



Senate Appropriations Committee

The Monthly Report

May 2013

Jake Corman, Chairman



April Collections Slightly above Estimate; Lingering Concerns Remain for Achieving Governor's Budget Projection

General Fund revenue collections for the month ended April 2013 totaled \$3.59 billion, which was \$31.7 million, or 0.9%, above estimate. Fiscal year-to-date collections total \$23.9 billion, which is \$67.2 million, or 0.3%, above estimate. Total FY 2012-13 General Fund revenues are \$931.6 million, or 4.0%, higher than last year. 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 2013-14 Budget projects that the FY 2012-13 revenue surplus will be \$232 million by year's end, and so the year-to-date surplus of \$67.2 million with only two months remaining in the fiscal year will require robust revenue collections in May and June to grow by an additional \$165 million. April's revenue collections were buoyed by strong PIT annual payments and the unanticipated receipt of approximately \$25 million resulting from a settlement with DCNR. Neither of these items will recur in May or June, and so it is not readily apparent how revenue collections will achieve the projected \$232 million surplus.

Personal income tax (PIT) collections were above estimate by \$86 million, or 4.7%, for the month. Employers' withholding was below estimate for the month by \$13.1 million, and employers' withholding tax collections are running \$32.8 million short of estimate for the year-to-date. Employers' withholding tax collections

are 2.7% ahead of last year at this time. Considering that inflation is averaging about 1.7% through the first 10 months of the fiscal year, real wage income is growing by a relatively weak 1% for the year.

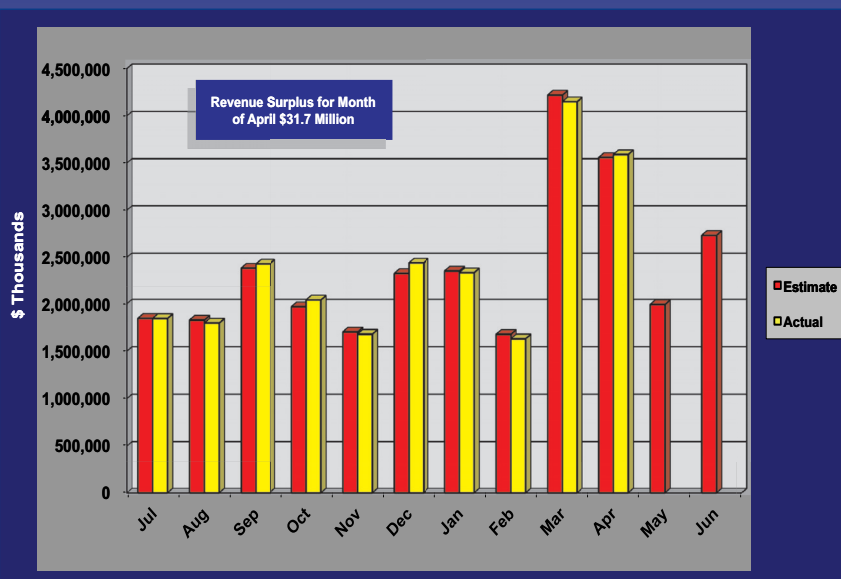
PIT annual tax payments received from 2012 tax returns in April 2013 were above estimate by \$109 million, or 12.4%. In addition, April 2013 annual tax payments were 27.1% greater than April 2012 annual tax payments. There is speculation that increased individual and capital gains tax rates at the federal level for 2013 might have caused taxpayers to accelerate income into 2012 in order to avoid

higher federal taxes, and thereby boosting PIT annual payments. Quarterly estimated PIT payments were \$10 million, or 3.8% below estimate. Quarterly estimated PIT payments are due again in June, and so based upon April's collections, there is no reason to assume that June's quarterly PIT payments will be stellar.

Corporation taxes missed the estimate for the month by \$11.8 million. Despite April's shortfall, corporation tax revenues are \$243 million above estimate for the year,

Continued...

General Fund Tax Collections
Fiscal Year 2012-2013
Comparison of Official Estimate with Actual Revenue by Month



Senate Appropriations Committee, Jake Corman, Chairman



led by strong corporate net income (CNI) and financial institutions tax collections. Unfortunately, the strength in CNI tax collections that was evident earlier in the fiscal year appears to have waned in March and April, which may be a precursor of lackluster collections in June as well. The capital stock/franchise tax (CSFT) continues to be phased out, and so CSFT revenue collections are becoming less important overall.

