

Commonwealth of Pennsylvania

OFFICIAL

MONTHLY AND QUARTERLY

REVENUE ESTIMATES

UPDATED FOR FISCAL YEAR 2018-19



July **30** 2018

INDEPENDENT FISCAL OFFICE

About the Independent Fiscal Office

The Independent Fiscal Office (IFO) provides revenue projections for use in the state budget process along with impartial and timely analysis of fiscal, economic and budgetary issues to assist Commonwealth residents and the General Assembly in their evaluation of policy decisions. In that capacity, the IFO does not support or oppose any policy it analyzes, and will disclose the methodologies, data sources and assumptions used in published reports and estimates.

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The Independent Fiscal Office was created
by the Act of Nov. 23, 2010 (P.L.1269, No.120).

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FY 2018-19 Monthly and Quarterly Estimates

This report provides monthly estimates for General Fund revenues and quarterly estimates for Motor License and Lottery Fund revenues for fiscal year (FY) 2018-19. The monthly and quarterly estimates are based on: (1) the FY 2018-19 projections contained in the *Official Revenue Estimate* published by the Independent Fiscal Office (IFO) on June 18, 2018 and (2) adjustments to reflect the impact of statutory changes that were enacted after June 18, 2018. The adjustments for statutory changes are summarized in Table 1. Additional detail regarding the recent enactments can be found in the next section.

	FY 2018-19
Corporate Net Income	-\$7.5
Insurance Premiums	-2.0
Bank Shares	-1.8
Personal Income - Withholding	-25.1
Personal Income - Annual	-7.5
Treasury	<u>30.4</u>
Total	-13.5

Note: figures in dollar millions. Includes the impact of Acts 39 and 42 of 2018.

Table 2
FY 2018-19 General Fund Monthly Estimates

	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	Total
Total	\$2,226	\$2,220	\$2,903	\$2,494	\$2,183	\$2,824	\$2,984	\$1,982	\$4,551	\$3,905	\$2,599	\$3,028	\$33,899
Total Corporation Taxes	81	55	549	130	60	533	148	75	2,246	307	345	581	5,111
Corporate Net Income	77	47	527	125	53	519	112	48	426	257	312	573	3,075
Gross Receipts	4	6	5	4	5	5	6	6	1,152	5	3	13	1,213
Utility Property	0	0	1	0	0	0	0	0	0	7	26	0	35
Insurance Premiums	1	1	0	0	1	1	30	21	347	36	3	-14	426
Financial Institutions	0	1	16	1	1	8	1	1	321	3	1	9	363
Total Consumption Taxes	1,100	1,027	1,029	1,083	1,003	1,086	1,072	878	946	1,058	1,033	1,101	12,416
SUT - Non-Motor	868	751	748	824	742	804	863	659	690	800	754	822	9,324
SUT - Motor	121	128	127	119	111	111	109	95	123	122	135	128	1,427
Cigarette	69	107	111	98	104	109	63	85	91	94	100	107	1,136
Other Tobacco Products	10	9	10	10	10	10	9	10	9	10	10	11	119
Malt Beverage	2	2	2	2	2	2	2	2	2	2	2	2	23
Liquor	31	30	30	31	36	49	27	28	32	30	32	32	387
Total Other Taxes	991	1,108	1,323	1,227	993	1,159	1,752	1,010	1,211	2,357	1,190	1,335	15,656
PIT - Withholding	800	903	755	927	810	858	1,024	841	960	847	932	795	10,450
PIT - Quarterly	37	30	411	64	22	140	567	20	52	346	23	349	2,060
PIT - Annual	20	22	25	93	20	18	22	31	127	1,014	51	28	1,470
Realty Transfer	34	53	44	50	46	47	46	30	43	42	53	56	543
Inheritance	90	87	79	85	85	84	83	78	96	95	97	87	1,046
Gaming	10	12	10	10	10	11	10	10	13	11	13	10	129
Minor and Repealed	1	1	1	-2	0	1	2	1	-80	2	23	10	-42
Total Non-Tax Revenue	55	30	1	54	127	47	12	19	148	182	32	11	717
State Store Fund Transfers	0	0	0	0	100	0	0	0	85	0	0	0	185
Licenses and Fees	7	7	7	40	26	56	8	8	39	16	2	8	224
Treasury	36	1	1	1	1	1	1	1	3	1	1	2	51
Escheats	-6	6	-19	-4	-12	-20	-15	-1	13	147	16	4	110
Other Miscellaneous	9	7	3	9	4	2	12	4	2	10	3	4	69
Fines, Penalties & Interest	7	9	8	8	8	8	6	8	7	8	9	-8	78

Note: figures in dollar millions. Due to rounding, detail may not sum to total.

