



Senate Appropriations Committee

The Monthly Report

May 2012

Jake Corman, Chairman



General Fund Revenues Outperform Estimate for April

General Fund revenue collections for the month ended April 2012 totaled \$3.4 billion, which was \$98.9 million, or 3%, above estimate. Fiscal year-to-date collections total \$23 billion, which is \$288.4 million, or 1.2%, below estimate. Total FY 2011-12 General Fund revenues are 2.2% higher than last year, while tax revenues are 3.1% more. April is the “annual payment” month for several corporation taxes and personal income tax. It is also a “quarterly estimated tax payment” month for personal income taxes.

Governor Corbett’s FY 2012-13 Budget projected that the FY 2011-12 revenue deficit would be \$718.9 million by year’s end, and so the year-to-date deficit of \$288.4 million with two months remaining in the fiscal year is welcome news. Generally speaking, the strong performance this month was bolstered by an unexpected receipt of approximately \$75 million in gross receipts tax (GRT) that carried over from March.

Corporation taxes were ahead of estimate for the month by \$68.7 million. Absent the additional \$75 million in GRT, corporation taxes would have been about \$6.3 million below estimate for the month, caused by a relatively lackluster performance in CNI and CSFT. The April 2012 CNI annual payment should take into account most of the remaining effect of the 100% bonus depreciation provision, as the investment stimulus expired for the 2011 tax year. Any lingering effect from here on out should be relatively small.

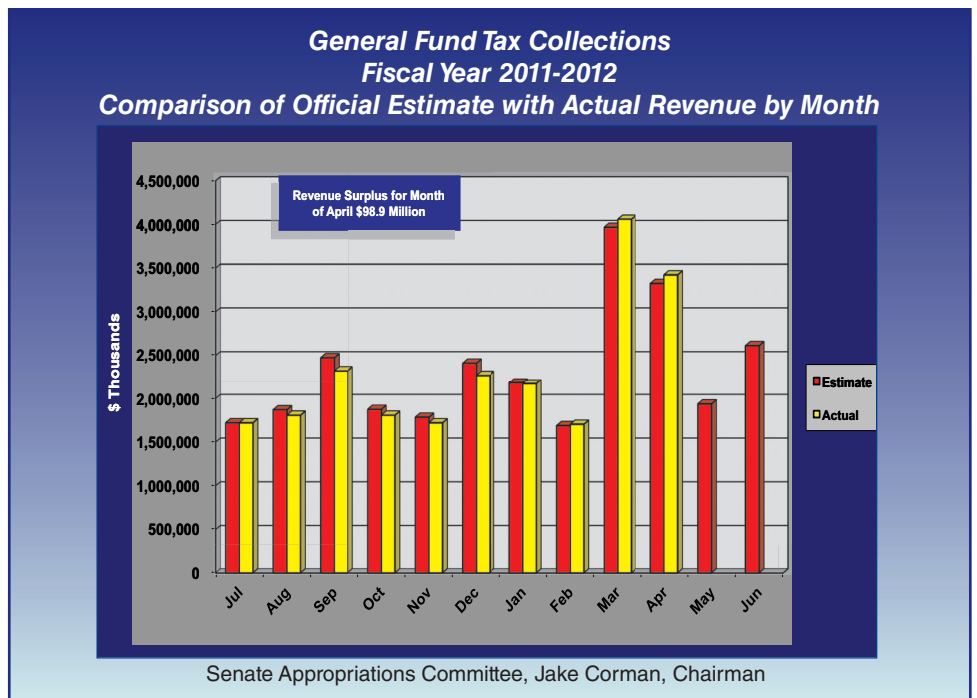
Personal income tax (PIT) collections were below estimate by \$26.4 million, or 1.6%, for the month. Employers’ withholding was below estimate for the month by \$13.9 million. However, year-to-date employers’ withholding tax collections are running 3.6% ahead of revenues at this same time last year. This is an indication that wages are continuing to recover from their lows during the economic downturn but are growing at a slower pace than was seen before the recession.

