

FOCUSSM on Budgets

A 50-State Look at Budget Conditions and Solutions

Budget Status

2012 Potential Taxes/Cuts/Other Actions

Alabama	<ul style="list-style-type: none"> ▶ Estimated \$380 general fund budget shortfall. <p>Source: The Wetumpka Times</p>	<ul style="list-style-type: none"> ▶ Tax breaks for international companies. ▶ Streamline tax incentives. ▶ Tax credits for data centers. ▶ Create a task force to examine the sales, use and lease tax structure. ▶ Cigarette tax hike. <p>Sources: The Wetumpka Times • The Birmingham News</p>
Alaska	<ul style="list-style-type: none"> ▶ Republican Gov. Sean Parnell proposed a \$12.1 billion spending package, which is more than \$800 million less than the current budget. <p>Source: Associated Press</p>	<ul style="list-style-type: none"> ▶ Governor Parnell-backed plan to cut oil company taxes likely to be debated in the Senate. The plan passed the House last year. <p>Source: Anchorage Daily News</p>
Arizona	<ul style="list-style-type: none"> ▶ \$400 million surplus. ▶ No major changes or drastic cuts expected. <p>Source: Arizona Public Media</p>	<ul style="list-style-type: none"> ▶ State sales tax increase will end in 2013, resulting in a loss of \$950 million in revenue. <p>Sources: Associated Press • The Arizona Republic</p>
Arkansas	<ul style="list-style-type: none"> ▶ \$161 million in new revenue expected. <p>Source: Associated Press</p>	<ul style="list-style-type: none"> ▶ Legislature will convene a 30-day fiscal session on February 13; this session is designed to address budget issues only. ▶ Most state agency budgets will remain flat. ▶ Democratic Gov. Mike Beebe will propose a funding increase in K-12 education and seek payment reform for health care in 2012 to address the projected Medicaid shortfall. <p>Source: Governor Beebe's weekly column</p>
California	<ul style="list-style-type: none"> ▶ \$4.1 billion shortfall in 2011-2012 and a \$5.1 billion projected shortfall in 2012-2013. <p>Source: California Budget Project</p>	<ul style="list-style-type: none"> ▶ Democratic Gov. Jerry Brown released his proposed 2012-2013 spending plan on January 5. It includes \$4.2 billion in spending reductions; \$4.7 billion in additional revenues hinging on a ballot measure that would impose new income tax rates on very high income earners and increase the sales tax by one-half cent; and creation of a \$1.1 billion reserve. If voters reject the taxes, a number of cuts would be triggered. <p>Source: California Budget Project</p>
Colorado	<ul style="list-style-type: none"> ▶ Democratic Gov. John Hickenlooper proposed general fund budget is expected to be \$7.4 billion. <p>Source: The Associated Press</p>	<ul style="list-style-type: none"> ▶ House majority Republicans want to keep a \$98.6 million property tax break for seniors. Governor Hickenlooper wants to keep only \$17.5 million of it. ▶ Lawmakers need to make \$700 million in cuts. The GOP wants to cut Medicaid spending. ▶ K-12 education may avert cuts to next year's budget due to better-than-expected tax receipts in December. Governor Hickenlooper is supportive of the funding restoration. <p>Source: Associated Press</p>
Connecticut	<ul style="list-style-type: none"> ▶ \$83.7 million surplus. <p>Sources: Bloomberg Businessweek • Hartford Courant</p>	<ul style="list-style-type: none"> ▶ Sen. Leonard Suzio, R-Meriden, proposed a cap on the gasoline gross receipts tax. <p>Source: Associated Press</p>

Budget Status

2012 Potential Taxes/Cuts/Other Actions

Delaware

- ▶ Revenue is expected to be 3.5 percent lower than last year and there is a potential for cuts.
- ▶ Democratic Gov. Jack Markell is expected to unveil the FY 2013 budget on January 26.

Sources: [The News Journal](#) • [Delaware First Media](#)

- ▶ “Divisive social issues and raising taxes or fees are most likely off the table in 2012,” said Sen. George Bunting, D-Bethany Beach.

Source: [The News Journal](#)

Florida

- ▶ \$2 billion budget shortfall.

