



Senate Appropriations Committee

The Monthly Report

June 2015

Pat Browne, Chairman



General Fund Collections, \$49.8 Million, or 2.6%, Above Estimate for May

General Fund revenue collections for the month ended May 2015 totaled \$1.96 billion, which was \$49.8 million, or 2.6%, above estimate. Fiscal year-to-date collections total \$27.68 billion, which is \$618.9 million, or 2.3%, above estimate. Total FY 2014-15 General Fund revenues are \$1.89 billion, or 7.3%, more than last year.

As discussed in previous months, gaming license fees and gas lease revenues in the amount of \$220 million will not materialize in June as originally expected. Taking this into account means that fiscal year-to-date collections are effectively \$398.9 million above estimate for the year.

The General Fund revenue surplus of \$49.8 million for the month of May is attributable to continued strong non-tax collections resulting from changes to the dormancy period for unclaimed property (i.e. Treasury escheats). Escheats revenue exceeded the monthly estimate by \$51.7 million in May while General Fund tax revenues were below the monthly estimate by \$2.5 million thus resulting in the aforementioned monthly surplus.

Corporation taxes were above estimate for the month by \$2.2 million, or 2.3%. As of May 31st, the year-to-date corporate net income tax surplus stands at \$285.5 million; the capital stock/franchise tax year-to-date shortfall is \$38.2 million; the gross receipts tax shortfall is \$58.4 million; the insurance premiums tax shortfall is \$1.9 million; and the financial institutions tax (i.e. bank shares tax) shortfall is

\$38.8 million. Total corporation taxes are above estimate for the year by \$168.1 million or 3.9%.

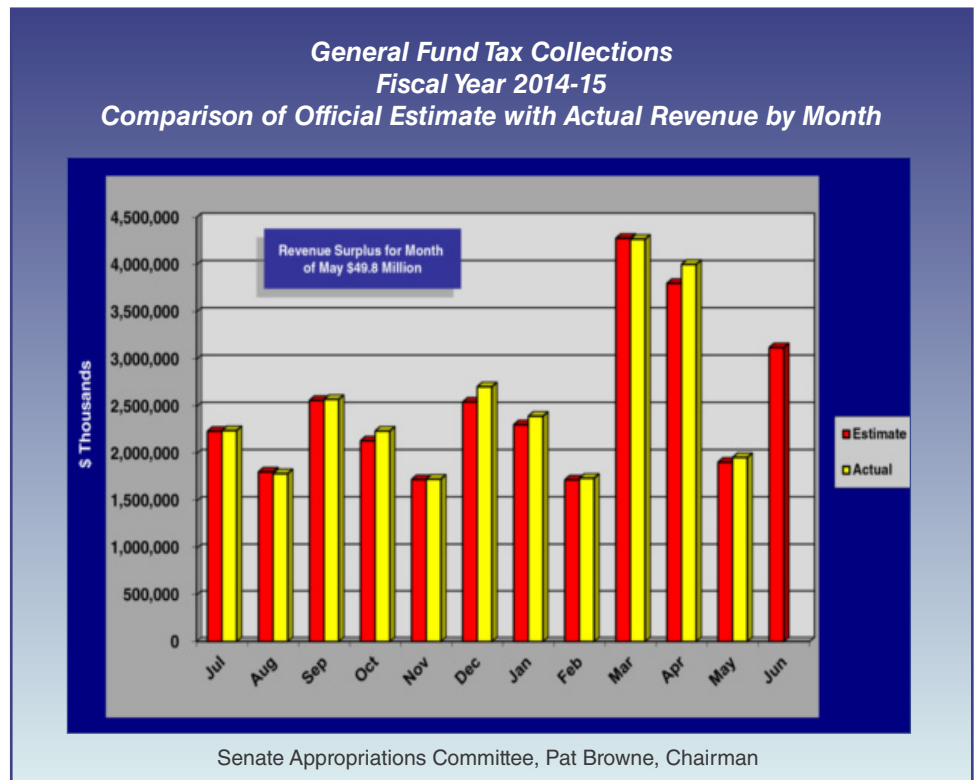
Sales and use tax (SUT) collections were below estimate by \$37.2 million, or 4.8%, for the month. General sales and use tax accounted for \$27.5 million of the monthly shortage, and sales tax on motor vehicles was short of estimate by \$9.7 million. Sales and use tax collections for May 2015 were actually 1.5% lower than May 2014 collections, which is significant because lower gasoline prices and warming weather were expected to jumpstart consumer spending. Year-to-date SUT collections for FY 2014-15 are 3.9% ahead of last fiscal year and

