

# State Budget and Tax Update LCFPF Budget Balancing Subcommittee Oct. 19, 2009



NATIONAL CONFERENCE *of* STATE LEGISLATURES

*The Forum for America's Ideas*



From a Presentation By  
**Corina Eckl**  
Fiscal Program Director



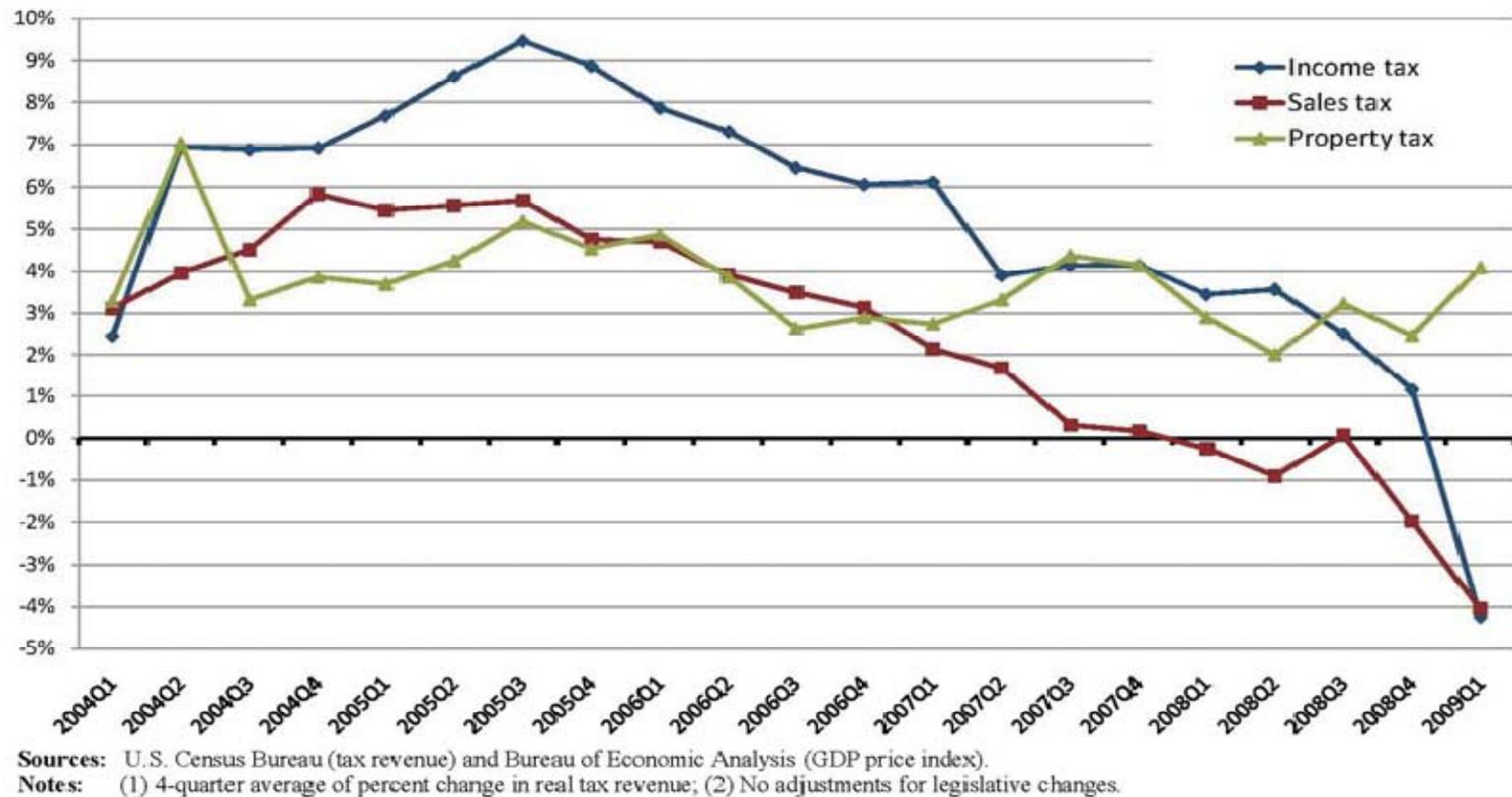


# Overview

- The state fiscal situation is dire.
- The current revenue situation is nearly unprecedented, at least in recent decades.
- To date, states have reported a total estimated budget gap of \$382.8 billion (FY 2008 through FY 2012).