Source: [CBS News](#)

- ▶ Republican Gov. Rick Scott proposed a pared-down corporate tax relief plan, which is much smaller than last year due to the state’s deficit.
- ▶ \$817 million increase in unemployment taxes is supposed to go into effect this year. The Chamber of Commerce and businesses are pushing lawmakers and the governor to stop the increase. Governor Scott hasn’t indicated what he’ll do, but he is in favor of making the state more business friendly.
- ▶ Budget cuts are very likely.

Sources: [Bloomberg Businessweek](#) • [Associated Press](#) • [Associated Press](#)

Georgia

- ▶ Republican Gov. Nathan Deal will propose his 2013 budget the week of January 9th, which will include the consolidation or elimination of some state agencies, which would result in layoffs.
- ▶ To date, Governor Deal has kept his 2012 legislative agenda under wraps.

Source: [Gainesville Times](#)

- ▶ 2011 attempt to reform the tax code failed, which means it will likely be taken up again in 2012.
- ▶ Cigarette and sales tax increases to reduce income tax rate.
- ▶ Elimination of energy sales tax for manufacturers.
- ▶ House Speaker David Ralston predicts the budget will need additional trimming.
- ▶ Lt. Gov. Casey Cagle, who presides over the state Senate, said lawmakers would not reinstate the sales tax on groceries.

Sources: [The Atlanta Journal-Constitution](#) • [Bryan County News](#) • [Associated Press](#) • [Atlanta Business Chronicle](#)

Hawaii

- ▶ Democratic Gov. Neil Abercrombie proposed a budget in December, which includes a \$120 million increase in general fund expenses.

Source: Governor’s [press release](#)

- ▶ The governor’s budget does not include any tax hikes.

Source: Governor’s [press release](#)

Idaho

- ▶ General fund outlook is healthy following a 2011 surplus.
- ▶ Republican Gov. Butch Otter will deliver his State of the State and Budget Address on January 9.

Source: [Idaho Press-Tribune](#)

- ▶ Lawmakers don’t anticipate having to cut services, state jobs or education.
- ▶ Tax reform relating to corporate and individual income taxes and personal property tax.
- ▶ Rates are higher in Idaho than in neighboring states so cuts will be considered to attract business.
- ▶ Many oppose the proposed increase in the cigarette tax, but it will be considered.

Sources: [ktvb.com](#) • [Idaho Press-Tribune](#)

Budget Status

2012 Potential Taxes/Cuts/Other Actions

Illinois

- ▶ Projected to spend \$507 million more than it is taking in during the current budget year that ends June 30.

Source: [Chicago Tribune](#)

- ▶ Democratic Gov. Pat Quinn wants to avoid cuts to education and health care funding, with the education budget remaining flat at \$8.9 billion.
- ▶ Governor Quinn's three-year budget forecast indicates the potential for additional cuts, including a five percent budget decrease in social services and an eight percent cut to public safety.
- ▶ Revenues will fall when the state income tax increase expires.
- ▶ "Our revenue growth is not enough to keep up with pensions and Medicaid," said Quinn's budget director, David Vaught.

Sources: [Chicago Tribune](#) • [Associated Press](#) • [Progress Illinois](#)

Indiana

- ▶ Estimated \$1.77 billion budget surplus by June 2012.
- ▶ Biennial budget already passed.

Source: [CNNMoney](#)

- ▶ Republican leaders, including House Speaker Brian Bosma, R-Indianapolis, want to enact a right-to-work law. Democrats and union leaders are opposed. In 2011, House Democrats boycotted the legislative session for five weeks over this issue. This is expected to be the #1 issue in 2012.
- ▶ Introduced transit bill would raise income taxes.

Sources: [nwtimes.com](#) • [Indianapolis Star](#)

Iowa

- ▶ \$250 million in increased revenue available.

Source: [Quad-City Times](#)

- ▶ Republican Gov. Terry Branstad wants property tax relief for businesses.
- ▶ Lawmakers want to cut taxes to create jobs.
- ▶ In addition to taxes, the budget debate will also focus on education and mental health reform.

Sources: [Quad-City Times](#) • [KTIV.com](#) • [Des Moines Register](#)

Kansas

- ▶ Projected surplus of \$318 million in 2012 and \$389 million in 2013.
- ▶ The FY 2012 Governor's Budget Report will be available online on January 12.

