General Fund Revenues on Track to Meet Revised Expectations

The Independent Fiscal Office released its Mid-Year Update on January 28th and predicted that FY 2019-20 General Fund revenue collections would exceed the Official Revenue Estimate by $241 million at the end of the current fiscal year. General Fund revenue collections thus far this fiscal year are $158.5 million ahead of estimate through January. General Fund revenue collections for the month of January were above the estimate by $83.6 million. General Fund tax revenues were $59.3 million higher than the monthly estimate, and non-tax revenues were $24.3 million above the estimate.

Sales and use tax (SUT) collections received in the month of January are the highest of the fiscal year because they include payments remitted from the holiday shopping season. January SUT payments exceeded the estimate by $32.5 million and were above last year’s strong collections by 7.7%. Pennsylvania’s recent ability to collect sales tax on many online internet sales appears to be paying off as more and more retail purchases are made online. Final individual estimated personal income tax (PIT) payments for the 2019 tax year, which were due January 15th, were $15.1 million above the estimate for the month. Corporate net income tax (CNIT) annual payments, most likely attributable to the 2019 calendar year, were below estimate by $14.6 million. Non-tax revenues were above estimate by $24.3 million, and $22.9 million of that amount was Treasury escheats revenue from the Unclaimed Property program.

“Continued On Page 2”
General Fund Revenues on Track to Meet Revised Expectations Continued…..

January 2020 General Fund Revenue vs. Monthly Estimate:

- General Fund revenue collections of $3.07 billion were above the monthly estimate by $83.6 million, or 2.8%.
- General Fund tax revenues were higher than the estimate by $59.3 million, or 2%.
- Corporation taxes were $3.2 million, or 2.4%, below the estimate.
- Sales and use tax collections beat the estimate by $32.5 million, or 3.1%, for the month.
- Personal income tax collections were above the estimate by $3.1 million, or 0.2%.
- Non-tax revenues exceeded the estimate by $24.3 million.

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

- Total General Fund revenues are $158.5 million, or 0.9%, higher than the Official Revenue Estimate through the month of January.
- General Fund tax revenue is $76.4 million, or 0.4%, above estimate.
- Corporation taxes are $129.9 million, or 6.8%, below the estimate.
- Sales and use taxes are $75.2 million, or 1.1%, above the estimate.
  - General SUT collections are $47.7 million, or 0.8%, above the estimate.
  - SUT collections on motor vehicle sales are $27.5 million, or 3.1%, higher than the estimate.
- Personal income tax collections are ahead of the estimate by $96.2 million, or 1.3%.
  - Withheld PIT is $29.3 million, or 0.5%, below the estimate.
  - Non-withheld PIT (annual & estimated payments) is $125.5 million, or 9.3%, higher than the estimate.
- General Fund revenues from other taxes such as cigarette tax, liquor tax, realty transfer tax, inheritance tax and gaming taxes are generally holding their own for the year.
- Non-tax revenues are $82.1 million, or 41.6%, more than the estimate.

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

- Total General Fund revenues through January are $557 million, or 3.1%, higher than last year at this time.
- General Fund tax revenue is $651.9 million, or 3.7%, higher than last year.
- Corporation taxes are $15.3 million, or 0.9%, lower.
- Sales and use tax collections are $227 million, or 3.4%, higher than last year through January.
- Personal income tax collections exceed last year’s collections by $383.8 million, or 5.2%.
- Non-tax revenues are $94.9 million, or 25.3%, less than last fiscal year through January.
  - The year-over-year decline is mainly attributable to nonrecurring expanded gaming license fee revenues received in FY 2018-19.

Motor License Fund:

- Motor License Fund revenues are below the estimate by $4.1 million, or 0.3%, through January.
- Motor License Fund revenues are $16.3 million, or 1%, higher than last fiscal year at this time.
Established as Act 48 of 2017, the Performance-Based Budget Board held two days of hearings in January to receive testimony from the Independent Fiscal Office (IFO) on reports it developed from its performance-based budget review of state agencies and tax credit programs. The full reports are available on the IFO’s website at http://www.ifo.state.pa.us/releases/type/7/Performance-Budgeting/

Following are highlights from the IFO reports:

