New Report Ranks 50 States by Fiscal Health

CHICAGO – How much would it actually cost taxpayers to pay off their state’s debt? Truth in Accounting (TIA), a Chicago-based think tank that analyzes government financial reporting, ranked all 50 U.S. states by their Taxpayer Burden and Taxpayer Surplus. The findings were released today in TIA’s annual Financial State of the States report.

In this report, TIA identifies the five states with the worse Taxpayer Burden – the Sinkhole States – as well as the five states with the best fiscal health – the Sunshine States.

The Sinkhole States include:
1. New Jersey with a Taxpayer Burden of $52,300
2. Connecticut with a Taxpayer Burden of $48,600
3. Illinois with a Taxpayer Burden of $45,000
4. Kentucky with a Taxpayer Burden of $32,600
5. Massachusetts with a Taxpayer Burden of $27,400

The Sunshine States include:
1. Alaska with a Taxpayer Surplus of $52,300
2. North Dakota with a Taxpayer Surplus of $28,400
3. Wyoming with a Taxpayer Surplus of $22,600
4. Utah with a Taxpayer Surplus of $4,200
5. South Dakota with a Taxpayer Surplus of $4,000

A state’s Taxpayer Burden is the amount each taxpayer would have to pay the state’s Treasury in order for the state to be debt free. A state’s Taxpayer Surplus is the amount available to pay future state bills divided by the state’s taxpayers.

“As we delve deeper into the 2016 election cycle, it’s important for citizens to ask elected officials about their state’s debt and overall fiscal health and hold their officials accountable,” said Sheila Weinberg, Founder and CEO of TIA. “Every state government, including the Sunshine States, is still using outdated accounting methods to calculate its finances and hiding pension and healthcare benefits from state financial reports.”

To calculate Taxpayer Burden, TIA researchers first determine the true debt amount by analyzing each state’s 2014 financial report. These reported figures are then divided by the state’s total number of taxpayers. Because most state governments use outdated accounting methods to calculate their financials, a vast majority of pension and retirees’ healthcare benefits have been repeatedly excluded from states’ financial reporting.

A large share of the Sinkhole States’ debt burden comes from unfunded pension liabilities due to failure to pay minimum yearly contributions. In the Sunshine States, state governments have enough assets to cover all liabilities, including pension and retiree healthcare benefits.

“Until state financial data is truly accurate and transparent, neither voters nor legislators can knowledgeably participate in the democratic process to address fiscal challenges,” said Weinberg.

Across all 50 states, TIA researchers calculated a total of more than $1.3 trillion of debt, a huge financial burden for current and future taxpayers. TIA believes Taxpayer Burden is more than just a number: high
Taxpayer Burdens are linked to lower quality of life, poor highway systems, and the slow home price recovery.

The Financial State of the States is an in-depth study of the 50 states’ financial conditions for Fiscal Year 2014. TIA’s proprietary methodology cuts through politicization and accounting tricks to produce data that shows each state’s true financial condition. To view the Financial State of the States report, click here.

Founded in 2002, Truth in Accounting is dedicated to educating and empowering citizens with understandable, reliable, and transparent government financial information. Sheila Weinberg is a Certified Public Accountant with more than 30 years of experience in the field.

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