

Navigating the Fiscal Environment:

Economic and Budget Outlook & Leaders' Roundtable

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MULTISTATE

Key Economic Indicators



“Uncertain. Meh. Asymmetrical.” -WSJ reporters on the economy

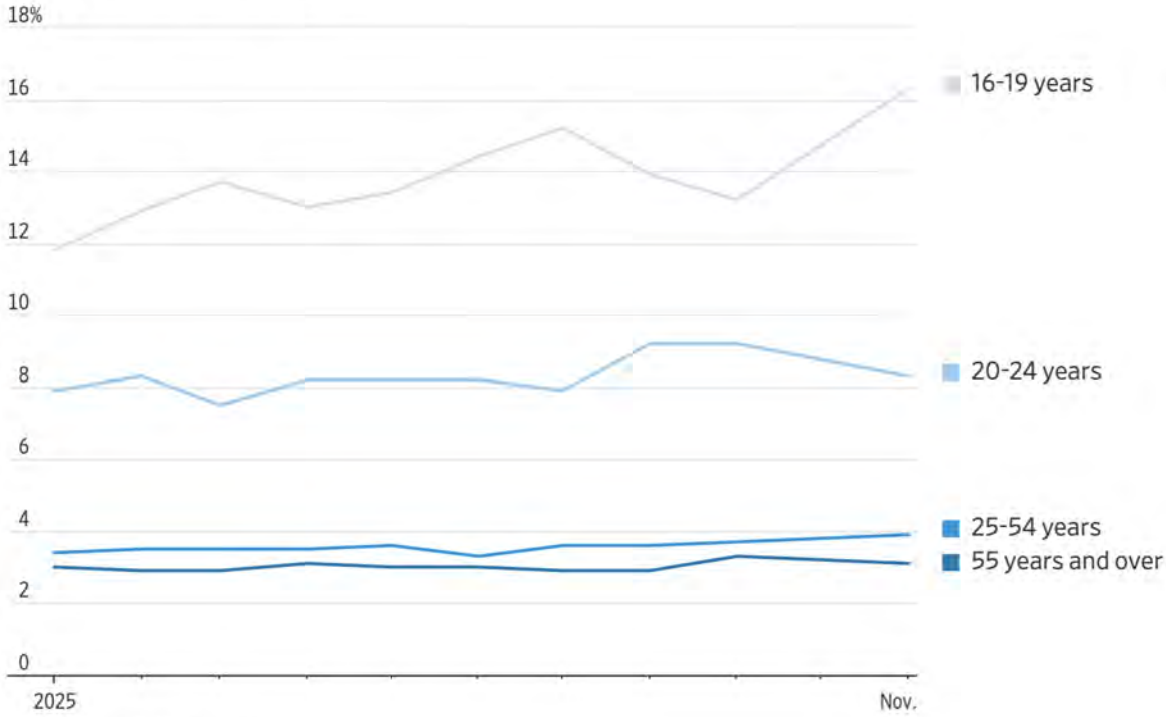
Key Economic Indicators

Unemployment rate



Note: Data is seasonally adjusted. The Bureau of Labor Statistics did not release an unemployment figure for October 2025. Source: Bureau of Labor Statistics. Jacqueline Gu/The New York Times

