



Pennsylvania Senate Appropriations Committee

Senator Pat Browne
Chairman



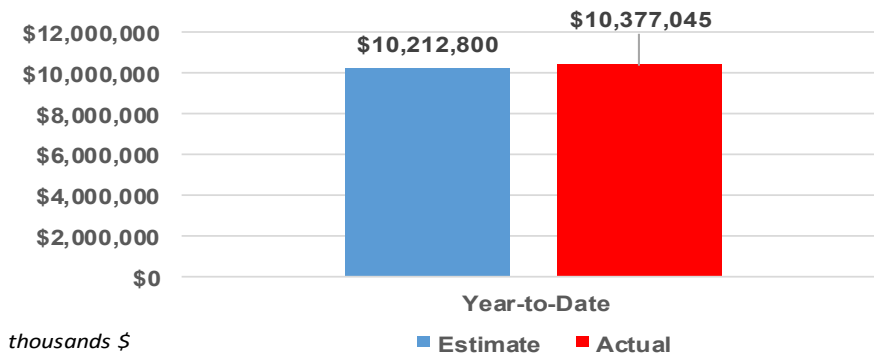
Monthly Report November 2019

October Surprise: General Fund Revenue Over-performs

General Fund revenue collections for the month of October exceeded the estimate by \$119.7 million. General Fund tax revenues were \$86.3 million higher than the monthly estimate. Non-tax revenue was \$33.4 million above the estimate. General Fund revenue collections for the first four months of the fiscal year are \$164.2 million ahead of estimate.

The \$164.2 million year-to-date revenue surplus is attributable to a tax revenue surplus of \$91.7 million and a non-tax revenue surplus of \$72.5 million, all of which consists of over-performing unclaimed property revenue collections (Treasury escheats). Throughout the fiscal year, the Treasury Department receives unclaimed property and deposits it as revenue into the General Fund, and the department also pays out refund claims on such property. Often, the revenue deposits and refund claims are out of sync in the monthly revenue estimates, but they tend to balance out over the course of the year. Therefore, the \$72.5 million non-tax revenue surplus may not be as reliable as the \$91.7 million tax revenue surplus over the remainder of the fiscal year.

**General Fund Revenue Collections
Fiscal Year 2019-20
Comparison of Official Estimate with
Actual Revenue Year-to-Date**



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October Surprise: General Fund Revenue Over-performs continued.....

October 2019 General Fund Revenue vs. Monthly Estimate:

- General Fund revenue collections of \$2.67 billion were above the monthly estimate by \$119.7 million, or 4.7%.
- General Fund tax revenues were above estimate by \$86.3 million, or 3.4%.
- Corporation taxes were \$16.4 million, or 12.7%, above the estimate.
- Sales and use tax (SUT) collections beat the estimate by \$27.4 million, or 2.7%, for the month.
- Personal income tax (PIT) collections were above estimate by \$27.4 million, or 2.4%.
- Cigarette, liquor, realty transfer and gaming taxes were each above estimate, while other tobacco and inheritance taxes were slightly below estimate.
- Non-tax revenues exceeded the estimate by \$33.4 million.

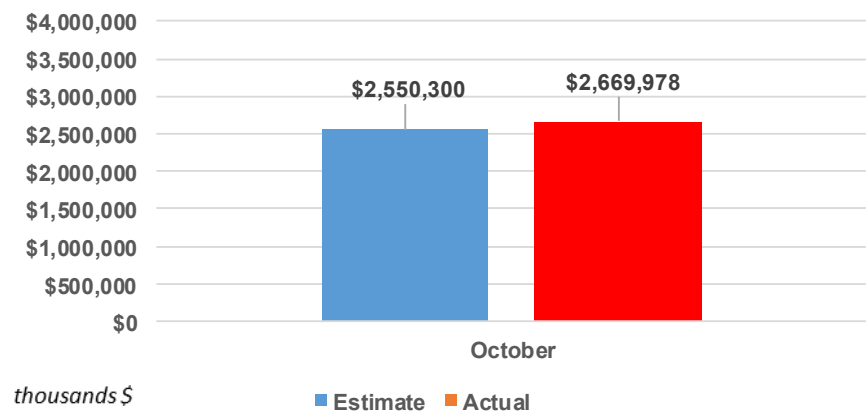
Fiscal Year 2019-20 vs. the Official Revenue Estimate To-Date:

- Total General Fund revenues are \$164.2 million, or 1.6%, higher than the Official Revenue Estimate through the month of October.
- General Fund tax revenue is \$91.7 million, or 0.9%, above estimate.
- Corporation taxes are \$62.5 million, or 6.1%, below the estimate.
- Sales and use taxes are \$59.6 million, or 1.6%, above the estimate.
 - General SUT collections are \$45.2 million, or 1.4%, above estimate.
 - SUT collections on motor vehicle sales are \$14.4 million, or 2.7%, higher than the estimate.
- Personal income tax collections are ahead of the estimate by \$77.6 million, or 1.8%.
 - Withheld PIT is \$9.9 million, or 0.3%, below the estimate.
 - Non-withheld PIT (annual & estimated payments) is \$87.5 million, or 12%, more than the estimate.
- Non-tax revenues are \$72.5 million, or 141.4%, higher than the estimate.

Fiscal Year 2019-20 vs. Fiscal Year 2018-19:

- Total General Fund revenues through October are \$348.8 million, or 3.5%, higher than last year at this time.
- General Fund tax revenue is \$329 million, or 3.3%, higher than last year.
- Corporation taxes are \$16.8 million, or 1.8%, higher.
- Sales and use tax collections are \$88 million, or 2.3%, higher than last year through October.
- Personal income tax collections exceed last year's collections by \$208.9 million, or 5.1%.
- Non-tax revenues are \$19.8 million, or 19%, more than last fiscal year through October.

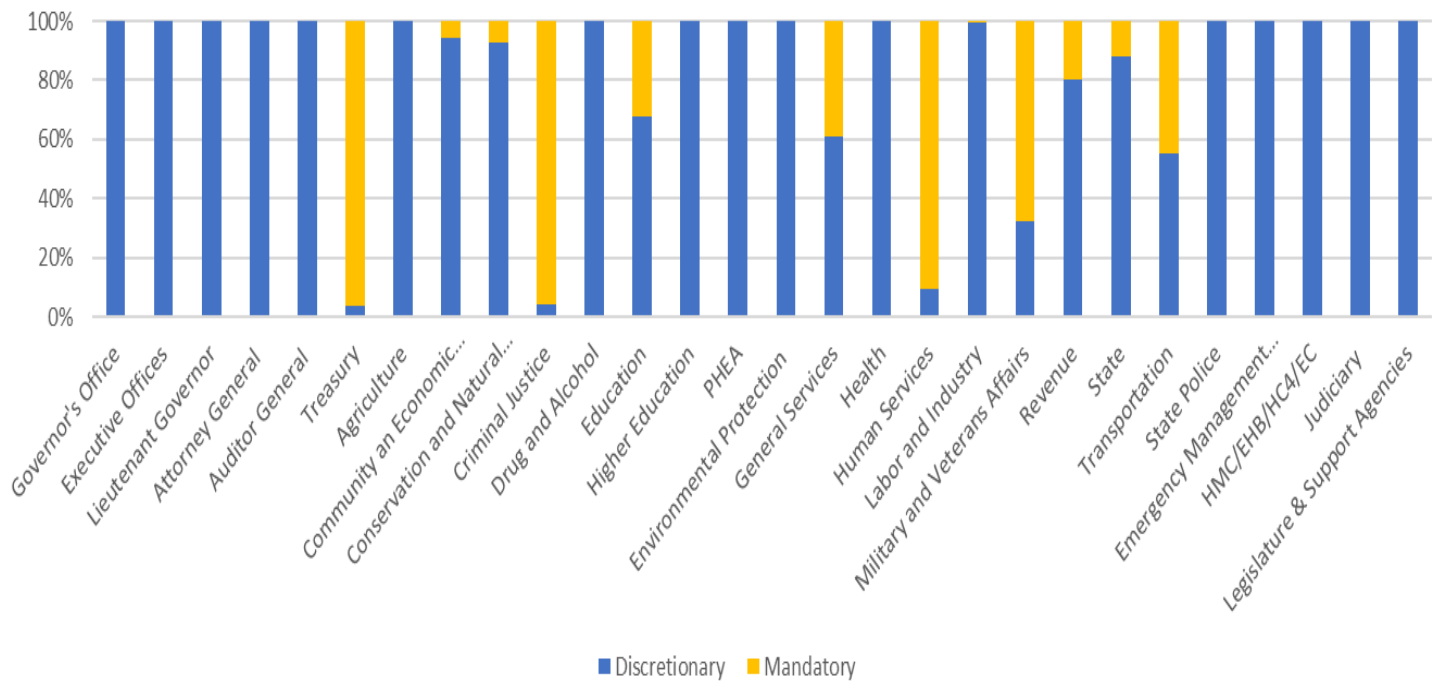
General Fund Revenue Collections
Fiscal Year 2019-20
Comparison of Official Estimate with
Actual Revenue by Month