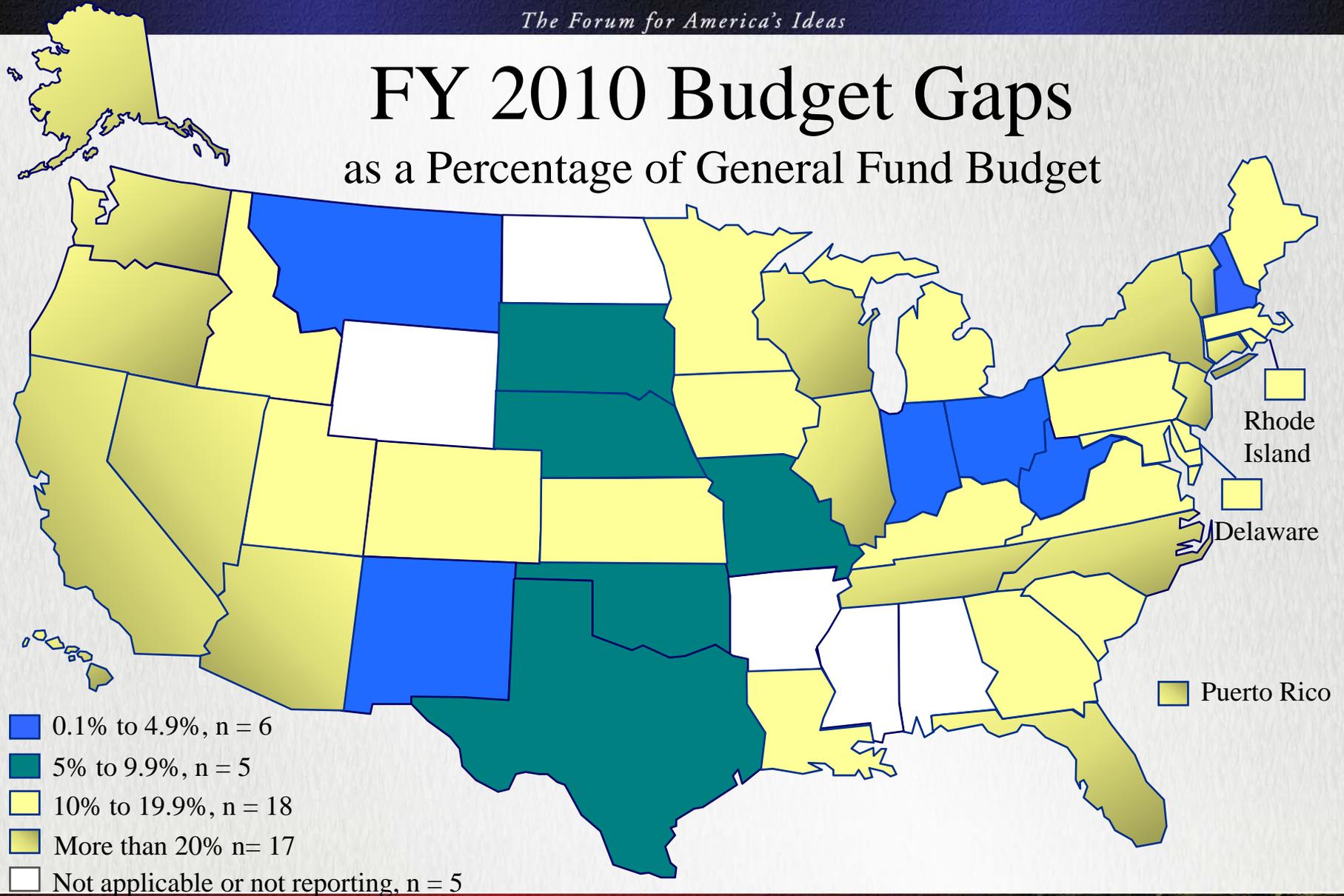
# Year-Over-Year Percent Real Change in Major Taxes Four-Quarter Average of Percent Change





