

## IFO Revenue Estimate – General Fund Snapshot

June 15, 2015

This snapshot summarizes the Independent Fiscal Office’s (IFO) revised revenue estimate for FY14-15 and its official revenue estimate for FY15-16. The full report (available on the IFO [website](#)) contains additional detail, including a brief discussion of the economic outlook.

The revised General Fund revenue estimate of \$30.54 billion for FY14-15 represents an increase of \$1,932 million (6.8 percent) compared to the prior fiscal year. Revenues for FY15-16 are projected to be \$30.72 billion, a \$182 million (0.6 percent) increase from the prior year.

Compared to the IFO’s May 4 release, the FY14-15 estimate declined by \$12 million and the FY15-16 estimate is unchanged. The two-year total is \$12 million lower than the IFO’s earlier projections. The economic forecast is largely unchanged, and the changes to the estimate result from analysis of recent revenue collections and technical factors related to the timing of receipts.

Relative to the Executive Budget published in early March, the latest projections are \$363 million higher for FY14-15 and \$98 million higher for FY15-16, a two-year increase of \$461 million.

Highlights of the FY15-16 forecast include:

**Corporate Net Income Tax** – Revenues are projected to register a small decline based on weakness in estimated payments for March and June, the first two quarterly payments for calendar year 2015 filers.

**Sales and Use Tax** – The forecast projects moderate increases in consumer spending, but low inflation may restrain the overall growth rate of collections. Motor vehicle sales are projected to increase, but the rate of increase is expected to be lower than the prior year’s rate.

**Personal Income Tax** – Continued wage and employment gains motivate growth in withholding revenues. A technical factor relating to the calendar results in an extra withholding due date compared to the prior fiscal year. Nonwithholding revenues are projected to grow slightly faster than the overall economy.

**Non-tax** – Receipts are projected to decline due to the absence of significant non-recurring revenues received in FY14-15. The projection includes a \$50 million slot machine license fee for a category 2 casino in Philadelphia. The escheats estimate includes payment of additional claims for the return of property delivered to the Commonwealth as a result of a statutory change.

### General Fund Snapshot

(\$ millions)

| Revenue Source                 | FY14-15 <sup>1</sup> | Growth      | FY15-16 <sup>1</sup> | Growth      |
|--------------------------------|----------------------|-------------|----------------------|-------------|
| <u>General Fund - Total</u>    | <u>\$30,540</u>      | <u>6.8%</u> | <u>\$30,722</u>      | <u>0.6%</u> |
| Corporate Net Income           | 2,819                | 12.7%       | 2,789                | -1.1%       |
| <u>Sales and Use - Total</u>   | <u>9,508</u>         | <u>4.1%</u> | <u>9,840</u>         | <u>3.5%</u> |
| Non-motor                      | 8,190                | 3.8%        | 8,477                | 3.5%        |
| Motor Vehicle                  | 1,318                | 6.5%        | 1,363                | 3.4%        |
| <u>Personal Income - Total</u> | <u>12,088</u>        | <u>5.7%</u> | <u>12,662</u>        | <u>4.8%</u> |
| Withholding                    | 9,078                | 3.8%        | 9,516                | 4.8%        |
| Quarterly                      | 1,617                | 8.3%        | 1,691                | 4.5%        |
| Annual                         | 1,392                | 16.0%       | 1,456                | 4.6%        |
| Other Tax Revenue              | 5,018                | -0.2%       | 4,887                | -2.6%       |
| Non-tax Revenue                | 1,107                | 117.4%      | 543                  | -50.9%      |

<sup>1</sup> Detail may not sum to total due to rounding.