



Senate Appropriations Committee

The Monthly Report

April 2014

Jake Corman, Chairman



Revenue Collections Continue to Miss the Mark in March

General Fund revenue collections for the month ended March 2014 totaled \$4.22 billion, which was \$20.7 million, or 0.5%, below the monthly estimate. Fiscal year-to-date collections total \$20.5 billion, which is \$96.3 million, or 0.5%, below estimate for the year. Fiscal year-to-date General Fund revenue collections are 0.8% ahead of last year at this time. March is typically the largest revenue collection month of the year.

Financial institutions taxes (i.e. bank shares tax) was below the monthly estimate by \$88.8 million for March. The bank shares tax was amended substantially for taxable years beginning in 2014. At this point, it is unclear whether the shortfall relates to the tax changes made in Act 52 of 2013. Although the tax payments were due in March 2014, most financial institutions receive a tax filing extension, and so the tax returns will not be received until September 2014. As a result, the Department of Revenue does not yet have a handle on what might have caused the financial institutions tax to come in at 25.3% below estimate for the month. The overwhelming majority of the tax is due in March, and so such a shortfall will not be repeated in the remaining months of the fiscal year.

Gross receipts tax (GRT) revenues were below estimate by \$47.1 million for the month, and GRT revenues are \$45.5 million short of estimate for the year.

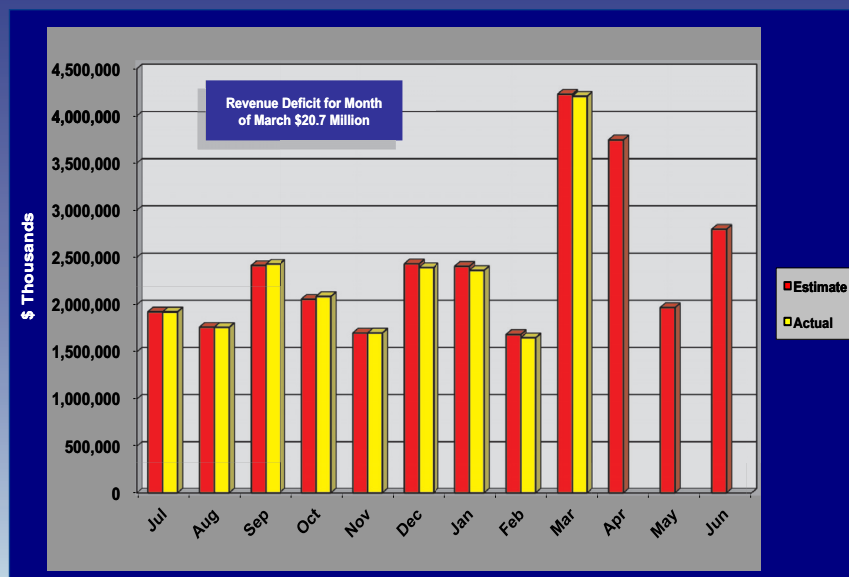
The adjustments to the Official Revenue Estimate contained in the Governor's FY 2014-15 Executive Budget anticipated that GRT revenues would be short by \$50 million for the 2013-14 fiscal year. Because most GRT is collected in March, it appears that the \$50 million downward adjustment will prove to be accurate unless some unexpected changes occur in GRT revenues between now and the end of June.

Except for the financial institutions tax and the GRT, corporation tax collections were above estimate in all other major categories. On the whole, corporation tax collections were \$81.8

million, or 3.4%, below estimate for the month. Some of the shortfall in the financial institutions tax and GRT was offset by a monthly surplus in CNI, CSFT and insurance premiums taxes of \$33.9 million, \$8.1 million and \$7.7 million, respectively. Corporation taxes are now \$746,748 below estimate for the year. March is the month for which the first quarterly installments of estimated payments for the 2014 tax year are due for CNI and CSFT. The estimated payments appear to be running slightly below the estimate, and so this pattern may repeat itself in June when the second quarterly

Continued...

General Fund Tax Collections
Fiscal Year 2013-2014
Comparison of Official Estimate with Actual Revenue by Month



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installment for 2014 is due. A large portion of the CNI and CSFT annual payments for the 2013 tax year are due by April 15. The slight shortfall in CNI and CSFT estimated payments is being more than offset by better-than-projected performance in annual payments so far this year.

