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Managing Volatile Tax Collections in State Revenue Forecasts.

This report, a joint initiative of The Pew Charitable Trusts and the Nelson A. Rockefeller Institute of Government, will help policymakers better understand how volatile state taxes affect the accuracy of revenue projections. It examines data from 1987 through 2013 and reveals that predicting how much money state governments will raise has become more difficult than ever. The increase in revenue forecast errors is due largely to the growing volatility of tax collections across the states. From 2000 to 2013, the size of fluctuations in tax revenue rose in 42 states. And although no state can entirely eliminate forecasting errors, this study identifies three ways to help them manage volatility.

Download the full report.

March 10, 2015