THE NATIONAL GOVERNORS' ASSOCIATION

Founded in 1908, NGA is the instrument through which the nation's Governors collectively influence the development and implementation of national policy and apply creative leadership to state issues. The association's members are the Governors of the fifty states, the commonwealths of the Northern Mariana Islands and Puerto Rico, and the territories of American Samoa, Guam, and the Virgin Islands. NGA has three standing committees on major issues—Economic Development and Commerce, Human Resources, and Natural Resources. The association serves as a vehicle for sharing knowledge of innovative programs among the states and provides technical assistance and consultant services to Governors on a wide range of management and policy issues.

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Founded in 1945, NASBO is the principal organization for enhancing the professional development of its members; for improving the capabilities of staff and information available to state budget officers; and for developing the national fiscal and executive management policies of the National Governors' Association. It is a self-governing affiliate of the National Governors' Association. The association is composed of the heads of state finance departments, the states' chief budget officers, and their deputies. All other state budget office staff are associate members. Association membership is organized into four standing committees—Health, Human Services, and Justice; Financial Management, Systems, and Data Reporting; Tax, Commerce, Physical Resources, and Transportation; and Training, Education, and Human Resources Management.

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Preface

The Fiscal Survey of States is published twice annually by the National Association of State Budget Officers (NASBO) and the National Governors' Association (NGA). The series was started in 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 the National Association of State Budget Officers in August through December 1999. The surveys were completed by Governors' state budget officers in the fifty states and the commonwealth of Puerto Rico.

Each edition of *The Fiscal Survey of States* features a state policy and/or budget issue. This edition includes a feature on states' use of fiscal 1999 general fund surpluses.

Fiscal 1998 data represent actual figures, fiscal 1999 figures are preliminary actual, and fiscal 2000 data are figures contained in enacted budgets.

In forty-six states, the fiscal year begins in July and ends 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. In addition, twenty states are on a biennial budget cycle.

The Fiscal Survey of States is a cooperative effort of the National Association of State Budget Officers and the National Governors' Association. NASBO staff member Stacey Mazer compiled the data and prepared the text for the report under the overall direction of Gloria Timmer, NASBO executive director. Patrick Casados of the NASBO staff contributed to the text. Nick Samuels, also of NASBO, provided technical and analytical support. Production assistance was provided by Kathy Skidmore-Williams, of NGA's Office of Public Affairs, and Mark Miller, a consulting editor. Dotty Esher of the State Services Organization provided typesetting services.

Executive Summary

Due to the overall strength of the economy, the fiscal health of states continues to be strong. However, rising health care costs, which represent more than 25 percent of most state budgets, are causing many state budgets to tighten.

This edition of *The Fiscal Survey of States* includes a feature on states' use of fiscal 1999 general fund surpluses that provides an overview to the ongoing reporting of state balances that appears in each edition of this report. "Fiscal 1999 general fund surplus" is defined generally as funds above the amounts assumed when the fiscal 1999 budget was enacted.

Specific findings on fiscal 1999 general fund surpluses are:

- Although the majority of states reported surpluses for fiscal 1999, the number was less than fiscal 1998. Decisions about using surplus funds were often made in fiscal 1999, with actions occurring in both fiscal 1999 and fiscal 2000.
- About one-third of the states used their surpluses to increase rainy day or budget stabilization funds, slightly fewer than the previous year. In many cases, portions of the surplus in fiscal 1999 increased rainy day fund balances and are reflected in the balances that states reported for both fiscal 1999 and fiscal 2000.
- Surplus funds also were used for investment in capital construction, elementary and secondary education, higher education, technology, debt reduction, tax cuts, and state endowments.
- States also used general fund surpluses to create other reserve funds. Examples of these include disaster relief funds, reserve funds for the Temporary Assistance for Needy Families (TANF) program, funds for health care services, capital construction funds, and property tax relief funds.

Other key findings of this survey include the following.

State Spending

General fund spending increases are 5.5 percent for fiscal 2000 and 7.7 percent for fiscal 1999. These figures 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.

- Only three states reduced their fiscal 1999 enacted budgets—one more than the previous year. This number is considerably lower than the number of states that have been forced to reduce their enacted budgets in previous years.
- Within the framework of TANF, states are focusing on providing supportive services for families to achieve self-sufficiency. Most states are not adjusting benefit levels, but states that are adjusting cash assistance payments are increasing benefits, carrying over the trend from the past two years. In the previous year, six of the seven states making changes increased benefit levels and all nine state making changes for fiscal 1998 increased benefit levels.
- About one-half of the states enacted changes affecting local governments. Aid to local governments takes many forms, such as direct aid, substitution of state revenues for local revenues, and assumption of local services. State aid to reduce local property taxes totals approximately $1.7 billion in fiscal 2000 budgets. Increases in aid to local governments are concentrated in the areas of revenue sharing, social services, public safety, libraries, education, and property tax relief.
- Almost all states granted employee compensation increases for fiscal 2000, with an average across-the-board increase of approximately 2.8 percent. In addition, eligible employees received additional amounts for merit pay, movements along pay scales, and other forms of compensation. Some states also are reclassifying certain positions and/or using bonuses for recruiting positions that are in short supply.

State Revenue Actions

Net tax and fee changes will decrease fiscal 2000 revenues by nearly $5.2 billion. Fiscal 2000 represents the sixth consecutive year that states reduced taxes and fees, totaling $27.3 billion over the six-year period. Most of the fiscal 2000 tax reductions focus on reducing the personal and corporate income, sales, and property taxes.

Although states, collectively, continue to reduce taxes, the amount for fiscal 2000 is less than the $7 billion tax reduction that was enacted for fiscal 1999. The change may be because states have been on a tax-cutting trend since fiscal 1995 and investment in areas such as education and infrastructure may be viewed as a significant use of dollars that had been used for tax cuts in previous years. Other findings are:

- Fiscal 1999 tax collections are 2.3 percent higher than the estimates originally used in adopting state budgets.
- For fiscal 2000, personal income and sales tax collections are projected to be nearly 4.3 percent above last year's collections.

Year-End Balances

Balances as a percentage of expenditures continue at healthy levels. Year-end balances are at 9.2 percent, 7.6 percent, and 5.6 percent in fiscal 1998, fiscal 1999, and fiscal 2000, respectively. Although balances are at healthy levels, the amount for fiscal 2000, for example, would provide only twenty days of reserves for states.

Because states recognize that an economic downturn can reduce balances dramatically, they normally develop their fiscal plans with projected reserves. These reserves may be in the form of a budget stabilization fund, a required ending balance, a rainy day fund or any combination thereof. Over the past several years, states have been building up rainy day fund balances and ending balances that will help prevent major disruptions in services to citizens in the event the economy slows from its current rapid pace of economic growth.

State Expenditure Developments

CHAPTER ONE

Budget Management in Fiscal 1999

Only three states—Alaska, Hawaii, and Nevada—reduced their enacted budgets for fiscal 1999. These budgets contrast sharply with the twenty or more states that reduced their enacted budgets during fiscal 1990 to fiscal 1993, the peak period for midyear budget adjustments. During the past five years, thirteen or fewer states had to reduce their enacted budgets (see Table 1).

While this report focuses on budget cuts in fiscal 1999, several states are experiencing tighter budget situations in fiscal 2000, which may result in cuts to their enacted budgets.

State Spending for Fiscal 2000

While this report captures only state general fund spending, NASBO's annual *State Expenditure Report* encompasses spending from all funding sources and provides details on the components of state spending. According to the most recent edition, total state spending is estimated at $884 billion for fiscal 1999, with the general fund accounting for approximately 48 percent of the total. The components of total state spending are as follows: elementary and secondary education at 22.1 percent, Medicaid at 19.1 percent, higher education at 10.7 percent, transportation at 9.1 percent, corrections at 3.8 percent, public assistance at 3.0 percent, and all other expenditures at 32.2 percent.

Within the general fund, the components of state spending are elementary and secondary education at 35.1 percent, Medicaid at 14 percent, higher education at 13 percent, corrections at 6.9 percent, public assistance at 2.9 percent, transportation at 0.8 percent, and all other expenditures at 27.4 percent. While elementary and secondary education continues to dominate state spending, the most significant change is that Medicaid since fiscal 1993 is the second largest component of state spending both from state general funds and from all spending sources. In addition to Medicaid, state spending on other health services accounts for another 6.9 percent of general fund spending. As health costs spiral upward, this large component of state spending will increase pressure on state budgets.

The increase in states' general fund spending for fiscal 2000 is 5.5 percent above fiscal 1999. Even with a strong economy, states have been relatively cautious in their spending, averaging 5.3 percent over the last five years. The most significant spending increase occurred in elementary and secondary education, growing by about 7.1 percent over the past five years.

State spending in fiscal 1999 is 7.7 percent above fiscal 1998 (see Table 2 and Figure 1). In about one-third of the states, expenditure growth is below 5 percent in fiscal 1999, and in about half of the states, expenditure growth is estimated to be under 5 percent for fiscal 2000 (see Table 3 and Appendix Table A-4).

TABLE 1

Budget Cuts Made After the Fiscal 1999 Budget Passed

State	*Size of Cut (Millions)*	*Programs or Expenditures Exempted from Cuts*
Alaska	6.0	University and court system, grants, public safety for protection and enforcement, 24-hour institutions such as prisons, pioneer homes, youth correction facilities, and the Alaska Psychiatric Institute.
Hawaii	7.4	Elementary and secondary education, University of Hawaii, debt service, employees' retirement and health insurance, public welfare payments, children and adult mental health and correctional facilities.
Nevada	67.0	Public safety.
Total	**$80.4**	---

SOURCE: National Association of State Budget Officers.

TABLE 2

State Nominal and Real Annual Budget Increases, Fiscal 1979 to Fiscal 2000

	State General Fund	
Fiscal Year	*Nominal Increase*	*Real Increase*
2000*	5.5%	3.0%
1999*	7.7	5.2
1998	5.7	3.9
1997	5.0	2.3
1996	4.5	1.6
1995	6.3	3.2
1994	5.0	2.3
1993	3.3	0.6
1992	5.1	1.9
1991	4.5	0.7
1990	6.4	2.1
1989	8.7	4.3
1988	7.0	2.9
1987	6.3	2.6
1986	8.9	3.7
1985	10.2	4.6
1984	8.0	3.3
1983	-0.7	-6.3
1982	6.4	-1.1
1981	16.3	6.1
1980	10.0	-0.6
1979	10.1	1.5
1979–2000 average	**6.8%**	**2.0%**

NOTE: The state and local government implicit price deflator and the consumer price index were used for state expenditures in determining real changes. Fiscal 1999 figures are based on the change from fiscal 1998 actuals to fiscal 1999 preliminary actuals. Fiscal 2000 figures are based on the change from fiscal 1999 preliminary actuals to fiscal 2000 appropriated.

SOURCE: National Association of State Budget Officers.

TABLE 3

Annual State General Fund Expenditure Increases, Fiscal 1999 and Fiscal 2000

	Number of States	
Spending Growth	*Fiscal 1999 (Preliminary Actual)*	*Fiscal 2000 (Appropriated)*
Negative growth	4	5
0.0% to 4.9%	13	21
5.0% to 9.9%	21	20
10% or more	11	4

NOTE: Average spending growth for fiscal 1999 (preliminary actual) is 7.7 percent; average spending growth for fiscal 2000 (appropriated) is 5.5 percent.

SOURCE: National Association of State Budget Officers.

Assistance Under the Temporary Assistance for Needy Families Program. For fiscal 2000, forty-one states maintain the same cash assistance benefit levels that were in effect for fiscal 1999. Nine states increased cash assistance benefit levels (see Table 4). Most state welfare reform centers on restructuring the program rather than adjusting cash assistance payments. Since enactment of the 1996 welfare reform law, caseloads have declined substantially in nearly every state.

Between August 1996, when welfare reform began, and August 1999, welfare rolls dropped 40 percent nationwide, with twenty-eight states experiencing caseload declines of more than 40 percent. The percentage of the U.S. population receiving TANF was 2.7 percent in March 1999, a decline of more than 50 percent from the number receiving welfare in fiscal

FIGURE 1

Annual Percentage Budget Increases, Fiscal 1979 to Fiscal 2000

SOURCE: National Association of State Budget Officers.

TABLE 4

Enacted Cost-of-Living Changes for Cash Assistance Benefit Levels under the Temporary Assistance for Needy Families Block Grant, Fiscal 2000

State	*Percent Change*
California	2.4%
Maine	5.0
Maryland	3.8
Michigan*	2.5
Montana	2.0
Ohio	3.0
Tennessee	*
Texas	7.0
West Virginia	*

NOTES: In Michigan, the 2.5 percent increase is for clients who are unable to work. Also, a $50 per child annual clothing allowance was added.

In Tennessee, for the exempt caseload, the family-of-three basic grant increased by $47 from $185 to $232.

In West Virginia, the department is in the process of increasing cash assistance payments in all categories by $100 over a specific time, period. The dates and amounts of increases are as follows: February 1999, $25; July 1999, $25; December 1999, $25; July 2000, $25.

SOURCE: National Association of State Budget Officers.

1994. States are spending at higher levels per case because of the maintenance-of-effort requirement and because caseloads today are only 55 percent of the 1994 caseloads nationally. States now must serve harder-to-serve recipients. To meet this challenge, states are using some of the resources that are available because of declining welfare caseloads to expand existing programs and/or develop new and innovative programs.

Medicaid. Although Medicaid spending patterns have been moderate—ranging from 3 percent to 4 percent a year in 1996 through 1998—renewed growth in the program is expected. In 1999, Medicaid spending increased by almost 5 percent and the Congressional Budget Office (CBO) is projecting an increase of 7.5 percent for fiscal 2000, with an average rate of increase of more than 7.8 percent each year through fiscal 2009. According to CBO, this renewed rate of growth may be a result of increased spending on pharmaceutical products and non-institutional long-term care and because states finished implementing cost-containment measures. CBO cites several factors that could push program growth above 8 percent over the long term. Cost containment efforts for the Medicare program could result in new Medicaid spending and that the number of disabled people receiving long-term care services may increase due to judicial interpretations of the Americans with Disabilities Act. To keep managed care plans in the Medicaid market, states may feel pressured to increase their capitation rates, thus diminishing the savings accrued by managed care.

Aid to Local Governments. About half the states' budget changes affected local governments. Most of these changes increased aid to education and provided property tax relief (see Table 5).

Aid to local governments takes many forms, such as direct aid, substitution of state revenues for local revenues, and assumption of local services. For example, Arkansas is assuming the costs of deputy prosecuting attorneys who were previously funded by counties; Indiana removed selected welfare costs from local property taxes and transferred the costs to the state; and South Dakota is moving to fund property tax relief at 25 percent of the total cost from the current 20 percent amount.

In ten states, funding to reduce local property taxes is a significant feature of state aid to local government, totaling $1.7 billion for fiscal 2000. The amounts in these states range from less than 1 percent to more than 20 percent of the total general fund increase in the state budgets.

Employee Compensation. Most states granted employee compensation increases for fiscal 2000, with an average across-the-board increase of approximately 2.8 percent. Eligible employees may receive additional amounts for merit pay, movement along pay scales, and other forms of compensation (see Table A-5).

TABLE 5

Enacted Changes in Aid to Local Governments, Fiscal 2000

Alaska	Municipal assistance and revenue sharing were reduced by one-third, equaling approximately a $31.7 million reduction.
Arkansas	In accordance with Act 1044 of 1999, deputy prosecuting attorneys will become state employees on January 1, 2000. This act also authorizes the State Treasurer to withhold a portion of the counties' state turnback monies to offset the costs associated with the state assumption of these employees.
Arizona	Urban revenue sharing was increased from 15 percent of revenues to 15.8 percent. This increase will result in the distribution of an additional $19.1 million.
California	Changes in state aid include an expansion of $34.9 million ($25.3 million in general funds) in adult protective services. This allows counties to provide better protection to elderly and dependent adults who are in danger or are victims of abuse, neglect, or exploitation. The budget provides a one-time subvention of $150 million from the general fund to local agencies for educational revenue augmentation fund relief. Additional fiscal relief of up to $50 million is provided in fiscal 2000 for subvention to cities based on their 1997-98 costs of jail booking and processing fees. The budget provides $100 million to local agencies for the Citizens' Option for Public Safety (COPS) program. Funding of the COPS program is based on the current statutory allocation formula. Thirty million in additional resources were included in grants to local law enforcement agencies for addressing equipment needs. The budget provides an additional $16.8 million for local law enforcement assistance, increasing the amount of annual funds available for local assistance to combat crime. Of the amount, $11.1 million is appropriated to counties for detaining parole violators in local jails, and $5.7 million to reimburse local governments for transporting inmates, returning fugitives, and related county charges. The budget provides $75 million for incarceration of violent federal offenders and truth-in-sentencing grant awards to local agencies. Of this amount, $5 million will be used to build or expand local adult and juvenile detention facilities, while the additional $70 million will be used to support the construction, expansion, or renovation of juvenile detention facilities. The budget includes an $18 million augmentation to the public library foundation program, for a total of $56.9 million allocated to local public libraries for library services; $46.5 million for grants for local parks, playgrounds, museums, and recreational programs; and a $44 million subvention to local agencies for flood control projects. The budget includes $425 million for the Infrastructure Bank. These funds, combined with $50 million provided in 1998–1999, will be leveraged to finance $1.9 billion in local projects such as upgrading water and sewer systems, expanding and improving roads, and upgrading of utilities and other development site improvements. County funding for child support will change from an allocation methodology, but the counties will not be saddled with an unfunded mandate.
Connecticut	A previous temporary increase in the payment-in-lieu of taxes (PILOT) levels was made permanent. Payments-in-lieu of taxes on state-owned property are at 45 percent for a total of $64.3 million and payments-in-lieu of taxes on private colleges and hospitals are at 77 percent for a total of $96.9 million. An additional $49.7 million was distributed to towns pro rata on the basis of each town's grant under the Pequot grant formula for a total of $135.0 million. The increase is 59 percent. Aid to education (education cost sharing) increased by 4.1 percent to $1.3 billion. The town aid road grant increased by $5 million or 16 percent. An additional $29 million was made available to reimburse municipalities for costs incurred for local capital projects, including complying with the Year 2000 date change. Nine public acts passed by the state legislature were identified as having some fiscal impact on municipalities. One requires municipal police departments to adopt policies prohibiting stops, searches, or detentions motivated solely by considerations of a person's race, color, age, ethnicity or sexual orientation. The legislation also requires statistical tabulation and notification requirements on complaints. In addition, there were seven mandates that had a minimal impact and three were mandates that affected municipalities but were not directed solely at municipalities. Finally, the requirement that voter registrars provide voters' Social Security numbers on lists provided to the state jury administrator was eliminated.
Delaware	The budget includes $3 million in one-time aid to local law enforcement.
Florida	The required retirement contribution was reduced effective July 1, 1999. Reduction of the intangible tax from 2 mills to 1.5 mills will become effective January 1, 2000.
Hawaii	Act 100, SLH 1999, allowed the use of excess actuarial investment earnings of the employees' retirement system (ERS) to offset state and county employer contribution requirements to the ERS. County contributions to the ERS were reduced by $44.4 million in fiscal 2000 and $13.1 million in fiscal 2001.
Indiana	Selected welfare costs were removed from property taxes and transferred to the state.
Iowa	The foundation level for school aid has increased. Funding for TAG has shifted from property tax to general fund, totaling $46.8 million.

