

June 2026

Official Revenue Estimate

FY 2026-27

The Independent Fiscal Office submits this official revenue estimate in accordance with Sections 604-B (a)(1) and 605-B (b.1) of the Administrative Code of 1929. This report provides revenue estimates for fiscal year (FY) FY 2025-26 and FY 2026-27, and supersedes the initial revenue estimate released on May 20, 2026. A separate report that describes the methodologies used to produce the various revenue estimates included in this report will be posted to the office website.

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Economic Forecast

The U.S. economic forecast used for this revenue estimate projects strong corporate profits and business investment growth and accelerating inflation for 2026, followed by a notable deceleration of all three factors in 2027. The Pennsylvania economic forecast assumes similar trends. Both forecasts project continued tight labor markets and low unemployment rates due to the aging and retirement of the Baby Boom generation (the youngest Baby Boomers turn 62 in 2026) and limited international migration.

U.S. Economic Forecast

S&P Global provides the U.S. economic forecast used by Commonwealth agencies. The latest forecast (published June 2026) shows strong consumer spending (excludes businesses) growth for 2026 (5.8%) and a deceleration for 2027 (4.7%). (See **Table 1.1.**) For business equipment investment (i.e., spending), the respective figures are 13.7% and 4.3%. Equipment investment includes various categories such as information processing, industrial, transportation and other miscellaneous investment. The information processing component (computers, storage and related) is roughly 40% of total equipment investment and motivates the overall trend. For 2025, the preliminary annual growth rate is 25.0% (not shown), as data center expansion and artificial intelligence (AI) investment drive growth. For 2026, the forecast projects continued strong growth at 31.8%. That assumption is supported by recent data published by the U.S. Bureau of Economic Analysis for 2025 Q4 for computers and peripheral equipment (+74.9%, a subset of information processing) and 2026 Q1 (+73.3%). It is noted that corresponding equipment investment data for states are not published.

For the bottom three economic variables shown in Table 1.1:

- Consumer prices accelerate in 2026 largely due to an uptick in energy, both gasoline and electricity. If food and energy are excluded (core CPI-U), then inflation is 2.8% (2026) and 3.0% (2027).
- U.S. domestic corporate profits grow by 15.8% in 2026, driven by technology firms. For 2026 Q1, data from FactSet show year-over-year earnings growth for the S&P 500 of 27.7%, the highest growth rate since 2021 Q4.
- The S&P 500 Index continues its rapid rise in 2026 (+16.0%, uses average annual value), but minimal growth (+0.5%) for the first forecast year (2027).

Table 1.1
U.S. Economic Forecast

	2024	2025	2026	2027
1 Consumer Spending	5.6%	5.3%	5.8%	4.7%
2 Equipment Investment	5.7%	10.7%	13.7%	4.3%
3 Consumer Price Index	3.0%	2.7%	3.8%	2.8%
4 U.S. Corporate Profits	5.0%	4.4%	15.8%	7.2%
5 S&P 500 Index	26.7%	14.5%	16.0%	0.5%

Note: Corporate Profits are domestic only. S&P 500 is annual average. All rates are year-over-year.
Source: S&P Global. Forecast released June 2026.

The strong growth of U.S. corporate profits and the S&P 500 Index for 2026 reflects a significant upward revision from prior expectations. The S&P Global forecast from June 2025 used for the Independent Fiscal Office (IFO) official revenue estimate had projected a stock market contraction (-6.6%) and flat corporate profits (+0.2%) for 2026. The forecasts were affected by uncertainty regarding the scope and impact of newly-enacted tariffs. Due to the dramatic expansion of AI spending, subdued tariff impact and federal tax cuts enacted in July 2025, corporate profits and stock market performance significantly exceeded projections. For corporate profits, growth rates were revised up from -7.9% to +4.4% (2025) and +0.2% to +15.8% (2026). (See **Table 1.2**.) For the S&P 500 Index, the respective revisions were +5.6% to +14.5% (2025) and -6.6% to +16.0% (2026). The large upward revisions are the main factor that motivate revenue gains for fiscal year (FY) 2025-26 as discussed in the next section.