# FY 2010 Budget Gaps

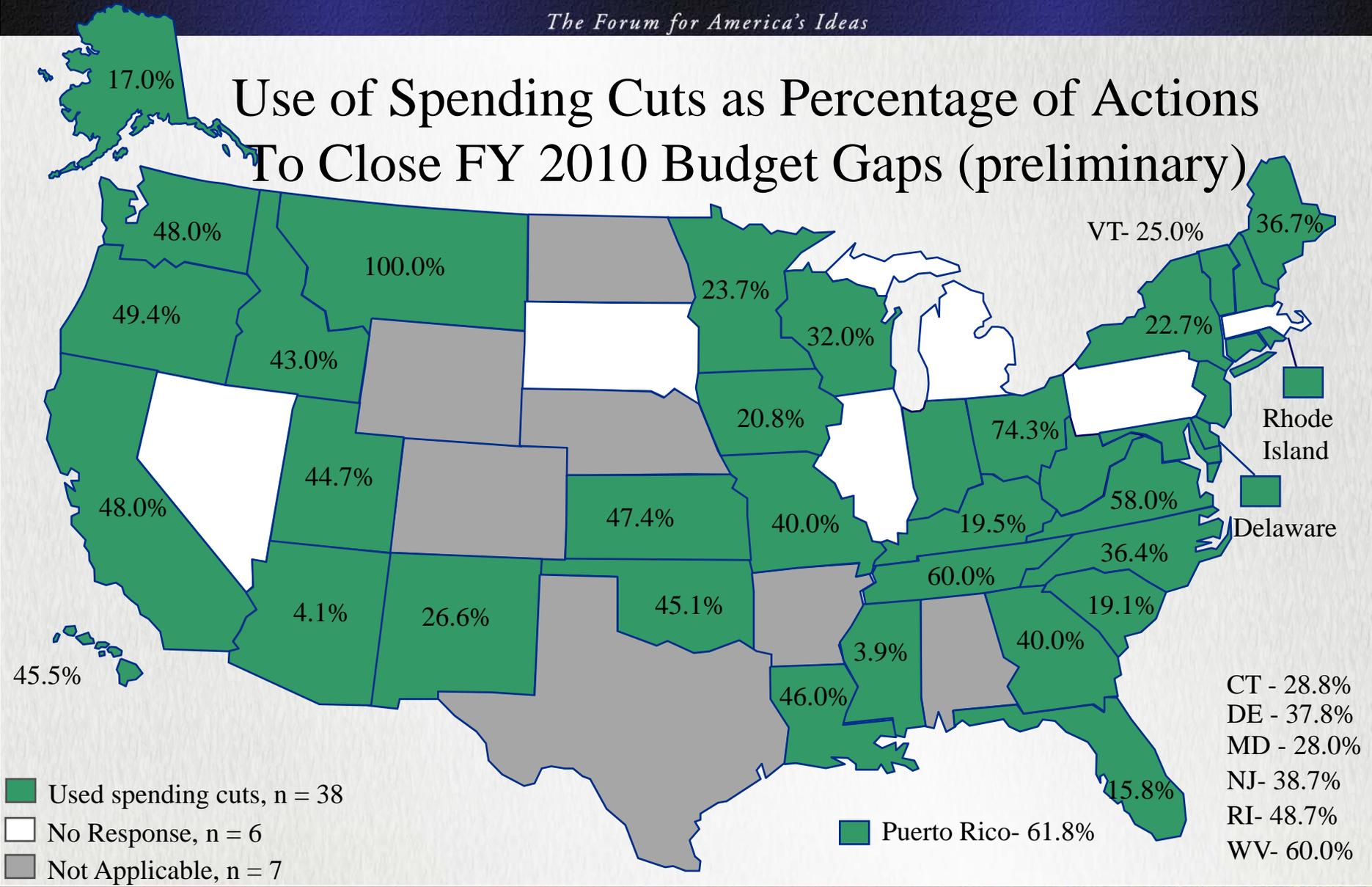
as a Percentage of General Fund Budget



Source: NCSL survey of state legislative fiscal offices, 2009.



