



# Monthly Trends Report

May 2016

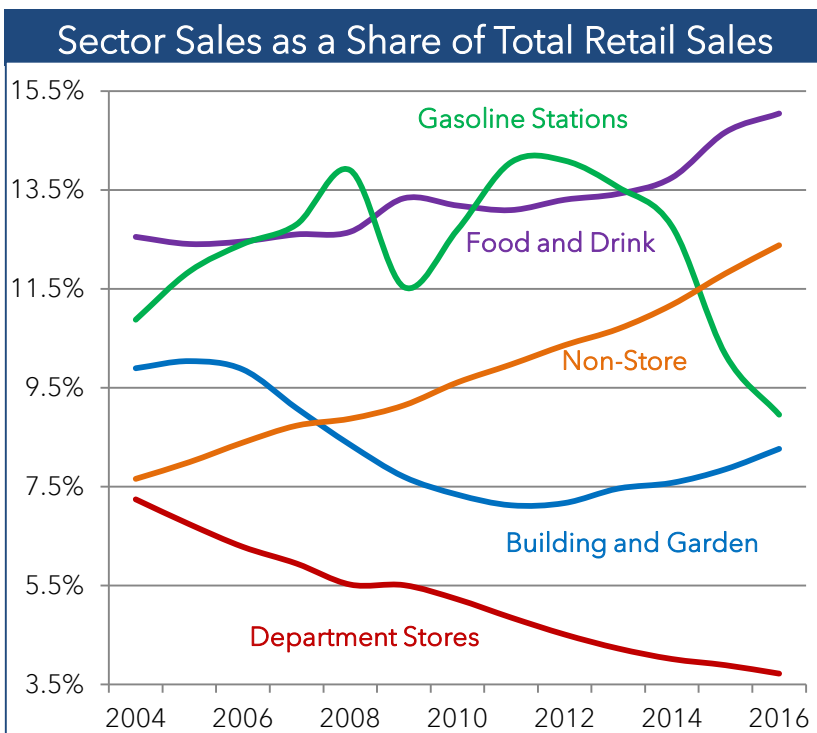
## CONSUMER SPENDING TRENDS DIVERGE

The U.S. Census Bureau publishes monthly data on retail sales by sector (excludes services), which is used as an indicator for U.S. consumer spending trends. The chart below displays annual sales for certain sectors as a share of total retail sales. The data reveal some interesting trends.

Food services and drinking places (e.g., restaurants and bars) is now one of the largest sectors of retail sales, as the share of total sales increased from 12.6% in 2004 to 15.0% in 2016 (January through April). Most of the gains in this sector have been realized in the past two years; from 2013 to 2015, sales grew at a rate of 7.1% per annum. Data through April 2016 show a continuation of this trend, with annual growth of 6.1%.

By contrast, sales at gasoline stations have become a less significant component of consumer spending. In 2012, gasoline station sales comprised 14.1% of total sales, whereas in 2016, these sales comprised 9.0% of the total. This contraction is generally attributable to the rapid decline in U.S. gasoline prices, which averaged \$3.62 per gallon in 2012 versus \$1.94 per gallon for January to April 2016.

For 2016, building and garden sales comprised 8.3% of total sales. This sector is well below its pre-recession share of roughly 10%. However, sales have picked up recently, due to the improving housing market, and have been particularly



Source: U.S. Census Bureau. Data through April 2016.

Note: Data are seasonally adjusted and exclude motor vehicles and parts.

## GENERAL FUND SNAPSHOT

The Commonwealth collected \$1.94 billion in General Fund revenues for May, a decrease of \$17.3 million (-0.9%) compared to May 2015. Fiscal year-to-date revenues were \$27.84 billion, an increase of \$163.8 million (0.6%) from the prior year.

	General Fund	Tax Revenue	Non-Tax Revenue
<b>May-16</b>	\$1,944	\$1,905	\$40
<b>Growth</b>	-0.9%	2.2%	-59.6%
<b>FYTD</b>	\$27,841	\$27,227	\$614
<b>Growth</b>	0.6%	2.5%	-44.4%

Dollar amounts are in millions.

strong through April 2016 (9.2% annual growth). One of the larger retailers in this sector, Home Depot Inc., reported that customers spent \$60 per trip this year, which is the highest level since the first quarter of 2006.<sup>1</sup>

Sales at department stores have declined due to strong growth in the non-store sector (e.g., online stores such as Amazon.com Inc. and catalog retailers), as consumers shifted from brick-and-mortar stores to online retailers. In 2004, the share of department stores (7.2%) and non-store sales (7.7%) were roughly equal. For 2016, the share of non-store sales comprised 12.4% of the total, compared to 3.7% for department stores.

