



Senate Appropriations Committee

The Monthly Report

October 2011

Jake Corman, Chairman



General Fund Collections below estimate for September

General Fund revenue collections for the month ended September 2011 totaled \$2.32 billion, which was \$151.8 million, or 6.1%, below estimate for the month. Fiscal year-to-date collections total \$5.85 billion, which is \$215 million, or 3.5%, below estimate for the year. Total General Fund revenues through September 2011 are \$34.2 million ahead of revenues last year at this time, and tax revenues are \$204.7 million, or 3.7%, more than last year.

September is a “quarterly estimated tax payment” month for calendar year corporate and individual filers. However, business and individual taxpayers located in counties designated as federal disaster areas directly impacted by Hurricane Irene and Tropical Storm Lee are eligible for filing and payment extensions. The extended due date for all such reports and payments is now October 31, 2011.

September’s corporation tax collections were below estimate by \$92.9 million, accounting for more than sixty percent of the total monthly deficit. As a result of the filing extensions, corporation tax payments could have been suppressed in September, but it is difficult to

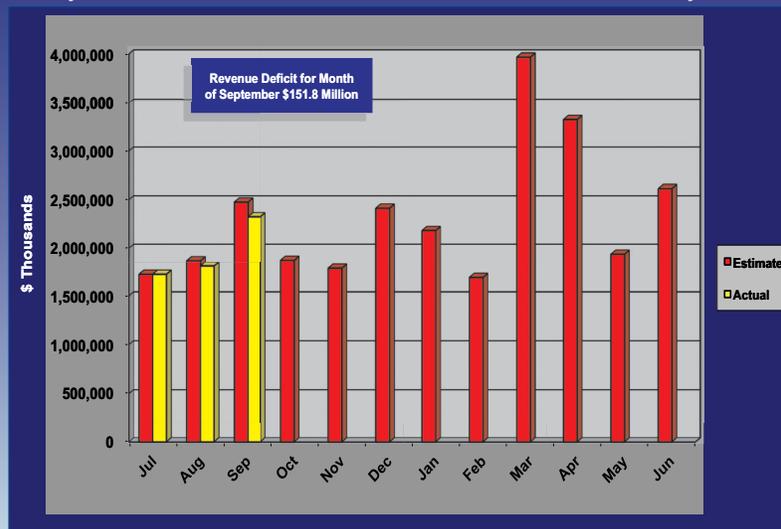
determine the extent of this effect. The U.S. Commerce Department recently reported that corporate profits stand at their largest percentage of gross national product (GNP) since the 1950s. The ratio of corporate profits to GNP currently is slightly above 14%, totaling \$1.9 trillion. Although corporation tax collections in September 2011 were \$22.6 million lower than September 2010, they are still \$13.9 million ahead of 2010 for the year-to-date despite the extensions.

Personal income tax collections were below estimate by \$42 million for the month. Employers’

withholding was \$32.3 million below estimate for the month, and non-withholding payments fell short of estimate by \$9.7 million, or 3.3%. Pennsylvania’s seasonally adjusted unemployment rate was 8.2% in August, up from 7.8% in July. Generally, the filing and payment extensions do not apply to PIT withholding payments, but late filings will be reviewed on a case-by-case basis. Therefore, the shortfall in withheld PIT most likely is not because of extended filings but rather because of weak employment

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



Senate Appropriations Committee, Jake Corman, Chairman



data. On the other hand, the \$9.7 million shortfall in non-withheld PIT may have been affected by the extensions. PIT collections through September 2011 are \$95 million, or 4.3%, more than last year at this time.

Sales and use tax collections were below estimate for the month by \$14.9 million. Non-motor SUT was below estimate by \$5.1 million for the month, and SUT on motor vehicles was below estimate by \$9.8 million.

The filing and payment extensions do not generally apply to SUT; however, the unprecedented flooding experienced in many areas of the state may have had a negative effect on purchases, especially for items such as automobiles. SUT collections through September 2011 are \$74.5 million, or 3.5%, ahead of last year.

Realty transfer tax was below estimate by \$624,294, or 2.3%, for the month, and inheritance

tax collections were \$1.4 million below estimate for the month. Cigarette tax collections were \$3 million over estimate, and table games tax was \$1.2 million above estimate for the month.

Motor License Fund collections were \$13.3 million below estimate for the month of September. The Motor License Fund is \$5.9 million above estimate for the year.

