**Quarterly Summary of State and Local Tax Revenue Selected State Highlights:** [**Q3 2021**](https://www.census.gov/data/tables/2021/econ/qtax/historical.Q3.html)

By Dylan Frascoia, Suzanne Kopp, and Robert Simon

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The Quarterly Summary of State and Local Tax Revenue Survey from July to September 2021 shows a slowing recovery in total tax revenue that has been driven primarily by general sales and gross receipts tax (code T09). As seen in Table 2, tax revenue is still showing signs of recovery from 2020’s COVID-19 economic lulls with a year-to-date increase of 21.2%, from $827.50 billion in 2020 to $1.00 trillion in 2021. After several tax deadline extensions granted in 2020, many states have returned to their pre-pandemic tax collection deadlines. However, there are states that are still providing tax extensions. In 2021 North Carolina delayed their alcohol beverage license fees to provide further relief for restaurants and bars affected by the COVID-19 pandemic. North Carolina collected $1.29 million dollars of alcohol beverage license revenue (code T20) in quarter 3 of 2021, compared to $2.96 million in the same quarter of 2020, a decrease of 56.6%.

There were some interesting developments regarding the motor vehicle operator’s license tax (code T25), the motor fuels tax (code T13), and the parimutuels tax (code T14). Motor vehicle operator’s license tax in Pennsylvania increased 150.9% from the same quarter last year, from $16.18 million in 2020 to $40.59 million in 2021. The Federal Government had an enforcement date of October 1, 2021 for Real ID conversion. A revenue analyst from the Pennsylvania Department of Revenue reported the state initiated a public awareness campaign to make residents mindful of the October deadline. Pennsylvania gained approximately $25 million in motor vehicle operator’s license revenue as residents rushed to meet the deadline by acquiring a new license. It should be noted that in May 2021 the Federal Government did extend the enforcement date from October 2021 to May 2023.

Some states have been increasing motor fuels taxes in a bid to collect more revenue and disincentivize driving. In these states, motor fuels tax revenues have been stagnant and are not generally affected by inflationary pressures or other increases in price since they are fixed price per gallon. For example, in Quarter 3 of 2020 Wyoming collected $29.90 million in motor fuel tax compared to $32.97 million in 2021, an increase of 10.3%. Wyoming is advancing a bill that will increase the motor fuel tax from 24 cents per gallon to 39 cents per gallon by the end of 2021 and hopes to see greater percentage increases in fuel tax revenue in 2022 and beyond (Randall). South Carolina was facing a similar issue in 2017 and began increasing their motor fuels tax by 2 cents per gallon per year (South Carolina Department of Revenue). Prior to 2017, the state was collecting approximately $150 million in motor fuel tax revenue average per quarter (16 cents per gallon) and is now collecting nearly $240 million per quarter (26 cents per gallon).

South Dakota experienced a decline in parimutuel revenue (code T14) dropping to $23,000 in Quarter 3 of 2021 from $30,000 in the same quarter of 2020. According to a South Dakota state economist survey respondent, this was due to Iowa’s entrance into the sports wagering market. The respondent stated that much of South Dakota’s parimutuels revenue comes from an off-track betting site in North Sioux City. Since Iowa started sports wagering, parimutuel tax collections have decreased 23.3% since the same quarter last year, and the state expects this trend to continue.

Works Cited

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