

Tax Recommendations and Actions in Other States

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Governors' FY 2012 Recommendations

- 12 governors recommend net revenue (tax and fee) increases
- 12 governors recommend net revenue reductions
- Combined effect would be a \$13.8 billion increase, but much of this is attributed to California and Minnesota recommendations

Source: NGA, Fiscal Survey of the States (Spring 2011)

Governors Recommending Increases – FY 2012

- California - \$10.78 b
- Connecticut - \$1.92 b
- Hawaii - \$0.09 b
- Iowa - \$0.04 b
- Maine - \$0.06
- Maryland - \$0.10 b
- Minnesota - \$1.75 b
- Montana- \$2 m
- North Carolina - \$0.64 b
- Rhode Island - \$0.16 b
- Tennessee - \$0.10 b
- Vermont - \$0.04 b

Source: NGA, Fiscal Survey of the States (Spring 2011)

Governors Recommending Decreases – FY 2012

- Arkansas - \$16 m
- Florida - \$695 m
- Michigan - \$257 m
- Nebraska - \$2 m
- New Jersey - \$199 m
- North Dakota - \$25 m
- Ohio - \$417 m
- Oregon - \$51 m
- Pennsylvania - \$67 m
- Texas - \$75 m
- West Virginia - \$11 m
- Wisconsin - \$80 m

Source: NGA, Fiscal Survey of the States (Spring 2011)

Sales Tax Recommendations

FY 2012

- 7 governors proposed sales tax increases, including
 - California – extend 1% rate
 - Connecticut – increase rate, tax certain clothing
 - Maine
 - Maryland – extend vendor comp cap
 - Minnesota
 - North Carolina – increase rate
 - Rhode Island – expand base, reduce rate but increase revenues overall

Sales Tax Recommendations (cont'd)

- 3 governors proposed decreases:
 - Arkansas – reduce sales tax on food
 - New Jersey – exempt certain services related to software
 - West Virginia – reduce sales tax on food
- Net effect of increases and decreases is proposed revenue gain of \$6.1 billion

Source: NGA, Fiscal Survey of the States (Spring 2011)

Personal Income Tax Recommendations FY 2012

- 6 governors recommended increases:
 - California – extend temporary increases
 - Connecticut – rate changes
 - Hawaii – tax pension income
 - Maine
 - Michigan – repeal credits, deductions, and exemptions to fund business tax reduction
 - Minnesota

Personal Income Tax Recommendations (cont'd)

- 7 governors recommended decreases:
 - Iowa – exclude active duty military pay
 - Nebraska – angel investment credit
 - New Jersey – business loss netting and carryover
 - North Carolina – UI credit
 - North Dakota – rate reduction
 - Ohio – rate reduction, previously scheduled
 - Wisconsin – capital gains and HSAs
- Net effect of increases and decreases is proposed revenue gain of \$5.9 billion

Source: NGA, Fiscal Survey of the States (Spring 2011)

Corporate Taxes

FY 2012

- 5 governors recommended increases:
 - California – mandatory single sales, repeal enterprise zone
 - Connecticut – extend 10% surcharge, establish throwback rule
 - Hawaii – repeal state income tax deduction
 - Minnesota
 - Montana – revised waters edge

Corporate Taxes (cont'd)

- 9 governors recommend decreasing corporate taxes:
 - Florida – phase-out tax
 - Iowa – reduce rate
 - Maine
 - Michigan – replace MBT with profits tax
 - New Jersey – phase-in single sales, increase R&D
 - North Carolina – reduce rate
 - Rhode Island – reduce rate
 - Texas
 - Wisconsin – relocation credit, jobs exclusion

Corporate Taxes (cont'd)

Net effect of all of the recommendations would be a reduction in revenues of \$0.5 billion. Most of this is attributable to Michigan (partially funded with a personal income tax increase) and Florida. A version of the Michigan recommendations has been enacted into law.

Source: NGA, Fiscal Survey of the States (Spring 2011) and State Tax Notes

Other Tax Recommendations

FY 2012

- Connecticut governor recommended cigarette tax increase
- 3 governors (CT, MD, HI) recommended alcohol tax increases
- 8 governors recommended increases in other taxes
- 6 governors recommended decreases in other taxes
- Net effect of recommendations is to increase revenues by \$1.2 billion

Source: NGA, Fiscal Survey of the States (Spring 2011)

Fee Recommendations

FY 2012

- 7 governors proposed fee increases: CA, CT, MI, MN, OR, RI, and VT
- Florida governor proposed a fee reduction
- The net effect of the recommendations is to raise \$1.3 billion in revenues

Source: NGA, Fiscal Survey of the States (Spring 2011)

Enacted mid-year FY 2011 Revenue Actions

- Hawaii - \$67 m increase
- Illinois - \$3.1 b increase
- Maine - \$3 m increase
- Minnesota - \$23 m decrease
- Nevada - \$53 m increase
- Ohio - \$426 m increase
- Virginia - \$48 m increase

Source: NGA, Fiscal Survey of the States (Spring 2011)

States with FY 2011 Tax Increases > 1% of FY 2009 tax collections

State	Percent of 2009 Collections
Arizona	8.2%
Washington	6.1%
Kansas	5.1%
New Mexico	3.8%
Tennessee	2.9%
Oklahoma	1.9%
New York	1.8%
South Carolina	1.7%
Georgia	1.5%
Colorado	1.5%
Hawaii	1.3%

Source: NCSL, State Tax Actions 2010

States with FY 2011 Tax Decreases > 0.5% of FY 2009 tax collections

- New Jersey - \$809 m (3.0% of 2009 collections)
- New Hampshire \$17 m (0.8%)
- Massachusetts \$90 m (0.5%)

Source: NCSL, State Tax Actions 2010

States with FY 2010 Tax Increases > 1% of FY 2008 tax collections

State	Tax increase	State	Tax increase
New York	10.6%	Florida	3.6%
California	9.4%	Pennsylvania	3.1%
Delaware	8.2%	Vermont	2.7%
Oregon	7.9%	Mississippi	2.4%
Nevada	6.1%	Alabama	2.2%
Connecticut	6.0%	Rhode Island	2.1%
Wisconsin	5.8%	Ohio	2.0%
Colorado	4.6%	Kentucky	1.6%
North Carolina	4.4%	Tennessee	1.5%
New Hampshire	4.2%	Indiana	1.4%
Massachusetts	4.0%	Maine	1.0%

Source: NCSL, State Tax Actions 2009