



# **The Fiscal Survey of States**



**June 2003**

**National Governors Association  
National Association of State Budget Officers**

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# Contents

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<b>Preface</b> . . . . .	vii
<b>Executive Summary</b> . . . . .	ix
<b>State Expenditure Developments</b> . . . . .	1
Budget Management in Fiscal 2003	1
State Spending for Fiscal 2004	1
State Cash Assistance Increased Under the Temporary Assistance for Needy Families Program	1
Medicaid and Other Health Care Trends	4
<b>State Revenue Developments</b> . . . . .	9
Overview	9
Collections in Fiscal 2003	9
Projected Collections for Fiscal 2004	10
Proposed Fiscal 2004 Revenue Changes	10
Total Balances . . . . .	13
<b>Appendix Tables</b> . . . . .	17

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## Tables and Figures

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### Tables

1.	Budget Cuts Made After the Fiscal 2003 Budget Passed . . . . .	2
2.	State Nominal and Real Annual Budget Increases, Fiscal 1979 to Fiscal 2004 . . . . .	4
3.	Annual State General Fund Expenditure Increases, Fiscal 2003 and Fiscal 2004 . . . . .	4
4.	Proposed Cost-of-Living Changes for Cash Assistance Benefit Levels Under the Temporary Assistance For Needy Families Block Grant, Fiscal 2004 . . . . .	5
5.	Annual Percentage Medicaid Growth Rate (Excluding Federal Share) . . . . .	6
6.	Medicaid Expenditures Exceeding Budgeted Amounts . . . . .	7
7.	Enacted State Revenue Changes, Fiscal 1979 to Fiscal 2003; and Proposed State Revenue Change, Fiscal 2004 . .	10
8.	Proposed Fiscal 2004 Revenue Actions by Type of Revenue and Net Increase or Decrease . . . . .	11
9.	Total Year-End Balances, Fiscal 1979 to Fiscal 2004 . . . . .	14
10.	Total Year-End Balances as a Percentage of Expenditures, Fiscal 2002 to Fiscal 2004 . . . . .	14

### Figures

1.	Annual Percentage Budget Increases, Fiscal 1979 to Fiscal 2004 . . . . .	3
2.	Enacted State Revenue Changes, Fiscal 1991 to Fiscal 2003; and Proposed State Revenue Change, Fiscal 2004 . . .	9
3.	Total Year-End Balances and Total Year-End Balances as a Percentage of Expenditures, Fiscal 1979 to Fiscal 2004	15
4.	Total Year-End Balances as a Percentage of Expenditures, Fiscal 2003 . . . . .	15

### Appendix Tables

A-1.	Fiscal 2002 State General Fund, Actual . . . . .	19
A-2.	Fiscal 2003 State General Fund, Estimated . . . . .	22
A-3.	Fiscal 2004 State General Fund, Recommended . . . . .	25
A-4.	General Fund Nominal Percentage Expenditure Change, Fiscal 2003 and Fiscal 2004 . . . . .	28
A-5.	Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2003 . . . . .	29
A-6.	Fiscal 2003 Tax Collections Compared with Projections Used in Adopting Fiscal 2003 Budgets . . . . .	31
A-7.	Fiscal 2003 Tax Collections Compared with Projections Used in Recommended Fiscal 2004 Budgets . . . . .	33
A-8.	Proposed Revenue Changes by Type of Revenue, Fiscal 2004 . . . . .	35
A-9.	Recommended Revenue Measures, Fiscal 2004 . . . . .	41
A-10.	Total Balances and Balances as a Percentage of Expenditures, Fiscal 2002 to Fiscal 2004 . . . . .	43

## Preface

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

The field survey on which this report is based was conducted by NASBO in January through June 2003. The surveys were completed by Governors' state budget officers in the 50 states.

Fiscal 2002 data represent actual figures, fiscal 2003 figures are estimated, and fiscal 2004 data reflect recommended budgets.

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

NASBO staff members Greg Von Behren and Nick Samuels compiled the data and prepared the text for the report. Dotty Esher of the State Services Organization provided typesetting services.



## Executive Summary

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As the economy struggles to find footing, state fiscal conditions remain uncertain. With two years of budget imbalance behind them, the state fiscal story is much the same: revenues have fallen dramatically while spending pressure has grown, particularly in Medicaid. To address this, governors' 2004 budget proposals reflect the use of spending reductions, revenue increases, reserve funds and other measures proportionately.

This edition of *The Fiscal Survey of States* reflects actual fiscal 2002, estimated fiscal 2003, and recommended fiscal 2004 figures. Data were collected during spring 2003 and show continued tight fiscal conditions in the states. While some governors made modifications later, for consistency, this report represents the original budget recommendations they submitted to state legislatures. Additionally, most states by now have passed fiscal 2004 budgets. Those enacted plans will be analyzed in the next edition of the *Fiscal Survey*.

### State Spending

States trimmed spending dramatically in fiscal 2003 and in governors' fiscal 2004 budget proposals. Fiscal 2003 general fund spending grew by a meager 0.3 percent above fiscal 2002 levels. In fiscal 2004, expenditures are expected to decline by 0.1 percent compared to the prior year. Expenditures include one-time spending from surplus funds, transfers into budget stabilization funds and other reserve funds, and payments to local governments to reduce property taxes. Findings include the following:

Thirty-seven states reduced fiscal 2003 enacted budgets by nearly \$14.5 billion—the largest spending cut since 1979.

The state share of Medicaid grew by 13 percent in fiscal 2002, is estimated to be 8 percent in fiscal 2003, and is 4.9 percent based on governors' fiscal 2004 budget proposals. Additionally, 25 states experienced Medicaid shortfalls in fiscal 2002 and 28 states had them in fiscal 2003.

In fiscal 2004, more than two-thirds of the nation's governors recommended that expenditure

growth be held below 5 percent. A historically high 19 states proposed negative growth budgets.

States continued to provide supportive services for families to achieve self-sufficiency. Five states proposed to increase their Temporary Assistance for Needy Families (TANF) cash assistance benefit levels ranging from 1.3 percent to 4.2 percent in fiscal 2004. One state is proposing to decrease cash benefit levels by 4 percent.

### State Revenue Actions

Dreary state revenue collections continue, due in large part to the dragging national economy. As a parallel measure to budget cuts, governors in 29 states recommended broad-based net tax and fee increases totaling \$17.5 billion. The largest proposed increases are in the sales tax (\$6 billion), personal income tax (\$5 billion), and cigarette and tobacco taxes (\$2.5 billion). Additionally, 22 states proposed revenue measures that enhance general fund revenue but do not affect taxpayer liability totaling \$3.9 billion. Findings include the following:

When compared to originally budgeted estimates, fiscal 2003 sales tax collections were 2.5 percent lower, personal income taxes down by 8.6 percent, and corporate income tax collections were 8.3 percent lower.

In fiscal 2003, 30 states missed their revenue targets, 18 states reported that taxes were on target with original projections, and two states reported revenue collections that were higher than projected.

Compared to current tax collections, governors' proposed fiscal 2004 budgets guardedly reflected higher anticipated tax collections.

### Year-End Balances

Year-end balances play a critical role in providing states with necessary resources to deal with unforeseen fiscal downturns. These funds include both ending balances and the amounts in budget stabi-



lization funds. In actual fiscal 2002, balances are \$14.8 billion or 3.1 percent of expenditures, in estimated fiscal 2003 they are \$6.4 billion or 1.3 percent of expenditures, and for recommended

fiscal 2004, total balances are \$12.3 billion, or 2.5 percent of planned general fund expenditures. Total balances peaked in fiscal 2000 at \$48.8 billion, or 10.4 percent of expenditures.

# State Expenditure Developments

## CHAPTER ONE

### Budget Management in Fiscal 2003

State budget woes continued to persist across the nation in fiscal 2003, prolonging the trend from the previous two years. On the expenditure side, the strategy remains the same in nearly every state: across-the-board cuts and targeted reductions to essential programs. In some instances, even politically sensitive programs such as Medicaid and K-12 education have not been immune from budget cuts. In fiscal 2002, a record 37 states cut their budgets by nearly \$12.6 billion. That pattern continued in fiscal 2003 again, as 37 states cut their budgets by \$14.5 billion, the highest dollar amount of cuts in the history of the Fiscal Survey (see Table 1). By comparison, during the last recession in fiscal 1992, 35 states reduced their budgets by nearly \$4.5 billion.

As states struggle to balance their budgets, they have tried to exempt certain high priority programs such as Medicaid, K-12 education, higher education, debt service, public safety, and aid to towns and cities. Few states have succeeded, however. If economic conditions remain stagnant or worsen—and as options for countering a down economy are exhausted—the future of these programs could be in even greater jeopardy if budget shortfalls grow in fiscal 2004.

A wide variety of methods other than budget cuts are used to bring state budgets into balance. In fiscal 2003, 28 states used across-the-board cuts, 22 states used rainy day funds, 17 states laid off employees, eight states offered early retirement, 10 states reorganized programs, and 29 states utilized a variety of other methods (see Appendix Table A-5). Other methods include refinancing state debt to take advantage of record-low interest rates, hiring freezes, tobacco settlement securitization, targeted reductions, fund transfers, deferred payments, and using available reserves (see Notes to Appendix Table A-5).

### State Spending for Fiscal 2004

This report captures only state general fund spending, the primarily discretionary expenditure of revenues derived from general sources not earmarked for specific items. According to the most recent edition of NASBO's *State Expenditure Report*, estimated fiscal 2002 state spending from all sources is estimated to be \$1.1 trillion, with the general fund representing

47.7 percent of the total. The components of total state spending are: elementary and secondary education, 22.2 percent; Medicaid, 19.6 percent; higher education, 11.3 percent; transportation, 8.9 percent; corrections, 3.7 percent; public assistance, 2.2 percent; and all other expenditures, 32.1 percent.

Components of state spending within the general fund specifically are elementary and secondary education, 35.4 percent; Medicaid, 15.1 percent; higher education, 12.8 percent; corrections, 7 percent; public assistance, 2.3 percent; transportation, 1.3 percent; and all other expenditures, 26.1 percent. Elementary and secondary education has dominated state spending since fiscal 1993, while Medicaid has been the second largest and fastest growing component of state spending—both from state general funds and from all spending sources.

In both fiscal 2003 and fiscal 2004, governors proposed to reduce state general fund spending drastically from prior year levels. In fiscal 2004, expenditures totaled nearly \$460.3 billion, a decrease of 0.1 percent from fiscal 2003 levels. This represents the first decrease in state general fund expenditures since 1983—when budgets dropped by 0.7 percent from prior year levels. Additionally, states' estimated fiscal 2003 general fund expenditures increased by only 0.3 percent above fiscal 2002 amounts. Since 1979, nominal state spending has increased at an average of 6.2 percent (see Table 2 and Figure 1).

As pressure to control spending swells, more than two-thirds of states report expenditure growth of less than 5 percent in fiscal 2003. Nineteen states report negative budget growth during this period. Continuing this trend in fiscal 2004, more than two-thirds of the governors recommended that expenditure growth be held below 5 percent, with 19 states proposing negative growth budgets. This represents the highest number of states reporting a negative nominal percentage expenditure change since the first edition of this report (see Table 3 and Appendix Table A-4).

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

Since welfare reform was passed in 1996, states have focused on providing supportive services for families

TABLE 1

**Budget Cuts Made After the Fiscal 2003 Budget Passed**

<i>State</i>	<i>Size of Cuts (\$ in Millions)</i>	<i>Programs or Expenditures Exempted from Cuts</i>
Alabama	\$14.8	Debt Service, Federal Court Ordered Payments, and Youth Services Operations.
Arizona	393.6	Department of Corrections and voter protected and mandated programs.
Arkansas	62.3	None.
California	4,468.6	Legislative Branch.
Colorado	621.5	K-12 Total Program, K-12 Categoricals, Developmental Disabilities, and School for the Deaf and the Blind.
Connecticut	192.8	Education Cost sharing Grant, Payment in Lieu of Taxes (Stated Owned Property, Colleges & Hospitals).
Delaware	44.1	Debt service.
Georgia	482.1	Funding for direct instruction (elementary, secondary and postsecondary) was exempted during most of the process. Direct instruction was reduced by 2 percent rather than the 5 percent experienced by most agencies.
Hawaii	20.7	Debt service, employees' retirement system and health insurance, unemployment insurance, workers' compensation, public welfare payments, children and adult mental health, and lower and higher education instruction programs.
Idaho	19.5	Most education budgets are completely exempt. Medicaid's reduction is 1.1 percent. Most other state agencies reduction is 3.5 percent.
Illinois	202.0	(State Board of Education) General State Aid
Indiana	878.7	K-12 education general fund tuition support.
Kansas	118.0	Entitlements were exempt during the first round of cuts. K-12 education was exempt from the second round of cuts.
Louisiana	18.6	Higher Education, Special Schools, Economic Development, federally mandated medical care, constitutionally protected areas and public safety programs to the greatest extent possible.
Maine	183.7	Retirement Allowance Fund and Teacher Retirement.
Maryland	236.9	K-12 education aid, local aid.
Massachusetts	502.8	Debt Service, special education.
Michigan	742.0	Debt service, TANF maintenance of effort, tax reimbursements for economic development, services provided to veterans, and judicial and legislative salaries.
Minnesota	209.0	Debt service.
Mississippi	48.0	Education (General & Higher Ed)
Missouri	224.6	Public debt.
Montana	----	Public school entitlement aid.
Nevada	57.0	K-12 education was exempt from the initial 3% cuts; however, if more cuts are needed they will not be exempt.
New Hampshire	33.1	Aid to Cities, Towns & School Districts.
New Jersey	702.0	State institutions and debt service.
North Dakota	18.3	Foundation aid.
Ohio	690.6	The judicial branch agencies, the Ohio Veterans' Home, veterans' organizations, TANF, Day Care, CHIP, Medicaid, Adoption Assistance, Disability Assistance, child support appropriations, property tax allocation appropriations, tangible tax exemption appropriations, appropriations for debt service, including lease rental payments, building and office rent appropriations, and pension system payments made by the Treasurer of State.
Oklahoma	427.2	None.
Oregon*	465.0	No programs are exempt.
Pennsylvania	387.3	Attorney General, Auditor General and Treasurer (which are independently elected); the legislature and judiciary; and also the State System of Higher Education and the Pennsylvania Higher Education Assistance Agency.
South Carolina	416.6	Debt service and capital reserve fund.
Texas	1,100.0	Foundation School Program (public schools), acute care Medicaid, Children's Health Insurance Program (CHIP), debt service on bonds, constitutionally required contributions to retirement systems, and other agencies/programs as determined by the legislature. Estimate as of May2003.
Utah	25.0	Public Education, Higher Education, Capital budget, and debt service.

**TABLE 1 (continued)**

<i>State</i>	<i>Size of Cuts (\$ in Millions)</i>	<i>Programs or Expenditures Exempted from Cuts</i>
Virginia	342.5	In fiscal 2003 only direct public safety, and preparedness staff, police officers and corrections security staff, direct care staff in the Commonwealth's mental health and aging facilities. Some aid-to-localities programs, debt service, revenue generating activities at the Department of Taxation, direct aid for K-12, student financial aid in the institutions of higher education, funding for indigent care. Direct community health services in local health departments, excluding administration and 'set-out' pass through dollars, state welfare and support enforcement funding. For the most part these were the kind of exemptions granted in the fiscal 2003 across-the-board agency reductions.
Vermont	13.1	Judiciary, Higher Education, Teachers' retirement, Commerce and Community Development, Debt Service.
West Virginia	30.0	Legislature, judicial, debt service, public defender services, CHIP's, Medicaid, public education, corrections, and state police.
Wisconsin	89.6	Health, Safety, and Education.
<b>Total</b>	<b>\$14,481.6</b>	-----

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

**NOTES TO TABLE 1**

Oregon Includes \$112 million in unscheduled funds. Some of the reductions were fund shifted to other fund sources.

