



*Pennsylvania Senate*  
**Appropriations  
 Committee**

**Senator Pat Browne**  
 Chairman



**Monthly Report      October 2020**

**First Quarter General Fund Revenues Prove Resilient**

General Fund revenue collections for the month of September were above estimate by \$248.7 million, or 8.3%. General Fund tax revenues were \$283.7 million, or 9.6%, higher than the monthly estimate, but non-tax revenue missed the estimate by \$35 million. General Fund revenue collections for the first quarter of the fiscal year are \$459 million, or 4.9%, ahead of estimate.

Total corporation tax revenues exceeded the monthly estimate by \$104.5 million, or 21.2%. September is an important quarterly estimated payment month, and quarterly estimated CNIT payments were above estimate by \$95.5 million, or 25.6%. Annual CNIT payments also were more than estimate by \$25.4 million, or 25.2%. Quarterly estimated CNIT payments for the 2020 calendar year will be due again in December, and hopefully September's overperformance will be repeated three months from now.

Sales and use tax (SUT) collections were above estimate for the month by \$90.7 million, or 10%. September 2020 SUT collections were 5.4% higher than September 2019, led by a strong performance in sales tax on motor vehicle sales. SUT collections are 15.6% above last year through the first quarter of the fiscal year; however, \$115 million was transferred out of sales and use tax last year for tobacco debt service payments. Adjusting for last year's transfer, SUT revenues for the first three months of FY 2020-21 are 11.1% higher than the first quarter of FY 2019-20. However, shifts resulting from accelerated sales tax prepayment delays due to COVID-19 explain much of the year-over-year growth. It remains to be seen whether SUT collections will continue to outpace expectations as COVID-19 stimulus funds received by businesses and individuals begin to wind down.

Personal income tax (PIT) collections exceeded the estimate by \$19.5 million, or 1.5%. Quarterly estimated PIT collections (also due in September) missed the estimate by \$40 million, or 9.2%; however, PIT withholding on payroll was higher than the estimate by \$55.4 million, or 6.5%. Total PIT collections were 4.3% higher than last year for the month of September, but September 2020 included five large collection days during the month whereas September 2019 included only four such days. Absent this mismatch, PIT revenues would have been lower than last year for the month of September. A comparison of FY 2020-21 PIT revenue collections with FY 2019-20 collections is not a fair exercise because the first quarter of FY 2020-21 includes significant collections that were shifted into July because of tax filing extensions resulting from the COVID-19 emergency.

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## First Quarter General Fund Revenues Prove Resilient Continued...

### September 2020 General Fund Revenue vs. Monthly Estimate:

- General Fund revenue collections of \$3.26 billion were higher than the monthly estimate by \$248.7 million, or 8.3%.
- General Fund tax revenues were above estimate by \$283.7 million, or 9.6%.
- Corporation taxes were \$104.5 million, or 21.2%, more than the estimate.
- Sales and use tax collections exceeded the estimate by \$90.7 million, or 10%, for the month.
  - General SUT collections were \$57.1 million, or 7.3%, above estimate.
  - SUT collections on motor vehicle sales were \$33.6 million, or 26.7%, above estimate.
- Personal income tax collections were above estimate by \$19.5 million, or 1.5%.
- Realty transfer tax revenue exceeded the monthly estimate by \$18.8 million, or 54.2%.
- Inheritance tax collections were above estimate by \$28.5 million, or 40.9%.
- Liquor and tobacco taxes were above estimate by a combined \$7.7 million.
- General Fund gaming taxes beat the estimate by \$9.6 million, or 120.3%.
- Non-tax revenues lagged the estimate by \$35 million, mostly as a result of weak Treasury escheats revenues compared to the estimate. Often, such weakness with unclaimed property revenue is a timing difference that reverses itself in future months.

