



Economic Brief

Rep. Stan Saylor, Republican Chairman

July 2020

Chairman's Report

While General Fund revenues for July came in significantly higher than the previous year, it was due to an expected shift in revenues from Fiscal Year 2019-20 into Fiscal Year 2020-21.

Fiscal Year 2019-20 General Fund revenues were \$3.2 billion short of estimate. \$1.1 billion is estimated to be lost revenues from reduced economic activity during the pandemic, and \$2.1 billion is estimated to be a shift of revenue collections into Fiscal Year 2020-21 from delayed due dates for the corporate net income tax (CNIT), personal income tax (PIT) and accelerated prepayments for the sales and use tax (SUT).

The Official Revenue Estimate with the enactment of Act 1A, signed by the Governor on May 29, 2020, assumed the continuation of the COVID-19 pandemic would reduce economic activity in Fiscal Year 2020-21 resulting in the loss of another \$4.6 billion in revenue collections.

July 2020 General Fund revenues of \$4.10 billion exceeded July 2019 collections by \$1.77 billion. A total of \$1.62 billion of the revenues received in July 2020 are estimated to be attributable to the receipt of delayed 2019-20 payments for CNIT, PIT and SUT.

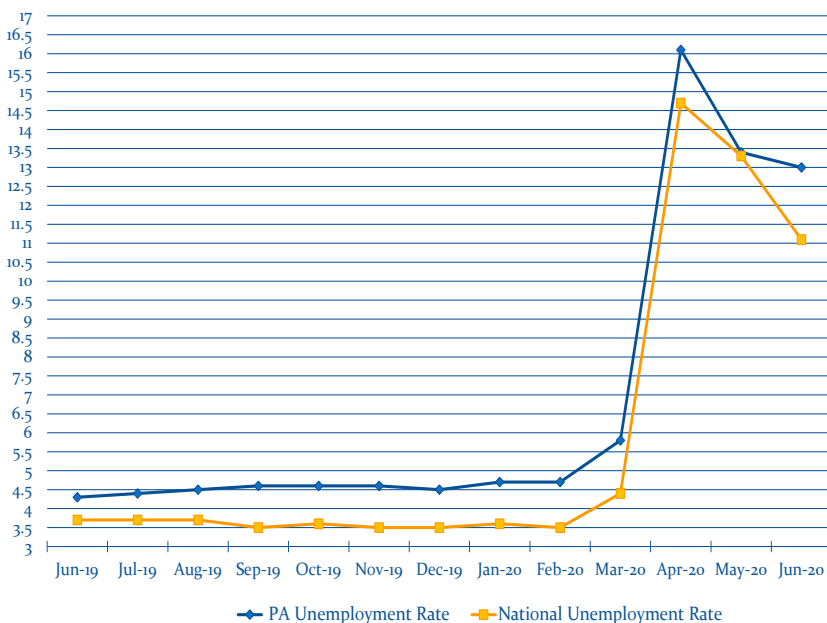
It is important to note that, of the \$330 million increase in SUT, \$160 million is attributable to the prepayment requirement, which resumed in July after being suspended by the Department of Revenue. An additional \$115 million is attributed to a one-time transfer of SUT revenue that occurred in July 2019. When taken into account, all other tax collections and non-tax collections in July were \$43 million over collections of the prior year.

Additionally, while PIT estimated and annual payments grew by \$1.31 billion do to shifted revenue, PIT withholding was \$22.7 million below July 2019, a reduction of 2.4 percent.

For the month of July, actual General Fund revenues are in-line with what was anticipated; however, the full impact of the delayed receipt of revenues will be not be realized until the end of August as the calendar year 2019 CNIT annual payment due date was delayed from May 15th to August 15th.

Beginning with the month of September, revenue collections will show a clearer picture of the economic impacts of the pandemic.

12-Month Unemployment Rates



PA EMPLOYMENT STATISTICS

| | June 2020 | Monthly Change | |
|------------------------|--------------|----------------|---|
| Labor Force | 6.33 Million | -175,000 | ↓ |
| Unemployment Rate | 13.0% | -0.4% | ↓ |
| Total Nonfarm Jobs | 5.43 Million | +231,500 | ↑ |
| 12-Month Change | | | |
| Total Nonfarm Jobs | -620,300 | | |
| Unemployment Rate | +8.7% | | |

Surrounding States Unemployment Rate

| | | | |
|----|-------|----|-------|
| DE | 12.5% | NY | 15.7% |
| MD | 8.0% | OH | 10.9% |
| NJ | 16.6% | WV | 10.4% |



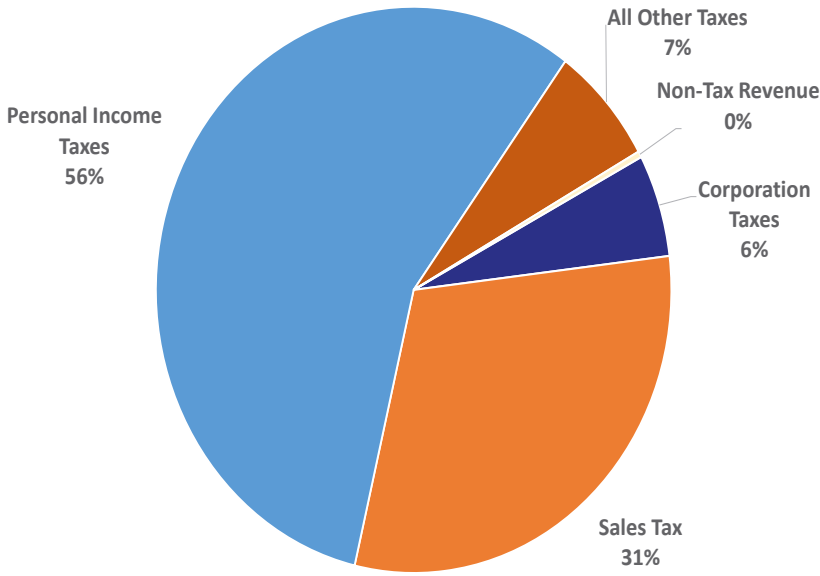
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Pennsylvania Brings in \$4.10 Billion in Revenue Collections

July 2020 Revenues by Tax



July Revenue Collections

| July 2019 | July 2020 |
|--|--|
| Total General Fund \$2.33 Billion | Total General Fund ↑ \$4.10 Billion |
| Corporation Taxes \$117 Million | Corporation Taxes ↑ \$241 Million |
| Sales Taxes \$925 Million | Sales Taxes ↑ \$1.26 billion |
| Personal Income Taxes \$1.02 Billion | Personal Income Taxes ↑ \$2.31 Billion |
| All Other Taxes \$230 Million | All Other Taxes ↑ \$281 Million |
| Non-Tax Revenue \$34 Million | Non-Tax Revenue ↓ \$14 Million |

Difference From July 2019 Revenue Collections

