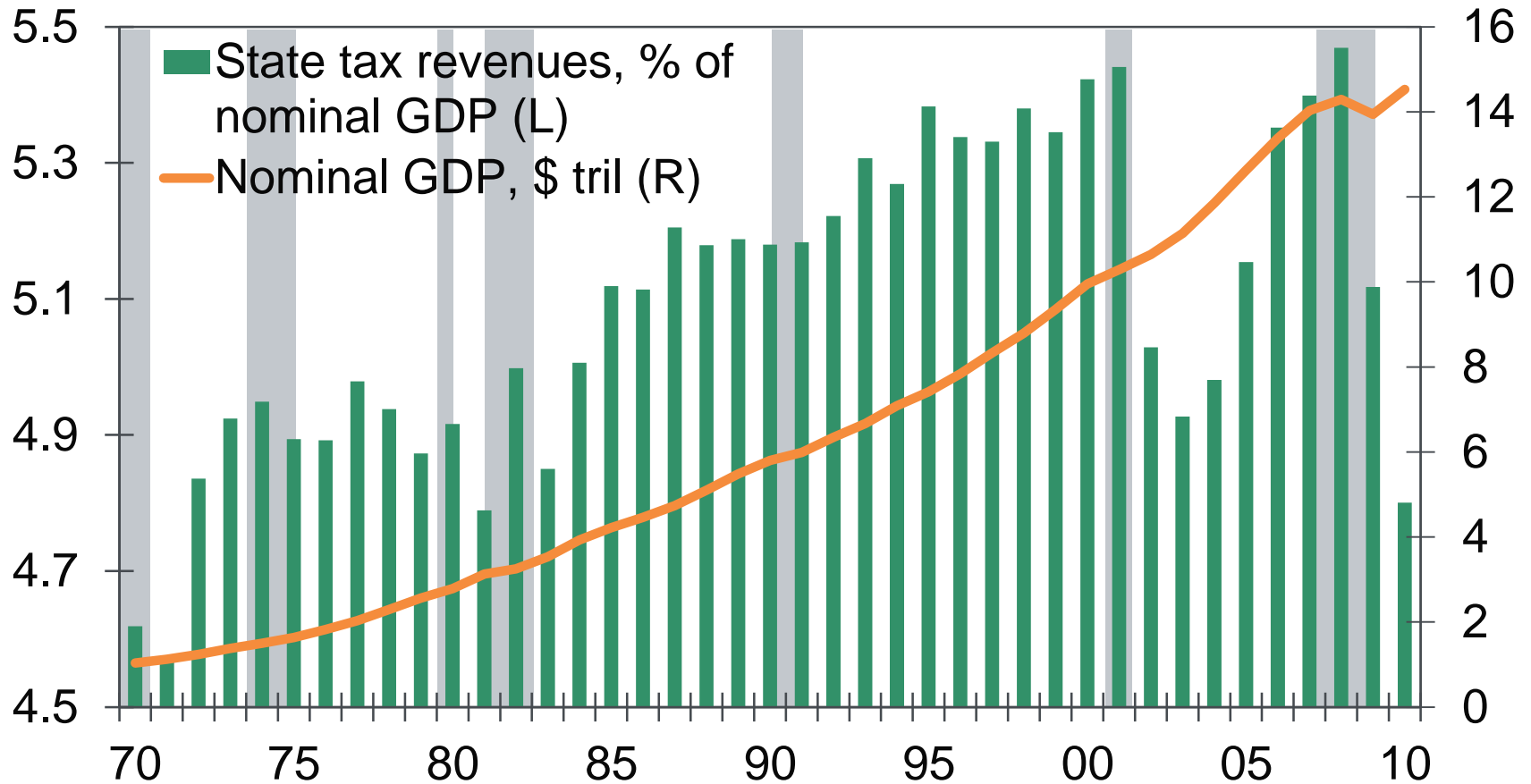


Falling Behind: Taxes and the Economy

DAN WHITE, SENIOR ECONOMIST

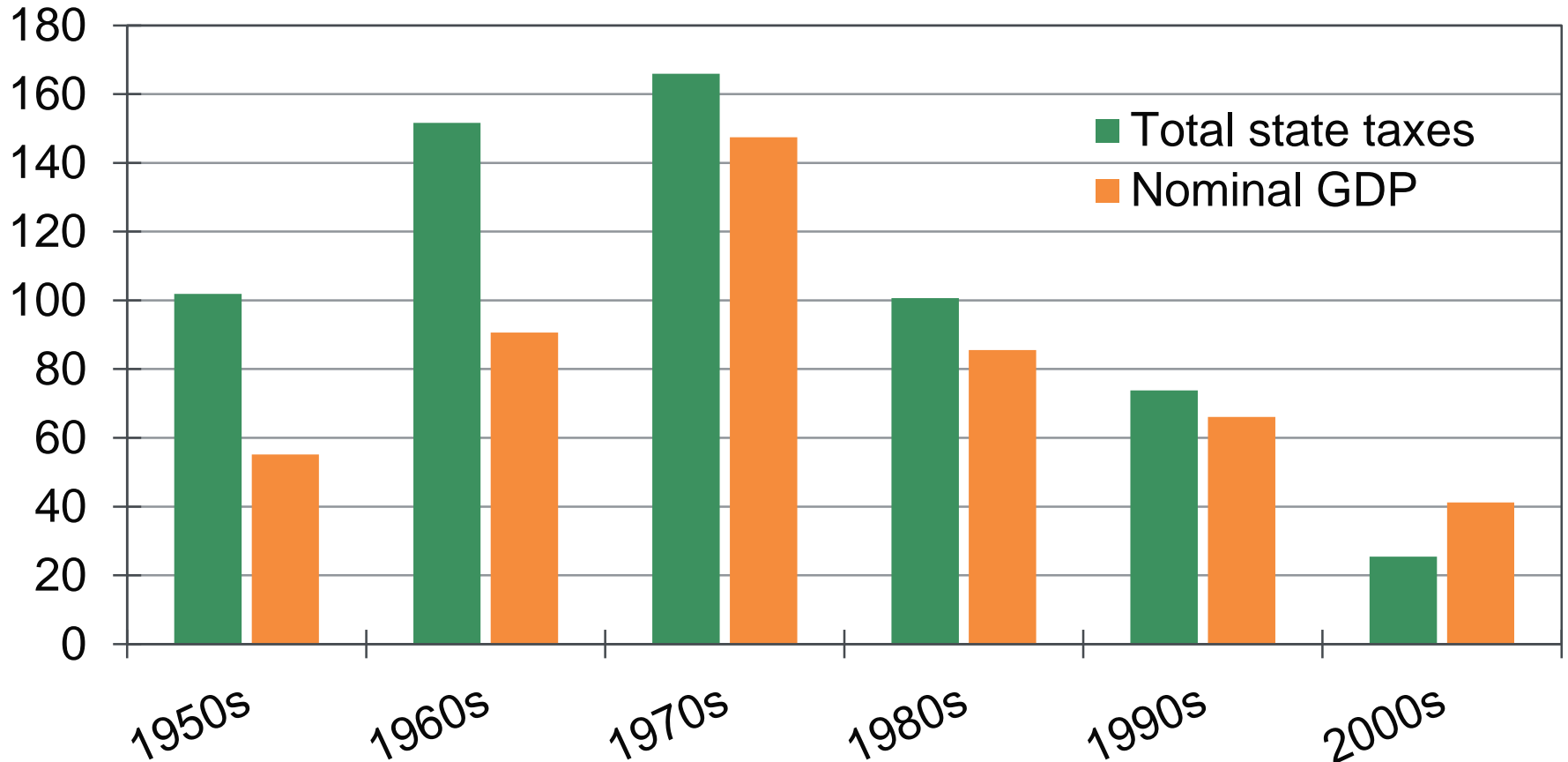