### Fiscal Year 2020-21 vs. the Official Revenue Estimate Year-To-Date:

- Total General Fund revenues are \$459 million, or 4.9%, higher than the Official Revenue Estimate through the month of September.
- General Fund tax revenue is \$499.5 million, or 5.3%, above estimate.
- Corporation taxes are \$132.7 million, or 13.2%, more than the estimate.
- Sales and use taxes are \$183.4 million, or 5.9%, higher than the estimate.
  - General SUT collections are \$154.2 million, or 5.9%, above estimate.
  - SUT collections on motor vehicle sales are \$29.1 million, or 6%, higher than the estimate.
- Personal income tax collections are ahead of the estimate by \$62.4 million, or 1.4%.
  - Withheld PIT is \$80.2 million, or 3.2%, above estimate.
  - Non-withheld PIT (annual & estimated payments) is \$17.8 million, or 0.9%, below estimate.
- Non-tax revenues are \$40.5 million lower than the estimate.

### Fiscal Year 2020-21 vs. Fiscal Year 2019-20 (Note Effect of Tax Filing Extensions, Prior Year Transfers and Collection Days):

- Total General Fund revenues through September are \$2.2 billion, or 28.6%, higher than last year at this time.
  - Year-to-date revenue collections include approximately \$2 billion shifted from the prior fiscal year into FY 2020-21 because of tax filing extensions.
  - Prior year SUT and PIT transfers out of the General Fund totaled \$160 million.
  - The first quarter of FY 2020-21 included 15 large PIT collection days whereas FY 2019-20 had only 14 such days through the month of September. Each large collection day is worth about \$125 million.
  - All things being equal, FY 2020-21 General Fund revenue collections are likely running just under last year's collections.
- General Fund tax revenue is \$2.25 billion, or 29.5%, higher than last year.
- Corporation taxes are \$328 million, or 40.3%, higher.
- Sales and use tax collections are \$443.7 million, or 15.6%, higher than last year through September.
- Personal income tax collections exceed last year's collections by \$1.4 billion, or 44.7%.
- Non-tax revenues are \$40 million, or 42.4%, lower than last fiscal year through September.

### Motor License Fund:

- Motor License Fund revenues are \$263,000 more than the estimate through September.
- Motor License Fund revenues are \$82 million, or 11.9%, higher than last fiscal year at this time.

## Understanding the Effect of Dueling Revenue Estimates

On May 29, 2020, Governor Wolf signed a \$25.99 billion General Fund budget that funded most of the Commonwealth's General Fund programs through the end of November. Typically, the Commonwealth's annual fiscal year budget runs from July 1<sup>st</sup> through June 30<sup>th</sup>. However, in the spring of 2020, the COVID-19 emergency devastated the state's economy, throwing the Commonwealth's finances into turmoil. Future uncertainty regarding the Commonwealth's fiscal position made it too risky to enact a twelve-month budget, and there is perhaps no better indication of this uncertainty than the vast difference between the Governor's FY 2020-21 Official General Fund Revenue Estimate and the Independent Fiscal Office's (IFO's) Official Revenue Estimate.

The Governor's Official General Fund Estimate projects total General Fund revenue of \$34.63 billion for Fiscal Year 2020-21, whereas the IFO's Official Revenue Estimate calls for total revenues of \$35.87 billion. The \$1.24 billion difference means the IFO is predicting 3.6% more General Fund revenue than the Administration is expecting. Moreover, a closer comparison of both estimates reveals that the discrepancy between quarterly and monthly projections may bode well for General Fund revenue performance over the entire fiscal year. Although the Governor's Official Estimate is \$1.24 billion lower than the IFO's, the Governor's projections for the first quarter of the fiscal year are actually higher than the IFO's, which means that actual revenues above the Governor's Official Estimate of \$459 million for the year-to-date are \$740 million above the IFO's estimate for the year-to-date.



If this trend holds, the likelihood of achieving the IFO's projections increases, which would result in a sizeable General Fund revenue surplus over the Governor's estimate. Such a revenue surplus would be of significant help in closing the budgetary deficit outstanding for the remaining seven-month budget for Fiscal Year 2020-21. The following table illustrates the differences between the IFO's and Governor's Official Revenue Estimates.

