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Independent Fiscal Office Releases Revenue Estimates

(Harrisburg) - - The Independent Fiscal Office (IFO) today released new revenue estimates for FY 2014-15 and FY 2015-16, according to director Matthew Knittel. By statute, the office issues an initial revenue estimate at the beginning of May and an updated revenue estimate by mid-June.

FY 2014-15 unrestricted General Fund revenues are estimated to be \$30.55 billion, \$594 million above the estimate issued by the IFO at the beginning of the fiscal year. Receipts for the current year are expected to increase by \$1,944 million (6.8 percent) from the prior year.

“The two largest General Fund revenue sources, sales and use and personal income taxes, are meeting or slightly exceeding expectations,” Knittel noted. “The upward revision in the estimate is largely because of unexpected revenue from the corporate net income tax and unclaimed property.”

FY 2015-16 unrestricted General Fund revenues are projected to be \$30.72 billion, an increase of only \$170 million (0.6 percent) over the prior year. The projection is made on a current law basis, and it does not include the impact of proposed changes to statute.

“The Pennsylvania economy is expected to continue expanding in FY 2015-16,” Knittel said. “However, some of the revenue growth from improved economic activity simply will offset one-time, or non-recurring, revenues received in the current year.”

Relative to the Executive Budget presented in March, these projections are \$374 million higher for FY 2014-15 and \$97 million higher for FY 2015-16, for a two-year difference of \$471 million. These amounts exclude the proposed statutory changes identified in the Executive Budget.

A copy of the revenue estimate is posted on the IFO’s website at www.ifo.state.pa.us. The report discusses the economic outlook, and a separate document describes the methods and data used to make the projections.

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Contact: Matthew Knittel, 717-230-8293

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