



Senate Appropriations Committee

The Monthly Report

February 2013

Jake Corman, Chairman



General Fund Revenues Dip in January

General Fund revenue collections for the month ended January 2013 totaled \$2.3 billion, which was \$18.8 million, or 0.8%, below estimate. Fiscal year-to-date collections total \$14.6 billion, which is \$152.7 million, or 1.1%, above estimate. January is a “quarterly estimated tax payment” month for personal income taxes and is typically the month having the largest share of sales and use tax collections for the entire fiscal year.

Sales and use tax collections were below estimate by \$59 million, or 6.9%, for the month. January’s general sales and use tax collections are the highest of the fiscal year because the taxes collected in December, during the peak of the holiday shopping season, are remitted in January. General SUT was \$50.9 million, or 6.8%, below estimate. Sales and use tax on motor vehicles was \$8.1 million, or 8.2%, short of estimate for the month. Consumer demand for new vehicles continues to disappoint as SUT collections from motor vehicle sales are 8.5% under estimate for the year and are essentially flat versus last year. Overall, sales and use tax revenues are only 1.4% ahead of last year at this time. The Official Estimate anticipates year-over-year sales and use tax growth of 5.1%.

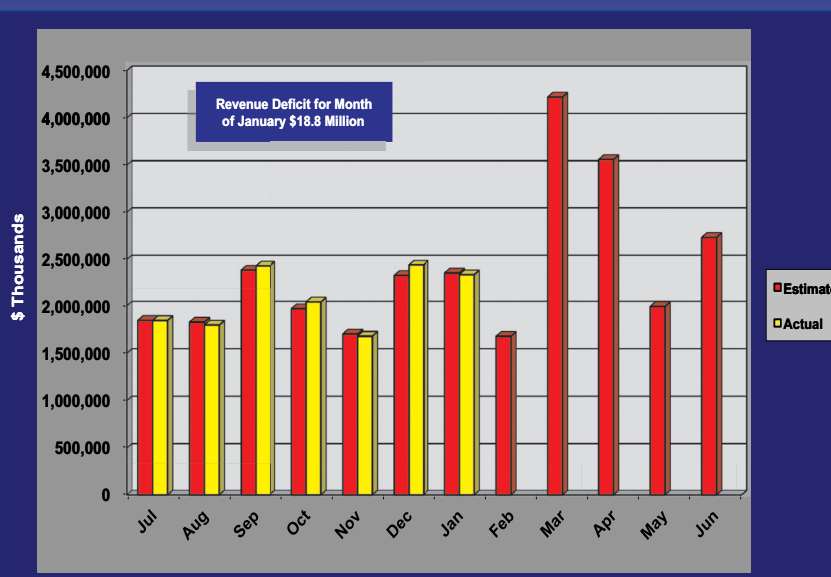
Evidence suggests that the federal “fiscal cliff” and ongoing debt ceiling debates have had a negative impact on the economy. Gross domestic product, which is the broadest measure of the nation’s economy, contracted at an annual rate of 0.1% for the fourth

quarter of 2012. The U.S. economy shrank for the first time in more than three years. Cuts to government defense spending resulting from the looming fiscal cliff and uncertainty regarding sequestration are widely believed to be the main cause for the contraction. In addition, businesses slowed production to trim excess inventory. Data regarding the primary drivers of the private economy, namely housing, consumer spending and business investment in equipment and software, did not fare nearly as poorly. As a result, most economists view the fourth quarter contraction as an anomaly, and they do not foresee an imminent recession.

The expiration of the temporary federal payroll (i.e. Social Security) tax cut resulted in a significant tax increase on the working class. The noticeable decline in take-home pay is expected to have a direct negative impact on sales and use tax collections for the remainder of the fiscal year. In addition to the payroll tax increase, federal income taxes on higher earners are also set to increase for 2013. The federal tax changes will result in tax rate increases on earnings, limits on deductions, and increases in dividends, capital gains and estate tax rates. Also, the Affordable Care

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General Fund Tax Collections
Fiscal Year 2012-2013
Comparison of Official Estimate with Actual Revenue by Month



Senate Appropriations Committee, Jake Corman, Chairman



Act will increase the Medicare tax rate on higher income individuals and impose a 3.8% tax on certain investment income. All told, these factors are beginning to weigh heavily on consumer sentiment, which appears to be manifesting as weaker-than-expected sales and use tax collections.