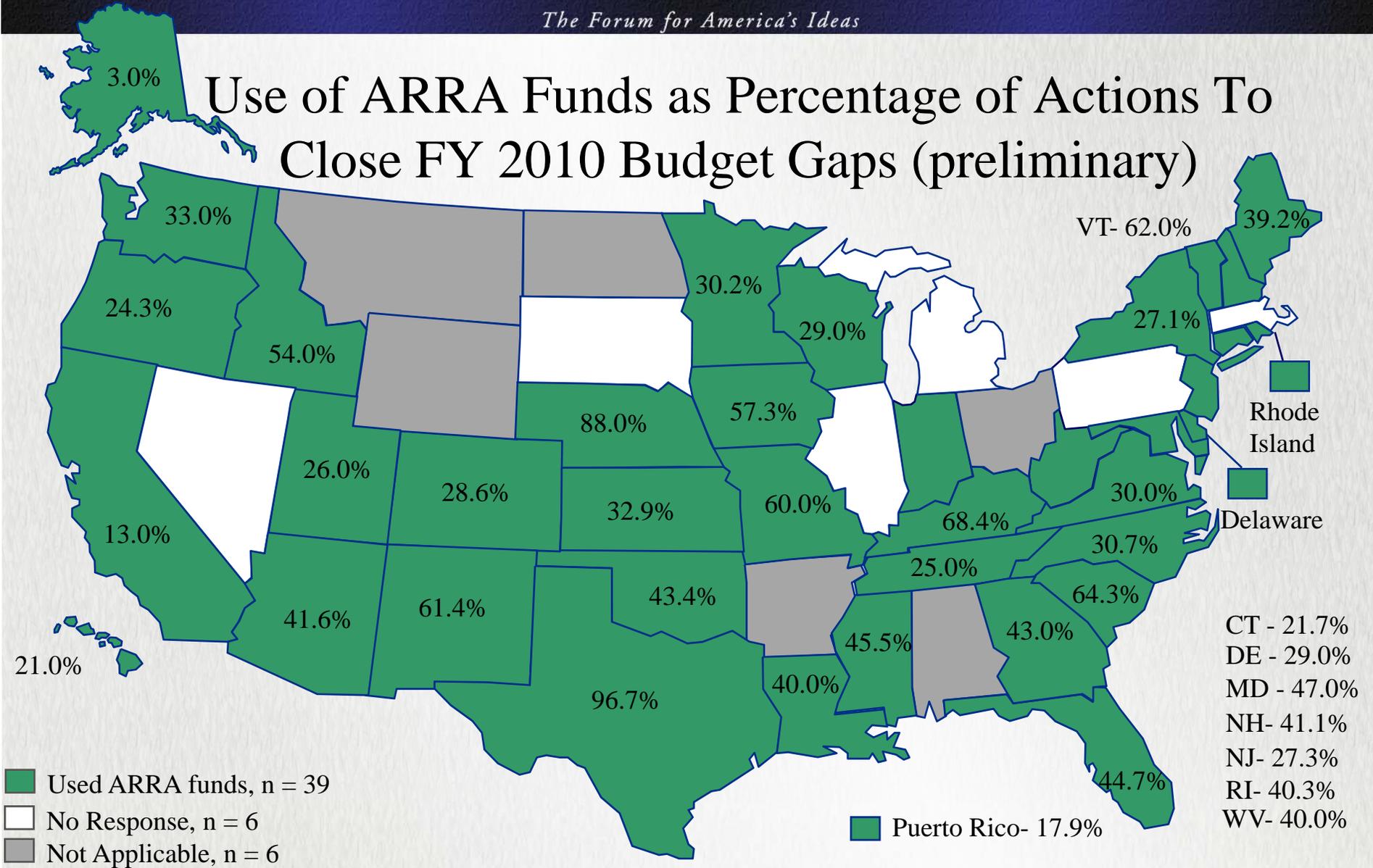
# Use of Spending Cuts as Percentage of Actions To Close FY 2010 Budget Gaps (preliminary)