Sales and use tax collections were below estimate by \$64.8 million, or 7.9%, for the month. General sales and use tax accounted for \$57.9 million of the monthly shortfall, while sales tax on motor vehicles was below estimate by \$6.9 million. Total sales and use tax col-

lections for April 2013 were actually 3.2% less than April 2012 collections. A combination of negative factors is preventing a recovery in consumer spending from taking hold. Consumers lost about 1% of their disposable income resulting from the end of the federal payroll tax cut. They are facing high debt burdens and low house prices, and modest employment growth, which in turn creates a lack of consumer confidence. Because SUT makes up more than 30% of all General Fund revenues, the continuing weakness month after month is having a sizeable drag on revenue performance. Sales and use tax collections are now \$309.2 million below estimate for the year.

Realty transfer tax collections

were \$2.9 million, or 11.1%, above estimate for the month. RTT is now \$20.3 million, or 8%, ahead of estimate for the year. Inheritance tax collections were \$15.4 million, or 21.7%, above estimate for the month, but they are still \$31.6 million below estimate for the year.

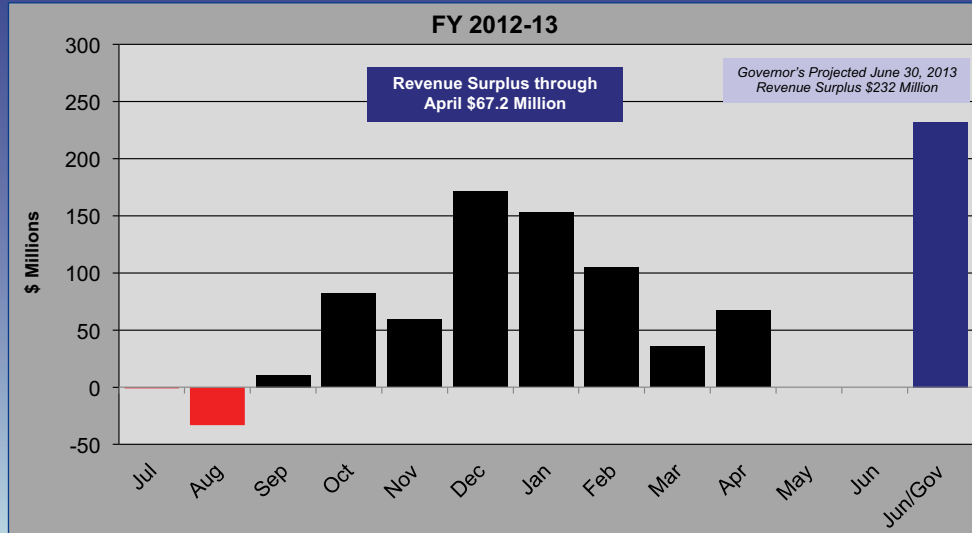
The cigarette tax was \$2.8 million below estimate for the month and is now \$40.5 million short of estimate for the year. Malt beverage, liquor and table games tax collections were all slightly below estimate for the month.

Motor License Fund collections were \$14.3 million above estimate for the month of April. The Motor License Fund is \$29 million above estimate for the year.



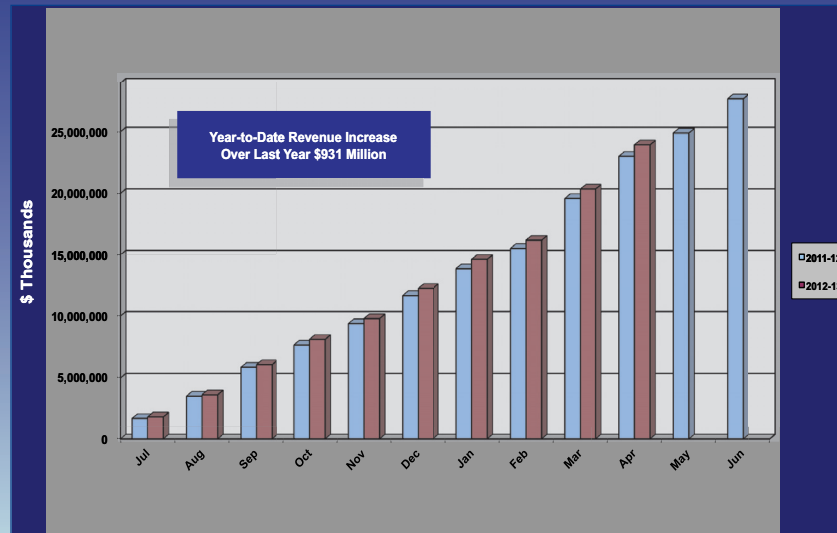


General Fund Tax Collections Year-to-Date Revenue Comparison with Official Estimate



