



*Pennsylvania Senate*  
**Appropriations  
 Committee**

**Senator Pat Browne**  
 Chairman



February 2017

# Monthly Report

## Lottery Revenues Drop for First Six Months of the Fiscal Year

The Administration reports on Lottery Fund revenues confirm a worrisome trend that we have been closely monitoring this fiscal year: Lottery Fund revenues dropped for the first six months of the year compared to the same period of time last year.

Despite ticket sales increasing by \$19 million, or 1%, for the

first half of the fiscal year, net operating revenue declined by \$10 million. The decline in Lottery profitability was driven by increases in prizes, which increased by \$32 million, or 2.6%. Fortunately, the cost to operate the Lottery dropped by \$4 million over the same period of time due to a reduction in marketing costs.

The Lottery's performance for the first six months of the year is indicative of a mature lottery system and comes in spite of recent changes that are designed to improve customer convenience and expand the number of individuals who play the Lottery: acceptance of credit cards as a form of payment, availability of Lottery gift cards and a pilot program to allow individuals to play the Lottery at gas pumps.

As noted in our October report, the Administration predicted a \$70 million shortfall in the Lottery next fiscal year. We believe the shortfall is likely to be higher than levels cited by the Administration. To ensure that senior programs are not negatively affected, we expect the upcoming Governor's budget to shift program costs away from the Lottery or to propose a strategy to increase Lottery revenues.

### Programs Supported by the Lottery

- Pharmaceutical Assistance
- Property Tax and Rent Rebate
- Senior Transportation Programs
- Long-Term Care Services
- Grants to Senior Centers
- Caregiver Support
- Alzheimer's Outreach

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### **Where We Are In The Annual Budget Process**

Governor Wolf will present his Fiscal Year 2017-18 state budget to a joint session of the General Assembly on Tuesday, February 7, 2017.

The Senate Appropriations Committee will then hold three weeks of hearings starting on Tuesday, February 21, 2017.

### Senate Appropriations Staff

- Greg Jordan, Director
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- Faith Bender (Environment/Labor)
- Tom Diehl (Human Services)
- Tom Horan (Revenue/DCED)
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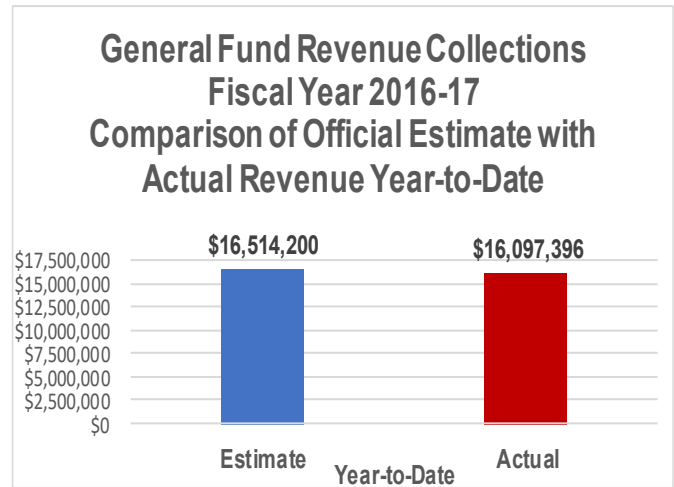
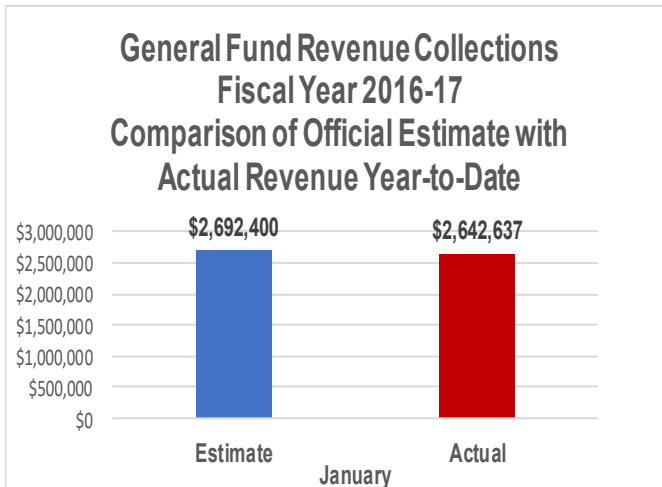
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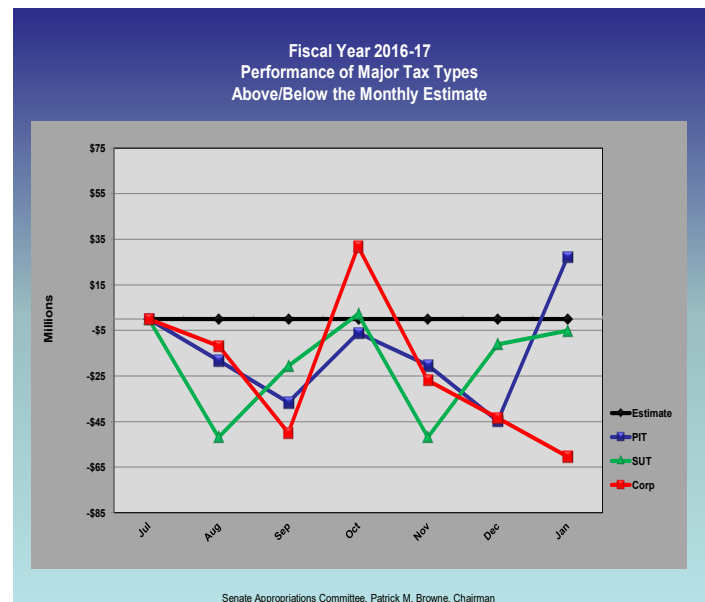
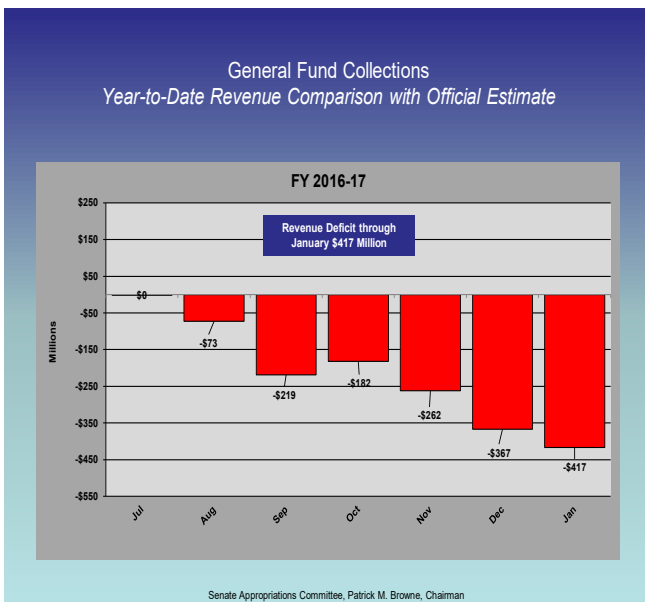
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## Revenues Come Up Short of Projections for Month of January



