
On Target	6	23
Higher	24	19

*NOTES: *Original Fiscal 2015 reflects whether revenues from all sources thus far have come in higher, lower, or on target with original projections. Most Recent Fiscal 2015 reflects whether revenues from all sources thus far have been coming in higher, lower, or on target with a state's most recent projection. The date of a state's most recent projection varies by state, ranging from October 2014 to May 2015.*

TABLE 17

Fiscal 2015 Tax Collections Compared With Projections Used in Adopting Fiscal 2015 Budgets (Millions)**

State	Sales Tax		Personal Income Tax		Corporate Income Tax		Revenue Collection***
	Original Estimate	Current Estimate	Original Estimate	Current Estimate	Original Estimate	Current Estimate	
Alabama	\$2,120	\$2,125	\$3,294	\$3,332	\$387	\$465	H
Alaska	N/A	N/A	N/A	N/A	591	320	L
Arizona	4,291	4,125	3,868	3,566	574	540	L
Arkansas	2,208	2,195	3,173	3,160	450	439	H
California	23,823	23,438	70,238	71,699	8,910	9,618	H
Colorado	2,413	2,609	6,113	6,267	775	723	H
Connecticut	4,167	4,226	9,265	9,265	704	734	L
Delaware	N/A	N/A	1,226	1,220	212	223	L
Florida	20,464	21,012	N/A	N/A	2,255	2,185	T
Georgia	5,259	5,340	9,537	9,364	847	955	H
Hawaii	3,057	2,984	1,912	1,887	69	76	T
Idaho	1,233	1,204	1,403	1,413	207	200	L
Illinois	7,847	7,950	14,845	14,845	3,071	2,664	L
Indiana	7,442	7,257	5,419	5,121	869	978	L
Iowa	2,770	2,757	4,272	4,202	564	571	L
Kansas	2,527	2,545	2,519	2,280	425	455	L
Kentucky	3,150	3,150	3,977	3,977	463	463	T
Louisiana	2,696	2,701	2,932	2,869	351	350	L
Maine	1,238	1,244	1,456	1,462	178	190	H
Maryland	4,351	4,335	8,469	8,168	781	768	L
Massachusetts	5,789	5,829	14,021	14,028	1,993	2,020	T
Michigan	7,549	7,609	8,506	8,396	468	244	L
Minnesota	5,113	5,162	9,138	10,046	958	1,317	H
Mississippi	2,045	2,073	1,736	1,749	666	691	H
Missouri	2,034	1,992	5,991	5,730	442	372	L
Montana	70	65	1,105	1,108	155	158	T
Nebraska*	1,536	1,580	2,208	2,165	263	325	H
Nevada	1,023	1,033	N/A	N/A	N/A	N/A	L
New Hampshire	N/A	N/A	N/A	N/A	356	356	L
New Jersey	9,332	9,084	12,627	13,007	2,820	2,761	H
New Mexico	2,665	2,682	1,280	1,315	289	230	H
New York	12,113	12,240	43,735	43,813	5,438	5,576	H
North Carolina	6,244	6,390	10,885	10,470	1,095	1,204	L
North Dakota	1,324	1,286	415	416	193	223	H
Ohio	9,909	10,021	8,228	8,309	773	818	H
Oklahoma	2,034	2,069	2,186	2,271	375	259	H
Oregon	N/A	N/A	7,068	7,286	524	566	H
Pennsylvania	9,477	9,574	12,033	11,951	2,501	2,711	T
Rhode Island	940	955	1,157	1,168	119	113	H
South Carolina	2,590	2,630	3,013	3,019	304	265	H
South Dakota	851	836	N/A	N/A	N/A	N/A	L
Tennessee	7,515	7,612	264	251	2,059	1,859	H
Texas	28,219	28,957	N/A	N/A	N/A	N/A	H
Utah	1,709	1,725	2,913	2,986	320	360	H
Vermont	367	366	739	702	93	103	N/A
Virginia	3,176	3,218	12,359	11,816	817	841	H
Washington	8,405	8,798	N/A	N/A	N/A	N/A	H
West Virginia	1,315	1,294	1,905	1,883	206	186	L
Wisconsin	4,607	4,880	7,651	7,350	994	935	L
Wyoming	521	561	N/A	N/A	N/A	N/A	H
Total****	\$239,527	\$241,718	\$325,080	\$325,333	\$46,902	\$47,409	—

NOTES: N/A indicates data are not available because, in most cases, these states do not have that type of tax. *See Notes to Table 17 on page 43. **Unless otherwise noted, original estimates reflect the figures used when the fiscal 2015 budget was adopted, and current estimates reflect preliminary actual tax collections. ***Refers to whether fiscal 2015 revenues from all sources (includes sales, personal income, corporate income, excise, and motor vehicle and all other taxes and fees) are coming in higher than, lower than, or on target with original estimates. Key: L=Revenues lower than estimates. H=Revenues higher than estimates. T=Revenues on target. ****Totals include only those states with data for both original and current estimates for fiscal 2015.

TABLE 18

Comparison of Tax Collections in Fiscal 2014, Fiscal 2015, and Recommended Fiscal 2016**

State	Sales Tax			Personal Income Tax			Corporate Income Tax		
	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2014	Fiscal 2015	Fiscal 2016
Alabama	\$2,178	\$2,125	\$2,380	\$3,202	\$3,332	\$3,431	\$378	\$465	\$413
Alaska	N/A	N/A	N/A	N/A	N/A	N/A	421	320	274
Arizona	3,986	4,125	4,344	3,462	3,566	3,741	575	540	465
Arkansas	2,173	2,195	2,294	3,111	3,160	3,227	440	439	446
California	22,263	23,438	25,166	66,560	71,699	75,213	8,858	9,618	10,173
Colorado*	2,416	2,609	2,722	5,696	6,267	6,611	721	723	785
Connecticut	4,101	4,226	4,321	8,719	9,265	9,761	782	734	901
Delaware	N/A	N/A	N/A	1,188	1,220	1,275	102	223	164
Florida	19,708	21,012	22,088	N/A	N/A	N/A	2,043	2,185	2,235
Georgia	5,126	5,340	5,594	8,966	9,364	9,839	944	955	996
Hawaii	2,825	2,984	3,198	1,745	1,887	1,951	87	76	90
Idaho	1,146	1,204	1,270	1,329	1,413	1,489	188	200	212
Illinois	7,676	7,950	8,204	16,642	14,845	13,180	3,164	2,664	2,338
Indiana	6,926	7,257	7,551	4,899	5,121	5,173	1,054	978	1,009
Iowa	2,642	2,757	2,877	3,975	4,202	4,437	550	571	610
Kansas	2,446	2,545	2,650	2,218	2,280	2,300	399	455	470
Kentucky	3,131	3,150	3,217	3,749	3,977	4,136	475	463	434
Louisiana	2,620	2,701	2,770	2,751	2,869	2,988	330	350	350
Maine	1,156	1,244	1,179	1,406	1,462	1,541	183	190	188
Maryland	4,143	4,335	4,530	7,774	8,168	8,629	761	768	822
Massachusetts	5,496	5,829	6,010	13,202	14,028	14,728	2,049	2,020	2,165
Michigan	7,355	7,609	7,894	8,014	8,396	8,720	138	244	159
Minnesota	5,043	5,162	5,320	9,660	10,046	10,731	1,278	1,317	1,299
Mississippi	1,955	2,073	2,135	1,667	1,749	1,814	677	691	693
Missouri	1,925	1,992	2,032	5,404	5,730	6,023	396	372	340
Montana	68	65	66	1,063	1,108	1,213	148	158	149
Nebraska	1,525	1,580	1,640	2,061	2,165	2,268	307	325	320
Nevada	968	1,033	1,090	N/A	N/A	N/A	N/A	N/A	N/A
New Hampshire	N/A	N/A	N/A	N/A	N/A	N/A	345	356	382
New Jersey	8,849	9,084	9,401	12,312	13,007	13,652	2,299	2,761	2,821
New Mexico	2,514	2,682	2,809	1,255	1,315	1,360	197	230	225
New York	11,786	12,240	12,770	42,961	43,813	46,768	6,046	5,576	5,894
North Carolina	5,567	6,390	6,716	10,272	10,470	10,859	1,357	1,204	1,135
North Dakota	1,213	1,286	1,379	514	416	420	239	223	212
Ohio	9,166	10,021	11,585	8,065	8,309	6,503	794	818	1,475
Oklahoma	1,953	2,069	2,126	2,085	2,271	2,065	307	259	250
Oregon	N/A	N/A	N/A	6,628	7,286	7,635	495	566	543
Pennsylvania	9,130	9,574	9,711	11,437	11,951	12,829	2,502	2,711	2,488
Rhode Island	916	955	1,003	1,116	1,168	1,211	114	113	120
South Carolina	2,517	2,630	2,730	2,921	3,019	3,165	288	265	307
South Dakota	823	836	869	N/A	N/A	N/A	N/A	N/A	N/A
Tennessee*	7,286	7,612	7,878	239	251	269	1,859	1,859	1,909
Texas*	27,400	28,957	29,680	N/A	N/A	N/A	N/A	N/A	N/A
Utah	1,657	1,725	1,790	2,890	2,986	3,110	314	360	370
Vermont	354	366	378	671	702	740	95	103	82
Virginia	3,067	3,218	3,323	11,253	11,816	12,220	758	841	821
Washington	8,237	8,798	9,219	N/A	N/A	N/A	N/A	N/A	N/A
West Virginia	1,222	1,294	1,315	1,781	1,883	1,956	204	186	178
Wisconsin	4,628	4,880	5,030	7,061	7,350	7,845	967	935	970
Wyoming	521	561	546	N/A	N/A	N/A	N/A	N/A	N/A
Total***	\$229,801	\$241,718	\$252,800	\$311,924	\$325,333	\$337,025	\$46,624	\$47,409	\$48,678

NOTES: N/A indicates data are not available because, in most cases, these states do not have that type of tax. *See Notes to Table 18 on page 43. **Unless otherwise noted, fiscal 2014 figures reflect actual tax collections, 2015 figures reflect estimated tax collections estimates, and fiscal 2016 figures reflect the estimates used in recommended budgets. ***Totals include only those states with data for all years.

TABLE 19

Percentage Change Comparison of Tax Collections in Fiscal 2014, Fiscal 2015, and Recommended Fiscal 2016**

State	Sales Tax			Personal Income Tax			Corporate Income Tax		
	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2014	Fiscal 2015	Fiscal 2016
Alabama	7.7%	-2.4%	12.0%	3.2%	4.1%	3.0%	8.2%	23.0%	-11.1%
Alaska	N/A	N/A	N/A	N/A	N/A	N/A	-23.1	-23.9	-14.3
Arizona	3.7	3.5	5.3	1.9	3.0	4.9	-13.1	-6.1	-13.9
Arkansas	2.3	1.0	4.5	-1.1	1.6	2.1	2.1	-0.4	1.7
California	8.7	5.3	7.4	3.2	7.7	4.9	13.8	8.6	5.8
Colorado*	9.2	8.0	4.4	1.8	10.0	5.5	13.3	0.3	8.6
Connecticut	5.2	3.1	2.3	0.0	6.3	5.4	5.3	-6.1	22.6
Delaware	N/A	N/A	N/A	4.2	2.8	4.5	-45.7	118.6	-26.5
Florida	7.0	6.6	5.1	N/A	N/A	N/A	-1.9	7.0	2.3
Georgia	-2.9	4.2	4.7	2.2	4.4	5.1	18.4	1.1	4.3
Hawaii	-4.1	5.6	7.2	0.6	8.1	3.4	-13.9	-12.3	17.4
Idaho	3.2	5.1	5.5	3.5	6.3	5.3	-5.2	6.3	6.2
Illinois	4.4	3.6	3.2	0.6	-10.8	-11.2	-0.4	-15.8	-12.2
Indiana	1.9	4.8	4.1	-1.6	4.5	1.0	8.9	-7.3	3.2
Iowa	3.7	4.4	4.3	-2.7	5.7	5.6	-1.0	3.8	6.9
Kansas	-3.1	4.0	4.1	-24.3	2.8	0.9	7.5	14.0	3.3
Kentucky	3.6	0.6	2.1	0.7	6.1	4.0	18.5	-2.5	-6.3
Louisiana	1.5	3.1	2.6	-0.1	4.3	4.1	-2.0	6.2	0.0
Maine	11.5	7.6	-5.3	-7.6	4.0	5.4	6.3	4.0	-1.1
Maryland	1.8	4.6	4.5	1.1	5.1	5.6	-6.9	0.8	7.1
Massachusetts	6.4	6.1	3.1	2.9	6.3	5.0	12.5	-1.4	7.2
Michigan	2.8	3.5	3.7	-3.1	4.8	3.9	-79.2	77.3	-34.7
Minnesota	5.9	2.4	3.1	7.2	4.0	6.8	-0.2	3.0	-1.4
Mississippi	2.3	6.0	3.0	1.0	4.9	3.7	29.2	2.1	0.2
Missouri	2.8	3.5	2.0	-1.5	6.0	5.1	-4.7	-6.2	-8.6
Montana	9.7	-4.4	1.4	1.5	4.2	9.4	-16.8	6.8	-5.8
Nebraska	3.4	3.6	3.8	-2.0	5.1	4.8	11.2	6.0	-1.5
Nevada	4.8	6.7	5.6	N/A	N/A	N/A	N/A	N/A	N/A
New Hampshire	N/A	N/A	N/A	N/A	N/A	N/A	-0.2	3.4	7.1
New Jersey	4.7	2.7	3.5	1.7	5.6	5.0	-9.3	20.1	2.2
New Mexico	4.9	6.7	4.7	1.1	4.8	3.4	-26.3	16.9	-2.2
New York	4.9	3.9	4.3	6.8	2.0	6.7	-3.3	-7.8	5.7
North Carolina	5.1	14.8	5.1	-6.2	1.9	3.7	13.8	-11.3	-5.8
North Dakota	4.0	6.1	7.2	-16.5	-19.2	1.1	28.0	-6.9	-4.8
Ohio	8.5	9.3	15.6	-15.2	3.0	-21.7	0.5	3.0	80.2
Oklahoma	2.8	5.9	2.7	1.4	8.9	-9.1	-32.1	-15.4	-3.7
Oregon	N/A	N/A	N/A	5.8	9.9	4.8	9.3	14.4	-4.2
Pennsylvania	2.7	4.9	1.4	0.6	4.5	7.4	3.2	8.4	-8.2
Rhode Island	4.2	4.3	5.1	2.7	4.7	3.7	-13.4	-1.2	5.9
South Carolina	2.8	4.5	3.8	2.7	3.3	4.8	-17.9	-8.1	15.9
South Dakota	6.1	1.6	3.9	N/A	N/A	N/A	N/A	N/A	N/A
Tennessee	3.9	4.5	3.5	2.5	5.0	7.1	-8.0	0.0	2.7
Texas	6.0	5.7	2.5	N/A	N/A	N/A	N/A	N/A	N/A
Utah	-18.7	4.1	3.8	1.3	3.3	4.1	-7.3	15.0	2.7
Vermont	2.0	3.5	3.3	1.6	4.6	5.5	-0.2	8.2	-19.7
Virginia	-4.8	4.9	3.3	-0.8	5.0	3.4	-4.9	11.0	-2.4
Washington	7.2	6.8	4.8	N/A	N/A	N/A	N/A	N/A	N/A
West Virginia	-2.7	5.9	1.6	-0.8	5.7	3.9	-16.1	-8.5	-4.7
Wisconsin	4.9	5.4	3.1	-5.8	4.1	6.7	4.5	-3.3	3.7
Wyoming	8.3	7.7	-2.7	N/A	N/A	N/A	N/A	N/A	N/A
Total***	4.6%	5.2%	4.6%	1.1%	4.3%	3.6%	0.8%	1.7%	2.7%

NOTES: N/A indicates data are not available because, in most cases, these states do not have that type of tax. *See Notes to Table 18 on page 43. **Unless otherwise noted, fiscal 2014 figures reflect actual tax collections, 2015 figures reflect estimated tax collections estimates, and fiscal 2016 figures reflect the estimates used in recommended budgets. ***Totals include only those states with data for all years.