Overall, the retail sales data suggest that consumers are more likely to shop online, spend money on dining out and invest in their homes rather than shop at traditional stores. The decline in gasoline prices may have further bolstered spending in some of these sectors. While some of these trends are long-term (i.e., the switch to online shopping), it is unclear if others will reverse (i.e., less dining out if gasoline prices increase).

<sup>1</sup> The Wall Street Journal, "Home Depot Tops Views, Boosts Guidance," May 17, 2016.

## MONTHLY ECONOMIC INDICATORS

	United States				Pennsylvania			
	Feb-16	Mar-16	Apr-16	May-16	Feb-16	Mar-16	Apr-16	May-16
Unemployment Rate <sup>1</sup>	4.9%	5.0%	5.0%	4.7%	4.6%	4.9%	5.3%	n.a.
Net Job Gains (000s) <sup>2</sup>	233.0	186.0	123.0	38.0	45.2	58.3	64.1	n.a.
Average Gasoline Price <sup>3</sup>	\$1.76	\$1.97	\$2.11	\$2.27	\$1.84	\$1.94	\$2.13	\$2.30
Consumer Price Index <sup>4</sup>	1.0%	0.9%	1.1%	n.a.	0.3%	0.5%	0.6%	n.a.
Retail Sales <sup>5</sup>	3.1%	2.7%	2.8%	n.a.	4.4%	5.9%	3.9%	4.1%
Consumer Sentiment Index <sup>6</sup>	91.7	91.0	89.0	94.7	n.a.	n.a.	n.a.	n.a.
New Building Permits <sup>7</sup>	12.3%	15.1%	14.1%	n.a.	10.4%	25.9%	31.2%	n.a.

## QUARTERLY ECONOMIC INDICATORS

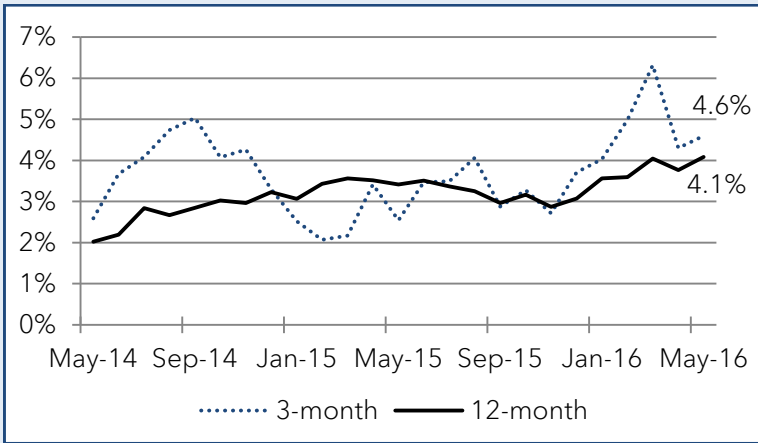
	United States				Pennsylvania			
	2015.2	2015.3	2015.4	2016.1	2015.2	2015.3	2015.4	2016.1
Gross Domestic Product <sup>8</sup>	3.9%	2.0%	1.4%	0.8%	4.1%	2.5%	n.a.	n.a.
Personal Income <sup>9</sup>	4.5%	4.5%	4.3%	4.4%	3.3%	3.4%	3.0%	n.a.
Completed Home Sales <sup>10</sup>	8.2%	8.3%	2.0%	5.7%	11.8%	13.3%	6.9%	9.8%
FHFA House Price Index <sup>11</sup>	5.6%	5.7%	5.9%	5.7%	2.2%	2.6%	2.6%	3.6%
Student Loan Debt <sup>12</sup>	\$4,480	\$4,480	\$4,600	\$4,710	\$5,180	\$5,170	\$5,310	\$5,450
Industrial Electricity Sales <sup>13</sup>	-3.6%	-3.8%	-5.3%	n.a.	-1.6%	-1.2%	-4.5%	n.a.

### Notes:

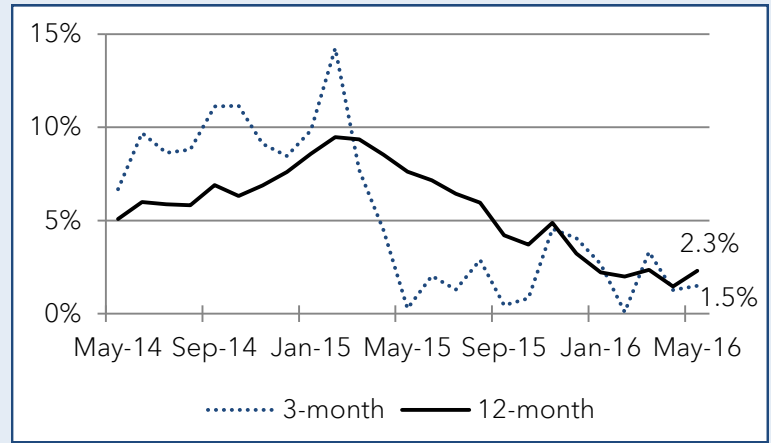
1. Source: U.S. Bureau of Labor Statistics—Survey of Households.
2. U.S.: Increase in payroll employment compared to the previous month. PA: Average year-over-year increase in payroll employment based on latest three months of data. Source: U.S. Bureau of Labor Statistics—Survey of Establishments.
3. 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 2015, Pennsylvania has 10.8 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