Table 1.2
Stocks and U.S. Profits Outperform Expectations

	Forecast Made	2025	2026	2027
S&P 500 Index	June 2025	5.6%	-6.6%	-4.1%
	June 2026	14.5%	16.0%	0.5%
U.S. Corporate Profits	June 2025	-7.9%	0.2%	-1.2%
	June 2026	4.4%	15.8%	7.2%

Note: Profits are domestic only. Both metrics are annual averages.

Source: S&P Global.

Pennsylvania Economic Forecast

Table 1.3 displays the state economic forecast from the IFO used for this revenue estimate. Notable factors and trends are as follows:

- Taxable spending motivates sales and use tax (SUT) revenue and includes spending by consumers and businesses. Taxable consumer spending likely comprises 75% to 80% of the total, and larger components include dining out, furniture and appliances, general merchandise, vehicles and home and garden supplies. The residual share (20% to 25%) is taxable spending by businesses, which includes certain information processing and storage equipment, office furniture and supplies, vehicles and utilities (i.e., electricity and natural gas). Business equipment investment contributes to sales tax collections, but the exact amount is unknown because state-level data are not published.¹
- The Philadelphia Consumer Price Index (CPI) grows by 4.1% in 2026 then decelerates to 2.9% for 2027.
- All wages and salaries paid to Pennsylvania residents (\$483 billion in 2025, roughly 60% of total income received) expanded by 4.5% in 2025 and is projected to expand by 4.0% in 2026.
- The final variable is the annual change in the working age population (age 20 to age 64). This age group determines the supply of labor and the labor force. The forecast projects a continued contraction for this age group, which should imply low unemployment under normal economic conditions. The unemployment rate for April was 4.2%.

Table 1.3
Pennsylvania Economic Forecast

	2024	2025	2026	2027
1 Taxable Spending	2.3%	4.8%	3.8%	3.2%
2 Philadelphia CPI-U	3.6%	3.2%	4.1%	2.9%
3 Wages and Salaries	4.5%	4.5%	4.0%	3.9%
4 Change Age 20-64 (000s)	-12	-21	-36	-31

Note: Taxable Spending includes consumers and business. CPI-U is average value for year.

Source: U.S. Bureau of Economic Analysis and U.S. Bureau of Labor Statistics. All forecasts by IFO.

¹ For equipment used in data centers, the Department of Revenue tracks (and publishes) the names of firms that qualify for a [data center exemption certificate](#), but the dollar amount of exempt purchases is not required to be reported.

Recent Pennsylvania Economic Trends

Table 1.4 displays recent economic trends using the latest quarterly and monthly data. The quarterly data are averages for the quarter and all growth rates are relative to the prior year.

- General taxable spending (excludes motor vehicles) expanded at nearly twice the “normal” rate in 2025 Q4 (+6.2%) and 2026 Q1 (+4.0%). That result was driven by stock market wealth effects, taxable business spending and an uptick in inflation on certain taxable goods (2025 Q4). Sales tax revenue data for March through May showed continued resilience as federal income tax refunds grew by 20% (roughly \$2.5 billion higher for Pennsylvania residents) and for filers with tax due, the amount due may have contracted by a similar magnitude.
- The latest data for the Philadelphia CPI-U (May 2026) show year-over-year growth of 5.3%, a notable acceleration from February (+3.5%).² That outcome is largely attributable to gasoline, which was up 45.7% from the prior year. The All Energy component of the CPI-U (6.1% of total CPI-U) includes gasoline and household utilities and was up 27.7% from the prior year.
- Wage and salary growth decelerated modestly in 2026 Q2 (+3.8%). Because payroll jobs growth is minimal, the computed growth rate largely reflects the (weighted) average hourly wage gain for all payroll workers. It would also reflect any growth or contraction in overtime pay and bonuses.
- The recent expansion in payroll jobs (excludes self-employed) is modest. For March and April 2026, the average gain was 16,300 (non-seasonally adjusted) relative to the prior year. The healthcare (+16,200) and social assistance (+5,700) sectors accounted for more than all of the gain, while the manufacturing (-4,800), retail-wholesale (-5,400), transportation-warehousing (-4,800), and professional and technical service (-2,800) sectors and federal government jobs (-8,300) recorded contractions.