Sources: [Kansas Legislative Research Department](#) • [KansasReporter](#) • [Kansas Department of Administration, Division of the Budget](#)

- ▶ Republican Gov. Sam Brownback pushing for new tax plan that would likely result in spending cuts. He is expected to reveal the details of that plan in his January 11 State of the State address. Governor says tax rates are way too high, and wants to reform school financing.
- ▶ Many legislators say they favor reducing tax rates.
- ▶ Sen. Carolyn McGinn, R-Sedgwick, chair of Senate Ways and Means, said she will propose ending a temporary state sales tax increase six months before it is due to expire.
- ▶ The business community is pushing for personal income tax cuts, which Governor Brownback supports.
- ▶ Kansas is one of three states without a rainy day fund. Lawmakers will consider a constitutional amendment to establish such a fund.

Sources: [KansasReporter](#) • [KansasReporter](#) • [KansasReporter](#) • [The Wichita Eagle](#) • [The Chieftan](#) • [KansasReporter](#)

Budget Status

2012 Potential Taxes/Cuts/Other Actions

Kentucky	<ul style="list-style-type: none"> ▶ According to Rep. Brent Yonts, D-Muhlenberg, there will be cuts to state programs to balance a General Fund shortfall that could reach \$300 million or more through fiscal year 2014. ▶ Kentucky has cut more than 1.3 billion from its budget in the past four years. <p>Sources: Surfky News Group • The Lexington Herald-Leader</p>	<ul style="list-style-type: none"> ▶ The two big issues of 2012 will be the budget and redistricting. Expanded gaming will also be on the agenda. ▶ Republican Gov. Steve Beshear announced the creation of a blue ribbon commission, chaired by Lt. Gov. Jerry Abramson, to study and make recommendations about reforming the state's tax code at the end of the year. ▶ Governor Beshear is not likely to propose broad-based tax increases, says budget chief. ▶ Governor Beshear said that the budget he will propose in January 2012 will include deeper cuts than those in his first term. State cabinets have been asked to reduce their budgets between seven and nine percent. ▶ No Kentucky state agencies or budget line-items are safe from cuts this year, according to Rep. Rick Rand, D-Carroll/Henry/Trimble, chair of the House Appropriations & Revenue Committee and co-chair of the 2012 Subcommittee on 2012-2014 Budget Preparation and Submission Committee. <p>Sources: Surfky News Group • Governor's 12/14/11 inaugural address • The Lexington Herald-Leader • The Courier-Journal • WFPL • The Lexington Herald-Leader</p>
Louisiana	<ul style="list-style-type: none"> ▶ \$251 million mid-year budget deficit, which will be addressed with cuts. <p>Sources: Governor's press release • WAFB</p>	<ul style="list-style-type: none"> ▶ Republican Gov. Bobby Jindal does not want to raise taxes. <p>Source: Governor's press release</p>
Maine	<ul style="list-style-type: none"> ▶ State will face a \$221 million shortfall during the next 18 months. ▶ Sweeping budget cuts likely. <p>Source: Kennebec Journal</p>	<ul style="list-style-type: none"> ▶ Republican Gov. Paul LePage proposed cuts to the Health and Human Services Department, which are being rejected by Republicans and Democrats. ▶ Governor LePage has promised a bill to eliminate income taxes on pensions. There is doubt among lawmakers that such a bill would pass. <p>Sources: Kennebec Journal • Maine Public Broadcasting Network</p>
Maryland	<ul style="list-style-type: none"> ▶ \$1.1 billion structural deficit. <p>Source: The Gazette</p>	<ul style="list-style-type: none"> ▶ Democratic Gov. Martin O'Malley and lawmakers are considering tax increases, including a hike in the gas tax. <p>Sources: The Washington Post • The Gazette</p>
Massachusetts	<ul style="list-style-type: none"> ▶ Ended 2011 with a \$1.3 billion reserve fund. <p>Source: The Milford Daily News</p>	<ul style="list-style-type: none"> ▶ Reduction of individual income tax rate to five percent. <p>Source: The Milford Daily News</p>
Michigan	<ul style="list-style-type: none"> ▶ Anticipated \$735 million budget surplus. <p>Source: Bloomberg Businessweek</p>	<ul style="list-style-type: none"> ▶ In 2011, the legislature passed reforms estimated to cut state business taxes by \$1.7 billion in 2012, eliminated the business tax, and replaced it with a six percent corporate income tax on larger companies. <p>Source: Greenbay Press-Gazette</p>
Minnesota	<ul style="list-style-type: none"> ▶ \$876 million surplus. <p>Source: Star Tribune</p>	<ul style="list-style-type: none"> ▶ Senate Majority Leader Dave Senjem wants to make the state more business-friendly by overhauling tax rates for businesses. <p>Source: St. Paul Pioneer Press</p>

