

# States Grappling With Hit to Tax Collections



Updated November 6, 2020

*NOTE: We are no longer updating this report. See Table 2 for date of last forecast reported for each state.*

COVID-19 has triggered a severe state budget crisis. State revenues have declined precipitously and costs are rising sharply, with many businesses closed or operating at reduced hours and millions of people recently unemployed. Due to the economy's rapid decline and uncertainty about its future path as well as possible federal aid, official state revenue projections likely do not yet fully reflect the unprecedented fiscal impact of the coronavirus pandemic. Executive and legislative fiscal offices in many states are analyzing new economic projections and producing estimates of the damage before state legislatures meet in regular or special sessions to address shortfalls. Most states have released estimates but they may change before state legislatures meet again later this year or in January. (See Table 1.)

## Estimates Show Substantial Shortfalls

States' revenue projections show some of the damage the pandemic-induced downturn has caused to state budgets, though they do not show states' increased costs from fighting the virus and from rising demand for state services. The wide range of projected general fund revenue impacts reflects the uncertainty that states face, and the variety of methods states are using to assess the damage. (In some cases, states are still relying on data available *before* the crisis.)

States have begun the 2021 fiscal year that extends from July 2020 to June 2021 in most states. State revenue estimators are likely proceeding cautiously with these estimates because of the consequences the revenue declines will have as states work to balance their budgets. Policymakers will want to be more certain about the scale of expected revenue drops before making large and harmful budget cuts.

There is considerable uncertainty about the course of the economy over the next year. For example, if the federal government fails to provide additional fiscal stimulus, the chance that the economy could turn down again rises and another resurgence of the virus would dampen growth. In addition, gas taxes, vehicle registration fees, and other revenues that are deposited into separate funds (like transportation funds) are also declining.

States faced an immediate crisis in fiscal year 2020 as the pandemic took a toll on revenues. State tax collections for March through August 2020 were [6.4 percent less](#) than in the same months of 2019, on average. In normal times, tax collections would have grown from 2 to 3 percent. To balance their budgets — as required — states made cuts, tapped reserves, or found enough revenue to close these shortfalls in just three months, an extremely short period to find such large amounts of revenue. The federal fiscal aid provided so far and the fact that high-wage earners were more likely to keep their jobs than low-wage workers, combined with the stock market remaining at high levels, has meant that revenues did not fall quite as much as anticipated in some states. But states still face large budget shortfalls and uncertainty as COVID-19 cases continue to climb and much federal assistance to workers and businesses has ended and may not be extended.

States are drawing on their rainy day funds and other budget reserves to address these shortfalls but, as in the last recession, those reserves [will be far from adequate](#). And states will worsen the recession if they respond to this fiscal crisis by laying off employees, scaling back government contracts for businesses, and cutting public services and other forms of spending.

[Damaging cuts](#) have already begun. In Georgia, policymakers [approved](#) a 10 percent cut for 2021, including a nearly \$1 billion cut for K-12 public schools and cuts to programs for children and adults with developmental disabilities, among others. Maryland enacted [\\$413 million](#) in emergency spending cuts including large cuts to colleges and universities.

Florida’s governor [vetoed \\$1 billion](#) in spending that lawmakers approved before the crisis and [ordered agencies](#) to look for 8.5 percent more in possible cuts for fiscal year 2021. The state also cut money for community colleges and services related to behavioral health, including opioid and other substance use treatment services, crisis intervention services, and services for people experiencing homelessness.

Given the economy’s rapid decline and the extraordinary damage being done to state, tribal, and local budgets, federal policymakers will need to [provide more help](#) to states and families affected by the crisis.

## Tracking Estimated State Revenue Shortfalls

We’ve collected the most current estimated revenue declines we’re aware of in the table below. In many cases these are **estimates** that states will update as more is known about the impact of the COVID-19 pandemic on the economy and tax collections.