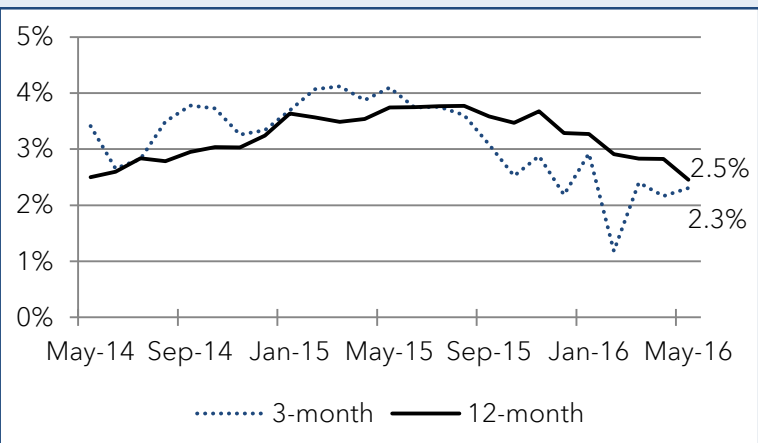
## Sales and Use Tax – Non-Motor



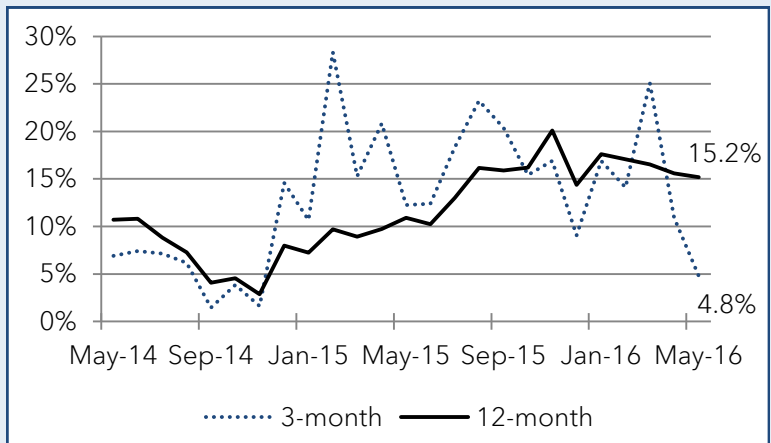
## Sales and Use Tax – Motor



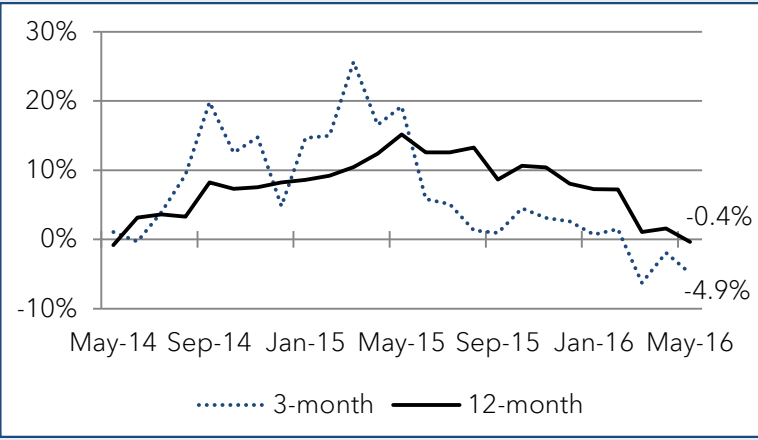
## Personal Income Tax – Withholding



## 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 \$29.2 million and included: \$4.5 million from CNIT; \$2.2 million from Inheritance; \$9.1 million from SUT; and \$13.3 million from PIT.
- ↳ Personal income tax withholding collections were affected by: (1) a quarterly filer due date that occurred in May this year but fell in April last year and (2) a weekly filer due date that occurred in April this year but fell in May last year.
- ↳ Minor and repealed revenues include a \$20.3 million transfer from the Neighborhood Improvement Zone.

