



## Senate Appropriations Committee

# The Monthly Report

May 2011

Jake Corman, Chairman



## General Fund Revenues \$273 million above estimate for April

**G**eneral Fund revenue collections for the month ended April 2011 totaled \$3.3 billion, which was \$273.2 million, or 9%, above estimate. Fiscal year-to-date collections total \$22.5 billion, which is \$505.9 million, or 2.3%, above estimate. To add some perspective, FY 2010-11 year-to-date collections are \$260 million short of year-to-date collections in FY 2006-07 and \$992.6 million less than collections through April of FY 2007-08.

Governor Corbett's FY 2011-12 Budget projected that the FY 2010-11 revenue surplus would be \$78.4 million, and so the \$505.9 million surplus with two months remaining in the fiscal year is welcome news. Generally speaking, the strong performance this month was led by corporate net income (CNI) and personal income annual tax payments due with the filing of 2010 tax returns.

Corporation taxes were

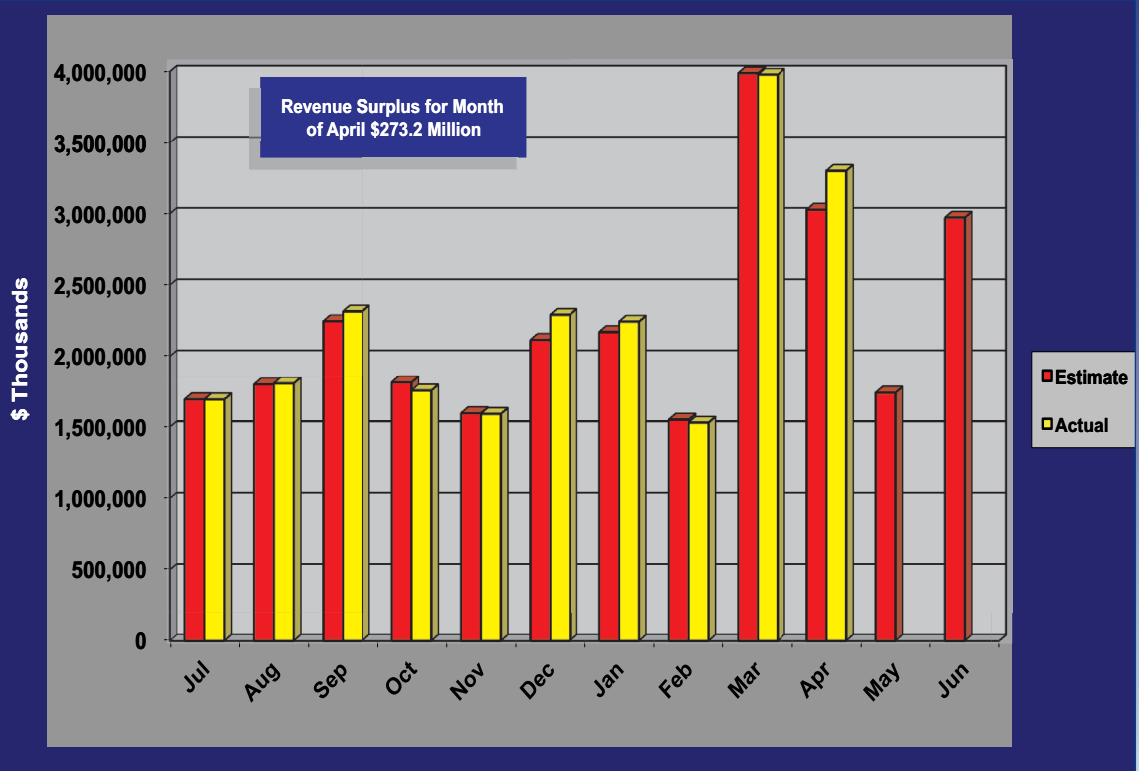
ahead of estimate for the month by \$196.5 million. Preliminary results show that the corporate net income tax accounted for more than \$200 million of the monthly surplus, while most other corporation taxes were below estimate for the month. The Governor's Budget projected that the CNI tax would run a surplus of \$6.9 million by the end of the fiscal year. However, the CNI surplus cur-

rently stands at \$242 million, with the potential of growing larger in June when quarterly estimated payments are due.

