



Economic Brief

Rep. Stan Saylor, Republican Chairman

December 2016

Pennsylvania Brings in \$2.62 Billion in Revenue Collections

General Fund revenue collections for the month of December were \$2.62 billion, which was \$105 million less than expected.

Collections of \$467 million for corporation taxes came in below Department of Revenue projections by \$43 million. Sales tax collections of \$841 million were lower than expected, coming in \$11 million below the official estimate. The Personal Income Taxes collected were \$962 million, which was below estimate by \$45 million.

For the 2016-17 Fiscal Year, General Fund collections of \$13.45 billion are below the official estimate by \$367 million.

December Revenue Collections

Estimate	Actual
Total General Fund	Total General Fund ↓
\$2.72 Billion	\$2.62 Billion
Corporation Taxes	Corporation Taxes ↓
\$510 Million	\$467 Million
Sales Taxes	Sales Taxes ↓
\$852 Million	\$841 Million
Personal Income Taxes	Personal Income Taxes ↓
\$1 Billion	\$962 Million
All Other Taxes	All Other Taxes ↓
\$322 Million	\$311 Million
Non-Tax Revenue	Non-Tax Revenue ↑
\$32 Million	\$37 Million

Difference From the Official General Fund Revenue Estimate





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Chairman's Budget News

In December, the Governor's Office of the Budget gave the annual mid-year budget briefing to update legislative leaders and the public on the status of the budget. This annual event compares current revenue collections to estimated collections and gives the governor an opportunity to inform the public about any potential fiscal challenges the Commonwealth may be facing.

The governor's mid-year briefing shows that the Administration currently projects that Pennsylvania will end the 2016-17 fiscal year with a \$604 million deficit. The administration estimates revenue collections will end \$425 million under estimate. As noted in page 1 of this economic brief we are already \$367 million under estimate and we are only half way through the year.. Additionally the \$604 million deficit includes \$183 million in supplemental appropriations that the Office of the Budget is projecting will be needed.

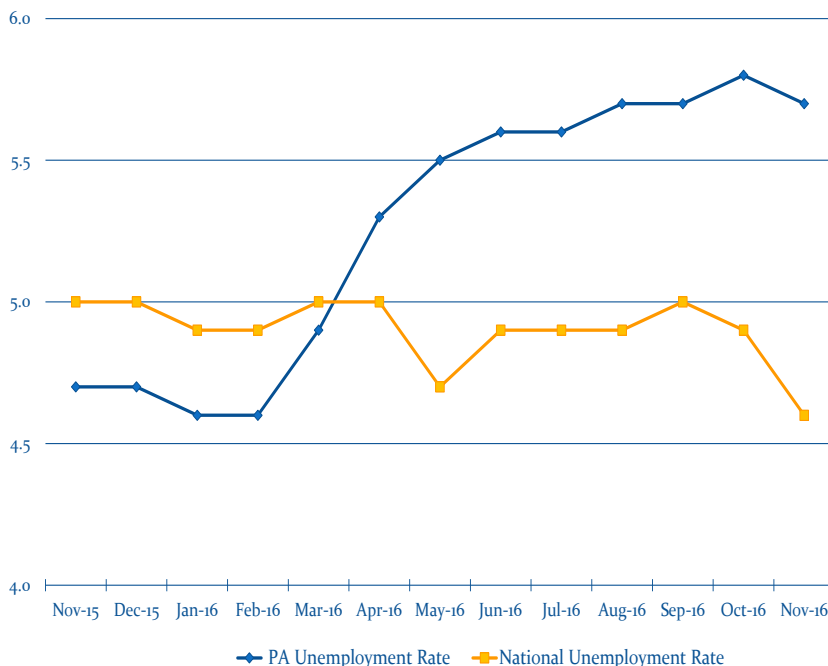
A supplemental appropriation is requested when a certain agency has costs that end up higher than originally projected when the budget was passed in June. Many times these are for programs that because of federal mandate the Commonwealth is obligated to pay. Most of the governor's estimated supplement appropriations are for the Department of Human Services. The General Assembly will have to thoroughly examine any supplemental requests.

The mid-year briefing also outlined other challenges to the 2017-18 budget:

- The state's pension obligations will grow \$304 million.
- The Commonwealth's debt obligation will grow \$133 million.
- The Lottery Fund will need changes to ensure solvency
- Human Service costs continue to rise as a result of lower federal payments from Washington, rising health care costs, and a rapidly growing senior population which will consume more services.

This briefing only furthers the need to seriously re-examine the way state government operates to ensure that we are being responsible for every penny of taxpayer money that is being sent to Harrisburg.

12-Month Unemployment Rates



PA EMPLOYMENT STATISTICS

	November 2016	Monthly Change	
Labor Force	6.53 Million	-2,000	↓
Unemployment Rate	5.7%	-0.1%	
Total Employment	6.16 Million	+1,000	↑
12-Month Change			
Total Employment	+23,000		
Unemployment Rate	+1.0%		

Surrounding States Unemployment Rates

DE	4.3%	NY	5.1%
MD	4.2%	OH	4.9%
NJ	5.0%	WV	6.0%