



Pennsylvania Senate Appropriations Committee

Senator Pat Browne
Chairman



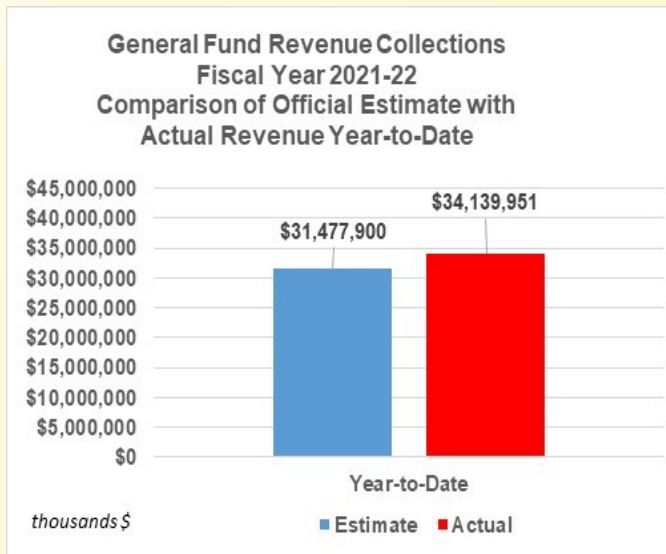
Monthly Report April 2022

March General Fund Revenues Overperform

General Fund revenue collections for the month of March significantly outperformed expectations by \$659.1 million, and the monthly surplus was spread evenly among the major tax categories of corporation taxes (e.g., corporate net income tax, insurance premiums tax) consumption taxes (e.g., sales and use tax, cigarette tax) and other taxes (e.g., personal income tax and inheritance tax). Non-tax revenues were also above estimate by \$42 million, much of which was attributable to unclaimed property revenue remitted by the Treasury Department. General Fund revenues are now \$2.66 billion above estimate, and the Governor’s budget calls for a revenue surplus of \$2.42 billion by fiscal year’s end in June, which means General Fund revenues are already \$240 million higher than the revised estimate from February.

Payments received from estimated quarterly corporate net income tax payments exceeded the estimate by \$115.8 million, or 35.7%. Another round of these payments is due in June, so March’s strong performance should bode well for June collections. Sales and use tax collections, both from general sales and motor vehicle sales, far outpaced projections for the month coming it at a combined \$208.1 million above estimate. The effect of higher prices resulting from inflation raises the sales tax base (i.e., prices), but the robust surplus amount suggests that even though prices are high, consumers are continuing to find ways to spend.

~Continued Page 2~



Inside This Issue

- March General Fund Revenues Overperform..... 1 & 2
- Angel Investment Venture Capital Program Kicks Off.....3
- General Fund Revenue Detail.....4



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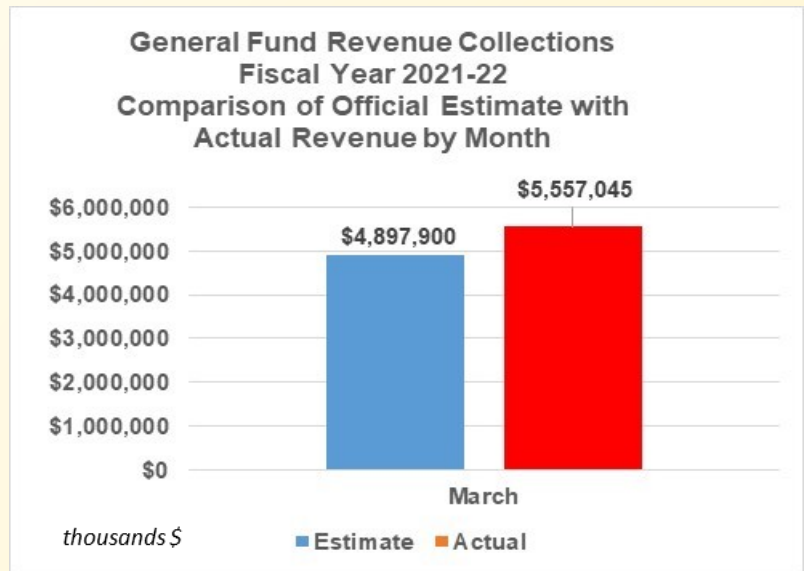
March General Fund Revenues Overperform Continued.....