Pennsylvania FMAP to Decrease in 2013

The Federal Medical Assistance Percentage (FMAP) is the federal government's share of state Medical Assistance benefit costs and Title IV-E foster care and adoption assistance payments. The FMAP is calculated based on a three-year average of state per capita income compared to the national average. A state with average per capita income receives an FMAP of 55%. No state can receive less than 50% or more than 83%.

In September the Bureau of Economic Analysis (BEA) released state income-related data that permits the Federal Government to calculate each state's FMAP reimbursement rate for the Federal fiscal year beginning October 1, 2012. Preliminary estimates indicate that Pennsylvania's FMAP will decrease from 55.07% to 54.28%, a reduction of 0.79%. This reduction in the FMAP is estimated to cause Pennsylvania's

Medical Assistance reimbursements to be reduced by approximately \$167.5 million. Because of the difference in state and federal fiscal years, the impact of the FMAP reduction would be approximately \$125 million in state fiscal year 2012-13.

According to the Federal Funds Information Service (FFIS) 25 states will see their FMAP reduced in 2013.

Update on the Senate Appropriations Committee Hearings at the Commonwealth's State-Related Institutions

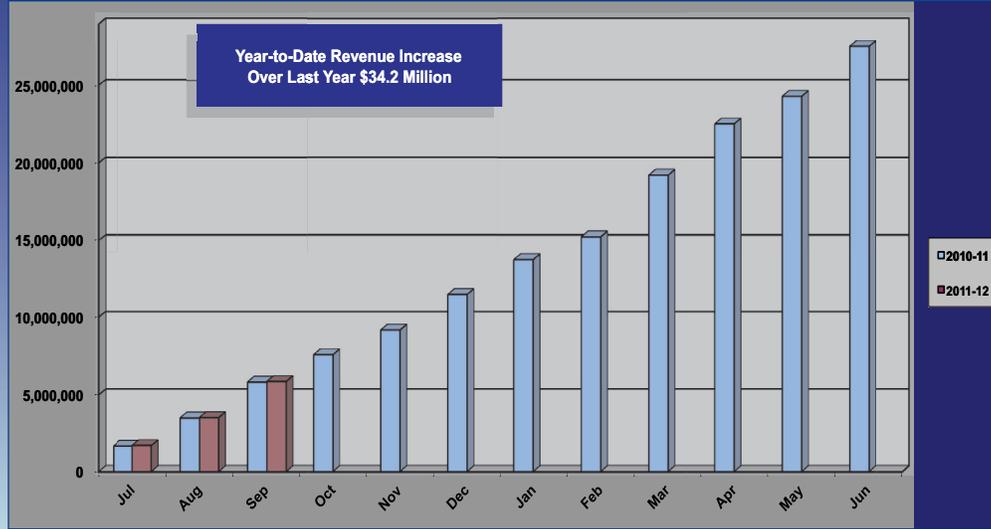
The Senate Appropriations Committee is halfway through a series of hearings at the campuses of the four state-related institutions of higher education. The purpose of the hearings is to give the

presidents and chancellors of the four institutions the opportunity to discuss various topics related to their institution, including the impact of the FY 2011-12 General Appropriations Act.

Upcoming hearing dates:
Wednesday, October 12, 2011 at Temple University
Thursday, October 13, 2011 at Lincoln University.

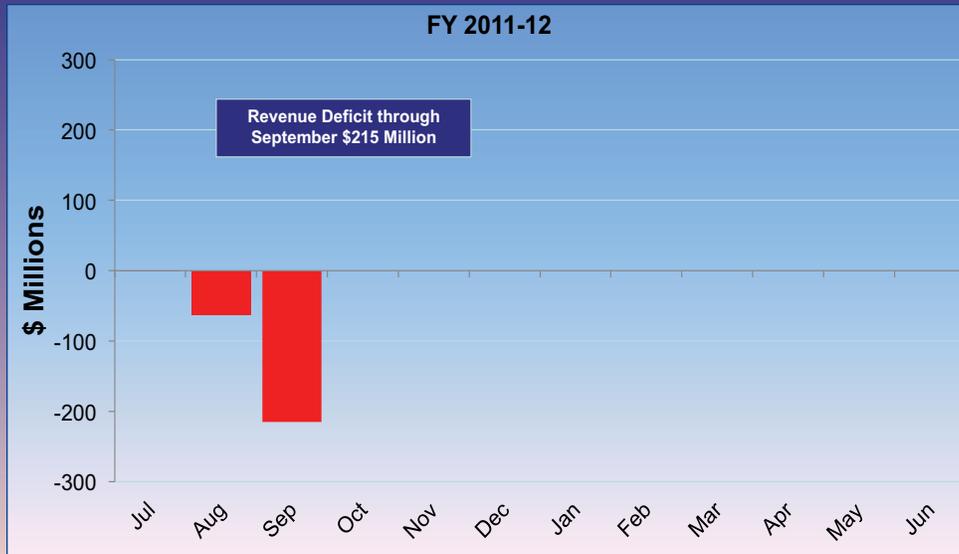


General Fund Tax Collections Fiscal Year 2010-2011 Revenue Comparison with Last Year