Recommended Fiscal 2016 Revenue Changes

State governors recommended a mix of tax increases and decreases in their fiscal 2016 budgets. Governors in 16 states have proposed net tax and fee increases, while governors in 12 states proposed net decreases, resulting in a net increase of \$3.0 billion. States with the largest proposed tax decreases (in absolute dollar amounts) include Florida, Ohio, and Texas. States with governors proposing the largest tax increases include Alabama, Connecticut, and Pennsylvania. For the most part, increases were proposed for general sales taxes and cigarette taxes—10 states recommended a sales tax increase and nine states recommended increased taxes on cigarettes and tobacco products. Meanwhile, a dozen states proposed decreases for personal income taxes. (See [Tables 20 and 21](#), [Figure 3](#) and [Appendix A-3](#))

In addition to these tax and fee changes, states also proposed \$1.7 billion in new revenue measures. These measures enhance general fund revenue but do not affect taxpayer liability and may rely on enforcement of existing laws, additional audits and compliance efforts, and increasing fines for late filings. (See [Appendix A-4](#))

As reported in NASBO's Fall 2014 Fiscal Survey, in fiscal 2015, states enacted \$2.3 billion in net tax and fee decreases, with the majority share of decreases occurring in Florida, Minnesota, New York, and Texas. In fiscal 2015, 10 states enacted a net increase, and 21 states enacted net decreases in revenues. States also enacted \$669 million in new revenue measures in fiscal 2015.

In their fiscal 2016 budget proposals, governors recommended net increases in sales taxes (\$3.2 billion), cigarette and tobacco taxes (\$1.3 billion), motor fuel taxes (\$59 million), corporate income taxes (\$39 million), and fees (\$316 million). Governors proposed net decreases in other taxes (-\$1.2 billion), personal income taxes (-\$549 million), and alcohol taxes (-\$113 million). It should be noted here that since many states limited reporting on tax changes to those impacting the general fund only, not all proposed changes to dedicated revenue sources, including state motor fuel taxes, are reflected here.

Sales Taxes—Ten states recommended sales tax increases and two proposed decreases in their fiscal 2016 budgets. The result is a net revenue increase of \$3.2 billion. Much of this change is due to a proposed increase in the sales tax rate in Ohio and Pennsylvania.

Personal Income Taxes—Six states proposed a personal income tax increase, while 12 states recommended decreases, resulting in a net decrease of \$549 million. Ohio continued to phase in various tax decreases, while Pennsylvania proposed an increase in the personal income tax rate.

Corporate Income Taxes—Six states recommended corporate income tax increases, while seven proposed decreases in their fiscal 2016 budgets for a net increase of \$39 million. An increase to corporate taxes in Connecticut accounted for the majority of the net increase.

Cigarette and Tobacco Taxes—Nine states proposed tax increases on cigarettes and tobacco products, resulting in a total increase of \$1.3 billion. Alabama, Ohio, and Pennsylvania accounted for most of the increase.

Motor Fuel Taxes—Three states reported a proposed increase to the motor fuel tax for a net gain of \$59 million. As noted above, not all recommended changes to the motor fuel tax are captured here, as some states only reported on proposed tax changes that impact the general fund. South Dakota accounted for most of the reported increase, recommending a tax increase on motor fuel and ethyl alcohol, with revenues dedicated to the State Highway Fund.

Other Taxes—Ten states recommended other tax increases, while five states proposed decreases in their fiscal 2016 budgets for a net decrease of \$1.2 billion. The net decrease was primarily driven by proposed business and property tax relief in Texas.

Fees—Nine states proposed a fee increase in their fiscal 2016 budget, and two states proposed a decrease for a net increase of \$316 million. A recommended fee increase on health insurance claims assessment in Michigan and a proposal to restructure the Business License Fee in Nevada accounted for the majority of the net increase.

TABLE 20**Enacted State Revenue Changes, Fiscal 1980 to Fiscal 2015 and Recommended State Revenue Actions, Fiscal 2016**

Fiscal Year	Revenue Change (Billions)
2016	\$3.0
2015	-2.3
2014	-2.1
2013	6.9
2012	-0.7
2011	6.2
2010	23.9
2009	1.5
2008	4.5
2007	-2.1
2006	2.5
2005	3.5
2004	9.6
2003	8.3
2002	0.3
2001	-5.8
2000	-5.2
1999	-7.0
1998	-4.6
1997	-4.1
1996	-3.8
1995	-2.6
1994	3.0
1993	3.0
1992	15.0
1991	10.3
1990	4.9
1989	0.8
1988	6.0
1987	0.6
1986	-1.1
1985	0.9
1984	10.1
1983	3.5
1982	3.8
1981	0.4
1980	-2.0

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 1988–2016 data provided by the National Association of State Budget Officers.

FIGURE 3:

Enacted State Revenue Changes, Fiscal 1980 to Fiscal 2015 and Recommended State Revenue Actions, Fiscal 2016

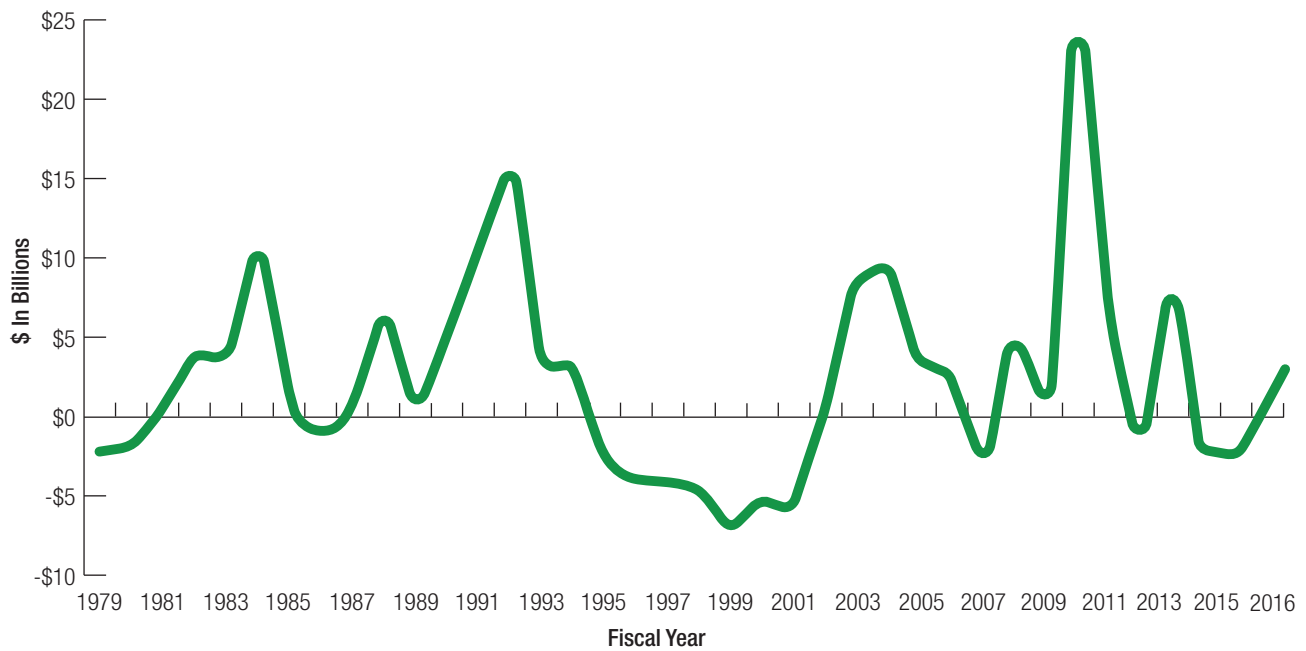


TABLE 21

Recommended Fiscal 2016 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	\$231.0		\$20.0	\$205.0			\$73.0		\$529.0
Alaska								18.0	18.0
Arizona									0.0
Arkansas		-12.8							-12.8
California								TBD	0.0
Colorado									0.0
Connecticut	70.4	23.7	273.2				197.5	15.3	580.1
Delaware									0.0
Florida	-67.6		-7.5				-412.0		-487.1
Georgia									0.0
Hawaii									0.0
Idaho		-17.8	-7.1						-24.9
Illinois									0.0
Indiana		-4.9	-0.1						-5.0
Iowa									0.0
Kansas		73.0		81.0		27.0	30.0		211.0
Kentucky									0.0
Louisiana									0.0
Maine	226.5	-176.4	-1.0				-4.8	0.1	44.4
Maryland		-2.5				-141.9	-7.4		-151.8
Massachusetts		-150.0							-150.0
Michigan								200.4	200.4
Minnesota	4.0	-90.1	8.0	1.7			8.7	2.5	-65.2
Mississippi		-78.7							-78.7
Missouri									0.0
Montana									0.0
Nebraska									0.0
Nevada				39.6			23.9	187.5	251.0
New Hampshire				20.6	16.4				37.0
New Jersey									0.0
New Mexico									0.0
New York	9.0	1.0			1.0				11.0
North Carolina	-4.2	-0.7	-0.5				-0.5		-5.9
North Dakota		-57.5	-20.0						-77.5
Ohio	1,136.6	-2,399.1		528.1		1.5	366.2		-366.7
Oklahoma									0.0
Oregon									0.0
Pennsylvania	1,554.3	2,302.2	-249.3	442.5			504.9		4,554.6
Rhode Island	2.9	-5.9	0.4	6.5			12.5	-1.0	15.4
South Carolina									0.0
South Dakota					41.3		27.2	17.3	85.8
Tennessee									0.0
Texas							-2,108.1	-134.0	-2,242.1
Utah									0.0
Vermont		15.5					41.4	5.8	62.7
Virginia	2.7	31.8	20.9						55.4
Washington				21.9					21.9
West Virginia									0.0
Wisconsin	10.7		2.3					3.6	16.6
Wyoming									0.0
Total	\$3,176.3	-\$549.2	\$39.3	\$1,346.9	\$58.7	-\$113.4	-\$1,247.5	\$315.5	\$3,026.6

NOTES: *See Appendix Table A-3 for details on specific revenue changes.

CHAPTER 2 NOTES

Note to Table 17

Fiscal 2015 Tax Collections Compared With Projections Used in Adopting Fiscal 2015 Budgets

Nebraska The Nebraska Economic Forecasting Advisory Board met in Feb. 2015 (subsequent to the time the Governor's budget recommendations upon which this survey response is based were presented) to reconsider its revenue forecasts for FY2015 and FY2016. The board reduced the General Fund revenue forecast for FY2015 by \$1 million and reduced the General Fund revenue forecast for FY2016 by \$5 million at that time.

Notes to Table 18

Comparison of Tax Collections in Fiscal 2014, Fiscal 2015, and Recommended Fiscal 2016

Colorado Sales tax figure excludes revenue from special 10% sales tax on marijuana.

Tennessee Sales tax, personal income tax, and corporate income tax are shared with local governments. Corporate income tax includes franchise tax.

Texas Texas does not have a corporate income tax, but it does have a franchise tax, a privilege tax imposed on each taxable entity chartered/organized in Texas or doing business in Texas. Franchise tax collections totaled \$4,700 million in fiscal 2014, are estimated to total \$2,874 million in fiscal 2015, and are projected to total \$2,800 million in fiscal 2016.

Note to Table 19

Percentage Changes Comparison of Tax Collections in Fiscal 2014, Fiscal 2015 and Fiscal 2016

Colorado Sales tax figure excludes revenue from special 10% sales tax on marijuana.

TOTAL BALANCES

CHAPTER THREE

Overview

Maintaining adequate balance levels helps states to mitigate disruptions to state services during an economic downturn. Total balances include both ending balances and the amounts in states' budget stabilization funds (rainy day funds and reserves) and reflect the funds that states may use to respond to unforeseen circumstances. Additionally, rainy day funds are needed to ensure that budgets can be balanced when revenues do not meet expectations in the latter part of the fiscal year when budget cuts and revenue increases do not have enough time to take effect. In the wake of the financial crises, there have been calls by some organizations and academics to increase the standard size of budget reserves. State officials often try to avoid drawing down balance levels at the beginning of a downturn, and may also be prohibited from draining all rainy day funds immediately. In total, 48 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 maximum limits on the size of their budget reserve funds.⁷

Total Balances

Budget reserves reached a low in fiscal 2010 due to the severe decline in revenues and rise in expenditure demands tied to the recession. Since that time, states have made progress rebuilding budget reserves. In fiscal 2014, total balances amounted to \$71.2 billion, or 9.9 percent of general fund expenditures. This marks a slight decline compared to fiscal 2013, when strong budget surpluses due to increased revenue collections helped to bolster states' balance levels, reaching \$72.2 billion (10.4 percent), an all-time high for states in terms of actual dollars, though not as a percent of expenditures. However, it is important to note that balance levels vary considerably by state.