**FIGURE 1**

**Annual Percentage Budget Increases, Fiscal 1979 to Fiscal 2004**

See Page 45

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

TABLE 2

**State Nominal and Real Annual Budget Increases, Fiscal 1979 to Fiscal 2004**

<i>Fiscal Year</i>	<i>State General Fund</i>	
	<i>Nominal Increase</i>	<i>Real Increase</i>
2004*	-0.1%	-0.1%
2003*	0.3	0.3
2002	1.3	4.0
2001	8.3	4.0
2000	7.2	4.0
1999	7.7	5.2
1998	5.7	3.9
1997	5.0	2.3
1996	4.5	1.6
1995	6.3	3.2
1994	5.0	2.3
1993	3.3	0.6
1992	5.1	1.9
1991	4.5	0.7
1990	6.4	2.1
1989	8.7	4.3
1988	7.0	2.9
1987	6.3	2.6
1986	8.9	3.7
1985	10.2	4.6
1984	8.0	3.3
1983	-0.7	-6.3
1982	6.4	-1.1
1981	16.3	6.1
1980	10.0	-0.6
1979	10.1	1.5
<b>1979-2004 average</b>	<b>6.2%</b>	<b>2.2%</b>

**NOTES:** The state and local government implicit price deflator, as cited by the Bureau of Economic Analysis on May 2003, is used for state expenditures in determining real changes. Fiscal 2003 figures are based on the change from fiscal 2002 actuals to fiscal 2003 estimated. Fiscal 2004 figures are based on the change from fiscal 2003 estimated to fiscal 2004 recommended.

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

to achieve self-sufficiency rather than cash assistance. However, cash assistance benefit levels provide an indication of how states aid people most in need. For fiscal 2004, 44 states proposed to maintain the same cash assistance benefit levels that were in effect in fiscal 2003. Five states recommended increasing cash assistance benefit levels—ranging from 1.3 percent to 4.2 percent—and one state proposed to decrease cash assistance benefit levels by 4 percent. Under court order, New York will increase the shelter allowance for families and will vary by local district and household size (see Table 4 and Notes to Table 4).

TABLE 3

**Annual State General Fund Expenditure Increases, Fiscal 2003 and Fiscal 2004**

<i>Spending Growth</i>	<i>Number of States</i>	
	<i>Fiscal 2003 (Estimated)</i>	<i>Fiscal 2004 (Recommended)</i>
Negative growth	19	19
0.0% to 4.9%	21	19
5.0% to 9.9%	8	7
10% or more	2	4

**NOTE:** Average spending growth for fiscal 2003 (estimated) is 0.3 percent; average spending growth for fiscal 2004 (recommended) is -0.1 percent. Because Texas was unable to supply fiscal 2003 or fiscal 2004 spending data, this table reflects 49 states.

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

The Temporary Assistance for Needy Families (TANF) program expired on September 30, 2002. A continuing resolution extends the TANF program through June 30, 2003 at fiscal 2002 levels until the program is reauthorized.

**Medicaid and Other Health Care Trends**

Growth in Medicaid expenditures continues to place severe strain on state budgets. Medicaid is a means-tested entitlement program financed by the states and the federal government that provides medical care for about 47 million low-income individuals. Medicaid expenditures are approximately 20 percent of all state spending, while total health care costs constitute approximately 30 percent of state spending.

Of all Medicaid beneficiaries, approximately one-quarter are elderly and disabled and three-quarters are children and non-disabled adults, while the costs of Medicaid services are approximately three-quarters for the elderly and the disabled and one-quarter for children and non-disabled adults.

Federal Medicaid spending grew 13.2 percent in fiscal 2002, the steepest rate of growth since 1992. This spending contrasts sharply with the decline in state revenues experienced in fiscal 2002. Growth rates for the state share of Medicaid were 13 percent in fiscal 2002 and are estimated to be 8 percent in fiscal 2003 and 4.9 percent in governors' proposed budgets for fiscal 2004. The steep decline in the growth rate from fiscal 2002 is indicative of extensive Medicaid cost containment measures states are undertaking (see Table 5).

TABLE 4

**Proposed Cost-of-Living Changes for Cash Assistance Benefit Levels Under the Temporary Assistance For Needy Families Block Grant, Fiscal 2004**

<i>State</i>	<i>Percent Change</i>
Arizona	2.8%
Florida	4.2
Kentucky	3.0
Louisiana	-4.0
Maryland	1.3
Montana	2.4
New York*	----
Oregon*	----

\*See Notes to Table 4.

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

**NOTES TO TABLE 4**

New York	The State is under court order to increase the shelter allowance maximum for families and has promulgated regulations which will increase the shelter allowance maximum effective September 1, 2003. The amount of the benefit increase varies by local district and household size. However, the 2003-2004 Executive Budget includes legislation that would validate existing welfare shelter allowances as established by OTDA pursuant to the Social Services Law.
Oregon	While no decrease is expected for fiscal 2004 at this time, a 1 percent decrease was taken during fiscal 2003 as part of a Legislative Special Session action to deal with a budget shortfall.

Medicaid cost increases stem primarily from increased costs for pharmaceuticals as well as enrollment increases, according to the Kaiser Commission on Medicaid and the Uninsured report, *Medicaid Spending Growth: Results from a 2002 Survey*. Spending on outpatient prescription drugs, which increased an average of 18 percent annually over the past three years, continues to be a significant component in rising Medicaid costs. Enrollment, estimated to rise by 6.2 percent in fiscal 2003 after increasing by 8.6 percent in fiscal 2002, is the second most cited reason by states for increased Medicaid costs, according to the Kaiser Commission report.

According to the Department of Health and Human Services (HHS), prescription drug spending, nursing home, community-based long-term care costs and payments to health plans have been significant contributors to the recent expenditure growth and are expected to continue to do so in the future. The federal share of Medicaid spending is expected to increase 8.9 percent from the estimated fiscal 2003 level. Over the next five years, Medicaid spending is projected to increase at an average annual rate of 8.7 percent, according to HHS.

As costs have increased, states' Medicaid expenditures have exceeded the amounts originally budgeted for the program. Twenty-five states experienced Medicaid shortfalls in fiscal 2002 and 28 states are anticipating shortfalls in the current fiscal year (see Table 6). The shortfalls as a percentage of the total Medicaid program in fiscal 2002 ranged from less than 1 percent to 23 percent of the program costs, averaging 5.5 percent. The combined amount of the shortfalls in fiscal 2002 and fiscal 2003 totals more than \$6 billion.

TABLE 5

**Annual Percentage Medicaid Growth Rate  
(Excluding Federal Share)**

<i>Region/State</i>	<i>Fiscal 2002 (Actual)</i>	<i>Fiscal 2003 (Estimated)</i>	<i>Fiscal 2004 (Recommended)</i>
<b>NEW ENGLAND</b>			
Connecticut	7.6%	6.3%	2.0%
Maine	7.1	2.2	0.8
Massachusetts	11.9	9.2	7.9
New Hampshire	18.1	8.5	7.0
Rhode Island*	12.0	6.0	-2.0
Vermont	1.9	-8.1	0.0
<b>MID-ATLANTIC</b>			
Delaware	15.6	9.5	8.8
Maryland	9.6	14.0	8.7
New Jersey	0.6	3.0	14.3
New York*	6.7	12.0	-0.3
Pennsylvania	9.0	10.0	1.0
<b>GREAT LAKES</b>			
Illinois	7.7	6.4	7.3
Indiana	2.8	9.3	5.0
Michigan	6.6	7.5	5.1
Ohio			
Wisconsin	27.0	10.0	12.0
<b>PLAINS</b>			
Iowa	11.0	8.2	-0.9
Kansas	19.8	11.8	12.0
Minnesota	7.0	15.0	5.0
Missouri	17.5	-1.7	3.8
Nebraska	4.9	5.7	2.9
North Dakota	11.4	13.3	-1.4
South Dakota	23.3	7.5	6.3
<b>SOUTHEAST</b>			
Alabama	4.9	5.9	3.8
Arkansas	24.7	5.4	11.0
Florida	14.7	8.7	4.1
Georgia	18.4	12.9	7.0
Kentucky*	8.0	8.1	6.5
Louisiana	19.9	-12.7	-5.5
Mississippi	19.0	7.5	3.0
North Carolina	27.8	8.0	8.0
South Carolina	11.0	11.0	2.0
Tennessee	17.7	21.4	-2.9
Virginia	4.0	15.0	1.3
West Virginia	9.4	7.0	6.9
<b>SOUTHWEST</b>			
Arizona	38.6	26.4	16.0
New Mexico			
Oklahoma	17.5	4.7	3.1
Texas	21.0	6.0	
<b>ROCKY MOUNTAIN</b>			
Colorado*	8.4	-0.3	12.6
Idaho	11.1	11.4	3.2
Montana		-2.6	10.1
Utah*	14.5	9.0	15.2
Wyoming	8-10	8-10	8-10
<b>FAR WEST</b>			
Alaska	18.0	15.4	10.4
California	6.7	7.4	-6.4
Hawaii	0.0	3.0	6.0
Nevada	23.6	12.9	1.0
Oregon	N/A	6.3	N/A
Washington*	15.0	17.1	2.7
<b>Average**</b>	<b>13.0%</b>	<b>8.0%</b>	<b>4.9%</b>

**NOTES:** \*See Notes to Table 5. \*\*Average percent changes are not weighted averages as are other percentage changes in this report.

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

## NOTES TO TABLE 5

Colorado	Percentages fluctuate due to one-year impact of transition to cash accounting, no impact to services. Fiscal 2004 growth rate is based on the fiscal 2003-2004 general appropriations act but does not include additional legislation pending approval.
Kentucky	Expenditures exceeded the amounts initially enacted; however, through cost containment strategies and other revenue maximization, the program required no additional General Fund Appropriations. Kentucky has an interim appropriations increase process for non-General Fund sources of revenue.
New York	Growth figures do not include the local share of Medicaid spending, administrative costs, or various non-appropriated sources of revenue (IGTs, rebates, etc.). Fiscal 2003-2004 decline assumes \$1.3 billion in proposed cost containment actions.
Rhode Island	General revenue growth rates are distorted by changes in FMAP. Underlying growth rates are: 9.6 percent; 10.4 percent; and 0.7 percent.
Utah	Cost containment measures kept Medicaid on budget.
Washington	Percentage growth calculations for 2001-02 based on changes in program spending as reported in the Centers for Medicare and Medicaid Services (CMS) 64 reports for 2001 and 2002. Growth for 2002-03 based on change in CMS 64 reported for 2002 and spending as reflected in the final 2003 budget as appropriated (including 2003 supplemental funding). Growth in spending for 2003-2004 based on the change from the final 2003 budget and the expenditure levels reflected in the current proposed Senate 2003-2005 Biennial Budget (not passed as of May 20th, 2003).

TABLE 6

**Medicaid Expenditures Exceeding Budgeted Amounts**

<i>Region/State</i>	<i>Exceeded Fiscal 2002 Budgeted Amounts by (\$ Millions)</i>	<i>Percentage of Fiscal 2002 Medicaid Budget</i>	<i>Exceeding Fiscal 2003 Budgeted Amounts by (\$ Millions)</i>
<b>NEW ENGLAND</b>			
Connecticut	\$ 70.7	2.8%	\$ 91.4
Maine			
Massachusetts	297.4	5.5	0.0
New Hampshire	65.0	15.1	93.0
Rhode Island	19.9	3.0	11.7
Vermont			
<b>MID-ATLANTIC</b>			
Delaware*	3.1	1.2	
Maryland*	202.3	7.2	*
New Jersey			37.0
New York	287.0	2.0	100.0
Pennsylvania	134.0	1.4	54.0
<b>GREAT LAKES</b>			
Illinois	32.0	0.5	260.9
Indiana			
Michigan*			
Ohio			
Wisconsin	67.2	2.0	173.5
<b>PLAINS</b>			
Iowa			57
Kansas			15.5
Minnesota	10.0	0.5	49.3
Missouri*			238.4*
Nebraska			
North Dakota	10.3	8.7	9.3
South Dakota			7.0
<b>SOUTHEAST</b>			
Alabama			
Arkansas			
Florida	34.2	1.0	31.1
Georgia	124.1	10.0	258.6
Kentucky*			
Louisiana			
Mississippi	373.0	15.0	50.0
North Carolina			
South Carolina			
Tennessee*	461.5	8.2	529.7
Virginia			
West Virginia	5.0	0.3	38.0
<b>SOUTHWEST</b>			
Arizona	62.0	5.9	16.0
New Mexico			
Oklahoma			
Texas			476.7
<b>ROCKY MOUNTAIN</b>			
Colorado			
Idaho			16.0
Montana	27.0	2.5	
Utah*			
Wyoming	32.7	6.4	17.5
<b>FAR WEST</b>			
Alaska	132.1	23.0	11.0
California	144.6	1.2	925.1
Hawaii	18.0	3.0	22.0
Nevada	82.0	11.0	141.0
Oregon			
Washington*	304.9	13.4	76.5
<b>Total/**Average %</b>	<b>\$3,000.0</b>	<b>5.9%</b>	<b>\$3,568.8</b>

**NOTES:** \*See Notes to Table 6. \*\*Average percent changes are not weighted averages as are other percentage changes in this report.

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



**NOTES TO TABLE 6**


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Delaware	The state exceeded fiscal 2002 budget amounts by \$3.1 million (general funds).
Kentucky	Expenditures exceeded the amounts initially enacted; however, through cost containment strategies and other revenue maximization, the program required no additional General Fund Appropriations. Kentucky has an interim appropriations increase process for non-General Fund sources of revenue.
Maryland	The state exceeded fiscal 2002 budget amounts by \$202.3 million (total funds). Also, the state is unsure of the amount that Medicaid costs will exceed budget amounts in fiscal 2003. The projection is within 1 percent of appropriation.
Michigan	The state is anticipating that Medicaid costs for fiscal 2003 will exceed the amount budgeted, but the amount is undetermined.
Missouri	Includes \$57.5 million from General Revenue and \$180.9 from Federal and Other Funds.
Tennessee	The budget does not include certain items that were authorized to be paid from the TennCare reserve per the Appropriations Act; therefore, a portion of the over expenditure (\$162.71 million) was anticipated. If the reserve expenditures were included in the figures above, the new percentage would be 5.29 percent.
Utah	Cost containment measures kept Medicaid on budget.
Washington	Fiscal 2002 calculation is based on the difference between the amount initially budgeted for 2002 and the amount appropriated in the 2002 supplemental (BASS Version 8H - assistance costs only). Fiscal 2003 calculation is based on the difference between the amount initially budgeted for 2003 and the amount appropriated in the 2003 supplemental (BASS Version 9D - assistance costs only).

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## State Revenue Developments

### CHAPTER TWO

#### Overview

Like the year before it, fiscal 2003 was a grueling one for state coffers. Revenue collections fell far short of the projections states made when they passed their fiscal 2003 budgets. Faced with large gaps between planned spending and the revenue that supports it—both in fiscal 2003 and as they begin fiscal 2004—states have cut spending, drawn on reserve funds, and increased taxes. Indeed, in their original fiscal 2004 budget proposals, governors in 29 states recommended tax and fee increases, while three proposed revenue decreases, and 18 recommended no change, resulting in a net proposed increase of \$17.5 billion (see Tables 7 and 8 and Figure 2). While most states already have enacted their budgets—and did not include all of the revenue proposals listed in this report—it should be noted that in nominal terms if the net proposed increase was enacted it would be the largest increase in taxes and fees since this report began collecting such data in 1979. Additionally, governors proposed \$3.9 billion of revenue measures that enhance general fund revenue but do not affect taxpayer liability, such as deferrals of tax phase-outs, tax amnesty programs, and accelerated remittance of sales taxes by vendors (see Table A-9).

The proposed increases reflect both broad-based taxes such as sales (\$6 billion), personal income (\$5 billion), and corporate income taxes (\$734.5 million), as well as more targeted levies such as cigarettes (\$2.5 billion), motor fuels (\$76.7 million), alcoholic beverages (\$138.2 million), and other taxes (\$1 billion), as well as fees (\$1.9 billion). It should be noted that California, with a combined fiscal 2003-2004 budget shortfall of more than \$38 billion, accounts for nearly half of the proposed net tax and fee increase (see Table A-8).

#### Collections in Fiscal 2003

State tax collections in fiscal 2003 continue to show substantial weakness, although not as severely as the last fiscal year when 41 states missed their revenue targets. Facing the realities of a fitful economic recovery, states' fiscal 2003 budgets reflected lowered revenue expectations. While collections of sales, personal income, and corporate income taxes met those goals in 18 states, they were lower than projected in 30. Revenue collections were higher than projected in only two states in fiscal 2003.

