



The Fiscal Survey of States



April 2004

**National Governors Association
National Association of State Budget Officers**

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National Governors Association
444 North Capitol Street
Suite 267
Washington, D.C. 20001-1512
202/624-5300

National Association of State Budget Officers
444 North Capitol Street
Suite 642
Washington, D.C. 20001-1511
202/624-5382

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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 in January through April 2004. The surveys were completed by Governors' state budget officers in the 50 states.

Fiscal 2003 data represent actual figures, fiscal 2004 figures are estimated, and fiscal 2005 data reflect recommended budgets.

Forty-six states begin their fiscal years in July and end them in June. The exceptions are Alabama and Michigan, with an October to September fiscal year; 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 members Nick Samuels and Greg Von Behren compiled the data and prepared the text for the report. Dotty Esher of State Services Organization provided typesetting services.

Executive Summary

States' cyclical budget problems appear to have peaked and through fiscal 2004 continue to improve somewhat, a sharp contrast to the previous three years. Beginning in fiscal 2001, states were confronted with a fiscal situation more severe than any they had dealt with during the past 60 years. State revenues—particularly the personal income tax—collapsed, declining in inflation-adjusted terms for eight straight quarters. States were forced to make stark budget cuts, increase taxes, and drain their reserve funds. Now, with the national economy recovering, governors continue to recognize the fragile nature of state finances and continue to develop their budgets judiciously. Overall, revenues are performing as estimated, expenditures remain guarded, and state balances remain relatively unchanged. Finances in many states appear to be recovering, although that recovery is uneven.

This edition of *The Fiscal Survey of States* reflects actual fiscal 2003, estimated fiscal 2004, and recommended fiscal 2005 figures. Data were collected during spring 2004 and show improved fiscal conditions in many states. While some governors made modifications later, for consistency, the data in this report represent the original budget recommendations they submitted to state legislatures.

State Spending

States increased spending minimally in fiscal 2004, and governors' fiscal 2005 budget proposals reflect similarly spare growth. In fiscal 2004, general fund spending grew 2.8 percent above fiscal 2003 levels. Expenditures based on fiscal 2005 budget proposals are also projected to increase by 2.8 percent. In fiscal 2002 and fiscal 2003, general fund spending grew by 1.3 percent and 0.6 percent, respectively. Expenditures include one-time spending from surplus funds, transfers into budget stabilization funds and other reserve funds, and payments to local governments to reduce property taxes. Findings include the following:

Eighteen states reduced fiscal 2004 enacted budgets by more than \$4.8 billion—a significant reduction in the number of states and the dollar amount of cuts made during the prior two years.

In fiscal 2004, state-sourced Medicaid spending grew by 4.6 percent. Because of the temporary Federal Medical Assistance Percentage (FMAP) increase that was part of the 2003 federal fiscal relief package, federal-sourced state Medicaid spending increased by 11.7 percent in fiscal 2004. For fiscal 2005, governors project average state growth rates of 12.1 percent, while the federal share would grow by 3.9 percent as the temporary FMAP provision expires.

State expenditures grew by an estimated 2.8 percent in fiscal 2004. In fiscal 2005, governors recommend that state expenditures grow by 2.8 percent, well below the 26 year average of 6.2 percent, but higher than fiscal 2003 when expenditures increased by only 0.6 percent.

Governors in 10 states proposed negative growth budgets for fiscal 2005—down significantly from 2003 when 21 states enacted negative growth budgets. Two-thirds of all states project expenditure growth less than 5 percent.

States continue to provide supportive services for families to achieve self-sufficiency. Four states proposed to increase their Temporary Assistance for Needy Families (TANF) cash assistance benefit levels, ranging from 0.8 percent to 2.4 percent in fiscal 2005. Three states propose decreases.

State Revenue Actions

While state revenue collections during the past three years have been dismal, the picture is brighter as states end fiscal 2004. For fiscal 2005, governors in 26 states recommended net tax and fee increases totaling \$5.4 billion, and 20 states plan to use other measures that enhance general fund revenues but do not affect taxpayer liability totaling \$2.5 billion. The largest proposed increases are in fees (\$1.5 billion), sales taxes (\$1.4 billion), and cigarette and tobacco taxes (\$1.4 billion). Findings include the following:

In fiscal 2004, 17 states reported that revenues exceeded budgeted amounts. Twenty-two states reported revenues are on target and 11 states reported revenues below budgeted projections.

Fiscal 2004 corporate income taxes are 4.4 percent higher than budgeted estimates. Personal income taxes are 0.6 percent lower than and sales taxes are 0.2 percent above original projections, respectively.

Governors' fiscal 2005 proposed budgets project continued revenue improvement.

Year-End Balances

Year-end balances—which include both ending balances and the amounts in budget stabilization funds—

play a critical role in providing states with necessary resources to deal with unforeseen fiscal downturns. While stable, total balances for the three years covered in this report remain below 5 percent, the level generally considered to be fiscally healthy. In fiscal 2003, balances are \$17.1 billion or 3.4 percent of expenditures. Estimated fiscal 2004 balances total \$19.1 billion or 3.7 percent of expenditures, and balances in fiscal 2005 total \$16.5 billion or 3.1 percent of expenditures. By comparison, in fiscal 2000 balances were \$48.8 billion or 10.4 percent of expenditures.

State Expenditure Developments

CHAPTER ONE

Budget Management in Fiscal 2004

On the heels of a fragile economic recovery, states continue to manage expenditures guardedly. States are still making across-the-board and targeted budget cuts to programs, but to a lesser degree than in recent years. In fiscal 2002, a record 37 states cut their budgets by nearly \$12.6 billion, and 37 states again cut their enacted budgets in fiscal 2003, by \$14.5 billion, a record dollar amount. By comparison, indicating that the recent state fiscal turmoil is starting to recede, 18 states have made cuts to enacted budgets in fiscal 2004 that total more than \$4.8 billion. Some states continue to exempt priority programs such as K-12 education and Medicaid (see Table 1).

Aside from cuts to enacted budgets, states use a variety of strategies to bring their budgets back into balance. In fiscal 2004, 13 states used targeted cuts to address budget imbalances, eight states used across-the-board cuts, six states reduced aid to local government, six states laid off employees, three states offered early retirement, four states reorganized programs, and 15 states used a variety of other methods to reduce or eliminate gaps in their budgets. Other methods include fund shifts, loans, transfers, allotment rescissions, debt service restructuring, closing tax loopholes, delaying a scheduled personal income

tax rate reduction, and hiring freezes (see Appendix Table A-5).

State Spending for Fiscal 2005

This report captures only state general fund spending, the primarily discretionary expenditure of revenues derived from general sources not earmarked for specific items. According to the most recent edition of NASBO's *State Expenditure Report*, estimated fiscal 2003 state spending from all sources is \$1.1 trillion, with the general fund representing 46.2 percent of the total. The components of total state spending are: elementary and secondary education, 21.6 percent; Medicaid, 20.8 percent; higher education, 11.2 percent; transportation, 8.1 percent; corrections, 3.6 percent; public assistance, 2.1 percent; and all other expenditures, 32.6 percent.

Components of state spending within the general fund specifically are elementary and secondary education, 35.4 percent; Medicaid, 16.0 percent; higher education, 12.6 percent; corrections, 6.9 percent; public assistance, 2.3 percent; transportation, 0.7 percent; and all other expenditures, 26.1 percent. Elementary and secondary education has dominated state spending since fiscal 1993, while Medicaid has been the second largest and fastest growing component of

FIGURE 1

Annual Percentage Budget Increases, Fiscal 1979 to Fiscal 2005

See Page 44

TABLE 1

Budget Cuts Made After the Fiscal 2004 Budget Passed

<i>State</i>	<i>Size of Cuts (\$ in Millions)</i>	<i>Programs or Expenditures Exempted from Cuts</i>
California	\$1,607.0	Legislative branch.
Connecticut	12.0	None.
Georgia	292.4	The Homeowner Property Tax Relief Grant program (\$380 million), Debt Service
Illinois	1,320.0	Education (non-administrative), public safety, health and human services and Medicaid, any program entirely federally funded.
Iowa	82.5	Departments designated as Charter Agencies are exempted from a Governor's ATB. The Charter Agencies include: Alcoholic Beverages Division, Department of Revenue, Department of Natural Resources, Department of Corrections, Department of Human Services, and Veterans Home. Also the Legislative and Judicial branches are exempt from an ATB.
Indiana	60.0	Education, property tax relief, job creation, and economic development, debt service.
Kentucky	147.4	Medicaid benefits, base School funding.
Maine	109.0	General Purpose Aid, Corrections Department, Debt Service, Teacher Retirement, Inland Fish & Wildlife (Constitutional).
Maryland	208.4	Judiciary, general assembly, mandated education aid
Michigan	309.0	Medicaid eligibility, covered services, mental health services and provider rates; benefits for needy families and disabled adults; day care benefits; college student scholarships; payment rates for foster care and child caring agencies; local public health operations; veterans' services; environmental protection programs; and economic development programs.
Missouri	210.1	Public debt.
Nebraska	52.6	State Aid to K-12 Education; Special Education; Medicaid; Public Assistance programs; Child Protective Services; State operated facilities for the mentally ill, veterans
New Hampshire	35.0	Aid to cities and towns.
New Jersey	179.0	Appropriations to institutions, debt service, state aid.
Ohio	100.0	The state's primary job-creation programs; basic aid to primary and secondary education; higher education basic aid and student financial aid; and, the passport program, which provides in-home care for seniors, and other selected programs.
Rhode Island	13.4	None.
South Carolina	42.9	Debt service and scholarships.
West Virginia	20.0	Legislature, judicial, debt service, lease rental payments, public defender services, CHIP's, public education, Medicaid, corrections, state police.
Total	\$4,800.7	—

SOURCE: National Association of State Budget Officers.

state spending—both from state general funds and from all spending sources.

Fiscal 2004 state nominal expenditure growth increased minimally—although nowhere near the 26 year average rate. State general fund expenditures in fiscal 2004 are estimated to be nearly \$522 billion, an increase of 2.8 percent from the prior year when spending increased by only 0.6 percent. Continuing this trend in fiscal 2005, governors propose to increase spending by 2.8 percent, to nearly \$537 billion. Since 1979, nominal state spending has increased at an average of 6.2 percent (see Table 2 and Figure 1).

Signaling that state budget problems continue to linger and that they continue to approach spending prudently, more than two-thirds of states report expenditure growth of less than 5 percent in both fiscal 2004 and governors' recommended fiscal 2005 budg-

ets. Governors in 10 states recommended negative expenditure growth in fiscal 2005, while 11 states estimate negative growth budgets for fiscal 2004. In fiscal 2003, 21 states reported negative expenditure growth—the highest number of states reporting a negative nominal percentage expenditure change since the first edition of this report (see Table 3 and Appendix Table A-4).

State Cash Assistance Increased Under the Temporary Assistance for Needy Families Program

Since welfare reform was passed in 1996, states have focused on providing supportive services for families to achieve self-sufficiency rather than cash assistance. For fiscal 2005, 43 states proposed to maintain the same cash assistance benefit levels that were in effect

TABLE 2

State Nominal and Real Annual Budget Increases, Fiscal 1979 to Fiscal 2005

Fiscal Year	State General Fund	
	Nominal Increase	Real Increase
2005*	2.8%	-0.3%
2004*	2.8	-0.4
2003	0.6	-2.5
2002	1.3	4.0
2001	8.3	4.0
2000	7.2	4.0
1999	7.7	5.2
1998	5.7	3.9
1997	5.0	2.3
1996	4.5	1.6
1995	6.3	3.2
1994	5.0	2.3
1993	3.3	0.6
1992	5.1	1.9
1991	4.5	0.7
1990	6.4	2.1
1989	8.7	4.3
1988	7.0	2.9
1987	6.3	2.6
1986	8.9	3.7
1985	10.2	4.6
1984	8.0	3.3
1983	-0.7	-6.3
1982	6.4	-1.1
1981	16.3	6.1
1980	10.0	-0.6
1979	10.1	1.5
1979–2005 average	6.2%	2.0%

NOTE: *The state and local government implicit price deflator, Table 1.1.9 (Implicit Price Deflators for Gross Domestic Product) as cited by the Bureau of Economic Analysis in April 2004, is used for state expenditures in determining real changes. Fiscal 2004 figures are based on the change from fiscal 2003 actuals to fiscal 2004 estimated. Fiscal 2005 figures are based on the change from fiscal 2004 estimated to fiscal 2005 recommended.

SOURCE: National Association of State Budget Officers.

in fiscal 2004. Four states recommended increasing cash assistance benefit levels—ranging from 0.8 percent to 2.4 percent—and three states propose decreasing cash assistance benefit levels (see Table 4 and Notes to Table 4).

The Temporary Assistance for Needy Families (TANF) program had an original expiration date of September 30, 2002. The program has been extended through continuing resolutions since then. The cur-

TABLE 3

Annual State General Fund Expenditure Increases, Fiscal 2004 and Fiscal 2005

Spending Growth	Number of States	
	Fiscal 2004 (Estimated)	Fiscal 2005 (Recommended)
Negative growth	11	10
0.0% to 4.9%	26	25
5.0% to 9.9%	7	13
10% or more	6	2

NOTE: Average spending growth for fiscal 2004 (estimated) is 2.8 percent; average spending growth for fiscal 2005 (recommended) is 2.8%.

SOURCE: National Association of State Budget Officers.

rent continuing resolution extends the TANF program through June 30, 2004 at fiscal 2002 levels until the program is reauthorized.

Medicaid Pressure on State Budgets

Medicaid continues to exert pressure on state budgets, although for the remainder of fiscal 2004 the temporarily-increased federal share of the program contained in the state fiscal relief provisions of the Jobs and Growth Tax Relief Reconciliation Act of 2003 has alleviated some of the fiscal stress.

Medicaid is a means-tested entitlement program financed by the states and the federal government that provides medical care for more than 50 million low-income individuals. Medicaid expenditures are approximately 21 percent of all state spending, while spending on all health care functions constitutes approximately 30 percent of state spending.

Medicaid spending grew 6.0 percent in state funds and 10.8 percent in federal funds in fiscal 2003. States estimate Medicaid growth rates of 4.6 percent for state funds and 11.7 percent for federal funds in fiscal 2004. For governors' proposed fiscal 2005 budgets, states estimate growth rates of 12.1 percent in state funds and 3.9 percent in federal funds (see Table 5). The large shift in rates of growth for the federal and state shares are attributable to the temporary increase in the Federal Medical Assistance Percentage (FMAP) of 2.95 percent that is in effect from April 2003 through June 2004 as part of the federal fiscal relief package.

Even with extensive cost containment and fiscal relief, Medicaid expenditures continue to strain states

TABLE 4

Proposed Cost-of-Living Changes for Cash Assistance Benefit Levels Under the Temporary Assistance For Needy Families Block Grant, Fiscal 2005

<i>State</i>	<i>Percent Change</i>
California*	-7.8%
Florida	2.4
Louisiana	-5.1
Michigan*	0.8
New York*	-4.4
South Dakota	1.1
Texas	2.0

*See Notes to Table 4.

