



Economic Brief

Rep. Stan Saylor, Republican Chairman

February 2018

Pennsylvania Brings in \$3.58 Billion in Revenue Collections

General Fund revenue collections for the month of February were \$3.58 billion, which was \$406 million more than the Department of Revenue's Official Estimate. This monthly overage was from earlier than anticipated Non-Tax Revenues. Tax Revenues were over by \$7.5 million or 0.39% for the month of February.

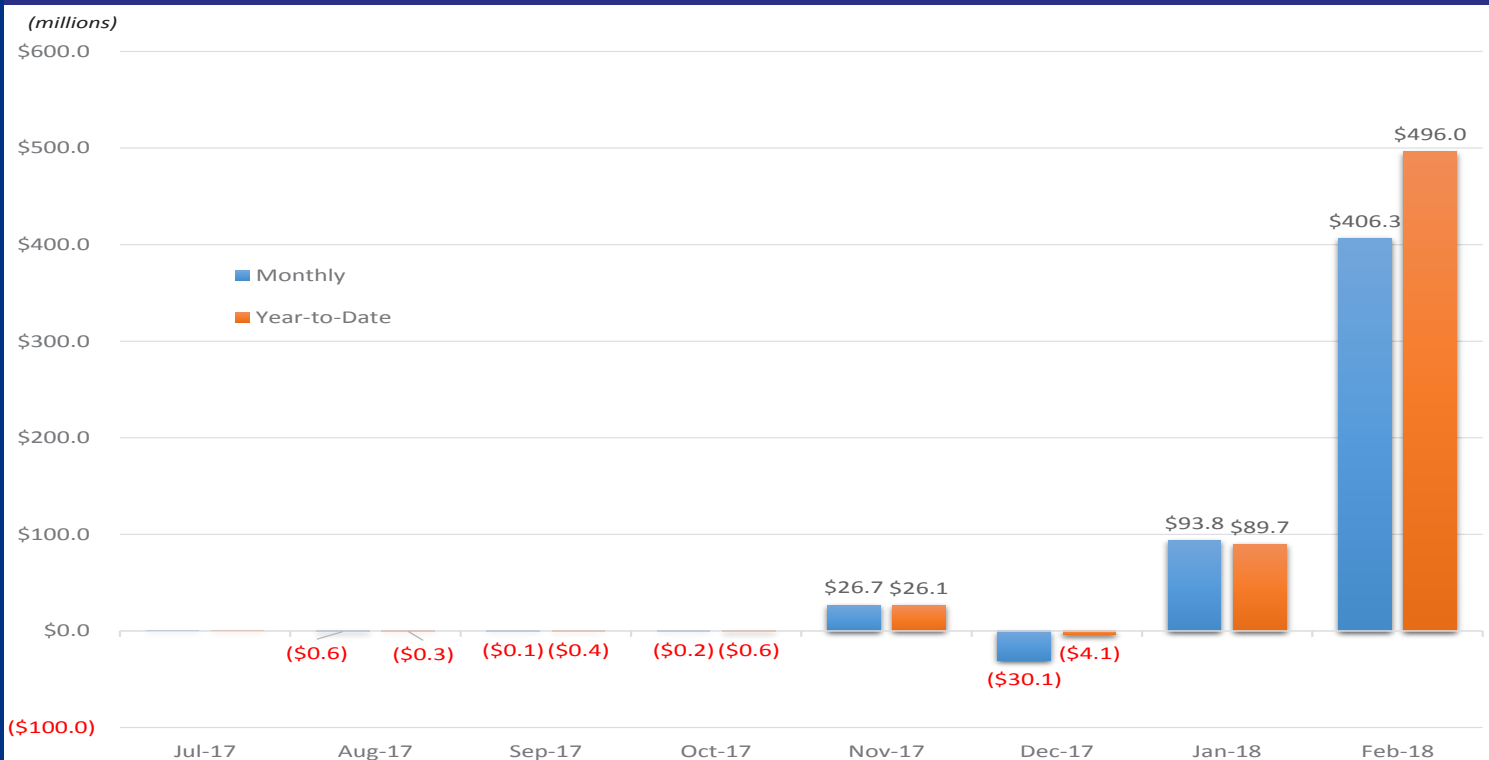
Collections of \$77 million for corporation taxes came in lower than the Official Revenue Estimate projections by \$6.4 million. Sales tax collections of \$734 million were higher than expected, coming in \$1.6 million above the Official Estimate. The Personal Income Taxes collected were \$857 million, which was above estimate by \$5 million.

For the 2017-18 Fiscal Year, General Fund collections of \$20.95 billion are above the official estimate by \$496 million or 2.42%. February tax revenues grew by 5.6% as compared to the same month of the prior year and year-to-date tax revenues are up 5.9% as compared to the prior fiscal year. At this point, the Appropriations Committee continues to expect year end revenues to meet the Official Estimate.

