

Sub-National Public Finance in the United States

by

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I. Introduction: The Early Years

From the beginning, the United States has struggled with the division of powers between the national and sub-national governments. The United States in fact started as a confederation of the thirteen colonies through the Articles of Confederation, with each colony maintaining its sovereignty. The Articles were proposed by a committee of the Second Continental Congress in 1776 and initially envisioned a relatively strong central government. The initial proposal was modified extensively so that the Articles passed by the Third Continental Congress in 1777 made the central government very weak, unable even to collect taxes. The Articles required ratification by every state and it was finally ratified on March 1, 1781. The Articles only held together the states until 1789, however. The biggest difficulty was that the central government was so weak that it could not gather taxes from the states and could not regulate tariff wars between the states.

In 1786, a Constitutional Convention was convened, from which the U.S. Constitution was born and ratified in 1789. Among the unique features of the Constitution is the division of powers in the central government between the executive, legislative, and judicial branches, inspired by James Madison. While vesting a great deal of power in the central government, it also provides checks and balances as well as a divided legislative branch to contain the central government. In the ensuing early years of the country, the battle between those that wanted a strong central government and those that wanted strong states continued. The Republicans, among whose ranks was Thomas Jefferson, were for strong state governments while the Federalists, including George Washington and Alexander Hamilton, championed the cause of the strong central

government. Among the fears of Jefferson was that those who advocated a strong central government really wished to return to a monarchy.

The division of powers between the central government and states continues to be debated in the United States to this day. It is interesting to contrast the thinking in the early years with current thinking. During the 20th Century governments around the world grew much larger as social safety nets were instituted. Most large social programs in the United States were passed during the 1930s, with some additional ones in the early 1960s. During the 20th Century, those who advocated a strong central government role were those on the left of the political spectrum. Those on the right preferred strong state governments. There is an economic rationale for this division. Redistribution programs will by and large be more successful if implemented at the national level. While some redistribution can be accomplished by sub-national governments, free mobility of labor and capital tends to reduce their redistributive capacity.

Today the federal system of government in the United States is considered to be highly decentralized, but the central government spends more than the state and local governments combined. In 2002, state and local government spending (excluding transfers from the central government) was approximately one third of total government spending. The remainder of the paper gives an overview of the revenue sources and spending programs of state and local governments in the United States, using data from 2002 to illustrate.

II. Revenues and Expenditures of Sub-national Governments in the United States

There are several levels of sub-national governments in the United States. The main level below the national government is state government. Statistics from the Commerce Department group a number of different governments in a third tier below the state level called local government. This category includes counties, municipalities (cities and townships), school districts, and special districts. The relationship between these local governments differs somewhat depending on the state. States are broken up into counties and usually townships, but borders of the other local governments can overlap. School districts may correspond to municipal boundaries, but also can overlap towns and sometimes counties. School districts may be autonomous bodies or may be part of a municipal government. This variety makes it difficult to succinctly describe sub-national public finance in the United States. Thus, the reader should keep in mind the variety between the states when digesting the statistics that describe averages across the states.

Table 1 indicates that sub-national government revenue and spending in the United States is substantial and spending is approximately evenly divided between state and local governments. Both state and local governments spent over \$1 trillion in 2002. This is close to 11% of Gross State Product. Average state revenue was just over \$3800 per person, while average local revenue was just under \$3800 per person.

Table 2 details state and local government revenue sources in 2002 as a percent of total revenue. The main revenue sources for both levels are of two types: intergovernmental aid and own-source revenue. Own-source revenue accounts for 66.2% of state and 55.1% of local revenue. Taxes are the major form of own-source revenue. State tax revenue is 74% and local tax revenue is 62% of the respective total own-source revenue. However, both levels also receive a substantial amount of intergovernmental aid, 30.5% of total revenue for states and 36.8% of total revenue for local governments. State intergovernmental transfers come mainly from the central government and include the large public welfare programs Medicaid and TANF. Local intergovernmental transfers come mostly from the states and are primarily aimed at equalizing funding between a state's school districts. An additional 8.3% of local government revenue (that is not for general purposes) is from utilities, particularly water supply and electric power utilities.