Tax Revenues Losing Pace With Output



Sources: Census Bureau, BEA, Moody's Analytics

Underperforming in a New Century

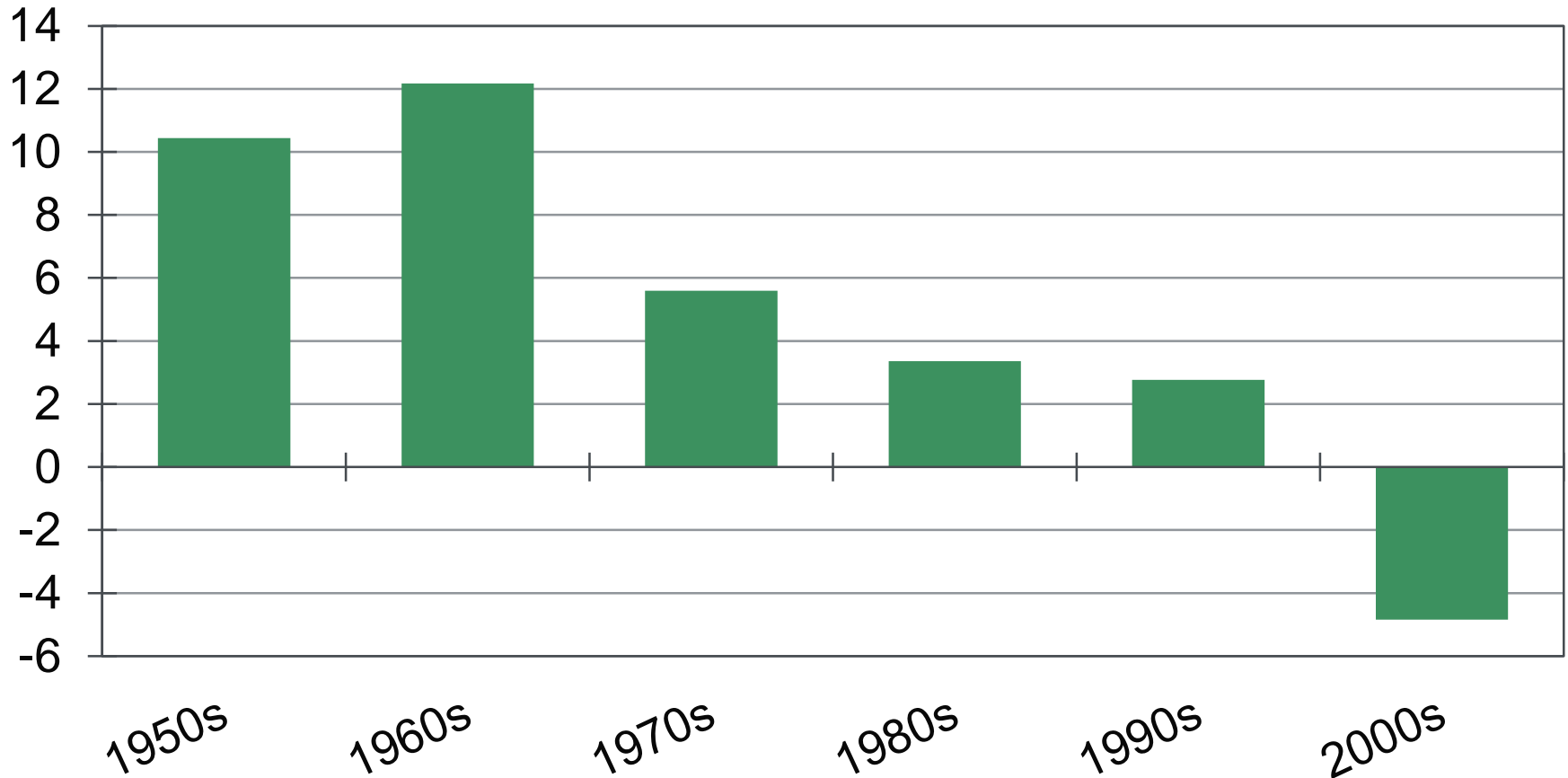
% change over the course of the decade



Sources: Census Bureau, BEA, Moody's Analytics

