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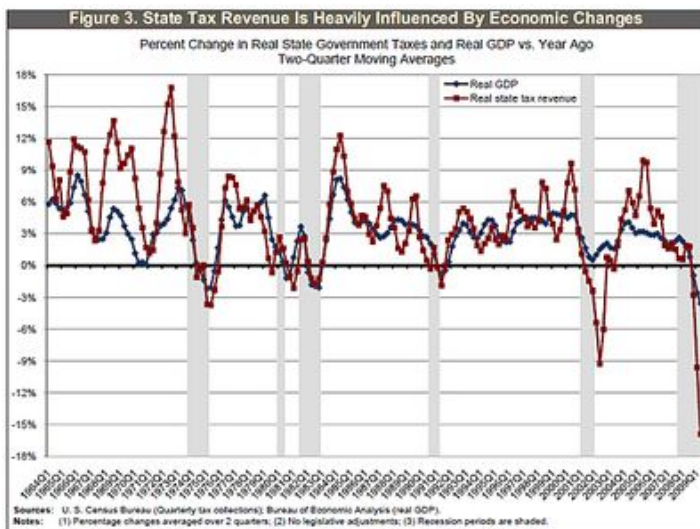
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## State revenues and recessions, part one

This recession has hit state government finances hard. Just how hard is the subject of [The Nelson A. Rockefeller Institute of Government's](#) October [State Revenue Report](#).

"Total state tax collections as well as collections from two major sources—sales tax and personal income—all declined for the third consecutive quarter. Overall state tax collections in the April-June quarter of 2009, as reported by the Census Bureau, declined by 16.6 percent from the same quarter of the previous year. We have compiled historical data from the Census Bureau Web site going back to 1962. Both nominal and inflation adjusted figures indicate that the second quarter of 2009 marked the largest decline in state tax collections at least since 1963."

The chart below, which is a part of the report, highlights how steeply state revenues have declined during the current recession as compared with previous recessions:



The data are the sum of all states. How does the Southeast compare with the overall picture? Not very well. According to the report,

"One way to gain insight into which states have been hurt most by this crisis is to compare current tax revenue to its recent peak — a period that is different in different states. For this analysis, we determine a peak tax revenue year for each state, defined as the year ending between June 2006 and June 2009 period that has the greatest tax revenue, after adjusting for inflation and population growth. States hit hardest by the housing bust, such as Arizona, California, Florida, and Nevada, generally attained peak tax revenue in 2006 and have been heading downhill since then."

The table below lists states in order of how deep the tax revenue decline has been:

State	Recent peak		Period ending April-June 2009	
	Period ending April-June of:	Sum for 4 quarters	Sum for 4 quarters	% change from recent peak
Alaska	2008	11,483	7,254	(36.8)
Florida	2006	2,406	1,744	(27.5)
Arizona	2006	2,082	1,658	(20.4)
South Carolina	2007	2,084	1,659	(20.4)
Georgia	2007	2,074	1,659	(20.0)
Virginia	2007	2,588	2,116	(18.2)
Utah	2007	2,414	1,976	(18.2)
Idaho	2007	2,498	2,071	(17.1)
North Carolina	2007	2,642	2,207	(16.5)
Nevada	2006	2,705	2,263	(16.3)
Delaware	2006	3,813	3,193	(16.3)
California	2006	3,399	2,867	(15.7)
New Mexico	2007	2,711	2,345	(13.5)
Oregon	2006	2,245	1,944	(13.4)
Connecticut	2008	3,907	3,391	(13.2)
Colorado	2007	2,003	1,740	(13.1)
New Jersey	2008	3,607	3,135	(13.1)
Massachusetts	2008	3,446	3,000	(12.9)
Tennessee	2007	1,943	1,693	(12.9)
Hawaii	2007	4,172	3,645	(12.6)
Wisconsin	2008	2,713	2,378	(12.3)
New York	2008	3,341	2,932	(12.3)
Washington	2007	2,890	2,540	(12.1)
Rhode Island	2006	2,784	2,455	(11.8)
Maine	2006	2,856	2,561	(10.4)
New Hampshire	2008	1,772	1,590	(10.2)
Louisiana	2006	2,507	2,258	(9.9)
Minnesota	2006	3,644	3,283	(9.9)
Kansas	2008	2,626	2,371	(9.7)
Nebraska	2006	2,432	2,169	(9.6)
Illinois	2008	2,374	2,149	(9.5)
Ohio	2008	2,457	2,238	(8.9)
Pennsylvania	2008	2,639	2,412	(8.6)
Missouri	2007	1,910	1,750	(8.4)
Texas	2008	1,876	1,725	(8.0)
Mississippi	2007	2,332	2,155	(7.6)
Alabama	2007	2,006	1,854	(7.6)
Oklahoma	2006	2,386	2,206	(7.6)
Kentucky	2006	2,480	2,296	(7.4)
Michigan	2006	2,618	2,434	(7.0)
Maryland	2008	3,009	2,823	(6.2)
Arkansas	2007	2,753	2,612	(5.1)
Montana	2008	2,608	2,481	(4.9)
Vermont	2007	3,994	3,814	(4.5)
West Virginia	2008	2,751	2,639	(4.1)
Indiana	2008	2,398	2,303	(3.9)
Iowa	2008	2,221	2,169	(2.4)
South Dakota	2008	1,678	1,643	(2.1)
North Dakota	2009	3,759	3,759	0.0
Wyoming	2009	4,728	4,728	0.0

Sources: Census Bureau (tax revenue and population) and Bureau of Economic Analysis (GDP price index).  
 Note: Recent peak defined as July-June period from 2006 to 2009 with the highest real per-capita tax revenue.

Two states in the Sixth Federal Reserve District—Florida and Georgia—are in the top five. Tennessee is 19th on the list. Louisiana, Mississippi, and Alabama are also negative but less so than most other states.

Next week we'll look into what state governments are doing to cope and investigate just how long we can expect the states in the region to remain under fiscal stress.

By [Michael Christz](#), an assistant vice president in the Atlanta Fed's research department

October 28, 2009 in [Southeast](#), [Taxes](#) | [Permalink](#)

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