**PEMA Budget Metrics Highlights**
- $1.65/month/line 911 fee ranks 7th in U.S. ($19.80 annual fee)
- $316m collected CY 2018 (per capita amount is $24.69) for the 911 program
- PA’s 911 fee is considerably higher than most border states (PA relies more on fee than other states do)
- 75% of PA municipalities have a Hazard Mitigation Plan – required to receive federal funding
- Office of the State Fire Commissioner lacks authority to require reporting of the number of firefighters
- PA has assisted other states on 37 missions from 2014 through 2018 - $4.9 million in resources

**Department of State Budget Metrics Highlights**
- November 2018: 88% of those eligible are registered to vote; 52% actually voted
- In 2018, Pennsylvania voter turnout ranked 28th among all states at 52 percent of the voter-eligible population
- As of November 2018: only 7% of voting machines have a voter-verified paper audit trail
- Average is 60% for U.S.; goal for all counties to have a voter-verified paper audit trail for November 2020
- Most initial professional licensing fees are lower than average, but professional renewals are higher
- Notable increase in certain electronic filings from FY 2014-15 to FY 2018-19
- Online absentee ballot applications begin in FY 2019-20

**Department of Environmental Protection Budget Metrics Highlights**
- By FY 2019-20, 65% of inspectors migrated to e-inspection solutions
- Oil and Gas inspection productivity up 20% since implementation (FY 2016-17)
- Clean Water and Safe Drinking Water record modest gains in productivity
- Oil and Gas Management – nearly all well-drilling permits are now processed on time
- More than 1 million structures are located above abandoned mines
- 12,000 abandoned wells identified - 200,000 more not identified
- Significant improvement in PA air quality since 2004
- In CY 2018, many residents received water from a community water system with an acute health-based violation – highest in nation (13.4%) and four times national rate (3.3%)
- Vector Management: Black Fly, West Nile and Lyme Disease – PA ranks 49th for Lyme incidence rate

**Department of Community and Economic Development Budget Metrics Highlights**
- Difficult to quantify jobs impact from current incentives
- Cost per job created: $2,000 to $12,000
- Metrics reported by third parties - no verification
- Cost per job created: $7,000 to $11,000 Ben Franklin Technology Development (BFTD)
- 1,500 firms assisted - $500m funds leveraged per annum (BFTD)

“Continued On Page 4”
Tourism Attraction
- PA ranks 49th in per capita spend on state campaign (9 cents per resident)
- U.S. average is $1.59 - PA share of U.S. tourism market declines over time

Department of Health Budget Metrics Highlights
Ensuring Access to care
- Uninsured rate falls from 10.2% (CY 2014) to 6.6% (CY 2017)

Disease Prevention and Outreach
- Uptick in PA obesity rate - same as U.S. average (30.9%)
- Since 2014: PA up +0.7 ppt - U.S. up +2.0 ppt
- PA adult smoking rate (18.7%) higher than U.S. average (16.4%)

Rate of HIV infections has declined
- From 9.5 per 100,000 (2014) to 7.8 (2018) or 7.5 (using DOH stats)
- Philadelphia rate remains high at 25.5 (2018)
- 80% receive treatment within one month of diagnosis (up from 70%)

Opioid overdose rates decline, but remain far above U.S. average
- DOH data: 2017 (38.3 per 100,000) - 2018 (30.6)
- PA ranked 29th in FY 2015-16 and 13th in FY 2017-18 (using federal data)
- Opioid dispensations down 29% since FY 2015-16

Department of Human Services Budget Metrics Highlights
Medicaid Expansion has significant impact on many metrics
- Number of enrollees up 25% for physical health
- Number receiving services up 13% for behavioral health
- Higher share of new mothers and children receive care
- Notably shorter processing times due to electronic submissions

Average costs for certain services rise dramatically (FY 2014-15 to FY 2018-19)
- MA transport cost per trip up by one-third
- Average cost per managed care encounter also up by roughly one-third

PA is a leader in Child Support Enforcement
- Ranks 1st in % of support timely paid and % of cases in arrears paying
- In FFY 2018, $4.87 collected for every dollar spent

State Supplemental Payment declines (~$10m)
- Number receiving payment falls by 5% - due to a reduction in the number of individuals disabled
- Total payments fall by 8% - typical payment is $325 per annum
- PBB Board voted to have the IFO revisit and expand its review of the Medical Assistance program next year

Tax Credit Reviews
- Mobile Telecommunications Broadband Investment – increase and upgrade wireless broadband infrastructure
- Research & Development – incentivize high tech and R&D investments
- Keystone Innovation Zones – encourage entrepreneurs and incubate young firms
- Organ and Bone Marrow Donation – living organ and bone marrow donation
### Fiscal Year 2019-20
### Senate Appropriations Committee
### Monthly Revenue Report