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE 4

California	California's recommended 7.77 percent decrease reflects the suspension of the 2.77 percent July 2004 statutory COLA and a mid-year 2003-2004 proposal to reduce grant levels by 5 percent, which was introduced in Special Session Legislation. The State is also recommending additional grant reductions in the form of sanctions levied against recipients, under certain circumstances, who fail to meet specified program requirements.
Michigan	The fiscal 2005 Executive Budget recommends a clothing allowance increase for all children. Currently, school-aged children (ages 4 to 18) receive a clothing allowance of \$40 per child. Under the Governor's proposed budget, the clothing allowance is increased to \$50 for children, from birth through age 18, representing an average benefit level increase of 0.8 percent.
New York	The State is proposing to reduce the non-shelter component of the public assistance grant by 10 percent for families on welfare for more than five years. This reduction would be partially offset by the recent increase in the shelter component of the grant (which varies by family size and location).

and to exceed the amount that had been originally budgeted for the program. Twenty-three states experienced Medicaid shortfalls in fiscal 2003 and 18 states anticipate shortfalls in the current fiscal year (see Table 6). As a percentage of the total Medicaid program in fiscal 2003, the shortfalls ranged from less than 1 percent to 16.4 percent of the program costs, averaging 4.6 percent. The combined amount of the shortfalls in fiscal 2003 and fiscal 2004 totals nearly \$7 billion. Medicaid costs will continue to outstrip growth in state revenues into the future. Both the Congressional Budget Office and the Office of Man-

agement and Budget project long range annual growth of between 8 percent and 9 percent.

Medicaid Cost Containment Actions. The 50 states have maintained a growth rate below private insurance levels due to extensive cost containment efforts. From fiscal 2002 through fiscal 2004, the number of states that have implemented policies to control Medicaid costs, according to the Kaiser Commission on Medicaid and the Uninsured, are as follows:

50 states reduced or froze provider payments;

50 states implemented policies to control prescription drug costs, such as prior authorization and preferred drug lists;

34 states have reduced or restricted eligibility;

35 state have reduced benefits; and

32 states have increased co-payments.

States are faced with the same cost pressures that affect private insurance, such as prescription drug costs increasing at double-digit rates and rising medical services costs. Enrollment increases also have played a major role in the increase in Medicaid spending, with enrollment increases of 8.8 percent in fiscal 2003 and an additional 5.5 percent estimated in fiscal 2004, according to the Kaiser Commission on Medicaid and the Uninsured.

In addition to cost containment measures to limit spending, about one-half of the states reported plans to generate additional Medicaid revenues. Most of the measures that rely on additional resources involve fees or taxes levied on health care providers. Other measures include reallocating tobacco settlement funds and increasing cigarette taxes.

The temporary change in the federal Medicaid matching rate provided \$10 billion in fiscal relief to states during fiscal 2003 and fiscal 2004. States have used the funds in a variety of ways to assist in Medicaid programs. About three-fourths of the states used them to avoid, minimize, or postpone Medicaid cost containment measures and/or to resolve a shortfall in the Medicaid budget. The remainder of states held the funds in reserve, have yet to make a decision on some or all of the funds, or increased programs (see Table 7).

TABLE 5

Annual Percentage Medicaid Growth Rate

Region and State	Fiscal 2003 (Actual)		Fiscal 2004 (Estimated)		Fiscal 2005 (Recommended)	
	State Funds	Federal Funds	State Funds	Federal Funds	State Funds	Federal Funds
NEW ENGLAND						
Connecticut	5.9%	12.9%	3.7%	5.6%	3.0%	-2.0%
Maine	2.2	17.7	4.6	34.6	-0.5	-9.6
Massachusetts	7.4	7.4	9.2	12.9	8.0	8.0
New Hampshire	2.4	3.2	0.0	8.3	6.3	-3.5
Rhode Island	1.4	12.1	-0.8	12.9	11.1	-0.1
Vermont	6.2	8.9	5.2	10.7	21.2	1.4
MID-ATLANTIC						
Delaware	7.1	10.3	4.3	14.0	5.4	6.6
Maryland	13.2	16.3	11.7	18.8	12.0	12.0
New Jersey	6.7	9.3	-0.1	3.1	8.5	4.2
New York*	11.8	15.6	6.4	11.6	4.8	2.9
Pennsylvania	9.6	9.7	-0.4	11.0	15.8	1.8
GREAT LAKES						
Illinois	9.6	6.0	9.1	34.7	14.3	-0.5
Indiana	4.9	5.1	8.8	9.0	10.3	10.4
Michigan	12.6	16.1	11.3	7.6	10.8	2.9
Ohio	11.3	12.4	10.9	12.0	6.6	6.9
Wisconsin	10.2	14.3	-0.1	5.3	13.6	-1.5
PLAINS						
Iowa	2.9	6.5	3.1	-4.5	6.7	-1.5
Kansas	-6.7	-2.4	-5.1	2.3	11.8	3.0
Minnesota	14.3	14.0	-2.6	10.0	13.0	1.2
Missouri*	8.5	11.9	-2.3	4.2	13.9	4.1
Nebraska	-0.8	8.5	2.3	4.6	20.8	2.7
North Dakota	-7.6	-10.8	5.0	17.4	15.3	-3.9
South Dakota	10.3	7.9	2.4	16.5	12.2	4.0
SOUTHEAST						
Alabama	6.3	14.3	-0.8	3.0	9.4	1.5
Arkansas	3.0	9.4	1.3	21.3	19.6	4.7
Florida	7.0	18.1	6.3	16.3	12.5	-0.1
Georgia						
Kentucky	1.7	3.6	-3.0	9.4	4.4	-10.7
Louisiana	-11.5	-2.8	1.5	8.5	16.6	1.4
Mississippi	3.8	10.2	17.0	-1.0	17.0	-1.0
North Carolina	2.5	3.4	-1.4	12.4	N/A	N/A
South Carolina	5.4	9.2	9.0	4.4	1.3	1.8
Tennessee	8.2	16.0	9.3	2.2	10.8	7.1
Virginia	12.6	10.8	4.5	12.4	13.9	1.4
West Virginia	3.7	9.0	5.0	11.8	16.4	2.0
SOUTHWEST						
Arizona	2.2	21.8	8.7	21.5	16.8	4.9
New Mexico*	6.2	16.3	2.5	19.5	29.2	8.3
Oklahoma	6.0	4.5	1.0	4.5	5.6	4.5
Texas	-2	18.0	17.0	1.0	-4.0	-3.0
ROCKY MOUNTAIN						
Colorado	-5.4	1.0	10.0	19.3	15.1	2.4
Idaho	15.9	9.6	-2.8	13.8	18.0	6.8
Montana	-0.9	6.7	8.2	12.2	21.2	1.4
Utah	8.9	14.4	15.2	14.9	9.8	10.6
Wyoming	36	64.0	36.0	64.0	40.0	60.0
FAR WEST						
Alaska	0.3	0.2	0.0	0.2	0.0	0.1
California	4.2	7.8	-9.5	-0.6	18.5	2.8
Hawaii	2.1	4.5	15.2	18.8	8.7	10.9
Nevada	25.5	37.4	10.8	26.5	14.7	14.3
Oregon	12	16.0	-17.0	-9.0	10.0	2.0
Washington	2.4	5.1	-2.9	7.2	13.3	-0.4
Average**	6.0%	10.8%	4.6%	11.7%	12.1%	3.9%

NOTES: **Average percent changes are not weighted averages, as are other percentage changes in this report.

SOURCE: National Association of State Budget Officers

NOTE TO TABLE 5

Missouri	Actual numbers are based upon the CMS-64 report. Local Medicaid monies are included in actual and estimated health care spending.
New Mexico	Effect of 1.7 percent FMAP increase 2003 (-6.6 percent in state funds and 2.3 percent in federal funds). Effect of 2.6 percent FMAP increase 2004 (-11.2 percent in state funds and 3.5 percent in federal funds).
New York	Includes Medicaid spending for programs administered by various State agencies (including Mental Hygiene, Education, and Children and Family Services) and administrative costs. Excludes local share of costs incurred by county governments.

TABLE 6

Medicaid Expenditures Exceeding Budgeted Amounts

<i>Region/State</i>	<i>Exceeded Fiscal 2003 Budgeted Amounts by (\$ Millions)</i>	<i>Percentage of Fiscal 2003 Medicaid Budget</i>	<i>Exceeding Fiscal 2004 Budgeted Amounts by (\$ Millions)</i>
NEW ENGLAND			
Connecticut	\$97.3	3.7%	\$48.3
Maine	---	---	109.0
Massachusetts	---	---	---
New Hampshire	---	---	---
Rhode Island	37.6	2.9	25.4
Vermont	12.6	1.7	23.1
MID-ATLANTIC			
Delaware	---	---	---
Maryland	77.0	2.4	---
New Jersey	236.0	10.0	---
New York*	1,775.0	5.3	828.0
Pennsylvania	189.0	1.8	110.0
GREAT LAKES			
Illinois	54.1	0.8	69.1
Indiana	---	---	---
Michigan*	---	---	---
Ohio	---	---	---
Wisconsin	---	---	51.3
PLAINS			
Iowa	---	---	---
Kansas	---	---	---
Minnesota	---	---	---
Missouri*	238.4	5.5	207.8
Nebraska	---	---	---
North Dakota	---	---	---
South Dakota	15.0	0.3	35.0
SOUTHEAST			
Alabama	---	---	---
Arkansas	---	---	---
Florida	103.6	0.9	434.9
Georgia	---	---	---
Kentucky	---	---	---
Louisiana	---	---	---
Mississippi	50.0	7.0	60.0
North Carolina	---	---	---
South Carolina	---	---	---
Tennessee	966.0	16.4	---
Virginia	---	---	---
West Virginia	---	---	---
SOUTHWEST			
Arizona	50.2	1.4	---
New Mexico*	49.3	14.8	---
Oklahoma	---	---	---
Texas	286.2	5.0	---
ROCKY MOUNTAIN			
Colorado	46.7	2.0	39.4
Idaho	41.4	4.8	52.1
Montana	---	---	---
Utah*	0.0	3.3	---
Wyoming	12.0	3.8	48.0
FAR WEST			
Alaska	6.1	1.0	42.4
California	722.5	7.3	---
Hawaii	---	---	---
Nevada	67.0	8.5	71.0
Oregon	---	---	---
Washington	70.7	2.6	25.8
Total/**Average %	\$4,703.7	4.6%	\$2,280.6

NOTES: *See Notes to Table 6. **Average percent changes are not weighted averages, as are other percentage changes in this report.

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE 6

Michigan	Fiscal 2003 Medicaid expenditures exceeded the amount originally appropriated; however, Medicaid expenditures did not exceed the amount budgeted. A supplemental appropriation of \$268 million was enacted to meet the fiscal 2003 expenditure shortfall. Fiscal 2004 Medicaid expenditures continue to be monitored. It is not yet known if final Medicaid costs will exceed the amount budgeted.
Missouri	Actual numbers are based upon the CMS-64 report. Local Medicaid monies are included in actual and estimated health care spending.
New Mexico	Amount for fiscal 2003 reflects the 1.7 percent FMAP increase. The amount for fiscal 2004 reflects the 2.6 percent FMAP increase.
New York	Includes Federal expenditures and budgeted amounts based on the enacted budget, which excluded the FMAP increase applicable to fiscal 2004. Excludes local share of costs incurred by county governments.
Utah	Utah overspent its Medicaid budget by 3.3 percent (or \$35 million), however, this amount represents federal funds only. State general fund ended the year balanced.

TABLE 7

Use of Federal Medical Assistance Percentage (FMAP)

<i>Region and State</i>	<i>Resolve Medicaid Budget Shortfall</i>	<i>Avoid, Minimize or Postpone Proposed Medicaid Cost Containment Measures</i>	<i>To Provide Program Increases</i>	<i>Funds Being Held in Reserve</i>	<i>Decision for Some or All Yet to be Made</i>	<i>Other</i>
NEW ENGLAND						
Connecticut	x					
Maine	x					
Massachusetts*	x			x		x
New Hampshire	x	x				
Rhode Island	x	x				
Vermont	x			x		
MID-ATLANTIC						
Delaware*						x
Maryland	x	x				
New Jersey		x				
New York*	x					
Pennsylvania*	x	x	x		x	
GREAT LAKES						
Illinois						x
Indiana	x					
Michigan*	x	x				
Ohio*		x		x		x
Wisconsin						
PLAINS						
Iowa	x					
Kansas	x	x				
Minnesota		x				
Missouri*	x	x				x
Nebraska		x	x			
North Dakota	x	x		x		
South Dakota	x					
SOUTHEAST						
Alabama	x	x				
Arkansas		x		x		
Florida*	x					
Georgia						
Kentucky	x	x				
Louisiana	x	x	x			
Mississippi	x					
North Carolina		x				
South Carolina	x					
Tennessee	x					
Virginia			x			
West Virginia	x	x				
SOUTHWEST						
Arizona	x					
New Mexico	x					
Oklahoma	x	x	x			
Texas	x					x
ROCKY MOUNTAIN						
Colorado	x				x	
Idaho	x	x				
Montana*				x		x
Utah	x	x			x	
Wyoming	x					
FAR WEST						
Alaska*	x	x				
California	x	x				
Hawaii	x					
Nevada	x	x				
Oregon		x				
Washington*				x	x	x
Total	35	25	5	7	5	7

NOTES: *See Notes to Table 7.

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE 7

Alaska	A variety of cost saving measures are being implemented.
Delaware	The Governor has recommended these funds to be continued into ensuing fiscal years to be applied to the out year cost pressures in the Medicaid program.
Florida	Total is \$434.9 and state portion is \$104.3.
Illinois	Funds were used for cash flow purposes to pay down outstanding vendor bills, including managing the Medicaid payment cycle.
Massachusetts	Used to partially fund the Commonwealth's uncompensated care pool and partially fund an economic stimulus package.
Missouri	Transferred to general revenue to balance the budget.
Montana	To increase authority for the CHIP program to alleviate a waiting list that had developed, to study suicide prevention, meet TANF maintenance of effort requirement, and to pay off a loan.
New York	Other Medicaid financing.
Ohio	Money earned from enhanced FMAP is deposited in the Federal Fiscal Relief Fund. A portion of the money may be used to cover Medicaid expenses over and above the original appropriation. Any remaining amounts will be deposited into the General Revenue Fund.
Pennsylvania	The proposed rolling of a monthly managed care payment into fiscal 2005 results in one-time savings of \$390 million. Absent this action, the fiscal 2004 shortfall would be \$500 million.
Washington	Ten million was appropriated for assistance to selected counties and municipalities.

State Revenue Developments

CHAPTER TWO

Overview

After three years during which state revenues proved exceedingly dismal, the picture is notably—but cautiously—brighter at the end of fiscal 2004. As most economic indicators continue to improve, the cyclical instability that plagued state revenues has eased and revenue collections compared to budgeted estimates contrast markedly with the past several years. Still, the state revenue situation might be characterized both as beginning to recover and ceasing to decline.

While revenues are more closely meeting estimates, overall general revenue collections—particularly the personal income tax—are not as strong as they were at the height of the Internet boom, a situation to which states are still adjusting. For fiscal 2005, governors in 26 states proposed tax and fee increases of \$5.4 billion, as well as \$2.5 billion of other measures that enhance general fund revenue but do not affect taxpayer liability such as amnesty programs (see Tables 8 and 9, Figure 2 and Tables A-8 and A-9).

Collections in Fiscal 2004

Unlike the previous several years, fiscal 2004 revenue collections met budgeted expectations to a remarkable degree. While net collections of sales, personal income, and corporate income taxes essentially matched net budgeted amounts, a breakdown by individual states is more mixed: 11 states report revenue lower than projected, 17 say it is on target, and 22 say revenue exceeded budgeted estimates. Regarding specific revenue sources, the sales tax was 0.2 percent higher than budgeted estimates, the personal income tax was 0.6 percent lower, and the corporate income tax exceeded projections by 4.4 percent (see Table A-6).

Projected Collections for Fiscal 2005

Following a difficult period during which state revenue collections declined in real terms, governors' proposed fiscal 2005 budgets reflect an optimistic revenue outlook. With collections currently showing the first positive signs in several years, states anticipate that revenue will continue to recover during the next fiscal year (see Table A-7).