Unemployment rate by age



Note: Seasonally adjusted
Source: Labor Department via St. Louis Fed



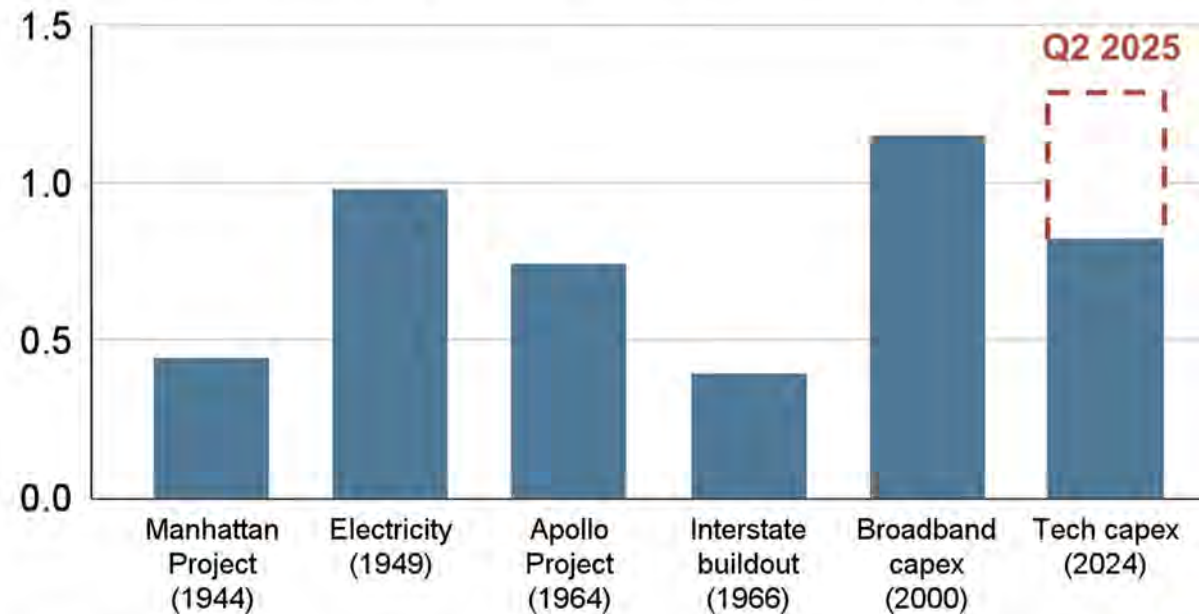
Key Economic Indicators

- A K-shaped economy?
 - “We continue to see divergency in spending between the income groups. The pressure on middle and low-end income consumers is still there.” –COO, Coca-Cola
 - [Best Buy CEO] Barry estimates that the top 40% of all U.S. consumers are driving two-thirds of all consumption, but while the remaining 60% of U.S. consumers are spending less freely, it’s not “dire” because the job market has held up. This group is focusing on need or getting the best deals, she said.

Key Economic Indicators

Tech capex is already historically large

Peak % of US GDP for major infrastructure projects



Source: BEA, *Manhattan District History*, The Planetary Society, Federal Highway Administration FA-203, US Telecom, Company filings