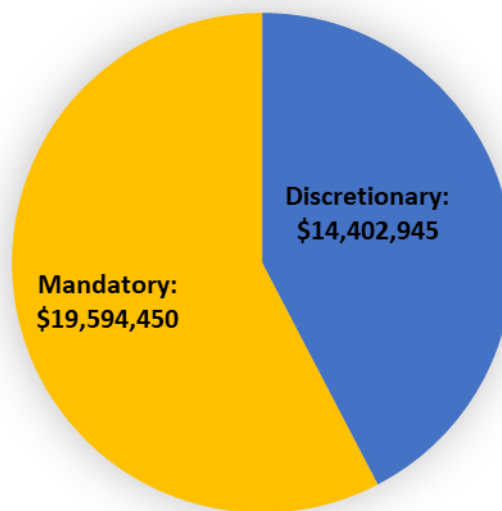
Motor License Fund:

- Motor License Fund revenues are below the estimate by \$15.7 million, or 1.7%, through October.
- Motor License Fund revenues are \$15.3 million, or 1.7%, less than last fiscal year at this time.

Mandatory vs. Discretionary as a Percentage of General Fund Department Spending



Discretionary vs Mandatory General Fund Spending FY 2019-20





Election Code Changes, Nonprofit Security Grants Add to General Fund Spending

On October 31, 2019, Governor Wolf signed into law Senate Bill 421 (Act 77 of 2019), which makes sweeping changes to modernize Pennsylvania's Election Code. Among other changes, Act 77 authorizes the Pennsylvania Economic Development Financing Authority (PEDFA) to issue bonds for up to \$90 million over ten years to provide funding for counties to replace voting systems. In the event that PEDFA issues \$90 million in bonds, debt service on a 10-year bond at a 4% interest rate would be roughly \$11.1 million per year. These debt service costs would be subject to appropriation by the General Assembly and are expected to begin in fiscal year 2020-21.

In addition, Act 77 of 2019 also allows the Department of State to utilize up to \$4 million for the communication, administration and assistance within each county of the Commonwealth for the purposes of ensuring a complete and accurate census count of the Commonwealth in the 2020 Federal decennial census. The \$4 million consists of funds not expended, encumbered or committed from General Fund appropriations for any fiscal year ending before July 1, 2020, from any agency that falls under the Governor's jurisdiction.

House Bill 859, which was presented to the Governor on October 29, 2019, adds a new Chapter 56 to Title 35 (Health and Safety) that establishes the Nonprofit Security Grant Fund as special fund in the State Treasury with the grant program to be administered by the Pennsylvania Commission on Crime and Delinquency (PCCD). PCCD is authorized to provide grants to nonprofit organizations exclusively for security enhancements to facilities owned and operated by a nonprofit organization.

The program directs the Secretary of the Budget to transfer \$5 million in prior year unexpended, unencumbered funds originally appropriated from the General Fund to any executive agency under the Governor's jurisdiction. The secretary may only make the transfer if the funds will not create a deficit in any of the appropriations from which the funds are transferred and must notify the Senate and House Appropriations Committees in writing of the transfers. The legislation also provides that the General Assembly may appropriate money for the Nonprofit Security Grant Fund beginning in FY 2020-21. Any unexpended and unencumbered funds remaining in the fund shall lapse and be transferred back to the General Fund as of July 1, 2024.

