

Independent Fiscal Office

Official
Quarterly and Monthly
Revenue
Estimates
FY 2024–25

August 2024

Independent Fiscal Office

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FY 2024-25 Monthly and Quarterly Estimates

This report provides monthly estimates for General Fund revenues and quarterly estimates for Motor License Fund (MLF) and Lottery Fund revenues for fiscal year (FY) 2024-25. The monthly and quarterly estimates are based on the FY 2024-25 projections contained in the *Official Revenue Estimate* published by the Independent Fiscal Office (IFO) on June 20, 2024, adjusted to reflect tax law changes enacted with the FY 2024-25 state budget. The adjustments are summarized in **Table 1**. A comparison of the IFO’s General Fund revenue estimate to the official estimate certified by the administration is displayed in **Table 5**.

	FY 2024-25
Corporate Net Income	-\$29.0
Gross Receipts	-1.1
Insurance Premiums	-9.3
Bank Shares	-39.6
Mutual Thrifts	-2.7
SUT - Non-Motor	-4.2
PIT - Withholding	-59.9
PIT - Quarterly	-2.1
PIT - Annual	-39.5
Realty Transfer	<u>-12.7</u>
Total	-\$200.1

Note: Figures in dollar millions. SUT is sales and use tax. PIT is personal income tax. Figures exclude the \$115.3 million cigarette tax transfer to the Tobacco Settlement Fund, as that transfer was already included in the IFO's June 20 revenue estimate.

Table 2
FY 2024-25 General Fund Monthly Estimates

	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	Total
Total General Fund	\$2,972	\$2,791	\$4,123	\$3,455	\$2,940	\$3,810	\$3,937	\$2,804	\$6,218	\$5,793	\$3,266	\$3,660	\$45,769
Total Corporation Taxes	160	124	973	202	216	875	251	208	2,970	822	373	422	7,596
Corporate Net Income	155	115	948	190	210	858	180	138	684	684	339	895	5,396
Gross Receipts	3	7	10	6	5	6	5	23	1,152	5	3	5	1,229
Utility Property	0	0	2	0	0	0	0	0	0	24	17	0	44
Insurance Premiums	0	1	1	6	1	2	65	42	823	100	9	-488	560
Financial Institutions	1	2	12	1	1	9	2	5	312	8	5	9	366
Total Consumption Taxes	1,380	1,304	1,304	1,408	1,267	1,358	1,419	1,127	1,258	1,242	1,367	1,402	15,837
SUT - Non-Motor	1,203	1,053	1,060	1,160	1,039	1,117	1,235	934	1,029	1,109	1,121	1,168	13,228
SUT - Motor	119	127	116	127	103	100	106	87	121	134	125	109	1,374
Cigarette	6	74	77	68	69	72	33	58	58	-53	67	71	600
Other Tobacco Products	13	12	13	12	13	12	13	12	12	13	13	13	150
Malt Beverage	2	2	2	2	2	2	2	1	2	2	2	2	21
Liquor	38	36	37	39	42	55	32	34	37	37	40	39	465
Total Other Taxes	1,341	1,295	1,778	1,739	1,312	1,513	2,228	1,416	1,709	3,386	1,448	1,773	20,936
PIT - Withholding	1,111	1,002	988	1,256	1,026	1,132	1,349	1,113	1,277	1,289	1,052	1,053	13,647
PIT - Quarterly	50	47	521	87	30	123	592	30	113	465	44	438	2,539
PIT - Annual	39	32	57	180	36	38	40	54	167	1,408	89	52	2,192
Realty Transfer	-11	58	44	58	54	50	62	49	53	53	56	56	582
Inheritance	127	127	151	136	129	156	143	137	166	139	145	138	1,693
Gaming	18	29	28	35	37	36	40	32	34	32	40	20	381
Minor and Repealed	8	0	-11	-13	0	-23	2	0	-100	1	22	16	-97
Total Non-Tax Revenue	91	68	69	106	145	65	39	53	281	344	77	63	1,400
State Store Fund Transfers	0	0	0	0	100	0	0	0	85	0	0	0	185
Licenses and Fees	11	8	6	6	8	35	7	10	56	-1	6	7	158
Treasury	65	61	59	51	50	44	44	41	41	42	51	52	600
Escheats	-8	-11	-7	40	-21	-21	-19	-6	85	296	12	-13	327
Other Miscellaneous	17	3	5	3	3	0	2	3	7	1	2	16	61
Fines, Penalties & Interest	6	7	6	6	7	5	6	5	6	6	7	1	68

Note: Figures in dollar millions. Due to rounding, detail may not sum to total.

