

***OFFICIAL***

Monthly and Quarterly

**REVENUE**

**ESTIMATES**

**FY 2019-20**



**August 2019**

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.

**Independent Fiscal Office  
Rachel Carson State Office Building  
400 Market Street  
Harrisburg, PA 17105**

Telephone:	717-230-8293
Email:	<a href="mailto:contact@ifo.state.pa.us">contact@ifo.state.pa.us</a>
Website:	<a href="http://www.ifo.state.pa.us">www.ifo.state.pa.us</a>



---

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

---

- This page intentionally left blank. -

# FY 2019-20 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) 2019-20. The monthly and quarterly estimates are based on: (1) the FY 2019-20 projections contained in the *Official Revenue Estimate* published by the Independent Fiscal Office (IFO) on June 21, 2019 and (2) adjustments to reflect the impact of statutory changes that were enacted after June 21, 2019. The adjustments for statutory changes are summarized in Table 1. Additional detail regarding the recent enactments can be found in the next section.

**Table 1**  
**General Fund Adjustments<sup>1</sup>**

	FY 2019-20
Corporate Net Income	-\$14.1
Gross Receipts	-3.2
Insurance Premiums	-5.7
Bank Shares	-3.9
Sales and Use - Non-motor	-0.1
Cigarette	-115.3
Personal Income - Withholding	-82.2
Personal Income - Annual	-14.1
Realty Transfer	-15.0
Inheritance	-3.0
Gaming	17.9
Licenses & Fees	4.5
Transfers	<u>4.6</u>
<b>Total</b>	<b>-229.6</b>

<sup>1</sup> Excludes any impact on refunds.

Note: Figures in dollar millions. Includes the impact of Acts 13, 15, 16, 20 and 65 of 2019.

**Table 2**  
**FY 2019-20 General Fund Monthly Estimates**

	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	Total
<b>Total General Fund</b>	<b>\$2,421</b>	<b>\$2,126</b>	<b>\$3,074</b>	<b>\$2,526</b>	<b>\$2,314</b>	<b>\$2,966</b>	<b>\$3,089</b>	<b>\$2,065</b>	<b>\$4,767</b>	<b>\$4,342</b>	<b>\$2,608</b>	<b>\$3,220</b>	<b>\$35,518</b>
<b>Total Corporation Taxes</b>	<b>98</b>	<b>66</b>	<b>593</b>	<b>123</b>	<b>133</b>	<b>567</b>	<b>165</b>	<b>104</b>	<b>2,352</b>	<b>357</b>	<b>351</b>	<b>642</b>	<b>5,550</b>
Corporate Net Income	93	59	571	112	128	546	124	71	499	295	328	633	3,458
Gross Receipts	4	5	6	8	3	11	5	5	1,141	6	2	15	1,211
Utility Property	0	0	1	0	0	0	0	0	0	17	18	0	37
Insurance Premiums	1	1	0	0	1	1	32	28	375	36	2	-16	461
Financial Institutions	0	1	15	2	1	9	5	1	337	3	1	10	383
<b>Total Consumption Taxes</b>	<b>1,139</b>	<b>1,085</b>	<b>1,088</b>	<b>1,127</b>	<b>1,076</b>	<b>1,149</b>	<b>1,152</b>	<b>922</b>	<b>996</b>	<b>1,011</b>	<b>1,123</b>	<b>1,177</b>	<b>13,046</b>
SUT - Non-Motor	903	801	807	857	806	864	931	704	738	851	838	894	9,996
SUT - Motor	135	138	132	133	122	118	123	96	130	143	144	135	1,548
Cigarette	58	102	104	93	98	104	58	81	83	-27	94	101	948
Other Tobacco Products	11	11	12	11	12	12	10	11	10	11	12	13	135
Malt Beverage	2	2	2	2	2	2	2	1	2	2	2	2	23
Liquor	30	32	31	32	36	50	28	29	33	30	34	33	396
<b>Total Other Taxes</b>	<b>1,137</b>	<b>965</b>	<b>1,380</b>	<b>1,277</b>	<b>1,002</b>	<b>1,223</b>	<b>1,763</b>	<b>1,027</b>	<b>1,262</b>	<b>2,761</b>	<b>1,096</b>	<b>1,407</b>	<b>16,300</b>
PIT - Withholding	948	750	806	962	811	915	1,076	854	990	1,011	839	832	10,793
PIT - Quarterly	41	33	412	60	21	142	522	23	54	356	27	369	2,058
PIT - Annual	19	21	26	110	19	19	20	29	141	1,226	36	30	1,693
Realty Transfer	21	57	47	52	47	52	45	29	42	51	52	59	553
Inheritance	92	90	77	89	87	82	83	77	90	100	103	97	1,067
Gaming	12	14	13	13	16	13	17	15	16	16	17	12	172
Minor and Repealed	5	2	1	-9	1	1	2	1	-70	2	23	9	-35
<b>Total Non-Tax Revenue</b>	<b>47</b>	<b>10</b>	<b>13</b>	<b>-1</b>	<b>104</b>	<b>26</b>	<b>9</b>	<b>11</b>	<b>156</b>	<b>214</b>	<b>38</b>	<b>-6</b>	<b>622</b>
State Store Fund Transfers	0	0	0	0	100	0	0	0	85	0	0	0	185
Licenses and Fees	33	7	14	6	6	27	10	13	45	21	1	8	189
Treasury	10	2	2	2	3	2	2	2	7	3	3	6	43
Escheats	-7	-11	-18	-18	-13	-14	-16	-13	12	177	25	-13	91
Other Miscellaneous	3	4	8	3	1	3	7	3	0	6	1	0	39
Fines, Penalties & Interest	8	8	7	7	7	8	7	7	7	8	8	-7	76

