

# MONTHLY TRENDS REPORT

Independent Fiscal Office | June 2019

Last July, the Independent Fiscal Office (IFO) released monthly revenue projections for fiscal year (FY) 2018-19.<sup>1</sup> For June, General Fund collections exceeded estimate by \$50.9 million (1.7 percent) and were \$958.7 million (2.8 percent) above estimate for the year. The FY overage was primarily generated by stronger than anticipated collections related to corporate net income tax (CNIT), sales and use tax (SUT), personal income tax (PIT) annual payments and licenses and fees revenue associated with gaming expansion. The surplus in PIT annual payments was partially offset by a significant shortfall in PIT estimated payments.

SUT collections were over estimate by \$19.7 million (2.1 percent) in June, due to continued strength in non-motor collections (\$25.8 million, 3.1 percent above estimate). FY SUT collections surpassed the estimate by \$348.8 million (3.2 percent) due to strength in non-motor and motor vehicle receipts (FY growth of 7.0 and 6.5 percent, respectively).

June PIT collections were \$31.4 million (2.7 percent) higher than projected due mainly to withholding and estimated collections. FY PIT collections were \$115.7 million (0.8 percent) above estimate primarily due to strong annual payments that were \$259.7 million above estimate (17.7 percent) and 28.8 percent above the prior FY. Estimated payments for the FY fell short by \$138.0 million (-6.7 percent), while withholding met expectations.

GENERAL FUND SNAPSHOT			
	General Fund	Tax Revenue	Non-Tax Revenue
Jun-19	\$3,079	\$3,080	(\$1)
Growth	-0.2%	3.1%	-101.1%
FYTD	\$34,858	\$34,056	\$802
Growth	0.8%	6.4%	-68.7%

Dollar amounts in millions. See final page for detail.

CNIT collections met estimate for June, with a small shortfall in final payments offset by a similar overage in estimated payments. CNIT collections for the FY exceeded the estimate by \$323.0 million (10.5 percent), an increase of 18.0 percent over the prior FY.

June non-tax revenues were under estimate by \$11.6 million as a result of lower than predicted escheats collections (-\$18.9 million). Monthly licenses and fees exceeded estimate in June due to receipt of a \$10 million gaming license fee that was not expected until next fiscal year. FY non-tax revenues exceeded estimate by \$85.1 million (11.9 percent) due to higher than expected licenses and fees (gaming expansion) and treasury collections.

## FY 2018-19 Revenue Performance Through June

	June Collections			FY Collections		
	Actual	Estimate	\$ Diff	Actual	Estimate	\$ Diff
General Fund	\$3,079	\$3,028	\$51	\$34,858	\$33,899	\$959
Corp. Net Income	572	573	(1)	3,398	3,075	323
Sales and Use	969	949	20	11,100	10,751	349
Personal Income	1,203	1,172	31	14,096	13,980	116
Other Taxes	335	323	12	5,464	5,378	86
Non-Tax	(1)	11	(12)	802	717	85

Dollar amounts in millions. Estimate refers to IFO official estimate published on July 30, 2018.

<sup>1</sup> See *Official Monthly & Quarterly Revenue Estimates* for more information: <http://www.ifo.state.pa.us/download.cfm?file=/Resources/Documents/MQRE-FY18-19-July.pdf>.

# MONTHLY ECONOMIC INDICATORS

	United States				Pennsylvania			
	Mar-19	Apr-19	May-19	Jun-19	Mar-19	Apr-19	May-19	Jun-19
Unemployment Rate <sup>1</sup>	3.8%	3.6%	3.6%	n.a.	3.9%	3.8%	3.8%	n.a.
Net Job Gains (000s) <sup>2</sup>	153.0	216.0	72.0	224.0	50.8	50.9	53.8	n.a.
Average Gasoline Price <sup>3</sup>	\$2.52	\$2.80	\$2.86	\$2.72	\$2.58	\$2.81	\$2.90	\$2.77
CPI-U All Items <sup>4</sup>	1.9%	2.0%	1.8%	n.a.	1.7%	1.9%	n.a.	n.a.
CPI-U Excludes Energy <sup>4</sup>	2.0%	2.0%	2.0%	n.a.	1.9%	1.8%	n.a.	n.a.
Retail Sales <sup>5</sup>	2.9%	3.2%	3.5%	n.a.	5.9%	6.0%	7.2%	6.6%
Consumer Sentiment Index <sup>6</sup>	98.4	97.2	100.0	98.2	n.a.	n.a.	n.a.	n.a.

