The Fiscal Survey of States

December 2008

National Governors Association
National Association of State Budget Officers

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THE NATIONAL GOVERNORS ASSOCIATION

Founded in 1908, the National Governors Association (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 four standing committees on major issues—Economic Development and Commerce; Education, Early Childhood, and Workforce; Health and Human Services; 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.

THE NATIONAL ASSOCIATION OF STATE BUDGET OFFICERS

Founded in 1945, NASBO is the instrument through which the states collectively advance stage budget practices. The major functions of the organization consist of research, policy development, education, training, and technical assistance. These are achieved primarily thought NASBO's publications, membership meetings, and training sessions. Association membership 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 organizing 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. NASBO is an independent professional and education association and is also an affiliate of the National Governors Association.

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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 1979. 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 NASBO from July through November 2008. The surveys were completed by Governors' state budget officers in all 50 states.

Fiscal 2007 data represent actual figures, fiscal 2008 figures are preliminary actual, and fiscal 2009 data reflect enacted budgets.

Forty-six states begin their fiscal years in July and end them in June. The exceptions are Alabama and Michigan, with October to September fiscal years; New York, with an April to March fiscal year; and Texas, with a September to August fiscal year. Additionally, 20 states operate on a biennial budget cycle.

NASBO staff member Ben Husch compiled the data and prepared the text for the report. Nelle Sandridge of State Services Organization provided typesetting services.

Executive Summary

Executive Summary

State fiscal conditions slowed for most states in fiscal 2008 and have continued to deteriorate in fiscal 2009. While nominal general fund expenditures and revenue collections increased for many states in fiscal 2008, more than half the states saw negative growth in general fund expenditures and revenue collections after accounting for inflation.[1] Conditions in fiscal 2008 varied widely across states, as certain states prospered significantly more due to a run in commodity prices, while other states were significantly more exposed to the economic downturn sparked by the housing crisis.

Fiscal 2009 enacted budgets reflect a 0.1 percent decrease in state expenditures. Since budget enactment, economic conditions have further deteriorated with more than half of the states reporting budget gaps of $29.7 billion as of December 2008. States continue to face expenditure pressures as the economy deteriorates and demands for increased funding of programs such as Medicaid persist. Additionally, states face looming long-term issues such as funding pensions, demographic shifts, and maintenance and repair of infrastructure. This edition of *The Fiscal Survey of States* reflects actual fiscal 2007, preliminary actual fiscal 2008, and enacted fiscal 2009 figures. The data were collected during fall 2008.

State Spending

State general fund spending grew by 5.3 percent in fiscal 2008, lower than the 31-year average of 6.3 percent. For fiscal 2009, state spending is expected to decrease by 0.1 percent. This substantially lower rate of growth is the result of a weakening economy. States are forecasting declining economic growth and expect to make significant budget cuts in the coming fiscal years.

Findings of this edition of the *Fiscal Survey of States* include the following:

- Overall, state spending growth slowed for most states during fiscal 2008, and is forecasted to slow even further and turn negative during fiscal 2009.
- In fiscal 2008, 13 states reduced their enacted budgets, by $3.6 billion. So far in fiscal 2009, 22 states have cut their enacted budget by $12.1 billion, with another five forecasting cuts. Additionally, 31 states have reported budget gaps totaling $29.7 billion for fiscal 2009 since budget enactment.
- Six states reported negative budget growth for fiscal 2008, while 18 states enacted negative growth budgets for fiscal 2009.
- Eight states enacted increases to their fiscal 2009 cash assistance levels under the Temporary Assistance for Needy Families (TANF) program, ranging from 1.6 percent to 30 percent. One state enacted a decrease of 2.2 percent in cash assistance under the TANF program.

State Revenue Actions

In the aggregate, tax increases were smaller in fiscal 2009 compared to fiscal 2008, as states enacted net tax and fee increases of $1.5 billion in fiscal 2009. In comparison, states enacted net tax and fee increases of $4.5 billion for fiscal 2008. For fiscal 2009, twenty-states adopted net decreases while fourteen states enacted net increases. The largest enacted decrease was in the other taxes category ($1.3 billion), while the largest enacted increase was in corporate income taxes ($1.4 billion).

1 State and Local inflation rate was calculated by using the State and Local Implicit Price Deflator for Gross Domestic Product produced by the Bureau of Economic Analysis. Quarters III, IV, I, II were used to find an annual average so as to more accurately align with a state's fiscal year. For fiscal 2008, a value of 138.87 was obtained, while a value of 131.15 was obtained for fiscal 2007, yielding an inflation rate of 5.9 percent.

In fiscal 2008, half the states' revenue collections exceeded expectations. Revenues from all sources[2] exceeded expectations in twenty-five states, were on target in five states, and were below expectations in twenty states.

- Fiscal 2008 tax collections of sales, personal income, and corporate income taxes were 2.2 percent higher than fiscal 2007 collections. Specifically, sales tax collections were 0.8 percent higher, personal income tax collections were 4.8 percent higher, and corporate income tax collections declined by 4.5 percent.

- States budgeted for slightly higher revenue growth in their fiscal 2009 budgets. Compared to fiscal 2008 collections, enacted fiscal 2009 budgets reflect a 2.8 percent increase in sales tax revenue, 3.0 percent more in personal income tax revenue, and a 2.0 percent increase in corporate income tax revenue, totaling a 2.9 percent overall increase from fiscal 2008. However, 25 states have already forecasted that revenue collections will be lower than anticipated for fiscal 2009.

Year-End Balances

Total balances—ending balances and the amounts in budget stabilization funds—are a crucial tool that states rely on heavily during fiscal downturns and budget shortfalls.

- Total balances were $65.9 billion, or 10.1 percent of expenditures, in fiscal 2007; $50.8 billion, or 7.4 percent of expenditures, in fiscal 2008; and based on fiscal 2009 enacted budgets are $48 billion, or 7.0 percent of expenditures.

2 "All sources" includes revenues from sales, personal income, corporate income and gaming taxes, and all other taxes and fees.

State Expenditure Developments

CHAPTER ONE

Overview

State finances began to deteriorate in the first half of fiscal 2008, and continued on a downward trend during the second half as fiscal 2009 approached. More states faced tightening fiscal conditions in fiscal 2008, compared to fiscal 2007, as overall economic conditions worsened, leading to lower than anticipated revenue collections. Expenditure growth continued in fiscal 2008, although down from the levels seen in 2007. Expenditure totals are expected to decrease during fiscal 2009, and 31 states are already reporting gaps totaling $29.7 billion as of December 2008. Additionally, those states with expenditure growth below five percent for fiscal 2008 were actually spending less after adjusting for inflation.

Fiscal 2008 saw 13 states make mid-year budget cuts totaling $3.6 billion. So far in fiscal 2009, 22 states have had to make cuts to their enacted budget totaling $12.1 billion. At the depths of the most recent state fiscal crisis in fiscal 2002 and fiscal 2003, thirty-seven states in each year were forced to make mid-year budget cuts that totaled nearly $15 billion and $11.8 billion, respectively. In fiscal 2008, states used across-the-board cuts, Rainy Day Funds, and other methods to reduce or eliminate budget gaps (see Table 1 and Appendix Table A-5).

TABLE 1

Budget Cuts Made After the Fiscal 2008 and Fiscal 2009 Budgets Passed**

State	*FY 2008 Size of Cuts ($ in Millions)*	*Programs or Expenditures Exempted from Cuts*	*FY 2009 Size of Cuts ($ in Millions)*	*Programs or Expenditures Exempted from Cuts*
Arizona	$ 188.3	Voter-protected, federal and court mandates program	$ 414.0	Voter-protected, federal and court mandates program
Arkansas	6.0	Education and Selected Agencies	64.9	Education and Selected Agencies
California	1,457.0		4,504.0	
Connecticut	–		173.5	Grants to municipalities, statutory entitlements
Delaware	84.0	Debt Service, Education	–	
Georgia*	–		1,600.0	Education limited to 2 percent and Medicaid to 5 percent all other 6 percent
Hawaii	–		34.6	Debt service, employees' retirement system and health insurance, unemployment insurance, workers compensation, public welfare, lower and higher education instruction programs, children and adult mental health, and correctional facilities.
Idaho*	–		27.0	

TABLE 1 (continued)

Budget Cuts Made After the Fiscal 2008 and Fiscal 2009 Budgets Passed**

State	*FY 2008 Size of Cuts ($ in Millions)*	*Programs or Expenditures Exempted from Cuts*	*FY 2009 Size of Cuts ($ in Millions)*	*Programs or Expenditures Exempted from Cuts*
Illinois	–		Pending (Unknown)	Transportation, Higher Education, Grades K through 12, Local Governments, Constitutional Offices, Healthcare programs, Social Service programs for children, Mental Health and Developmental Disabilities programs
Kansas	–		Pending (Unknown)	debt service, human service & health caseloads, aid to school districts
Kentucky	76.1	K-12 Education, Medicaid, Adult and Juvenile Corrections, Student Financial Aid, Families and Children Services, Mental Health/Developmentally Disabled programs	–	
Maryland	–		297.2	Mandated K-12 public schools and debt service
Minnesota	–		125.0	Property tax aids and credits, agriculture, military affairs
Mississippi	–		$42.0	Mississippi Adequate Education Program, Public Education National Board Certification, Vocational & Technical Education, Court order Chickasaw Cessation Interest, Schools for the Deaf & Blind, IHL Ayers Settlement, Student Financial Aid, 50 percent of the University of Mississippi Medical Center budget, Department of Health, Office of Medicaid, Department of Human Services Family & Children Services, Department of Human Services Youth Services, Department of Rehabilitation Services related to the Billy A lawsuit, Homestead Exemption Local Assistance, and State Debt Service.
Massachusetts	–		807.0	Local Aid. Non Discretionary Items such as Debt Service.
Nevada	218.4	None	322.5	None
New Hampshire	44.3	Direct care services	40.1	Direct care services
New Jersey*	600.0	State Aid, Debt Service, Appropriations to State Institutions	–	
New Mexico*	–		Pending (Unknown)	

TABLE 1 (continued)

Budget Cuts Made After the Fiscal 2008 and Fiscal 2009 Budgets Passed**

State	*FY 2008 Size of Cuts ($ in Millions)*	*Programs or Expenditures Exempted from Cuts*	*FY 2009 Size of Cuts ($ in Millions)*	*Programs or Expenditures Exempted from Cuts*
New York	–		1,057.0	In the first round of current-year budget cuts, the following programs were exempt: School aid, welfare, general purpose aid and incentives to municipalities, aid to local governments for mandated programs, and special education. In a second round of current-year budget cuts, to be implemented following a November special legislative session, it is expected that few, if any, programs will be exempt.
North Carolina	–		1,200.0	University and Community College financial aid programs, Indigent Defense Program, State Match on Federal CI Programs, Debt Service, Medicaid.
Ohio	213.7	Education, Tax Relief, Debt Service, Medicaid, State Share of Instruction and Need Based Financial Aid in Higher Education, Subsidies to Local Governments	257.7	Education, Tax Relief, Debt Service, Medicaid, State Share of Instruction and Need Based Financial Aid in Higher Education, Corrections Agencies
Oregon	–		142.1	Not yet determined
Pennsylvania	–		311.4	The Governor does not have the authority to reduce appropriations to the Attorney General, Auditor General and Treasurer (which are independently elected); the legislature and judiciary; and also the State System of Higher Education and the Pennsylvania Higher Education Assistance Agency.
Rhode Island	60.8	State Aid for Education	36.7	To Be Determined
South Carolina	–		621.1	Scholarship and tuition grant programs; 2008 general and primary election appropriations; First Responder Interoperability; National Guard Pension Fund; Debt Service.
Tennessee	152.2	The cut from the enacted FY 2008 budget is an increase in program reversions to the general fund.	–	
Utah	–		Pending (Unknown)	Unknown
Vermont	–		11.4	Public safety, military dept, debt service, commerce agency, property tax-related, correctional services, and teachers' retirement.

TABLE 1 (continued)

Budget Cuts Made After the Fiscal 2008 and Fiscal 2009 Budgets Passed**

State	*FY 2008 Size of Cuts ($ in Millions)*	*Programs or Expenditures Exempted from Cuts*	*FY 2009 Size of Cuts ($ in Millions)*	*Programs or Expenditures Exempted from Cuts*
Virginia	480.7	Bond existing capital outlay projects (which were direct funded)	Pending (Unknown)	At this time the size of the anticipated gap is unknown, however, the Governor anticipates that it will be filled in the balanced budget he will introduce in Dec 08. During the time between introduction and passage of the amended budget, the Governor has already taken steps to constrain discretionary spending in the current fiscal year. Additional steps are anticipated but specifics are unknown at this time.
Wisconsin	170.0	School aids, shared revenue, court system	100.0	School aids, shared revenue, court system
Total	**$3,581.5**	**–**	**$12,089.2**	**–**

NOTE: *See Notes to Table 1. **Budget cuts for Fiscal 2009 are currently ongoing.

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE 1

Georgia	Cuts within Education limited to 2 percent and Medicaid to 5 percent while all others limited to 6 percent
Idaho	The total amount of the general fund holdback was $27 million for FY 2009. State Constitutional officials, legislative and judicial branch were requested to participate but it was not mandatory.
New Jersey	While there were no cuts to the enacted budget for FY 2008 there was a certified final lapse of $600 million as of June 30, 2008 to the General Fund
New Mexico	New Mexico will implement budget cuts based on official revenue consensus estimate due in December. Meanwhile, the governor has ordered executive agencies to implement hiring freezes, take immediate actions to cut costs and develop long term plans to save 5 percent in FY 2009 expenditures that carry forward on a recurring basis to FY 2010. Currently, Medicaid, public education and higher education are exempt from program cuts. The governor also directed agencies to identify earmarked funds, earmarked appropriations and stalled capital outlay projects that can be used to shore up general fund balances. The governor has committed to retaining a 10 percent general fund reserve balance.

State Spending for Fiscal 2008

This report captures only state general fund spending. General Funds represent the primary component of discretionary expenditures of revenue derived from general sources, which have not been earmarked for specific items. According to the most recent edition of NASBO's *State Expenditure Report*, estimated fiscal 2008 spending from all sources (general funds, federal funds, other state funds, and bonds) was approximately $1.55 trillion, with the general fund representing 44.3 percent of the total. The components of total state spending for estimated fiscal 2008 are: elementary and secondary education, 20.9 percent; Medicaid, 20.7 percent; higher education, 10.3 percent; transportation, 8.1 percent; corrections, 3.4 percent; public assistance, 1.6 percent; and all other expenditures, 35.1 percent.

Components of state spending within the general fund specifically are: elementary and secondary education, 34.5 percent; Medicaid, 16.9 percent; higher education, 11.5 percent; corrections, 6.9 percent; transportation, 0.8 percent; public assistance, 1.8 percent; and all other expenditures, 27.6 percent.

State general fund expenditures were $689.5 billion in fiscal 2008 (preliminary actual), a 5.3 percent increase compared to the previous year. The 31-year historical average rate of growth is 6.3 percent. Lower revenue collections, especially in sales and corporate income taxes, contributed to the lower-than-average growth rate in fiscal 2008. There was also a noticeable decline in economic activity across the country, as the fourth quarter of 2007 saw gross domestic product (GDP) decline at an annual rate of 0.2 percent and the first quarter of 2008 saw GDP increase at 0.9 percent.[3] This economic downturn was a major factor in states making mid-year budget cuts of $3.6 billion. Enacted fiscal 2009 budgets reflect general fund spending that is 0.1 percent lower than the fiscal 2008 level (see Table 2, Figure 1, Appendix Table A-2, and Appendix Table A-4).

TABLE 2

State Nominal and Real Annual Budget Increases, Fiscal 1979 to Fiscal 2009

	General Fund Expenditure Change	
Fiscal Year	*Nominal Increase*	*Real Increase*
2009*	-0.1%	-4.1%
2008*	5.3	-0.6
2007*	9.4	4.8
2006	8.7	2.2
2005	6.5	0.9
2004	3.0	-0.6
2003	0.6	-3.1
2002	1.3	-0.8
2001	8.3	4.4
2000	7.2	3.1
1999	7.7	5.6
1998	5.7	4.1
1997	5.0	2.9
1996	4.5	2.2
1995	6.3	3.4
1994	5.0	2.6
1993	3.3	1.0
1992	5.1	2.9
1991	4.5	0.1
1990	6.4	2.6
1989	8.7	5.4
1988	7.0	3.5
1987	6.3	2.7
1986	8.9	5.6
1985	10.2	6.1
1984	8.0	3.7
1983	-0.7	-6.3
1982	6.4	-1.1
1981	16.3	5.1
1980	10.0	4.5
1979	10.1	1.5
1979-2009 average	**6.3%**	**2.1%**

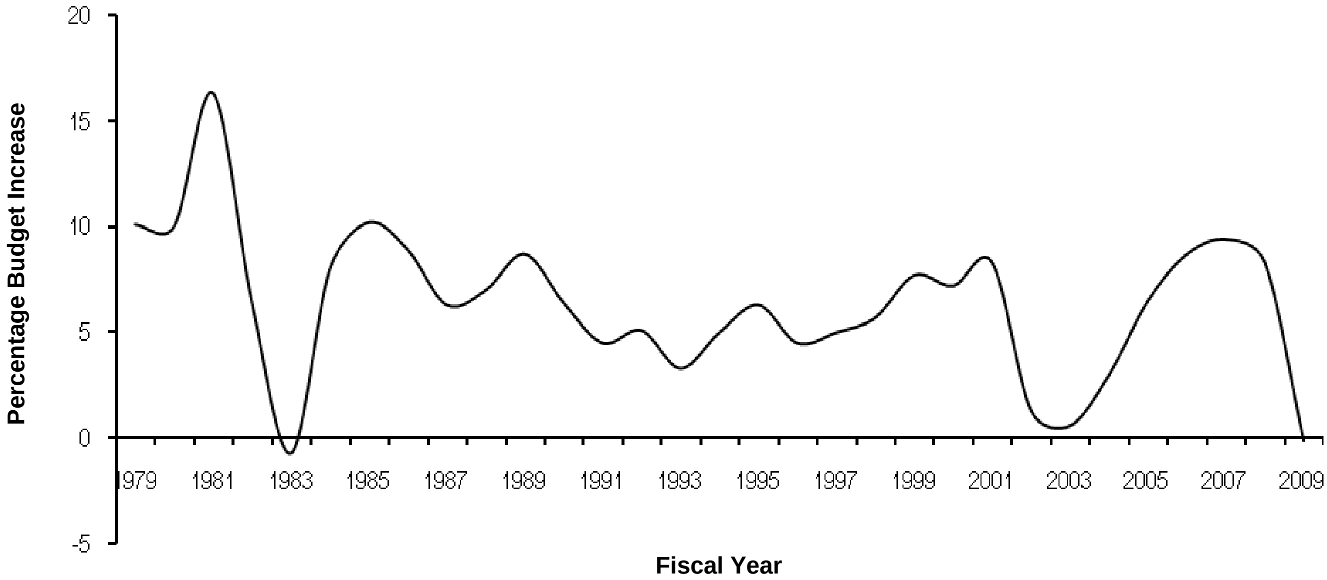
NOTE: *The state and local government implicit price deflator, (as cited by the Bureau of Economic Analysis in November 2008) is used for state expenditures in determining real changes in fiscal 2008. Fiscal 2008 figures are based on the change from fiscal 2007 actual expenditures to fiscal 2008 preliminary actual expenditures. Fiscal 2009 figures are based on the change from fiscal 2008 preliminary actual expenditures to fiscal 2009 appropriated expenditures. Annual changes to the state and local government implicit price deflator are based on calendar year quarters III, IV, I, II, so as to more accurately align with the fiscal year of 46 states.

SOURCE: National Association of State Budget Officers.

3 The fourth quarter of calendar year 2007 is the second quarter of fiscal 2008 and the first quarter of calendar year 2008 is the third quarter of fiscal 2008 for 46 states.

FIGURE 1

Annual Percentage Budget Increases, Fiscal 1979 to Fiscal 2009



SOURCE: National Association of State Budget Officers.

Expenditure growth rates have slowed quickly since the high levels of growth seen only a few years ago. In fiscal 2007, growth was noticeably stronger as only one state reported negative expenditure growth, 14 states reported positive expenditure growth between zero and 4.9 percent, 17 states reported positive expenditure growth between five and 9.9 percent, and 18 states reported expenditure growth of 10 percent or more. However in fiscal 2008, six states are reporting negative expenditure growth, while 17 states are reporting positive expenditure growth between zero and 4.9 percent, 18 states are reporting positive expenditure growth between five and 9.9 percent, and nine states reported expenditure growth of 10 percent or more. (see Table 3 and Appendix Table A-4).

Adding to the current negative landscape are the expenditure forecasts for fiscal 2009 where 18 states enacted negative growth budgets, 23 states enacted positive expenditure growth between zero and 4.9 percent, 7 states enacted positive expenditure growth between five and 9.9 percent, and 2 states have enacted budgets with growth of 10 percent or more (see Table 3 and Appendix Table A-4).

TABLE 3

State General Fund Expenditure Growth, Fiscal 2008 and Fiscal 2009

	Number of States	
Spending Growth	*Fiscal 2008 (Preliminary Actual)*	*Fiscal 2009 (Appropriated)*
Negative growth	6	18
0.0% to 4.9%	17	23
5.0% to 9.9%	18	7
10% or more	9	2

NOTE: Average spending growth for fiscal 2008 (preliminary actual) is 5.3 percent; average spending growth for fiscal 2009 (enacted) is -0.1 percent. See Appendix Table A-4 for state-by-state data.

SOURCE: National Association of State Budget Officers.

State Cash Assistance Under the Temporary Assistance for Needy Families Program

The Temporary Assistance for Needy Families (TANF) program was reauthorized under the Deficit Reduction Act in February 2006. The TANF block grant is funded at $16.6 billion each year through 2010. Although the program retains worker participation rates of 50 percent for all families and 90 percent for two-parent families, adjusting the base year for the caseload reduction credit effectively increases the work requirements from the prior levels. The reauthorized program also includes specific definitions of work, work verification requirements, and penalties if states do not meet the requirements. As a result of these changes, most states must significantly increase work participation rates.

Since welfare reform was initially passed in 1996, states have focused on providing supportive services for families to achieve self-sufficiency rather than cash assistance. This report has information only on the changes in the cash assistance benefit levels within the program which represents approximately 35 percent of total program costs. For fiscal 2009, 41 states maintained the same cash assistance benefit levels that were in effect in fiscal 2008. Eight states enacted increases in cash assistance benefit levels, ranging from 1.6 percent to 30 percent, while one state enacted a decrease in cash assistance benefit levels of 2.2 percent (see Table 4 and Notes to Table 4).

TABLE 4

Enacted Cost-of-Living Changes for Cash Assistance Benefit Levels Under the Temporary Assistance for Needy Families Block Grant, Fiscal 2009

State	*Percent Change*
Colorado	30.0%
Florida	-2.2
Illinois	9.0
Michigan*	1.8
Montana*	–
Nebraska*	–
New Mexico*	15.0
Oregon	1.6
South Carolina	2 to 3
South Dakota	3.0
Texas	3.4

NOTE: *See Notes to Table 4.

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE 4

Michigan	In addition to the 1.8 percent increase for TANF cash assistance, the enacted fiscal 2009 budget includes an annual $88 per child clothing allowance. Combining cash assistance and the clothing allowance results in a benefit increase of 3.2 percent over fiscal 2008.
Montana	TANF received 6.8 percent in FY 2008
Nebraska	No increase in the maximum grant an individual may receive has been enacted for FY2009. Per State Statute (Sec. 43-513), Nebraska will not increase the maximum “standard of need” in FY2009. The next “standard of need” increase is due July 1, 2009.
New Mexico	The change was effective January 1, 2008.