Personal income tax (PIT) collections were above estimate by \$92 million, or 6.2%, for the month. Employers' withholding was below estimate for the month

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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



by \$9.9 million. However, last month's employers' withholding tax collections were above estimate by \$53 million, indicating that the Department of Revenue is still trying to get a handle on the new monthly distribution process resulting from the change in withholding. Regardless of the uncertain effect of the monthly distribution, employers' withholding tax collections are running 3.8% ahead of revenues at this same time last year, which is a good indication that jobs and wages are continuing to recover from their lows during the economic downturn.

PIT annual tax payments from 2010 tax returns were ahead of estimate by \$71.1 million, or 10.7%. Perhaps more importantly, April 2011 annual tax payments were 27% greater than April 2010 annual tax payments. Quarterly estimated PIT payments

were \$30.8 million, or 17.6% ahead of estimate, and 20.8% ahead of last year. 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 \$17.6 million, or 2.5%, for the month. General sales and use tax accounted for \$25.2 million of the monthly overage, while sales tax on motor vehicles was actually below estimate by \$7.7 million. Total sales and use tax for April 2011 grew by 2.4% over April 2010 collections, and the year-to-date SUT collections for FY 2010-11 are 4.5% ahead of last fiscal year.

Realty Transfer Tax collections were \$4.8 million, or 20.6%, below estimate for the month. RTT had been showing improved performance over the past several

months, but April's weak collection's call into question whether the housing market has stabilized. RTT is \$38.2 million below estimate for the year.

Inheritance Tax collections were \$5.6 million below estimate for the month, and they are now \$18.5 million above estimate for the year.

Motor License Fund collections were \$37.8 million below estimate for the month of April. It appears that an anticipated payment into the Motor License Fund from the Turnpike Commission did not materialize by month's end, which contributed to the shortfall. The Motor License Fund is \$127.4 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.

## Proposed Federal Rule would Discourage States' Cutting Medicaid Payments to Providers

The Obama administration is proposing a rule that would make it much more difficult for states to cut Medicaid payments to doctors and hospitals. The rule could also put pressure on some states to increase Medicaid payment rates, which are typically lower than what Medicare and commercial insurance pay. The administration said that rule was needed so that Medicaid recipients have access to health care to the same extent as the general population. Accord-

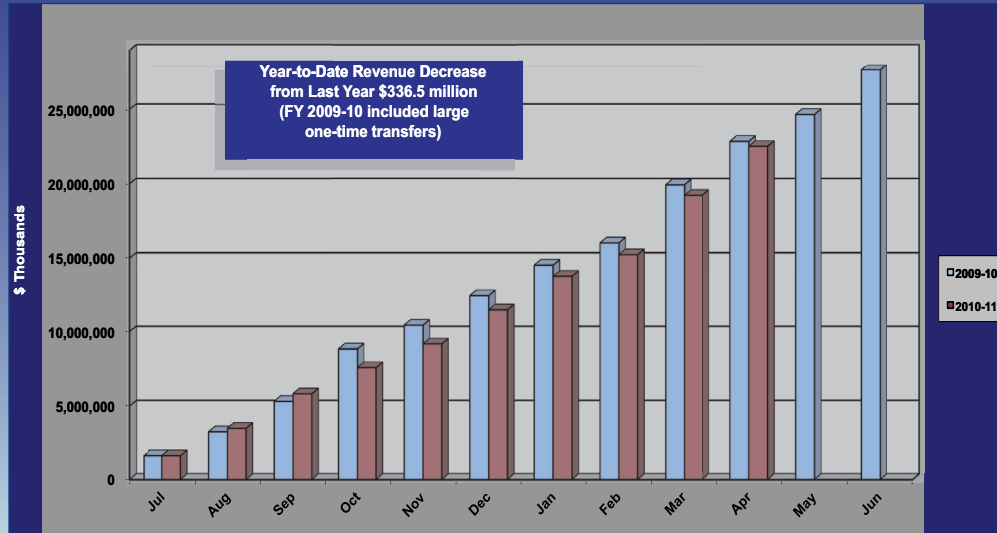
ing to the administration, in many parts of the country, Medicaid recipients have difficulty finding doctors who will take them because Medicaid payments are low.

