



## Senate Appropriations Committee

# The Monthly Report

April 2012

Jake Corman, Chairman



## March General Fund Revenues Outperform the Estimate

General Fund revenue collections for the month ended March 2012 totaled \$4.06 billion, which was \$94.7 million, or 2.4%, above estimate. Fiscal year-to-date collections total \$19.6 billion, which is \$386.9 million, or 1.9%, below estimate. The revenue deficit had been as high as \$497.2 million below estimate for the fiscal year in January 2012. Fiscal year-to-date General Fund revenue collections are nearly 2% ahead of last year at this time. March is typically the largest revenue collection month of the year.

Gross receipts tax (GRT) revenues were below estimate by \$8.4 million for the month, and GRT revenues are \$22.1 million ahead of estimate for the year. The adjustments to the official revenue estimate contained in the Governor's Executive Budget anticipated that GRT revenues would be short by \$67 million for the fiscal year. Although the GRT revenues are being reported at \$8.4 million short of estimate for the month, the corporation tax clearing account has a balance of \$58.8 million for the year. The clearing account acts as sort of a holding account for corporation tax collections that have not yet been identified by specific tax type. This \$58.8 million will be distributed into the proper tax categories (e.g. CNI, CSFT, GRT, etc.), and a portion of this may be allocated to GRT, which would make the monthly shortfall even less than \$8.4 million.

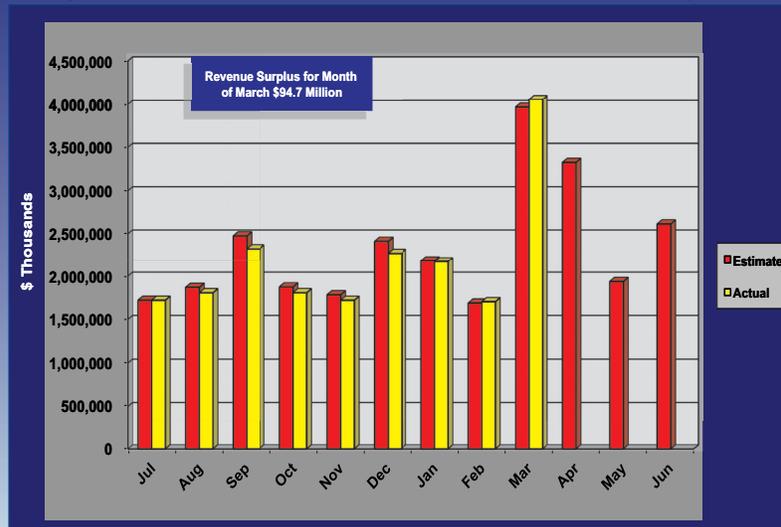
Except for GRT and corporate net income tax (CNI), corporation

tax collections were above estimate for the month in all other major categories, and once the \$58.8 million clearing account balance is allocated among the tax types, perhaps all corporation taxes will be over estimate. On the whole, corporation tax collections were \$105.9 million over estimate for the month, led by strong showings in the capital stock/franchise tax and the financial institutions tax. However, corporation taxes are \$190.6 million below estimate for the year, with CNI tax being \$319.3 million below estimate, which means that most other corporation taxes are above estimate. The effect of bonus depreciation may be having a larger impact on CNI tax revenues than was originally estimated.

Personal income tax collections were below estimate by \$22.8 million, or 2.7%, for the month. March 2012 employers' withholding collections totaled \$729.8 million, which was \$8.3 million below estimate. Last year, March 2011 employers' withholding collections were \$794.1 million. However, there were five Wednesdays (due dates) in March 2011 and only four in March 2012. Adjusting for this discrepancy, it appears that employers' withholding grew by almost 3% over last March. Non-withheld PIT collections were below estimate for the month by \$14.5 million, but they were 2.9% ahead of March 2011.

Sales and use tax collections were above estimate by \$2.7 million for the month. General sales and

**General Fund Tax Collections**  
Fiscal Year 2011-2012  
Comparison of Official Estimate with Actual Revenue by Month



Senate Appropriations Committee, Jake Corman, Chairman



use tax was \$91,619 below estimate, while sales tax on motor vehicles exceeded estimate by \$2.8 million. Total sales and use tax collections for March 2012 grew by 11.2% over March 2011; however, some of this growth may be attributable to the filing differences between the fiscal years as a result of the due date acceleration changes, which were not

in place during March 2011.

Realty transfer tax collections exceeded the estimate by \$2.2 million for the month. RTT is now \$8.6 million below estimate for the year. Inheritance tax collections just missed the mark at \$823,120 below estimate for the month, and they are now \$10.3 million below estimate for the

year. Cigarette tax was below estimate by \$4.5 million for the month, and liquor tax collections were \$1.1 million ahead of estimate.