Medicaid

Medicaid is a means-tested entitlement program financed by the states and the federal government. The program provides comprehensive and long-term medical care for more than 59 million low-income individuals. Medicaid accounted for 20.7 percent of total state spending in fiscal 2008 and is slightly less than the amount budgeted for elementary and secondary education, which in fiscal 2008 is estimated to be the largest single portion of total state spending.

Medicaid Growth Rates. While Medicaid spending rates have moderated from historical levels, the growth rates still exceed overall general fund spending increases. Medicaid spending for fiscal 2008 is estimated to increase by 5.5 percent, according to NASBO's 2007 *State Expenditure Report* and by 5.8 percent in fiscal 2009, according to the Kaiser Commission on Medicaid and the Uninsured. This compares to an overall general fund increase of 5.3 percent in fiscal 2008 and decline of 0.1 percent in 2009. Since Medicaid spending makes up such a large portion of state budgets, the growth rates relative to overall budget increases have a significant impact on the allocation of state spending.

Medicaid Enrollment. Although enrollment decreased by 0.5 percent in fiscal 2007 it is projected to increase by 2.1 percent in fiscal 2008 and by 3.5 percent in fiscal 2009, according to the Kaiser Commission on Medicaid and the Uninsured. The downturn in the economy is expected to result in significant increases in Medicaid enrollment as it has in previous economic slowdowns. For example, during the previous downturn enrollment increased by 9.5 percent in fiscal 2002. The Centers for Medicare and Medicaid Services (CMS) in its first annual report on the financial outlook for Medicaid is projecting an average annual rate of enrollment increase at 1.2 percent over the next 10 years.

States have been aggressive over the past five years in pursuing cost containment measures to help moderate spending increases. According to the Kaiser Commission on Medicaid and the Uninsured, every state instituted cost containment measures during this period with the majority centered on freezing or reducing provider payments and managing prescription drug costs. Long range projections for national health expenditures are estimated to increase approximately 6.7 percent annually on average, according to the Centers for Medicare and Medicaid Services and will continue to rise as a percentage of the nation's gross domestic product.

Significant Health Challenges Facing States. States face a number of challenges in funding and providing health care both within the Medicaid program and throughout state government. Among the issues of greatest concern for states include, health care cost increases and greater utilization of services; the aging population and the impact on long-term care financing; regulatory actions at the federal level that would limit federal participation for key services; workforce shortages such as nurses; hospital finances; pressure to raise physician rates in order to maintain participation in the Medicaid program; State Children's Health Insurance Program (SCHIP) funding; mental health funding and access; expanding access to health care for the uninsured; and generally the pressure to maintain health care spending that on average consumes a greater share of state budgets over time.

Even with the more moderating growth rates in health care spending from the height of the recession, projections over the next ten years remain at an average annual rate of about 7.9 percent from fiscal 2008 through fiscal 2018, according to recent estimates by CMS. With Medicaid comprising 21 percent of state budgets, these long-term growth rates will continue to strain state budgets.

TABLE 5

Enacted Changes in Aid to Local Governments, Fiscal 2009

Alaska	Revenue Sharing Fund established and capitalized, increasing total FY 2009 payments to $60.0 million ($12.5 million over FY 2008 amounts) and providing continued annual payments of 1/3 of fund balance up to $60.0 million annually.
Arizona	Requires counties and cities to transfer a total of $29.7 million to the state's General Fund in FY 2009.
Arkansas	Act 1100 of 2007 appropriated $80,000,000 in one time surplus general revenues for the 2007-2009 biennium. $56,000,000 for road maintenance and construction through the State, $12,000,000 to the Municipal Aid Fund to support road construction & maintenance, and $12,000,000 to the County Aid Fund to support road construction maintenance. Act 1100 of 2007 (HB1850) appropriated $4 million each year to both cities and counties payable from excess balances in the Property Tax Relief Trust Fund.
California	The 2008 Budget Act reduces funding for several local law enforcement programs by 10 percent, for $108 million in state General Fund savings. The 2008 Budget Act requires redevelopment agencies to shift $350 million in property tax revenues to K-14 schools in 2008-09. This one-time shift will commensurately reduce the amount of funding that the state must provide to K-14 schools in 2008-09.
Colorado	SB08-218, adopted during the past legislative session, provides an additional $6,916,292 and 0.3 FTE to the Division of Local Government. This legislative bill made significant changes to the method and process for the distribution of Federal Mineral Lease receipts to local governments. The first payments under this new annual distribution method will be made in August of 2009. HB08-1402, adopted during the past legislative session, provides $100,000 to the Division of Housing to create grants to local housing authorities, public and private nonprofit corporations to provide outreach and notice of foreclosure assistance. This one-time funding began July 1, 2008 and will be expended by June 30, 2010. The Colorado State Legislature increased an appropriation to the Colorado Division of Housing that added $1.0 million in General Fund (an 82 percent increase) for affordable housing. Governor Ritter issued Executive Order, D003 08 on February 4, 2008, transferring the Homeland Security Program from the Division of Emergency Management (DEM) and established the Governor's Office of Homeland Security. Particular focus was deemed necessary on the areas of developing policies and procedures, improving sub-recipient monitoring capabilities, and improving technical assistance. The transfer occurred on July 1, 2008 for $19.5 million in federal grant moneys and 3.0 FTE. Governor Ritter issued the New Energy Communities Initiative which will reward local governments working collaboratively. The program will direct up to $10 million in Energy Impact Assistance Funds to at least five regional efforts (maximum of $2 million per region) striving to create integrated, vibrant and sustainable communities. The initiative will focus on three areas: Greening Public Facilities: Assist partnerships among counties, municipalities, school districts and other local governments to upgrade, retrofit or develop energy efficient public facilities such as county courthouses, city halls, public works facilities, libraries, judicial facilities and community centers. Greening Downtowns: Provide technical and financial resources for energy efficient upgrades/retrofits, streetscape improvements and downtown revitalization. Greening Homes: Provide the necessary technical resources to aid local governments in educating homeowners on programs to incorporate energy efficient upgrades/retrofits and adopting model building codes to ensure that new housing units meet higher energy efficiency standards.
Connecticut	During the 2008 legislative session, the Connecticut General Assembly did not enact any significant changes with respect to programs providing state aid to municipalities. Based on approved appropriations for the fiscal year commencing July 1, 2008, a total of $2,849,892,010 is available for state aid to municipalities. This represents an increase of 5.5 percent over the total amount municipalities received for the prior fiscal year. The Connecticut General Assembly enacted legislation to extend, for a two-year period, a rate increase in the municipal portion of the real estate conveyance tax. As a result, municipalities will receive an estimated $36 million more in fiscal year commencing July 1, 2008, than they would have realized if the rate increase had ended June 30, 2008, as scheduled.
Indiana	An additional homestead credit of $870 million was granted for CY 2008. Beginning in CY 2009, state aid to local governments will increase further. The state will begin paying for a number of local spending liabilities that were previously funded through property taxes. These include K-12 School Operating Costs, Pre-School Special Education, Child Welfare, Police and Fire Pension, Hospital Care for Indigent, Juvenile Incarceration, and Fair/Forestry. Further, the state will continue to fund a small homestead credit for CY 2009 and CY 2010. At the same time, the state's current property tax credit system will be repealed beginning in CY 2009; this program is funded to a flat $2,028.5 million per calendar year. By fiscal year, the anticipated net new aid to local governments is $435 million for FY 2008, $922 million for FY 2009 (half year), and $1,013 million for FY 2010 (full implementation). This represents an increase in local aid of 21 percent in FY 2008, 45 percent in FY 2009, and 50 percent in FY 2010. The state assumed a number of costs, detailed in section (a). While local budget capacity will be adjusted downward for this cost assumption, local budgets may benefit from a reduced need for short-term borrowing to remedy cash flow problems. Further, the legislature passed a "circuit breaker" law which limits the property tax that may be imposed on a taxpayer to a certain percentage of their property value. The law prohibited local governments from funding the credit through property tax increases or fees. Local governments are authorized to adopt a local option income tax to fund property tax credits, which would reduce the tax rates and likewise the losses from applying these caps. While these local losses are difficult to project, Legislative Services Agency estimates that the losses statewide will be $524 million, or 4.9 percent of the local government budgets that are funded from property taxes. However, the losses vary greatly by geographic location, with many units of government experiencing no loss.
Iowa	The state property tax credits are paid in FY 2009 from a fund in which part of the FY 2008 ending balance was deposited along with a General Fund appropriation.

TABLE 5 (continued)

Maryland	Deferred $3.4 million in planned increases in aid to local libraries for one year. A grant to six counties to compensate for lost property tax revenue due to a lower tax rate on utilities totaling $29.6 million was eliminated in FY 2009. Authorized local governments to enter into contracts to manage and invest funds set aside for future OPEB liabilities as well as to invest funds in the Local Government Investment pool managed by the State Treasurer.
Massachusetts	In FY 2009, Chapter 70 aid to school districts increases $223,152,733 for a total distribution of $3,94,824,061. The $223 million is a 6 percent increase over the FY 2008 GAA appropriation. FY 2009 Chapter 70 continues the reforms of FY 2007 made by the Legislature. FY 2009 GAA uses the effort reduction of 33 percent maintaining the 3rd year of the 5 year plan. The goal of the Chapter 70 program is for all districts to reach foundation budget through a shared local and state effort. Therefore, this effort reduction adjusts the amount that wealthier districts must contribute. FY 2009 continues the use of Foundation Aid, Down payment Aid, Growth Aid, and Minimum Aid for all districts. Down payment Aid and Growth aid are prorated at 33 percent, and Minimum aid is consistent with a $50 increase per student as it was in FY 2007 and FY 2008. FY 2009 ensures that all 328 operating districts received additional Chapter 70 funding. This increase ensures that the 303 districts that had their foundation budgets rise in FY 2009 have enough funding to provide an adequate education. This increase also allows 228 districts to spend above their foundation budget in FY 2009.
Michigan	For fiscal 2009, the enacted budget provides a 2 percent increase over the amount of statutory revenue sharing payments received by cities, villages, and townships in fiscal 2007. The fiscal 2009 budget also continues to suspend revenue sharing to counties under tax law changes effective for fiscal 2005 and subsequent fiscal years. Counties expend the equivalent of revenue sharing payments from individual revenue sharing reserve funds established with early collection of county-allocated property taxes. Suspending county revenue sharing payments reduces state spending by over $180 million annually. A similar savings occurred each year through 2008; thereafter, savings decline as county revenue sharing reserve funds are depleted and state payments are resumed.
Minnesota	Both of the state's major local aid programs were increased this session, though the increases will not be implemented until after FY 2009. Local government aid (LGA) payments, which go to cities, were increased by $42 million per year, starting with aids payable in 2009 (FY 2010). County program aid (CPA) payments, which go to counties, were increased by $22 million a year, starting with aids payable in 2009 (FY 2010). For the LGA program, this will be an 8.7 percent increase. The increase to CPA expenditures will be 10.7 percent. A transitional aid program for cities and towns to compensate for a Minnesota Department of Revenue administrative rule change relating to the valuation of utility property was also created this session. Spending for this temporary aid program is estimated to be $2.1 million in FY 2010 and $4.1 million in FY 2011. Beginning in FY 2010, a county transitional aid program is reinstated and made permanent at $464,000 a year. This year's tax legislation also provided for a one-time payment of $500,000 in 2009 to a specific county to fund out-of-home placement programs. Payments to another county were increased $600,000 a year starting in FY 2009. Levy limits were established for cities in the state with a population over 2,500 and all counties for property taxes payable in 2009 through 2011. Some special levies are allowed outside of limits. County maintenance of effort requirements for a number of programs were suspended while levy limits are in effect.
Missouri	The rate of reimbursement to local governments for the cost of housing state prisoners was increased from $ $21.25/day to $22/day at a cost of $1.125 million, beginning July 1, 2008. Counties will be required to produce projected tax liability notices. This requirement is phased in, starting with the largest urban areas in FY 2009. The cost to local governments is estimated to be $1.8 million. A new freight line tax credit will impact local property tax collections at the rate of about $4 million a year starting in FY 2010.
North Dakota	State aid to school districts was increased by $81.4 million, or 11.5 percent for the 2007-09 biennium. The state assumed responsibility to administer the child support enforcement program, previously administered by county social services offices. The estimated biennial cost is $7.1 million, or $3.5 million for FY 2009.
Nebraska	Property Tax Credit Program – $10 million (9.5 percent) increase over FY 2008; Homestead Exemption Program – $13.1 million (20.7 percent) increase over FY 2008; Aid to Community Colleges – $3.2 million (3.8 percent) increase over FY 2008; Aid to K-12 Education – $80.6 million (8.5 percent) increase over FY 2008; Aid to Counties – $-1.5 million (-1.2 percent) reduction versus FY 2008; Aid to Cities – $-0.5 million (-0.3 percent) reduction versus FY 2008. Various minor sales and use tax exemptions affecting local option city sales tax enacted for FY 2008-09. Dollar impact on cities is expected to be minimal.
New Mexico	County governments in New Mexico in recent years have experienced escalating jail detention costs without having sufficient revenue streams to afford to pay them. They have had to rely on transfers from their General Funds into their Corrections Funds, which depletes revenues needed for regular operations. The state legislature passed legislation that created a special fund and provided a $5 million recurring appropriation to be distributed by formula to the counties with the most serious need for financial assistance. Funding for local governments in the State of New Mexico comes from a formula driven distribution of gross receipt taxes and property taxes and other taxes and fees. Other than noted above, no major changes in legislation occurred affecting aid to local governments. The New Mexico Department of Finance and Administration (DFA), in cooperation with the Office of the State Auditor (OSA), has enacted a formal rule requiring local governments to get current with the submissions of their annual audits to the OSA. The DFA rule indicates the approval of local government annual operating budgets to be predicated on current audits. Some local governments were several years behind in the submission of their audits – one municipality had not submitted their audit since 2002.

TABLE 5 (continued)

New Hampshire	None as of yet. We are in the process of another round of budget reductions. The first round was done for SFY 2009 during SFY 2008.
New Jersey	Eliminated the Municipal Efficiency Promotion Aid Program ($34.8 million). Formerly called the Legislative Initiative Municipal Block Grant program, this program had provided aid to all 566 municipalities in proportion to their population. In future years, this program would have been based on municipal performance measures. Eliminated the 2008 Municipal Property Tax Assistance program ($32.6 million). This program had provided a 2 percent increase in formula-based municipal aid for property tax relief and was allocated to all 566 municipalities. Eliminated the Municipal Homeland Security Assistance program ($32 million). This program had provided aid, based on population, to municipalities with police departments that spend more than $300,000 per year, in order to mitigate the impact on property taxes caused by increased homeland security spending. Decreased Consolidated Municipal Property Tax Relief Aid (CMPTRA) by $26.5 million (3.2 percent) to $808.9 million. Taken together, CMPTRA and the separate Energy Tax Receipts Property Tax Relief Fund program provide the vast majority of State Aid to municipalities, totaling nearly $1.6 billion in combined formula aid in fiscal 2009. Decreased Extraordinary Aid by $9 million (26.5 percent) to $25 million. This discretionary aid program provides aid to municipalities facing unexpected increases in costs that would otherwise lead to an unacceptably high spike in municipal tax rates. Decreased the Consolidation Fund and Sharing Available Resources Efficiently grant program by $16.2 million (84.4 percent) to $3 million. These discretionary aid programs provide financial and technical assistance to encourage consolidation and shared services among local units of government. Decreased Special Municipal Aid by $7.6 million (5 percent) to $145.4 million. This discretionary aid program provides assistance to municipalities facing severe fiscal conditions in recovering from fiscal distress and improving management and financial practices. Decreased funding for the Regional Efficiency Aid Program by $2 million (25 percent) to $6 million. This program was intended as an incentive and reward for local efforts to consolidate, but after six years of State payments to the same 14 towns, the fiscal 2009 reduction signals the continued phase-out of this program. Decreased Trenton Capital City Aid by $1.9 million (5 percent) to $35.6 million. This program provides assistance to the City of Trenton. Decreased County College Aid by $9.8 million (4.2 percent) to $221.6 million. This program provides aid to the county college system, including funding for operating aid, fringe benefits, and debt service funding. Increased General Assistance Administration aid by $3.7 million (14.2 percent) to $29.7 million. This program supports county governments that administer the General Assistance program, which provides economic assistance to disadvantaged individuals and families across the state. Decreased Enhanced 911 Grants by $2.5 million (16.9 percent) to $12.4 million. The primary purpose of this program is to upgrade existing local 911 technologies. Grants are provided for general operating assistance, equipment, and consolidation studies. Decreased Housing and Neighborhood Assistance by $2.8 million (16.6 percent) to $13.9 million. Under two separate aid programs, the State supports (1) local efforts to create affordable housing opportunities and (2) neighborhood rehabilitation programs. The reduction reflects the elimination of the appropriation supporting neighborhood rehabilitation grants. Increased Aid to County Psychiatric Hospitals by $1.8 million (1.4 percent) to $123.8 million. This program supports patients in county psychiatric hospitals by reimbursing allowable costs incurred by the counties (Bergen, Burlington, Camden, Essex, Hudson, and Union counties). P.L.2007, c.296: This law authorizes the imposition of an additional special event parking tax surcharge in certain municipalities (Newark, Elizabeth, and all Hudson County municipalities). The amount of the surcharge would be 7 percent on fees for the parking, garaging, or storing of motor vehicles for special events held in the municipality. Any revenues raised by the special event parking tax surcharge must be dedicated for the purpose of defraying municipal expenses for police, fire, sanitation work, and other services associated with the hosting of special events. Prior law provided that the total tax shall not exceed 15 percent on the parking, garaging, or storing of motor vehicles. The new law allows municipalities that have imposed a parking tax to apply an additional 7 percent special event parking tax surcharge to the current fee. P.L.2007, c.302: This law authorizes municipalities to impose a 5 percent surcharge on admission charges to certain major places of amusement. A major place of amusement must have fixed seats or bleacher capacity for not less than 10,000 people. The surcharge will allow municipalities affected by the traffic and congestion generated by major places of amusement, such as large sports or entertainment facilities, to recoup some of the cost of the local impact of those facilities. P.L.2007, c.311 (Recycling Enhancement Act): This law imposes a recycling tax on solid waste generation to provide increased State assistance to municipalities and counties for recycling programs. This tax is levied on most owners or operators of solid waste facilities at the rate of $3.00 per ton on all solid waste accepted for disposal or transfer. The same per ton rate would also be levied on solid waste collectors for all solid waste collected for transshipment or direct transportation to an out-of-state disposal site. It also repealed the Solid Waste Services Tax that was imposed on all solid waste accepted for disposal at a registered sanitary landfill facility. That tax, which generated approximately $5 million to $7 million per year, was distributed to counties for solid waste management planning. Revenues generated from the Recycling Tax (currently estimated at $24 million annually) are deposited in the State Recycling Fund. The Fund's estimated annual balance is appropriated annually for the following purposes: 60 percent to support a recycling grants program for municipalities or counties, 5 percent for State recycling program planning and program funding, 25 percent to counties for preparing, revising, and implementing solid waste management plans; 5 percent to counties for public information and education programs concerning recycling activities, 5 percent for grants to institutions of higher education to conduct research on recycling. P.L.2007, c.350: This law increases the salaries of county prosecutors over two years as follows (the salary increases are funded by a State Aid appropriation): January 1, 2008: from $141,000 to $153,000, January 1, 2009: from $153,000 to $165,000. This law also increases the minimum salaries of County Clerks, Surrogates, Sheriffs, and Registers of Deeds and Mortgages over two years as follows: January 1, 2008: from $96,850 to $102,050, January 1, 2009: from $102,050 to $107,250.

TABLE 5 (continued)

New York	The 2008-09 Enacted State Budget will have an estimated $2.2 billion positive impact on municipalities in local fiscal years ending in 2009 — the first full-annual local fiscal year affected by changes in the Enacted Budget. Major program changes include the following: School aid will increase by nearly $1.75 billion in the 2008-09 school year. The Aid and Incentives for Municipalities (AIM) program will provide cities, towns and villages an additional $85 million in the 2009 local fiscal year, as well as a $226 million increase in funding to New York City over the prior year. Sales tax collection initiatives are expected to generate $111 million in additional revenue for municipalities in 2009. A 2 percent across-the-board reduction in non-entitlement local assistance programs will reduce aid to municipalities by $57 million. In addition, the Enacted Budget continues more than $916 million in fiscal relief for counties and New York City under the State's cap on local Medicaid expenditures and takeover of the Family Health Plus program. Counting this assistance, the total positive fiscal impact on local governments in 2009 is more than $3.0 billion. The 2008-09 Enacted State Budget will have an estimated $2.2 billion positive impact on municipalities in local fiscal years ending in 2009 — the first full-annual local fiscal year affected by changes in the Enacted Budget. School districts outside of New York City will benefit from a $1.1 billion increase in aid for the 2008-09 school year. New York City will receive a $858 million net positive increase, including: $644 million in additional school aid; a $226 million increase in general purpose aid over the prior year; $40 million in additional sales tax receipts through vendor compliance and changes to internet and not-for-profit collections; and $12 million in aid for transportation related purposes. These increases are partially offset by: a $31 million reduction across a range of non-entitlement local assistance programs; the loss of $25 million in revenue as a result of the State's cigarette tax increase; and a $10 million increase in charges for income tax administration. Cities, towns and villages outside of New York City will realize a $127 million net positive impact, which includes: $85 million in additional AIM funding and other unrestricted aid; a $29 million increase in CHIPS funding; and $13 million in revenue from sales tax collection initiatives. Counties are expected to experience a $70 million net positive impact, mostly attributable to: $58 million in additional revenue from State actions to improve sales tax collections; a $30 million increase in transportation funding; and a $23 million funding reduction across a range of non-entitlement local assistance programs. In addition, the Enacted Budget continues more than $916 million in fiscal relief for counties and New York City under the State's cap on local Medicaid expenditures and takeover of the Family Health Plus program. Counting this assistance, the total positive fiscal impact on local governments in 2009 is more than $3.0 billion.
Ohio	Current budget act removed a six year freeze on the amount of aid going to local governments and replaced the funding distribution system that had been in place prior to the freeze with a new system whereby local governments and libraries will receive 5.85 percent of total General Revenue Fund tax receipts. The intent of this change was to give greater predictability of state aid to local governments. The new system took effect at the beginning of Calendar Year 2008. In addition, beginning in FY 2008, tax relief payments to local governments and school districts were increased to make up for an expansion of the homestead exemption to all tax payers above age 65. The amount additional aid provided in FY 2008 was $126.5 million with that increasing to $257 million in FY 2009.
Oregon	Funding for mental health increased $122 million General Fund for 2007-09, or 32 percent over the 2005-07 biennium. This includes investments above current program level of $16 million in addictions and substance abuse programs as well as $20 million to expand community based mental health services, $10 million for additional community placements and Oregon State Hospital staff, and $21 million for State Hospital. Funding for contract AAA's (senior services) was increased to 90 percent of comparable state office costs, resulting in a General Fund increase of $3.4 million or a 7 percent increase. Funding for community corrections increased $11 million from 2006-07 to 2007-08, or almost 12 percent. In 2008-09 funding was provided that adjusts for actual costs of supervision and incarceration. State funding for K-12 schools was increased by $260 million (4.3 percent) for the 2007-09 biennium. These funds are distributed through the School Improvement Fund. Each school district will identify the areas that they will be targeting with these grant funds.
Pennsylvania	Act 32 of 2008 enacted significant changes to the Local Tax Enabling Act dealing primarily with the collection of the earned income tax. Over time, the collection of this tax will be consolidated at the county level rather than at the municipal level as it is now. Consolidating reporting and collection of this tax is expected to increase collections and revenues to local governments. Under the current collection systems it is estimated that roughly $200 million goes uncollected each year.
Rhode Island	FY 2009 State aid to municipalities of $232.8 million was level funded at the FY 2008 revised level. This includes financing under the motor vehicle excise tax reimbursement program, which was funded at 98 percent of the required reimbursement rate. Also included was a $10.0 million reduction in local aid (general revenue sharing), representing continuation of an equivalent withdrawal in FY 2008. Fiscal Year 2009 (general revenue) State education aid totaling $690.4 was also level funded relative to the FY 2008 revised budget, with the exception of aid disbursed to districts with group home resident students. However, a special revenue stream derived from overnight operation of Rhode Island's two VLT facilities and disbursed via the Permanent School Fund (separate from the State's General Fund) will be dedicated to LEA's as general education aid. These payments are capped at $13.6 million (statewide total) in FY 2009.
Utah	The legislature annually provides increased appropriations to various local governments largely for jail reimbursement and county health and human services agencies. These standard increases amount to a few million dollars annually and take effect on July 1st of each new fiscal year.
Virginia	Chapter 879 of the 2008-10 Appropriations Act requires a $50 million reduction in state aid to local governments in FY 2009 and FY 2010. The following link http://dpb.virginia.gov/budget/08-10/LocalityByLocalityReductions072308.pdf will provide a locality by locality list of the reduction amounts required.