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

**Table 3**  
**FY 2019-20 Motor License Fund Quarterly Estimates**

	2019 Q3 Jul-Sep	2019 Q4 Oct-Dec	2020 Q1 Jan-Mar	2020 Q2 Apr-Jun	FY 2019-20 Estimate
<b>Total Motor License Fund</b>	<b>\$693.5</b>	<b>\$679.0</b>	<b>\$674.8</b>	<b>\$826.3</b>	<b>\$2,873.6</b>
<b>Liquid Fuels Taxes</b>	<b>482.5</b>	<b>457.8</b>	<b>407.4</b>	<b>475.8</b>	<b>1,823.5</b>
Motor Carriers/IFTA	31.4	34.8	30.0	36.4	132.6
Alternative Fuels	3.7	3.8	3.9	4.6	16.0
Oil Company Franchise	259.6	257.7	240.8	242.3	1,000.4
Act 89 OFT - Liquid Fuels	150.2	123.3	97.4	158.1	529.0
Act 89 OFT - Fuels	37.6	38.2	35.3	34.4	145.5
<b>Motor Licenses and Fees</b>	<b>207.7</b>	<b>220.2</b>	<b>257.6</b>	<b>341.4</b>	<b>1,026.9</b>
Special Hauling Permits	10.5	9.8	7.9	10.2	38.4
Registration Other States/IRP	30.1	36.2	45.7	39.8	151.8
Operators' Licenses	18.8	18.1	19.3	16.3	72.5
Real ID	7.6	7.4	7.8	7.5	30.3
Vehicle Registration & Titling	201.5	146.2	174.5	265.4	787.6
Miscellaneous	-60.8	2.5	2.4	2.2	-53.7
<b>Other Motor Receipts</b>	<b>3.3</b>	<b>1.0</b>	<b>9.8</b>	<b>9.1</b>	<b>23.2</b>
Treasury	4.7	4.0	3.5	4.0	16.2
Transportation	0.7	0.5	0.6	1.5	3.3
General Services	0.2	0.1	0.0	0.2	0.5
Vehicle Fines & Clearing Acct.	-2.3	-3.6	5.7	3.4	3.2

