

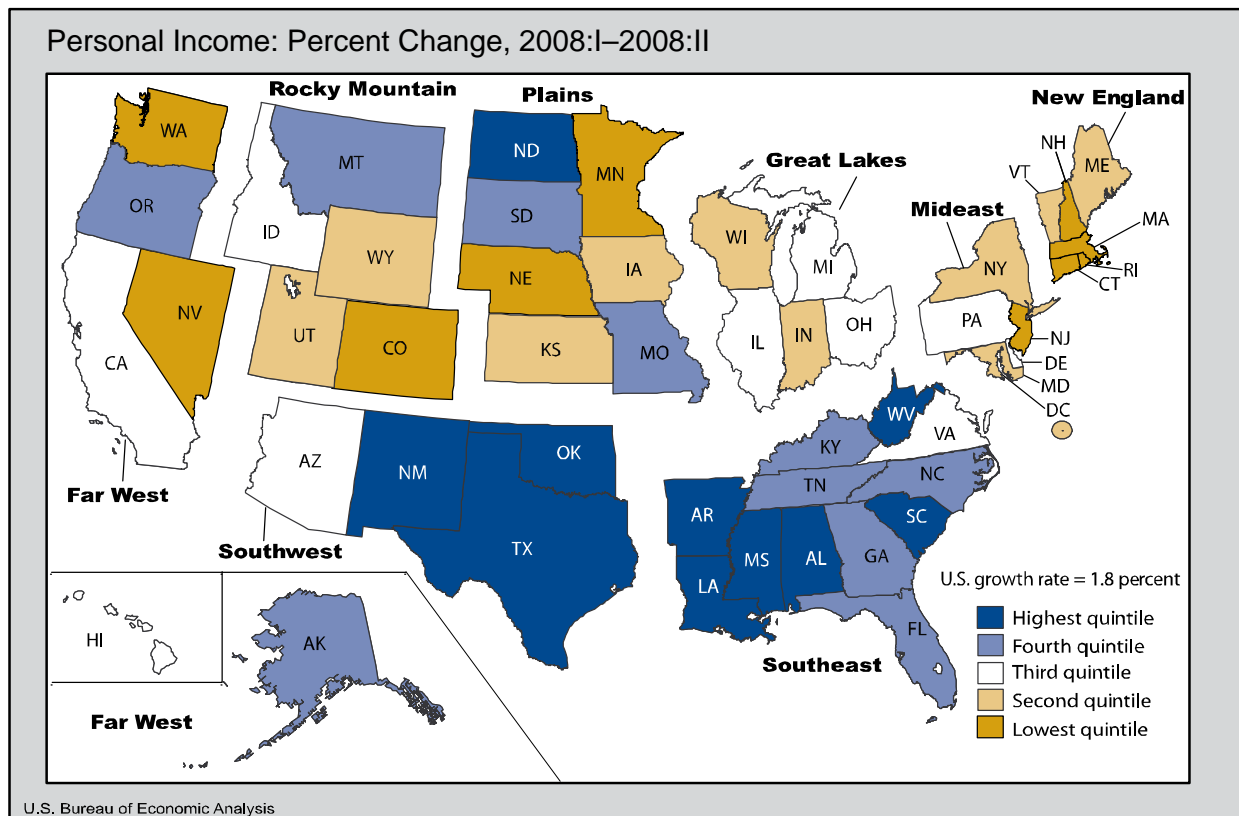
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State Personal Income: Second Quarter 2008

U.S. personal income grew 1.8 percent in the second quarter of 2008 with growth accelerating in all but five states, according to statistics released today by the U.S. Bureau of Economic Analysis. The second-quarter growth was the highest since the first quarter of 2007 and more than double the 0.8 percent pace of the first quarter of 2008. Almost all (0.9 percentage point) of the acceleration is accounted for by the cash rebates taxpayers received from the federal government this spring under the provisions of the Economic Stimulus Act of 2008.



NOTE.—Quarter-to-quarter percent changes are calculated from unrounded data and are not annualized. Quarterly estimates are expressed at seasonally adjusted annual rates, unless otherwise specified. Quarter-to-quarter dollar changes are differences between published estimates.

Net earnings grew 0.8 percent nationally in the second quarter, up from 0.7 percent growth in the first; property income grew 0.2 percent after falling 0.1 percent in the first quarter; and transfer receipts (in which the economic stimulus payments are recorded) grew 8.3 percent, up from 2.3 percent growth in the first quarter of 2008.