In accordance with economic theory that suggests that property taxes are an efficient local tax, most local tax revenue, 73% of total local tax revenue, comes from the property tax. Property taxes are thought to be a good local tax primarily because they tax a fixed factor, land, making the tax difficult to avoid. Property taxes vary across municipalities, however, and generally have a component that taxes land and a component that taxes structures. Moreover, property taxes can vary between residential and commercial property. These features of US property taxes make them somewhat less than the ideal of Henry George, but are nevertheless viewed as relatively efficient. An additional 17% of local tax revenue is from sales taxes (12% from general sales and 5%

from selective excise taxes). Local income taxes amount to 5% of local tax revenue in general, but are concentrated in a few big cities and certain counties, such as the counties of Maryland.

State tax revenue sources are more mixed, but states tend to rely primarily on income and sales taxes. Sales taxes generated 49% of total state tax revenue (34% from general sales and 15% from selective excise taxes). Individual income taxes generated 35% of state tax revenue. Corporate income tax revenues generated about 5% of state tax revenue. These general statistics mask some important differences across states, however. Some of the differences can be seen in Table 3 which shows the date of adoption of various taxes for the 50 states. Seven states have no individual income tax: Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming. In addition, New Hampshire and Tennessee do not tax wages; the individual income tax in these two states is limited to interest and dividends. Five states have no general sales tax: Alaska, Delaware, Montana, New Hampshire, and Oregon. Six states have no corporate income tax: Nevada, New Jersey, South Dakota, Utah, Washington, and Wyoming. Moreover, sales tax rates differ substantially among states, and income taxes have differing tax brackets, rates, and exemption levels.

Both state and local governments generate a smaller but significant amount of revenue from current charges for particular services. The major current charge at the state level is tuition to help finance state universities. Both levels collect some current

charges for public hospitals. In addition to local hospitals, local governments normally have user fees for sewerage and solid waste management.

Table 4 details state and local government spending as a percent of total expenditures. Education is a major part of spending at both levels of government. However, local government spending is almost entirely for elementary and secondary schooling whereas state government spending is primarily for higher education. Elementary and secondary spending accounts for 36% of total spending and 41% of the general expenditures of local governments.

Education spending by local governments in the United States is financed by a combination of local property taxes and state aid to local governments. Historically, education spending has been locally financed in the United States. However, because poorer school districts are unable to raise enough money locally, many states have some sort of equalizing grant system that raises money at the state level and redistributes it to poorer school districts. Over the past several decades, states have often been forced to implement transfer systems or change their transfer systems by courts. State Supreme Courts have sometimes ruled that locally financed schools violate the State Constitution. As there are 50 State Constitutions, it is difficult to describe generally, but a State's Constitution will often guarantee some sort of adequate education. The Courts have often found that locally financed schools violate this clause and have forced State Legislatures to redress the imbalance of poorer school districts. An early and often cited case is that of *Serrano v. Priest* (1971) in California. California schools now are funded primarily by

the State of California rather than through local taxes. New Jersey is another example. New Jersey was forced to implement a state-wide income tax in 1976, the funds of which are used primarily for aid to school districts. When the Legislature at first refused, New Jersey schools were closed for a time until the Legislature agreed to pass such a law. New Jersey schools are still locally funded, but some poor districts receive virtually all financing from the State.

