State tax revenues are just catching up to pre-pandemic trends

Quarterly and cumulative receipts compared with estimated totals for the same period using pre-COVID growth trends, inflation adjusted

Source: The Pew Charitable Trusts, Fiscal 50
Tax revenue recovery has varied widely
Cumulative tax revenue from Q1 2020 to Q1 2022 compared with pre-pandemic growth trend, adjusted for inflation

Source: The Pew Charitable Trusts, Fiscal 50

The map shows the percentage change in cumulative tax revenue for each state compared to the pre-pandemic growth trend, adjusted for inflation. States are color-coded to indicate the percentage change:
- Below -5%
- -5% to <0%
- 0% to 5%
- Above 5%

The map includes states such as CA (7.6%), NV (-8.2%), OR (-7.2%), WA (-3.8%), and others, with various percentage changes ranging from positive to negative.
Elevated Federal Aid Should Moderate
Share of 50-state revenue from federal funds FY 2000-20

Source: The Pew Charitable Trusts, Fiscal 50
Federal ARPA funding as a share of FY 2020 state spending

Note: ARPA funding excludes allocations to local governments. Expenditures reflect capital and non-capital spending from all funding sources.
A weakening outlook

State revenue growth in FY 2021 and forecasts for FYs 2022 and 2023

Source: Tax Policy Center
States policy actions
Income tax rate reductions enacted, implemented in 2021 and 2022, as of July 13, 2022

Note: In Florida, a corporate income tax rate reduction was automatically triggered for 2021 only. Colorado’s Taxpayer’s Bill of Rights (TABOR) triggered a temporary individual and corporate income tax rate reduction for 2021. New Hampshire does not tax wage and salary income, but its tax on individual interests and dividends income is phasing out over time. Tennessee’s tax on interests and dividends income, the Hall Tax, was eliminated effective January 1, 2021.

Source: Tax Foundation
Increased spending demands
Difference between quarterly year-over-year wage cost growth rates for private and public sector workers

**Legislative priorities:** Table discussions

- **Public safety**
  - Corrections costs, 988, policing debates

- **Health care**
  - Future budget pressures, addressing the opioid crisis, continuing to meet pandemic-related needs, behavioral health

- **Housing**
  - Supply chain, land use, availability

- **Education and learning loss**
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