TABLE 5 (continued)

West Virginia	The State School Aid Formula's use of local regular levy base property tax revenues was reduced from 94 percent to 90 percent. Therefore, the amount of local school spending flexibility was enhanced. This change requires an additional $16 million of State funds to the School Aid Formula.
Wisconsin	Total direct aid to public school districts will increase by $122.3 million (2.29%) in FY 2009 over FY 2008. This includes $18.6 million for new categorical aid programs, including $10 million to improve mathematics achievement for students attending Milwaukee public schools and $3 million to expand 4 year-old kindergarten programs throughout the state. The school levy tax credit is increased by $79,350,000, or 11.8 percent, for FY 2009. The increase appeared on tax bills for taxes levied in 2007 and payable in 2008. In addition, in FY 2009 there was an increase of $12.5 million GPR in FY 2009 over FY 2007 funding levels to increase youth aids funding for counties based on each county's proportion of the number of juveniles statewide who are placed in a juvenile correctional facility. The funding is a 15 percent increase over the base level of $85,841,000. Prohibit municipalities and counties from increasing property tax levies by more than the higher of 2% or the percent change in equalized value due to new construction (less improvements removed). The limit applies to taxes levied in 2008 and payable in 2009.

State Revenue Developments

CHAPTER TWO

Overview

State revenue growth declined significantly in fiscal 2008 compared to fiscal 2007. Fiscal 2008 collections of corporate income taxes declined from their fiscal 2007 level, while sales tax and personal income tax collections increased slightly compared to fiscal 2007. Total revenue collections from all sources grew at a considerably slower place in most states during fiscal 2008 compared to fiscal 2007. In fiscal 2007 revenue collections exceeded projections in 38 states, met projections in four states, and came in lower than projected in eight states, while revenue collections for fiscal 2008 exceeded forecasts in 25 states, were on target in five states, and were below forecasts in 20 states, a noticeable increase compared to fiscal 2007. On top of the weakness seen in fiscal 2008, projections for fiscal 2009 revenues show that only eight states are exceeding revenue projections, 15 states are on target with projections, while 25 states are below projections.[4] In fiscal 2009, nearly every state will face significant slowing of revenue growth as the economy falls further into a recession, and many states will deal with long-term issues such as underfunded employee pensions, accounting changes related to retiree benefits, an aging population, and deteriorating infrastructure (See Table A-7).

For fiscal 2009, states enacted net tax and fee increases of $1.5 billion, after enacting $4.5 billion in tax and fee increases for fiscal 2008. States also enacted $6.6 billion of other revenue measures that enhance general fund revenue but do not affect taxpayer liability.

Collections in Fiscal 2008

In fiscal 2008, revenue collections from sales, personal income, and corporate income taxes were 2.2 percent higher than in fiscal 2007. Specifically, sales tax revenue was 0.8 percent higher, personal income tax revenue was 4.8 percent higher, and corporate income tax revenue declined by 4.5 percent. Although sales tax and personal income tax collections grew compared to fiscal 2007 collection levels, both increases were negative after accounting for inflation (see Tables A-9 and A-9a).

TABLE 6

Enacted State Revenue Changes, Fiscal 1979 to Fiscal 2009

Fiscal Year	*Revenue Change (Billions)*
2009	$1.5
2008	4.5
2007	-2.1
2006	2.4
2005	3.5
2004	9.6
2003	8.3
2002	0.3
2001	-5.8
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 1988–2009 data provided by the National Association of State Budget Officers.

4 California and Illinois have not forecasted at this time whether fiscal 2009 revenue collections are exceeding, equal to, or lower than original projections.

TABLE 7

Enacted Fiscal 2009 Revenue Actions By Type of Revenue and Net Increase or Decrease** (Millions)

State	*Sales*	*Personal Income*	*Corporate Income*	*Cigarettes/ Tobacco*	*Motor Fuels*	*Alcohol*	*Other Taxes*	*Fees*	*Total*
Alabama		-$ 65.0	$ 52.0						-$ 13.0
Alaska					-33.3			-2.5	-35.8
Arizona								11.0	11.0
Arkansas	-10.3								-10.3
California	16.0	188.0	1692.0					626.1	2522.1
Colorado			-1.6						-1.6
Connecticut							-30.9		-30.9
Delaware*							66.6		66.6
Florida	-1.8		-28.1						-29.9
Georgia	-18.4	-50.0	-10.0				-20.6		-99.0
Hawaii	-1.5								-1.5
Idaho									0.0
Illinois									0.0
Indiana	898.1	-19.2					-1171.9	2.9	-290.0
Iowa								0.1	0.1
Kansas	-3.0		9.0						6.0
Kentucky									0.0
Louisiana	-69.0								-69.0
Maine		1.5	6.9			7.5	14.9	14.0	44.8
Maryland	-149.0	154.6						0.1	5.7
Massachusetts									0.0
Michigan			-120.7						-120.7
Minnesota	-1.1	10.8	112.5		136.0		39.5	29.9	327.6
Mississippi									0.0
Missouri									0.0
Montana									0.0
Nebraska									0.0
Nevada									0.0
New Hampshire									0.0
New Jersey	-20.0								-20.0
New Mexico*		-63.4							-63.4
New York	50.0	26.0		270.6					346.6
North Carolina	-5.2						-2.0		-7.2
North Dakota	-5.1	-55.0	-7.0						-67.1
Ohio		-450.0	-350.0						-800.0
Oklahoma									0.0
Oregon									0.0
Pennsylvania							-241.0		-241.0
Puerto Rico									0.0
Rhode Island		3.6	1.0				10.8	34.8	50.2
South Carolina									0.0
South Dakota									0.0
Tennessee	1.0		14.0						15.0
Texas								34.3	34.3
Utah	-2.4								-2.4
Vermont								6.1	6.1
Virginia	-1.5								-1.5
Washington								48.5	48.5
West Virginia		-3.6	-13.9		-35.0		-6.7		-59.2
Wisconsin									0.0
Wyoming									0.0
Total	**$ 676.8**	**-$ 321.7**	**$1,356.1**	**$ 270.6**	**$ 67.7**	**$ 7.5**	**-$1,341.3**	**$ 805.3**	**$1,521.1**

NOTE: *See Notes to Table 7. **See Appendix Table A-11 for details on specific revenue changes.
SOURCE: National Association of State Budget Officers.

NOTES TO TABLE 7

Delaware	Increase to Gross Receipts Tax rates $14.5 million; Increases to various Division of Corporation revenue $52.5 million.
New Mexico	Working Families Tax Credit for costing -$7.6 million, and a one-time rebate costing $55.8 million.

Projected Collections in Fiscal 2009

Based on enacted fiscal 2009 budgets, which appear to have been optimistic, states assume that revenues from sales, personal income, and corporate income taxes will be 2.9 percent higher than those collected in fiscal 2008. Compared to fiscal 2008 collections, enacted fiscal 2009 budgets reflect 2.8 percent more in sales tax revenue, 3.0 percent more in personal income tax revenue, and 2.0 percent more in corporate income tax revenue (see Table A-9 and Table A-9a). It should be noted that these projections were part of governors' enacted budgets which were completed during the spring of 2008 and based on revenue projections that were often done even earlier in the calendar year. Based on the first few months of fiscal 2009, only eight states have exceeded their revenue projections, 15 states are on target with projections, while 25 states are below projections. Additionally, the Rockefeller Institute of Government's *State Revenue Report* stated that total tax revenues for the 42 states surveyed during the third quarter of calendar year 2008 were essentially flat, rising 0.1 percent. The third quarter of calendar year 2008 represents the first quarter of fiscal 2009 for 46 states. This 0.1 percent increase in overall revenue collections was down significantly from the 50-state growth rate of 3.6 percent during the second quarter of 2008, which was also the final quarter of fiscal 2008.

Enacted Fiscal 2009 Revenue Changes

In fiscal 2009, states enacted net tax and fee increases of $1.5 billion. Twenty states adopted net tax and fee decreases, while fourteen adopted increases. The largest enacted increase was in corporate taxes ($1.36 billion), while states also enacted increases in fees ($805.2 million), sales taxes ($676.8 million), cigarette/tobacco taxes ($270.6 million), motor fuel taxes ($67.7), and alcohol taxes ($7.5). The largest enacted decrease was in other taxes ($1.3 billion), and states also adopted a net decrease in personal income taxes ($321.7 million). The Fiscal Survey of States distinguishes between tax and fee changes (detailed in Table 7 and Table A-11) and revenue measures (detailed in Table A-12). Tax and fee changes are revisions in current law that affect taxpayer liability and that in some instances reflect one-time actions such as sales tax holidays. Revenue measures refer to actions that do not affect taxpayer liability, such as the deferral of a tax increase or decrease or the extension of a tax credit that occurs each year.

Sales Taxes. Thirteen states enacted sales tax decreases while four states enacted increases in their fiscal 2009 budgets, resulting in a net revenue increase of $676.8 million. Although states that decreased sales taxes outnumbered those increasing taxes by 3-1, the largest enacted increase was in Indiana, where the state increased the sales tax from 6 percent to 7, which resulted in a revenue increase of $898.8 million. This increase in Indiana was more than offset by a decrease in property taxes totaling nearly $1.2 billion. However, the largest enacted decrease was significantly smaller in size, as Maryland repealed the expansion of the base to computer services and altered the sales tax distribution between the General Fund and the Transportation Trust Fund, collectively resulting in a revenue decrease of $149 million.

Personal Income Taxes. Seven states enacted decreases in personal income taxes, while six enacted increases. The result is a net revenue decrease of $321.7 million. The largest enacted decrease was in Ohio, due to a reduction in income tax rates by 4.25 percent, resulting in a revenue decrease of $450 million. The largest enacted increase was in California, where the state suspended net operating loss credits (NOLs) and limited business credits, resulting in a revenue increase of $188 million.

Corporate Income Taxes. Increases in corporate income taxes make up the largest portion of enacted changes for fiscal 2009, totaling $1.36 billion as seven states enacted increases and seven enacted decreases to their corporate income taxes for fiscal 2009. The largest enacted increase was in California, where the state suspended net operating loss credits (NOLs) and limited business credits, resulting in a revenue increase of $1.69 billion. The largest enacted decrease was in Ohio, where the state reduced the Corporate Franchise Tax by 20 percent, which resulted in a decrease of $350 million.

Cigarette, Tobacco and Alcohol Taxes. Only two states, New York and Maine, chose to make any changes to their cigarette, tobacco and alcohol taxes. New York increased the tax on a pack of cigarettes from $1.50 to $2.25 per pack increasing revenues by $265 million, reclassified “little cigars” to match the federal definition, which increased revenues by $3.6 million, and changed the tax rate on most products considered "snuff" to a rate of 96 cents per ounce, which increased revenues by $2 million, for a total increase of $270.6 million. Maine imposed an excise tax on beer and wine raising $7.5 million in alcohol tax revenue.

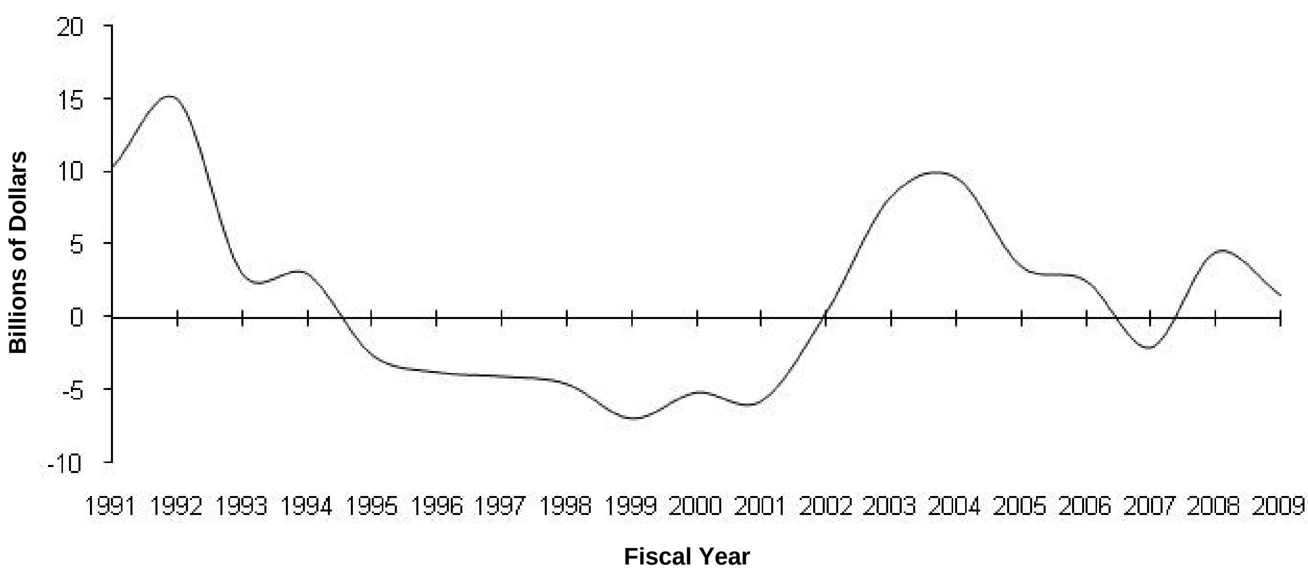
Motor Fuel Taxes. Three states enacted changes in motor fuel taxes, with two decreases and one increase, resulting in a revenue increase of $67.7 million in fiscal 2009. In Minnesota, a motor fuels tax increase and debt service surcharge was enacted, resulting in a revenue increase of $136 million.

Other Taxes. Decreases in other taxes make up the largest portion of enacted decreases for fiscal 2009, totaling $1.34 billion. Six states enacted decreases while four states enacted increases to other taxes for fiscal 2009, resulting in a net revenue decrease of $1.35 billion. Indiana’s change made up for a large percentage of the overall decrease as the state instituted a property tax reduction for local units, resulting in a decrease of $1.17 billion.

Fees. Eleven states enacted fee revenue increases, while only one state enacted decreases. The result is a net revenue increase of $805.3 million. The largest enacted increase came from California where the state enacted changes totaling $626.1 million.

FIGURE 2

Enacted State Revenue Changes, Fiscal 1991 to Fiscal 2009



SOURCE: National Association of State Budget Officers.

TABLE 8

Enacted Changes to Budgeting and Financial Management Practices

Region and State	
NEW ENGLAND	
New Hampshire	Expenditures were bonded within our operating budget that were of a capital nature.
Rhode Island	The Department of Public Safety was formed via a merging of various public safety agencies under the umbrella of the State Police. Retiree health reform was enacted during the 2008 legislative session, which consisted of a mandate for the actuarial funding of the State's OPEB liability and the modification of eligibility requirements and co-share percentages for retiree health (commencing October 2008). Contract renegotiations increased state employee medical co-shares, effected cost-savings health plan design changes, and provided one employee furlough day in FY 2009. "Critical Expense" authorization process commenced in Spring 2008 to control discretionary spending at the agency level. Nonessential State expenditures submitted to the Director of Administration for review and analysis, culminating in either approval or rejection.
MID-ATLANTIC	
Maryland	Chapter 9 of the Laws of 2008 establishes the Department of Information Technology and transfers coordination of the State's telecommunications and information processing procurement, policy and management from the Department of Budget and Management to the new department. Chapter 134 of the Laws of 2008 transfers adult education and literacy services and education and training programs for correctional facilities from the State Department of Education to the Department of Labor, Licensing, and Regulation. Chapter 659 of the Laws of 2008 requires the Department of Budget and Management to develop and operate a single searchable website that includes specified information for State payments over $25,000.
Pennsylvania	The year-end transfer to the Rainy Day Fund (25 percent of the General Fund ending balance) was suspended for FY 2008.
GREAT LAKES	
Michigan	Effective for fiscal 2009, various health care insurance changes were approved by the Civil Service Commission for all classified employees except enlisted members of the Michigan State Police. The state employee premium for the State Health Plan PPO is changed from 5 percent to 10 percent. Health Maintenance Organization premium of 5 percent will be instituted for employees with the employer share capped at 95 percent up to the amount paid for the same coverage under the State Health Plan PPO. Office visit employee co-pays are changed from $10 to $15. Emergency room employee co-pays are $50 if not admitted to the hospital. Employee co-pays are changed from $7/$15/$30 to $10/$20/$40 for retail prescription drugs and to $20/$40/$80 for mail order prescription drugs. Governor Granholm signed legislation creating the Legislative Commission on Government Efficiency (2007 PA 96) and the Legislative Commission on Statutory Mandates (2007 PA 98) to review and investigate ways to make state government more efficient and to review and investigate all funded and unfunded mandates imposed on local units of government by state laws, including reporting requirements. An interim status report is due to the Governor and the Legislature by June 1, 2009; final recommendations for potential cost-saving reforms are due by December 1, 2009. Membership of both Commissions consists of private sector representatives with the legislative Senate and House Fiscal Agency directors serving as members of the Government Efficiency commission. Laws creating the commissions are repealed effective September 30, 2010.
Ohio	Ohio implemented a new budget planning system that was used for the first time for agencies to submit FY 2010-11 operating budget requests. This is the latest release of an overhaul of the state's HR and Financial Systems.
PLAINS	
Kansas	2008 HB 2916 enacts five new pay plans for classified employees, to be phased in over several years.

TABLE 8 (continued)

SOUTHEAST	
Arkansas	Act 384 of 2007 provided for a de-merger of the Department of Health and Human Services. The Department of Health and the Department of Human Services are now separate agencies. Act 289 of 2007 changed the State Employee pay system from a competency based pay system to a merit based pay system. HJR 4 proposes a Constitutional Amendment to have an annual session of the General Assembly and allow the legislature to address budgets annually instead of the current biennial process established in the Constitution.
West Virginia	Initial funding of $5 million was appropriated for the planning portion of a new ERP system for the state.
ROCKY MOUNTAIN	
Colorado	A greater focus on strategic planning, and the use of performance measures, has been underway since January 2007 when the Ritter Administration came on board. As such, it is not unique to this recent legislative session.
FAR WEST	
California	Added authority for mid-year reductions and budget reform to provide additional rainy day funds.
Oregon	The 2007 Legislature passed legislation to establish the Oregon Rainy Day Fund, and transferred $319 million General Fund into the fund. In the future, an amount equal to 1 percent of General Fund appropriations will be transferred to the Rainy Day Fund after each biennium.

Total Balances

CHAPTER THREE

Following significant declines in revenue collections during the previous downturns, when nearly every state was experiencing distressed fiscal conditions, states recognized how important it was to have budget reserve balances to address fiscal downturns. Due in large part to strong revenue growth during the middle part of the decade, most states were able to meet or exceed a balance level of at least 5 percent, even as certain spending pressures persisted. Total balances include both ending balances and the amounts in states' budget stabilization funds; they reflect the funds that states may use to respond to unforeseen circumstances after budget obligations have been met.

Prior to the fiscal downturn of the early 2000s, states were experiencing near record ending balance levels. In fiscal 2000, for example, ending balances reached 10.4 percent of expenditures and were 9.1 percent of expenditures the following year. The downturn from 2001 to 2003 had a significant effect on state budgets, as total balances fell by nearly $30 billion over the two-year period. From fiscal 2001 to fiscal 2002, total balances fell by $25.8 billion, and went from 9.1 percent of expenditures to 3.7 percent of expenditures. By fiscal 2003, total balances had fallen to 3.2 percent of expenditures. To ameliorate the effects of the downturn and balance budgets, states relied on rainy day funds and spending cuts. Many states were also forced to enact specific tax increases to prevent massive shutdowns and lags in state services. During the last few years, as revenues and economic conditions have rebounded, states have built up their rainy day funds to shield against the next fiscal downturn, which states have learned is inevitable in the face of a cyclical fiscal environment. Many states have begun considering using their rainy day funds to address budget shortfalls caused by lower-than-anticipated revenues.

Based on the most recent data reported to NASBO, total balances have declined to $50.8 billion, or 7.4 percent of total expenditures, in fiscal 2008, compared to $65.9 billion, or 10.1 percent of expenditures, in fiscal 2007. Balance levels are expected to decline further in fiscal 2009 to $48 billion, or 7 percent of expenditures. The fiscal 2008 total balance level, at 7.4 percent of expenditures, is still well above the historical average of 5.7 percent of expenditures (see Table 10 and Tables A-1, A-2, A-3, and A-13).

However, when examining balance levels for 2009 a bit further, a different picture emerges. Both Texas and Alaska saw significant increases in the balance levels from fiscal 2007 to fiscal 2009, rising nearly 200 percent and 47 percent respectively. If you remove those two states from total balance levels, then the 48 state total changes to $53.8 billion for fiscal 2007, $40.7 billion in fiscal 2008, and $27 billion in fiscal 2009. These figures represent 8.8 percent of expenditures for fiscal 2007, 6.3 percent in fiscal 2008, and 4.1 percent of expenditures in fiscal 2009, showing a much more noticeable and significant decline in state balance levels.

This view of falling balance levels is further emphasized when looking at Table 10, which shows that in fiscal 2007, 33 states had balance levels above 10 percent, 15 states had balance levels above one percent, but below 10 percent, and two states had balance levels below two percent. In 2008, those totals declined to 16 states having balance levels above 10 percent, 32 states having balance levels above one percent, but below 10 percent, and two states with balance levels below one percent. For fiscal 2009, according to governors' enacted budgets, state balance levels have only declined further as 11 states anticipate having balance levels above 10 percent, 34 states will have balance levels above one percent, but below ten percent, and 5 states will have balance levels below one percent.

TABLE 9

Total Year-End Balances, Fiscal 1979 to Fiscal 2009

Fiscal Year	*Total Balance (Billions)*	*Total Balance (Percentage of Expenditures)*
2009*	$48.0	7.0%
2008*	50.8	7.4
2007	65.9	10.1
2006	69.0	11.5
2005	48.0	8.7
2004	26.7	5.1
2003	16.4	3.2
2002	18.3	3.7
2001	44.1	9.1
2000	48.8	10.4
1999	39.3	8.4
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
Average	–	**5.7%**

NOTE: *Figures for fiscal 2008 are preliminary actual; figures for fiscal 2009 are based on appropriated data.

SOURCE: National Association of State Budget Officers.