Compared to originally budgeted estimates, current estimates of combined fiscal 2003 sales, personal

**FIGURE 2**

**Enacted State Revenue Changes, Fiscal 1991 to Fiscal 2003; and Proposed State Revenue Change, Fiscal 2004**

See Page 46

TABLE 7

**Enacted State Revenue Changes, Fiscal 1979 to Fiscal 2003; and Proposed State Revenue Change, Fiscal 2004**

<i>Fiscal Year</i>	<i>Revenue Change (Billions)</i>
2004	\$17.5
2003	8.3
2002	-0.3
2001	-5.8
2000	-5.2
1999	-7.0
1998	-4.6
1997	-4.1
1996	-3.8
1995	-2.6
1994	3.0
1993	3.0
1992	15.0
1991	10.3
1990	4.9
1989	0.8
1988	6.0
1987	0.6
1986	-1.1
1985	0.9
1984	10.1
1983	3.5
1982	3.8
1981	0.4
1980	-2.0
1979	-2.3

**SOURCES:** Advisory Commission on Intergovernmental Relations, *Significant Features of Fiscal Federalism*, 1985-86 edition, page 77, based on data from the Tax Foundation and the National Conference of State Legislatures. Fiscal 1988-2004 data provided by the National Association of State Budget Officers.

income, and corporate income taxes are lower by 5.9 percent. Current estimates of sales tax collections are 2.5 percent below budgeted projections, personal income taxes are 8.6 percent lower, and corporate income taxes are off by 8.3 percent (see Table A-6).

**Projected Collections for Fiscal 2004**

Compared to current collections, governors' proposed fiscal 2004 budgets reflect a positive but cautious revenue outlook. As the state fiscal crunch lingered during the past several years, states looked forward to economic recovery and anticipated a revenue rebound that never materialized. The revenue projections in governors' proposed budgets demonstrate that, anticipating higher tax collections, but recognizing that current revenues already have fallen significantly (see Table A-7).

**Proposed Fiscal 2004 Revenue Changes**

Governors in 29 states proposed revenue increases for fiscal 2004, while those in three states proposed decreases, resulting in a net proposed revenue increase of \$17.5 billion. The proposed changes are listed in Table A-8, and in some cases reflect one-time actions such as sales tax holidays. This report distinguishes between tax and fee increases or decreases (displayed in Table 8 and Table A-8) and revenue measures (shown in Table A-9). Tax and fee changes refer to revisions in current laws that affect taxpayer liability. Revenue measures reflect deferrals of tax increases or decreases that do affect taxpayer liability, such as the extension of a tax credit that occurs each year.

**Sales Taxes.** Fifteen states proposed sales tax changes in fiscal 2004, for a net increase of \$6 billion. California, where the governor originally proposed to increase the sales tax rate by 1 percent, accounts for \$4.4 billion of the net amount. Other recommended increases include Ohio, which proposed expanding the sales tax to certain services, and New York, which proposed to replace the sales tax exemption on clothes with periodic exempt periods during the year. Five states proposed small decreases, most reflecting sales tax holidays.

**Personal Income Taxes.** Ten states recommended modifications to their personal income taxes, totaling a net \$5 billion increase. California proposed establishing two additional income tax brackets, which would result in a \$2.6 billion increase, and Pennsylvania proposed raising the personal income tax rate and other miscellaneous changes, a net recommended \$2.2 billion increase. Two states proposed small personal income tax decreases.

**Corporate Income Taxes.** Eleven states proposed corporate income tax adjustments for a net recommended increase of \$759.4 million. The proposed changes largely reflect the closing of loopholes and the elimination of credits.

**Cigarette, Tobacco and Alcohol Taxes.** Fourteen states recommended changes to cigarette, tobacco, and alcohol taxes, the so-called "sin" taxes that many states have turned to recently. For fiscal 2004, states proposed a \$2.5 billion net increase in cigarette and tobacco taxes, including raising the per pack tax in California (\$1.2 billion), and increases in Georgia (\$337.1 million), Missouri (\$278.5 million), and Ohio (\$285.8 million). Six states proposed increases in alcoholic beverages taxes, a net increase of \$138.2 million.

TABLE 8

**Proposed Fiscal 2004 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					\$37.7		\$ 11.5	\$ 28.8	78.0
Arizona								15.9	15.9
Arkansas	\$ 223.6								223.6
California	4,584.0	\$2,580.0		\$1,170.0				179.0	8,513.0
Colorado									0.0
Connecticut	-112.6	80.0	\$27.8				33.8		29.0
Delaware				23.5			89.0		112.5
Florida	-59.2							9.4	-49.8
Georgia				337.1		\$50.0		11.2	398.3
Hawaii		-4.0	-7.5						-11.5
Idaho	240.3	-5.5		28.7					263.5
Illinois	255.0		65.0				235.0		555.0
Indiana									0.0
Iowa	26.8		25.0					2.6	54.4
Kansas									0.0
Kentucky									0.0
Louisiana									0.0
Maine								2.5	2.5
Maryland							45.0	350.0	395.0
Massachusetts								400.0	400.0
Michigan		26.8	59.1		\$39.0		43.0	87.7	255.6
Minnesota			-1.4				67.7	17.5	83.8
Mississippi									0.0
Missouri	-5.0	11.9	38.0	278.5			30.0	106.0	459.4
Montana									0.0
Nebraska				22.9					22.9
Nevada				120.9		17.3	260.9	37.1	436.2
New Hampshire									0.0
New Jersey	45.0	15.0		78.0			140.0	180.0	458.0
New Mexico									0.0
New York	399.7	25.0	174.6				22.0	435.3	1,056.6
North Carolina									0.0
North Dakota				15.0					15.0
Ohio	509.0	50.1	250.4	330.8		64.2	89.4		1,293.9
Oklahoma	-26.0			32.5				22.2	28.7
Oregon									0.0
Pennsylvania		2,247.5	105.5				-30.0	29.3	2,352.3
Puerto Rico									0.0
Rhode Island			-2.0	8.3			1.0	3.4	10.7
South Carolina									0.0
South Dakota	4.0			14.8		3.7			22.5
Tennessee									0.0
Texas									0.0
Utah	14.0						2.2		16.2
Vermont							-13.0	1.5	-11.5
Virginia						1.0	3.5		4.5
Washington									0.0
West Virginia	-1.7			59.7		2.0			60.0
Wisconsin									0.0
Wyoming									0.0
<b>Total</b>	<b>\$6,096.9</b>	<b>\$5,026.8</b>	<b>\$734.5</b>	<b>\$2,520.7</b>	<b>\$76.7</b>	<b>\$138.2</b>	<b>\$1,031.0</b>	<b>\$1,919.4</b>	<b>\$17,544.2</b>

NOTES: \*See Appendix Table A-8 for details on specific revenue changes.

SOURCE: National Association of State Budget Officers.

**Motor Fuels Taxes.** Two states—Alaska and Michigan—recommended increases in motor fuels taxes, totaling a combined \$76.7 million.

**Other Taxes and Fees.** Revenue from other taxes, such as personal property taxes, motor vehicles and other types of licensing usually cover the costs for license and regulation enforcement, promote environmental conservation, and generate revenues for health care. Fees frequently are associated with motor

vehicle and other types of licensing. Seventeen states proposed changes in other taxes for fiscal 2004, totaling a net \$1 billion. Recommended measures include changes in gaming taxes, nursing home surcharges, and hotel occupancy taxes. Nineteen states proposed fee changes, a net \$1.9 billion recommended increase.

## Total Balances

### CHAPTER THREE

Perhaps nothing better measures the fiscal pain states have felt for the past three years than total balances. Facing a budget stranglehold tightened first by recession and then by a limping recovery, total balances have played an exceedingly important role in states' ability to handle the downturn in their finances. The vigorous economic growth of the late 1990s allowed states to enhance their reserves substantially, with total balances peaking in fiscal 2000 at \$48.8 billion, or 10.4 percent of expenditures. These funds include both ending balances and the amounts in budget stabilization funds, and reflect the funds states may use to respond to unforeseen circumstances after budget obligations have been met. The growth of total balances was fortuitous; tracking with the economy, state finances deteriorated severely, and fiscal 2003 total balances are estimated to be only \$6.4 billion or 1.3 percent of expenditures, 87 percent lower than the peak amount (see Table 9 and Appendix Tables A-1, A-2, A-3, and A-10).

Total balances for actual fiscal 2002, estimated fiscal 2003 and recommended fiscal 2004 all fall below levels generally considered to be a sufficient fiscal cushion. States already have drawn heavily on reserves and ill-performing revenues have not allowed them to be replenished, a situation that—if economic recovery continues to sputter during fiscal 2004—will seriously hinder states' capacity to deal with tight budgets. In actual fiscal 2002, balances are \$14.8 billion or 3.1 percent of expenditures, in estimated fiscal 2003 they are \$6.4 billion or 1.3 percent of expenditures, and for recommended fiscal 2004, total balances are \$12.3 billion, or 2.5 percent of planned general fund expenditures.

After the recession of the early 1990s, states worked hard to build their rainy day fund balances and ending balances to safeguard against disruption of services should economic growth slow. The fiscal downturn during those years and during a similar period in the early 1980s caused state balances to fall rapidly. During the one-year period from 1980 to 1981, for example, balances plunged from 9 percent of expenditures to 4.4 percent, forcing states to cut budgets and raise taxes. During the early 1990s, states found themselves lacking balances adequate to manage a fiscal slowdown once again. Before the economy slowed in 1989, state balances equaled 4.8 percent of expenditures. Within two years, balances hit bottom, totaling only 1.1 percent of expenditures in 1991. In fiscal 1992, 35 states were forced to cut current-year budgets. The following year, 23 states were obliged to take that action again, causing uncertainty both for citizens receiving necessary services and for the governments delivering them. To stem these losses, states raised \$25 billion in new revenues during the same two-year period. Remembering how swiftly that economic decline transpired, states prepared themselves cautiously to handle the next slowdown, and indeed, would be even more hamstrung to deal with the current fiscal situation had they not done so.

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

TABLE 9

**Total Year-End Balances, Fiscal 1979 to Fiscal 2004**

<i>Fiscal Year</i>	<i>Total Balance (Billions)</i>	<i>Total Balance (Percentage of Expenditures)</i>
2004*	\$12.3	2.5%
2003*	6.4	1.3
2002	14.8	3.1
2001	44.1	9.1
2000	48.8	10.4
1999	39.3	8.4
1998	35.4	9.2
1997	30.7	7.9
1996	25.1	6.8
1995	20.6	5.8
1994	16.9	5.1
1993	13.0	4.2
1992	5.3	1.8
1991	3.1	1.1
1990	9.4	3.4
1989	12.5	4.8
1988	9.8	4.2
1987	6.7	3.1
1986	7.2	3.5
1985	9.7	5.2
1984	6.4	3.8
1983	2.3	1.5
1982	4.5	2.9
1981	6.5	4.4
1980	11.8	9.0
1979	11.2	8.7

**NOTE:** Figures for fiscal 2003 are estimates; figures for fiscal 2004 are based on recommendations.

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

TABLE 10

**Total Year-End Balances as a Percentage of Expenditures, Fiscal 2002 to Fiscal 2004**

<i>Percentage</i>	<i>Number of States</i>		
	<i>Fiscal 2002 (Actual)</i>	<i>Fiscal 2003 (Estimated)*</i>	<i>Fiscal 2004 (Recommended)*</i>
Less than 1.0%	11	16	19
1.0% to 2.9%	14	17	12
3.0% to 4.9%	5	6	7
5% or more	20	10	11

**NOTE:** The average for fiscal 2002 (actual) was 3.1 percent; the average for fiscal 2003 (estimated) is 1.3 percent; and the average for fiscal 2004 (recommended) is 2.5 percent. Because Texas was unable to supply ending balance and budget stabilization fund for fiscal 2003 and fiscal 2004, this table reflects 49 states for those years.

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

**FIGURE 3**

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**Total Year-End Balances and Total Year-End Balances as a Percentage of Expenditures, Fiscal 1979 to Fiscal 2004**

See Page 47

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

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**FIGURE 4**

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**Total Year-End Balances as a Percentage of Expenditures, Fiscal 2003**

See Page 48

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

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## **Appendix**



TABLE A-1

## Fiscal 2002 State General Fund, Actual (Millions)

Region and State	Beginning Balance	Revenues	Adjustments	Total Resources	Expenditures	Adjustments	Ending Balance	Budget Stabilization Fund
<b>NEW ENGLAND</b>								
Connecticut**	\$ 0	\$10,845	\$ 0	\$10,845	\$11,663	\$ -595	\$ -222	\$0
Maine**	39	2,424	116	2,579	2,565	0	14	20
Massachusetts	370	22,680	0	23,049	22,800	0	249	882
New Hampshire**	0	1,152	17	1,136	1,174	0	-38	0
Rhode Island**	142	2,604	-55	2,691	2,650	0	41	82
Vermont**	4	835	20	860	872	-13	0	11
<b>MID-ATLANTIC</b>								
Delaware*	510	2,426	0	2,936	2,454	0	482	128
Maryland**	538	9,504	808	10,850	10,947	-406	309	548
New Jersey*	1,290	20,549	450	22,289	21,997	0	292	0
New York* **	1,110	41,144	0	42,254	41,222	0	1,032	710
Pennsylvania**	335	19,093	1,144	20,572	20,429	0	143	0
<b>GREAT LAKES</b>								
Illinois	1,126	23,379	0	24,505	24,248	0	256	225
Indiana**	19	8,269	1,501	9,788	9,737	51	0	269
Michigan**	28	8,702	510	9,240	9,126	0	115	145
Ohio**	207	21,463	0	21,669	21,627	-67	108	428
Wisconsin* **	208	10,262	882	11,352	11,259	39	54	0
<b>PLAINS</b>								
Iowa**	0	4,680	0	4,680	4,591	0	89	165
Kansas**	366	4,108	4	4,478	4,466	0	12	0
Minnesota* **	1,574	12,310	0	13,884	12,754	0	1,130	0
Missouri	109	7,699	0	7,808	7,643	0	165	235
Nebraska**	236	2,363	56	2,655	2,599	0	56	110
North Dakota**	62	793	0	855	812	0	43	25
South Dakota**	0	843	24	867	850	17	0	109
<b>SOUTHEAST</b>								
Alabama	67	5,278	0	5,344	5,325	0	19	261
Arkansas	0	3,182	0	3,182	3,182	0	0	0
Florida	489	19,662	0	20,151	19,166	0	984	941
Georgia*	2,602	15,394	0	17,995	15,441	0	2,554	700
Kentucky* **	0	6,693	588	7,281	7,082	176	23	0
Louisiana**	0	6,464	57	6,521	6,487	16	18	266
Mississippi**	16	3,371	18	3,404	3,538	-151	16	111
North Carolina**	0	13,116	745	13,861	13,741	116	4	0
South Carolina* **	134	4,930	149	5,213	5,162	0	50	0
Tennessee**	31	7,002	560	7,593	7,516	65	11	178
Virginia	0	12,176	0	12,176	12,043	0	133	478
West Virginia**	161	2,824	44	3,030	2,817	16	197	56
<b>SOUTHWEST</b>								
Arizona**	13	5,760	566	6,340	6,367	-28	1	65
New Mexico*	449	3,936	10	4,395	4,049	26	320	0
Oklahoma**	290	4,791	10	5,090	5,016	0	75	72
Texas**	3,994	28,400	0	32,393	30,028	-61	2,426	904
<b>ROCKY MOUNTAIN</b>								
Colorado* **	469	5,844	517	6,831	6,685	0	145	0
Idaho**	185	1,702	94	1,981	1,980	0	1	53
Montana	173	1,263	0	1,436	1,356	-1	82	0
Utah* **	12	3,431	290	3,734	3,733	0	1	20
Wyoming**	47	638	47	732	722	0	10	65
<b>FAR WEST</b>								
Alaska**	0	1,660	732	2,392	2,392	0	0	2,114
California* **	2,380	72,239	0	74,618	76,752	0	-2,133	-3,535
Hawaii	349	3,441	0	3,790	3,656	0	134	50
Nevada**	126	1,752	102	1,980	1,889	0	90	136
Oregon**	363	4,329	0	4,692	5,822	0	-1,130	0
Washington**	599	10,451	602	11,652	11,214	0	437	116
<b>Total</b>	<b>\$21,218</b>	<b>\$487,854</b>	<b>-</b>	<b>\$519,647</b>	<b>\$481,818</b>	<b>-</b>	<b>\$8,801</b>	<b>\$7,143</b>

NOTES: N/A indicates data are not available. \*In these states, the ending balance includes the balance in the budget stabilization fund.  
 \*\*See Notes to Table A-1.

SOURCE: National Association of State Budget Officers.

