



Economic Brief

Rep. Stan Saylor, Republican Chairman

April 2017

Pennsylvania Brings in \$3.43 Billion in Revenue Collections

General Fund revenue collections for the month of April were \$3.43 billion, which was \$537 million less than expected.

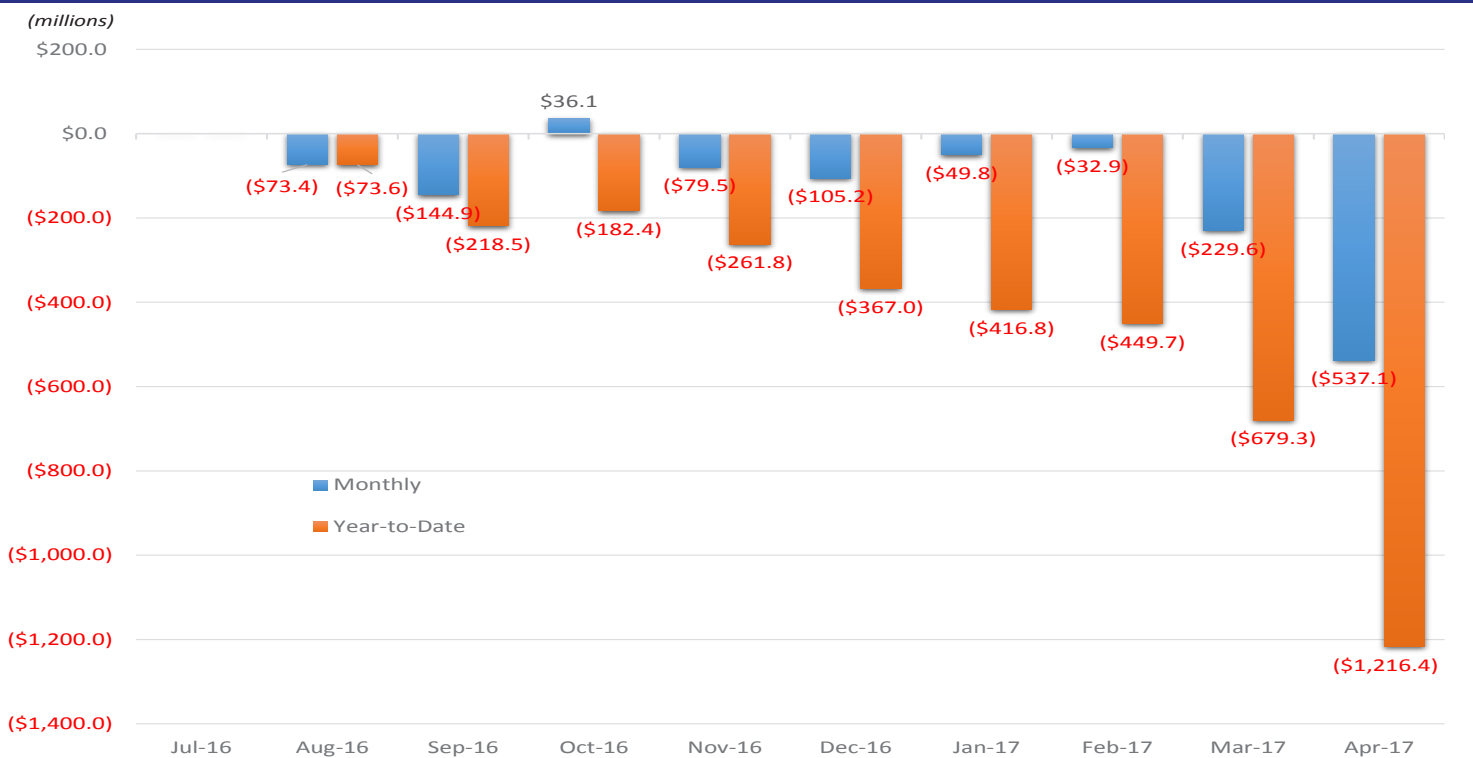
Collections of \$239 million for corporation taxes came in below Department of Revenue projections by \$227 million. Sales tax collections of \$831 million were lower than expected, coming in \$58 million below the official estimate. The Personal Income Taxes collected were \$1.85 billion, which was below estimate by \$181 million.

For the 2016-17 Fiscal Year, General Fund collections of \$25.82 billion are below the official estimate by \$1.2 billion.