In fiscal 2014, 18 states had total balance levels of 10 percent or more as a percentage of general fund expenditures, while 15 states had balance levels below 5 percent. (See [Tables 23 and Figures 6, 7, and 8](#)) Total balance levels are estimated to have declined significantly in fiscal 2015 at \$60.3 billion, or 8.0 percent of general fund expenditures. However, this decline is largely driven by the state of Alaska, whose total balance levels have dropped from \$13.9 billion (190 percent of expenditures) in fiscal 2014 to \$5.0 billion (82 percent of expenditures) in fiscal 2015, as the state has tapped its reserves to respond to the budgetary effects of the rapid decline in oil prices. States project balances to decrease further in fiscal 2016 to \$55.2 billion or 7.1 percent of general fund expenditures. (See [Table 24](#))

Total balance levels at \$55.2 billion or 7.1 percent of general fund expenditures in fiscal 2016 appear to reflect that budget reserves are fairly sufficient across states, but this total can be misleading. In fiscal 2016, the balance level for Texas is projected to be \$19.0 billion, accounting for 34.3 percent of total projected state balances in fiscal 2016. The concentration of total budget reserves being disproportionately held by one state means that the average balance level as a percent of expenditures is much lower for the other 49 states. If you remove Texas from total balance levels, the remaining 49 states have average balance levels representing 5.0 percent for fiscal 2016.

While a majority of states project total balance levels of 5.0 percent or more in fiscal 2016, four states estimate balance levels below one percent of expenditures and 15 states estimate balance levels greater than one percent but less than five percent at the end of fiscal 2016. States with low balance levels may be impeded in their ability to respond to unforeseen events that occur during the fiscal year, including budget gaps due to unanticipated expenses or revenue shortfalls.

⁷ For more details on states' budget stabilization or rainy day funds, see NASBO's *Budget Processes in the States* report (Spring 2015), Table 14.

Rainy Day Funds

Total balances include both ending balances and rainy day fund balances. State balances in rainy day funds—budget stabilization funds set aside to respond to unforeseen circumstances—tend to be more stable than total balance levels, as ending balances fluctuate due to a variety of factors. Excluding Alaska, whose rainy day fund balance declined significantly in fiscal

2015, as well as two other states for which complete data are not available, states' rainy day fund balances totaled \$30.2 billion in fiscal 2014, are estimated to total \$30.7 billion in fiscal 2015, and are projected to increase to \$35.2 billion in fiscal 2016. Including Alaska, rainy day fund balances totaled \$45.8 billion in fiscal 2014, \$39.6 billion in fiscal 2015 (estimated), and \$40.8 billion in fiscal 2016 (recommended). ([See Table 25](#))

TABLE 22

Total Year-End Balances, Fiscal 1979 to Fiscal 2016

Fiscal Year	Total Balance (Billions)	Total Balance (Percentage of Expenditures)
2016*	\$55.2	7.1%
2015*	60.3	8.0
2014	71.2	9.9
2013	72.2	10.4
2012	55.8	8.4
2011	45.7	7.1
2010	32.5	5.2
2009	36.2	5.7
2008	59.1	8.6
2007	65.9	10.1
2006	69.0	11.5
2005	46.6	8.4
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
Average	—	6.2%

NOTES: *Figures for fiscal 2015 are estimated; figures for fiscal 2016 are based on recommended budgets. Figures for fiscal 2015 and fiscal 2016 exclude Oklahoma due to complete balance data being unavailable for these years.

TABLE 23

Total Year-End Balances as a Percentage of Expenditures, Fiscal 2014 to Fiscal 2016

Percentage	Number of States		
	Fiscal 2014 (Actual)	Fiscal 2015 (Estimated)	Fiscal 2016 (Recommended)
Less than 1.0%	3	3	4
1.0% to 4.9%	12	14	15
5.0% to 9.9%	17	16	17
10% or more	18	16	13

NOTE: The average for fiscal 2014 (actual) was 9.9 percent; the average for fiscal 2015 (estimated) is 8.0 percent; and the average for fiscal 2016 (recommended) is 7.1 percent.

FIGURE 4:
Total Year-End Balances Fiscal 1979 to Fiscal 2016

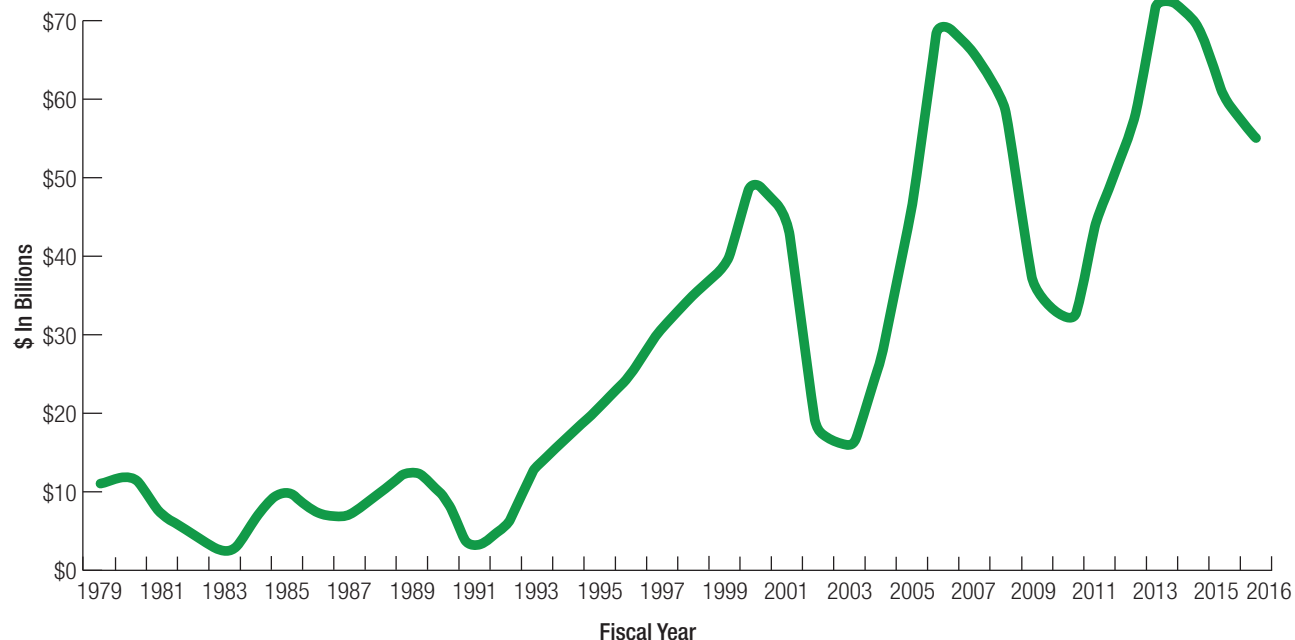
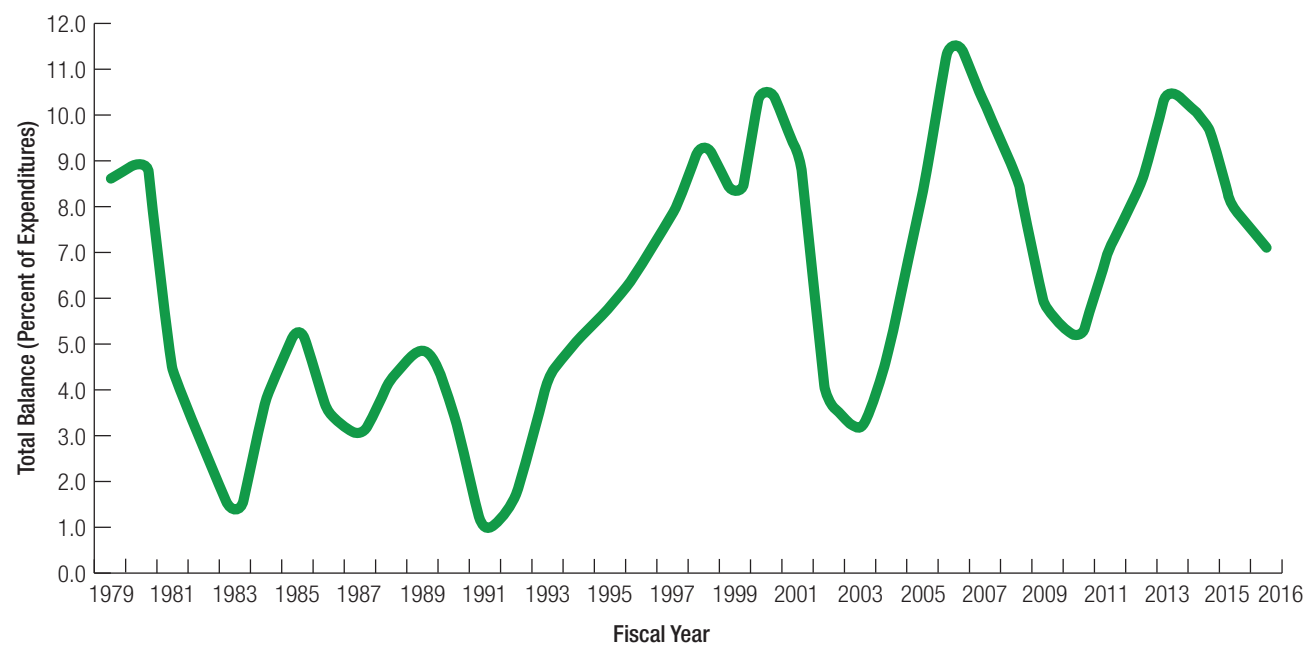


FIGURE 5:
Total Year-End Balances as a Percentage of Expenditures Fiscal 1979 to Fiscal 2016



Changing Balance Levels Fiscal 2014, Fiscal 2015, Fiscal 2016

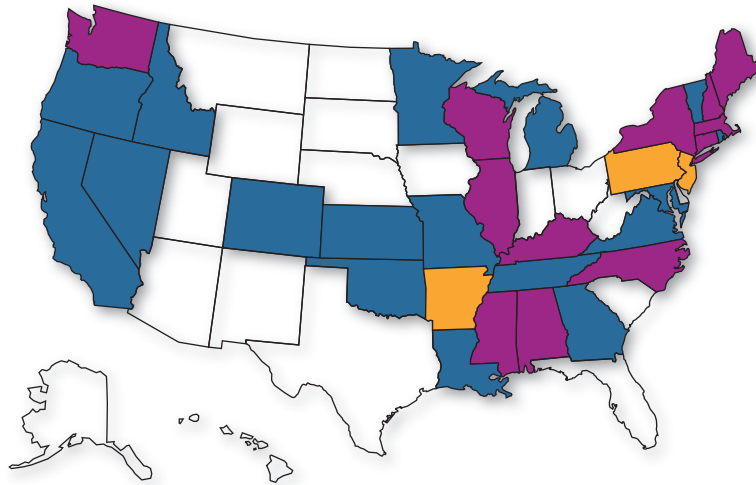


FIGURE 6:
Total State Balance Levels Fiscal 2014

- Less than 1 percent (3)
- Greater than 1 percent but less than 5 percent (12)
- Greater than 5 percent but less than 10 percent (17)
- Greater than 10 percent (18)

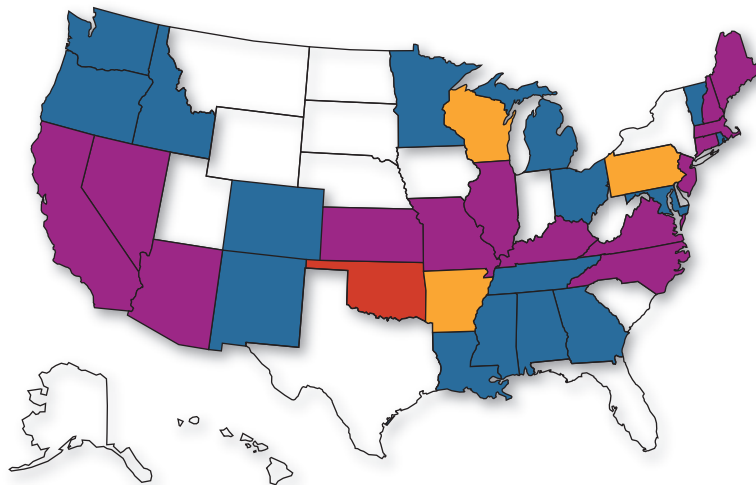


FIGURE 7:
Total State Balance Levels Fiscal 2015

- Less than 1 percent (3)
- Greater than 1 percent but less than 5 percent (14)
- Greater than 5 percent but less than 10 percent (16)
- Greater than 10 percent (16)
- Data are not available (1)

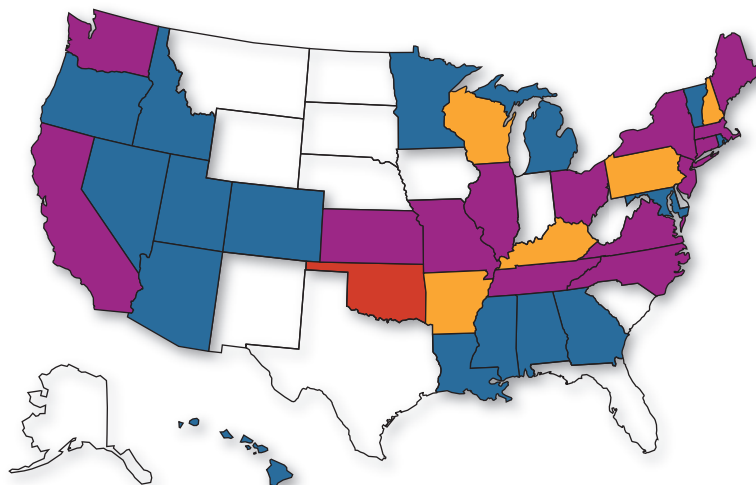


FIGURE 8:
Total State Balance Levels Fiscal 2016

- Less than 1 percent (4)
- Greater than 1 percent but less than 5 percent (15)
- Greater than 5 percent but less than 10 percent (17)
- Greater than 10 percent (13)
- Data are not available (1)

TABLE 24

Total Balances and Total Balances as a Percentage of Expenditures, Fiscal 2014 to Fiscal 2016