Even before the Great Recession, Medicaid was one of the fastest-growing items in most state budgets. Over the past few years, many states have been faced with unprecedented financial problems and have frozen or reduced Medicaid payments to health care providers, with some states proposing additional cuts

this year. The proposed rule would prevent states from cutting Medicaid payments to providers unless they can show that Medicaid recipients will have "sufficient access" to care after the cuts. In addition, states will have to continually monitor Medicaid recipients' access to care and develop plans to fix any problems they discover. The new rule, however, does not apply to health maintenance organizations and other types of managed care.

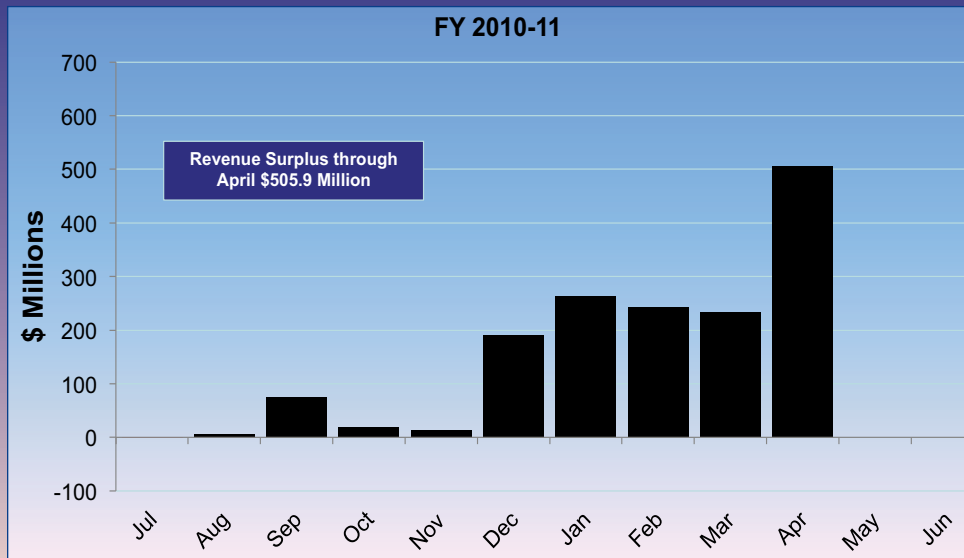


## General Fund Tax Collections Fiscal Year 2010-2011 Revenue Comparison with Last Year



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	April 2011 Actual	April 2011 Estimated	Surplus/ (Deficit)	YTD Actual	YTD Estimated	Surplus/ (Deficit)
<b>TOTAL - GENERAL FUND</b>	<b>22,841,863</b>	<b>3,300,123</b>	<b>3,026,900</b>	<b>273,223</b>	<b>22,505,409</b>	<b>21,999,500</b>	<b>505,909</b>
<b>TOTAL - NON-TAX REVENUE</b>	<b>2,189,551</b>	<b>128,301</b>	<b>156,900</b>	<b>(28,599)</b>	<b>533,916</b>	<b>537,500</b>	<b>(3,584)</b>
<b>TOTAL - TAX REVENUE</b>	<b>20,652,312</b>	<b>3,171,822</b>	<b>2,870,000</b>	<b>301,822</b>	<b>21,971,493</b>	<b>21,462,000</b>	<b>509,493</b>
<b>TOTAL - Corporation Taxes</b>	<b>3,951,716</b>	<b>666,337</b>	<b>469,800</b>	<b>196,537</b>	<b>4,276,888</b>	<b>4,088,700</b>	<b>188,188</b>
Accelerated Deposits	6,942	46,182	0	46,182	48,924	0	48,924
Corp. Net Income	1,363,447	467,083	266,200	200,883	1,722,509	1,480,500	242,009
Cap. Stock & Franchise	590,727	101,634	127,500	(25,866)	625,446	612,900	12,546
Gross Receipts	1,279,215	6,082	2,000	4,082	1,201,296	1,333,300	(132,004)
PURTA	25,480	11,439	12,100	(661)	13,685	13,600	85
Insurance Premiums	456,901	30,168	56,400	(26,232)	419,508	414,900	4,608
Financial Institutions	213,891	1,605	1,500	105	234,309	218,100	16,209