Motor License Fund collections were \$7.9 million below estimate for the month of March. The Motor License Fund is \$200,617 above estimate for the year.

## Pennsylvania's Unemployment Rate Remains Unchanged in February

The Department of Labor and Industry (L&I) recently released Pennsylvania's employment data for the month of February. According to L&I, Pennsylvania's seasonally adjusted unemployment rate was 7.6 percent in February, unchanged from the January rate and below the U.S. rate of 8.3 percent. This marks the 46 consecutive month that the Commonwealth's unemployment rate has been below the U.S. rate.

The state's unemployment rate was down 0.4 percentage points

from February 2011. And Pennsylvania's seasonally adjusted civilian labor force – the number of people working or looking for work – was up 6,000 in February to 6,389,000. Resident employment was up 10,000 to 5,906,000, and the number of unemployed residents fell 3,000 to 483,000. Pennsylvania's labor force was 15,000 below its February 2011 level.

Seasonally adjusted total non-farm jobs in Pennsylvania were up 16,700 in February to 5,717,600. The February gain was the largest in-

crease since May 2010. Most of the increase was in service-providing industries, which increased by 17,300 jobs from January. Education & health services had the largest increase of any supersector in February, up 8,500. Professional & business services also posted a large increase, up 7,000. The largest decline in February was in other services, which fell for the second consecutive month following seven straight months of increases of at least 500.

## The Independent Fiscal Office to Publish Preliminary Revenue Estimate by May 1

Established by Act 120 of 2010, the Independent Fiscal Office (IFO) is charged with providing a preliminary revenue estimate by May 1 of each year to provide assistance in

crafting state budget proposals. The IFO must also prepare a final estimate by June 15 for the next fiscal year as well as an annual assessment of the state's current fiscal

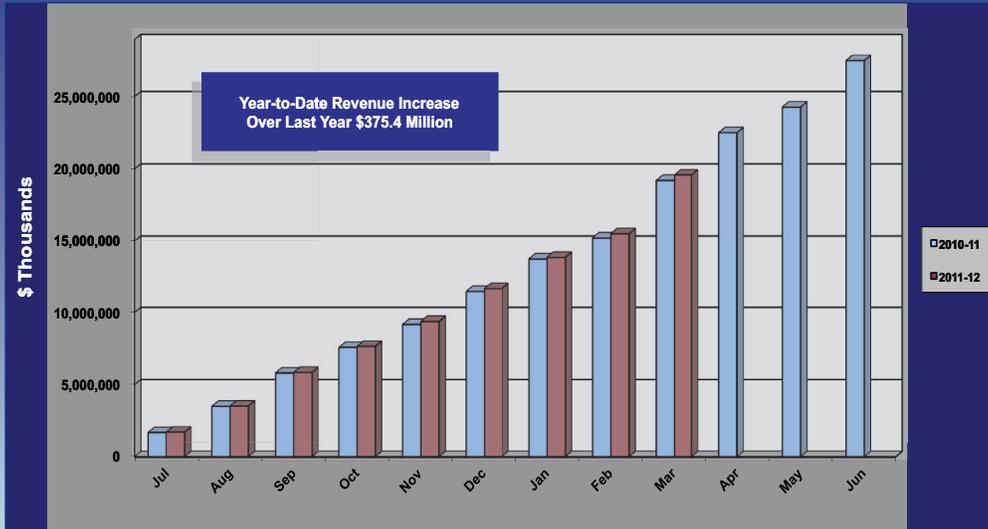
condition and a projection of its fiscal condition for a subsequent five-year period. Upon completion, each report will be made available at [www.ifo.state.pa.us](http://www.ifo.state.pa.us)

## Some of the key duties of the IFO include:

- Preliminary (May 1) and Final (June 15) revenue estimate.
- Five-Year Outlook Report (November 15).
- Annual Revenue Conference (January 31).
- Sales and Use Tax study.
- Develop performance measures for executive agencies.
- Shared-risk pension contribution study.