State	Total Balance (\$ in Millions)			Total Balances as a Percent of Expenditures		
	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2014	Fiscal 2015	Fiscal 2016
Alabama	\$329	\$485	\$427	4.4%	6.3%	5.2%
Alaska	13,883	4,961	2,269	189.6	81.8	40.5
Arizona	1,034	330	465	11.8	3.6	5.1
Arkansas	0	0	0	0.0	0.0	0.0
California**	5,100	1,423	1,505	5.1	1.3	1.3
Colorado**	651	556	611	7.4	5.7	6.0
Connecticut***	519	519	522	3.1	3.0	2.9
Delaware**	414	535	513	10.9	14.0	12.9
Florida	3,506	2,960	2,861	13.0	10.4	10.0
Georgia***	1,071	1,071	1,071	5.6	5.3	5.2
Hawaii	748	676	542	11.9	10.4	8.0
Idaho	206	224	198	7.4	7.6	6.4
Illinois	350	350	350	1.1	1.1	1.3
Indiana	2,005	1,959	1,986	13.8	13.1	13.1
Iowa	1,356	1,107	971	21.0	15.8	13.2
Kansas	380	72	88	6.3	1.1	1.4
Kentucky	158	159	63	1.6	1.6	0.6
Louisiana	623	470	514	7.3	5.5	5.7
Maine	81	74	114	2.5	2.3	3.5
Maryland	911	822	862	5.9	5.1	5.3
Massachusetts**	1,451	1,195	1,180	4.2	3.2	3.1
Michigan	693	498	640	7.4	5.2	6.9
Minnesota**	1,886	1,852	1,626	9.7	9.3	7.8
Mississippi	151	398	412	2.8	7.2	7.3
Missouri	466	380	375	5.6	4.4	4.3
Montana	425	343	285	19.4	15.4	12.1
Nebraska	1,393	984	973	36.7	23.8	22.9
Nevada	212	155	205	6.4	4.5	5.7
New Hampshire**	31	25	17	2.5	1.9	1.2
New Jersey	300	388	349	1.0	1.2	1.0
New Mexico**	637	489	503	10.6	7.7	8.0
New York**	2,235	7,768	3,229	3.6	12.3	4.6
North Carolina	654	699	703	3.1	3.2	3.2
North Dakota	1,670	1,264	1,049	51.6	38.7	29.0
Ohio	3,178	1,836	1,667	10.5	5.8	4.7
Oklahoma***	535	N/A	N/A	8.2	N/A	N/A
Oregon	400	651	837	5.2	7.9	9.8
Pennsylvania	81	13	134	0.3	0.0	0.4
Rhode Island	307	183	181	9.2	5.2	5.2
South Carolina**	1,163	988	954	18.4	15.1	14.1
South Dakota	149	149	149	10.3	10.7	10.4
Tennessee	840	641	528	6.9	5.1	4.1
Texas	13,671	15,839	18,983	29.2	32.7	38.2
Utah	544	717	455	10.1	12.4	7.3
Vermont	71	76	82	5.1	5.4	5.6
Virginia	1,166	590	720	6.6	3.3	3.9
Washington	788	1,271	756	4.9	7.6	4.1
West Virginia	1,368	1,237	1,187	32.5	28.8	27.2
Wisconsin	517	0	92	3.5	0.0	0.6
Wyoming	926	961	963	51.8	54.2	54.3
Total****	\$70,697	\$60,343	\$55,167	9.9%	8.0%	7.1%

NOTES: N/A indicates data not available. Fiscal 2014 are actual figures, fiscal 2015 are estimated figures, and fiscal 2016 are recommended figures. *Total balances include both the ending balance and Rainy Day Funds. **In these states, Ending Balance includes Rainy Day Fund. *** See Notes to Table 24 on page 52. **** Totals only include states with data for all three years.

TABLE 25

Rainy Day Fund Balances and Rainy Day Fund Balances as a Percentage of Expenditures, Fiscal 2014 to Fiscal 2016

State	Rainy Day Fund Balances (\$ in Millions)			Rainy Day Fund Balance as a Percent of Expenditures		
	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2014	Fiscal 2015	Fiscal 2016
Alabama	\$276	\$414	\$406	3.7%	5.3%	4.9%
Alaska	15,597	8,875	5,622	213.0	146.4	100.3
Arizona	455	329	329	5.2	3.5	3.6
Arkansas	0	0	0	0.0	0.0	0.0
California	4,130	2,059	3,361	4.1	1.8	3.0
Colorado	436	556	611	5.0	5.7	6.0
Connecticut	519	519	522	3.1	3.0	2.9
Delaware	202	213	214	5.3	5.6	5.4
Florida	925	1,139	1,354	3.4	4.0	4.7
Georgia*	863	N/A	N/A	4.5	N/A	N/A
Hawaii	83	91	103	1.3	1.4	1.5
Idaho	161	161	195	5.8	5.5	6.3
Illinois	276	276	276	0.9	0.9	1.0
Indiana	969	1,255	1,256	6.7	8.4	8.3
Iowa	650	696	721	10.1	10.0	9.8
Kansas*	0	0	0	0.0	0.0	0.0
Kentucky	77	77	63	0.8	0.8	0.6
Louisiana	445	470	514	5.2	5.5	5.7
Maine	68	72	72	2.1	2.3	2.2
Maryland	764	786	814	4.9	4.9	5.0
Massachusetts	1,248	1,128	1,135	3.6	3.1	3.0
Michigan	386	498	611	4.1	5.2	6.5
Minnesota	661	994	994	3.4	5.0	4.8
Mississippi	110	395	412	2.1	7.2	7.3
Missouri	277	270	275	3.3	3.2	3.1
Montana	0	0	0	0.0	0.0	0.0
Nebraska	719	685	746	19.0	16.6	17.5
Nevada	28	0	0	0.9	0.0	0.0
New Hampshire	9	12	12	0.7	0.9	0.9
New Jersey	0	0	0	0.0	0.0	0.0
New Mexico	638	490	503	10.6	7.8	8.0
New York	1,481	1,796	1,796	2.4	2.8	2.5
North Carolina	652	698	698	3.1	3.2	3.1
North Dakota	584	687	687	18.0	21.0	19.0
Ohio	1,478	1,478	1,478	4.9	4.6	4.2
Oklahoma*	535	N/A	N/A	8.2	N/A	N/A
Oregon	153	391	637	2.0	4.7	7.5
Pennsylvania	0	4	37	0.0	0.0	0.1
Rhode Island	177	180	180	5.3	5.1	5.2
South Carolina	408	447	459	6.4	6.8	6.8
South Dakota	139	149	149	9.7	10.7	10.4
Tennessee	456	492	528	3.8	3.9	4.1
Texas	6,703	7,500	9,770	14.3	15.5	19.7
Utah	432	432	433	8.0	7.5	6.9
Vermont	71	76	82	5.1	5.4	5.6
Virginia	688	468	712	3.9	2.6	3.9
Washington	415	510	231	2.6	3.1	1.2
West Virginia	956	866	856	22.7	20.2	19.6
Wisconsin	0	0	0	0.0	0.0	0.0
Wyoming	926	960	961	51.8	54.1	54.2
Total**	\$45,826	\$39,593	\$40,818	6.6%	5.4%	5.4%

NOTES: NA indicates data not available. Fiscal 2014 are actual figures, fiscal 2015 are estimated figures, and fiscal 2016 are recommended figures. *See Notes to Table 25 on page 52. ** Totals only include states that provided data for all three years.

CHAPTER 3 NOTES

Notes to Table 24

Total Balances and Total Balances as a Percentage of Expenditures, Fiscal 2014 to Fiscal 2016

Connecticut	For each of the fiscal years, the reported rainy day fund balance includes the ending balance.
Georgia	For Fiscal 2014, Ending Balance includes Rainy Day Fund Balance. Georgia does not project future Rainy Day fund balances, but expects the reserve to continue to grow in future years.
Oklahoma	FY 2015 and FY 2016 Rainy Day Fund balances cannot be estimated at this time.

Notes to Table 25

Rainy Day Fund Balances and Rainy Day Fund Balances as a Percentage of Expenditures, Fiscal 2014 to Fiscal 2016

Georgia	Georgia does not project future Rainy Day fund balances, but expects the reserve to continue to grow in future years.
Kansas	Kansas does not have a "Rainy Day" fund. However, the balanced budget provision of the constitution requires revenues to finance the approved budget.
Oklahoma	FY 2015 and FY 2016 Rainy Day Fund balances cannot be estimated at this time.

MEDICAID OUTLOOK

CHAPTER FOUR

Medicaid Outlook: Medicaid Spending, Enrollment, Medicaid Actions and Trends, and the Affordable Care Act

Medicaid, a means-tested entitlement program financed by the states and the federal government, provides comprehensive and long-term medical care for over 70 million low-income individuals. Medicaid is estimated to account for about 25.8 percent of total state spending from all fund sources in fiscal 2014, the single largest portion of total state expenditures, and 19.1 percent of general fund spending (the second largest portion of general fund expenditures), according to NASBO's 2014 *State Expenditure Report*. The following sections look at Medicaid spending and enrollment, budget actions and trends, and changes attributable to the Affordable Care Act (ACA).

Affordable Care Act. The Supreme Court's ruling in June 2012 upheld the constitutionality of the ACA and affected states by making the expansion of Medicaid effectively a state option. The Supreme Court ruled that the Medicaid expansion is constitutional though the federal government could not withhold existing Medicaid funding for states that opted not to participate in the expansion. Beginning January 1, 2014, state Medicaid programs had the option to expand to cover non-pregnant, non-elderly individuals with incomes up to 138 percent of the federal poverty level. The cost for those newly eligible for coverage are fully federally funded in calendar years 2014, 2015, and 2016 with federal financing phasing down to 90 percent by 2020 and beyond. As of May 2015, 28 states and the District of Columbia have expanded Medicaid and a number of other states are debating the issue.⁸

Medicaid Growth Rates

Total Medicaid spending increased by 8.6 percent in fiscal 2014 with state funds growing by 5.9 percent and federal funds growing by 11.9 percent. For fiscal 2015, total Medicaid spending is estimated to grow by 18.2 percent with state funds increasing by 5.2 percent and federal funds increasing by 24.2

percent. The sizeable increase in Medicaid spending in fiscal 2015 is largely attributable to the fact that fiscal 2015 is the first full fiscal year reflecting the Medicaid expansion under the ACA for almost all of the expansion states. Fiscal 2014 reflects a partial year impact of the optional Medicaid expansion under the ACA for those states that began expansion on January 1, 2014.

Governors' recommended budgets for fiscal 2016 assume an increase in Medicaid spending of 5.2 percent in total funds with state funds increasing by 3.1 percent and federal funds increasing by 6.9 percent. (See Table 26) The growth rates reflect both the impact of the ACA Medicaid expansion that began on January 1, 2014 for states that have chosen to expand in addition to ongoing program spending.

The rate of growth in federal funds exceeds state funds since costs for those newly eligible for coverage in states implementing the Medicaid expansion are fully federally funded in calendar years 2014, 2015, and 2016, with federal financing phasing down to 90 percent by 2020 and beyond. Increased participation among those currently eligible is funded at the states' regular Medicaid matching rate.

Medicaid Enrollment

Medicaid enrollment increased by 9.5 percent during fiscal 2014 and is estimated to increase by 13.7 percent in fiscal 2015. In governors' recommended budgets for fiscal 2016, Medicaid enrollment would rise by an additional 4.6 percent. (See Table 27) This reflects both the impact from the ACA including increased enrollment in states that have implemented the Medicaid expansion that began in January 1, 2014, as well as increased participation among those currently eligible in both states that did and did not implement the expansion. Medicaid enrollment is estimated to grow by about 30 percent over the fiscal 2014 through fiscal 2016 period. The groups with the highest enrollment figures include adults from the expansion of Medicaid under the ACA, children and families.

⁸ In addition to the 28 states that have expanded Medicaid, Montana has passed legislation adopting the expansion, which is currently pending federal approval.

Among states expanding Medicaid, enrollment in Medicaid and the Children's Health Insurance Program (CHIP) grew 20.3 percent since the July-September 2013 baseline period, according to the Centers for Medicare and Medicaid Services (CMS) February 2015 enrollment report. States not expanding Medicaid reported an 8 percent increase over the same period. The implementation of the ACA greatly increased the individuals served in the Medicaid program. According to the Congressional Budget Office (CBO), by 2020, 80 percent of the people who meet the new eligibility criteria will live in states that have extended Medicaid coverage.

Medicaid Actions

Trends in state actions in Medicaid varied with 24 states increasing payments to providers in fiscal 2015. More states increased provider reimbursement rates than restricted rates in fiscal 2015. Similarly for governors' proposed budgets in fiscal 2016, 26 states propose increasing rates while 12 states would restrict rates. (See Tables 28 and 29) This is a reflection of an improved economy as well as policies to increase reimbursement rates for certain providers and continues the trend from prior years.

Other significant actions states took in fiscal 2015 include expanding or restoring benefits in 14 states, expanding managed care in 15 states, and enhancing program integrity in 10 states. In governors' proposed budgets for fiscal 2016, similar trends occur with 18 states planning to enhance program integrity efforts, 17 states proposing to expand or restore benefits, 16 states planning to expand managed care, and 12 states pursuing policies to reduce costs for prescription drugs.


Provider Tax Increases for Medicaid. Some states have increased or plan to increase resources for Medicaid through provider taxes or fees as shown in Table 30. For fiscal 2015, six states have raised or plan to raise provider taxes or fees while 11 states have plans to raise provider taxes or fees in governors' proposed budgets for fiscal 2016. Restrictions to provider taxes and fees have surfaced in federal deficit reduction proposals and in the President's proposed budgets over the years. (See Table 30)

Impact on State-Funded Programs from Medicaid Expansion. States that have chosen to expand Medicaid under the ACA were asked about early indicators of the impact on other state funded programs. Of the states that expanded, about one third to one half of the states noted that they are seeing savings for behavioral health programs, corrections programs, and in uncompensated care expenses. Other states have not seen savings at this point in time or the figures are uncertain. Some states also mentioned savings from previous waiver programs and from health screenings that are now being covered by the Medicaid expansion, from reduced expenditures from state funded general assistance programs, and additional revenues such as from premium taxes.

Medicaid Spending Trends and Budget Pressures. States were asked to identify issues and trends that are affecting their Medicaid spending. The most frequent responses were around concerns about the spike in pharmaceutical costs from specialty drugs such as new medications to treat hepatitis C as well as overall pharmacy increases including from generics. Other significant issues include overall enrollment trends from both expansion under the ACA as well as new enrollees that had previously been eligible. Several states noted that enrollment increases were also occurring as a result of the change to a modified adjusted gross income (MAGI) basis for eligibility determinations which was a change required under the ACA. For states that expanded Medicaid under the ACA, several noted funding the state match in 2017 and thereafter as a significant fiscal concern.

For several states, a reduction in the Federal Medical Assistance Percentage (FMAP), and federal rules, policy changes and mandated coverage for services were among the most significant issues identified. In the area of long-term care, significant issues include potential policies to require overtime pay for home health workers and the impact of regulations on home and community based services.

States are also closely watching the outcome of the U.S. Supreme Court decision on *King v. Burwell* and the impact on those using the federal marketplace rather than a state-based health insurance exchange. The recent enactment of



the two-year extension of the Children's Health Insurance Program (CHIP) with the increased match rate alleviated concerns from many states about the immediate direction of the program.