Source: NCSL survey of state legislative fiscal offices, 2009.



# Use of ARRA Funds as Percentage of Actions To Close FY 2010 Budget Gaps (preliminary)



Source: NCSL survey of state legislative fiscal offices, 2009.



## Percentage Change in Total FY 2010 Operating Funds *Without and With ARRA Funds* (Selected States)

State	Percent Change Without ARRA	Percent Change With ARRA	State	Percent Change Without ARRA	Percent Change With ARRA
Alabama	<b>-15.1%</b>	<b>7.6%</b>	Nebraska	<b>0.9%</b>	<b>6.5%</b>
Georgia	<b>-8.1%</b>	<b>-0.3%</b>	New York	<b>0.8%</b>	<b>7.3%</b>
Hawaii	<b>4.3%</b>	<b>11.3%</b>	North Dakota	<b>23.0%</b>	<b>38.5%</b>
Idaho	<b>-11.4%</b>	<b>-3.5%</b>	Oklahoma	<b>-6.4%</b>	<b>2.1%</b>
Indiana	<b>1.2%</b>	<b>7.0%</b>	South Carolina	<b>-3.2%</b>	<b>10.6%</b>
Iowa	<b>-3.2%</b>	<b>3.1%</b>	South Dakota	<b>0.0%</b>	<b>7.6%</b>
Minnesota	<b>-4.6%</b>	<b>2.7%</b>	Vermont	<b>-7.1%</b>	<b>-2.3%</b>
Missouri	<b>-9.7%</b>	<b>-0.6%</b>	West Virginia	<b>1.0%</b>	<b>8.0%</b>

Source: National Conference of State Legislatures, 2009.





# Budget Gap Numbers

## Past and Current Recession

Past Recession		Current Recession	
Fiscal Year	Amount (in Billions)	Fiscal Year	Amount (in Billions)
2002	\$37.2	2008	\$12.8
2003	\$79.0	2009	\$116.7
2004	\$83.7	2010	\$144.8*
2005	\$37.0	2011	\$61.6**
2006	\$26.9	2012	\$46.9**
<b>Total</b>	<b>\$263.8</b>	<b>Total</b>	<b>\$382.8*</b>

Past Recession: March 2001 to November 2001 (8 months)

Current Recession: Began December 2007 to present (21 months)