TABLE 5 (continued)

Kansas	Spending increased by $142 million for elementary and secondary education aid, a 6.8 percent increase over fiscal 1999 spending. Spending increased by $5 million for local juvenile justice programs, a 19 percent increase over fiscal 1999 levels.
	Washburn University, a municipal university in Topeka, was authorized to shift local support from city property tax to a countywide sales tax of up to 0.65 percent. Property tax levies for out-of-district tuition in the county were repealed.
	Taxing subdivisions are prohibited, under certain circumstances, from approving appropriations or budgets funded from increases in property taxes without the adoption of a resolution or ordinance. Increases attributed to new improvements and other specific criteria are exempted.
	All statutory fund levy limits imposed on local taxing subdivisions are either repealed or suspended.
Kentucky	The budget increased the percentage of coal severance tax proceeds returned to local government units from 31 percent in fiscal 1998 to 35 percent in fiscal 1999 and to 38 percent in fiscal 2000. This resulted in a $54.7 million return in fiscal 1998, increasing to $58.1 million in fiscal 1999 and to $64.4 million in fiscal 2000.
Louisiana	Thirty-three parishes voted down video draw poker devices. The resulting lost proceeds are approximately $11.7 million, a 28 percent decrease from fiscal 1999. The addition of twenty-five authorized assistant district attorneys will cost $760,875, an increase of 5 percent over fiscal 1999. Sales tax dedications increase $5.6 million over fiscal 1999, a 21.4 percent increase.
Maryland	Local aid reflects special grants for public safety, including the new STOP Gun Violence Grants ($2 million) as part of the Maryland Gun Enforcement initiative. Aid for fire, rescue, and ambulance systems increased 33 percent from $7.5 million to $10 million. A funding formula was established for aid for the state library resource center beginning with $1.35 per capita in fiscal 2001, an 85 percent increase over fiscal 2000, and increasing to $1.85 per capita by fiscal 2004. The Maryland Learning Success Program was established to reduce class size to a maximum of twenty students for reading instruction in first and second grades. Fiscal 2001 funding is $10.3 million, which will increase to $33.1 million in fiscal 2004.
Michigan	Cities, villages, and townships will receive an 8 percent increase in state aid based on sales tax over fiscal 1999 if revenues come in as projected in fiscal 2000. New personal property depreciation tables, if applied to pending appeals, will result in prior-year property tax refunds of about $130 million by locals and $119 million by the state.
Minnesota	In Minnesota, the Education Homestead Credit (EHC) program forgives a portion of the general education property tax levied locally. State general fund revenue is provided to local school districts in the form of increased local aid from the department of children, families, and learning to offset the local tax revenue reduction. This EHC credit was increased from 66.2 percent to 83 percent of the general education levy for taxes payable 2000 (a 25 percent increase). The 1999 legislature also created a parallel credit for agricultural property called the Education Agricultural credit. This credit forgives 50 percent to 54 percent of the local general education levy on agricultural property. State aid to local school districts is increased to offset this local tax revenue reduction. The fiscal effect for these two changes is $117 million in fiscal 2001, $132 million in fiscal 2002, and $136 million in fiscal 2003.
	Other changes include the reduction of Family Preservation Aid (FPA) by $10 million annually. Also, the repeal of the Local Performance Aid (LPA) program adds offsetting amounts to city aid (LGA) and county aid (HACA) in 2000. The net fiscal impact is minimal.
	Local government levy limits were extended through taxes payable in fiscal 2000. The local fiscal impact is unknown. Increases in market value statute assessments are limited to 8.5 percent instead of 10 percent, with minor reductions in class rates for all property types (homestead, commercial, industrial, agricultural, and seasonal). These changes, by themselves, will lower the net tax basis of local governments but will not necessarily reduce actual local property tax collections.
	There were specific reductions in county levy limits that reflect state assumption of certain court system costs. The net fiscal impact is minimal. This gives counties some special levy authority for county jail costs if those expenses are due to requirements of the department of corrections.
Missouri	Some juvenile officers previously paid by counties became state employees ($12.3 million).
Montana	The state will reimburse local governments $17.6 million in fiscal 2000 and $57.2 million in fiscal 2001 to compensate for property tax changes.
Nebraska	The fiscal 2000 budget includes $6.8 million from the state general fund to cover the costs of state prisoners in county jails. This is based on legislation passed in 1998. Other significant increases in aid to local governments include $6.5 million for community colleges, a 13 percent increase; $1.6 million for natural resource districts, a 234 percent increase, and $3.0 million increase for educational service units, a 31 percent increase. The net change in state general fund aid to local governments for fiscal 2000 is $12.4 million.
	The fiscal 2000 budget includes an appropriation of $30 million from the Relief to Property Taxpayers Fund to the technical community colleges. This appropriation resulted in a reduction of property taxes for these government units for fiscal 2000. The original source of the Relief to Property Taxpayers Fund was the state's rainy day fund.
	The fiscal 2000 budget also includes $431,000 in state general funds to expand a state assumption of property tax assessment duties in counties that have chosen to take such action. The fiscal 2000 funding includes two new counties; the continuation budget includes funds for five counties that were previously taken over by the state.
New Hampshire	State funding for local education costs was increased. State funding for these costs is estimated to cover more than 60 percent of total education costs for grades K-12.

TABLE 5 (continued)

New Jersey	The consolidated municipal property tax relief aid annual inflator provides an $11.5 million increase in fiscal 2000, a 1.5 percent increase. This program, the largest municipal assistance program in the state budget, will now be adjusted annually based on the implicit price deflator for state and local government purchases, published quarterly by the U.S. Department of Commerce. The additional funds are to be used by municipalities to offset increases in the local property tax levy. The energy receipts property tax relief aid program distributes certain energy, telecommunications, and water and sewer utility taxes to municipalities. It was increased $750 million in fiscal 2000 and will increase to $755 million in fiscal 2002. After fiscal 2002, the appropriation will be adjusted annually based on the implicit price deflator for state and local government purchases. The regional efficiency development incentive grant program provides an incentive to municipalities and school districts to study consolidation or shared services by providing financial assistance for those studies. The regional efficiency aid program provides annual state-funded property tax credits directly to residents of communities that have implemented regionalization and/or other cost-saving measures. The special municipal aid program is geared to provide assistance to municipalities in fiscal distress resulting from insufficient tax collections, over-anticipation of revenues of prior years, or other causes. Eligible municipalities will be determined by an annual review by the director of the division of local government services in the department of community affairs. In the current fiscal year, $40.5 million is provided for this purpose. Pending legislation would exempt year 2000 costs from the municipal spending cap.
New Mexico	The small cities distribution was increased by $1.3 million, reducing general fund revenue by 0.04 percent.
New York	The fiscal 2000 budget will result in net benefits of approximately $808 million for all classes of local governments (counties, cities, towns, villages, and school districts) when compared to fiscal 1999. Under this plan, counties (including New York City) will realize savings of $383 million. School districts (excluding New York City) will gain $407 million in additional aid. Cities (excluding New York City), towns, and villages will receive a net benefit of $18 million. Welfare reform and children and family services actions will generate $201 million in savings for local governments. Other aid increases occurred in mental health ($8 million), public health ($7 million), and mandate relief ($32 million). The budget includes no unfunded mandates for local governments. The budget also continues a state-funded multi-year tax cut in local school property taxes and the New York City personal income tax. In fiscal 2000, more than three million taxpayers will realize $1 billion in school property tax savings. New York City residents will receive more than $200 million in local income tax relief. The multi-year school property tax cut program will cost the state approximately $661 million in fiscal 2000. This represents approximately 25 percent of the year-to-year total spending increase for all funds.
North Dakota	State aid distribution was increased by $6.65 million. Other miscellaneous changes resulted in an additional $2.85 million to local governments.
Ohio	Ohio's major aid to local governments is the distribution of a percentage of state income, sales, corporate, and public utility excise tax receipts. The state's aid to local government will be reduced by $4.8 million in fiscal 2000 because of an income tax credit for adoption and income tax deductions for medical care insurance, long-term care insurance, and medical expenses.
Oregon	For fiscal years 2000 and 2001, $5 million has been designated for county assessment and taxation functions. Property tax relief from local districts will be retroactive to tax years 1997 and 1998. The measure is estimated to reduce local revenue by $29.5 million from fiscal 1999 to fiscal 2001. The laws relating to tax exemptions available to qualified businesses in enterprise zones have been revised. The reduction in local revenue is estimated at more than $1 million from fiscal 1999 to fiscal 2001. Certain logging equipment is exempted from the personal property tax. The reduction is estimated to be $2.3 million to counties from fiscal 1999 to fiscal 2001. Funding for county assessment and taxation functions is estimated to increase local revenues by $15.3 million from fiscal 1999 to fiscal 2001.
Pennsylvania	Funding to local libraries was increased by $17 million, a 56 percent increase. The current formula was revised to direct increased funding into two of seven existing categories. As an incentive under one category, the Commonwealth will provide $.66 for each $1 per capita in local expenditures between $5 and $7.50 per capita. The Federal Adoptions and Safe Families Act was incorporated into state law. It imposes additional requirements on county governments. However, the entire cost of the activity is paid by state grants to the counties.
Rhode Island	The fiscal 2000 budget included increases in several categories of state aid to local communities. The primary increases are a result of legislation passed in the 1998 General Assembly that reduces local property and inventory taxes. The state is committed to reimbursing the cities and towns for lost revenues resulting from these reductions. First, the locally assessed motor vehicle excise tax will be phased out over a seven-year period beginning in fiscal 2000. However, the state provided advance payments to municipalities based on estimated reductions in tax receipts. The Governor and General Assembly also enacted a ten-year program to phase out retail, wholesale, and auto dealers' inventory taxes. The amount of the annual reductions totals $30.3 million in fiscal 1999 and $59.4 million in fiscal 2000. A third component of aid to local governments is the state's reimbursement for certain tax-exempt properties to those localities with eligible properties. Expenditures in this program increase primarily because of changes in tax rates and property valuations. The fiscal 2000 funding increased by $213,000 from $15.8 million in fiscal 1999 to $16 million in fiscal 2000. Finally, the budget included an increase of about $2 million for state support for public libraries in fiscal 2000 from $3.6 million in fiscal 1999 to $5.7 million in fiscal 2000.

TABLE 5 (continued)

South Carolina	Aid to local governments includes a transfer of $376.7 million, an increase of $22.4 million over fiscal 1999, from the general fund revenue to the trust fund for tax relief. Reimbursements to local governments included in the trust fund are $250 million to maintain the homestead exemption for residential school property taxes at $100,000; $53.2 million for a $20,000 residential homestead exemption for homeowners 65 years or older; $40.6 million for the business inventory tax exemption; and $33 million for the final year of a three-year phase-in to reduce the floor for calculating depreciation of manufacturing machinery and equipment from 20 percent to 10 percent.
South Dakota	Property tax relief is paid through state aid to education. The state will move from 20 percent to 25 percent relief in calendar year 1999. This will increase the state's commitment by $10.2 million in fiscal 1999 and $20.4 million in fiscal year 2000 for a total yearly commitment of $102 million.
Texas	State aid to local school districts increased by $3.7 billion for the two-year period, an increase of 17 percent. This includes a $3,000 across-the board teacher pay raise, property tax relief and assistance in constructing school facilities. A state grant program will provide $50 million to counties to renovate county courthouses.
Utah	The legislature approved a 2.5 percent cost-of-living adjustment for fiscal 2000 for local agencies that provide services for the state, including county mental health, county substance abuse, county aging services, county environmental quality, county health, alternative services for aging, and family support centers. The legislature also approved a 1.7 percent increase for county vehicle registration. The legislature approved a 2.5 percent weighted pupil unit increase in state funding allocated to local school districts. This provided an additional $39.1 million for public education. Additional ongoing state funds of $8.3 million were also approved for school district funding. In addition the state appropriated $9.6 million in one-time funds to school districts for teacher supplies, technology, and staff development. State law prohibits increases in gross property tax revenues for local governments, including school districts, because of increases in the value of existing property. Thus, when property valuations increase for existing property, state law requires a proportional decrease in all local property tax rates. To offset the loss of property tax revenue to school districts, the state increases the amount of state income tax revenue appropriated to school districts. For fiscal 2000, the increased state funding to school districts to offset mandated property tax reductions was nearly $1.1 million. This, in essence, buys down the property taxes paid to school districts. Over $240 million of the state funding provided to school districts in fiscal 2000 is to cover the property tax buydowns implemented since Governor Michael O. Leavitt took office in 1993. The legislature appropriated an additional $2 million per year to pay county jails to house state prisoners. This represents a 17 percent increase. Since 1990, 1/64th of 1 percent of the local sales tax rate was diverted to the Utah Sports Authority to construct and operate winter sports facilities. For fiscal 2000, this 1/64th of 1 percent sales tax will once again go to local governments. This will increase local government sales tax receipts by approximately $4 million to $5 million per year. Local governments also are scheduled to be repaid in January 2002 for the $29.5 million that was diverted between 1990 and 1999. During the 1999 General Session, the legislature amended state law so that 1/64th of 1 percent of the sales tax rate for Salt Lake County would be restricted to pay for the operation of light rail within that county. For all other local governments, 1/64th of the 1 percent sales tax rate will go back to local governments unrestricted, as initially planned. The legislature increased the sales tax exemption for pollution control and manufacturing equipment. This plus other smaller enacted sales tax exemptions are projected to reduce local sales tax revenue and transit district revenue by $4.2 million annually.
Virginia	All lottery proceeds will be distributed for local public education. The fiscal 2000 effect is $310.3 million. Aid to localities with police departments in fiscal 2000 will be $98.6 million.
Washington	The legislature passed Rural County Tax Incentives, which increase the rate for local option sales tax from .04 percent to .08 percent for rural counties. This does not increase the overall sales tax rate, but rather allows the counties to deduct the difference from the state's share of the sales tax. This reduces the state general fund by $17.5 million in the 1999-2001 biennium, but increases the local share by $15 million.
West Virginia	In 1998, SB 151 required managed timberland to be appraised using a discounted cash flow model. During the first year of effect (tax year 1999), the total local property tax yield on managed timberland fell by $3.5 million (68 percent) even though total managed timberland acreage grew to 2.17 million acres (nearly 14 percent of the total acreage in West Virginia). In some rural counties, total property tax collections fell by as much as 7 percent from the previous year. In 1999, HB 2570 established floor prices in the valuation of managed timberland to provide a lower level of preferential treatment. The total statewide cost in 2000 will be slightly less than $1 million, as compared with the $3.5 million cost under the provisions of SB 151.

State Revenue Developments

CHAPTER TWO

Overview

Enacted fiscal 2000 tax and fee changes will result in net decreases in state revenues totaling $5.2 billion. Reflecting the continued fiscal health of the states, the decrease represents the sixth straight year of net tax decreases (see Table 6 and Figure 2). In contrast, net state tax reductions occurred only twice in the 1980s, totaling $3.1 billion. Fiscal 2000 tax reductions occurred in personal income ($2.2 billion), other taxes ($2.8 billion), corporate income ($821 million), and sales taxes ($367 million). States enacting the largest fiscal 2000 tax reductions include Florida ($834.6 million), Minnesota ($796 million), Michigan ($498 million), Pennsylvania ($407 million), and Texas ($1.9 billion).

Enacted fiscal 2000 changes in fees and cigarettes, alcohol, and motor fuel taxes will result in net tax and fee increases totaling $1 billion combined.

Collections in Fiscal 1999

The continuation of stronger-than-anticipated economic growth has affected state revenue collections. This is reflected in the number of states whose actual tax sales and personal income tax collections met or exceeded expectations by 2.3 percent combined (see Appendix Table A-7). In fact, only ten states realized lower-than-expected revenues. One exception was corporate income taxes, for which fourteen states adjusted their original revenue estimates downward, totaling just over 1.7 percent combined.

Projected Collections in Fiscal 2000

For fiscal 2000, personal income, sales, and corporate income tax collections are estimated to exceed fiscal 1999 collections by 4.3 percent (see Appendix Table A-8). The largest increase was in personal income tax collections, which exceeded last year's amount by 5.2 percent.

Revenue Changes for Fiscal 2000

Forty-two states enacted net revenue changes for fiscal 2000 that will decrease revenues by $5.2 billion (see Table 7).Fiscal 2000 actions are highlighted below and appear in Appendix Table A-9. In some cases, the revenue changes included phased-in tax changes, such as in Illinois, Maryland, Michigan, and Montana. Excluded from these amounts are refunds that states make based on constitutional and statutory revenue limits, such as in Colorado and Missouri.

FIGURE 2

Enacted State Revenue Changes, Fiscal 1991 to Fiscal 2000

SOURCE: National Association of State Budget Officers.

TABLE 6

Enacted State Revenue Changes, Fiscal 1979 to Fiscal 2000

State	*Revenue Change (Billions)*
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 1988–2000 data provided by the National Association of State Budget Officers.

This survey differentiates between tax and fee increases and decreases (shown in Tables 7 and Appendix Table A-9) and revenue measures (shown in Appendix Table A-10). Tax and fee changes reflect changes in current law that affect taxpayer liability. Revenue measures include deferrals of tax increases or decreases that do not affect taxpayer liability. An example of a revenue measure is Rhode Island's extension of the hospital licensing fee at the current rate.

Sales Taxes. Twenty states implemented sales taxes changes for fiscal 2000. In all, sales tax reductions totaled over $367 million. Tennessee recently applied an 8.25 percent sales tax to cable television charges in excess of $15 a month, resulting in a net tax increase of $11 million and reduced the monthly limit on vendors' compensation from $50 to $25, resulting in a net tax increase of $13 million.

Personal Income Taxes. Twenty-eight states made changes to personal income taxes, resulting in a net tax decrease of $2.2 billion. States currently without a broad-based personal income tax are Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington, and Wyoming.

One significant income tax change was Minnesota's 0.5 percent to 0.75 percent tax rate reduction, resulting in over $785 million in personal income tax collections. Another was Michigan's tax rate cut and expanded tax credit and personal exemption, resulting in a more than $218 million reduction in income tax collections. Illinois' tax cut (which will double personal income tax exemptions) will result in a net tax decrease of $115 million. In addition, Puerto Rico and New Jersey expanded the number of tax exemptions, resulting in net tax decreases of $64 million and $51 million, respectively.

New Mexico increased net personal income taxes. These changes included a cut in capital gains (-$6.6 million), a tax amnesty program (+$24 million), and a change in tax withholding (+$12.7 million).

Corporate Income Taxes. Twenty-two states enacted corporate income tax changes, resulting in a net tax reduction of more than $821 million. Seventeen states reduced corporate income taxes, the most significant being Michigan, which reduced its corporate tax rate and apportionment formula in computing income tax on multistate companies, resulting in a tax reduction of over $306 million. Pennsylvania will reduce its corporate income tax collections by more than $82 million. New Jersey will allow biotechnology firms to sell research and development and net operating loss tax credits to other firms, resulting in a net tax decrease of $50 million.

California also reduced corporate income taxes with a two-year minimum tax exemption for start-up businesses that resulted in a $28 million tax decrease; and Illinois changed the apportionment formula on multistate companies—the second of a three-phase program—resulting in a net tax decrease of $21 million.

States increasing corporate income tax include New Hampshire (increased business taxes by a combined 1.25 percent, resulting in a $76 million tax increase), Maryland (enacted changes in the public service franchise tax, resulting in a net tax increase of $14.3 million), and South Carolina (which is conforming to federal internal revenue codes, resulting in a $1.3 million increase).