## NOTES TO TABLE A-1

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

Alaska	Revenue adjustments reflect a draw on the Constitutional Budget Reserve.
Arizona	Revenue adjustments include \$166.2 million and \$84.4 million of budget stabilization fund transfers, as well as \$315.7 million in other fund transfers. Expenditure adjustments include \$9.45 million in capital outlay appropriations, \$34.5 million in administrative adjustments, and -\$72.1 million in revertments.
California	California had an estimated ending balance of -\$2,133.3 million. The ending balance is made up of a Reserve for Liquidation of Encumbrances of \$1,401.9 million and the Special Fund for Economic Uncertainties (California's "rainy day" fund balance) of -\$3,535.2 million.
Colorado	Revenue adjustments reflect diversions to the State Education Fund, and \$816.7 million in revenue transferred to the General Fund to help mitigate revenue decline.
Connecticut	Expenditure adjustments reflect use of the entire rainy day fund to reduce the fiscal year deficit. Five-year short-term notes were issued to cover the remaining deficit.
Idaho	Revenue adjustments include \$17.2 million in transfers to other funds and \$111.5 million in transfers from other funds.
Indiana	Revenue adjustments represent one-time transfers from dedicated funds and the Rainy Day Fund. Expenditure adjustments represent one-time expenditures for capital projects.
Iowa	Ending general fund balances flow into the rainy day funds in the subsequent year.
Kansas	Revenue adjustments reflect released encumbrances. Kansas does not have a separate rainy day fund. However, state statute requires that the Governor's recommended budget and the final approved budget maintain an ending balance of at least 7.5 percent of expenditures.
Kentucky	Revenue includes \$133 million in Tobacco Settlement funds. Revenue adjustments include fund transfers of \$125 million and the Reserve for Continuing Appropriations of \$462 million. Expenditure adjustments include funds reserved for continued appropriations.
Louisiana	Revenue adjustments include carry-forwards in the amount of \$17.2 million and one-time revenue from an amnesty program in the amount of \$39.8 million. Expenditure adjustments include carry-forwards of -\$16.3 million, one-time expenditures of -\$39.8, and transfers to the Incentive Fund of -\$3.1 million.
Maine	Revenue adjustments reflect \$116.4 million in legislative and statutory authorized transfers, including \$37.8 million transferred from the Rainy Day Fund, \$20 million from Maine Learning Technology Endowment and \$10 million from Fund for a Healthy Maine (Tobacco Settlement payments).
Maryland	Revenue adjustments reflect transfers from the rainy day fund of \$533 million, other transfers of \$146 million, and transfers from the prior years' pay-as-you-go (PAYGO) balances of \$129 million. Expenditure adjustments reflect \$-57 million in cost containment and -\$349 million in targeted reversions.
Massachusetts	Figures reflect spending from all budgetary funds.
Michigan	Revenue adjustments include federal and state tax law changes (-\$311.7 million); a Rainy Day Fund withdrawal (\$452.8 million); deposits from state restricted funds (\$340.4 million); and lapses from prior year work projects (\$28.6 million).
Minnesota	Ending balance includes Tax Relief Account of \$158.1 million and appropriations carried forward of \$316.4 million.
Mississippi	Revenue adjustments include a \$32.2 million transfer from General Fund to Budget Contingency Fund and a \$50 million transfer from Rainy Day Fund to General Fund. Expenditure adjustment reflects \$150.6 million general fund budget cuts.
Nebraska	Revenue adjustments are transfers between the General Fund and other funds.
Nevada	The fiscal 2002 ending balance and fiscal 2003 beginning balance are different due to rounding.
New Hampshire	Revenue adjustments reflect a \$16.6 million transfer to the Education Trust Fund.
New York	The ending balance includes \$710 million in the tax stabilization reserve fund (rainy day fund) and \$157 million in reserve funds for litigation risks. In addition to general fund reserves, \$1.1 billion was reserved to guard against economic uncertainties.
North Carolina	Revenue adjustments reflect additions to General Fund availability to aid in balancing the fiscal 2002 budget. Expenditure adjustments reflect \$116 million in transfers back to the Disaster Relief Reserve of the amount that was included in revenue adjustments.
North Dakota	Contingency funds of \$25 million were available from the Bank of North Dakota
Ohio	Federal reimbursements for Medicaid and other human services programs are included in the general revenue fund. Beginning balances are undesignated, unreserved fund balances. The actual cash balances would be higher by the amount reserved for encumbrances and designated transfers from the general revenue fund, including transfers to the budget stabilization fund. Expenditures for fiscal 2002 do not include encumbrances outstanding at the end of the year. Ohio reports expenditures based on actual fiscal 2002 disbursements for the general revenue fund. Expenditure adjustments reflect miscellaneous transfers-out of \$20 million, which are adjusted for a net change in encumbrances from fiscal 2001 levels of -\$86.7 million.
Oklahoma	Revenue adjustments reflect a decrease of \$9.6 million to the General Revenue Cash-flow Reserve Fund that was credited to the fiscal 2002 General Revenue Fund. No rainy day fund deposit was made.
Oregon	Oregon budgets on a biennial basis and is required to be balanced at the end of each biennium. Tax Anticipation Notes (TANS) were issued to even out cash flows.

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


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Pennsylvania	Revenue adjustments include \$1,038.4 million from the total withdrawal of the budget stabilization (rainy day) fund, lapses of \$104.6 million from prior-year appropriations and a \$1 million increase to the beginning balance.
Rhode Island	Revenue adjustments reflect contributions to the budget stabilization fund.
South Carolina	Revenue adjustments reflect transfers to the General Fund from the General Deposit Account.
South Dakota	Revenues adjustments include \$13.3 million was transferred from the rainy day funds to cover the budget shortfall, and \$11.0 million was obligated cash carried forward from fiscal 2001. Expenditure adjustments include \$11.0 million that was transferred to the rainy day funds from the prior year's obligated cash, and \$6.2 million was obligated cash to the budget reserve fund.
Tennessee	Revenue adjustments include \$243.8 million reserved at June 30, 2001 for 2001-2002 appropriations, \$40.1 million transfer from debt service fund unexpended appropriations, and \$275.6 million reserves required to balance budget. Expenditure adjustments include a \$20.0 million transfer to Transportation Equity Fund, \$40.0 million transfer to capital outlay projects fund, and \$5.4 million for dedicated revenue appropriations.
Texas	Total expenditures are 2002 expended, as reported by the Governor's Office. Expenditure adjustment reflect reconciliation of the actual ending balance with the Comptroller's January 2003 Biennial Revenue Estimate.
Utah	Revenue adjustments include a \$104.2 million transfer from the rainy day fund, a \$99.6 million reserve from the prior fiscal year, \$78.5 million in transfers from other restricted accounts, the \$4 million liquidation of the Utah Technology Finance Corporation, a -\$2 million reserve for the following fiscal year, and \$5.7 million from miscellaneous sources.
Vermont	Revenue adjustments include \$20.3 million in direct applications and transfers-in. Expenditure adjustments include transfers into the transportation fund (\$13.9 million), the education fund (\$5.6 million), and from the budget stabilization reserve (\$32.1 million).
Washington	Revenue adjustments of \$601.8 million represent transfers from other accounts to the General Fund.
West Virginia	The beginning balance reflects \$104.7 million in reappropriations, \$15.8 million in surplus appropriations, and an unappropriated surplus balance of \$40.9 million. Revenue adjustments reflect a transfer of \$44.1 million from special revenue and \$0.3 million in prior year redeposits. Expenditures reflect \$2.7 billion in regular appropriations, \$47.9 million in reappropriations, \$33.1 million in surplus appropriations, and \$25.2 million in 31-day (prior year) expenditures. Expenditure adjustments reflect a \$15.8 million transfer to the rainy day fund.
Wisconsin	Revenue adjustments include the Tobacco Settlement (\$156.2 million), tobacco securitization (\$681 million), a residual equity transfer (\$35.3 million), and designated balances carried forward (\$9.9 million). Expenditure adjustments include a designation for continuing balances (\$33 million) and a transfer to the Tobacco Control Fund (\$6 million).
Wyoming	The state budgets on a biennial basis. To complete the survey using annual figures, certain assumptions and estimates were required. Caution is advised when drawing conclusions or making projections using this information.

TABLE A-2

## Fiscal 2003 State General Fund, Estimated (Millions)

<i>Region and State</i>	<i>Beginning Balance</i>	<i>Revenues</i>	<i>Adjustments</i>	<i>Resources</i>	<i>Expenditures</i>	<i>Adjustments</i>	<i>Ending Balance</i>	<i>Budget Stabilization Fund</i>
<b>NEW ENGLAND</b>								
Connecticut**	\$ 0	\$12,198	\$ 0	\$12,198	\$12,150	\$ 0	\$ 48	\$ 48
Maine**	0	2,371	166	2,537	2,537	0	0	0
Massachusetts	311	22,022	0	22,333	22,462	0	-130	447
New Hampshire	-38	1,226	0	1,188	1,248	0	-60	0
Rhode Island**	41	2,730	-55	2,716	2,701	0	15	83
Vermont**	0	854	15	869	885	-16	0	15
<b>MID-ATLANTIC</b>								
Delaware*	482	2,325	0	2,807	2,503	0	304	129
Maryland**	309	9,482	705	10,496	10,669	-246	73	491
New Jersey* **	292	22,756	0	23,048	22,914	34	100	0
New York* **	1,032	39,738	0	40,770	39,767	0	1,003	710
Pennsylvania**	143	20,062	101	20,307	20,714	-407	0	0
<b>GREAT LAKES</b>								
Illinois	256	23,567	0	23,823	23,548	0	275	225
Indiana**	0	9,540	810	10,349	10,349	0	0	228
Michigan**	115	8,299	375	8,788	8,788	0	0	0
Ohio**	108	22,660	0	22,769	22,924	-205	49	0
Wisconsin* **	54	10,502	149	10,705	10,894	95	-284	0
<b>PLAINS</b>								
Iowa**	0	4,520	0	4,520	4,457	61	1	229
Kansas**	12	4,347	0	4,359	4,358	0	0	0
Minnesota	1,130	13,046	0	14,176	13,997	0	179	0
Missouri	165	7,646	0	7,811	7,668	0	143	230
Nebraska**	56	2,556	83	2,695	2,640	55	0	60
North Dakota**	43	854	23	920	935	15	0	2
South Dakota**	0	865	28	892	886	6	0	94
<b>SOUTHEAST</b>								
Alabama**	19	5,311	160	5,490	5,490	-15	15	101
Arkansas	0	3,255	0	3,255	3,255	0	0	0
Florida	984	19,872	0	20,857	20,697	0	160	959
Georgia* **	2,554	14,650	94	17,299	16,105	82	1,112	562
Kentucky**	23	6,986	498	7,507	7,203	165	139	5
Louisiana**	0	6,396	234	6,630	6,630	0	0	184
Mississippi**	16	3,478	12	3,506	3,509	-48	45	19
North Carolina**	25	14,443	100	14,568	14,093	150	325	100
South Carolina*	50	5,010	0	5,061	5,022	0	38	39
Tennessee**	11	7,895	357	8,264	8,200	63	0	0
Virginia	133	12,022	0	12,155	12,118	0	37	257
West Virginia**	197	2,930	-12	3,115	3,105	10	0	58
<b>SOUTHWEST</b>								
Arizona**	1	5,676	240	5,917	5,851	4	61	0
New Mexico*	320	3,967	70	4,358	4,051	47	259	0
Oklahoma**	75	4,522	36	4,632	4,586	0	45	0
Texas**	2,426	27,860	-70	30,216	31,881	131	-1,796	1,004
<b>ROCKY MOUNTAIN</b>								
Colorado* **	145	5,666	302	6,114	6,517	-622	219	0
Idaho**	1	1,773	177	1,952	1,952	0	0	18
Montana**	82	1,216	0	1,298	1,291	0	7	0
Utah**	1	3,451	83	3,535	3,535	0	0	20
Wyoming**	10	605	134	749	745	0	4	36
<b>FAR WEST</b>								
Alaska**	0	1,977	494	2,471	2,471	0	0	2,142
California* **	-2,133	73,144	0	71,010	75,461	0	-4,451	-5,853
Hawaii	134	3,719	0	3,853	3,845	0	8	53
Nevada**	90	1,814	174	2,078	1,927	13	138	1
Oregon**	-1,130	5,099	0	3,969	3,804	0	165	0
Washington**	437	10,712	518	11,667	11,381	0	286	58
<b>Total</b>	<b>\$6,560</b>	<b>\$469,754</b>	<b>\$6,070</b>	<b>\$482,384</b>	<b>\$482,844</b>	<b>-\$758</b>	<b>\$328</b>	<b>\$1,748</b>

**NOTES:** N/A indicates data are not available. \*In these states, the ending balance includes the balance in the budget stabilization fund.  
 \*\*See Notes to Table A-2.

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

## NOTES TO TABLE A-2

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

Alabama	Revenue adjustments reflect a \$159.9 million transfer from the Education Trust Fund Rainy Day Account. Expenditure adjustments reflect a \$14.8 million required reduction of Education Trust Fund expenditures.
Alaska	Revenue adjustments reflect a draw on the Constitutional Budget Reserve.
Arizona	Revenue adjustments include \$29.7 in budget stabilization funds, \$144.9 in other fund transfers, \$80.6 in other revenue measures, and a \$-15.5 million adjustment for Ladewig Case/tax conformity. Expenditure adjustments include \$2.6 million for capital outlay, \$53 million for administrative adjustments, and \$-51.16 for revertsments.
California	California had an estimated ending balance of \$-4,451.2 million. The ending balance is made up of a Reserve for Liquidation of Encumbrances of \$1,401.9 million and the Special Fund for Economic Uncertainties (California's "rainy day" fund balance) of \$-5,853.1 million
Colorado	Revenue adjustments reflect diversions to the State Education Fund and the Older Coloradoans Program, and \$559.6 million in revenue transferred to the General Fund to help mitigate revenue decline. Expenditure adjustments reflect the amount by which total expenditures (obligations) had to be reduced to maintain balanced budget requirements.
Connecticut	Figure reflect recently enacted legislation that reduces expenditures and increases taxes.
Georgia	Revenue adjustments reflect proposed fee and tax increases effective April 1.
Idaho	Revenue adjustments include \$18.1 million in transfers to other funds and \$176.9 million in transfers from other funds. Also included is \$18.4 million in additional revenue generated by increasing the sales tax from 5 percent to 6.5 percent effective May 1, 2003.
Indiana	Revenue adjustments represent one-time transfers from dedicated funds and the Rainy Day Fund.
Iowa	Expenditure adjustments reflect the governor's recommendation for supplemental appropriations to corrections, public safety, human services and indigent defense. As of February 2003, the General Assembly has passed \$19.5 million of the recommended appropriations. Ending General Fund balances flow into the rainy day funds in the subsequent year.
Kansas	Kansas does not have a separate "Rainy Day Fund." However, state statute requires that the Governor's recommended budget and the final approved budget maintain an ending balance of at least 7.5 percent of expenditures.
Kentucky	Revenue includes \$127 million in Tobacco Settlement funds. Revenue adjustments include fund transfers of \$327 million and the Reserve for Continuing Appropriations of \$171 million. Expenditure adjustments include funds reserved for continued appropriations.
Louisiana	Revenue adjustments include carry-forwards of amount of \$16.4 million and one-time revenue from amnesty program of \$131.5 million and utilization of funds from the rainy day fund of \$86.4 million.
Maine	Revenue adjustments reflect \$166.0 million in legislative and statutory authorized transfers consisting of \$50.8 million from the transfers of unencumbered balances forward and lapsing of certain carrying funds. Additionally, \$38.5 million is transferred from the Rainy Day Fund and \$27.9 million is transferred from the Fund for a Healthy Maine (Tobacco Settlement payments).
Maryland	Revenue adjustments reflect transfers from the rainy day fund of \$249 million and other transfers of \$456 million. Expenditure adjustments reflect \$-227 million in cost containment, \$-10 million in targeted reversions, and \$-9 million of changes in appropriations to special funds.
Massachusetts	Figures reflect spending from all budgetary funds. Revenues do not reflect a \$550 million transfer from the budget stabilization fund that was a part of the Fiscal 2003 General Appropriation Act. If that transfer were captured in revenues, the ending balance would equal at least \$70 million. The Commonwealth is required to carry forward one-half of 1 percent of current year tax revenues.
Michigan	Revenue adjustments include federal and state tax law changes (\$-214.8 million); Rainy Day Fund withdrawal (\$116.8 million); and deposits from state restricted funds (\$473.3 million).
Mississippi	Revenue adjustments include a \$4.1 million year-end transfer from General Fund to Rainy Day Fund and a \$16 million transfer from Rainy Day Fund to General Fund. Expenditure adjustments include \$48 million in general fund budget cuts.
Montana	Revenues include \$12.2 million dependent upon supplemental legislation submitted in the 2003 session.
Nebraska	Revenue adjustments are transfers between the General Fund and other funds. Expenditure adjustments are carryovers from prior years net of an estimate of biennium ending unspent appropriations.
Nevada	The fiscal 2002 ending balance and fiscal 2003 beginning balance are different due to rounding.
New Jersey	Expenditure adjustments represent fund transfers to other funds from the General Fund. The other funds are not considered part of the General Fund for purposes of this survey.
New York	The ending balance includes \$710 million in the tax stabilization reserve fund (rainy day fund), \$198 million in tobacco securitization reserves, \$75 million in the Community Projects Fund and \$20 million in reserve funds for litigation risks.