\$16.3 million, or 0.2%, above this year's estimate.

Personal income tax (PIT) collections were above estimate by \$12.7 million for the month. Employers' withholding was below estimate for the month by \$3.3 million, or 0.5%. PIT received from estimated and annual payments was ahead of estimate by \$16 million for the month. Personal income tax collections are \$70.5 million, or 0.6%, above estimate for the year. PIT revenues are 5.8% higher than last year through the month of May.

Realty transfer tax (RTT) collections were \$916,505, or 2.8%, above

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estimate for the month. RTT is now \$29.9 million, or 7.5%, below estimate for the year. Inheritance tax collections were \$2.2 million above estimate for the month, and they are now \$74.3 million, or 8.9%, above estimate for the year. The strong inheritance tax collections result from a one-time payment of \$100 million received earlier in the fiscal year.

Cigarette tax collections were \$3.6 million, or 4.2%, below estimate for the month and \$13.3 million, or 1.6%, below estimate for the year. Liquor tax collections were \$464,294 below estimate for the month, and they are now \$1.2 million, or 0.4%,

below estimate for the year. Table games tax collections of \$8.9 million were \$158,203 short of the monthly estimate. The table games tax is \$3.2 million above estimate for the year.

As we enter the final month of the fiscal year, it is important to note that the May surplus, and much of the yearly surplus, results from one-time revenues that cannot be counted on in future years to help offset the structural budget deficit. In addition, the year-to-date surplus will be significantly reduced by year's end due to \$220 million of casino license fees and gas lease revenues that will not be remitted in

June as was anticipated in the Official Revenue Estimate.

Recurring revenue sources, combined with continued fiscal restraint on the spending side of the budgeting equation, are the keys to future fiscal stability for the Commonwealth. Enactment of liquor and pension reforms put forth by the House and Senate majority caucuses will provide recurring revenues and budgetary savings that will put the Commonwealth on a stabilized fiscal trajectory.

Motor License Fund Monthly Performance May 2015

Collections	Estimate	\$ Difference	% Difference
205,983,108	243,710,000	(37,726,892)	-15.5%
YTD Collections	YTD Estimate	\$ Difference	% Difference
2,383,630,642	2,289,660,000	93,970,642	4.1%
YTD Collections	Prior Year	Inc./Dec.	% Inc./Dec.
2,383,630,642	2,272,588,187	111,042,455	4.9%



Rainy Day Fund

The Budget Stabilization Reserve Fund which is commonly referred to as the “Rainy Day Funds,” is a special revenue fund designated to receive a statutorily determined portion of any General Fund fiscal year-end surplus. The Fiscal Code specifically provides that 25% of any General Fund surplus occurring at the end of a fiscal year must be deposited in the Rainy Day Fund by the end of the next succeeding quarter. When the balance of the Rainy Day Fund equals or exceeds six percent of that year’s revenue collections, the statutory transfer requirement is reduced to 10%.

Monies deposited in the Rainy Day Fund may only be used by the Commonwealth when emergencies involving the health, safety or welfare of Pennsylvania citizens or economic downturns resulting in significant unanticipated revenue shortfalls that cannot be dealt with through the normal budget process. In addition, the Commonwealth is prohibited from using Rainy Day Fund monies to begin or fund new programs but may use such monies to fund vital programs in danger of being eliminated or reduced due to economic downturn.