Fiscal Year 2019-20
Senate Appropriations Committee
Monthly Revenue Report
(\$ thousands)

REVENUE SOURCES	YTD FY 2018-19	October 2019 Actual	October 2019 Estimated	Surplus/ (Deficit)	YTD Actual	YTD Estimated	Surplus/ (Deficit)
TOTAL - GENERAL FUND	10,028,234	2,669,978	2,550,300	119,678	10,377,045	10,212,800	164,245
TOTAL - NON-TAX REVENUE	104,048	29,402	(4,000)	33,402	123,838	51,300	72,538
TOTAL - TAX REVENUE	9,924,186	2,640,576	2,554,300	86,276	10,253,206	10,161,500	91,706
TOTAL - Corporation Taxes	941,455	145,165	128,800	16,365	958,259	1,020,800	(62,541)
Accelerated Deposits	(159)	(1,175)	0	(1,175)	829	0	829
Corp. Net Income	871,134	141,100	120,600	20,500	908,113	960,900	(52,787)
Gross Receipts	33,188	3,713	6,400	(2,687)	16,440	18,800	(2,360)
PURTA	1,242	331	100	231	1,889	2,400	(511)
Insurance Premiums	21,984	241	200	41	18,643	19,500	(857)
Financial Institutions	14,066	954	1,500	(546)	12,346	19,200	(6,854)
TOTAL - Consumption Taxes	4,332,225	1,174,468	1,141,400	33,068	4,400,963	4,340,200	60,763
Sales and Use	3,782,218	1,031,353	1,004,000	27,353	3,870,231	3,810,600	59,631
General (net of transfers)	3,257,375	897,761	873,100	24,661	3,319,845	3,274,600	45,245
Motor Vehicle Sales	524,843	133,592	130,900	2,692	550,386	536,000	14,386
Cigarette Tax	380,359	98,418	94,100	4,318	353,395	353,300	95
Other Tobacco Products	41,598	10,471	10,500	(29)	45,037	43,700	1,337
Malt Beverage	8,565	1,826	1,700	126	8,061	8,200	(139)
Liquor	119,485	32,401	31,100	1,301	124,239	124,400	(161)
TOTAL - Other Taxes	4,650,506	1,320,943	1,284,100	36,843	4,893,984	4,800,500	93,484
Personal Income	4,077,148	1,161,374	1,134,000	27,374	4,286,051	4,208,500	77,551
Withholding	3,376,461	963,277	972,700	(9,423)	3,471,699	3,481,600	(9,901)
Non-Withholding	700,687	198,096	161,300	36,796	814,352	726,900	87,452
Realty Transfer	182,405	54,337	50,600	3,737	178,730	176,800	1,930
Inheritance & Estate	348,901	91,048	92,200	(1,152)	373,151	364,900	8,251
Minor & Repealed	2,928	(2,409)	(4,800)	2,391	1,375	(100)	1,475
Gaming	39,124	16,593	12,100	4,493	54,677	50,400	4,277
TOTAL - MOTOR LICENSE FUND	915,789	212,558	207,540	5,018	900,486	916,150	(15,664)
TOTAL - Liquid Fuels Taxes	607,491	130,643	127,600	3,043	593,173	612,800	(19,627)
Motor Carriers/IFTA	33,158	1,830	1,500	330	34,590	33,600	990
Alternative Fuels	4,810	1,537	1,300	237	4,719	5,100	(381)
Oil Company Franchise	569,521	127,276	124,800	2,476	553,861	574,100	(20,239)
Minor & Repealed	2	1	0	1	3	0	3
TOTAL - Licenses, Fees & Other	308,297	81,914	79,940	1,974	307,312	303,350	3,962
Licenses and Fees	303,448	77,817	78,300	(483)	300,097	297,600	2,497
Other Motor Receipts	4,849	4,098	1,640	2,458	7,215	5,750	1,465