FIGURE 2

Enacted State Revenue Changes, Fiscal 1991 to Fiscal 2004, and Proposed State Revenue Change, Fiscal 2005

See Page 45

Proposed Fiscal 2005 Revenue Changes

Governors in 26 states recommended tax and fee increases for fiscal 2005 totaling \$5.4 billion, while four governors recommended decreases that total \$266.2 million. As in previous years, most of the proposed increases are in fees (\$1.5 billion) and cigarette and tobacco taxes (\$1.4 billion), as well as sales taxes (\$1.4 billion). This report distinguishes between tax and fee increases or decreases (listed in Table 9 and Table A-8) and revenue measures (described in Table A-9). Tax and fee changes refer to revisions in current law that affect taxpayer liability, and in some instances may reflect one-time actions such as sales tax holidays. Revenue measures are 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. Proposed changes in the sales tax for fiscal 2005 would result in a net increase of \$1.4 billion. Twelve states propose increases including Virginia, which would increase the tax rate on non-food items while lowering on food, for a \$625.9 million increase, and New York, where a sales tax holiday and a surcharge to fund public safety would result in a \$441 million change. Three states propose sales tax decreases.

Personal Income Taxes. Twelve states propose changes in their personal income taxes that would result in a net \$64 million increase. Among the six states proposing increases, Kansas would impose a 5 percent surcharge, a \$97.5 million increase, while Arkansas would impose a 3 percent surcharge that with other minor changes would result in a \$64.6 million increase. Seven states propose net personal income tax decreases. These include Oklahoma, which would exempt capital gains and increase exemptions for retirees for an \$18.8 million cut, and Montana, which would reorganize rates, a \$15.8 million decrease.

Corporate Income Taxes. Seven states propose increases in their corporate income taxes worth a net \$400.2 million. Most of this amount (\$223 million) reflects Illinois, which would close a variety of loopholes.

Cigarette, Tobacco and Alcohol Taxes. Twelve states propose to increase cigarette and tobacco taxes, a net increase of \$1.4 billion, and two—Connecticut and Nevada—recommend increases in taxes on alcohol, a \$20.8 million increase. Michigan would raise its cigarette tax per pack by 75 cents, resulting in a \$295.1 million increase, while Missouri would boost

its per pack tax by 55 cents and the tax on other tobacco products by 20 percent, a \$222.4 million increase.

Motor Fuels Taxes. One state, Illinois, proposes a change in motor fuels taxes, the elimination of an exemption for certain types of vehicles, which would result in a \$74 million increase.

Other Taxes and Fees. Twelve states recommend changes in other taxes for fiscal 2005 for a net \$524.8 million increase. Twenty states propose changes in fees that reflect a \$1.5 billion increase. Revenue from other taxes, such as personal property taxes, provider taxes and levies on hotels and rental cars usually cover the costs for license and regulation enforcement, promote environmental conservation, and generate revenues for health care. Fees frequently are associated with motor vehicle and other types of licensing.

TABLE 8

Enacted State Revenue Changes, Fiscal 1979 to Fiscal 2004; and Proposed State Revenue, Fiscal 2005

<i>Fiscal Year</i>	<i>Revenue Change (Billions)</i>
2005	\$5.4
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 1988-2005 data provided by the National Association of State Budget Officers.

TABLE 9

**Proposed Fiscal 2005 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							\$ 50.3	\$ 35.0	\$ 85.3
Alaska				\$ 35.5			19.0		54.5
Arizona									0.0
Arkansas		\$64.6	\$ 5.4	54.8					124.8
California		10.3						306.0	316.3
Colorado									0.0
Connecticut	\$ 5.7	8.0		90.7		\$ 4.4			108.8
Delaware									0.0
Florida	-48.1						-90.9	2.3	-136.7
Georgia									0.0
Hawaii									0.0
Idaho									0.0
Illinois	98.0		223.0		\$74.0		31.0	57.0	483.0
Indiana									0.0
Iowa	144.9			108.0				0.2	253.1
Kansas	61.1	97.5							158.6
Kentucky									0.0
Louisiana	160.0								160.0
Maine								10.1	10.1
Maryland								40.5	40.5
Massachusetts	23.0		47.0					17.0	87.0
Michigan				295.1			94.4	1.6	391.1
Minnesota	12.8		-0.6					10.6	22.8
Mississippi									0.0
Missouri		11.9	48.8	222.4			24.5	58.1	365.7
Montana		-15.8							-15.8
Nebraska									0.0
Nevada	5.8			72.9		16.4	345.5	23.7	464.3
New Hampshire									0.0
New Jersey	5.0			135.0			152.0	232.0	524.0
New Mexico							37.0		37.0
New York	441.0	-6.6	33.0					578.3	1,045.7
North Carolina									0.0
North Dakota									0.0
Ohio									0.0
Oklahoma	-53.7	-18.8		175.8				23.5	126.8
Oregon									0.0
Pennsylvania	-72.8	-13.9					-91.3	70.0	-108.0
Puerto Rico									0.0
Rhode Island	2.4	3.9	7.6	37.9				2.8	54.6
South Carolina									0.0
South Dakota									0.0
Tennessee									0.0
Texas								21.1	21.1
Utah							4.2	1.7	5.9
Vermont								2.0	2.0
Virginia	625.9	-71.4	35.4	146.5			-50.9		685.5
Washington									0.0
West Virginia				37.1					37.1
Wisconsin		-5.7							-5.7
Wyoming									0.0
Total	\$1,411.0	\$64.0	\$399.6	\$1,411.7	\$74.0	\$20.8	\$524.8	\$1,493.5	\$5,399.4

NOTES: *See Appendix Table A-8 for details on specific revenue changes.

SOURCE: National Association of State Budget Officers.

Total Balances

CHAPTER THREE

To meet the fiscal pressure that has dogged them for the past several years, states continue to rely heavily on their available balances. Total balances include both ending balances and the amounts in states' budget stabilization funds, and reflect the funds states may use to respond to unforeseen circumstances after budget obligations have been met. The booming economy of the late 1990s allowed states to bolster these financial reserves substantially. The result of the simmering economy of the time, total balances peaked in fiscal 2000 at \$48.8 billion, or 10.4 percent of expenditures. As the economy slowed and fiscal stress mounted, states drew down reserves to the lowest levels since the early 1990s recession.

While total balances have leveled off after a quick decline between fiscal 2001 and fiscal 2002, they are at levels below what is generally considered an adequate financial cushion. For fiscal 2003, total balances were \$17.1 billion or 3.4 percent of expenditures, they are estimated to be \$19.1 billion or 3.7 percent of expenditures in fiscal 2004, and \$16.5 billion or 3.1 percent based on governors' proposed fiscal 2005 budgets. For fiscal 2004, 35 states report balances less than 5 percent of expenditures; six states report balances of 1 percent or less (see Tables 10 and 11, and Appendix Tables A-1, A-2, A-3, and A-10).

The balances for fiscal 2003 that were reported in the June 2003 edition of *The Fiscal Survey of States* are lower than those described in this issue. Several reasons account for this, including the combination of budget cuts and tax increases and generally improving economic conditions. Perhaps most important was the federal fiscal relief package enacted in May 2003, which provided states with \$20 billion in aid through direct flexible grants and by making changes in the Federal Medical Assistance Percentage (a formula used to determine the share of Medicaid

that states pay). The fiscal assistance afforded through the relief package made the difference for some states between balancing their budgets and further cuts or tax increases.

After the recession of the early 1990s, states worked hard to build their rainy day fund balances and ending balances to safeguard against disruption of services should economic growth slow. The fiscal downturn during those years and during a similar period in the early 1980s caused state balances to fall rapidly. During the one-year period from 1980 to 1981, for example, balances plunged from 9 percent of expenditures to 4.4 percent, forcing states to cut budgets and raise taxes. During the early 1990s, states found themselves lacking balances adequate to manage a fiscal slowdown once again. Before the economy slowed in 1989, state balances equaled 4.8 percent of expenditures. Within two years, balances hit bottom, totaling only 1.1 percent of expenditures in 1991. In fiscal 1992, 35 states were forced to cut current-year budgets. The following year, 23 states were obliged to take that action again, causing uncertainty both for citizens receiving necessary services and for the governments delivering them. To stem these losses, states raised \$25 billion in new revenues during the same two-year period. Remembering how swiftly that economic decline transpired, states prepared themselves cautiously to handle the next slowdown, and indeed, would be even more hamstrung to deal with the current fiscal situation had they not done so.

Forty-eight states have budget stabilization funds, which may be budget reserve funds, revenue-shortfall accounts or cash-flow accounts. About three-fifths of the states have limits on the size of their budget reserve funds, ranging from 3 percent to 10 percent of appropriations. Ordinarily, funds above those limits remain in a state's ending balance.

TABLE 10

Total Year-End Balances, Fiscal 1979 to Fiscal 2005

<i>Fiscal Year</i>	<i>Total Balance (Billions)</i>	<i>Total Balance (Percentage of Expenditures)</i>
2005*	\$16.5	3.1%
2004*	19.1	3.7
2003	17.1	3.4
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

NOTE: Figures for fiscal 2004 are estimates; figures for fiscal 2005 are based on recommendations.

SOURCE: National Association of State Budget Officers.

TABLE 11

Total Year-End Balances as a Percentage of Expenditures, Fiscal 2003 to Fiscal 2005

<i>Percentage of Expenditures</i>	<i>Number of States</i>		
	<i>Fiscal 2003 (Actual)</i>	<i>Fiscal 2004 (Estimated)</i>	<i>Fiscal 2005 (Recommended)</i>
Less than 1.0%	6	6	11
1.0% to 2.9%	19	18	14
3.0% to 4.9%	13	11	14
5.0% or more	12	15	11

NOTE: The average for fiscal 2003 (actual) was 3.4 percent; the average for fiscal 2004 (estimated) is 3.7 percent; and the average for fiscal 2005 (recommended) is 3.1 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 2005

See Page 46

SOURCE: National Association of State Budget Officers.

FIGURE 4

Total Year-End Balances as a Percentage of Expenditures, Fiscal 2004

See Page 47

SOURCE: National Association of State Budget Officers.

Appendix

TABLE A-1

Fiscal 2003 State General Fund, Actual (Millions)

Region and State	Beginning Balance	Revenues	Adjustments	Total Resources	Expenditures	Adjustments	Ending Balance	Budget Stabilization Fund
NEW ENGLAND								
Connecticut**	\$ 0	\$12,023	\$ 0	\$12,023	\$12,120	\$ 0	\$ -97	\$ 0
Maine**	0	2,395	192	2,586	2,533	24	29	0
Massachusetts* **	1,388	21,987	0	23,325	22,439	0	936	641
New Hampshire	-38	1,207	91	1,336	1,336	0	0	20
Rhode Island**	39	2,751	-56	2,734	2,682	0	52	83
Vermont**	0	863	19	882	888	-6	0	24
MID-ATLANTIC								
Delaware*	482	2,436	0	2,918	2,454	0	464	129
Maryland**	309	9,410	750	10,469	10,347	0	123	490
New Jersey*	292	23,506	143	23,941	23,568	0	373	0
New York* **	1,032	37,396	1,900	40,328	37,613	1,900	815	710
Pennsylvania**	143	20,385	152	20,679	20,400	70	209	70
GREAT LAKES								
Illinois	256	21,103	3,802	25,161	21,893	2,951	317	226
Indiana**	0	9,945	500	10,446	10,309	0	137	279
Michigan**	115	7,944	851	8,909	8,735	0	174	0
Ohio**	108	22,450	0	22,558	22,653	-148	53	181
Wisconsin* **	54	10,464	255	10,772	11,033	22	-282	0
PLAINS								
Iowa**	0	4,484	46	4,529	4,529	0	0	163
Kansas**	12	4,246	3	4,260	4,138	0	123	0
Minnesota* **	1,130	13,133	0	14,263	13,894	0	369	189
Missouri**	165	5,920	513	6,598	6,382	0	216	231
Nebraska**	56	2,456	109	2,622	2,619	0	3	59
North Dakota**	0	856	19	875	860	0	15	6
South Dakota**	0	875	17	891	884	8	0	107
SOUTHEAST								
Alabama**	19	5,296	270	5,585	5,473	0	113	68
Arkansas	0	3,251	0	3,251	3,251	0	0	0
Florida	984	20,212	0	21,196	20,514	0	682	959
Georgia* **	2,554	14,738	0	17,292	16,025	0	1,268	185
Kentucky* **	23	6,983	437	7,443	7,179	102	162	5
Louisiana**	0	6,403	259	6,662	6,617	21	23	191
Mississippi**	12	3,443	43	3,498	3,458	0	41	23
North Carolina **	25	14,109	137	14,271	13,856	165	251	150
South Carolina* **	51	4,968	22	5,040	4,995	0	46	0
Tennessee**	12	8,078	-41	8,049	7,914	71	64	178
Virginia	70	12,134	0	12,204	12,118	0	86	248
West Virginia**	197	2,917	24	3,139	2,933	10	196	58
SOUTHWEST								
Arizona	1	5,801	416	6,218	6,026	0	192	0
New Mexico* **	380	3,948	11	4,339	4,051	43	245	0
Oklahoma**	75	4,581	31	4,687	4,653	0	34	0
Texas**	2,426	28,770	-92	31,105	30,656	361	88	561
ROCKY MOUNTAIN								
Colorado* **	139	5,665	334	6,138	5,913	0	225	0
Idaho**	1	1,764	176	1,941	1,926	0	16	0
Montana	82	1,245	0	1,326	1,283	0	43	0
Utah* **	1	3,494	56	3,552	3,536	0	16	27
Wyoming	20	754	18	792	788	0	4	247
FAR WEST								
Alaska**	0	1,947	549	2,496	2,496	0	0	2,093
California*	-1,474	80,564	0	79,089	77,482	0	1,607	679
Hawaii	134	3,789	0	3,923	3,806	0	117	0
Nevada**	90	1,830	226	2,146	2,037	1	108	1
Oregon	-1,080	5,038	0	3,958	3,825	0	133	0
Washington**	437	10,690	616	11,743	11,330	0	412	58
Total	\$10,724	\$500,644	-	\$524,190	\$508,445	-	10,200	9,334

