

# State Budget and Tax Actions 2006: Preliminary Report

## Special Fiscal Report

by  
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NCSL Fiscal Affairs Program



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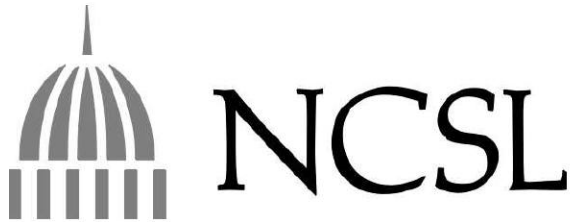
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NATIONAL CONFERENCE OF STATE LEGISLATURES WILLIAM T. POUND, EXECUTIVE DIRECTOR

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### Introduction

Each summer, the National Conference of State Legislatures' Fiscal Affairs Program surveys members of the National Association of Legislative Fiscal Offices (NALFO) for information on state budget and tax actions taken in their most recently completed legislative sessions. This year's survey covers fiscal years (FY) 2006<sup>1</sup> and 2007. In most states, FY 2006 budget data are based on estimates and FY 2007 budget and tax data are based on projections. Forty-nine states provided overall budget information for this report.<sup>2</sup> Forty-four states provided tax information.<sup>3</sup>

This was a particularly busy year on the fiscal front. Although six states—Arkansas, Montana, Nevada, North Dakota, Oregon and Texas—were not scheduled to meet in regular sessions in 2006, three held special sessions to address school finance issues. Of the 44 states that held regular sessions, five came back in special sessions to address budget or tax issues. This report captures the budget and tax highlights from 2006 regular and special sessions.

### Budget Highlights in FY 2006

The state fiscal recovery that began late in FY 2005 grew stronger in FY 2006. Robust revenue growth allowed state lawmakers to shore up reserves and support supplemental spending.

Although this report focuses on FY 2006 and FY 2007, it is important to look at FY 2005 because of the foundation it provided for subsequent fiscal years. As states were closing out their FY 2005 budgets, they expected to end the fiscal year with a cumulative balance of 6.8 percent.<sup>4</sup> When the books officially were closed, that figure was much better than expected: states ended FY 2005 with an aggregate balance of 8.8

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1. FY 2006 ended June 30, 2006, for 46 states.

2. Illinois provided information for selected categories of state spending, but did not provide overall budget information. New Jersey did not provide Medicaid information.

3. The six states that did not provide tax information are Alaska, Hawaii, Idaho, Massachusetts, New York and North Carolina. Alaska was meeting in special session on taxes when this report was being written.

4. This calculation takes the sum of general fund ending balances and rainy day funds as a percentage of general fund spending. See NCSL's *State Budget Actions FY 2005 and FY 2006*.

percent. This level of reserve virtually guaranteed that FY 2006 budgets would be solid, even if revenue growth tapered off. But it did not. In fact, revenues continued their robust performance, vastly exceeding forecasters' expectations.

It is extremely difficult to pinpoint future state revenue collections, particularly when forecasts are made up to 12 or 18 months before the fiscal period begins. But that is the task assigned to lawmakers as they craft the state budget for each fiscal cycle. Still feeling the sting from the recent economic downturn and unwilling to trust that current revenue growth rates would continue, state lawmakers were deliberately conservative with their FY 2006 revenue estimates. They originally thought revenues would grow a modest 2.7 percent. But the final number will be closer to 7.7 percent—almost three times as high as projected. These unexpected and unbudgeted revenues explain why FY 2006 year-end balances rose to 10.2 percent—one of the highest levels in recent decades.<sup>5</sup>

Year-end balances are widely considered one of the best indicators of state fiscal health, so figures at the end of FY 2005 and FY 2006 demonstrate unexpected strength in state fiscal conditions—at least in the near term. Despite the good situation right now, legislative fiscal directors in many states remain concerned that state spending growth will outpace ongoing revenue growth over the longer term, leading to structural deficits beginning as early as FY 2008.<sup>6</sup> The current healthy fiscal situation might delay that development, but likely will not avert it.

FY 2006 budget highlights for the 49 reporting states are as follows:

- Already starting at unexpectedly high levels, aggregate year-end balances increased nearly 25 percent from FY 2005 to FY 2006, rising from \$45.8 billion to \$57.1 billion. The aggregate balance combines general fund ending balances with rainy day funds.
- Balances as a percent of spending rose slightly. The \$57.1 billion represents 10.2 percent of FY 2006 general fund spending. The balance at the end of FY 2005 was 8.8 percent.
- Twenty-eight states saw their year-end balances rise from FY 2005 to FY 2006, with balances in seven growing more than 5 percentage points. In Oklahoma and Wyoming—two energy-producing states—the balances grew more than 10 percentage points. Nineteen states saw their balances decline, although in five states the drop was less than 1 percentage point. Two states—New Hampshire and South Dakota—reported no year-over-year change.
- The number of states with balances above 5 percent rose slightly. Of the 49 reporting states, 39 ended FY 2006 with a balance exceeding 5 percent. Of these 39 states, 25 ended with balances exceeding 10 percent. The comparable numbers at the end of FY 2005 were 38 and 24, respectively.
- No state ended FY 2006 with a deficit, although Arkansas expected to end with a zero balance.