Long-Term Health Care Spending. Medicaid spending, similar to health care spending, has historically increased faster than the economy as a whole. Based on CBO estimates, the growth in federal spending for Medicaid is pro-

jected to increase at about 6 percent annually from 2016 to 2025, the same rate of growth that such spending averaged over the past 10 years. By 2025, about 77 million people will be enrolled in Medicaid on an average monthly basis according to CBO.⁹ Federal outlays for Medicaid in 2025 are projected to total \$576 billion, or about 2.1 percent of the gross domestic product (GDP), reflecting an increase from the estimated \$343 billion in federal Medicaid spending that represents 1.9 percent of GDP in 2015.

⁹ See Congressional Budget Office, *Medicaid—Baseline Projections* (March 9, 2015).

TABLE 26

Annual Percentage Change in Medicaid Spending

State	Fiscal 2014 (Actual)			Fiscal 2015 (Estimated)			Fiscal 2016 (Recommended)		
	State Funds	Federal Funds	Total Funds	State Funds	Federal Funds	Total Funds	State Funds	Federal Funds	Total Funds
Alabama	4.8%	4.1%	4.3%	4.3%	7.7%	6.6%	5.4%	4.2%	4.5%
Alaska*	-7.3	-9.4	-8.5	41.7	27.5	33.4	-14.6	15.4	1.9
Arizona	0.3	10.0	6.9	13.9	35.6	29.2	0.5	7.8	5.9
Arkansas	1.1	12.3	9.1	2.1	29.2	21.9	7.6	2.0	3.3
California	19.6	19.6	14.4	1.7	68.5	51.4	4.1	8.2	11.3
Colorado	7.5	25.1	16.3	7.5	38.0	23.9	8.1	10.5	9.5
Connecticut	-1.8	20.7	9.4	-2.9	15.7	7.4	0.2	-2.1	-1.2
Delaware*	3.7	10.4	7.4	3.6	17.7	11.7	1.1	8.5	5.6
Florida	-0.2	10.5	7.2	6.2	1.7	8.3	3.6	-7.0	-6.9
Georgia	4.1	3.9	4.0	5.3	-3.0	-0.2	0.1	5.3	3.4
Hawaii	3.1	16.1	11.6	7.0	6.0	6.4	-3.4	28.0	13.6
Idaho	-12.5	0.1	-3.6	5.2	7.0	6.5	3.7	1.3	2.0
Illinois	-1.4	8.7	3.8	-1.7	21.3	10.5	-8.9	-2.4	-5.1
Indiana	-17.2	-1.4	-6.8	12.4	23.1	19.9	0.3	15.9	11.4
Iowa	5.3	13.1	10.0	8.9	19.5	18.0	2.3	2.7	2.6
Kansas	6.9	11.1	9.3	10.3	8.1	9.1	10.1	7.5	8.6
Kentucky	10.8	27.6	22.6	5.2	47.0	35.7	1.0	5.1	4.2
Louisiana	23.5	-1.1	6.3	8.8	7.5	7.9	-0.8	1.2	0.5
Maine	2.0	16.0	11.0	-2.0	-2.0	-2.0	5.0	4.0	4.0
Maryland	0.6	23.0	12.2	1.5	17.4	10.6	0.9	6.2	4.1
Massachusetts	7.8	13.5	13.4	12.2	20.7	16.3	3.6	9.4	6.5
Michigan	4.7	12.9	9.2	12.2	22.8	18.8	-7.3	5.0	3.9
Minnesota	9.0	21.3	15.2	4.3	23.3	14.4	12.5	17.9	15.3
Mississippi	6.2	3.4	4.1	8.6	7.6	7.9	10.3	15.0	13.8
Missouri	3.3	3.1	3.2	4.2	14.8	9.8	3.2	1.4	2.2
Montana	5.0	8.0	7.1	10.7	10.0	10.2	7.8	5.4	6.2
Nebraska*	6.7	1.0	3.2	16.1	18.0	17.3	5.3	3.3	2.0
Nevada	-0.6	30.6	18.5	11.6	71.7	52.0	-7.0	-4.2	-4.9
New Hampshire	7.1	8.7	7.9	9.5	17.6	13.5	7.9	5.2	6.5
New Jersey	5.5	34.5	20.6	8.9	49.9	32.7	3.0	13.0	9.6
New Mexico	1.5	19.8	14.2	1.2	54.9	38.5	1.3	10.8	8.7
New York	3.2	3.5	2.8	3.2	12.6	7.5	2.1	9.9	5.8
North Carolina	-1.1	9.2	5.2	3.4	3.1	3.2	2.3	5.2	4.1
North Dakota	13.2	16.0	14.7	9.5	58.2	36.3	1.0	10.8	7.3
Ohio	5.9	13.5	10.8	4.7	26.5	19.0	12.6	9.3	10.3
Oklahoma	6.7	5.6	6.0	1.8	-0.5	0.4	4.1	-0.3	1.5
Oregon	4.9	33.6	23.1	-10.3	29.0	16.8	4.7	7.5	6.8
Pennsylvania	5.5	5.2	5.3	4.7	18.2	11.9	4.6	20.8	13.9
Rhode Island	6.6	17.6	12.5	7.3	33.7	22.0	-5.1	-1.9	-3.1
South Carolina	13.3	11.0	10.5	6.5	13.6	13.5	10.5	90.0	1.5
South Dakota	6.1	-0.4	2.1	11.4	14.6	13.3	6.1	-1.0	1.8
Tennessee	11.0	-4.1	-0.1	8.3	13.7	10.4	0.6	-3.8	-0.8
Texas	5.4	6.2	5.9	7.0	3.6	5.0	2.9	-2.0	0.0
Utah	4.6	10.4	8.4	4.4	3.3	3.7	4.2	3.6	3.8
Vermont*	-3.0	2.7	0.3	3.9	16.1	11.0	8.6	3.1	5.2
Virginia	3.8	5.0	4.4	8.3	1.3	4.7	5.3	4.0	4.7
Washington	-10.9	43.2	18.2	-0.7	40.1	26.0	4.6	-5.0	-2.4
West Virginia	3.8	8.0	6.8	7.0	31.7	25.0	-0.8	0.1	-0.1
Wisconsin	6.6	8.2	7.6	9.6	3.1	5.5	8.0	4.2	5.6
Wyoming	-1.4	3.9	1.4	3.5	1.3	2.3	4.9	2.5	3.7
Average**	5.9%	11.9%	8.6%	5.2%	24.2%	18.2%	3.1%	6.9%	5.2%

NOTES: NA indicates data not available *See Notes to Table 26 on page 61. **Average percent changes are weighted averages.

TABLE 27

Percentage Change in Medicaid Enrollment

State	FY 2014 Actual	FY 2015 Estimated	FY 2016 Recommended
Alabama	6.8%	5.0%	5.0%
Alaska	4.0	0.2	15.1
Arizona	18.7	10.0	3.1
Arkansas	25.0	35.0	35.0
California	19.8	25.9	2.1
Colorado	26.1	34.9	11.1
Connecticut	7.5	15.3	4.2
Delaware	2.3	2.4	3.5
Florida	4.3	7.7	3.9
Georgia*	1.5	11.4	1.3
Hawaii	8.1	5.0	3.0
Idaho	5.6	8.7	2.2
Illinois	10.7	6.9	1.5
Indiana	3.1	7.0	25.3
Iowa	12.0	17.0	4.0
Kansas	4.1	3.3	1.3
Kentucky	37.0	15.0	3.0
Louisiana	2.6	3.0	1.3
Maine	-6.0	-6.5	N/A
Maryland	24.5	-0.5	4.5
Massachusetts	7.0	14.5	8.9
Michigan	6.1	9.1	3.1
Minnesota	13.4	25.7	3.6
Mississippi	7.1	9.6	6.0
Missouri	-4.2	-0.1	3.0
Montana	8.0	6.6	6.6
Nebraska	-2.1	5.3	2.1
Nevada	25.1	48.4	1.3
New Hampshire	0.4	24.8	0.0
New Jersey	4.4	24.8	5.8
New Mexico	24.0	11.9	4.3
New York	8.6	9.1	2.2
North Carolina	4.6	10.1	6.7
North Dakota	11.1	14.5	4.4
Ohio	5.4	19.0	3.0
Oklahoma	-0.7	1.1	2.4
Oregon	26.6	27.2	-5.9
Pennsylvania	1.6	18.9	16.6
Rhode Island	11.1	20.6	2.4
South Carolina	6.9	14.7	8.7
South Dakota	0.0	1.0	0.8
Tennessee	5.0	4.8	1.1
Texas	2.4	9.1	1.7
Utah	3.6	6.7	0.3
Vermont	2.8	3.6	0.5
Virginia	1.3	4.0	4.8
Washington	15.8	22.0	2.7
West Virginia*	34.3	5.1	3.0
Wisconsin	-0.4	1.7	0.3
Wyoming	-2.0	6.0	6.0
Average**	9.5%	13.7%	4.6%

NOTES: N/A indicates data not available *See Notes to Table 27 on page 61. ** Average percent changes are weighted averages.

TABLE 28

Fiscal 2015 Budget Actions in Medicaid

State	Restrict provider payments	Increase provider payments	Restrict benefits	Expand or restore benefits	Policies to cut costs for prescription drugs	Expand managed care	Enhanced program integrity efforts	Other
Alabama						X		
Alaska		X						
Arizona						X		
Arkansas								
California		X		X				
Colorado		X		X				
Connecticut	X				X			
Delaware				X		X	X	
Florida		X				X	X	
Georgia		X						
Hawaii							X	
Idaho		X		X		X		
Illinois	X	X		X		X		
Indiana*		X				X		X
Iowa*		X		X				X
Kansas								
Kentucky								
Louisiana				X				
Maine								
Maryland*	X							X
Massachusetts	X	X		X			X	
Michigan	X	X		X			X	
Minnesota*		X		X				X
Mississippi						X		
Missouri								
Montana		X						
Nebraska		X						
Nevada								
New Hampshire		X						
New Jersey	X					X		
New Mexico								
New York					X	X		
North Carolina	X				X			
North Dakota		X					X	
Ohio								
Oklahoma	X		X		X		X	
Oregon*		X						X
Pennsylvania*		X		X				X
Rhode Island	X					X	X	
South Carolina		X		X				
South Dakota		X						
Tennessee*	X	X	X		X		X	X
Texas						X		
Utah		X						
Vermont								
Virginia	X			X		X	X	
Washington		X		X	X	X		
West Virginia								
Wisconsin		X				X		
Wyoming*								X
Total	11	24	2	14	6	15	10	8

NOTES: *See Notes to Table 28 on page 61.

TABLE 29

Recommended Fiscal 2016 Budget Actions in Medicaid

State	Restrict provider payments	Increase provider payments	Restrict benefits	Expand or restore benefits	Policies to cut costs for prescription drugs	Expand managed care	Enhanced program integrity efforts	Other
Alabama		X						
Alaska				X				
Arizona	X							
Arkansas								
California*				X				X
Colorado		X		X			X	
Connecticut	X		X		X			
Delaware							X	
Florida*		X				X	X	X
Georgia		X		X				
Hawaii								
Idaho		X						
Illinois*	X		X		X	X	X	X
Indiana*				X				
Iowa*		X		X	X	X	X	X
Kansas								
Kentucky								
Louisiana*	X						X	X
Maine	X	X	X		X			
Maryland	X		X				X	
Massachusetts		X	X	X	X		X	
Michigan*	X	X		X	X	X		X
Minnesota*		X		X	X		X	X
Mississippi						X		
Missouri								
Montana		X						
Nebraska		X				X		
Nevada		X					X	
New Hampshire		X				X		
New Jersey		X						
New Mexico								
New York					X	X		
North Carolina								
North Dakota		X					X	
Ohio		X		X		X	X	
Oklahoma	X		X		X	X	X	
Oregon*		X						X
Pennsylvania		X		X				
Rhode Island	X					X	X	
South Carolina		X		X				
South Dakota		X						
Tennessee*	X				X		X	X
Texas						X		
Utah		X		X		X		
Vermont		X					X	
Virginia				X			X	
Washington*		X		X	X	X		X
West Virginia	X		X					
Wisconsin	X	X		X	X	X	X	
Wyoming*		X		X		X		X
Total	12	26	7	17	12	16	18	11

NOTES: *See Notes to Table 29 on page 62.

TABLE 30

**Provider Tax Increases for Medicaid Program,
Fiscal 2015 and Recommended Fiscal 2016**

State	Fiscal 2015	Fiscal 2016 (Recommended)
Alabama		
Alaska		
Arizona	X	
Arkansas		
California	X	X
Colorado		
Connecticut		X
Delaware		
Florida		
Georgia		
Hawaii		
Idaho		
Illinois	X	
Indiana		
Iowa		X
Kansas		X
Kentucky		
Louisiana		
Maine		X
Maryland		
Massachusetts		
Michigan		X
Minnesota		
Mississippi		
Missouri		
Montana		
Nebraska		
Nevada		
New Hampshire		
New Jersey		
New Mexico		
New York		
North Carolina	X	
North Dakota		
Ohio		X
Oklahoma	X	
Oregon		
Pennsylvania		
Rhode Island		
South Carolina		
South Dakota		
Tennessee		X
Texas		
Utah		X
Vermont		
Virginia		X
Washington		
West Virginia*	X	X
Wisconsin		
Wyoming		
Total	6	11

NOTES: *See Notes to Table 30 on page 62.

CHAPTER 4 NOTES

Notes to Table 26

Annual Percentage Change in Medicaid Spending

Alaska	Due to a one-time accounting item, a large portion of state general fund expenditures were moved from prior year (FY2014) to current year (FY2015). This does not reflect a change in Medicaid spending for the fiscal year, rather, this is a technical audit adjustment regarding the issuance of advanced payments to providers following the rollout of a new information system.
Delaware	The FY 2016 recommended appropriation for Medicaid is \$2.7 million less than the FY 2015 appropriation. Funds are being carried over from FY 2015 to supplement the FY 2016 appropriation.
Nebraska	The FY2015 estimated annual percentage change is based on appropriated funds for the Medicaid program and does not represent an estimate of expenditures as no such estimate has been established. It is assumed that the appropriation will not be fully expended during the fiscal year.

Notes to Table 27

Percentage Change in Medicaid Enrollment

Georgia	FY 2015 Estimated: Georgia Medicaid saw a dramatic increase in enrollment in FY 2015 as a result of the Woodwork Effect of the PPACA. Individuals who were previously eligible for Medicaid enrolled because of the Federally Facilitated Marketplace and other outreach efforts associated with the PPACA. We expect that we will not see a similarly large increase in enrollment in FY 2016 because most individuals who were eligible for Medicaid would have already enrolled at this point.
West Virginia	FY15 estimated based on monthly reports analyzing month to month increases; SFY16 assumed that increases would begin to flatten.