Education grants in the United States can generally be considered to be one of two types: a foundation grant or a power equalizing grant. Generally, a foundation grant tries to assure a minimum level of expenditure per pupil while a power equalizing grant tries to equalize taxing capacity by giving additional aid to a district whose tax base falls below a certain guaranteed level. The foundation grant gives a certain fixed amount per unit (e.g. pupil) and is usually reduced for higher tax-base districts: $G_i = F - tB_i$ where G_i is district i 's per unit grant, F is the per unit foundation amount, t is a measure of fiscal effort (usually an average tax rate), and B_i is district i 's per unit tax base. Under a power equalizing grant, the amount of additional aid depends positively on a district's tax rate and tax base, and is usually of the following form: $G_i = (B - B_i)t_i$ where B is a guaranteed tax base (often an average tax base) and t_i is a measure of district i 's fiscal effort, usually district i 's tax rate. Thus, there is some incentive for a district receiving such aid to increase its tax rate and manipulate accounts to show a reduced tax base (by for instance not re-assessing property).

Another important spending category of local governments is public safety. Spending for police is 4.9% of total spending while that for fire protection is 2.3%. Transportation spending is also important for local governments; highways constitute 3.9% of total spending. Local governments spend significant amounts of resources on the environment and housing as well. Parks and recreation comprises 2.2% of total spending, housing 2.5%, and sewerage and solid waste management 4.1%.

The largest category of state government spending is public welfare which makes up 33% of general state expenditures and 26% of total state expenditures. While health is included as a separate category, this is somewhat misleading. The public welfare category includes two large programs that are funded by the national government and administered by state governments: Medicaid (medical assistance for the poor) and TANF (Temporary Assistance for Needy Families).

Medicaid is essentially a national health insurance plan for the poor and was created in 1965. Medicaid costs are shared between the national and state governments. The national share of costs varies inversely with the per capita income of a state; the maximum share is 83% and the minimum is 50%. Medicaid coverage in all states includes acute care in hospitals, outpatient services, physicians care, diagnostic services, and extended care, although certain specifics such as the duration of care and the payment rate to providers are set by states. States can also supplement the national program and some states offer dental services, optometry, prescription drugs, and home health care.

From 1935 to 1996 a main welfare program in the US was AFDC (Aid for Families with Dependent Children). This was funded by an open-ended matching grant from the national government. The matching rate was higher for lower income states. Since 1997, AFDC (and certain smaller welfare programs) has been replaced by TANF. Through TANF the national government gives states a block grant (which was fixed at \$16.4 billion from 1997 to 2002) and allows states to design their own welfare programs with certain stipulations from the federal government. These stipulations include requirements that are aimed at forcing able-bodied people to work rather than accept government payments. For instance, one controversial requirement is that recipients are limited to five years of assistance over their lifetime.

Unemployment insurance in the United States is shared between the national government and the states. The national government specifies the general framework and certain minimum standards, but the states administer the program. The result is that unemployment insurance benefits as well as taxes that finance it vary across states. Tables 2 and 4 indicate that unemployment insurance trust fund revenues were 2.5% of total state revenue in 2002 and unemployment expenditures were 4.6% of total expenditures. The financing of the program begins with a national payroll tax on employers, most of the revenues of which are credited to a state's unemployment insurance trust fund. Most states levy an additional payroll tax. The tax is experience rated for most states, which means that companies that lay off more workers pay a higher tax rate. A worker can claim benefits if he has worked for a covered company for a

minimum amount of time and for a minimum amount of earnings, but these amounts differ from state to state. Benefits received are some percentage of earnings up to a maximum, which also vary between states. In addition, some states tax unemployment benefits and some do not. In most states, unemployment benefits last for 26 weeks, but may be extended for an additional 13 weeks when the state's (insured worker) unemployment rate is high.

To summarize briefly, major responsibilities of local governments in the United States are education, police and fire, sanitation, and water and sewage. Education is jointly financed by local property taxes and state transfers to school districts, police and fire are financed through local property taxes, and garbage collection and water and sewage are financed through user fees and sometimes privatized. State government responsibilities include highways, welfare, health, police, and education. National welfare and health programs are administered by the states and are financed through a combination of central government transfers and state government taxes. States may supplement the federal programs. Highways are also jointly financed by states and the central government. The main education expenditures for states are public universities funded by taxes as well as tuition charged to students; the central government also supports education through various grants to individuals as well as institutions.