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5. The highest level in recent history was 10.4 percent at the end of FY 2001.

6. See NCSL's "State Budget Update: March 2006."

- Rainy day fund (RDF) balances rose 23 percent as states began to replenish them. The aggregate RDF balance grew from \$22.9 billion at the end of FY 2005 to \$28.3 billion at the end of FY 2006. Rainy day funds accounted for 49.6 percent of state balances at the close of FY 2006.

## Changes in Revenue and Spending in FY 2006

Final tallies for FY 2006 revenue and spending growth eclipsed original estimates by notable amounts. Much higher than expected revenues enabled many states to boost original funding levels, in many cases restoring funding to programs that were cut during the recent economic downturn.

- For the 49 reporting states, FY 2006 revenues grew 7.7 percent above FY 2005 levels. They had been projected to grow 2.7 percent.
- Thirty-six states reported that revenues grew more than 5 percent above FY 2005 levels. In 11 of these, the growth was above 10 percent. The largest increases occurred in Alaska (25.7 percent) and Oklahoma (25.3 percent) where tax collections were bolstered by high energy prices. Ten states reported revenue increases between 0.2 percent (Michigan) and 4.7 percent (Wyoming). Three states—Idaho, New Hampshire and New Jersey—reported revenue declines. In Idaho, revenues were expected to decline because a temporary sales tax expired. In New Jersey, the FY 2005 base was artificially high due to the inclusion of bond proceeds. Lower health and human services revenue, especially from the provider tax on hospitals, explains the drop in New Hampshire.
- General fund spending grew 8.4 percent for the 49 reporting states. It had been budgeted to grow 5.8 percent.
- Thirty-nine states reported spending at least 5 percent above FY 2005 levels. Sixteen of these boosted spending more than 10 percent. Most of Arizona's 19.3 percent increase was in two one-time areas: \$475 million to the budget stabilization fund and \$191 million to reverse a K-12 education funding shift. Most of the increase in Montana (18.2 percent) stemmed from K-12 expenditure increases, one-time funding to shore up both the teacher and public employee retirement plans, supplemental appropriations for Medicaid and rising prisoner costs.
- Three states—Nevada, New Hampshire and New Jersey—reported that they spent less in FY 2006 than in FY 2005. In New Hampshire, the amount of general funds going to the Education Trust Fund dropped (the funding was replaced by an earmarked tobacco tax). In both Nevada and New Jersey, one-time funds in FY 2005 increased that year's spending base.

## Budget Highlights for FY 2007

There is still considerable uncertainty around the sustainability of current revenue growth rates. Forecasters point to the volatility around the income tax—especially related to capital gains and quarterly estimated payments—and what could happen to state revenues if these slide. Because of these and other concerns, state lawmakers proceeded cautiously with their FY 2007 budget plans.

State revenue projections for FY 2007 are modest and lag behind projected spending growth. This mismatch between appropriations and revenues explains why aggregate state balances are projected to fall by the end of the fiscal year. FY 2007 budget highlights include:

- Aggregate year-end balances are expected to decline 29 percent from FY 2006 to FY 2007, dropping from \$57.1 billion to \$40.3 billion.
- General fund ending balances are expected to decline more than 3 percentage points from FY 2006 levels. For the 49 states providing FY 2007 budget data, the aggregate balance is expected to be 6.7 percent. The estimated balance at the end of FY 2006 was 10.2 percent.
- Thirty-four states expect their balances to fall from FY 2006 levels and two expect no change. Thirteen states expect their balances to rise, with improvement ranging from less than 1 percentage point in five states to 10.9 percentage points in Nevada. As one of several states that did not hold a regular session in 2006, Nevada has not yet had an opportunity to determine the disposition of unexpected revenues.
- The number of states with balances above 5 percent is expected to fall. Thirty-one states project balances above 5 percent, with 14 of these above 10 percent. At the end of FY 2006, the numbers were 39 and 25, respectively. Sixteen states expect balances between 0.1 percent (Wisconsin) and 4.9 percent (Wyoming).
- No state expects to end FY 2007 with a deficit, although Arkansas and Michigan expect to end the fiscal year with zero balances.
- Rainy day fund balances are projected to fall from \$28.3 billion to \$24.3 billion, 14.1 percent, by the end of FY 2007. Despite this expected decline, rainy day funds are expected to represent a larger share (60 percent) of total year-end balances than general fund ending balances. This occurs because general fund closing balances are expected to decline even more than rainy day funds.

## **Revenue and Spending Projections for FY 2007**

- For the 49 reporting states, revenues are projected to grow 3 percent above last year's level. Unexpected growth in FY 2006 pushed collections up, so nationally, FY 2007 forecasts are modestly above the enhanced revenue base.
- Eight states project revenue growth above 5 percent, with one of these (West Virginia) above 10 percent. Thirty-four states expect revenues to rise between 0.1 percent (Connecticut) and 4.9 percent (Massachusetts and Nevada).
- Seven states—Alabama, Alaska, Kansas, Louisiana, Nebraska, Ohio and Wyoming—project revenues to decline. Some of these declines will occur because of one-time revenues that boosted the FY 2006 base but are not expected to continue in FY 2007. A couple of states cited conservative revenue forecasting. Ohio noted that its revenues appear to drop relative to FY 2006 collections, but this is due to the lack of an updated FY 2007 revenue forecast.