Personal income tax collections were above estimate by \$31.4 million, or 2.6%, for the month. Quarterly estimated PIT collections led the way at \$33.7 million over estimate for January, accounting for nearly all of the monthly surplus in PIT. Payments on annual tax returns were \$2.5 million below estimate for the month. PIT from employers' withholding was over estimate by \$94,401 for the month.

PIT collections are running 6.3% ahead of last year at this time, and the Official Estimate calls for 4.5% annual growth over last year.

Corporation tax collections were above estimate by \$23.6 million, or 24.8%, for the month. January is not a particularly important month for corporation taxes. Corporation tax collections continue to impress and are 20.3% ahead of estimate for the year-to-date.

Realty transfer tax collections once again beat the estimate at \$5.1 million over for the month. RTT has been consistently running slightly above estimate and is now \$17.9 million over estimate for the year. Inheritance tax collections were \$10.4 million below estimate for the month, and they continue to

be a drag on revenues at \$33.7 million below estimate for the year. It is not entirely clear why inheritance tax collections are so poor. The Official Estimate calls for annual growth of 4.1%, but inheritance tax collections are running 2.1% below last year.

Cigarette tax collections were \$3.1 million below estimate for the month and are \$19.9 million short of estimate for the year. Liquor tax collections just beat the estimate at \$598,529 over for January. Table games tax revenue was \$363,491 short of estimate for the month.

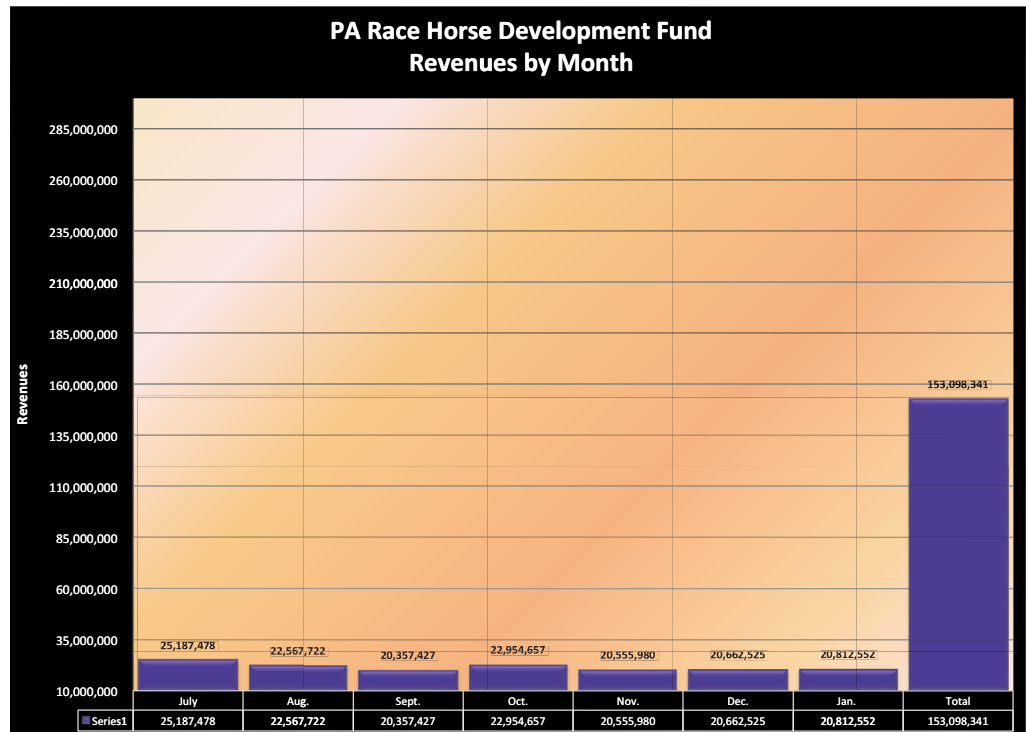
Motor License Fund collections were \$7.4 million below estimate for the month of January. The Motor License Fund is \$5.4 million above estimate for the year.