NOTES: N/A indicates data are not available. *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 reflect a \$180 million transfer from the Education Trust Fund Rainy Day Fund; a \$12.8 million transfer from the state general fund Proration Prevention Fund; \$75.6 million in the Federal Fiscal Relief Fund; and \$1.9 million of land sale proceeds.
Alaska	Revenue adjustments reflect a Constitutional Budget Reserve (CBR) draw.
Colorado	Revenue adjustments include diversions to the State Education Fund and the Older Coloradan's program, as well as transfers to the General Fund totaling \$525.3 million to mitigate revenue decline.
Connecticut	Short-term notes will be issued to cover the year-end deficit.
Georgia	Proposed tobacco tax increase effective April 1st provides additional \$48.0 million in revenue.
Idaho	Revenue adjustments include \$194.3 million in transfers from other funds and \$18.3 million in transfers to other funds.
Illinois	Revenue adjustments include \$1,675 million received from short term borrowing proceeds, \$1,827 million deposited into the general fund, and \$300 million of transfers-in. Expenditure adjustments include \$710 million to repay short term borrowing that came due in fiscal year 2003, an accounts payable pay-down of \$210 million, and transfers-out of \$2,031 million.
Indiana	In addition to the ending and rainy day fund balances noted, Indiana reserves a portion of the general fund for tuition support payments for K-12 education. This balance in fiscal year 2003 totaled \$305 million. The ending general fund balances do not reflect these amounts.
Iowa	At the end of fiscal 2003, \$45.8 million was transferred from the Cash Reserve Fund to the General Fund to cover a revenue shortfall. The Rainy Day Fund includes balances from the Cash Reserve Fund (\$159.7 million) and Economic Emergency Fund (\$3.3 million). Ending general fund balances flow into the rainy day funds in the subsequent year.
Kansas	Revenues adjusted for released encumbrances. Kansas does not maintain a separate rainy day fund.
Kentucky	Revenues include \$131 million in tobacco settlement funds, and \$68.7 million of federal fiscal relief. Revenue adjustments include fund transfers (\$330 million), and the Reserve for Continuing Appropriations (\$107 million). Expenditure adjustments include funds reserved for continued appropriations.
Louisiana	Revenue adjustments include a \$131.5 million amnesty program; \$19.9 million of carry-forwards; \$86.4 million budget stabilization fund; \$1 million in other funds; and a \$19.6 million prior year surplus. Expenditure adjustments include \$21.3 million for carry-forwards.
Maine	Revenue adjustments reflect legislatively and statutorily approved transfers of \$25 million from the Federal Relief Fund Reserve; \$43.7 million from unencumbered balances and lapsed balances; \$38.5 million from the Rainy Day Fund; \$14.6 million from the Maine Learning Technology Endowment; \$43.3 million from the fund for a Healthy Maine (Tobacco Settlement Payments); \$10 million from operating capital; and \$16.6 million from the Highway Fund. Expenditure adjustments reflect \$10.6 million to the budget stabilization fund; a \$10.6 million retirement allowance; \$5.3 million to operating capital; a -\$3.5 million balance carried-over from fiscal 2002; and \$1.3 million of miscellaneous adjustments.
Maryland	Revenue adjustments reflect transfers from other funds, including \$249 million from the rainy day fund. Total expenditures include appropriations from the rainy day fund of \$181 million.
Massachusetts	The beginning balance includes \$881.8 million in the rainy day fund. General fund refers to budgeted spending and revenue.
Michigan	Fiscal 2003 revenue adjustments include federal and state law changes (\$14.1 million); a Rainy Day Fund withdrawal (\$124.1 million); unrestricted federal aid (\$169 million); and deposits from state restricted funds (\$543.7 million).
Minnesota	The ending balance includes a budget reserve of \$103.7 million and appropriations carried forward of \$84.8 million.
Mississippi	Revenue adjustments include transfers to the general fund to supplement the revenue stream.
Missouri	Revenues and expenditures exclude refunds of \$1,166.3 million. Revenue adjustments include \$267.7 million of transfers into general revenue; \$95.1 million of federal fiscal relief pursuant to the Jobs and Growth Tax Relief Reconciliation Act of 2003; and \$150 million from revenue bond proceeds for capital improvement projects.
Nebraska	Revenue adjustments are transfers between the general fund and other funds.
Nevada	The difference between the fiscal 2002 ending balance and the fiscal 2003 beginning balance is due to rounding. Revenue adjustments include a \$135 million transfer from the Rainy Day Fund and \$149 million in budget cuts.
New Hampshire	Revenue adjustments reflect money transferred from the Health Care Fund (\$33.9 million), rainy day fund (\$35.7 million), and education trust fund (\$21.6 million).
New Mexico	Adjustments reflect reserve account activity.
New York	The ending balance includes \$710 million in the tax stabilization reserve fund (rainy day fund), \$85 million in the Community Projects Fund and \$20 million in reserve funds for litigation risks. Revenue and expenditure adjustments reflect \$1.9 billion in deferred spending from 2002-2003 to 2003-2004 as a result of deferred tobacco securitization proceeds and payment delays.
North Carolina	Revenue adjustments include \$136.9 million of federal fiscal relief received in June, 2003. Expenditure adjustments reflect \$150 million transferred to the Rainy Day Fund and \$15 million transferred to the Repair and Renovation Reserve Fund.
North Dakota	Revenue adjustments include a transfer of \$19 million from the profits of the state bank which is used as the state's rainy day fund.

NOTES TO TABLE A-1 (continued)

Ohio	Federal reimbursements for Medicaid and other human services programs are included in general revenue fund. Beginning balances are undesignated, unreserved fund balances. The actual cash balances would be higher by the amount reserved for encumbrances and designated transfers from the general revenue fund. Expenditures for fiscal 2003 do not include encumbrances outstanding at the end of the year. Ohio reports expenditures based on disbursements from the general revenue fund. Expenditure adjustments reflect miscellaneous transfers-out of \$18.9 million. These transfers-out are adjusted for an anticipated net change in encumbrances from fiscal 2002 levels of -\$166.7 million.
Oklahoma	A decrease in the General Revenue Fund cash-flow reserve increased available revenue by \$31.3 million.
Oregon	Oregon budgets on a biennial basis. The constitution requires the state to be balanced at the end of each biennium.
Pennsylvania	Revenue adjustments include lapses of \$151.8 million from prior-year appropriations and a \$0.3 million decrease to the beginning balance. Expenditure adjustments reflect the statutory transfer of 25 percent of the year-end balance to the budget stabilization (rainy day) fund.
Rhode Island	Revenue adjustments reflect deposits into the budget stabilization fund.
South Carolina	Revenue adjustments reflect a transfer to the general fund from the state's General Deposit Account.
South Dakota	Revenue adjustments reflect \$10.5 million transferred from the Property Tax Reduction Fund to cover the budget shortfall, and \$6.2 million of obligated cash that was carried forward from fiscal 2002. Expenditure adjustments reflect \$6.2 million transferred to the Budget Reserve Fund from the prior year's obligated cash, and \$1.4 million of obligated cash to the Budget Reserve Fund.
Tennessee	Revenue adjustments reflect -\$120.9 million reserved for dedicated revenue appropriations; a \$30 million transfer from the highway fund; and a \$50 million transfer from the reserve for federal contingent liabilities. Expenditure adjustments reflect a \$22.8 million transfer to the Transportation Equity Fund; a \$27.9 million transfer to the capital outlay projects fund; and \$20 million for dedicated revenue appropriations.
Texas	Revenue information is from the Comptroller of Public Accounts. Revenue adjustment is for dedicated account balances. Total expenditures are 2003 budgeted, as reported by the Legislative Budget Board. Total expenditures include \$449.5 million in appropriations from the Rainy Day Fund. Expenditure adjustment includes a \$353 million reserve transferred to the rainy day fund and other adjustments to reconcile the actual ending balance reported by the Comptroller.
Utah	Revenue adjustments include a \$44.4 million transfer from tobacco settlement funds, \$35 million of bonding for capital projects which originally received a general fund appropriation, \$19.4 million in transfers from various restricted accounts, \$3.4 million from other miscellaneous sources, a \$2 million reserve from the previous fiscal year, -\$40.8 million reserved for the following fiscal year, and a -\$7.3 million transfer to the rainy day fund per statute.
Vermont	Revenue adjustments reflect Vermont Economic Development Authority debt forgiveness (-\$1.9 million), direct applications and transfers in (\$18.1 million), and additional property transfer tax to the general fund (\$2.7 million). Expenditure adjustments reflect (-\$6.5 million) from the transportation fund, (-\$9.2 million) from the tobacco settlement, (-\$.2 million) from the General Bond Fund, (\$15.1 million) to the Budget Stabilization Reserve, (-\$.8 million) from the Human Services Caseload Reserve, and (-\$4.4 million) from the General Fund Surplus Reserve.
Washington	Revenue adjustments reflect the transfer of fund balances from other accounts to the General Fund.
West Virginia	The beginning balance reflects \$150.7 million of reappropriations, \$6.2 million of surplus appropriations, and a \$40.4 million unappropriated surplus balance. Revenue adjustments reflect a \$24.2 million transfer from special revenue and \$0.2 million of prior year redeposits. Expenditures reflect \$2,805.8 million of regular appropriations, \$68 million of reappropriations, \$32 million of surplus appropriations, and \$26.8 million of 31 day (prior year) expenditures.
Wisconsin	Revenue adjustments include Tobacco Settlement funds (\$153.9 million), a residual equity transfer (\$67.7 million) and designated balances carried forward (\$33 million). Expenditure adjustments include a designation for continuing balances (\$6.4 million) and a transfer to the Tobacco Control Fund (\$15.3 million).
Wyoming	The state budgets on a biennial basis. To complete the survey using annual figures, certain assumptions and estimates were required. Caution is advised when drawing conclusions or making projections using this information.

TABLE A-2

Fiscal 2004 State General Fund, Estimated (Millions)

Region and State	Beginning Balance	Revenues	Adjustments	Resources	Expenditures	Adjustments	Ending Balance	Budget Stabilization Fund
NEW ENGLAND								
Connecticut	\$ 0	\$12,563	\$ 0	\$12,563	\$12,562	\$ 0	\$ 1	\$ 0
Maine**	29	2,613	-59	2,582	2,556	0	27	0
Massachusetts* **	752	22,235	687	23,674	21,930	687	1,058	805
New Hampshire	0	1,376	0	1,376	1,376	0	0	20
Rhode Island**	52	2,801	-57	2,796	2,796	0	0	85
Vermont**	0	896	46	943	905	37	0	45
MID-ATLANTIC								
Delaware* **	464	2,618	0	3,082	2,650	0	432	137
Maryland**	123	9,953	376	10,452	10,262	0	190	497
New Jersey* **	373	23,868	13	24,254	23,854	0	400	0
New York* **	815	42,270	-1,900	41,185	42,071	-1,900	1,014	794
Pennsylvania**	209	21,157	77	21,443	21,462	-63	44	86
GREAT LAKES								
Illinois	317	23,353	3,763	27,433	22,766	4,321	346	276
Indiana**	137	10,664	638	11,439	11,437	0	2	29
Michigan**	174	8,046	624	8,844	8,813	0	31	0
Ohio**	53	23,861	0	23,913	23,778	7	129	181
Wisconsin* **	-282	11,080	0	10,798	10,566	109	122	0
PLAINS								
Iowa**	0	4,483	36	4,519	4,499	0	20	163
Kansas**	123	4,447	3	4,572	4,332	0	240	0
Minnesota**	369	14,289	0	14,658	13,966	0	692	410
Missouri**	216	5,887	566	6,669	6,597	0	72	222
Nebraska**	3	2,651	36	2,690	2,603	80	8	89
North Dakota	15	933	0	948	884	0	64	9
South Dakota**	0	910	29	939	934	4	0	176
SOUTHEAST								
Alabama**	113	5,430	76	5,618	5,566	0	51	104
Arkansas	0	3,526	0	3,526	3,526	0	0	0
Florida	682	22,216	0	22,898	21,260	0	1,638	966
Georgia* **	1,268	16,147	0	17,415	16,175	0	1,240	62
Kentucky**	162	7,024	332	7,518	7,281	127	110	51
Louisiana**	0	6,538	30	6,568	6,505	0	62	198
Mississippi**	41	3,582	-29	3,594	3,591	0	3	73
North Carolina**	251	14,449	246	14,945	14,799	0	146	150
South Carolina* **	46	4,939	0	4,985	4,901	22	62	49
Tennessee**	64	8,559	54	8,677	8,295	61	322	178
Virginia	86	12,572	0	12,658	12,301	0	357	248
West Virginia**	196	3,041	0	3,238	3,226	10	2	68
SOUTHWEST								
Arizona	192	6,316	205	6,714	6,541	0	173	0
New Mexico* **	245	4,558	128	4,931	4,503	39	389	0
Oklahoma**	34	5,024	-113	4,946	4,699	0	246	101
Texas**	88	28,869	234	29,191	29,434	-730	487	364
ROCKY MOUNTAIN								
Colorado* **	217	5,977	-268	5,926	5,662	0	265	0
Idaho**	16	2,076	-26	2,066	1,994	0	72	0
Montana**	43	1,302	0	1,348	1,290	0	56	0
Utah**	16	3,544	74	3,635	3,614	0	21	52
Wyoming	4	790	-2	792	788	0	4	246
FAR WEST								
Alaska**	0	2,023	278	2,301	2,301	0	0	2,109
California*	1,607	77,639	0	79,247	78,028	0	1,219	290
Hawaii	117	3,795	0	3,912	3,823	0	88	0
Nevada**	108	2,354	0	2,461	2,320	0	141	1
Oregon	133	4,849	0	4,982	5,251	0	-270	0
Washington**	412	11,183	190	11,785	11,219	0	566	0
Total	\$10,081	\$521,272	-	\$537,642	\$522,490	-	\$12,339	\$9,332

NOTES: N/A indicates data are not available. *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 reflect \$75.6 million in the Federal Fiscal Relief Fund.
Alaska	Revenue adjustments reflect a Constitutional Budget Reserve (CBR) draw.
Colorado	Revenue adjustments include diversions to the State Education Fund and the Older Coloradan's program.
Delaware	Includes a recommended decrease in estimated reversions by \$25.5 million for funds to be continued into fiscal year 2005 and a recommended increase in revenue of \$500,000.
Georgia	Proposed tobacco tax increase provides additional \$180.0 million in revenue.
Idaho	Revenue adjustments include \$26.0 million in transfers to other funds.
Illinois	Revenue adjustments include \$1,600 million received from general obligation pension bond proceeds that are scheduled to be transferred into the general fund, and transfers-in of \$2,163 million. Expenditure adjustments include the repayment of short term borrowing that came due in fiscal year 2004 (\$1,450 million), payment of owed prior year income tax refunds (\$325 million), the permanent paydown of prior year carryover of accounts payable (\$416 million), transfers-out (\$2,080 million), and a transfer to increase the Budget Stabilization Fund balance (\$50 million).
Indiana	Revenue adjustments include one-time transfers from dedicated funds, the federal Jobs & Growth Tax Relief Reconciliation Act of 2003, and the Rainy Day Fund. In addition to the ending and rainy day fund balances noted, Indiana reserves a portion of the general fund for tuition support payments for K-12 education. This balance in fiscal year 2004 totaled \$265 million.
Iowa	Governor Vilsack recommended a cigarette tax increase of 60 cents per pack starting March 1, 2004, which is estimated to raise \$36.2 million in fiscal 2004. The Rainy Day Fund includes balances from the Cash Reserve Fund (\$159.7 million) and Economic Emergency Fund (\$3.3 million). Ending general fund balances flow into the rainy day funds in the subsequent year.
Kansas	Revenues adjusted for released encumbrances. Kansas does not maintain a separate rainy day fund.
Kentucky	Revenues include \$110 million in tobacco settlement funds and \$68.7 million of federal fiscal relief. Revenue adjustments include fund transfers (\$229 million), and the Reserve for Continuing Appropriations (\$102 million). Expenditure adjustments include funds reserved for continued appropriations.
Louisiana	Revenue adjustments include \$4.2 million from securities settlement; \$18 million in carry-forwards; and \$7.55 million in fund balance transfers.
Maine	Revenue adjustments reflect legislatively and statutorily authorized transfers of -\$53 million to Affordable Health Care; -\$26.7 million to the Federal Relief Fund Reserve; \$6.1 million from Funds for a Healthy Maine (Tobacco Settlement Payments); \$5 million from the Highway Fund; \$3 million from hospital rate adjustments; \$2.4 million from Unfunded Actuarial Liability savings; and \$4.1 million from other transfers statewide.
Maryland	Revenue adjustments reflect transfers from other funds.
Massachusetts	The fiscal 2004 beginning balance varies from the fiscal 2003 ending balance due to the transfer of certain funds off-budget. Revenue and expenditure adjustments reflect the annual pension obligation that is not reflected in budgeted spending. General fund refers to budgeted spending and revenue.
Michigan	Fiscal 2004 revenue adjustments include federal and state law changes (-\$188 million); increased driver license revenue (\$90.9 million); unrestricted federal aid (\$169 million); lapses from prior year work projects (\$35.1 million); pending legislative and administrative actions (\$92.6 million); and deposits from state restricted funds (\$424.7 million). The fiscal 2004 ending balance is currently projected at \$30.8 million; estimated spending demands will most likely utilize this balance. No carry forward balance is assumed to be available as part of the fiscal 2005 Executive Budget.
Minnesota	The ending balance includes a budget reserve of \$409.7 million.
Mississippi	Revenue adjustments include a fiscal 2003 year-end transfer of \$29.1 million to the Working Cash Stabilization Fund.
Missouri	Revenues and expenditures exclude refunds of \$1,320.1 million. Revenue adjustments include \$212.9 million of transfers into general revenue; \$270.9 million of federal fiscal relief pursuant to the Jobs and Growth Tax Relief Reconciliation Act of 2003; and \$81.9 million from revenue bond proceeds for capital improvement projects.
Montana	Expenditures include a \$4 million supplemental for schools in fiscal 2004 and a \$2.9 million supplemental for Judiciary cost overruns.
Nebraska	Revenue adjustments are transfers between the general fund and other funds. Expenditure adjustments are carryovers from prior years.
Nevada	The difference between the fiscal 2003 ending balance and the fiscal 2004 beginning balance is due to rounding. Fiscal 2004 and fiscal 2005 figures reflect amounts approved by the legislature.
New Jersey	Revenue adjustments represent resources transferred to the general fund.
New Mexico	Revenue includes \$284.7 million from accounting policy change. Adjustments reflect reserve account activity.
New York	The ending balance includes \$794 million in the tax stabilization reserve fund (rainy day fund), \$200 million in the Community Projects Fund and \$20 million in reserve funds for litigation risks. Revenue and expenditure adjustments reflect \$1.9 billion in deferred spending from 2002-2003 to 2003-2004 as a result of deferred tobacco securitization proceeds and payment delays.
North Carolina	Revenue adjustments include \$136.9 million of federal fiscal relief received in October 2003 and \$108.8 million of Disaster Relief Reserve funds.