\$317 Billion Less to Spend

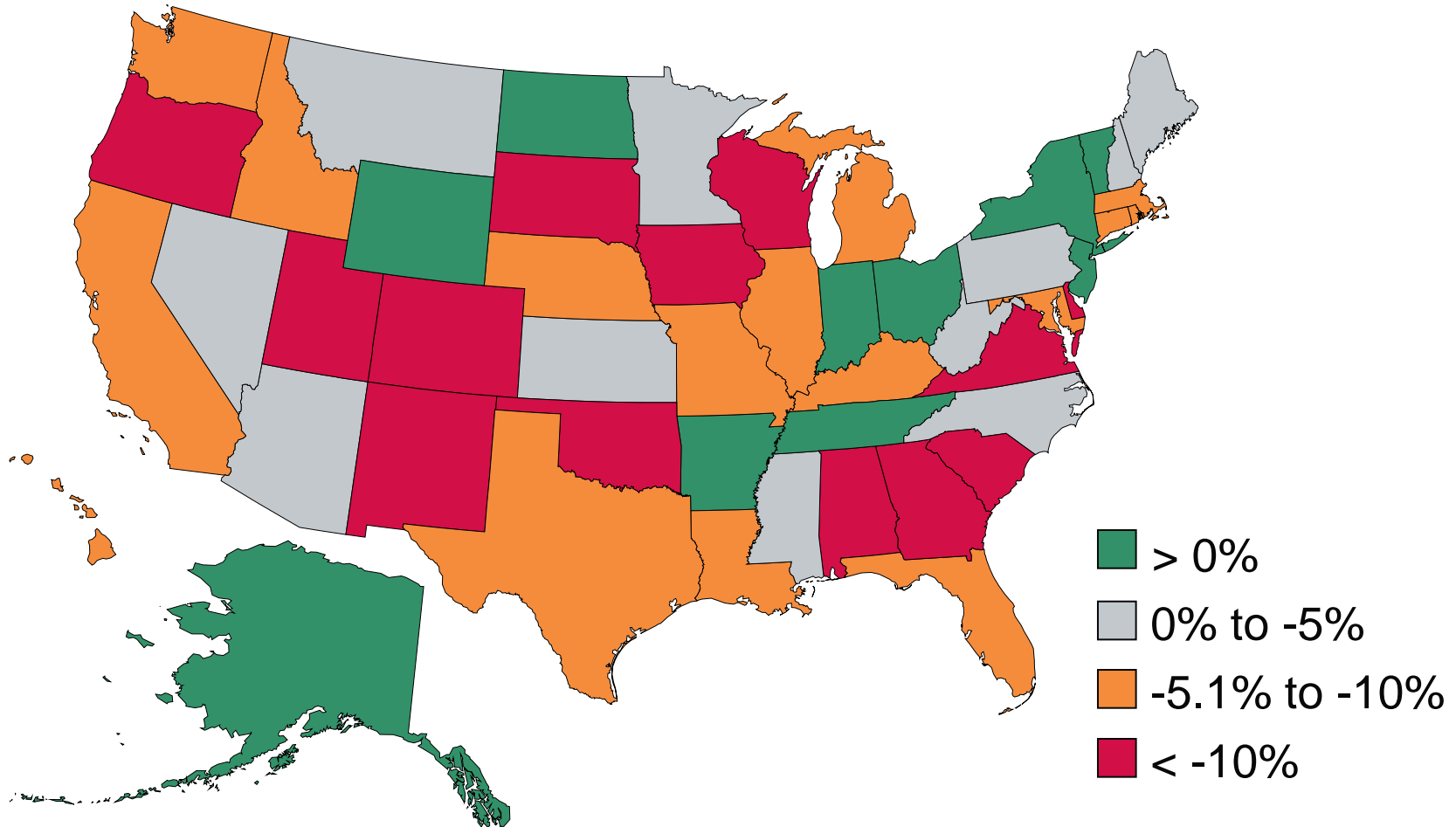
Difference in tax vs. GDP growth, % of total tax revenue