	Budget Status	2012 Potential Taxes/Cuts/Other Actions
Mississippi	<ul style="list-style-type: none"> ▶ Available funds are 0.6 percent below the current \$5.5 billion budget, which will mean cuts. <p>Source: Clarion Ledger</p>	<ul style="list-style-type: none"> ▶ Republican Gov.-elect Phil Bryant wants to hold on to some general fund dollars, rather than spend all available revenues. ▶ The Joint Legislative Budget Committee recommended a more than 2.3 percent spending cut for FY 2013 and a 1.9 percent cut for universities and level funding to community colleges. ▶ A tax on hospital beds that passed the legislature in 2009 will expire at the end of the current budget year. It must be renewed or lawmakers will have to find \$60 million in cuts. <p>Sources: Clarion Ledger • Hattiesburg American • Associated Press • The Commercial Appeal</p>
Missouri	<ul style="list-style-type: none"> ▶ Estimated deficit of \$425-\$500 million. <p>Source: Quincy Herald-Whig</p>	<ul style="list-style-type: none"> ▶ Democratic Gov. Jay Nixon will present his budget during his State of the State address on January 17. The governor's budget director has indicated that every state department is likely to take cuts. ▶ Proposal to eliminate the state income tax and replace it with a 10 percent sales tax is opposed by business, labor, education, and health care coalition. ▶ Republicans pledge to support no new taxes, specifically an increase in the cigarette tax or taxing Internet sales. <p>Sources: Associated Press • Public News Service • PoliticMO</p>
Montana	<ul style="list-style-type: none"> ▶ No 2012 Regular Session. ▶ \$426 million surplus. <p>Source: Associated Press</p>	<ul style="list-style-type: none"> ▶ Referendum on 2012 ballot calls for tax credits if state revenue is higher than expected. <p>Source: Associated Press</p>
Nebraska	<ul style="list-style-type: none"> ▶ Projected \$265 million surplus at the end of fiscal year 2012. <p>Source: Gothenburg Times</p>	<ul style="list-style-type: none"> ▶ Republican Gov. Dave Heineman plans to veto a bill that would allow local government to raise sales taxes without voter approval. ▶ Sen. Bill Avery of Lincoln sponsored a bill to tax soda and energy drinks. <p>Sources: Governors Journal • Associated Press</p>
Nevada	<ul style="list-style-type: none"> ▶ No 2012 Regular Session. 	<ul style="list-style-type: none"> ▶ Coalition circulating a petition to implement a business tax that would raise at least \$400 million over two years. The proposal could go to the 2013 legislature. <p>Source: Las Vegas Sun</p>
New Hampshire	<ul style="list-style-type: none"> ▶ \$10.3 billion budget that passed in June included significant cuts. <p>Source: Nashua Telegraph</p>	<ul style="list-style-type: none"> ▶ House GOP leaders plan to focus on jobs and bringing business to the state, potentially through financial or tax incentives. <p>Source: Concord Monitor</p>
New Jersey	<ul style="list-style-type: none"> ▶ \$10.5 billion shortfall. <p>Source: The Star Ledger</p>	<ul style="list-style-type: none"> ▶ Tax incentives for businesses. <p>Source: NJToday</p>
New Mexico	<ul style="list-style-type: none"> ▶ \$250 million in "new money" available. <p>Source: Albuquerque Journal</p>	<ul style="list-style-type: none"> ▶ Republican Gov. Susana Martinez is considering business tax cuts, and vowed to veto any proposed tax hikes during her four-year term. <p>Source: Albuquerque Journal</p>