Earnings in the professional services, state and local government, and health care industries were the largest contributors (of the 24 industries tracked by BEA on a quarterly basis) to personal income growth in the second quarter, together contributing 0.4 percentage point, while lower earnings in construction and retail trade reduced personal income growth by a combined 0.1 percentage point.

Southeast Region. The 12-state Southeast Region grew significantly faster than the national average in the second quarter with most of the above average growth accounted for by economic stimulus payments. Personal income in the Southeast grew 2.2 percent including the stimulus payments and 0.8 percent without. Since the income tax rebates were targeted to lower income families, they had their greatest impact in Mississippi (where they contributed 2.8 percentage points to personal income growth) and other lower income states such as Alabama, Louisiana, and Arkansas which are clustered in the Southeast. The impact was least in high-income states such as Connecticut and Massachusetts where the rebates contributed only 0.4 percentage point to personal income growth.

Texas. Net earnings—the component of personal income indicative of labor market conditions—has been notably resilient in Texas to the national slowdown of the last two quarters. Not only has net earnings in Texas grown at more than twice the national pace in the first two quarters of 2008, it remains at its average pace for the current economic expansion, which began in the first quarter of 2001.

The oil and gas industry is the primary propellant of personal income growth in Texas. In fact, earnings growth in just the mining and construction industries in Texas, \$2 billion and \$1 billion respectively, exceeded the total earnings growth in every other state except in California and New York (see table 2 for the dollar change in net earnings by state). Both construction and mining have grown uninterruptedly in Texas for the past two years. In contrast, construction has declined nationally in each of the last five quarters and mining has contributed almost nothing to US personal income growth.

Revisions. BEA also released today revised quarterly and annual state personal income beginning with the first quarter of 2005. Revisions are usually made each September to incorporate source data that are more complete and more detailed than previously available. The average revision to the 2007 personal incomes of the 50 states and the District of Columbia was 0.3 percentage point. A complete presentation and discussion of the data and revisions will be provided in the October issue of the *Survey of Current Business*.

Economic Stimulus Act of 2008

The Economic Stimulus Act of 2008 provided rebate payments to eligible taxpayers. The amount of the rebate was determined by information reported on federal income tax filings for 2007 and was based on filing status, level of adjusted gross income, and number of qualifying children. Rebates to taxpayers were \$312 billion in the second quarter of 2008, the majority of which were sent during the initial round of payments, which began April 28, 2008. Additional rounds continued on a weekly basis through mid-July 2008.

In quarterly state personal income, rebates for individuals who pay no income taxes (or for whom the rebate would exceed the amount of the income taxes they do pay) are treated as personal current transfer receipts. These amounted to \$113 billion in the second quarter of 2008. Rebates for individuals with tax liabilities that exceed the rebate amount, \$199 billion, are treated as offsets to personal current taxes and raise disposable personal income. BEA publishes state personal current taxes and state disposable personal income only on an annual basis.

The national estimate of the portion of the rebate treated as a transfer was allocated to states in proportion to BEA's earned income tax credit statistics for 2007.

Definitions

Personal income is the income received by all persons from all sources. Personal income is the sum of net earnings by place of residence, rental income of persons, personal dividend income, personal interest income, and personal current transfer receipts. **Net earnings** is earnings by place of work (the sum of wage and salary disbursements (payrolls), supplements to wages and salaries, and proprietors' income) less contributions for government social insurance, plus an adjustment to convert earnings by place of work to a place-of-residence basis. Personal income is measured before the deduction of personal income taxes and other personal taxes and is reported in current dollars (no adjustment is made for price changes).

The estimate of personal income in the United States is derived as the sum of the state estimates; it differs from the estimate of personal income in the national income and product accounts (NIPAs) because of differences in coverage, in the methodologies used to prepare the estimates, and in the timing of the availability of source data.

BEA groups all 50 states and the District of Columbia into eight distinct regions for purposes of data collecting and analyses: **New England** (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont); **Mideast** (Delaware, District of Columbia, Maryland, New Jersey, New York, and Pennsylvania); **Great Lakes** (Illinois, Indiana, Michigan, Ohio, and Wisconsin); **Plains** (Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota); **Southeast** (Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia); **Southwest** (Arizona, New Mexico, Oklahoma, and Texas); **Rocky Mountain** (Colorado, Idaho, Montana, Utah, and Wyoming); and **Far West** (Alaska, California, Hawaii, Nevada, Oregon, and Washington).