UNDERSTANDING

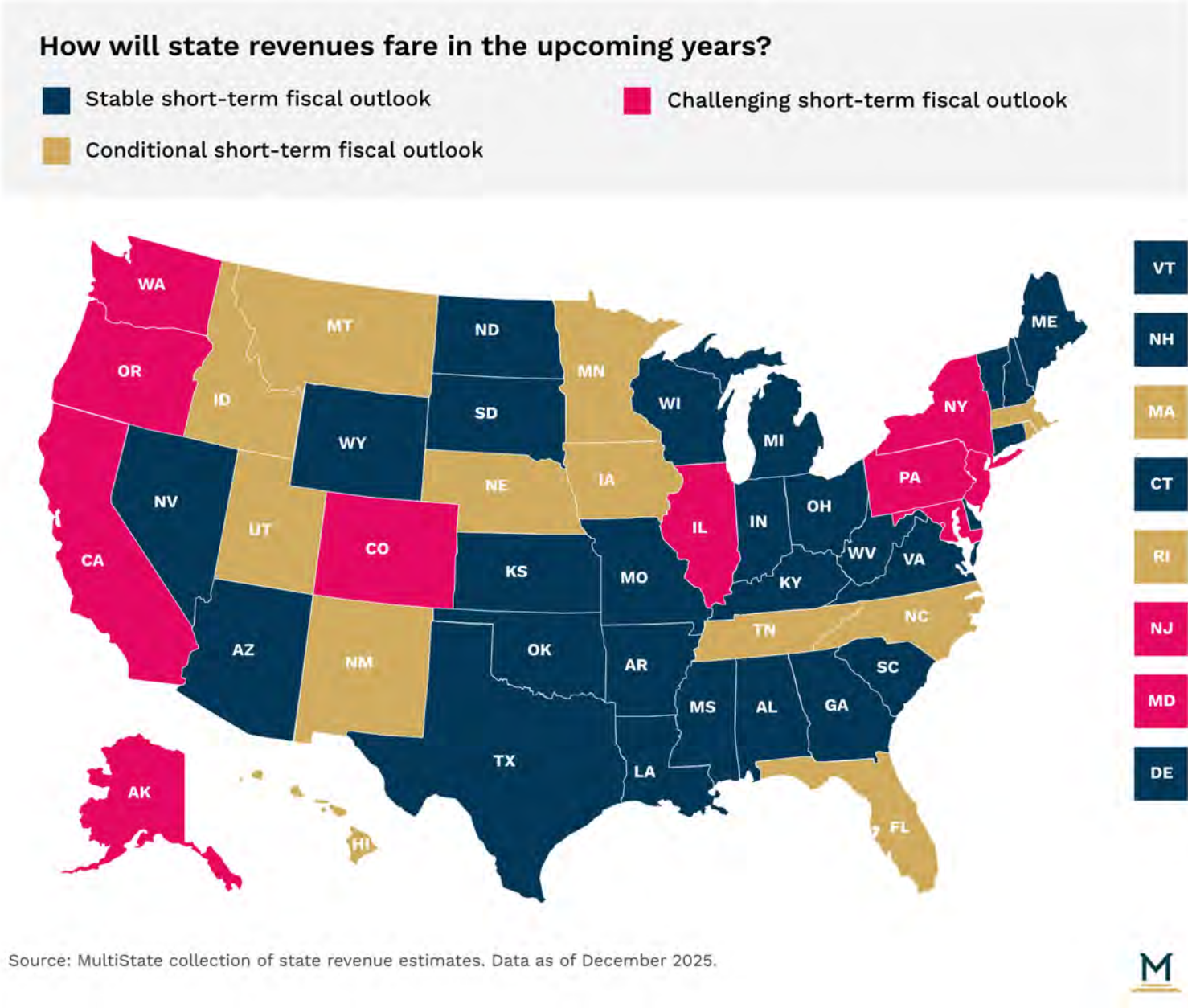


FY 2025 State Budgets (NASBO data, Dec 2024)

- General Fund Budget Growth
 - Median growth of 0.2% in enacted FY26 budgets
 - FY 23 (10.2%) and FY 24 (7.7%) highest growth on record
- Revenues / Forecast
 - FY 25: 4.1% nominal growth; 2.2% adjusted compared to FY 24
 - FY 26 slowing/normalizing: projected 0.7% growth
- Other Highlights
 - Rainy Day Funds continue to be extraordinarily well funded
 - State revenue situations vary



Fiscal Condition of States, December 2025



Utah

*Rainy Day Fund (as percent
of FY 26 expenditures):
11%*



Senate President Adams:

“By cutting taxes for the fifth year in a row, we’re ensuring more of Utahns’ hard-earned dollars stay in their pockets, all while maintaining our commitment to essential services and fostering long-term economic growth for future generations.”

South Carolina

*Rainy Day Fund (as percent
of FY 26 expenditures):
14%*



Senate Finance Chair Peeler:

“I’m so proud of us to continue working together both House and Senate, Finance and Ways and Means to make this happen, and not just end this today on income tax, but also address sales tax and property tax, we need to lower both too.

There’s nothing this team can’t do working together.”

North Carolina

*Rainy Day Fund (as percent
of FY 26 expenditures):
12%*



Senate President Pro Tem Berger, on
projections of a fiscal cliff:

“I think North Carolina is in good shape. Our revenue situation is good. We still have some challenges, obviously, not the least of which is how we’re going to do what needs to be done in western North Carolina. But we’ll figure all that out, and we’ll move forward.”

Indiana

*Rainy Day Fund (as percent
of FY 26 expenditures):
8%*



Senate President Pro Tem Bray,
on last year's revenue estimate revised
downward by \$2 billion:

“We have asked local governments ...
to spend within their means and tighten
their belts. We're doing exactly the
same thing here.”

