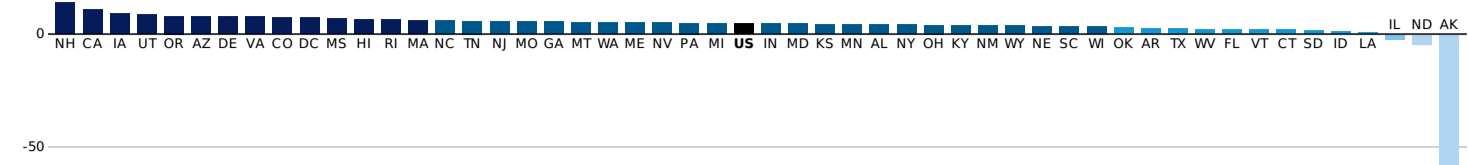


TAXES

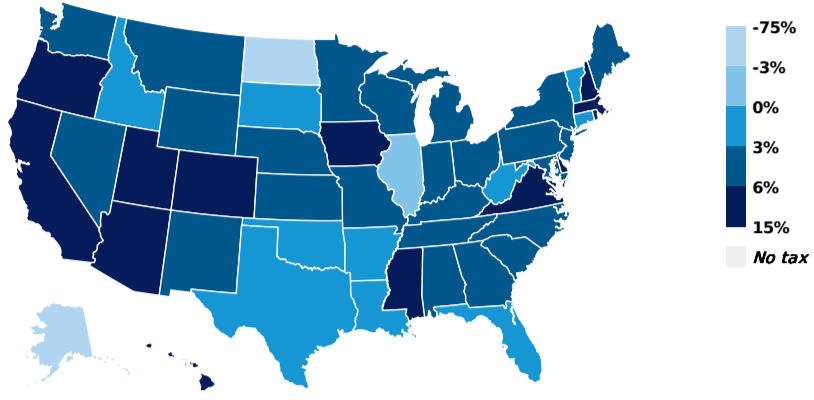
Examining inflation-adjusted total, sales, individual income, and corporate income tax revenue data for all 50 states and DC during the most recent four quarters compared with the previous four quarters.

Total Tax Revenue (inflation-adjusted, percent change year over year)

Real total state tax revenue increased 4.7 percent in the year ending in the second quarter of 2015 compared with one year earlier.



REGION/STATE United States of America CHANGE 4.7% QUARTER Second YEAR 2015

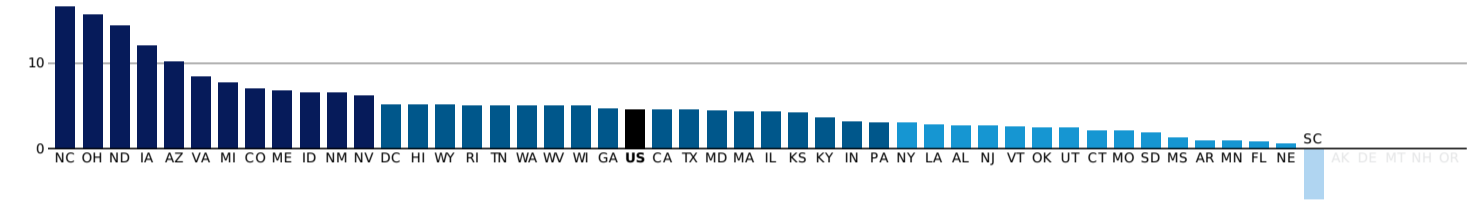


Source: US Census Bureau. (<http://www.census.gov/govs/qtax/>)
Note: Four quarters ending in the second quarter of 2015 are compared with four quarters ending in the the second quarter of 2014.

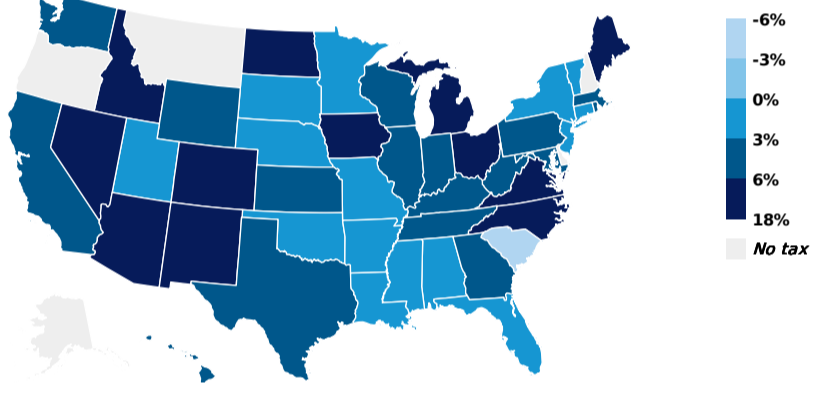
Real total state tax revenue (<http://www.urban.org/policy-centers/cross-center-initiatives/state-local-finance-initiative/state-and-local-backgrounders/state-and-local-revenues>) increased 4.7 percent, nationally, in the year ending in the second quarter of 2015 compared with one year earlier. New Hampshire's 14.0 percent increase was the largest of any state. A corporate income tax revenue increase and insurance premium tax revenue in the second quarter of 2015 boosted its total. Typically, New Hampshire only reports insurance premium revenue in the first quarter of the year so these data should be used with caution. The next-highest real total tax revenue increases were in California (11.0 percent), Iowa (9.0 percent), and Utah (8.6 percent). Alaska's 73.6 percent decline was a substantial outlier. Both Alaskan oil production and the price of oil have fallen and greatly affected the state's total tax revenue. Specifically, in the past four quarters Alaska's real severance tax revenue was \$151 million. In the four quarters before that period—second quarter of 2013 to the second quarter of 2014—Alaska's real severance tax revenue was \$2.5 billion. Only two other states saw real total tax revenue decline over the past year: North Dakota (-4.8 percent) and Illinois (-2.3 percent). North Dakota's real total revenue declined despite increased sales and individual income tax revenue because, like Alaska, it suffered from decreased severance tax revenue. Lower individual income tax revenue in Illinois drove its overall decline (see income tax section below).