PIT annual tax payments received from 2011 tax returns in April 2012 were short of estimate by \$36.4 million, or 4.5%. However, April 2012 annual tax payments were 5.6% greater than April 2011 annual tax payments. Quarterly

estimated PIT payments were \$23.8 million, or 10.7%, ahead of estimate, and 19.4% ahead of last year for the same month. The quarterly estimated PIT payments are due again in June, and the strong performance in April bodes well for June.

Sales and use tax collections were above estimate by \$35.7 million, or 4.8%, for the month. General sales and use tax accounted for \$36.1 million of the monthly overage, while sales tax on motor vehicles was below estimate by \$432,488. Total sales and use tax for April 2012 grew by 7.1% over April 2011 collections, and the year-to-date SUT collections for FY 2011-12 are 5.6% ahead of last fiscal year.

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Realty transfer tax collections were \$3.2 million, or 15.4%, above estimate for the month. RTT has been looking a bit better over the past several months, but even April's relatively strong performance leaves RTT at \$5.4 million below estimate for the year.

Inheritance tax collections were \$1.4 million below estimate for the month, and they are now \$11.7 million below estimate for the year.

General Fund non-tax revenue exceeded estimate this month by \$23.7 million, led by a \$21.9 million

surplus in Treasury escheats (i.e. unclaimed property).

Motor License Fund collections were \$8.9 million above estimate for the month of April. The Motor License Fund is \$9.1 million above estimate for the year.

Commonwealth Debt

Issuance of Debt

The Constitution permits the Commonwealth to issue debt for:

- Capital projects approved in a capital budget itemization act;
- Purposes approved by voter referendum; and
- Disaster response.

Constitutional Debt Limit

Debt for capital projects may be issued without voter approval but is

subject to a constitutional debt limit. The constitution limits debt to 1.75 times the average tax revenues for the previous five years. Voter approved debt and disaster relief debt are not subject to the constitutional limit.

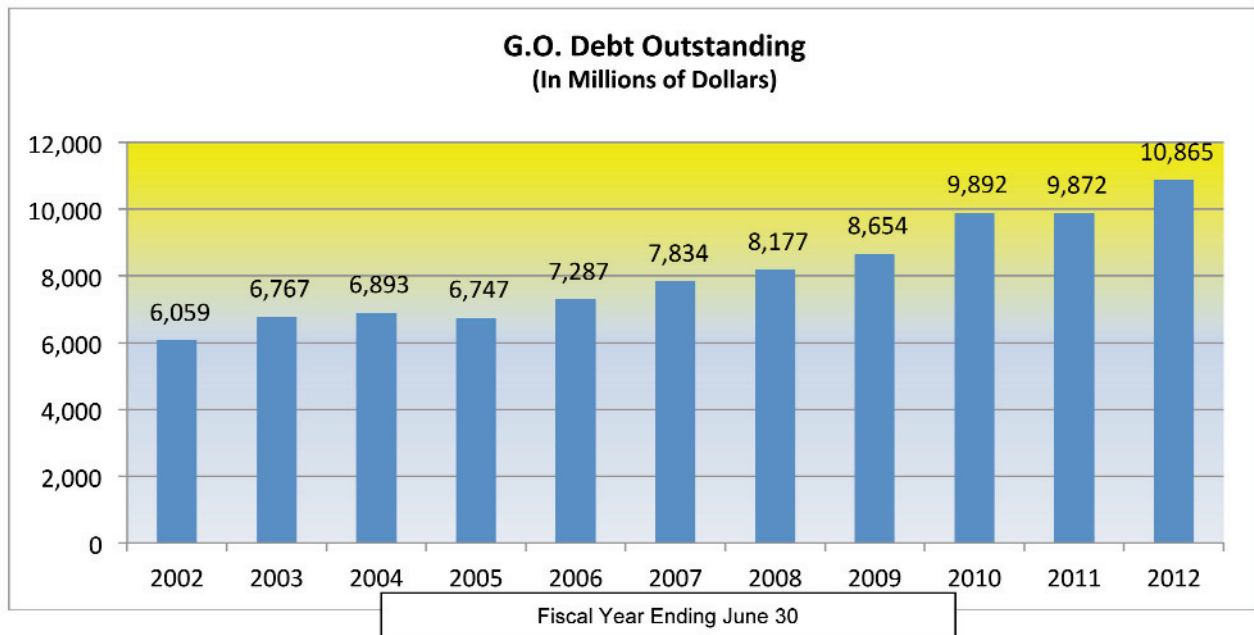
The estimated Constitutional debt limit for FY 2012-13 is approximately \$59.5 billion.