III. Sub-national Debt

A number of new theoretical models of federalism have emerged over the past decade, surveyed by Oates (2004). These models incorporate a game-theoretic framework and explicit interactions between central and sub-national governments to examine a number of problems that have arisen in federal systems in different countries. One of the larger issues of this literature has focused on soft budget constraints, and the possible incentives to accumulate debt on the part of sub-national governments, especially if those governments expect to be bailed out in one way or another. This can be manifested in at least two related, though distinct, ways. First, sub-national governments may receive grants and accumulate debt in the expectation that those debt accumulations will result in higher levels of intergovernmental aid in the future. Second, adverse shocks (such as a recession) combined with balanced budget requirements may lead sub-national governments to cut spending or increase taxes in bad times. If sub-national governments have not built up savings during good times (called “rainy day funds” in the United States), the central government may step in to increase aid to sub-national governments. But such an expectation on the part of sub-national governments may itself increase the probability that sub-national governments will not save during good times.

While the United States has in general not been subject to soft budget constraints, states have occasionally run up large debts. In the U.S. this happens most often because of a macroeconomic downturn. States normally have a stabilization or “rainy day” fund (savings from previous years for use during hard times). However, when these funds run out there is some pressure for the central government to come to the aid of the states.

This happened most recently in the 2001 recession. Due in large part to the stock market collapse and the recession, U.S. states developed large budget deficits after 2001. Table 5 lists the deficits of states, local governments, and state and local governments during 2002. State deficits ranged from a high of 47% in Alaska to a surplus of 4% in Delaware in 2002. The average state debt as a percentage of GSP was 63%, slightly higher than the equivalent criteria for European countries that form part of the single currency area. Table 6 indicates that this varied from a high of 185% for Alaska to a low of 20% for Tennessee, however.

Most debt of both states and local governments is long-term debt (maturity longer than one year), as shown in Table 7. Notable exceptions are Texas, California, and Oregon which had significant amounts of short-term debt as a proportion of their total debt. The California case is particularly well known since the former Governor Gray lost in a recall election to movie star and now Governor Arnold Schwarzenegger, due in part to a budget shortfall and an inability of the former Governor to correct the imbalance. This episode is discussed in some detail in Sheffrin (2004). One of the reasons for California's problems is evident in Table 7: California tried to maintain its spending by using short-term debt. Long-term bonds are generally of two types: general obligation (or full-faith and credit) bonds or revenue bonds. General obligation bonds are guaranteed from the tax revenues of the sub-national government. Revenue bonds are paid off using revenue from a particular source (usually from the investment undertaken with the proceeds from the bond). Revenue bonds are thus considered riskier than general obligation bonds.

What do U.S. state and local governments use debt for? Two primary uses of long-term debt are for education and public debt used for private purposes. Public debt for private purposes has grown over time, but generally allows private investment to benefit from the lower interest rates available on tax-exempt government bonds. These bonds are used to finance such things as industrial development, subsidized mortgages for home-owners, nonprofit investments in hospital or for educational purposes, student loans, low-income housing, and solid waste disposal. Table 8 indicates that on average 40% of long-term debt of states was for private purposes in 2002 and 15% was for education. Local governments used 15% of debt for private purposes and 23% for education.

Table 1: Total Expenditures and Revenue of State and Local Governments in US, 2002

	State Government	Local Government
Expenditures (\$ thousands)	1,280,290,224	1,139,057,438
Revenue (\$ thousands)	1,097,829,366	1,083,107,636
Revenue per capita (\$)	3,820	3,769
Revenue (% of Gross State Product)	10.8%	10.7%