	Budget Status	2012 Potential Taxes/Cuts/Other Actions
New York	<ul style="list-style-type: none"> ▶ \$3 billion budget gap. <p>Source: New York Post</p>	<ul style="list-style-type: none"> ▶ Democratic Gov. Andrew Cuomo intends to close the budget gap with at least \$2 billion in spending cuts, is not likely to raise taxes, and intends to focus on making state agencies run more efficiently. <p>Sources: WGRZ.com • New York Post • NBC New York</p>
North Carolina	<ul style="list-style-type: none"> ▶ Education cuts and Medicaid budget on agenda. <p>Source: NCNN</p>	<ul style="list-style-type: none"> ▶ The North Carolina Budget and Tax Policy Center recommends that lawmakers create incentives for businesses. <p>Source: Bloomberg Businessweek</p>
North Dakota	<ul style="list-style-type: none"> ▶ No 2012 Regular Session. ▶ \$800 million budget surplus. <p>Source: Minnesota Public Radio</p>	<ul style="list-style-type: none"> ▶ Tax revenue has increased in cities across the state due to energy development. <p>Source: KFYR-TV</p>
Ohio	<ul style="list-style-type: none"> ▶ Republican Gov. John Kasich signed a \$56 billion budget. <p>Source: Associated Press</p>	<ul style="list-style-type: none"> ▶ Governor Kasich is opposed to raising taxes. <p>Source: Associated Press</p>
Oklahoma	<ul style="list-style-type: none"> ▶ \$150 million shortfall expected for the coming year. <p>Source: Associated Press</p>	<ul style="list-style-type: none"> ▶ Lawmakers expected to debate elimination of the income tax. Many argue that a reduction in the income tax rate could be offset by elimination of tax breaks. <p>Sources: KSWO.com • Associated Press</p>
Oregon	<ul style="list-style-type: none"> ▶ Biennial budget included more reductions in the second year, banking on an improved economy, which did not occur, so agencies may have to make additional cuts. <p>Source: The Argus Observer</p>	<ul style="list-style-type: none"> ▶ Senior property tax deferral program will be discussed. <p>Source: Statesman Journal</p>
Pennsylvania	<ul style="list-style-type: none"> ▶ Expected \$500 million budget shortfall. <p>Source: NewsWorks</p>	<ul style="list-style-type: none"> ▶ Tax increases have not been discussed; cuts are likely. <p>Source: NewsWorks</p>
Rhode Island	<ul style="list-style-type: none"> ▶ \$120 million deficit in next year's budget. <p>Source: Boston Globe</p>	<ul style="list-style-type: none"> ▶ Independent Gov. Lincoln Chafee may consider tax increases. <p>Source: Boston Globe</p>
South Carolina	<ul style="list-style-type: none"> ▶ Republican leaders said they will not use an additional \$913 million in revenue to restore agencies' budgets to their pre-recession levels. Higher costs of state employee health insurance and Medicaid could cut that number to \$400 million. <p>Sources: The Republic • GoUpstate.com</p>	<ul style="list-style-type: none"> ▶ Tax reform likely; changes could include eliminating some sales tax exemptions, and lowering income and business taxes. ▶ Republican Gov. Nikki Haley wants "new money" to be used to pay off debt or provide taxpayer relief. <p>Source: The State</p>
South Dakota	<ul style="list-style-type: none"> ▶ Budget is in great shape; may be able to boost funding for several programs. <p>Source: KELO-TV</p>	<ul style="list-style-type: none"> ▶ Rising tax revenues will give lawmakers more funding flexibility in 2012, especially for education. ▶ Republican Gov. Dennis Daugaard wants a three percent pay raise for state employees. He unveiled his \$4 billion budget proposal. ▶ Two public referenda will be of major concern in 2012, especially the one percent sales tax on the November ballot. <p>Sources: KELO-TV • The Daily Republic • Rapid City Journal • KTIV</p>