Senate Appropriations Budget Hearings Set to Begin

On Tuesday, February 19th, the Senate Appropriations Committee's annual budget hearings get underway beginning with the Governor's Office.

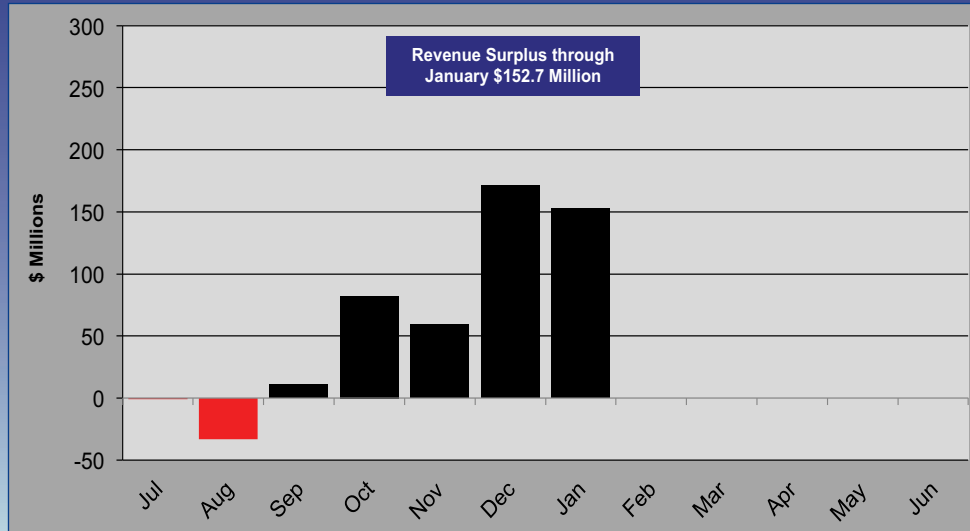
For three weeks, the committee will hold hearings examining various agencies and their budget requests for the upcoming fiscal year. This forum is a crucial component of the budget process and allows for members of the Senate to ask questions and seek additional information from departments.

For a copy of the entire schedule, please visit my website at www.jakecorman.com



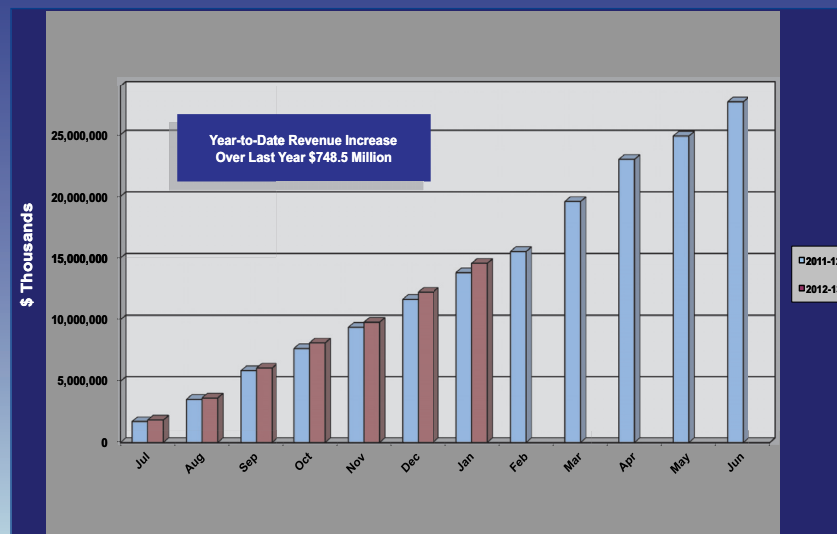


General Fund Tax Collections Year-to-Date Revenue Comparison with Official Estimate