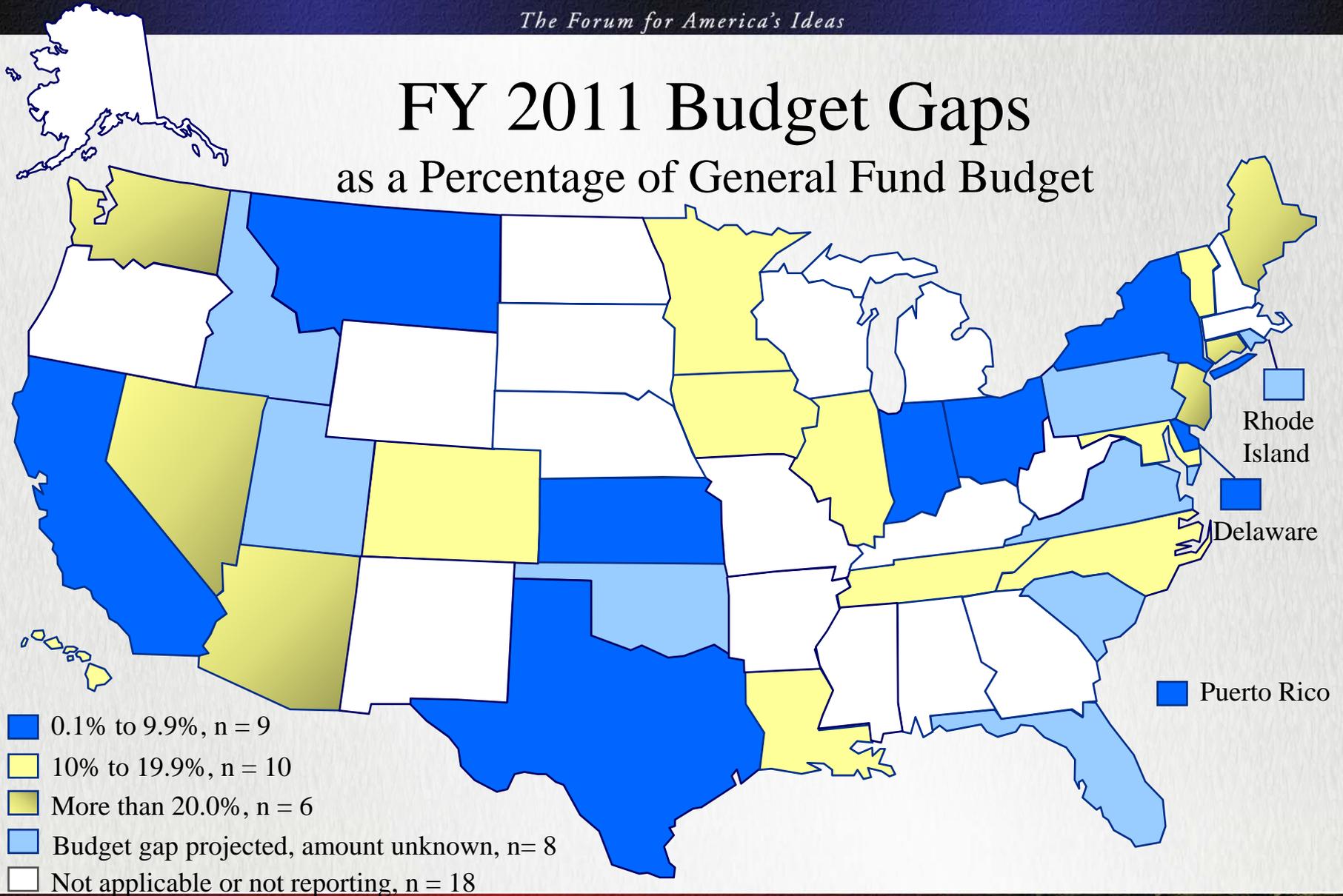
\*Preliminary figure

\*\* Projected figure

Source: NCSL survey of state legislative fiscal offices, various years.