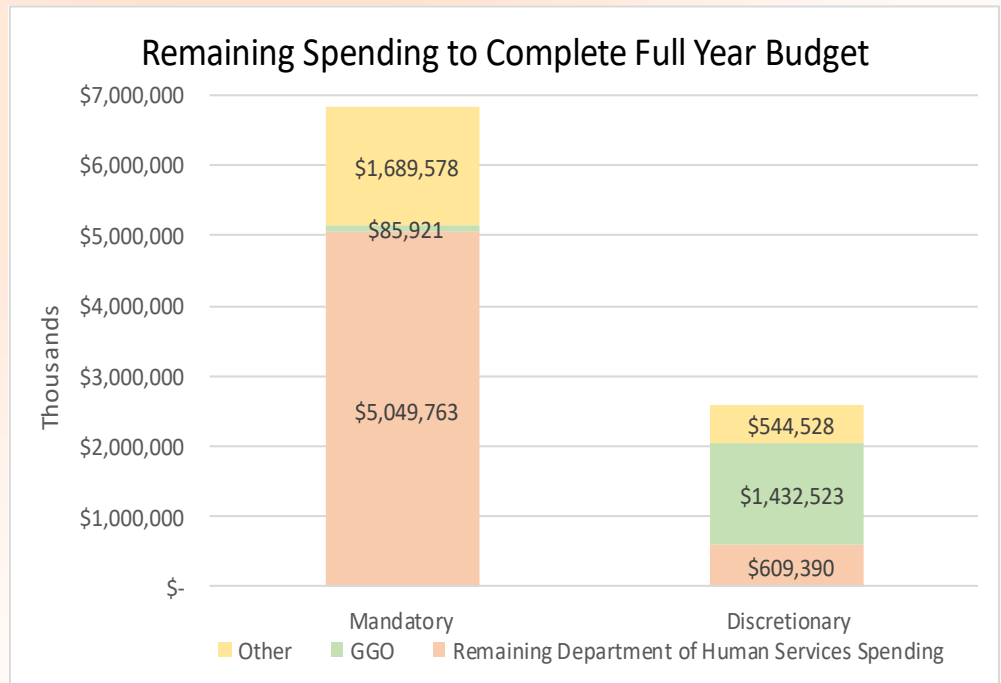
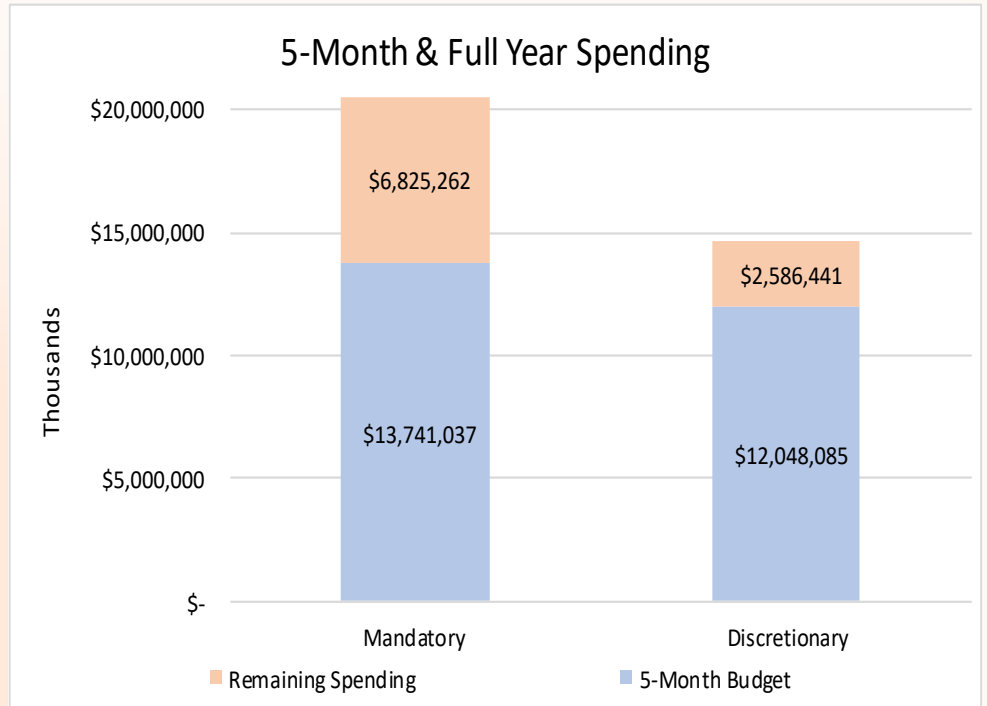
**FY 2020-21 General Fund Revenue Estimates**  
*A Comparison between the IFO and Governor Wolf Administration*