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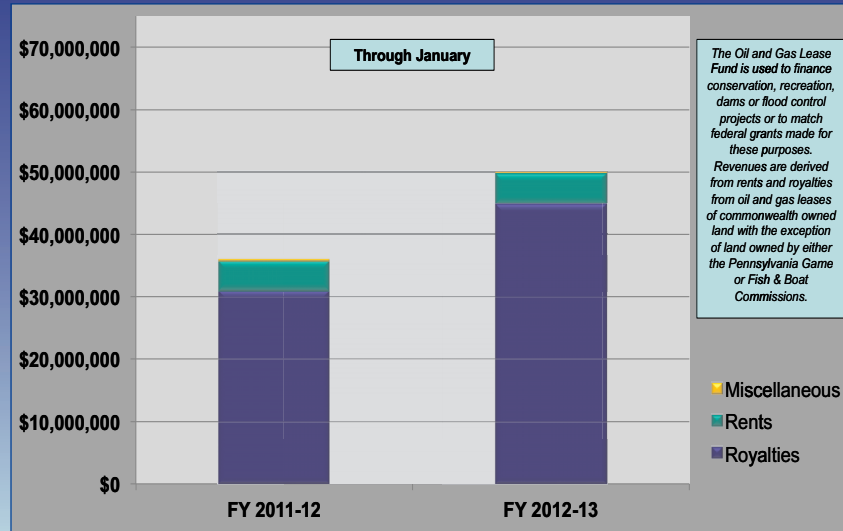
General Fund Revenue Collections Fiscal Year 2012-2013 Revenue Comparison with Last Year



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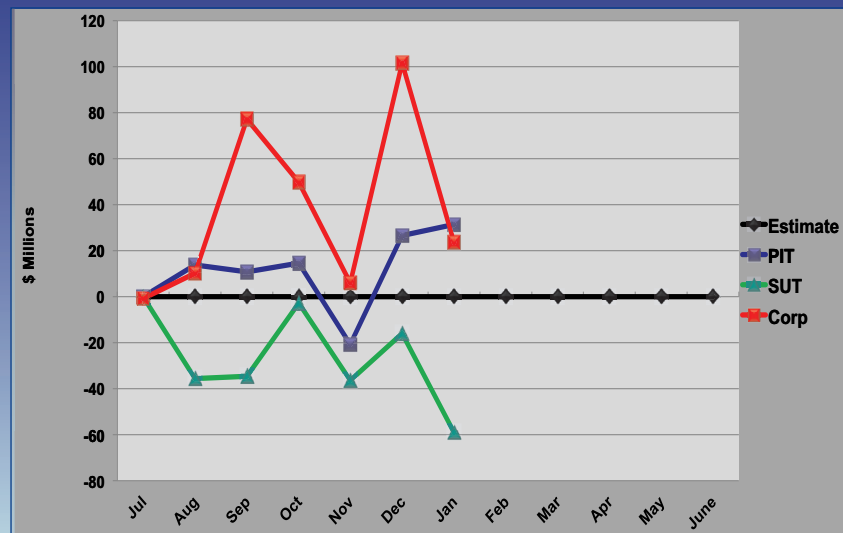


Oil and Gas Lease Fund Year-to-Date Revenue Compared with Prior Year



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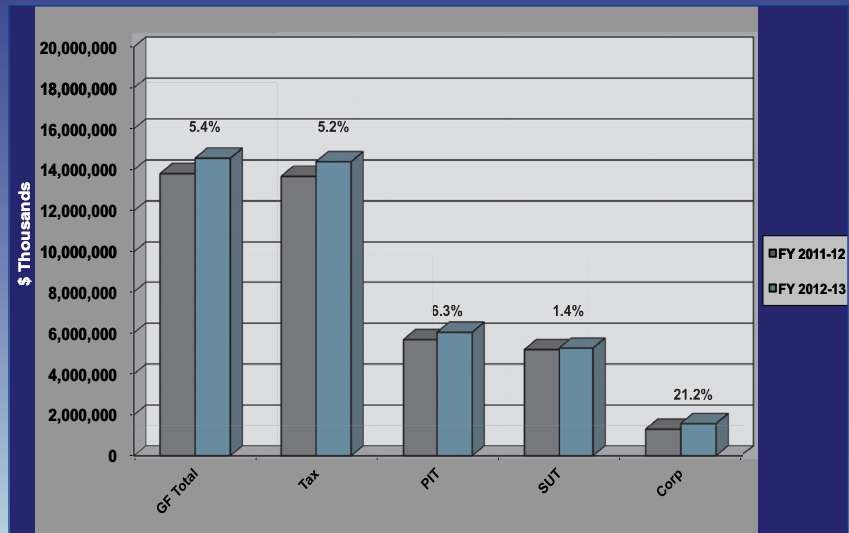
Fiscal Year 2012-13 Performance of Major Tax Types Above/Below the Monthly Estimate



