



# Monthly Trends Report

March 2016

## BEA RELEASES EARNINGS FOR 2015

On March 24<sup>th</sup>, the U.S. Bureau of Economic Analysis (BEA) released state Personal Income data for 2015 Q4.<sup>1</sup> Personal Income is a broad measure that includes all types of income such as wages, business profits, Social Security, pensions, dividends, rent, interest and various disability and income security benefits.<sup>2</sup> For 2015, Pennsylvania Personal Income increased by 3.3%, versus 4.4% for the U.S.

The main component of Personal Income is gross earnings by place of work, which includes wages-salaries, employer contributions to health insurance and pension plans, employer contributions to government social insurance (i.e., Social Security and disability) and proprietor's income (sole proprietors, partnerships and independent contractors). The table shows the composition for each component and the preliminary growth rate for 2015. For proprietor's income, the data will likely be revised upwards later this year due to technical factors.

The BEA also publishes industry tabulations of gross earnings, and those data can be used to quantify the relative size of a given sector for the Pennsylvania economy. For 2015, the only sector to contract was the mining sector (-6.7%), largely due to a reduction in employment from a decline in natural gas drilling activity. Healthcare-social

GENERAL FUND SNAPSHOT			
The Commonwealth collected \$4.49 billion in General Fund revenues for March, an increase of \$215.1 million (5.0%) compared to March 2015. Fiscal year-to-date revenues were \$22.24 billion, an increase of \$529.0 million (2.4%) from the prior year.			
	General Fund	Tax Revenue	Non-Tax Revenue
Mar-16	\$4,486	\$4,392	\$94
Growth	5.0%	4.3%	57.2%
FYTD	\$22,240	\$21,901	\$340
Growth	2.4%	3.5%	-39.3%
Dollar amounts are in millions.			

services was the largest sector (13.8% of total), and gross earnings increased by 3.0%. The next three largest sectors recorded modest gains in gross earnings: state and local government (11.0% of total gross earnings, 1.6% growth), wholesale-retail (10.4%, 1.8% growth) and manufacturing (10.0%, 1.0% growth). Some mid-sized sectors recorded stronger earnings gains (e.g., construction and professional services) due to above-average employment expansions.

For General Fund revenues, the wages-salaries component of gross earnings is a crucial series since it motivates personal income tax collections and, to a large extent, sales and use tax remittances. The preliminary data from the BEA show a weakening trend during the calendar year: Q1 (3.6% year-over-year growth), Q2 (3.5%), Q3 (3.5%) and Q4 (3.0%). At this point, it is unclear whether the Q4 weakness portends a lower growth path, or represents an unusual data point due to weak year-end bonuses or seasonal hiring.

Pennsylvania Gross Earnings - 2015		
	Share of Total	Growth Rate
<b>Gross Earnings</b>	<b>100.0%</b>	<b>3.1%</b>
Wages-Salaries	69.4%	3.4%
Health-Pension Plans	12.2%	1.7%
Gov't Social Insurance	5.4%	2.3%
Proprietor's Income	13.0%	3.0%
<b>Industry Detail</b>		
Mining	1.3%	-6.7%
Construction	5.8%	4.1%
Manufacturing	10.0%	1.0%
Wholesale-Retail	10.4%	1.8%
Finance-Insurance	6.7%	3.2%
Professional Services	9.6%	5.2%
Administrative-Support	3.3%	5.3%
Healthcare-Social	13.8%	3.0%
State-Local Gov't	11.0%	1.6%
All Other Sectors	28.2%	4.2%

<sup>1</sup> See Table SQ5N under the "State Quarterly Personal Income" link at <http://www.bea.gov/regional/index.htm>.

<sup>2</sup> Capital gains income is excluded.

