

# MONTHLY TRENDS REPORT

Independent Fiscal Office | November 2018

On July 30th, the Independent Fiscal Office (IFO) released monthly revenue projections for fiscal year (FY) 2018-19.<sup>1</sup> General Fund collections were \$154.1 million (7.1%) above estimate for November and \$338.9 million (2.8%) above estimate for the fiscal year-to-date (FYTD). Corporate net income tax (CNIT) and sales and use tax (SUT) both came in above estimate for the month. Non-tax revenues and other tax revenues also came in higher than expected, while personal income tax (PIT) fell below estimate.

November CNIT collections surpassed projections by \$72.7 million. The overage was driven almost entirely by strong final payments for older tax years. CNIT collections for the year are exceeding estimate by \$168.4 million. Both final and estimated FYTD payments are higher than anticipated.

Monthly SUT revenues were \$57.8 million over estimate. Non-motor and motor vehicle collections both topped the forecast for the month by 7.2% and 3.9% respectively. FYTD SUT revenues are exceeding the estimate by \$154.8 million with higher than anticipated collections in both non-motor and motor vehicle collections.

Personal income tax collections came in below expectations (-\$16.5 million) for the month due to shortfalls in withholding payments (-\$16.2 million) and estimated payments (-\$1.4 million). FYTD PIT collections are also below estimate (-\$24.5 million) due to shortages in both withholding and estimated payments.

## GENERAL FUND SNAPSHOT

	General Fund	Tax Revenue	Non-Tax Revenue
Nov-18	\$2,337	\$2,179	\$158
Growth	1.3%	0.9%	7.5%
FYTD	\$12,365	\$12,103	\$262
Growth	8.3%	8.2%	16.7%

Dollar amounts in millions. See final page for detail.

Other tax collections for November were above estimate (\$9.0 million) primarily due to higher than projected gross receipts collections tax. FYTD other tax collections are higher than expected (\$44.7 million) and are driven mainly by gross receipts and insurance premiums taxes.

Non-tax revenues were \$31.0 million above estimate in November. Licenses and fees surpassed projections by \$27.9 million due to the receipt of higher than expected fees related to gaming expansion. FYTD non-tax collections are \$4.4 million below estimate due to weaker than expected escheats collections, but are partially offset by greater than anticipated licenses and fees and treasury collections.

## FY 2018-19 Revenue Performance Through November

	November Collections			FYTD Collections		
	Actual	Estimate	\$ Diff	Actual	Estimate	\$ Diff
General Fund	\$2,337	\$2,183	\$154	\$12,365	\$12,026	\$339
Corp. Net Income	126	53	73	997	829	168
Sales and Use	910	852	58	4,692	4,538	155
Personal Income	835	851	(17)	4,912	4,936	(24)
Other Taxes	308	299	9	1,502	1,457	45
Non-Tax	158	127	31	262	266	(4)

Dollar amounts in millions. Estimate refers to IFO official estimate published on July 30, 2018.

<sup>1</sup> See *Official Monthly & Quarterly Revenue Estimates* for more information: <http://www.ifo.state.pa.us/download.cfm?file=/Resources/Documents/MQRE-FY18-19-July.pdf>.

# MONTHLY ECONOMIC INDICATORS

	United States				Pennsylvania			
	Aug-18	Sep-18	Oct-18	Nov-18	Aug-18	Sep-18	Oct-18	Nov-18
Unemployment Rate <sup>1</sup>	3.9%	3.7%	3.7%	3.7%	4.1%	4.1%	4.1%	n.a.
Net Job Gains (000s) <sup>2</sup>	286.0	118.0	250.0	155.0	76.2	79.2	85.0	n.a.
Average Gasoline Price <sup>3</sup>	\$2.84	\$2.84	\$2.86	\$2.65	\$2.92	\$2.92	\$2.90	\$2.72
CPI-U All Items <sup>4</sup>	2.7%	2.3%	2.5%	n.a.	1.7%	1.8%	1.6%	n.a.
CPI-U Excludes Energy <sup>4</sup>	2.1%	2.1%	2.0%	n.a.	1.0%	1.0%	1.0%	n.a.
Retail Sales <sup>5</sup>	6.4%	5.7%	5.0%	n.a.	8.1%	8.2%	7.8%	7.4%
Consumer Sentiment Index <sup>6</sup>	96.2	100.1	98.6	97.5	n.a.	n.a.	n.a.	n.a.