Other Selective Bus. Taxes	15,107	2,145	4,100	(1,955)	11,211	15,400	(4,189)
<b>TOTAL - Consumption Taxes</b>	<b>7,630,645</b>	<b>840,080</b>	<b>827,000</b>	<b>13,080</b>	<b>8,036,312</b>	<b>7,908,500</b>	<b>127,812</b>
Sales and Use	6,599,938	725,655	708,100	17,555	6,896,382	6,752,300	144,082
General (net of transfers)	5,795,700	628,039	602,800	25,239	6,036,850	5,938,200	98,650
Motor Vehicle Sales	804,238	97,616	105,300	(7,684)	859,531	814,100	45,431
Cigarette Tax	781,782	88,775	93,500	(4,725)	881,901	896,800	(14,899)
Malt Beverage	21,801	2,276	2,100	176	21,491	21,300	191
Liquor	227,124	23,375	23,300	75	236,538	238,100	(1,562)
<b>TOTAL - Other Taxes</b>	<b>9,069,951</b>	<b>1,665,405</b>	<b>1,573,200</b>	<b>92,205</b>	<b>9,658,293</b>	<b>9,464,800</b>	<b>193,493</b>
Personal Income	8,217,473	1,568,248	1,476,200	92,048	8,719,548	8,509,100	210,448
Withholding	6,415,815	624,216	634,100	(9,884)	6,660,034	6,592,300	67,734
Non-Withholding	1,801,659	944,032	842,100	101,932	2,059,514	1,916,800	142,714
Realty Transfer	235,790	18,427	23,200	(4,773)	225,904	264,100	(38,196)
Inheritance & Estate	614,795	60,071	65,700	(5,629)	646,225	627,700	18,525
Minor & Repealed	1,892	9,890	(400)	10,290	11,067	1,200	9,867
Table Games		8,770	8,500	270	55,550	62,700	(7,150)
<b>TOTAL - MOTOR LICENSE FUND</b>	<b>2,231,060</b>	<b>207,637</b>	<b>245,480</b>	<b>(37,843)</b>	<b>2,079,951</b>	<b>1,952,560</b>	<b>127,391</b>
<b>TOTAL - Liquid Fuels Taxes</b>	<b>968,889</b>	<b>107,718</b>	<b>97,300</b>	<b>10,418</b>	<b>1,012,053</b>	<b>976,210</b>	<b>35,843</b>
Liquid Fuels	443,726	61,866	46,640	15,226	469,519	459,830	9,689
Fuels	120,036	10,840	12,160	(1,320)	127,039	120,240	6,799
Motor Carriers/IFTA	30,849	2,611	1,730	881	34,326	29,560	4,766
Alternative Fuels	181	12	20	(8)	204	190	14
Oil Company Franchise	374,097	32,389	36,750	(4,361)	380,965	366,390	14,575
<b>TOTAL - Licenses, Fees &amp; Other</b>	<b>1,262,172</b>	<b>99,918</b>	<b>148,180</b>	<b>(48,262)</b>	<b>1,067,898</b>	<b>976,350</b>	<b>91,548</b>
Licenses and Fees	667,748	92,004	87,220	4,784	709,913	688,690	21,223
Other Motor Receipts	594,424	7,914	60,960	(53,046)	357,985	287,660	70,325