TABLE 1

### COVID-19 Pandemic Causing Sharp Revenue Drops in States

Estimated General Fund Tax Revenue Declines

| State        | Fiscal Year | Decline             | Decline as percent of pre-COVID-19 revenue projections |
|--------------|-------------|---------------------|--------------------------------------------------------|
| Alaska       | 2020        | \$612 million       | 10 percent                                             |
| Alaska       | 2021        | \$882 million       | 15 percent                                             |
| Alaska       | 2022        | \$797 million       | 14 percent                                             |
| Arizona      | 2020        | \$616 million       | 5 percent                                              |
| Arizona      | 2021        | \$218 million       | 2 percent                                              |
| Arizona      | 2022        | \$341 million       | 3 percent                                              |
| Arkansas     | 2020        | \$113 million       | 2 percent                                              |
| Arkansas     | 2021        | \$206 million       | 3 percent                                              |
| California   | 2020        | \$9.7 billion       | 7 percent                                              |
| California   | 2021        | \$26–\$32.2 billion | 17–21 percent                                          |
| Colorado     | 2020        | \$74 million        | 1 percent                                              |
| Colorado     | 2021        | \$2.1 billion       | 16 percent                                             |
| Colorado     | 2022        | \$1.5 billion       | 11 percent                                             |
| Connecticut  | 2020        | \$361 million       | 2 percent                                              |
| Connecticut* | 2021        | \$2.6 billion       | 13 percent                                             |
| Connecticut  | 2022        | \$2.3 billion       | 12 percent                                             |
| Delaware     | 2020        | \$215 million       | 5 percent                                              |
| Delaware     | 2021        | \$41 million        | 1 percent                                              |
| Delaware     | 2022        | \$264 million       | 5 percent                                              |
| Florida      | 2020        | \$1.9 billion       | 6 percent                                              |
| Florida      | 2021        | \$3.4 billion       | 10 percent                                             |

TABLE 1

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Estimated General Fund Tax Revenue Declines

| State         | Fiscal Year | Decline             | Decline as percent of pre-COVID-19 revenue projections |
|---------------|-------------|---------------------|--------------------------------------------------------|
| Florida       | 2022        | \$2 billion         | 6 percent                                              |
| Georgia*      | 2021        | \$2.5 billion       | 9 percent                                              |
| Hawai'i       | 2020        | \$792 million       | 11 percent                                             |
| Hawai'i       | 2021        | \$1.8 billion       | 23 percent                                             |
| Hawai'i       | 2022        | \$1.5 billion       | 19 percent                                             |
| Idaho         | 2021        | \$37 million        | 1 percent                                              |
| Illinois      | 2020        | \$2.7 billion       | 7 percent                                              |
| Illinois      | 2021        | \$4.6 billion       | 12 percent                                             |
| Indiana       | 2020        | \$1.4 billion       | 8 percent                                              |
| Indiana*      | 2021        | \$2.0 billion       | 12 percent                                             |
| Iowa          | 2020        | \$160 million       | 2 percent                                              |
| Iowa          | 2021        | \$325 million       | 4 percent                                              |
| Kansas        | 2020        | \$816 million       | 11 percent                                             |
| Kansas        | 2021        | \$549 million       | 7 percent                                              |
| Kentucky      | 2020        | \$10 million        | < 1 percent                                            |
| Kentucky      | 2021        | \$361–\$659 million | 3–6 percent                                            |
| Louisiana     | 2020        | \$293 million       | 3 percent                                              |
| Louisiana     | 2021        | \$970 million       | 10 percent                                             |
| Maine         | 2020        | \$28 million        | 1 percent                                              |
| Maine         | 2021        | \$528 million       | 13 percent                                             |
| Maine         | 2022        | \$434 million       | 10 percent                                             |
| Maryland      | 2021        | \$673 million       | 3 percent                                              |
| Maryland      | 2022        | \$311 million       | 2 percent                                              |
| Massachusetts | 2020        | \$2.4–\$3 billion   | 8–10 percent                                           |
| Massachusetts | 2021        | \$2.8–\$9.6 billion | 9–31 percent                                           |
| Michigan      | 2020        | \$926 million       | 4 percent                                              |
| Michigan      | 2021        | \$2.5 billion       | 10 percent                                             |
| Michigan      | 2022        | \$1.7 billion       | 7 percent                                              |
| Minnesota     | 2020        | \$610 million       | 3 percent                                              |
| Minnesota     | 2021        | \$3 billion         | 12 percent                                             |
| Minnesota     | 2022        | \$2.5 billion       | 10 percent                                             |