Notes to Table 28

Fiscal 2015 Budget Actions in Medicaid

Indiana	Other—HIP 2.0 expansion
Iowa	Other—Expand access to Medicaid, service delivery reform
Maryland	Other—behavioral health services
Minnesota	Other—Performance Housing
Oregon	Other—ACA expansion
Pennsylvania	Other—Delayed MA MCO payments but kept prudent pay requirements
Tennessee	Other—Implementing policies and pricing strategies to reduce unnecessary and excessive costs
Wyoming	Other—DD Waiver waitlist reduction, Indian Health Service uncompensated care waiver

Notes to Table 29

Recommended Fiscal 2016 Budget Actions in Medicaid

California	Other—Establish an open enrollment period for managed care and allow allied dental professionals to enroll as billing providers.
Florida	Other—Hospital Outpatient and Nursing Home Prospective Payment System
Illinois	Given Illinois's budgetary challenges, the FY16 introduced budget assumes the elimination of many provider payment increases and benefit restorations assumed in the FY15 enacted budget.
Indiana	Applied Behavior Analysis therapy is being added as a benefit due to the federal mandate.
Iowa	Other—Expand access to Medicaid, service delivery reform
Louisiana	Other—Ending 1115 Waiver for adults in Greater New Orleans Area as grant funding used for Medicaid match is ending.
Michigan	Other—Michigan is rebidding its Managed Care Program.
Minnesota	Other—Performance Housing
Oregon	Other—ACA expansion
Tennessee	Other—Implementing policies and pricing strategies to reduce unnecessary and excessive costs
Washington	Other—Home and community waiver— DSHS
Wyoming	Increase nursing facility payment rates to begin July 1, 2015. Expand chiropractic benefit due to Wyoming Legislation to begin July 1, 2015. Extra fill of eye drops (spare) due to Wyoming Legislation to begin July 1, 2015. Care management entity for emotionally disturbed children. Other—DD Waiver waitlist reduction, Indian Health Service uncompensated care waiver.

Note to Table 30

Provider Tax Increases for Medicaid Program, Fiscal 2015 and Recommended Fiscal 2016

West Virginia	Increase in acute care hospital tax (SFY14 was .0045, increased to .0062 for SFY15; SB398 increased to .0072 for SFY16).
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OTHER STATE BUDGETING CHANGES

CHAPTER FIVE

Recommended Changes in State Aid to Local Governments, Fiscal 2016

Twenty-four states reported that recommended budgets contain changes in state aid to local governments and/or other changes that will affect local government operations in fiscal 2016. Governors in a number of states recommended increased funding for local governments in their fiscal 2016 budgets through changes in revenue sharing formulas and by providing additional aid to school districts and community colleges. Some states also increased aid for infrastructure projects, property tax relief, and to compensate for new mandates. Meanwhile, other states are proposing to reduce state aid by scaling back revenue sharing payments. One state also proposed changes to public employee pension and benefit systems that would have an impact on local governments.

Local governments continue to face fiscal challenges. Revenues for local governments have not recovered to the same extent as state revenues, in part because property tax collections have taken longer to rebound from the impact of the Great Recession and the housing market collapse. Despite the recent rise in property valuations and widespread improvement in the housing market, property tax collections have yet to catch up with market advancements due to the lag time in assessments and payments, though they are finally starting to grow again. According to the National League of Cities, property tax collections are projected to increase by 1.6 percent in 2014, the first gain since 2009.¹⁰ For many local governments, finances are no longer deteriorating but progress is slow and expenditure pressures in areas such as employee health and retirement benefits continue to strain budgets. (See Table 31)

¹⁰ See National League of Cities, *City Fiscal Conditions in 2014* (2014).

TABLE 31**Recommended Changes in Aid to Local Governments, Fiscal 2016**

Alaska	Community Revenue Sharing Program was eliminated in the FY2016 Governor's budget request—a decrease of \$52 million from the prior year. Direct Appropriations to retirement accounts in FY2016 for municipalities and school districts (PRS and TRS) is estimated to be \$169.1 million, a decrease of 1.7 billion over FY2015 levels. The decrease, in large part, is a result of a one-time transfer to fund an unfunded pension liability appropriated for FY2015. Community Jails Program has been reduced by 7 million. \$54 million in aid to school districts has also been removed from the budget.
Arizona	Department of Revenue local cost sharing provisions (-\$20.8M) and DJC local cost sharing (-\$12.0M). These would be ongoing changes beginning in FY2016.
California	<p>The proposed budget includes \$992 million to local school and community college districts to fully pay down deferrals in the 2014–15 fiscal year. This represents 100 percent of the total outstanding deferral balance in the 2014–15 enacted budget. In addition, the proposed budget includes \$1.5 billion in payments of mandate obligations to local school and community college districts. This represents 28 percent of the total outstanding mandate obligation balance in the 2014–15 enacted budget.</p> <p>The suspended/deferred mandate payments in FY 2015–16 result in approximately \$708 million in post-2004 mandates reimbursement payments deferred to future years.</p> <p>The FY 2015–16 budget proposes \$533 million in reimbursement payments in the current year for pre-2004 mandates, based on trigger mechanism estimates in Control Section 6.20 of the 2014–15 Budget Act.</p> <p>The FY 2015–16 budget includes \$9.8 million in payments towards newly determined mandates.</p>
Colorado	In FY 2016, the Department of Local Affairs estimates that its aid to local governments will increase by approximately \$18.5 million over the previous year. This increased aid includes: distributions up to \$939,053 to local governments for the Firefighter Heart and Cardiac Malfunction Benefit Fund Program for reimbursement for the cost of providing the benefit to qualified firefighters; \$3,115,546 in distributions in each of the next three fiscal years to offset the impacts to local governments from the Department of Interior's legal settlement surrounding the cancellation of Roan Plateau Federal Mineral Leases in 2008 and subsequent refund of "bonus" payments received by Colorado; \$100,000 in distributions for a one-time planning grant to El Paso County for possible redevelopment of a State of Colorado community corrections complex; an increase of \$11,600,000 in CDBG-DR distributions to disaster impacted local governments for household assistance, home access, infrastructure replacement and repair, and other planning grants; increases in Federal CSBG/CDBG allocations to local governments of \$2,200,000; and, increases in Rural Economic Development Initiative grants of \$500,000. These amounts constitute an 8% increase in aid to local governments for FY2016.
Connecticut	In general, the aggregate level of municipal aid was maintained. For FY 2015 \$4,930.3 million was provided, compared with the FY 2016 recommendation of \$4,950.2 million, which is an increase of \$19.89 million or 0.40%. In general, maintained Aid to municipalities includes both appropriations and bonding.
Illinois	<p>There will be a savings of \$4.7M in spending for FY2016 with the elimination of the operating subsidy to the Pace Suburban Bus Service and an additional \$1M from a reduction in community development programs.</p> <p>There will be a savings of \$749.7M in transfers out of General Funds for FY2016 as a result of the following: Changing the Local Government Distribution Fund state share of personal income tax from 8% to 4% and corporate income tax from 9.14% to 4.57%; Changing the Public Transportation Fund rate of match from 30% to 20% for RTA Sales Tax and Chicago Real Estate Transfer Tax; Changing Downstate Public Transportation Fund rate of sales tax transfer from 3/32 to 2/32 of the 80% of sales tax derived in the district.</p>

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TABLE 31 (CONTINUED)

Recommended Changes in Aid to Local Governments, Fiscal 2016

Iowa	During the 2013 legislative session, a new Business Property Tax Credit was created to take effect in FY2015. The credit is funded through a General Fund appropriation. The appropriation is for \$100 million for FY2016. The credit will be used to reduce the final property tax bill for all commercial, industrial, and railroad property. Also passed during the 2013 legislative session was a rollback to 90% of commercial property valuations for FY2016. The property tax revenue loss is reimbursed to local governments through a standing unlimited general fund appropriation which is estimated to be \$162.0 million for FY2015.
Kansas	Eliminate \$54.0 million transfer to reduce local property taxes.
Maine	Adjusts revenue sharing for fiscal year 2015–16 to set a fixed amount of total revenue sharing transfers flat to approximately the current projected level of fiscal year 2014–15 at \$62.5M (reduction of \$95.7M) and repeals revenue sharing on 07/30/16 (reduction of \$155M). 1) Repeals the excise tax on telecommunications equipment and repeals the telecommunications equipment exemption from local property taxation. 2) Removes the full exemption from property taxation on properties owned by certain nonprofit organizations with an assessed value in excess of \$500,000 and reduces the exemption to 50% on the portion of the value in excess of \$500,000. 3) Amends the Maine Resident Homestead Property Tax Exemption to restrict the exemption to residents who are 65 or older and to increase the exemption from \$10,000 to \$20,000 for property tax years beginning on or after April 1, 2015. 4) Authorizes the State Tax Assessor to reduce a municipality's Tree Growth reimbursement for one year under certain conditions. 5) Eliminates General Assistance to non-citizens who are not qualified to receive such assistance pursuant to federal law. 6) Changes the reimbursement methodology for General Assistance. 7) Eliminates the district court in the municipality of Madawaska. 8) Transitions from BETR to BETE.
Maryland	Overall local aid totals \$7.036 billion, an increase of \$24.1 million or 0.3%. This includes the following contingent reductions to provisions mandated in law: (1) \$75.9 million or 1.2% in FY 2016 education reductions delaying a phase-in in wealth calculation changes and freezing the per pupil amount (note the proposal limits growth through FY 2020), (2) \$2.3 million or 4.3% in library aid reductions phasing a legislatively mandated increase in over ten years instead of four years, (3) \$13 million or 5.6% in community college reductions, (4) \$3.7 million or 5.2% in police aid reductions, level funding that amount from FY 2015, (5) \$9.7 million or 18.9% in health aid reductions, level funding that amount from FY 2015, (6) \$2.1 million or 1.6% in disparity grant reductions, level funding that amount from FY 2015, (7) \$15.3 million or 48.9% in program open space reductions, and (8) \$3.9 million or 10% in video lottery terminal impact aid reductions. The budget also contains mandate relief for future years, limiting percent funding increases for mandates to projected general fund growth less 1%. Several of the tax bills included in the budget plan have a local impact. If enacted, the total local loss of revenue is estimated to be \$11.1 million and growing to \$13.4 million in FY 2020.
Massachusetts	Unrestricted General Government Aid (UGGA) to local governments increased by \$34 M to \$979.8 M, a 3.6% increase that kept the Governor's pledge to increase local aid by at least 3/4 the rate of consensus revenue growth (4.8%). Chapter 70 aid to local school districts increases \$105.3 M (2.4%) to \$4,506 M, its highest total ever.
Michigan	Effective for fiscal 2016, beginning October 1, 2015, constitutionally-required revenue sharing payments to cities, villages, and townships are increased by \$23.8 million, a 3.1% increase, based on estimated sales tax collections. Revenue sharing payments to counties are increased \$3.5 million, a 1.7% increase, to cover the costs of two counties eligible for state payments and full year costs for eleven counties receiving partial year payments in fiscal 2015.

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TABLE 31 (CONTINUED)

Recommended Changes in Aid to Local Governments, Fiscal 2016

Nebraska	<p>TEEOSA (formula) State Aid to Schools: \$25.04 million, 2.74% increase for FY 2016. Special Education Aid: \$5.34 million, 2.5% increase for FY 2016. Community College Aid: \$2.85 million, 3.0% increase for FY 2016. Natural Resources Development Fund Aid to Natural Resources Districts: -\$10.5 million, 76.97% reduction for FY 2016; removes one-time increase.</p> <p>The Governor recommended a \$60 million increase (43% increase), to \$200 million annually, in the amount the State dedicates to property tax relief through the Property Tax Credit Program.</p>
New Jersey	<p>An increase in Consolidated Municipal Property Tax Relief Act (CMPTRA) funding by \$18.3 million (3.2%) to \$594.1 million. This program provides general State Aid to municipalities. The increase reflects a reallocation of funds from the main discretionary aid program, Transitional Aid to Localities. A decrease in Transitional Aid to Localities program funding by \$14.1 million (11.6%) to \$107.4 million. This discretionary aid program provides assistance to municipalities facing fiscal distress. Reduction in Meadowlands Adjustment Payments Aid of \$7.3 million (100%). This program provided support to municipalities that are required to contribute funds to an intermunicipal tax-sharing account. The program is not funded in FY16. A decrease in funding for Consolidation Implementation by \$4.5 million (52.9%) to \$4 million. This program supports non-recurring costs associated with local unit consolidations and adoption of shared services agreements. The new funding level reflects anticipated programmatic need. Changes in other local aid programs include an increase in Support of Patients in County Psychiatric Hospitals by \$7.9 million (7.5%) to \$113.7 million, a decrease in Transportation Trust Fund Local Project Aid by \$2.4 million (.9%) to \$273.6 million, a decrease in County College Aid by \$1.3 million (.6%) to \$221.4 million, and a decrease in Employee Benefits on behalf of Local Governments by \$3.3 million (2.6%) to \$126.1 million.</p> <p>In his Budget Address, the Governor recommended several reforms to the State's public employee pension and benefit systems, which would affect local governments' financial operations.</p>
New York	<p>The 2015–16 Executive Budget will have an estimated \$1.1 billion positive impact on municipalities for local fiscal years ending in 2016—the first full-annual local fiscal year affected by the Executive Budget. Major Executive Budget program changes and one-year impacts for local fiscal years ending in 2016 are as follows:</p> <ul style="list-style-type: none"> • Increased school aid funding for the 2015–16 school year (\$1.1 billion) • Additional revenue from various sales and personal income tax initiatives (\$54.4 million) • A cap on youth facility chargeback costs (\$37.8 million) • Increased transit assistance for New York City and downstate counties (\$15.6 million) • Adjustment to the reimbursement percentage for Emergency Assistance to Families in New York City (-\$15.0 million) • Modification to the foster care human services COLA funding (-\$12.9 million) <p>The 2015–16 Executive Budget will have an estimated \$1.1 billion positive impact on municipalities for local fiscal years ending in 2016—the first full-annual local fiscal year affected by the Executive Budget.</p> <p>The Executive Budget will provide a statewide school aid increase of up to \$1.1 billion for the 2015–16 school year. In addition to their portion of the school aid increase, school districts outside of New York City are expected to benefit by an estimated \$0.4 million due to miscellaneous sales tax proposals.</p>

Table 31 continues on next page.