## MONTHLY ECONOMIC INDICATORS

	United States				Pennsylvania			
	Dec-15	Jan-16	Feb-16	Mar-16	Dec-15	Jan-16	Feb-16	Mar-16
Unemployment Rate <sup>1</sup>	5.0%	4.9%	4.9%	5.0%	4.7%	4.6%	4.6%	n.a.
Net Job Gains (000s) <sup>2</sup>	271.0	168.0	245.0	215.0	46.3	40.9	45.1	n.a.
Average Gasoline Price <sup>3</sup>	\$2.04	\$1.95	\$1.76	\$1.97	\$2.13	\$2.01	\$1.84	\$1.94
Consumer Price Index <sup>4</sup>	0.7%	1.4%	1.0%	n.a.	-0.2%	0.0%	0.3%	n.a.
Retail Sales <sup>5</sup>	1.9%	2.4%	2.9%	n.a.	3.8%	3.9%	4.4%	5.9%
Consumer Sentiment Index <sup>6</sup>	92.6	92.0	91.7	91.0	n.a.	n.a.	n.a.	n.a.
New Building Permits <sup>7</sup>	10.7%	11.5%	12.3%	n.a.	-12.4%	-3.1%	10.4%	n.a.

## QUARTERLY ECONOMIC INDICATORS

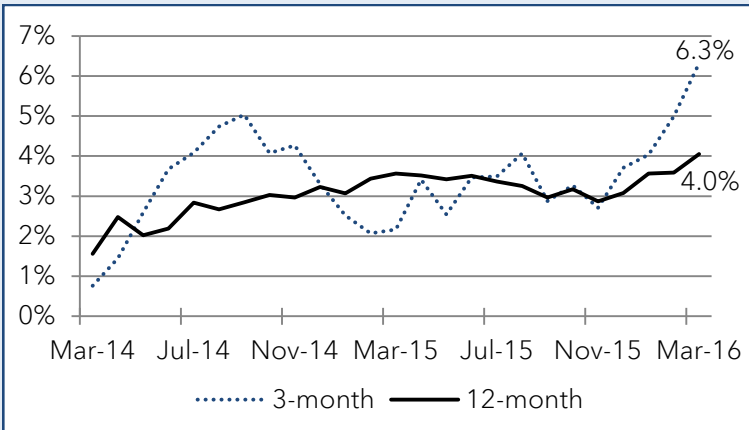
	United States				Pennsylvania			
	2015.1	2015.2	2015.3	2015.4	2015.1	2015.2	2015.3	2015.4
Gross Domestic Product <sup>8</sup>	0.6%	3.9%	2.0%	1.4%	-0.7%	4.1%	2.5%	n.a.
Personal Income <sup>9</sup>	4.5%	4.5%	4.5%	4.0%	3.5%	3.3%	3.4%	3.0%
Completed Home Sales <sup>10</sup>	6.9%	8.2%	8.3%	2.0%	12.4%	11.8%	13.3%	5.0%
FHFA House Price Index <sup>11</sup>	5.3%	5.6%	5.7%	5.8%	2.9%	2.2%	2.5%	3.1%
Student Loan Debt <sup>12</sup>	\$4,590	\$4,480	\$4,480	\$4,600	\$5,330	\$5,180	\$5,170	\$5,310
Industrial Electricity Sales <sup>13</sup>	-2.9%	-3.6%	-3.8%	-5.3%	-2.4%	-1.6%	-1.2%	-4.5%