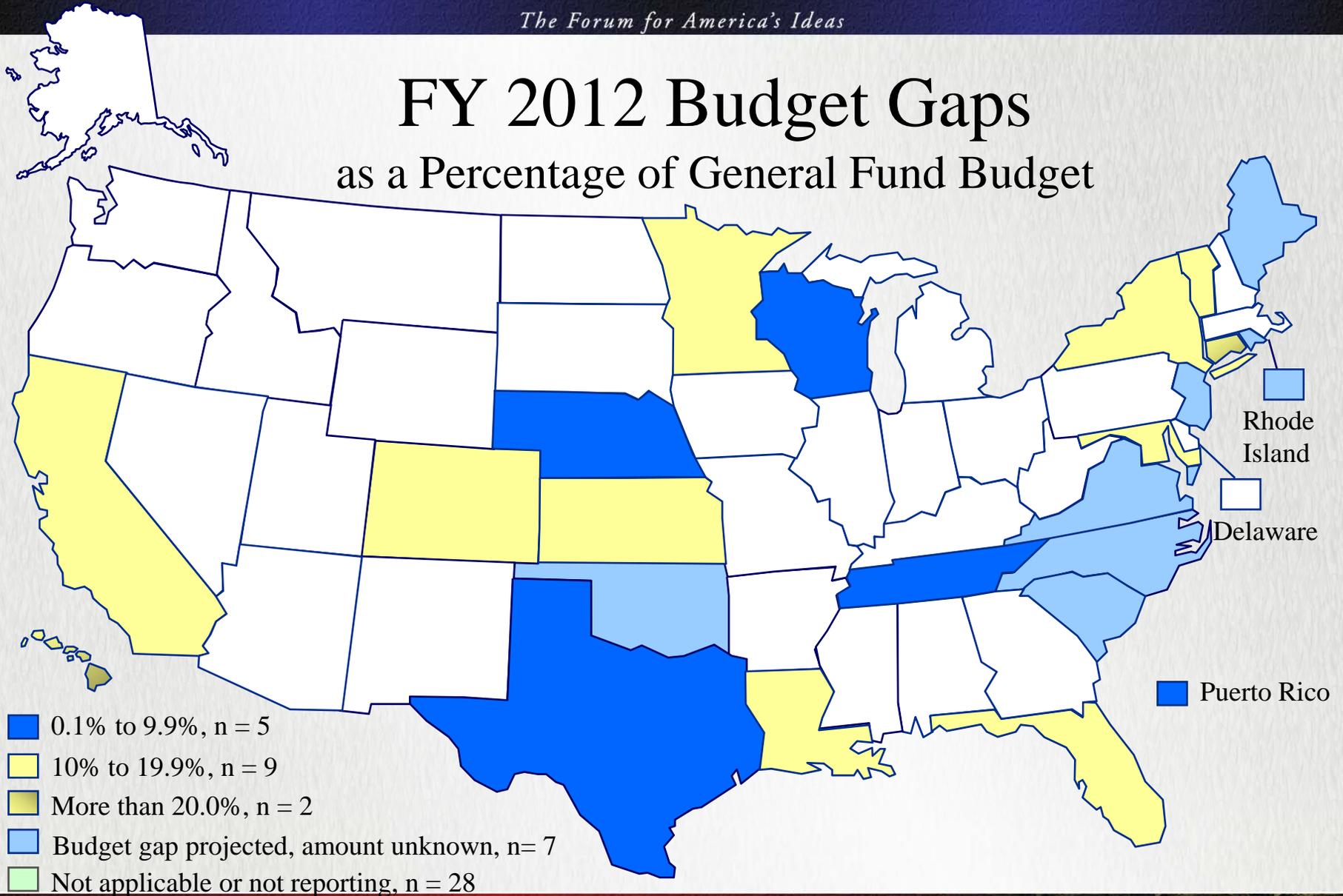
# FY 2011 Budget Gaps as a Percentage of General Fund Budget



Source: NCSL survey of state legislative fiscal offices, various years.



