



Senate Appropriations Committee

# The Monthly Report

April 2011

Jake Corman, Chairman



## General Fund Revenues Dip Slightly in March; Remain Above Estimate for the Year

**G**eneral Fund revenue collections for the month ended March 2011 totaled \$3.98 billion, which was \$10.5 million, or three-tenths of one percent, below estimate. Fiscal year-to-date collections total \$19.2 billion, which is \$232.7 million, or 1.2%, above estimate. March is typically the largest revenue collection month of the year.

Gross receipts tax (GRT) revenues were below estimate by \$154.1 million for the month. The adjustments to the official revenue estimate contained in the Governor's Executive Budget anticipated that GRT revenues would be short by nearly \$130 million in March, and \$110 million for the fiscal year. According to the Department of Revenue,

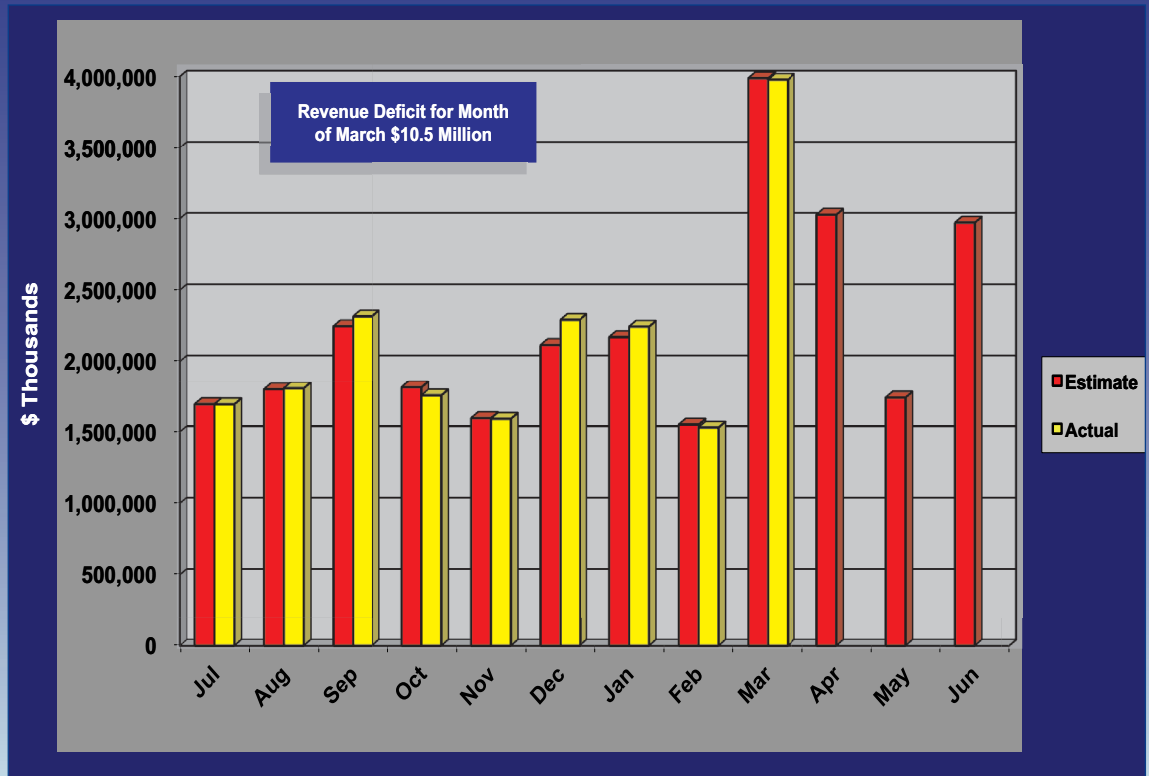
they are seeing weakness in the amount of GRT being paid by telecom companies. This is likely due in part to the continuing migration away from land-line telephone service, along with an increased emphasis on non-taxable data (i.e. Internet) plans that make up an increas-

ing portion of cell phone usage. Under federal law, Internet access cannot be taxed by the states.