NOTES TO TABLE A-2 (continued)

Ohio	Federal reimbursements for Medicaid and other human services programs are included in the general revenue fund. Beginning balances are undesignated, unreserved fund balances. The actual cash balances would be higher by the amount reserved for encumbrances and designated transfers from the general revenue fund. Expenditures for fiscal 2004 do not include encumbrances outstanding at the end of the year. Ohio reports expenditures based on disbursements for the general revenue fund. Expenditure adjustments reflect miscellaneous transfers-out of \$30.5 million. These transfers-out are adjusted for an anticipated net change in encumbrances from fiscal 2003 levels of -\$23.8 million.
Oklahoma	Revenue adjustments reflect a projected rainy day fund deposit of \$101.2 million and an increase to the general revenue fund cash-flow reserve of \$11.9 million.
Oregon	Oregon budgets on a biennial basis. The constitution requires the state to be balanced at the end of each biennium.
Pennsylvania	Revenue adjustments include projected lapses of \$90 million from prior-year appropriations and a \$13.1 million decrease to the beginning balance. Total expenditures reflect the total amount appropriated plus proposed supplemental appropriations. Expenditure adjustments include projected current-year lapses of \$77 million and the projected statutory transfer of 25 percent of the year-end balance, \$14.5 million, to the budget stabilization (rainy day) fund.
Rhode Island	Revenue adjustments reflect deposits into the budget stabilization fund.
South Carolina	Expenditure adjustments reflect a transfer from the general fund to the state's General Deposit Account.
South Dakota	Revenue adjustments reflect \$27.2 million of one-time receipts to the general fund, and \$1.4 million of obligated cash carried forward from fiscal 2003. Expenditure adjustments reflect \$1.4 million transferred to the Budget Reserve Fund from the prior year's obligated cash, and \$3.1 million of obligated cash to the Budget Reserve Fund.
Tennessee	Revenue adjustments reflect a \$28 million transfer from the debt service fund reserve and a \$25.5 million from debt service fund unexpended appropriations. Expenditure adjustments reflect a \$21 million transfer to the Transportation Equity Fund; a \$27.5 million transfer to the capital outlay projects funds; and \$12.2 million for dedicated revenue appropriations.
Texas	Revenue information is from the Comptroller's December 2003 certification revenue estimate. Revenue adjustment is for dedicated account balances. Total expenditures are 2004 appropriated, as reported by the Legislative Budget Board. Total expenditures include \$543 million in appropriations from the Rainy Day Fund. Expenditure adjustment includes \$243 million in reserve for transfer to the rainy day fund and other adjustments to reconcile the actual ending balance reported by the Comptroller.
Utah	Revenue adjustments include a \$35.6 million reserve from the prior fiscal year, \$14 million in lapsing balances from agencies, a \$9.8 million transfer from tobacco settlement funds, \$7.4 million in transfers from various restricted accounts, a \$5.2 million industrial assistance fund reserve from the previous fiscal year, and \$2.2 million from other miscellaneous revenue sources.
Vermont	Revenue adjustments reflect a Fee Bill (\$.4 million), 2003 Act 68 sales tax implementation (\$27.8 million), direct applications and transfers in (\$13 million), additional property transfer tax to the general fund (\$5.2 million). Expenditure adjustments reflect \$3.1 million to the Transportation Fund, \$.5 million to the Health Access Trust Fund, \$.4 million to the Fish & Wildlife Fund, \$20.9 million to the Budget Stabilization Reserve, \$12.2 million to the General Fund Surplus Reserve.
Washington	Revenue adjustments reflect the transfer of fund balances from other accounts to the general fund.
West Virginia	The beginning balance reflects \$146.4 million of reappropriations, \$8.3 million of surplus appropriations, and a \$41.3 million unappropriated surplus balance. Revenue adjustments reflect \$0.2 million of prior year redeposits. Expenditures reflect \$3,041.4 million of regular appropriations, \$146.4 million of reappropriations, \$8.3 million of surplus appropriations, and \$29.9 million of 31 day (prior year) expenditures. Expenditure adjustments reflect a \$9.8 million transfer to rainy day fund.
Wisconsin	Expenditure adjustments include Compensation Reserves (109.2 million).
Wyoming	The state budgets on a biennial basis. To complete the survey using annual figures, certain assumptions and estimates were required. Caution is advised when drawing conclusions or making projections using this information.

TABLE A-3

Fiscal 2005 State General Fund, Recommended (Millions)

Region and State	Beginning Balance	Revenues	Adjustments	Resources	Expenditures	Adjustments	Ending Balance	Budget Stabilization Fund
NEW ENGLAND								
Connecticut	\$ 0	\$13,154	\$ 0	\$13,154	\$13,154	\$ 0	\$ 1	\$ 0
Maine**	27	2,640	11	2,677	2,662	0	15	0
Massachusetts* **	1,058	22,950	1,217	25,224	22,979	1,217	1,028	939
New Hampshire	0	1,392	0	1,392	1,390	0	2	0
Rhode Island**	0	2,958	-59	2,899	2,899	0	0	89
Vermont**	0	923	17	939	939	1	0	45
MID-ATLANTIC								
Delaware* **	432	2,717	0	3,149	2,785	0	364	147
Maryland**	190	10,571	475	11,235	11,234	0	2	529
New Jersey* **	400	25,714	0	26,114	25,708	5	400	0
New York* **	1,014	41,846	0	42,860	41,896	0	964	794
Pennsylvania**	44	22,225	67	22,336	22,334	1	2	91
GREAT LAKES								
Illinois	346	23,837	2,279	26,462	23,416	2,677	369	326
Indiana**	2	11,296	60	11,357	11,357	0	0	26
Michigan**	0	8,369	291	8,660	8,655	0	5	0
Ohio**	129	24,776	0	24,905	24,752	4	149	181
Wisconsin* **	122	11,606	0	11,728	11,563	163	1	0
PLAINS								
Iowa**	0	4,550	283	4,833	4,759	0	75	183
Kansas**	240	4,488	0	4,728	4,615	0	113	0
Minnesota* **	692	14,048	0	14,740	14,108	0	632	631
Missouri**	72	6,808	218	7,098	7,097	0	1	222
Nebraska**	8	2,815	-18	2,804	2,757	5	43	116
North Dakota	64	927	0	991	920	0	71	9
South Dakota**	0	952	24	976	976	0	0	159
SOUTHEAST								
Alabama	51	5,672	0	5,723	5,699	0	24	104
Arkansas	0	3,652	0	3,652	3,652	0	0	0
Florida**	1,638	22,344	0	23,982	23,785	0	198	999
Georgia*	1,240	16,125	0	17,365	16,125	0	1,240	0
Kentucky**	110	7,284	118	7,513	7,418	95	0	51
Louisiana**	0	6,551	160	6,711	6,711	0	0	198
Mississippi**	3	3,612	-2	3,613	3,540	0	73	74
North Carolina	146	15,395	0	15,540	15,505	0	35	150
South Carolina*	62	5,145	0	5,207	4,996	0	211	50
Tennessee**	322	8,768	-56	9,034	8,955	79	0	234
Virginia	357	12,918	0	13,275	13,148	0	127	248
West Virginia**	2	3,078	0	3,080	3,078	1	1	69
SOUTHWEST								
Arizona	173	6,757	302	7,232	7,165	0	67	0
New Mexico* **	389	4,378	4	4,771	4,384	14	373	0
Oklahoma	246	4,906	-12	5,141	4,716	0	425	101
Texas**	487	29,539	56	30,082	29,460	508	113	356
ROCKY MOUNTAIN								
Colorado* **	224	6,202	-288	6,138	5,916	0	222	0
Idaho**	72	2,117	-37	2,152	2,084	0	68	21
Montana**	56	1,311	0	1,378	1,323	0	43	0
Utah**	21	3,648	102	3,771	3,770	0	0	52
Wyoming	4	992	33	1,028	1,023	0	5	35
FAR WEST								
Alaska**	0	1,777	475	2,252	2,252	0	0	2,032
California*	1,219	76,407	0	77,625	76,062	0	1,564	635
Hawaii	88	4,052	0	4,140	4,058	0	82	0
Nevada**	141	2,563	0	2,704	2,545	0	159	1
Oregon	-270	5,236	0	4,966	4,945	0	21	0
Washington**	566	11,638	39	12,244	11,700	0	544	0
Total	\$12,184	\$533,625	-	\$551,580	\$536,967	-	\$9,832	\$9,895

NOTES: N/A indicates data are not available. *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.

Alaska	Revenue adjustments reflect a Constitutional Budget Reserve (CBR) draw.
Colorado	Revenue adjustments include diversions to the State Education Fund and the Older Coloradan's program.
Delaware	The state is changing the accounting for Medicaid revenues received for services provided by state facilities. An equal amount of budgetary appropriations have also been reduced by a like amount. The Department of Finance will increase collection efforts which is projected to produce an additional \$1.5 million in revenue.
Florida	The Rainy Day Fund Balance includes funds in the Budget Stabilization Fund.
Idaho	Revenue adjustments include \$37.3 million in transfers to other funds.
Illinois	Revenue adjustments include transfers-in of \$2,279 million. Expenditure adjustments include transfers-out (\$2,132 million), repayment of Pension Obligation Bonds (\$495 million), and a transfer to increase the Budget Stabilization Fund balance (\$50 million).
Indiana	Revenue adjustments include one-time transfers from dedicated funds, the federal Jobs & Growth Tax Relief Reconciliation Act of 2003, and the Rainy Day Fund. In addition to the ending and rainy day fund balances noted, Indiana reserves a portion of the general fund for tuition support payments for K-12 education. This balance totaled \$265 million in fiscal 2005. The ending general fund balances do not reflect these amounts.
Iowa	Governor Vilsack recommends expanding the sales tax to select services for an additional \$208.3 million, combined reporting for corporations for an additional \$25 million, continuing the cigarette tax increase of 60 cents per pack starting on March 1, 2004 for \$108 million and continuing the sales tax phase-out on residential utilities which was inadvertently removed last session for a reduction of \$63.4 million. Ending general fund balances flow into the rainy day funds in the subsequent year.
Kansas	Kansas does not maintain a separate rainy day fund.
Kentucky	Revenues include \$109 million in tobacco settlement funds. Revenue adjustments include fund transfers (\$29 million), and the Reserve for Continuing Appropriations (\$89 million). Expenditure adjustments include funds reserved for continued appropriations.
Louisiana	Revenue adjustments include a \$160 in supplemental revenues contingent on legislative action to renew the suspension of exemptions from sales tax for certain transactions, including business utilities.
Maine	Revenue adjustments reflect legislatively and statutorily authorized transfers of \$3.4 million from hospital rate adjustments; \$3 million from the Highway Fund; \$2.5 million from Unfunded Actuarial Liability savings; and \$2 million from other transfers statewide.
Maryland	Revenue adjustments reflect transfers from other funds, including \$91 million from the Rainy Day Fund. Total expenditures include appropriations from the Rainy Day Fund of \$112.7 million.
Massachusetts	Revenue and expenditure adjustments reflect the annual pension obligation that is not reflected in budgeted spending. Revenue adjustment is equal to net amount of rainy day fund used. General fund refers to budgeted spending and revenue.
Michigan	Fiscal 2005 revenue adjustments include federal and state law changes (-\$546.6 million); suspension of county revenue sharing (\$183.5 million); liquor markup (\$31.8 million); escheats law changes (\$15 million); and deposits from state restricted funds (\$607.1 million). No carryforward balance is assumed to be available as part of the fiscal 2005 Executive Budget.
Minnesota	The ending balance includes a budget reserve of \$281.4 million and \$350 million in the cash flow account.
Mississippi	Revenue adjustments include a fiscal 2004 year end transfer of \$1.5 million to the Working Cash Stabilization Fund.
Missouri	Revenues and expenditures exclude refunds of \$1,286.6 million. Revenue adjustments include \$175 million of transfers into general revenue; and \$42.6 million from revenue bond proceeds for capital improvement projects.
Montana	Expenditures include a \$4.5 million supplemental for schools in fiscal 2005 and \$2.9 million supplemental for judiciary cost overruns.
Nebraska	Revenue adjustments are transfers between the general fund and other funds. Expenditure adjustments are a small amount reserved for supplemental appropriations.
Nevada	The difference between the fiscal 2004 ending balance and the fiscal 2005 beginning balance is due to rounding. Fiscal 2004 and fiscal 2005 figures reflect amounts approved by the legislature.
New Jersey	Expenditure adjustments represent transfers to other funds, not considered part of the general fund for this survey.
New Mexico	Revenue includes \$25 million in tax collection enhancements, and \$34.7 million in 2004 legislative session revenue bills. Adjustments reflect reserve account activity.
New York	The ending balance includes \$794 million in the tax stabilization reserve fund (rainy day fund), \$150 million in the Community Projects Fund and \$20 million in reserve funds for litigation risks.
Ohio	Federal reimbursements for Medicaid and other human services programs are included in the general revenue fund. Beginning balances are undesignated, unreserved fund balances. The actual cash balances would be higher by the amount reserved for encumbrances and designated transfers from the general revenue fund. Ohio budgets on a biennial basis. The fiscal year 2005 was enacted in July 2003. The figures in the table reflect the enacted fiscal year 2005 budget including the March 2004 revenue revisions and expected executive order reductions for 2005.
Oregon	Oregon budgets on a biennial basis. The constitution requires the state to be balanced at the end of each biennium.
Pennsylvania	Revenue adjustments reflect proposed net tax changes. Expenditure adjustments reflect the projected statutory transfer of 25 percent of year-end balance to the budget stabilization (rainy day) fund.
Rhode Island	Revenue adjustments reflect deposits into the budget stabilization fund.

