

FASTFACTS

House Appropriations Committee (D)

JOE MARKOSEK, DEMOCRATIC CHAIRMAN

February 1, 2017



January General Fund Revenue Update

Billions needed just to keep the lights on

On the eve of Gov. Wolf's budget address next week, General Fund revenues edged lower again in January, falling to \$49.8 million below the official estimate and bringing the year-to-date revenue shortfall to \$416.8 million.

Looking across tax types, performance was mixed. The corporate net income tax came in \$78.7 million less than expected, with final payments much lower than projected. Sales taxes also missed the mark by \$5.1 million, but a dichotomy existed between taxes from motor vehicle sales and taxes from other purchases.

Rounding out the large tax types, personal income tax collections performed better than expected by \$27.3 million.

With a growing revenue shortfall, the commonwealth's upcoming budgetary challenges increase. Today we are staring at a several-billion dollar deficit, and this is just to keep the lights on and maintain current programs.

The Independent Fiscal Office revised its year-end revenue shortfall projection upward last week to \$716 million. Combined with the loss of one-time revenues assumed this year that will not be available to support the 2017/18 budget, and the mandatory expenditure increases that the commonwealth must pay next year detailed in the IFO's Five-Year Outlook report from November, the total problem across this fiscal year and the next stands at close to \$3 billion.

Gov. Wolf will present the Department of Revenue's updated revenue forecast as part of the executive budget as well as his strategy to close the gap on Tuesday, Feb. 7.

For January:

- Total General Fund collections were \$49.8 million lower than expected (1.8 percent)
- General Fund tax revenues were \$41.3 million less than anticipated (1.6 percent)
- Corporation taxes were \$60.4 million below estimate (36.6 percent)
 - The corporate net income tax came in \$78.7 million less than estimated (56.9 percent)
- Sales and use tax collections finished lower than expected by \$5.1 million (0.6 percent)
 - Non-motor collections were \$18.4 million lower than projected (2.2 percent)
 - Motor vehicle collections were \$13.3 million above estimate (13.3 percent)
- Personal income tax collections were \$27.3 million higher than expected (2.2 percent)

- Employer withholdings on wages and salaries were \$20.1 million more than anticipated (2.5 percent)

- Non-withheld collections above estimate by \$7.3 million (1.6 percent)

- Non-tax revenues were \$8.5 million less than anticipated (10.3 percent)

For the fiscal year to date:

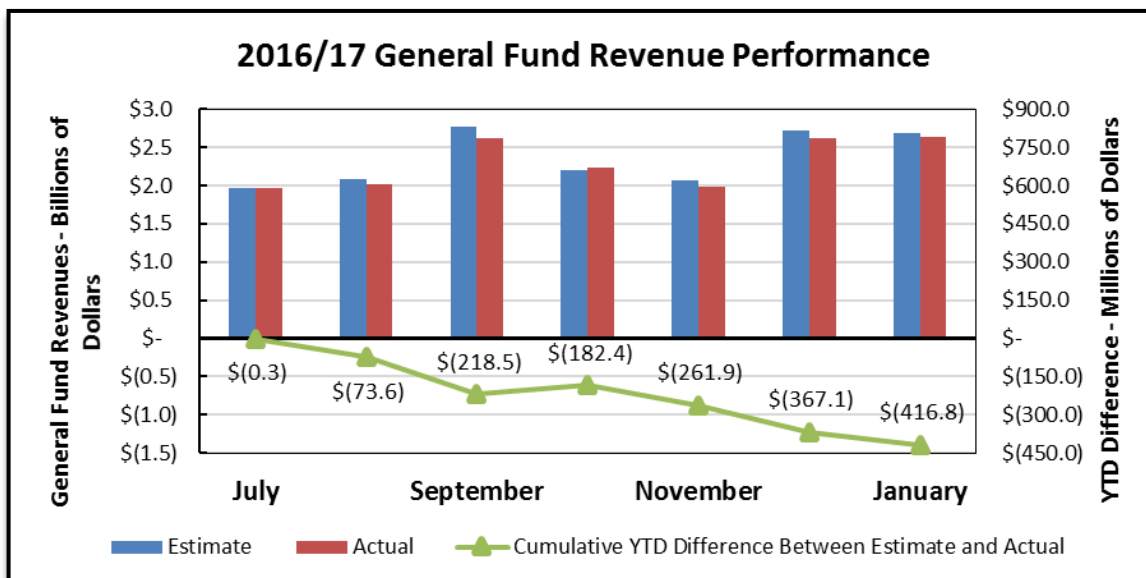
- Cumulative General Fund revenues are \$416.8 million lower than expected (2.5 percent)
- General Fund tax revenue is \$462.7 million lower than projected (2.8 percent)
- Corporation taxes are \$160.9 million below the official estimate (10.5 percent)
- Sales and use taxes are \$138.4 million less than expected (2.3 percent)

- Personal income tax collections are \$98.6 million lower than anticipated (1.4 percent)
- Non-tax revenues are \$45.9 million higher than estimate (26.3 percent)

Compared to year-to-date collections during the past fiscal year:

- Total General Fund revenues are 1.2 percent higher
- General Fund tax revenue is 1.2 percent higher
- Corporation taxes are 11.0 percent lower
- Sales and use taxes have increased by 1.1 percent
- Personal income tax collections are 0.9 percent higher

General Fund Revenues - Year-to-Date Performance vs Official Estimate			
<i>Amounts in Millions</i>	YTD Estimate	YTD Collections	Change
General Fund Total	16,514.2	16,097.4	(416.8)
Tax Revenue Total	16,339.7	15,877.0	(462.7)
Corporation Taxes	1,539.3	1,378.4	(160.9)
Consumption Taxes	7,056.1	6,890.5	(165.6)
Sales and Use Tax	6,032.6	5,894.2	(138.4)
Cigarette Tax	759.2	727.8	(31.4)
Other Tobacco Products	27.6	35.5	7.9
Malt Beverage Tax	14.3	14.7	0.4
Liquor Tax	222.4	218.3	(4.1)
Other Taxes	7,744.3	7,608.1	(136.2)
Personal Income Tax	6,821.9	6,723.3	(98.6)
Realty Transfer Tax	326.5	281.9	(44.6)
Inheritance Tax	539.1	530.1	(9.0)
Table Games	69.0	68.4	(0.6)
Minor and Repealed	(12.2)	4.3	16.5
Non-Tax Revenue	174.5	220.4	45.9



House Appropriations Committee (D)

Miriam A. Fox, Executive Director

Eric Dice, Budget Analyst

Mark Shade, Communications Director