In addition, there appears to be a glitch in the GRT being paid by competitive electric

*Continued...*

**General Fund Tax Collections  
Fiscal Year 2010-2011  
Comparison of Official Estimate with Actual Revenue by Month**



Senate Appropriations Committee, Jake Corman, Chairman



generation suppliers. As more customers purchase their electricity from competitive suppliers instead of their traditional utility companies, the competitive suppliers will owe more GRT and the traditional utilities may owe less. However, the GRT contains a “safe harbor” which provides that taxpayers must pay a certain amount in estimated payments to avoid underpayment penalties. The safe harbor is based upon the tax liability from the second prior year or 90% of current year liabilities. Competitive suppliers had fewer sales of electricity two years ago before rate caps started coming off, and they are able to base their estimated tax payments for tax year 2011 on actual tax liabilities from the 2009 tax year. This may be having the effect of suppressing GRT payments in 2011. However, in March of 2012, these companies will be required to true-up and make regular annual payments to cover their actual 2011 tax liabilities. This helps to explain why the administration projected a 9.5% increase in GRT collections for FY 2011-12 over the current year, even though the current year will see a decline over last year.

Other than GRT, corporation tax collections were above estimate for the month in most categories. Corporation tax collections were \$41.8 million over estimate for the month, led by a strong showing in the insurance premiums tax. For the fiscal year, corporation taxes excluding GRT, are running \$127.7 million above estimate.

Personal income tax collections were above estimate by \$52.7 million, or 6.3%, for the month. March 2011 employers’ withholding collections totaled \$794.1 million. Last year, March 2010 employers’ withholding collections were \$674.1 million. This 17.4% increase over last year suggests that the Department of Revenue is still feeling its way through the new monthly distribution process resulting from a change in the timing of when withholding taxes are filed and paid in a given month. Although encouraging, it is unlikely that wage income increased by more than 17% over last year, and we could see some give-back of this overage next month.

Sales and use tax collections were above estimate by \$26.5 million, or 4.5%, for the month. General sales and use tax accounted for \$6.9 million of the

monthly overage, while sales tax on motor vehicles exceeded the estimate by \$19.5 million, or 22.9%. Total sales and use tax for March 2011 grew by 9.2% over March 2010 collections.

Realty Transfer Tax collections nearly met the estimate at only \$22,821 under for the month. RTT had been running substantially below estimate for quite some time, but it just barely missed the estimate for four months in a row. RTT is \$33.4 million below estimate for the year.

Inheritance Tax collections were \$15.8 million, or 22.6%, above estimate for the month, and they are now \$24.2 million above estimate for the year.

Motor License Fund collections were \$4.6 million above estimate for the month of March. The Motor License Fund is \$165.2 million above estimate for the year, bolstered by Treasury’s investment pool reorganization in December that resulted in the sale of assets in various Commonwealth funds.

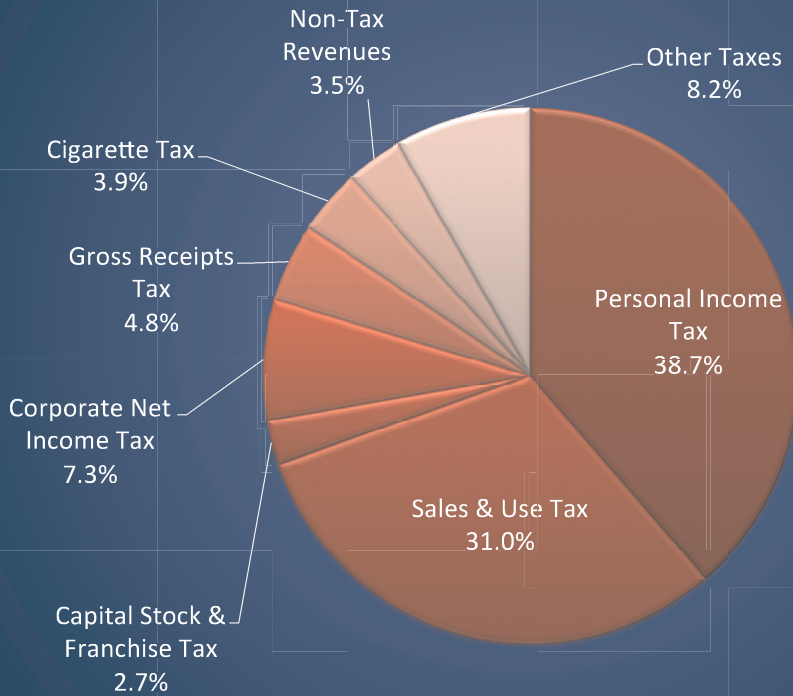
## APPROPRIATIONS COMMITTEE CONCLUDES PUBLIC HEARINGS ON GOVERNOR CORBETT’S PROPOSED BUDGET

