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U.S. states consider budget shortfalls

Many U.S. states are looking at a new [fiscal year](#) starting July 1 with [budget](#) shortfalls and dwindling tax revenues, various sources said.

Times are especially tough in states hit hard by the [mortgage](#) crisis, *The New York Times* reported.

California has a \$17 billion budget gap. Nevada, which cut \$914 million from its previous budget, has a \$275 million shortfall and a Republican governor, Jim Gibbons, calling for a 4-percent budget cut by state agencies. And Arizona has a \$2.2 billion budget gap on a spending plan of \$9.9 billion, the Times reported.

After adjusting for [inflation](#) and tax cuts, state [tax revenues](#) fell 5.3 percent in the first quarter of 2008 with flat [sales tax](#) revenues and a 5.1-percent decline in [corporate taxes](#) compared to 2007, the Times reported.

Twelve states have also experienced a drop in taxable [incomes](#), the newspaper said.

There are signs that the economic weakness is very widespread, Don Boyd, a senior fellow at the Rockefeller Institute of Government in Albany, N.Y. told the Times. Between this past May and three months prior, a lot more states were declining, he said.