NOTES TO TABLE A-3 (continued)

South Dakota	Revenue adjustments reflect a \$16.6 million transfer from the Property Tax Reduction Fund to cover the budget shortfall, and \$7.6 million of one-time receipts to the general fund.
Tennessee	Revenue adjustments reflect a -\$55.5 million transfer to the rainy day fund. Expenditure adjustments reflect a \$21.6 million transfer to the Transportation Equity Fund; a \$45.2 million transfer to the capital outlay projects fund; and \$12.2 million for dedicated revenue appropriations.
Texas	Revenue information is from the Comptroller's December 2003 certification revenue estimate. Revenue adjustment is for dedicated account balances. Total expenditures are 2005 appropriated, as reported by the Legislative Budget Board. Total expenditures include \$258 million in appropriations from the Rainy Day Fund. Expenditure adjustment includes \$104 million in reserve for transfer to the rainy day fund and other adjustments to reconcile the actual ending balance reported by the Comptroller.
Utah	Revenue adjustments include \$30 million of proposed legislation to require quarterly filing of estimated income tax, \$18.7 million from the redirection of one-sixteenth of a cent of sales tax currently used for roads, \$14.4 million from the redirection of one-sixteenth of a cent of sales tax currently used for water development, \$10 million of increased accounts receivable collections, \$10 million from decoupling Utah from the federal inheritance tax code, \$9 million from redirecting insurance premium fund revenues back to the general fund, \$5.1 million from the redirection of one sixty-fourth of a cent of sales tax currently used for roads, and \$4.6 million from other miscellaneous revenue sources.
Vermont	Revenue adjustments reflect a Fee Bill (\$2 million), telephone property tax to Education Fund (-\$9.5 million), health care tax proposals (-\$2.8 million), sales tax exemption-telecommunications (-\$.3 million), Vermont Economic Development Authority debt forgiveness (-\$1.3 million), direct applications and transfers in (\$12.5 million), increase in property transfer tax revenue estimate (\$7.8 million), personal/corporate tax changes (-\$.9 million), and from General Fund Surplus Reserve (\$9.4 million). Expenditure adjustments reflect \$.8 million to the Budget Stabilization Reserve.
Washington	Revenue adjustments reflect the transfer of fund balances from other accounts to the General Fund.
West Virginia	Expenditure adjustments reflect a \$.9 million transfer to rainy day fund.
Wisconsin	Expenditure adjustments include Compensation Reserves (\$163 million).
Wyoming	The state budgets on a biennial basis. To complete the survey using annual figures, certain assumptions and estimates were required. Caution is advised when drawing conclusions or making projections using this information.

TABLE A-4

**General Fund Nominal Percentage
Expenditure Change, Fiscal 2004 and Fiscal
2005***

<i>Region and State</i>	<i>Fiscal 2004</i>	<i>Fiscal 2005</i>
NEW ENGLAND		
Connecticut	3.5%	4.8%
Maine	0.9	4.1
Massachusetts	-2.3	4.8
New Hampshire	3.0	1.0
Rhode Island	4.2	3.7
Vermont	1.9	3.7
MID-ATLANTIC		
Delaware	8.0	5.1
Maryland	-0.8	9.5
New Jersey	1.2	7.8
New York	11.9	-0.4
Pennsylvania	5.2	4.1
GREAT LAKES		
Illinois	4.0	2.9
Indiana	10.9	-0.7
Michigan	0.9	-1.8
Ohio	5.0	4.1
Wisconsin	-4.2	9.4
PLAINS		
Iowa	-0.7	5.8
Kansas	4.7	6.5
Minnesota	0.5	1.0
Missouri	3.4	7.6
Nebraska	-0.6	5.9
North Dakota	2.8	4.1
South Dakota	5.7	4.4
SOUTHEAST		
Alabama	1.7	2.4
Arkansas	8.5	3.6
Florida	3.6	11.9
Georgia	0.9	-0.3
Kentucky	1.4	1.9
Louisiana	-1.7	3.2
Mississippi	3.9	-1.4
North Carolina	6.8	4.8
South Carolina	-1.9	1.9
Tennessee	4.8	8.0
Virginia	1.5	6.9
West Virginia	10.0	-4.6
SOUTHWEST		
Arizona	8.6	9.5
New Mexico	11.2	-2.6
Oklahoma	1.0	0.4
Texas	-4.0	0.1
ROCKY MOUNTAIN		
Colorado	-4.2	4.5
Idaho	3.5	4.5
Montana	0.5	2.6
Utah	2.2	4.3
Wyoming	0.0	29.8
FAR WEST		
Alaska	-7.8	-2.1
California	0.7	-2.5
Hawaii	0.5	6.1
Nevada	13.9	9.7
Oregon	37.3	-5.8
Washington	-1.0	4.3
Average	2.8%	2.8%

NOTES: *Fiscal 2004 reflects changes from fiscal 2003 expenditures (actual) to fiscal 2004 expenditures (estimated). Fiscal 2005 reflects changes from fiscal 2004 expenditures (estimated) to fiscal 2005 expenditures (recommended).

TABLE A-5

Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2004

Region and State	Fees	Layoffs	Furloughs	Early Retirement	Across-the Board Percentage Cuts	Targeted Cuts	Reduce Local Aid	Programs Reorganized	Privatization	Rainy Day Fund	Other
NEW ENGLAND											
Connecticut*											X
Maine						X					
Massachusetts											
New Hampshire*						X					
Rhode Island*	X					X	X				X
Vermont											
MID-ATLANTIC											
Delaware											
Maryland*	X	X				X	X				X
New Jersey											
New York*											X
Pennsylvania											
GREAT LAKES											
Illinois	X	X				X		X			X
Indiana*					X	X	X			X	X
Michigan*	X		X			X	X	X			X
Ohio		X	X	X	X	X					
Wisconsin											
PLAINS											
Iowa*					X						
Kansas											
Minnesota											
Missouri*				X	X	X					X
Nebraska*		X			X	X	X				X
North Dakota											
South Dakota											
SOUTHEAST											
Alabama											
Arkansas											
Florida											
Georgia*		X	X		X	X		X			X
Kentucky						X				X	
Louisiana											
Mississippi											
North Carolina											
South Carolina					X					X	
Tennessee											
Virginia*											
West Virginia*					X						X
SOUTHWEST											
Arizona*											
New Mexico											
Oklahoma											
Texas											
ROCKY MOUNTAIN											
Colorado											
Idaho											
Montana											
Utah											
Wyoming											
FAR WEST											
Alaska											
California*	X	X		X		X	X	X		X	X
Hawaii*											X
Nevada*											X
Oregon											
Washington											
Total	5	6	3	3	8	13	6	4	0	4	15

NOTES: *See Notes to Table A-5.

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE A-5

Arizona	Fund transfers, a proposed withholding tax adjustment, the sale and leaseback of state buildings, and a deferral of one payment to school districts for K-12.
California	Expenditure reductions, fund shifts, loans, and transfers.
Connecticut	Tax increases & allotment rescissions.
Georgia	Used Federal Flexible Assistance to close the gap.
Hawaii	Debt service restructuring and carry-over balance.
Illinois	Issuance of \$10 billion in Pension Obligation Bonds providing \$1.86 billion in budget relief in fiscal 2004, closing of tax loopholes and administrative chargebacks and fund transfers so all funds pay for their share of the state's operations.
Indiana	Administrative transfer of dedicated funds. Reduced local aid includes delayed payments of property tax relief from May of the current fiscal to July of the following fiscal year.
Iowa	Across-the-board cuts of 2.5 percent. The Governor enacted an ATB on October 12, 2004 after the Revenue Estimating Conference lowered their estimate \$142.2 million, which eliminated the anticipated ending balance and put the fiscal year 2004 budget out of balance.
Maryland	Increased federal fund attainment.
Michigan	Other strategies to close the budget gap that occurred following enactment of the fiscal 2004 budget include use of prior year work project balances, higher education reductions, information technology reductions, and a 6-month pause in the scheduled Personal Income tax rate reduction. Governor Granholm created the Department of Labor and Economic Growth in October 2003, restructuring functions of the former departments of Consumer and Industry Services, Career Development and the Michigan Strategic Fund Agency. The new centralized and streamlined agency focuses on job creation, workforce development, and economic growth. Cost savings were generated as a result of the consolidation of functions.
Missouri	Other strategies include a hiring freeze for non-critical positions; implementation of sentencing legislation for non-violent offenders; and program lapse.
Nebraska	Other includes the federal fiscal relief grant which allows Nebraska to maintain funding levels for essential government services such as health care and education.
Nevada	The 2003 Legislature enacted tax increases to address the budget shortfall.
New Hampshire	Hiring freeze and out-of state travel freeze.
Rhode Island	Revenue enhancements (\$15.7 million).
Virginia	Attachments for Tax Reform in 2004-2006.
West Virginia	Across-the-board cut of 2.9 percent. Higher education was cut by 1.4 percent.

TABLE A-6

Fiscal 2004 Tax Collections Compared with Projections Used in Adopting Fiscal 2004 Budgets (Millions)**

Region and State	Sales Tax		Personal Income Tax		Corporate Income Tax		Total Revenue Collection***
	Original Estimate	Current Estimate	Original Estimate	Current Estimate	Original Estimate	Current Estimate	
NEW ENGLAND							
Connecticut	\$3,092	\$3,092	\$4,476	\$4,600	\$ 608	\$ 525	T
Maine	899	899	1,133	1,133	95	104	T
Massachusetts	3,691	3,687	7,965	8,216	885	1,023	H
New Hampshire	N/A	N/A	N/A	N/A	188	178	T
Rhode Island	812	816	853	855	65	69	L
Vermont	228	226	426	427	28	31	H
MID-ATLANTIC							
Delaware	N/A	N/A	740	744	66	67	H
Maryland	2,830	2,846	5,095	4,998	330	318	T
New Jersey	6,165	6,235	7,130	7,240	2,186	2,387	H
New York*	9,138	9,177	21,410	20,979	1,450	1,382	T
Pennsylvania	7,701	7,701	7,616	7,616	1,476	1,476	T
GREAT LAKES							
Illinois	6,280	6,280	7,277	7,109	800	881	T
Indiana	4,883	4,716	3,839	3,780	559	608	T
Michigan	6,833	6,621	6,024	5,820	2,013	1,879	T
Ohio	7,634	7,635	7,602	7,387	793	810	L
Wisconsin	3,915	3,900	5,406	5,220	540	650	L
PLAINS							
Iowa	1,465	1,450	2,498	2,527	238	180	T
Kansas	1,850	1,855	1,845	1,855	105	120	T
Minnesota	4,075	4,083	5,798	5,527	625	646	L
Missouri*	1,803	1,737	3,835	3,640	200	156	L
Nebraska	1,142	1,140	1,307	1,225	120	126	L
North Dakota	383	394	213	216	46	45	H
South Dakota	492	504	N/A	N/A	N/A	N/A	H
SOUTHEAST							
Alabama	1,601	1,671	2,079	2,036	155	236	T
Arkansas	1,787	1,787	1,658	1,658	189	189	T
Florida	15,288	15,285	N/A	N/A	1,246	1,319	H
Georgia	4,767	5,064	7,854	7,354	N/A	N/A	L
Kentucky	2,473	2,403	2,983	2,734	274	268	L
Louisiana	2,406	2,432	2,188	2,131	373	407	T
Mississippi	1,523	1,504	1,032	1,047	305	312	T
North Carolina	4,057	4,057	7,427	7,427	712	712	T
South Carolina	2,170	2,116	1,965	1,925	107	124	T
Tennessee*	5,620	5,771	121	120	1,069	1,069	H
Virginia	2,460	2,460	7,212	7,207	316	408	T
West Virginia	937	921	1,091	1,065	168	156	L
SOUTHWEST							
Arizona	3,150	3,229	2,150	2,206	320	475	H
New Mexico	1,365	1,405	1,047	986	135	103	H
Oklahoma	1,440	1,484	2,286	2,262	111	121	H
Texas	14,736	14,642	N/A	N/A	N/A	N/A	H
ROCKY MOUNTAIN							
Colorado	1,792	1,769	3,510	3,400	172	223	T
Idaho	858	884	934	896	92	100	H
Montana	N/A	N/A	558	573	65	56	T
Utah	1,483	1,467	1,654	1,621	137	144	T
Wyoming	302	325	N/A	N/A	N/A	N/A	H
FAR WEST							
Alaska	N/A	N/A	N/A	N/A	250	269	H
California	23,518	23,714	33,596	35,117	7,035	7,466	L
Hawaii	1,831	1,854	1,153	1,119	19	21	L
Nevada	715	715	N/A	N/A	N/A	N/A	H
Oregon	N/A	N/A	4,490	4,279	253	258	H
Washington	6,188	6,189	N/A	N/A	N/A	N/A	T
Total	\$177,774	\$178,140	\$189,473	\$188,277	\$26,918	\$28,095	-

NOTES: N/A indicates data are not available because, in most cases, these states do not have this type of tax.

*See Notes to Table A-6.

**Unless otherwise noted, original estimates reflect the figures used when the fiscal 2004 budget was adopted, and current estimates reflect preliminary actual tax collections.

***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-6

Michigan	The revenue estimates used for enactment of the fiscal 2004 budget are higher than current revenue estimates. The current revenue estimates are coming in on target for fiscal 2004.
Missouri	Revenue collections are net of refunds. Corporate taxes include corporate franchise taxes.
New York	Reported personal income tax collections include personal income tax receipts that flow through the revenue bond tax fund to the General Fund. Unlike past survey responses, reported sales tax collections include sales tax receipts that flow through the Local Government Assistance Corporation to the General Fund.
Tennessee	Corporate income tax figures include excise and franchise taxes. The sales tax, personal income tax, and corporate excise tax are shared with local governments.

TABLE A-7

Fiscal 2004 Tax Collections Compared with Projections Used in Recommended Fiscal 2005 Budgets (Millions)**

Region and State	Sales Tax		Personal Income Tax		Corporate Income Tax	
	Fiscal 2004	Fiscal 2005	Fiscal 2004	Fiscal 2005	Fiscal 2004	Fiscal 2005
NEW ENGLAND						
Connecticut	\$3,092	\$3,266	\$4,600	\$4,863	\$525	\$504
Maine	899	934	1,133	1,195	104	104
Massachusetts	3,687	3,803	8,216	8,572	1,023	1,066
New Hampshire	N/A	N/A	N/A	N/A	178	193
Rhode Island	816	850	855	893	69	70
Vermont	226	195	427	448	31	41
MID-ATLANTIC						
Delaware	N/A	N/A	744	794	67	93
Maryland	2,846	2,894	4,998	5,304	318	357
New Jersey	6,235	6,575	7,240	7,843	2,387	2,547
New York*	9,177	9,767	20,979	24,123	1,382	1,746
Pennsylvania	7,701	7,939	7,616	8,361	1,476	1,604
GREAT LAKES						
Illinois	6,280	6,245	7,109	7,285	881	790
Indiana	4,716	4,938	3,780	3,972	608	631
Michigan	6,621	6,901	5,820	5,982	1,879	1,963
Ohio	7,635	8,047	7,387	7,770	810	900
Wisconsin	3,900	4,095	5,220	5,560	650	630
PLAINS						
Iowa	1,450	1,509	2,527	2,620	180	185
Kansas	1,855	1,910	1,855	1,850	120	110
Minnesota	4,083	4,231	5,527	5,930	646	740
Missouri*	1,737	1,904	3,640	3,957	156	190
Nebraska	1,140	1,220	1,225	1,290	126	132
North Dakota	394	418	216	223	45	46
South Dakota	504	535	N/A	N/A	N/A	N/A
SOUTHEAST						
Alabama	1,671	1,726	2,036	2,100	236	250
Arkansas	1,787	1,862	1,658	1,732	189	199
Florida	15,285	16,252	N/A	N/A	1,319	1,433
Georgia	5,064	5,040	7,354	7,720	N/A	N/A
Kentucky	2,403	2,561	2,734	2,889	268	274
Louisiana	2,432	2,318	2,131	2,303	407	419
Mississippi	1,504	1,488	1,047	1,072	312	317
North Carolina	4,057	4,283	7,427	7,965	712	818
South Carolina	2,116	2,158	1,925	1,964	124	123
Tennessee*	5,771	6,059	120	126	1,069	1,090
Virginia	2,460	2,582	7,207	7,675	408	418
West Virginia	921	951	1,065	1,098	156	173
SOUTHWEST						
Arizona	3,229	3,429	2,206	2,421	475	510
New Mexico	1,405	1,477	986	1,023	103	123
Oklahoma	1,484	1,549	2,262	2,287	121	130
Texas	14,642	15,443	N/A	N/A	N/A	N/A
ROCKY MOUNTAIN						
Colorado	1,769	1,862	3,400	3,553	223	253
Idaho	884	922	896	962	100	118
Montana	N/A	N/A	573	584	56	52
Utah	1,467	1,525	1,621	1,683	144	163
Wyoming	325	330	N/A	N/A	N/A	N/A
FAR WEST						
Alaska	N/A	N/A	N/A	N/A	269	249
California	23,714	25,022	35,117	38,043	7,466	7,609
Hawaii	1,854	1,954	1,119	1,233	21	35
Nevada	715	755	N/A	N/A	N/A	N/A
Oregon	N/A	N/A	4,279	4,564	258	218
Washington	6,189	6,500	N/A	N/A	N/A	N/A
Total***	\$178,140	\$186,223	\$188,277	\$201,832	\$28,095	\$29,618

NOTES: N/A indicates data are not available since, in most cases, these states do not have this type of tax.