- General fund appropriations for FY 2007 are budgeted to grow 7.6 percent for the 49 reporting states.
- Twenty-eight states expect spending to grow 5 percent or more from FY 2006 levels, with 14 of these above 10 percent. In Alaska (21.5 percent growth), lawmakers provided funds for municipal grants, retirement costs, higher energy-related expenses, an increase in the K-12 funding formula and Medicaid growth. Seventeen states expect spending to increase between 0.4 percent (Washington) and 4.5 percent (Georgia). Minnesota projects no budget growth.
- Three states—Louisiana, New Mexico and Oregon—plan to spend less in FY 2007 than they did last year. These declines occur because of non-recurring spending that boosted the FY 2006 base.

### **Use of Unexpected Revenue in FY 2007**

As previously noted, FY 2005 and FY 2006 year-end balances rose because revenue collections exceeded budgeted forecasts. This meant that additional funds were available for disposition during 2006 legislative sessions (affecting both FY 2006 and FY 2007 budgets). States used excess revenues to replenish reserves, bolster funding for state programs and reduce taxes. A number of states considered excess revenues one-time money, so they used it to fund one-time expenses (highway and other capital projects were particularly popular). Highlights of state actions include:

- Twenty-five states increased state reserve funds, with 18 of these making deposits specifically to their rainy day funds. Maryland increased its fund by \$593.3 million. Connecticut added \$439.5 million while Georgia expects to increase its fund by \$430 million. Virginia prepaid deposits required in future years. Several states also allocated money to other types of reserve funds. Alaska directed \$300 million to the Public Education Fund with another \$300 million to a new state reserve fund. New Mexico allocated \$40 million to its Water Trust Fund. Wyoming sent \$200 million to the Permanent Mineral Trust Fund. Florida intentionally left \$1.6 billion in its General Revenue Fund Reserve.
- Many states targeted specific programs or projects for funding increases. Education was the most common recipient, with at least 24 states boosting K-12 funding and 20 targeting higher education. At least 14 states directed excess revenues to Medicaid, while 11 targeted corrections funding. Ten states used funds for highway projects. Fourteen states allocated funding for other capital projects, including Arizona (a state archives building, crime laboratory and veterans' home), Georgia (classrooms, equipment and environmental facilities), New York (various economic development projects), North Carolina (veterans' nursing homes, an emergency management operations center and a university genomics building) and Oklahoma (a cancer center and diabetes center). In what stands out as a unique use of funds, New Mexico targeted money to a new spaceport.
- Other programs or areas that benefited from excess revenues were state employee salaries or benefits (14 states), state aid to local government (six states) and unfunded pension liabilities (eight states). Other areas included supplemental funds for increased fuel costs (Maine), indigent defense (Alabama and Iowa), water management (Nebraska) and agricultural aid (Vermont).
- A number of states also cut taxes. Details on those actions are discussed later in this report.

## Spending Priorities in FY 2007

This report tracks growth for four major budget categories: elementary and secondary (K-12) education, higher education, corrections and Medicaid. All 50 states provided information for this section of the report.

Reversing a six-year trend, Medicaid is not expected to be the fastest growing category of state spending in FY 2007, but is displaced by K-12 education. Note that overall general fund spending for FY 2007 is budgeted to grow 7.6 percent.

### K-12 Education

- General fund spending for K-12 education is budgeted to grow 7.9 percent (5.3 percent when total state funds are considered). Last year's general fund increase was 6.9 percent. Two states—Alabama and Utah—pay for K-12 education entirely through earmarked funds. Wyoming used only earmarked funds in FY 2007. Other states, including Michigan, New Hampshire and Vermont, use earmarked revenues to fund the bulk of K-12 education spending.
- Twelve states budgeted double-digit growth for K-12 education. The largest increases in total appropriations (general fund plus earmarked funds) occurred in Texas (27.7 percent), Wyoming (14.5 percent) and Alabama (14 percent). In a special session, Texas enacted a comprehensive property tax relief package and education reform that significantly increases state appropriations for K-12. Wyoming recalibrated its K-12 funding model and provided considerably more funding. Alabama gave K-12 teachers and support personnel a 5 percent pay raise, added and funded five instructional school days during the school year, and funded an increase in employer costs for health insurance, among other actions.
- Three states—Indiana, Kansas and Minnesota—budgeted less in FY 2007 than they spent in FY 2006. Indiana and Minnesota reversed shifts they previously had made in school payment dates. In Kansas, total state funding for education dropped because of a shortfall in tobacco payments that were earmarked for K-12 education.

### Higher Education

- General fund support for higher education is budgeted to grow 6.3 percent (6.7 percent when total state funds are considered). Last year, general fund support for higher education rose by 6.1 percent. Alabama is the only state that fully funds higher education with earmarked funds.
- Eleven states boosted total higher education funding by 10 percent or more. The largest increases were in Mississippi (28.6 percent) and Alabama (18.7 percent). A large part of Mississippi's increase is explained by general funds replacing one-time contingency funding in FY 2006. Alabama provided a 5 percent pay raise for two-year college personnel, funded an increase in health insurance costs and gave a \$188 million increase to four-year public universities.
- New Jersey and Texas reported drops in higher education appropriations of 2.5 percent and 0.7 percent, respectively.