# QUARTERLY ECONOMIC INDICATORS

	United States				Pennsylvania			
	2018.2	2018.3	2018.4	2019.1	2018.2	2018.3	2018.4	2019.1
Gross Domestic Product <sup>7</sup>	4.2%	3.4%	2.2%	3.1%	4.0%	3.2%	2.5%	n.a.
Personal Income <sup>8</sup>	4.5%	4.5%	4.3%	3.8%	3.6%	3.7%	3.9%	3.6%
Wages and Salaries <sup>9</sup>	4.5%	4.4%	3.9%	3.4%	4.0%	3.5%	3.1%	3.0%
CPI-U All Items <sup>4</sup>	2.7%	2.6%	2.2%	1.6%	1.6%	1.7%	1.3%	1.5%
CPI-U Excludes Energy <sup>4</sup>	2.1%	2.1%	2.1%	2.1%	0.9%	1.0%	1.1%	1.8%
FHFA House Price Index <sup>10</sup>	6.8%	6.5%	5.9%	5.1%	5.4%	4.7%	5.3%	5.0%

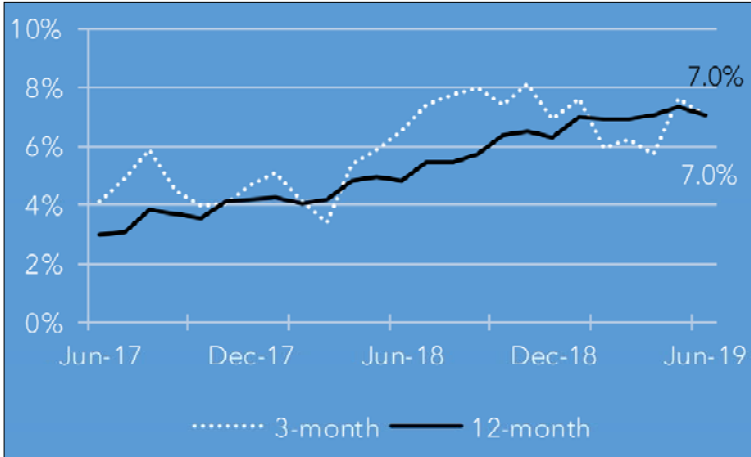
Notes:

1. Source: U.S. Bureau of Labor Statistics—Survey of Households.
2. U.S.: Increase in payroll employment compared to the previous month. PA: Average year-over-year increase in payroll employment based on latest three months of data. Source: U.S. Bureau of Labor Statistics—Survey of Establishments.
3. Average price for one gallon of regular gasoline. Source: U.S. Energy Information Administration.
4. Annual change in average price level for U.S. and PA-NJ-DE-MD. Data for PA-NJ-DE-MD only published on a bi-monthly basis. For non-release months, values are an interpolation. Source: U.S. Bureau of Labor Statistics.
5. U.S.: Annual growth rate of advance retail sales based on latest three months of data. Includes purchases of gas and motor vehicles. Excludes services. Source: U.S. Department of Commerce. PA: Annual growth rate of sales tax revenues based on latest three months of data. Excludes transfers to the Commonwealth Financing Authority. Source: PA Department of Revenue.
6. A diffusion index that reflects consumer optimism. Source: UM—Survey of Consumers.
7. The quarterly, annualized real growth rate of the economy. Excludes inflation. Source: U.S. Bureau of Economic Analysis.
8. The annual growth rate of personal income. Includes any inflationary gains. Source: U.S. Bureau of Economic Analysis.
9. Year-over-year growth rate of wages and salaries paid to all payroll employees. Source: U.S. Bureau of Economic Analysis.
10. The House Price Index is a broad measure of the movement of single-family house prices. The HPI is a weighted, repeat-sales index; it measures average price changes in repeat sales or refinancing on the same properties. These data are obtained by reviewing repeat mortgage transactions on single-family properties whose mortgages have been purchased or securitized by Fannie Mae or Freddie Mac. Source: Federal Housing Finance Agency.