Cigarette and Tobacco Taxes. While states have begun receiving funds resulting from the States/Tobacco Master Settlement, three states (Maryland, Michigan, and New Hampshire) have enacted legislation increasing cigarette taxes, while one state, Ore-

TABLE 7

Enacted Fiscal 2000 Revenue Actions by Type of Revenue and Net Increase or Decrease* (Millions)

State	*Sales*	*Personal Income*	*Corporate Income*	*Cigarettes and Tobacco*	*Motor Fuels*	*Alcohol*	*Other Taxes*	*Fees*	*Total*
Alabama									$ 0.0
Alaska									0.0
Arizona			$ -4.7				$ -35.0		-39.7
Arkansas		$ -15.7					-5.7		-21.4
California		-21.0	-33.0				-248.5		-302.5
Colorado	$ -10.2	-220.3							-230.5
Connecticut	-21.4	-46.2	-7.7				-29.3		-104.6
Delaware		-32.3					-2.0		-34.3
Florida	-85.3		-5.0			-$37.1	-739.6	$32.4	-834.6
Georgia									0.0
Hawaii	-8.0	-8.6					11.0		-5.6
Idaho		-1.3							-1.3
Illinois		-115.0	-21.0			80.0		492.0	436.0
Indiana		-41.0					-79.5		-120.5
Iowa	-5.8								-5.8
Kansas	-1.0		-7.0						-8.0
Kentucky	-1.0	-1.5	-6.0				-3.0		-11.5
Louisiana	-2.0		-3.0						-5.0
Maine		-1.4			$21.4		2.1		22.1
Maryland		-1.7	14.3	$91.6			-14.2		90.0
Massachusetts									0.0
Michigan	-12.8	-218.2	-306.2	95.3			-55.8		-497.7
Minnesota	-1.0	-785.5	5.8				-15.8	0.3	-796.2
Mississippi									0.0
Missouri	-3.0	-179.0	-34.0						-216.0
Montana							-4.3		-4.3
Nebraska									0.0
Nevada									0.0
New Hampshire			76.0	28.0			36.0		140.0
New Jersey		-51.0	-50.0		0.0				-101.0
New Mexico		30.1			-1.9		-4.5		23.7
New York	95.2	-51.0	-120.5				-1.0	-22.1	-99.4
North Carolina	-1.6	3.3	-8.7					1.5	-5.5
North Dakota					2.6				2.6
Ohio		-333.8					-3.4		-337.2
Oklahoma							-57.6	0.0	-57.6
Oregon		-3.1	-1.0	-1.1	175.4				170.2
Pennsylvania	-7.7	-25.5	-82.6				-291.3		-407.1
Puerto Rico		-64.0							-64.0
Rhode Island									0.0
South Carolina	-1.1	-5.7	1.2						-5.6
South Dakota					15.0			13.0	28.0
Tennessee	24.0						140.0	5.0	169.0
Texas	-277.0		-229.0				-1,378.0		-1,884.0
Utah	-11.6	-1.8						2.6	-10.8
Vermont	-6.1	-6.7					-22.8		-35.6
Virginia	-29.4	-8.0	-9.9						-47.3
Washington							0.2		0.2
West Virginia									0.0
Wisconsin		5.1	10.9						16.0
Wyoming				5.0			-6.5		-1.5
Total	**$-366.8**	**$-2,200.8**	**$-821.1**	**$218.8**	**$212.5**	**$42.9**	**$-2,808.5**	**$524.7**	**$-5,198**

NOTE: *See Appendix Table A-9 for details on specific revenue changes.

SOURCE: National Association of State Budget Officers.

gon, extended the sunset on cigarette taxes, resulting in a net tax decrease of $1.1 million. Maryland increased the cigarette tax by 30 cents per pack, resulting in a net tax increase of $91.6 million. Michigan's increase reflects stamping and will net a $95.3 million tax increase. New Hampshire, which increased the cost of a pack of cigarettes by 15 cents, will net an increase of $28 million. All three states will use a portion of those increases for smoking cessation/prevention programs, cancer research, and education.

Alcohol, Motor Fuel, and Other Taxes and Fees. Changes in liquor taxes, motor fuel taxes, and fees will result in a net tax increase of about $1 billion to the states, while changes in other taxes will decrease collections by more than $2.8 billion.

The most significant changes in alcohol-related taxes were in Florida—which reduced its liquor surcharge by a third, resulting in a $37 million tax reduction—and Illinois, which will finance a portion of its statewide infrastructure program with an $80 million liquor tax increase.

For fiscal 2000, Oregon replaced its weight/mile tax with a diesel tax, increased its gas tax by 5 cents per gallon, and increased its motor vehicle registration fee, resulting in a net tax increase of more than $175 million.

Illinois increased motor vehicle registration fees by over $492 million and enacted a program called FIRST, a Fund for Infrastructure, Roads, Schools and Transit. FIRST is a five-year, $12 billion public works program addressing Illinois' aging and deteriorating roads and bridges, unfunded highway construction projects, dilapidated mass transit systems, and school construction and repair needs. The program also will fund the cleanup of urban brownfields and other environmental hazards, upgrade sewer and drinking water systems, and a host of quality-of-life projects throughout the state. California reduced the fee on local motor vehicle licenses at a cost to the state of $248 million.

Florida and Indiana enacted property tax changes resulting in revenue reductions. Florida reduced its general and school property tax by 0.5 mills, resulting in a combined reduction of state revenues of more than $512 million. Indiana enacted property tax changes resulting in a decrease of more than $79 million.

Several states also changed franchise fees, excise taxes, and other business taxes, resulting in significant reductions in state tax revenues. Pennsylvania lowered the capital stock and franchise tax rate, eliminated the gross receipts tax on gas companies, and reduced the public utility realty tax, resulting in a reduction of over $291 million. Oklahoma decreased the gross production tax rate on oil from 7 percent to 1 percent, resulting in a tax decrease of $57.6 million. Tennessee extended its franchise and excise tax to limited liability entities, resulting in a net tax increase of $140 million.

Total Balances

CHAPTER THREE

The steady growth of the economy has enabled states to build their reserves. Fiscal 2000 is the seventh consecutive year that balances will exceed 5 percent of annual expenditures. These balances reflect the continuation of the economic expansion and underscore the need for states to accumulate balances during healthy economic times for eventual downturns.

Balances as a percentage of expenditures in fiscal 1998, fiscal 1999, and fiscal 2000 are among the highest levels in the past twenty years (see Figure 3). Total balances reflect the funds states may use to respond to unforeseen circumstances. Both ending balances and the balances of budget stabilization funds are included in total balance figures (see Appendix Tables A-1, A-2, A-3, and A-11).

The balances for fiscal 2000 are $27.4 billion, or 5.6 percent of expenditures (see Table 8). About two-thirds of the states estimate balances as a percentage of expenditures to be 5 percent or more in fiscal 1999 (see Table 9 and Figure 4). Balances in eighteen states are estimated to exceed 10 percent of expenditures in fiscal 1999, a healthy cushion for economic downturns and other uncertainties.

During the past several years, states have been building up rainy day fund balances and ending balances. These balances will help prevent major disruptions in services to citizens should the economy slow from its current pace of economic growth. An economic downturn in the early 1980s and early 1990s caused the rapid fall of state balances. States had developed healthy balances in 1980, at 9 percent of expenditures, only to see the balances diminish rapidly. For example, balances declined from 9 percent to 4.4 percent in the one-year period from fiscal 1980 to fiscal 1981.

The rapid decline of balances during the early 1980s and the budget cutting and tax increases required to maintain balanced budgets during the early 1990s led states to cautiously position themselves to manage the next economic downturn with less disruption to the services that citizens expect from government.

During the early 1990s, states did not have adequate balances to weather fiscal storms. Before the economic decline of 1989, balances were at 4.8 percent of expenditures. However, these balances fell to a low of 1.1 percent by fiscal 1991. The lack of resources caused states to reduce current-year budgets, resulting in uncertainty for those receiving and delivering necessary state services. In fiscal 1992 and 1993, thirty-five states and twenty-three states, respectively, were forced to reduce current-year budgets because of the serious economic decline. At this same

FIGURE 3

Total Year-End Balances and Total Year-End Balances as a Percentage of Expenditures, Fiscal 1979 to Fiscal 2000

SOURCE: National Association of State Budget Officers.

TABLE 8

Total Year-End Balances, Fiscal 1979 to Fiscal 2000

Fiscal Year	*Total Balance (Billions)*	*Total Balance (Percentage of Expenditures)*
2000*	$27.4	5.6%
1999*	35.4	7.6
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 1999 are preliminary actuals; figures for fiscal 2000 are based on appropriations.

SOURCE: National Association of State Budget Officers.

TABLE 9

Total Year-End Balances as a Percentage of Expenditures, Fiscal 1998 to Fiscal 2000

	Number of States		
Percentage of Expenditures	*Fiscal 1998 (Actual)*	*Fiscal 1999 (Preliminary Actual)*	*Fiscal 2000 (Appropriated)*
Less than 1.0%	0	1	5
1.0% to 2.9%	4	4	4
3.0% to 4.9%	6	9	12
5.0% or more	39	36	29

NOTE: The average for fiscal 1998 (actual) was 9.2 percent; the average for fiscal 1999 (preliminary actual) is 7.6 percent; and the average for fiscal 2000 (appropriated) is 5.6 percent.

SOURCE: National Association of State Budget Officers.

time, states sharply increased taxes, raising $25 billion of new revenue in a two-year period.

States have additional responsibilities under TANF and will need more flexibility in using their resources when the economy slows down and the most disadvantaged recipients need assistance.

All but five states have some type of budget stabilization fund. These funds may be budget reserve funds, revenue-shortfall accounts, or cash-flow accounts. About three-fifths of the states have a limit on the size of the budget reserve fund, ranging from 3

FIGURE 4

Total Year-End Balances as a Percentage of Expenditures, Fiscal 1999

SOURCE: National Association of State Budget Officers.

percent to 10 percent of appropriations. The most common limit is 5 percent of appropriations. Typically, funds above the budget stabilization fund limit would remain in the state's ending balance.

States often use formulas to determine fund limits and the methods of deposit and withdrawal for budget stabilization or rainy day funds. Access to budget stabilization funds is often tied to specific formulas, such as when actual revenues fall below forecasted amounts. Or, access may be based on a statutory indicator, such as a decline in state personal income. Cyclical problems, especially if they are not too severe, often are addressed through the use of budget stabilization or rainy day funds. States must also use their balances for cash-flow purposes.

Reserves often are used to address short-term imbalances between revenues and expenditures. Strategies that states use for long-term solutions include multiyear forecasting, spending affordability limits, and expenditure controls.

Some states have appropriation limits that, rather than limit growth, can serve as a safeguard when revenues fall below expectations. By appropriating less than 100 percent of estimated revenues, as Delaware, Iowa, Mississippi, Oklahoma, and Rhode Island do, states give themselves a cushion for revenue shortfalls. This is preferable to the alternative, which is often to reduce enacted budgets midyear because of decreased revenue.

State Management Changes

The 1999 legislative session resulted in a number of changes for states in budgeting and financial practices (see Table 10). States are moving ahead with new financial management systems, often integrating functions of payroll, accounting, and human resources. Other changes include performance-based budgeting, department reorganizations, and reviews of a state's tax structure.

TABLE 10

Changes to Budgeting and Financial Management Practices

NEW ENGLAND	
Maine	Funds were appropriated for the development of a replacement budget system.
New Hampshire	The state is beginning a pilot program on performance-based budgeting. The state funded a greater share of elementary and secondary education costs.
Vermont	The state is continuing to plan and implement a new financial management system, including an integrated accounting/performance budgeting capability to be implemented in fiscal 2001.
MID-ATLANTIC	
Maryland	The state implemented a new pay plan that places the midpoint of the pay scale at 80 percent of the labor market and added more steps to the plan.
Pennsylvania	The state transferred the correctional education program from the department of education to the department of corrections and transferred blind and visual services from the department of public welfare to the vocational rehabilitation program in the department of labor and industry.
	The state will begin full implementation of the federal Workforce Investment Act on January 1, 2000, which is six months ahead of the federal requirement. Career Link Centers are being established to provide one-stop access to employment and related training services.
GREAT LAKES	
Ohio	The department of human services and the bureau of employment services will be merged into a new agency, the department of job and family services, effective July 1, 2000.
PLAINS	
Minnesota	The administration began work on a major tax reform study for presentation to the 2001 legislature. Funds are appropriated to replace an income tax processing system and to upgrade the human resource/payroll system.
Missouri	Workforce development efforts were reorganized by merging programs from the department of labor and industrial relations and the department of economic development. A new integrated financial management system was implemented in July 1999. Accounting and purchasing functions were implemented for fiscal 2000. A new budget system is being used for fiscal 2001 budget development. A new human resources system will be implemented during calendar year 2000.
Nebraska	The state appropriated funds to review the need for a new financial system.
North Dakota	The state increased market equity for employees furthest behind market pay rates. Legislators directed to exclude performance data from future budgets.
South Dakota	The legislature passed a bill eliminating performance budgeting.

TABLE 10 (continued)

SOUTHEAST	
Arkansas	The state is phasing in performance-based budgeting.
	The state began development of statewide-integrated information system that will include activities based costing with expenditures tied not only to costs, but also to measurable performance outputs. Functionality will include potential for full implementation of performance-based budgeting.
Kentucky	The state is implementing a replacement of its financial, budgeting, and materials management system.
North Carolina	The state implemented new legislation placing information technology under one body and emphasizing enterprise and portfolio management. This excludes educational agencies.
Tennessee	The budget funds positions to manage several cabinet working groups to oversee related state agencies. Legislation was enacted to create an integrated, coordinated, collaborative, and focused workforce development system that utilizes federal, state, and local resources. The legislation creates the department of labor and workforce development by combining the current departments of labor and employment security. The new department will administer employment security programs, the federal Workforce Investment Act, Wagner-Peyser, and Job Training Partnership Act programs. The new department will also administer the adult basic education programs and the Food Stamp employment and training program, which were transferred from other departments. The department of labor and workforce development also will coordinate the activities and functions of other departments and state agencies to reduce duplication among employment-related training activities in the state and to maximize Tennessee's efforts to increase the skills of its workforce and to foster economic growth through job placement and training services.
SOUTHWEST	
Arizona	The state is implementing a series of tax reductions and appropriations that are triggered when revenues exceed projections and is initiating the first two-year budget for all state agencies for fiscal 2000 and 2001.
New Mexico	The Accountability in Government Act requires performance budgeting over a four-year period.
Oklahoma	The state implemented requirements for strategic planning by agency. Budget requests are to be submitted online over the Internet.
Texas	All agencies are required to establish customer service standards.
ROCKY MOUNTAIN	
Colorado	The state implemented a performance-based budgeting process starting with the fiscal 2001 budget request. Special emphasis has been placed on these areas: development of comprehensive, program-level performance measures; and detail of agency base budgets for fiscal efficiencies.
Montana	The state implemented a new automated budgeting system. New financial and human resource systems are being implemented in fiscal 2000.
FAR WEST	
Alaska	The state is consolidating programs for community and regional affairs and commerce into a new department of community and economic development. Other programs have been consolidated in the department of labor and workforce development and department of education and early childhood development. Also, the state established a balanced budget task force and a privatization task force.
California	Child support administration and automation have been moved to a new department.
	A new state Workforce Investment Board will commence the planning and implementation of the Workforce Investment Act.
Oregon	Changes to the automated budget system will be fully implemented for preparation in the 2003-2005 biennium.

SOURCE: National Association of State Budget Officers.

Special Feature: Use of General Fund Surpluses in Fiscal 1999

In addition to the ongoing reporting of state balances that appears in each edition of this report, states were asked how they used their fiscal 1999 general fund surplus. In many cases, portions of this surplus increased rainy day fund balances, and these funds are reflected in the balances that states report for both fiscal 1999 and fiscal 2000.

This is the second year that states were asked about the uses of surplus funds. Fewer states reported a surplus for fiscal 1999 than for fiscal 1998. While all but five states reported a surplus for fiscal 1998, nine states did not have surpluses in fiscal 1999. In 1999, states used surplus funds more for road construction and less for transfers into budget stabilization funds and rainy day funds.

The stronger-than-anticipated economy, coupled with the absence of large cost drivers, resulted in the surplus funds. States on average reported that their revenues for fiscal 1999 exceeded their estimates by approximately 2.3 percent. This is similar to the past five years, when revenues on average have exceeded the estimates by approximately 2 percent each year.

Decisions about surplus funds were often made in fiscal 1999, with spending occurring in both fiscal 1999 and fiscal 2000. In other cases, states will decide about the use of fiscal 1999 surplus funds during 2000 legislative sessions.

State used surplus funds in a variety of ways (see Table 11). Key survey results are as follows.

- Nineteen states used their surpluses to increase their rainy day fund or budget stabilization fund balances.
- Nineteen states invested in capital construction, including schools and roads.
- Thirteen states reduced taxes.
- Twelve states invested in elementary and secondary education and higher education.
- Eight states invested in technology.
- Seven states provided additional support to local governments.
- Seven states used funds for economic development projects.
- Four states funded endowments.
- Four states reduced debt.

Other uses included natural disaster relief, providing health and welfare services, reducing property taxes, reducing debt, funding teachers' pensions, and using the funds to balance the fiscal 2000 budget.

States also used the funds to create other reserve funds (see Table 12). Examples of these funds include:

- tax reform accounts,
- reserve funds for TANF,
- property tax relief funds,
- contingency funds for litigation,
- health care funds,
- capital construction reserves, and
- human services contingency funds.

TABLE 11

Uses of 1999 General Fund Surplus

Region and State	*Capital* Const.	*School* Const.	*Road* Constr.	*Econ. Dev.*	*Endow. Funds*	*Reduce Debt*	*Increase Rainy Day Funds*	*K-12*	*Higher Education*	Tech.	*Aid to Local* Gvts.	*Tax Cuts*	*Other*
NEW ENGLAND													
Connecticut*		X		X	X	X	X	X	X	X	X	X	X
Maine						X	X						
Massachusetts	X		X				X						
New Hampshire*							X						X
Rhode Island								X			X	X	
Vermont*	X	X		X	X	X	X		X	X	X	X	X
MID-ATLANTIC													
Delaware*	X	X				*					X		
Maryland	X	X					X						
New Jersey*	X											X	X
New York							X					X	
Pennsylvania							X					X	
GREAT LAKES													
Illinois*													X
Indiana*	X		X						X	X	X		X
Michigan							X						
Ohio		X					X			X		X	
Wisconsin*												X	
PLAINS													
Iowa													
Kansas													
Minnesota*					X							X	X
Missouri*	X												X
Nebraska							X						
North Dakota*													
South Dakota													
SOUTHEAST													
Alabama													X
Arkansas	X			X						X			
Florida*							X						X
Georgia			X					X					
Kentucky							X	X		X			
Louisiana													
Mississippi*													X
North Carolina	X						X	X					X
South Carolina	X							X	X				
Tennessee*													X
Virginia							X						
West Virginia	X			X			X						
SOUTHWEST													
Arizona								X				X	
New Mexico													
Oklahoma													
Texas		X				X		X	X		X	X	
ROCKY MOUNTAIN													
Colorado	X						X						
Idaho	X									X			
Montana*													X
Utah*				X			X						
Wyoming													
FAR WEST													
Alaska													
California*	X	X		X			X	X	X	X	X	X	X
Hawaii													
Nevada													
Oregon													
Washington*		X		X	X				X			X	X
TERRITORY													
Puerto Rico*													X
Total	**14**	**8**	**3**	**7**	**4**	**4**	**19**	**9**	**7**	**8**	**7**	**13**	**17**

***See Notes.**

SOURCE: National Association of State Budget Officers.