General Fund revenue collections for the month ended January 2017 totaled **\$2.6 billion**, which was **\$49.8 million**, or **1.8%**, below estimate for the month. Fiscal year-to-date collections total **\$16.1 billion**, which is **\$416.8 million**, or **2.5%**, below estimate for the year.

**In Thousands	January 2016 Estimate	January 2016 Actual	Over/Under Estimate	Fiscal Year-to-Date Estimate	Fiscal Year-to-Date Actual	Over/Under Estimate
Corporation Tax	\$164,900	\$104,465	<b>\$60.4 million or 37.0%</b>	\$1,539,300	\$1,378,364	<b>\$161 million or 10.5%</b>
Sales & Use Tax (SUT)	\$918,600	\$913,536	<b>\$5.1 million or 0.6%</b>	\$6,032,600	\$5,894,242	<b>\$138.4 million or 2.3%</b>
Personal Income Tax (PIT)	\$1,262,100	\$1,289,428	<b>\$27.3 million or 2.3%</b>	\$6,821,900	\$6,723,331	<b>\$98.6 million or 1.4%</b>
Cigarette Tax	\$77,900	\$74,521	<b>\$3.4 million or 4.3%</b>	\$759,200	\$727,836	<b>\$31.4 million or 4.1%</b>
Other Tobacco Products	\$25,500	\$30,147	<b>\$4.6 million or 18.2%</b>	\$27,600	\$35,500	<b>\$7.9 million or 28.6%</b>
Liquor Tax	\$27,000	\$24,945	<b>\$2.1 million or 7.6%</b>	\$222,400	\$218,259	<b>\$4.1 million or 1.9%</b>
Realty Transfer Tax (RTT)	\$47,600	\$37,727	<b>\$9.9 million or 20.7%</b>	\$326,500	\$281,943	<b>\$44.6 million or 13.6%</b>
Inheritance Tax	\$75,400	\$77,150	<b>\$1.8 million or 2.3%</b>	\$539,100	\$530,105	<b>\$9 million or 1.7%</b>
Non-Tax Revenues	\$81,900	\$73,445	<b>\$8.5 million or 10.3%</b>	\$174,500	\$220,426	<b>\$45.9 million or 26.3%</b>



# General and Motor License Fund Revenue Detail

**Fiscal Year 2016-17**

## **Senate Appropriations Committee Monthly Revenue Report**

(\$ thousands)