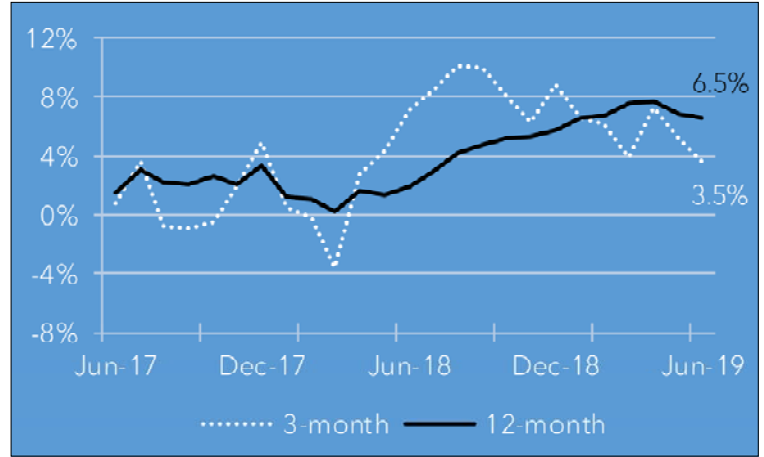
# SELECT GENERAL FUND TAX REVENUES

## ANNUAL GROWTH RATES

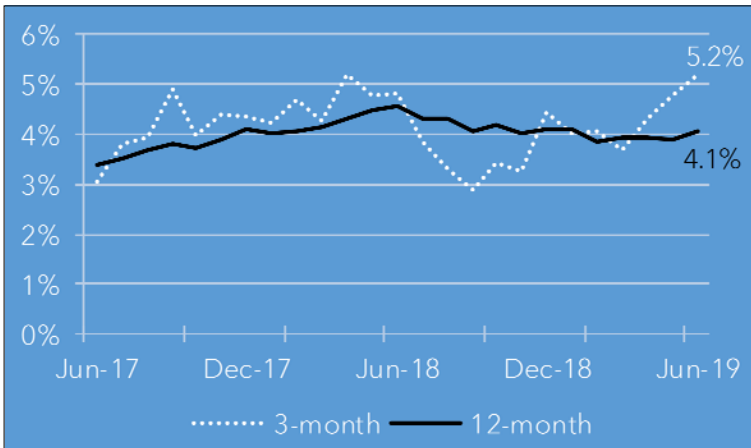
### Sales and Use Tax – Non-Motor



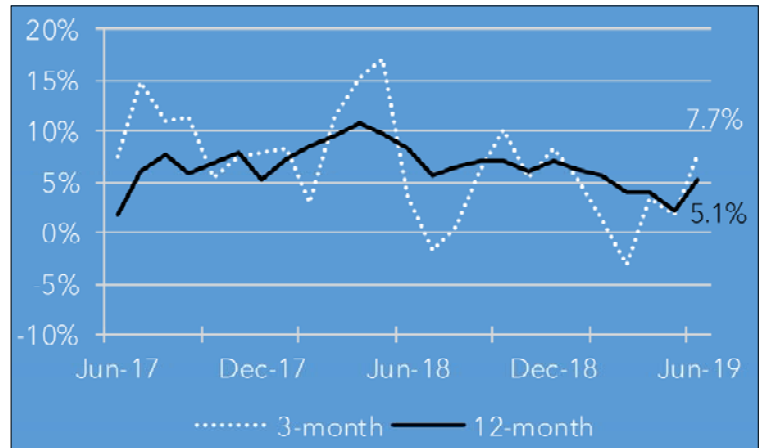
### Sales and Use Tax – Motor



### Personal Income Tax – Withholding



### Realty Transfer Tax



#### Technical Notes

- The three- and twelve-month growth rates displayed in the graphs are rolling averages relative to the previous fiscal year.
- The graphs above correct for (1) transfers to the Commonwealth Financing Authority, Enhanced Revenue Collection Account and Housing Affordability and Rehabilitation Enhancement Fund and (2) issues related to fluctuating payment due dates.
- Treasury collections (next page) for the fiscal year include \$30.4 million for a settlement under the Air Pollution Control Act that was deposited into the General Fund in July 2018.