Notes to Table 11

California	Other uses include health care.
Connecticut	Other uses include rebates to state employees' health insurance.
Delaware	Reduction of debt refers to the fact that the state did not authorize the full bond authority available.
Florida	Other uses include natural disaster relief.
Illinois	Other uses include maintenance of a high cash balance as cushion against future costs.
Indiana	Other uses include reducing teachers' pensions unfunded liabilities.
Minnesota	Other uses include property tax buy-downs.
Mississippi	The surplus is carried forward to subsequent budget/fiscal years.
Missouri	Other uses include refunds to taxpayers.
Montana	The surplus was considered part of available funds for all budgetary and tax relief actions. It was not uniquely tied to any item of expenditure, tax relief, or retained surplus.
New Hampshire	Other uses include funding the health care transition fund.
New Jersey	A portion of the surplus was used in fiscal 2000. There is no specific program supported by the surplus funds; however, the programs indicated had significant increase.
North Dakota	$51.7 million was used to fund the 1999-2001 biennium budget.
Puerto Rico	Surplus funds were distributed to the budget of government agencies.
Tennessee	Other uses include housing state prisoners and balancing the fiscal 2000 budget.
Vermont	Other uses include land acquisition and affordable housing; funding the emergency disaster relief fund; and state park renovations.
Utah	$11.2 million is available for supplemental appropriations in fiscal 2000 for critical programs. The $11.2 million is net of the amounts transferred to the rainy day fund ($1.3 million) and the Industrial Assistance Fund ($1.8 million).
Washington	Other uses include replacement of federal funding cut from the Social Services Block Grant with state general fund, and disaster funding for fire mobilization, floods and other disasters.
Wisconsin	The tax cut is both one-time and ongoing.

TABLE 12

Other Reserve Funds

California	Surplus funds were used for an appropriated TANF child care reserve of $271 million and an unappropriated TANF reserve of $99 million. The surplus was also used for reserves of $300 million for employee pay raises and litigation and $480 million for liquidation of encumbrances.
Hawaii	Limited funds as available for the Governor's Contingency Fund and the Major Disaster Fund.
Kentucky	Surplus funds were used for a TANF contingency fund and a capital construction contingency fund.
Maine	Surplus funds were used for telecommunications and transportation funding.
Maryland	Surplus funds were used for a $15.7 million reserve for welfare.
Massachusetts	No new reserves were created in fiscal 1999. Certain capital reserves and a welfare caseload increase mitigation fund were previously established.
Minnesota	The Governor and legislature agreed to leave unspent TANF funds of $116 million at the end of fiscal 2000 and $90 million at the end of the 2000-2001 biennium to plan for a possible economic downturn. The money was not actually designated as a reserve.
Mississippi	Surplus funds were used for the Mississippi Health Care Trust Fund established with tobacco settlement proceeds.
Missouri	Surplus funds were used for Medicaid and corrections.
New Hampshire	Surplus funds were used for a health care transition fund to improve health care in the state.
New Jersey	A $46 million welfare contingency fund has been established from TANF dollars that were "converted" to state funds.
North Carolina	Surplus funds were used to support other nonrecurring expenditures.
New York	The state has a contingency reserve fund for litigation costs and a debt reduction reserve fund to reduce state indebtedness.
Ohio	Surplus funds were used for a human services stabilization fund, with $100 million set aside for human services contingencies.
Oregon	Several initiatives will be on ballot for the next general election in November 2000.
Pennsylvania	Surplus funds were used to appropriate $200 million for potential debt reduction.
South Dakota	The property tax reduction fund was established in 1996 for the purpose of providing property tax relief. In fiscal 1999, $16.9 million of the surplus was transferred to this fund to continue the commitment toward a 30 percent property tax reduction.
Tennessee	Surplus funds were used for a Medicaid/TennCare reserve.
Texas	TANF reserve fund.
Utah	The state has established a welfare reserve account (fiscal 1999 balance is $0), and a Medicaid reserve account (fiscal 1999 balance is $16.58 million).
Vermont	Surplus funds were used for a human services caseload reserve to support human service programs and a debt service reserve for debt reduction.
Virginia	Capital is appropriated up front on a pay-as-you-go basis. Unexpended amounts are reappropriated each year. $4 million is also set aside for natural disaster relief.
West Virginia	Surplus funds created the public employees' insurance reserve fund, and an income tax refund reserve fund, to fund against possible tax reductions, or to offset reductions in federal funding for state programs.
Wyoming	Legislative Royalty Impact Account, Omnibus Land Income Account.

Appendix

TABLE A-1

Fiscal 1998 State General Fund, Actual (Millions)

Region and State	*Beginning Balance*	*Revenues*	*Adjustments*	*Resources*	*Expenditures*	*Adjustments*	*Ending Balance*	*Budget Stabilization Fund*
NEW ENGLAND								
Connecticut**	$ 0	$10,142	0	$10,142	$ 9,829	0	$ 313	$ 499
Maine**	17	2,112	16	2,145	1,898	148	98	92
Massachusetts**	212	18,011	0	18,223	17,285	684	254	1,160
New Hampshire	-1	964	-4	959	918	0	41	20
Rhode Island**	46	1,963	0	2,008	1,863	14	132	61
Vermont**	0	876	-52	824	876	-52	0	36
MID-ATLANTIC								
Delaware*	393	2,046	0	2,439	1,900	0	539	101
Maryland	207	8,029	0	8,236	7,816	0	420	618
New Jersey* **	1,108	17,041	0	18,149	16,753	139	1,257	534
New York*	433	34,552	0	34,985	34,347	0	638	400
Pennsylvania**	403	17,213	103	17,719	17,289	165	265	655
GREAT LAKES								
Illinois	806	19,984	0	20,790	19,588	0	1,202	0
Indiana	1,138	8,480	0	9,618	7,894	404	1,320	496
Michigan**	53	8,811	-46	8,818	8,647	115	55	1,000
Ohio**	149	18,138	0	18,287	17,087	1,061	139	907
Wisconsin	327	9,528	445	10,300	9,695	54	552	0
PLAINS								
Iowa	340	4,429	0	4,769	4,354	0	415	439
Kansas	529	4,024	0	4,553	3,799	0	754	0
Minnesota* **	1,995	10,744	0	12,739	10,212	0	2,527	1,847
Missouri	278	6,649	0	6,927	6,579	0	348	128
Nebraska**	355	2,106	-98	2,363	1,932	0	431	133
North Dakota* **	82	743	0	825	728	0	97	17
South Dakota**	0	718	6	723	702	21	0	30
SOUTHEAST								
Alabama	23	4,715	0	4,739	4,688	0	51	0
Arkansas	0	2,903	0	2,903	2,844	0	59	0
Florida	689	16,790	0	17,479	17,078	0	401	1,041
Georgia	821	12,479	0	13,300	12,510	0	790	352
Kentucky**	284	6,012	393	6,689	5,958	375	356	200
Louisiana**	135	5,788	19	5,942	5,771	77	94	0
Mississippi	94	3,042	0	3,136	2,933	101	101	213
North Carolina	319	11,727	175	12,221	11,436	269	516	523
South Carolina*	574	4,846	0	5,420	4,904	0	517	130
Tennessee* **	81	5,997	-14	6,064	5,816	0	248	101
Virginia	495	8,811	0	9,306	8,336	0	971	224
West Virginia**	149	2,503	26	2,678	2,543	10	125	68
SOUTHWEST								
Arizona	516	5,229	0	5,745	5,219	0	526	290
New Mexico**	80	3,206	0	3,286	3,061	0	225	0
Oklahoma**	225	4,341	-193	4,373	4,199	0	174	297
Texas**	NA	NA		NA	NA		NA	NA
ROCKY MOUNTAIN								
Colorado	514	5,401	0	5,915	4,860	0	901	177
Idaho**	13	1,482	-13	1,482	1,447	0	36	36
Montana	30	1,034	0	1,065	1,021	0	44	0
Utah**	37	3,055	-6	3,086	3,042	0	44	88
Wyoming*	52	506	26	584	518	26	40	22
FAR WEST								
Alaska**	70	1,894	395	2,359	2,359	0	0	3,471
California*	976	54,973	0	55,949	52,885	0	3,064	2,584
Hawaii	136	3,232	0	3,367	3,214	0	154	0
Nevada**	107	1,412	30	1,549	1,464	2	83	129
Oregon**	800	3,997	0	4,797	4,333	0	464	38
Washington* **	513	9,645	-296	9,861	9,332	0	530	300
TERRITORIES								
Puerto Rico	18	6,127	0	6,145	6,053	0	92	34
Total	**$16,603**	**$392,322**	**--**	**$409,836**	**$383,757**	**--**	**$22,311**	**$19,458**

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

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE A-1

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

Alaska	Expenditure adjustments of $390.1 million draw from the constitutional budget reserve.
Colorado	The budget stabilization fund contains two special funds. First, it includes the statutory 4 percent of appropriations reserve ($177 million in fiscal 1998). This amount is also included in the ending balance. Second, the budget stabilization fund contains a 3 percent TABOR constitutional reserve. This amount is not included in the ending balance.
Connecticut	Figures include federal reimbursements, such as Medicaid. In accordance with the state constitution, at the close of fiscal year the budget reserve fund balance will be maintained at its statutory limit of 5 percent of net general fund appropriations.
Idaho	Revenue adjustments include an $8.5 million transfer to the budget stabilization fund, a $3.5 million transfer to the disaster emergency fund, a $975,000 transfer to the natural restoration fund, and $271,400 in other fund transfers.
Kentucky	Revenue adjustments include fund transfers and continued appropriations carried forward from the previous fiscal years. Expenditure adjustments include continued appropriations, surplus expenditure plans appropriations, and necessary government expenses to date.
Louisiana	Revenue adjustments reflect carry-forward adjustments of $19 million. The reconciliation to the comprehensive annual financial report general fund balance of June 30, 1998 is $77 million.
Maine	Adjustments are for prior year transactions and balances.
Massachusetts	"General fund" encompasses Massachusetts' three major funds—general, highway, and local aid. Massachusetts uses all three in the manner that most states, which typically have far fewer dedicated or "minor" funds, use just their general fund. Expenditures adjustments are for unspent, lapsed appropriations; appropriations continued in the next fiscal year; and $279 million in statutorily required transfers to the budget stabilization and capital projects funds resulting from net surplus revenue.
Michigan	Revenue adjustment reflects an insurance refund. Expenditure adjustments reflect contingency appropriations and projected lapses.
Minnesota	The ending balance includes a cash flow account of $350 million, a budget reserve of $513 million, a property tax reserve account of $551 million, and other reserves of $433 million.
Nebraska	Revenue adjustments are transfers between the general fund and other funds.
Nevada	Revenue adjustments include $28 million in reversions.
New Jersey	The amounts are for the general fund and the property tax relief fund, into which gross tax revenues are deposited and appropriated.
New Mexico	The figures combine operating reserve with appropriations account. Operating reserves act as a rainy day fund.
North Carolina	Revenue adjustments reflect reserves authorized for repairs and renovations of $174.2 million, and cultural resources of $.3 million. Expenditure adjustments reflect a $21.5 million transfer to the budget stabilization reserve, $145.0 million for repairs and renovations, $47.4 million for the clean water management trust fund, and $55 million allocated to the department of public instruction.
North Dakota	The ending balance reflects $17 million that was transferred to the budget stabilization fund and subsequently transferred to the Bank of North Dakota to become part of the bank's profits. Contingency funds of $23 million were available from the Bank of North Dakota if a revenue shortfall occurred during the 1997-999 biennium.
Ohio	Included in the general revenue fund are federal reimbursements for Medicaid and other human services programs and Temporary Assistance for Needy Families' federal block grant funds. Beginning balances are undesignated, unreserved fund balances. 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 1998 do not include encumbrances outstanding at the end of the year. Ohio reports expenditures based on disbursements for the general revenue fund. Expenditure adjustments reflect a transfer to the income tax reduction fund of $701.4 million, a transfer to the budget stabilization fund of $44.2 million, a transfer to the school building assistance fund of $170 million, a transfer to the school district solvency assistance fund of $30 million, and other miscellaneous transfers-out, totaling $83.7 million. These transfers-out are adjusted for an estimated net change in encumbrances from fiscal 1997 levels of $31.8 million.
Oklahoma	Adjustments to revenues are transfers to the constitutional reserve fund (rainy day) and to the general revenue cashflow reserve fund.
Oregon	The rainy day fund balance is the states general purpose emergency fund.
Pennsylvania	Revenue adjustments include adjustments to the beginning balance of $400 thousand and lapses from prior-year appropriations of $102 million. Expenditures reflect total amounts appropriated. Expenditure adjustments include the addition of current-year lapses of $59 million and the transfer to the rainy day fund of $223 million, which actually occurs in the following year. The rainy day fund equals year-end balance of $431.4 million plus that year's transfer of $223.3 million from the general fund, which actually occurs during the following fiscal year.
Rhode Island	Expenditure adjustments reflect reappropriations carried forward to the following year.
South Dakota	Revenue adjustments include transfers from the budget reserve fund and obligated cash carried forward. Expenditure adjustments include transfers to the budget reserve fund, property tax reduction fund, and other funds. Also included in expenditures are future obligations against cash.

NOTES TO TABLE A-1 (continued)

Tennessee	Revenue adjustments reflect a $43 million transfer to the general fund from the Tennessee Housing Development Agency reserves and earmarked tax revenue; a $36 million transfer to the general fund from the debt service fund unexpended appropriations; and a $93 million reduction in unexpended revenues for future dedicated expenditures. The beginning balance includes $19 million reserved to fund appropriations and $62 million that is unreserved.
Texas	The figures for the 1998-1999 biennial budget are shown in the figures for fiscal 1999.
Utah	Revenue adjustments include transfers of $6.8, insurance rebates of $5 million, net funds available from other years of $-13.7 million, a transfer to the rainy day fund of $-4.9 million, and other adjustments of $1 million totaling $-5.8 million in adjustments.
Vermont	Revenue and expenditure adjustments reflect education reform revenues that offset a concomitant amount of expenditures, both of which are reflected in the education fund in fiscal 1999. Expenditures include a $0.92 million transfer to the general fund budget stabilization reserve; a $1.94 million transfer to the transportation fund; a $59.1 million transfer to the education fund; a $13.03 million transfer to a debt service reserve; and a $7.39 million transfer to the human services caseload management reserve.
Washington	The revenue adjustments represent the transfer of revenue from the general fund to the rainy day fund (emergency reserve account). The rainy day fund balance is larger than the revenue transfer, because once deposited, the fund balance grows because of investment earnings.
West Virginia	Revenues reflect $200,00 in prior-year redeposits, a $20 million transfer from the income tax refund reserve, and a $5.4 million transfer from special revenue.
Wisconsin	Revenue adjustments include designated balances carried forward from fiscal 1997 ($10.7 million), transfers from the Property Tax Relief Fund ($257.8 million) and from the Recycling Fund ($3.9 million), and departmental revenue ($172.6 million). The Property Tax Relief Fund holds monies for future property tax relief. The Recycling Fund receives amounts collected from recycling surcharges and then expends those funds for various recycling activities, including payments to local governments for their recycling efforts.
	Expenditure adjustments include designations for continuing balances for fiscal 1999 totaling $54.0 million.
Wyoming	Revenue adjustments reflect interfund transfers from the budget reserve account, legislative impact account, and statutory reserve account. Expenditures reflect carryovers.

TABLE A-2

Fiscal 1999 State General Fund, Preliminary Actual (Millions)

Region and State	*Beginning Balance*	*Revenues*	*Adjustments*	*Resources*	*Expenditures*	*Adjustments*	*Ending Balance*	*Budget Stabilization Fund*
NEW ENGLAND								
Connecticut**	$ 0	$10,616	0	$10,616	$10,545	0	$ 72	$ 529
Maine**	98	2,237	-59	2,276	2,154	-106	229	132
Massachusetts**	254	19,006	0	19,260	18,565	450	245	1,291
New Hampshire**	41	1,043	-94	991	954	36	0	36
Rhode Island**	132	2,026	0	2,158	2,037	16	104	66
Vermont**	0	840	0	840	840	0	0	40
MID-ATLANTIC								
Delaware*	539	2,191	0	2,730	2,153	0	577	114
Maryland**	420	8,513	185	9,118	8,535	0	583	635
New Jersey* **	1,257	17,721	0	18,978	17,858	15	1,105	608
New York* **	638	36,741	0	37,379	36,487	0	892	473
Pennsylvania**	265	18,583	118	18,966	18,368	150	448	941
GREAT LAKES								
Illinois	1,202	21,674	0	22,876	21,525	0	1,351	0
Indiana	1,320	8,940	0	10,260	8,417	631	1,212	525
Michigan**	55	9,638	-459	9,235	8,792	131	312	1,040
Ohio**	139	19,065	0	19,204	18,017	966	222	953
Wisconsin	552	10,114	56	10,722	10,009	-11	701	0
PLAINS								
Iowa	415	4,397	0	4,812	4,526	0	286	440
Kansas**	754	3,978	2	4,734	4,196	0	538	0
Minnesota* **	2,527	10,109	0	12,636	11,118	0	1,518	1,434
Missouri	348	7,024	0	7,372	7,173	0	199	135
Nebraska**	431	2,124	-30	2,526	2,233	0	293	146
North Dakota* **	97	740	0	837	758	0	79	17
South Dakota**	0	751	16	767	734	33	0	35
SOUTHEAST								
Alabama	51	4,940	0	4,991	4,919	0	72	0
Arkansas	0	3,050	0	3,050	3,009	0	40	0
Florida	401	17,815	0	18,217	18,186	0	30	1,330
Georgia	790	12,529	0	13,319	13,235	0	84	374
Kentucky**	356	6,217	21	6,594	6,181	381	33	231
Louisiana**	94	5,814	22	5,930	5,886	24	21	24
Mississippi	101	3,281	0	3,382	3,148	117	117	225
North Carolina	516	12,733	228	13,476	12,962	218	296	523
South Carolina*	517	4,931	0	5,447	4,724	0	723	138
Tennessee* **	248	6,229	51	6,528	6,418	26	84	127
Virginia	971	9,708	0	10,679	10,194	0	485	362
West Virginia**	125	2,618	24	2,767	2,606	5	156	65
SOUTHWEST								
Arizona	526	5,616	0	6,142	5,886	0	255	387
New Mexico	225	3,179	0	3,404	3,216	0	189	0
Oklahoma**	174	4,506	14	4,694	4,460	0	234	150
Texas**	2,378	54,474	-434	56,418	52,939	0	3,479	0
ROCKY MOUNTAIN								
Colorado	901	5,794	0	6,695	5,838	0	686	188
Idaho**	36	1,625	-3	1,657	1,611	0	47	36
Montana**	44	1,091	14	1,149	1,039	0	111	0
Utah**	44	3,191	14	3,248	3,237	0	11	94
Wyoming*	40	504	35	578	502	0	77	13
FAR WEST								
Alaska**	0	1,291	1,046	2,336	2,336	0	0	2,729
California*	3,064	57,927	0	60,991	58,579	0	2,412	1,932
Hawaii	154	3,286	0	3,440	3,251	0	189	0
Nevada**	83	1,526	111	1,720	1,607	14	99	129
Oregon**	464	4,328	36	4,828	4,512	-11	326	28
Washington* **	530	9,980	-217	10,292	9,826	0	466	533
TERRITORIES								
Puerto Rico	92	6,764	0	6,856	6,713	0	143	30
Total	**$24,317**	**$466,252**	**--**	**$491,265**	**$466,300**	**--**	**$21,687**	**$19,205**