# QUARTERLY ECONOMIC INDICATORS

	United States				Pennsylvania			
	2017.4	2018.1	2018.2	2018.3	2017.4	2018.1	2018.2	2018.3
Gross Domestic Product <sup>7</sup>	2.3%	2.2%	4.2%	3.5%	0.1%	0.6%	3.6%	n.a.
Personal Income <sup>8</sup>	4.6%	4.3%	4.5%	4.4%	3.7%	3.8%	3.9%	n.a.
Wages and Salaries <sup>9</sup>	4.6%	4.6%	4.5%	4.2%	3.8%	4.1%	4.4%	n.a.
CPI-U All Items <sup>4</sup>	2.1%	2.2%	2.7%	2.6%	0.8%	0.7%	1.6%	1.7%
CPI-U Excludes Energy <sup>4</sup>	1.7%	1.9%	2.1%	2.1%	0.4%	0.1%	0.9%	1.0%
FHFA House Price Index <sup>10</sup>	6.7%	7.4%	6.8%	6.3%	5.2%	6.0%	5.3%	4.3%

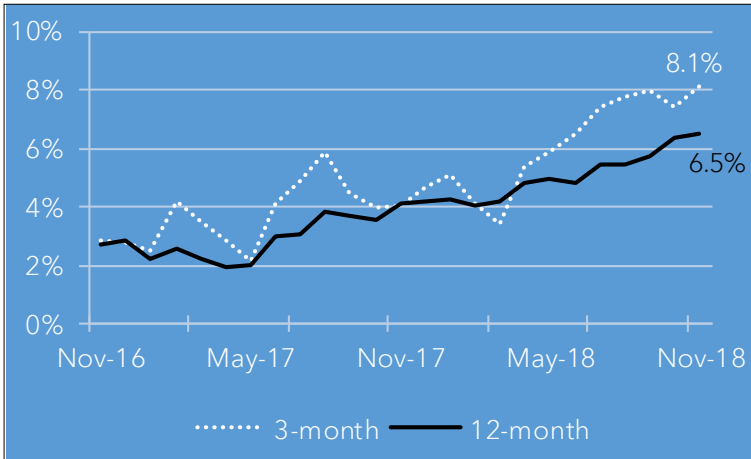
Notes:

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. Department 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 Department of Revenue.
6. A diffusion index that reflects consumer optimism. Source: UM–Survey of Consumers.
7. The quarterly, annualized real growth rate of the economy. Excludes inflation. Source: U.S. Bureau of Economic Analysis.
8. The annual growth rate of personal income. Includes any inflationary gains. Source: U.S. Bureau of Economic Analysis.
9. Year-over-year growth rate of wages and salaries paid to all payroll employees. Source: U.S. Bureau of Economic Analysis.
10. The House Price Index is a broad measure of the movement of single-family house prices. The HPI is a weighted, repeat-sales index; it measures average price changes in repeat sales or refinancing on the same properties. These data are obtained by reviewing repeat mortgage transactions on single-family properties whose mortgages have been purchased or securitized by Fannie Mae or Freddie Mac. Source: Federal Housing Finance Agency.