Table 1.4
Pennsylvania Latest Economic Data

	YOY Quarterly			YOY Monthly		
	2025.4	2026.1	2026.2	Mar	Apr	May
1 Taxable Spending						
Non-Motor Vehicle	6.2%	4.0%	5.0%	7.5%	6.3%	5.9%
Motor Vehicle	1.1%	1.1%	-0.4%	3.7%	-3.5%	1.7%
2 Philadelphia CPI-U	3.7%	3.8%	5.1%	4.2%	4.8%	5.3%
All Energy (6.1%)	9.6%	9.4%	25.1%	16.2%	21.6%	27.7%
3 Wages and Salaries	4.0%	4.0%	3.7%	--	--	--
4 Payroll Job Gains (000s)	15	18	--	6	27	--

Note: YOY is year-over-year. Payroll Jobs exclude self-employed and are non-seasonally adjusted. All Energy is gasoline and utility bills.

Source: U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics and IFO.

² The May CPI growth rate is an estimate by the IFO. The Philadelphia CPI-U is published on a bi-monthly basis (February, April, June, August, October and December) and the May estimate is based on monthly data published for certain underlying CPI components such as energy, owner equivalent rent, rent of primary residence and groceries. Those published data comprise roughly one half of the total Philadelphia CPI. Estimates for unpublished components were based on recent trends.

Official Revenue Estimate

This section provides revised revenue estimates for FY 2025-26 and official estimates for FY 2026-27 for the General Fund, Motor License Fund, Lottery Fund and federal funds subject to appropriation. The subsequent pages provide detail on the projected amounts and growth rates for those funds. For this official revenue estimate, all projections are made on a "current law" basis and exclude any statutory changes or administrative actions proposed in the *Governor's 2026-27 Executive Budget*.

General Fund

The IFO released its official FY 2025-26 General Fund revenue estimate of \$47.92 billion in June 2025 (subsequently adjusted in November 2025 for federal tax law changes only). Through May, collections exceed the IFO's official estimate by \$846 million (+1.9%), primarily due to stronger than expected personal income tax (PIT) non-withholding (+\$319 million) and sales and use tax (SUT) non-motor vehicle (+\$272 million) collections. Based on year-to-date revenue collections and projections for the remainder of the fiscal year, the revised estimate for FY 2025-26 is \$48.83 billion, \$904 million (+1.9%) above the official estimate. (See **Table 2.1**.) Significant revisions to the FY 2025-26 forecast include:

- PIT collections are projected to exceed the official estimate by \$369 million (+1.9%). While withholding revenues are largely expected to meet estimate (+0.4%), non-withholding is projected to exceed estimate by \$315 million (+5.9%) likely due to higher than anticipated capital gains realizations, as the stock market significantly outperformed projections made in June 2025.
- SUT revenues are expected to exceed the official estimate by \$215 million (+1.4%) due to non-motor vehicle collections, which benefited from increased spending driven by (1) wealth effects from stock market gains, (2) strong business equipment investment and (3) higher inflation for certain taxable goods.
- Inheritance tax revenues were also impacted by stock market gains and are projected to exceed the official estimate by \$101 million (+5.8%).
- Treasury collections are expected to exceed the official estimate by \$120 million (+40.0%) primarily due to the five-month budget impasse (approximately +\$65 million gain), which delayed the distribution of state funding.

For FY 2026-27, the initial estimate is \$49.75 billion, an increase of \$923 million (+1.9%) from the current fiscal year. (See **Table 2.2**.)