April Revenue Collections

Estimate	Actual
Total General Fund	Total General Fund ↓
\$3.97 Billion	\$3.43 Billion
Corporation Taxes	Corporation Taxes ↓
\$466 Million	\$239 Million
Sales Taxes	Sales Taxes ↓
\$889 Million	\$831 Million
Personal Income Taxes	Personal Income Taxes ↓
\$2.03 Billion	\$1.85 Billion
All Other Taxes	All Other Taxes ↑
\$296 Million	\$298 Million
Non-Tax Revenue	Non-Tax Revenue ↓
\$287 Million	\$215 Million

Difference From the Official General Fund Revenue Estimate





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Chairman's Budget News

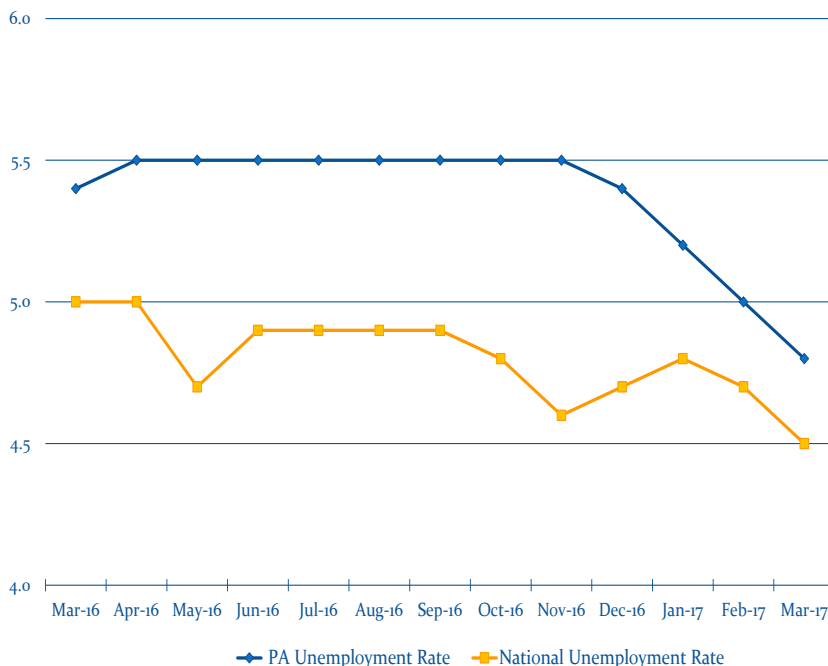
One of the primary drivers of the fiscal challenge that Pennsylvania faces is lower-than-expected revenue collections. To date, General Fund revenue collections are \$1.2 billion below the year-to-date estimate. To put that in perspective our revenue collections are actually 0.3% or \$73 million lower than this time last year. This negative growth in our revenue collections will force the legislature and the governor to make tough choices, which is why the House passed HB 218 which has a lower spend number than the current fiscal year.

Corporate tax collections are the biggest weak spot in our overall revenue collections. Year-to-date we are \$577 million below the official estimate. Compared to the prior year, corporate tax collections have declined by 12.4%. We have also seen slow growth in our personal income tax and sales tax collections. Our personal income tax collections have only grown 0.6% as compared to the prior year. Sales tax collections have grown 1.3% as compared to the prior year, but are 2.3% below the official estimate.

There are many factors at play with the lower-than-expected revenue collections. The GDP for the first quarter of 2017 grew only 0.7% which is the lowest growth rate in three years. The U.S. has seen negative corporate profits for 2015 and 2016 which is the first time this has occurred during a non-recession year in decades. Many corporations and some individuals may be waiting to see what tax policy changes are enacted on the federal level. The price of natural gas is at a very low level which impacts not only natural gas companies in PA but royalty payment recipients as well. From 2015 to 2016 Pennsylvania saw a small drop in population which is the first time this has occurred in 31 years. This combined with a growing retiree population could be affecting income collections. The U.S. Bureau of Economics has reported that consumer spending for February and March has been essentially flat.

During these challenging times Harrisburg must have the courage to rebalance the Commonwealth's expenditures and revenues. As we work to complete the 2017-18 General Fund budget enactment process we will continue to monitor these changes in revenue growth.

12-Month Unemployment Rates



PA EMPLOYMENT STATISTICS

	March 2017	Monthly Change	
Labor Force	6.44 Million	+7,000	▲
Unemployment Rate	4.8%	-0.2%	
Total Employment	6.13 Million	+17,000	▲
12-Month Change			
Total Employment	+41,000		
Unemployment Rate	-0.6%		

Surrounding States Unemployment Rates

DE	4.5%	NY	4.3%
MD	4.3%	OH	5.1%
NJ	4.2%	WV	4.9%