State Revenue Outlook: Summer 2026

Prepared by MultiState. Last updated June 10, 2026.

Overall Revenue Stability

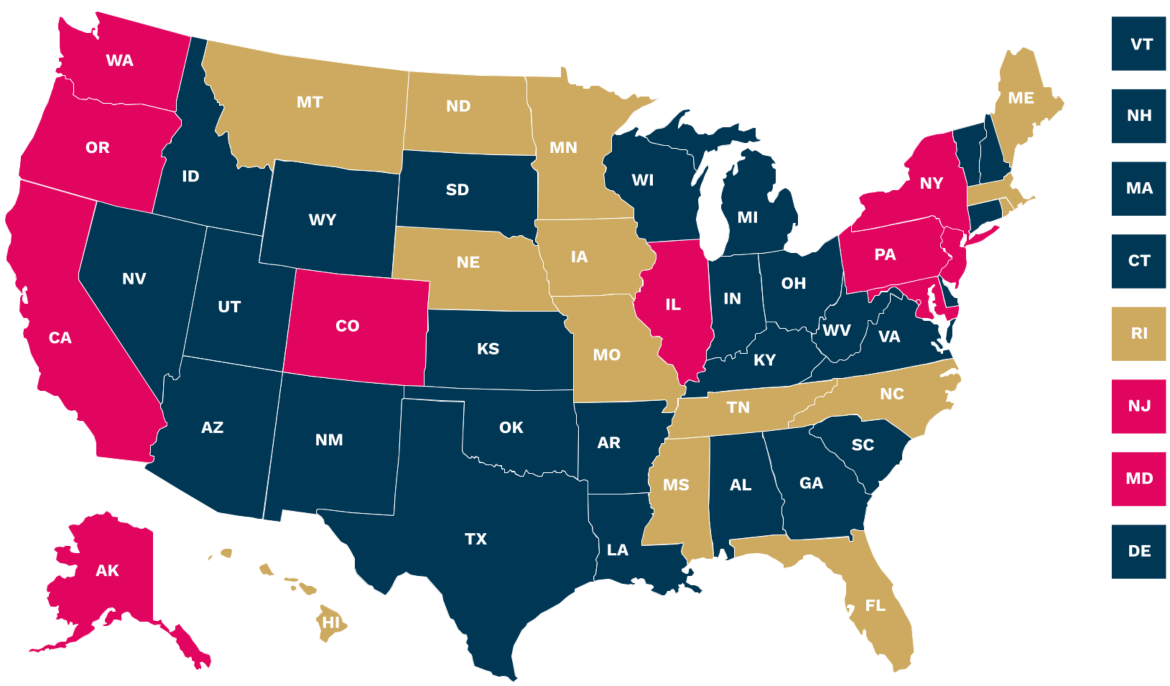
Many states continue to report positive revenue positions heading into the end of FY 2026. However, the gap between surplus and deficit states is widening, and most of the high-priority tax policy states are showing deteriorating outlooks heading into FY 2027 budget cycles. Additionally, even those states which are still reporting stable revenue conditions are beginning to spend down their COVID-era reserves at rapid levels. Currently, 27 states are rated by MultiState as facing a positive short term revenue outlook, 13 states are rated as conditional, and 10 states are rated as challenging. This points to a declining trend for states: last summer, we rated 30 states as positive, 12 states as conditional, and eight states as challenging.

How will state revenues fare in the upcoming years?

Stable short-term fiscal outlook

Challenging short-term fiscal outlook

Conditional short-term fiscal outlook



Source: MultiState collection of state revenue estimates. Data as of June 2026.

Persistent Challenging Outlooks

Ten states remain in a challenging fiscal status. A few highlights:

- **California**: Governor Newsom's May revision claims the deficit is fully eliminated through FY 2028, but the fix relies partially on tax increases already included in the budget. The state has been volatile in its forecasts; prior estimates showed a $22B gap in FY 2028.
- **New Jersey**: A projected surplus of $7.2B is set to decline to $4.1B by end of FY 2027 and flip to a $750M deficit the following year absent legislative action. A new governor increases uncertainty around what the “fix” will look like, and we are still waiting on budget language in New Jersey.
- **Maryland:** Following several difficult budgeting years for Maryland, Governor Wes Moore's (D) office projects a deficit of $2.8 billion in FY 28, ultimately growing to $4.5 billion by FY 31.
- **Pennsylvania**: The Independent Fiscal Office projects a FY 2026–27 deficit of up to $6.7B. This is a state where revenue raisers are historically on the table.

Newly Conditional States

Three states have recently switched from a positive to conditional status: Missouri, North Carolina, and North Dakota due to dwindling reserves and projected deficits. Missouri and North Dakota and more likely to depend on spending cuts rather than tax increases, but these states are worth a close watch.