March General Fund Revenue:

- General Fund revenue collections of \$5.56 billion were above the monthly estimate by \$659.1 million, or 13.5%.
- General Fund tax revenues were ahead of estimate by \$617.2 million, or 13%.
- Corporation taxes were \$188 million, or 8.7%, above estimate.
- Gross receipts tax collections missed the estimate by \$30.3 million in March but were \$22.7 million higher than the estimate in February.
- Sales and use tax (SUT) collections exceeded the estimate by \$208.1 million, or 22.5%, for the month.
- Personal income tax (PIT) collections were above estimate by \$158.6 million, or 11.2%.
- Non-tax revenues beat the estimate by \$42 million, or 27.9%.

Fiscal Year 2021-22 vs. the Official Revenue Estimate To-Date:

- Total General Fund revenues are \$2.66 billion, or 8.5%, higher than the Official Revenue Estimate through the month of March.
- General Fund tax revenue is \$2.54 billion, or 9.3%, higher than estimated.
- Corporation taxes are \$810.6 million, or 18.6%, above estimate.
- Sales and use taxes are \$767.7 million, or 8.1%, above estimate.
 - General SUT collections exceed the estimate by \$706.9 million, or 8.6%.
 - SUT collections on motor vehicle sales are \$60.8 million, or 4.7%, over estimate.
- Personal income tax collections are higher than the estimate by \$687.6 million, or 6.5%.
 - Withheld PIT is \$318.6 million, or 3.7%, above estimate.
 - Non-withheld PIT (annual & estimated payments) is \$369 million, or 20.2%, ahead of estimate.
- Realty transfer tax revenues are \$114.2 million, or 22.4%, above estimate.
- Inheritance tax collections exceed estimate by \$122.2 million, or 11.7%.
- Non-tax revenues are \$126.3 million, or 3%, above estimate.



Fiscal Year 2021-22 vs. FY 2020-21:

- Total General Fund revenues through March are \$5.4 billion, or 18.9%, more than last year at this time. \$3.84 billion of the overage is the result of a transfer of federal stimulus funds into the General Fund for revenue loss replacement.
- General Fund tax revenue is \$1.9 billion, or 6.8%, higher than last year.
- Corporation taxes are \$520.1 million, or 11.2%, higher than FY 2020-21.
- Sales and use tax collections are \$998.1 million, or 10.8%, higher than last year through March.
- Personal income tax collections exceed last year's collections by \$17.6 million, or 0.2%, but the prior fiscal year's PIT revenues included significant one-time amounts shifted into FY 2020-21 from FY 2019-20 due to the pandemic.
- Non-tax revenues are \$3.5 billion more than last fiscal year through March because of the \$3.84 billion deposit of federal stimulus money into the General Fund this fiscal year.

Motor License Fund:

- Motor License Fund revenues are above estimate by \$55.6 million, or 2.7%, through March.
- Motor License Fund revenues are \$49.3 million, or 2.4%, higher than last fiscal year at this time.

Angel Investment Venture Capital Program Kicks Off

The Act of June 30, 2021, P.L. 62, No. 24 (Act 24 of 2021), established the Angel Investment Venture Capital Program (program) to create a business environment that attracts and encourages early-stage financing for businesses located in Pennsylvania with the potential for high growth, increases capital investment in the Commonwealth, and encourages job creation in Pennsylvania by making investments in Pennsylvania-based companies that focus on commercializing research and development, technology transfers, or the application of new technologies.

The Program defines a qualified business venture seeking capital investment as a business that:

Is primarily focused on commercializing research and development, technology transfers, or the application of new technology, or if the business is not engaged in those industries, then a business that the Office determines is able to employ the qualified investment in ways that will be highly beneficial to the Commonwealth's economic growth;

Has at least 51% of its employees employed in this Commonwealth at the time the angel investor or QBV applies for a qualified investment;

Has fewer than 100 employees at the time the angel investor or QBV applies for a qualified investment;

Has operated in a physical location within this Commonwealth for not more than five consecutive years at the time the application is submitted;

At the time of application for a qualified investment, has not received more than \$2,000,000, in the aggregate, in private equity investments of which not more than \$1,000,000 was invested by a single investor; and

Is not engaged in a business involving:

- I. Real estate;
- II. Real estate development;
- III. Insurance;
- IV. Professional services provided by an accountant, a lawyer, or a physician; or
- V. Retail sales, except when the primary purpose of the business is the development or support of electronic commerce using the Internet.