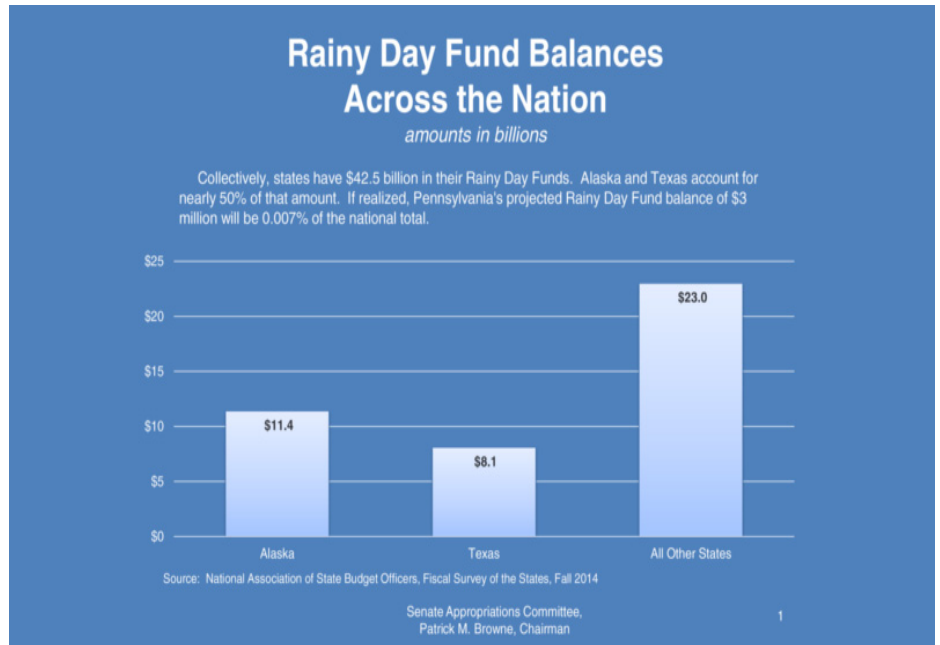
Balances in the Rainy Day Fund may only be appropriated upon request of the Governor and requires the approval of a separate appropriation bill by a vote of two-thirds of the members elected to the Senate and the House of Representatives.

The current Rainy Day Fund balance is \$231,000, an amount that would support the state government for about four minutes. On average, states maintain 5.9% of annual spending in their Rainy Day Funds. For Pennsylvania that would equal \$1.7 billion. As recently as 2009, Pennsylvania’s Rainy Day Fund

balance was \$755 million. However, the Great Recession and its impact on Commonwealth revenues necessitated the transfer of those monies to the General Fund to support the operation of state government as part of the Fiscal Year 2009-10

budget. Since that time, it has been necessary to suspend transfers to the Rainy Day Fund in order to balance subsequent years budgets.

The following charts provide additional detail and perspective on the Commonwealth’s reserve fund.