Capital budget debt as a percentage of the debt limit is estimated at

16.3% for the current fiscal year and 17.8% for fiscal year 2012-13.

Debt Outstanding

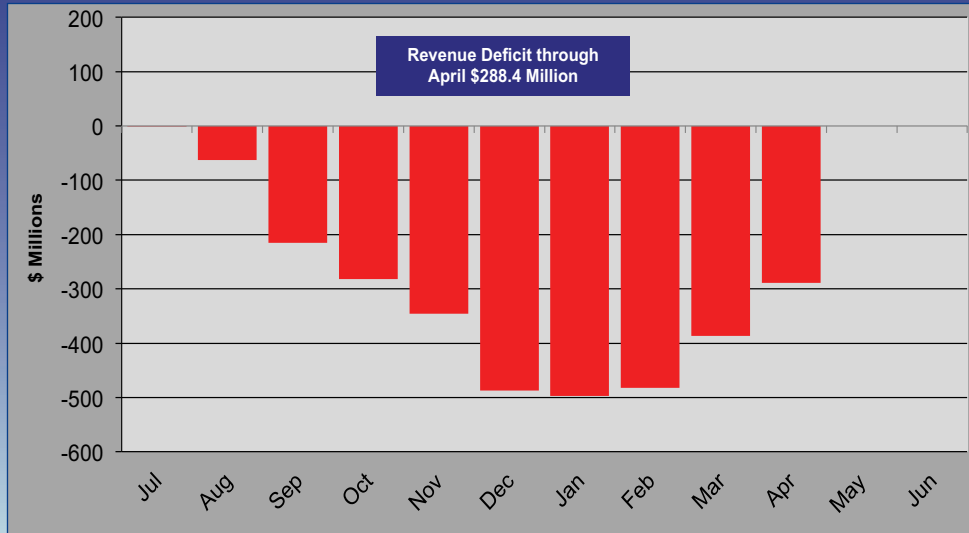
General obligation debt outstanding on June 30, 2011 was approximately \$9.87 billion and is estimated to be approximately \$10.87 billion on June 30, 2012.



- Debt outstanding has increased from slightly more than \$6 billion in 2002 to nearly \$11 billion in 2012 (estimated), an increase of 79.3%.
- For the five-year period 2006 to 2011, outstanding general obligation debt has increased at an annual rate of 6.3%.
- The Governor's FY 2012-13 Budget projects that outstanding debt will approach \$14 billion by FY 2016-17.
- Redevelopment Assistance Capital Program debt outstanding is estimated at \$2.05 billion. Approximately \$130 million is retired each year.

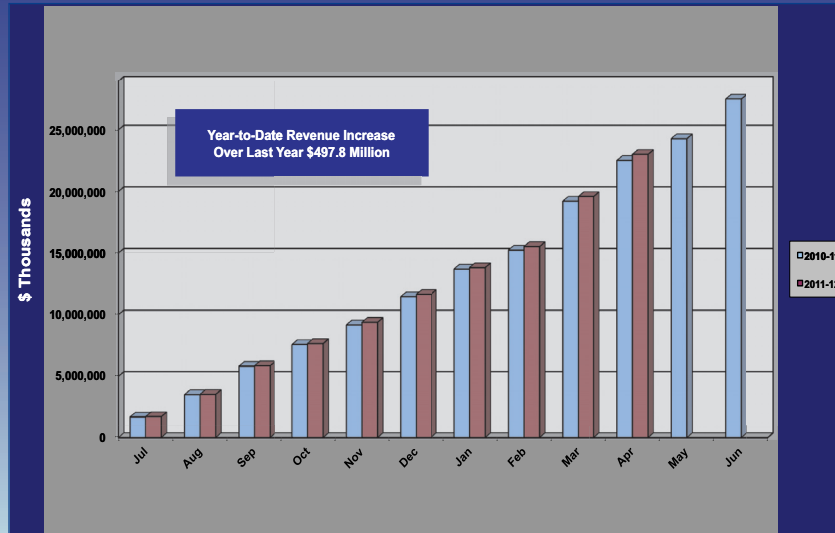


General Fund Tax Collections Year-to-Date Revenue Comparison with Official Estimate



