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N.Y. Seen With 40% Drop in Tax Revenue, Steepest Fall in U.S.

Tax collections will fall by more than 30% in at least 10 American states due to Covid-19, according to a new report from researchers at Arizona State and Old Dominion universities.

On average, states will suffer a 20% decline in tax revenue, the economists predict. New Jersey and New York have already reported sharp declines, while California is implementing higher taxes on corporations to help deal with the revenue shortfall.

Budget shortfalls are forcing state and municipal authorities to cut jobs and spending, as they did after the 2008 financial crisis when local austerity held back the economy's recovery. Congress is deadlocked over sending more cash to the states to plug the gap.

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Bloomberg Economics

By Alexandre Tanzi

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