

**The President's Jobs and Growth Package and State and Local Government Receipts:
State-by-State Estimates**
April 25, 2003

On balance, the President's Jobs and Growth package can be expected to improve state and local government finances. The program promotes growth and creates jobs, boosting state and local government revenues. These effects more than offset any parts of the package that might reduce state and local receipts.

The analysis of the aggregate effects was described in the Office of Economic Policy report *Effect of the President's Growth Package on State & Local Finances* (April 16, 2003). In addition to the estimates presented there, we developed receipt estimates for each state and for the sum of all local governments by state. We did this by distributing the predicted change in aggregate state and local receipts from the Council of Economic Advisers (CEA) evaluation of the jobs and growth package released on February 4th. The state-by-state estimates are shown in Table 1 below.

These estimates are "top-down" estimates, because they begin from the national estimate of the effect on state and local receipts and distribute the national effect to each state according to a formula. The estimates presented below include not only the higher state personal and corporate income tax revenues from the President's Jobs and Growth package, as in the earlier analysis by the CEA, but also the higher state revenues from other sources and the higher local revenues. Consequently, the estimates show larger effects than the previous CEA analysis.

- In 2004, the package generates \$17.6 billion in additional receipts for states and localities (this does not include \$1.8 billion in re-employment accounts). We used two methods to distribute the \$17.6 billion.
- In one method, we distribute the projected increment to state and local receipts using separate state and local shares of total tax revenue. We calculate both state and local receipts (and the state and local aggregate) from Census data for 1999-2000 using data from the U.S. Census publication *Government Finances 1999-2000* (January 2003).
- In the second method, we calculate separate state and local shares of national totals of state and local revenue by source. We then match these shares by source for each state with the national accounts projections of higher state and local revenues by source from the evaluation of the jobs and growth package. These are personal tax and non-tax payments, corporate taxes, and indirect business taxes (which includes property taxes and sales and excise taxes).
- In the second method, we account for the major pieces of non-tax receipts, which are part of the national accounts treatment of the state and local sector (i.e., the distribution of tuition and hospital charges by governments to persons). We also allocate revenue from motor vehicle license fees to personal and business taxes by allocating 2/3 of the fees to personal tax and non-tax payments and 1/3 to business taxes.
- The figures shown in Table 1 are the average receipts gain for the two methods.

**Estimates of Receipts Increases by States and Localities
from the Jobs and Growth Program**

| Estimates for Calendar Year 2004 millions of dollars | | | |
|---|---------------|--------------|---------------|
| | State | Local | Total |
| United States Total | 12,357 | 5,243 | 17,600 |
| Alabama | 150 | 66 | 215 |
| Alaska | 48 | 13 | 61 |
| Arizona | 187 | 82 | 269 |
| Arkansas | 108 | 22 | 130 |
| California | 1,891 | 601 | 2,492 |
| Colorado | 156 | 103 | 259 |
| Connecticut | 223 | 65 | 288 |
| Delaware | 54 | 7 | 61 |
| District of Columbia | 0 | 68 | 68 |
| Florida | 591 | 266 | 857 |
| Georgia | 298 | 167 | 465 |
| Hawaii | 73 | 10 | 83 |
| Idaho | 53 | 14 | 67 |
| Illinois | 555 | 244 | 799 |
| Indiana | 250 | 90 | 340 |
| Iowa | 119 | 44 | 162 |
| Kansas | 109 | 43 | 153 |
| Kentucky | 170 | 38 | 208 |
| Louisiana | 156 | 87 | 243 |
| Maine | 59 | 20 | 79 |
| Maryland | 223 | 117 | 340 |
| Massachusetts | 362 | 97 | 459 |
| Michigan | 558 | 117 | 675 |
| Minnesota | 300 | 66 | 365 |
| Mississippi | 111 | 29 | 141 |
| Missouri | 187 | 98 | 284 |
| Montana | 31 | 9 | 41 |
| Nebraska | 67 | 30 | 98 |
| Nevada | 83 | 36 | 119 |
| New Hampshire | 46 | 19 | 65 |
| New Jersey | 421 | 179 | 600 |
| New Mexico | 88 | 19 | 106 |
| New York | 917 | 853 | 1,771 |
| North Carolina | 356 | 108 | 464 |
| North Dakota | 29 | 8 | 37 |
| Ohio | 431 | 215 | 647 |
| Oklahoma | 128 | 46 | 174 |
| Oregon | 130 | 52 | 181 |
| Pennsylvania | 548 | 198 | 746 |
| Rhode Island | 44 | 16 | 61 |
| South Carolina | 145 | 53 | 198 |
| South Dakota | 23 | 12 | 35 |
| Tennessee | 200 | 84 | 284 |
| Texas | 633 | 365 | 998 |
| Utah | 92 | 29 | 121 |
| Vermont | 29 | 5 | 34 |
| Virginia | 279 | 127 | 406 |
| Washington | 271 | 103 | 374 |
| West Virginia | 79 | 15 | 95 |
| Wisconsin | 276 | 77 | 353 |
| Wyoming | 21 | 10 | 31 |

Source: Office of Economic Policy calculations based on Census Bureau data for state and local finances in 1999-2000, and CEA estimates of the combined effect on state and local receipts for 2004.