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

North Carolina	Revenue adjustments reflect a \$100 million projected transfer from the Disaster Relief Reserve. Expenditure adjustments reflect a \$100 million transfer to the Savings Reserve and a \$50 million transfer to the Repair and Renovation Reserve from the fiscal year ending credit balance.
North Dakota	An estimated \$23 million of contingency funds from the Bank of North Dakota will be used. The Governor imposed a 1.05 percent reduction allotment on general fund agencies that amounted to \$18 million. In addition, a continuing appropriation for Human Services increased general fund appropriations by \$3 million.
Ohio	Federal reimbursements for Medicaid and other human services programs are included in the general revenue fund. Beginning balances are undesignated, unreserved fund balances. The actual cash balances would be higher by the amount reserved for encumbrances and designated transfers from the general revenue fund. Expenditures for fiscal 2003 do not include encumbrances outstanding at the end of the year. Ohio reports expenditures based on actual fiscal year disbursements for the general revenue fund. Expenditure adjustments reflect miscellaneous transfers-out of \$18.6 million, which are adjusted for an anticipated net change in encumbrances from fiscal 2002 levels of \$-223.4 million.
Oklahoma	Revenue adjustments reflect a decrease of \$35.6 million to the General Revenue Cash-flow Reserve Fund that will be credited to the fiscal 2003 General Revenue Fund. No rainy day fund deposit was made.
Oregon	Oregon budgets on a biennial basis and is required to be balanced at the end of each biennium. Tax Anticipation Notes (TANS) were issued to even out cash flows.
Pennsylvania	Revenue adjustments include projected lapses of \$93.5 million from prior-year appropriations, \$8.1 million from a proposed revenue measure to delay the phase-out of the capital stock tax and a \$0.3 million decrease to the beginning balance. Total expenditures reflect the total amount appropriated plus supplemental appropriations. Expenditure adjustments reflect projected current-year lapses. (Note: The previously enacted transfer of \$300 million to reestablish the budget stabilization (rainy day) fund was repealed).
Rhode Island	Revenue adjustments reflect contributions to the budget stabilization fund.
South Dakota	Revenues adjustments reflect \$21.4 million projected to be transferred from the property tax reduction fund to cover the projected budget shortfall, and \$6.2 million is from obligated cash carried forward from fiscal 2002. Expenditure adjustments include \$6.2 million transferred to the budget reserve fund from the prior year's obligated cash.
Tennessee	Revenue adjustments include a \$28.0 million transfer from debt service fund unexpended appropriations, \$30.0 million transfer from highway fund, \$178.0 million transfer from Rainy Day Fund, and \$120.9 million other reserves required to balance the budget. Expenditure adjustments include a \$21.0 million transfer to Transportation Equity Fund, \$27.9 million transfer to capital outlay projects fund, and \$14.4 million for dedicated revenue appropriations.
Texas	Revenue and ending balance data are from the Comptroller's revenue estimate. Total expenditures are 2003 budgeted, as reported by the Governor's Office, and do not reflect estimated general revenue budget reductions of \$1.1 billion that are currently working through the legislative process. Other measures to address the remainder of the estimated \$1.8 billion budget gap in 2003 are still being considered. Expenditure adjustments reflect reconciliation of the ending balance with the revenue estimate.
Utah	Revenue adjustments include a \$44.4 million transfer from tobacco settlement funds, \$35 million in bonding for capital projects which originally received a General Fund appropriation, \$19.4 million in transfers from various restricted accounts, \$10 million from designated sales taxes for water projects, \$2 million reserved from the previous year, \$-35.6 million reserved for the following fiscal year, and \$7.7 million from other miscellaneous sources.
Vermont	Revenue adjustments include \$12.1 million in direct applications and transfers in, \$2.6 million increase in property transfer tax revenue (estimated), and \$0.3 million from the campaign finance fund to the general fund. Expenditure adjustments include \$6.5 million from the transportation fund, \$9.2 million from the tobacco settlement fund, \$4.3 million from the general fund surplus reserve, and \$4.3 to the budget stabilization reserve.
Washington	Revenue adjustments of \$517.5 million represent transfers from other accounts to the General Fund.
West Virginia	The beginning balance reflects \$150.7 million in reappropriations, \$6.2 million in surplus appropriations, and an unappropriated surplus balance of \$40.4 million. Revenue adjustments reflect a transfer of \$18 million from special revenue and a revenue shortfall of \$30 million. Expenditures reflect \$2.9 billion in regular appropriations, \$138.7 million in reappropriations, \$39.9 million in surplus appropriations, and \$26.8 million in 31 day (prior year) expenditures. Expenditure adjustments reflect a \$9.9 million transfer to the rainy day fund.
Wisconsin	Revenue adjustments include the Tobacco Settlement (\$149 million). Expenditure adjustments included a transfer to the Tobacco Control Fund (\$15.3 million) and Compensation Reserves (79.8 million).
Wyoming	The state budgets on a biennial basis. To complete the survey using annual figures, certain assumptions and estimates were required. Caution is advised when drawing conclusions or making projections using this information.

TABLE A-3

## Fiscal 2004 State General Fund, Recommended (Millions)

Region and State	Beginning Balance	Revenues	Adjustments	Resources	Expenditures	Adjustments	Ending Balance	Budget Stabilization Fund
<b>NEW ENGLAND</b>								
Connecticut	\$ 0	\$12,477	\$ 0	\$12,477	\$12,477	\$ 0	\$ 1	\$ 48
Maine**	0	2,575	33	2,608	2,597	0	11	0
Massachusetts	70	22,940	305	23,315	22,858	305	152	447
New Hampshire* **	-60	1,215	60	1,215	1,218	0	-4	0
Rhode Island**	15	2,811	-57	2,769	2,769	0	0	85
Vermont**	0	882	12	895	894	1	0	16
<b>MID-ATLANTIC,</b>								
Delaware*	304	2,476	0	2,780	2,465	0	315	134
Maryland**	73	10,490	324	10,887	10,882	0	5	505
New Jersey*	100	23,277	0	23,377	23,262	0	115	0
New York* **	1,003	38,239	0	39,242	38,512	0	730	710
Pennsylvania**	0	19,789	2,832	22,621	22,620	0	1	0
<b>GREAT LAKES</b>								
Illinois	275	26,725	0	27,000	26,550	0	450	275
Indiana**	0	10,481	811	11,292	11,292	0	0	21
Michigan**	.	8,653	-62	8,592	8,591	0	0	0
Ohio**	67	24,098	0	24,165	24,070	1	95	0
Wisconsin* **	-284	11,078	0	10,794	10,619	131	44	0
<b>PLAINS</b>								
Iowa**	0	4,526	202	4,728	4,599	0	129	184
Kansas**	0	4,494	0	4,494	4,493	0	1	0
Minnesota* **	179	14,239	0	14,418	13,975	0	442	300
Missouri	143	8,049	0	8,192	8,159	0	33	230
Nebraska**	0	2,657	4	2,661	2,545	25	91	93
North Dakota	0	866	0	866	863	0	3	0
South Dakota**	0	886	26	911	911	0	0	94
<b>SOUTHEAST</b>								
Alabama	15	5,246	0	5,261	5,237	0	24	133
Arkansas	0	3,377	0	3,377	3,377	0	0	0
Florida	130	21,994	0	22,124	22,045	0	79	1,090
Georgia* **	1,112	15,742	398	17,252	16,282	0	970	420
Kentucky**	139	7,207	261	7,607	7,420	187	0	25
Louisiana**	0	6,458	14	6,471	6,471	0	0	184
Mississippi**	45	3,582	-198	3,429	3,435	-5	-1	69
North Carolina	325	14,708	0	15,033	15,032	0	0	100
South Carolina*	39	5,378	0	5,416	5,279	0	138	39
Tennessee**	0	8,111	144	8,255	8,217	35	2	0
Virginia	37	12,153	0	12,190	12,184	0	6	129
West Virginia	0	3,034	0	3,034	3,034	0	0	58
<b>SOUTHWEST</b>								
Arizona**	61	5,890	719	6,670	6,695	-28	2	0
New Mexico*	259	4,144	0	4,404	4,113	34	258	0
Oklahoma	45	4,717	0	4,762	4,509	0	253	0
Texas**	-1,796	27,731	-103	25,833	0	111	NA	TBD
<b>ROCKY MOUNTAIN</b>								
Colorado* **	219	6,005	-272	5,951	5,719	0	232	0
Idaho**	0	1,846	180	2,027	2,026	0	1	36
Montana**	7	1,244	93	1,344	1,287	0	57	0
Utah**	0	3,544	54	3,598	3,596	0	2	20
Wyoming**	4	641	138	783	779	0	4	36
<b>FAR WEST</b>								
Alaska**	0	2,059	393	2,452	2,452	0	0	1,742
California*	-4,451	69,153	0	64,702	62,769	0	1,933	531
Hawaii	8	3,817	0	3,825	3,816	0	9	63
Nevada	138	1,896	445	2,479	2,358	0	121	86
Oregon**	165	4,983	0	5,148	5,434	0	-286	0
Washington**	286	11,062	51	11,399	11,359	0	41	59
<b>Total</b>	<b>\$467</b>	<b>\$481,910</b>	<b>\$6,912</b>	<b>\$489,289</b>	<b>\$482,146</b>	<b>-</b>	<b>\$6,456</b>	<b>\$7,960</b>

NOTES: N/A indicates data are not available. \*In these states, the ending balance includes the balance in the budget stabilization fund.  
 \*\*See Notes to Table A-3.

SOURCE: National Association of State Budget Officers.

## NOTES TO TABLE A-3

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

Alaska	Revenue adjustments reflect a draw on the Constitutional Budget Reserve.
Arizona	Revenue adjustments include \$734.6 million in various revenue measures along with an offset of -\$15.5 million for Ladewig Case/tax conformity. Expenditure adjustments include \$0.5 million for capital outlays, \$23 million for administrative adjustments, and -\$51.16 for revertsments.
Colorado	Revenue adjustments reflect diversions to the State Education Fund and the Older Coloradans Program.
Georgia	Revenue adjustments reflect proposed fee and tax increases.
Idaho	Revenue adjustments include \$83.1 million in transfers to other funds. Also included is \$240.3 million in additional revenue generated by increasing the sales tax from 5 percent to 6.5 percent effective May 1, 2003, \$28.7 million in additional revenue generated by increasing the cigarette tax from 28 cents to 62 cents per pack, and the loss of \$5.5 million by raising the grocery tax credit by \$5 per person.
Indiana	Revenue adjustments represent one-time transfers from dedicated funds and the Rainy Day Fund.
Iowa	Revenue adjustments reflect various fund transfers, changes to the corporate income tax, implementation of the streamlined sales tax, and other tax adjustments. Ending General Fund balances flow into the rainy day funds in the subsequent year.
Kansas	Kansas does not have a separate "Rainy Day Fund." However, state statute requires that the Governor's recommended budget and the final approved budget maintain an ending balance of at least 7.5 percent of expenditures.
Kentucky	Revenue includes \$110 million in Tobacco Settlement funds. Revenue adjustments include fund transfers of \$95 million and the Reserve for Continuing Appropriations of \$166 million. Expenditure adjustments include funds reserved for continued appropriations.
Louisiana	Revenue adjustments include one-time revenue from the fiscal 2002 surplus.
Maine	Revenue adjustments reflect \$33.4 million in legislative and statutory authorized transfers consisting of \$13.6 million from one-time Highway Fund Revenue Sharing. Additionally, \$6.1 million is transferred from unspent balances in the Fund for a Healthy Maine (Tobacco Settlement payments).
Maryland	Revenue adjustments reflect transfers of \$324 million.
Massachusetts	Figures reflect spending from all budgetary funds. Adjustments reflect on- and off-budget revenue and spending adjustments.
Michigan	Revenue adjustments include federal and state tax law changes (-\$461.8 million); deposits from state restricted funds \$280.8 million; and proposed changes in state tax laws (\$119.2 million).
Minnesota	Ending balance includes budget reserve of \$300 million.
Mississippi	Revenue adjustments include a \$50 million transfer from General Fund to Rainy Day Fund and a \$147.8 million transfer from General Fund to Budget Contingency Fund. Expenditure adjustment reflects \$5 million general fund budget cuts
Montana	Revenue adjustments reflect a recommended one-time transfer of \$93 million from the state's coal tax trust fund.
Nebraska	Revenue adjustments are transfers between the General Fund and other funds. Expenditure adjustments are carryovers from prior years and a small amount reserved for supplemental appropriations.
New Hampshire	Revenue adjustments reflect the use of \$60 million from the Rainy Day Fund to cover the fiscal 2003 deficit.
New York	The ending balance includes \$710 million in the tax stabilization reserve fund (rainy day fund), and \$20 million in reserve funds for litigation risks.
Ohio	Federal reimbursements for Medicaid and other human services programs are included in the general revenue fund. Beginning balances are undesignated, unreserved fund balances. The actual cash balances would be higher by the amount reserved for encumbrances and designated transfers from the general revenue fund.
Oregon	Oregon budgets on a biennial basis and is required to be balanced at the end of each biennium.
Pennsylvania	Revenue adjustments reflect proposed net tax increases and revenue measures. Expenditure adjustments reflect the projected year-end transfer (25 percent of the ending balance) to the budget stabilization (rainy day) fund.
Rhode Island	Revenue adjustments reflect contributions to the budget stabilization fund.
South Dakota	Revenues adjustments reflect the Governor's proposed one-time revenue measures of \$25.5 million.
Tennessee	Revenue adjustments include \$17.5 million transfer of dedicated revenues to general fund, \$65.8 million transfer - 9 percent of highway fund taxes to general fund, and \$60.7 million transfer - 9 percent of state-shared taxes to general fund. Expenditure adjustments include a \$21.0 million transfer to Transportation Equity Fund and \$14.4 million for dedicated revenue appropriations.
Texas	Revenue and ending balance data are from the Comptroller's revenue estimate. Total expenditures are unknown as of May 2003 because the 2004-2005 budget is under development. In January 2003, the governor recommended a budget of zero for 2004-05 as a starting point. Expenditure adjustments reflect the estimated reserve for transfer to the Rainy Day Fund.
Utah	Revenue adjustments include \$35.6 million in reserves from the previous year, a \$9.8 million transfer from tobacco settlement funds, \$7.4 million in transfers from other miscellaneous sources, and \$1.6 million from the sale of the Iron County jail.
Vermont	Revenue adjustments include \$8 million in direct applications and transfers in and \$4.3 million increase in property transfer tax revenue (estimated). Expenditure adjustments reflect \$0.7 million to the budget stabilization reserve.

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

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Washington	Revenue adjustments of \$51.4 million represent transfers from other accounts to the General Fund.
Wisconsin	Expenditure adjustments included a transfer to the Tobacco Control Fund (\$15.3 million) and Compensation Reserves (\$115.8 million).
Wyoming	The state budgets on a biennial basis. To complete the survey using annual figures, certain assumptions and estimates were required. Caution is advised when drawing conclusions or making projections using this information.