### Notes:

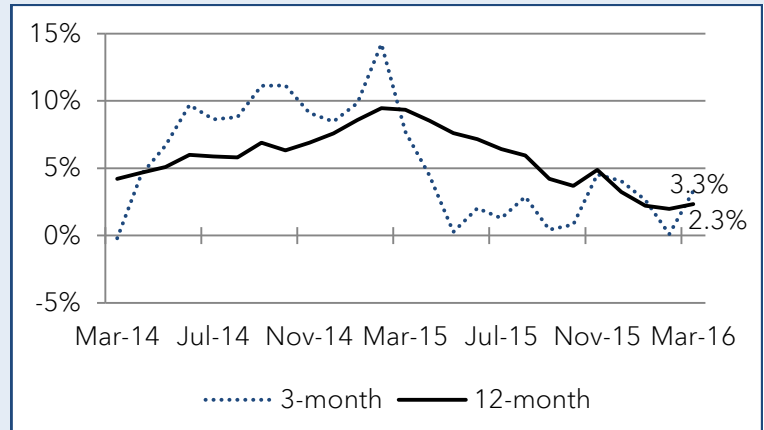
1. Source: U.S. Bureau of Labor Statistics—Survey of Households.
2. U.S.: Increase in payroll employment compared to the previous month. PA: Average year-over-year increase in payroll employment based on latest three months of data. Source: U.S. Bureau of Labor Statistics—Survey of Establishments.
3. 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. Dept. of Commerce. PA: Annual growth rate of sales tax revenues based on latest three months of data. Excludes transfers to or from the Enhanced Revenue Collection Account. Source: PA Dept. of Revenue.
6. A diffusion index that reflects consumer optimism. Source: UM—Survey of Consumers.
7. Annual growth of new, privately owned single-housing units authorized for construction based on latest three month of data. Source: U.S. Census Bureau.
8. The quarterly, annualized real growth rate of the economy. Excludes inflation. Source: U.S. Bureau of Economic Analysis.
9. The annual growth rate of personal income. Includes any inflationary gains. Source: U.S. Bureau of Economic Analysis.
10. The annual growth rate of sales of existing single-family properties, townhomes and condominiums. (PA data contain some new properties.) Sources: National Association of Realtors and PA Association of Realtors.
11. The annual growth rate of an index that measures the average price change of residential homes with mortgages purchased or securitized by Fannie Mae or Freddie Mac. Source: Federal Housing Finance Agency.
12. Per capita levels. Levels represent total student loan debt divided by number of consumers with a credit report. For Q4 2014, Pennsylvania has 10.7 million consumers (includes children). Source: Federal Reserve Bank of New York.
13. The annual growth rate in megawatt-hours of electricity sold to industrial customers. Source: U.S. EIA.

