Barbara P. Fernandez for The New York Times

For-sale signs in a Miami neighborhood of million-dollar houses. Prices are dropping, but in some areas, real estate remains overvalued.

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By ABBY GOODNOUGH
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MIAMI, April 7 — State tax revenues around the country are growing far more slowly this year and in some cases falling below projections, a result of the housing market slowdown that has curbed voracious spending on real estate, building materials, furniture and other items.

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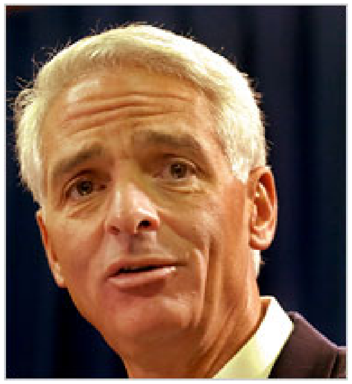

Colin Hackley/Tampa Tribune, via Associated Press

Gov. Charlie Crist of Florida, speaking in January, anticipated cuts in spending and proposed property tax relief for state residents.

Nowhere is the downturn more apparent than in Florida, where tax revenue is projected to drop this year for the first time since the energy crisis of the 1970s.

But other states, especially those where housing prices soared in recent years, are also seeing their collections slow, especially in the sales and real estate transfer tax categories. While the economy remains generally strong and it is too early to predict whether the housing slump will have long-term effects, some states will have to adjust their wish lists.

For example, New Jersey could face a $2.5 billion shortfall by mid-2008, Gov. Jon S. Corzine has said, and may lease its turnpike or its lottery to a private company to raise money. In California, where income tax receipts in January were $1 billion less than forecast, a nonpartisan legislative analyst has urged budget cuts and warned that the state could have about $2 billion less in revenue this year and next than Gov. Arnold Schwarzenegger has projected.

“It’s the year of the housing hangover,” said Sean M. Snaith, director of the Institute for Economic Competitiveness at the University of Central Florida.

New home sales nationally fell in February to the lowest rate in seven years, and homeowners who tapped into plentiful home equity and spent extravagantly during the real estate boom have started to cut back.

Those events not only threaten revenue streams for things like building materials and labor, but also affect spending on big-ticket items like cars and furniture, which many homeowners financed with home equity lines of credit.

Chris McCarty, survey research director at the Bureau of Economic and Business Research at the University of Florida, said it would be foolish to “underestimate the effect that the inability to extract equity from homes is going to have.”

In one hint of how much Floridians were relying on property wealth during the real estate boom, 16 percent of new car purchases here were being made with home equity loans in 2006, compared with 7 percent nationally, according to CNW Marketing Research, an automotive research firm in Bandon, Ore. In California, the percentage was even higher — about 30 percent, said Art Spinella, the firm’s president.

During the last few years, families in much of the country have relied on the cash from mortgage refinancing, made possible by rising house values, low interest rates and a bevy of creative new loans, to make up for stagnant wages. From 2001 to 2005, even as the economy was growing at a healthy clip over all, the pay of most workers failed to keep pace with inflation. Now the housing slowdown is making it more difficult to take equity out of a house, and an improved job market is finally causing wages to rise.

Still, Mr. McCarty said consumer confidence in Florida dropped markedly last month, especially willingness to buy expensive items.

Some budget watchers say that Florida, whose housing boom was prolonged and intensified by the rebuilding frenzy after a series of hurricanes, could be a warning beacon for other states anticipating housing-related economic woes. Last spring, 9 of the 20 metropolitan areas that saw the sharpest home price appreciation were in Florida, according to the Office of Federal Housing Enterprise Oversight. Many areas of the state now have plummeting home values.

Arizona, California, Florida and Nevada, the chief beneficiaries of the housing rush, are also expected to suffer disproportionately from the slump. From late 2005 to late 2006, existing home sales fell by 21 percent in California, 27 percent in Arizona, 31 percent in Florida and 36 percent in Nevada, the steepest drop in the nation.

Maryland's real estate transfer tax revenue has tumbled by 22 percent this fiscal year, suggesting that fewer homes are being sold, prices have fallen or both. Connecticut's real estate transfer tax revenue, which state budget analysts predicted would fall by 3.6 percent, is down by 13.3 percent so far.

Some states have defied the trend, chiefly among them New York, where the housing market has been bolstered by sales in Manhattan. The prices and number of apartments selling in Manhattan rose in the first three months of this year, according to data released last week by several of New York City's largest real estate brokerages.

Healthy reserves built up over the last few years and stable economic conditions outside the housing sector could cushion the blow for many states, at least for now.

"The tendency is for people to say, 'Wow, things look pretty good, except for housing,' " said Richard Nathan, co-director of the Nelson A. Rockefeller Institute of Government in Albany. "But that is a very big exception, because it has a large impact on people's perceptions of what they feel their asset capability is."

Some economists fear the situation will worsen as credit standards tighten and more recipients of subprime loans — typically people with bad credit, who obtained such loans easily during the housing boom — default on their payments.

But others expect the revenue lag to last two years at most, because with the exception of industrial Midwestern states like Michigan and Ohio, the economy remains relatively healthy.

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Terry Aguayo contributed reporting from Miami, and David Leonhardt from New York.

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