TABLE 10

Total Year-End Balances as a Percentage of Expenditures, Fiscal 2007 to Fiscal 2009

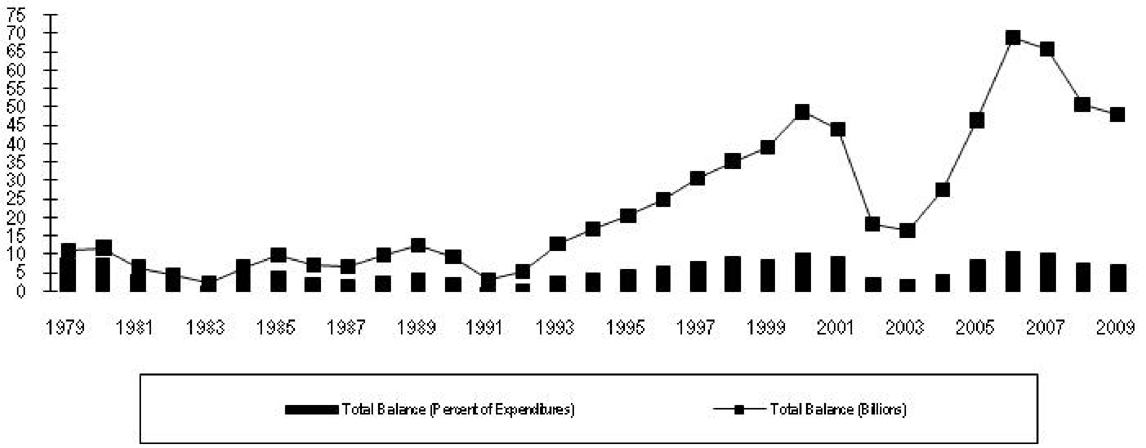
	Number of States		
Percentage	*Fiscal 2007 (Actual)*	*Fiscal 2008 (Preliminary Actual)*	*Fiscal 2009 (Appropriated)*
Less than 1.0%	2	2	5
1.0% to 4.9%	8	13	19
5.0% to 9.9%	7	19	15
10% or more	33	16	11

NOTE: The average for fiscal 2007 (actual) was 10.1 percent; the average for fiscal 2008 (preliminary actual) is 7.4 percent; and the average for fiscal 2009 (appropriated) is 7.0 percent.

SOURCE: National Association of State Budget Officers.

FIGURE 3

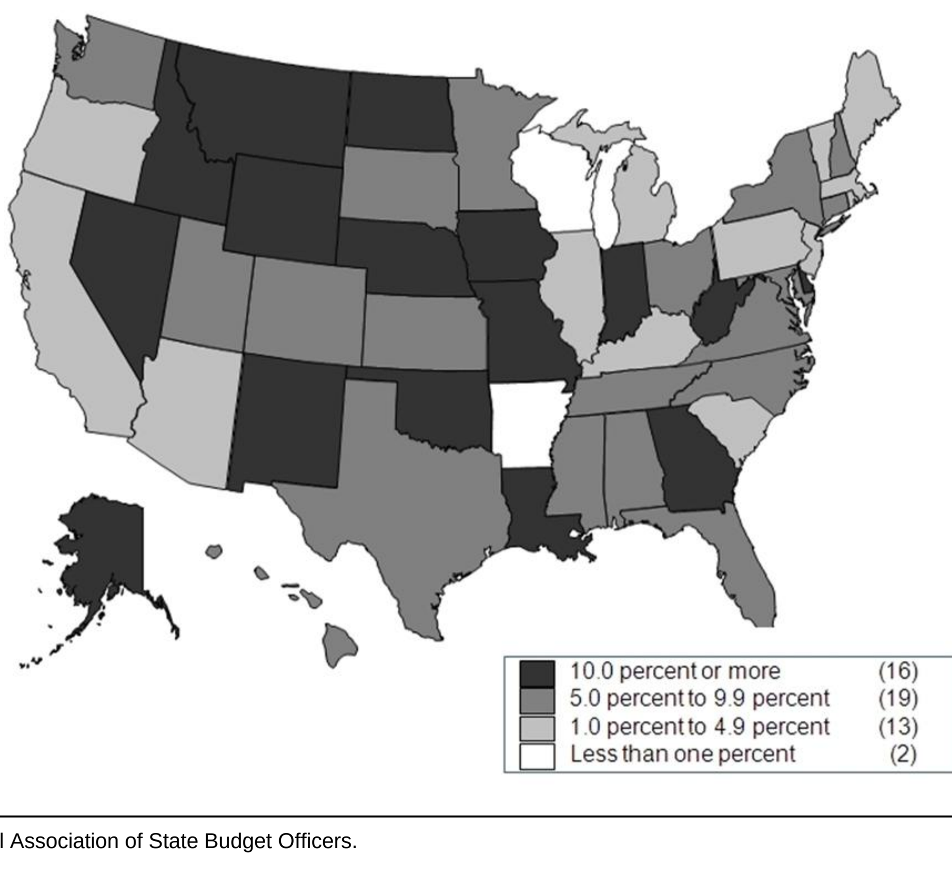
Total Year-End Balances and Total Year-End Balances as a Percentage of Expenditures, Fiscal 1979 to Fiscal 2009



SOURCE: National Association of State Budget Officers.

FIGURE 4

Total Year-End Balances as a Percentage of Expenditures, Fiscal 2008



SOURCE: National Association of State Budget Officers.

Appendix

TABLE A-1

Fiscal 2007 General Fund, Actual (Millions)

Region/State	*Beginning Balance*	*Revenues*	*Adjustments*	*Total Resources*	*Expenditures*	*Adjustments*	*Ending Balance*	*Budget Stabilization Fund*
NEW ENGLAND								
Connecticut**	$ 0	$ 15,784	-$80	$ 15,704	$ 15,434	$ 0	$ 269	$ 1,382
Maine**	15	3,020	26	3,060	3,024	0	36	116
Massachusetts**	1,053	29,169	0	30,222	28,923	0	1,299	2,335
New Hampshire**	26	1,422	0	1,448	1,366	20	62	89
Rhode Island**	56	3,212	-46	3,221	3,218	0	4	79
Vermont**	0	1,151	56	1,207	1,160	47	0	55
MID-ATLANTIC								
Delaware*	691	3,290	0	3,981	3,390	0	591	175
Maryland**	1,362	12,940	157	14,459	14,174	0	285	1,432
New Jersey ** *	1,779	31,202	0	32,981	30,284	111	2,586	485
New York** *	3,257	51,379	0	54,636	51,591	0	3,045	1,031
Pennsylvania**	514	26,399	93	27,006	26,319	156	531	713
GREAT LAKES								
Illinois** *	591	26,393	2,246	29,230	25,615	2,973	642	276
Indiana**	815	12,704	0	13,519	12,247	331	941	344
Michigan**	3	8,280	963	9,245	8,986	0	259	2
Ohio	632	25,778	0	26,410	25,148	1,047	216	1,012
Wisconsin**	49	12,618	494	13,161	13,105	-11	66	0
PLAINS								
Iowa**	0	5,646	0	5,646	5,385	185	76	535
Kansas	734	5,809	0	6,543	5,608	0	935	0
Minnesota** *	1,813	16,379	0	18,192	15,947	0	2,245	1,145
Missouri**	695	7,921	0	8,616	7,864	0	752	268
Nebraska**	566	3,404	-253	3,716	3,125	0	591	504
North Dakota**	185	1,224	0	1,409	1,012	101	296	200
South Dakota**	0	1,080	12	1,092	1,091	1	0	133
SOUTHEAST								
Alabama**	950	7,477	20	8,447	7,972	-40	515	677
Arkansas	0	4,059	0	4,059	4,059	0	0	0
Florida	4,990	26,660	0	31,650	28,216	0	3,434	1,237
Georgia** *	1,958	19,896	98	21,952	19,167	0	2,786	1,545
Kentucky**	681	8,682	292	9,655	8,787	289	579	232
Louisiana**	827	9,681	45	10,553	9,465	0	1,088	683
Mississippi**	35	4,790	0	4,825	4,372	0	453	54
North Carolina**	749	19,460	222	20,432	18,662	548	1,221	787
South Carolina*	988	6,659	0	7,646	6,565	0	1,081	168
Tennessee**	745	10,737	-166	11,317	9,776	535	1,007	543
Virginia	1,804	16,455	0	18,260	17,934	0	326	1,190
West Virginia**	469	3,753	0	4,222	3,701	89	432	515
SOUTHWEST								
Arizona**	1,023	9,558	-2	10,579	10,201	0	378	677
New Mexico** *	798	5,828	193	6,819	5,957	211	651	651
Oklahoma**	134	6,547	-89	6,592	6,256	140	196	572
Texas**	7,073	39,263	88	46,423	36,119	1,689	8,615	405
ROCKY MOUNTAIN								
Colorado** *	252	7,540	-229	7,563	7,047	0	516	267
Idaho**	302	2,813	-283	2,831	2,577	0	255	122
Montana**	409	1,838	0	2,247	1,697	0	550	0
Utah**	308	5,308	-383	5,233	4,992	0	242	313
Wyoming**	10	1,818	0	1,828	1,823	0	5	295
FAR WEST								
Alaska**	0	4,912	592	5,505	5,505	0	0	3,015
California	9,898	95,415	0	105,313	101,413	0	3,900	3,015
Hawaii	732	5,142	0	5,874	5,381	0	493	62
Nevada**	351	3,379	0	3,730	3,592	0	138	268
Oregon**	653	6,430	0	7,083	5,646	0	1,437	0
Washington**	699	14,443	-218	14,924	14,144	0	781	293
Total	**$ 51,673**	**$654,744**	**–**	**$710,264**	**$655,037**	**–**	**$ 46,805**	**$ 29,894**

NOTES: *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.

Alabama	Revenue adjustments include release of Prior Year Debt Service Reserve and Tobacco Settlement transfers. Expenditure adjustments include reversions and reserve for General Obligation Debt Service payment.
Alaska	Revenues adjustments include: 592.4 Re-appropriations and Carry Forward.
Arizona	Adjustments to FY 2007 revenues include School Facilities Board adjustment transfer, payments to lawsuit, and excess interest transfer from the rainy day fund.
Colorado	Revenue adjustments include General Fund (GF) diversion (which are not counted as expenditures) to fund the State's transportation needs. The difference between the rainy day fund balance and the ending GF balance is allocated to capital construction and transportation purposes in the following fiscal year. Pursuant to NASBO's definitions, Colorado's GF statutory reserve equal to 4.0 percent of appropriations represents a rainy day fund
Connecticut	$80.0 million in fiscal year 2007 revenue was transferred for use in fiscal year 2009.
Georgia	Adjustment of data due to return of agency surplus. Final totals include funds from Lottery and Tobacco sales.
Idaho	Revenue adjustments include the following: $4.6 million for deficiency warrants; $21.3 million from the Revolving Development Loan; $25 million to Public Schools Facilities; $10 million to the Public Education Stabilization Fund; $21 million to the Permanent Building Fund; $99.2 additional funding for Permanent Building Fund; $5.1 to the Capitol Commission Endowment; $23.8 to the Economic Recovery Reserve Fund; $100 million to the Public Education Stabilization fund; $12.9 to the Budget Stabilization Fund; and $3.2 to the Disaster Emergency Fund.
Illinois	Revenue adjustments include $2,246.0 million in transfers to General Funds. Expenditure adjustments include $2,973.0 million in transfers out, $429.0 million for Pension Obligation Bond Debt Service and $14.0 million in interest for Short-term Borrowing.
Indiana	Expenditure adjustments: Local Option Income Tax Distributions, Reversal of Payment Delay, Property Tax Replacement Fund adjust for abstracts
Iowa	Expenditure Adjustments include $131.9 million was appropriated from the ending balance of the general fund to the Property Tax Credit fund to pay for property tax credits in FY08. $53.5 million of the ending balance was credited to the Senior Living Trust Fund.
Kentucky	Revenue includes $107.8 million in Tobacco Settlement funds. Adjustment for Revenues includes $177.3 million that represents appropriation balances carried over from the prior fiscal year, and $114.3 million from fund transfers into the General Fund. Adjustment to Expenditures represents appropriation balances forwarded to the next fiscal year.
Louisiana	Act 640 of 2006 transfer $3.0 million from Incentive Fund and $3.0 million from Mineral Resources Operating Funds; Bond Premium Dedication $14.3; FY 2006 carry-forward $23.0; IEB carry-forward of $1.3 million; Act 27 of 2006 reappropriations of $0.6 million; Carry-forward of FY 2006 $23.0 million
Maine	Adjustments reflect year end adjustments to fund balance.
Maryland	Adjustments reflect a $2.9 million reimbursement from the reserve for Heritage Tax Credits and $154.2 million from the local income tax reserve.
Massachusetts	Includes budgeted fund balances
Michigan	FY 2007 revenue adjustments include the impact of federal and state law changes ($38.0 million); revenue sharing law changes ($540.8 million); tobacco securitization proceeds ($207.2 million); and other revenue adjustments ($176.5 million).
Minnesota	Ending balance includes budget reserve of $653 million, cash flow account of $350 million, tax relief account of $109.7 million and reserve for appropriations carried forward of $32.6 million..
Mississippi	Prior Year's Ending Balance adjusted to 50 percent of actual ending balance; remaining 50 percent transferred to the Rainy Day Fund.
Missouri	Revenues are net of refunds. Refunds for FY 2007 totaled $1,208.8 million. Revenues include $204.3 million transferred to the General Revenue Fund.
Montana	Adjustments include expenditures, revenues and direct to fund balance net impact

NOTES TO TABLE A-1 (continued)

Nebraska	Revenue adjustments are transfers between the General Fund and other funds. Per Nebraska law, includes a transfer of $259.9 million to the Cash Reserve Fund (Rainy Day Fund) of the amount the prior year's net General Fund receipts exceeded the official forecast.
Nevada	Includes adjustments to expenditures not accounted for in the spring survey.
New Hampshire	$20.0 million transfer to rainy day fund
New Jersey	Includes General Fund and Property Tax Relief Fund—Budget vs. Generally Accepted Accounting Principles (GAAP) Adjustment In keeping with past practice, and to ensure consistency in survey results over time, the figures in Table A-1 exclude New Jersey's Casino Revenue Fund, Casino Control Fund and Gubernatorial Elections Fund
New Mexico	All adjustments are transfers between reserve accounts, except for $18.1 million transferred out from Tobacco Settlement Permanent Fund, a reserve account to the Tobacco Settlement Program Fund, a non-reserve account.
New York	The ending balance includes $1.7 billion from prior year reserves, $1 billion in rainy day reserve funds, $278 million in a community projects fund and $21 million in a reserve for litigation risks.
North Carolina	$222 million R&R appropriation from FY 2005-06 year-end balance, $145 million increase to Repair & Renovation Reserve and $181.2 million increase to Rainy Day Reserve from FY 2006-07 year-end balance and $6.2 million usage of available credit balance.
North Dakota	Transfer to budget stabilization fund to reach 2007-09 cap of $200.0 million.
Oklahoma	Revenue adjustments include the Rainy Day Fund deposit of $76 million and the Cash flow difference of $13 million. Adjustments to expenditures are spillover appropriations.
Oregon	Oregon budgets on a biennial basis. The constitution requires the state to be balanced at the end of each biennium.
Pennsylvania	Revenue adjustment includes an $8.1 million adjustment to the beginning balance and $84.5 million in prior year lapses. Expenditure adjustment reflects current year lapses of $20.9 million and transfer of $177 million (25 percent of the ending balance) to Rainy Day Fund.
Rhode Island	Opening balance includes a free surplus of $38.3 million and re-appropriations from the prior year of $17.4 million. Adjustments to revenues represent (net) transfers to the Budget Stabilization (Rainy Day) Fund, including a transfer-in of $65.4 million and an appropriation of $19.4 million out of the fund.
South Dakota	Adjustments in Revenues: $6.55 million was from one-time receipts, $4.9 million was transferred from the Property Tax Reduction Fund to cover the budget shortfall, and $0.3 million was obligated cash carried forward from FY 2006 Adjustments in Expenditures: $0.3 million was transferred to the Budget Reserve Fund from the prior year's obligated cash, and $0.2 million was obligated cash to the Budget Reserve Fund
Tennessee	Revenue Adjustments include a $100 million transfer from debt service fund unexpended appropriations, -$218.2 million transfer to rainy day fund, and -$47.9 million was reserved for dedicated revenue appropriations. Expenditure adjustments included $48.7 million transfer to Transportation Equity Fund, $103.5 million transfer to capital outlay projects fund, $163.7 million transfer to TennCare reserve, $50.3 million transfer to CoverTN - Health Safety Net reserves, $48.5 million transfer to systems development projects, and $120 million transfer to dedicated revenue appropriations.
Texas	FY 2007 information is from the Comptroller's Revenue Estimate. 2008 actual revenues are from the CPA's monthly revenue collections report. The revenue adjustment is the increase in dedicated account balances. The expenditure adjustment is a transfer to the Rainy Day Fund.
Utah	Revenue adjustments include: $460.1 million reserve from prior fiscal year, $7.4 million lapsing from agencies, $1.3 million from various restricted accounts, $1.4 million Industrial Assistance Fund reserve from previous fiscal year, $3.0 million Tourism Marketing Performance Fund, $0.4 million transfer from Justice Court Technology Fund, ($22.1)m transfer to Disaster Recovery Fund, ($45.4) million transfer to Rainy Day Fund, ($1.5)m reserved for the Industrial Assistance Fund for the following fiscal year, and ($787.2) million reserved for the following fiscal year. Included with General Fund is Education Fund (income tax revenue) which in Utah is restricted by the Utah State Constitution for the sole use of public and higher education.
Vermont	Revenue adjustments include $25.7 million in direct applications and transfers-in, a $8.3 million increase in property transfer tax revenue estimate, and $21.8 million from the General Fund Surplus Reserve. Expenditure adjustments include $10 million to the Transportation Fund, $13.7 to the Education Fund, $0.2 million reserved for the fiscal 2006 bond issuance premium, -$8.5 million from Federal Funds - Medicare Part D refund, $6.3 million to Internal Service Funds, $5.0 million to miscellaneous other Funds, $3.4 million to the Budget Stabilization Reserve, $8.5 million to the Human Services Caseload Reserve, and $21.1 million to the General Fund Surplus Reserve.

NOTES TO TABLE A-1 (continued)

Washington	($218.1) million is a net of transfers between other accounts and the General Fund, and other miscellaneous adjustments.
West Virginia	Fiscal Year 2007 Beginning balance includes $266.4 million in re-appropriations, un-appropriated surplus balance of $177.6 million, and FY 2006 13th month expenditures of $25 million. Revenue adjustments are from prior year redeposit. Expenditure adjustment represents the amount transferred to the Rainy Day Fund.
Wisconsin	Revenue adjustments include Indian Gaming ($22.1 million) and other revenue ($317.3); Expenditure adjustments include transfers to MA ($25.4), designation for continuing balances ($6.8), and unreserved designated balance (-$43.2).
Wyoming	WY budgets on a biennial basis. To arrive at annual figures certain assumptions and estimates were required.

TABLE A-2

Fiscal 2008 State General Fund, Preliminary Actual (Millions)

Region/State	*Beginning Balance*	*Revenues*	*Adjustments*	*Resources*	*Expenditures*	*Adjustments*	*Ending Balance*	*Budget Stabilization Fund*
NEW ENGLAND								
Connecticut**	$ 0	$ 16,403	$ 0	$ 16,403	$ 16,319	$ 0	$ 83	$ 1,382
Maine**	36	3,041	54	3,131	3,129	0	1	130
Massachusetts**	566	31,524	0	32,090	31,273	0	817	2,247
New Hampshire	62	1,484	0	1,546	1,528	0	17	89
Rhode Island**	4	3,428	-35	3,397	3,395	0	2	103
Vermont**	0	1,200	31	1,230	1,201	30	0	58
MID-ATLANTIC								
Delaware*	591	3,357	0	3,948	3,422	0	526	183
Maryland**	285	13,546	1,096	14,926	14,439	0	487	685
New Jersey** *	2,586	32,019	0	34,605	32,822	685	1,098	698
New York** *	3,045	53,094	0	56,139	53,385	0	2,754	1,206
Pennsylvania**	531	26,878	142	27,551	27,182	-214	583	742
GREAT LAKES								
Illinois** *	642	27,759	1,900	30,301	26,958	3,202	141	276
Indiana**	941	13,051	152	14,145	12,730	364	1,050	363
Michigan**	259	8,121	1,749	10,129	9,989	0	140	2
Ohio	808	26,659	0	27,285	26,477	0	808	1,012
Wisconsin**	66	13,043	568	13,678	13,526	21	131	0
PLAINS								
Iowa**	0	6,084	0	6,084	5,888	148	48	592
Kansas	935	5,736	0	6,671	6,139	0	532	0
Minnesota** *	2,245	16,282	0	18,527	17,210	0	1,317	1,003
Missouri**	752	8,157	0	8,909	8,074	0	835	279
Nebraska**	591	3,501	-260	3,832	3,248	0	584	546
North Dakota	296	1,361	0	1,657	1,204	0	453	200
South Dakota**	0	1,144	32	1,177	1,176	0	0	107
SOUTHEAST								
Alabama**	515	7,803	476	8,793	8,595	16	182	248
Arkansas	0	4,353	0	4,353	4,353	0	0	0
Florida	3,434	24,759	0	28,193	27,866	0	326	1,345
Georgia** *	2,786	19,790	141	22,717	20,500	0	2,217	949
Kentucky**	579	8,779	457	9,816	9,450	280	86	215
Louisiana**	1,015	10,181	130	11,327	9,633	828	866	776
Mississippi**	226	4,933	0	5,159	5,083	0	76	364
North Carolina**	1,221	19,824	145	21,190	20,376	215	599	787
South Carolina*	1,081	6,392	0	7,473	7,149	0	324	95
Tennessee**	1,007	10,826	164	11,997	11,361	299	338	750
Virginia	326	17,250	0	17,576	17,263	0	313	1,015
West Virginia**	432	3,928	0	4,361	3,757	53	550	581
SOUTHWEST								
Arizona**	390	8,790	859	10,038	10,037	0	1	147
New Mexico** *	651	6,092	72	6,814	6,007	94	713	713
Oklahoma**	196	6,575	-35	6,737	6,447	0	290	597
Texas**	6,987	38,148	61	45,197	41,347	1,052	2,797	1,222
ROCKY MOUNTAIN								
Colorado** *	267	7,743	-244	7,766	7,441	0	325	284
Idaho**	255	2,862	-126	2,991	2,814	0	177	141
Montana**	550	1,956	0	2,506	2,068	-1	438	0
Utah**	242	5,294	408	5,943	5,943	0	0	414
Wyoming**	5	1,818	0	1,823	1,813	0	10	296
FAR WEST								
Alaska**	0	9,454	270	9,723	5,463	4,261	0	6,128
California**	3,900	103,027	249	107,176	103,333	-155	3,998	3,113
Hawaii	493	5,245	0	5,738	5,407	0	331	74
Nevada	138	3,605	0	3,743	3,434	0	309	73
Oregon**	1,437	5,868	-319	6,986	7,223	0	-237	330
Washington**	781	14,610	18	15,408	14,601	0	807	303
Total	**$44,153**	**$676,777**	**–**	**$728,901**	**$689,478**	**–**	**$28,245**	**$32,860**

NOTES: *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.