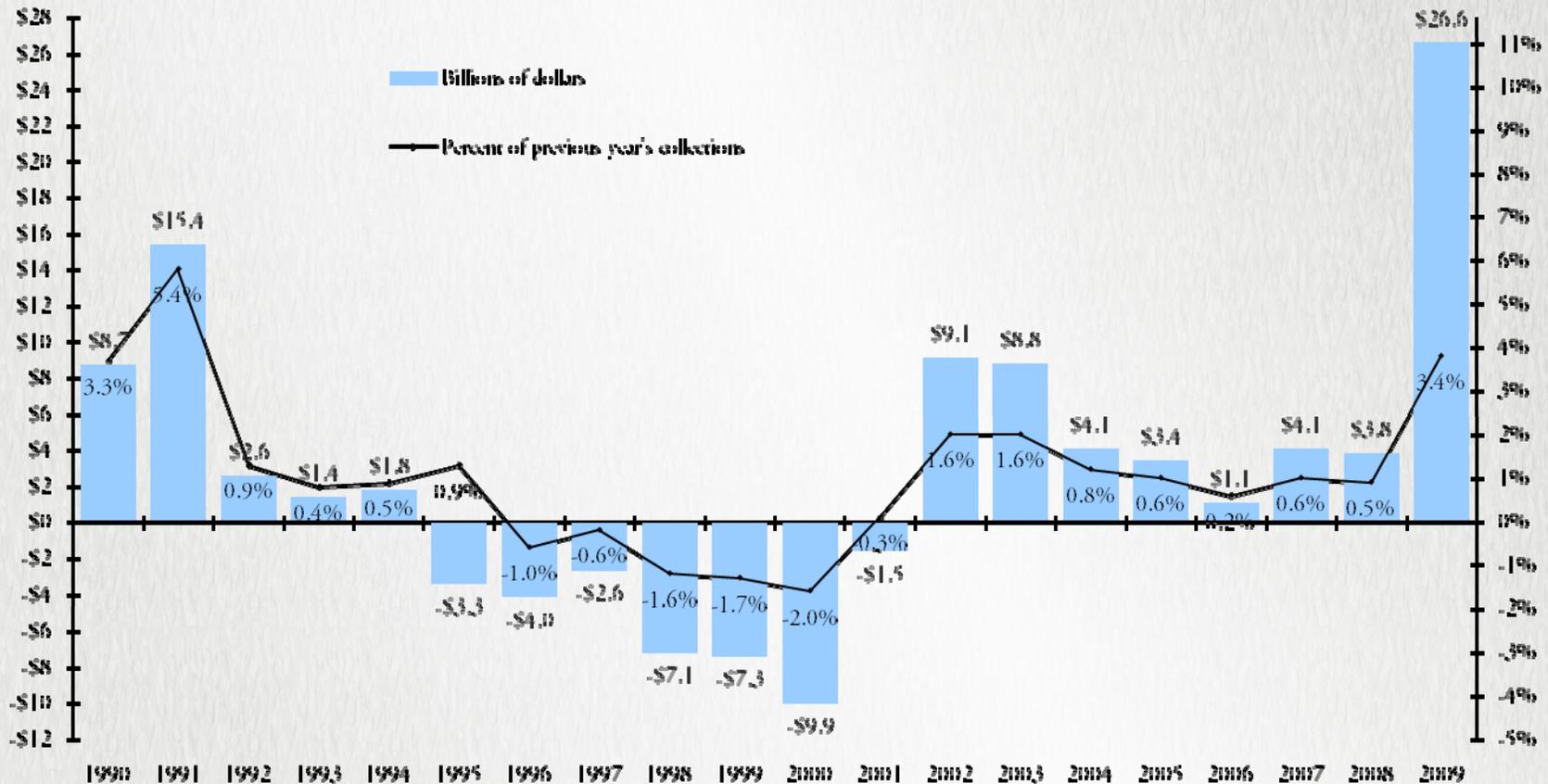
# FY 2012 Budget Gaps as a Percentage of General Fund Budget



Source: NCSL survey of state legislative fiscal offices, various years.



# Net State Tax Changes by Year of Enactment



Source: NCSL survey of legislative fiscal offices, various years. 2009 figures represent 44 reporting states. States not included are: AZ, HI, MI, OH, PA, and RI.



# Conclusion

- The states are facing a "cliff" once ARRA funding ends.
- State governments will face budgetary problems at least 12 months after the US recession ends.
- States are bracing for prolonged fiscal problems.



[www.ncsl.org](http://www.ncsl.org)

For more information