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

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE A-2

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

Alaska	Expenditure adjustments of $1,045.5 million draw from the constitutional budget reserves.
Connecticut	Figures include federal reimbursements, such as Medicaid. In accordance with the state constitution, at the close of fiscal year the budget reserve fund balance will be maintained at its statutory limit of 5 percent of net general fund appropriations.
Idaho	Revenue adjustments include a $2 million transfer to the permanent building fund, $805,000 to the fire suppression fund, and $281,900 in other fund transfers.
Kansas	Revenues reflect adjustments for released encumbrances.
Kentucky	Revenue adjustments include fund transfers and continued appropriations carried forward from the previous fiscal years. Expenditure adjustments include continued appropriations, surplus expenditure plans appropriations, and necessary government expenses to date.
Louisiana	Revenue adjustments reflect carry-forward balance of $22 million. Expenditure adjustments reflect a $24 million deposit from general fund to rainy day fund.
Maine	Revenue adjustments include a statutorily authorized transfer of $39.3 million to the rainy day fund and $19.7 million to the retirement allowance fund. Expenditure adjustments are for prior year transactions and balances.
Massachusetts	"General fund" encompasses Massachusetts' three major funds—general, highway, and local aid. Massachusetts uses all three in the manner that most states, which typically have far fewer dedicated or "minor" funds, use just their general fund. Expenditure adjustments are for appropriations continued in the next fiscal year; unspent, lapsed appropriations; and and an estimated $134.5 million in statutorily required transfers to the budget stabilization and capital projects funds resulting from net surplus revenue.
Maryland	Adjustments to revenues represents transfers from the rainy day fund to the general fund to pay part of the cost of the phased-in income tax cut.
Michigan	Revenue adjustments reflect various changes, including reductions for litigation and taxpayer filing, changes to the single business tax, the scheduled phase-out of the intangibles tax, and other changes. Expenditure adjustments primarily reflect pending legislation.
Minnesota	The ending balance includes a cash flow account of $350 million, a budget reserve of $622 million, a property tax reserves account of $330 million, and other reserves of $132 million. A one-time sales tax rebate of $1,250 million is included as a revenue reduction. After 1999 session numbers were finalized, a contingent law went into effect adding an additional $50 million to bring the total sales tax rebate to $1,300 million. The contingency was based on fiscal 1999's available general fund, net nondedicated revenue certified by the commissioner of finance on July 15, 1999.
Montana	Adjustments are primarily due to reporting of unrealized investment income.
Nebraska	Revenue adjustments are transfers between the general fund and other funds.
Nevada	Revenue adjustments include $98 millions in reversions.
New Hampshire	Revenue adjustments reflect the $93.8 million transferred to the local education betterment fund. Expenditure adjustments reflect $20.7 million transferred to the health care transition fund and $15.5 million transferred to the revenue stabilization fund.
New Jersey	The amounts are for the general fund and the property tax relief fund, into which gross tax revenues are deposited and appropriated.
New York	Figures reported are actuals, not preliminary actuals.
North Carolina	Revenue adjustments reflect reserves authorized for repairs and renovations of $145 million, clean water management of $47.4 million, and the disproportionate share reserve of $35.4 million. Expenditure adjustments reflect $150 million for repairs and renovations, $31 million for clean water management, $30 million for the aquarium reserve, and $7 million for capital improvements.
North Dakota	The ending balance includes $17 million that was transferred to the budget stabilization fund and subsequently transferred to the Bank of North Dakota to become part of the bank's profits. Contingency funds of $23 million were available from the Bank of North Dakota should a revenue shortfall occur during the 1997-1999 biennium.
Ohio	Included in the general revenue fund are federal reimbursements for Medicaid and other human services programs and Temporary Assistance for Needy Families' federal block grant funds. Beginning balances are undesignated, unreserved fund balances. 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 1999 do not include encumbrances outstanding at the end of the year. Ohio reports expenditures based on disbursements for the general revenue fund. Expenditure adjustments reflect a transfer to the income tax reduction fund of $293.3 million, a transfer to the budget stabilization fund of $46.4 million, a transfer to the school building assistance fund of $325.7 million, a transfer to SchoolNet Plus of $85.4 million, a transfer for Interactive Video Distance Learning of $4.6 million, and other transfers-out, totaling $239.3 million. These transfers-out are adjusted for a net change in encumbrances from fiscal 1998 levels of $-28.9 million.

NOTES TO TABLE A-2 (continued)

Oklahoma	At a special session in early February, the state decreased the gross production tax rate on oil and accelerated refunds to "at-risk" wells. This action decreased the general revenue fund appropriations authority by $21.3 million. Appropriations were decreased accordingly, which kept estimates and appropriations in balance. The reason for the decrease in gross production tax rate on oil was to provide relief for oil producers when the price of oil was very low. The adjustment to revenues is an increase resulting from a decrease in the size of the general revenue cash flow reserve fund. The general revenue cashflow reserve fund was set at 10 percent of the general revenue fund appropriations for fiscal 1999, from fiscal 1998 year-end revenue source. This was reduced to 9.5 percent for fiscal 2000, which resulted in a $14 million requirement reduction going into fiscal 2000.
Oregon	Revenue adjustments reflect the reversion estimate. Expenditure adjustments reflect the carry-forward general fund from 1995-1997 to 1997-1999 for the legislative assembly. The rainy day fund balance is the state's general purpose emergency fund as of June 30, 1999. All revenue estimates are based upon the September 1999 revenue forecast.
Pennsylvania	Revenue adjustments include adjustments to the beginning balance of $65,000 and lapses from prior-year appropriations of $118.4 million. Expenditures reflect total amounts appropriated. Expenditure adjustments include the addition of current-year lapses of $104 million and the transfer to the rainy day fund of $255 million, which actually occurs in the following year. The rainy day fund equals year-end balance of $685.5 million, plus that year's transfer of $255.4 million from the general fund, which actually occurs during the following fiscal year.
Rhode Island	Expenditure adjustment reflects reappropriations carried forward to the following year.
South Dakota	Revenue adjustments include transfers from the budget reserve fund and obligated cash carried forward. Expenditure adjustments include transfers to the budget reserve fund, property tax reduction fund, and other funds. Also included in expenditures are future obligations against cash.
Tennessee	Revenue adjustments reflect a $51 million transfer to the general fund from debt service unexpended appropriations. Expenditure adjustments reflect a $26 million transfer to the general fund to reserves. The fiscal 1999 ending balance includes $49 million in funds reserved for appropriations and $35 million in unreserved funds.
Texas	The figures shown are the two-year totals for the 1998-1999 biennial budget.
Utah	Revenue adjustments include net funds available from other years of $13.1million, a transfer to the rainy day fund of $-1.3, other adjustments of $1.7 million, totaling $13.5 million.
Vermont	Expenditures reflect a $3.99 million transfer to the general fund budget stabilization reserve; a $1 million transfer to the education fund; a $2 million transfer to a debt service reserve; a $2.51 million transfer to the human services caseload management reserve; an $11.12 million transfer to the general fund surplus reserve; a $4.83 million transfer from the general fund deficit reserve; and a $140,000 transfer from the transportation fund.
Washington	The revenue adjustments represent the transfer of revenue from the general fund to the rainy day fund (Emergency Reserve Account). The rainy day fund balance is larger than the revenue transfer, because once deposited, the fund balance grows because of investment earnings.
West Virginia	Revenues reflect $200,000 in prior-year redeposits, a $7.5 million transfer from the rainy day fund, a $14.5 million transfer from the income tax refund reserve, and a $1.3 million transfer from special revenue.
Wisconsin	Revenue adjustments include designated balances carried forward from fiscal 1998 totaling $55.7 million. Expenditure adjustments include designations for continuing balances for fiscal 2000 totaling $11.1 million.
Wyoming	Revenue adjustments reflect interfund transfers from the budget reserve account, legislative impact account, and statutory reserve account.

TABLE A-3

Fiscal 2000 State General Fund, Appropriated (Millions)

Region and State	*Beginning Balance*	*Revenues*	*Adjustments*	*Resources*	*Expenditures*	*Adjustments*	*Ending Balance*	*Budget Stabilization Fund*
NEW ENGLAND								
Connecticut**	$ 0	$10,646	0	$10,646	$10,582	0	$ 64	$ 554
Maine	229	2,191	17	2,437	2,279	0	158	0
Massachusetts**	245	19,262	0	19,507	19,247	129	130	1,506
New Hampshire	0	1,035	0	1,035	1,040	0	-4	36
Rhode Island**	104	2,127	0	2,231	2,205	0	26	68
Vermont**	0	840	0	840	840	0	0	41
MID-ATLANTIC								
Delaware*	577	2,213	0	2,791	2,438	0	352	122
Maryland	583	8,428	160	9,171	8,940	0	231	576
New Jersey* **	1,105	18,873	0	19,979	19,199	0	780	608
New York* **	892	39,308	0	40,200	37,355	0	2,845	473
Pennsylvania**	448	18,700	0	19,148	19,062	13	73	1,002
GREAT LAKES								
Illinois	1,351	22,610	0	23,961	22,611	0	1,350	0
Indiana	1,212	9,173	0	10,385	9,030	543	812	535
Michigan**	0	10,005	-524	9,481	9,229	0	252	1,104
Ohio**	222	19,550	0	19,772	19,339	88	344	978
Wisconsin	701	10,899	249	11,849	11,277	24	549	0
PLAINS								
Iowa	269	4,553	0	4,822	4,776	0	46	457
Kansas	538	4,202	0	4,740	4,454	0	286	0
Minnesota* **	1,518	11,235	0	12,753	11,502	0	1,251	1,104
Missouri	199	6,987	0	7,186	7,117	0	69	143
Nebraska**	293	2,314	-32	2,575	2,324	133	119	151
North Dakota* **	62	752	0	814	773	0	41	0
South Dakota**	0	754	18	772	753	18	0	37
SOUTHEAST								
Alabama	72	5,082	0	5,154	5,154	0	0	0
Arkansas	0	3,175	0	3,175	3,175	0	0	0
Florida	30	18,735	0	18,765	18,765	0	0	1,263
Georgia	84	13,208	0	13,292	13,291	0	0	376
Kentucky**	33	6,494	19	6,512	6,491	0	22	231
Louisiana**	21	5,880	13	5,914	5,912	1	1	52
Mississippi	117	3,310	0	3,427	3,406	11	11	238
North Carolina	297	13,276	235	13,808	13,711	55	41	323
South Carolina*	723	4,945	0	5,668	5,337	0	331	145
Tennessee* **	84	6,687	0	6,771	6,697	38	36	165
Virginia	485	10,612	0	11,097	11,095	0	2	556
West Virginia**	156	2,658	6	2,820	2,804	15	2	79
SOUTHWEST								
Arizona**	255	5,795	-23	6,028	5,918	29	80	403
New Mexico**	189	3,351	0	3,540	3,323	-15	232	0
Oklahoma**	234	4,634	-16	4,852	4,545	0	307	75
Texas**	3,479	54,220	0	57,699	57,675	0	24	0
ROCKY MOUNTAIN								
Colorado	686	5,944	0	6,630	5,978	0	469	201
Idaho**	47	1,662	-1	1,708	1,675	0	33	36
Montana**	111	1,123	12	1,245	1,102	0	143	0
Utah**	11	3,335	32	3,378	3,367	0	12	99
Wyoming*	77	498	45	619	562	0	57	9
FAR WEST								
Alaska**	0	1,301	970	2,270	2,270	0	0	1,971
California*	2,412	62,981	0	65,393	63,733	0	1,660	880
Hawaii	189	3,140	0	3,329	3,188	0	141	0
Nevada**	99	1,567	37	1,703	1,600	0	103	129
Oregon**	326	4,761	0	5,087	4,861	0	226	42
Washington* **	466	10,169	0	10,636	10,159	0	477	564
TERRITORIES								
Puerto Rico	143	6,892	0	7,035	7,033	0	2	65
Total	**$21,229**	**$485,199**	**--**	**$507,613**	**$492,165**	**--**	**$14,183**	**$17,330**

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

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE A-3

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

Alaska	Expenditure adjustments of $952.1 million draw from the constitutional budget reserves.
Arizona	Because fiscal 1999 revenues exceeded projections, a series of tax reductions and appropriations were triggered. The $23 million adjustment to revenues is the result of tax cuts and the $29.3 million is the result of additional appropriations.
Connecticut	Figures include federal reimbursements, such as Medicaid. In accordance with the state constitution, at the close of fiscal year the budget reserve fund balance will be maintained at its statutory limit of 5 percent of net general fund appropriations.
Idaho	Revenue adjustments include a $1 million transfer to the permanent building fund, a $200,000 transfer to the public school income fund, and a $350,000 transfer from the hazardous waste management fund.
Kentucky	Revenue adjustments include fund transfers and continued appropriations carried forward from the previous fiscal years. Expenditure adjustments include continued appropriations, surplus expenditure plans appropriations, and necessary government expenses to date.
Louisiana	Revenue adjustments reflect carry-forward balance of $13 million. Expenditure adjustments reflect contingent appropriations (net of session revenue adjustments) of $1 million.
Massachusetts	No fiscal 2000 budget has been enacted or approved to date. Data are based on a revised Governor's Budget Recommendation including tax revenues that are estimated at the start of the fiscal year in July. Expenditures are adjusted for estimated lapsed appropriations and a projected $104.3 million in statutorily required transfers to the budget stabilization and capital projects funds as the result of net surplus revenue. "General fund" encompasses Massachusetts' three major funds—general, highway, and local aid. Massachusetts uses all three in the manner that most states, which typically have far fewer dedicated or "minor" funds, use just their general fund.
Michigan	Revenue adjustments reflect various changes, including the single business tax and the personal income tax cut.
Minnesota	The ending balance includes a cash flow account of $350 million, a budget reserve of $622 million, and other reserves of $133 million.
Montana	The legislature anticipated an ending fund balance of $72 million for fiscal 1999 when setting the budget for fiscal 2000 and fiscal 2001. The actual fund balance exceeded expectations by $38 million. Adjustments are primarily the result of changes to accounting practice on advances made pending receipt of federal reimbursements.
Nebraska	Revenue adjustments are transfers between the general fund and other funds. Expenditure adjustments are carryovers from the prior year.
Nevada	Projected revenue adjustments include $34 million in reversions.
New Jersey	The amounts are for the general fund and the property tax relief fund, into which gross tax revenues are deposited and appropriated.
New Mexico	The adjustment in expenditures reflects earmarked monies that are appropriated but not included in the revenue estimate.
New York	Figures are Enacted Budget estimates as reported in the New York State 1999-2000 Enacted Budget Report, August 20, 1999.
North Dakota	The beginning balance has been reduced by the $17 million that was transferred to the budget stabilization fund in the 1997-1999 biennium and subsequently transferred to the Bank of North Dakota to become part of the bank's profits. Contingency funds of $40 million are available from the Bank of North Dakota should a revenue shortfall occur during the 1999-2001 biennium.
Ohio	Included in the general revenue fund are federal reimbursements for Medicaid and other human services programs and Temporary Assistance for Needy Families' federal block grant funds. 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. Estimated expenditures for fiscal 2000 do not include encumbrances outstanding at the end of the year. Ohio reports expenditures based on disbursements for the general revenue fund. Expenditure adjustments reflect a projected transfer to the budget stabilization fund of $24.2 million, miscellaneous transfers-out of $36.6 million, $36.1 million in estimated capital spending, $1.1 million for other uses, and an estimated lapse of $10 million for general revenue fund debt service.
Oklahoma	There was a major change in the composition of the general revenue fund. Gross production tax revenue from natural gas that had previously been dedicated to the Teachers' Retirement Fund was exchanged for a percentage of income tax and sales and use tax revenues previously dedicated to the general revenue fund. There is no dollar effect on estimated fiscal 2000 revenue. There will be a future impact since the tax revenue now dedicated to the Teachers' Retirement Fund is from growth sources, while the natural gas tax revenue does not grow as fast causing a future moderating effect on general revenue fund growth. The gross production tax rate on oil that was effective in January 1999 also dedicated future revenue to revolving funds. The general revenue fund will see not receive future revenue from this source even when price increases trigger higher tax rates.
Oregon	Expenditures are estimated at 48 percent of the biennial 1999-2001 total. Ending balance is projected to be $116 million for the 1999-2001 biennium. The rainy day fund balance is the state's general purpose emergency fund.
Pennsylvania	Expenditures reflect total amounts appropriated. Expenditure adjustments include projected transfer to the rainy day fund of $13 million, which actually occurs in the following year. The rainy day fund equals year-end balance of $988.8 million, plus this year's transfer of $12.9 million from the general fund, which actually occurs during the following fiscal year.

NOTES TO TABLE A-3 (continued)

Rhode Island	Expenditure adjustment reflects reappropriations carried forward to the following year. When the fiscal 2000 budget was enacted, the opening surplus was estimated to be $78.6 million. Because of greater than expected fiscal 1999 revenues, the opening surplus was $25.5 million greater than enacted, and the fiscal 2000 ending balance is $25.5 million greater than enacted as a result.
South Dakota	Revenue adjustments include transfers from the budget reserve fund and obligated cash carried forward. Expenditure adjustments include transfers to the budget reserve fund, property tax reduction fund, and other funds. Also included in expenditures are future obligations against cash.
Tennessee	Expenditure adjustments reflect a $38 million transfer to the rainy day fund balance. The ending balance for fiscal 2000 is unreserved.
Texas	The figures shown are the two-year totals for the 2000-2001 biennial budget.
Utah	Revenue adjustments include transfers of $0.9 million, net funds available from other years of $28.8 million, insurance rebates of $2 million, and other adjustments of $0.6 million, totaling $32.3 million.
Vermont	Revenues reflect a reduction of $12.8 million which reflects reductions in the personal income tax, the sales tax, and property taxes. Expenditures include a $1.34 million transfer to the general fund budget stabilization reserve, a $12.05 million transfer to the general fund surplus reserve, and an $11.12 million transfer from the fiscal 1999 general fund surplus reserve for school construction.
Washington	There is no revenue transfer to the emergency reserve account in fiscal 2000, because the current revenues do not exceed the expenditure limit, which is the criterion necessary for the transfer to happen automatically.
West Virginia	Revenues reflect a $6.2 million transfer from special revenue.
Wisconsin	Revenue adjustments include $185 million from the Tobacco Master Settlement Agreement signed on November 23, 1998, and a $64 million transfer from the Computer Escrow Fund. The Computer Escrow Fund returns to the general fund dollars that had been set aside in fiscal 1999 for the first year of payments to compensate local governments for the loss of tax base caused by exempting computer equipment from property taxes.
	Expenditure adjustments include $23.5 million for the Tobacco Control Fund created out of Tobacco Master Settlement Agreement dollars. These dollars will be used to fund tobacco prevention, cessation, and research programs. Fiscal 2000 expenditures also include $700 million for the estimated cost of a one-time sales tax rebate. Rebate checks will be mailed in January 2000 to an estimated 2.5 million state residents. Nonresidents may also qualify. The average rebate will be $271.
Wyoming	Revenue adjustments reflect interfund transfers from the budget reserve account, legislative impact account, and statutory reserve account.

TABLE A-4

Nominal Percentage Expenditure Change, Fiscal 1999 and Fiscal 2000**

Region and State	*Fiscal 1999*	*Fiscal 2000*
NEW ENGLAND		
Connecticut	7.3%	0.3%
Maine	13.4	5.8
Massachusetts	7.4	3.7
New Hampshire	4.0	9.0
Rhode Island	9.4	8.2
Vermont	-4.0	-0.1
MID-ATLANTIC		
Delaware	13.3	13.3
Maryland	9.2	4.7
New Jersey	6.6	7.5
New York	6.2	2.4
Pennsylvania	6.2	3.8
GREAT LAKES		
Illinois	9.9	5.0
Indiana	6.6	7.3
Michigan	1.7	5.0
Ohio	5.4	7.3
Wisconsin	3.2	12.7
PLAINS		
Iowa	3.9	5.5
Kansas	10.5	6.1
Minnesota	8.9	3.5
Missouri	9.0	-0.8
Nebraska	15.6	4.1
North Dakota	4.1	2.0
South Dakota	4.5	2.7
SOUTHEAST		
Alabama	4.9	4.8
Arkansas	5.8	5.5
Florida	6.5	3.2
Georgia	5.8	0.4
Kentucky	3.7	5.0
Louisiana	2.0	0.4
Mississippi	7.3	8.2
North Carolina	13.3	5.8
South Carolina	-3.7	13.0
Tennessee	10.4	4.3
Virginia	22.3	8.8
West Virginia	2.5	7.6
SOUTHWEST		
Arizona*	12.8	0.5
New Mexico	5.1	3.3
Oklahoma	6.2	1.9
Texas*	NA	8.9
ROCKY MOUNTAIN		
Colorado	20.1	2.4
Idaho	11.3	4.0
Montana*	1.8	6.1
Utah	6.4	4.0
Wyoming	-3.3	12.1
FAR WEST		
Alaska	-1.0	-2.8
California	10.8	8.8
Hawaii	1.2	-2.0
Nevada	9.8	-0.4
Oregon	4.1	7.7
Washington	5.3	3.4
TERRITORIES		
Puerto Rico	10.9	4.8
Average	**7.7%**	**5.5%**

NOTES: *See Notes to Table A-4.