Table 2.1
Adjustment to Revenue Estimate for FY 2025-26

	June 2025 Estimate		June 2026 Estimate		Dollar Change
	Amount	Growth	Amount	Growth	
<u>Total General Fund</u>	\$47,922	3.3%	\$48,825	5.2%	\$904
<u>Total Tax Revenue</u>	46,121	2.5	46,879	4.2	758
<u>Total Corporation Taxes</u>	7,389	-1.4	7,429	-0.9	40
Corporate Net Income	4,999	-3.3	4,967	-3.9	-32
Gross Receipts	1,365	3.3	1,383	4.7	19
Utility Property	47	0.5	54	16.4	7
Insurance Premiums	603	4.0	572	-1.3	-31
Financial Institutions	375	-1.3	452	18.9	77
<u>Total Consumption Taxes</u>	16,374	2.9	16,571	4.2	197
Sales and Use	15,201	3.5	15,417	4.9	215
Non-Motor	13,758	3.5	14,024	5.5	266
Motor	1,443	3.4	1,393	-0.1	-50
Cigarette	560	-7.7	557	-8.2	-3
Other Tobacco Products	142	0.9	139	-1.3	-3
Malt Beverage	21	3.0	19	-3.6	-1
Liquor	450	1.3	439	-1.2	-11
<u>Total Other Taxes</u>	22,358	3.6	22,879	6.0	521
Personal Income	19,660	3.7	20,030	5.7	369
Withholding	14,273	4.0	14,327	4.4	54
Non-Withholding	5,388	2.9	5,703	9.0	315
Realty Transfer	670	11.6	660	9.8	-11
Inheritance	1,734	-0.1	1,835	5.7	101
Gaming	385	4.6	450	22.1	65
Minor and Repealed	-92	-15.3	-95	-19.4	-3
<u>Total Non-Tax Revenue</u>	1,801	26.3	1,947	36.6	146
State Store Fund Transfers	185	0.0	180	-2.5	-5
Licenses and Fees	162	-1.0	177	8.2	15
Treasury	299	-47.1	419	-25.9	120
Escheats	356	4.1	357	4.4	1
Other Miscellaneous	729	628.3	742	641.0	13
Fines, Penalties & Interest	69	1.3	71	4.1	2

Note: Figures in dollar millions. Detail may not sum to total. Growth rates based on unrounded amounts.

Table 2.2
General Fund Revenue Estimate for FY 2026-27

	Estimated 2025-26		Projected 2026-27	
	Amount	Growth	Amount	Growth
<u>Total General Fund</u>	\$48,825	5.2%	\$49,749	1.9%
<u>Total Tax Revenue</u>	46,879	4.2	48,712	3.9
<u>Total Corporation Taxes</u>	7,429	-0.9	7,642	2.9
Corporate Net Income	4,967	-3.9	4,965	0.0
Gross Receipts	1,383	4.7	1,570	13.5
Utility Property	54	16.4	55	2.4
Insurance Premiums	572	-1.3	599	4.7
Financial Institutions	452	18.9	452	0.1
<u>Total Consumption Taxes</u>	16,571	4.2	17,075	3.0
Sales and Use	15,417	4.9	15,945	3.4
Non-Motor	14,024	5.5	14,529	3.6
Motor	1,393	-0.1	1,416	1.7
Cigarette	557	-8.2	532	-4.5
Other Tobacco Products	139	-1.3	139	0.2
Malt Beverage	19	-3.6	19	0.0
Liquor	439	-1.2	439	0.0
<u>Total Other Taxes</u>	22,879	6.0	23,995	4.9
Personal Income	20,030	5.7	20,983	4.8
Withholding	14,327	4.4	15,068	5.2
Non-Withholding	5,703	9.0	5,915	3.7
Realty Transfer	660	9.8	736	11.6
Inheritance	1,835	5.7	1,921	4.7
Gaming	450	22.1	446	-0.9
Minor and Repealed	-95	-19.4	-90	5.0
<u>Total Non-Tax Revenue</u>	1,947	36.6	1,037	-46.7
State Store Fund Transfers	180	-2.5	81	-55.3
Licenses and Fees	177	8.2	171	-3.4
Treasury	419	-25.9	221	-47.2
Escheats	357	4.4	323	-9.5
Other Miscellaneous	742	641.0	168	-77.3
Fines, Penalties & Interest	71	4.1	73	2.1

Note: Figures in dollar millions. Detail may not sum to total. Growth rates based on unrounded amounts.

The text that follows provides a brief description of the factors that motivate trends across major revenue sources for FY 2025-26 and FY 2026-27.

Corporate Net Income

For 2025-26, the revised CNIT estimate of \$4.97 billion includes \$150 million in one-time payments that are expected to arrive before the end of June. Excluding the one-time payments, the adjusted collections are \$182 million below the official estimate and \$353 million less than FY 2024-25. The base revenue contraction reflects the on-going CNIT rate reduction: 9.99% (2022), 8.99% (2023), 8.49% (2024), 7.99% (2025) and 7.49% (2026).