Business entities that qualify as angel investors or as qualified business ventures under Act 24 and would like to receive funding from the program must submit completed applications to the Executive Offices, Office of the Budget. Program guidelines that describe the program and the application process, along with the applications themselves, can be found by accessing the following link: <https://www.budget.pa.gov/Programs/Pages/Angel-Investment-Program.aspx>

Completed applications must be submitted as PDF files to the Office of the Budget via email at budget@pa.gov between March 1, 2022, and 3:00 pm in Harrisburg, PA on June 30, 2022. The Office of the Budget will consider completed applications on a rolling basis beginning July 5, 2022, until available program funding is exhausted.

Program inquiries must be directed to the Office of the Budget at 333 Market Street, 19th Floor, Harrisburg, PA 17101; telephone: 717-787-2542; email: budget@pa.gov.

Fiscal Year 2021-22
Senate Appropriations Committee
Monthly Revenue Report
(\$ thousands)

REVENUE SOURCES	YTD FY 2020-21	March 2022 Actual	March 2022 Estimated	Surplus/ (Deficit)	YTD Actual	YTD Estimated	Surplus/ (Deficit)
TOTAL - GENERAL FUND	28,714,025	5,557,045	4,897,900	659,145	34,139,951	31,477,900	2,662,051
TOTAL - NON-TAX REVENUE	825,348	192,490	150,500	41,990	4,347,279	4,221,000	126,279
TOTAL - TAX REVENUE	27,888,677	5,364,555	4,747,400	617,155	29,792,672	27,256,900	2,535,772
TOTAL - Corporation Taxes	4,637,984	2,356,395	2,168,400	187,995	5,158,047	4,347,400	810,647
Accelerated Deposits	2,279	1,593	0	1,593	(1,268)	0	(1,268)
Corp. Net Income	2,816,179	631,709	490,300	141,409	3,249,312	2,522,600	726,712
Gross Receipts	988,324	957,510	987,800	(30,290)	1,018,545	1,014,300	4,245
PURTA	3,064	(12)	500	(512)	1,947	2,100	(153)
Insurance Premiums	428,194	371,550	322,400	49,150	456,452	415,200	41,252
Financial Institutions	399,945	394,044	367,400	26,644	433,060	393,200	39,860
TOTAL - Consumption Taxes	10,501,141	1,263,030	1,046,500	216,530	11,462,038	10,704,800	757,238
Sales and Use	9,282,908	1,131,435	923,300	208,135	10,281,025	9,513,300	767,725
General (net of transfers)	7,960,367	941,661	775,300	166,361	8,931,919	8,225,000	706,919
Motor Vehicle Sales	1,322,540	189,774	148,000	41,774	1,349,106	1,288,300	60,806
Cigarette Tax	792,626	84,568	77,500	7,068	727,626	742,700	(15,074)
Other Tobacco Products	99,204	11,436	10,600	836	111,520	106,500	5,020
Malt Beverage	16,375	1,568	1,800	(232)	16,388	17,000	(612)
Liquor	310,028	34,022	33,300	722	325,479	325,300	179
TOTAL - Other Taxes	12,749,552	1,745,131	1,532,500	212,631	13,172,586	12,204,700	967,886
Personal Income	11,208,465	1,575,423	1,416,800	158,623	11,226,051	10,538,500	687,551
Withholding	8,112,872	1,288,493	1,195,900	92,593	9,034,072	8,715,500	318,572
Non-Withholding	3,095,593	286,930	220,900	66,030	2,191,979	1,823,000	368,979
Realty Transfer	465,597	74,797	53,000	21,797	624,280	510,100	114,180
Inheritance & Estate	963,158	158,758	127,400	31,358	1,163,522	1,041,300	122,222
Minor & Repealed	(54,648)	(88,400)	(86,100)	(2,300)	(71,799)	(97,100)	25,301
Gaming	166,980	24,553	21,400	3,153	230,531	211,900	18,631
TOTAL - MOTOR LICENSE FUND	2,032,617	239,696	220,320	19,376	2,081,934	2,026,330	55,604
TOTAL - Liquid Fuels Taxes	1,225,421	123,099	111,800	11,299	1,294,393	1,301,100	(6,707)
Motor Carriers/IFTA	92,611	9,436	4,900	4,536	100,052	97,600	2,452
Alternative Fuels	8,468	1,198	1,100	98	11,401	10,500	901
Oil Company Franchise	1,124,384	112,464	105,800	6,664	1,182,935	1,193,000	(10,065)
Minor & Repealed	(42)	0	0	0	5	0	5
TOTAL - Licenses, Fees & Other	807,196	116,598	108,520	8,078	787,541	725,230	62,311
Licenses and Fees	794,895	111,285	107,600	3,685	782,627	719,100	63,527
Other Motor Receipts	12,301	5,313	920	4,393	4,914	6,130	(1,216)