

Monthly Revenue Update

August 2023



In June 2023, the Independent Fiscal Office (IFO) released revenue projections for fiscal year (FY) 2023-24. General Fund collections for August were \$2.90 billion, \$8.7 million (0.3%) above the IFO’s official estimate, with overages in corporate net income tax (CNIT) and inheritance tax offsetting shortfalls in sales and use tax (SUT) and personal income tax (PIT). (The IFO monthly estimate was \$35.8 million lower than the estimate certified by the Governor.)

August revenues increased \$34.5 million (1.2%) over the prior year (see next page). Adjusting for shifting due dates, the tax revenue growth rate was 0.8%. Fiscal year-to-date (FYTD) revenues of \$5.78 billion are \$65.4 million (1.1%) higher than anticipated. Revenue highlights for the major tax types include:

- CNIT revenues were \$129.7 million in August, \$19.7 million (17.9%) over estimate. Final payments of \$68.2 million increased by \$8.2 million (13.7%) compared to August 2022 and estimated payments of \$61.5 million increased by \$19.5 million (46.4%). FYTD CNIT collections are \$21.6 million (7.4%) above estimate.
- Monthly SUT collections were \$1.15 billion, \$16.7 million (-1.4%) below estimate, due largely to motor vehicle collections of \$124.3 million, which fell short of estimate by \$13.6 million (-9.9%). Compared to August 2022, total SUT revenues declined 1.4%. FYTD SUT collections are \$30.0 million (1.2%) above estimate.
- PIT collections were \$1.18 billion, or \$9.3 million (-0.8%) below estimate, due to a shortfall of \$10.9 million (-1.0%) in withholding. Adjusting for shifting due dates, withholding revenues increased 4.3% compared to the prior year. FYTD PIT collections of \$2.24 billion are \$10.9 million (-0.5%) below estimate.

Other tax and non-tax revenues of \$434.7 million for August were over estimate by \$15.0 million (3.6%).

- Realty transfer tax collections of \$60.6 million were weaker than anticipated (-\$12.1 million), likely due to limited housing supply. July 2023 data from the PA Realtors Association show a 27.7% year-over-year (YOY) decline in total listings and a 21.6% YOY decline in home sales for the state, with only a 2.0% increase in the median sales price.
- Cigarette tax collections of \$76.9 million came in much lower than expected (-\$8.8 million, -10.2%).
- Inheritance tax (+\$17.3 million) and treasury (+\$16.9 million) collections outperformed expectations.

FY 2023-24 Revenue Performance Through August

	August Collections			FY Collections		
	<u>Actual</u>	<u>Estimate</u>	<u>\$ Diff</u>	<u>Actual</u>	<u>Estimate</u>	<u>\$ Diff</u>
General Fund	\$2,899.4	\$2,890.7	\$8.7	\$5,780.9	\$5,715.5	\$65.4
Corporate Net Income	129.7	110.0	19.7	311.6	290.0	21.6
SUT - Non-Motor	1,029.4	1,032.4	-3.0	2,231.8	2,189.2	42.6
SUT - Motor Vehicle	124.3	137.9	-13.6	239.6	252.2	-12.6
PIT - Withholding	1,105.3	1,116.2	-10.9	2,076.7	2,088.6	-11.9
PIT - Non-Withholding	76.1	74.5	1.6	160.1	159.1	1.0
Cigarette	76.9	85.7	-8.8	92.1	108.6	-16.5
Inheritance	128.7	111.4	17.3	256.6	229.2	27.4
Other Taxes	142.5	158.4	-15.9	227.1	253.3	-26.2
Non-Tax	86.5	64.2	22.3	185.2	145.3	39.9

Note: Dollar amounts in millions. Estimate refers to the IFO official estimate published on June 20, 2023.

GENERAL FUND REVENUES SUMMARY

Revenue Source	August 2023	August 2022	FYTD 2023-24	FYTD 2022-23	Monthly Growth	FYTD Growth
Total General Fund	\$2,899.4	\$2,864.9	\$5,780.9	\$5,561.1	1.2%	4.0%
Total Tax Revenue	2,812.9	2,830.0	5,595.7	5,483.6	-0.6	2.0
Total Corporation Taxes	138.6	111.3	326.8	289.2	24.6	13.0
Corporate Net Income	129.7	102.0	311.6	252.5	27.2	23.4
Gross Receipts	10.1	7.1	12.2	10.1	41.5	20.8
Utility Property	0.6	0.1	0.7	0.1	325.2	405.2
Insurance Premium	0.5	0.6	(0.2)	24.5	-17.2	-100.7
Financial Institution	(2.3)	1.4	2.5	1.9	-257.6	30.7
Total Consumption Taxes	1,278.0	1,304.2	2,662.2	2,642.9	-2.0	0.7
Sales and Use - Total	1,153.6	1,169.7	2,471.4	2,427.6	-1.4	1.8
Non-Motor	1,029.4	1,034.9	2,231.8	2,180.4	-0.5	2.4
Motor Vehicle	124.3	134.8	239.6	247.2	-7.8	-3.0
Cigarette	76.9	86.0	92.1	116.5	-10.6	-20.9
Other Tobacco Products	12.1	12.4	24.6	24.8	-2.4	-0.8
Malt Beverage	1.7	1.9	3.9	3.9	-9.2	-0.8
Liquor	33.7	34.3	70.2	70.0	-1.8	0.2
Total Other Taxes	1,396.3	1,414.5	2,606.7	2,551.6	-1.3	2.2
Personal Income - Total	1,181.4	1,182.5	2,236.8	2,155.4	-0.1	3.8
Withholding	1,105.3	1,098.5	2,076.7	1,980.9	0.6	4.8
Quarterly	45.9	51.7	91.0	105.1	-11.2	-13.4
Annual	30.2	32.3	69.1	69.4	-6.7	-0.5
Realty Transfer	60.6	88.8	61.7	123.2	-31.8	-49.9
Inheritance	128.7	116.7	256.6	226.9	10.2	13.1
Gaming	25.3	24.2	44.2	46.2	4.8	-4.3
Minor and Repealed	0.2	2.2	7.4	(0.1)	-89.5	n.a.
Total Non-Tax Revenue	86.5	35.0	185.2	77.5	147.3	139.0
State Store Fund Transfers	0.0	0.0	0.0	0.0	n.a.	n.a.
Lic., Fees & Misc.	79.1	27.9	171.7	65.1	183.4	163.7
Licenses and Fees	14.5	9.4	24.8	20.4	54.4	21.4
Miscellaneous	64.6	18.5	146.9	44.7	248.9	228.8
Treasury	71.8	23.3	133.2	38.4	208.9	247.3
Escheats	(9.5)	(11.8)	(11.2)	(20.8)	19.5	46.1
Other Miscellaneous	2.3	7.1	24.9	27.1	-67.8	-8.1
Fines, Penalties & Interest	7.4	7.1	13.5	12.4	5.0	8.9

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