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## Nine States Where Tax Revenues Have Been Slow to Recover Since the Great Recession.

**Budgets remain off in some states nearly a decade after the downturn ended, a new analysis shows.**

Tax revenues in 41 states have recovered to peak levels that fell sharply around the time of the Great Recession, according to a new analysis from The Pew Charitable Trusts.

That's good news for people concerned about state financial health and how well equipped states will be for the next downturn when it arrives. But there are still nine states where revenues continue to lag, even though the recession technically ended nearly a decade ago.

And there are also some caveats even for the states that have seen revenues rebound.

The Pew data is for state tax revenues in the third quarter of last year, and shows that in that time period, which ran through September, tax collections for all 50 states, after adjusting for inflation, were up 13.4% compared to their peak in 2008.

The nine states where revenues were still down from their recession era peaks include: Alaska (-83.7%), Wyoming (-37.7%), New Mexico (-11.8%), Florida (-9.0%), Ohio (-7.2%), Oklahoma (-6.0%), Louisiana (-4.7%), Mississippi (-1.4%), and New Jersey (-1.4%).

Pew's researchers note there are a variety of reasons that revenues remain off in each of these states, including volatile oil and gas prices, tax cuts, weak economic growth, or unusually high tax revenues prior to the onset of the recession.

In Alaska, where revenues were down the most, compared to a peak in 2008, payments that flow from the oil and gas industry make up a big chunk of the state budget.

In fiscal year 2018, the state's general fund "unrestricted" revenues totaled $2.4 billion, with oil and gas revenues accounting for about 80% of that amount, according to a state report.

But oil production in Alaska has been on a generally downward trajectory since the late 1980s and oil prices today are well below high flying levels reached in mid-2008.

It's still unclear what efforts by the Trump administration and congressional Republicans to pave the way for new drilling in the environmentally sensitive Arctic National Wildlife Refuge will mean for the state's financial outlook in the coming years.

Even for states where tax revenues have recovered, the Pew analysis contains notes of caution. It points out that one recent driver of the revenue gains is the sweeping federal tax code overhaul of 2017, which also creates uncertainty for future state tax revenue trends.

"The result is that some of states' recent tax revenue gains could be short-lived," the report says.

“Preliminary figures for the final quarter of 2018, in fact, showed growth softening.”

“Future growth is unlikely to be as strong as the temporary effects of the federal tax changes diminish, while economic growth is expected to slow,” the report goes on to say.

“Stock market volatility along with a global economic slowdown and the impacts of U.S. trade uncertainty will also threaten to dampen tax revenue growth in upcoming quarters,” it adds.

Some of the states where tax revenues had recovered most strongly, according to the analysis, include North Dakota, which is one of the nation’s top oil producing states, as well as Colorado, Oregon, California, Minnesota and Washington state.

The full Pew analysis can be found here.

**Route Fifty**

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