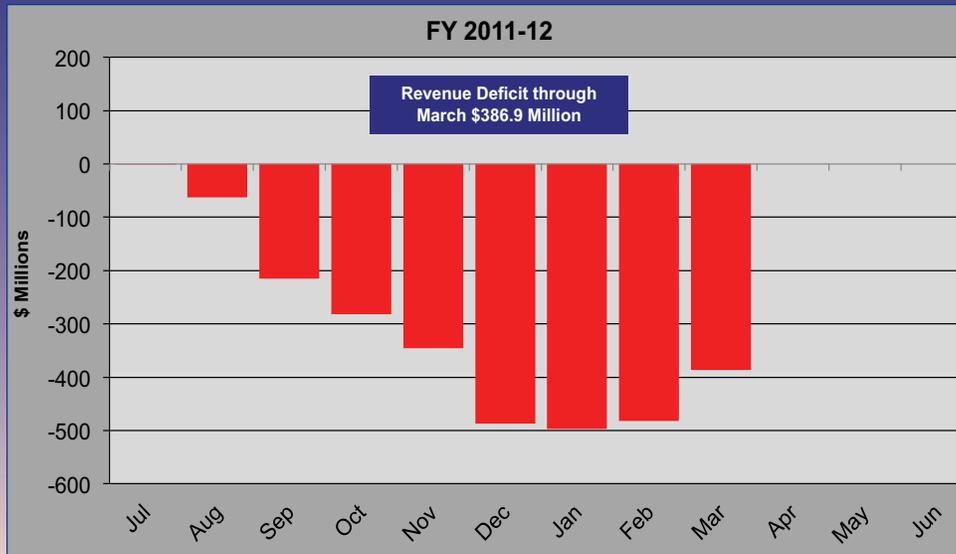


## General Fund Tax Collections Fiscal Year 2011-2012 Revenue Comparison with Last Year



Senate Appropriations Committee, Jake Corman, Chairman

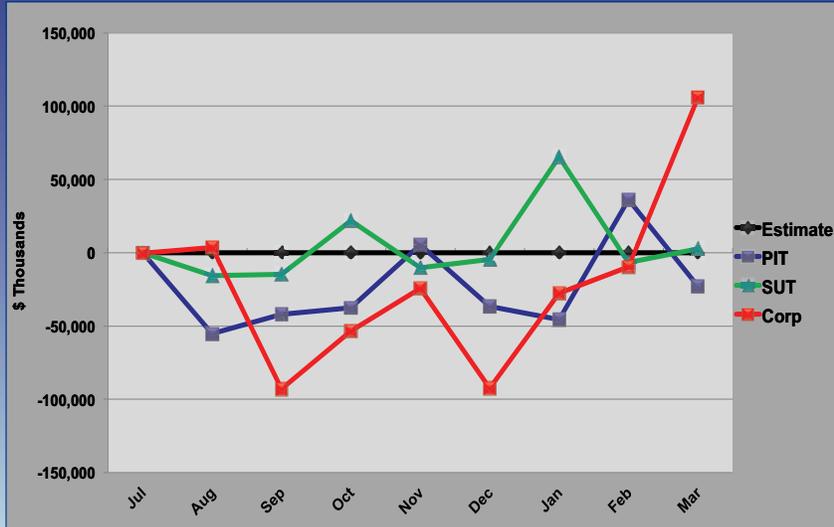
## General Fund Tax Collections Year-to-Date Comparison with Official Estimate



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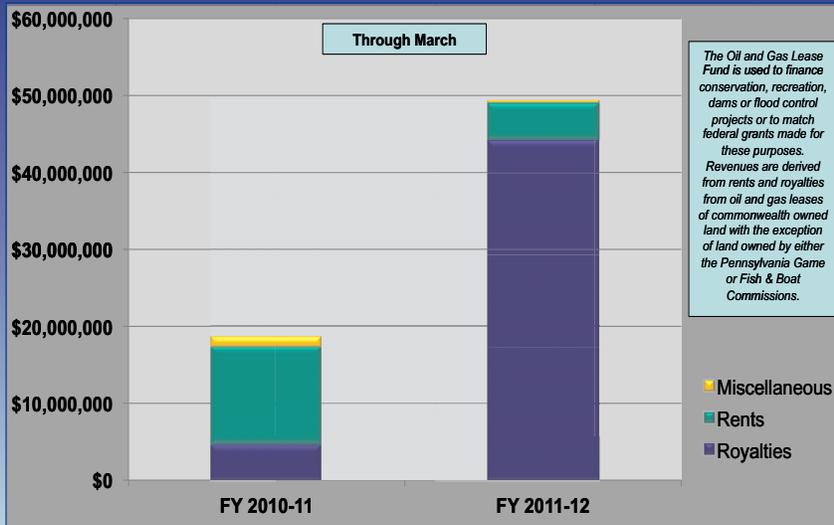