Sales and use tax collections were below estimate by a disappointing \$44.1 million for the month. General sales and use tax was \$41 million below estimate, while sales tax on motor vehicles missed the estimate by \$3.1 million. Total sales and use tax collections for FY 2013-14 are \$111.1 million, or 1.6%, below estimate so far this year. SUT collections are only 1.5% ahead of last year, while the Official Estimate predicted 3.77% annual growth.

Personal income tax collections were above estimate by \$30.5 million, or 3.4%, for the month. March 2014 employers' withholding collections totaled \$792.4 million, which was \$22 million, or 2.9%, above estimate. Individual estimated PIT collections were above estimate by \$2.8 million, and PIT payments on annual tax returns were \$5.7 million higher than expected. The bulk of PIT annual payments will be due by April 15. Hopefully, the relatively strong performance in March PIT collections is a sign that we are moving out of the winter doldrums and into a period of increased job creation and higher wages.

Realty transfer tax collections missed the estimate by \$1.03 million for the month. RTT is now

\$13 million, or 4.5%, below estimate for the year. Inheritance tax collections beat the estimate by \$6.4 million for the month, and they are now \$9.5 million, or 1.5%, below estimate for the year. Cigarette tax was above estimate by \$1.5 million for the month, but liquor tax collections were \$2.2 million, or 8.0%, short of estimate. Table games tax revenue exceeded the monthly estimate by \$402,443.

General Fund non-tax revenue collections exceeded the estimate by \$71.5 million for the month.

Motor License Fund collections were \$113,251 above estimate for the month of March. The Motor License Fund is \$13.4 million above estimate for the year.

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

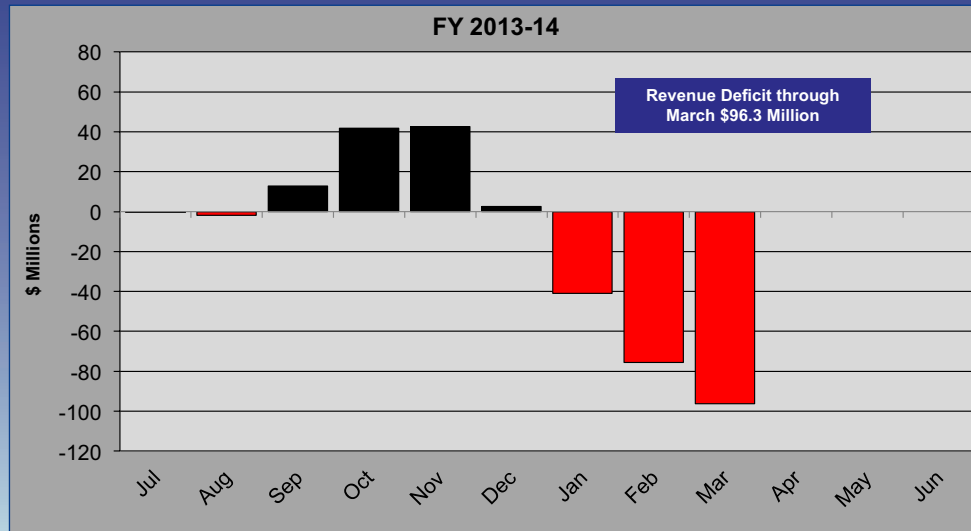
crafting state budget proposals. The IFO must also prepare a final estimate by June 15 for the next fiscal year as well as an annual assessment of the state's current fiscal condition and a projection of

its fiscal condition for a subsequent five year period. Upon completion, each report will be made available at www.ifo.state.pa.us.