TABLE 31 (CONTINUED)

Recommended Changes in Aid to Local Governments, Fiscal 2016

New York (cont.)	<p>In addition to its portion of the statewide \$1.1 billion school aid increase, New York City will realize a net positive \$8.1 million impact in City Fiscal Year 2016 as the result of Executive Budget actions. This is primarily due to a benefit of \$22.6 million from various sales and income tax proposals and an additional benefit of \$6.9 million from increased transit aid. These positive impacts will be partially offset by a \$15.0 million impact from adjusting New York City's reimbursement for Federal Emergency Assistance to Families and a \$5.8 million impact from modifying the funding for the Foster Care Human Services COLA.</p> <p>County governments will experience a \$65.5 million net increase in financial support from Executive Budget actions in 2016, primarily due to a \$37.8 million positive impact from a cap on youth facility operating cost chargebacks, an estimated \$26.7 million increase from various sales tax proposals, and \$8.7 million in increased assistance for Downstate county transit systems. These impacts will be partially offset by a \$7.1 million impact from adjustments to the funding of the Foster Care Human Services COLA and a reduction in Aid to Municipalities with Video Lottery Gaming Facilities totaling nearly \$600,000.</p> <p>Other cities, towns, and villages will experience an overall \$4.6 million net positive impact in local fiscal years ending in 2016, primarily due to an estimated \$4.7 million increase from various sales tax proposals and a \$3.0 million increase for the City of Buffalo from the creation of a Traffic Violations Bureau. These impacts will be partially offset by the discontinuation of several legislative additions.</p> <p>The Executive Budget included several additional proposals affecting local governments and school districts, including:</p> <ul style="list-style-type: none"> • A real property tax credit for homeowners and renters with property tax burdens exceeding six percent of their income in municipalities that stay within the property tax cap; • Up to \$150 million from recent financial settlements with the State for investments in municipal restructuring; • An audit of NYSHIP dependent eligibility that could save local governments more than \$10 million; and • \$5 million in grants to counties, cities, towns, or villages to install, repair, or upgrade water fluoridation systems.
North Dakota	<p>The state school aid program was increased by \$68.7 million, or 4.3%, for the biennium to provide for increasing K-12 education costs. State aid distribution fund allocations to cities and counties, which are based on a percentage of sales, use and motor vehicle excise tax collections, are estimated to increase by \$62.0 million, or 24%, for the biennium.</p> <p>The Governor recommended that, beginning in January 2016, the state cover the counties' share of child welfare, SPED and emergency human services costs, at a cost of \$23 million. This will result in a mill levy reduction for local taxpayers.</p>
Ohio	<p>The proposed phase-out resumption of the Tangible Personal Property (TPP) tax replacement payments and the Public Utility Tangible Property (PUTP) tax replacement payments would reduce the amount of funding directed to local governments in FY2016 from \$131.3 million to \$65.9 million; the proposed policy reduces funding for school districts in FY2016 from \$509.5 million to \$360.0 million.</p> <p>The proposed increase of a half percent in the state sales and use tax rate will have a local sales tax impact, currently estimated at \$257.4 million in FY 2016 and \$334.2 million in FY 2017. This is based on an average 1.3% statewide average piggyback amount.</p>

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TABLE 31 (CONTINUED)**Recommended Changes in Aid to Local Governments, Fiscal 2016**

Rhode Island	The Governor's recommended budget funds provides Payments in Lieu of Tax Exempt Property (PILOT) payments totaling \$5 million less than in FY 2015 as this total was expected to be a one-time increase for FY 2015 only. An increase of \$1.6 million in Hotel Local Tax payments and a reduction of \$240,000 for Textbook Expansion are also recommended in the FY 2016 budget.
South Carolina	Full Funding of the local government fund required by statute (4.5% of most recent closed FY revenue) is suspended for the 7th consecutive year. Funding recommended \$212.6 million vs. full funding at \$294.8 million.
South Dakota	In FY2016, the Legislature passed a package of road and bridge funding legislation, which included a \$0.06/gallon increase in motor fuel taxes, an increase from 3% to 4% in motor vehicle excise tax as well as increases in license plate fees. This legislation dedicates approximately \$20 million in additional funding for local government highway and bridge projects for FY2016. The legislation also includes provisions to allow counties and townships to assess additional property taxes for road funding needs.
Texas	<p>Not yet determined. The Governor and both legislative chambers have identified tax reductions that may impact aid to local governments. (House plan identifies broad sales tax reductions; Senate plan identifies broad property tax reductions, Governor's recommendations identify both business and property tax reductions.)</p> <p>There are several local government transparency policy-related items pending before the legislature, including local bond election ballot transparency and strategic fiscal review of school districts, municipal and county government.</p>
Virginia	Local governments were required to revert a total of \$30m in state aid to localities back to the Commonwealth in 2015.
West Virginia	Proposed change to reduce State Aid to Schools by changing bus replacement reimbursement cycle from 12 years to 15 years and other minor changes equal to \$9.2 million (less than 0.5% change).
Wisconsin	Per Pupil School Aid, -\$127.0; and School Levy Credit, \$105.6 (state FY2017 for local FY2016)

APPENDIX

TABLE A-1

Enacted Mid-Year Revenue Changes by Type of Revenue, Fiscal 2015

State	Tax Change Description	Effective Date	Fiscal 2015 Revenue Changes (\$ in Millions)
PERSONAL INCOME TAXES			
California	Chapter 367, Statutes of 2014 (SB 798) created a state tax credit for taxpayer contributions to the College Access Tax Credit Fund to increase Cal Grant awards. The General Fund is back-filled with the donations, so there is no net loss to the General Fund.	09-14	\$0.0
Illinois	Rate changed from 5.0% to 3.75% as of January 1, 2015.	01-15	-550.0
Massachusetts	Automatic 0.05% decrease in income tax rate based on economic growth.	01-15	-70.0
Ohio	Small Business Deduction expansion. Accelerate income tax rate cut by one year.		-312.0
Total Revenue Changes—Personal Income Taxes			-\$940.0
CORPORATE INCOME TAXES			
California	Chapter 367, Statutes of 2014 (SB 798) created a state tax credit for taxpayer contributions to the College Access Tax Credit Fund to increase Cal Grant awards. The General Fund is back-filled with the donations, so there is no net loss to the General Fund.	09-14	\$0.0
Idaho	Tax Conformity	01-15	-10.6
Illinois	Rate changed from 7.0% to 5.25% as of January 1, 2015.	01-15	-344.0
Total Revenue Changes—Corporate Income Taxes			-\$354.6
MOTOR FUELS TAXES			
South Dakota	Increase of \$0.06/gallon for motor fuel and ethyl alcohol tax is effective April 1, 2015. These revenues are dedicated to the State Highway Fund.	04-15	\$10.3
Total Revenue Changes—Motor Fuel Taxes			\$10.3
OTHER TAXES			
South Dakota	Motor vehicle excise tax is increased from 3% to 4% effective April 1, 2015. These revenues are dedicated to the State Highway Fund.	04-15	-\$6.8
Texas	Temporary business margin tax reduction in FY 2014, returning to previous rates for FY 2016 without further legislative action (pending currently).	05-14	TBD
Total Revenue Changes—Other Taxes			\$6.8
FEES			
California	Various fees have been adjusted within the Department of Consumer Affairs.	Various	To Be Determined
South Dakota	A 20% overall increase in license plate fees is dedicated to local government highway and bridge funding.	04-15	\$3.7
Total Revenue Changes—Fees			\$3.7

TABLE A-2

Enacted Mid-Year Revenue Measures, Fiscal 2015

State	Description	Effective Date	Fiscal 2015 Enacted Mid-Year Changes (\$ in Millions)
Massachusetts	Personal Income—Tax Amnesty	04-15	\$18.0
Pennsylvania	Other—Transfer from the Oil and Gas Lease Fund to the General Fund will not occur in 2014-15	07-14	-95.0
	Fees—Casino license fees assumed at enactment will not be received in 2014-15	07-14	-124.8
Total			-\$201.8

TABLE A-3

Recommended Revenue Changes by Type of Revenue, Fiscal 2016

State	Tax Change Description	Effective Date	Fiscal 2016 Revenue Changes (\$ in Millions)
SALES TAXES			
Alabama	Vehicle sales and rental tax increase.		\$231.0
Connecticut	Reduce rate: 6.20% on 11/1/2015, Eliminate clothing exemption, Alter Sales Tax free week/exempt clothing <\$100, Impact of Alcoholic Beverages Changes	11-15 and 07-15	70.4
Florida	Back-to-School Sales Tax Holiday permanent exemption for college textbooks	07-15	-67.6
Maine	Extends the current tax rates past the sunset date of 07/30/15 to 12/31/15 and sets new rates effective 01/01/16. Extends the sales and use tax to consumer purchases of various new services effective 01/01/16. Changes the sales and use tax law as it applies to leases so that the tax must be collected on the "lease stream effective 01/01/16. Increases the service provider tax rate effective 01/01/16, expands the tax base to basic cable and satellite television services and makes other changes consistent with the changes to the sales and use tax law.	07-15 and 01-16	226.5
Minnesota	Governor's Recommendations		4.0
New York	Reform the Industrial Development Authority (IDA) Program	04-15	4.0
	Close Certain Sales and User Tax Avoidance Strategies	04-15	5.0
North Carolina	Extend privilege license tax for certain datacenter machinery and equipment purchases.	01-15	-3.0
	Extend motorsports sales tax refund.	01-16	-1.2
Ohio		07-15	1,136.6
Pennsylvania	The SUT rate is proposed to be increased from 6.0% to 6.6% and the base expanded to include services and some products currently exempted.	01-16	1,554.3
Rhode Island	Phase-out of sales tax on commercial use of electricity, natural gas, and heating fuels over five years (-4.8), expand sales tax to rental of vacation homes and bed and breakfast inns with less than three rooms to rent (5.4), impose sales tax on the final retail price for on-line room resellers (.8) and unlicensed rentals for lodging accommodations (.9), and increase sales tax from cigarette excise tax to \$3.75/pack (.7).	07-15	2.9
Virginia	Modify sales tax for online travel companies	07-15	\$1.7
	Combine all 3 sales tax holidays	07-15	\$1.0
Wisconsin	Delay Bad Debt Adjustment	01-16	\$10.7
Total Revenue Changes—Sales Tax			\$3,176.3

Table A-3 continues on next page.

TABLE A-3 (CONTINUED)

Recommended Revenue Changes by Type of Revenue, Fiscal 2016

State	Tax Change Description	Effective Date	Fiscal 2016 Revenue Changes (\$ in Millions)
PERSONAL INCOME TAXES			
Arkansas	Income Tax Reductions (Generally 0.1% on income above \$21,000 and below \$75,000)		-\$12.8
Connecticut	Delay singles exemption for 2 years and delay EITC for 2 years at 27.5%.	01-15	23.7
Idaho	Individual tax relief phase 1 of a 5 year phase in to reduce income tax 1/10 of a percentage point until the highest rate equals 6.9%.	01-15	-17.8
Indiana	Increase in cap on Scholarship Granting Organization (SGO) tax credits.	07-16	-4.9
Kansas	Tax rate changes & deduction changes	01-16	73.0
Maine	Phases down the individual income tax top marginal tax rate for tax years beginning after 12/31/15 and makes other amendments to the tax law.	12-15	-176.4
Maryland	Limit EITC and REITC to in-state individuals	07-15	4.0
	Military retirement income tax subtraction	07-15	-3.5
	Law enforcement, fire, rescue, and emergency services personnel retirement income subtraction	07-15	-3.0
Massachusetts	Annualization of automatic step down in FY15 and assumes additional 0.05% step down in January FY16	01-15	-150.0
Minnesota	Governor's Recommendations		-90.1
Mississippi	Mississippi Working Families Tax Credit	07-15	-78.7
New York	Extend Current STAR / Tax Delinquency Program and Convert it from Offset into a Tax Clearance Program	04-15	1.0
North Carolina	Extend and modify historic preservation tax credit.	01-15	-0.7
North Dakota	Reduced tax rates	07-15	-57.5
Ohio		07-15	-2,399.1
Pennsylvania	The PIT rate of 3.07% is proposed to be increased to 3.7%.	07-15	2,376.7
	A claimants eligibility income limit to qualify for 100% tax forgiveness under the special tax provisions for poverty is proposed to be increased from \$6,500 to \$8,700.	07-15	-90.2
	Pennsylvania lottery winnings are proposed to be taxed at a rate of 3.7%	07-15	15.7
Rhode Island	Exempt taxable Social Security benefits for federal AGI of \$50,000 or less (S/MS/HH) and \$60,000 (MJ) or less. Also increase allowable percentage of federal earned income tax credit to 12.5 percent in TY 2016. Performance Contract for Tax Compliance in Division of Taxation.	07-15	-5.9
Vermont	Elimination of State and Local Tax Deduction	01-16	15.5
Virginia	Reduce long-term care deduction to 50%	07-15	9.4
	Cap land preservation credit	07-15	22.4
Total Revenue Changes—Personal Income Tax			-\$549.2

Table A-3 continues on next page.

TABLE A-3 (CONTINUED)

Recommended Revenue Changes by Type of Revenue, Fiscal 2016

State	Tax Change Description	Effective Date	Fiscal 2016 Revenue Changes (\$ in Millions)
CORPORATE INCOME TAXES			
Alabama	Require combined reporting for multi-state companies.		\$20.0
Connecticut	Maintain surcharge at 20% permanently, Cap use of Net Operating Losses at 50% of liability, Credit Caps—IY 15: 35% and IY 16 at 45%, Eliminate the Business Entity Tax	01–15 and 01–16	273.2
Florida	Exemption increase from \$50K to \$75K	01–16	-7.5
Idaho	Tax Conformity	07–15	-7.1
Indiana	Increase in cap on Scholarship Granting Organization (SGO) tax credits.	07–16	-0.1
Maine	Phases down the corporate income tax top marginal tax rate for tax years beginning after 12/31/16 and eliminates the corporate alternative minimum tax for year beginning after 12/31/15.	01–17 and 01–16	-1.0
Minnesota	Governor's Recommendations		8.0
North Carolina	Extend and modify historic preservation tax credit.	01–15	-0.5
North Dakota	Reduced tax rates	07–15	-20.0
Pennsylvania	The CNIT rate is proposed to be reduced from 9.99% to 5.99% accompanied by Mandatory Combined Reporting and a reduction in the Net Operating Loss carryforward limit from the greater of \$5 million or 30% of current year income to the greater of \$3 million or 12.5% of current year income. The CNIT rate is proposed to be reduced to 5.49% in tax year 2017 and 4.99% in tax year 2018.	01–16	-249.3
Rhode Island	Elimination of the Enterprise Zone wage tax credit.	07–15	0.4
Virginia	Adjust federal TOPS program	07–15	1.0
	Cap coalfield tax credit	07–15	5.2
	Cap coalfield employment tax credit	07–15	14.7
Wisconsin	Business Tax Credit Modifications	07–16	2.3
Total Revenue Changes—Corporate Income Tax			\$39.3

Table A-3 continues on next page.