## Corrections

- General fund spending for corrections is slated to grow 5.7 percent over FY 2006 levels. Last year, general fund support for corrections grew 10 percent. Unlike the other state budget areas reported here, corrections funding is almost entirely supported by the general fund.
- Seven states budgeted corrections spending to grow by 10 percent or more in FY 2007. The largest increases are in Wyoming (20.8 percent), Minnesota (15.3 percent) and Arizona (14 percent). Wyoming is building a new facility and bringing 500 convicts back to the state. In Minnesota, more prisoners and higher labor costs are driving the growth. About half the increase in Arizona is attributable to a state employee pay raise and other employee-related expenditure increases for health care and retirement. More beds and replacing one-time money also help explain Arizona's increase.
- Four states expect to spend less on corrections than they did last year. These states are Louisiana (-11.8 percent), Montana (-3.9 percent), New Hampshire (-1.6 percent) and New Jersey (-0.1 percent). In Louisiana, policymakers (through administrative rules) reduced time served for technical probation violators from two years to 90 days. They also cut certain payments to local sheriffs. The budgeted reduction in Montana may not hold; some officials anticipate a supplemental appropriation for corrections. In New Hampshire, the FY 2006 base was high to cover a variety of expenses. In New Jersey, many departments, including corrections, are operating on flat or reduced funding.

## Medicaid

- For the 49 states reporting Medicaid information (New Jersey is not included), general fund support is budgeted to grow 6.3 percent (4.9 percent when total state spending is considered). Last year's general fund increase for the same states was 7.3 percent.
- Eleven states report growth in total Medicaid appropriations above 10 percent. The largest increases are in Wyoming (26.5 percent), South Carolina (22.5 percent) and Montana (16.8 percent). In Wyoming, a reporting and accounting change largely explains the growth. In South Carolina, the FY 2007 budget includes \$101 million in non-recurring appropriations, plus funding for nursing home beds, long-term care and other items. Montana raised the asset limit for children's Medicaid eligibility from \$3,000 to \$15,000 for a family.
- Seven states have budgeted less for Medicaid in FY 2007 than they spent in FY 2006. These states are Mississippi (-27.7 percent), Maine (-13.6 percent), Kansas (-9.2 percent), Pennsylvania (-6 percent), Ohio (-5.7 percent), Georgia (-1.3 percent) and Kentucky (-0.6 percent). Mississippi received approximately \$368 million in federal hurricane relief for the Medicaid program, and officials used \$268 million of that money to offset general fund support in FY 2007. Georgia is moving to a managed care environment. In other states, declines are explained by accounting changes or one-time supplemental appropriations that boosted the FY 2006 base.

## Tax Highlights in 2006

States made fewer tax and fee changes in 2006 than in recent years. As a whole, the 44 responding states have cut personal income and business taxes, increased sales and tobacco taxes and funded local property

tax relief. They increased fees by \$78.6 million, down dramatically from \$768 million at this time last year.

The actions taken in 2006 affecting FY 2007 revenues result in an overall net tax gain of \$1.4 billion, which does not include property tax relief directed to local governments. The \$1.4 billion change is well below the \$2.6 billion tax increase at this time last year. The 2006 net tax changes account for 0.2 percent of the previous year's total tax collections, down from 0.6 percent in 2005, indicating that states are throttling back on new revenue actions.

Property tax relief was a significant part of the fiscal picture this year. Some states (New Jersey, South Carolina, Texas) reduced reliance on property taxes and replaced them with other revenue sources while a few (including Indiana, Kansas and Maryland) provided targeted tax relief. Property tax actions are not included in the traditional state tax categories of this survey because they may, for example, affect local government revenue, depend on local voter actions or involve state general fund expenditures. However, the final *State Tax Actions* report (forthcoming in early 2007) will capture all property tax data and information reported by the states to NCSL.

Of the 44 states reporting, five—Arizona, Nebraska, Oklahoma, Utah and Wyoming—cut taxes by more than 1 percent of 2005 collections. Three states—New Jersey, South Carolina and Texas—raised taxes by more than 1 percent, with New Jersey increasing taxes by more than 5 percent. However, all three states will use new revenue to reduce reliance on the property tax. Thirty-six states took no significant tax actions in 2006.

States cut income taxes this year by nearly \$600 million. They reduced corporate and business taxes by \$124 million. However, states raised sales and use taxes by \$1.1 billion, tobacco taxes by \$478 million, health care taxes by \$291 million and motor fuel or vehicle taxes by \$260 million. They increased net fees by \$78.6 million, and accelerated \$231 million of revenue into FY 2007. One state—Indiana—generated \$3.85 billion in new nontax revenue through a 75-year lease of its toll road. Excluding the toll road item, net new revenue from state tax and fee actions is \$1.7 billion.

Some of this year's other tax actions included grocery sales tax cuts in South Carolina, Utah and Wyoming and more favorable tax treatment for military income and pensions in Arizona, Louisiana, Maryland and Mississippi. Florida repealed its intangibles tax on investments, and several states approved sales tax holidays that will take place outside of the traditional back-to-school period.