*See Note to Table A-7. **Unless otherwise noted, fiscal 2004 figures reflect preliminary actual tax collection estimates as shown in Table A-6, and fiscal 2005 figures reflect the estimates used in recommended budgets.

SOURCE: National Association of State Budget Officers.

NOTE TO TABLE A-7

Michigan	The revenue estimates used for enactment of the fiscal 2004 budget are higher than current revenue estimates. The current revenue estimates are coming in on target for fiscal 2004.
Missouri	Revenue collections are net of refunds. Corporate taxes include corporate franchise taxes.
New York	Reported personal income tax collections include personal income tax receipts that flow through the revenue bond tax fund to the General Fund. Unlike past survey responses, reported sales tax collections include sales tax receipts that flow through the Local Government Assistance Corporation to the General Fund.
Tennessee	Corporate income tax figures include excise and franchise taxes. The sales tax, personal income tax, and corporate excise tax are shared with local governments.

TABLE A-8

Proposed Revenue Changes by Type of Revenue, Fiscal 2005

<i>State</i>	<i>Tax Change Description</i>	<i>Effective Date</i>	<i>Fiscal 2005 Revenue Changes (\$ in Millions)</i>
SALES TAXES			
Connecticut	Reflects additional sales tax collections due to the tax increases on cigarettes, tobacco products and alcohol.	4/04	5.7
Florida	Reflects a sales tax holiday on clothing less than \$50, school supplies less than \$10; and all books.	7/04	-48.1
Illinois	Reflects the closing of tax loopholes.	7/04	98
Iowa	Expands the sales tax to additional services and continues the phase-out of the sales tax on residential utilities.	7/03	144.9
Kansas	Increases the rate from 5.2 percent to 5.5 percent.		61.1
Louisiana	Reflects a permanent suspension of sales tax exemptions for certain businesses.	7/04	160
Massachusetts	Reflects the closing of tax loopholes		23
Minnesota	Requires out-of-state sellers to collect and remit Minnesota sales tax.	1/05	0.7
	Reflects natural gas pipelines.	7/04	1.6
	Reflects collection of sales tax on cigarettes at the distributor level.	8/04	10.5
Nevada	Reflects a reduction in the collection allowance.	7/03	5.8
New Jersey	Reflects the tax on the sale of airplanes.	7/04	5
New York	Continues the clothing sales tax exemption for two one-week periods.	6/04	400.0
	Imposes a surcharge to fund public safety.	6/04	39.0
	Taxes direct wine shipments.	6/04	2.0
Oklahoma	Eliminates the sales tax on cigarettes and tobacco products.	7/04	-53.7
Pennsylvania	Creates a sales tax holiday on Energy Star household appliances.	7/04	-2.6
	Creates a sales tax exemption for call centers and certain telecommunications equipment.	7/04	-70.2
Rhode Island	Reflects the higher cigarette tax rate.	7/04	2.4
Virginia	Increases the rate on nonfood items.	7/04	727.1
	Decreases the rate on food.	7/04	-101.2
Total Revenue Changes—Sales Taxes			\$1,411.0

TABLE A-8 (continued)

Proposed Revenue Changes by Type of Revenue, Fiscal 2005

<i>State</i>	<i>Tax Change Description</i>	<i>Effective Date</i>	<i>Fiscal 2005 Revenue Changes (\$ in Millions)</i>
PERSONAL INCOME TAXES			
Arkansas	Creates a temporary 3 percent surcharge on the personal income tax.	1/02 & 10/03	46.7
	Adopts federal retirement provisions.	1/02 & 10/03	-3.7
	Reflects income tax technical corrections.	1/02 & 10/03	-1.7
	Reflects repeal of the Working Taxpayer Credit.	1/02 & 10/03	23.3
California	Reflects suspension of the bond credit.	7/04	10.3
Connecticut	Reflects the Department of Revenue Services (DRS) non-resident initiative.	7/04	8.0
Kansas	Reflects a 5 percent surcharge.		97.5
Missouri	Creates a 5 percent surcharge on all income taxpayers above \$200,000.	7/04	11.9
Montana	Effective January 1, 2005, the Montana income tax rate structure is changed by: 1) reducing the graduated income tax rates from a high of 11 percent to seven rates with a high of 6.9 percent; 2) substantially narrowing the income tax brackets for each rate so that the highest rate bracket is obtained with taxable income of \$13,901; 2) limiting federal deductibility to \$5,000 (\$10,000 if married and filing jointly); 3) creating a new income tax credit equal to 1 percent of net capital gains income; and 4) eliminating the reporting of federal tax refunds as income for that portion of the refund above the amount capped.	1/05	-15.8
New York	Taxes non-resident gains from sales of co-op stock.	1/04	5.6
	Exempts federal military pay.	1/04	-1.1
	Adjusts School Tax Relief payments for inflation.	1/04	-11.1
Oklahoma	Exempts capital gains and increases the retiree income exemption.	7/04	-18.8
Pennsylvania	Expands tax forgiveness by increasing the income limit.	1/04	-13.9
Rhode Island	Reflects the repeal of tax credits.	1/04	3.9
Virginia	Increases the personal exemption.	1/05	-29.3
	Increases the standard deduction.	1/05	-54.2
	Increases the filing threshold.	1/05	-2.3
	Expands brackets.	1/05	-89
	Adds a new top bracket.	1/05	96.6
	Reflects a change in the age deduction.	1/04	9.2
	Reflects the Military Relief Act.	1/04	-2.4
Wisconsin	Reflects the Dairy Investment Tax Credit.	1/04	-5.7
Total Revenue Changes—Personal Income Taxes			\$64.0

TABLE A-8 (continued)

Proposed Revenue Changes by Type of Revenue, Fiscal 2005

<i>State</i>	<i>Tax Change Description</i>	<i>Effective Date</i>	<i>Fiscal 2005 Revenue Changes (\$ in Millions)</i>
CORPORATE INCOME TAXES			
Arkansas	Reflects a temporary 3 percent surcharge on the state income tax.	1/03	5.4
Illinois	Reflects the closing of tax loopholes.	7/04	223.0
Massachusetts	Reflects the closing of tax loopholes.		47.0
Minnesota	Reflects foreign operating corporation compliance.	1/04	1.3
	Reflects a single sales factor basis.	1/05	-1.9
Missouri	Decouples from accelerated depreciation.	10/04	48.8
New York	Implements a fixed dollar minimum requirement.	1/04	40.0
	Creates a low income housing credit.	1/04	-2.0
	Creates a biotechnology investment credit.	1/04	-5.0
Rhode Island	Reflects the repeal of tax credits (\$0.6 million) and increased corporate and franchise taxes (\$7 million).	7/04	7.6
Virginia	Reflects intangible holding companies.	1/04	34
	Reflects the sales throwback.	1/04	10.6
	Reflects business expensing.	1/04	-11.2
	Reflects pass-through entities.	1/04	2
Total Revenue Changes—Corporate Income Taxes			\$399.6
CIGARETTE AND TOBACCO TAXES			
Alaska	Reflects an increase from \$1 to \$2 per pack, an increase in the tobacco products tax from 75 percent to 100 percent of the wholesale cost, and institutes a floor stock tax on existing inventories.	7/04	35.5
Arkansas	Increases the cigarette tax by \$0.25 per pack and adds an additional 7 percent excise tax.	6/03	54.8
Connecticut	Increases the per pack tax on cigarettes from \$1.51 to \$2.05.	4/04	88.4
	Increases the excise tax on the wholesale price of tobacco products from 20 percent to 30 percent.	4/04	1.8
	Increases the tax on tobacco products sold by the ounce from 40 cents to 60 cents per pack.	4/04	0.5
Iowa	Increases the tax by 60 cents per pack.	3/04	108
Michigan	Increases the tax from \$1.25 to \$2 per pack.	10/04	295.1
Missouri	Increases the cigarette tax from 17 cents to 72 cents per pack (55 cents) and increases the tax on other tobacco products from 10 percent to 30 percent.	10/04	222.4
Nevada	Increases the tax by 45 cents.	8/03	72.9
New Jersey	Increases the tax per pack by 45 cents.	7/04	135
Oklahoma	Increases taxes on cigarettes and other tobacco products.	7/04	175.8
Rhode Island	Reflects higher cigarette tax rate.	7/04	37.9
Virginia	Increases the rate.	7/04	146.5
West Virginia	Reflects an increase from 55 cents to 75 cents per pack.	7/04	30.5
	Increases the tax on smokeless tobacco from 7 percent to 20 percent.	7/04	6.6
Total Revenue Changes—Cigarette and Tobacco Taxes			\$1,411.7

TABLE A-8 (continued)

Proposed Revenue Changes by Type of Revenue, Fiscal 2005

<i>State</i>	<i>Tax Change Description</i>	<i>Effective Date</i>	<i>Fiscal 2005 Revenue Changes (\$ in Millions)</i>
ALCOHOLIC BEVERAGES			
Connecticut	Increases all tax rates by 10 percent.	4/04	4.4
Nevada	Increases the tax rate by 75 percent.	8/03	16.4
Total Revenue Changes—Alcoholic Beverages			\$20.8
MOTOR FUELS TAXES			
Illinois	Eliminates the exemption for nonfarm nonhighway vehicles.	7/04	74
Total Revenue Changes—Motor Fuel Taxes			\$74.0
OTHER TAXES			
Alabama	Reflects a one-time surcharge on tobacco companies.	7/04	14.0
	Reflects a privilege tax.	7/04	11.0
	Reflects a nursing home bed tax.	8/04	25.3
Alaska	Reflects the tourism services sales and use tax.	1/05	19.0
Florida	Reflects the phase-out of the intangibles tax.	7/04	-90.9
Illinois	Reflects changes in the airport transportation tax.	7/04	6.0
	Reflects additional gaming taxes from dormant licenses.	7/04	25.0
Michigan	Reflects decoupling from the federal estate tax.	7/04	94.4
Missouri	Increases the adjusted gross receipt tax on riverboat gaming from 20 percent to 22 percent.	10/04	24.5
Nevada	Reflects various changes in existing taxes and adoption of other taxes.		345.5
New Jersey	Reflects a 1 percent fee on the purchase of homes in excess of \$1 million	7/04	24.0
	Reflects a franchise fee on wireless telephone service.	7/04	33.0
	Subjects gift cards, certificates, etc. to state escheat laws.	7/04	8.0
	Creates a new waste end assessment on hazardous waste.	7/04	11.0
	Increases the hazardous discharge/spill fund tax from \$.015 to \$.031 per barrel.	7/04	20.0
	Creates new and increased surcharges for the market transition revenue fund.	7/04	50.0
	Creates a surcharge of \$10 per pound of air toxic emissions.	7/04	6.0
New Mexico	Reflects Medicaid revenue enhancement, including a bed tax and premium tax.	7/04	37.0
Pennsylvania	Expands the Research and Development Tax Credit.	7/04	-15.0
	Expands the Education Improvement Tax Credit.	7/04	-10.0
	Continues the phase-out of capital stock tax.	1/04	-66.3
Utah	Reflects a health care facility match.	7/04	4.2
Virginia	Reduces the estate tax.	1/04	-50.9
Total Revenue Changes—Other Taxes			\$524.8

TABLE A-8 (continued)

Proposed Revenue Changes by Type of Revenue, Fiscal 2005

<i>State</i>	<i>Tax Change Description</i>	<i>Effective Date</i>	<i>Fiscal 2005 Revenue Changes (\$ in Millions)</i>
FEEs			
Alabama	Increases the civil court costs fee.	8/04	\$25.0
	Increases the motor vehicle records fee.	8/04	10.0
California	Reflects a MediCal fee and a Community Care Licenship fee.	7/04	306
Florida	Reflects a group care facility fee.	7/04	2.3
Illinois	Reflects an increase in nonconsumer fees.	7/04	57.0
Iowa	Reflects miscellaneous fee increases.		0.2
Maine	Reflects an increase in the Inland Fish and Wildlife fee.	1/04	3.1
	Reflects adjustment of the judicial fine waiver.	7/03	6.0
	Reflects the criminal background check fee.	7/03	1.0
Maryland	Reflects nursing home provider fees.	7/04	29.0
	Reflects development disability provider fees.	7/04	5.7
	Reflects teacher certification fees.	7/04	1.6
	Reflects community health administration licensing fees.	7/04	1.0
	Reflects miscellaneous other fee increases.	7/04	3.2
Massachusetts	Reflects miscellaneous fee increases.		17.0
Michigan	Reflects vital records and assessor fees.	10/04	1.6
Minnesota	Reflects HazMat endorsement background checks.	7/04	2.1
	Increases the 911 fee by 10 cents per month.	7/04	7.0
	Creates an insurance fee to fund the fraud prevention division.	7/04	1.5
Missouri	Increases admission fees to gaming boats from \$2 per two hour cruise to a \$7 fee per day (\$51.1 million). Also reflects various fee increases to cover costs of the program (\$7 million).	10/04	58.1
Nevada	Reflects various changes to existing fees.	Varies	23.7
New Jersey	Reflects a new petro chemical environmental impact fee.	7/04	150.0
	Reflects changes in the realty transfer fee structure.	7/04	70.0
	Creates a tire clean-up surcharge of \$1.50 per new tire.	7/04	12.0
New York	Expands the parking ticket surcharge.	1/04	7.5
	Reflects the Vehicle and Traffic Local Prosecution Program.	1/04	22.8
	Establishes a work zone automated speed enforcement fee.	1/04	15.0
	Creates a driver responsibility program fee.	1/04	17.5
	Increases the all-terrain vehicle fee.	1/04	5.8
	Increases the snowmobile registration fee.	1/04	3.6
	Doubles banking fees.	4/04	2.0
	Increases a Division of Military and Naval Affairs fee.	4/04	2.4
	Reflects the federal bed capacity contract fee.	4/04	15.0
	Increases divisible load permits and fines.	4/04	1.5
	Increases air regulation fees.	4/04	1.8
	Increases stormwater fees.	4/04	7.0
	Establishes an early intervention provider registration fee.	4/04	1.0
	Establishes a home care assessment of 0.7 percent of gross revenues.	4/04	15.0
	Establishes a hospital assessment of 0.7 percent of gross revenues.	4/04	183.3
	Increases the nursing home assessment to 6 percent of gross revenues.	4/04	230.4
	Reflects the real property transfer filing fee.	4/04	14.2
	Reflects the handgun license fee.	7/04	32.5
Oklahoma	Reflects vending machine decals, lobbyist fees, and seat belt/vehicle collision fees.	7/04	23.5
Pennsylvania	Increases the waste disposal tipping fee.	7/04	63
	Creates a new residual waste disposal fee.	1/05	7

TABLE A-8 (continued)

Proposed Revenue Changes by Type of Revenue, Fiscal 2005

<i>State</i>	<i>Tax Change Description</i>	<i>Effective Date</i>	<i>Fiscal 2005 Revenue Changes (\$ in Millions)</i>
FEES (continued)			
Rhode Island	Reflects various increased fees.		2.8
Texas	Imposes a \$200 fee increase for various professionals (landscape architects, interior designers, land surveyors, and property tax consultants.) Also increases fees for doctors and private security companies.	9/03	21.1
Utah	Reflects miscellaneous changes spread across most state agencies.	7/04	1.7
Vermont	Reflects Secretary of State corporation registrations and judicial filing fees.	3/04	2
Total Revenue Changes—Fees			\$1,493.5

SOURCE: National Association of State Budget Officers.