### Fiscal Year 2011-2012 Performance of Major Tax Types Above/Below the Monthly Estimate



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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 2010-11	March 2012 Actual	March 2012 Estimated	Surplus/ (Deficit)	YTD Actual	YTD Estimated	Surplus/ (Deficit)
<b>TOTAL - GENERAL FUND</b>	<b>19,205,286</b>	<b>4,061,547</b>	<b>3,966,800</b>	<b>94,747</b>	<b>19,580,697</b>	<b>19,967,636</b>	<b>(386,939)</b>
<b>TOTAL - NON-TAX REVENUE</b>	<b>405,615</b>	<b>49,374</b>	<b>33,600</b>	<b>15,774</b>	<b>197,707</b>	<b>214,136</b>	<b>(16,429)</b>
<b>TOTAL - TAX REVENUE</b>	<b>18,799,671</b>	<b>4,012,174</b>	<b>3,933,200</b>	<b>78,974</b>	<b>19,382,991</b>	<b>19,753,500</b>	<b>(370,509)</b>
<b>TOTAL - Corporation Taxes</b>	<b>3,610,552</b>	<b>2,274,808</b>	<b>2,168,900</b>	<b>105,908</b>	<b>3,645,478</b>	<b>3,836,100</b>	<b>(190,622)</b>
Accelerated Deposits	2,743	54,807	0	54,807	58,845	0	58,845
Corp. Net Income	1,255,426	318,306	330,900	(12,594)	1,194,738	1,514,000	(319,262)
Cap. Stock & Franchise	523,813	149,855	113,500	36,355	524,149	515,700	8,449
Gross Receipts	1,195,214	1,144,549	1,152,900	(8,351)	1,207,120	1,185,000	22,120
PURTA	2,246	1,560	100	1,460	3,690	1,900	1,790
Insurance Premiums	389,340	352,119	344,800	7,319	384,168	377,600	6,568
Financial Institutions	232,704	251,284	220,100	31,184	267,391	232,100	35,291
Other Selective Bus. Taxes	9,066	2,328	6,600	(4,272)	5,378	9,800	(4,422)
<b>TOTAL - Consumption Taxes</b>	<b>7,196,232</b>	<b>803,153</b>	<b>803,800</b>	<b>(647)</b>	<b>7,537,120</b>	<b>7,501,000</b>	<b>36,120</b>
Sales and Use	6,170,727	690,609	687,900	2,709	6,506,772	6,468,400	38,372
General (net of transfers)	5,408,812	583,608	583,700	(92)	5,658,784	5,670,000	(11,216)
Motor Vehicle Sales	761,915	107,000	104,200	2,800	847,988	798,400	49,588
Cigarette Tax	793,126	85,991	90,500	(4,509)	786,736	789,500	(2,764)
Malt Beverage	19,215	1,901	1,800	101	19,112	19,200	(88)
Liquor	213,163	24,652	23,600	1,052	224,500	223,900	600
<b>TOTAL - Other Taxes</b>	<b>7,992,888</b>	<b>934,213</b>	<b>960,500</b>	<b>(26,287)</b>	<b>8,200,393</b>	<b>8,416,400</b>	<b>(216,007)</b>
Personal Income	7,151,300	833,601	856,400	(22,799)	7,320,914	7,519,000	(198,086)
Withholding	6,035,234	729,827	738,100	(8,273)	6,247,098	6,333,400	(86,302)
Non-Withholding	1,116,066	103,773	118,300	(14,527)	1,073,815	1,185,600	(111,785)
Realty Transfer	207,477	20,614	18,400	2,214	211,236	219,800	(8,564)
Inheritance & Estate	586,154	76,477	77,300	(823)	602,120	612,400	(10,280)
Minor & Repealed	1,177	(6,423)	100	(6,523)	(4,879)	900	(5,779)
Table Games	46,780	9,944	8,300	1,644	71,002	64,300	6,702
<b>TOTAL - MOTOR LICENSE FUND</b>	<b>1,872,315</b>	<b>200,941</b>	<b>208,830</b>	<b>(7,889)</b>	<b>1,764,891</b>	<b>1,764,690</b>	<b>201</b>
<b>TOTAL - Liquid Fuels Taxes</b>	<b>904,335</b>	<b>87,410</b>	<b>95,980</b>	<b>(8,570)</b>	<b>907,859</b>	<b>916,790</b>	<b>(8,931)</b>
Liquid Fuels	407,653	33,927	44,400	(10,473)	401,809	431,960	(30,151)
Fuels	116,200	12,257	10,810	1,447	118,797	112,120	6,677
Motor Carriers/IFTA	31,715	4,421	4,730	(309)	36,817	33,020	3,797
Alternative Fuels	192	13	30	(17)	208	200	8
Oil Company Franchise	348,575	36,792	36,010	782	350,228	339,490	10,738
<b>TOTAL - Licenses, Fees &amp; Other</b>	<b>967,980</b>	<b>113,531</b>	<b>112,850</b>	<b>681</b>	<b>857,031</b>	<b>847,900</b>	<b>9,131</b>
Licenses and Fees	617,909	94,263	101,020	(6,757)	620,640	626,240	(5,600)
Other Motor Receipts	350,071	19,269	11,830	7,439	236,391	221,660	14,731