Alabama	Revenue adjustments include release of prior year Debt Service Reserve, Public School and College Authority repayment for Enterprise School, and a transfer from the Proration Prevention Account. Expenditure adjustments include supplemental appropriations and re-appropriation of reverted general funds.
Alaska	Revenue Adjustments include: 250.0 Oil & Gas Tax Credits and 19.9 Re-appropriations and Carry Forward. Expenditure Adjustments are deposits to the Constitutional Budget Reserve, the Statutory Budget Reserve, the Community Revenue Sharing Fund, the Marine Highway Stabilization Fund and a Public Education Fund Adjustment.
Arizona	Adjustments to FY08 revenues include agency fund transfers, transfer from the rainy day fund, and reclassification of negative administrative adjustments as revenues.
California	The revenue and expenditure adjustments are adjustments to the FY 2007 beginning fund balance.
Colorado	Revenue adjustments include General Fund (GF) diversion (which are not counted as expenditures) to fund the State's transportation needs. The difference between the rainy day fund balance and the ending GF balance is allocated to capital construction and transportation purposes in the following fiscal year. Pursuant to NASBO's definitions, Colorado's GF statutory reserve equal to 4.0 percent of appropriations represents a rainy day fund.
Connecticut	The fiscal year 2008 surplus of $83.4 million was transferred for use in fiscal year 2009.
Georgia	Rainy day balance excludes $187.2 million which will be included in the Governor's amended revenue estimate for mid-year adjustment in education funding as provided by statute (up to 1 percent of prior year's revenue). Adjustments to revenue are due to return of agency surplus. Final totals include funds from Lottery and Tobacco sales.
Idaho	Revenue adjustments include the following: $209,000 in from Agric. Crop Residue Burning; $19 million to Budget Stabilization fund; $351,500 Public School Perm. Endowment; $1.5 million to Environmental Quality; $638,000 Aquifer Study; $690,000 Biofuel infrastructure; $60 million Economic Recovery Fund; $10 million Opportunity Scholarship Fund; $2 million Disaster Emergency Account; $10 million Water Board Revolving Fund.
Illinois	Revenue adjustments include $1,900.0 million in transfers to General Funds. Expenditure adjustments include $3,202.0 million in transfers out, $467.0 million for Pension Obligation Bond Debt Service and $11.0 million in interest for Short-term Borrowing.
Indiana	Revenue Adjustments: Property Tax Reform (HEA 1001-2008) Revenues Expenditure Adjustments: Local Option Income Tax Distributions, Reversal of Payment Delay, PTRF Adjust for Abstracts, Property Tax Reform (HEA 1001-2008) Appropriations
Iowa	Expenditure Adjustments include $99.8 million appropriated from the ending balance of the general fund to the Property Tax Credit fund to pay for property tax credits in FY09. $48.3 million of the ending balance is credited to the Senior Living Trust Fund.
Kentucky	Revenue includes $115.1 million in Tobacco Settlement funds. Adjustment for Revenues includes $288.6 million that represents appropriation balances carried over from the prior fiscal year, and $168.4 million from fund transfers into the General Fund. Adjustment to Expenditures represents appropriation balances forwarded to the next fiscal year.
Louisiana	Revenues-Act 208 of 2007 Transfers $3 million from Incentive Fund and $9.9 million from Higher Education Initiatives Fund; FY 2006-2007 carry-forward of mid-year budget adjustments into FY 2007-2008 of $114.7 million; Carry-forward of Interim Emergency Board (IEB) prior years appropriations $1.5 million; “Re-Appropriation” of capital outlay per Act 28 of 2007 from various prior years $1.2 million. Expenses-FY 2007-2008 IEB carry-forward balances $3.3 million; FY 2007-2008 carry-forward of mid-year budget adjustments $91.2 million; Capital Outlay carry-forward $733.7 million.
Maine	Revenue & Expenditure adjustments reflect legislatively authorized transfers.
Maryland	Adjustments reflect a $11.7 million reimbursement from the reserve for Heritage Tax Credits, $6 million reimbursement from the reserve for Biotechnology Tax Credits, and transfers of $1,078 million from the State Reserve Fund. FY 2008 expenditures are final.
Massachusetts	Includes budgeted fund balances
Michigan	FY 2008 revenue adjustments include the impact of federal and state law changes ($1,043.2 million, including $722.4 from income tax rate increase and $274.0 million from Michigan Business Tax surcharge); revenue sharing law changes ($577.5 million); property sale proceeds ($22.9 million); deposits from state restricted revenues ($87.1 million); and pending revenue options ($18.0 million).
Minnesota	Ending balance includes budget reserve of $653 million and cash flow account of $350 million.
Mississippi	Prior Year's Ending Balance adjusted to 50 percent of actual ending balance less 750,000 to aid municipalities; remaining 50 percent transferred to the Rainy Day Fund. $82.5 million transferred to the Rainy Day Fund from the Hurricane Relief Fund.
Missouri	Revenues are net of refunds. Refunds for FY 2008 totaled $2,258.4 million. Revenues include $153.1 million transferred to the General Revenue Fund.

NOTES TO TABLE A-2 (continued)

Montana	The high level of fund balance is considered a type of rainy day fund. It will be used to cushion shortfalls in revenue or unexpected expenditures such as forest fires. $386 million of the FY 2008 expenditures were one time expenditures and will not continue.
Nebraska	Revenue adjustments are transfers between the General Fund and other funds. Per Nebraska law, includes a transfer of $191.4 million to the Cash Reserve Fund (Rainy Day Fund) of the amount the prior year's net General Fund receipts exceeded the official forecast. The Revenue adjustment also includes a $105 million transfer from the General Fund to the Property Tax Credit Cash Fund.
New Jersey	Includes General Fund and Property Tax Relief Fund—Transfers to Other Funds In keeping with past practice, and to ensure consistency in survey results over time, the figures in Table A-2 exclude New Jersey's Casino Revenue Fund, Casino Control Fund and Gubernatorial Elections Fund
New Mexico	All adjustments are transfers between reserve accounts, except for $22.4 million transferred out from Tobacco Settlement Permanent Fund, a reserve account to the Tobacco Settlement Program Fund, a non-reserve account.
New York	The ending balance includes $1.2 billion in rainy day reserve funds, $1.1 billion reserved for labor settlements and other risks, $340 million in a community projects fund, $122 million reserved for debt reduction and $21 million in a reserve for litigation risks.
North Carolina	$145 million Repair and Renovation Reserve increase to appropriation and $145 million R&R expenditure plus $69.8 increase to R&R for FY 2008-09.
Oklahoma	Revenue adjustments include the Rainy Day Fund deposit of $25 million and the Cash flow difference of $9.6 million. No spillover money was appropriated.
Oregon	Revenues are after $1.1 billion “kicker” refunds were returned to taxpayers. Revenue adjustment is the transfer of revenues to the new Rainy Day Fund.
Pennsylvania	Revenue adjustment reflects $142.1 million in prior year lapses. Expenditure adjustment reflects current year lapses of $213.9 million. The year-end transfer to the Rainy Day Fund (25 percent of the ending balance) was suspended for FY 2008.
Rhode Island	Opening balance includes a free surplus of $0 and re-appropriations of $3.6 million from the prior year. Adjustments to revenues represent (net) transfers to the Budget Stabilization (Rainy Day) Fund, including a transfer-in of $68.6 million and an appropriation to be requested of $33.6 million out of the fund. Note that for FY 2008, the State's preliminary closing report shows a deficit of $33.6 million- it is assumed that the General Assembly will approve an appropriation from the Budget Stabilization Fund to accommodate this shortfall.
South Dakota	Adjustments in Revenues: $6.5 million was from one-time receipts, $25.7 million was transferred from the Property Tax Reduction Fund to cover the budget shortfall, and $0.2 million was obligated cash carried forward from FY 2007 Adjustments in Expenditures: $0.2 million was transferred to the Budget Reserve Fund from the prior year's obligated cash, and $0.2 million was obligated cash to the Budget Reserve Fund
Tennessee	Revenue adjustments include $106 million transfer from debt service fund unexpended appropriations, $265.5 million transfer from statutory and other reserves, -$207.1 million transfer to Rainy Day Fund. Expenditure adjustments include $264.1 million transfer to capital outlay projects fund, $15.1 million transfer to Highway Fund, and $19.7 million for dedicated revenue appropriations.
Texas	FY 2008 information is from the Comptroller's Revenue Estimate. The revenue adjustment is the increase in dedicated account balances. The expenditure adjustment is a transfer to the Rainy Day Fund.
Utah	Revenue adjustments include $787.3 million reserve from prior fiscal year, $1.5 million Industrial Assistance Fund reserve from previous fiscal year, $6.0 million Tourism Marketing Performance Fund, ($4.4) million set-aside for the Economic Development Tax Incentive Fund (EDTIF), ($100.5)m transfer to Rainy Day Fund, ($5.9) million for legislation impacting state revenue, and ($276.5) million reserved for the following fiscal year. Included with General Fund is Education Fund (income tax revenue) which in Utah is restricted by the Utah State Constitution for the sole use of public and higher education.
Vermont	Revenue adjustments include $16.6 million in direct appropriations and transfers-in, a $3.2 million increase in the property transfer tax revenue estimate, and $10.9 million from the General Fund Surplus Reserve. Expenditure adjustments include -$4.7 million to the Education Fund, a $0.8 million reserved, bond issuance premium, a $0.3 million refund in federal funds from Medicare Part D, $3.5 million to the Catamount Fund, $0.5 million to the Internal Service Funds, $7.5 million to miscellaneous other funds, $2.6 million to the Budget Stabilization Reserve, and $19.0 million to the General Fund Surplus Reserve.
Washington	$17.9 million is a net of transfers between other accounts and the General Fund.
West Virginia	Fiscal Year 2008 Beginning balance includes $287.1 million in re-appropriations, un-appropriated Surplus Balance of $106.8 million, and FY 2007 13th month expenditures of $38.2 million. Expenditures include regular, surplus and re-appropriated and $37.9 million of 31 day prior year expenditures. Revenue adjustments are from prior year re-deposited. Expenditure adjustment represents the amount transferred to the Rainy Day Fund.
Wisconsin	Revenue adjustments include departmental revenue ($307.5 million), Indian gaming ($17.9), and transfer to general fund ($242.9). Expenditure adjustment include designation for continuing balances ($27.4) and beginning unreserved designated balance (-$6.8).
Wyoming	WY budgets on a biennial basis. To arrive at annual figures certain assumptions and estimates were required.

TABLE A-3

Fiscal 2009 State General Fund, Appropriated (Millions)

Region/State	*Beginning Balance*	*Revenues*	*Adjustments*	*Resources*	*Expenditures*	*Adjustments*	*Ending Balance*	*Budget Stabilization Fund*
NEW ENGLAND								
Connecticut	$ 0	$ 17,073	$ 0	$ 17,073	$ 17,083	$ 0	-$10	$ 1,382
Maine**	1	3,096	13	3,110	3,092	16	1	130
Massachusetts**	248	32,339	0	32,587	32,141	0	446	1,942
New Hampshire	17	1,544	0	1,561	1,556	0	5	89
Rhode Island**	2	3,347	-74	3,275	3,312	0	-37	114
Vermont**	0	1,155	62	1,217	1,211	6	0	60
MID-ATLANTIC								
Delaware** *	526	3,451	0	3,977	3,553	0	424	187
Maryland**	487	14,089	177	14,753	14,677	0	74	737
New Jersey** *	1,098	31,878	0	32,976	32,373	3	600	483
New York** *	2,754	55,638	0	58,392	56,361	0	2,031	1,206
Pennsylvania**	583	27,689	0	28,272	28,264	2	6	762
GREAT LAKES								
Illinois** *	141	27,892	2,559	30,592	26,714	3,667	141	276
Indiana**	1,050	13,245	1,128	15,423	13,220	1,232	970	376
Michigan**	140	8,102	1,442	9,684	9,682	0	2	2
Ohio** *	808	27,218	0	28,026	27,889	0	137	948
Wisconsin**	130	13,287	561	13,978	14,118	-297	156	0
PLAINS								
Iowa**	0	6,189	14	6,203	6,118	37	48	620
Kansas	532	5,993	0	6,525	6,404	0	121	0
Minnesota** *	1,317	16,575	0	17,892	17,383	0	509	503
Missouri**	835	8,384	0	9,219	8,859	0	360	281
Nebraska**	584	3,532	-182	3,934	3,482	248	204	574
North Dakota**	453	1,260	0	1,713	1,258	0	455	200
South Dakota**	0	1,208	12	1,220	1,220	0	0	95
SOUTHEAST								
Alabama**	182	7,887	331	8,399	8,385	0	14	46
Arkansas	0	4,411	0	4,411	4,411	0	0	0
Florida	326	23,981	0	24,307	25,775	0	-1,468	1,354
Georgia** *	2,217	21,411	0	23,628	21,411	0	2,217	949
Kentucky**	63	9,006	535	9,604	9,331	234	40	215
Louisiana**	0	9,703	0	9,703	9,700	0	2	776
Mississippi**	40	5,110	0	5,150	5,150	0	0	364
North Carolina**	599	20,850	70	21,519	21,356	70	93	787
South Carolina*	324	6,749	0	7,073	6,832	0	242	108
Tennessee**	338	11,080	0	11,418	11,349	69	0	750
Virginia	313	16,722	0	17,035	16,970	0	65	1,078
West Virginia**	550	3,903	0	4,453	4,414	18	21	600
SOUTHWEST								
Arizona**	1	9,334	645	9,980	9,906	0	74	130
New Mexico** *	713	5,881	268	6,862	6,164	292	407	407
Oklahoma	290	6,563	0	6,853	6,266	0	587	NA
Texas	2,797	38,045	61	40,903	30,966	957	8,980	3,032
ROCKY MOUNTAIN								
Colorado** *	284	8,076	-228	8,131	7,830	0	302	302
Idaho**	177	2,942	-108	3,011	2,959	0	52	141
Montana**	438	1,875	0	2,314	1,974	0	340	0
Utah**	0	5,314	285	5,599	5,574	0	25	414
Wyoming**	10	1,738	0	1,748	1,748	0	0	229
FAR WEST								
Alaska**	0	7,123	400	7,523	5,980	1,544	0	8,981
California	3,998	101,991	0	105,990	103,401	0	2,589	1,703
Hawaii	331	5,230	0	5,561	5,500	0	61	63
Nevada**	309	3,391	0	3,700	3,815	0	-115	1
Oregon**	-237	6,987	0	6,750	6,726	0	24	341
Washington**	807	14,520	-3	15,324	15,237	0	87	442
Total	**$26,577**	**$684,005**	**–**	**$718,550**	**$689,098**	**–**	**$21,283**	**$34,176**

NOTES: *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.

Alabama	Revenue adjustments include proposed transfer from the Business Privilege Tax Escrow account, Corporate Add Back Statute (Act-2008-543), Middle Class Tax Relief (Act 2008-543), and Small Business Health Insurance (Act 2008-559), and estimated transfer from Educational Trust Fund (ETF) Rainy Day Account. FY 2009 revenues are preliminary unofficial revised estimates
Alaska	Revenue Adjustments include: 400.0 Oil & Gas Tax Credits. Expenditure Adjustments are deposits a $1,348.3 deposit to the Constitutional Budget Reserve, a $175.3 deposit to the Public Education Fund and a $20.0 short term loan.
Arizona	Adjustments to the FY09 revenues include agency fund transfers, rainy day fund transfer, and proceeds from FY08 lease-purchase financing.
Colorado	Revenue adjustments include General Fund (GF) diversion (which are not counted as expenditures) to fund the State's transportation needs. Pursuant to NASBO's definitions, Colorado's GF statutory reserve equal to 4.0 percent of appropriations represents a rainy day fund.
Delaware	The FY 2009 revenue figures reported reflect June 2008 estimates of the Delaware Economic and Financial Advisory Council (DEFAC) as adjusted by legislative changes. As per the September 15 DEFAC meeting, the FY 2009 revenue estimate was reduced by $38.9 million. An interim meeting of the DEFAC revenue subcommittee held November 17 further reduced the FY 2009 revenue estimate by an additional $151.7 million, however this estimate has not been adopted by the full council. The full council will meet again to provide official updates to the forecast on December 15, 2008.
Georgia	Final Totals include funds from Lottery and Tobacco sales.
Idaho	Revenue adjustments include the following: $5.6 million to the Permanent Building Fund; $20 million Aquifer study; $1 million Community Health Center Grant; $10 million Opportunity Scholarship Fund; $1.8 million Water Resource Board Revolving Fund; and other misc. adjustments due to Legislation.
Illinois	Revenue adjustments include $1984.0 million in transfers to General Funds and $575 million from the sale of the State's 10th Riverboat license. Expenditure adjustments include $3,667million in transfers out and $470.0 million for Pension Obligation Bond Debt Service.
Indiana	Revenue Adjustments: Property Tax Reform (HEA 1001-2008) Revenues Expenditure Adjustments: Reversal of Payment Delay, Property Tax Replacement Fund (PTRF) Adjust for Abstracts, Property Tax Reform (HEA 1001-2008) Appropriations
Iowa	Revenue Adjustments include improved collection of court fines and other small legislative adjustments. Expenditure Adjustments include $36.8 million of the ending balance is credited to the Senior Living Trust Fund.
Kentucky	Revenue includes $119.7 million in Tobacco Settlement funds. Adjustment for Revenues includes $233.5 million that represents appropriation balances carried over from the prior fiscal year, and $301.7 million from fund transfers into the General Fund. Adjustment to Expenditures represents appropriation balances forwarded to the next fiscal year.
Louisiana	Revenue Estimating Conference of 05/09/2008; The final state revenue receipts used in the calculation of the Budget Stabilization Fund maximum balance for FY 2008/09 will not be available until after publication of the State's Comprehensive Annual Financial Report (CAFR) report for the Fiscal Year Ended June 30, 2008. This report will not be available until December 2008. Therefore, the fund balance is held fixed at the FY 2007/08 level.
Maine	Revenue & Expenditure adjustments reflect legislatively authorized transfers.
Maryland	Adjustments reflect a $18.1 million reimbursement from the reserve for Heritage Tax Credits, $6 million reimbursement from the reserve for Biotechnology Tax Credits, a transfer of $125 million from the State Reserve Fund, and a transfer of $25 million from the Central Collection Unit fund balance. Expenditures reflect reduction totaling $297.2 million approved in October 2008.
Massachusetts	Includes Budgeted fund balances—it is important to note that the Secretary for Administration and Finance more than likely will revise, on or about October 15th, the consensus tax revenue figure that the Commonwealth's FY09 budget was based upon. The Governor would then be able to enact emergency spending reductions. This obviously impacts both our revenue and spending projections included in this survey, which reflect the current consensus tax revenue number and the signed GAA.
Michigan	FY 2009 revenue adjustments include the impact of federal and state law changes ($782.5 million); revenue sharing law changes ($550.6 million); property sale proceeds ($6.5 million); deposits from state restricted revenues ($96.0 million); and pending revenue option ($6.0 million).
Minnesota	Ending balance includes budget reserve of $153 million and cash flow account of $350 million.
Mississippi	Prior Year's Ending Balance adjusted to provide $35.8 million transfer to the Rainy Day Fund and $750,000 to aid municipalities.
Missouri	Revenues are net of refunds. Estimated refunds for FY 2009 total $1,356 million. Estimated revenues include $154.1 million transferred to the General Revenue Fund.
Montana	$163 million of the FY 2009 appropriations are one time and will not continue.

NOTES TO TABLE A-3 (continued)

Nebraska	Revenue adjustments are transfers between the General Fund and other funds. Per Nebraska law, includes a transfer of $117 million to the Cash Reserve Fund (Rainy Day Fund) of the amount the prior year's net General Fund receipts exceeded the official forecast. The Revenue adjustment also includes a $115 million transfer from the General Fund to the Property Tax Credit Cash Fund. Expenditure adjustments are re-appropriations ($243.2 million) of the unexpended balance of appropriations from the first fiscal year of the biennium and a small amount ($5 million) reserved for supplemental/deficit appropriations.
Nevada	Negative ending balance will require further budget reductions.
New Jersey	Includes General Fund and Property Tax Relief Fund—Transfers to Other Funds In keeping with past practice, and to ensure consistency in survey results over time, the figures in Table A-3 exclude New Jersey's Casino Revenue Fund, Casino Control Fund and Gubernatorial Elections Fund
New Mexico	All adjustments are transfers between reserve accounts, except for $23.6 million transferred out from Tobacco Settlement Permanent Fund, a reserve account to the Tobacco Settlement Program Fund, a nonreserve account.
New York	The ending balance includes $1.2 billion in rainy day reserve funds, $445 million reserved for labor settlements and other risks, $237 million in a community projects fund, $122 million reserved for debt reduction and $21 million in a reserve for litigation risks.
North Carolina	$69.8 increase to FY 2008-09 Repair & Renovation Reserve appropriation from year-end balance and anticipated expenditure of this R&R reserve.
North Dakota	Adjustments—Current law requires that the end of the biennium balance shall be transferred to the budget stabilization fun until the fund reaches 10 percent of current appropriations. The current balance is $200.0 million. Appropriations won't be known until after the 2009 legislative session. A transfer of $+100-115 million is possible.
Ohio	In FY 2009, the General Revenue Fund is slated to receive $63.3 million from the Budget Stabilization Fund in order to support additional Medicaid costs.
Oregon	Oregon budgets on a biennial basis. The constitution requires the state to be balanced at the end of each biennium.
Pennsylvania	Expenditure adjustment reflects a transfer of $1.9 million (25 percent of the ending balance) to the Rainy Day Fund.
Rhode Island	Opening balance includes a free surplus of $0 and re-appropriations of $1.7 million from the prior year. Total expenditures include the presumed appropriation of $33.6 million to restore the Budget Stabilization Fund.
South Dakota	Adjustments in Revenues: $11.9 million is the estimated that will be needed from Property Tax Reserves to balance the budget in FY 2009.
Tennessee	Expenditure adjustments include $52.2 million transfer to capital outlay projects and $16.7 million transfer to dedicated revenue appropriations.
Utah	Revenue adjustments include $276.5m held in reserve from prior fiscal year, $3.0m transfer from non-lapsing balances, $6.6m for legislation impacting state revenue, ($15.5)m set-aside for Economic Development Tax Incentive Fund, $9.0m Tourism Marketing Performance Fund, and $5.2 from various restricted accounts. Included with General Fund is Education Fund (income tax revenue) which in Utah is restricted by the Utah State Constitution for the sole use of public and higher education.
Vermont	Revenue adjustments include, $2.6 million in revenue changes, $1.2 million funding change – General Fund to Special Fund, $ 6.0 million in streamline sales tax and other tax credits, -$0.3 million in Vermont Economic Development Authority (VEDA) debt forgiveness, $29.3 million in direct applications and transfers in, -$0.3 in other bills, a $4.6 million increase in property transfer tax revenue estimate, and $18.8 from the General Fund Surplus Reserve. Expenditure adjustments include -$1.0 million from the Human Services Caseload Reserve, -$0.7 million from tobacco settlement funds, $0.7 million to the education Fund, $1.8 million to the Catamount Fund, $0.4 million to Internal Service Funds, $2.4 million to miscellaneous other funds, $1.8 million to the Budget Stabilization Reserve, and $0.6 million to the General Fund Surplus Reserve.
Washington	($2.6) million is a net of transfers between other accounts and the General Fund, including the transfer to the Rainy Day Fund.
West Virginia	Fiscal Year 2009 Beginning balance includes $409.6 million in re-appropriations, un-appropriated surplus balance of $35.3 million, and FY 2008 13th month expenditures of $105.5 million. Expenditures include regular, surplus and re-appropriated and $105.5 million of 31 day prior year expenditures. Total expenditures for fiscal year 2009 assume all appropriations will be expended (no re-appropriations to carry forward). However, historically amounts will remain and be re-appropriated to the next fiscal year. Ending Balance is the amount that is available for appropriation (From FY 09 revenue estimate and from surplus {previous year} general revenue).
Wisconsin	Revenue adjustments include Indian Gaming ($46.3 m) and departmental revenue ($514.2); Expenditure adjustments include departmental lapses (-$429.3) and Compensation Reserves (132.6).
Wyoming	WY budgets on a biennial basis. To arrive at annual figures certain assumptions and estimates were required.