Table 2: State and Local Revenue Sources (% of total revenue), 2002

	State	Local
Intergovernmental revenue	30.5%	36.8%
From federal government	28.9%	4.0%
From state government		32.8%
From local governments	1.6%	
General revenue from own sources	66.2%	55.1%
Taxes	48.8%	34.1%
Property	0.9%	24.9%
Sales and gross receipts	23.9%	5.7%
General sales	16.4%	4.0%
Selective sales	7.5%	1.7%
Motor fuel	2.9%	0.1%
Alcoholic beverage	0.4%	0.0%
Tobacco products	0.8%	0.0%
Public utilities	0.9%	0.9%
Other selective sales	2.5%	0.6%
Individual income	16.9%	1.6%
Corporate income	2.3%	0.3%
License taxes	3.2%	0.1%
Motor vehicle license	1.4%	0.1%
Other taxes	1.5%	1.6%
Charges and miscellaneous general revenue	17.5%	21.0%
Current charges	9.1%	14.2%
Education	5.0%	1.6%
Hospitals	2.2%	3.8%
Highways	0.5%	0.3%
Sewerage	0.0%	2.5%
Solid waste management	0.0%	1.0%
Miscellaneous general revenue	8.4%	6.9%
Interest earnings	2.9%	3.3%
Other than general revenue	3.2%	8.1%
Utility revenue	1.1%	8.3%
Water supply	0.0%	3.1%
Electric power	0.9%	4.1%
Gas supply	0.0%	0.5%
Transit	0.2%	0.7%
Liquor store revenue	0.4%	0.1%
Insurance trust revenue	1.8%	-0.4%
Unemployment compensation	2.5%	0.0%
Employee retirement	-2.3%	-0.4%
Workers' compensation	1.2%	
Other insurance trust revenue	0.4%	

Table 3: Date of Adoption of Major State Taxes

State	Individual Income	Corporate Income	General Sales	Gasoline	Cigarettes	Distilled Spirits ^a
Alabama	1933	1933	1936	1923	1935	
Alaska		1949		1946	1949	1959
Arizona	1933	1933	1933	1921	1935	1933
Arkansas	1929	1929	1935	1921	1929	1935
California	1935	1929	1933	1923	1959	1935
Colorado	1937	1937	1935	1919	1964	1933
Connecticut	1991 ^c	1915	1947	1921	1935	1937
Delaware	1917	1957		1923	1943	1933
Florida		1971	1949	1921	1943	1935
Georgia	1929	1929	1951	1921	1937	1937
Hawaii	1901	1901	1935	1932	1939	1939
Idaho	1931	1931	1965	1923	1945	
Illinois	1969	1969	1933	1927	1941	1934
Indiana	1963	1963	1933	1923	1947	1933
Iowa	1934	1934	1933	1925	1921	
Kansas	1933	1933	1937	1925	1927	1948
Kentucky	1936	1936	1960	1920	1936	1934
Louisiana	1934	1934	1938	1921	1932	1934
Maine	1969	1969	1951	1923	1941	
Maryland	1937	1937	1947	1922	1958	1933
Massachusetts	1916	1919	1966	1929	1939	1933
Michigan	1967	1967	1933	1925	1947	
Minnesota	1933	1933	1967	1925	1947	1934
Mississippi	1912	1921	1930	1922	1932	1966
Missouri	1917	1917	1934	1925	1955	1934
Montana	1933	1917		1921	1947	
Nebraska	1967	1967	1967	1925	1947	1935
Nevada			1955	1923	1947	1935
New Hampshire	1923 ^b	1970		1923	1939	
New Jersey	1976		1966	1927	1948	1933
New Mexico	1933	1933	1933	1919	1943	1934
New York	1919	1917	1965	1929	1939	1933
North Carolina	1921	1921	1933	1921	1969	
North Dakota	1919	1919	1935	1919	1927	1936
Ohio	1971	1971	1934	1925	1931	
Oklahoma	1915	1931	1933	1923	1933	1959
Oregon	1930	1929		1919	1965	
Pennsylvania	1971	1935	1953	1921	1937	
Rhode Island	1971	1947	1947	1925	1939	1933
South Carolina	1922	1922	1951	1922	1923	1935
South Dakota			1933	1922	1923	1935
Tennessee	1931 ^b	1923	1947	1923	1925	1939
Texas			1961	1923	1931	1935
Utah	1931	1931	1933	1923	1923	
Vermont	1931	1931	1969	1923	1937	
Virginia	1916	1915	1966	1923	1960	
Washington			1933	1921	1935	
West Virginia	1961	1967	1933	1923	1947	
Wisconsin	1911	1911	1961	1925	1939	
Wyoming			1935	1923	1951	