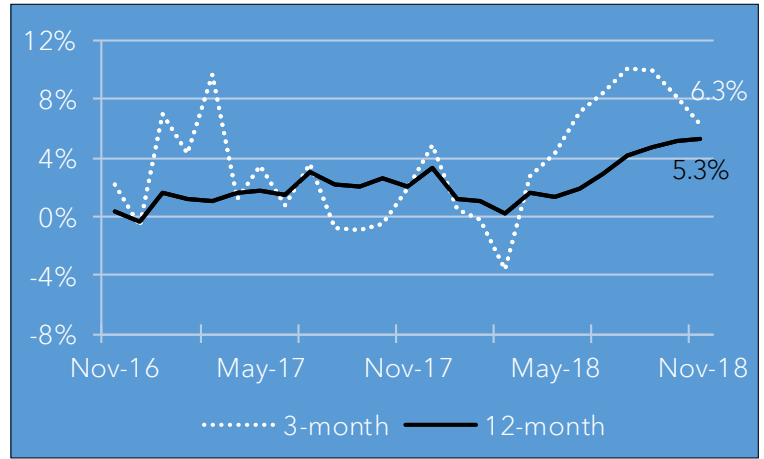
# SELECT GENERAL FUND TAX REVENUES

## ANNUAL GROWTH RATES

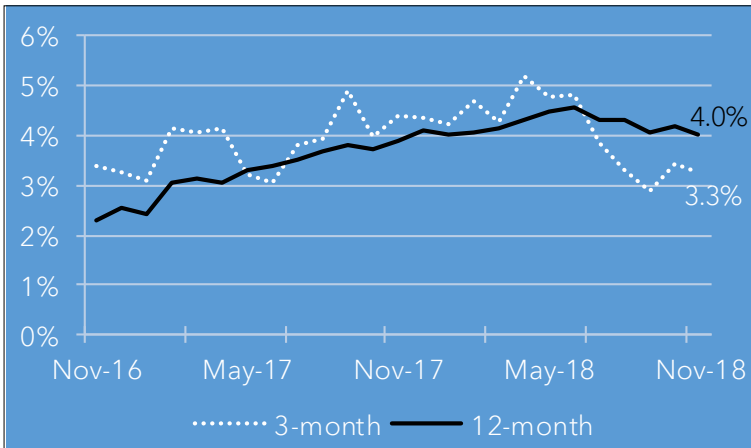
### Sales and Use Tax – Non-Motor



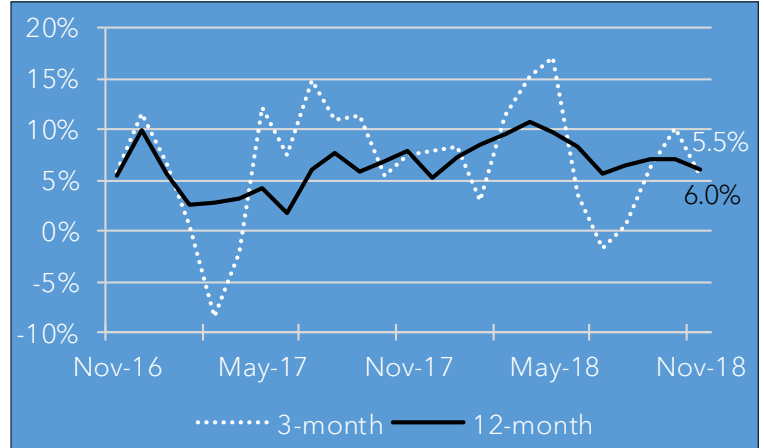
### Sales and Use Tax – Motor



### Personal Income Tax – Withholding



### Realty Transfer Tax



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

### Technical Notes

- The graphs above correct for (1) transfers to the Commonwealth Financing Authority, Enhanced Revenue Collection Account and Housing Affordability and Rehabilitation Enhancement Fund and (2) issues related to fluctuating payment due dates.
- Treasury collections (next page) for the fiscal year include \$30.4 million for a settlement under the Air Pollution Control Act that was deposited into the General Fund in July 2018.

# GENERAL FUND REVENUES SUMMARY

Revenue Source	Nov 2018	Nov 2017	FYTD 2018-19	FYTD 2017-18	Monthly Growth	FYTD Growth
Total General Fund	\$2,336.7	\$2,305.7	\$12,365.0	\$11,414.2	1.3%	8.3%
Total Tax Revenue	2,178.9	2,158.8	12,103.1	11,189.8	0.9	8.2
Total Corporation Taxes	138.0	103.3	1,079.5	812.9	33.6	32.8
Accelerated Deposits	0.4	0.2	0.3	0.2	91.1	43.8
Corporate Net Income	125.9	96.0	997.1	769.1	31.1	29.6
Gross Receipts	9.8	3.0	43.0	11.9	229.6	261.0
Utility Property	0.0	0.2	1.2	1.3	-97.2	-5.7
Insurance Premiums	0.4	0.6	22.4	10.9	-36.1	105.3
Financial Institution	1.5	3.3	15.6	19.5	-54.9	-20.1
Total Consumption Taxes	1,064.4	991.9	5,396.6	5,042.6	7.3	7.0
Sales and Use - Total	910.2	837.4	4,692.5	4,310.1	8.7	8.9
Non-Motor	795.5	726.8	4,052.8	3,724.7	9.5	8.8
Motor Vehicle	114.8	110.7	639.6	585.4	3.7	9.3
Cigarette	103.9	109.1	484.2	521.9	-4.8	-7.2
Other Tobacco Products	12.5	10.1	54.1	49.6	23.9	9.2
Malt Beverage	1.9	2.0	10.5	10.8	-5.0	-3.1
Liquor	35.8	33.2	155.3	150.2	7.7	3.4
Total Other Taxes	976.5	1,063.6	5,627.0	5,334.3	-8.2	5.5
Personal Income - Total	834.8	918.2	4,911.9	4,661.5	-9.1	5.4
Withholding	793.6	878.1	4,170.0	4,030.6	-9.6	3.5
Quarterly	20.6	22.0	553.4	486.4	-6.2	13.8
Annual	20.6	18.1	188.4	144.5	13.6	30.4
Realty Transfer	46.4	44.5	228.8	220.8	4.3	3.6
Inheritance	81.8	87.8	430.7	404.5	-6.8	6.5
Gaming	11.8	9.4	50.9	49.4	25.1	3.1
Minor and Repealed	1.7	3.6	4.6	(1.8)	-52.3	352.8
Total Non-Tax Revenue	157.8	146.9	261.9	224.3	7.5	16.7
State Store Fund Transfers	100.0	100.0	100.0	100.0	0.0	0.0
Lic., Fees & Miscellaneous	51.6	40.0	124.4	87.3	28.8	42.5
Licenses and Fees	54.1	57.2	122.6	81.1	-5.4	51.1
Miscellaneous	(2.6)	(17.2)	1.8	6.2	85.1	-71.4
Treasury	2.1	0.7	51.4	9.2	187.2	458.0
Escheats	(5.7)	(20.6)	(82.4)	(26.5)	72.4	-211.0
Other Miscellaneous	1.0	2.7	32.7	23.5	-62.6	39.4
Fines, Pen. & Int. - Total	6.3	6.8	37.5	37.0	-8.1	1.3

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