TABLE A-4

**General Fund Nominal Percentage  
Expenditure Change,  
Fiscal 2003 and Fiscal 2004\***

<i>Region/State</i>	<i>Fiscal 2003</i>	<i>Fiscal 2004</i>
<b>NEW ENGLAND</b>		
Connecticut	2.1%	2.7%
Maine	-1.1	2.4
Massachusetts	-1.5	1.8
New Hampshire	6.3	-2.4
Rhode Island	1.9	2.5
Vermont	1.5	1.0
<b>MID-ATLANTIC</b>		
Delaware	2.0	-1.5
Maryland	-2.5	2.0
New Jersey	4.2	1.5
New York	-3.5	-3.2
Pennsylvania	1.4	9.2
<b>GREAT LAKES</b>		
Illinois	-2.9	12.7
Indiana	6.3	9.1
Michigan	-3.7	-2.2
Ohio	6.0	5.0
Wisconsin	-3.2	-2.5
<b>PLAINS</b>		
Iowa	-2.9	3.2
Kansas	-2.4	3.1
Minnesota	9.7	-0.2
Missouri	0.3	6.4
Nebraska	1.6	-3.6
North Dakota	15.1	-7.7
South Dakota	4.3	2.8
<b>SOUTHEAST</b>		
Alabama	3.1	-4.6
Arkansas	2.3	3.7
Florida	8.0	6.5
Georgia	4.3	1.1
Kentucky	1.7	3.0
Louisiana	2.2	-2.4
Mississippi	-0.8	-2.1
North Carolina	2.6	6.7
South Carolina	-2.7	5.1
Tennessee	9.1	0.2
Virginia	0.6	0.5
West Virginia	10.2	-2.3
<b>SOUTHWEST</b>		
Arizona	-8.1	14.4
New Mexico	0.1	1.5
Oklahoma	-8.6	-1.7
Texas	6.2	N/A
<b>ROCKY MOUNTAIN</b>		
Colorado	-2.5	-12.2
Idaho	-1.4	3.8
Montana	-4.8	-0.4
Utah	-5.3	1.7
Wyoming	3.2	4.6
<b>FAR WEST</b>		
Alaska	3.3	-0.8
California	-1.7	-16.8
Hawaii	5.2	-0.8
Nevada	2.0	22.4
Oregon	-34.7	42.8
Washington	1.5	-0.2
<b>Average</b>	<b>0.3%</b>	<b>-0.1%</b>

**NOTES:** \*Fiscal 2003 reflects changes from fiscal 2002 expenditures (actual) to fiscal 2003 expenditures (estimated). Fiscal 2004 reflects changes from fiscal 2003 expenditures (estimated) to fiscal 2004 expenditures (recommended).

TABLE A-5

## Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2003

Region/State	Fees	Layoffs	Furloughs	Early Retirement	Across-the-Board Percentage Cuts	Reduce Local Aid	Programs Reorganized	Privatization	Rainy Day Fund	Other
<b>NEW ENGLAND</b>										
Connecticut*	x	x		x	x	x	x			x
Maine*			x						x	x
Massachusetts	x	x	x	x		x	x		x	x
New Hampshire										x
Rhode Island*										x
Vermont					x					
<b>MID-ATLANTIC</b>										
Delaware					x		x			
Maryland*					x					x
New Jersey*										x
New York*				x						x
Pennsylvania*									x	x
<b>GREAT LAKES</b>										
Illinois*				x	x					x
Indiana*			x	x	x	x			x	x
Michigan*	x			x	x	x			x	x
Ohio*		x		x	x	x			x	x
Wisconsin		x			x					
<b>PLAINS</b>										
Iowa										
Kansas*		x			x	x				x
Minnesota*	x	x			x				x	x
Missouri*		x								x
Nebraska										
North Dakota					x				x	
South Dakota									x	
<b>SOUTHEAST</b>										
Alabama					x				x	
Arkansas		x	x		x				x	
Florida										
Georgia*	x				x		x		x	x
Kentucky*										x
Louisiana*									x	x
Mississippi*									x	x
North Carolina										
South Carolina					x				x	
Tennessee*									x	x
Virginia	x	x	x		x	x	x		x	
West Virginia*					x					
<b>SOUTHWEST</b>										
Arizona	x	x			x	x	x		x	
New Mexico										
Oklahoma*	x	x	x		x				x	x
Texas*										x
<b>ROCKY MOUNTAIN</b>										
Colorado*	x	x	x		x		x			x
Idaho*		x	x		x		x		x	x
Montana*		x			x					x
Utah*			x		x					x
Wyoming										
<b>FAR WEST</b>										
Alaska										
California*	x	x		x	x	x	x		x	x
Hawaii*					x					x
Nevada*		x	x		x		x		x	
Oregon*		x			x	x				x
Washington										
<b>Total</b>	<b>10</b>	<b>17</b>	<b>10</b>	<b>8</b>	<b>28</b>	<b>10</b>	<b>10</b>	<b>0</b>	<b>22</b>	<b>29</b>

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

SOURCE: National Association of State Budget Officers.

## NOTES TO TABLE A-5

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California	Expenditure reductions, fund shifts, loans, and transfers.
Colorado	Tax amnesty program.
Connecticut	Tax Increases.
Georgia	Increase cigarette and alcohol tax.
Hawaii	A 5 percent across-the-board cut and a transfer of excess savings from special funds.
Idaho	The Governor has recommended increasing the sales tax from 5 percent to 6.5 percent effective May 1, which will generate \$18.4 million in fiscal 2003. He is also recommending that \$122.7 million be transferred from five dedicated funds to help balance the General Fund budget.
Illinois	Governor's executive order restricting hiring, out of state travel and equipment purchases.
Indiana	Administrative transfer of dedicated funds.
Kansas	Transfer special revenue funds and fee fund balances to the state general fund.
Kentucky	Revenue shortfall announced in April, 2003. No decision yet on actions.
Louisiana	Executive order targeted expenditure cuts.
Maine	Statewide hiring freeze, targeted curtailments, lapsed balances and re-projections in programs such as Medicaid. Also, maximized federal funding.
Maryland	Miscellaneous fund balance transfers; hiring freeze.
Michigan	Across-the-board cuts of 2.5 percent. Other strategies include use of prior year surplus, reducing restricted fund spending and lapsing these revenues to the general fund; and reducing general fund spending through two Executive Orders, including targeted reductions in the number of state cars and in information technology projects.
Minnesota	Transfers from other funds, delay sales tax refunds on capital equipment.
Mississippi	Budget cuts that exclude K-D education (public and higher education).
Missouri	A review of agency budgets was conducted to reduce administrative costs and program spending. Total general revenue cost reduction of \$142.3 million related to these efforts. In addition, Elementary and Secondary Education spending was reduced by \$61.3 million and higher education spending was reduced by \$21 million. Issuance of revenue bonds with \$150 million of the proceeds used to assist with the fiscal 2003 shortfall by funding CI projects otherwise funded from general revenue.
Montana	Fund switches and targeted reductions.
Nevada	All agencies, with the exception of K-12 education, were required to make a 3 percent cut totaling approximately \$57 million. They could do this in a number of ways, including laying off staff, reorganizing and/or cutting programs, eliminating one-time appropriations, and asking employees to take a voluntary furlough day(s). Approximately \$135 million from the rainy day fund has been used to balance the fiscal 2003 budget, leaving a balance of approximately \$1.3 million.
New Hampshire	Hiring freeze and targeted cuts.
New Jersey	Tobacco securitization (\$413 million) and current year lapses.
New York	Defer \$1.9 billion in payments to replace revenues from tobacco securitization that have not been approved by the Legislature; refinancing high-cost state debt to take advantage of record-low interest rates; other administrative actions.
Ohio	The General Assembly passed legislation allowing the Director of the Office of Budget and Management to transfer funds from the Budget Stabilization Fund to the General Revenue Fund and transfer funds from the Tobacco Master Settlement Agreement Fund to the General Revenue Fund in the fiscal 2002-2003 biennium. The General Assembly also approved several revenue enhancements to fund the shortfall, including Ohio's participation in the multi-state lottery; increases in the cigarette tax, and other changes in the sales and corporate franchise taxes.
Oklahoma	Do not fill employee positions that may become vacant.
Oregon	Bonding of tobacco Master Settlement Agreement revenues/fund shifts.
Pennsylvania	"Other" reflects the implementation of a spending freeze on current year funds that totals \$387.3 million.
Rhode Island	A hiring Freeze.
Tennessee	Forced lapses (dedicated reserve balances).
Texas	Budget reductions of at least 7 percent, as ordered by the Governor, Lieutenant Governor, and Speaker of the House. Other options are being evaluated.
Utah	Soft freeze on in and out-of-state travel, hiring new employees, and equipment purchases, as determined by department directors.
West Virginia	Across-the-board cuts of 3.4 percent.

TABLE A-6

**Fiscal 2003 Tax Collections Compared with Projections Used in Adopting Fiscal 2003 Budgets (Millions)\*\***

Region and State	Sales Tax		Personal Income Tax		Corporate Income Tax		Total
	Original Estimate	Current Estimate	Original Estimate	Current Estimate	Original Estimate	Current Estimate	Revenue Collection***
NEW ENGLAND							
Connecticut	\$3,141	\$3,097	\$4,553	\$4,373	\$470	\$561	L
Maine	907	862	1,295	1,064	117	88	T
Massachusetts	3,124	3,710	8,456	8,006	705	653	L
New Hampshire	N/A	N/A	N/A	N/A	288	248	L
Rhode Island	778	778	826	830	46	36	T
Vermont	214	220	446	408	36	23	T
MID-ATLANTIC							
Delaware	N/A	N/A	739	693	57	65	H
Maryland	2,768	2,730	5,072	4,807	302	323	T
New Jersey	6,172	6,000	7,298	6,966	1,882	2,066	L
New York	6,356	6,303	23,342	20,119	1,728	1,535	L
Pennsylvania	7,532	7,405	7,396	7,039	1,598	1,422	L
GREAT LAKES							
Illinois	6,430	6,053	7,840	7,397	830	753	L
Indiana	4,065	4,225	4,290	3,716	941	550	L
Michigan	6,800	6,604	6,399	5,863	1,864	1,951	T
Ohio	6,520	6,362	8,735	7,501	1,030	725	L
Wisconsin	3,830	3,760	5,310	5,120	535	490	T
PLAINS							
Iowa	1,459	1,449	2,371	2,444	237	226	T
Kansas	1,659	1,600	2,079	1,845	123	125	L
Minnesota	3,869	3,935	6,049	5,507	628	542	L
Missouri	1,769	1,730	3,868	3,658	256	179	L
Nebraska	1,045	1,042	1,215	1,214	131	114	L
North Dakota	405	398	232	192	52	44	T
South Dakota	483	472	N/A	N/A	N/A	N/A	T
SOUTHEAST							
Alabama	1,346	1,305	2,124	2,022	107	165	T
Arkansas	1,769	1,708	1,576	1,562	163	167	L
Florida	14,958	14,485	N/A	N/A	978	1,085	T
Georgia	4,845	4,397	7,588	7,252	N/A	N/A	L
Kentucky	2,402	2,381	2,837	2,764	250	256	L
Louisiana	2,393	2,225	1,969	1,911	428	400	T
Mississippi	1,437	1,461	1,141	1,004	261	300	L
North Carolina	4,017	3,967	7,270	7,276	823	936	H
South Carolina	2,168	2,107	2,307	2,366	168	133	L
Tennessee*	5,426	5,390	152	140	1,017	1,000	L
Virginia	2,373	2,342	7,342	6,799	299	301	T
West Virginia	907	902	1,089	1,061	75	75	L
SOUTHWEST							
Arizona	3,104	3,010	2,402	2,070	381	310	T
New Mexico	1,634	1,665	970	957	120	98	T
Oklahoma	1,944	1,463	2,336	2,180	204	120	L
Texas	15,520	14,541	N/A	N/A	N/A	N/A	T
ROCKY MOUNTAIN							
Colorado	1,789	1,722	3,585	3,225	171	170	L
Idaho	683	679	997	886	102	86	L
Montana	N/A	N/A	593	521	83	54	L
Utah	1,466	1,445	1,677	1,599	109	122	L
Wyoming	292	308	N/A	N/A	N/A	N/A	T
FAR WEST							
Alaska	N/A	N/A	N/A	N/A	240	210	L
California	22,958	22,349	37,626	32,880	7,327	6,452	L
Hawaii	1,755	1,751	1,199	1,073	71	31	L
Nevada	707	675	N/A	N/A	N/A	N/A	L
Oregon	N/A	N/A	5,025	4,134	450	202	L
Washington	5,994	5,968	N/A	N/A	N/A	N/A	T
Total	\$171,212	\$166,977	\$199,617	\$182,444	\$27,681	\$25,392	-

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

\*See Note to Table A-6.

\*\*Unless otherwise noted, original estimates reflect the figures used when the fiscal 2002 budget was adopted, and current estimates reflect the most recent figures.

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

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



**NOTE TO TABLE A-6**

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Tennessee      Includes amounts shared with local governments.

TABLE A-7

**Fiscal 2003 Tax Collections Compared with Projections Used in Recommended Fiscal 2004 Budgets (Millions)\*\***

Region/State	Sales Tax		Personal Income Tax		Corporate Income Tax	
	Fiscal 2003	Fiscal 2004	Fiscal 2003	Fiscal 2004	Fiscal 2003	Fiscal 2004
<b>NEW ENGLAND</b>						
Connecticut	\$3,097	\$3,289	\$4,373	\$4,753	\$561	\$554
Maine	862	892	1,064	1,117	88	90
Massachusetts	3,710	3,729	8,006	8,019	653	628
New Hampshire	N/A	N/A	N/A	N/A	248	258
Rhode Island	778	814	830	876	36	35
Vermont	220	228	408	426	23	28
<b>MID-ATLANTIC</b>						
Delaware	N/A	N/A	693	731	65	71
Maryland	2,730	2,853	4,807	5,082	323	330
New Jersey	6,000	6,334	6,966	7,494	2,066	1,902
New York	6,303	6,765	20,119	21,149	1,535	1,591
Pennsylvania	7,405	7,399	7,039	9,443	1,422	1,562
<b>GREAT LAKES</b>						
Illinois	6,053	6,280	7,397	7,277	753	865
Indiana	4,225	4,883	3,716	3,829	550	559
Michigan	6,604	6,953	5,863	5,931	1,951	2,085
Ohio	6,362	7,383	7,501	8,417	725	1,319
Wisconsin	3,760	3,910	5,120	5,410	490	540
<b>PLAINS</b>						
Iowa	1,449	1,449	2,444	2,529	226	241
Kansas	1,600	1,640	1,845	1,920	125	140
Minnesota	3,935	3,901	5,507	5,805	542	625
Missouri	1,730	1,867	3,658	3,830	179	227
Nebraska	1,042	1,060	1,214	1,310	114	120
North Dakota	398	400	192	211	44	44
South Dakota	472	491	N/A	N/A	N/A	N/A
<b>SOUTHEAST</b>						
Alabama	1,305	1,316	2,022	2,079	165	155
Arkansas	1,708	1,787	1,562	1,631	167	172
Florida	14,485	15,239	N/A	N/A	1,085	1,265
Georgia*	4,397	4,767	7,252	7,854	N/A	N/A
Kentucky	2,381	2,467	2,764	2,983	256	274
Louisiana	2,225	2,067	1,911	2,188	400	410
Mississippi	1,461	1,522	1,004	1,032	300	305
North Carolina	3,967	4,096	7,276	7,575	936	880
South Carolina	2,107	2,308	2,366	2,077	133	117
Tennessee*	5,390	5,589	140	146	1,000	1,010
Virginia	2,342	2,458	6,799	7,202	301	316
West Virginia	902	941	1,061	1,096	75	87
<b>SOUTHWEST</b>						
Arizona	3,010	3,150	2,070	2,150	310	320
New Mexico	1,665	1,772	957	1,037	98	135
Oklahoma	1,463	1,513	2,180	2,273	120	110
Texas	14,541	14,736	N/A	N/A	N/A	N/A
<b>ROCKY MOUNTAIN</b>						
Colorado	1,722	1,791	3,225	3,510	170	172
Idaho	679	706	886	933	86	92
Montana	N/A	N/A	521	559	54	65
Utah	1,445	1,483	1,599	1,654	122	137
Wyoming	308	321	N/A	N/A	N/A	N/A
<b>FAR WEST</b>						
Alaska	N/A	N/A	N/A	N/A	210	250
California	22,349	23,210	32,880	33,610	6,452	6,361
Hawaii	1,751	1,824	1,073	1,159	31	41
Nevada	675	709	N/A	N/A	N/A	N/A
Oregon	N/A	N/A	4,134	4,531	202	165
Washington	5,968	6,188	N/A	N/A	N/A	N/A
<b>Total</b>	<b>\$166,977</b>	<b>\$174,478</b>	<b>\$182,444</b>	<b>\$192,836</b>	<b>\$25,392</b>	<b>\$26,655</b>

**NOTES:** N/A indicates data are not available since, in most cases, these states do not have this type of tax.

\*See Note to Table A-7.