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

**Table 4**  
**FY 2019-20 Lottery Fund Quarterly Estimates**

	2019 Q3 Jul-Sep	2019 Q4 Oct-Dec	2020 Q1 Jan-Mar	2020 Q2 Apr-Jun	FY 2019-20 Estimate
<b>Lottery Fund Revenues<sup>1</sup></b>	<b>\$599.7</b>	<b>\$493.4</b>	<b>\$463.3</b>	<b>\$459.2</b>	<b>\$2,015.6</b>
<b>Gross Ticket Sales</b>	<b>1,180.6</b>	<b>1,263.7</b>	<b>1,253.2</b>	<b>1,265.0</b>	<b>4,962.5</b>
Instant Tickets	761.1	822.9	824.4	829.9	3,238.3
Multi-State Lotto Games	117.7	117.8	117.8	117.8	471.1
In-State Lotto and Raffle	66.0	76.5	67.7	71.7	281.9
Numbers Games	137.8	140.7	137.2	138.8	554.5
iLottery	87.1	94.1	94.3	95.0	370.5
Keno and Express Sports	10.9	11.7	11.8	11.8	46.2
<b>Miscellaneous Revenues</b>	<b>146.6</b>	<b>0.3</b>	<b>0.3</b>	<b>0.4</b>	<b>147.6</b>
Gaming Fund Transfers	146.3	0.0	0.0	0.0	146.3
Other Miscellaneous Revenue	0.3	0.3	0.3	0.4	1.3

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

<sup>1</sup>Includes adjustments for field paid prizes and commissions.

# Analysis of Statutes Affecting Revenues

---

The Official Revenue Estimate for FY 2019-20 published by the IFO on June 21, 2019 does not include the impact from statutory changes (Acts 13, 15, 16, 20 and 65) 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.

## Corporate Net Income Tax

### **Manufacturing Innovation and Reinvestment Deduction Program (Act 13)**

The act lowers the amount of private capital investment required to claim a deduction to \$60 million. For investments greater than \$60 million but less than \$100 million, the maximum allowable deduction is 37.5 percent of the private investment over a ten-year period. For investments greater than \$100 million, the maximum allowable deduction remains at 25 percent of the private investment, but the period to utilize the deduction is extended to ten years. These provisions are effective for tax years beginning after December 31, 2019.

#### Prior Law

Previously this deduction was limited to capital investments exceeding \$100 million and the maximum allowable deduction was 25 percent, which could be utilized over a period of five years.

#### Fiscal Analysis

Program credits are issued only after the application is approved, the investment is complete and the Department of Community and Economic Development (DCED) has approved all documentation. Therefore, these provisions are not projected to reduce FY 2019-20 collections.

## Personal Income Tax

### **Conformity with Federal Opportunity Zones (Act 13)**

The act provides that "net gains", "net losses" and "dividends" for purposes of the Pennsylvania personal income tax (PIT) shall not include gains, income or losses which are excluded from tax under the provisions of the Federal Opportunity Zones Program. The provisions apply to tax years beginning after December 31, 2019 and are effective June 28, 2019.

#### Prior Law

None.

#### Fiscal Analysis

This provision is not projected to reduce FY 2019-20 PIT revenues.



### **Farm Show Complex Debt Service (Act 20)**

The act requires the transfer of PIT collections in an amount necessary for the Department of General Services to make annual debt service payments related to the lease of the Farm Show Complex. This provision is effective July 1, 2019.

#### Prior Law

None.

#### Fiscal Analysis

This provision is projected to reduce FY 2019-20 PIT withholding revenues by \$13.3 million.

### **Transfer to State Employees' Retirement System (SERS) (Act 20)**

The act requires a transfer of \$3.9 million from PIT to the SERS restricted account effective July 1, 2019.

#### Prior Law

The amount transferred in FY 2018-19 was \$5.2 million.

#### Fiscal Analysis

This provision is projected to reduce FY 2019-20 PIT withholding revenues by \$3.9 million.

### **Transfer to School Safety and Security Fund (Act 20)**

The act requires a transfer of \$45 million from PIT to the School Safety and Security Fund no later than September 1, 2020. This provision is effective July 1, 2019.

#### Prior Law

The amount transferred in FY 2018-19 was \$15 million.

#### Fiscal Analysis

This provision is projected to reduce FY 2019-20 PIT withholding revenues by \$45.0 million.

