

MONTHLY TRENDS REPORT

Independent Fiscal Office | May 2019

On July 30th, the Independent Fiscal Office (IFO) released monthly revenue projections for fiscal year (FY) 2018-19.¹ For May, General Fund collections exceeded estimate (\$17.4 million) and are \$907.8 million (2.9 percent) above estimate for the fiscal year-to-date (FYTD). The monthly outcome was the result of strong collections in sales and use tax (SUT) countered by weaker than expected collections in personal income tax (PIT).

SUT collections surpassed the monthly forecast by \$56.2 million. This was a result of robust non-motor collections (\$57.9 million above estimate). FYTD SUT collections are outperforming the estimate by \$329.1 million due to strength in both non-motor and motor vehicle receipts.

Monthly PIT collections were \$39.4 million below projection largely due to annual payments falling short of estimate. However, these collections were negatively impacted by a \$35.6 million misposting that occurred in April but was not corrected (reversed) until May. FYTD PIT collections are \$84.3 million above estimate primarily due to strong annual payments (\$256.4 million). The overage is partially offset by lower than expected estimated payments (-\$154.8 million) and withholding payments (-\$17.2 million).

Corporate net income tax (CNIT) collections met the projection (\$0.2 million) for the month, driven by higher than projected final payments, but offset by estimated payments coming in lower than forecasted. CNIT collections for the year

GENERAL FUND SNAPSHOT			
	General Fund	Tax Revenue	Non-Tax Revenue
May-19	\$2,616	\$2,582	\$34
Growth	6.5%	5.7%	173.5%
FYTD	\$31,779	\$30,977	\$803
Growth	0.9%	6.8%	-67.5%

Dollar amounts in millions. See final page for detail.

exceed the estimate (\$323.6 million) as final and estimated payments are higher than anticipated.

May non-tax revenues surpassed the estimate by \$2.4 million. The result was due to higher than predicted escheats and treasury collections which were partially offset by a shortfall in licenses and fees (-\$3.7 million). Licenses and fees were impacted by a delayed transfer (\$7.7 million) to the Insurance Regulation and Oversight Fund (IROF) that was expected in April but did not occur until May. FYTD non-tax revenues continue to exceed estimate (\$96.7 million) due to higher than anticipated licenses and fees payments and treasury collections.

FY 2018-19 Revenue Performance Through May

	May Collections			FYTD Collections		
	Actual	Estimate	\$ Diff	Actual	Estimate	\$ Diff
General Fund	\$2,616	\$2,599	\$17	\$31,779	\$30,871	\$908
Corp. Net Income	312	312	0	2,825	2,502	324
Sales and Use	945	889	56	10,131	9,802	329
Personal Income	966	1,005	(39)	12,892	12,808	84
Other Taxes	359	361	(2)	5,129	5,054	74
Non-Tax	34	32	2	803	706	97

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

¹ 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			
	Feb-19	Mar-19	Apr-19	May-19	Feb-19	Mar-19	Apr-19	May-19
Unemployment Rate ¹	3.8%	3.8%	3.6%	3.6%	4.0%	3.9%	3.8%	n.a.
Net Job Gains (000s) ²	56.0	189.0	263.0	75.0	52.3	50.8	52.5	n.a.
Average Gasoline Price ³	\$2.31	\$2.52	\$2.80	\$2.86	\$2.41	\$2.58	\$2.81	\$2.90
CPI-U All Items ⁴	1.5%	1.9%	2.0%	n.a.	1.5%	1.7%	1.9%	n.a.
CPI-U Excludes Energy ⁴	2.1%	2.0%	2.0%	n.a.	1.9%	1.9%	1.8%	n.a.
Retail Sales ⁵	2.2%	2.9%	3.0%	n.a.	6.0%	5.9%	6.0%	7.2%
Consumer Sentiment Index ⁶	93.8	98.4	97.2	100.0	n.a.	n.a.	n.a.	n.a.