For FY 2026-27, the initial estimate is \$4.97 billion, \$148 million higher than the prior year (adjusted for one-time payments in FY 2025-26). For tax year 2026, the CNIT forecast assumes strong profits growth (+9.0%). Published data from FactSet on S&P 500 earnings for 2026 Q1 show year-over-year earnings growth of 27.7% based on quarterly reports filed with the Securities and Exchange Commission. The very strong growth rate is driven by the information technology (+50.7%), communication services (+48.8%) and materials (+43.2%) sectors. Despite strong profits growth, revenue growth is moderate due to the 0.5 percentage point rate reductions in 2026 (7.49%) and 2027 (6.99%). The estimate also reflects the phase-in to a higher net operating loss deduction threshold, which tops out at 80% of taxable income for tax year 2028.

Sales and Use

The revised non-motor vehicle (NMV) SUT estimate of \$14.02 billion for FY 2025-26 reflects an increase of \$265 million from the official estimate and is 5.5% higher than the prior year. NMV collections have recorded strong growth over the last four quarters, largely due to increased consumer spending impacted by (1) wealth effects from growth in the stock market and other assets and (2) an inflation uptick for certain goods that comprise a large share of taxable spending (non-vehicle durables). National retail sales data from the U.S. Census Bureau show that taxable spending from January to May 2026 (excludes motor vehicles, gasoline, groceries and clothing stores) increased 5.3% (unadjusted, preliminary) from the prior year. Growth was driven by sales gains in non-store retail (online shopping, +10.0%) and electronics (+6.3%). In addition, NMV collections have likely benefited from business spending on equipment. National data from the U.S. Bureau of Economic Analysis show that business purchases of equipment increased by 10.7% in CY 2025, a notable acceleration from the prior year (+5.7%). That growth further accelerated to 13.2% in 2026 Q1, motivated by increased spending related to AI.

The revised FY 2025-26 motor vehicle (MV) estimate is \$1.39 billion, \$50 million below the official estimate and a modest decline (-0.2%) from the prior year. Vehicle sales surged in 2025 Q2 (FY 2024-25), as sales were pulled forward in anticipation of higher prices resulting from new tariffs. Since then, the annual growth in MV SUT collections has decelerated significantly and is projected to turn negative for 2026 Q2. That negative growth is largely a function of the surge in sales that occurred in the prior fiscal year.

The FY 2026-27 NMV SUT estimate projects an increase of \$505 million (+3.6%), a deceleration from the current year due to (1) moderation in asset value growth and consumer spending and (2) deceleration in the growth of business investment. For MV SUT, the FY 2026-27 estimate projects an increase of \$23 million (+1.7%), as growth in motor vehicle sales normalize.

Personal Income

The FY 2025-26 revised estimate for PIT collections is \$20.03 billion, \$369 million above the official estimate and 5.7% above the prior year. The increase is attributable to a significant upward revision of stock market performance (drives non-withholding payments associated with capital gains) from prior expectations (see Table 1.2 in the Economic Forecast section). The revised FY 2025-26 estimate for withholding is \$54 million above the official estimate and 4.4% above the prior fiscal year, as the tight labor market continues to motivate solid wage gains.

For FY 2026-27, the forecast projects \$20.98 billion in PIT collections, an increase of \$953 million (+4.8%) from the prior year. Withholding is expected to increase by 5.2% (includes an extra Wednesday due date), and non-withheld revenues are projected to increase by 3.7%, as the estimate assumes that capital gains moderates to 5% growth for tax year (TY) 2026, following increases of 40% (preliminary) for TY 2024 and 15% (estimate) for TY 2025.

Other Revenue Sources

Other notable items for FY 2025-26 and FY 2026-27 revenues include:

- Consistent with prior year estimates, FY 2026-27 cigarette tax collections are reduced by \$115 million for debt service related to the Tobacco Settlement Bonds.
- Realty transfer tax collections are projected to increase to \$736 million (+11.6%) for FY 2026-27, primarily driven by higher sales volume.
- Treasury collections of \$419 million for FY 2025-26 are expected to decline to \$221 million (-47.2%) for FY 2026-27, as the General Fund balance will be depleted next fiscal year. The FY 2026-27 Treasury estimate assumes that the budget is enacted on time (i.e., state funding is not delayed as it was in FY 2025-26) and that a quarter point Federal Funds rate increase occurs mid-year.
- The gross receipts tax projection for FY 2026-27 is \$1.57 billion, an increase of 13.5% from FY 2025-26. The increase is attributable to projected strength in the electricity sector. According to the U.S. Energy Information Administration, electric revenues in Pennsylvania were up 20.8% year-over-year in 2026 Q1, driven largely by prices (+18.8%). Electricity prices for residential customers in Pennsylvania will increase significantly in CY 2026. Major utilities publish a price-to-compare (PTC), which is a default service rate that can be used by customers to facilitate rate shopping. The weighted average PTC for residential customers across multiple utilities (computed by the IFO) is up roughly 15% year-over-year for CY 2026. This includes rates for service through November 2026.
- The state store funds transfer (i.e., liquor store profits) for FY 2026-27 declines to \$81 million (a reduction of \$99 million). This assumption is consistent with the projections in the Governor's Executive Budget.
- Other miscellaneous revenues are expected to contract to \$168 million (-77.3%) for FY 2026-27, due to a \$575 million decline in special fund transfers.