### **Transfer to the Environmental Stewardship Fund (Act 20)**

The act requires a transfer of \$20 million from PIT to the Environmental Stewardship Fund. This provision is effective July 1, 2019.

#### Prior Law

None.

#### Fiscal Analysis

This provision is projected to reduce FY 2019-20 PIT withholding revenues by \$20.0 million.

## **Tax Credits Related to Beginning Farmers (Act 65)**

The act provides a new tax credit for owners of agricultural assets who sell or rent those assets to beginning farmers. The credit is equal to (1) five percent of the lesser of the sale price or the fair market value up to a maximum of \$32,000, or (2) ten percent of the gross rental income in each of the first three years of the rental agreement, up to a maximum of \$7,000 per year. The credit is capped at \$5 million for tax year 2020 and \$6 million for tax years 2021 through 2029. The credit may be taken against PIT and expires for taxable years beginning after December 31, 2029. These provisions are effective August 31, 2019.

### Prior Law

None.

### Fiscal Analysis

These provisions are projected to have no impact on FY 2019-20 PIT revenues.

## **Sales and Use Tax**

### **Marketplace Sales (Act 13)**

The act requires marketplace sellers with annual sales of at least \$100,000 in Pennsylvania to collect and remit sales tax (conform to the *South Dakota v. Wayfair, Inc.* U.S. Supreme Court decision) and removes the notice and reporting requirements imposed by Act 43-2017. These provisions are effective July 1, 2019.

### Prior Law

The prior law required sellers with \$10,000 or more in annual sales in Pennsylvania to either collect and remit sales tax or conform to reporting requirements.

### Fiscal Analysis

This provision is projected to increase FY 2019-20 non-motor sales and use tax (SUT) collections by \$5.0 million.

### **Malt and Brewed Beverages (Act 13)**

The act imposes a 6 percent sales tax on malt and brewed beverages sold for consumption on or off premises. The 6 percent sales tax is applied to 25 percent of the retail price charged to the consumer. The act also allows Philadelphia and Allegheny County to continue to levy local alcoholic beverage taxes. This provision applies to sales after September 30, 2019.

### Prior Law

The *Sales and Use Tax Bulletin 2018-02* imposed a 6 percent sales tax on the purchase price of malt and brewed beverages sold by manufacturers of malt or brewed beverages.

### Fiscal Analysis

This provision is projected to have a minimal impact on non-motor SUT collections.

### **Vendor Sales Tax Absorption (Act 13)**

The act allows vendors to absorb and pay SUT on purchases where the vendor advertises that the payment of SUT will be made by the vendor instead of the purchaser. The receipt or sales documentation must expressly state that the vendor will pay the tax on behalf of the purchaser. This provision is effective July 1, 2019.

#### Prior Law

Previously, vendors were prohibited from paying the SUT on purchases, even if advertised.

#### Fiscal Analysis

This provision is expected to have no impact on FY 2019-20 SUT collections.

### **Food and Beverage Sales to Support Youth Centers (Act 13)**

The act creates an SUT exclusion for sales of food and beverages made by nonprofits for the purpose of supporting youth centers. This provision applies to sales after December 31, 2019.

#### Prior Law

None.

#### Fiscal Analysis

This provision is projected to reduce FY 2019-20 non-motor SUT collections by \$0.3 million.

### **Food and Beverage Sales to Support Volunteer Firemen Organizations (Act 13)**

The act creates an SUT exclusion for sales of food and beverages made by a Volunteer Firemen's Organizations while fundraising for the organization. This provision applies to sales after December 31, 2019.

#### Prior Law

None.

#### Fiscal Analysis

This provision is projected to reduce FY 2019-20 non-motor SUT collections by \$0.3 million.

### **Building Materials for Agricultural Animal Housing Facilities (Act 13)**

The act creates an SUT exclusion for building materials and supplies used to construct or repair animal housing facilities occupied by poultry or livestock, regardless if the sale is made directly by the purchaser or pursuant to a construction contract. This provision applies to sales after December 31, 2019.

#### Prior Law

None.

#### Fiscal Analysis

This provision is projected to reduce FY 2019-20 non-motor SUT collections by \$1.7 million.

