



MONTHLY STATE REVENUE HIGHLIGHTS

Majority of States See Revenue Declines in June

By Lucy Dadayan

State Tax Revenues in June 2024

State tax revenues in the median state declined 1.3 percent in real terms in June according to [data](#) collected by the Urban Institute. According to preliminary data, 27 of 46 states reporting data saw a year-over-year decline in total state tax collections in real terms over that period, with 16 states reporting declines in nominal terms. Total state tax revenues increased 7.3 percent in nominal terms and 4.4 percent in real terms in June 2024 compared with June 2023, but the national increase was primarily driven by California, which reported significant growth because of a delayed tax deadline last year that created a superficially lower comparative base. Excluding California, inflation-adjusted state tax revenues fell by 2.5 percent year-over-year in June 2024.

National trends in inflation-adjusted state tax revenues

Tax source	June 2024 (\$ millions)	June 2023 (\$ millions)	YOY % change	YOY median % change	July 2023- June 2024 (\$ millions)	July 2022- June 2023 (\$ millions)	YOY % change	YOY median % change
Total state taxes	\$ 133,258	\$ 127,585	4.4%	-1.3%	\$ 1,231,545	\$ 1,222,786	0.7%	-2.1%
Personal income	52,264	47,166	10.8	4.8	499,338	486,411	2.7	(2.7)
Corporate income	24,904	21,521	15.7	(7.8)	127,650	121,705	4.9	(5.9)
Sales	37,499	39,079	(4.0)	(2.1)	416,270	424,810	(2.0)	(1.6)

Notes: YOY = year-over-year. Data are adjusted for inflation using the Consumer Price Index (CPI).

Key tax revenue sources showed mixed performance in June.

- The median state saw year-over-year **personal income tax** revenues increase 7.7 percent in nominal terms and 4.8 percent in real terms in June. Nationally, personal income tax revenues were higher in June 2024 (\$52.3 billion) than in June 2023 (\$47.2 billion) in real terms, but that was partially due to large collections in California caused by a delayed income tax due date. The performance of personal income tax revenue varied across states. Overall, 15 states saw year-over-year declines in real terms and 11 states reported nominal decreases.

Preliminary [data from the Urban Institute](#) indicates that state withholding was notably weak in June, and it was particularly weak in states that enacted income tax rate cuts over the past few years. In June, the median state recorded a year-over-year withholding increase of 1.6 percent in nominal terms, but a 1.1 percent decline in real terms. In contrast, states saw year-over-year growth in estimated payments for June, with the median state reporting a 1.9 percent increase in real terms. This growth in estimated payments reflects a recovery from the weaker performance in June 2023, when the stock market declines contributed to lower growth in estimated tax collections. However, despite this recovery, estimated tax collections in June 2024 remained below the levels recorded in June 2022 in nominal terms.

- The median state experienced a year-over-year decrease in **corporate income tax** revenues of 5.3 percent in nominal terms and 7.8 percent in real terms in June. Nationally, corporate income tax collections in June totaled nearly \$25.0 billion, reflecting an 18.9 percent increase in nominal terms and a 15.7 percent increase in real terms compared to the previous year. However, specific state collections varied significantly. On a year-over-year basis, June corporate income tax revenues declined in 29 states in real terms and in 27 states in nominal terms.
- The median state saw year-over-year **sales tax** revenues for June increase 0.5 percent in nominal terms but decline by 2.1 percent in real terms. Nationally, sales tax collections for June amounted to \$37.5 billion,