**Fiscal 1999 reflects changes from fiscal 1998 expenditures (actual) to fiscal 1999 expenditures (preliminary actual). Fiscal 2000 reflects changes from fiscal 1999 expenditures (preliminary actual) to fiscal 2000 expenditures (appropriated).

NOTES TO TABLE A-4

Arizona	In fiscal 1999, expenditures for school capital facilities were shifted from the local level to the state level with no additional revenues. If this shift had not taken place, the nominal percent change would have been 6.8 percent.
Montana	The fiscal 2000 increase includes a 1.7 percent increase in spending that results from the state reimbursing local governments for the revenue loss from property tax reductions.
Texas	The percentage change figure for fiscal 2000 represents the increase in expenditures over the biennium.

TABLE A-5

State Employment Compensation Changes, Fiscal 2000

Region and State	*Across-the-Board*	*Merit*	*Other*	*Notes*
NEW ENGLAND				
Connecticut	*	---	*	The negotiated pattern contains a 2 percent cost-of-living adjustment, effective in January, as well as anniversary increases.
Maine	3.0%	1.0%	---	The Maine State Troopers' Association has yet to reach agreement on a collective bargaining package. "Merit" is a weighted average. Employees who reach the top step in a pay range do not receive further merit increases.
Massachusetts	---	---	---	Not available pending enactment and approval of the fiscal 2000 budget.
New Hampshire	3.0%	---	---	
Rhode Island	3.5%	---	1.8%	Includes classified and non-classified positions only. Non-classified positions are mostly higher education faculty and school employees. Most classified employees received a 3.5 percent cost-of-living increase for fiscal 2000. In addition, most classified employees are entitled to longevity adjustments ranging from a 5 percent increase on the base salary rate for five years of service to 20 percent for twenty-five years of service. Employees are also eligible for educational incentives based upon the completion of in-service training programs.
Vermont	3.0%	---	*	An across-the-board increase of 3 percent became effective July 1999. Per the contract, about 60 percent of employees receive an annual step increase worth, in aggregate, about 1.8 percent of statewide salary costs.
MID-ATLANTIC				
Delaware	*	*	---	The pay scales increased by 2 percent. Most employees received a flat $1,250 plus a 2 percent increase of the new midpoint of pay scale. Merit employees received a minimum increase of $625.
Maryland	3.5%	2.3%	1.2%	"Other employee compensation" refers to the average increase resulting from conversion to a new pay plan.
New Jersey	2.5%	1.5%	---	A 2.5 percent across-the-board increase was given to members of CWA, the largest state employees union. Union employees are also eligible for incremental step or anniversary increases ranging from 3.7 percent to 5 percent of salary, depending on the step in the range, for eight years in a given range, up to a maximum of that range. Because not all employees receive increments, the aggregate impact is 1.5 percent.
New York	*	*	*	Virtually all collective bargaining units are involved in negotiations with prospective compensation increases not yet finalized.
Pennsylvania	3.0%	---	2.2%	Most employees received a 3 percent across-the-board increase effective July 1, 1999. Those employees not at the maximum pay step will receive a 2.2 percent longevity increase January 1, 2000.
GREAT LAKES				
Illinois	*	*	*	Includes a 3 percent cost-of-living adjustment for bargaining unit employees and an average increase of 3 percent for merit employees. Additionally, eligible bargaining unit employees will receive an average step increase of 4.1 percent on their anniversary date.
Michigan	3.0%	---	---	Effective January 1, 2000 major medical deductibles for some groups will be doubled. Retail and mail-order drug plans will have the same copay for generic and name brand drugs.
Ohio	3.0%	---	2.5%	About one-half of all employees will receive a step increase of 4 percent to 5 percent. Employees with five or more years of service will receive an additional 0.5 percent times the number of years of service, up to a maximum of twenty years.
Wisconsin	2.0%	1.0%	---	Compensation increases vary by bargaining unit. Generally, the approved fiscal 2000 increases equal 2 percent across-the-board. Agencies may also award unfunded performance recognition awards (PRAs) from a pool equal to 1 percent of the respective eligible employee payroll. Total annual increases for a given employee may not exceed 10.0 percent.

TABLE A-5 (continued)

State Employment Compensation Changes, Fiscal 2000

Region/State	*Across-the-Board*	*Merit*	*Other*	*Notes*
PLAINS				
Iowa	3.0%	4.0%	---	
Kansas	1.0%	---	2.5%	The 2.5 percent under “other” is for step movement on the pay matrix.
Minnesota	2.5%	0.5%	0.5%	Labor negotiations have not yet been completed for the 2000û2001 biennium. However, it is expected that an across-the-board increase of 2.5 percent, effective July 1, 1999 and 3 percent on July 1, 2000 represents the general settlement. Merit pay is determined by the respective union contracts. Most employees not currently at the top step of their pay grids may receive a step/anniversary increase dependent upon where the employee is within their pay grid. “Other” is the cost of the employer contribution for health, dental, and life insurance. An increase of approximately 22 percent in these costs in January 2000 contributes to the total 0.50 percent increase in “other.”
Missouri	1.0%	---	3.0%	“Other” is a marketplace within-grade increase given to successful employees with at least eighteen months service who are not at the top of their pay range. Individuals who are two steps or more below marketplace get two steps (averaging 2 percent per step). Individuals one step below, at, or above the marketplace get one step.
Nebraska	2.0%	---	*	The collective bargaining agreement includes an increase of 2 percent on July 1, 1999, and July 1, 2000. In addition, on January 1, 2000, all members of the bargaining unit will be placed on the next step of the pay plan. A separate agreement for law enforcement personnel makes step adjustments that are the equivalent of 5 percent annual increase in salary.
North Dakota	*	---	*	Across-the-board increases reflect an average 2 percent increase with a $35 minimum and the remainder used for merit and equity. An additional $5.4 million ($2.7 million general, $2.7 million federal/special fund authority) was provided for classified (non-higher education) employees that were furthest behind market pay. Equity funding of $3 million was included for higher education employees. The Veterans’ Home received $70,000 to address nurses’ salaries. The department of transportation received $800,000 for equity adjustment in engineers’ salaries.
South Dakota	---	---	2.5%	“Other” represents a 2.5 percent movement to job worth for employees below the midpoint of their job class. The other salary enhancements are available only to exempt and career service employees.

TABLE A-5 (continued)

State Employment Compensation Changes, Fiscal 2000

Region/State	*Across-the-Board*	*Merit*	*Other*	*Notes*
SOUTHEAST				
Alabama	---	5.0%	---	Merit raises are based on employee performance whether employee classification status permits such a raise and may range from 0 to 5 percent based on evaluation. However, for fiscal 2000, such merit raises have been restricted until further direction. "Other" represents longevity pay ranges from $300 to $600 per employee per year based on the number of years of state service.
Arkansas	2.8%	---	2.0%	Act 1019 of 1999 provides a 2.8 percent increase for all employees on July 1. An additional 2 percent increase is also available during fiscal 2000 should the states' chief fiscal officer certify sufficient general revenues are available. However, none of these increases may cause an employee's salary to exceed pay level IV of an assigned grade.
Florida	2.8%	---	---	For salaries below $35,714, a maximum of $1,000 was applied, above $35,714, 2.8 percent was applied. The increase became effective October 1, 1999.
Georgia	---	3.0%	---	Other employees received an additional 5 percent increase, which was focused on law enforcement and employees completing accounting classes.
Kentucky	5.0%	---	---	
Louisiana	---	4.0%	---	All eligible employees may receive an annual merit increase of 4 percent if such merit increases are warranted. Approximately 5.8 percent of the classified employees have reached their maximum salary and are no longer eligible for merit increases.
Mississippi	3.5%	---	3.0%	Variable compensation plan realignment component; average realignment is 3.04 percent.
North Carolina	1.0%	2.0%	*	Legislation ratified by the 1999 General Assembly provided a 1 percent cost-of-living increase and a 2 percent career growth raise effective July 1999, as well as a one-time $125 bonus.
South Carolina	3.0%	1.0%	---	The across-the-board increase was effective July 1, 1999. The merit increase (which averages 1 percent) is effective on an employee's performance review date.
Tennessee	---	---	2.5%	Total appropriation is $36.3 million. Minimum and maximum salary rates increased 3 percent at a cost of $8.5 million for employees below new minimum rates. Specific job classes are upgraded at a cost of $27.8 million.
Virginia	4.0%	2.3%	---	2.25 percent merit increase applies to employees that either "meet expectations," "exceed expectations," or are "exceptional" on their performance evaluation.
West Virginia	*	---	---	There was a $756 across-the-board adjustment for most state employees; state police, $2,000; civilian employees of state police, $1,008. The department of health and human resources (DHHR) implemented a pay equity adjustment for all classifications in the department. After a study of DHHR employee salaries and the relation to other agencies and industry averages, it was determined that the department was not competitive and therefore could not attract and retain quality employees. The increases were distributed on September 1 to most classifications in a method to create a competitive base rather than a flat or percentage increase for all employees. This pay equity adjustment for DHHR was in addition to the $756 across-the-board adjustment.
SOUTHWEST				
Arizona	---	2.0%	---	In addition to the 2 percent merit, the legislature appropriated $2 million in fiscal 2000 for targeted market adjustments beginning in January 2000. The fiscal 2000 appropriation is annualized in fiscal 2001 and an additional $2 million is appropriated for the same purpose to begin in January 2001. Both the 2 percent merit and the market adjustments appropriate general fund and other appropriated fund monies.
New Mexico	---	---	0.0%	Classified state employees package for fiscal 2000 provided a variable pay anniversary date salary increase based on employee's performance evaluation rating and comparable ratio in accordance with a salary matrix approved by the Personnel Board. General fund dollars provided totaled $11,668,621 for an average 3.5 percent increase.
Oklahoma	2.0%	---	---	State employees were given a 2 percent pay increase but there was a provision that each employee would receive not less than a $600 increase and not more than a $1,000 increase. This increase was effective July 1.
Texas	*	---	---	Across the board salary increase of $100 per month.

TABLE A-5 (continued)

State Employment Compensation Changes, Fiscal 2000

Region/State	*Across-the-Board*	*Merit*	*Other*	*Notes*
ROCKY MOUNTAIN				
Colorado	---	---	*	The 2000 Total Compensation Survey conducted by the Department of Personnel recommended salary increases based on occupational groups. The range of proposed salary increases was 2.3 percent to 5.8 percent, with an average increase of 3.8 percent. The compensation survey also made recommendations for premium pay rates, sick leave accrual, and increasing the medical and dental insurance contributions made by the state.
Idaho	---	3.0%	---	
Montana	3.0%	---	---	Employee compensation increases are a combination of a 3 percent salary increase effective the first of October for most employees, a $15-per-month increase in state contribution to employee health insurance effective January 1, 2000, and an increase in longevity payments for employees with more than fifteen years service.
Utah	---	2.5%	---	The legislature funded a 2.5 percent merit increase. However, the state pay plan utilizes 2.75 percent steps. Thus, the 2.5 percent funding from the legislature did not fully cover the cost to state agencies for the merit increase. The legislature also funded increases in health and dental insurance premiums of 7.1 percent, retirement cost increases for public safety employees, and limited market comparability adjustments. These specific increases are in addition to the 2.5 percent merit funding.
Wyoming	---	---	*	A $6 million general fund was provided through appropriation and general fund reversion from prior fiscal years to provide a $25 increase to each employee for health insurance, and for “below market” increases. Agencies were also allowed to provide salary increases from existing funds. Average salary increase was 3 to 4 percent.
FAR WEST				
California	4.0%	---	---	The state has reached agreement with all twenty-one bargaining units, representing approximately 164,000 state employees, for two-year contracts providing a 4 percent general salary increase on July 1, 1999, and an additional 4 percent on September 1, 2000. As of September 15, 1999, the legislature had ratified all twenty-one agreements. The unions are expected to ratify these agreements. Approximately 35,000 excluded (nonrepresented) employees also received a 4 percent general salary increase on July 1, 1999, and will receive an additional 4 percent general salary increase on September 1, 2000. Merit salary increases of 5 percent are available to employees performing successfully and within an established salary range. Once an employee reaches the maximum within an established salary range for a position, additional merit adjustments are not possible.
Nevada	---	---	---	All classified employees receive an approximate 5 percent step increase each year unless they are at the top of their grade, in which case they receive no increase.
Oregon	2.0%	1.3%	---	Effective October 1, 1999, the increase applies to all state employees. In addition, step (merit) increases are funded in agency budgets. About half of all state employees are expected to be eligible for merit increases of an average 5 percent per year. The merit increase takes effect on an employee’s salary eligibility date, which means the actual statewide increase for a given year is approximately 1.25 percent.
Washington	3.0%	---	6.7%	Agencies pay merit increments to selected staff, but they are not funded in the budget. Agencies are expected to cover these increases through the savings accumulated from vacancies in the agency. Other increases: The 1999 legislature provided recruitment/retention funding for classifications having these problems. In this program, 5,348 full-time equivalent positions (FTEs) received increases ranging from 2.5 percent to 20 percent, with the overall average increase at 7.88 percent. The legislature also provided funding for a partial implementation of the state’s salary survey, which compares state employee salaries with their equivalent market sector. These increases brought all state employees who were more than 25 percent behind the market rate up to no more than 25 percent behind market. This increase affected 2,838.7 FTEs, with an average increase of 5.42 percent.
TERRITORIES				
Puerto Rico				Salary raise of $100 for all employees and $125 for all state police, officers effective January 1, 2000.

SOURCE: National Association of State Budget Officers.

TABLE A-6

Number of Filled Full-Time-Equivalent Positions at the End of Fiscal 1998 to Fiscal 2000, in All Funds**

Region and State	*Fiscal 1998*	*Fiscal 1999*	*Fiscal 2000*	*Percent Change, 1998 to 1999*	*Percent Change, 1999 to 2000*	*Includes Higher Education Faculty*	*State-Administered Welfare System*
NEW ENGLAND							
Connecticut	38,367	39,289	41,862	2.40%	6.55%		X
Maine	13,953	14,091	14,234	0.99%	1.01%		X
Massachusetts*	67,013	70,406	NA	5.06%	NA	X	X
New Hampshire	NA	NA	NA	NA	NA		X
Rhode Island	15,490	15,529	16,066	0.25%	3.46%	X	X
Vermont	7,158	7,313	7,727	2.17%	5.66%		X
MID-ATLANTIC							
Delaware*	25,922	26,663	27,450	2.86%	2.95%		
Maryland*	74,517	75,933	77,869	1.90%	2.55%	X	X
New Jersey*	68,628	69,434	69,500	-0.18%	0.27%		
New York*	228,700	229,200	229,600	0.22%	0.17%	X	
Pennsylvania*	85,520	84,947	83,420	-0.67%	-1.80%		X
GREAT LAKES							
Illinois	67,292	68,235	NA	1.40%	NA		X
Indiana	37,786	37,043	37,467	-1.97%	1.14%		X
Michigan	55,769	55,798	56,363	0.05%	1.01%		X
Ohio*	61,847	60,258	62,009	-2.57%	2.91%		
Wisconsin	63,204	64,069	65,430	1.37%	2.12%	X	
PLAINS							
Iowa	47,302	NA	NA	NA	NA	X	X
Kansas	42,629	42,279	40,572	-0.82%	-4.04%	X	X
Minnesota	33,244	33,749	34,812	1.52%	3.15%		
Missouri	57,296	59,223	61,554	3.36%	3.94%		X
Nebraska	15,802	16,082	NA	1.77%	NA		X
North Dakota	11,706	11,384	11,457	-2.75%	0.64%	X	X
South Dakota	12,266	12,418	12,932	1.24%	4.14%	X	X
SOUTHEAST							
Alabama	33,358	32,994	32,994	-1.09%	0.00%		X
Arkansas	26,968	26,968	27,019	0.00%	0.19%		
Florida	125,407	127,331	126,685	1.53%	-0.51%		X
Georgia	91,519	91,590	93,561	0.08%	2.15%	X	X
Kentucky	38,299	38,299	38,299	0.00%	0.00%		X
Louisiana	58,776	59,663	58,987	1.51%	-1.13%		X
Mississippi	30,585	31,140	33,161	1.81%	6.49%		X
North Carolina	247,736	249,558	249,290	0.74%	-0.11%	X	X
South Carolina	68,872	68,972	68,972	0.15%	0.00%	X	X
Tennessee	39,182	39,578	39,578	1.01%	0.00%		X
Virginia	96,900	99,638	100,460	2.83%	0.82%	X	
West Virginia	30,912	31,882	32,246	3.14%	1.14%	X	X
SOUTHWEST							
Arizona*	44,642	47,547	48,782	6.51%	2.60%	X	X
New Mexico	20,120	20,909	20,844	3.92%	-0.31%		X
Oklahoma	38,639	37,832	37,223	-2.09%	-1.61%		X
Texas	224,933	223,459	227,171	-0.66%	1.66%	X	X
ROCKY MOUNTAIN							
Colorado	44,024	44,679	45,747	1.49%	2.39%	X	X
Idaho	16,523	16,827	16,882	1.84%	0.33%	X	X
Montana	10,194	10,235	10,338	0.40%	1.01%		X
Utah	19,157	19,449	20,023	1.52%	2.95%		X
Wyoming	12,511	12,508	12,519	-0.02%	0.09%	X	X
FAR WEST							
Alaska	17,158	17,470	17,753	1.82%	1.62%	X	X
California	264,551	279,399	284,120	5.61%	1.69%	X	
Hawaii	41,603	41,588	42,385	-0.04%	1.92%	X	X
Nevada	16,184	16,700	16,646	3.19%	-0.32%		X
Oregon	43,920	43,941	45,777	0.05%	4.18%	X	X
Washington	95,029	97,907	100,254	3.03%	2.40%	X	X
TERRITORIES							
Puerto Rico	235,594	229,447	215,175	-2.61%	-6.22%	X	X
Total	**2,929,112**	**2,921,407**	**2,798,040**	**1.3%**	**1.1%**	**25**	**42**

NOTES: NA indicates data are not available.
*See Notes to Table A-6.
**Unless otherwise noted, fiscal 1998 reflects actual figures, fiscal 1999 reflects preliminary actual figures, and fiscal 2000 reflects appropriated figures.