Regional Comparisons of Rainy Day Fund Balances

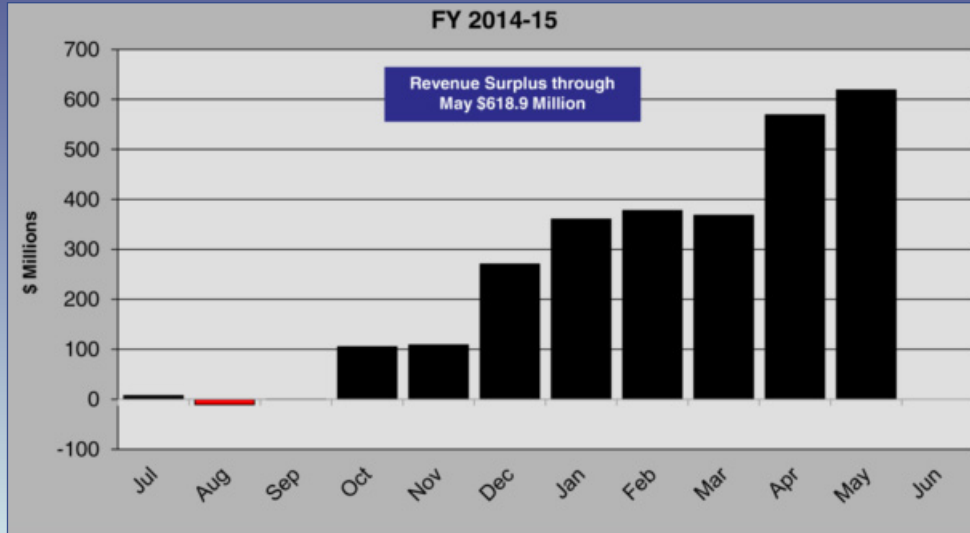
State	Projected FY 2015 Rainy Day Fund Balance (\$ in Billions)	Rainy Day Fund Balance as a Percent of Expenditures
New York	\$1.5	2.3%
Ohio	\$1.5	4.6%
Virginia	\$0.9	4.9%
West Virginia	\$0.9	20.1%
Maryland	\$0.8	4.9%
Delaware	\$0.2	5.5%
Pennsylvania	\$0.003	0.0%
New Jersey	\$0.0	0.0%

Source: National Association of State Budget Officers, Fiscal Survey of the States, Fall 2014

Senate Appropriations Committee, Patrick M. Browne, Chairman

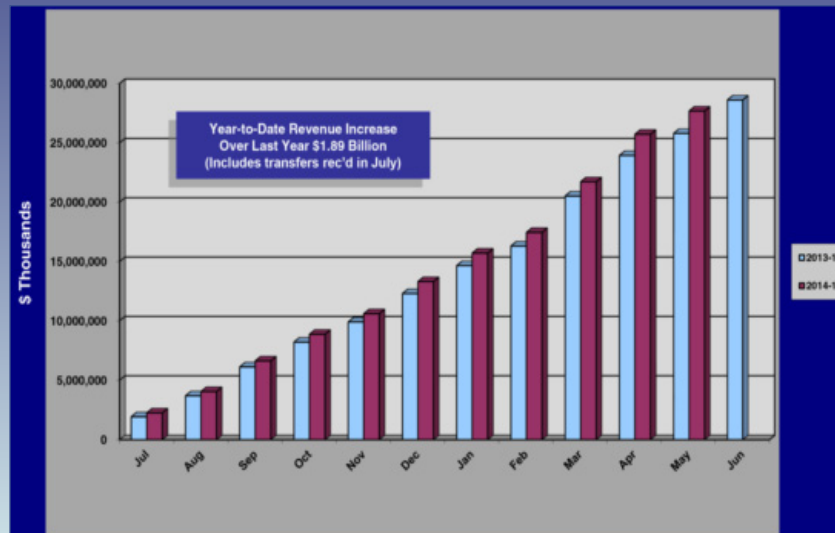


General Fund Tax Collections Year-to-Date Revenue Comparison with Official Estimate



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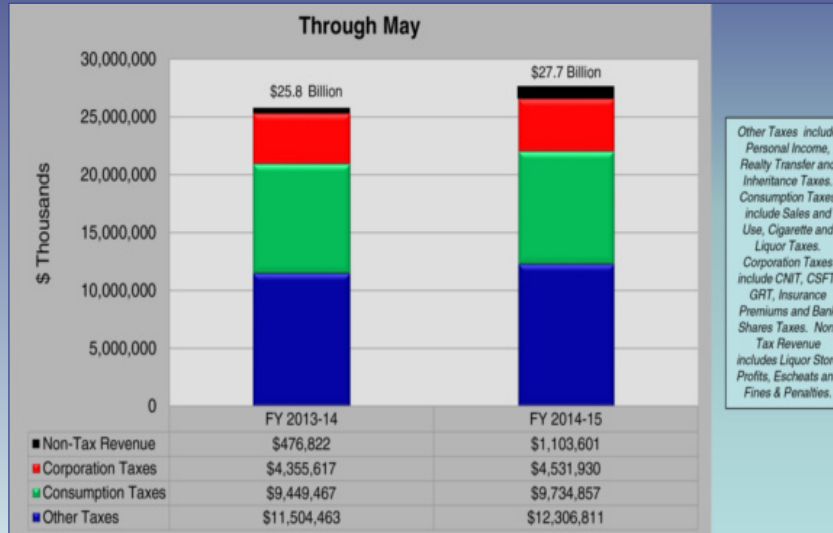
General Fund Revenue Collections Fiscal Year 2014-2015 Revenue Comparison with Last Year