Sales Tax Revenue (inflation-adjusted, percent change year over year)

Real total state tax revenue increased 4.6 percent in the year ending in the second quarter of 2015 compared with one year earlier.



REGION/STATE United States of America CHANGE 4.6% QUARTER Second YEAR 2015

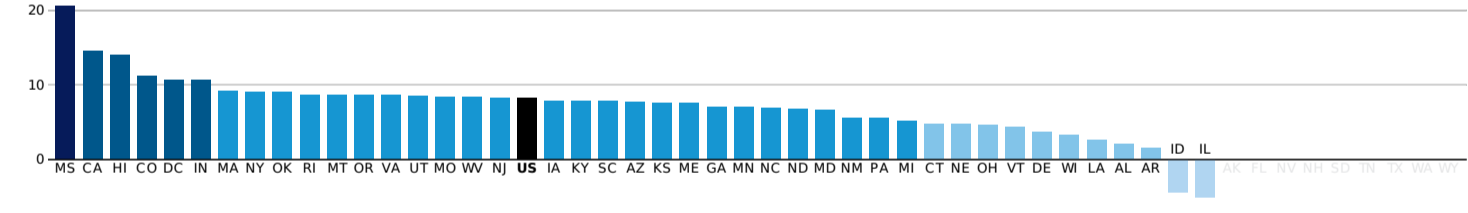


Source: US Census Bureau. (<http://www.census.gov/govs/qtax/>)
Note: Four quarters ending in the second quarter of 2015 are compared with four quarters ending in the the second quarter of 2014.

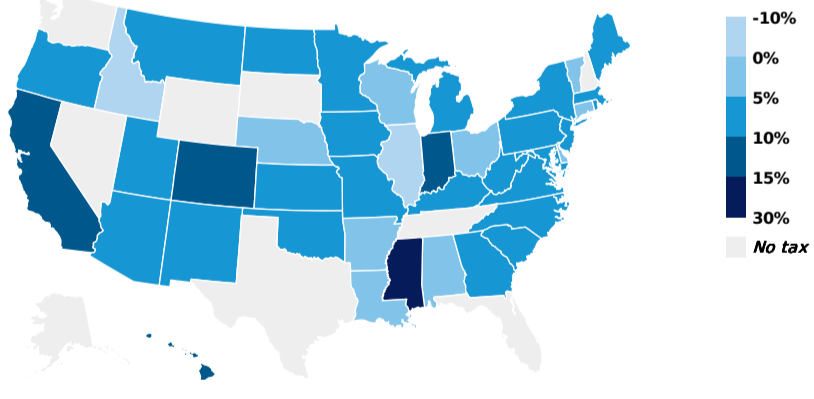
Real general sales tax (<http://www.urban.org/policy-centers/cross-center-initiatives/state-local-finance-initiative/projects/state-and-local-backgrounders/sales-taxes>) revenue increased nationally 4.6 percent in the year ending in the second quarter of 2015 compared with one year earlier. Real sales tax revenue increased more than 10.0 percent in five states: North Carolina (16.6 percent), Ohio (15.7 percent), North Dakota (14.4 percent), Iowa (12.1 percent), and Arizona (10.2 percent). Among these five states, only Ohio raised its state sales tax rate in the past two years, but North Carolina expanded its tax base (http://www.dor.state.nc.us/taxes/taxlawupdate_2013.pdf) to some new services and utilities. In total, the District of Columbia (DC) and 19 of the 45 states with a general sales tax saw real revenue increase 5.0 percent or more. Only South Carolina (-5.9 percent) had real sales tax revenue decline over the year. We do not know what caused this decline, but it could be related to data reporting and not solely economic factors.

Personal Income Tax Revenue (inflation-adjusted, percent change year over year)

Real total state tax revenue increased 8.2 percent in the year ending in the second quarter of 2015 compared with one year earlier.