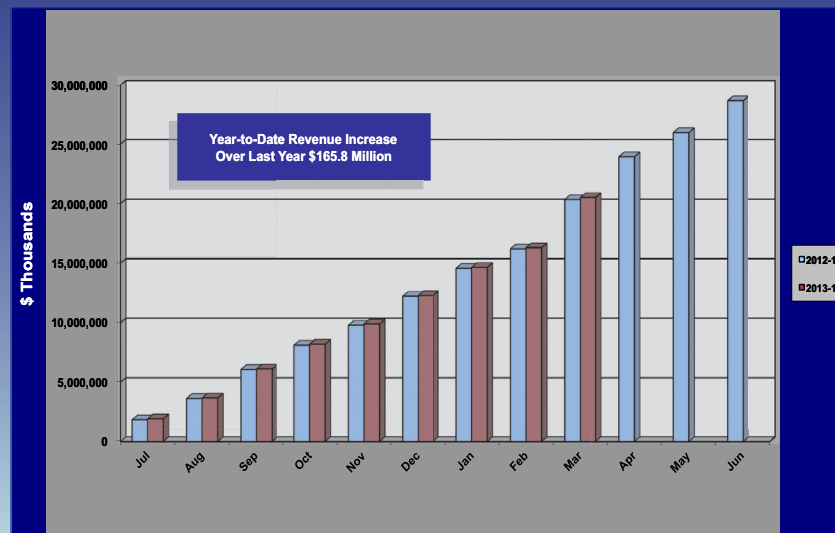


General Fund Tax Collections Year-to-Date Revenue Comparison with Official Estimate



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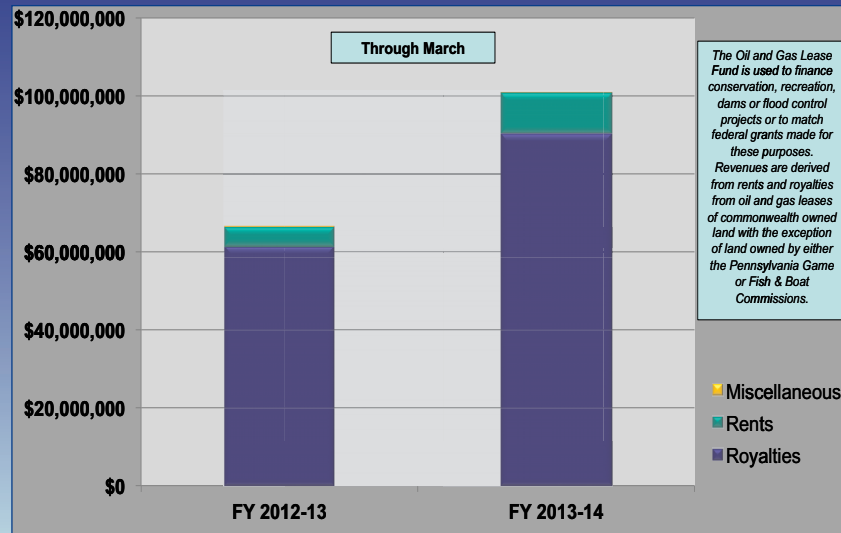
General Fund Revenue Collections Fiscal Year 2013-2014 Revenue Comparison with Last Year



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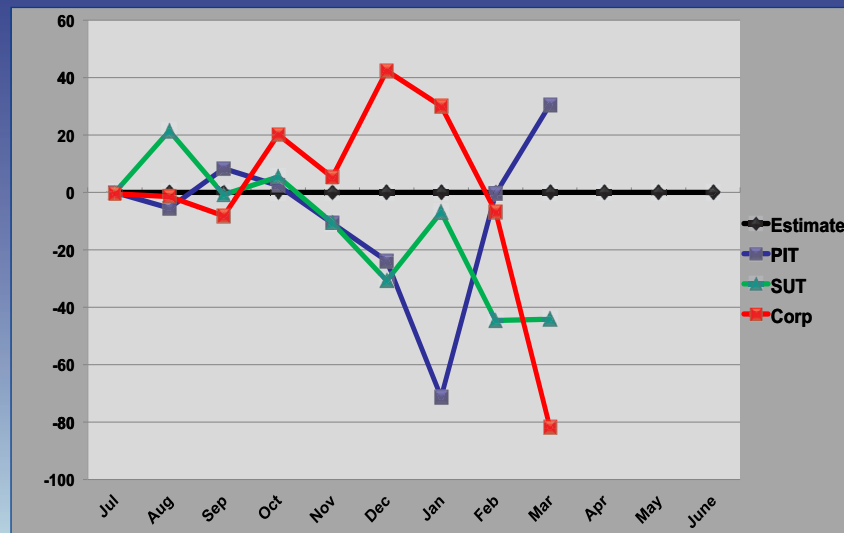


Oil and Gas Lease Fund Year-to-Date Revenue Compared with Prior Year



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Fiscal Year 2013-14 Performance of Major Tax Types Above/Below the Monthly Estimate