Last Thursday, the Senate Appropriations Committee wrapped up three weeks of public hearings on Governor Corbett’s proposed FY2011-12 state budget.

The hearings covered the spending requests for more than 30 departments, agencies and offices included in the \$27.3 billion budget Governor Corbett unveiled during a joint session of the General Assembly on March 8. Summaries and video of each hearing are available at [www.jakecorman.com/appropriations](http://www.jakecorman.com/appropriations) or [www.PASenateGOP.com](http://www.PASenateGOP.com)

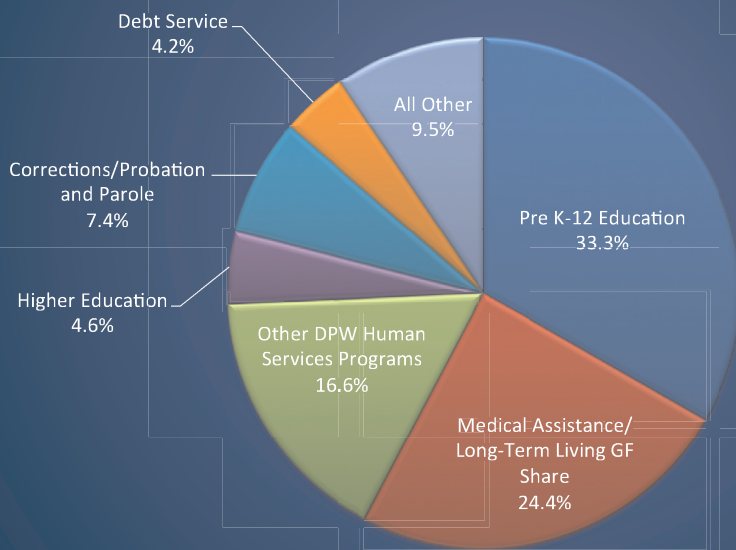


## 2011-12 General Fund Revenue Sources



More than two-thirds (69.7%) of General Fund revenues are derived from the Personal Income Tax and the Sales & Use Tax.