# GENERAL FUND REVENUES SUMMARY

Revenue Source	June 2019	June 2018	FYTD 2018-19	FYTD 2017-18	Monthly Growth	FYTD Growth
<b>Total General Fund</b>	<b>\$3,078.6</b>	<b>\$3,083.9</b>	<b>\$34,857.9</b>	<b>\$34,566.9</b>	<b>-0.2%</b>	<b>0.8%</b>
<b>Total Tax Revenue</b>	<b>3,079.6</b>	<b>2,988.2</b>	<b>34,056.3</b>	<b>32,003.4</b>	<b>3.1</b>	<b>6.4</b>
<b>Total Corporation Taxes</b>	<b>590.1</b>	<b>568.1</b>	<b>5,510.8</b>	<b>4,888.7</b>	<b>3.9</b>	<b>12.7</b>
Accelerated Deposits	0.2	0.8	2.5	3.8	-68.5	-34.3
Corporate Net Income	572.1	561.4	3,397.5	2,879.0	1.9	18.0
Gross Receipts	28.8	7.1	1,250.1	1,149.9	307.5	8.7
Utility Property	0.2	0.1	36.3	33.8	36.6	7.3
Insurance Premiums	(15.3)	(15.1)	444.3	450.9	-1.2	-1.5
Financial Institution	4.2	13.9	380.1	371.3	-69.7	2.4
<b>Total Consumption Taxes</b>	<b>1,118.3</b>	<b>1,124.5</b>	<b>12,753.8</b>	<b>12,094.4</b>	<b>-0.6</b>	<b>5.5</b>
Sales and Use - Total	969.0	963.5	11,099.6	10,381.4	0.6	6.9
Non-Motor	847.4	840.2	9,616.0	8,988.7	0.9	7.0
Motor Vehicle	121.6	123.3	1,483.6	1,392.7	-1.4	6.5
Cigarette	104.2	116.4	1,118.8	1,198.3	-10.5	-6.6
Other Tobacco Products	12.1	11.3	129.9	119.1	7.2	9.1
Malt Beverage	2.3	2.1	23.5	24.1	7.0	-2.4
Liquor	30.6	31.2	381.9	371.5	-1.8	2.8
<b>Total Other Taxes</b>	<b>1,371.2</b>	<b>1,295.6</b>	<b>15,791.8</b>	<b>15,020.3</b>	<b>5.8</b>	<b>5.1</b>
Personal Income - Total	1,203.5	1,139.9	14,095.5	13,399.0	5.6	5.2
Withholding	805.7	769.0	10,443.9	10,036.5	4.8	4.1
Quarterly	366.2	324.2	1,922.4	2,019.9	13.0	-4.8
Annual	31.5	46.8	1,729.2	1,342.6	-32.5	28.8
Realty Transfer	53.7	45.9	534.0	514.4	17.0	3.8
Inheritance	96.4	91.8	1,053.6	1,019.3	5.0	3.4
Gaming	9.1	11.7	131.7	123.1	-22.4	7.0
Minor and Repealed	8.5	6.3	(23.0)	(35.4)	34.6	35.1
<b>Total Non-Tax Revenue</b>	<b>(1.0)</b>	<b>95.7</b>	<b>801.6</b>	<b>2,563.5</b>	<b>-101.1</b>	<b>-68.7</b>
State Store Fund Transfers	0.0	0.0	185.1	185.1	0.0	0.0
Lic., Fees & Miscellaneous	7.0	101.0	543.6	2,303.1	-93.1	-76.4
Licenses and Fees	14.5	27.5	326.8	323.0	-47.2	1.2
Miscellaneous	(7.5)	73.5	216.7	1,980.1	-110.2	-89.1
Treasury	7.4	12.6	72.5	31.3	-41.4	131.2
Escheats	(14.8)	(4.3)	81.6	70.7	-242.0	15.4
Other Miscellaneous	(0.1)	65.3	62.6	1,878.1	-100.2	-96.7
Fines, Penalties & Interest	(8.0)	(5.4)	72.9	75.4	-49.1	-3.2

Note: Dollar amounts in millions. Growth rates computed from same time period in previous year and use the unrounded amounts.