February Revenue Collections

Official Estimate	Actual Collections
Total General Fund	Total General Fund ↑
\$3.175 Billion	\$3.581 Billion
Corporation Taxes	Corporation Taxes ↓
\$83.4 Million	\$77.0 Million
Sales Taxes	Sales Taxes ↑
\$732.5 Million	\$734.2 Million
Personal Income Taxes	Personal Income Taxes ↑
\$852 Million	\$857 Million
All Other Taxes	All Other Taxes ↑
\$229 Million	\$236 Million
Non-Tax Revenue	Non-Tax Revenue ↑
\$1.278 Billion	\$1.677 Billion

Difference From Official General Fund Revenue Estimate





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Chairman's Budget News

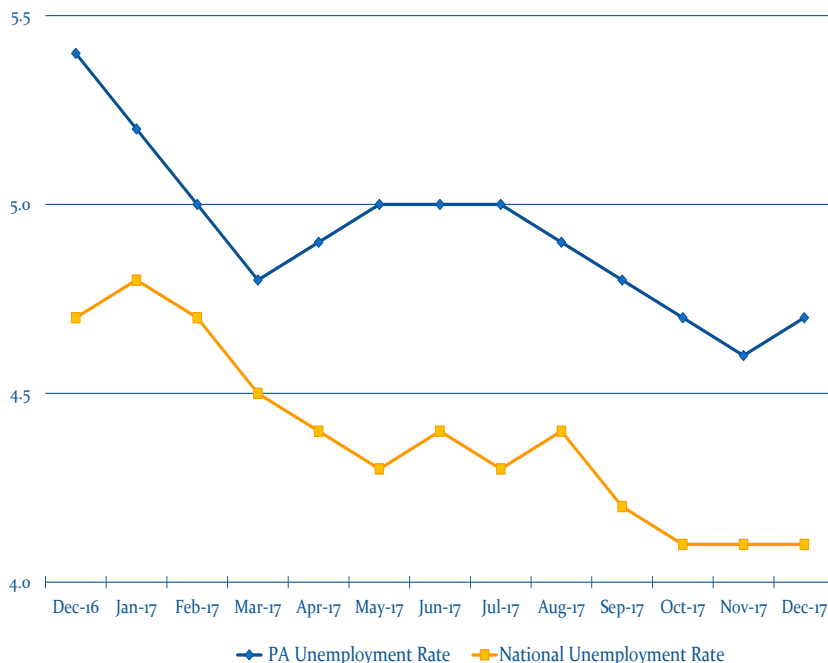
Recently, the governor announced that he has entered into a Financing Agreement with an entity known as Municipal Real Estate Funding, LLC that will result in the Commonwealth receiving \$200 million which will be repaid over 29 years plus interest. While the governor has framed this as a “lease-leaseback” of the Pennsylvania Farm Show, it has become crystal clear that this is debt that the governor has unilaterally put on the backs of Pennsylvania taxpayers. This debt will cost the people of Pennsylvania \$177 million in unnecessary debt payments.

Last year, the governor proposed this “lease-leaseback” of the Farm Show as part of his 2017-18 budget proposal. This proposal was questioned extensively by members of the House and Senate and the governor’s administration was never able to explain how this deal would work. Eventually this proposal was dropped from budget discussions.

Going into the 2017-18 fiscal year the Commonwealth was facing a large deficit created by lack luster revenue growth and over-spending in the prior fiscal year. To fill that one-time hole members of the House Republican Caucus proposed taking reserves from special funds such as Energy Development Fund, Key 93 Fund, Multimodal Fund and many others. These are funds that the Commonwealth already has and they have all built up unspent reserves. Eventually the governor agreed to transfer \$300 million from special funds and restricted accounts in order to help close the budget deficit. Language was included in the Fiscal Code which was passed and signed into law by the governor as Act 44 of 2017.

The governor’s administration has said that this \$200 million financing agreement is to go towards part of the \$300 million that is required to be transferred under Act 44 of 2017. However the governor has violated the intent of the law. Further, the Financing Agreement creates a debt obligation for the Commonwealth that is outside the state constitution and the legal parameters under which Commonwealth debt may be incurred. This fiscally irresponsible agreement that the governor has entered into is wrong for Pennsylvania.

12-Month Unemployment Rates



PA EMPLOYMENT STATISTICS

	Dec. 2017	Monthly Change	
Labor Force	6.392 Million	-5,000	↓
Unemployment Rate	4.7%	+0.1%	
Total Employment	6.09 Million	-8,000	
12-Month Change			
Total Employment	-10,000		
Unemployment Rate	-0.7%		

Surrounding States Unemployment Rates

DE	4.6%	NY	4.6%
MD	4.0%	OH	4.7%
NJ	5.0%	WV	5.5%