QUARTERLY ECONOMIC INDICATORS

	United States				Pennsylvania			
	2018.2	2018.3	2018.4	2019.1	2018.2	2018.3	2018.4	2019.1
Gross Domestic Product ⁷	4.2%	3.4%	2.2%	3.1%	4.0%	3.2%	2.5%	n.a.
Personal Income ⁸	4.5%	4.5%	4.3%	3.8%	3.6%	3.7%	4.4%	n.a.
Wages and Salaries ⁹	4.5%	4.4%	4.6%	3.5%	4.0%	3.5%	4.2%	n.a.
CPI-U All Items ⁴	2.7%	2.6%	2.2%	1.6%	1.6%	1.7%	1.3%	1.5%
CPI-U Excludes Energy ⁴	2.1%	2.1%	2.1%	2.1%	0.9%	1.0%	1.1%	1.8%
FHFA House Price Index ¹⁰	6.8%	6.5%	5.9%	5.1%	5.4%	4.7%	5.3%	5.0%

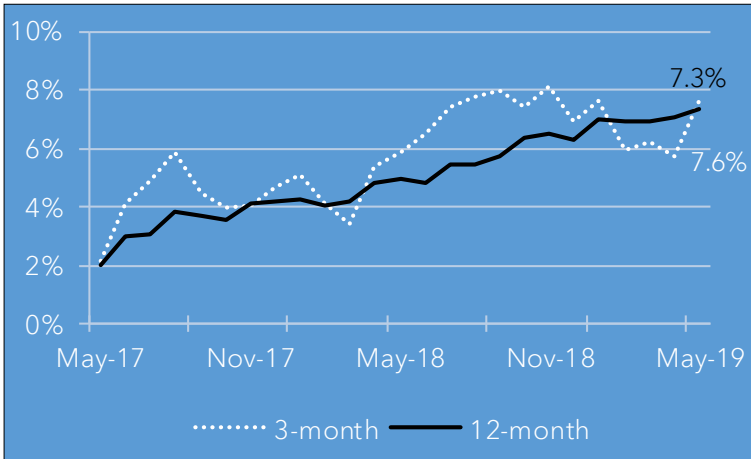
Notes:

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 the Commonwealth Financing Authority. 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.