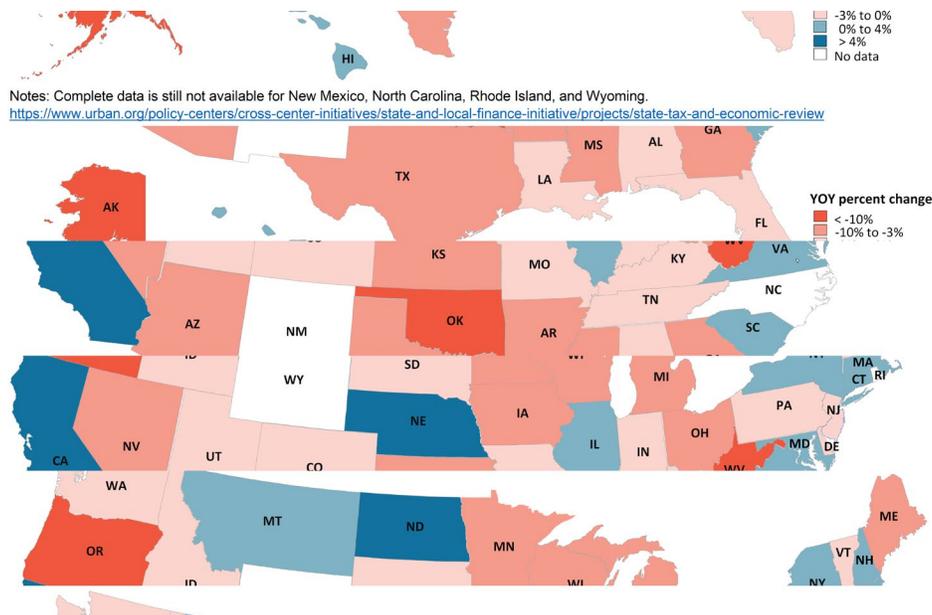
representing a 1.4 percent decrease in nominal terms and a 4.0 percent decrease in real terms compared to the previous year. On a year-over-year basis, June sales tax revenues declined in 31 states in real terms and in 19 states in nominal terms.

State Tax Revenues During the July 2023 – June 2024 Period

Monthly revenue changes should be interpreted with caution, as fluctuations can result from routine factors such as the number of processing days in each month or delayed tax due dates. To provide a clearer picture, the most recent 12 months of revenue collections are presented below to illustrate broader trends. From July 2023 to June 2024, corresponding to the fiscal year 2024 in 46 states, total state tax collections increased 3.8 percent in nominal terms and 0.7 percent in real terms compared to the same period a year ago. Both primary sources of state tax revenues showed weakness in the median state in real terms: personal income taxes declined by 2.7 percent and sales taxes decreased by 1.6 percent. The decline in personal income tax revenues was largely attributed to a poorly performing stock market throughout much of calendar year 2023 and plus numerous state income tax rate cuts enacted in recent years. Meanwhile, the weak sales tax revenues were primarily due to a decrease in overall consumption and a shift in consumer spending from taxable goods to nontaxable services.