# SELECT GENERAL FUND TAX REVENUES - ANNUAL GROWTH RATES

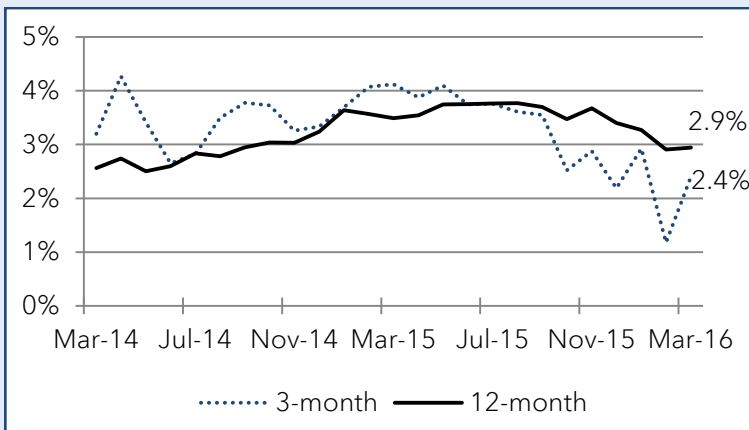
## Sales and Use Tax – Non-Motor



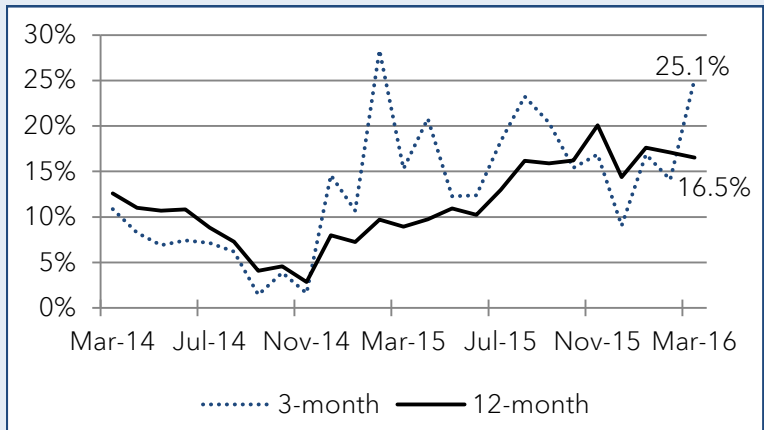
## Sales and Use Tax – Motor



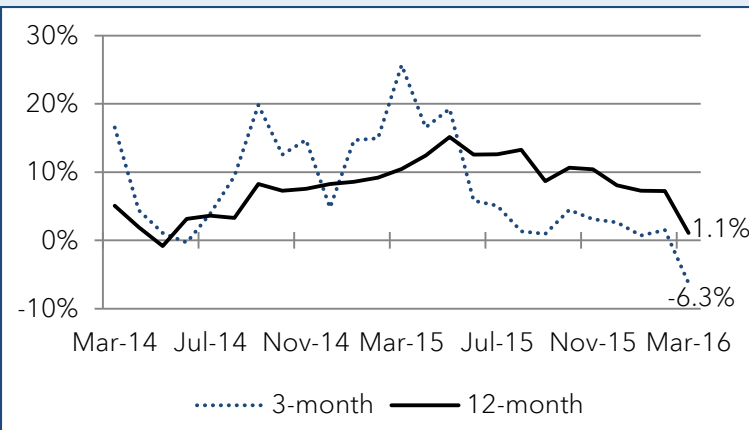
## Personal Income Tax – Withholding



## Realty Transfer Tax



## Corporate Net Income Tax



Technical Notes (for revenue graphs and table on next page):

- ↳ Transfers from the General Fund to the Enhanced Revenue Collection Account were \$17.0 million and included: \$3.7 million from CNIT; \$1.7 million from Inheritance; \$6.2 million from SUT; and \$5.2 million from PIT.
- ↳ Personal income tax withholding included revenue collections associated with a weekly due date that occurred in March this year, but fell in April last year.
- ↳ The minor and repealed category includes a \$61.8 million transfer to the Neighborhood Improvement Zone, an increase of \$5.9 million from the March 2015 transfer.

Note: Three and twelve-month annual growth rates are rolling averages relative to the previous fiscal year.