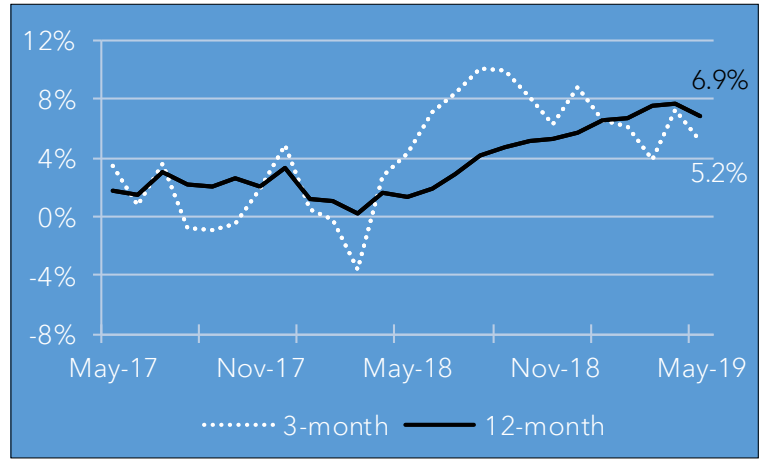
SELECT GENERAL FUND TAX REVENUES

ANNUAL GROWTH RATES

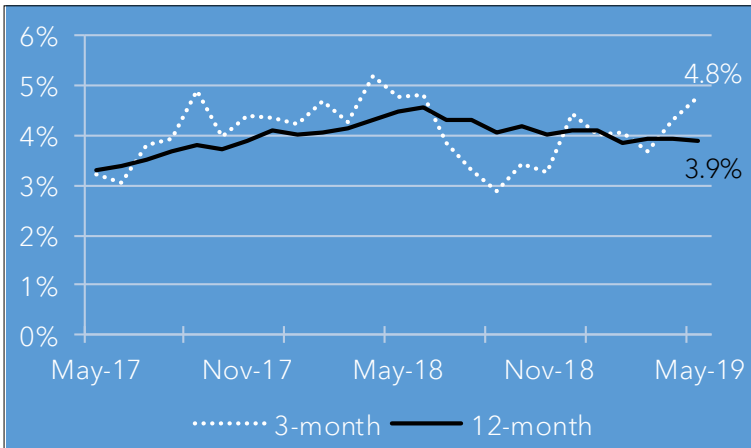
Sales and Use Tax – Non-Motor



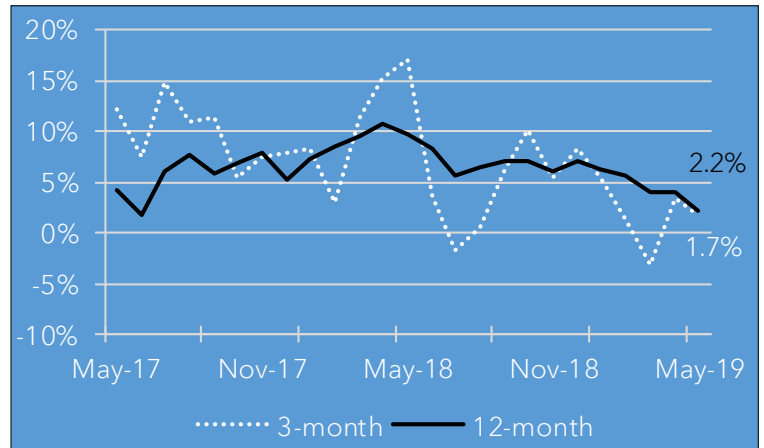
Sales and Use Tax – Motor



Personal Income Tax – Withholding



Realty Transfer Tax



Technical Notes

- The three- and twelve-month growth rates displayed in the graphs are rolling averages relative to the previous fiscal year.
- 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	May 2019	May 2018	FYTD 2018-19	FYTD 2017-18	Monthly Growth	FYTD Growth
Total General Fund	\$2,616.3	\$2,455.9	\$31,779.3	\$31,483.1	6.5%	0.9%
Total Tax Revenue	2,582.4	2,443.5	30,976.7	29,015.2	5.7	6.8
Total Corporation Taxes	344.7	277.2	4,920.7	4,320.6	24.3	13.9
Accelerated Deposits	(1.0)	(9.0)	2.2	3.0	89.1	-25.8
Corporate Net Income	312.3	264.7	2,825.5	2,317.6	18.0	21.9
Gross Receipts	12.7	2.1	1,221.3	1,142.9	495.0	6.9
Utility Property	18.5	15.6	36.1	33.7	18.6	7.2
Insurance Premiums	1.5	2.8	459.6	466.0	-46.5	-1.4
Financial Institution	0.6	0.9	375.9	357.5	-34.6	5.2
Total Consumption Taxes	1,087.1	1,023.9	11,635.5	10,969.8	6.2	6.1
Sales and Use - Total	944.8	877.4	10,130.6	9,417.9	7.7	7.6
Non-Motor	811.6	740.6	8,768.6	8,148.5	9.6	7.6
Motor Vehicle	133.3	136.8	1,362.0	1,269.4	-2.6	7.3
Cigarette	95.8	103.0	1,014.6	1,081.8	-7.0	-6.2
Other Tobacco Products	11.3	10.1	117.8	107.8	12.7	9.3
Malt Beverage	2.0	2.0	21.2	22.0	-0.8	-3.3
Liquor	33.1	31.4	351.2	340.3	5.4	3.2
Total Other Taxes	1,150.6	1,142.4	14,420.5	13,724.7	0.7	5.1
Personal Income - Total	966.0	951.6	12,892.0	12,259.1	1.5	5.2
Withholding	930.9	880.4	9,638.2	9,267.5	5.7	4.0
Quarterly	21.0	21.8	1,556.2	1,695.7	-3.7	-8.2
Annual	14.1	49.4	1,697.7	1,295.8	-71.4	31.0
Realty Transfer	46.9	52.0	480.3	468.5	-9.8	2.5
Inheritance	101.9	108.7	957.2	927.6	-6.3	3.2
Gaming	14.0	9.5	122.6	111.3	46.7	10.1
Minor and Repealed	22.0	20.7	(31.5)	(41.8)	6.2	24.5
Total Non-Tax Revenue	33.9	12.4	802.6	2,467.9	173.5	-67.5
State Store Fund Transfers	0.0	0.0	185.1	185.1	0.0	0.0
Lic., Fees & Miscellaneous	25.4	5.1	536.6	2,202.0	398.0	-75.6
Licenses and Fees	(1.6)	0.2	312.3	295.5	-804.3	5.7
Miscellaneous	27.0	4.9	224.3	1,906.6	455.6	-88.2
Treasury	4.0	4.1	65.1	18.8	-2.1	246.5
Escheats	18.6	3.7	96.4	75.0	400.2	28.4
Other Miscellaneous	4.5	(2.9)	62.8	1,812.8	251.3	-96.5
Fines, Penalties & Interest	8.5	7.3	80.9	80.7	16.2	0.2

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