Minnesota

*Rainy Day Fund (as percent
of FY 26 expenditures):
11%*



Minnesota Management and Budget:

“Minnesota’s budget [...] outlook remains stable in the current biennium; however, structural budget challenges remain. A better than expected fiscal year close [...] result in a projected surplus of \$2.5 billion [...]. Higher health care costs and slow economic growth drive an increased structural imbalance in the FY 28–29 [...] estimates where the balance is now projected to be negative \$2.960 billion.”

Maine

*Rainy Day Fund (as percent
of FY 26 expenditures):
18%*



Senate President Daughtry:

“I’m really excited the governor signed into law the property tax task force. This brings together municipal officials, tax assessors, people who work on the ground to find meaningful solutions. And they’re actually assigned a timeline to bring back to the legislature with suggestions to make sure that we bring about true property tax relief.”

Nevada

*Rainy Day Fund (as percent
of FY 26 expenditures):
19%*



[The Nevada Independent:](#)

“Nevada Senate rejects film tax credit expansion, killing marquee bill of special session.”

Wisconsin

*Rainy Day Fund (as percent
of FY 25 expenditures):
9%*



Senate President Felzkowski, on property
tax relief:

“We have given [Evers] numerous
chances to reverse that 400-year veto
and he keeps vetoing the bill, so it’s on
the governor’s plate right now. Until we
get a different governor in the East Wing
and we can start seriously addressing
education and all the things that are
wrong with it, I don’t know what to say.”

Maryland

*Rainy Day Fund (as percent
of FY 26 expenditures):
8%*



Senate President Ferguson on a business-to-business sales tax:

“The hearings were impactful. It helped us to see that there may be some negative implications on some of the industries impacted and how it could impact the business environment. So, I think we were looking at a more tailored approach with the business-to-business, which is really about modernized economy.”

Rhode Island

*Rainy Day Fund (as percent
of FY 26 expenditures):
6%*



[Senate President Lawson](#), on a potential
tax on high-income earners:

“I think everything’s on the table this
year, because of where we are financially,
it’s certainly elevated, and it’s something
that I’ve supported.”

Alabama

*Rainy Day Fund (as percent
of FY 26 expenditures):
24%*



Alabama Daily News:

“With the package’s passage, however, extending the state’s income tax exemption on overtime pay [...] now becomes unlikely given its price tag of more than \$300 million per year, which came as a surprise to lawmakers after the initiative had originally been projected to cost \$34 million.”

Louisiana

*Rainy Day Fund (as percent
of FY 26 expenditures):
11%*



Senate President Henry on Amendment 2, which capped the maximum income tax rate, required a supermajority vote for new taxes, and other changes:

“I’m sure members are going to look at possibly dissecting that larger amendment into smaller amendments.

But you know, you really have to step back and make sure that the next time that’s on the ballot, even in a scaled down version, we have the ability to really sell it better, with greater explanation, and not have as many things on the ballot.”

Arkansas

*Rainy Day Fund (as percent
of FY 26 expenditures):
28%*



Arkansas Advocate:

“Senate President Pro Tempore Bart Hester said Monday that he hopes the Legislature will cut taxes again in a special session later this year. The fiscal year ends June 30, and state officials should take the year’s revenue into account before convening for a special session, he said.”

Mississippi

*Rainy Day Fund (as percent
of FY 26 expenditures):
10%*



Appropriations Chair Hopson on an income tax reform plan:

“We think this is a plan we can do comfortably. In addition, we put 5 percent extra in our rainy day fund. That is a separate bill we have passed in the Senate.”

Hawaii

*Rainy Day Fund (as percent
of FY 26 expenditures):*
14%



Maui Now:

“Under Act 96, the statewide Transient Accommodations Tax (TAT) will increase by 0.75% to 11%, and an 11% tax will be applied to cruise ship passenger bills, prorated based on the number of days vessels spend in Hawai‘i ports. Counties may also impose an optional surcharge of up to 3%, meaning the combined prorated charge could reach 14%. The state estimates the Green Fee will generate approximately \$100 million annually to support climate resilience and environmental protection efforts.”

South Dakota

*Rainy Day Fund (as percent
of FY 26 expenditures):
20%*



Senate President Pro Tem Karr, on his proposal to create a property tax relief fund:

“Even with an average of 4% growth, we can have a significant buildup. Maybe this is the seed we plant for future growth in property tax relief.”