### **Personal Income Tax (net decrease: \$597.7 million)**

Twenty states cut income taxes while two increased them. Arizona will lower income taxes by 5 percent to reduce revenues by \$156 million. Oklahoma will reduce income tax rates and expand its standard deduction to cut taxes by \$95 million.

### **Corporation and Business Taxes (net decrease: \$123.7 million)**

Twenty-one states cut business taxes while two raised them. Connecticut repealed its corporate income surtax to reduce taxes by \$35.4 million. By contrast, New Jersey imposed a new corporate surtax to raise

\$121 million. Although not included in the tax totals because of a 2008 effective date, one of the most significant actions occurred when Texas reformed its franchise tax by imposing tax on business margins.

**Sales and Use Tax (net increase: \$1,096.1 million)**

Eighteen states cut sales taxes while four raised them. South Carolina increased the state sales tax rate by 1 percent to fund property tax reductions. New Jersey raised its rate by 1 percent as part of budget and property tax relief legislation. South Carolina and Tennessee approved sales tax holidays in addition to the summer back-to-school period, South Carolina during Thanksgiving and Tennessee next April. Connecticut will have a residential weatherization product sales tax holiday over 13 months, reducing sales taxes by \$7 million.

**Health Care Provider and Industry Taxes (net increase: \$291.1 million)**

Four states took tax actions affecting health care providers, with two increasing taxes and two reducing them. For example, Indiana extended a nursing facility quality fee for \$102.5 million. South Carolina expanded hospital taxes to raise \$214.5 million. However, New Mexico reduced its nursing home daily charge to cut taxes by \$21 million, and Arizona established an insurance premium tax credit for health insurers who provide coverage to previously uninsured individuals and small businesses capped at \$5 million.

**Tobacco and Alcohol-Related Taxes (\$477.9 million net increase)**

No states raised alcohol taxes for FY 2007 but three states raised tobacco taxes. New Jersey increased its cigarette tax by 17.5 cents per pack, Texas increased its tax by \$1, and Vermont approved a 60-cent increase in its cigarette tax.

**Motor Fuel and Vehicle Taxes (net increase: \$259.8 million)**

Five states raised taxes in 2006. For example, Kentucky imposed a motor vehicle usage tax for \$6 million. New Jersey approved a motor vehicle rental surcharge that will bring in \$35 million. Texas changed its valuation rules for privately sold used cars to raise \$30.6 million.

**Miscellaneous Taxes (net increase: \$8 million)**

Six states increased miscellaneous taxes and six states reduced them. Connecticut increased its petroleum gross earnings tax by \$24.4 million. On the other hand, Mississippi repealed a tax on mining and related businesses to cut taxes by \$1.2 million. Florida's repeal of its intangibles tax lowered taxes by \$130 million.

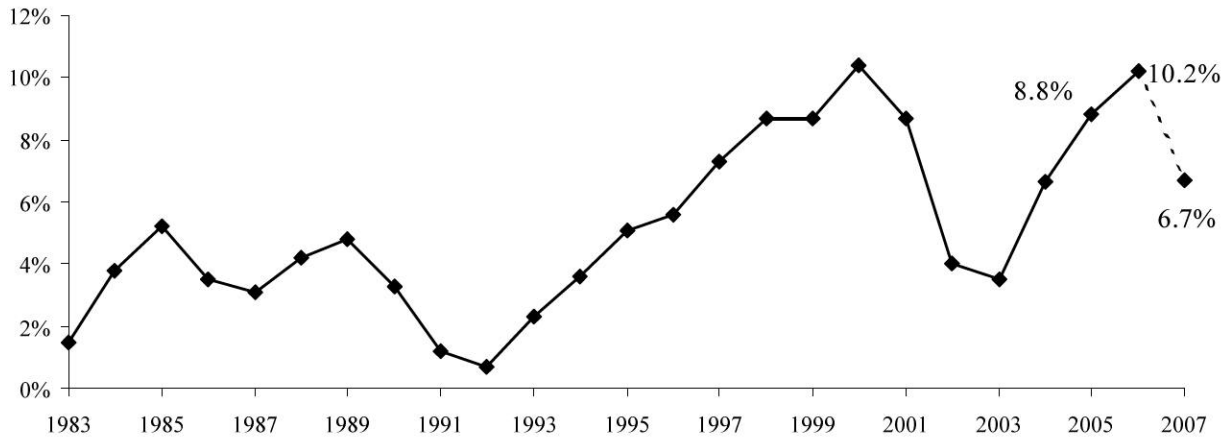
**Fees (net increase: \$78.6 million)**

Relative to prior years, states scaled back fee actions. Nine states enacted new fees and three states cut them. Florida imposed a surcharge on civil traffic penalties to raise \$9.9 million. Iowa raised riverboat and casino fees by \$3.3 million. Meanwhile, Washington reduced its small trailer license fee by \$10.4 million while Wisconsin reduced its petroleum inspection fee by \$39.5 million.

