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NASBO Budget Blog: States' Revenue Forecasts Mostly Revised Down Over Recent Months

As states work to finalize their budgets for fiscal 2026, many have published revised revenue forecasts, with most having revised estimates downward. A number of revenue forecasts discussed heightened economic uncertainty partly brought upon by changes at the federal level, while stating a cautious approach is warranted. Specifically, revenue forecasts noted the impact of potential changes in federal spending, federal tax provisions, trade policy including tariffs, federal workforce levels, immigration, geopolitical events, and consumer confidence in explaining the revisions. The lowered revenue forecasts come at a time when states already have been experiencing tighter budgets due to slower revenue growth, increasing expenditure demands, and the winddown of federal COVID aid. In this environment, new money is limited, and some states are projecting budget gaps in the out-years as expenditure growth - particularly in Medicaid - is expected to outpace revenues.

Listed below are highlights from recent state revenue forecasts detailing changes in projections as well as explanations of the revenue revisions. For more information, please visit [NASBO's website](#) for links to updated state revenue forecasts.

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National Association of State Budget Officers

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