TABLE A-4

General Fund Nominal Percentage Expenditure Change, Fiscal 2008 and Fiscal 2009**

Region/State	*Fiscal 2008*	*Fiscal 2009*
NEW ENGLAND		
Connecticut	5.7	4.7
Maine	3.5	-1.2
Massachusetts	8.1	2.8
New Hampshire	11.9	1.8
Rhode Island	5.5	-2.5
Vermont	3.5	0.8
MID-ATLANTIC		
Delaware	0.9	3.8
Maryland	1.9	1.6
New Jersey	8.4	-1.4
New York	3.5	5.6
Pennsylvania	3.3	4.0
GREAT LAKES		
Illinois	5.2	-0.9
Indiana	3.9	3.9
Michigan*	11.2	-3.1
Ohio	5.3	5.3
Wisconsin	3.2	4.4
PLAINS		
Iowa	9.3	3.9
Kansas*	9.5	4.3
Minnesota	7.9	1.0
Missouri	2.7	9.7
Nebraska	3.9	7.2
North Dakota	19.0	4.5
South Dakota	7.8	3.7
SOUTHEAST		
Alabama	7.8	-2.5
Arkansas	7.2	1.3
Florida	-1.2	-7.5
Georgia	7.0	4.4
Kentucky	7.5	-1.3
Louisiana	1.8	0.7
Mississippi	16.3	1.3
North Carolina	9.2	4.8
South Carolina	8.9	-4.4
Tennessee	16.2	-0.1
Virginia	-3.7	-1.7
West Virginia	1.5	17.5
SOUTHWEST		
Arizona	-1.6	-1.3
New Mexico*	0.8	2.6
Oklahoma	3.1	-2.8
Texas	14.5	-25.1
ROCKY MOUNTAIN		
Colorado	5.6	5.2
Idaho	9.2	5.2
Montana	21.9	-4.5
Utah	19.1	-6.2
Wyoming	-0.5	-3.6
FAR WEST		
Alaska	-0.8	9.5
California	1.9	0.1
Hawaii	0.5	1.7
Nevada	-4.4	11.1
Oregon	27.9	-6.9
Washington	3.2	4.4
Average	**5.3%**	**-0.1%**

*See Notes to Table A-4. **Fiscal 2008 reflects changes from fiscal 2007 expenditures (actual) to fiscal 2008 expenditures (preliminary actual). Fiscal 2009 reflects changes from fiscal 2008 expenditures (preliminary actual) to fiscal 2009 expenditures (appropriated).

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE A-4

Michigan	Fiscal 2007 expenditures are artificially low and fiscal 2008 estimated spending is artificially high, distorting the year-to-year comparisons. Partial fiscal 2007 payments to higher education institutions are deferred to fiscal 2008, and fiscal 2007 use of restricted revenue is replaced with General Fund revenue in fiscal 2008. Adjusting for these one-time actions results in nominal expenditure changes of 5.3 percent and -1.4 percent in fiscal 2008 and fiscal 2009, respectively.
Nebraska	Fiscal 2009 amount shown is equal to appropriations for the year. It is assumed that some level of appropriations will not be expended. However, no estimate of unexpended appropriation is made for purposes of this survey. The result is a higher nominal percentage change than would otherwise be produced since Fiscal 2009 appropriations are being compared to Fiscal 2008 actual expenditures.
New Mexico	The Governor has indicated he wants to maintain a minimum of 10 percent in reserves. These numbers do not yet incorporate any savings from budget cuts.

TABLE A-5

Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2008

Region/State	*Fees*	*Layoffs*	*Furloughs*	*Early Retirement*	*Across-the-Board Percentage Cuts*	*Reduce Local Aid*	*Reorganize Programs*	*Privatization*	*Rainy Day*	*Other*
NEW ENGLAND										
Connecticut										
Maine										
Massachusetts										
New Hampshire*					X					X
Rhode Island*	X	X			X	X	X		X	X
Vermont										
MID-ATLANTIC										
Delaware*					X		X			X
Maryland										
New Jersey										
New York										
Pennsylvania										
GREAT LAKES										
Illinois										
Indiana										
Michigan*										X
Ohio		X		X	X					
Wisconsin					X				X	X
PLAINS										
Iowa										
Kansas										
Minnesota										
Missouri										
Nebraska										
North Dakota										
South Dakota									X	
SOUTHEAST										
Alabama									X	
Arkansas					X					
Florida										
Georgia									X	
Kentucky*					X					X
Louisiana										
Mississippi									X	
North Carolina										
South Carolina*									X	X
Tennessee*										X
Virginia*		X			X	X	X		X	X
West Virginia										
SOUTHWEST										
Arizona*										X
New Mexico*					X					X
Oklahoma										
Texas										
ROCKY MOUNTAIN										
Colorado										
Idaho										
Montana										
Utah*										X
Wyoming										
FAR WEST										
Alaska										
California*										X
Hawaii*										X
Nevada					X		X		X	
Oregon										
Washington										
Total	**1**	**3**	**0**	**1**	**10**	**2**	**4**	**0**	**9**	**14**

NOTE: *See Notes to Table A-5.

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE A-5

Arizona	Agency fund transfers, targeted/programmatic cuts, Highways Use Revenue Fund (HURF) shift, K-12 rollover
California	Primarily issuance of Economic Recovery Bonds and program reductions. The budget gap was largely addressed by a Special Legislative Session during the 2007-08
Delaware	Hiring freeze, purchase order review, reprogram surplus funds, deauthorization of capital projects, maximizing federal funds.
Hawaii	Carry-over balance from prior fiscal year; convert financing of CIP from general fund to bond funds.
Kentucky	Transfer of excess funds to the General Fund, use of prior year surplus.
Michigan	Use prior year surplus, adjust current year ending balance, refinance debt, lapse spending authority, adjust client caseload spending for updated projections.
New Hampshire	Executive Orders targeting specific appropriation reductions
New Mexico	Strategies in planning phase; not yet implemented
Rhode Island	Changes in Retiree Health Plan effective October 1, 2008 is causing many retirements.
South Carolina	Applied the 2007 Capital Reserve Fund of $124.5 million against the deficit. Cut the agency carry-forwards totaling $33.9 million and applied it against the deficit. ($91.7 million of the rainy day fund was applied against the deficit.)
Tennessee	Increase agency reversion targets, use unappropriated budget surplus available at 6-30-2007, and transfer Debt Service Fund excess at 6-30-2008 to the General Fund.
Utah	Cash Set Aside
Virginia	Bond existing capital outlay projects (which had been directly funded)

TABLE A-6

Number of Filled Full-Time Equivalent Positions at the End of Fiscal 2007 to Fiscal 2009, in All Funds**

Region/State	*Fiscal 2007*	*Fiscal 2008*	*Fiscal 2009*	*Percent Change, 2007-2008*	*Percent Change, 2008-2009*	*Includes Higher Education Faculty*	*State-Administered Welfare System*
NEW ENGLAND							
Connecticut	54,205	55,686	54,836	2.73%	-1.53%	X	X
Maine	14,102	14,170	14,089	0.48%	-0.57%		
Massachusetts	66,483	67,729	71,308	1.87%	5.28%	X	X
New Hampshire	10,915	11,063	11,154	1.36%	0.82%	X	X
Rhode Island	14,541	13,632	14,174	-6.25%	3.97%	X	X
Vermont	8,272	8,266	8,016	-0.07%	-3.02%		X
MID-ATLANTIC							
Delaware*	31,121	31,603	31,693	1.55%	0.29%	X	X
Maryland*	76,276	77,503	76,922	1.61%	-0.75%	X	X
New Jersey	78,684	77,834	75,683	-1.08%	-2.76%		
New York	195,500	199,800	201,200	2.20%	0.70%	X	
Pennsylvania*	83,296	83,809	83,947	0.62%	0.16%		X
GREAT LAKES							
Illinois	55,739	55,677	56,590	-0.11%	1.64%	X	X
Indiana	31,022	32,157	32,029	3.66%	-0.40%		
Michigan	49,504	49,261	49,300	-0.49%	0.08%		X
Ohio	57,626	57,453	57,100	-0.30%	-0.61%		
Wisconsin*	67,295	67,978	69,247	1.01%	1.87%	X	
PLAINS							
Iowa	43,560	44,195	46,048	1.46%	4.19%	X	X
Kansas	42,320	43,323	43,359	2.37%	0.08%	X	X
Minnesota	35,438	35,841	NA	1.14%	NA		
Missouri	58,648	59,994	59,873	2.30%	-0.20%		X
Nebraska*	16,720	16,440	NA	-1.67%	NA		X
North Dakota	7,224	7,513	8,063	4.00%	7.32%		
South Dakota	13,716	13,703	14,311	-0.10%	4.44%	X	
SOUTHEAST							
Alabama	34,838	35,438	NA	1.72%	NA		
Arkansas	30,387	31,195	34,041	2.66%	9.12%		X
Florida	113,408	114,757	114,061	1.19%	-0.61%		X
Georgia	108,616	110,267	110,695	1.52%	0.39%	X	X
Kentucky	34,400	34,800	34,000	1.16%	-2.30%		
Louisiana	45,434	46,391	46,216	2.11%	-0.38%		X
Mississippi	37,685	38,035	NA	0.93%	NA		X
North Carolina	315,474	316,000	NA	0.17%	NA	X	
South Carolina	62,916	64,153	71,546	1.97%	11.52%	X	X
Tennessee	46,816	47,458	47,500	1.37%	0.09%		X
Virginia	116,259	117,130	116,493	0.75%	-0.54%	X	X
West Virginia*	35,301	35,694	35,922	1.11%	0.64%	X	X
SOUTHWEST							
Arizona	47,329	51,904	52,420	9.67%	0.99%	X	X
New Mexico	24,127	24,952	26,749	3.42%	7.20%		X
Oklahoma	38,475	38,608	38,750	0.35%	0.37%		
Texas	225,596	231,755	232,622	2.73%	0.37%	X	X
ROCKY MOUNTAIN							
Colorado*	47,983	49,489	50,940	3.14%	2.93%	X	
Idaho	17,904	18,284	18,388	2.12%	0.57%	X	X
Montana	13,574	13,825	13,800	1.85%	-0.18%		X
Utah	21,324	21,818	22,151	2.32%	1.52%		X
Wyoming	7,413	7,413	7,372	0.00%	-0.55%	X	X
FAR WEST							
Alaska	20,257	20,300	21,437	0.21%	5.60%	X	X
California	335,384	359,277	361,677	7.12%	0.67%	X	X
Hawaii*	45,027	45,908	46,535	1.96%	1.37%	X	X
Nevada	24,925	26,407	26,831	5.95%	1.61%	X	X
Oregon	47,244	49,913	49,877	5.65%	-0.07%	X	X
Washington	108,693	111,024	112,880	2.14%	1.67%	X	X
Total* **	**2,678,841**	**2,745,071**	**2,771,845**	**2.47%**	**0.98%**		

NOTES: NA indicates data are not available.
*See Notes to Table A-6. **Unless otherwise noted, fiscal 2007 reflects actual figures, fiscal 2008 reflects preliminary actuals and fiscal 2009 reflects appropriated figures. ***Totals exclude states that were not able to provide data for all three years.

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE A-6

Colorado	Colorado's current response shown for FY 2007 and FY 2008 and our appropriated FTE is not our actual.
Delaware	Data includes an estimated 13,071 positions in local public school districts.
Hawaii	Data reflect appropriated permanent positions.
Maryland	Positions are estimated using authorized FTE's and a 5 percent vacancy rate. FY 2009 includes elimination of 830.15 positions in October 2008.
Nebraska	Appropriations bills do not limit authorized FTE to a specific number.
Pennsylvania	Figures reflect total authorized positions on a full-time equivalent basis.
West Virginia	The welfare system is TANF which is federal, but the state is responsible for running it and we report back to the federal government.
Wisconsin	Adjusted Base FTE for respective years.

TABLE A-7

Number of States with Revenues Higher, Lower and on Target with Projections*

	Fiscal 2008	*Fiscal 2009*
Lower	20	25
On Target	5	15
Higher	25	8

NOTE: *Fiscal 2008 reflects whether revenues from all sources came in higher, lower, or on target with projections. Fiscal 2009 reflects whether Fiscal 2008 collections thus far have been coming in higher, lower, or on target with projections. Not all states reported data for Fiscal 2009.

SOURCE: National Association of State Budget Officers.

TABLE A-8

Fiscal 2008 Tax Collections Compared with Projections Used in Adopting Fiscal 2008 Budgets (Millions)**

	Sales Tax		*Personal Income Tax*		*Corporate Income Tax*		*Total*
Region and State	*Original Estimate*	*Current Estimate*	*Original Estimate*	*Current Estimate*	*Original Estimate*	*Current Estimate*	*Revenue Collection****
NEW ENGLAND							
Connecticut	$ 3,599	$ 3,582	$ 7,194	$ 7,513	$ 870	$ 734	H
Maine	1,029	1,035	1,400	1,444	182	185	H
Massachusetts	4,215	4,087	11,605	12,485	1,519	1,512	H
New Hampshire	NA	NA	NA	NA	301	317	L
Rhode Island	853	845	1,069	1,074	157	151	L
Vermont	239	226	577	622	55	75	H
MID-ATLANTIC							
Delaware	NA	NA	1,055	1,007	156	179	L
Maryland	3,623	3,675	7,041	6,940	598	552	L
New Jersey	8,900	8,944	12,379	12,600	2,753	3,066	T
New York	10,495	10,592	36,820	36,564	6,679	6,018	L
Pennsylvania	8,529	8,497	10,750	10,908	2,578	2,418	H
GREAT LAKES							
Illinois	7,293	7,215	9,832	10,320	1,904	1,860	H
Indiana	5,578	5,534	4,681	4,838	924	910	H
Michigan*	6,661	6,649	7,052	7,174	2,642	2,377	L
Ohio	7,681	7,614	9,147	9,115	833	754	L
Wisconsin	4,210	4,268	6,660	6,714	810	838	H
PLAINS							
Iowa	2,023	2,000	3,150	3,360	421	484	H
Kansas	1,984	1,958	2,947	2,897	420	432	L
Minnesota	4,616	4,577	7,551	7,784	1,141	1,028	H
Missouri	2,002	1,931	5,145	5,210	422	459	H
Nebraska	1,293	1,322	1,630	1,726	241	233	H
North Dakota	492	555	243	307	78	141	H
South Dakota	642	645	NA	NA	NA	NA	L
SOUTHEAST							
Alabama	2,223	2,067	3,110	2,971	647	501	L
Arkansas	2,120	2,111	2,193	2,345	298	318	H
Florida	20,367	18,429	NA	NA	2,704	2,217	L
Georgia	6,031	5,798	9,288	8,830	1,007	942	L
Kentucky	2,890	2,878	3,235	3,483	868	435	L
Louisiana	3,143	3,156	2,569	3,169	521	706	H
Mississippi	2,044	1,947	1,497	1,542	475	501	L
North Carolina	5,049	4,982	10,895	10,902	1,095	1,112	H
South Carolina	2,600	2,463	2,927	2,864	285	269	L
Tennessee*	7,093	6,857	263	292	1,821	1,650	L
Virginia	3,315	3,096	10,189	10,171	780	699	T
West Virginia	1,073	1,037	1,504	1,614	374	400	H
SOUTHWEST							
Arizona	4,526	4,354	3,545	3,407	867	785	L
New Mexico	2,392	2,306	1,127	1,198	401	404	T
Oklahoma	1,599	1,612	2,162	2,239	452	279	H
Texas	20,335	21,512	NA	NA	NA	NA	H
ROCKY MOUNTAIN							
Colorado	2,297	2,318	4,957	4,974	452	508	T
Idaho	1,197	1,143	1,255	1,430	213	190	H
Montana	15	16	803	867	161	160	H
Utah	1,885	1,795	2,572	2,709	422	382	L
Wyoming	405	486	NA	NA	NA	NA	H
FAR WEST							
Alaska*	NA	NA	NA	NA	$565	$758	H
California*	27,787	26,613	52,243	54,289	10,717	11,690	H
Hawaii	2,701	2,620	1,631	1,545	138	86	L
Nevada	1,065	966	NA	NA	NA	NA	L
Oregon*	NA	NA	4,808	4,973	489	441	T
Washington	8,056	8,216	NA	NA	NA	NA	H
Total	**$218,166**	**$214,528**	**$270,699**	**$276,413**	**$51,434**	**$50,152**	**–**

NOTES: NA indicates data are not available because, in most cases, these states do not have that type of tax. *See Notes to Table A-7. **Unless otherwise noted, original estimates reflect the figures used when the fiscal 2007 budget was adopted, and current estimates reflect preliminary actual tax collections. ***Refers to whether preliminary actual fiscal 2007 collections of Sales, Personal Income and Corporate Income Taxes were higher than, lower than, or on target with original estimates. 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-8

California	As compared to the forecast in the 2008-09 May Revision. It is too early in our 2008-09 FY to judge revenues.
Michigan	The original fiscal 2008 budget has been modified and is based on the May 2008 consensus estimates and is net of all enacted tax changes. Tax estimates represent total tax collections. Sales tax collections are for the Michigan sales tax only and do not include collections from Michigan use tax. Michigan does not have a Corporate Income tax; estimates are for the Michigan Business Tax that replaced Michigan's Single Business Tax effective December 2007. The final fiscal 2008 revenue figures will be available when the State of Michigan Comprehensive Annual Financial report is published in December 2008.
Oregon	Fiscal Year 2008 Personal Income Tax is shown after $1.08 billion "kicker" refunds were returned to taxpayers.
Tennessee	Corporate Income Tax includes excise tax and franchise tax. Sales tax, personal income tax and corporate excise tax are shared with local governments.

TABLE A-9

Comparison of Tax Collections in Fiscal 2007, Fiscal 2008, and Enacted Fiscal 2009 (Millions)**

	Sales Tax			*Personal Income Tax*			*Corporate Income Tax*		
Region/State	*Fiscal 2007*	*Fiscal 2008*	*Fiscal 2009*	*Fiscal 2007*	*Fiscal 2008*	*Fiscal 2009*	*Fiscal 2007*	*Fiscal 2008*	*Fiscal 2009*
NEW ENGLAND									
Connecticut	$ 3,496	$ 3,582	$ 3,748	$ 6,750	$ 7,513	$ 7,676	$ 891	$ 734	$ 792
Maine	1,021	1,035	1,062	1,354	1,444	1,398	184	185	197
Massachusetts	4,068	4,087	4,286	11,400	12,485	12,762	1,588	1,512	1,705
New Hampshire	NA	NA	NA	NA	NA	NA	287	317	320
Rhode Island	873	845	863	1,065	1,074	1,124	148	151	161
Vermont	223	226	229	581	622	588	73	75	59
MID-ATLANTIC									
Delaware	NA	NA	NA	1,008	1,007	1,038	140	179	92
Maryland*	3,420	3,675	4,034	6,679	6,940	7,445	590	552	673
New Jersey	8,610	8,944	9,136	11,727	12,600	12,700	3,208	3,066	2,898
New York	10,050	10,592	10,914	34,580	36,564	38,149	6,468	6,018	6,559
Pennsylvania	8,591	8,497	8,731	10,262	10,908	11,489	2,493	2,418	2,321
GREAT LAKES									
Illinois	7,136	7,215	7,332	9,408	10,320	10,432	1,750	1,860	1,937
Indiana	5,379	5,534	5,827	4,616	4,838	4,934	987	910	947
Michigan*	6,552	6,649	6,645	6,442	7,174	7,010	1,816	2,377	2,661
Ohio	7,425	7,614	7,948	8,885	9,115	9,201	1,077	754	522
Wisconsin	4,159	4,268	4,479	6,574	6,714	7,106	890	838	860
PLAINS									
Iowa	1,910	2,000	2,055	3,086	3,360	3,502	425	484	424
Kansas	2,052	1,958	1,994	2,709	2,897	3,071	442	432	325
Minnesota	4,506	4,577	4,601	7,231	7,784	7,767	1,171	1,028	969
Missouri	1,955	1,931	1,937	4,918	5,210	5,448	458	459	471
Nebraska	1,304	1,322	1,359	1,651	1,726	1,750	213	233	215
North Dakota*	511	555	649	315	307	308	121	141	112
South Dakota	603	645	676	NA	NA	NA	NA	NA	NA
SOUTHEAST									
Alabama	2,087	2,067	2,196	2,938	2,971	3,245	455	501	481
Arkansas	2,188	2,111	2,185	2,169	2,345	2,295	338	318	306
Florida	19,435	18,429	19,093	NA	NA	NA	2,444	2,217	2,223
Georgia	5,916	5,798	6,301	8,821	8,830	9,896	1,019	942	1,023
Kentucky	2,818	2,878	2,978	3,042	3,483	3,473	988	435	513
Louisiana*	3,156	3,156	3,189	3,257	3,169	2,873	1,052	706	707
Mississippi	1,931	1,947	2,019	1,475	1,542	1,617	485	501	528
North Carolina	4,996	4,982	5,374	10,508	10,902	11,386	1,451	1,112	1,192
South Carolina	2,631	2,463	2,699	2,882	2,864	2,970	262	269	249
Tennessee*	6,815	6,857	7,019	248	292	262	1,766	1,650	1,664
Virginia	3,049	3,096	3,226	9,788	10,171	10,777	880	699	706
West Virginia	1,035	1,037	1,096	1,414	1,614	1,585	368	400	315
SOUTHWEST									
Arizona	4,458	4,354	4,644	3,736	3,407	3,615	986	785	841
New Mexico*	2,315	2,306	2,460	1,180	1,198	1,174	460	404	451
Oklahoma	1,531	1,612	1,695	2,338	2,239	2,155	435	279	274
Texas	20,183	21,512	20,809	NA	NA	NA	NA	NA	NA
ROCKY MOUNTAIN									
Colorado*	2,210	2,318	2,416	4,871	4,974	5,167	498	508	505
Idaho	1,077	1,143	1,223	1,400	1,430	1,385	190	190	185
Montana	16	16	16	827	867	851	178	160	167
Utah	1,858	1,795	1,821	2,573	2,709	2,769	425	382	330
Wyoming	479	486	485	NA	NA	NA	NA	NA	NA
FAR WEST									
Alaska	NA	NA	NA	NA	NA	NA	771	758	810
California	27,445	26,613	26,813	51,971	54,289	54,380	11,158	11,690	11,926
Hawaii	2,558	2,620	2,698	1,560	1,545	1,633	82	86	93
Nevada	1,000	966	1,140	NA	NA	NA	NA	NA	NA
Oregon*	NA	NA	NA	5,597	4,973	6,375	406	441	432
Washington	7,892	8,216	8,508	NA	NA	NA	NA	NA	NA
Total* **	**$212,920**	**$214,528**	**$220,605**	**$263,834**	**$276,493**	**$284,780**	**$ 52,516**	**$ 50,152**	**$ 51,141**

NOTES: NA indicates data are not available because, in most cases, these states do not have that type of tax. *See Notes to Table A-9. **Unless otherwise noted, fiscal 2007 figures reflect actual tax collections, 2008 figures reflect preliminary actual tax collections estimates, and fiscal 2009 figures reflect the estimates used in enacted budgets. ***Totals include only those states with data for all years.

SOURCE: National Association of State Budget Officers.