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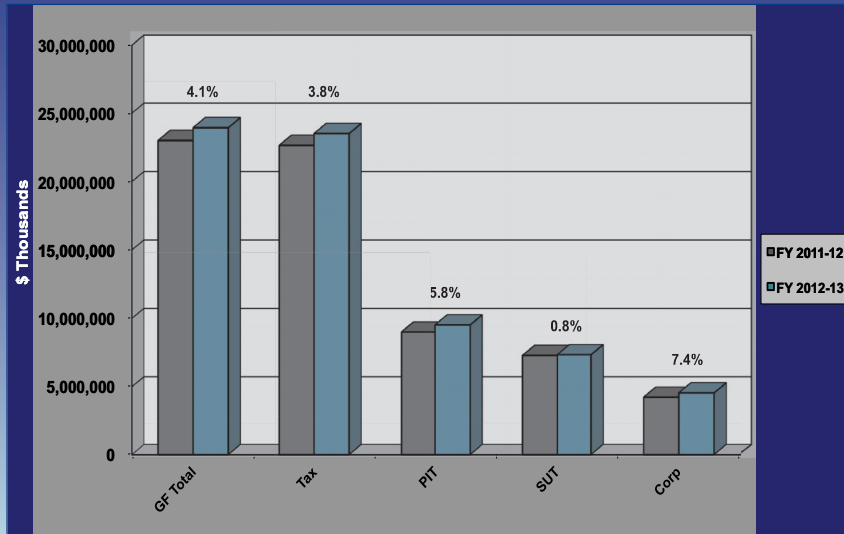
General Fund Revenue Collections Fiscal Year 2012-2013 Revenue Comparison with Last Year



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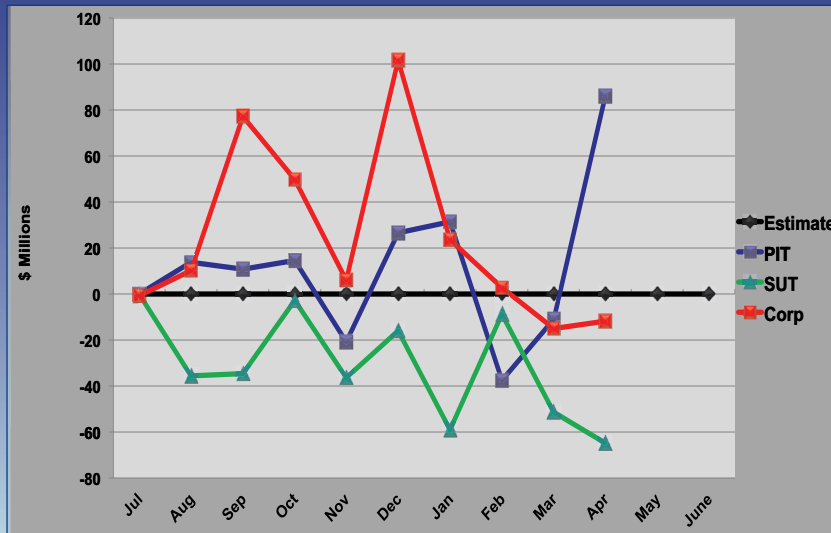


General Fund Revenue Collections Fiscal Year 2012-2013 Comparison of Actual Collections with Prior Year



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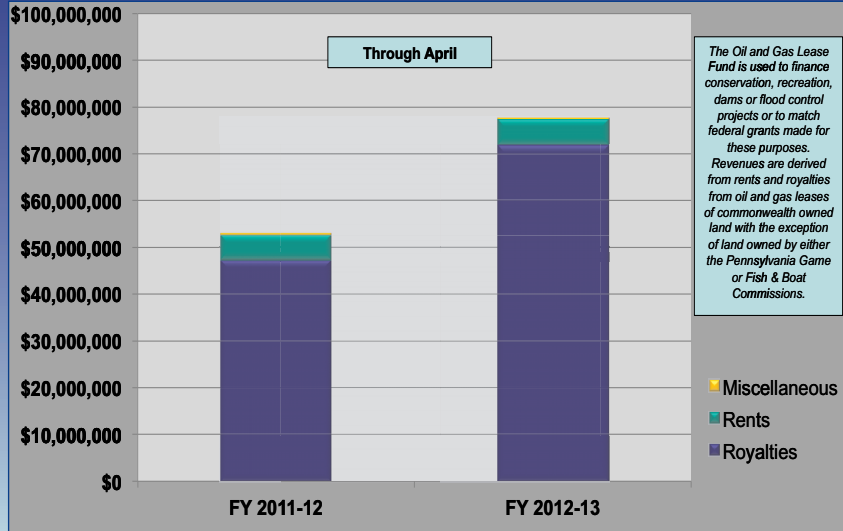
Fiscal Year 2012-13 Performance of Major Tax Types Above/Below the Monthly Estimate