Senate Appropriations Committee, Jake Corman, Chairman

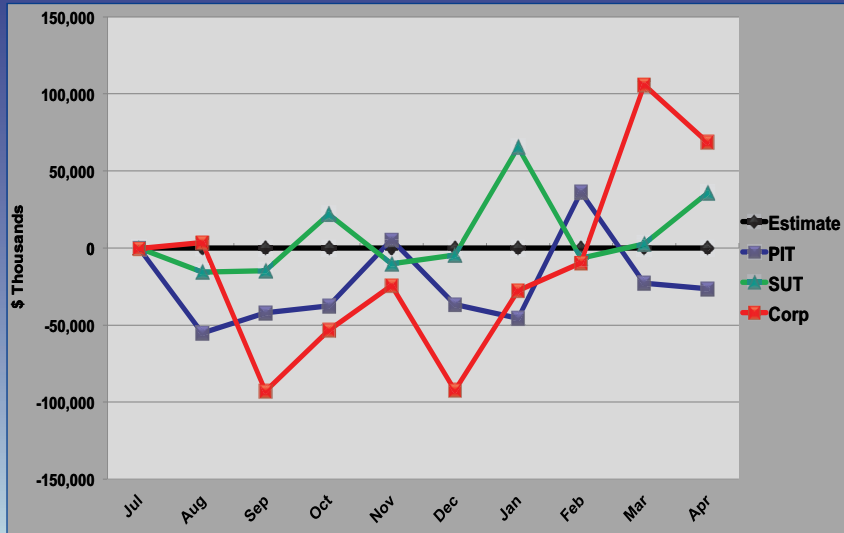
General Fund Revenue Collections Fiscal Year 2011-2012 Revenue Comparison with Last Year



Senate Appropriations Committee, Jake Corman, Chairman

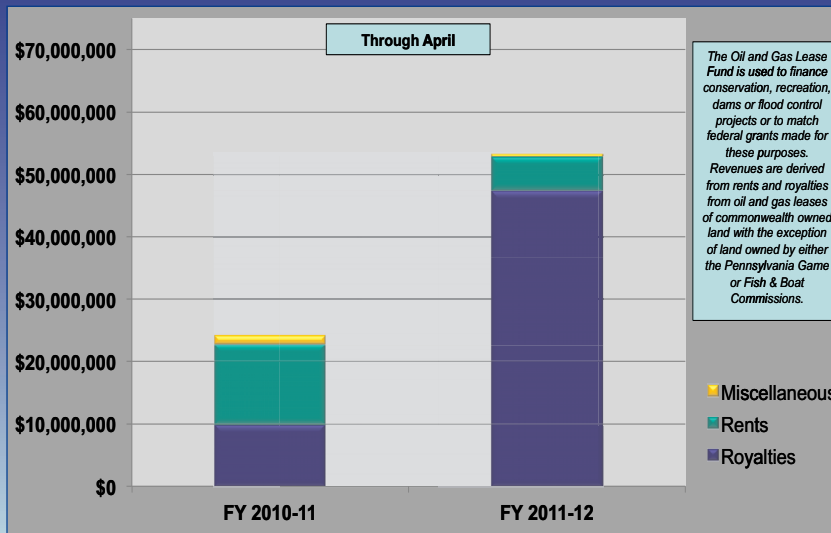


Fiscal Year 2011-12 Performance of Major Tax Types Above/Below the Monthly Estimate