REGION/STATE United States of America CHANGE 8.2% QUARTER Second YEAR 2015

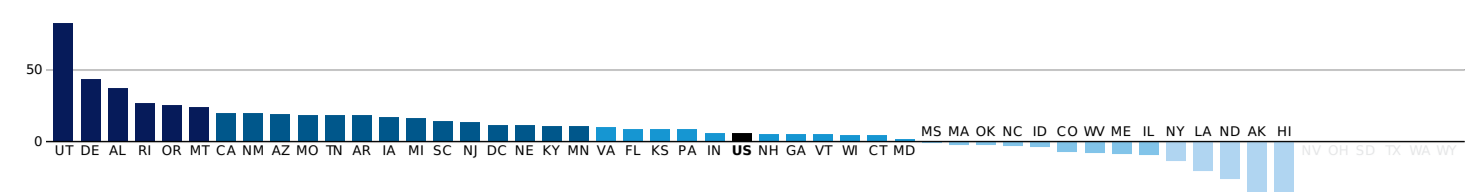


Source: US Census Bureau. (<http://www.census.gov/govs/qtax/>)
Note: Four quarters ending in the second quarter of 2015 are compared with four quarters ending in the the second quarter of 2014.

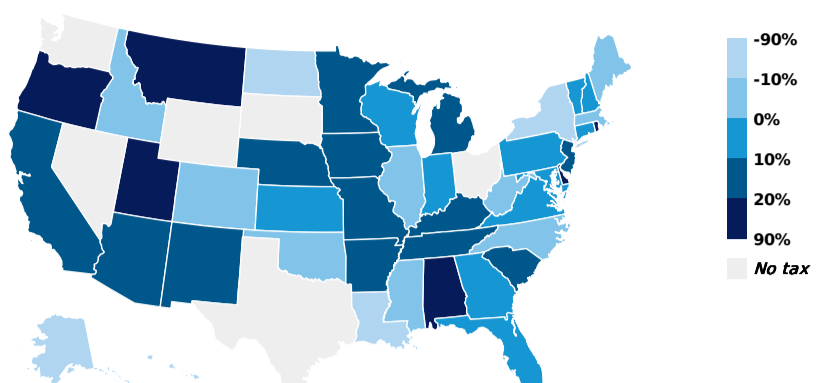
Real individual income tax (<http://www.urban.org/policy-centers/cross-center-initiatives/state-local-finance-initiative/projects/state-and-local-backgrounders/individual-income-taxes>) revenue increased nationally 8.2 percent in the year ending in the second quarter of 2015 compared with one year earlier. Thirty-nine of the 41 states with a broad-based income tax (New Hampshire and Tennessee have narrow tax bases) had real revenue increase over the year. This includes states like Kansas, Ohio, and Wisconsin that passed tax cuts that were in effect two years ago (and thus are starting from a new baseline). Five states and DC had real revenue increase 10.0 percent or more: Mississippi (20.6 percent), California (14.5 percent), Hawaii (14.0 percent), Colorado (11.2 percent), DC (10.7 percent), and Indiana (10.6 percent). Real individual income tax revenue declined over the past year in Illinois (-5.0 percent) and Idaho (-4.4 percent). Illinois's drop was because of the state's flat income tax rate falling from 5.00 percent to 3.75 percent on January 1, 2015, when a temporary tax increase expired (<http://www.revenue.state.il.us/Publications/Bulletins/2015/FY-2015-09.pdf>).

Corporate Income Tax Revenue (inflation-adjusted, percent change year over year)

Real total state tax revenue increased 5.8 percent in the year ending in the second quarter of 2015 compared with one year earlier.



REGION/STATE: United States of America
 CHANGE: 5.8%
 QUARTER: Second
 YEAR: 2015



Source: US Census Bureau. (<http://www.census.gov/govs/qtax/>)
 Note: Four quarters ending in the second quarter of 2015 are compared with four quarters ending in the the second quarter of 2014.

Real Corporate income tax (<http://www.urban.org/policy-centers/cross-center-initiatives/state-local-finance-initiative/projects/state-and-local-backgrounders/corporate-income-taxes>) corporate income tax revenue increased nationally 5.8 percent over the four quarters that concluded in June 2015 compared with the previous year. In the 44 states with a broad corporate income tax (Nevada, Texas, Washington, and Wyoming do not tax corporate income; South Dakota only taxes financial institutions; Ohio’s corporate income tax was repealed, but prior year liabilities are still being processed), revenue changes ranged from a 48.9 percent decline in Hawaii, largely anticipated by the state’s revenue estimators (http://files.hawaii.gov/tax/useful/cor/2015gf09-03_attach_1.pdf), to a 82.6 percent increase in Utah. Thirty states and DC saw real revenue increases over the past year. These data show that, even when using four quarters of data, state corporate income tax revenue is highly variable—profits fluctuate, the timing of tax payments change, and states offer amnesty programs.

Note: All of Connecticut’s tax data for the second quarter of 2015 were derived from Rockefeller Institute of Government estimates (http://www.rockinst.org/pdf/government_finance/state_revenue_report/2015-09-17-SRR_100.pdf) and not the Census of Governments data because Connecticut’s recent pattern of second quarter tax data being revised upward later.