Sources: Census Bureau, Moody's Analytics

Relationship Differs By State

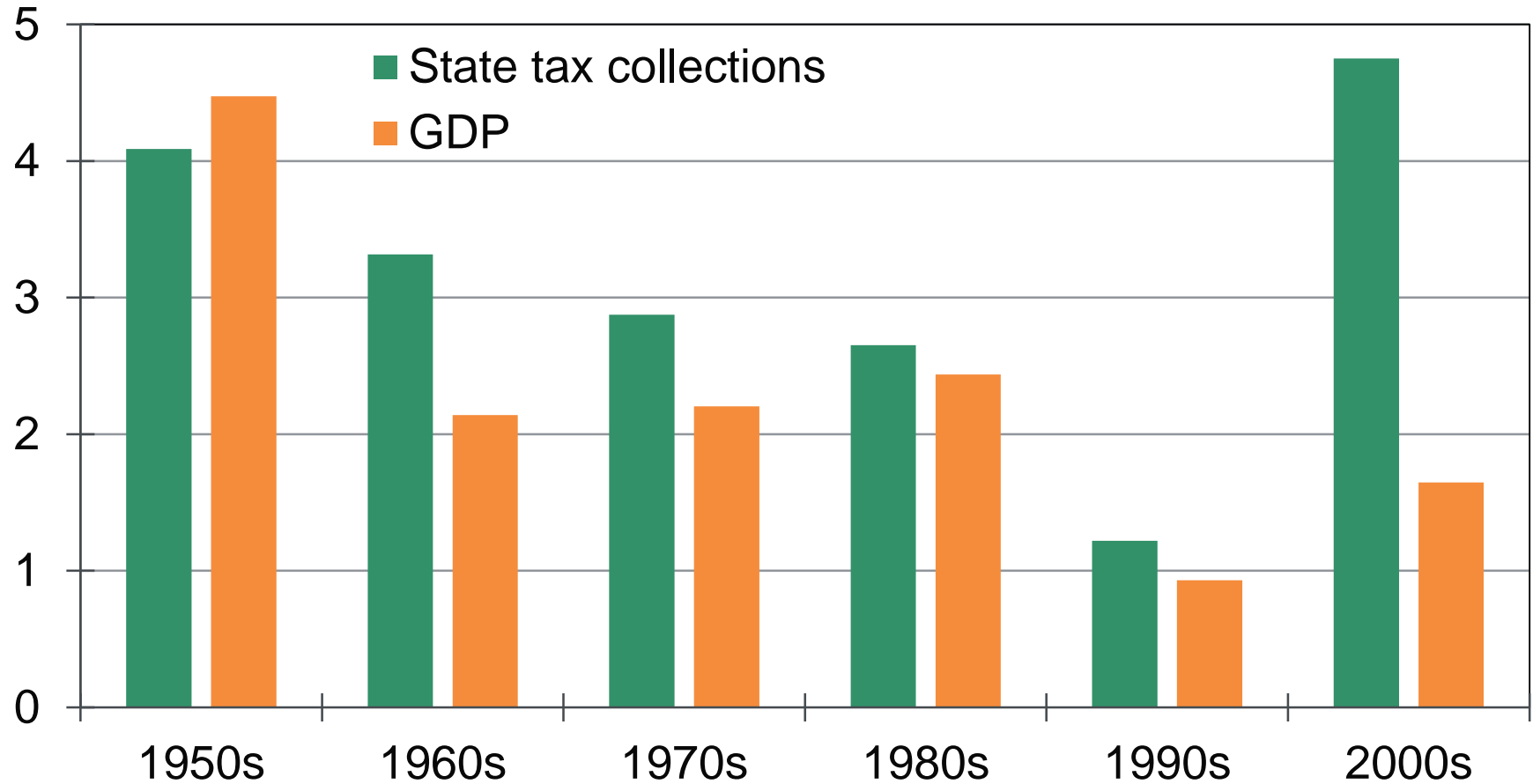
Difference in tax vs. GDP growth, % of total tax revenue, 2001-2010



