

REVISED MONTHLY
**GENERAL FUND
REVENUE
ESTIMATES**

FY 2023-24

INDEPENDENT FISCAL OFFICE

JANUARY 2024

Independent Fiscal Office

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

717-230-8293 | contact@ifo.state.pa.us | www.ifo.state.pa.us



Staff Acknowledgements

Matthew Knittel, Director
Stacey Knavel, Principal Revenue Analyst
Karen Maynard, Fiscal Analyst III
Mathieu Taylor, Fiscal Analyst III
Joseph Shockey, Fiscal Analyst II
Jesse Bushman, Fiscal Analyst II
Robyn Toth, Fiscal Analyst/Communications
Rachel Flaugh, Fiscal Analyst I
Frank Lill, Fiscal Analyst I

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FY 2023-24 Revised Monthly Estimates

This report provides revised monthly estimates for General Fund revenues for fiscal year (FY) 2023-24. The monthly estimates are based on the FY 2023-24 projections contained in the *Official Revenue Estimate* published by the Independent Fiscal Office (IFO) on June 20, 2023 (includes adjustments released with the original monthly estimates in August 2023) adjusted to reflect the impact of statutory changes that were enacted in conjunction with the remainder of the state budget in December 2023. The statutory changes are summarized in **Table 1**. **Table 2** (next page) displays monthly estimates by revenue source for FY 2023-24. It is noted that the estimates were not adjusted to reflect actual year-to-date monthly collections through December.

	FY 2023-24
Corporate Net Income	-\$11.1
Insurance Premiums	-6.0
Financial Institutions	-25.2
SUT - Non-Motor	6.0
Cigarette	-115.3
Gaming	-5.0
PIT - Withholding	-33.7
PIT - Annual	-47.2
Inheritance	1.0
Other Miscellaneous	<u>31.9</u>
Total	-\$204.6

Note: Figures in dollar millions. Reflects the impacts of Acts 33 and 34 of 2023. Excludes the impact on refunds.

Table 2
Revised FY 2023-24 General Fund Monthly Estimates

	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	Total
Total General Fund	\$2,827	\$2,893	\$4,222	\$3,131	\$2,984	\$3,882	\$3,938	\$2,656	\$5,982	\$5,643	\$3,363	\$3,680	\$45,201
Total Corporation Taxes	185	120	1,045	180	170	973	219	194	2,873	846	477	502	7,783
Corporate Net Income	181	111	1,021	171	160	956	165	110	716	732	445	931	5,699
Gross Receipts	3	5	10	6	7	7	4	29	1,110	5	2	5	1,194
Utility Property	0	0	1	0	0	0	0	0	0	21	24	0	46
Insurance Premiums	1	2	2	1	1	2	49	44	757	81	4	-443	499
Financial Institutions	1	2	11	1	1	8	1	10	290	7	3	10	345
Total Consumption Taxes	1,347	1,307	1,287	1,415	1,247	1,326	1,367	1,104	1,199	1,224	1,252	1,368	15,443
SUT - Non-Motor	1,157	1,033	1,024	1,161	1,005	1,075	1,162	897	944	1,102	984	1,106	12,651
SUT - Motor	114	138	120	123	104	105	114	91	133	113	134	125	1,414
Cigarette	23	86	91	78	80	77	43	67	72	-45	79	82	732
Other Tobacco Products	13	13	14	13	14	13	13	13	12	14	13	14	160
Malt Beverage	2	2	2	2	2	2	2	1	2	2	2	2	23
Liquor	37	36	36	39	42	54	33	34	37	38	39	39	464
Total Other Taxes	1,214	1,401	1,845	1,479	1,438	1,527	2,288	1,321	1,685	3,261	1,560	1,754	20,773
PIT - Withholding	972	1,116	975	1,044	1,174	1,113	1,276	1,053	1,253	1,081	1,161	1,006	13,226
PIT - Quarterly	50	45	605	85	25	145	728	25	85	483	35	459	2,771
PIT - Annual	35	30	35	145	35	45	50	50	186	1,485	124	56	2,277
Realty Transfer	7	73	62	57	51	66	65	40	57	54	54	63	649
Inheritance	118	112	135	121	114	140	129	123	159	124	131	123	1,526
Gaming	22	27	33	36	39	33	38	31	36	33	33	30	389
Minor and Repealed	9	-1	0	-8	0	-16	2	0	-90	1	22	16	-64
Total Non-Tax Revenue	81	64	44	58	129	57	65	38	225	312	74	56	1,202
State Store Fund Transfers	0	0	0	0	100	0	0	0	85	0	0	0	185
Licenses and Fees	11	16	8	6	8	31	5	9	47	5	13	6	165
Treasury	61	55	46	36	33	33	33	36	35	36	42	43	488
Escheats	-11	-19	-20	8	-19	-16	-16	-14	52	260	11	-12	204
Other Miscellaneous	14	5	4	2	1	3	38	3	0	5	2	19	96
Fines, Penalties & Interest	5	8	6	6	6	5	5	5	6	6	6	0	64