	Difference between IFO and Governor				Total FY 2020-21		
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	IFO Estimate	Governor Estimate	Difference (IFO vs. Governor)
<b>Total General Fund</b>	<b>(\$281,100,000)</b>	\$399,300,000	\$482,800,000	\$642,900,000	\$35,875,000,000	\$34,631,100,000	\$1,243,900,000
Corporation Taxes (incl. CNIT and GRT)	<b>(\$20,400,000)</b>	\$35,000,000	\$135,700,000	\$249,300,000	\$5,060,000,000	\$4,662,400,000	\$397,600,000
Consumption Taxes (incl. Sales Tax)	<b>(\$276,500,000)</b>	\$131,400,000	\$243,800,000	\$326,700,000	\$12,896,000,000	\$12,471,600,000	\$424,400,000
Other Taxes (incl. Personal Income Tax)	\$52,700,000	\$236,600,000	\$120,000,000	\$30,900,000	\$17,252,000,000	\$16,810,800,000	\$441,200,000
Non-Tax Revenue	<b>(\$35,900,000)</b>	<b>(\$3,700,000)</b>	<b>(\$16,700,000)</b>	\$37,000,000	\$667,000,000	\$686,300,000	<b>(\$19,300,000)</b>

\* Due to rounding, detail may not sum to total.

## Breakdown of Spending Necessary to Complete the FY 2020-21 Budget

In May, the General Assembly passed a short-term budget to better position the Commonwealth to evaluate its financial position due to COVID-19 at a later date. The total amount of General Fund expenditures was \$25.8 billion with a combination of full year appropriations and 5-month appropriations. The chart on the top shows the amount appropriated in the 5-month budget and the amount necessary to provide 12-month funding for the appropriations that only received 5/12ths, separated between appropriations that are considered mandatory spending and discretionary spending. A mandatory appropriation is considered spending that is mandated by state or federal statute, and a discretionary appropriation is considered spending that is determined at the discretion of the General Assembly. The chart on the bottom further breaks down the remaining spending by appropriations needed in the Department of Human Services, appropriations needed for General Government Operations, and other appropriations that were only funded at a 5/12ths level in May, further separated by appropriations that are considered mandatory and discretionary.



## Pennsylvania Game Commission - Welcome to the 2020 Elk Cam

The Elk cam is in Benezette, Pennsylvania on some of the 1.5 million acres of state game land owned and managed by the Pennsylvania Game Commission. This cam is live during the elk rut, which takes place from mid-September to mid-October. Tune in one or two hours after dawn and one or two hours before dusk, when area wildlife tends to be most active. You can expect to see wild turkey, deer, ground hogs, and elk, among other wildlife.



To view visit: <https://hdontap.com/index.php/video/stream/pa-game-commission-elk-cam>