**Other (net increase: accelerations \$231.4 million, leases \$3,850 million)**

The primary nontax revenue action was the lease arrangement for the operation of the Indiana Toll Road, which at \$3.85 billion is the largest such fiscal impact reported in this category in many years. Also, two states —Minnesota and Virginia—accelerated revenues while Washington decelerated revenues through changes in payment due dates.

**Figure 1. State Year-End Balances As a Percentage of General Fund Expenditures**



Forty-nine states reporting for FY 2005–2007.

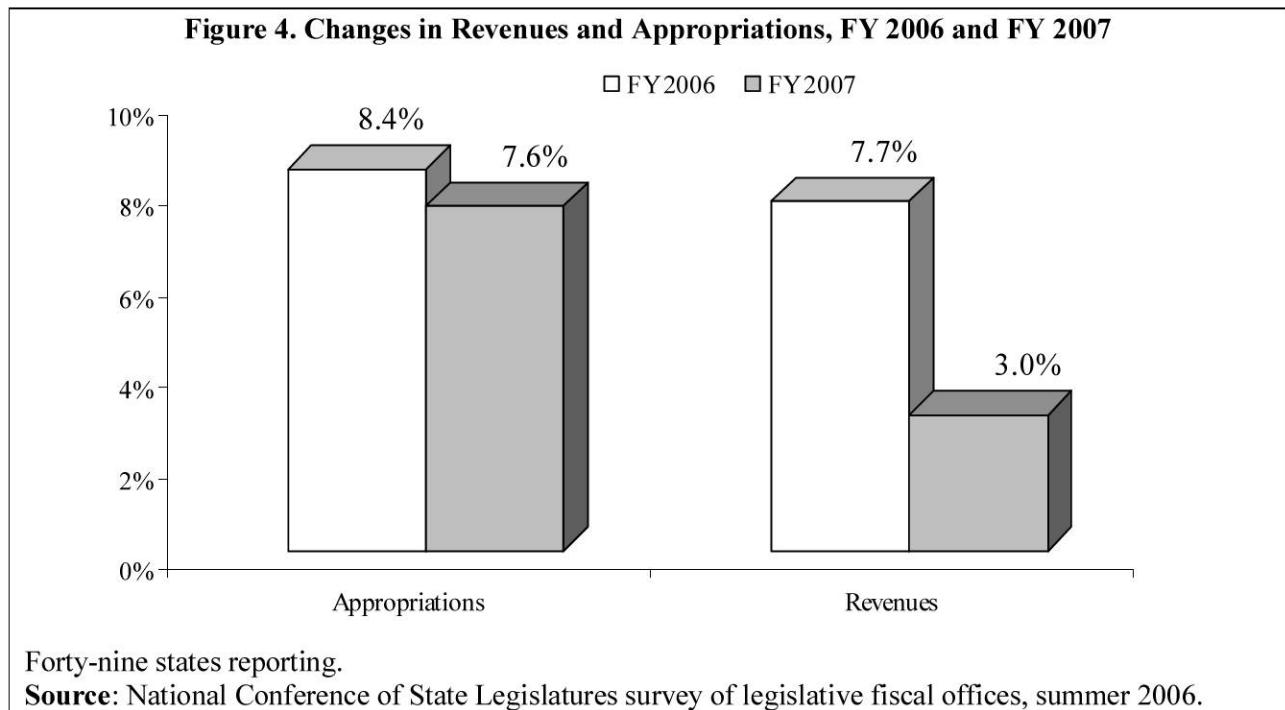
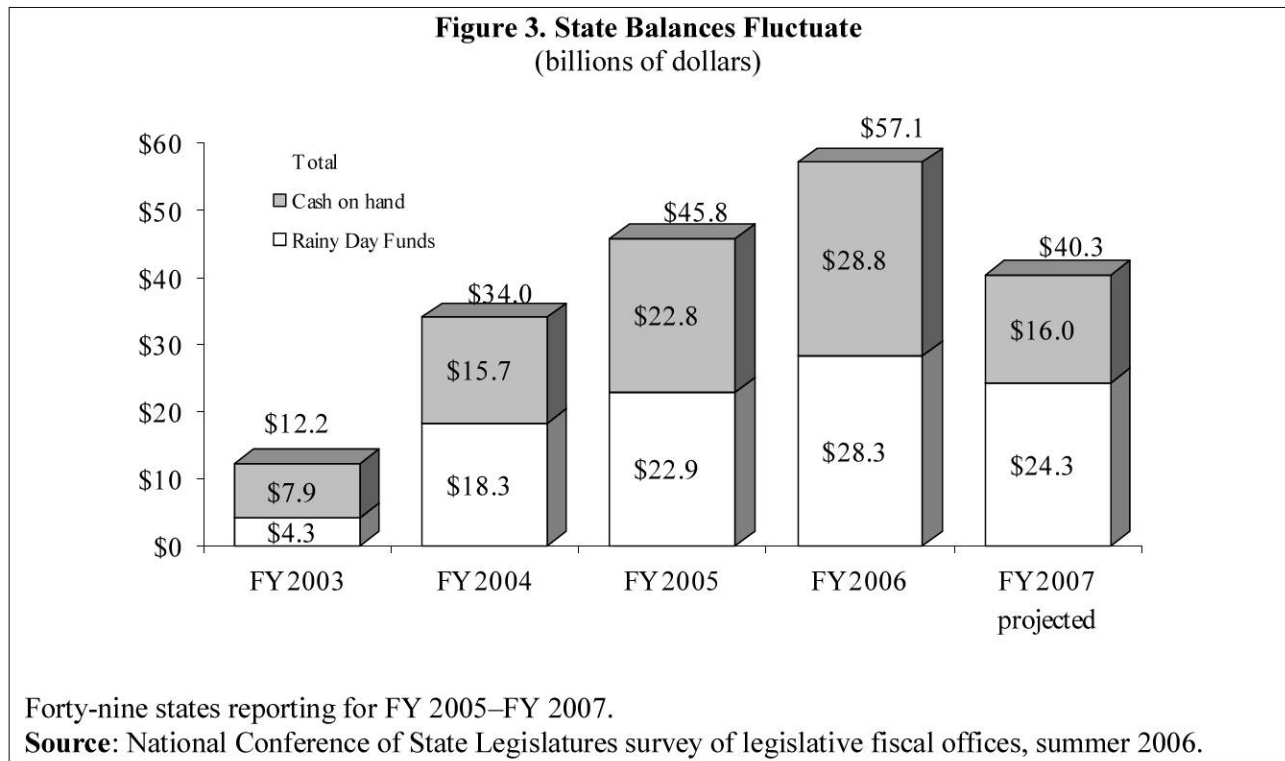
Source: National Conference of State Legislatures survey of legislative fiscal offices, summer 2006.

