

**Quarterly Summary of State and Local Tax Revenue Selected State Highlights: Q2 2021**

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The Quarterly Summary of Local and State Tax Revenue survey for April to June 2021 shows a rebounding economy, recovering from the Covid-19 related economic downturn of 2020. The lockdowns, combined with the delayed tax deadlines, caused many states to experience a budget shortfall in 2020. The recent data shows that states are recuperating - some better than others. California has vastly increased its personal income tax collections. With a higher capital gains tax than any other state, and many new tech companies going public, the state has experienced a cash windfall from the stock gains of both newly and already wealthy residents (Phillips). For quarter 3, 2021, California collected \$46.4 billion in individual incomes tax revenue, compared to \$16.3 billion in the same quarter of 2020 (QTAX).

Some other interesting stories relate to motor fuels taxes (tax code T13), online sports gambling, and tobacco products taxes (tax code T16). The Colonial Pipeline ransomware attack in May 2021 greatly affected Georgia's fuel supply, prompting the Governor to suspend motor fuel taxes between May 10, 2021 and June 2, 2021 (Georgia Department of Revenue). The state lost out on approximately \$140 million in revenue as a result.

Pennsylvania continues to increase its amusement tax revenue (tax code T11) as online sportsbooks and online casinos continue to debut and expand in the state. Most of the sports betting in the state now happens online, and the Pennsylvania market is consistently in the top 3 states for volume of monthly wagers (Butler). The state collected \$523.8 million in amusements taxes from April to June (QTAX), most of it relating to online gambling.

Colorado implemented a new cigarette tax called Proposition EE starting in January 2021, raising the rate from 84 cents to \$1.94 per pack (Paul). The proposition also set a minimum price of \$7 per pack (Paul). Consequently, the state saw increased tobacco products tax collections from April to June of about \$64.2 million, a rise of 35.8% compared to the same quarter in 2020. Virginia also saw its tobacco products tax revenue increase by 79.7% compared to quarter 2, 2020 (QTAX). In January of this year, Virginia passed legislation that requires remote retailers to collect excise taxes in addition to sales taxes on cigarette (Troutman Pepper). Recently Virginia has aggressively raised taxes on tobacco products—they also passed another new tax on heated tobacco products earlier this year and doubled the tax rate on cigarettes last year (Jordan).

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