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Next state personal income release – December 18, 2008, at 8:30 A.M. ET for state personal income, third quarter 2008.

Table 3. Contributions to Percent Change in Personal Income, by State and Region, 2008:I-2008:II/1

[Percentage points, seasonally adjusted]

	Percent change in personal income	Net earnings						Dividends, interest, and rent	Personal current transfer receipts	
		Earnings by place of work				Contributions for government social insurance	Residence adjustment		Excluding state unemployment insurance	State unemployment insurance
		Wage and salary disbursements	Employer contributions for		Proprietors' income					
Employee pension and insurance funds	Government social insurance									
United States	1.8	0.42	0.08	0.02	0.05	-0.04	0.00	0.03	1.21	0.03
New England										
Connecticut	1.0	0.53	0.08	0.02	0.04	-0.05	0.02	-0.21	0.56	0.01
Maine	1.6	0.13	0.04	0.00	0.05	0.00	0.02	0.16	1.16	0.02
Massachusetts	1.3	0.54	0.09	0.02	0.01	-0.05	-0.02	-0.01	0.67	0.03
New Hampshire	1.3	0.40	0.07	0.02	0.03	-0.04	0.08	0.01	0.66	0.05
Rhode Island	1.3	0.11	0.04	0.00	0.04	0.00	0.08	-0.04	1.03	0.03
Vermont	1.4	0.37	0.08	0.02	-0.16	-0.04	0.02	0.10	0.96	0.04
Mideast										
Delaware	1.7	0.48	0.09	0.02	-0.09	-0.05	-0.05	0.07	1.14	0.04
District of Columbia	1.4	0.93	0.28	0.04	0.20	-0.07	-0.74	-0.05	0.83	0.01
Maryland	1.5	0.46	0.09	0.02	0.00	-0.05	0.09	0.03	0.81	0.03
New Jersey	1.1	0.31	0.05	0.01	0.06	-0.03	0.09	-0.10	0.71	0.03
New York	1.5	0.51	0.08	0.02	0.06	-0.05	-0.05	-0.11	1.01	0.01
Pennsylvania	1.7	0.41	0.06	0.02	0.04	-0.04	0.01	0.04	1.06	0.04
Great Lakes										
Illinois	1.6	0.41	0.07	0.02	0.00	-0.04	0.00	0.06	1.07	0.05
Indiana	1.6	0.09	0.03	0.00	0.01	-0.01	0.03	0.09	1.30	0.04
Michigan	1.7	0.25	0.04	0.01	-0.03	-0.02	0.00	0.09	1.26	0.08
Ohio	1.8	0.41	0.07	0.02	-0.05	-0.03	0.00	0.05	1.28	0.04
Wisconsin	1.4	0.40	0.07	0.02	-0.16	-0.04	0.00	0.11	0.93	0.04
Plains										
Iowa	1.6	0.33	0.02	0.01	0.13	-0.02	0.01	0.04	1.00	0.05
Kansas	1.4	0.36	0.08	0.02	-0.22	-0.03	0.02	0.11	1.04	0.02
Minnesota	1.0	0.01	0.03	-0.01	0.04	0.02	0.01	0.14	0.78	0.01
Missouri	2.0	0.47	0.09	0.02	0.01	-0.05	-0.02	0.07	1.41	0.03
Nebraska	1.1	0.45	0.07	0.02	-0.54	-0.05	-0.02	0.07	1.04	0.01
North Dakota	3.5	0.29	0.05	0.01	2.15	-0.02	-0.02	0.06	0.93	0.02