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE A-6

Arizona	The numbers reflected represent appropriated FTEs. Funds are evaluated during each legislative session. During that evaluation, some funds are shifted from nonappropriated to appropriated status, which often results in an increase in the appropriated number of FTEs.
Delaware	Figures reflect authorized positions. Data on filled positions are not available.
Massachusetts	Fiscal 1999 figures include 1,610 FTEs from the state assumption of most functions of certain county governments abolished effective that fiscal year. Fiscal 2000 information is unavailable pending passage of the budget.
Maryland	Figures reflect authorized positions. Data on filled positions are not available.
New Jersey	Figures reflect full-time employees, not equivalents, and include the county courts.
New York	Full-time equivalent figures reflect end-of-year counts for annual and nonannual salaried full-time equivalent (FTE) employees in the executive, legislative, and judicial branches. New York State's welfare system is state-supervised, but locally administered.
Ohio	Figures reflect full-time employees, not equivalents.
Pennsylvania	Rather than filled positions, the complement number represents the total authorized salaried complement on a full-time equivalent (FTE) basis. The 1999-2000 complement represents the authorization of 84,956 at the beginning of the current fiscal year less reductions in the state mental hospitals of 495 and the state mental retardation centers of 1,041 anticipated by June 30, 2000.

TABLE A-7

Fiscal 1999 Tax Collections Compared with Projections Used in Adopting Fiscal 1999 Budgets (Millions)**

	Sales Tax		*Personal Income Tax*		*Corporate Income Tax*		
Region and State	*Original Estimate*	*Current Estimate*	*Original Estimate*	*Current Estimate*	*Original Estimate*	*Current Estimate*	*Total Revenue Collection****
NEW ENGLAND							
Connecticut	$2,879	$2,932	$3,400	$3,821	$ 586	$ 620	H
Maine	769	814	759	1,005	99	145	H
Massachusetts	3,091	3,270	7,598	8,037	1,025	1,009	H
New Hampshire	NA	NA	NA	NA	240	257	H
Rhode Island	548	565	731	762	66	67	H
Vermont	196	206	344	383	41	46	H
MID-ATLANTIC							
Delaware	NA	NA	777	771	101	93	H
Maryland	2,245	2,299	4,186	4,296	249	306	H
New Jersey	5,005	5,053	5,933	6,260	1,423	1,457	H
New York*	7,531	7,590	21,242	20,080	2,040	2,050	L
Pennsylvania	6,275	6,606	6,384	6,684	1,793	1,725	H
GREAT LAKES							
Illinois	5,480	5,609	7,075	7,226	1,140	1,122	H
Indiana	3,314	3,396	3,430	3,699	1,078	1,044	H
Michigan	1,505	1,536	4,729	4,997	2,289	2,518	H
Ohio	5,407	5,545	6,210	6,417	1,112	1,084	H
Wisconsin	3,250	3,285	5,000	5,162	635	635	H
PLAINS							
Iowa	1,366	1,377	2,318	2,334	300	322	T
Kansas	1,425	1,399	1,790	1,695	235	227	L
Minnesota	3,379	3,415	4,699	5,139	771	782	H
Missouri	1,625	1,666	3,840	4,083	505	439	T
Nebraska	764	745	1,028	1,079	138	135	H
North Dakota	353	345	169	181	46	58	H
South Dakota	414	406	NA	NA	NA	NA	H
SOUTHEAST							
Alabama	1,278	1,309	1,823	1,855	225	213	H
Arkansas	1,556	1,532	1,620	1,665	271	254	H
Florida	13,813	13,917	NA	NA	1,411	1,472	H
Georgia*	3,964	4,366	6,204	6,514	NA	NA	H
Kentucky	2,071	2,071	2,505	2,505	345	345	T
Louisiana	2,080	2,026	1,496	1,514	363	312	L
Mississippi	1,255	1,311	914	974	298	298	H
North Carolina	3,352	3,376	5,969	6,607	664	849	H
South Carolina	1,806	1,890	1,903	1,986	184	215	H
Tennessee*	4,279	4,337	155	161	1,004	893	L
Virginia	2,037	2,065	5,951	6,088	459	420	H
West Virginia	828	829	892	920	170	168	H
SOUTHWEST							
Arizona	2,439	2,577	1,879	2,098	688	545	H
New Mexico	1,173	1,153	805	803	160	161	L
Oklahoma	1,308	1,292	2,002	2,042	227	211	T
Texas	NA	NA	NA	NA	NA	NA	H
ROCKY MOUNTAIN							
Colorado	1,570	1,564	3,244	3,327	266	272	H
Idaho	586	589	797	842	136	95	H
Montana	NA	NA	440	483	70	80	H
Utah	1,310	1,316	1,458	1,466	197	192	T
Wyoming	231	235	NA	NA	NA	NA	L
FAR WEST							
Alaska	NA	NA	NA	NA	217	220	L
California	18,739	18,860	28,963	30,502	6,100	5,522	H
Hawaii	1,463	1,447	1,040	1,112	60	43	L
Nevada	580	566	NA	NA	NA	NA	L
Oregon	NA	NA	3,756	3,702	309	314	L
Washington	5,239	5,283	NA	NA	NA	NA	T
TERRITORIES							
Puerto Rico	468	536	2,207	2,292	1,527	1,543	
Total	**$129,777**	**$131,971**	**$165,455**	**$171,275**	**$29,737**	**$29,236**	-

NOTES: NA indicates data are not available because, in most cases, these states do not have this type of tax.
*See Notes to Table A-7.
**Unless otherwise noted, original estimates reflect the figures used when the fiscal 1999 budget was adopted, and current estimates reflect preliminary actual tax collections.
***KEY: L=Revenues lower than estimates. H=Revenues higher than estimates. T=Revenues on target.

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE A-7

Georgia	Personal and corporate income tax numbers are combined. The sales tax number excludes sales tax collected on motor fuel.
New York	A $1.82 billion surplus is excluded from fiscal 1999 personal income tax collections.
Tennessee	Tax collections are shared with local governments. The corporate income tax includes the corporate franchise tax.

TABLE A-8

Fiscal 1999 Tax Collections Compared with Projections Used in Adopting Fiscal 2000 Budgets (Millions)**

	Sales Tax		*Personal Income Tax*		*Corporate Income Tax*	
Region and State	*Fiscal 1999*	*Fiscal 2000*	*Fiscal 1999*	*Fiscal 2000*	*Fiscal 1999*	*Fiscal 2000*
NEW ENGLAND						
Connecticut	$2,932	$3,029	$3,821	$3,975	$ 620	$ 573
Maine	814	814	1,005	982	145	134
Massachusetts	3,270	3,414	8,037	8,422	1,009	1,010
New Hampshire	NA	NA	NA	NA	257	245
Rhode Island	565	594	762	788	67	63
Vermont	206	200	383	390	46	45
MID-ATLANTIC						
Delaware	NA	NA	771	743	93	97
Maryland	2,299	2,349	4,296	4,336	306	265
New Jersey	5,053	5,333	6,260	6,820	1,457	1,494
New York*	7,590	7,947	20,080	22,952	2,050	1,939
Pennsylvania	6,606	6,805	6,684	6,886	1,725	1,590
GREAT LAKES						
Illinois	5,609	5,860	7,226	7,550	1,122	1,100
Indiana	3,396	3,591	3,699	3,950	1,044	1,107
Michigan	1,536	1,595	4,997	5,186	2,518	2,648
Ohio	5,545	5,705	6,417	6,917	1,084	1,074
Wisconsin	3,285	3,443	5,162	5,466	635	646
PLAINS						
Iowa	1,377	1,437	2,334	2,450	322	299
Kansas	1,399	1,395	1,695	1,765	227	230
Minnesota	3,415	3,600	5,139	5,018	782	702
Missouri	1,666	1,740	4,083	4,142	439	390
Nebraska	745	888	1,079	1,130	135	143
North Dakota	345	354	181	188	58	54
South Dakota	406	424	NA	NA	NA	NA
SOUTHEAST						
Alabama	1,309	1,343	1,855	NA	213	NA
Arkansas	1,532	1,617	1,665	1,691	254	309
Florida	13,917	14,476	NA	NA	1,472	1,477
Georgia*	4,366	4,142	6,514	6,690	NA	NA
Kentucky	2,071	2,174	2,505	2,625	345	356
Louisiana	2,026	2,130	1,514	1,654	312	291
Mississippi	1,311	1,375	974	1,050	298	310
North Carolina	3,376	3,374	6,607	7,121	849	829
South Carolina	1,890	1,967	1,986	2,067	215	206
Tennessee*	4,337	4,512	161	166	893	1,138
Virginia	2,065	2,094	6,088	6,357	420	446
West Virginia	829	844	920	940	168	153
SOUTHWEST						
Arizona	2,577	2,712	2,098	2,304	545	514
New Mexico	1,153	1,225	803	860	161	165
Oklahoma	1,292	1,356	2,042	2,214	211	191
Texas	NA	NA	NA	NA	NA	NA
ROCKY MOUNTAIN						
Colorado	1,564	1,686	3,327	3,445	272	279
Idaho	589	603	842	861	95	113
Montana	NA	NA	483	476	80	95
Utah	1,316	1,360	1,466	1,560	192	192
Wyoming	235	241	NA	NA	NA	NA
FAR WEST						
Alaska	NA	NA	NA	NA	220	220
California	18,860	19,960	30,502	32,914	5,522	5,751
Hawaii	1,447	1,498	1,112	1,107	43	50
Nevada	566	590	NA	NA	NA	NA
Oregon	NA	NA	3,702	4,007	314	394
Washington	5,283	5,554	NA	NA	NA	NA
TERRITORIES						
Puerto Rico	536	594	2,292	2,484	1,543	1,647
Total	**$131,971**	**$137,346**	**$171,275**	**$180,163**	**$29,236**	**$29,326**

NOTES: NA indicates data are not available because, in most cases, these states do not have this type of tax.
*See Notes to Table A-8.
**Unless otherwise noted, fiscal 1999 figures reflect preliminary actual tax collection estimates as shown in Table A-7, and fiscal 2000 figures reflect the estimates used in enacted budgets.

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE A-8

Georgia	Personal and corporate income tax numbers are combined. The sales tax number excludes sales tax collected on motor fuel.
New York	A $1.82 billion surplus is included in fiscal 2000 personal income tax collections.
Tennessee	Tax collections are shared with local governments. The corporate income tax includes the corporate franchise tax.

TABLE A-9

Enacted Revenue Changes by Type of Revenue, Fiscal 2000

State	*Tax Change Description*	*Effective Date*	*Fiscal 2000 Revenue Changes ($ in Millions)*
	SALES TAXES		
Colorado	Exempts farm equipment.		-3.5
	Exempts food sold through vending machines.		-1.7
	Exempts agricultural pesticides.		-2.7
	Exempts equipment used for biotechnology research.		-0.9
	Exempts alternative fuels vehicles.		-0.8
	Exempts agricultural compounds.		-0.5
	Exempts coins and precious metal bullion.		-0.1
Connecticut	Reduces the sales tax to 5.75 percent on hospital services.	7/99	-4.4
	Reflects numerous minor exemptions.	7/99	-17.0
Florida	Creates a one-time sales tax holiday on clothing items less than $100.	NA	-34.7
	Exempts certain advertising services.	NA	-13.0
	Exempts certain government contractors.	NA	-14.1
	Creates a credit for machinery used in phosphate mining.	NA	-2.7
	Exempts parts and labor for report of certain machinery.	NA	-11.9
	Exempts nonprofit organizations for fundraising.	NA	-2.3
	Exempts certain art donations.	NA	-1.4
	Exempts film and printing supplies.	NA	-5.2
Hawaii	Redefines certain service transactions as wholesale activities.	1/00	-8.0
Iowa	Exempts Internet service.	7/99	-4.0
	Exempts from sales tax argon gas used in manufacturing.	7/99	-1.8
Kansas	Provides sales tax exemptions for materials and services used for commercial grain elevators and shortline railroads.	7/99	-1.0
Kentucky	Exempts agricultural fuels used on farms.	7/99	-1.0
Louisiana	Expands enterprise zone benefits.	7/99	-2
Michigan	Creates a church construction exemption.	7/98	-2.1
	Creates an exemption for rolling stock.	6/99(use)	-10.7
Minnesota	Exempts TV commercials.	7/99	-1.0
Missouri	Creates sales tax exemptions for local tourism taxes.	1/00	-1.0
	Creates a tax credit for amusement sales, research and development sales and ADA-related sales.	1/00	-2.0
New York	Current year phase of prior year tax cut.		-4.8
	Delays elimination of sales tax on certain clothing sales.	12/99	100
North Carolina	Expands business tax incentives.	5/99	-1.6
Pennsylvania	Exempts tax on certain bad debts and makes other miscellaneous changes.	1/00	-7.7
South Carolina	Exempts sales tax on uncollectible debt.	1/00	-1.1
Tennessee	Reduces sales tax vendor's compensation deduction from $50 to $25 monthly limit.	7/99	13.0
	Applies 8.25 percent sales tax to cable television charges in excess of $15 per month.	9/99	11.0
Texas	Creates tax exemptions for over-the-counter medicines, internet access, and authorizes a three-day tax holiday	8/99	-277.0
Utah	Increases sales and use tax exemption for pollution control facilities.	7/99	-6
	Increases sales and use tax exemption for manufacturing equipment.	7/99	-5.6
Vermont	Reflects sales tax exemption on clothing with a purchase price equal to or less than $110. Footware is included on July 2001.	12/99	-6.1
Virginia	Creates a 0.5 percent decrease in sales tax on food.	1/00	-25.6
	Exempts Internet service providers.	7/99	-2.4
	Exempts optical supplies.	7/99	-1.4
Total Revenue Changes—Sales Taxes			**$-366.8**

TABLE A-9 (continued)

Enacted Revenue Changes by Type of Revenue, Fiscal 2000

State	*Tax Change Description*	*Effective Date*	*Fiscal 2000 Revenue Changes ($ in Millions)*
	PERSONAL INCOME TAXES		
Arkansas	Reflects federal tax conformity	1/99	-2.0
	Phases-in elimination of capital gains tax.	1/99	-12.4
	Adopts federal provisions for education individual retirement accounts and ROTH individual retirement accounts.	1/99	-1.3
California	Makes permanent a 50 percent exclusion on gains for small business stock; first year of revenue impact (-$3 million) is 2003û2004.	1/99	0
	Conforms with federal deduction percentage allowed for self-employed health insurance.	1/99	-21
Colorado	Lowers the income tax rate.	1/99	-202.2
	Eliminates the marriage penalty.	1/99	-10.1
	Creates an elderly pension exclusion.	1/99	-4.2
	Creates a long-term care insurance credit.	1/99	-2.1
	Adjusts the foreign source income exlusion.	1/99	-1.5
	Creates a conservation easement tax credit.	1/99	-0.2
Connecticut	Exempts the remaining 25 percent of social security income for lower-income individuals.	1/99	-2.2
	Increases the property tax credit from $350 to $425.	1/99	-44.0
Delaware	Decreases the personal income tax rate.	1/00	-27.2
	Eliminates the marriage penalty.	1/00	-2.6
	Increases the personal credit.	1/00	-2.5
Hawaii	Nonresident and part-year residents may apply ratio of Hawaii income over total income to personal deduction and standard deduction.	1/99	-2.7
	Allows itemized deduction for long-term care premiums and expenses.	1/99	-5.9
Idaho	Phases-in elimination of the state marriage penalty.	1/99	-1.27
Illinois	Reflects second year of phase-in of a doubling of the personal exemption over three years.	NA	-115.0
Indiana	Increases income tax deductions for the elderly.	1/99	-8.7
	Creates deduction for certain long-term care income premiums.	1/99	-0.03
	Converts earned income deduction to refundable credit.	1/99	-3.4
	Increases dependent child exemption to $1,000 per child.	1/99	-28.9
Kentucky	Provides deduction for long-term care insurance premiums.	7/99	-1.5
Maine	Increases personal exemptions.	1/99	-1.4
Maryland	Creates a tax credit for tuition costs to maintain teacher certification. ($11 million in fiscal 2001.)	1/00	0.0
	Creates a tax credit for child/dependent care for persons with income below certain limits ($6.3 million in fiscal 2001).	1/00	0.0
	Increases the subtraction modification for two-earner couples.	1/99	-1.7
Michigan	Personal income tax.	1/00	-131.2
	Personal exemption index.	7/97	-25.3
	$200 personal exemption.	7/97	-18.1
	Ssenior dividend and interest exemption.	1/96	-13.9
	College tuition credit.	7/97	-19.1
	College tuition low inflation.	7/97	26.0
	Additional child exemption.	7/97	-29.5
	Historic preservation exemption.	1/99	-7.1
Minnesota	Reduces tax rates from 6.0 percent to 5.5 percent, 8.0 percent to 7.25 percent, and 8.5 percent to 8.0 percent.	1/99	-769.1
	Increases working family credit.	1/99	-6.0
	Reflects reduction for banks electing S-corporation status.	1/99	-5.0
	Increases elementary and secondary education credit.	1/99	-4.7
	Reflects charitable contribution deduction for non-itemizers.	1/99	-3.1
	Reflects federal conformity update.	1/99	2.4

TABLE A-9 (continued)

Enacted Revenue Changes by Type of Revenue, Fiscal 2000

State	*Tax Change Description*	*Effective Date*	*Fiscal 2000 Revenue Changes ($ in Millions)*
	PERSONAL INCOME TAXES (continued)		
Missouri	Increases the personal exemption by $900.	1/99	-155.0
	Allows self-employed individuals to deduct health insurance premiums paid from their Missouri adjusted gross income. $6 million loss beginning in fiscal 2001.	1/00	0.0
	Phases-out pension exemption by $1 for every $1 over the maximum income limitation. $4 million loss beginning in fiscal 2001.	1/00	0.0
	Creates a credit for prescription drugs of up to $200, phased in between $15,000 and $20,000.	8/99	-20.0
	Creates a tax credit for employing disadvantaged people over 55 as child care workers	8/99	-4.0
	Creates a 50 percent deduction for long-term care insurance plans. $3 million loss beginning in FY 2001.	1/00	0.0
	Creates a tax credit of up to $500 for live-in care of a certified elderly person. $5 million loss beginning in FY 2001.	1/00	0.0
New Jersey	Increases the gross income tax filing threshold from $7,500 to $10,000 for most people.	1/99	-14.0
	Increases the gross income tax pension exclusion for senior citizens.	1/00	-37.0
New Mexico	Provides tax amnesty.	7/99	24.0
	Reduces capital gains.	7/99	-6.6
	Amends withholding.	7/99	12.7
New York	Current-year phase of prior year tax cuts		-51.0
North Carolina	File use tax payments or personal income tax return.	11/99	3.3
Ohio	Provides a $500 non-refundable income tax credit for adoption-related expenses. Does not include the adoption of stepchildren.	7/99	-1.3
	Due to the budget surplus, $293.3 million was transferred to the Income Tax Reduction Fund, which will enable a one-time tax cut of 3.627 percent.	7/99	-293.3
	Provides tax relief in the form of an income tax deduction to all taxpayers who are not eligible to participate in an employer-sponsored medical insurance plan.	7/99	-11.0
	Provides a personal income tax deduction for the full amount of long-term care insurance.	7/99	-11.5
	Provides an income tax deduction for taxpayers with medical expenses in excess of 7.5 percent of the federal adjusted gross income.	7/99	-16.7
Oregon	Modifies definition of Oregon resident. Impact for 1999û2001. Applies to tax years beginning January 1, 1995.	various	-3.1
Pennsylvania	Increases amount of income families may earn and still qualify for full or partial forgiveness of taxes.	1/99	-7.5
	Raises income level determining when estimated payments are due and other miscellaneous provisions.	1/00	-22.4
	Eliminates passive income test for S-corporations.	1/99	4.4
Puerto Rico	Reduces income tax.	NA	-64
South Carolina	Increases personal income tax deduction for taxpayers 65 and older from $11,500 to $15,000.	1/99	-5.7
Utah	Provides income tax deduction for health care insurance.	1/00	-1.8
Vermont	Reduces personal income tax rate from 25 percent of federal income tax liability to 24 percent.	1/00	-6.7
Virginia	Creates a military pay subtraction.	1/00	-4.7
	Creates an unemployment subtraction.	1/00	-3.3
Wisconsin	Reflects federal conformity update.		5.1
Total Revenue Changes—Personal Income Taxes			**$-2,200.8**