TABLE 1

## COVID-19 Pandemic Causing Sharp Revenue Drops in States

Estimated General Fund Tax Revenue Declines

| State          | Fiscal Year | Decline                      | Decline as percent of pre-COVID-19 revenue projections |
|----------------|-------------|------------------------------|--------------------------------------------------------|
| Mississippi    | 2020        | \$344 million                | 6 percent                                              |
| Mississippi    | 2021        | \$275 million                | 5 percent                                              |
| Missouri       | 2020        | \$864 million                | 9 percent                                              |
| Missouri       | 2021        | \$1 billion                  | 10 percent                                             |
| Montana        | 2021        | \$274 million                | 11 percent                                             |
| Nebraska       | 2020        | \$269 million                | 5 percent                                              |
| Nebraska       | 2022        | \$444 million                | 8 percent                                              |
| Nevada         | 2020        | \$509 million                | 12 percent                                             |
| Nevada         | 2021        | \$1.2 billion                | 26 percent                                             |
| New Hampshire  | 2020        | \$125–\$199 million          | 5–8 percent                                            |
| New Hampshire  | 2021        | \$229–\$395 million          | 9–15 percent                                           |
| New Jersey     | 2020        | \$1.4 billion                | 4 percent                                              |
| New Jersey     | 2021        | \$6.6 billion                | 16 percent                                             |
| New Mexico     | 2021        | \$598 million–\$1.5 billion  | 8–19 percent                                           |
| New Mexico     | 2022        | \$ 287 million–\$1.1 billion | 4–14 percent                                           |
| New York*      | 2021        | \$13.3 billion               | 15 percent                                             |
| New York*      | 2022        | \$16 billion                 | 17 percent                                             |
| North Carolina | 2020        | \$1.6 billion                | 7 percent                                              |
| North Carolina | 2021        | \$2.6 billion                | 10 percent                                             |
| Ohio           | 2021        | \$2.3 billion                | 9 percent                                              |
| Oklahoma       | 2020        | \$447 million                | 7 percent                                              |
| Oklahoma       | 2021        | \$1.4 billion                | 16 percent                                             |
| Oregon         | 2022        | \$1.1 billion                | 9 percent                                              |
| Pennsylvania   | 2020        | \$3.5 billion                | 10 percent                                             |
| Pennsylvania   | 2021        | \$1.2 billion                | 3 percent                                              |
| Puerto Rico    | 2020        | \$800 million–\$1.1 billion  | 8–11 percent                                           |
| Rhode Island   | 2020        | \$281 million                | 7 percent                                              |
| Rhode Island   | 2021        | \$516 million                | 12 percent                                             |
| South Carolina | 2020        | \$105 million                | 1 percent                                              |
| South Carolina | 2021        | \$754 million                | 7 percent                                              |