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



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Appropriations Committee Monthly Revenue Report

REVENUE SOURCES	YTD FY 2011-12	April 2013 April 2013 Actual	April 2013 Estimated	Surplus/ (Deficit)	YTD Actual	YTD Estimated	Surplus/ (Deficit)
TOTAL - GENERAL FUND	23,002,139	3,589,552	3,557,900	31,652	23,933,775	23,866,600	67,175
TOTAL - NON-TAX REVENUE	358,183	165,795	155,000	10,795	426,296	348,800	77,496
TOTAL - TAX REVENUE	22,643,956	3,423,757	3,402,900	20,857	23,507,479	23,517,800	(10,321)
TOTAL - Corporation Taxes	4,231,379	524,859	536,700	(11,841)	4,542,408	4,299,400	243,008
Accelerated Deposits	21,591	36,690	0	36,690	56,426	0	56,426
Corp. Net Income	1,511,670	359,536	381,300	(21,764)	1,911,089	1,737,100	173,989
Cap. Stock & Franchise	670,089	66,988	90,300	(23,312)	480,808	448,900	31,908
Gross Receipts	1,308,458	11,982	8,300	3,682	1,303,136	1,394,000	(90,864)
PURTA	9,124	2,320	5,500	(3,180)	5,962	9,100	(3,138)
Insurance Premiums	433,147	42,307	46,600	(4,293)	434,272	428,000	6,272
Financial Institutions	268,533	1,632	1,300	332	341,014	273,000	68,014
Other Selective Bus. Taxes	8,766	3,403	3,400	3	9,701	9,300	401
TOTAL - Consumption Taxes	8,430,491	865,433	934,000	(68,567)	8,456,830	8,805,900	(349,070)
Sales and Use	7,284,056	752,440	817,200	(64,760)	7,339,761	7,649,000	(309,239)
General (net of transfers)	6,329,101	640,505	698,400	(57,895)	6,383,019	6,593,900	(210,881)
Motor Vehicle Sales	954,955	111,935	118,800	(6,865)	956,742	1,055,100	(98,358)
Cigarette Tax	877,761	87,689	90,500	(2,811)	837,324	877,800	(40,476)
Malt Beverage	21,212	1,941	2,200	(259)	20,631	21,300	(669)
Liquor	247,463	23,364	24,100	(736)	259,116	257,800	1,316
TOTAL - Other Taxes	9,982,086	2,033,465	1,932,200	101,265	10,508,240	10,412,500	95,740
Personal Income	9,001,577	1,911,195	1,825,200	85,995	9,519,573	9,405,800	113,773
Withholding	6,902,254	668,089	681,200	(13,111)	7,089,149	7,121,900	(32,751)
Non-Withholding	2,099,323	1,243,106	1,144,000	99,106	2,430,424	2,283,900	146,524
Realty Transfer	235,013	28,773	25,900	2,873	275,217	254,900	20,317
Inheritance & Estate	670,320	86,314	70,900	15,414	670,115	701,700	(31,585)
Minor & Repealed	78,548	(102)	2,900	(3,002)	(29,793)	(26,800)	(2,993)
Table Games	(3,372)	7,286	7,300	(14)	73,128	76,900	(3,772)
TOTAL - MOTOR LICENSE FUND	2,025,012	274,669	260,350	14,319	2,016,100	1,987,110	28,990
TOTAL - Liquid Fuels Taxes	1,013,796	105,561	111,040	(5,479)	997,710	999,290	(1,580)
Liquid Fuels	459,695	58,720	53,280	5,440	460,384	458,280	2,104
Fuels	130,332	11,503	12,210	(707)	126,397	131,500	(5,103)
Motor Carriers/IFTA	39,397	2,401	2,610	(209)	37,407	37,550	(143)
Alternative Fuels	233	107	10	97	1,116	440	676
Oil Company Franchise	384,139	32,830	42,930	(10,100)	372,406	371,520	886
TOTAL - Licenses, Fees & Other	1,011,216	169,108	149,310	19,798	1,018,390	987,820	30,570
Licenses and Fees	716,285	95,933	91,100	4,833	721,179	707,020	14,159
Other Motor Receipts	294,931	73,175	58,210	14,965	297,211	280,800	16,411