Motor License Fund

The Motor License Fund (MLF) includes various excise taxes levied on motor fuel on a per-gallon basis and revenue from licenses and registration fees. Based on actual revenue collections through April 2026 and projections for the remainder of the fiscal year, the revised FY 2025-26 estimate is \$3.24 billion, an increase of 3.8% from the prior year and \$4 million below the IFO's official estimate.³

Table 2.3
Motor License Fund Summary

	Estimated 2025-26		Projected 2026-27	
	Amount	Growth	Amount	Growth
Total Motor License Fund	\$3,242	3.8%	\$3,175	-2.1%
Liquid Fuels Taxes	1,736	1.2	1,728	-0.4
Oil Company Franchise	953	2.6	944	-1.0
Act 89 OCFT - Liquid Fuels	499	1.5	495	-0.9
Act 89 OCFT - Fuels	139	-0.4	138	-1.0
Other Liquid Fuels Taxes	144	-6.3	152	5.4
Motor Licenses and Fees	1,391	7.3	1,332	-4.2
Vehicle Registration & Titling	1,038	9.5	1,003	-3.4
Registration Other States - IRP	198	4.9	198	0.0
Operator's Licenses	84	-11.1	72	-15.0
Other Licenses and Fees	71	7.8	60	-15.4
Other Motor Receipts	115	2.4	114	-0.9
Vehicle Fines Clearing Acct	1	-240.3	1	66.7
Treasury	114	1.3	112	-1.5
Transportation	1	81.0	1	42.9
General Services	0	-15.7	0	0.0

Note: Figures in dollar millions. Detail may not sum to total. Growth rates based on unrounded amounts.

The MLF is projected to decline \$67 million (-2.1%) for FY 2026-27 and is impacted by these factors:

- Increases for most fees levied under Title 75 (Vehicle Code) are tied to the rate of inflation, and adjustments occur in calendar years that end in an odd number. Therefore, there is no inflation adjustment for FY 2026-27. In addition, FY 2025-26 vehicle registration and titling revenues were overstated by roughly \$35 million due to a delay in deposits from the prior fiscal year.
- The oil company franchise tax (OFT) rate is calculated annually based on the average wholesale price (AWP) of gasoline and diesel fuel in the prior calendar year. Beginning with CY 2017 and thereafter, the minimum AWP is \$2.99 per gallon. For the 12-month period ending September 30, 2025, the Pennsylvania Department of Revenue determined the actual AWP to be \$2.28 per gallon. Therefore, the AWP used to calculate the 2026 OFT rates was \$2.99 per gallon and the tax rates on a gallon of gasoline and diesel remained 57.6 and 74.1 cents per gallon, respectively. Even if fuel prices remain at the currently elevated levels through September 2026, it is unlikely that the AWP computed for purposes of determining the 2027 fuel tax rates will exceed \$2.99 per gallon. Therefore, the FY 2026-27 estimate assumes that rates remain unchanged for CY 2027.

³ The IFO's official revenue estimate for the MLF was released on June 20, 2025.

Lottery Fund

The FY 2025-26 revised Lottery estimate projects gross ticket sales that are \$149 million (+2.9%) higher than the prior year, primarily driven by growth in multistate lotto games (+\$132 million, +38.4%). Net revenues increase by \$350 million (+18.5%) due to new transfers from the Medical Marijuana Fund (\$100 million, one-time) and iGaming (\$91 million, recurring).