TABLE 1

## COVID-19 Pandemic Causing Sharp Revenue Drops in States

Estimated General Fund Tax Revenue Declines

| State             | Fiscal Year | Decline       | Decline as percent of pre-COVID-19 revenue projections |
|-------------------|-------------|---------------|--------------------------------------------------------|
| Tennessee         | 2020        | \$654 million | 5 percent                                              |
| Tennessee         | 2021        | \$1.4 billion | 10 percent                                             |
| Texas             | 2020        | \$4.4 billion | 8 percent                                              |
| Texas             | 2021        | \$8.8 billion | 15 percent                                             |
| Utah              | 2020        | \$93 million  | 1 percent                                              |
| Utah              | 2021        | \$757 million | 9 percent                                              |
| Vermont           | 2021        | \$182 million | 11 percent                                             |
| Vermont           | 2022        | \$104 million | 6 percent                                              |
| Virginia          | 2020        | \$234 million | 1 percent                                              |
| Virginia          | 2021        | \$1.3 billion | 6 percent                                              |
| Virginia          | 2022        | \$1.4 billion | 6 percent                                              |
| Washington        | 2020        | \$1 billion   | 4 percent                                              |
| Washington        | 2021        | \$1 billion   | 4 percent                                              |
| Washington        | 2022        | \$1 billion   | 3 percent                                              |
| Washington, D.C.* | 2020        | \$500 million | 6 percent                                              |
| Washington, D.C.* | 2021        | \$985 million | 11 percent                                             |
| Washington, D.C.* | 2022        | \$815 million | 9 percent                                              |
| West Virginia     | 2020        | \$500 million | 11 percent                                             |
| Wisconsin*        | 2021        | \$2 billion   | 10 percent                                             |
| Wyoming           | 2020        | \$109 million | 9 percent                                              |
| Wyoming           | 2021        | \$236 million | 21 percent                                             |
| Wyoming           | 2022        | \$213 million | 19 percent                                             |

\* See Notes in Table 2

TABLE 2

## Sources and Notes

| State   | Source                             | Date and Source           | Notes |
|---------|------------------------------------|---------------------------|-------|
| Alaska  | Department of Revenue              | <a href="#">April 6</a>   |       |
| Arizona | Joint Legislative Budget Committee | <a href="#">October 8</a> |       |

TABLE 2

## Sources and Notes

| State         | Source                                                                  | Date and Source                                    | Notes                                                                                               |
|---------------|-------------------------------------------------------------------------|----------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| Arkansas      | Department of Finance and Administration                                | <a href="#">April 2</a> & <a href="#">July 2</a>   |                                                                                                     |
| California    | Department of Finance                                                   | <a href="#">May 7</a>                              |                                                                                                     |
| Colorado      | Legislative Council                                                     | <a href="#">September 18</a>                       |                                                                                                     |
| Connecticut   | Office of Policy and Management                                         | <a href="#">August 17</a>                          | OPM presentation to the Appropriation Committee informational hearing. FY21 estimate is preliminary |
| Delaware      | Economic and Financial Advisory Council                                 | <a href="#">October 20</a>                         |                                                                                                     |
| Florida       | Office of Economic & Demographic Analysis/Revenue Estimating Conference | <a href="#">July</a> / <a href="#">August 14</a>   |                                                                                                     |
| Georgia       | Office of Planning                                                      | June 30                                            | Based on (unposted) communication with Governor's Budget Office                                     |
| Hawai'i       | Council on Revenues                                                     | <a href="#">September 17</a>                       |                                                                                                     |
| Illinois      | Office of Management and Budget                                         | <a href="#">April 15</a>                           |                                                                                                     |
| Idaho         | Division of Financial Management                                        | <a href="#">August 1</a>                           |                                                                                                     |
| Indiana       | State Budget Committee                                                  | <a href="#">June 19</a> and <a href="#">July 1</a> | FY21 based on news report                                                                           |
| Iowa          | Revenue Estimating Conference                                           | <a href="#">October 10</a>                         |                                                                                                     |
| Kansas        | Consensus Revenue Estimating Group                                      | <a href="#">April 20</a>                           |                                                                                                     |
| Kentucky      | Governor's Office of Economic Analysis                                  | <a href="#">August 27</a>                          |                                                                                                     |
| Louisiana     | Revenue Estimating Conference                                           | <a href="#">May 11</a>                             |                                                                                                     |
| Maine         | Revenue Forecasting Committee                                           | <a href="#">August 1</a>                           |                                                                                                     |
| Maryland      | Board of Revenue Estimates                                              | <a href="#">September 30</a>                       |                                                                                                     |
| Massachusetts | Federal Reserve Bank of Boston                                          | <a href="#">July 9</a>                             |                                                                                                     |
| Michigan      | Consensus Revenue Agreement                                             | <a href="#">August 24</a>                          |                                                                                                     |
| Minnesota     | Management and Budget                                                   | <a href="#">August 3</a>                           |                                                                                                     |
| Mississippi   | State Economist                                                         | <a href="#">June 15</a>                            |                                                                                                     |