Percent change in inflation-adjusted state tax revenues

July 2023 – June 2024 vs July 2022 – June 2023, percentage change



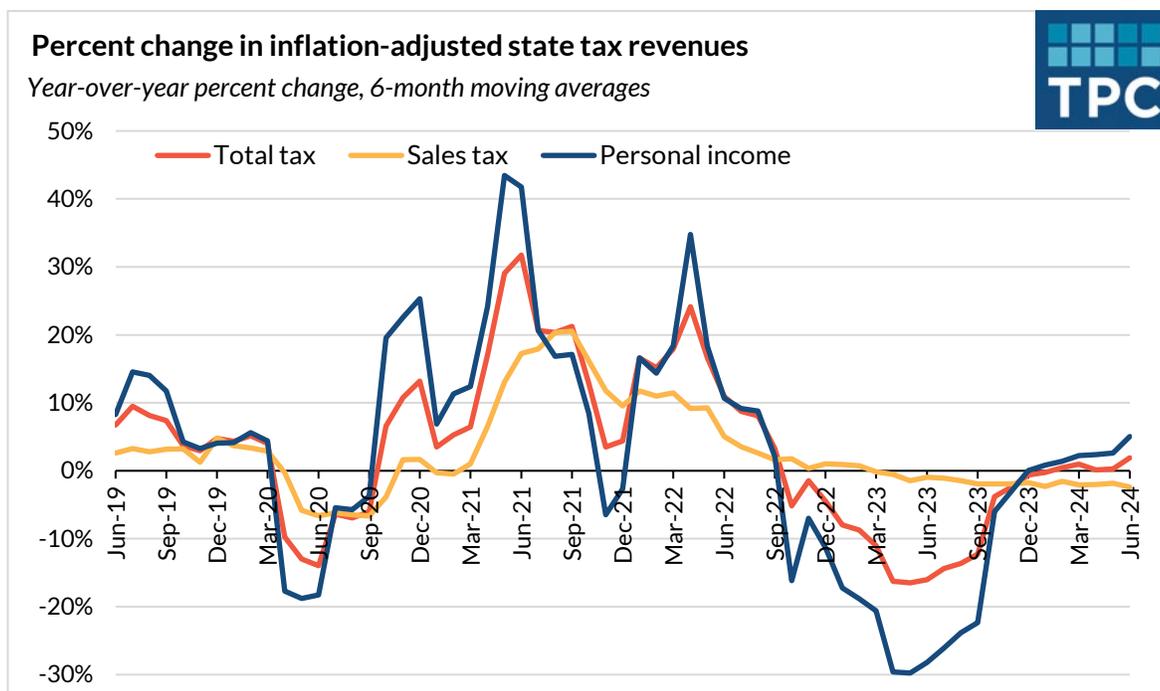
Preliminary data from 46 states for the July 2023 – June 2024 period indicate the following:

- 17 states reported declines in nominal **total tax** revenues and 33 states reported declines in inflation-adjusted terms, including four states with double-digit declines.
- 19 states reported declines in nominal **personal income tax** revenues and 26 states reported declines in inflation-adjusted terms, including nine states with double-digit declines.
- 25 states reported declines in nominal **corporate income tax** revenues and 30 states reported declines in inflation-adjusted terms, including 13 states with double-digit declines.
- 12 states reported declines in nominal **sales tax** revenues and 29 states reported declines in inflation-adjusted **general sales tax** revenues. Only one state reported a double-digit decline in real terms.

The Long-Term State Tax Revenue Landscape

The pandemic caused significant disruptions in state tax revenues, as illustrated in the figure below: Analyzing a six-month moving average over the past few years, inflation-adjusted state tax revenues declined steeply at the beginning of the pandemic. The subsequent large spikes in tax collections, especially in personal income tax collections, were driven by both strong economic growth during this period and pandemic-related changes to income tax filing deadlines. This robust growth proved extremely difficult for state forecasters to project accurately, as highlighted in our recent [report](#) and [blog post](#).

Since the start of calendar year 2023, state tax revenues have exhibited divergent trends. Inflation-adjusted sales tax revenues have remained relatively stagnant or slightly negative, while personal income tax revenues experienced steep declines throughout most of 2023 before showing signs of recovery in recent months. This pattern aligns with the widespread tax cuts enacted by states over the past three years. With state budgets buoyed by both federal fiscal support and strong own-source revenue growth in fiscal years 2021 and 2022, 13 states cut income tax rates for tax year 2022, and 17 states for tax year 2023. (We highlight the year these tax cuts took effect, not the year they were enacted, as that is when they impact revenue collections.) Additionally, several states enacted other [tax cuts](#), including taxpayer rebates, expanded income tax breaks, and gas and sales tax holidays. The stock market's underperformance in calendar years 2022 and much of 2023 further reduced state tax revenues, notably affecting collections from capital gains income.



State revenue collections are gradually stabilizing, though, and most state revenue [forecasts](#) project modest growth in fiscal year 2025 across all major tax categories. However, the long-term state tax revenue outlook remains uncertain due to several factors, including the upcoming presidential election and [potential changes to federal tax policy](#).

The [State and Local Finance Initiative](#) at the Urban Institute monitors state tax collections and associated economic indicators. For a more comprehensive analysis of state tax revenues and underlying economic data, please read the quarterly [State Tax and Economic Review](#).

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