Sources: Census Bureau, BEA, Moody's Analytics

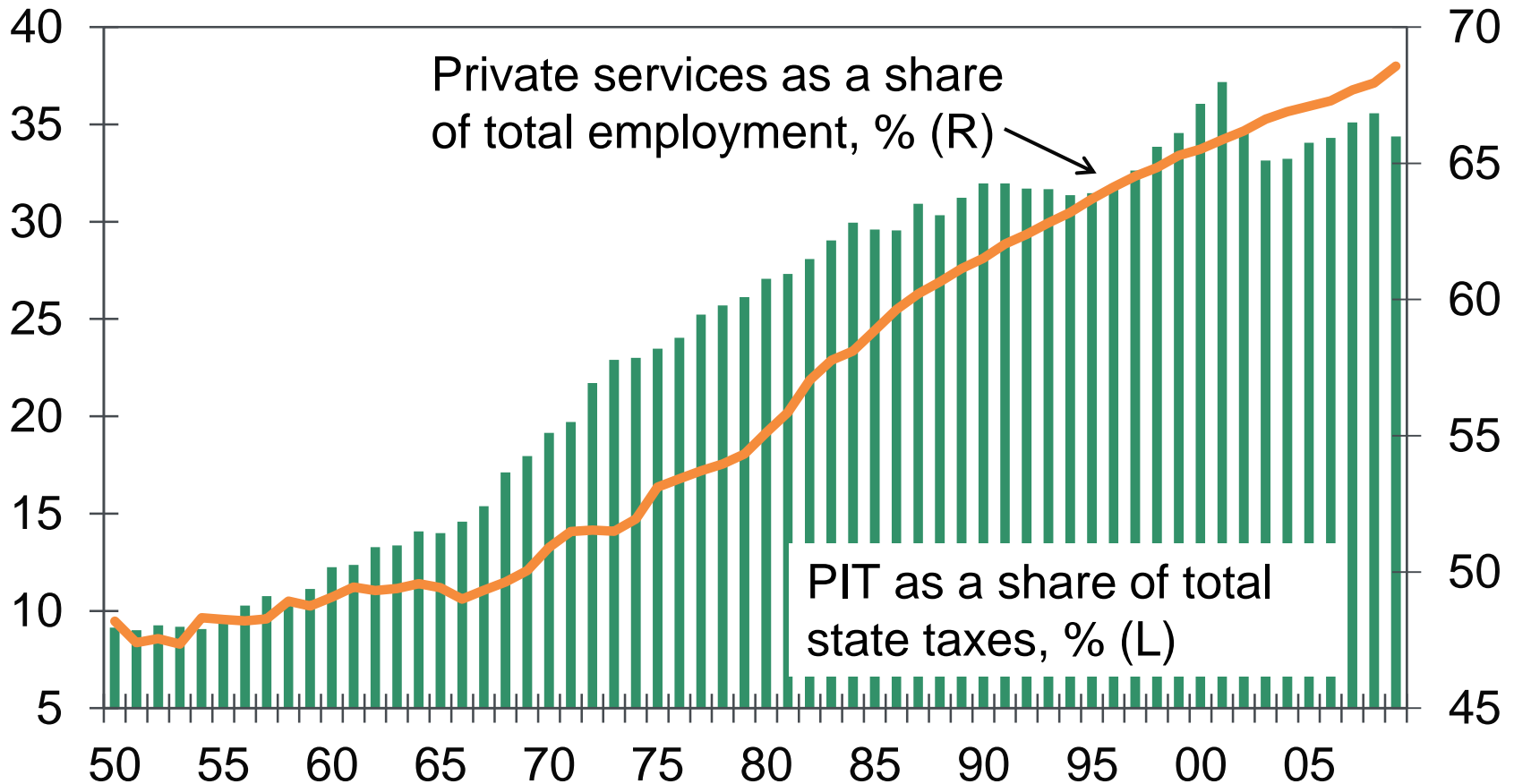
Newfound Volatility in State Tax Collections