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 2010-11	September 2011 Actual	September 2011 Estimated	Surplus/ (Deficit)	YTD Actual	YTD Estimated	Surplus/ (Deficit)
TOTAL - GENERAL FUND	5,814,827	2,322,959	2,474,800	(151,841)	5,849,067	6,064,036	(214,969)
TOTAL - NON-TAX REVENUE	245,415	14,038	19,200	(5,162)	74,943	68,436	6,507
TOTAL - TAX REVENUE	5,569,412	2,308,920	2,455,600	(146,680)	5,774,124	5,995,600	(221,476)
TOTAL - Corporation Taxes	590,011	466,005	558,900	(92,895)	603,927	693,400	(89,473)
Accelerated Deposits	2,572	4,496	0	4,496	4,811	0	4,811
Corp. Net Income	401,531	311,745	405,900	(94,155)	408,818	501,000	(92,182)
Cap. Stock & Franchise	156,689	120,532	132,400	(11,868)	151,985	163,900	(11,915)
Gross Receipts	15,274	17,721	13,800	3,921	23,891	19,000	4,891
PURTA	1,887	1,295	1,000	295	1,661	1,200	461
Insurance Premiums	2,717	317	300	17	1,282	1,300	(18)
Financial Institutions	8,498	9,380	4,300	5,080	10,599	5,400	5,199
Other Selective Bus. Taxes	843	517	1,200	(683)	878	1,600	(722)
TOTAL - Consumption Taxes	2,472,441	840,488	851,700	(11,212)	2,546,469	2,572,200	(25,731)
Sales and Use	2,119,076	714,941	729,800	(14,859)	2,193,623	2,224,200	(30,577)
General (net of transfers)	1,839,368	626,210	631,300	(5,090)	1,904,859	1,929,600	(24,741)
Motor Vehicle Sales	279,708	88,731	98,500	(9,769)	288,764	294,600	(5,836)
Cigarette Tax	280,500	100,004	97,000	3,004	276,804	271,800	5,004
Malt Beverage	7,545	2,504	2,500	4	7,406	7,500	(94)
Liquor	65,320	23,040	22,400	640	68,636	68,700	(64)
TOTAL - Other Taxes	2,506,960	1,002,428	1,045,000	(42,572)	2,623,728	2,730,000	(106,272)
Personal Income	2,221,278	902,499	944,500	(42,001)	2,316,377	2,413,500	(97,123)
Withholding	1,889,382	617,365	649,700	(32,335)	1,957,560	2,040,900	(83,340)
Non-Withholding	331,895	285,134	294,800	(9,666)	358,817	372,600	(13,783)
Realty Transfer	81,796	26,476	27,100	(624)	82,173	87,300	(5,127)
Inheritance & Estate	192,303	64,717	66,100	(1,383)	200,545	207,000	(6,455)
Minor & Repealed	1,102	188	0	188	312	300	12
Table Games	10,481	8,549	7,300	1,249	24,321	21,900	2,421
TOTAL - MOTOR LICENSE FUND	615,810	188,365	201,670	(13,305)	617,048	611,110	5,938
TOTAL - Liquid Fuels Taxes	324,693	111,682	118,300	(6,618)	328,446	326,410	2,036
Liquid Fuels	157,586	52,546	56,420	(3,874)	157,575	157,190	385
Fuels	39,537	12,877	13,040	(163)	39,488	39,180	308
Motor Carriers/IFTA	8,235	6,408	5,410	998	13,260	10,920	2,340
Alternative Fuels	66	0	20	(20)	92	80	12
Oil Company Franchise	119,269	39,851	43,410	(3,559)	118,031	119,040	(1,009)
TOTAL - Licenses, Fees & Other	291,117	76,683	83,370	(6,687)	288,602	284,700	3,902
Licenses and Fees	211,650	68,764	75,390	(6,626)	213,121	211,340	1,781
Other Motor Receipts	79,467	7,919	7,980	(61)	75,481	73,360	2,121