TABLE A-9a

Percentage Changes Comparison of Tax Collections in Fiscal 2007, Fiscal 2008, and Enacted Fiscal 2009**

	Sales Tax			*Personal Income Tax*			*Corporate Income Tax*		
Region/State	*Fiscal 2007*	*Fiscal 2008*	*Fiscal 2009*	*Fiscal 2007*	*Fiscal 2008*	*Fiscal 2009*	*Fiscal 2007*	*Fiscal 2008*	*Fiscal 2009*
NEW ENGLAND									
Connecticut	2.8%	2.5%	4.6%	9.6%	11.3%	2.2%	13.1%	-17.6%	7.8%
Maine	2.8%	1.4%	2.5%	7.9%	6.6%	-3.2%	-2.2%	0.3%	6.8%
Massachusetts	1.6%	0.5%	4.9%	8.7%	9.5%	2.2%	-29.6%	-4.7%	12.8%
New Hampshire	NA	NA	NA	NA	NA	NA	8.9%	10.4%	0.8%
Rhode Island	0.5%	-3.2%	2.1%	6.9%	0.8%	4.7%	-10.3%	2.2%	6.3%
Vermont	2.6%	1.4%	1.3%	7.2%	7.1%	-5.5%	-4.1%	2.5%	-20.5%
MID-ATLANTIC									
Delaware	NA	NA	NA	-0.7%	-0.1%	3.1%	-13.7%	27.2%	-48.7%
Maryland*	1.9%	7.5%	9.8%	7.7%	3.9%	7.3%	-5.4%	-6.5%	21.9%
New Jersey	25.6%	3.9%	2.1%	11.6%	7.4%	0.8%	1.5%	-4.4%	-5.5%
New York	-5.1%	5.4%	3.0%	12.2%	5.7%	4.3%	27.2%	-7.0%	9.0%
Pennsylvania	3.1%	-1.1%	2.8%	7.7%	6.3%	5.3%	8.3%	-3.0%	-4.0%
GREAT LAKES									
Illinois	36.5%	1.1%	1.6%	117.7%	9.7%	1.1%	89.1%	6.3%	4.1%
Indiana	2.9%	2.9%	5.3%	6.8%	4.8%	2.0%	6.7%	-7.9%	4.1%
Michigan*	-1.3%	1.5%	-0.1%	3.5%	11.4%	-2.3%	-1.4%	30.9%	11.9%
Ohio	0.8%	2.6%	4.4%	1.1%	2.6%	0.9%	2.0%	-30.0%	-30.7%
Wisconsin	0.8%	2.6%	4.9%	7.0%	2.1%	5.8%	14.1%	-5.9%	2.6%
PLAINS									
Iowa	1.5%	4.7%	2.7%	8.1%	8.9%	4.2%	21.8%	13.9%	-12.3%
Kansas	2.3%	-4.6%	1.9%	14.3%	6.9%	6.0%	26.4%	-2.3%	-24.8%
Minnesota	0.9%	1.6%	0.5%	5.4%	7.7%	-0.2%	10.3%	-12.2%	-5.7%
Missouri	-0.3%	-1.2%	0.3%	7.4%	5.9%	4.6%	13.3%	0.2%	2.6%
Nebraska	3.2%	1.4%	2.8%	6.8%	4.6%	1.4%	-18.8%	9.3%	-7.9%
North Dakota*	12.1%	8.6%	16.9%	15.6%	-2.5%	0.3%	8.2%	16.5%	-20.6%
South Dakota	4.6%	6.9%	4.9%	NA	NA	NA	NA	NA	NA
SOUTHEAST									
Alabama	4.3%	-1.0%	6.2%	9.3%	1.1%	9.2%	-6.1%	10.2%	-4.0%
Arkansas	4.8%	-3.5%	3.5%	7.7%	8.1%	-2.1%	-3.3%	-5.9%	-3.8%
Florida	0.3%	-5.2%	3.6%	NA	NA	NA	1.6%	-9.3%	0.3%
Georgia	3.6%	-2.0%	8.7%	10.0%	0.1%	12.1%	18.1%	-7.6%	8.6%
Kentucky	2.5%	2.1%	3.5%	4.2%	14.5%	-0.3%	-1.3%	-56.0%	18.0%
Louisiana*	2.9%	0.0%	1.0%	29.7%	-2.7%	-9.3%	36.9%	-32.9%	0.1%
Mississippi	4.1%	0.9%	3.7%	18.4%	4.5%	4.9%	17.6%	3.3%	5.5%
North Carolina	2.1%	-0.3%	7.9%	11.8%	3.8%	4.4%	20.5%	-23.4%	7.2%
South Carolina	3.4%	-6.4%	9.6%	10.5%	-0.6%	3.7%	1.4%	2.7%	-7.3%
Tennessee*	4.6%	0.6%	2.4%	27.8%	17.8%	-10.2%	18.4%	-6.5%	0.8%
Virginia	8.4%	1.6%	4.2%	5.1%	3.9%	6.0%	0.9%	-20.5%	1.0%
West Virginia	-0.9%	0.2%	5.7%	5.1%	14.2%	-1.8%	6.0%	8.6%	-21.2%
SOUTHWEST									
Arizona	4.3%	-2.3%	6.7%	1.3%	-8.8%	6.1%	12.8%	-20.5%	7.2%
New Mexico*	7.8%	-0.4%	6.7%	5.0%	1.5%	-2.0%	21.9%	-12.2%	11.6%
Oklahoma	5.3%	5.3%	5.2%	-1.8%	-4.2%	-3.8%	64.1%	-35.9%	-1.9%
Texas	10.9%	6.6%	-3.3%	NA	NA	NA	NA	NA	NA
ROCKY MOUNTAIN									
Colorado*	12.9%	4.9%	4.2%	11.3%	2.1%	3.9%	11.3%	2.0%	-0.6%
Idaho	22.3%	6.0%	7.0%	15.1%	2.1%	-3.2%	-2.0%	-0.3%	-2.4%
Montana	22.4%	-2.2%	-2.5%	7.6%	4.8%	-1.8%	15.5%	-9.7%	4.2%
Utah	2.9%	-3.4%	1.4%	12.4%	5.3%	2.2%	12.4%	-10.2%	-13.8%
Wyoming	13.8%	1.5%	-0.2%	NA	NA	NA	NA	NA	NA
FAR WEST									
Alaska	NA	NA	NA	NA	NA	NA	-3.5%	-1.7%	6.9%
California	-0.5%	-3.0%	0.8%	4.1%	4.5%	0.2%	8.2%	4.8%	2.0%
Hawaii	8.6%	2.4%	3.0%	0.6%	-1.0%	5.7%	-37.0%	4.6%	9.1%
Nevada	-0.5%	-3.4%	18.0%	NA	NA	NA	NA	NA	NA
Oregon*	NA	NA	NA	2.8%	-11.1%	28.2%	-7.3%	8.6%	-1.9%
Washington	8.0%	4.1%	3.6%	NA	NA	NA	NA	NA	NA
Total* **	**4.4%**	**0.8%**	**2.8%**	**9.6%**	**4.8%**	**3.0%**	**9.5%**	**-4.5%**	**2.0%**

NOTES: NA indicates data are not available because, in most cases, these states do not have that type of tax. *See Notes to Table A-9. **Unless otherwise noted, fiscal 2007 figures reflect actual tax collections, 2008 figures reflect preliminary actual tax collections estimates, and fiscal 2009 figures reflect the estimates used in enacted budgets. ***Totals include only those states with data for all years.

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE A-9

Colorado	Adopted FY 2008 totals come from Legislative Council Staff (LCS) March 2007 forecast. Adopted FY 2009 totals come from LCS March 2008 forecast.
Louisiana	Revenue figures are based on 2008 estimates not preliminary actual figures.
Maryland	Sales tax rate increased from 5 to 6 percent effective January 2008. Personal income tax was restructured and a 6.25 percent bracket on net taxable income over $1 million was established effective tax year 2008. Corporate income tax rate increased from 7 to 8.25 percent effective tax year 2008.
Michigan	The fiscal 2009 enacted budget is based on the May 2008 consensus estimates and is net of all enacted tax changes. Tax estimates represent total tax collections. Sales tax collections are for the Michigan sales tax only and do not include collections from Michigan use tax. Michigan does not have a Corporate Income tax; estimates are for the Michigan Business Tax that replaced Michigan's Single Business Tax effective December 2007. Updated fiscal 2009 revenue figures will be released at the next regularly scheduled consensus revenue conference in January 2009.
New Mexico	Current FY 2009 revenue estimates compared with those used when the budget was enacted indicate weakness in sales tax and corporate income tax collections and State Treasurer's Office investments. Further shortfalls may be caused by weakness in oil and gas revenues.
North Dakota	Based on July 2008 estimates.
Oregon	Fiscal Year 2008 Personal Income Tax is shown after $1.08 billion "kicker" refunds were returned to taxpayers.
Tennessee	Corporate Income Tax includes excise tax and franchise tax. Sales tax, personal income tax and corporate excise tax are shared with local governments.

TABLE A-10

State Employment Compensation Changes, Fiscal 2009

Region/State	*Across-the-Board (percent)*	*Merit (percent)*	*Other (percent)*	*Notes*
NEW ENGLAND				
Connecticut	3.0	3.3	–	Due to Connecticut's collective bargaining with binding arbitration, increases vary. The numbers presented reflect the overall pattern.
Maine	2*	3.5 to 5**	–	*Effective 7/01/08. **Merit: only for employees not at top of scale also effective 1/01/2009 1st step eliminated and additional step added 4 percent greater than current highest step.
Massachusetts	3.0	3.0	–	Most unionized employees receive an ATB increase of 3 percent in July in addition to step increases. Managers receive an average merit increase of 3 percent.
New Hampshire	5.5	–	–	Negotiated increase statewide effective 1/2/09, all funds $33.6M. In addition, employees receive step/anniversary increases.
Rhode Island	–	–	1.7	
Vermont	1.80	–	1.7	The 1.8 percent increase is a COLA increase. Also, per the state employee contract, about 56 percent of employees receive annual step increases worth in aggregate about 1.7 percent of statewide salary costs.
MID-ATLANTIC				
Maryland	2.0	2.8	–	Merit Increases depend on the length of service and range from 2 to 4 percent. The average merit increase is estimated at 2.8 percent.
New Jersey	3.0	–	2.0	There are some unions that are currently undergoing collective bargaining negotiations. Other unsettled unions are currently in binding arbitration proceedings. Most employees received a 3 percent increase at the beginning of the fiscal year.
New York	3.0	–	1.0	The State recently reached new labor contracts with most of the State employee labor unions, which run from 2007 through 2011. There are a series of step increases within each pay grade until reaching the maximum salary for the grade. Approximately 33 percent of the workforce is eligible to receive such increase (i.e., employees who have not reached the job rate). Other compensation changes are driven by personnel transactions, such as reallocations and reclassifications. An additional employee compensation amount is usually pro-rated to agencies with Management/Confidential (M/C) employees, allowing those agencies to give merit awards at their discretion. No M/C employee can receive more than 5 percent of their annual salary in the form of merit awards and the agency allocation cannot be divided equally amongst all M/C employees. The awards are lump sums and are not added to base salary.
Pennsylvania	3.0	–	2.3	Across-the-board: Most state employees received a 3 percent increase effective July 1, 2008. Other: Most state employees will receive a 2.25 percent service increment in January, 2009.

TABLE A-10 (continued)

State Employment Compensation Changes, Fiscal 2009

Region/State	*Across-the-Board (percent)*	*Merit (percent)*	*Other (percent)*	*Notes*
GREAT LAKES				
Illinois	–	–	–	Over 90% of State employees are represented by collective bargaining units. These employees receive semi-annual COLA increases with effective dates of July 1 and January 1 for Fiscal 2009, the COLA is only applicable to 1/09 of 1.5 percent. These employees are also given a step increase on the employee's credible service date ranging roughly between 3 percent and 6 percent, these step increases are capped after years of service in the same title. State employees; designated as Merit comp may be subject to an increase at their discretion of Agency Mgmt. The range for Merit Comp increases is as follows: monthly increase $0, $100, $150, or $200 based on performance plus a one-time discretionary bonus ranging from 0 percent to 7 percent.
Indiana*	1.5	3.3	–	Salary increases enacted since December 2007 include a 1.5 percent General Salary Adjustment (GSA) for all state employees effective December 2007. Pay-for-performance increases provided state employees with average salary increases of 3.25 percent effective February 2008. Employees who exceeded expectations received 8.5 percent, employees who met expectations received 3 percent, and employees who did not meet expectations received 0 percent. Salary increases to be enacted during FY 2009 have not been determined yet.
Michigan	No increase	Not available	Not available	Some classified employees will receive step increases; pay adjustments for satisfactory performance in the amounts and at intervals provided for in the compensation schedule for the employee's classification level. Other employees may be eligible for promotion to a higher classification grade and pay level. Career employees receive an annual longevity payment following completion of 6 years of continuous full-time service. The amount of the longevity payment varies depending on the number of years of full-time service and is increased in four-year increments.
Ohio	3.5	–	–	The 3.5 percent increase was negotiated in the collective bargaining agreement and applied to all union and non-union civil service personnel.
Wisconsin	1.0	–	2.0	The other 2 percent will be implemented June 8, 2009.
PLAINS				
Iowa	3.0	4.5	–	The two largest unions and noncontract employees received the 3.0 percent ATB and a potential for a 4.5 percent merit increase. One union received a 2.0 percent ATB and a 3.5 percent merit increase. Step (Merit) increases are provided on the employee's annual review date until the maximum of the pay plan is reached, then no additional Step increases are provided. Since many employees are at the maximum of the pay scale, adding the ATB and Step (Merit) increases together provides a misleading total amount.
Kansas	2.5	–	5.0	As part of a three-year compensation review, those employees in classifications most under market in salary comparisons received an additional 5.0 percent pay increase.
Minnesota	3.3	2.75 – 4.0	–	Merit increases vary by bargaining unit and plan. Employees who meet performance standards are eligible for a merit increase ranging from 2.75 percent to 4.0 percent. Only employees below the maximum of their salary range are eligible for merit increases. Approximately 50 percent of employees are eligible for merit increases.
Missouri	3.0	–	3.0 to 8.7	Certain health care positions received the other increases. Not reflected are increases for elected officials as recommended by the Citizens' Commission on Compensation of Elected Officials.

TABLE A-10 (continued)

State Employment Compensation Changes, Fiscal 2009

Region/State	*Across-the-Board (percent)*	*Merit (percent)*	*Other (percent)*	*Notes*
PLAINS (cont'd)				
Nebraska	2.0 – 5.2	–	0 – 15	Across-the-board: Most employees covered by collective bargaining receive a 2.5 percent service anniversary date increase; all law enforcement employees received an average 5.2 percent increase effective 7/1/2008; non-collective bargaining management, supervisory, and staff employees received a 2 percent increase effective 7/1/2008; employees of the Judicial branch received a 2.5 percent increase effective 7/1/2008. Other: Salaries for some job classifications covered by collective bargaining were increased from 0 percent to 7.5 percent effective 7/1/2008; salaries for some non-collective bargaining job classifications were increased from 0 percent to 15 percent effective 7/1/2008; these Other changes were the result of a wage comparability review.
North Dakota	4.0	–	–	Minimum increase of $75 per month. Agency can use amounts over $75 to address merit and equity.
South Dakota	3.0	–	2.5	The other represents the movement to job worth for employees who are under the midpoint of their job classification.
SOUTHEAST				
Alabama	3.5*	5**	–	*Across-the-board cost-of-living adjustment effective 10/2009 for non-teacher positions. **Merit raises are performance based ranging from 0 percent to 5 percent.
Arkansas	2	up to 8	–	The new merit system is based off of performance evaluations: Exceeds Standards 4.5 percent/ Above Average 3.0 percent/ Satisfactory 1.5 percent/ Unsatisfactory 0.0 percent/ Minor Promotion 6.0 percent/ Major Promotion 8.0 percent.
Florida	–	–	5.0	The 5 percent increase applied to sworn officers in the Florida Highway Patrol in the Department of Highway Safety and Motor Vehicles. Approximately 1,500 individuals received the increase.
Georgia	2.5	0.0	–	Provides that 1 percent of personal services funds may be used for performance incentives. Pay increase has been suspended and will not go into effect on January 1, 2009.
Kentucky	1.0	–	–	
Louisiana	–	4.0	–	
North Carolina	2.8	–	–	The across the board increase given for FY 2008–09 was the greater of $1,100 or 2.75 percent for all permanent employees of state agencies.
South Carolina	1.0	–	2.0	2.0 percent Cost-of-Living Adjustment for retirees.
Tennessee	–	–	0.6	Other compensation includes a one-time $400 bonus for state employees with at least 3 years of service as of 10/01/08. The bonus totaled $10,285,900 in state funds for general fund employees and excludes the bonus paid to higher education employees.

TABLE A-10 (continued)

State Employment Compensation Changes, Fiscal 2009

Region/State	*Across-the-Board (percent)*	*Merit (percent)*	*Other (percent)*	*Notes*
SOUTHEAST (cont'd)				
Virginia	–	2.0	–	Employees of the Executive Branch subject to the Va Personnel Act will receive their salary increase if they attained at least a rating of Contributor on their latest performance evaluation. Judicial and Legislative Departments are to certify that employees receiving the awards are performing at levels at least comparable to employees subject to the Va Personnel Act.
West Virginia	–	–	–	There is a 3 percent for state employees with min of $708 along with an annual Increment increase by $10 ($50 to $60) per year of service after 3 years of employment. Additionally there is a minimum wage increase and selected state employee classes (corrections; regional jails, juvenile services $2,004 ATB). Mine Inspectors and Instructors received $3,000 ATB. Statutory salary increases of $5,000 for specific titles and extra funding for constitutional officers increase effective upon new election as well as $1,600 for Public School Teachers ATB. Additionally, a 1 percent principal increment increase and $700 for Service Personnel (Some teachers also received additional pay raise for gap fill on their salary schedule which increased pay for certain years of experience).
SOUTHWEST				
Arizona	–	–	–	
Oklahoma	–	–	–	Oklahoma state employees receive a longevity payment based on years of service. Agencies have discretion to grant merit pay, with/OPM approval and within certain guidelines.
New Mexico*	2–2.4	–	1.0	In addition to salary increases, the state contribution to the Educational Retirement plan for Public Schools and Higher Education employees is increased by .75 percent.
Texas	2.0	–	–	An across the board salary increase for state employees of 2 percent with a minimum increase of $50 per month took effect on September 1, 2008.
ROCK MOUNTAIN				
Colorado	3.3	1.0	2.0	The across the board percent increase represents the State's average increase for all State employees. Additional merit pay is based on individual performance evaluations and was not awarded to all State employees. The other category represents a one-time bonus to State employees that were rated as exceptional by their supervisors.
Idaho	1.0	2.0	–	A 1 percent was given across the board and 2 percent discretionary based on performance.
Montana	3.0	0.6		In addition, other increases were allocated to agencies to bring employees significantly below market up to 80 percent of market salaries.
Utah	3.0	–	2.0	The Legislature approved funding for an additional 2.0 percent COLA, the cost of which was offset by premium-share changes to certain health insurance plans offered to state employees.
Wyoming	4.0	–	–	

TABLE A-10 (continued)

State Employment Compensation Changes, Fiscal 2009

Region/State	Across-the-Board (percent)	Merit (percent)	Other (percent)	Notes
FAR WEST				
Alaska	3.0	3.0 – 3.75	–	3 percent COLA, merit increases range from 3.0 to 3.75 percent. Additional contribution to cost of health insurance (minimal impact on total salary).
California	–	–	–	1 of 21 bargaining units under contract for 2008-09. All bargaining units, except Highway Patrol, are currently in negotiations due to expired contracts. Highway Patrol and Engineers to receive increases based on salary surveys. The Engineers contract expired July 2, 2008 with an increase on July 1, 2008.
Hawaii	–	–	4.3	Only certain bargaining units received step increases and generally only a portion of those employees will be eligible for step increases. Note that rate is out-of-pocket.
Nevada	4.0	–	–	
Oregon	3.2	2.5	0.0	The across-the-board increase is effective 11-1-08. Merit (step) increase for an individual is about 5 percent although not all employees receive them.
Washington	2.0	–	–	

NOTES TO TABLE A-10

Indiana	Figures are salary increases enacted in FY 2008. Salary increases for FY 2009 have not yet been determined, and will not be implemented until February 2009.
New Mexico	Those positions receiving a 2.4 percent across-the-board salary increase include Legislative, Judicial and Executive Employees. Those positions receiving a 2.0 percent across the board salary increase include Public School Teachers, Instructional, Other and Transportation and Higher Education Faculty and Staff. Those positions receiving some type of 1 percent salary increase include public school educational assistants, secretarial, clerical, maintenance, custodial, food service & transportation employees

TABLE A-11

Enacted Revenue Changes by Type of Revenue, Fiscal 2009

State	*Tax Change Description*	*Effective Date*	*Fiscal 2009 Revenue Changes ($ in Millions)*
	SALES TAXES		
Arkansas	Reduction of State sales tax on manufacturers' electricity and natural gas from 4.5 percent to 4.0 percent.	07-08	-$10.3
California	Use tax on vehicles, vessels, & aircraft	07-08	16.0
Florida	Increase in tax credits	07-08	-1.8
Georgia	Credit for Rehabilitation of historic structures	07-08	-2.6
	Sales Tax Holiday	7/31-8/3/08	-12.6
	Exemption for medical equipment	07-08	-3.2
Hawaii	Clarifies wholesale general excise tax rate	07-08	-1.5
Indiana	Increase from 6 percent to 7 percent in order for state to assume 100 percent of the costs of K-12 operating as well as a number of levies previously funded with property taxes (child welfare, police and fire pension, etc.); Film production incentives	04-08	898.1
Kansas	Sales tax exemptions	07-08	-3.0
Louisiana	Decrease the sales tax rate by 1 percent for utilities for nonresidential use (Act 1 of 2008 2nd Extraordinary Session)	07-08	-69.0
Maryland	Chapter 10 repeals expansion of the base to computer services and altered the sales tax distribution between the General Fund and the Transportation Trust Fund.		-149.0
Minnesota	Streamlined sales tax.	07-08	-1.1
New Jersey	Expand NJ Earned Income Tax Credit Program	01-08	-20.0
New York	Effective September 2008, modifying the non-profit tax exemption on retail sales increases revenues by $7.5 million. Effective April 2008, creating an evidentiary presumption that certain sellers using New York State residents to solicit sales in the State are vendors required to collect sales tax increases revenues by $50 million. Effective June 2008, raising cigarette tax by $1.25 per pack decreases revenues by $7.5 million.	Multiple	50.0
North Carolina	Exemption for baked goods sold by artisan bakeries, Small Business Protection Act, Sales tax holiday for certain energy star appliances		-5.2
North Dakota	Home heating fuels		-5.1
Tennessee	Exemption repealed on first $150 of annual health club membership dues		$1.0
Utah	A $2.0 million increase from changing sales tax from origin to destination, ($3.4) million decrease for railroad exemption for fuel purchase, and ($1.0 million) decrease for exemption of construction materials for commercial airlines and airports	01-09	-2.4
Virginia	Exemption for computer equipment purchased by data centers that meet certain investment and job creation criteria.	07-08	-1.5
Total Revenue Changes—Sales Tax			**$676.8**

TABLE A-11 (continued)

Enacted Revenue Changes by Type of Revenue, Fiscal 2009

State	*Tax Change Description*	*Effective Date*	*Fiscal 2009 Revenue Changes ($ in Millions)*
	PERSONAL INCOME TAXES		
Alabama	Increase health insurance deductions	6/08	-$8
	Decoupled Fed Stimulus Tax Law	6/08	-57
California	Suspend NOLs & limit business credits	07-08	188
Georgia	Credit for qualified education expenses	07-08	-50.0
Indiana	Increase in Renters Deduction, IRC Code Update, Film Production Incentives	01-08	-19.2
Maine	Eliminates indexing in Circuit Breaker program.		2.9
	Restores indexing in Circuit Breaker program & caps eligibility.		-1.4
Maryland	Chapter 10 established a 6.25 percent bracket on net taxable income over $1 million for tax years 2008-2010.		154.6
Minnesota	Would require financial institutions to participate in a data-matching process with the state on tax debtors. The state could then levy against the asset.	07-08	10.0
	Requires employers in the construction industry to withhold 2 percent of payments made to independent contractors.	01-09	1.0
	Eliminate non-resident deferred compensation exclusion.	01-08	2.4
	Federal conformity provisions.	01-08	-2.6
New Mexico	Working Families Tax Credit		-7.6
	Rebate (One-time)		-55.8
New York	Restructuring fees on Limited Liability Corporations (LLCs) increases revenues by $12 million. Tightening definition of “non-residents who temporarily reside in New York State” increases revenues by $15 million. Providing credit for “bioheat” fuel decreases revenues by $1 million.	01-08	26.0
North Dakota	Property Tax Relief		-55.0
Ohio	Reduction in Income Tax Rates by 4.25 percent	07-08	-450.0
Rhode Island	Repeal of Foreign Tax Credit	01-08	3.6
West Virginia	Conform to provisions of 2008 Federal Economic Stimulus Act.	01-08	-3.6
Utah	HB 52 – Research Activities Tax Credits Amendments, was estimated to result in a ($5.9) million loss in FY 2008 and a $5.9 million gain in FY 2009. In FY 2010 the changes are revenue neutral. It has been shown here as zero.	01-09	0.0
Total Revenue Changes—Personal Income Taxes			**-$321.7**