TABLE A-3 (CONTINUED)

Recommended Revenue Changes by Type of Revenue, Fiscal 2016

State	Tax Change Description	Effective Date	Fiscal 2016 Revenue Changes (\$ in Millions)
CIGARETTE AND TOBACCO TAXES			
Alabama	Tobacco tax increase.		\$205.0
Kansas	Increase tax from \$0.79 to \$2.29 per pack	07-15	72.0
	Tobacco product tax increase from 10.0 percent to 25.0 percent of wholesale price	07-15	9.0
Minnesota	Governor's Recommendations		1.7
Nevada	Increase the Cigarette Tax from \$0.80 to \$1.20 per pack.	07-15	39.6
New Hampshire	An increase of \$.21 per package of cigarettes was proposed.	07-15	20.6
Ohio		07-15	528.1
Pennsylvania	An increase in the Cigarette Tax rate equivalent to \$0.05 per cigarette (\$1.00 per pack of 20 cigarettes) is proposed.	10-15	358.4
	A 40% tax on the wholesale price of other tobacco products is proposed, including smokeless tobacco, large cigars, loose tobacco, and e-cigarettes.	10-15	84.1
Rhode Island	Increase cigarette excise tax by 25 cents to \$3.75/pack (5.9). Also cigarette floor stock tax from increase in cigarette excise tax increase (.6).	07-15	6.5
Washington	Increase cigarette tax by 50 cents per pack and add excise tax to e-cigarettes and vapor products		21.9
Total Revenue Changes—Cigarette and Tobacco Taxes			\$1,346.9
MOTOR FUELS TAXES			
New Hampshire	An increase in motor vehicle registration fees was proposed to fund the Highway Fund.	07-15	\$16.4
New York	Enhance Motor Fuel Tax Enforcement	04-15	1.0
South Dakota	Increase of \$0.06/gallon for motor fuel and ethyl alcohol tax is effective April 1, 2015. These revenues are dedicated to the State Highway Fund.	04-15	41.3
Total Revenue Changes—Motor Fuel Taxes			\$58.7
ALCOHOLIC BEVERAGES			
Kansas	Liquor enforcement tax increase from 8.0 percent to 12.0 percent.	07-15	\$27.0
Maryland		07-15	-141.9
Ohio		07-15	1.5
Total Revenue Changes—Alcoholic Beverages			-\$113.4

Table A-3 continues on next page.

TABLE A-3 (CONTINUED)

Recommended Revenue Changes by Type of Revenue, Fiscal 2016

State	Tax Change Description	Effective Date	Fiscal 2016 Revenue Changes (\$ in Millions)
OTHER TAXES			
Alabama	Remove certain tax credits and exemptions for financial institutions, insurance companies, and municipal utility companies.		\$73.0
Connecticut	Update the Hospital Net Revenue Tax, Cap health provider tax credit in FY 15 at 35%, maintain 3 Tier Credit Cap for two years, continue film moratorium for two years, Charge towns 100% for Resident State Troopers	01–15 and 07–15	197.5
Florida	Communications Services Tax rate reduction	07–15	-412.0
Kansas	Tax Amnesty Program	9–1–15 to 10–15–15	30.0
Maine	Repeals the telecommunications excise tax and the telecommunications equipment exemption from local property taxation. Transitions from BETR to BETE.		-4.8
Maryland	Personal property tax reimbursement to local governments	07–15	-7.4
Minnesota	Governor's Recommendations		8.7
Nevada	1) Remove firms in the mining industry from the Modified Business Tax on Non-financial businesses tax base and tax their taxable wages at 2.0% per quarter instead of the current rate of 1.17% of taxable wages paid in excess of \$85,000 per quarter. (effective 7/1/15) 2) Require Slot Route Operators that have 500 or more restricted slot machines at restricted locations or cumulatively \$10 million or more in gaming revenue from the restricted slots at restricted locations to be subject to the gaming percentage fee tax on monthly gross gaming revenue.		23.9
North Carolina	Extend and modify historic preservation tax credit.	01–15	-0.5
Ohio	Commercial Activity Tax (\$289.7 million) and Severance Tax (\$76.5 million).	07–15	366.2
Pennsylvania	A severance tax of 5% plus 4.7 cents per thousand cubic feet of volume (mcf) is proposed on natural gas extraction.	01–16	165.7
	The Bank Shares Tax rate is proposed to be increased from 0.89% to 1.25% beginning tax year 2014, and the tax base is proposed to be clarified, to achieve the revenue neutrality intended with the enactment of Act 52 of 2013.	01–14	339.2
	The existing Promoting Employment Across Pennsylvania tax credit is proposed to be eliminated.	07–15	-5.0
	A tax credit for qualifying manufacturing investments up to 5% of new taxable payroll above \$1 million over a four-quarter period may be used as a credit against certain state taxes. The total annual credits will be capped at \$5 million.	07–15	5.0
Rhode Island	Enact Controlling Interest Transfer Tax for real estate holdings (.7). Impose state property tax of \$2.50 per \$1,000 of total value on second homes assessed at \$1.0 million or more (11.8).	07–15	12.5
South Dakota	Motor vehicle excise tax is increased from 3% to 4% effective April 1, 2015. These revenues are dedicated to the State Highway Fund.	04–15	27.2
Texas	Business and Property Tax Relief	09–15	-2,108.1
Vermont	0.7% Payroll tax deposited into the State Health Care Resources Fund. Not deposited into General Fund.	01–16	41.4
Total Revenue Changes—Other Taxes			-\$1,247.5

Table A-3 continues on next page.

TABLE A-3 (CONTINUED)

Recommended Revenue Changes by Type of Revenue, Fiscal 2016

State	Tax Change Description	Effective Date	Fiscal 2016 Revenue Changes (\$ in Millions)
FEES			
Alaska	Various Fee Increases Statewide—Marine Highway 4.5% Fare Increase, Various Aviation related Fees, Vaccine Assessment Fees, University Tuition Increase.	07–14	\$18.0
California	Various fees have been adjusted within the Department of Consumer Affairs.	Various	To Be Determined
Connecticut	Increase DEEP Fee for Solid Waste Transport by \$1, Increase SOTS fees for pass-through entities by \$80.	07–15 and 10–15	15.3
Maine	Increase in park fees collected at Macworth Island.		0.1
Michigan	Proposed fee increases for fiscal 2016: pesticide registration (\$1.5 million) retail food, warehouses, limited processor (\$2.9 million) air emissions fee (\$11.9 million) liquor license fee—class C (\$2.3 million) liquor license fee—specially designated distributor (\$1.7 million); health insurance claims assessment (\$180.1 million).	10–15	200.4
Minnesota	Governor's Recommendations		2.5
Nevada	3) Restructure Business License Fee. The fee would be based on revenues and the type of industry, instead of the current \$200 per business	07–15	187.5
Rhode Island	Phase out imaging services and outpatient health care facility surcharges over four years (-.6) and eliminate licenses for select occupations (-.4).	07–15	-1.0
South Dakota	Includes a 20% overall increase in license plate fees effective April 1, 2015 and an increase in license plates for noncommercial vehicle over 20,000 lbs. (effective July 1, 2015). These revenues are dedicated to local government highway and bridge funding.	04–15	17.3
Texas	Reduce or eliminate this amount in dedicated fees and lesser taxes	09–15	-134.0
Vermont	5.8 total includes: -0.1M for Secretary of State, 0.3M for K-12 Ed, 0.8M for the Health Department, 0.5M for Natural Resources, 0.5M for the Natural Resources Board, 0.9M for Environmental Conservation, 2.7M for Water Quality proposal, 0.1M for Department of Fish and Wildlife, 0.1M for Commerce and Community Development.	07–15	5.8
Wisconsin	Fee in Forfeiture Actions, \$1.2 Justice Information System Surcharge, \$1.5 Parks and Forest Admission and Camping Fees, \$1.9 and Health Care Provider Fees for Data Collection, -\$1.0.	07–15	3.6
Total Revenue Changes—Fees			\$315.5

TABLE A-4

Recommended Revenue Measures, Fiscal 2016

State	Tax Change Description	Effective Date	Fiscal 2016 Recommended Changes (\$ in Millions)
Alabama	Personal Income—Eliminate withholding certificate exemption option.		\$12.0
Arizona	Other—Fraud Detection & One-Time Tax Amnesty	01–16	57.4
Arkansas	Other—AHTD Natural Gas Severance to Special Revenues (\$2,600,000); Redirect 1/2 of 9mills/10003 Ft. Gas Assessments \$5,000,000 to General Revenues		2.4
Connecticut	Alcohol—Eliminate Minimum Pricing, Extend Sales hours	07–15	1.8
	Other—Divert Municipal Video Competition Trust Acct. transfers, Impact of expenditure changes, Reduce Transfer to CT-N	07–15	-22.0
	Fees—Transfer CHEFA grant program loan servicing fees and Private Occupational School Student Protection Account. Divert PEGPETIA transfers, Intercept Community Investment Act Revenue, Eliminate Tobacco Settlement Transfers to Tobacco Health Trust fund and Biomedical Trust fund, reduce transfer to Early Childhood Education Program, Transfer Palliative use of Marijuana to General Fund, GAAP Amortization.	01–16, 07–15, 10–15	-2.3
Florida	Other—Implementation of constitutional amendment dedicating funds for environmental usage	07–15	-292.1
Hawaii	Motor Fuel—Change in allocation of the environmental response tax to special funds.	07–15	-\$5.0
Illinois	Personal Income—Stopping diversion to 2 other funds in the state treasury.	07–15	880.0
	Corporate Income—Stopping diversion to 2 other funds in the state treasury.	07–15	4.0
	Other—Stopping diversion to 4 other funds in the state treasury.	07–15	175.0
Maine	Other—Reduces the amount of real estate transfer tax transferred to the Maine State Housing Authority and increases the amount transferred to the General Fund. This change is one-time in fiscal year 2015-216 only.		6.3
Maryland	Other—Reduce film production activity income tax credit (\$683,763)	07–15	0.7
Massachusetts	Personal Income—Tax Amnesty for non filers	07–15	100.0
New Hampshire	Corporate Income—A change to the criteria defining reasonable compensation for Business Owners was proposed along with the removal of an offshore tax loophole.		25.2
New York	Personal Income—Lower the Outstanding Tax Debt Threshold Required to Suspend Delinquent Taxpayers' Drivers Licenses	04–15	9.0
	Personal Income—Allow New York to Enter Reciprocal Tax Collection Agreements with Other States	04–15	1.0
	Personal Income—Require New York State Employees to be Compliant with State Tax Obligations	04–15	1.0
	Personal Income—Require Practitioners to be Compliant with State Tax Obligations before Receiving Excess Medical Malpractice Coverage	04–15	1.0
	Personal Income—Make Warrantless Wage Garnishment Permanent	04–15	15.0
	Corporate Income—Require Grantees to be Compliant with State Tax Obligations before Receiving a State Grant from a State or Local Authority	04–15	1.0
Ohio	Sales—Loss in GRF revenue is the result of the Tangible Personal Property Tax (TPP) replacement and Public Utility Tangible Property (PUTP) replacement payments proposed policy changes increasing the overall GRF amount from which Local Government Fund (LGF) and Public Library Fund (PLF) distributions are calculated and taken from the non-auto sales tax collections.		-0.4

Table A-4 continues on next page.

TABLE A-4 (CONTINUED)

Recommended Revenue Measures, Fiscal 2016

State	Tax Change Description	Effective Date	Fiscal 2016 Recommended Changes (\$ in Millions)
Ohio (cont.)	Personal Income—Loss in GRF revenue is the result of the Tangible Personal Property Tax (TPP) replacement and Public Utility Tangible Property (PUTP) replacement payments proposed policy changes increasing the overall GRF amount from which Local Government Fund (LGF) and Public Library Fund (PLF) distributions are calculated and taken from the personal income tax collections.		\$-0.4
	Other—Proposed changes to the Tangible Personal Property Tax (TPP) replacement and Public Utility Tangible Property (PUTP) replacement payments would increase GRF collections from the Commercial Activity Tax by \$419.8 million and from the Kilowatt Hour Tax by \$65.3 million. There is a modest \$0.4 million loss in GRF revenue as a result of the above proposed policy changes increasing the overall GRF amount from which LGF and PLF distributions are calculated and taken from the Kilowatt Hour Tax.		484.7
Oregon	Personal Income—Extends various tax credits beyond scheduled sunset dates; caps a statutory transfer of PIT funds to counties for property tax relief		-35.1
	Alcohol—Dedicates a per bottle surcharge to the General Fund		15.0
	Fees—Reappropriates administrative funds to the General Fund		157.9
Rhode Island	Sales—Taxation self audit program	07-15	0.5
South Carolina	Sales—Proposal to transfer motor vehicle sales tax to the State Highway Fund	07-15	-61.4
Tennessee	Sales—Click-Thru Nexus	07-15	4.1
	Sales—Software as a Service & Video Games	07-15	10.2
	Sales—Retail Accountability Program	07-15	4.3
	Sales—Research & Development Tax Exemption	07-15	-3.6
	Corporate Income—Jobs Tax Credits Amendments	07-15	-1.0
	Other—Title & Registration—Increased Lien Fees	07-15	6.1
	Fees—Health Maintenance Organizations—Insurance Premium Tax Rate Increase	07-15	33.5
Virginia	Sales—AST \$3 million dealer threshold	07-15	18.6
Washington	Sales—Eliminate sales tax exemption on trade-ins valued over \$10,000; eliminate refund of state sales tax to non-residents; repeal use tax exemption for most extracted fuels; repeal sales tax exemption on bottled water; extend agricultural processor tax exemptions; extend High Tech R&D sales/use tax deferral		98.0
	Other—Repeal preferential B&O tax for royalties; extend high tech research and development B&O tax credit		-11.0
West Virginia	Sales—1. Suspend General Revenue Fund Sales Tax transfer to State Road Fund for one year: \$11.5 million. 2. Reduce for one year \$8.0 million in General Revenue Fund Sales Tax transfer to School Building Authority Special Fund.	07-15	19.5
	Corporate Income—End the annual transfer of \$4.3 million of General Revenue Corporate Income Tax collections to the Public Port Authority Special Revenue Fund.	07-15	4.3
	Other—Reduce Severance Tax allocation to Infrastructure Bond Fund to capture savings from recent refunding	07-15	0.5
	Fees—Reduce Excess Lottery Fund transfer to State Infrastructure Fund for one year by \$10 million	07-15	10.0
Total			\$1,725.8