	Budget Status	2012 Potential Taxes/Cuts/Other Actions
Tennessee	<ul style="list-style-type: none"> ▶ Revenue is up, but budget cuts are still a possibility. <p>Source: WCYB.com</p>	<ul style="list-style-type: none"> ▶ Republicans want to reduce inheritance and Hall income taxes, but Republican Gov. Bill Haslam is opposed. <p>Sources: Elizabethton Star • The Tennessean</p>
Texas	<ul style="list-style-type: none"> ▶ No 2012 Regular Session. ▶ \$27 billion projected budget shortfall. ▶ Tax revenue expected to increase by 8.6 percent due to sales and natural gas tax collections. <p>Sources: The Texas Tribune • Bloomberg</p>	<ul style="list-style-type: none"> ▶ Republican legislature won't support tax hikes. <p>Source: The Texas Tribune</p>
Utah	<ul style="list-style-type: none"> ▶ \$128 million surplus and \$280 million in projected revenue growth. ▶ Final budget projections due in late February <p>Source: KSL.com</p>	<ul style="list-style-type: none"> ▶ House GOP says they will oppose tax increases in 2012. ▶ Republican Gov. Gary Herbert, who is up for reelection, wants to give businesses \$26.4 million in tax cuts, more money to schools and raises to state workers. <p>Source: Utah Pulse</p>
Vermont	<ul style="list-style-type: none"> ▶ 2013 gap between revenues and expenditures is \$75 million. <p>Source: VtDigger</p>	<ul style="list-style-type: none"> ▶ Democratic Gov. Peter Shumlin has pledged not to increase taxes. <p>Source: Brattleboro Reformer</p>
Virginia	<ul style="list-style-type: none"> ▶ Republican Gov. Bob McDonnell proposed an \$84.9 billion spending plan for 2013-2014, which includes \$650 million more for increased use of Medicaid and \$438 million more for public schools. <p>Sources: Richmond Times-Dispatch • Associated Press</p>	<ul style="list-style-type: none"> ▶ Governor McDonnell's plan does not include tax increases. <p>Source: Richmond Times-Dispatch</p>
Washington	<ul style="list-style-type: none"> ▶ Partial budget plan readied; Budget gap of more than \$1 billion likely to be addressed through cuts. <p>Source: The News Tribune</p>	<ul style="list-style-type: none"> ▶ Democratic Gov. Christine Gregoire proposing half-cent temporary sales tax increase. ▶ Lawmakers want one percent corporate and personal income tax in place of state business and occupation tax and sales tax reduction. ▶ Governor also wants the state to handle local business tax collections. <p>Sources: The News Tribune • The News Tribune • Associated Press</p>
West Virginia	<ul style="list-style-type: none"> ▶ \$56 million above its revenue goal for the budget year, which ends June 30. ▶ \$225 million budget gap for FY 2013. <p>Sources: Associated Press • The Republic</p>	<ul style="list-style-type: none"> ▶ Significant cuts to food, business franchise and corporate net income taxes will go into effect this year totaling \$56 million. The taxes are set to gradually decline over the next few years. Democratic Gov. Earl Ray Tomblin and the Chamber of Commerce support the tax cuts. ▶ State Budget Director Mike McKown said Medicaid and other health care costs are the biggest drain on state funds; lawmakers may be forced to cut other programs to fund Medicaid. <p>Sources: Charleston Daily Mail • Bluefield Daily Telegraph</p>
Wisconsin	<ul style="list-style-type: none"> ▶ FY2012 projected budget shortfall is \$1.6 billion. <p>Source: Center on Budget and Policy Priorities</p>	<ul style="list-style-type: none"> ▶ Health care budget shortfall is smaller than projected. <p>Source: Superior Telegram</p>

Budget Status

2012 Potential Taxes/Cuts/Other Actions

Wyoming

- ▶ Republican Gov. Matt Mead proposed a \$3.4 billion budget in December, which includes \$400 million in savings and \$87 million in additional revenue.
- ▶ Surplus of \$437 million, which the Senate minority leader would like to use on infrastructure, rather than make across-the-board cuts.

Sources: [Billings Gazette](#) • [Star-Tribune](#)

- ▶ Wyoming budget includes no tax hikes.
- ▶ State agencies were asked to present budgets reflecting cuts of two, five and eight percent to the Joint Appropriations Committee.
- ▶ Governor Mead recommended a two percent cut.

Sources: [The Times Leader](#) • [Star-Tribune](#)