### **Computer Data Center Equipment Incentive Program (Act 13)**

The act increases the cap for SUT refunds to \$7 million annually for purchases of computer data center equipment by a certified computer data center owner or operator. This provision is effective July 1, 2019.

#### Prior Law

Under prior law, the cap on refunds was \$5 million annually.

#### Fiscal Analysis

This provision is projected to increase FY 2019-20 SUT refunds by \$2.0 million.

## **Cigarette Tax**

### **Transfer to the Tobacco Settlement Fund (Act 20)**

The act requires a one-time transfer from cigarette tax to the Tobacco Settlement Fund for the repayment of the Tobacco Revenue Bond debt service. This transfer will occur by April 30, 2020. The provision takes effect July 1, 2019.

#### Prior Law

None.

#### Fiscal Analysis

This provision is projected to reduce FY 2019-20 cigarette tax revenues by \$115.3 million.

## **Realty Transfer Tax**

### **Transfer to PA Housing Affordability and Rehabilitation Enhancement Fund (Act 13)**

The act increases the cap for the realty transfer tax (RTT) transfer to the PA Housing Affordability and Rehabilitation Enhancement (PHARE) Fund to \$40 million. This provision takes effect July 1, 2019.

#### Prior Law

The prior law capped the annual transfer from RTT to the PHARE Fund at \$25 million.

#### Fiscal Analysis

This provision is projected to reduce FY 2019-20 RTT revenues by \$15.0 million.

### **Exemption for Beginning Farmers (Act 13)**

The act provides an RTT exemption for the transfer of real estate subject to an agricultural conservation easement to qualified beginner farmers. This provision takes effect July 1, 2019.

#### Prior Law

None.

#### Fiscal Analysis

This provision is projected to have a minimal impact on RTT collections.

## **Inheritance Tax**

### **Parent to Child Transfers (Act 13)**

The act establishes a zero percent tax rate for transfers of property from a parent to a child age 21 or younger. This change applies to dates of death after December 31, 2019.

#### Prior Law

Transfers of property from a parent to a child age 21 or younger were previously taxed at a rate of 4.5 percent.

#### Fiscal Analysis

This provision is projected to reduce FY 2019-20 inheritance tax revenues by \$3.0 million.

## **Gaming Taxes**

### **Table Games Tax (Act 13)**

The act extends the additional 2.0 percent tax on gross table game revenue through August 1, 2021. This change is effective June 29, 2019.

#### Prior Law

Act 84 of 2016 imposed an additional 2.0 percent tax on gross table game revenue. The increase was scheduled to expire on June 30, 2019.

#### Fiscal Analysis

This provision is projected to increase FY 2019-20 gaming tax revenues by \$17.9 million.

## Minor and Repealed

### **City Revitalization and Improvement Zones (Act 13)**

The act amends the definition of “infrastructure” and provides the authority for funds above the baseline to be used to pay debt service on bonds issued to establish a revolving loan fund. Loans from the fund must be used to acquire property in the zone or equipment that will be used in the zone. This provision is effective July 1, 2019.

#### Prior Law

None.

#### Fiscal Analysis

The provision is projected to have no fiscal impact in FY 2019-20.

## Licenses and Fees

### **Labor & Industry Augmentation (Act 15)**

The act increases the amount of inspection fees augmenting the appropriation to the Department of Labor and Industry’s Bureau of Occupational and Industrial Safety to \$10 million. This provision is effective June 28, 2019 and applies to FY 2019-20 and each fiscal year thereafter.

#### Prior Law

The augmentation was previously capped at \$7 million.

#### Fiscal Analysis

The act will reduce license and fee revenues by \$3.0 million in FY 2019-20.

### **Category 4 Gaming Auctions (Act 20)**

The act requires the Pennsylvania Gaming Control Board to conduct up to five auctions for Category 4 slot machine licenses. The auctions must begin no later than September 4, 2019 and conclude by December 31, 2019. Auctions must take place until no remaining Category 4 licenses remain or until there are no more bids. The minimum bid for each license is \$7.5 million. An additional one-time nonrefundable authorization fee of \$2.5 million is required for the operation of table games at the facility. These provisions are effective July 1, 2019.