\*\*Unless otherwise noted, fiscal 2002 figures reflect preliminary actual tax collection estimates as shown in Table A-6, and fiscal 2003 figures reflect the estimates used in recommended budgets.

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

NOTE TO TABLE A-7

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Tennessee      Includes amounts shared with local governments.

TABLE A-8

**Proposed Revenue Changes by Type of Revenue, Fiscal 2004**

<i>State</i>	<i>Tax Change Description</i>	<i>Effective Date</i>	<i>Fiscal 2004 Revenue Changes (\$ in Millions)</i>
<b>SALES TAXES</b>			
Arkansas	Increases the sales tax by .625 cents.	7/03	\$223.6
California	Raises the sales tax by 1 percent.	7/03	4,584.0
Connecticut	Rescinds Sales Tax Free Week.	7/03	3.1
	Eliminates the hospital sales tax.	7/03	-115.7
Florida	Reflects a clothing, school supplies, and books sales tax holiday.	7/03	-59.2
Idaho	Temporarily (for three years) increases the sales tax from 5 percent to 6.5 percent. All additional revenue will go to the state.	5/03	240.3
Illinois	Eliminates certain sales tax expenditure exemptions.	7/03	255.0
Iowa	Implements the Streamlined Sales Tax Project.	7/03	26.8
Missouri	Sales tax holiday.		-5.0
New Jersey	Taxes the value of complimentary rooms, meals, and tickets.	7/03	45.0
New York	Replaces the current clothing sales tax exemption with four one-week exempt periods.	6/03	363.4
	Reflects an increase in charges for license plates.	4/03	21.7
	Reflects an increase in original motor vehicle title application fees.	10/03	7.3
	Reflects an increase in certificate of vehicle sale fees.	10/03	6.0
	Reflects an increase to boat registration fees.	9/03	1.3
Ohio	Proposes a tax reform package that broadens the sales tax base by including several previously untaxed services.	7/03	338.2
	Eliminates sales tax loopholes and exemptions.	7/03	170.8
Oklahoma	Eliminates the sales tax on cigarettes (-\$27.1 million) and increases permit fees (\$1.1 million).	1/04	-26.0
South Dakota	Reflects a proposal to broaden the sales tax to include interstate telephone services.	7/03	4.0
Utah	Removes the exemption on cable and satellite television service.	7/03	14
West Virginia	Reflects a sales tax holiday.		-1.7
<b>Total Revenue Changes—Sales Taxes</b>			<b>\$6,096.9</b>
<b>PERSONAL INCOME TAXES</b>			
California	Creates 10 percent and 11 percent tax brackets.		\$2,580.0
Connecticut	Reduces the \$500 property tax credit to \$400.	1/03	68.0
	Phases out the remaining \$100 property tax credit.	1/03	12.0
Hawaii	Extends the tax credit for alternative energy.	7/03	-4
Idaho	Permanently increases the grocery tax credit by \$5 per person.	1/03	-5.5
Michigan	Closes tax loopholes.	9/03	26.8
Missouri	Surcharge on all income taxpayers above \$200,000.	7/03	11.9
New Jersey	Delays increasing the pension exclusion.	1/03	15.0
New York	Reflects an increase in the limited liability company filing fee.	1/03	25.0
Ohio	Proposes a tax reform package that makes the trust tax permanent, eliminates reciprocity agreements with other states for five years, and reduces the tax rates in future years.	7/03	50.1
Pennsylvania	Increases the personal income tax rate from 2.8 percent to 3.75 percent, mainly to provide increased state education funding and local property tax reduction.	7/03	2,255.3
	Expands tax forgiveness by increasing the income limit.	7/03	-7.8
<b>Total Revenue Changes—Personal Income Taxes</b>			<b>\$5,026.8</b>

TABLE A-8 (continued)

**Proposed Revenue Changes by Type of Revenue, Fiscal 2004**

<i>State</i>	<i>Tax Change Description</i>	<i>Effective Date</i>	<i>Fiscal 2004 Revenue Changes (\$ in Millions)</i>
<b>CORPORATE INCOME TAXES</b>			
Connecticut	Imposes a 10 percent surcharge in income year 2004.	1/03	22.8
	Repeals various minor tax credits.	1/03	5.0
Hawaii	Reflects a tax credit for private development of attractions and educational facilities at Ko Olina Resort and Marina.	7/03	-\$7.5
Illinois	Eliminates various corporate income tax exemptions.	7/03	65.0
Iowa	Reflects combined corporate tax reporting.	1/03	25.0
Michigan	Closes tax loopholes.	1/04	59.1
Minnesota	Job opportunity building zones.	7/03	-1.4
Missouri	Decoupled from the accelerated depreciation. Reduce corporate income tax by 1 percent.	7/03	38.0
New York	Reflects an increase in insurance premiums.	1/03	174.6
Ohio	Proposes a tax reform package that makes a series of changes to corporate franchise tax laws that broaden the base of the tax, closes loopholes, and lowers the tax rate in future years.	7/03	250.4
	Reduces the tax credit allowed for electric companies using Ohio coal in coal fired electric generating plants from \$3 per ton of Ohio coal to \$1 per ton.	7/03	-18.3
Pennsylvania	Restricts deductibility of related party intangible and interest expenses.	1/03	100.0
	Requires pass-through entities to withhold corporate tax for non-resident owners.	1/04	5.5
Rhode Island	Changes the multistate apportionment formula for manufacturers by increasing the sales factor from one-third to 40 percent.	1/04	-2.0
<b>Total Revenue Changes—Corporate Income Taxes</b>			<b>\$734.5</b>

TABLE A-8 (continued)

**Proposed Revenue Changes by Type of Revenue, Fiscal 2004**

<i>State</i>	<i>Tax Change Description</i>	<i>Effective Date</i>	<i>Fiscal 2004 Revenue Changes (\$ in Millions)</i>
<b>CIGARETTE AND TOBACCO TAXES</b>			
California	Increases the tax by \$1.10 per pack.	7/03	\$1,170.0
Delaware	Increases the cigarette tax from 24 cents per pack to 50 cents per pack.	7/03	23.5
Georgia	Reflects an increase in the cigar, cigarette and tobacco tax.	7/03	337.1
Idaho	Raises the cigarette tax from 28 cents to 62 cents per pack.	6/03	28.7
Missouri	Increase cigarette tax at 55 cents per pack. Thirty percent tax on other tobacco products (current 10 percent).	8/03	278.5
Nebraska	Increases the cigarette tax by 20 cents, and the rate on other tobacco products tax by 5 percent.	7/03	22.9
Nevada	Doubles the tax from 35 mills per cigarette to 70 mills per cigarette.	7/03	120.9
New Jersey	Increases the per pack tax by 40 cents, to \$1.90.	7/03	78.0
North Dakota	Increases the cigarette and tobacco tax.	7/03	15.0
Ohio	Increases the cigarette tax by \$0.45 from \$0.55 per pack of 20 cigarettes, to \$1 per pack of 20 cigarettes.	7/03	330.8
Oklahoma	Offsets sales tax loss, and reflects the gain from tribal receipts.	1/04	32.5
Rhode Island	Accelerates the schedule cigarette tax increase by 11 cents per pack from fiscal 2008 and fiscal 2009 to fiscal 2004.	7/03	8.3
South Dakota	Reflects a proposal to increase the cigarette tax from 33 cents per pack to 63 cents per pack and to increase the other tobacco products tax from 10 percent to 20 percent.	7/03	14.8
West Virginia	Increases the tax per pack from 17 cents to 55 cents.	7/03	59.7
<b>Total Revenue Changes—Cigarette and Tobacco Taxes</b>			<b>\$2,520.7</b>
<b>ALCOHOLIC BEVERAGES</b>			
Georgia	Increases the alcoholic beverage and wine tax.	7/03	\$50.0
Nevada	Reflects an 89 percent across-the-board increase on all types of alcoholic beverages.	7/03	17.3
Ohio	Doubles the non-spirituuous liquor tax.	7/03	49.2
	Doubles the liquor gallonage tax.	7/03	27.0
	Reflects losses from liquor profits transfers.	7/03	-12.0
South Dakota	Reflects a proposal to increase the alcoholic beverage tax across-the-board by 54 percent.	7/03	3.7
Virginia	Reflects Alcoholic Beverage Commission (ABC) markup.	7/03	1.0
West Virginia	Reflects increased markup on alcoholic beverages from 25 percent to 28 percent.	7/03	2.0
<b>Total Revenue Changes—Alcoholic Beverages</b>			<b>\$138.2</b>
<b>MOTOR FUELS TAXES</b>			
Alaska	Increases the tax from 12 cents per gallon to 20 cents per gallon.	7/03	37.7
Michigan	Increases diesel and LP gas motor fuel taxes by 4 cents per gallon.	9/03	\$39.0
<b>Total Revenue Changes—Motor Fuel Taxes</b>			<b>\$76.7</b>

TABLE A-8 (continued)

**Proposed Revenue Changes by Type of Revenue, Fiscal 2004**

<i>State</i>	<i>Tax Change Description</i>	<i>Effective Date</i>	<i>Fiscal 2004 Revenue Changes (\$ in Millions)</i>
<b>OTHER TAXES</b>			
Alaska	Increases the charitable gaming tax from 3 percent of the ideal net to 5 percent of the ideal gross on pull tabs.	7/03	\$11.5
Connecticut	Increases the gross receipts tax from certain public service entities from 5 percent to 6 percent.	4/03	6.3
	Limits insurance tax credits to no more than 70 percent of tax.	1/03	2.5
	Increases real estate conveyance taxes by 50 percent.	1/03	25.0
Delaware	Increases corporate franchise taxes, limited partnership and limited liability corporation fees.	7/03	89.0
Illinois	Decouples from the federal estate tax and increases wagering and admissions taxes on riverboats.	7/03	235.0
Maryland	Reflects slot machines.	7/03	45.0
Michigan	Closes tax loopholes for the real estate transfer tax (RET) and use tax, and raises the maximum delinquent tax penalty from 25 percent to 50 percent.	RET:09-03 Use Tax: 09-03 Tax Penalty: immediate	43.0
Minnesota	Nursing home surcharge.	7/03	67.7
Missouri	Increase the adjusted gross receipt tax on riverboat gaming from 20 percent to 22 percent.	8/03	30.0
Nevada	Increases slot route operators tax by 33 percent per slot machine.	7/03	2.3
	Increases business license taxes from \$25 per full-time equivalent (FTE) per quarter to \$75 per FTE per quarter.	7/03	176.1
	Creates a 7.25 percent tax on admissions to movies, theme parks, and other amusements.	7/03	82.5
New Jersey	Implements a hotel/motel occupancy tax of 7 percent.	7/03	140.0
New York	Imposes interest assessments on employer unemployment insurance taxes.	4/03	22.0
Ohio	Eliminates special interest carveouts through tax conversion in four areas: dealers in intangibles, gas pipelines, water transportation, and local telephone companies.	7/03	89.4
Pennsylvania	Expands research and development tax credits.	7/03	-30.0
Rhode Island	Expands the group home provider tax base to include homes with three or more people.	5/03	1.0
Utah	Increases hazardous waste collection and storage taxes.	7/03	2.2
Vermont	Statewide property tax reduction from 1.10 to 1.07.	7/03	-13.0
Virginia	Increases the driving under the influence (DUI) fine by \$100 and increases the Service of Process fee.	7/03	3.5
<b>Total Revenue Changes—Other Taxes</b>			<b>\$1,031.0</b>

TABLE A-8 (continued)

**Proposed Revenue Changes by Type of Revenue, Fiscal 2004**

<i>State</i>	<i>Tax Change Description</i>	<i>Effective Date</i>	<i>Fiscal 2004 Revenue Changes (\$ in Millions)</i>
<b>FEES</b>			
Alaska	Creates a public construction project fee of 1 percent of the total contract for construction projects \$25,000 and greater, capped at \$5,000.	7/03	\$2.5
	Reflects nonresident fees for various gaming tags	1/04	0.2
	Creates a \$15 per person annual conservation pass for nonresidents over 16 years old who use a commercial provider to view wildlife and who do not already possess a hunting, fishing or trapping license.	7/03	7.5
	Increases most motor vehicle registration filing fees by an \$10-\$15 per year, and increases title or lien filing fees from \$5 to \$15.	7/03	12.1
	Increases business license fees from \$25 per year to \$100 per year or to \$50 per year if at least 65 years old.	7/03	4.2
	Creates a retail level fee of \$2.50 per tire for studded tires sold for highway use. A \$5 studded tire fee would become effective July 1, 2004.	7/03	2.3
Arizona	Establishes user fees of \$7.2 million in the Department of Agriculture and \$2.4 million in the Department of Racing. Also increases reliance on the Enhancement Fund of \$6.2 million for state parks.	7/03	15.9
California	Creates various new fees and increases some existing ones.	7/03	179
Florida	Privatizes mobile home and RV inspections.	7/03	-1.6
	Reflects a real estate license fee holiday.	7/03	-2.1
	Increases fees for criminal history background checks.	7/03	10.5
	Increases hotel and restaurant license fees.	7/03	2.6
Georgia	Increases lending, driver's license and insurance fees.	7/03	11.2
Iowa	Increases traffic fines.	7/03	2.6
Maine	Adjusts fees and licenses in the Department of Inland Fish and Wildlife.	7/03	2.5
Maryland	Reflects slot machines.	7/03	350.0
Massachusetts	Reflects various fee increases.	Various	400.0
Michigan	Various fee and fine increases.		87.7
Minnesota	Restructure adult mental health treatment	7/03	4.5
	Increase Human Services license fees	7/03	1.2
	Motor vehicle plate and title fee increase	7/03	2.9
	Surcharge on traffic fines	7/03	2.2
	Commercial preparer paper filing fee	7/03	1.2
	Newborn screening system	7/03	2.9
	Storm water regulatory fees	7/03	2.6
Missouri	Increase admission fees to gaming boats by \$2.	8/03	106.0
Nevada	Changes the \$25 one-time state business license fee to a \$100 annual license fee.	7/03	9.1
	Reflects a 50 percent increase in various filing fees for corporations, limited liability companies and partnerships.	7/03	28



TABLE A-8 (continued)

**Proposed Revenue Changes by Type of Revenue, Fiscal 2004**

<i>State</i>	<i>Tax Change Description</i>	<i>Effective Date</i>	<i>Fiscal 2004 Revenue Changes (\$ in Millions)</i>
<b>FEES (continued)</b>			
New Jersey	Increases realty transfer fees from \$1.50 to \$2.75 for property sold in excess of \$150,000.	7/03	93.0
	Changes the Universal Fund Charge assessment by the Board of Public Utilities on energy bills. The rate has not been set.	7/03	72.0
	Increases license fees for real estate salespersons, brokers, instructors and schools.	7/03	4.5
	Increases the Uniform Construction Code charge by 75 cents per \$1,000 of new construction.	7/03	2.7
	Increases the minimum "right to know" assessment on employers from \$50 to \$75 and the per employee fee from \$2 to \$4.	7/03	2.1
	Increases various fees for alcoholic beverages licenses and permits related to retail, social affairs, catering, as well as alcoholic beverage wholesalers, producers and distributors.	7/03	2.0
	Increases the penalties levied on employers who fail to comply with unemployment insurance reporting requirements.	7/03	2.0
	Increases the fingerprint fee by \$5 to \$30 and the fee for criminal history name checks by \$3 to \$18.	7/03	1.7
New York	Increases criminal background check requirements.	4/03	2.0
	Increases fingerprinting fees.	4/03	9.9
	Increases industrial discharge fees.	4/03	1.0
	Increases the nuclear generating facility fee.	4/03	2.4
	Increases the cap on cost recovery assessments.	4/03	15.0
	Reestablishes the assessment on hospital revenues.	4/03	190.2
	Reestablishes the assessment on home care services revenues.	4/03	17.0
	Increases vital records fees.	4/03	1.7
	Increases elderly pharmaceutical insurance coverage rates and deductibles	4/03	1.5
	Increases vehicle insurance fees.	4/03	42.7
	Increases fees for broker/dealer statements.	4/03	2.0
	Increases real estate fees.	4/03	1.0
	Increases property transfer fees.	4/03	9.6
	Increases criminal fines.	4/03	6.3
	Increases the fee on wagering.	4/03	12.2
	Imposes and increases various court-related fees.	6/03	38.4
	Increases criminal surcharges and fees.	10/03	19.4
	Increases attorney registration fees.	10/03	2.0
	Imposes a surcharge on driver's license reinstatements.	10/03	9.0
	Imposes a fee on new tire sales.	10/03	22.5
	Increases motor vehicles fees.	10/03	13.5
	Increases parking surcharges.	10/03	16.0
Oklahoma	Increases vending machine fees (\$10 million) and for copies of driving records (\$12.2 million).	6/03	22.2
Pennsylvania	Increases selected license and fee amounts.	7/03	29.3
Rhode Island	Increases mutual fund filing fees.	7/03	3.4
Vermont	Judiciary filing fees.	7/03	1.5
<b>Total Revenue Changes---Fees</b>			<b>\$1,919.4</b>

NOTE: N/A indicates data are not available.