**Figure 2. FY 2006 State Year-end Balances as a Percentage of General Fund Expenditures**

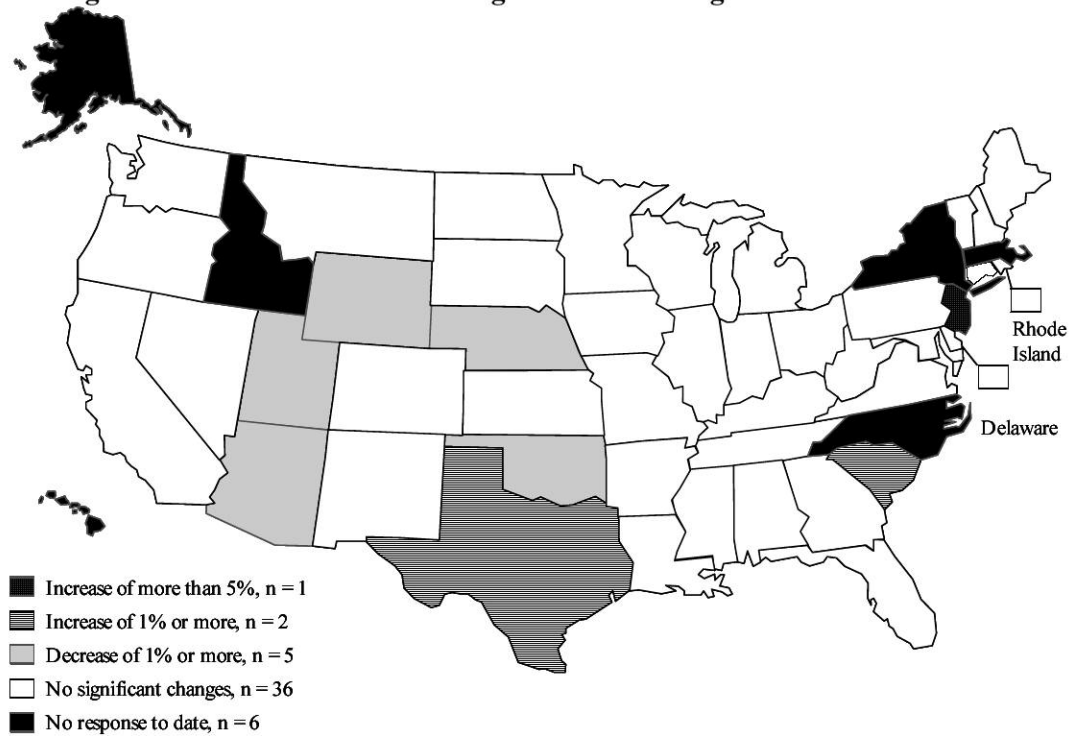


Forty-nine states reporting.

Source: National Conference of State Legislatures survey of legislative fiscal offices, summer 2006.