#### Prior Law

Act 42 of 2017 authorized the creation of ten Category 4 licenses to be auctioned to qualified bidders, with the initial auctions beginning no later than January 15, 2018 and concluding by July 31, 2018. Subsequent auctions were permitted through August 31, 2018, but only five licenses were sold.

#### Fiscal Analysis

The analysis assumes that one Category 4 license will be auctioned by September 30, 2019 and generate \$7.5 million in license and fee revenue for FY 2019-20.

## Other Miscellaneous

### **Gaming Fund Transfer (Act 20)**

The act requires the transfer of funds from fiscal years ending before July 1, 2019 and not committed for local law enforcement grants on September 1, 2019 to the General Fund. From the gaming funds transferred to the General Fund, \$1.1 million will be subsequently transferred to the Video Gaming Fund. This provision is effective July 1, 2019.

#### Prior Law

None.

#### Fiscal Analysis

The provision is projected to increase other miscellaneous revenues by a net of \$4.6 million in FY 2019-20.

## Various Taxes

### **Film Production Tax Credit (Act 13)**

Various changes to the program include: (1) increasing the amount available for award through the Film Production Tax Credit (FPTC) to \$70 million annually, (2) expanding the definition of "postproduction expense", (3) extending the period for making a tax district capital investment and (4) lowering the number of required sound stages to qualify as a film production tax credit district. These changes are effective July 1, 2019.

#### Prior Law

Previously, only \$65 million was available for award through the FPTC.

#### Fiscal Analysis

For FY 2019-20, the act is projected to reduce General Fund revenues by \$0.4 million: corporate net income tax (CNIT) (\$0.2 million) and PIT annual (\$0.2 million).

### **Entertainment Economic Enhancement Program (Act 13)**

Various changes to the program include: (1) increasing the amount available for award through the Entertainment Economic Enhancement Program to \$8 million annually and (2) increasing the individual limitations per tour by creating a tiered system based on the purchase or rental of concert tour equipment from Pennsylvania companies. These changes are effective July 1, 2019.

#### Prior Law

Previously, only \$4 million was available for award and the individual limit per tour was \$800,000.

#### Fiscal Analysis

For FY 2019-20, the act is projected to reduce General Fund revenues by \$4.0 million: CNIT (\$1.6 million), insurance premiums tax (IPT) (\$0.4 million), bank shares tax (BST) (\$0.4 million) and PIT annual (\$1.6 million).

### **Coal Refuse Energy and Reclamation Tax Credit (Act 13)**

The act extends the current sunset date of the program to 2036 and increases the cap on the credit to \$20 million annually. This provision is effective August 27, 2019.

#### Prior Law

Previously, the credit sunset date was 2026 and the annual amount available for award was \$10 million.

#### Fiscal Analysis

For FY 2019-20, the act is projected to reduce General Fund revenues by \$7.2 million: CNIT (\$2.2 million), gross receipts tax (GRT) (\$2.8 million) and PIT annual (\$2.2 million).

### **Job Creation Tax Credit (Act 13)**

The act establishes a sunset date of June 30, 2020 for the tax credit. This provision is effective July 1, 2019.

#### Prior Law

Previously, a company could claim a tax credit of \$1,000 per new job created, or \$2,500 per each new job created if the newly created job was filled by a veteran or an unemployed individual, up to the maximum amount specified in the commitment letter.

#### Fiscal Analysis

This provision is not projected to impact FY 2019-20 revenue collections.

### **Keystone Opportunity Expansion Zones (Act 13)**

The act allows the designation of Keystone Opportunity Expansion Zones in Cambria, Clearfield and Lancaster counties. This provision is effective July 1, 2019.

#### Prior Law

The act previously allowed DCED to create 12 expansion zones.

#### Fiscal Analysis

The provision is not expected to impact FY 2019-20 collections.

### **Resource Enhancement and Protection Tax Credit (Act 13)**

The act increases the annual cap to \$13 million and provides that up to \$3 million may be earmarked for the Chesapeake Bay watershed area. The act also raises the existing cap per eligible applicant to \$250,000 and includes a manure management plan as an eligible project. These provisions are effective July 1, 2019.

