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## **U.S. States — Revenue and Economic Monitor 4Q22 (Economic and Revenue Moderation Anticipated Amidst Inflation Headwinds) - Fitch Special Report**

Fitch Ratings has made sharp cuts to U.S. GDP growth forecasts for 2022 and 2023 on weak incoming data, much more aggressive than anticipated Fed monetary tightening and the downturn in Europe. A mild recession is now expected in mid-2023. State tax collections expanded 14.8% yoy in the last 12 months ending (LTME) in June 2022, which, although impressive by historical measures, represented a notable deceleration from the 24.3% yoy tax revenue expansion of the prior year. Importantly, this deceleration does not account for the shift in income tax filing deadlines, which inflated LTME June 2021 numbers considerably. Both years were well above the pre-pandemic average of 4.4% yoy growth. Furthermore, elevated wage and goods price inflation likely contributed to growth in tax collections.

### **[ACCESS REPORT](#)**

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