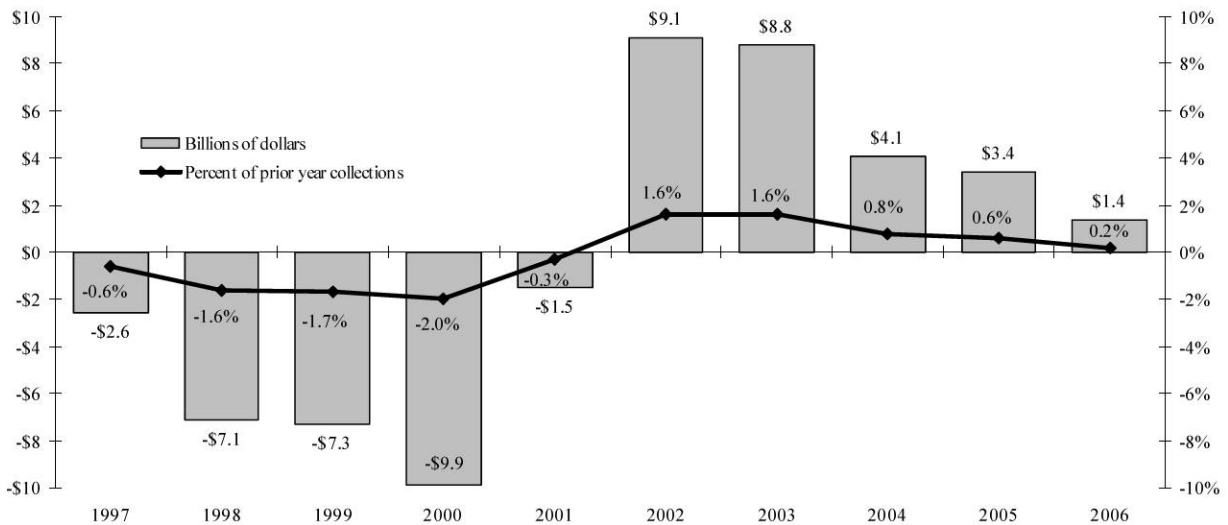
**Figure 5. 2006 Net State Tax Changes As a Percentage of 2005 Tax Collections**



Forty-four states reporting.

Source: National Conference of State Legislatures survey of legislative fiscal offices, summer 2006.

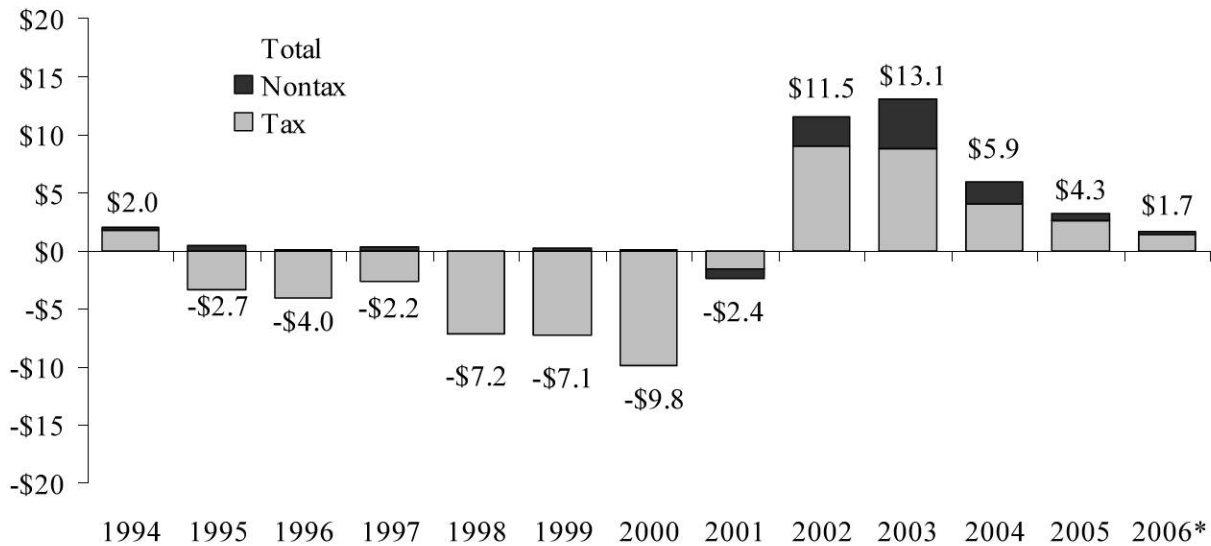
**Figure 6. Net State Tax Changes By Year of Enactment, 1997-2006\***



Forty-four states reporting for 2006.

Source: National Conference of State Legislatures survey of legislative fiscal offices, summer 2006.

**Figure 7. Total Tax and Nontax Revenues**  
(in billions of dollars)



Forty-four states reporting for 2006.

Source: National Conference of State Legislatures survey of legislative fiscal offices, summer 2006.

**Figure 8. 2006 Net State Tax Changes As a Percentage of 2005 Tax Collections**

Type of Tax	Dollars in millions	Percent of Total
Personal Income	-\$597.7	-42.3%
Corporate Income	-\$123.7	-8.8%
Sales & Use	\$1,096.1	77.7%
Health Care	\$291.1	20.6%
Tobacco	\$477.9	33.9%
Motor	\$259.8	18.4%
Alcoholic Beverage	\$0.0	0.0%
Miscellaneous	\$8.0	0.6%
<b>Net Change</b>	<b>\$1,411.5</b>	<b>100.0%</b>

Forty-four states reporting.

Source: National Conference of State Legislatures survey of legislative fiscal offices, summer 2006.

**Figure 9. 2006 Net State Revenue Changes**

Dollars in millions

Taxes	\$1,411.5
Fees	\$78.6
Accelerations	\$231.4
Other	\$3,850.0

Forty-four states reporting for 2006.

Source: National Conference of State Legislatures survey of legislative fiscal offices, summer 2006.



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