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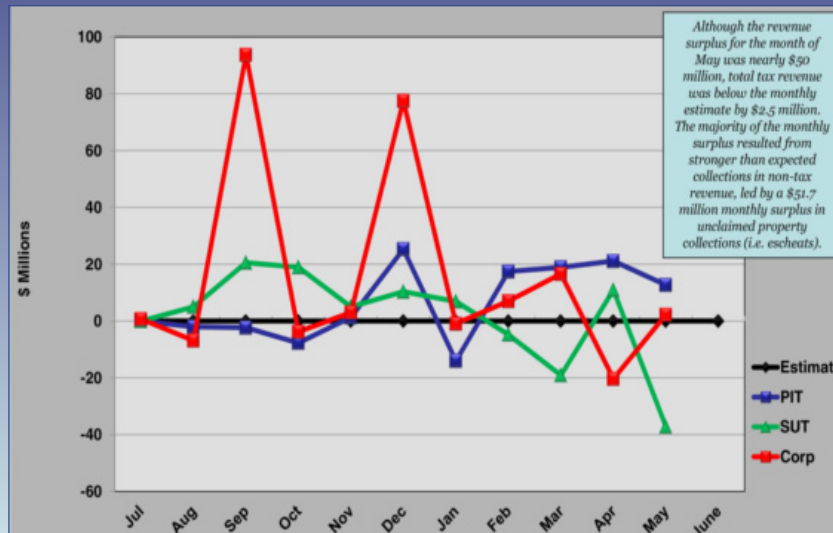


General Fund Year-to-Date Revenue Compared with Prior Year



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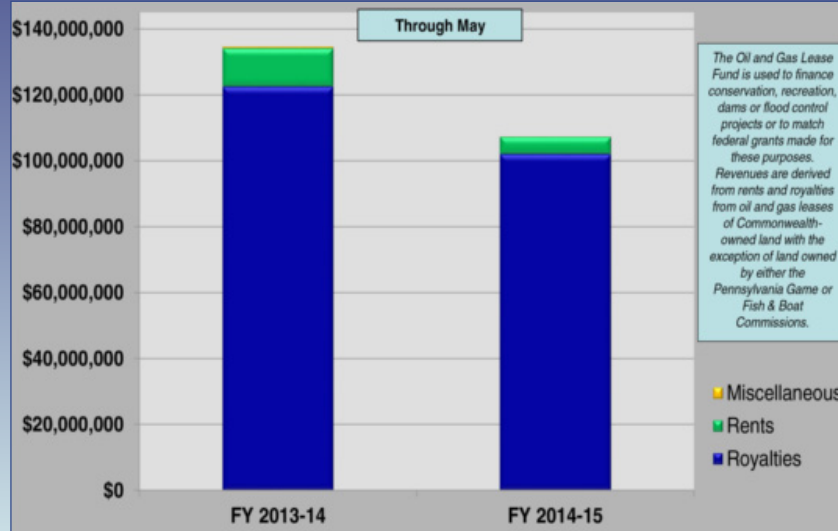
Fiscal Year 2014-2015 Performance of Major Tax Types Above/Below the Monthly Estimate



