



States Lose Valuable Tax Revenue - Municipalities Update

States and local government entities are struggling with a dramatic and rapid drop in tax revenues following business closures and quarantines that were set into place nearly three months ago.

Stay at home mandates forced consumers to abandon retail shopping, dining out, and visiting hair salons leading numerous small businesses to close doors and layoff employees. The result has been a historical increase in unemployment leaving states with billions of dollars lost in payroll and income taxes.

The dramatic loss of jobs has also led to mortgages and property taxes not being paid as homeowners struggle to meet ends. Data collected by the U.S. Census Bureau and the Tax Foundation identify that over 50 percent of state and local government revenues have come from property taxes over the past decade. Individual income taxes are significant, representing 30% of tax revenues while corporate income taxes make up roughly 5%. That's why the dramatic increase in unemployment is so critical to state and local economies.

Sources: U.S. Census Bureau, The Tax Foundation