($ thousands)

<table>
<thead>
<tr>
<th>REVENUE SOURCES</th>
<th>YTD FY 2018-19</th>
<th>January 2020 Actual</th>
<th>January 2020 Estimated</th>
<th>Surplus/ (Deficit)</th>
<th>YTD Actual</th>
<th>YTD Estimated</th>
<th>Surplus/ (Deficit)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL - GENERAL FUND</strong></td>
<td>18,155,055</td>
<td>3,070,968</td>
<td>2,987,400</td>
<td>83,568</td>
<td>18,712,033</td>
<td>18,553,500</td>
<td>158,533</td>
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<td><strong>TOTAL - NON-TAX REVENUE</strong></td>
<td>374,276</td>
<td>17,895</td>
<td>(6,400)</td>
<td>24,295</td>
<td>279,401</td>
<td>197,300</td>
<td>82,101</td>
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<tr>
<td><strong>TOTAL - TAX REVENUE</strong></td>
<td>17,780,779</td>
<td>3,053,072</td>
<td>2,993,800</td>
<td>59,272</td>
<td>18,432,632</td>
<td>18,356,200</td>
<td>76,432</td>
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<tr>
<td><strong>TOTAL - Corporation Taxes</strong></td>
<td>1,800,492</td>
<td>133,963</td>
<td>137,200</td>
<td>(3,237)</td>
<td>1,785,173</td>
<td>1,915,100</td>
<td>(129,927)</td>
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<tr>
<td>Accelerated Deposits</td>
<td>910</td>
<td>(2,263)</td>
<td>0</td>
<td>(2,263)</td>
<td>1,853</td>
<td>0</td>
<td>1,853</td>
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<tr>
<td>Corp. Net Income</td>
<td>1,650,724</td>
<td>92,026</td>
<td>102,600</td>
<td>(10,574)</td>
<td>1,664,277</td>
<td>1,797,200</td>
<td>(132,923)</td>
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<td>Gross Receipts</td>
<td>56,659</td>
<td>3,272</td>
<td>2,300</td>
<td>972</td>
<td>36,963</td>
<td>30,700</td>
<td>6,263</td>
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<td>PURTA</td>
<td>1,428</td>
<td>11</td>
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<td>11</td>
<td>1,932</td>
<td>2,900</td>
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<tr>
<td>Insurance Premiums</td>
<td>53,834</td>
<td>38,829</td>
<td>31,900</td>
<td>6,929</td>
<td>58,616</td>
<td>54,700</td>
<td>3,916</td>
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<tr>
<td>Financial Institutions</td>
<td>36,937</td>
<td>2,088</td>
<td>400</td>
<td>1,688</td>
<td>21,532</td>
<td>29,600</td>
<td>(8,068)</td>
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<tr>
<td><strong>TOTAL - Consumption Taxes</strong></td>
<td>7,610,745</td>
<td>1,184,383</td>
<td>1,142,600</td>
<td>41,783</td>
<td>7,804,046</td>
<td>7,731,000</td>
<td>73,046</td>
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<td>Sales and Use</td>
<td>6,629,770</td>
<td>1,079,305</td>
<td>1,046,800</td>
<td>32,505</td>
<td>6,856,740</td>
<td>6,781,500</td>
<td>75,240</td>
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<td>General (net of transfers)</td>
<td>5,758,372</td>
<td>955,522</td>
<td>928,300</td>
<td>27,222</td>
<td>5,939,141</td>
<td>5,891,400</td>
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<tr>
<td>Motor Vehicle Sales</td>
<td>871,397</td>
<td>123,783</td>
<td>118,500</td>
<td>5,283</td>
<td>917,600</td>
<td>890,100</td>
<td>27,500</td>
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<tr>
<td>Cigarette Tax</td>
<td>661,049</td>
<td>64,589</td>
<td>56,100</td>
<td>8,489</td>
<td>618,714</td>
<td>617,800</td>
<td>914</td>
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<tr>
<td>Other Tobacco Products</td>
<td>75,795</td>
<td>10,504</td>
<td>10,300</td>
<td>204</td>
<td>76,793</td>
<td>78,200</td>
<td>(1,407)</td>
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<tr>
<td>Malt Beverage</td>
<td>13,939</td>
<td>1,881</td>
<td>1,700</td>
<td>181</td>
<td>13,772</td>
<td>13,500</td>