TABLE 2

## Sources and Notes

| State          | Source                                          | Date and Source                   | Notes                                                                                                                                                          |
|----------------|-------------------------------------------------|-----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Missouri       | Office of Administration/Governor, press report | <a href="#">July 3 / April 18</a> |                                                                                                                                                                |
| Montana        | Legislative Fiscal Division                     | <a href="#">August 20</a>         |                                                                                                                                                                |
| Nebraska       | Nebraska Economic Forecasting Advisory Board    | <a href="#">September 29</a>      |                                                                                                                                                                |
| Nevada         | Economic Forum/Governor                         | <a href="#">June 10/July 6</a>    |                                                                                                                                                                |
| New Hampshire  | House Ways and Means Committee                  | <a href="#">June 1</a>            |                                                                                                                                                                |
| New Jersey     | Office of Management and Budget                 | <a href="#">October 16</a>        |                                                                                                                                                                |
| New Mexico     | Consensus Revenue Estimating Group              | <a href="#">Sept 30</a>           |                                                                                                                                                                |
| New York       | Division of Budget                              | <a href="#">April 7</a>           | Estimate for all funds (general fund plus other state funds)                                                                                                   |
| North Carolina | Fiscal Research Division                        | <a href="#">May 22</a>            |                                                                                                                                                                |
| Ohio           | Office of Budget and Management                 | <a href="#">June 10</a>           |                                                                                                                                                                |
| Oklahoma       | Board of Equalization                           | <a href="#">April 20</a>          |                                                                                                                                                                |
| Oregon         | Office of Economic Analysis                     | <a href="#">September 20</a>      |                                                                                                                                                                |
| Pennsylvania   | Independent Fiscal Office                       | <a href="#">June 22</a>           |                                                                                                                                                                |
| Puerto Rico    | Financial Oversight and Management Board        | <a href="#">August 5</a>          | The two FY20 figures reflect reporting discrepancies between the Treasury Department and the federally mandated Oversight Board. (Details in linked document.) |
| Rhode Island   | Revenue Estimating Conference                   | <a href="#">May 8</a>             |                                                                                                                                                                |
| South Carolina | Board of Economic Advisors                      | <a href="#">August 31</a>         |                                                                                                                                                                |
| Tennessee      | Department of Finance and Administration        | <a href="#">June 3</a>            |                                                                                                                                                                |
| Texas          | Comptroller                                     | <a href="#">July 20</a>           |                                                                                                                                                                |
| Utah           | Appropriations Committee                        | <a href="#">June 17</a>           |                                                                                                                                                                |
| Vermont        | Joint Fiscal Office                             | <a href="#">August 12</a>         |                                                                                                                                                                |
| Virginia       | Secretary of Finance                            | <a href="#">August 18</a>         |                                                                                                                                                                |

TABLE 2

**Sources and Notes**

| <b>State</b>            | <b>Source</b>                         | <b>Date and Source</b>       | <b>Notes</b>                                                                |
|-------------------------|---------------------------------------|------------------------------|-----------------------------------------------------------------------------|
| <b>Washington</b>       | Economic and Revenue Forecast Council | <a href="#">September 23</a> |                                                                             |
| <b>Washington, D.C.</b> | Chief Financial Officer               | <a href="#">September 30</a> | Revenue projections do not include tax increases in 2021 budget.            |
| <b>West Virginia</b>    | Revenue Secretary                     | <a href="#">April 13</a>     |                                                                             |
| <b>Wisconsin</b>        | Governor                              | April 15                     | Based on (unposted) April 15 letter from Gov. Tony Evers to President Trump |
| <b>Wyoming</b>          | Consensus Revenue Estimating Group    | <a href="#">May 26</a>       |                                                                             |