(a) Excludes excises by the states that own and operate liquor stores.

(b) Income taxes in New Hampshire and Tennessee are limited to interest and dividends.

(c) Individual income tax in Connecticut imposed in 1991. Prior to that date, tax was imposed on capital gains and dividends

Source: Tax Foundation(2003), Table E31, p. .

Table 4: State and Local Expenditures by function (% of total expenditures), 2002

	State	Local
Direct general expenditure	81.3%	87.4%
Education	17.7%	38.4%
Higher education	14.3%	2.3%
Elementary & secondary	0.4%	36.1%
Libraries	0.0%	0.7%
Social services and income maintenance:		
Public welfare	26.2%	3.5%
Hospitals	4.0%	4.5%
Health	3.3%	2.6%
Transportation:		
Highways	7.8%	3.9%
Air transportation (airports)	0.1%	1.3%
Sea and inland port facilities	0.1%	0.2%
Transit subsidies	0.0%	0.0%
Public safety:		
Police protection	1.0%	4.9%
Fire protection		2.3%
Correction	4.0%	1.6%
Protective inspection and regulation	0.9%	0.3%
Environment and housing:		
Natural resources	1.8%	0.5%
Parks and recreation	0.5%	2.2%
Housing and community development	0.4%	2.5%
Sewerage	0.1%	2.7%
Solid waste management	0.3%	1.4%
Governmental administration:		
Financial administration	2.1%	1.2%
Judicial and legal	1.6%	1.5%
General public buildings	0.3%	0.7%
Other governmental administration	0.4%	1.2%
Interest on general debt	3.4%	3.9%
Utility expenditure	2.2%	10.5%
Water supply	0.0%	3.5%
Electric power	1.3%	3.9%
Gas supply	0.0%	0.5%
Transit	0.9%	2.6%
Insurance trust expenditure	16.1%	2.0%
Unemployment compensation	4.6%	0.0%
Employee retirement	10.0%	2.0%
Workers' compensation	1.1%	
Other insurance trust	0.4%	

Table 5: Deficit as % of revenue, 2002

rank	state	state deficit (% of revenue)	state and local deficit (% of revenue)	local deficit (% of revenue)
1	ALASKA	47.49%	34.39%	6.45%
2	COLORADO	42.45%	24.30%	8.57%
3	NEW JERSEY	28.37%	17.24%	-2.04%
4	WISCONSIN	28.14%	24.94%	8.35%
5	WASHINGTON	27.57%	19.72%	3.36%
6	HAWAII	26.87%	26.17%	19.44%
7	CALIFORNIA	22.27%	16.64%	3.67%
8	MASSACHUSETTS	22.18%	21.99%	6.86%
	...			
0	US	16.62%	13.29%	5.17%
	...			
28	NEW YORK	14.03%	16.12%	13.80%
	...			
50	DELAWARE	-4.04%	-0.41%	3.61%

Table 6: Debt as % of revenue, 2002

rank	state	state debt (% of GSP)	state and local debt (% of GSP)	local debt (% of GSP)
1	ALASKA	185.7%	302.49%	116.78%
2	RHODE ISLAND	158.5%	197.94%	39.41%
3	MASSACHUSETTS	157.1%	226.97%	69.86%
4	HAWAII	129.4%	193.28%	63.87%
5	CONNECTICUT	125.1%	167.11%	42.03%
6	MONTANA	121.6%	175.08%	53.50%
7	VERMONT	119.3%	158.11%	38.85%
8	MAINE	115.4%	169.46%	54.07%
9	NEW HAMPSHIRE	114.4%	153.05%	38.67%
10	NEW YORK	108.7%	238.59%	129.87%
...				
0	US	63.4%	166.33%	102.98%
...				
34	CALIFORNIA	52.4%	154.03%	101.61%
...				
50	TENNESSEE	19.9%	115.76%	95.88%