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

## General Fund Revenues Summary

Revenue Source	May 2016	May 2015	May 2014	FYTD 2015-16	FYTD 2014-15	FYTD 2013-14	May 2016 Growth	FYTD Growth
<b>Total General Fund</b>	<b>\$1,944.5</b>	<b>\$1,961.7</b>	<b>\$1,859.6</b>	<b>\$27,841.0</b>	<b>\$27,677.2</b>	<b>\$25,786.4</b>	<b>-0.9%</b>	<b>0.6%</b>
<b>Total Tax Revenue</b>	<b>1,904.8</b>	<b>1,863.6</b>	<b>1,823.2</b>	<b>27,227.0</b>	<b>26,573.6</b>	<b>25,309.5</b>	<b>2.2</b>	<b>2.5</b>
<b>Total Corporation Taxes</b>	<b>80.5</b>	<b>98.6</b>	<b>105.3</b>	<b>4,576.4</b>	<b>4,531.9</b>	<b>4,355.6</b>	<b>-18.4</b>	<b>1.0</b>
Accelerated Deposits	-5.7	-4.2	-3.3	1.5	17.5	0.8	37.1	-91.5
Corporate Net Income	57.0	62.8	46.1	2,311.1	2,322.2	2,029.2	-9.4	-0.5
Capital Stock & Fran.	8.8	7.3	1.8	147.9	194.8	271.5	20.5	-24.1
Gross Receipts	0.2	-0.5	6.4	1,293.7	1,239.1	1,262.8	-154.6	4.4
Utility Property	16.6	27.8	15.6	39.2	38.1	36.5	-40.3	3.1
Insurance Premium	3.1	4.9	1.4	452.5	432.5	433.3	-35.9	4.6
Financial Institution	0.1	0.2	37.3	327.0	283.8	312.8	-31.4	15.2
Other Sel. Business	0.4	0.3	0.2	3.6	4.0	8.6	32.2	-10.9
<b>Total Consumption Taxes</b>	<b>902.6</b>	<b>857.9</b>	<b>874.0</b>	<b>10,049.6</b>	<b>9,734.9</b>	<b>9,449.5</b>	<b>5.2</b>	<b>3.2</b>
Sales and Use - Total	791.2	746.0	757.6	8,877.0	8,564.6	8,243.0	6.1	3.6
Non-Motor	670.2	633.0	641.7	7,654.0	7,363.2	7,121.3	5.9	3.9
Motor Vehicle	121.0	113.0	115.9	1,223.0	1,201.5	1,121.7	7.1	1.8
Cigarette	81.0	81.1	86.2	829.7	839.8	887.9	-0.1	-1.2
Malt Beverage	2.1	1.9	2.1	22.7	21.8	22.8	10.9	4.0
Liquor	28.2	28.8	28.1	320.2	308.6	295.8	-2.0	3.8
<b>Total Other Taxes</b>	<b>921.7</b>	<b>907.1</b>	<b>843.8</b>	<b>12,600.9</b>	<b>12,306.8</b>	<b>11,504.5</b>	<b>1.6</b>	<b>2.4</b>
Personal Income - Total	773.1	775.4	727.6	11,246.6	10,944.2	10,343.5	-0.3	2.8
Withholding	720.0	701.5	675.2	8,566.6	8,363.7	8,055.1	2.6	2.4
Quarterly	23.6	23.7	21.0	1,481.5	1,312.3	1,214.7	-0.6	12.9
Annual	29.5	50.2	31.4	1,198.5	1,268.1	1,073.8	-41.1	-5.5
Realty Transfer	37.8	34.2	29.6	427.1	369.2	335.1	10.6	15.7
Inheritance	82.7	73.8	78.6	852.3	905.7	785.3	12.0	-5.9
Table Games	8.0	8.9	8.9	92.9	88.2	83.5	-10.3	5.3
Minor and Repealed	20.1	14.7	-0.9	-17.9	-0.5	-43.0	36.1	3,646.5
<b>Total Non-Tax Revenue</b>	<b>39.7</b>	<b>98.1</b>	<b>36.4</b>	<b>614.0</b>	<b>1,103.6</b>	<b>476.8</b>	<b>-59.6</b>	<b>-44.4</b>
Liquor Store Profits	0.0	0.0	0.0	75.0	80.0	80.0	n.a.	-6.3
Lic, Fees & Misc.	31.2	89.9	29.4	456.6	944.9	317.0	-65.3	-51.7
Licenses and Fees	0.5	-1.7	-2.0	111.3	105.5	102.6	-128.0	5.5
Miscellaneous	30.7	91.6	31.3	345.3	839.4	214.4	-66.5	-58.9
Treasury	1.2	0.6	0.3	12.1	7.8	7.2	107.5	55.2
Escheats	22.2	87.4	19.0	245.7	545.0	122.5	-74.5	-54.9
Other Miscellaneous	7.3	3.7	12.1	87.5	286.6	84.7	97.2	-69.5
Fines, Pen & Int. - Total	8.5	8.2	7.0	82.4	78.7	79.8	3.7	4.8

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