<td>272</td>
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<tr>
<td>Liquor</td>
<td>230,192</td>
<td>28,104</td>
<td>27,700</td>
<td>404</td>
<td>238,026</td>
<td>240,000</td>
<td>(1,974)</td>
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<tr>
<td><strong>TOTAL - Other Taxes</strong></td>
<td>8,369,543</td>
<td>1,734,726</td>
<td>1,714,000</td>
<td>20,726</td>
<td>8,843,413</td>
<td>8,710,100</td>
<td>133,313</td>
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<tr>
<td>Personal Income</td>
<td>7,367,684</td>
<td>1,567,841</td>
<td>1,564,700</td>
<td>3,141</td>
<td>7,751,477</td>
<td>7,655,300</td>
<td>96,177</td>
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<tr>
<td>Withholding</td>
<td>6,057,761</td>
<td>1,058,691</td>
<td>1,074,400</td>
<td>(15,709)</td>
<td>6,270,994</td>
<td>6,300,300</td>
<td>(29,306)</td>
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<tr>
<td>Non-Withholding</td>
<td>1,309,923</td>
<td>509,150</td>
<td>490,300</td>
<td>18,850</td>
<td>1,480,483</td>
<td>1,355,000</td>
<td>125,483</td>
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<tr>
<td>Realty Transfer</td>
<td>319,762</td>
<td>49,456</td>
<td>41,600</td>
<td>7,856</td>
<td>330,420</td>
<td>325,400</td>
<td>5,020</td>
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<tr>
<td>Inheritance &amp; Estate</td>
<td>597,930</td>
<td>92,807</td>
<td>86,400</td>
<td>6,407</td>
<td>648,502</td>
<td>627,800</td>
<td>20,702</td>
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<tr>
<td>Minor &amp; Repealed</td>
<td>12,575</td>
<td>3,786</td>
<td>3,600</td>
<td>186</td>
<td>6,941</td>
<td>2,500</td>
<td>4,441</td>
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<tr>
<td>Gaming</td>
<td>71,592</td>
<td>20,837</td>
<td>17,700</td>
<td>3,137</td>
<td>106,073</td>
<td>99,100</td>
<td>6,973</td>
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<tr>
<td><strong>TOTAL - MOTOR LICENSE FUND</strong></td>
<td>1,573,300</td>
<td>225,029</td>
<td>223,270</td>
<td>1,759</td>
<td>1,589,569</td>
<td>1,593,640</td>
<td>(4,071)</td>
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<tr>
<td><strong>TOTAL - Liquid Fuels Taxes</strong></td>
<td>1,070,996</td>
<td>138,857</td>
<td>144,000</td>
<td>(5,143)</td>
<td>1,051,339</td>
<td>1,072,300</td>
<td>(20,961)</td>
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<tr>
<td>Motor Carriers/IFTA</td>
<td>68,661</td>
<td>1,687</td>
<td>1,600</td>
<td>87</td>
<td>68,586</td>
<td>69,500</td>
<td>(914)</td>
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<tr>
<td>Alternative Fuels</td>
<td>8,379</td>
<td>845</td>
<td>1,300</td>
<td>(455)</td>
<td>7,169</td>
<td>9,000</td>
<td>(1,831)</td>
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<tr>
<td>Oil Company Franchise</td>
<td>993,949</td>
<td>136,324</td>
<td>141,100</td>
<td>(4,776)</td>
<td>975,578</td>
<td>993,800</td>
<td>(18,222)</td>
</tr>
<tr>
<td>Minor &amp; Repealed</td>
<td>6</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>5</td>
<td>0</td>
<td>5</td>
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<tr>
<td><strong>TOTAL - Licenses, Fees &amp; Other</strong></td>
<td>502,303</td>
<td>86,172</td>
<td>79,270</td>
<td>6,902</td>
<td>538,230</td>
<td>521,340</td>
<td>16,890</td>
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<tr>
<td>Licenses and Fees</td>
<td>494,453</td>
<td>82,105</td>
<td>77,100</td>
<td>5,005</td>
<td>527,639</td>
<td>511,500</td>
<td>16,139</td>
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<tr>
<td>Other Motor Receipts</td>
<td>7,850</td>
<td>4,067</td>
<td>2,170</td>
<td>1,897</td>
<td>10,591</td>
<td>9,840</td>
<td>751</td>
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