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COVID-19 Pandemic Could Slash 2020-21 State Revenues By $200 Billion.

Revised forecast data from 27 states suggest tax revenues are expected to fall $34 billion short of pre-COVID-19 forecasts in fiscal year 2020 and $80 billion short in fiscal year 2021 (Figure 1). Based on the information from those 27 states, total tax revenue shortfalls for all 50 states will be roughly $75 billion in fiscal year 2020 and $125 billion in fiscal year 2021.

Fiscal year 2021 begins July 1, 2020 in 46 states. Last January, all states were projecting solid revenue growth for the remainder of the 2020 budget year. But the COVID-19 pandemic hit the states like a tsunami starting in March.

Several states have not yet passed their fiscal year 2021 budgets. Revenue forecasters in some of these states are waiting for final individual income tax payments now due by July 15th to revise their estimates. But 27 states already have updated their projections, including some of the largest such as New York, California, and Illinois.

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by Lucy Dadayan

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