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

Analysis of Statutes Affecting Revenues

The revised estimates for FY 2023-24 published by the IFO include the impact from statutory changes (Acts 33 and 34 of 2023) enacted in conjunction with the remainder of 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) may have been omitted.

Cigarette Tax

Transfer to the Tobacco Settlement Fund (Act 34)

Consistent with prior years, the act requires a one-time transfer from cigarette tax to the Tobacco Settlement Fund (TSF) for the repayment of the Tobacco Revenue Bond debt service. This transfer will occur by April 30, 2024. The provision takes effect immediately and is projected to reduce FY 2023-24 cigarette tax revenues by \$115.3 million.

Table Games Tax

Transfer to the Sports Tourism and Marketing Account (Act 34)

The act requires a transfer of 5% of sports wagering tax, or \$2.5 million, whichever is greater, to the Sports Tourism and Marketing Account. The transfer may not exceed \$5.0 million. A temporary transfer of the same amount was initially enacted for FY 2022-23 only. The provision is effective immediately, makes the transfer permanent and is projected to reduce FY 2023-24 table games tax revenues by \$5.0 million.

Personal Income Tax

Pennsylvania Child and Dependent Care Enhancement Program (Act 34)

The act expands the refundable PIT credit for eligible taxpayers who receive the federal child and dependent care tax credit. The credit is now equal to (1) 100% (formerly 30%) of the expenses incurred and claimed for purposes of the federal credit or (2) \$3,000 for one qualifying individual or \$6,000 for two or more qualifying individuals, whichever is less, multiplied by the applicable percentage. The applicable percentage is determined by the taxpayer's federal adjusted gross income and ranges from 20% to 35%. This expanded provision is effective for tax years beginning after December 31, 2022, and is projected to reduce FY 2023-24 personal income tax (PIT) withholding revenues by \$14.4 million and increase PIT refunds by \$43.0 million.

Exemption for Employer Paid Dependent Care

The act excludes qualifying amounts paid or incurred by an employer for dependent care assistance provided to an employee from PIT. The provision is effective January 1, 2023 and is expected to reduce FY 2023-24 PIT withholding revenues by \$5.2 million.

Transfer to the Environmental Stewardship Fund (Act 34)

The act requires a transfer of \$10.5 million from PIT to the Environmental Stewardship Fund. This provision takes effect immediately and reduces FY 2023-24 PIT withholding revenues by \$10.5 million.

Transfer to the Surface Mining Conservation and Reclamation Fund (Act 34)

The act requires a transfer of \$4.0 million from PIT to the Surface Mining Conservation and Reclamation Fund. This provision takes effect immediately and reduces FY 2023-24 PIT withholding revenues by \$4.0 million.

Various Taxes

Educational Tax Credits (Act 33)

The act increases the amount available for award through the Educational Tax Credit (ETC) program from \$405 million to \$555 million annually. These changes take effect immediately. For FY 2023-24, the analysis projects that the provision will reduce General Fund revenues by \$105.1 million: corporate net income tax (CNIT, \$17.9 million), insurance premiums tax (\$6.0 million), bank shares tax (\$22.9 million), mutual thrift institutions tax (\$2.3 million) and PIT annual (\$56.0 million).

Elimination of the Enhanced Revenue Collection Account (Act 34)

The act repeals the provisions of the Enhanced Revenue Collection Account (ERCA) effective immediately. For FY 2023-24, the analysis projects that the repeal will increase General Fund revenues by \$23.0 million: CNIT (\$6.8 million), sales and use tax (SUT) non-motor (\$6.0 million), PIT withholding (\$0.4 million), PIT annual (\$8.8 million) and inheritance tax (\$1.0 million).

Other Miscellaneous

Medical Marijuana Program Fund Transfer (Act 34)

The act requires a transfer of \$31.9 million from the Medical Marijuana Program Fund to the General Fund. This provision takes effect immediately and increases FY 2023-24 other miscellaneous revenue by \$31.9 million.