SOURCE: National Association of State Budget Officers.

TABLE A-9

**Recommended Revenue Measures, Fiscal 2004**

<i>State</i>	<i>Description</i>	<i>Effective Date</i>	<i>Recommended Changes (Millions)</i>
Arizona	Removes Medicaid special exemptions.		\$50.0
California	Tightens the Manufacturer's Investment Credit (\$50 million) and prohibits improper use of Regulated Investment Companies (\$45 million)		95.0
Connecticut	Defers the phase-down of the succession tax for two years.	1/03	11.0
	Eliminates revenue intercepts for tourism districts.	7/03	16.6
	Eliminates transfers from the hotel occupancy tax.	7/03	1.8
	Reflects numerous transfers to the general fund.		122.3
	Reflects escheat of unclaimed bottle deposits.	7/03	18.0
Delaware	Reflects withholding on pass through entities.	1/04	2.0
	Creates enhancements to the video lottery law.	7/03	14.0
	Reflects selective decoupling.	1/03	16.0
Florida	Reflects land preservation taxes.	7/03	-5.0
Illinois	Reflects a change in the payment cycle for cigarette stamp purchases.	7/03	50.0
	Reflects various corporate and other state imposed fees.	7/03	349.0
	Reflects an amnesty program.		40.0
Kansas	Reflects a tax amnesty.	7/03	4.5
Kentucky	Treats natural gas distribution services, and natural gas transmission or transportation services as retail sales, subject to sales and use tax.	6/03	6.0
	Eliminates deductibility of personal income taxes paid in foreign countries.	1/03	4.0
	Reflects horse race track credits.	7/03	-1.0
	Reduces sales tax compensation paid to vendors.	7/03	6.8
Maine	Requires the withholding of personal income tax on distributions to nonresidents by flow-through activities and establishes an amnesty program (+\$16.9 million), delays the allowance for several above-the-line deductions for education expenses and subsidies (+\$4.1 million).	7/03	21.0
	Delays the 0.1 percent increase in municipal revenue sharing to July 1, 2005 (+2.1 million), amends the insurance premium tax to clarify the coverage of contracts that may result in future annuitization (+11.3 million), delays recognition of federal estate tax changes for deaths occurring in 2003 and 2004 (+\$15.6 million).	7/03	29.0
Michigan	Reflects hospital and nursing home assessments.	9/03	37.8
Minnesota	Reflects enhanced compliance of income, corporate, and sales taxes.	1/04	11.0
	Reflects delayed repeal of June acceleration.	7/03	192.6
	Reflects delayed capital equipment refund interest.	7/03	2.5
	Reflects statewide business levy adjustment.	7/03	5.4
	Reflects mortgage and deed collection acceleration.	7/03	14.7
	Reflects collection of non-tax debt.	7/03	1.3
	Reflects transfer from tobacco endowment funds to the general fund.	7/03	1,029.1
	Reflects transfer from other funds to the general fund.	7/03	31.3
Missouri	Reduces spending on sales tax loopholes.	7/03	26.0
	Reflects sales tax collection efficiencies.	7/03	15.0
	Reduces spending on personal income tax loopholes.	7/03	35.4
	Reflects personal income tax collection efficiencies.	7/03	5.8
	Reduces spending on corporate income tax loopholes.	7/03	123.2
	Reflects corporate income tax efficiencies.	7/03	0.3
	Eliminates the \$500 loss limit on patrons of riverboat gaming facilities.	8/03	57.0
	Reflects franchise tax dissolution.	8/03	1.0
New Jersey	Reflects tobacco securitization.		1,325.0

TABLE A-9 (continued)

**Recommended Revenue Measures, Fiscal 2004**

<i>State</i>	<i>Description</i>	<i>Effective Date</i>	<i>Enacted Changes (Millions)</i>
New York	Initiate withholding for nonresident partnership.	7/03	15.0
	Reduce dormancy period of uncashed checks - \$38 (Effective April). Increase heavyweight truck fine schedule - \$2 (Effective October).	4/03, 10/03	40.0
Ohio	Reduces the rollback for business property from 10 percent to 5 percent.	7/03	70.0
	Caps the amount for the 10 percent rollback and the 2.5 percent rollback that homestead real property can receive, limiting it to the first \$1 million in market value.	7/03	2.5
Oklahoma	Accelerates sales tax collections (\$7.4 million), and increases sales and use tax compliance (\$1.4 million).	1/04	8.8
	Reflects federal personal income tax refund offsets (\$4.5 million), and increased compliance (\$2 million).	1/04	6.5
	Reflects a reduction in the state cigarette discount to wholesalers.	1/04	1.9
	Decreases the retention period for abandoned unclaimed property.	1/04	2.0
Pennsylvania	Delays the phase-out of the capital stock tax.	1/03	43.6
	Reflects a transfer from the tobacco settlement special fund account.	7/03	330.0
	Reflects changes to escheats, including the dormancy period for mutual insurance companies.	7/03	90.0
	Reflects tax enforcement and other changes.	7/03	15.8
Rhode Island	Reflects cigarette distributors pre-paying state sales tax at time they pay excise tax.	7/03	1.0
	Changes the formula and distribution of uncompensated care to favor state institutions.	7/03	70.2
Texas	Eliminates corporate franchise tax loopholes.		166.0
Virginia	Reflects vendor registration and a sales tax compliance initiative.	1/04	5.8
	Reflects selective personal income tax deconformity, Internal Revenue Service debt set-off, and a tax compliance initiative.	1/04	16.8
	Reflects selective corporate income tax deconformity.	1/04	2.0
Washington	Reflects verification of vendors by the Department of Revenue.	7/03	1.8
Wisconsin	Reflects registration of out-of-state businesses doing business with state and local governments.	9/03	5.4
<b>Total</b>			<b>\$3,879.8</b>

TABLE A-10

**Total Balances and Balances as a Percentage of Expenditures, Fiscal 2002 to Fiscal 2004\***

Region/State	Total Balances (Millions)**			Balances as a Percentage of Expenditures		
	Fiscal 2002	Fiscal 2003	Fiscal 2004	Fiscal 2002	Fiscal 2003	Fiscal 2004
<b>NEW ENGLAND</b>						
Connecticut***	0	48	48	0.0%	0.4%	0.4%
Maine	34	0	11	1.3	0.0	0.4
Massachusetts	1,131	317	599	5.0	1.4	2.6
New Hampshire	-38	-60	-4	-3.2	-4.8	-0.3
Rhode Island	123	97	85	4.6	3.6	3.1
Vermont	11	15	16	1.2	1.7	1.8
<b>MID-ATLANTIC</b>						
Delaware	482	304	315	19.6	12.1	12.8
Maryland	857	564	510	7.8	5.3	4.7
New Jersey	292	100	115	1.3	0.4	0.5
New York	1,032	1,003	730	2.5	2.5	1.9
Pennsylvania	143	0	2	0.7	0.0	0.0
<b>GREAT LAKES</b>						
Illinois	481	500	725	2.0	2.1	2.7
Indiana	269	228	21	2.8	2.2	0.2
Michigan	260	0	0	2.8	0.0	0.0
Ohio	536	49	95	2.5	0.2	0.4
Wisconsin	54	-284	44	0.5	-2.6	0.4
<b>PLAINS</b>						
Iowa	254	231	312	5.5	5.2	6.8
Kansas	12	0	1	0.3	0.0	0.0
Minnesota	1,130	179	442	8.9	1.3	3.2
Missouri	400	373	263	5.2	4.9	3.2
Nebraska	166	60	184	6.4	2.3	7.2
North Dakota	68	2	3	8.4	0.2	0.3
South Dakota	109	94	94	12.9	10.6	10.3
<b>SOUTHEAST</b>						
Alabama	280	116	157	5.3	2.1	3.0
Arkansas	0	0	0	0.0	0.0	0.0
Florida	1,925	1,119	1,169	10.0	5.4	5.3
Georgia	2,554	1,112	970	16.5	6.9	6.0
Kentucky	23	144	25	0.3	2.0	0.3
Louisiana	284	184	184	4.4	2.8	2.8
Mississippi	127	64	68	3.6	1.8	2.0
North Carolina	4	425	100	0.0	3.0	0.7
South Carolina	50	38	138	1.0	0.8	2.6
Tennessee	189	0	2	2.5	0.0	0.0
Virginia	611	294	135	5.1	2.4	1.1
West Virginia	254	58	58	9.0	1.9	1.9
<b>SOUTHWEST</b>						
Arizona	66	61	2	1.0	1.0	0.0
New Mexico	320	259	258	7.9	6.4	6.3
Oklahoma	147	45	253	2.9	1.0	5.6
Texas***	3,330	TBD	TBD	11.1	TBD	TBD
<b>ROCKY MOUNTAIN</b>						
Colorado	145	219	232	2.2	3.4	4.1
Idaho	54	18	37	2.7	0.9	1.8
Montana	82	7	57	6.0	0.5	4.4
Utah	21	20	22	0.6	0.6	0.6
Wyoming	75	39	39	10.4	5.3	5.0
<b>FAR WEST</b>						
Alaska	2,114	2,142	1,742	88.4	86.7	71.0
California	-2,133	-4,451	1,933	-2.8	-5.9	3.1
Hawaii	184	60	72	5.0	1.6	1.9
Nevada	227	139	207	12.0	7.2	8.8
Oregon	-1,130	165	-286	-19.4	4.3	-5.3
Washington	553	343	99	4.9	3.0	0.9
<b>Total****</b>	<b>\$14,834</b>	<b>\$6,442</b>	<b>\$12,282</b>	<b>3.1%</b>	<b>1.3%</b>	<b>2.5%</b>

NOTES: N/A indicates data are not available.

\*Fiscal 2002 are actual figures, fiscal 2003 are estimated figures, and fiscal 2004 are recommended figures.

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

\*\*\*See Note to Table A-11.

\*\*\*\*To make comparisons across years more accurate, totals exclude Texas, which had not yet completed its budget and was able to supply only fiscal 2002 total balance data.

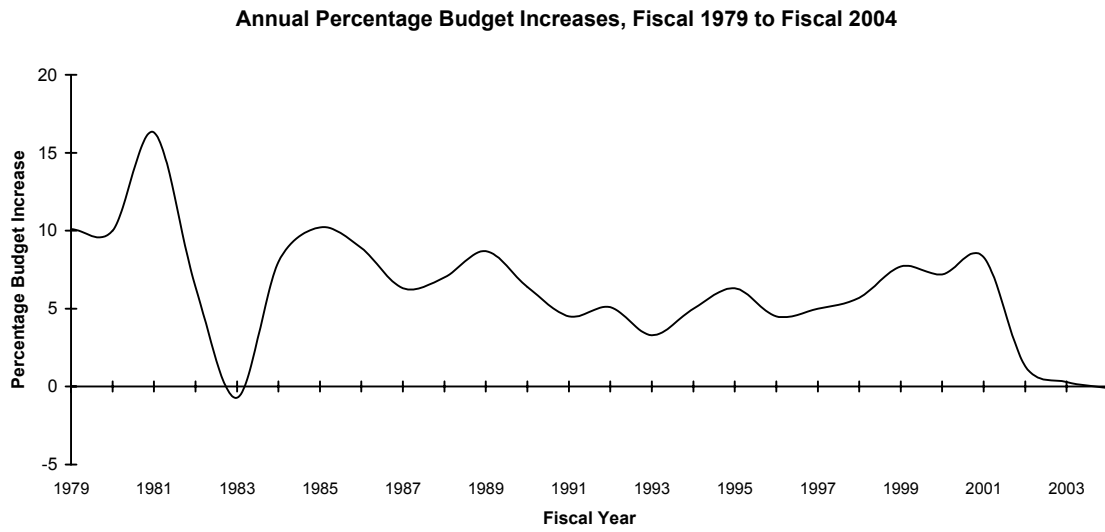
SOURCE: National Association of State Budget Officers.

**NOTE TO TABLE A-10**

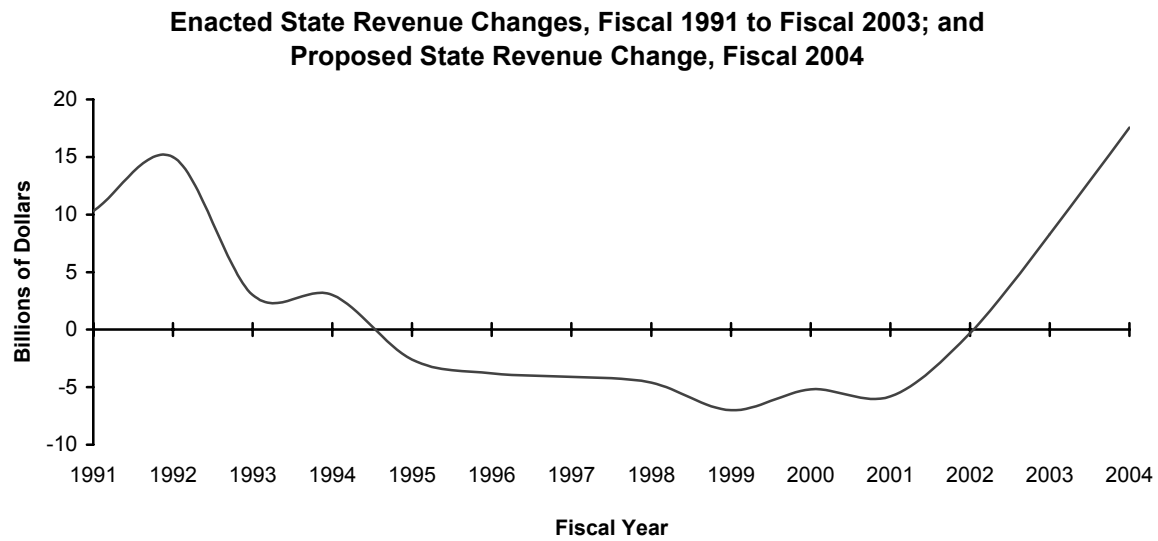
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Texas            The fiscal 2003 budget gap is currently being addressed by the legislature (the 2003 fiscal year ends August 31

FIGURE 1

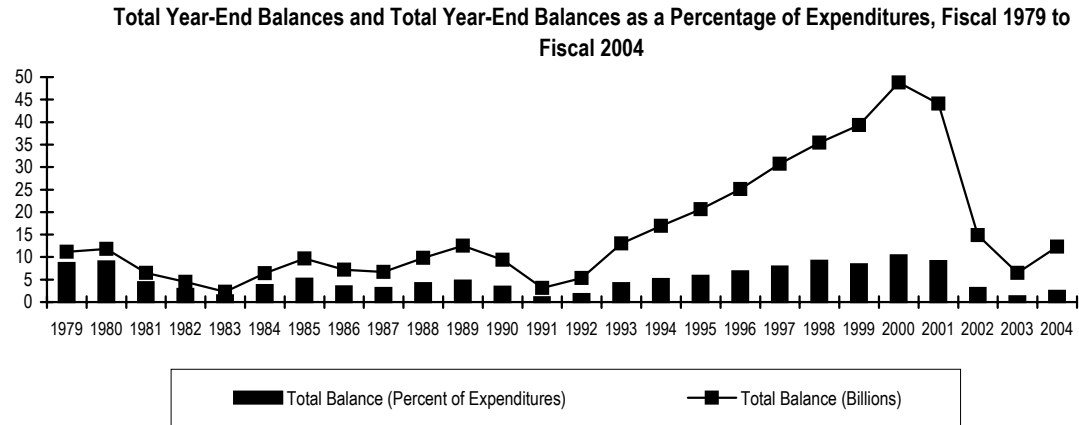


**SOURCE:** National Association of State Budget Officers.

**Figure 2**

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

FIGURE 3



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



### FIGURE 4

### Total Year-End Balances as a Percentage of Expenditures, Fiscal 2003