Table 7: Percent of debt that is short-term and long-term

rank	state	% of state debt:		% of local debt:	
		short-term	long-term	short-term	long-term
1	TEXAS	27.00%	73.00%	2.53%	97.47%
2	CALIFORNIA	10.52%	89.48%	0.48%	99.52%
3	OREGON	10.28%	89.72%	0.19%	99.81%
4	PENNSYLVANIA	4.74%	95.26%	0.17%	99.83%
5	MINNESOTA	4.13%	95.87%	2.37%	97.63%
6	TENNESSEE	3.41%	96.59%	1.84%	98.16%
7	MICHIGAN	3.25%	96.75%	1.41%	98.59%
8	SOUTH CAROLINA	3.05%	96.95%	0.39%	99.61%
0	US	2.90%	97.10%	2.36%	97.64%
9	OHIO	1.81%	98.19%	4.29%	95.71%
10	MARYLAND	1.01%	98.99%	0.48%	99.52%
11	NEW YORK	0.69%	99.31%	7.44%	92.56%
	...				
50	WYOMING	0.00%	100.00%	0.00%	99.99%

Table 8: Uses of long-term debt, 2002

rank	state	% of long-term state debt:		% of long-term local debt:	
		Public debt for private purposes	Education	Public debt for private purposes	Education
1	SOUTH DAKOTA	87.91%	3.69%	8.25%	40.19%
2	WYOMING	87.59%	2.58%	44.09%	14.11%
3	IDAHO	84.58%	10.58%	2.89%	48.58%
4	NEBRASKA	83.85%	13.41%	6.39%	19.44%
5	MONTANA	78.53%	7.80%	42.71%	21.33%
6	ALASKA	71.63%	0.69%	14.52%	24.54%
7	NEW HAMPSHIRE	69.69%	1.23%	0.00%	42.48%
8	RHODE ISLAND	65.75%	2.06%	0.12%	28.57%
9	COLORADO	65.35%	22.93%	7.36%	23.47%
10	DELAWARE	61.71%	8.00%	26.39%	12.66%
11	ILLINOIS	61.58%	7.02%	5.99%	28.40%
...					
30	CALIFORNIA	45.80%	31.05%	8.11%	14.02%
...					
0	US	41.28%	15.55%	15.55%	22.78%
...					
41	NEW YORK	26.77%	9.79%	11.95%	17.87%
...					
50	KANSAS	0.00%	8.03%	33.49%	30.04%

Table 9: Net additional long-term debt, 2002

rank	state	net new long-term state debt as % of total state debt	net new long-term local debt as % of total local debt
1	IOWA	32.65%	7.50%
2	WISCONSIN	18.04%	5.04%
3	UTAH	14.86%	1.87%
4	INDIANA	14.72%	2.72%
5	LOUISIANA	13.54%	2.36%
6	ALASKA	13.33%	1.77%
7	ILLINOIS	13.24%	9.38%
8	ALABAMA	12.53%	5.06%
9	MISSOURI	10.70%	5.02%
10	ARIZONA	10.20%	4.65%
11	NORTH CAROLINA	10.10%	2.84%
	...		
0	US	5.99%	5.88%
	...		
41	NEW YORK	2.08%	6.65%
	...		
47	CALIFORNIA	0.16%	4.74%
48	VERMONT	-1.83%	-3.86%
49	NEW HAMPSHIRE	-2.99%	10.36%
50	WYOMING	-3.72%	-5.19%