TABLE A-9

Recommended Revenue Measures, Fiscal 2005

<i>State</i>	<i>Description</i>	<i>Effective Date</i>	<i>Fiscal 2005 Recommended Changes (Millions)</i>
Alabama	Suspends professional licenses for delinquent court costs.	12/04	\$2.5
	Garnishes income tax refunds for delinquent court costs.	8/04	5.3
	Reflects demutualization of unclaimed property.	6/04	5.0
	Reflects public utility license acceleration.	6/04	3.3
	Reflects mental health.	6/04	18.7
Arkansas	Reflects a one-time transfer from the property relief trust fund to general revenue.		25.0
California	Reflects a personal income tax nonfiler compliance program.	7/04	12.3
Connecticut	Reflects a delayed repeal of tax on newspapers and magazines.	7/04	15.0
	Reduces the petroleum tax transfer into the special transportation fund.	7/04	13.0
	Reflects escheat of unclaimed bottle deposits to the state.	4/04	20.0
	Reflects numerous small transfers to the general fund.	7/04	5.9
Delaware	Reflects a change in accounting for Medicaid revenues received for services provided by state facilities.		-27.3
	Reflects increased collection efforts by the Department of Finance.		1.5
Florida	Reflects debt service for Florida Forever.	7/04	-5.0
Hawaii	Changes income tax withholding from monthly to semi-weekly and reflects a one-time revenue increase.	1/05	50.0
Illinois	Reflects tax redistributions.	7/04	72.0
	Reflects maximizations of federal reimbursements.	7/04	142.0
	Reflects ongoing fund transfers.	7/04	160.0
	Reflects the sale of state assets.		50.0
	Reflects one-time fund transfers.		39.0
Maine	Delays the deduction for educational expenses.	1/03	3.3
	Reflects additional annuity considerations for tax purposes.	1/03	5.8
	Delays conformity with federal estate tax changes.	1/03	22.4
Michigan	Reflects an increased liquor markup at the wholesale level.	10/04	38.9
	Reflects a state education tax exemption for state-owned lands.	10/04	-2.0
Minnesota	Reflects up-front payments of sales tax on leases.	7/04	35.6
Missouri	Reflects reduced spending on sales tax loopholes.	10/04	14.9
	Reflects reduced spending on corporate income tax loopholes.	10/04	106.3
	Reflects the elimination of the \$500 loss limit per two hour cruise on patrons of riverboat gaming facilities.	10/04	40.1
Nebraska	Reflects withholding on payments to certain non-employees.	1/05	0.7
New Jersey	Reflects prepayment of four-year registration fees on new vehicles.	7/04	90.0
	Reflects continued suspension of the net operating loss carryforward.	7/04	275.0
	Suspends the outdoor advertising sunset provision.	7/04	10.0
	Delays the stepdown in the Transitional Energy Facilities Assessment.	7/04	54.0
	Reflects enhanced enforcement.	7/04	25.0
	Securitizes revenue from the cigarette tax increase and motor vehicle surcharges.	7/04	1520.0
New Mexico	Reflects sales tax auditing to enhance collections.	7/04	6.0
	Reflects personal tax auditing to enhance collections.	7/04	19.0

TABLE A-9 (continued)

Recommended Revenue Measures, Fiscal 2005

<i>State</i>	<i>Description</i>	<i>Effective Date</i>	<i>Fiscal 2005 Recommended Changes (Millions)</i>
New York	Reflects an alternative fuels vehicle credit.	1/04	-10.0
	Reflects a reversal of the Meyers' Decision.	1/04	50.0
	Reflects a cost savings on low income filings.	1/04	1.0
	Reflects a Department of Corrections fee.	4/04	1.0
	Reflects an elimination of restrictions on Quick Draw lottery.	4/04	43.0
	Reflects a campus fire safety fee.	9/04	1.1
Rhode Island	Reflects prepayment of the sales tax on cigarettes.	7/04	1.9
	Reflects an increase from nonresident withholdings.	7/04	2.0
	Reflects enhanced collection activities.	7/04	7.3
	Reflects a freeze in the cigarette stamping discount.	7/04	0.6
	Reflects a transfer \$.006 of gas tax from Rhode Island Public Transit Authority.	5/04	2.9
	Reflects a hospital licensing fee.		62.4
	Reflects a judicial clearance fee.		4.0
	Reflects enhanced uncompensated care revenues.		10.6
	Reflects other miscellaneous fees.		3.2
Texas	Closes various tax loopholes.	9/03	47.7
	Extends the existing Telecommunications Infrastructure Fund assessment through 2004-2005.	9/03	208.8
Utah	Implements quarterly filing of estimated state income taxes.	7/04	30.0
	Decouples from Federal inheritance tax provisions.	7/04	10.0
Virginia	Reflects accelerated sales tax collections	6/05	-181.0
Washington	Reflects a measure to streamline sales tax conformity.		2.0
	Reflects an extension of several expiring tax incentives affecting Business and Occupation tax for targeted businesses and rural economic development.		-74.0
Total			\$2,480.4

SOURCE: National Association of State Budget Officers.

TABLE A-10

Total Balances and Balances as a Percentage of Expenditures, Fiscal 2003 to Fiscal 2005*

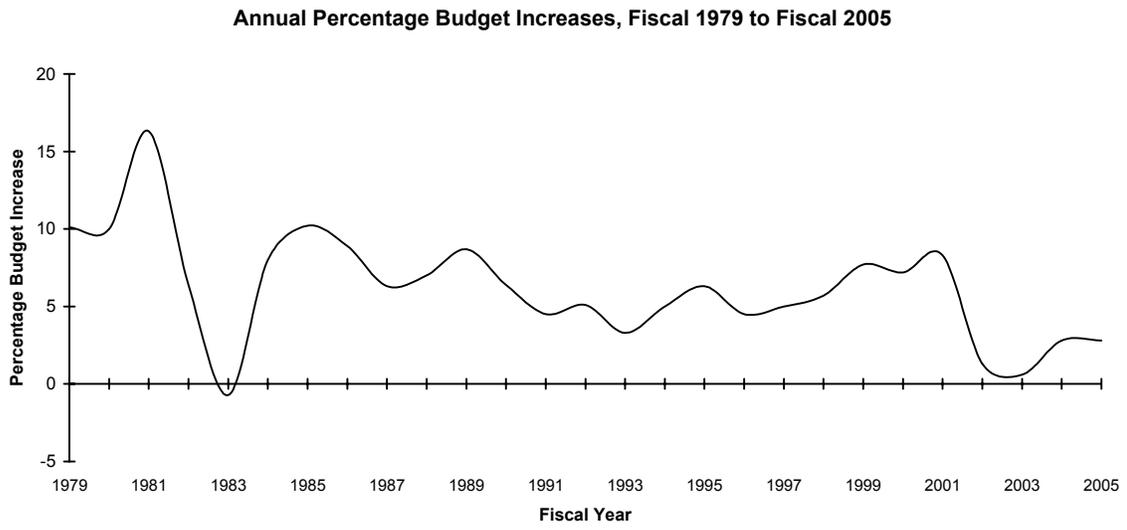
Region and State	Total Balances (Millions)**			Balances as a Percentage of Expenditures		
	Fiscal 2003	Fiscal 2004	Fiscal 2005	Fiscal 2003	Fiscal 2004	Fiscal 2005
NEW ENGLAND						
Connecticut	\$ 0	\$ 0	\$ 0	0.0%	0.0%	0.0%
Maine	29	27	15	1.1	1.0	0.6
Massachusetts	936	1,058	1,028	4.2	4.8	4.5
New Hampshire	20	20	2	1.5	1.4	0.2
Rhode Island	135	85	89	5.0	3.1	3.1
Vermont	24	45	45	2.7	4.9	4.8
MID-ATLANTIC						
Delaware	464	432	364	18.9	16.3	13.1
Maryland	613	686	531	5.9	6.7	4.7
New Jersey	373	400	400	1.6	1.7	1.6
New York	815	1,014	964	2.2	2.4	2.3
Pennsylvania	279	130	93	1.4	0.6	0.4
GREAT LAKES						
Illinois	543	622	695	2.5	2.7	3.0
Indiana	415	31	26	4.0	0.3	0.2
Michigan	174	31	5	2.0	0.3	0.1
Ohio	233	310	330	1.0	1.3	1.3
Wisconsin	-282	122	1	-2.6	1.2	0.0
PLAINS						
Iowa	163	183	258	3.6	4.1	5.4
Kansas	123	240	113	3.0	5.5	2.4
Minnesota	369	692	632	2.7	5.0	4.5
Missouri	448	295	224	7.0	4.5	3.2
Nebraska	62	97	159	2.4	3.7	5.8
North Dakota	21	73	80	2.4	8.3	8.7
South Dakota	107	176	159	12.1	18.8	16.3
SOUTHEAST						
Alabama	181	155	128	3.3	2.8	2.3
Arkansas	0	0	0	0.0	0.0	0.0
Florida	1,641	2,604	1,197	8.0	12.3	5.0
Georgia	1,268	1,240	1,240	7.9	7.7	7.7
Kentucky	167	161	51	2.3	2.2	0.7
Louisiana	214	260	198	3.2	4.0	2.9
Mississippi	64	76	148	1.8	2.1	4.2
North Carolina	401	296	185	2.9	2.0	1.2
South Carolina	46	62	211	0.9	1.3	4.2
Tennessee	242	500	234	3.1	6.0	2.6
Virginia	334	605	374	2.8	4.9	2.8
West Virginia	254	69	69	8.7	2.1	2.3
SOUTHWEST						
Arizona	192	173	67	3.2	2.6	0.9
New Mexico	245	389	373	6.0	8.6	8.5
Oklahoma	34	348	526	0.7	7.4	11.2
Texas	648	851	470	2.1	2.9	1.6
ROCKY MOUNTAIN						
Colorado	225	265	222	3.8	4.7	3.8
Idaho	16	72	89	0.8	3.6	4.3
Montana	43	56	43	3.4	4.3	3.3
Utah	43	73	52	1.2	2.0	1.4
Wyoming	251	250	40	31.8	31.7	3.9
FAR WEST						
Alaska	2,093	2,109	2,032	83.8	91.7	90.2
California	1,607	1,219	1,564	2.1	1.6	2.1
Hawaii	117	88	82	3.1	2.3	2.0
Nevada	109	142	161	5.4	6.1	6.3
Oregon	133	-270	21	3.5	-5.1	0.4
Washington	470	566	544	4.1	5.0	4.6
Total	\$17,098	\$19,123	\$16,531	3.4%	3.7%	3.1%

NOTES: *Fiscal 2003 are actual figures, fiscal 2004 are estimated figures, and fiscal 2005 are recommended figures.

**Total balances include both the ending balance and balances in budget stabilization funds.

SOURCE: National Association of State Budget Officers.

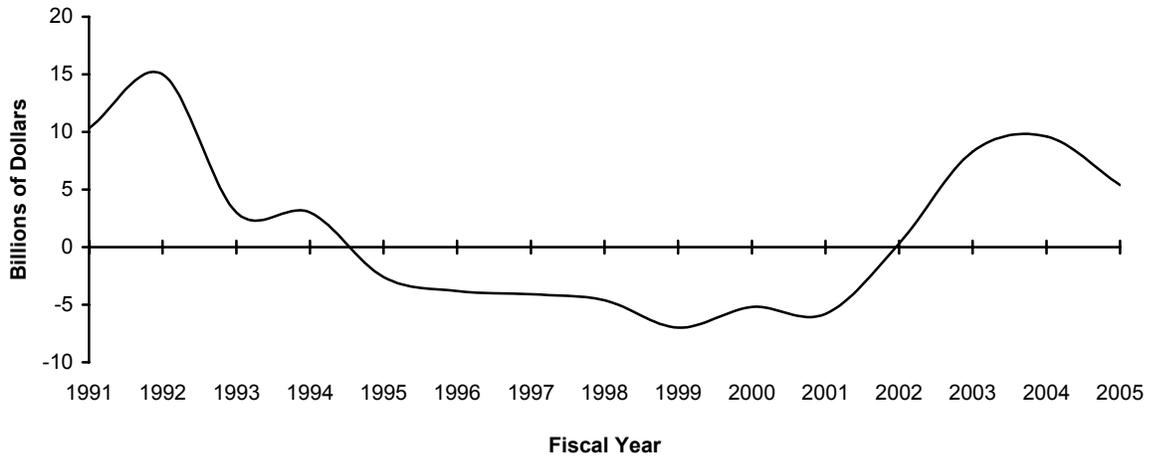
FIGURE 1



SOURCE: National Association of State Budget Officers.

Figure 2

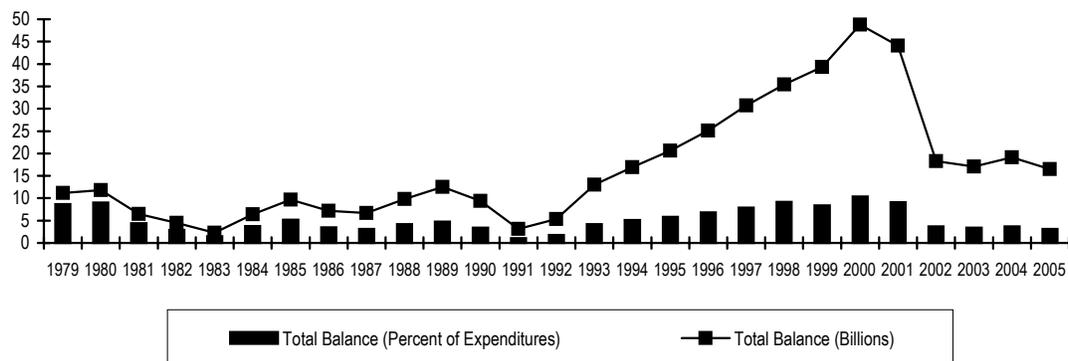
**Enacted State Revenue Changes, Fiscal 1991 to Fiscal 2004, and Proposed
State Revenue Change, Fiscal 2005**



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 2005



SOURCE: National Association of State Budget Officers.

FIGURE 4

Total Year-End Balances as a Percentage of Expenditures, Fiscal 2004