Table 2.4
Lottery Fund Summary

	Estimated 2025-26		Projected 2026-27	
	Amount	Growth	Amount	Growth
<u>Total Net Revenues</u>	\$2,243	18.5%	\$2,156	-3.9%
Gross Ticket Sales	5,340	2.9	5,376	0.7
Field Paid Prizes & Commissions	-3,627	2.8	-3,659	0.9
Miscellaneous Revenues	530	131.8	438	-17.3
<u>Gross Ticket Sales Detail</u>	5,340	2.9	5,376	0.7
Instant Tickets	3,056	-1.0	3,064	0.3
Multistate Lotto Games	476	38.4	477	0.1
In-State Lotto	253	-1.8	253	0.3
Numbers Games	568	0.4	568	0.0
iLottery	904	2.7	907	0.2
Other	83	45.0	107	29.6
<u>Miscellaneous Revenues Detail</u>	530	131.8	438	-17.3
Gaming Transfers	324	58.7	327	1.0
Other Miscellaneous Revenue	206	739.1	111	-46.1

Note: Figures in dollar millions. Due to rounding, detail may not sum to total. Growth rates based on the unrounded amounts. Instant Tickets includes Scratch Offs and Fast Play. Other includes Raffle, Keno, Xpress Sports, Smart Card and Cash Pop.

For FY 2026-27, net revenues are projected to decline by \$88 million (-3.9%), due to the loss of the \$100 million one-time transfer in FY 2025-26. Gross ticket sales are projected to increase +\$36 million (+0.7%). Highlights include:

- Following several years of contraction, instant ticket sales stabilize (+\$8 million, +0.3%) in FY 2026-27.
- Multistate lotto sales are projected to be largely flat after dramatic growth (+38.4%) in FY 2025-26. The increase is partly related to higher ticket prices and other changes to Mega Millions in April 2025.
- Cash Pop sales are projected to double (+\$25 million) after the game's initial launch during the second half of FY 2025-26.

Federal Funds

Federal funds appropriations confer authority to spend money that the federal government may provide, but a federal funds appropriation does not guarantee funding at any particular level and agencies typically request authority to spend all federal funds anticipated for a given fiscal year. For FY 2025-26, agencies request \$49.04 billion in federal General Fund appropriations. (See **Table 2.5**.) Executive authorizations and non-General Fund requests for appropriations are not included. The Departments of Human Services (DHS), Education and Environment Protection (DEP) comprise roughly 91% of the General Fund federal spending authority requested for FY 2025-26. For FY 2026-27, agencies request a total of \$50.13 billion in federal funds, and medical assistance payments (DHS) represent the largest request (\$35.3 billion, 4.5% higher than FY 2025-26).

Under the federal Infrastructure Investment and Jobs Act (IIJA), federal funds are available for a variety of infrastructure programs, including energy and power infrastructure, access to broadband internet and water infrastructure. For FY 2025-26, \$2.33 billion in federal IIJA funds is requested by DCED (\$1.38 billion), DEP (\$893 million) and other agencies (\$54 million). For FY 2026-27, \$2.14 billion in federal IIJA funds is requested by the following agencies: DCED (\$1.17 billion), DEP (\$903 million) and other agencies (\$66 million).

Table 2.5
Federal Funds Summary

	2024-25	Available 2025-26		Projected 2026-27	
	Amount	Amount	Growth	Amount	Growth
Total Federal Funds	\$45,432	\$49,044	8.0%	\$50,131	2.2%
Human Services	34,272	37,587	9.7	39,340	4.7
Education	4,594	4,620	0.6	4,145	-10.3
DEP	2,300	2,423	5.4	2,433	0.4
DCED	1,514	1,763	16.4	1,527	-13.4
Health	602	554	-8.0	556	0.4
Labor & Industry	499	505	1.2	503	-0.3
Military & Veterans Affairs	330	327	-1.0	362	10.9
Drug & Alcohol	281	279	-0.5	231	-17.3
Transportation	246	262	6.5	263	0.2
Executive Offices	207	216	4.6	182	-15.9
DCNR	146	134	-8.4	127	-5.2
PEMA	115	119	3.5	118	-0.2
Aging	105	110	5.3	93	-15.4
Agriculture	128	50	-60.8	149	197.0
State Police	40	37	-8.3	40	10.0
All Other	55	60	9.2	62	3.2

Note: Figures in dollar millions.