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General Fund Revenue Collections Fiscal Year 2012-2013 Comparison of Actual Collections with Prior Year



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Appropriations Committee Monthly Revenue Report

REVENUE SOURCES	YTD FY 2011-12	January 2013 Actual	January 2013 Estimated	Surplus/ (Deficit)	YTD Actual	YTD Estimated	Surplus/ (Deficit)
TOTAL - GENERAL FUND	13,815,906	2,336,332	2,355,100	(18,768)	14,564,398	14,411,700	152,698
TOTAL - NON-TAX REVENUE	132,776	10,205	19,000	(8,795)	168,427	138,000	30,427
TOTAL - TAX REVENUE	13,683,130	2,326,127	2,336,100	(9,973)	14,395,972	14,273,700	122,272
TOTAL - Corporation Taxes	1,306,546	118,801	95,200	23,601	1,583,473	1,316,300	267,173
Accelerated Deposits	2,713	(1,541)	0	(1,541)	4,223	0	4,223
Corp. Net Income	848,779	67,535	62,200	5,335	1,158,971	956,400	202,571
Cap. Stock & Franchise	364,318	25,205	17,000	8,205	313,076	265,200	47,876
Gross Receipts	51,612	4,641	2,200	2,441	57,574	67,300	(9,726)
PURTA	2,107	53	0	53	3,470	2,000	1,470
Insurance Premiums	18,931	22,301	13,100	9,201	24,965	15,600	9,365
Financial Institutions	15,638	397	300	97	17,938	7,300	10,638
Other Selective Bus. Taxes	2,448	209	400	(191)	3,256	2,500	756
TOTAL - Consumption Taxes	6,009,427	876,456	937,800	(61,344)	6,067,352	6,271,000	(203,648)
Sales and Use	5,192,450	790,343	849,300	(58,957)	5,265,398	5,449,800	(184,402)
General (net of transfers)	4,529,777	700,230	751,100	(50,870)	4,598,180	4,720,900	(122,720)
Motor Vehicle Sales	662,673	90,113	98,200	(8,087)	667,218	728,900	(61,682)
Cigarette Tax	624,375	62,787	65,900	(3,113)	600,669	620,600	(19,931)
Malt Beverage	15,313	2,028	1,900	128	15,037	15,400	(363)
Liquor	177,289	21,299	20,700	599	186,248	185,200	1,048
TOTAL - Other Taxes	6,367,158	1,330,870	1,303,100	27,770	6,745,147	6,686,400	58,747
Personal Income	5,674,549	1,232,286	1,200,900	31,386	6,033,597	5,957,400	76,197
Withholding	4,742,997	824,994	824,900	94	4,984,838	4,972,000	12,838
Non-Withholding	931,552	407,292	376,000	31,292	1,048,759	985,400	63,359
Realty Transfer	175,482	29,161	24,100	5,061	208,039	190,100	17,939
Inheritance & Estate	460,741	60,417	70,800	(10,383)	450,923	484,600	(33,677)
Minor & Repealed	53,589	2,169	100	2,069	2,680	900	1,780
Table Games	2,796	6,837	7,200	(363)	49,907	53,400	(3,493)
TOTAL - MOTOR LICENSE FUND	1,399,124	221,049	228,400	(7,351)	1,391,266	1,385,830	5,436
TOTAL - Liquid Fuels Taxes	736,675	92,385	100,870	(8,485)	713,734	720,800	(7,066)
Liquid Fuels	339,706	40,760	47,650	(6,890)	325,828	332,950	(7,122)
Fuels	94,155	12,771	12,260	511	90,950	94,030	(3,080)
Motor Carriers/IFTA	29,293	1,543	2,720	(1,177)	27,621	25,660	1,961
Alternative Fuels	161	124	10	114	798	390	408
Oil Company Franchise	273,361	37,187	38,230	(1,043)	268,536	267,770	766
TOTAL - Licenses, Fees & Other	662,449	128,664	127,530	1,134	677,532	665,030	12,502
Licenses and Fees	454,945	71,160	70,480	680	472,089	460,480	11,609
Other Motor Receipts	207,504	57,504	57,050	454	205,443	204,550	893