## 2011-12 General Fund Expenditures

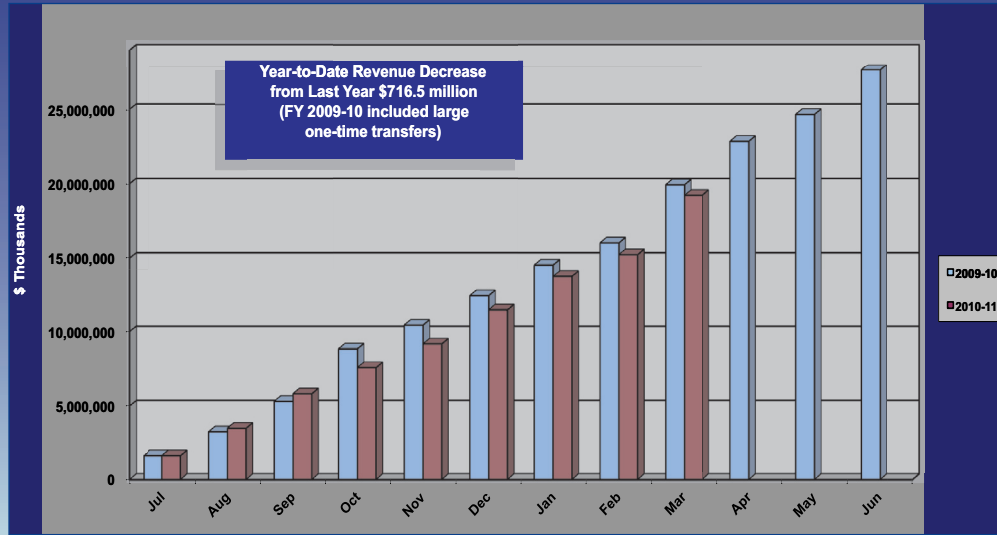


Spending on Education, Medical Assistance/LTL, other Public Welfare programs, Corrections and Debt Service comprises 90.5% of total General Fund expenditures.