TABLE A-11 (continued)

Enacted Revenue Changes by Type of Revenue, Fiscal 2009

State	*Tax Change Description*	*Effective Date*	*Fiscal 2009 Revenue Changes ($ in Millions)*
	CORPORATE INCOME TAXES		
Alabama	Limits captive REITS & Clarifies add-back provisions	06-08	$54
	Increased health insurance deductions	06-08	-8.0
	Decoupled Fed Stimulus Tax Law	06-08	6.0
California	Suspend NOLs & limit business credits	07-08	1,692.0
Colorado	Legislation requires that multistate businesses' income be apportioned to Colorado based on the ratio of a company's sales in Colorado to its total sales. The bill further specifies that nonbusiness income can be either directly allocated to the appropriate state or apportioned to the state based on the ratio of a company's sales in Colorado to its total sales.	01-09	-1.6
Florida	Increase in tax credits	07-08	-28.1
Georgia	Credit for qualified film production	07-08	-10.0
Kansas	A $20 million increase for allowing full apportionment; $2.5 million increase for changing sales factor definition; $13.3 million reduction for reducing tax rate	01-08	9.0
Maine	Restricts net operating loss deductions exceeding $100,000.		5.4
	Change to Circuit Breaker program, specific amount of net operating loss carried forward.		1.5
Michigan	Credits for film production	04-08	-120.7
Minnesota	Foreign operating corporations.	01-08	109.0
	Federal conformity provisions.	01-08	3.5
North Dakota	Wind Power Construction and Property Tax Relief		-7.0
Ohio	Reduction on Corporate Franchise Tax by 20 percent	07-08	-350.0
Rhode Island	Limitation of the Innovative Technology Credit for corporations.	01-08	1.0
Tennessee	Prohibits certain taxpayers from moving assets to exempt affiliates prior sale of assets.		4.0
	Phase-out consolidated net worth deductions applied to tax liabilities of financial institutions.		10.0
West Virginia	Conform to provisions of 2008 Federal Economic Stimulus Act (e.g., bonus depreciation).	01-08	-13.9
Total Revenue Changes—Corporate Income Taxes			**$1,356.13**
	ALCOHOLIC BEVERAGES		
Maine	Excise Tax on beer and wine. Note: Dirigo Health Fund (Non General Fund)		7.5
Total Revenue Changes—Alcoholic Beverages			**$7.5**

TABLE A-11 (continued)

Enacted Revenue Changes by Type of Revenue, Fiscal 2009

State	*Tax Change Description*	*Effective Date*	*Fiscal 2009 Revenue Changes ($ in Millions)*
	CIGARETTE AND TOBACCO TAXES		
New York	Effective June 2008, increasing tax from $1.50 to $2.25 per pack increases revenues by $265 million. Effective July 2008, the reclassification of "little cigars" to match Federal definition increases revenues by $3.6 million. Also effective July 2008, the change in the tax rate on most products considered "snuff" to a rate of 96 cents per ounce increases revenues by $2 million.	Multiple	$270.6
Total Revenue Changes—Cigarette and Tobacco Taxes			**$270.6**
	MOTOR FUEL TAXES		
Alaska	1 yr Suspension	09-08	-$33.3
Minnesota	Motor fuels tax increase and debt service surcharge	10-08 and 8-08	136.0
West Virginia	Yield of 5 percent Wholesale Fuel Tax frozen at 2007 price level.	01-09	-35.0
Total Revenue Changes—Motor Fuel Taxes			**$67.7**
	OTHER		
Connecticut	Elimination of the 0.5 percent tax increase of the Petroleum Gross Receipts Tax.	07-08	-$30.9
Delaware	Increases to Gross Receipts tax rates	01-09	14.1
	Increases to various Division of Corporation revenues	08-08	52.5
Georgia	Insurance Premium Tax Exemption for high deductable health plans	07-08	-11.5
	Ad valorem reduction for certain conservation forest land	07-08	-9.1
Indiana	Includes Property Tax Reduction for Local Units	05-08	-1,171.9
Maine	New Soft Drink Tax. Note: Dirigo Health Fund (Non General Fund)		9.2
	Reduction in E-9-1-1 surcharge. Note: Other Special Revenue Fund Fund (Non General Fund)		-3.5
	Hospital & Service Provider Tax rate reduction. Other Special Revenue Fund (Non General Fund)		-2.2
	Adj of Hospital Tax base year. Other Special Revenue Fund (Non General Fund)		11.4
Minnesota	Motor vehicle registration tax changes.	09/08	17.0
	Surplus-lines insurance stamping office.	01-09	1.5
	Additional tax compliance efforts.	07-08	21.0
North Carolina	Modify estate tax law		-2.0
Pennsylvania	Continued Phase Out of the Capital Stock and Franchise Tax.	01-08	-241.0
Rhode Island	Increase tax on insurers to 1.75 percent and include dental plans.	01-09	10.8
West Virginia	Corporate Charter Tax repealed	07-08	-6.7
Total Revenue Changes—Other Taxes			**-$1,341.3**

TABLE A-11 (continued)

Enacted Revenue Changes by Type of Revenue, Fiscal 2009

State	*Tax Change Description*	*Effective Date*	*Fiscal 2009 Revenue Changes ($ in Millions)*
	FEES		
Alaska	Business License Fee Reduction	10-08	-$2.5
Arizona	Defensive driving fees		11.0
California	Fee excludes routine statutorily required fee issues.	07-08	626.1
Indiana	Increase in Court Fees, New License Fees	07-08	2.9
Iowa	Various Fee Changes		0.1
Maine	Fee for summary judgment motions in the state courts.		1.0
	Increase in annual vanity plate registration & title fees by $10. Highway Fund (Non General Fund)		13.0
Maryland	Chapter 256 increased fees for newborn screening for congenital and hereditary disorders.	01-09	1.1
	Chapter 410 repeals requirements to verify that a lawyer has paid undisputed taxes and unemployment insurance contributions before accepting an annual fee from the lawyer.	06-08	-1.0
Minnesota	Repeals the 2003 county-owned nursing home payment adjustment and the 2003 intergovernmental transfer from certain counties.	07-08	-2.3
	Increases the fine surcharge on criminal and traffic related tickets from $72 to $75.	05-08	1.2
	Increases all vehicle registration renewal fees by $1.75 for four years to fund a new driver and vehicle services computer system.	07-08	12.3
	Removes the cap on securities registration fees collected from securities companies.	06-08	20.5
	Reduced cost fishing license for harvesting one-half the fish possession limits.	03-09	-1.8
Rhode Island	Expansion of the Hospital Licensing Fee to 4.78 percent of hospital net patient revenue.	07-08	33.4
	Increased fees for driving violations.	07-08	1.4
Texas	$5 fee on customers of sexually oriented businesses- this fee is currently in litigation. Also, various regulatory agencies were authorized to raise fees as needed to cover costs.		34.3

TABLE A-11 (continued)

Enacted Revenue Changes by Type of Revenue, Fiscal 2009

State	*Tax Change Description*	*Effective Date*	*Fiscal 2009 Revenue Changes ($ in Millions)*
	FEES (continued)		
Vermont	Hazardous Chemical Fund	07-08	0.045
	Sale of DUI Videotapes	07-08	0.011
	Workers' Compensation Admin	07-08	0.831
	Vt Products “Seal of Quality”	07-08	0.020
	Spay and Neuter incentive program	07-08	0.075
	Judicial Bureau failure to pay	07-08	0.600
	Juvenile court diversion fee cap raised	07-08	0.036
	Vt Campaign Finance Fund	07-08	0.146
	Enhanced Driver's License Fee	07-08	0.333
	Low trailer bed blanket permit	07-08	0.011
	Sheriffs service of civil process	07-08	0.072
	Judiciary filing fees	07-08	1.200
	Banking and Insurance Securities fees	07-08	2.200
	Secretary of State Corporations Fees	07-08	0.456
Washington	Health professions licensing increases	07-08	1.0
	Prevailing wage intents and affidavits	07-08	1.0
	Dept of Licensing driver skills testing fee	07-08	1.0
	Wastewater discharge permit fee	07-08	1.0
	Tuition at 4-year schools	09-08	28.0
	Student technology fee	09-08	2.5
	Course, Application, Special Program, and Other Miscellaneous Academic/Administrative Fees		1.0
	Services and Activities Fees-All Students		1.0
	Fee-Based Degree Programs		2.0
	Fee-Based Credit Courses		1.0
	Fee-Based Non-Credit Courses		1.0
	Summer Quarter Tuition – Resident Undergraduates		1.0
	Summer Quarter Tuition – Non-Resident Undergraduates and Graduates		1.0
	Tuition at 2-year schools		5.0
	2-year lab and class fees		1.0
Total Revenue Changes—Fees			**$805.2**

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE A-11

California	Tax and fee changes are effective for the 2008-09 budget year; operative dates vary.
Hawaii	Clarifies that the service of furnishing goods or services in connection with performing a warranty obligation on behalf of a manufacturer is considered to be a wholesale service-to-service transaction for purposes of the 0.5 percent wholesale general excise tax rate.
Michigan	The addition of select services to the use tax base was repealed prior to the December 1, 2007 effective date. At that time, a surcharge on the Michigan Business Tax was enacted into law to offset the use tax repeal.
Nebraska	A number of legislative bills were adopted and signed by the Governor which reduced the tax burden on Nebraska citizens and businesses. However, all were small in scope relative to the total state budget and no single item involved more than $1 million in revenue. Various minor income tax adjustments/credits and sales tax exemptions were enacted for Fiscal 2009, each with revenue reduction amounts estimated at less than $1 million
North Dakota	HB1049 reduces the tax on home heating fuels ($2.3 million), SB2225 reduces the sales tax on bingo products ($1.7 million), and SB2298 provides a sales tax exemption for power plant construction ($1.1 million). SB2032 reduces the “marriage penalty” and provides property tax relief through a state income credit. HB1233 provides an income tax credit for the installation of wind energy devices ($1.5 million) and SB2032 provides property tax relief through a corporate income tax credit ($5.5 million).
Oregon	Oregon's last legislative session was their short “annual” session in February 2008. No tax or revenue measures were passed.

TABLE A-12

Enacted Revenue Measures, Fiscal 2009

State	*Description*	*Effective Date*	*Fiscal 2009 Recommended Changes ($in Millions)*
California*	Sales – Enforcement efforts	07-08	$ 71.0
	Personal Income – Enforcement efforts, rev accelerations, accrual accounting change.	07-08	3,061.0
	Corporate Income – Enforcement efforts, rev accelerations, accrual accounting change.	07-08	1,288.0
	Cigarette – Enforcement efforts	07-08	3.0
Delaware	Other Taxes – Speed up of insurance tax payments, results in $10 million of one-time revenue	7/08	10.0
	Other Taxes – Video lottery changes including increasing surcharge, altered percentages to state and increased hours and credits for racinos	7/08	14.5
	Changed dormancy period of securities from 5 – 3 years	7/08	90.0
Florida	Corporate Income – Estimated payments speed-up	08-09	93.8
	Other Taxes – Redistribution and speed-up of tax collections	07-08	378.3
	Fees – Various fee increases	07-08	122.3
Idaho	Personal Income – Grocery Tax Rebate	07-08	-23.5
Illinois	Corporate Income – Corporate Loophole Closures	08-07	140.0
Iowa	Cigarette – Statewide smoking ban in public places is expected to impact cigarette taxes	07-08	-8.5
	Fees – Improved Collections of Court Fines	07-08	22.5
Kansas	Personal Income – $2 million reduction for income tax credit for seniors; $1 million increase for electronic filing requirements		-1.0
	Corporate – Tax credit for capital investments in disaster areas	07-08	-5.0
Kentucky	Sales – Exclusion of sales tax on over-the-counter drugs	07-08	-1.2
	Other Taxes – Change in calculation of interest rate on refunds and interest accrual on rebates.	07-08	3.2
	Fees – Court fees	07-08	13.4
Louisiana	Sales – Start of a phased-in dedication of vehicle sales tax to transportation projects (Act 11 of 2008 2nd Extraordinary Session)	07-08	-31.4
	Corporate Income – Renewal of New Market Tax Credits as supplement to the federal program (Act 4 2008 2nd Extraordinary Session)	07-08	-10.0
	Other Taxes – Accelerated phase-in of truck and trailer licenses to rural highways (Act 11 2008 2nd Extraordinary Session) at a cost of $11 million; Creation of Workforce Training Rapid Response Fund with annual dedication of $10 million of general fund (Act 890 2008 Regular Session)	07-08	-21.0
Maine	Personal Income – Enhanced tax collection efforts		0.6
	Corporate Income – Enhance tax collection efforts		1.1
Maryland	Motor Fuel – Redirects a portion of revenues to General Fund from the Chesapeake Bay 2010 Fund		6.5
	Other Taxes – Redirects a portion of the short-term vehicle rental tax to the General Fund from the Chesapeake Bay 2010 Fund		18.5

TABLE A-12 (continued)

Enacted Revenue Measures, Fiscal 2009

State	*Description*	*Effective Date*	*Fiscal 2009 Recommended Changes ($in Millions)*
Massachusetts	Sales-Repealed the Pesticides Sales Tax Exemption – $3 million. The Commonwealth had a sales tax holiday in FY 2009 which cost the state roughly $16 million.	-13.0	
	Personal Income – Clarifies that the earned income tax credit is available only to Massachusetts residents.		2.0
	Corporate Income – “Combined reporting”: This reform prevents multi-state businesses from shifting income away from corporations doing business in Massachusetts to affiliates in low-tax jurisdictions, thus reducing their taxes paid to Massachusetts. It requires affiliated corporations engaged in unitary business activities to combine their incomes and file as one entity ($188 million). “Check-the-box conformity”: This prevents businesses from filing federal and other-state tax forms as corporations while claiming another status on their Massachusetts tax returns ($101 million). S-corp tax rate cut cost the Commonwealth $7 million in FY 2009.		282.0
	Cigarette – Enhanced Enforcement of the Cigarette Excise Tax ($12 million), Taxing Cigars and Smoking Tobacco at the Wholesale Level ($11 million), Prepaid Sales Tax on Cigarettes ($10 million)		33.0
	Other Taxes – Up to $25 million per year in tax incentives will be available to certified life sciences companies over a ten year period. According to the Department of Revenue this will cost the Commonwealth approximately $10 million in FY 2009.		-10.0
	Fees – A myriad of other revenue generating measures such as an increase to the fine for late filing taxpayers, wage enforcement, etc.		121.6
Minnesota	Sales – Accelerated payments changed from 78 percent to 90 percent on sales, cigarette, tobacco and alcoholic beverages taxes	06-09	38.0
	Fees – Withhold county federal administrative earnings when county receivables for state operated services are over 90 days past due.	07-08	2.2
Nebraska*	–	–	–
New Jersey	Other Taxes – Enhanced Debt Collection	7/1/08	15.0
	Fees – Delay phase-out of Transitional Energy Facilities Assessment	1/1/09	62.0
New York	Sales – Effective April 2008, voluntary compliance increases revenues by $30 million. Effective September 2008, the vendor re-registration initiative increases revenues by $12.2 million.	Multiple	42.2
	Personal Income – Allowing the recovery of Federal fees for refund offsets increases revenues by $1 million. Enacting a comprehensive compliance improvement program increases revenues by $167 million.	04-08	168.0
	Corporate Income – Restructuring the fixed dollar minimum tax increases revenues by $73 million. Increasing capital base limitations from $1 million to $10 million for non-manufacturers increases revenues by $89 million. Decoupling from the Federal QPAI deduction increases revenues by $50 million. Expanding Empire State Film Production Credit Program decreases revenues by $5 million. Increasing the mandatory first installment from 25 percent to 30 percent increases revenues by $90 million. Making technical corrections to REITs/RICs loophole closing legislation enacted in 2007-08 increases revenues by $48 million. Imposing the bank tax on credit card operations that have a significant number of customers, accepting vendors or receipts in New York State increases revenues by $56 million. Authorizing additional credits for the State Low-Income Housing Credits Program decreases revenues by $4 million.	04-08-Film Production Credit; 01-08-all others	397.0
	Fees – Offering a $30 enhanced license that is compliant with the Western Hemisphere Travel Initiative (WHTI) increases revenues by $66.4 million.	06-08	66.4
North Carolina	Corporate Income – Extend sunset for State Ports Tax Credit, extend credit for Research & Development, and extend sunset for Small Business Employee Health Benefits Tax Credit		-10.5

TABLE A-12 (continued)

Enacted Revenue Measures, Fiscal 2009

State	*Description*	*Effective Date*	*Fiscal 2009 Recommended Changes ($in Millions)*
Oklahoma	Sales – Tax Compliance Initiative	06-08	6.4
	Personal Income – Tax Compliance Initiative	06-08	9.9
	Corporate Income – Tax Compliance Initiative & REIT Initiative	6/3/2008; 1/1/2008	15.5
	Other Taxes – Tax Compliance Initiative	06-08	1.3
Pennsylvania	Other Taxes – Increases annual transfer of surplus from State (Liquor) Stores Fund ($45 million). Also includes one-time transfers from Recycling Fund ($15 million) and Banking Department Fund ($15 million).	07-08	75.0
Rhode Island	Other Taxes – Regain public utility revenues that were to be diverted.	07-08	3.9
	Other Taxes – Reduction of Nursing Home Reimbursement Rate.	07-08	-3.2
	Other Taxes – Conversion of Energy Grants to restricted receipts.	07-08	-2.1
	Other Taxes – Transfer from Resource Recovery Corporation to the General Fund.	07-08	7.5
	Other Taxes – Transfer from Rhode Island Health and Educational Building Corporation to the General Fund.	07-08	1.1
	Fees – Reinstatement of the Hospital Licensing Fee	07-08	78.0
	Fees –Conversion of Newborn Hearing and Screening Fees to restricted receipts.	07-08	-1.7
	Fees – Disproportionate Share Payments to State Hospital.		-3.0
Utah	Sales –Shift interest earned from restricted accounts to the General Fund	07-08	1.7
	Fees – Increased citations with respect to DUI offenses	07-08	1.7
Total			**$6,634.5**

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE A-12

California Tax and fee changes are effective for the 2008-09 budget year; operative dates vary.

Nebraska A number of legislative bills were adopted and signed by the Governor which reduced the tax burden on Nebraska citizens and businesses. However, all were small in scope relative to the total state budget and no single item involved more than $1 million in revenue.

TABLE A-13

Total Balances and Balances as a Percentage of Expenditures, Fiscal 2007 to Fiscal 2009*

	*Total Balance ($ in Millions)***			*Balances as a Percent of Expenditures*		
Region/State	*Fiscal 2007*	*Fiscal 2008*	*Fiscal 2009*	*Fiscal 2007*	*Fiscal 2008*	*Fiscal 2009*
NEW ENGLAND						
Connecticut	$ 1,382	$ 1,382	$ 1,382	9.0%	8.5%	8.1%
Maine	152	131	132	5.0%	4.2%	4.3%
Massachusetts	1,299	817	446	4.5%	2.6%	1.4%
New Hampshire	151	106	94	11.0%	6.9%	6.1%
Rhode Island	82	104	77	2.6%	3.1%	2.3%
Vermont	55	58	60	4.8%	4.8%	4.9%
MID-ATLANTIC						
Delaware	591	526	424	17.4%	15.4%	11.9%
Maryland	1,717	1,172	811	12.1%	8.1%	5.5%
New Jersey	2,586	1,098	600	8.5%	3.3%	1.9%
New York	3,045	2,754	2,031	5.9%	5.2%	3.6%
Pennsylvania	1,244	1,325	768	4.7%	4.9%	2.7%
GREAT LAKES						
Illinois	918	417	417	3.6%	1.5%	1.6%
Indiana	1,286	1,413	1,346	10.5%	11.1%	10.2%
Michigan	261	142	4	2.9%	1.4%	0.0%
Ohio	1,228	1,820	1,085	4.9%	6.9%	3.9%
Wisconsin	66	131	156	0.5%	1.0%	1.1%
PLAINS						
Iowa	611	641	668	11.4%	10.9%	10.9%
Kansas	935	532	121	16.7%	8.7%	1.9%
Minnesota	2,245	1,317	509	14.1%	7.7%	2.9%
Missouri	1,021	1,114	641	13.0%	13.8%	7.2%
Nebraska	1,095	1,130	778	35.1%	34.8%	22.3%
North Dakota	496	653	655	49.0%	54.2%	52.1%
South Dakota	133	107	95	12.1%	9.1%	7.8%
SOUTHEAST						
Alabama	1,191	430	60	14.9%	5.0%	0.7%
Arkansas	0	0	0	0.0%	0.0%	0.0%
Florida	4,670	1,671	-114	16.6%	6.0%	-0.4%
Georgia	2,786	2,217	2,217	14.5%	10.8%	10.4%
Kentucky	811	300	254	9.2%	3.2%	2.7%
Louisiana	1,771	1,641	778	18.7%	17.0%	8.0%
Mississippi	507	440	364	11.6%	8.7%	7.1%
North Carolina	2,008	1,386	879	10.8%	6.8%	4.1%
South Carolina	1,081	324	242	16.5%	4.5%	3.5%
Tennessee	1,549	1,088	750	15.8%	9.6%	6.6%
Virginia	1,516	1,328	1,143	8.5%	7.7%	6.7%
West Virginia	947	1,132	621	25.6%	30.1%	14.1%
SOUTHWEST						
Arizona	1,055	148	204	10.3%	1.5%	2.1%
New Mexico	651	713	407	10.9%	11.9%	6.6%
Oklahoma	768	886	587	12.3%	13.7%	9.4%
Texas	9,020	4,020	12,012	25.0%	9.7%	38.8%
ROCKY MOUNTAIN						
Colorado	783	609	604	11.1%	8.2%	7.7%
Idaho	376	318	192	14.6%	11.3%	6.5%
Montana	550	438	340	32.4%	21.2%	17.2%
Utah	555	414	439	11.1%	7.0%	7.9%
Wyoming	300	306	229	16.5%	16.9%	13.1%
FAR WEST						
Alaska	3,015	6,128	8,981	54.8%	112.2%	150.2%
California	3,900	3,998	2,589	3.8%	3.9%	2.5%
Hawaii	555	405	124	10.3%	7.5%	2.2%
Nevada	406	382	-114	11.3%	11.1%	-3.0%
Oregon	1,437	93	364	25.4%	1.3%	5.4%
Washington	1,074	1,110	529	7.6%	7.6%	3.5%
Total**	**$65,880**	**$50,815**	**$47,981**	**10.1%**	**7.4%**	**7.0%**

NOTES: NA indicates data not available. *Fiscal 2007 are actual figures, fiscal 2008 are preliminary actual figures, and fiscal 2009 are appropriated figures. **Total balances include both the ending balance and balances in budget stabilization funds.

SOURCE: National Association of State Budget Officers.

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