Standard deviation of annual % change



Sources: Census Bureau, BEA, Moody's Analytics

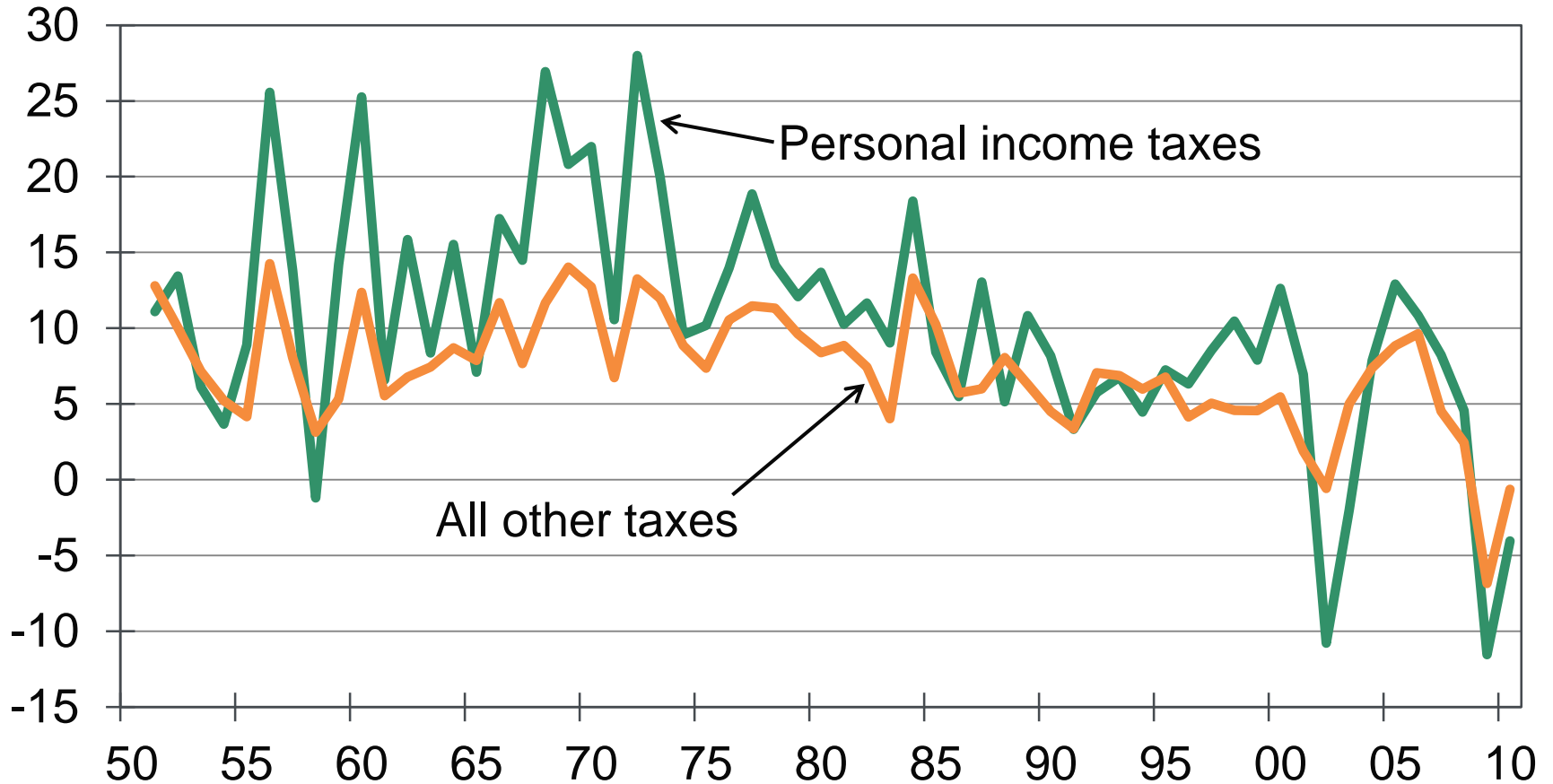
Depending More on Services and PIT



Sources: Census Bureau, BLS, Moody's Analytics