## Pennsylvania General Fund Revenues Summary

Revenue Source	Mar 2016	Mar 2015	Mar 2014	FYTD 2015-16	FYTD 2014-15	FYTD 2013-14	Mar 2016 Growth	FYTD Growth
<b>Total General Fund</b>	<b>\$4,486.0</b>	<b>\$4,270.9</b>	<b>\$4,215.2</b>	<b>\$22,240.2</b>	<b>\$21,711.2</b>	<b>\$20,510.0</b>	<b>5.0%</b>	<b>2.4%</b>
<b>Total Tax Revenue</b>	<b>4,392.3</b>	<b>4,211.3</b>	<b>4,086.0</b>	<b>21,900.5</b>	<b>21,151.4</b>	<b>20,205.1</b>	<b>4.3</b>	<b>3.5</b>
<b>Total Corporation Taxes</b>	<b>2,357.6</b>	<b>2,369.7</b>	<b>2,307.8</b>	<b>4,014.0</b>	<b>3,990.2</b>	<b>3,806.9</b>	<b>-0.5</b>	<b>0.6</b>
Accelerated Deposits	1.7	19.3	5.6	1.9	23.7	6.8	-91.0	-91.9
Corporate Net Income	450.1	515.5	419.9	1,867.2	1,898.2	1,646.1	-12.7	-1.6
Capital Stock & Fran.	6.1	32.8	48.0	112.0	149.7	228.1	-81.4	-25.2
Gross Receipts	1,243.3	1,195.5	1,211.5	1,287.0	1,238.0	1,251.6	4.0	4.0
Utility Property	0.0	0.0	0.0	2.8	2.1	2.3	1.4	34.1
Insurance Premiums	366.7	353.0	359.2	415.3	394.6	397.0	3.9	5.3
Financial Institutions	288.8	252.8	262.1	324.8	280.9	270.4	14.2	15.6
Other Sel. Business	0.9	0.9	1.5	3.1	3.2	4.5	4.2	-2.4
<b>Total Consumption Taxes</b>	<b>849.2</b>	<b>793.2</b>	<b>783.5</b>	<b>8,194.7</b>	<b>7,940.8</b>	<b>7,675.1</b>	<b>7.1</b>	<b>3.2</b>
Sales and Use - Total	745.3	692.9	676.0	7,243.5	6,990.9	6,689.0	7.6	3.6
Non-Motor	628.5	583.6	569.3	6,254.7	6,025.9	5,805.4	7.7	3.8
Motor Vehicle	116.8	109.3	106.7	988.8	965.0	883.5	6.8	2.5
Cigarette	73.9	71.5	80.2	668.9	678.9	724.9	3.4	-1.5
Malt Beverage	1.9	1.7	1.8	18.5	17.7	18.6	10.2	4.3
Liquor	28.1	27.1	25.5	263.8	253.2	242.6	3.4	4.2
<b>Total Other Taxes</b>	<b>1,185.5</b>	<b>1,048.3</b>	<b>994.8</b>	<b>9,691.8</b>	<b>9,220.4</b>	<b>8,723.2</b>	<b>13.1</b>	<b>5.1</b>
Personal Income - Total	1,107.9	972.8	914.5	8,595.1	8,114.5	7,789.9	13.9	5.9
Withholding	962.3	825.4	792.4	7,118.1	6,832.1	6,584.0	16.6	4.2
Quarterly	42.5	39.3	31.9	1,159.9	998.8	935.1	8.1	16.1
Annual	103.0	108.1	90.2	317.2	283.6	270.9	-4.7	11.8
Realty Transfer	31.4	30.5	27.9	356.5	302.4	276.3	2.8	17.9
Inheritance	97.5	78.7	90.9	702.4	739.4	633.3	23.9	-5.0
Table Games	8.3	8.1	7.6	74.8	71.6	67.3	2.9	4.5
Minor and Repealed	-59.6	-41.8	-46.1	-36.9	-7.5	-43.6	42.6	392.0
<b>Total Non-Tax Revenue</b>	<b>93.7</b>	<b>59.6</b>	<b>129.1</b>	<b>339.7</b>	<b>559.8</b>	<b>304.9</b>	<b>57.2</b>	<b>-39.3</b>
Liquor Store Profits	25.0	0.0	80.0	75.0	80.0	80.0	n.a.	-6.3
Lic, Fees & Misc.	61.1	53.1	43.4	198.9	416.2	158.3	15.1	-52.2
Licenses and Fees	33.9	17.4	19.6	99.1	82.7	84.6	94.7	19.9
Miscellaneous	27.2	35.7	23.8	99.8	333.5	73.7	-23.8	-70.1
Treasury	-2.0	0.2	1.1	9.8	7.0	6.7	-907.9	40.7
Escheats	18.5	31.3	18.1	30.3	50.2	3.2	-41.1	-39.7
Other Miscellaneous	10.7	4.1	4.5	59.7	276.3	63.8	162.4	-78.4
Fines, Pen & Int. - Total	7.6	6.5	5.7	65.8	63.6	66.6	16.4	3.5

Note: Dollar amounts in \$ millions. Growth rates computed from the same time period from the previous year.