South Dakota	1.9	0.36	0.08	0.02	0.10	-0.04	-0.01	0.20	1.14	0.01
Southeast										
Alabama	2.7	0.29	0.07	0.01	-0.12	-0.02	0.01	0.12	2.30	0.03
Arkansas	2.7	0.30	0.06	0.01	0.00	-0.03	0.00	0.16	2.20	0.03
Florida	1.8	0.22	0.05	0.01	0.03	-0.01	0.00	0.04	1.43	0.03
Georgia	2.4	0.37	0.08	0.01	-0.05	-0.03	0.00	0.08	1.86	0.03
Kentucky	2.3	0.40	0.12	0.02	0.06	-0.04	-0.05	0.11	1.65	0.04
Louisiana	2.4	0.40	0.07	0.02	0.28	-0.04	0.00	-0.53	2.17	0.03
Mississippi	3.5	0.33	0.08	0.02	-0.16	-0.03	0.00	0.10	3.15	0.00
North Carolina	2.3	0.47	0.10	0.02	-0.02	-0.05	0.00	0.10	1.69	0.03
South Carolina	2.6	0.31	0.03	0.01	0.02	-0.02	0.01	0.14	2.06	0.03
Tennessee	2.0	0.12	0.02	0.00	0.08	0.01	0.03	0.05	1.71	0.02
Virginia	1.7	0.65	0.13	0.03	-0.01	-0.07	0.00	-0.05	0.97	0.02
West Virginia	2.4	0.50	0.12	0.03	0.07	-0.07	0.02	0.08	1.60	0.04
Southwest										
Arizona	1.6	0.07	0.03	-0.01	0.07	0.01	0.01	0.04	1.38	0.02
New Mexico	2.7	0.64	0.11	0.03	-0.25	-0.07	0.01	0.18	1.99	0.02
Oklahoma	2.6	0.44	0.09	0.03	0.32	-0.05	0.01	0.14	1.56	0.02
Texas	2.9	0.90	0.13	0.05	0.28	-0.11	-0.01	0.03	1.65	0.01
Rocky Mountain										
Colorado	1.3	0.40	0.07	0.02	0.01	-0.04	0.00	0.07	0.78	0.01
Idaho	1.6	0.27	0.05	0.01	-0.32	-0.02	0.01	0.19	1.35	0.08
Montana	2.2	0.39	0.09	0.02	0.19	-0.05	0.00	0.25	1.29	-0.01
Utah	1.6	0.43	0.09	0.02	0.02	-0.04	0.00	-0.01	1.07	0.02
Wyoming	1.5	0.41	0.08	0.02	0.10	-0.05	0.00	0.17	0.73	0.04
Far West										
Alaska	1.9	0.59	0.22	0.03	0.09	-0.06	-0.02	0.15	0.89	0.05
California	1.6	0.43	0.08	0.02	0.10	-0.04	0.00	0.04	0.97	0.02
Hawaii	1.7	0.43	0.12	0.02	0.10	-0.04	0.00	-0.01	1.01	0.08
Nevada	1.4	0.22	0.06	0.00	-0.03	0.00	0.00	0.08	1.01	0.00
Oregon	1.8	0.31	0.05	0.01	0.16	-0.03	-0.01	0.22	1.03	0.04
Washington	1.2	0.22	0.04	0.01	0.02	-0.01	0.01	0.09	0.81	0.04
BEA regions										
New England.....	1.2	0.47	0.08	0.02	0.02	-0.04	0.01	-0.05	0.70	0.03
Mideast.....	1.5	0.45	0.08	0.02	0.05	-0.04	0.00	-0.05	0.94	0.02
Great Lakes.....	1.6	0.34	0.06	0.01	-0.03	-0.03	0.00	0.07	1.17	0.05
Plains.....	1.5	0.29	0.06	0.01	0.03	-0.02	0.00	0.10	1.06	0.02
Southeast.....	2.2	0.35	0.07	0.01	0.02	-0.03	0.00	0.03	1.70	0.03
Southwest.....	2.7	0.71	0.11	0.04	0.23	-0.08	0.00	0.05	1.61	0.02
Rocky Mountain.....	1.5	0.39	0.07	0.02	-0.01	-0.04	0.00	0.09	0.95	0.02
Far West.....	1.6	0.39	0.08	0.02	0.08	-0.04	0.00	0.06	0.95	0.02