**Fiscal Year 2020-21**  
**Senate Appropriations Committee**  
**Monthly Revenue Report**  
(\$ thousands)

REVENUE SOURCES	YTD FY 2019-20	September 2020 Actual	September 2020 Estim- ed	Surplus/ (Deficit)	YTD Actual	YTD Estimated	Surplus/ (Deficit)
<b>TOTAL - GENERAL FUND</b>	<b>7,707,067</b>	<b>3,261,688</b>	<b>3,013,000</b>	<b>248,688</b>	<b>9,914,059</b>	<b>9,455,100</b>	<b>458,959</b>
<b>TOTAL - NON-TAX REVENUE</b>	<b>94,437</b>	<b>19,597</b>	<b>54,600</b>	<b>(35,003)</b>	<b>54,387</b>	<b>94,900</b>	<b>(40,513)</b>
<b>TOTAL - TAX REVENUE</b>	<b>7,612,630</b>	<b>3,242,091</b>	<b>2,958,400</b>	<b>283,691</b>	<b>9,859,671</b>	<b>9,360,200</b>	<b>499,471</b>
<b>TOTAL - Corporation Taxes</b>	<b>813,095</b>	<b>597,280</b>	<b>492,800</b>	<b>104,480</b>	<b>1,141,083</b>	<b>1,008,400</b>	<b>132,683</b>
Accelerated Deposits	2,004	(9,591)	0	(9,591)	3,149	0	3,149
Corp. Net Income	767,013	594,092	473,200	120,892	1,118,076	980,400	137,676
Gross Receipts	12,727	3,625	5,500	(1,875)	7,740	10,300	(2,560)
PURTA	1,558	1,415	1,000	415	1,912	1,100	812
Insurance Premiums	18,402	462	300	162	1,162	1,300	(138)
Financial Institutions	11,391	7,279	12,800	(5,521)	9,044	15,300	(6,256)
<b>TOTAL - Consumption Taxes</b>	<b>3,226,494</b>	<b>1,140,480</b>	<b>1,042,100</b>	<b>98,380</b>	<b>3,702,697</b>	<b>3,483,500</b>	<b>219,197</b>
Sales and Use	2,838,878	996,466	905,800	90,666	3,282,552	3,099,200	183,352
General (net of transfers)	2,422,084	837,232	780,100	57,132	2,769,721	2,615,500	154,221
Motor Vehicle Sales	416,794	159,234	125,700	33,534	512,831	483,700	29,131
Cigarette Tax	254,977	98,174	93,100	5,074	283,877	252,000	31,877
Other Tobacco Products	34,566	11,573	10,500	1,073	33,452	31,200	2,252
Malt Beverage	6,235	2,213	2,200	13	6,385	6,300	85
Liquor	91,838	32,054	30,500	1,554	96,430	94,800	1,630
<b>TOTAL - Other Taxes</b>	<b>3,573,041</b>	<b>1,504,330</b>	<b>1,423,500</b>	<b>80,830</b>	<b>5,015,892</b>	<b>4,868,300</b>	<b>147,592</b>
Personal Income	3,124,677	1,333,206	1,313,700	19,506	4,521,793	4,459,400	62,393
Withholding	2,508,421	903,416	848,000	55,416	2,622,410	2,542,200	80,210
Non-Withholding	616,256	429,791	465,700	(35,909)	1,899,383	1,917,200	(17,817)
Realty Transfer	124,393	53,361	34,600	18,761	127,754	94,700	33,054
Inheritance & Estate	282,103	98,067	69,600	28,467	308,514	274,200	34,314
Minor & Repealed	3,784	2,071	(2,400)	4,471	13,840	11,600	2,240
Gaming	38,084	17,625	8,000	9,625	43,990	28,400	15,590
<b>TOTAL - MOTOR LICENSE FUND</b>	<b>687,928</b>	<b>216,724</b>	<b>222,850</b>	<b>(6,126)</b>	<b>769,973</b>	<b>769,710</b>	<b>263</b>
<b>TOTAL - Liquid Fuels Taxes</b>	<b>462,530</b>	<b>133,465</b>	<b>121,600</b>	<b>11,865</b>	<b>459,975</b>	<b>422,900</b>	<b>37,075</b>
Motor Carriers/IFTA	32,761	5,704	4,800	904	29,692	31,700	(2,008)
Alternative Fuels	3,182	815	1,300	(485)	2,370	3,400	(1,030)
Oil Company Franchise	426,585	126,953	115,500	11,453	427,940	387,800	40,140
Minor & Repealed	3	(7)	0	(7)	(28)	0	(28)
<b>TOTAL - Licenses, Fees &amp; Other</b>	<b>225,398</b>	<b>83,259</b>	<b>101,250</b>	<b>(17,991)</b>	<b>309,999</b>	<b>346,810</b>	<b>(36,811)</b>
Licenses and Fees	222,281	83,404	100,300	(16,896)	297,485	344,200	(46,715)
Other Motor Receipts	3,117	(145)	950	(1,095)	12,513	2,610	9,903