TABLE A-9 (continued)

Enacted Revenue Changes by Type of Revenue, Fiscal 2000

State	*Tax Change Description*	*Effective Date*	*Fiscal 2000 Revenue Changes ($ in Millions)*
	CORPORATE INCOME TAXES		
Arizona	Reduces mining severance tax.	10/99	-4.7
	Reduces corporate tax rate. Impact in fiscal 2001.	12/00	0
	Provides a research and development tax credit. Impact in fiscal 2001.	12/00	0
California	Provides exemption from the minimum tax for the first two years of business.	1/99	-28
	Increases the research and development credit from 11 percent to 12 percent.	1/99	-5
Connecticut	Enacts various tax credits.	1/99	-7.7
Florida	Increases the Community Contribution Tax Credit.	NA	-5.0
Illinois	Changes formula for apportioning income to the state for multi-state companies (second year of three-year phase-in).	various	-21.0
Kansas	Provides refundable income tax credit for property tax paid on low-producing oil wells.	7/99	-7.0
Kentucky	Provides tax credit for worker training.	7/99	-1.0
	Creates the Kentucky Investment Fund Program.	7/99	-5.0
Louisiana	Expands enterprise zone benefits.	7/99	-3
Maryland	Reflects electric/gas utility tax reform.	7/99	14.3
Michigan	Reduces rates.	1/99	-214.0
	Changes apportionment.		-78.8
	Creates a small business credit.		-7.1
	Creates a historic credit.		-2.3
	Reflects changes to the capital acquisition deduction for the single business tax.		-4.0
Minnesota	Reflects federal conformity update.	1/99	5.8
Missouri	Changes population requirements enabling more areas to qualify as enterprise zones.	8/99	-3.0
	Creates a tax credit for contributing to the Missouri Agricultural and Small Business Development Authority.	8/99	-6.0
	Reduces corporate franchise taxes by reducing minimum asset threshold and rate. $19 million loss beginning in FY 2001.	4/99	0.0
	Creates a tax credit for residential rehabilitation and construction.	8/99	-20.0
	Creates a tax credit for contributing to the Missouri Seed Capital Investment Board, which will provide seed capital for new technology-related businesses.	8/99	-5.0
New Hampshire	Increases business profits tax from 7 percent to 8 percent.	7/99	22.0
	Increases the business enterprise tax by .25 percent to .5 percent.	7/99	54.0
New Jersey	Allows new or expanding biotechnology firms to sell research and development credits and net operating loss credits to other firms.	1/99	-50.0
New York	Current year phase of prior year tax cuts.		-120.5
North Carolina	Creates a tobacco manufacturing export credit.	1/99	-8.7
Oregon	Expands pollution tax credit. Impact for 1999û2001.	1/99	-1.0
Pennsylvania	Increases net operating loss recovery up to $2 million annually.	1/99	-35.5
	Raises sales factor weighting in income apportionment formula to 60 percent.	1/99	-31.5
	Eliminates passive income test for S-corporations.	1/99	-15.6
South Carolina	Conforms to federal internal revenue code.	1/99	1.23
Texas	Creates tax credits and exemptions for research and development, job creation, child care, capital investment and small businesses.	9/99	-229.0
Virginia	Double-weighted sales apportionment factor	1/00	-9.9
Wisconsin	Federal conformity update.		10.9
Total Revenue Changes—Corporate Income Taxes			**$-821.1**

TABLE A-9 (continued)

Enacted Revenue Changes by Type of Revenue, Fiscal 2000

State	*Tax Change Description*	*Effective Date*	*Fiscal 2000 Revenue Changes ($ in Millions)*
	CIGARETTE AND TOBACCO TAXES		
Maryland	Increases the rate per pack by 30 cents.	7/99	91.6
Michigan	Reflects stamping.	12/97	95.3
New Hampshire	Increases the rate per pack by 15 cents.	7/99	28.0
Oregon	Extends sunset on cigarette tax to January 1, 2002.	NA	-1.1
Wyoming	Creates an excise tax on cigarettes and other tobacco products.	7/99	1.1
	Removes sales and use tax exemption from cigarettes.	7/99	3.9
Total Revenue Changes—Cigarette and Tobacco Taxes			**$218.8**
	MOTOR FUEL TAXES		
Maine	Increases gasoline and special fuel taxes by 3 cents.	8/99	21.4
New Jersey	Changes driver license fees from $16 for a four-year license to $35 for a ten-year license.	1/01	0.0
New Mexico	Reflects highway infrastructure fund.	7/99	-1.9
North Dakota	Increase of 1 cent per gallon.	8/99	2.6
Oregon	Increases gas tax by 5 cents per gallon by January 1, 2000. Replaces weight/mile tax with diesel tax, and increases registration fees. There is a strong possibility that this measure will be referred to voters for approval in the May 2000 election.	11/99	175.4
South Dakota	Increases gas tax by 4 cents and passes interstate prorated dollars to local government.	4/99	15
Total Revenue Changes—Motor Fuel Taxes			**$212.50**
	ALCOHOLIC BEVERAGES		
Florida	Reduces the alcoholic beverage surcharge by one third.	NA	-37.1
Illinois	Increases state liquor taxes to national median levels to finance statewide infrastructure program.	7/99	80.00
Total Revenue Changes—Alcoholic Beverages			**$42.9**
	OTHER TAXES		
Arizona	Reduces personal property tax. Impact in fiscal 2001.	12/99	0
	Reduces vehicle license tax.	11/99	-35
Arkansas	Provides property tax refund.	1/00	-5.7
California	Reduces vehicle license fees for local government for the year 2000 with general fund providing reimbursement.	1/00	-248.5
Connecticut	Reduces the hospital gross receipt rate from 6.25 percent to 4.5 percent.	10/99	-22.0
	Repeals the cabaret tax.	7/99	-2.0
	Miscellaneous changes.	NA	-5.3
Delaware	Reduces the gross receipts tax.	1/00	-2.0
Florida	Increases the exemption for accounts receivable.	NA	-33.2
	Reduces the millage to 0.5 mills for the intangibles tax.	NA	-231.6
	Exempts certain agricultural irrigation systems.	NA	-6.8
	Reduces the millage for required local effort for school funding.	NA	-281.0
	Creates a one-time reduction in unemployment compensation taxes.	NA	-187.0
Hawaii	Increases the rental motor vehicle surcharge tax from $2 to $3 per day.	9/99	11.0
Indiana	Repeals property tax, adds work requirement and, provides a deduction for property taxes paid.	1/99	-41.2
	Increases renters deduction for income tax.	1/99	-10.7
	Increases assessed value deduction for elderly.	1/99	-6.2
	Creates state-funded tax credit for first $12,500 average valuation of personal property.	1/99	-21.4
Kentucky	Changes computation of bank franchise tax.	7/99	-2.0
	Changes the tax rate for personal property held in a distribution center.	7/99	-1.0
Maine	Increases vehicle registration fees by $2.00.	10/99	2.1

TABLE A-9 (continued)

Enacted Revenue Changes by Type of Revenue, Fiscal 2000

State	*Tax Change Description*	*Effective Date*	*Fiscal 2000 Revenue Changes ($ in Millions)*
	OTHER TAXES (continued)		
Maryland	Imposes a tax on other tobacco products of 15 percent of wholesale price. Impact of $2.4 million in fiscal 2001.	7/00	0.0
	Reduces the direct inheritance tax rate from 1 percent to 0.9 percent. Three-year phased-in reduction in collateral inheritance tax rate for siblings from 10 percent to 5 percent.	7/99	-1.8
	Creates a tax credit for providing commuter benefits to employees. Affects several taxes. Fiscal 2001 cost is $1.1 million.	1/00	0.0
	Reflects electric/gas utility tax reform. Public service company franchise tax.	7/99	-12.4
Michigan	Intangibles tax phase-out.	3/95	-50.0
	Modifies estate taxes to federal law.	7/98	-4.4
	Creates an exemption for eligible businesses in eligible districts.	12/97	-1.4
Minnesota	Reduces lawful gambling rates.	7/99	-3.1
	Reduces health care provider tax rate.	1/00	-12.7
Montana	Reflects statewide reappraised values of residential and commercial property phased-in over four years; tax rate lowered annually for four years for residential, commercial, agricultural land, and timberland; new homestead and comstead exemptions phased-in over four-year period. Fiscal 2001 decrease is $8.51 million.	1/99	-7.2
	Exempts business equipment valued less than $5,000 from property tax; reduces tax on business equipment from 6 percent to 3 percent. Fiscal 2001 decrease is $10.6 million.	1/99	-3.9
	Reduces tax on light vehicles from 2 percent to 1.4 percent. Fiscal 2001 decrease is $11.43 million	1/00	-5.3
	Eliminates telephone company license tax; establishes a telephone excise tax; reduces property tax rate on telecommunications property from 12 percent to 6 percent. Fiscal 2001 increase is $14.77 million.	1/00	9.2
	Reduces property tax rate on electrical generation property from 12 percent to 6 percent; establishes a Wholesale Energy Transaction Tax. Fiscal 2001 decrease is $2.72 million.	1/00	1.7
	Issues new vehicle license plates at fee of $2.00.		1.2
New Hampshire	Increases the Real Estate Transfer Tax by $2.50 to $7.50 per thousand.	7/99	26.0
	Room and meals tax extended to include rental cars.	7/99	10.0
New Mexico	Reduces severance taxes.	7/99	-1.7
	Increases distribution to small cities.	7/99	-1.3
	Resource excise on copper.	7/99	-1.5
New York	Conformity of estate tax law with federal law.	4/99	-1.0
Ohio	Raises the income level for homeowners who qualify for the homestead exemption.	7/99	-3.4
Oklahoma	Decreases tax rate on gross production of oil from 7 percent to 1 percent if price is $14 per barrel or less or to 4 percent if price is greater than $14 but less than $17 and to 7 percent if greater than $17 per barrel. Oil prices were estimated to be less than $14 in fiscal 1999 and fiscal 2000.	1/99	-57.6
Pennsylvania	Lowers capital stock and franchise tax rate by one mill to 10.99; reduces the minimum tax to $200; and miscellaneous provisions.	1/99	-127.6
	Eliminates gross tax on natural gas companies.	1/00	-84.4
	Restructures Public Utility Realty Tax.	1/98	-58.4
	Miscellaneous.		-20.9
Tennessee	Extends franchise and excise taxes to limited liability entities (includes all business organizations except sole proprietorships and general partnerships).	7/99	140.0
Texas	Suspends the oil severance tax.	3/99	-20.0
	Provides school property tax relief. This reflects both years of the biennium.	9/99	-1358.0
Vermont	Provides property tax relief. Future property tax reductions dependent on funds available within the education fund.	7/99	-22.8
Washington	Prevents the use of step transactions to avoid paying real estate excise taxes.	7/99	2.3
	Provides a timber excise tax credit for timber harvested under a permit subject to “enhanced aquatic resources requirements.”	6/99	-2.1
Wyoming	Temporarily decreases the severance tax on oil production.	1/99	-6.5
Total Revenue Changes—Other Taxes			**$-2,808.5**

TABLE A-9 (continued)

Enacted Revenue Changes by Type of Revenue, Fiscal 2000

State	*Tax Change Description*	*Effective Date*	*Fiscal 2000 Revenue Changes ($ in Millions)*
	FEES		
Florida	Increases health insurance premiums for state employees.	NA	13.5
	Creates a fee for a wireless emergency 911 system.		18.9
Illinois	Increases motor vehicle registration fees to finance statewide infrastructure program.	1/00	248.0
	Increases large truck and trailer registration fees to finance statewide infrastructure program.	1/00	78.0
	Increases vehicle title transfer fees to finance statewide infrastructure program.	1/00	166.0
Minnesota	Reflects downsizing of population with developmental disabilities and community support services.	7/99	-4.7
	Snowmobile stud fee.	7/99	1.0
	Closes landfills and environmental assessment.	7/99	4.0
New York	Accelerates the phase-out of previous cuts of assessments.	4/99	-39.6
	Increases the fee per ton of regulated air contaminants.	4/99	4.8
	Doubles the fee per barrel for the oil spill fund.	4/99	12.7
North Carolina	Increases the insurance regulatory fee.	NA	1.5
South Dakota	Increases vehicle license fees by $12.00 and receives prorated dollars from state highway fund.	7/99	13
Tennessee	$1.00 increase in annual motor vehicle registration fee for five years to fund a new title and registration system.	7/99	5.0
Utah	Creates fees to cover state costs related to use of highway right-of-ways for telecommunication utility lines.	7/99	1.6
	Increases Security Agent License fee.	7/99	1.0
Total Revenue Changes—Fees			**$524.7**

NOTE: NA indicates data are not available.

SOURCE: National Association of State Budget Officers.

TABLE A-10

Enacted Revenue Measures, Fiscal 2000

State	*Description*	*Effective Date*	*Enacted Changes (Millions)*
Florida	Increases estimated sales tax payment threshold.		$-40.9
	Reduces the estimated sales tax percentage.		-49.7
	Increases the interest paid on overpayments.		-5.0
	Reduces interest charged on delinquencies.		-14.2
	Reduces audit statute of limitation to three years.		-60.0
	Revises the sales tax resale certificate process.		22.2
	Shifts general revenue to trust to pay additional debt services on environmental bonds		-5.0
	Reimbursements into general revenue.		27.7
Kentucky	Changes taxable value of a motor vehicle.	7/99	-6.8
Maryland	State horse racing wagering tax rate extended one year; had been scheduled to increase.	7/99	-1.2
Michigan	Revised personal property tax tables.	9/99	-21.1
Minnesota	Set-aside for tobacco use prevention and local public health endowments. The enacted budget also sets aside $461 million in fiscal year 1999 and $257 million in fiscal 2001 for a total of $968 million.	7/99	-250.0
Misouri	Changes from annual to biennial auto registration. $46 million moved up to fiscal 2001 with similar loss in fiscal 2002.	7/00	0.0
New York	Authorizes extension of real estate transfer tax cut.	9/99	-1.3
	Extends pesticide fees at current levels.	7/99	1.6
	Extends mandatory surcharges on traffic infractions and standing violations	11/99	25.0
North Carolina	Expand business tax incentive	5/99	-1.6
Ohio	Increases environmental protection agency fees	7/99	1.9
Oklahoma	Accelerates refunds of gross production tax on at-risk wells from fiscal 2000 to fiscal 1999.	4/99	20.0
	Reflects income tax withholding remittances to match federal schedule for businesses that remit $10,000 to $100,000 per month.	7/99	20.0
	Reflects definitional change to method of apportioning gross production tax revenue which released funds held in suspense account.	7/99	6.0
Rhode Island	Extends the hospital licensing fee at the current rate.	7/99	37.4
South Carolina	Redirects a portion of the alcohol liquor tax to a special fund for educational purposes by local agencies.	7/99	-1.7
	Redirects the admissions tax to general fund and shifts Department of Parks and Recreation and Tourism appropriation to the general fund.	7/99	27.8
	Redirects the criminal record search fee to general funds and shifts the State Law Enforcement Division appropriation to the general fund.	7/99	3.3
	Redirects a portion of hazardous waste incineration fee to special accounts for infrastructure improvements in economically depressed areas of certain counties.	7/99	-1.0
Tennessee	Reflects one-time increase. Requires quarterly payments rather than annual payments.	7/99	118.0

SOURCE: National Association of State Budget Officers.

TABLE A-11

Total Balances and Balances as a Percentage of Expenditures, Fiscal 1998 to Fiscal 2000*

Region and State	*Total Balances (Millions)***			*Balances as a Percentage of Expenditures*		
	Fiscal 1998	*Fiscal 1999*	*Fiscal 2000*	*Fiscal 1998*	*Fiscal 1999*	*Fiscal 2000*
NEW ENGLAND						
Connecticut*	$ 499	$ 529	$ 554	5.1%	5.0%	5.2%
Maine	190	361	158	10.0	16.8	6.9
Massachusetts	1,414	1,536	1,635	8.2	8.3	8.5
New Hampshire	61	36	32	6.7	3.7	3.1
Rhode Island	193	170	93	10.4	8.3	4.2
Vermont	36	40	41	4.1	4.8	4.9
MID-ATLANTIC						
Delaware	539	577	352	28.4	26.8	14.4
Maryland	1,038	1,218	807	13.3	14.3	9.0
New Jersey	1,257	1,105	780	7.5	6.2	4.1
New York	638	892	2,845	1.9	2.4	7.6
Pennsylvania	920	1,388	1,075	5.3	7.6	5.6
GREAT LAKES						
Illinois	1,202	1,351	1,350	6.1	6.3	6.0
Indiana***	1,816	1,737	1,347	23.0	20.6	14.9
Michigan	1,055	1,352	1,357	12.2	15.4	14.7
Ohio	1,046	1,175	1,322	6.1	6.5	6.8
Wisconsin	552	701	549	5.7	7.0	4.9
PLAINS						
Iowa	854	726	503	19.6	16.0	10.5
Kansas	754	538	286	19.8	12.8	6.4
Minnesota	2,527	1,518	1,251	24.7	13.7	10.9
Missouri	476	334	212	7.2	4.7	3.0
Nebraska	564	439	270	29.2	19.6	11.6
North Dakota	97	79	41	13.3	10.4	5.3
South Dakota	30	35	37	4.2	4.8	4.9
SOUTHEAST						
Alabama	51	72	0	1.1	1.5	0.0
Arkansas	59	40	0	2.1	1.3	0.0
Florida	1,443	1,360	1,263	8.4	7.5	6.7
Georgia	1,142	458	376	9.1	3.5	2.8
Kentucky	556	263	252	9.3	4.3	3.9
Louisiana	94	44	53	1.6	0.7	0.9
Mississippi	314	342	249	10.7	10.9	7.3
North Carolina	1,039	819	364	9.1	6.3	2.7
South Carolina	517	723	331	10.5	15.3	6.2
Tennessee	248	84	36	4.3	1.3	0.5
Virginia	1,195	847	558	14.3	8.3	5.0
West Virginia	193	221	81	7.6	8.5	2.9
SOUTHWEST						
Arizona	816	642	483	15.6	10.9	8.2
New Mexico	225	189	232	7.4	5.9	7.0
Oklahoma	471	384	382	11.2	8.6	8.4
Texas	NA	3,479	24	NA	6.6	0.0
ROCKY MOUNTAIN						
Colorado	1,078	875	669	22.2	15.0	11.2
Idaho	72	83	69	5.0	5.1	4.1
Montana	44	111	143	4.3	10.6	13.0
Utah	132	106	111	4.4	3.3	3.3
Wyoming	40	77	57	7.7	15.3	10.1
FAR WEST						
Alaska	3,471	2,729	1,971	147.1	116.8	86.8
California	3,064	2,412	1,660	5.8	4.1	2.6
Hawaii	154	189	141	4.8	5.8	4.4
Nevada	212	228	232	14.5	14.2	14.5
Oregon	502	354	268	11.6	7.8	5.5
Washington	530	466	477	5.7	4.7	4.7
TERRITORIES						
Puerto Rico	126	173	67	2.1	2.6	1.0
Total	**$35,419**	**$35,432**	**$27,378**	**9.2%**	**7.6%**	**5.6%**

NOTES: NA indicates data are not available.
*Fiscal 1998 are actual figures, fiscal 1999 are preliminary actual figures, and fiscal 2000 are appropriated figures.
**Total balances include both the ending balance and balances in budget stabilization funds.
***For Indiana, total balance does not include $240 million of tuition reserve. The tuition reserve is the amount from the general fund reserved for the July tuition support distribution to local elementary and secondary schools.

SOURCE: National Association of State Budget Officers.