



Economic Brief

Rep. Stan Saylor, Republican Chairman

August 2020

Chairman's Report

General Fund revenues for August of \$2.55 billion exceeded the monthly estimate by \$209.0 million. Fiscal Year to Date collections of \$6.65 billion are \$210.3 million above estimate.

FY2019-20 General Fund revenues were \$3.22 billion short of estimate. \$1.1 billion was estimated to be lost revenues from reduced economic activity during the pandemic, and \$2.1 billion was estimated to be a shift of revenue collections into FY2020-21 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). We estimate that \$235 million in delayed CNIT payments were received in August. When added to the \$1.62 billion in delayed payments received in July, a total of \$1.85 billion of the anticipated \$2.1 billion has been received from delayed tax collections.

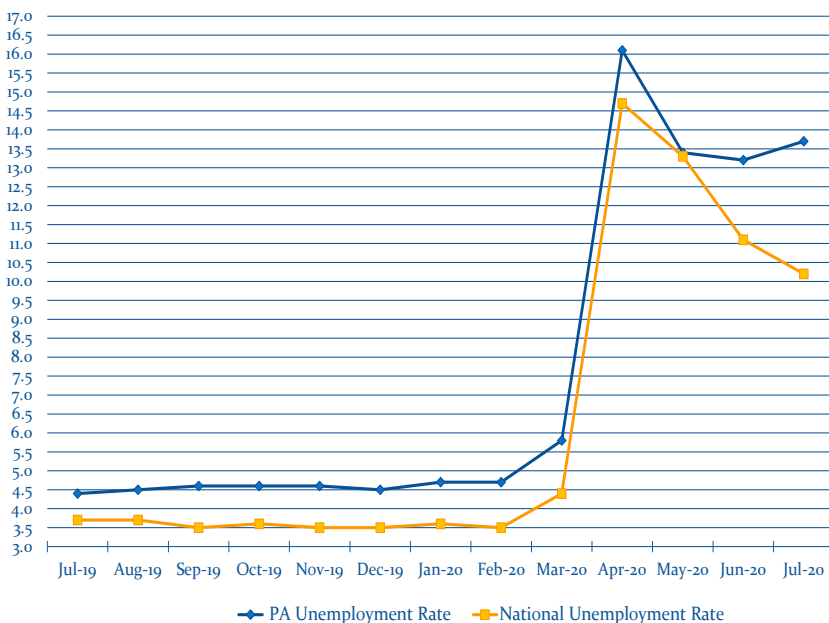
The Official Revenue Estimate with the enactment of Act 1A, signed by the Governor on May 29, 2020, assumed the continuation of the COVID-19 pandemic would reduce economic activity in FY2020-21 resulting in the loss of another \$4.6 billion in revenue collections. The chart on page two shows anticipated collections as compared to FY2019-20 actual collections, showing a monthly distribution of these estimated losses.

It is also important to note that, while it appears that PIT withholding is 4.8 percent higher than last August, after accounting for a \$48.9 million transfer from PIT collections in August 2019, withholding collections for the month of August 2020 declined 1.5 percent from the previous year.

Sales Tax non-motor vehicle collections exceeded the monthly estimate by \$97.1 million and were 4.6% above collections of the prior year. It is believed that the strength in sales tax collections during the first two months of this fiscal year are attributed to both pent up demand from reduced spending during the initial months of the pandemic as well as consumer spending of the stimulus and supplemental unemployment monies.

Collections for the month of September will provide additional information for the committee to measure the economic impacts of the pandemic on revenue collections as the 3rd quarter estimated payments for tax year 2020 are due for both the PIT and CNIT.

12-Month Unemployment Rates



PA EMPLOYMENT STATISTICS

	July 2020	Monthly Change	
Labor Force	6.453 Million	+88,000	↑
Unemployment Rate	13.7%	+0.5%	↑
Total Nonfarm Jobs	5.526 Million	+97,900	↑
12-Month Change			
Total Nonfarm Jobs	-541,900		
Unemployment Rate	+9.3%		

Surrounding States Unemployment Rate

DE	10.4%	NY	15.9%
MD	7.6%	OH	8.9%
NJ	13.8%	WV	9.9%



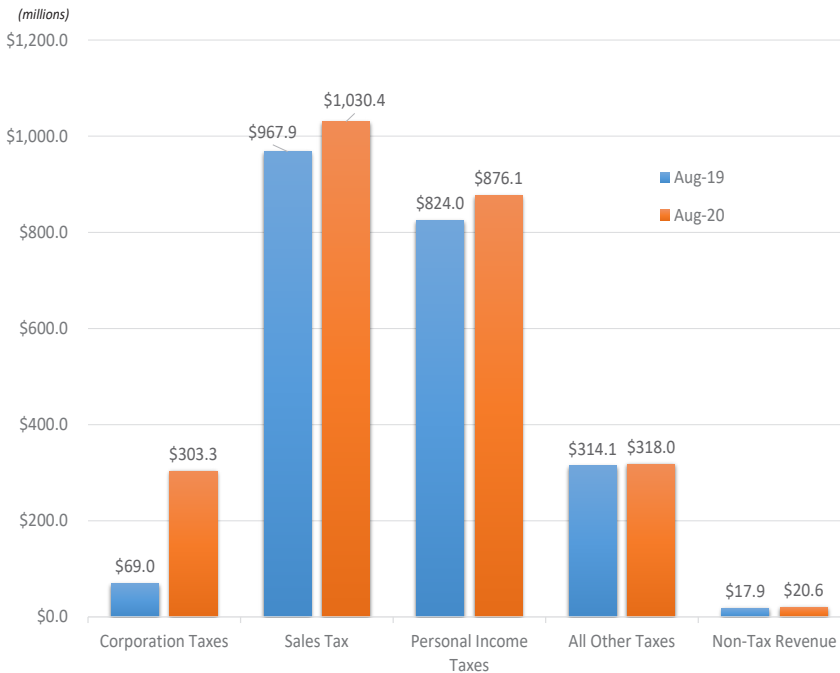
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Pennsylvania Brings in \$2.55 Billion in Revenue Collections

Difference from August 2019 Revenues



August Revenue Collections

Official Estimate	Actual Collections
Total General Fund	Total General Fund ↑
\$2.34 Billion	\$2.55 Billion
Corporation Taxes	Corporation Taxes ↑
\$276.5 Million	\$303.3 Million
Sales Taxes	Sales Taxes ↑
\$937.7 Million	\$1.03 Billion
Personal Income Taxes	Personal Income Taxes ↑
\$833.2 Million	\$876.1 Million
All Other Taxes	All Other Taxes ↑
\$265.8 Million	\$318.0 Million
Non-Tax Revenue	Non-Tax Revenue ↓
\$26.2 Million	\$20.6 Million

Monthly Revenue Estimates Compared to Last Fiscal Year