More Vulnerable to Large Swings

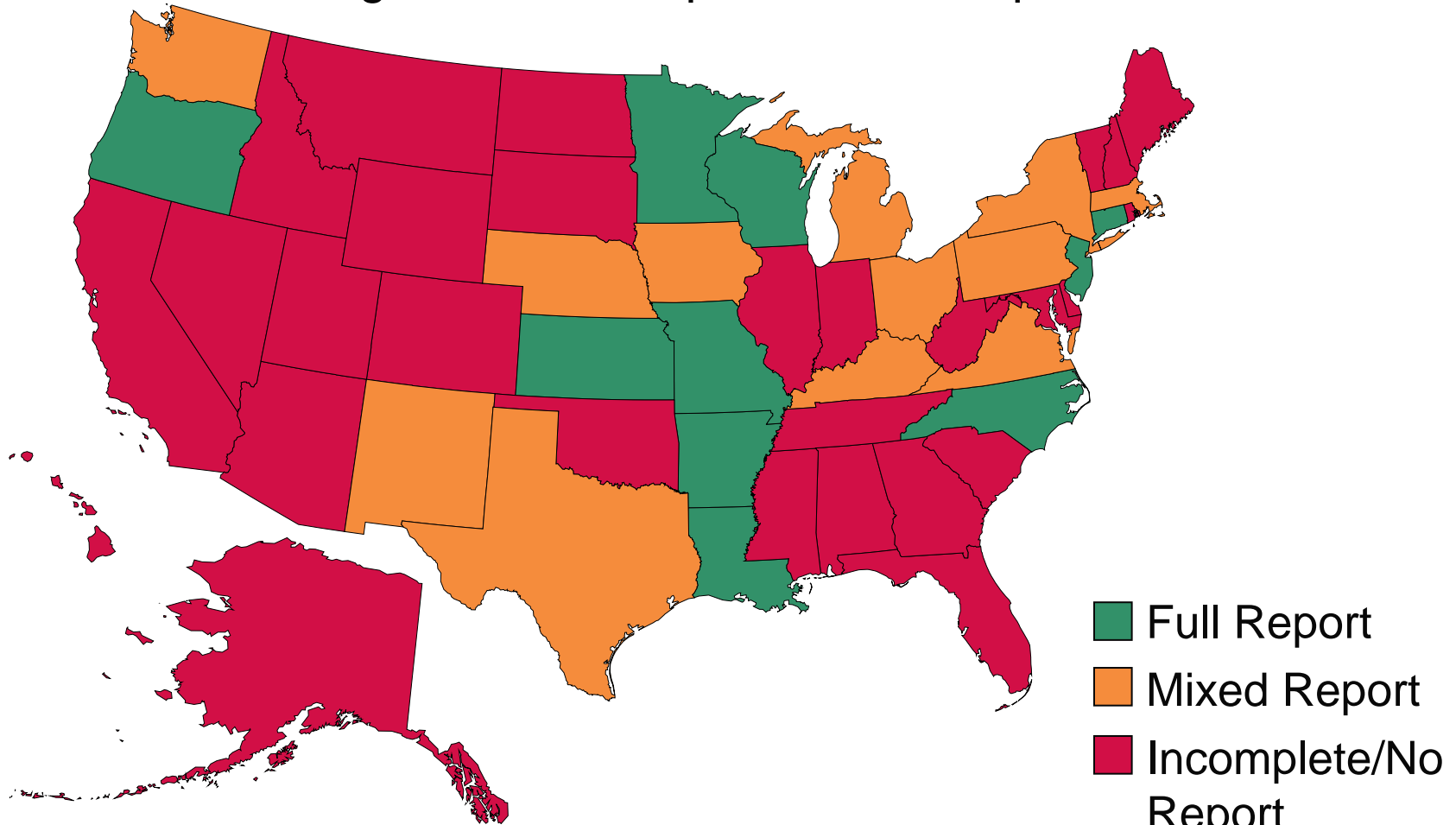
State tax revenue, % change yr ago



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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