Virginia

*Rainy Day Fund (as percent
of FY 26 expenditures):
13%*



Governor-elect Spanberger, at a press conference joined by Senate Rules Chair Locke:

“Ultimately, if we are planning for the challenges that, broadly speaking, we see on the horizon, then we’ll be well positioned to contend with them. But it is even more essential, if we see economic challenges at a larger macro scale, that we are taking these actions.”

Colorado

*Rainy Day Fund (as percent
of FY 26 expenditures):
17%*



Colorado News Online:

“After [...] Congress passed the One Big Beautiful Bill in July, Colorado’s estimated tax revenue collections shrunk by about \$1.2 billion for the current fiscal year, which began July 1. Most of that is a loss of corporate income taxes.”

Oklahoma

*Rainy Day Fund (as percent
of FY 26 expenditures):
17%*



[Read Frontier:](#)

“Senate President Pro Tem Lonnie Paxton is “100 percent on board” with Oklahoma Governor Kevin Stitt’s proposed half-percent income tax cut — but it’s a cautious 100 percent. Paxton told The Frontier that recent [revenue] figures which show Oklahoma’s budget to be short of expectations following last year’s grocery tax cut, make him wary of the possibility of a return to the state’s budget woes of last decade.”

Montana

*Rainy Day Fund (as percent
of FY 26 expenditures):
17%*



KTVH:

“There were differences between Senate and House Republicans when it comes to property tax reform and the state budget.

Regier and other Senate Republican leaders criticized the eventual property tax plan the Legislature passed as a “rearrangement” of taxes rather than substantive relief, and they argued the Legislature should have done much more to trim government spending.”

Texas

*Rainy Day Fund (as percent
of FY 26 expenditures):
30%*



Business & Commerce Chair Schwertner:

“You know, taxes are a necessary evil. People don’t like to pay them, but there’s a certain amount of taxation that is excessive and inappropriate. And we need to make sure that we represent we are a low-tax state.”

New Jersey

*Rainy Day Fund (as percent
of FY 26 expenditures):
0%*



[Politico:](#)

“Senate President Nick Scutari wants a new data tax to help fund the state’s suicide prevention hotline program — but it’s unclear how much it would bring to the state’s coffers.”

Iowa

*Rainy Day Fund (as percent
of FY 26 expenditures):
9%*



Senate President Sinclair:

“The Iowa Senate had several different versions of property tax reform and relief that we tried to move forward this year.

That just didn't mesh with what the house had in mind. [...] And so, taking this interim and finding a way to make sure that we're getting a handle on [...] the largest issue for Iowans [...].”

Delaware

*Rainy Day Fund (as percent
of FY 26 expenditures):
5%*



House Speaker Melissa Minor–Brown
and Senate President Pro Tempore
David Sokola:

“Over the last two weeks, it has become clear that the reassessment process – despite its goal of promoting a fairer and more equitable tax system – has resulted in unexpected and significant financial strain for many Delawareans in parts of New Castle County. In particular, we’ve seen a sharp and unforeseen shift in school tax burden from commercial to residential properties.”

Massachusetts

*Rainy Day Fund (as percent
of FY 26 expenditures):
17%*



Senate President Spilka [spokesperson](#):

“The Senate is deeply committed to making Massachusetts more affordable and there are many ways to provide meaningful relief, including proposals from Senators [...] that would support the most vulnerable residents without placing burdens on small businesses that will ripple throughout the state, and the city should have engaged with the Senate on these options well before now.”

Kentucky

*Rainy Day Fund (as percent
of FY 26 expenditures):
22%*



[Senate President Stivers](#), on disagreeing
with a proposal to cut the income tax
despite missing the revenue trigger:

“We set a policy and process, and when
you set the policy and process, you should
follow it.”

Oregon

*Rainy Day Fund (as percent
of FY 26 expenditures):
17%*



[Senate President Rob Wagner](#) on the transportation package, which included a gas tax increase:

“With this legislation, we are averting an immediate transportation safety crisis and doing our part to keep Oregonians safe on the roads.”