Falling Behind: Taxes and the Economy

DAN WHITE, SENIOR ECONOMIST
Tax Revenues Losing Pace With Output

Sources: Census Bureau, BEA, Moody’s Analytics
Underperforming in a New Century

% change over the course of the decade

Sources: Census Bureau, BEA, Moody’s Analytics
$317 Billion Less to Spend

Difference in tax vs. GDP growth, % of total tax revenue

Sources: Census Bureau, Moody’s Analytics
Relationship Differs By State

Difference in tax vs. GDP growth, % of total tax revenue, 2001-2010

Sources: Census Bureau, BEA, Moody’s Analytics
Newfound Volatility in State Tax Collections

Standard deviation of annual % change

Sources: Census Bureau, BEA, Moody’s Analytics
Depending More on Services and PIT

Private services as a share of total employment, % (R)

PIT as a share of total state taxes, % (L)

Sources: Census Bureau, BLS, Moody’s Analytics
More Vulnerable to Large Swings

State tax revenue, % change yr ago

Sources: Census Bureau, Moody’s Analytics
Tax Expenditures Represent Missing Link

States evaluating economic impacts of tax expenditures

Sources: Pew Center on the States, Moody’s Analytics
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