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Appropriations Committee Monthly Revenue Report

REVENUE SOURCES	YTD FY 2012-13	March 2014 Actual	March 2014 Estimated	Surplus/ (Deficit)	YTD Actual	YTD Estimated	Surplus/ (Deficit)
TOTAL - GENERAL FUND	20,344,223	4,215,158	4,235,900	(20,742)	20,510,046	20,606,300	(96,254)
TOTAL - NON-TAX REVENUE	260,501	129,130	57,600	71,530	304,910	184,500	120,410
TOTAL - TAX REVENUE	20,083,722	4,086,027	4,178,300	(92,273)	20,205,136	20,421,800	(216,664)
TOTAL - Corporation Taxes	4,017,549	2,307,759	2,389,600	(81,841)	3,806,853	3,807,600	(747)
Accelerated Deposits	19,736	5,564	0	5,564	6,768	0	6,768
Corp. Net Income	1,551,553	419,877	386,000	33,877	1,646,139	1,558,300	87,839
Cap. Stock & Franchise	413,819	48,038	39,900	8,138	228,100	198,400	29,700
Gross Receipts	1,291,154	1,211,489	1,258,600	(47,111)	1,251,557	1,297,100	(45,543)
PURTA	3,642	8	0	8	2,319	2,700	(381)
Insurance Premiums	391,965	359,178	351,500	7,678	397,045	384,000	13,045
Financial Institutions	339,381	262,076	350,900	(88,824)	270,422	360,700	(90,278)
Other Selective Bus. Taxes	6,298	1,528	2,700	(1,172)	4,503	6,400	(1,897)
TOTAL - Consumption Taxes	7,591,397	783,503	828,300	(44,797)	7,675,080	7,795,400	(120,320)
Sales and Use	6,587,321	675,971	720,100	(44,129)	6,688,978	6,800,100	(111,122)
General (net of transfers)	5,742,513	569,300	610,300	(41,000)	5,805,442	5,897,800	(92,358)
Motor Vehicle Sales	844,807	106,670	109,800	(3,130)	883,537	902,300	(18,763)
Cigarette Tax	749,635	80,201	78,700	1,501	724,940	728,600	(3,660)
Malt Beverage	18,690	1,849	1,800	49	18,610	19,300	(690)
Liquor	235,752	25,482	27,700	(2,218)	242,552	247,400	(4,848)
TOTAL - Other Taxes	8,474,775	994,765	960,400	34,365	8,723,203	8,818,800	(95,597)
Personal Income	7,608,378	914,464	884,000	30,464	7,789,919	7,860,500	(70,581)
Withholding	6,421,191	792,376	770,400	21,979	6,583,953	6,635,900	(52,523)
Non-Withholding	1,187,187	122,087	113,600	8,487	1,205,966	1,224,600	(18,634)
Realty Transfer	246,444	27,864	28,900	(1,036)	276,263	289,300	(13,037)
Inheritance & Estate	583,802	90,949	84,500	6,449	633,293	642,800	(9,507)
Minor & Repealed	(29,691)	(46,113)	(44,200)	(1,913)	(43,608)	(43,400)	(208)
Table Games	65,842	7,602	7,200	402	67,335	69,600	(2,265)
TOTAL - MOTOR LICENSE FUND	1,741,432	208,723	208,610	113	1,769,908	1,756,530	13,378
TOTAL - Liquid Fuels Taxes	892,150	92,451	109,010	(16,559)	942,412	926,220	16,192
Liquid Fuels	401,664	(135)	0	(135)	318,574	329,500	(10,926)
Fuels	114,894	70	0	70	95,001	88,300	6,701
Motor Carriers/IFTA	35,007	2,979	6,400	(3,421)	27,496	36,300	(8,804)
Alternative Fuels	1,009	220	110	110	1,243	820	423
Oil Company Franchise	339,576	89,317	102,500	(13,183)	500,099	471,300	28,799
TOTAL - Licenses, Fees & Other	849,282	116,272	99,600	16,672	827,496	830,310	(2,814)
Licenses and Fees	625,246	89,357	92,500	(3,143)	629,291	616,300	12,991
Other Motor Receipts	224,036	26,915	7,100	19,815	198,205	214,010	(15,805)