#### Prior Law

The credit was previously capped at \$10.0 million annually, and \$150,000 per applicant.

#### Fiscal Analysis

For FY 2019-20, the analysis projects that the provision will reduce General Fund revenues by \$0.2 million: CNIT (\$0.1 million) and PIT annual (\$0.1 million).



### **Historic Preservation Incentive Tax Credit (Act 13)**

Various changes to the program include: (1) increasing the annual cap to \$5 million, (2) extending the sunset of the program to February 1, 2031, (3) allowing non-commercial buildings to qualify for the program and (4) establishing an application fee of up to \$2,000, which will be deposited into the Historic Rehabilitation Tax Credit Administration Account. These changes are effective July 1, 2019.

#### Prior Law

The credit was previously capped at \$3 million, with a sunset date of June 30, 2020.

#### Fiscal Analysis

For FY 2019-20, the analysis projects that the provision will reduce General Fund revenues by \$2.0 million: CNIT (\$0.7 million), GRT (\$0.2 million), IPT (\$0.2 million), BST (\$0.2 million) and PIT annual (\$0.7 million).

### **Rural Jobs and Investment Tax Credit (Act 13)**

Various changes to the program include: (1) altering the definition of a "rural business," (2) increasing the annual cap to \$6 million and (3) increasing the total amount that may be awarded over the life of the program to \$30 million. These changes are effective July 1, 2019.

#### Prior Law

Under prior law, the annual cap was \$1 million and the total amount awarded over the life of the program was \$4 million.

#### Fiscal Analysis

For FY 2019-20, the analysis projects that the provision will reduce General Fund revenues by \$3.6 million: IPT (\$2.5 million) and BST (\$1.1 million).

### **Mixed-Use Development Tax Credit (Act 13)**

The act increases the annual cap on the credit to \$3 million effective July 1, 2019.

#### Prior Law

Under prior law, the annual cap was \$2 million.

#### Fiscal Analysis

For FY 2019-20, the analysis projects that the provision will reduce General Fund revenues by \$1.0 million: CNIT (\$0.3 million), GRT (\$0.2 million), IPT (\$0.1 million), BST (\$0.1 million) and PIT annual (\$0.3 million).

### **Strategic Development Area (Act 13)**

The act expands an existing SUT exemption for the use, consumption and utilization of certain electronic property by an employee assigned to a facility within a Strategic Development Area (SDA), to include the specified property even if it is located outside of the SDA. This provision is effective beginning with tax year 2019.

#### Prior Law

Under prior law, these items were not exempt if they weren't located in the SDA.

#### Fiscal Analysis

This provision is projected to reduce FY 2019-20 non-motor SUT collections by \$2.8 million.

### **Educational Improvement Tax Credit (Act 16)**

The act increases the amount available for award through the Educational Improvement Tax Credit (EITC) program to \$185 million annually and makes various other changes to the program. These changes are effective July 1, 2019.

#### Prior Law

Under prior law, only \$160 million was available annually for award through the EITC program.

#### Fiscal Analysis

For FY 2019-20, the analysis projects that the provision will reduce General Fund revenues by \$18.8 million: CNIT (\$7.5 million), IPT (\$2.0 million), BST (\$1.8 million) and PIT annual (\$7.5 million).

### **Opportunity Scholarship Tax Credits (Act 16)**

The act increases the amount available for award through Opportunity Scholarship Tax Credits (OSTC) to \$55 million annually and increases the maximum scholarship amount for applicants attending an economically disadvantaged school to \$9,500 for an applicant without a disability and to \$16,000 for an applicant with a disability. These changes are effective July 1, 2019.

#### Prior Law

Under prior law, only \$50 million was available annually for award through the OSTC and the maximum awards to applicants attending an economically disadvantaged school were \$8,500 or \$15,000.

#### Fiscal Analysis

For FY 2019-20, the analysis projects that the provision will reduce General Fund revenues by \$3.8 million: CNIT (\$1.5 million), IPT (\$0.5 million), BST (\$0.3 million) and PIT annual (\$1.5 million).