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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 2013-14	May 2015 Actual	May 2015 Estimated	Surplus/ (Deficit)	YTD Actual	YTD Estimated	Surplus/ (Deficit)
TOTAL - GENERAL FUND	25,786,369	1,961,709	1,911,900	49,809	27,677,198	27,058,255	618,943
TOTAL - NON-TAX REVENUE	476,822	98,071	45,800	52,271	1,103,601	827,555	276,046
TOTAL - TAX REVENUE	25,309,547	1,863,638	1,866,100	(2,462)	26,573,597	26,230,700	342,897
TOTAL - Corporation Taxes	4,355,617	98,632	96,400	2,232	4,531,930	4,363,800	168,130
Accelerated Deposits	842	(4,175)	0	(4,175)	17,454	0	17,454
Corp. Net Income	2,029,185	62,833	47,900	14,933	2,322,227	2,036,700	285,527
Cap. Stock & Franchise	271,531	7,261	10,600	(3,339)	194,816	233,000	(38,184)
Gross Receipts	1,262,807	(450)	(300)	(150)	1,239,063	1,297,500	(58,437)
PURTA	36,502	27,764	33,200	(5,436)	38,063	36,900	1,163
Insurance Premiums	433,304	4,915	3,900	1,015	432,498	434,400	(1,902)
Financial Institutions	312,805	180	900	(720)	283,802	322,600	(38,798)
Other Selective Bus. Taxes	8,640	304	200	104	397	2,700	1,307
TOTAL - Consumption Taxes	9,449,467	857,887	899,400	(41,513)	9,734,857	9,734,200	657
Sales and Use	8,242,984	745,991	783,200	(37,209)	8,564,644	8,548,300	16,344
General (net of transfers)	7,121,268	633,036	660,500	(27,464)	7,363,173	7,361,800	1,373
Motor Vehicle Sales	1,121,716	112,955	122,700	(9,745)	1,201,471	1,186,500	14,971
Cigarette Tax	887,877	81,148	84,700	(3,552)	839,769	853,100	(13,331)
Malt Beverage	22,794	1,912	2,200	(288)	21,810	23,000	(1,190)
Liquor	295,812	28,836	29,300	(464)	308,635	309,800	(1,165)
TOTAL - Other Taxes	11,504,463	907,119	870,300	36,819	12,306,811	12,132,700	174,111
Personal Income	10,343,543	775,395	762,700	12,695	10,944,201	10,873,700	70,501
Withholding	8,055,055	701,502	704,800	(3,298)	8,363,706	8,368,200	(4,494)
Non-Withholding	2,288,489	73,892	57,900	15,992	2,580,496	2,505,500	74,996
Realty Transfer	335,095	34,217	33,300	917	369,196	399,100	(29,904)
Inheritance & Estate	785,263	73,819	71,600	2,219	905,652	831,400	74,252
Minor & Repealed	(42,998)	14,603	(6,500)	21,103	(1,032)	(57,400)	56,368
Tavern Games	12	144	100	44	554	900	(346)
Table Games	83,548	8,942	9,100	(158)	88,239	85,000	3,239
TOTAL - MOTOR LICENSE FUND	2,272,590	205,983	243,710	(37,727)	2,383,631	2,289,660	93,971
TOTAL - Liquid Fuels Taxes	1,189,157	119,908	142,300	(22,392)	1,439,035	1,372,800	66,235
Liquid Fuels	318,218	6	0	6	4,517	0	4,517
Fuels	95,048	0	0	0	3	0	3
Motor Carriers/IFTA	33,572	8,432	4,900	3,532	66,826	47,800	19,026
Alternative Fuels	1,659	383	200	183	3,097	2,200	897
Oil Company Franchise	740,660	111,089	137,200	(26,111)	1,364,592	1,322,800	41,792
TOTAL - Licenses, Fees & Other	1,083,433	86,075	101,410	(15,335)	944,595	916,860	27,735
Licenses and Fees	828,324	87,747	96,600	(8,853)	856,555	830,500	26,055
Other Motor Receipts	255,109	(1,672)	4,810	(6,482)	88,041	86,360	1,681