**General Fund Expenditures: \$27.3 Billion**

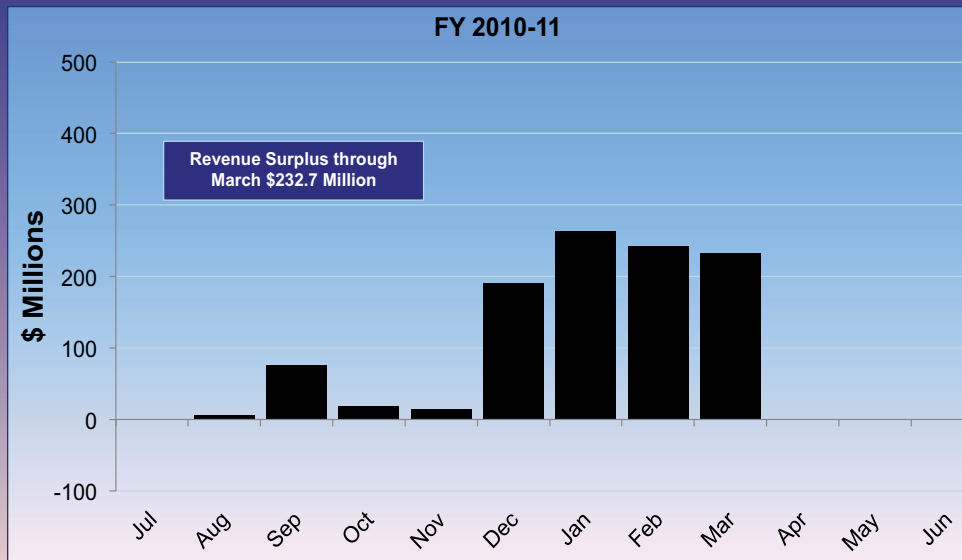


## General Fund Tax Collections Fiscal Year 2010-2011 Revenue Comparison with Last Year



Senate Appropriations Committee, Jake Corman, Chairman

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



Senate Appropriations Committee, Jake Corman, Chairman



## Appropriations Committee Monthly Revenue Report

REVENUE SOURCES	YTD FY 2009-10	March 2011 Actual	March 2011 Estimated	Surplus/ (Deficit)	YTD Actual	YTD Estimated	Surplus/ (Deficit)
<b>TOTAL - GENERAL FUND</b>	<b>19,921,785</b>	<b>3,977,607</b>	<b>3,988,100</b>	<b>(10,493)</b>	<b>19,205,286</b>	<b>18,972,600</b>	<b>232,686</b>
<b>TOTAL - NON-TAX REVENUE</b>	<b>2,023,433</b>	<b>41,742</b>	<b>31,600</b>	<b>10,142</b>	<b>405,615</b>	<b>380,600</b>	<b>25,015</b>
<b>TOTAL - TAX REVENUE</b>	<b>17,898,352</b>	<b>3,935,865</b>	<b>3,956,500</b>	<b>(20,635)</b>	<b>18,799,671</b>	<b>18,592,000</b>	<b>207,671</b>
<b>TOTAL - Corporation Taxes</b>	<b>3,515,144</b>	<b>2,194,490</b>	<b>2,306,800</b>	<b>(112,310)</b>	<b>3,610,552</b>	<b>3,618,900</b>	<b>(8,348)</b>
Accelerated Deposits	5,951	1,252	0	1,252	2,743	0	2,743
Corp. Net Income	1,127,405	312,277	300,800	11,477	1,255,426	1,214,300	41,126
Cap. Stock & Franchise	461,840	131,693	139,900	(8,207)	523,813	485,400	38,413
Gross Receipts	1,276,134	1,167,292	1,321,400	(154,108)	1,195,214	1,331,300	(136,086)
PURTA	1,664	13	100	(87)	2,246	1,500	746
Insurance Premiums	418,450	355,155	329,000	26,155	389,340	358,500	30,840
Financial Institutions	212,259	220,227	209,000	11,227	232,704	216,600	16,104
Other Selective Bus. Taxes	11,441	6,580	6,600	(20)	9,066	11,300	(2,234)
<b>TOTAL - Consumption Taxes</b>	<b>6,803,618</b>	<b>737,131</b>	<b>710,600</b>	<b>26,531</b>	<b>7,196,232</b>	<b>7,081,500</b>	<b>114,732</b>
Sales and Use	5,891,402	621,273	594,800	26,473	6,170,727	6,044,200	126,527
General (net of transfers)	5,183,996	516,229	509,300	6,929	5,408,812	5,335,400	73,412
Motor Vehicle Sales	707,406	105,043	85,500	19,543	761,915	708,800	53,115
Cigarette Tax	687,643	91,032	91,500	(468)	793,126	803,300	(10,174)
Malt Beverage	19,304	1,852	1,900	(48)	19,215	19,200	15
Liquor	202,694	22,974	22,400	574	213,163	214,800	(1,637)
<b>TOTAL - Other Taxes</b>	<b>7,579,589</b>	<b>1,004,245</b>	<b>939,100</b>	<b>65,145</b>	<b>7,992,888</b>	<b>7,891,600</b>	<b>101,288</b>
Personal Income	6,819,495	894,866	842,200	52,666	7,151,300	7,032,900	118,400
Withholding	5,769,004	794,076	741,000	53,076	6,035,818	5,958,200	77,618
Non-Withholding	1,050,491	100,791	101,200	(409)	1,115,482	1,074,700	40,782
Realty Transfer	211,929	19,677	19,700	(23)	207,477	240,900	(33,423)
Inheritance & Estate	545,656	85,459	69,700	15,759	586,154	562,000	24,154
Minor & Repealed	2,509	(2,393)	900	(3,293)	1,177	1,600	(423)
Table Games		6,636	6,600	36	46,780	54,200	(7,420)
<b>TOTAL - MOTOR LICENSE FUND</b>	<b>1,929,566</b>	<b>194,553</b>	<b>189,990</b>	<b>4,563</b>	<b>1,872,315</b>	<b>1,707,080</b>	<b>165,235</b>
<b>TOTAL - Liquid Fuels Taxes</b>	<b>888,144</b>	<b>82,435</b>	<b>88,980</b>	<b>(6,545)</b>	<b>904,335</b>	<b>878,910</b>	<b>25,425</b>
Liquid Fuels	426,528	27,477	39,340	(11,863)	407,653	413,190	(5,537)
Fuels	106,245	12,480	10,250	2,230	116,200	108,080	8,120
Motor Carriers/IFTA	28,247	5,745	4,750	995	31,715	27,830	3,885
Alternative Fuels	165	27	30	(3)	192	170	22
Oil Company Franchise	326,960	36,705	34,610	2,095	348,575	329,640	18,935
<b>TOTAL - Licenses, Fees &amp; Other</b>	<b>1,041,422</b>	<b>112,118</b>	<b>101,010</b>	<b>11,108</b>	<b>967,980</b>	<b>828,170</b>	<b>139,810</b>
Licenses and Fees	584,871	98,135	88,840	9,295	617,909	601,470	16,439
Other Motor Receipts	456,551	13,983	12,170	1,813	350,071	226,700	123,371