REVENUE SOURCES	YTD FY 2015-16	January 2017 Actual	January 2017 Estimated	Surplus/ Deficit	YTD Actual	YTD Estimated	Surplus/ Deficit
<b>TOTAL - GENERAL FUND</b>	<b>15,899,608</b>	<b>2,642,637</b>	<b>2,692,400</b>	<b>(49,763)</b>	<b>16,097,396</b>	<b>16,514,200</b>	<b>(416,804)</b>
<b>TOTAL - NON-TAX REVENUE</b>	<b>213,100</b>	<b>73,445</b>	<b>81,900</b>	<b>(8,455)</b>	<b>220,426</b>	<b>174,500</b>	<b>45,926</b>
<b>TOTAL - TAX REVENUE</b>	<b>15,677,300</b>	<b>2,569,192</b>	<b>2,610,500</b>	<b>(41,308)</b>	<b>15,876,970</b>	<b>16,339,700</b>	<b>(462,730)</b>
<b>TOTAL - Corporation Taxes</b>	<b>1,550,866</b>	<b>104,465</b>	<b>164,900</b>	<b>(60,435)</b>	<b>1,378,364</b>	<b>1,539,300</b>	<b>(160,936)</b>
Accelerated Deposits	254	396	0	396	1,874	0	1,874
Corp. Net Income	1,367,321	59,679	138,400	(78,721)	1,243,434	1,438,400	(194,966)
Cap. Stock & Franchise	98,356	3,610	600	3,010	33,009	16,400	16,609
Gross Receipts	35,774	10,573	4,100	6,473	43,068	31,400	11,668
PURTA	2,766	6	100	(94)	2,314	2,800	(486)
Insurance Premiums	20,969	28,615	21,500	7,115	32,925	25,500	7,425
Financial Institutions	23,454	1,585	200	1,385	21,740	24,800	(3,060)
Other Selective Bus. Taxes	1,973	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL - Consumption Taxes</b>	<b>6,583,736</b>	<b>1,045,036</b>	<b>1,050,700</b>	<b>(5,664)</b>	<b>6,890,514</b>	<b>7,056,100</b>	<b>(165,586)</b>
Sales and Use	5,829,822	913,536	918,600	(5,064)	5,894,242	6,032,600	(138,358)
General (net of transfers)	5,047,989	800,089	818,500	(18,411)	5,101,748	5,218,700	(116,952)
Motor Vehicle Sales	781,833	113,447	100,100	13,347	792,494	813,900	(21,406)
Cigarette Tax	529,179	74,521	77,900	(3,379)	727,836	759,200	(31,364)
Other Tobacco Products	N/A	30,147	25,500	4,647	35,500	27,600	7,900
Malt Beverage	14,833	1,888	1,700	188	14,676	14,300	376
Liquor	209,901	24,945	27,000	(2,055)	218,259	222,400	(4,141)
<b>TOTAL - Other Taxes</b>	<b>7,554,719</b>	<b>1,419,690</b>	<b>1,394,900</b>	<b>24,790</b>	<b>7,608,092</b>	<b>7,744,300</b>	<b>(136,208)</b>
Personal Income	6,666,226	1,289,428	1,262,100	27,328	6,723,331	6,821,900	(98,569)
Withholding	5,387,774	834,762	814,700	20,062	5,495,701	5,553,000	(57,299)
Non-Withholding	1,278,452	454,667	447,400	7,267	1,227,630	1,268,900	(41,270)
Realty Transfer	291,764	37,727	47,600	(9,873)	281,943	326,500	(44,557)
Inheritance & Estate	515,295	77,150	75,400	1,750	530,105	539,100	(8,995)
Minor & Repealed	22,964	5,633	400	5,233	4,324	(12,200)	16,524
Table Games	58,471	9,752	9,400	352	68,388	69,000	(612)
<b>TOTAL - MOTOR LICENSE FUND</b>	<b>1,470,384</b>	<b>214,543</b>	<b>212,970</b>	<b>1,573</b>	<b>1,494,703</b>	<b>1,506,320</b>	<b>(11,617)</b>
<b>TOTAL - Liquid Fuels Taxes</b>	<b>974,512</b>	<b>143,358</b>	<b>135,500</b>	<b>7,858</b>	<b>988,504</b>	<b>984,500</b>	<b>4,004</b>
Liquid Fuels	(855)	1	0	1	57	0	57
Fuels	38	0	0	0	0	0	0
Motor Carriers/IFTA	49,203	3,108	3,300	(192)	51,082	49,100	1,982
Alternative Fuels	5,417	870	900	(30)	5,939	6,300	(361)
Oil Company Franchise	920,710	139,379	131,300	8,079	931,426	929,100	2,326
<b>TOTAL - Licenses, Fees &amp; Other</b>	<b>495,872</b>	<b>71,185</b>	<b>77,470</b>	<b>(6,285)</b>	<b>506,199</b>	<b>521,820</b>	<b>(15,621)</b>
Licenses and Fees	479,485	73,738	75,000	(1,262)	498,543	509,400	(10,857)
Other Motor Receipts	16,387	(2,553)	2,470	(5,023)	7,657	12,420	(4,763)