Table 3
FY 2018-19 Motor License Fund Quarterly Estimates

	2018 Q3 Jul-Sep	2018 Q4 Oct-Dec	2019 Q1 Jan-Mar	2019 Q2 Apr-Jun	FY 2018-19 Estimate
Total Motor License Fund	\$744.5	\$693.3	\$695.8	\$828.4	\$2,962.0
Liquid Fuels Taxes	491.5	472.2	423.3	486.7	1,873.7
Oil Company Franchise	268.5	268.4	245.6	256.1	1,038.6
Act 89 OFT - Liquid Fuels	147.6	122.2	101.6	155.2	526.6
Act 89 OFT - Fuels	38.9	39.5	36.3	35.7	150.4
Other Liquid Fuels Taxes	36.5	42.1	39.8	39.7	158.1
Motor Licenses and Fees	249.4	217.2	264.0	335.8	1,066.4
Vehicle Registration & Titling	186.7	149.0	190.2	262.0	787.9
Registration Other States - IRP	25.6	33.4	40.0	42.0	141.0
Operators' Licenses	20.9	19.2	20.5	16.8	77.4
Other Licenses and Fees	16.2	15.6	13.3	15.0	60.1
Other Motor Receipts	3.6	3.9	8.5	5.9	21.9
Vehicle Fines & Clearing Acct.	-0.8	-1.2	2.7	1.3	2.0
Treasury	3.5	3.7	3.7	4.1	15.0
Transportation	0.7	1.3	2.0	0.4	4.4
General Services	0.2	0.1	0.1	0.1	0.5

Note: figures in dollar millions. Due to rounding, detail may not sum to total.

Table 4
FY 2018-19 Lottery Fund Quarterly Estimates

	2018 Q3 Jul-Sep	2018 Q4 Oct-Dec	2019 Q1 Jan-Mar	2019 Q2 Apr-Jun	FY 2018-19 Estimate
Lottery Fund Revenues¹	\$510.9	\$437.6	\$428.7	\$428.9	\$1,806.2
Gross Ticket Sales	1,110.7	1,118.0	1,050.9	1,122.3	4,401.8
Instant Tickets	778.3	783.4	710.1	769.6	3,041.4
Multi-State Lotto	111.9	111.9	111.9	111.9	447.7
In-State Lotto	65.8	70.6	67.3	74.0	277.7
Numbers Games	139.1	134.4	140.1	143.4	557.0
Keno	15.6	17.6	21.5	23.4	78.0
Miscellaneous Revenues	140.1	0.3	0.3	0.3	141.1
Gaming Fund Transfers	139.8	0.0	0.0	0.0	139.8
Other Miscellaneous Revenue	0.3	0.3	0.3	0.3	1.3

Note: figures in dollar millions. Due to rounding, detail may not sum to total.

¹ Includes adjustments for field paid prizes and commissions. Raffle included in In-State Lotto. iLottery and Xpress Sports are not reflected in this table.

Analysis of Statutes Affecting Revenues

The Official Revenue Estimate for FY 2018-19 published by the IFO on June 18, 2018 does not include the impact from statutory changes (Acts 39 and 42) enacted in conjunction with the state budget. This section briefly summarizes the recently enacted provisions that affect projections of unrestricted General Fund revenues. The descriptions that follow do not include every statutory change, and certain provisions (e.g., some with no or minimal revenue impact) have been omitted.

Personal Income Tax

Transfer to School Safety and Security Fund (Act 42)

The act requires a transfer of \$15 million from Personal Income Tax (PIT) to the School Safety and Security Fund no later than September 1, 2018.

Prior Law

None.

Fiscal Analysis

This provision is projected to reduce FY 2018-19 PIT withholding collections by \$15 million.

Transfer to Retirement Systems for New Defined Contribution Plans (Act 42)

The act requires PIT transfers of \$4.9 million to the State Employee Retirement System (SERS) and \$5.2 million to Public School Employee Retirement System (PSERS).

Prior Law

None.

Fiscal Analysis

This provision is projected to reduce FY 2018-19 PIT withholding collections by \$10.1 million.

Non-Tax Revenue

Treasury (Act 42)

The act requires the deposit of \$30.4 million received during FY 2018-19 for a settlement under the Air Pollution Control Act into the General Fund.

Prior Law

This provision previously only applied to settlements received during FY 2017-18.

Fiscal Analysis

The analysis projects that the provision will increase General Fund revenues by \$30.4 million in FY 2018-19.

Various Taxes

Educational Improvement Tax Credit (Act 39)

The act increases the amount available for award through the Educational Improvement Tax Credit (EITC) program to \$160 million annually. This change is effective July 1, 2018.

Prior Law

Previously only \$135 million was available for award through the EITC program.

Fiscal Analysis

For FY 2018-19, the analysis projects that the provision will reduce General Fund revenues by \$18.8 million: corporate net income (\$7.5 million), insurance premiums (\$2.0 million), bank shares (\$1.8 million) and personal income-annual (\$7.5 million).