1. A component's contribution to percent change in personal income equals the dollar change in that component divided by personal income in the previous quarter times 100.

Source: U.S. Bureau of Economic Analysis

Table 5. Revisions to Personal Income, by State and Region, 2005-2007

	Revised (Millions of dollars)			Percent Revision		
	2005	2006	2007	2005	2006	2007
United States	10,252,849	10,977,312	11,631,571	-0.3	0.1	-0.1
New England						
Connecticut	167,078	179,918	192,570	0.0	1.4	1.6
Maine	40,380	42,411	44,735	-0.6	0.5	0.7
Massachusetts	278,734	298,321	316,954	-0.6	0.1	0.1
New Hampshire	48,674	52,104	54,533	-0.5	-0.1	-0.2
Rhode Island	37,876	39,911	42,008	-1.3	0.2	0.6
Vermont	20,275	21,816	23,264	-0.4	0.8	2.1
Mideast						
Delaware	30,834	33,188	34,641	-1.1	-0.5	-1.4
District of Columbia	31,875	33,896	36,119	0.7	0.3	0.5
Maryland	232,931	246,542	262,072	0.3	0.5	1.4
New Jersey	376,826	404,736	427,674	-0.2	-0.1	0.1
New York	788,645	846,447	900,511	-0.2	-0.3	-1.5
Pennsylvania	429,506	455,518	481,641	-0.6	-0.3	-0.1
Great Lakes						
Illinois	463,117	490,450	525,920	-0.2	-0.1	1.5
Indiana	191,137	201,580	210,359	-1.1	-0.9	-1.4
Michigan	325,290	332,654	345,885	-1.6	-2.5	-2.1
Ohio	362,701	378,051	395,710	-0.9	-1.0	-1.0
Wisconsin	181,163	192,031	203,008	-0.4	0.2	0.5
Plains						
Iowa	93,211	97,152	103,973	0.0	-1.1	-0.6
Kansas	88,107	95,235	101,276	-1.7	-0.7	-0.8
Minnesota	190,296	200,250	212,941	-0.1	0.0	-0.2
Missouri	180,512	189,576	199,773	-0.8	-1.0	-1.2
Nebraska.....	57,536	59,875	64,220	-0.2	-1.4	-0.8
North Dakota	20,054	20,528	23,001	-1.1	-1.7	3.2
South Dakota	25,096	25,421	28,396	2.0	0.7	5.2
Southeast						
Alabama	133,739	141,641	149,949	0.5	-0.1	0.0
Arkansas	74,860	79,831	85,327	0.1	-0.2	0.1
Florida	614,408	668,513	699,314	-0.4	0.8	-0.3
Georgia	284,216	300,891	318,950	0.0	0.4	-0.1
Kentucky	116,910	124,073	130,584	-1.3	-0.7	-1.0
Louisiana	110,814	139,463	153,570	-1.0	3.3	2.9
Mississippi	73,287	78,447	83,265	-0.9	0.1	-1.1
North Carolina	268,543	285,470	305,023	0.7	-0.2	0.1
South Carolina	120,220	129,866	136,851	-0.7	0.8	0.1
Tennessee	183,745	195,209	205,469	-0.5	-0.1	0.3
Virginia	286,440	306,555	320,523	-0.2	1.5	0.5
West Virginia	47,542	50,453	53,080	-0.7	-1.1	-0.8
Southwest						
Arizona	182,564	199,480	208,545	0.9	1.3	-0.4
New Mexico	53,377	56,862	60,287	-1.1	-2.2	-2.8
Oklahoma	106,745	116,858	126,280	0.3	0.8	2.2
Texas	758,435	821,639	884,601	-0.2	-0.2	-0.5
Rocky Mountain						
Colorado	175,366	188,214	199,414	-0.2	0.0	-0.1
Idaho	40,853	44,389	47,536	1.2	1.3	1.6
Montana	27,521	29,354	31,749	0.8	0.7	2.1
Utah	69,744	75,580	79,597	-0.5	-0.4	-3.5
Wyoming	19,610	22,233	24,593	3.7	6.7	8.8
Far West						
Alaska	24,123	25,925	27,294	-0.6	0.3	-1.0
California	1,342,832	1,445,316	1,519,875	-0.4	0.6	0.0
Hawaii	44,112	47,338	50,130	-0.4	0.0	-0.5
Nevada	90,022	96,470	101,714	-0.2	-0.7	-2.1
Oregon	114,393	123,703	131,261	-0.3	0.6	0.7
Washington	226,576	245,930	265,605	0.8	1.0	1.6
BEA regions						
New England.....	593,017	634,480	674,065	-0.5	0.5	0.7
Mideast.....	1,890,616	2,020,327	2,142,658	-0.2	-0.2	-0.5
Great Lakes.....	1,523,409	1,594,765	1,680,881	-0.8	-0.9	-0.3
Plains.....	654,813	688,038	733,581	-0.5	-0.7	-0.4
Southeast.....	2,314,723	2,500,411	2,641,905	-0.3	0.6	0.1
Southwest.....	1,101,120	1,194,839	1,279,713	0.0	0.1	-0.3
Rocky Mountain.....	333,093	359,770	382,889	0.2	0.5	0.1
Far West.....	1,842,058	1,984,682	2,095,879	-0.2	0.6	0.1

Source: U.S. Bureau of Economic Analysis