Senate Appropriations Committee, Jake Corman, Chairman

Oil and Gas Lease Fund Year-to-Date Revenue Compared with Prior Year



Senate Appropriations Committee, Jake Corman, Chairman



Appropriations Committee Monthly Revenue Report

REVENUE SOURCES	YTD FY 2010-11	April 2012 Actual	April 2012 Estimated	Surplus/ (Deficit)	YTD Actual	YTD Estimated	Surplus/ (Deficit)
TOTAL - GENERAL FUND	22,505,046	3,422,498	3,323,600	98,898	23,002,821	23,291,236	(288,415)
TOTAL - NON-TAX REVENUE	534,221	160,222	136,500	23,722	357,987	350,636	7,351
TOTAL - TAX REVENUE	21,970,825	3,262,275	3,187,100	75,175	22,644,834	22,940,600	(295,766)
TOTAL - Corporation Taxes	4,276,220	587,211	518,500	68,711	4,232,257	4,354,600	(122,343)
Accelerated Deposits	3,172	50,358	0	50,358	69,878	0	69,878
Corp. Net Income	1,743,639	287,607	331,200	(43,593)	1,492,261	1,845,200	(352,939)
Cap. Stock & Franchise	647,725	109,158	122,800	(13,642)	644,404	638,500	5,904
Gross Receipts	1,201,424	84,022	6,700	77,322	1,308,408	1,191,700	116,708
PURTA	14,138	5,385	10,700	(5,315)	9,075	12,600	(3,525)
Insurance Premiums	419,574	47,850	41,900	5,950	432,157	419,500	12,657
Financial Institutions	234,465	944	1,800	(856)	268,523	233,900	34,623
Other Selective Bus. Taxes	12,084	1,886	3,400	(1,514)	7,552	13,200	(5,648)
TOTAL - Consumption Taxes	8,036,312	893,371	858,800	34,571	8,430,491	8,359,800	70,691
Sales and Use	6,896,382	777,284	741,600	35,684	7,284,056	7,210,000	74,056
General (net of transfers)	6,036,850	670,317	634,200	36,117	6,329,101	6,304,200	24,901
Motor Vehicle Sales	859,531	106,968	107,400	(432)	954,955	905,800	49,155
Cigarette Tax	881,901	91,024	90,700	324	877,761	880,200	(2,439)
Malt Beverage	21,491	2,100	2,200	(100)	21,212	21,400	(188)
Liquor	236,538	22,963	24,300	(1,337)	247,463	248,200	(737)
TOTAL - Other Taxes	9,658,293	1,781,693	1,809,800	(28,107)	9,982,086	10,226,200	(244,114)
Personal Income	8,719,548	1,680,663	1,707,100	(26,437)	9,001,577	9,226,100	(224,523)
Withholding	6,659,470	655,181	669,100	(13,919)	6,902,280	7,002,500	(100,220)
Non-Withholding	2,060,078	1,025,482	1,038,000	(12,518)	2,099,297	2,223,600	(124,303)
Realty Transfer	225,904	23,777	20,600	3,177	235,013	240,400	(5,387)
Inheritance & Estate	646,225	68,199	69,600	(1,401)	670,320	682,000	(11,680)
Minor & Repealed	11,067	1,508	5,300	(3,792)	(3,372)	6,200	(9,572)
Table Games	55,550	7,545	7,200	345	78,548	71,500	7,048
TOTAL - MOTOR LICENSE FUND	2,079,951	260,122	251,240	8,882	2,025,012	2,015,930	9,082
TOTAL - Liquid Fuels Taxes	1,012,053	105,937	98,590	7,347	1,013,796	1,015,380	(1,584)
Liquid Fuels	469,519	57,886	47,640	10,246	459,695	479,600	(19,905)
Fuels	127,039	11,535	11,630	(95)	130,332	123,750	6,582
Motor Carriers/IFTA	34,326	2,580	2,270	310	39,397	35,290	4,107
Alternative Fuels	204	25	10	15	233	210	23
Oil Company Franchise	380,965	33,911	37,040	(3,129)	384,139	376,530	7,609
TOTAL - Licenses, Fees & Other	1,067,898	154,185	152,650	1,535	1,011,216	1,000,550	10,666
Licenses and Fees	709,913	95,645	92,210	3,435	716,285	718,450	(2,165)
Other Motor Receipts	357,985	58,540	60,440	(1,900)	294,931	282,100	12,831