Table 3
FY 2024-25 Motor License Fund Quarterly Estimates

	2024 Q3 Jul-Sep	2024 Q4 Oct-Dec	2025 Q1 Jan-Mar	2025 Q2 Apr-Jun	FY 2024-25 Estimate
Total Motor License Fund	\$752.4	\$710.2	\$738.7	\$869.9	\$3,071.2
Liquid Fuels Taxes	453.5	422.5	405.6	447.9	1,729.5
Motor Carriers/IFTA	33.7	38.0	34.8	36.8	143.3
Alternative Fuels	4.7	4.5	4.8	4.9	18.9
Oil Company Franchise	240.9	241.2	224.7	226.7	933.5
Act 89 OFT - Liquid Fuels	137.3	101.0	106.5	144.7	489.5
Act 89 OFT - Fuels	36.9	37.8	34.8	34.8	144.3
Motor Licenses and Fees	281.0	271.8	309.4	398.9	1,261.1
Special Hauling Permits	9.8	9.1	7.9	9.4	36.2
Registration Other States/IRP	36.4	46.6	50.1	67.8	200.9
Operators' Licenses	14.0	14.0	16.4	19.3	63.7
Real ID	1.1	1.2	1.2	1.5	5.0
Vehicle Registration & Titling	219.1	200.4	233.5	300.3	953.3
Miscellaneous	0.6	0.5	0.3	0.6	2.0
Other Motor Receipts	17.9	15.9	23.7	23.1	80.6
Treasury	18.4	18.7	19.2	20.7	77.0
Transportation	0.3	0.3	0.3	0.3	1.2
General Services	0.1	0.1	0.1	0.1	0.4
Vehicle Fines & Clearing Acct.	-0.9	-3.2	4.1	2.0	2.0

Note: Figures in dollar millions. Due to rounding, detail may not sum to total.

Table 4
FY 2024-25 Lottery Fund Quarterly Estimates

	2024 Q3 Jul-Sep	2024 Q4 Oct-Dec	2025 Q1 Jan-Mar	2025 Q2 Apr-Jun	FY 2024-25 Estimate
Lottery Fund Revenues	\$686.4	\$509.7	\$499.8	\$485.4	\$2,181.3
Gross Ticket Sales	1,449.4	1,532.0	1,502.4	1,458.5	5,942.3
Field Paid Prizes & Commissions	-970.8	-1,026.1	-1,006.3	-976.8	-3,980.0
Miscellaneous Revenues	207.8	3.8	3.7	3.7	219.0
Gross Ticket Sales	1,449.4	1,532.0	1,502.4	1,458.5	5,942.3
Instant Tickets	810.7	843.1	832.0	813.7	3,299.5
Multi-State Lotto Games	157.3	157.3	153.9	155.7	624.2
In-State Lotto	67.3	67.3	65.9	66.5	267.0
Numbers Games	142.7	142.7	139.7	141.1	566.2
iLottery	258.9	299.0	298.5	268.6	1,125.0
Other	12.5	22.6	12.4	12.9	60.4
Miscellaneous Revenues	207.8	3.8	3.7	3.7	219.0
Gaming Fund Transfers	204.0	0.0	0.0	0.0	204.0
Other Miscellaneous Revenue	3.8	3.8	3.7	3.7	15.0

Note: Figures in dollar millions. Due to rounding, detail may not sum to total. Instant Tickets includes Scratch Offs and Fast Play. Other includes Raffle, Keno, Xpress Sports and Smart Chip.

Table 5
FY 2024-25 Estimate Comparison

	IFO	Certified	Diff.
Total General Fund	\$45,769	\$46,087	-\$319
Total Corporation Taxes	7,596	7,590	6
Corporate Net Income	5,396	5,355	41
Gross Receipts	1,229	1,321	-92
Utility Property	44	45	0
Insurance Premiums	560	539	21
Financial Institutions	366	331	36
Total Consumption Taxes	15,837	15,771	66
SUT - Non-Motor	13,228	13,222	6
SUT - Motor	1,374	1,314	61
Cigarette	600	611	-11
Other Tobacco Products	150	140	10
Malt Beverage	21	20	2
Liquor	465	465	0
Total Other Taxes	20,936	21,340	-404
PIT - Withholding	13,647	13,850	-203
PIT - Quarterly	2,539	2,679	-141
PIT - Annual	2,192	2,241	-49
Realty Transfer	582	581	0
Inheritance	1,693	1,707	-14
Gaming	381	376	5
Minor and Repealed	-97	-94	-3
Total Non-Tax Revenue	1,400	1,387	13
State Store Fund Transfers	185	185	0
Licenses and Fees	158	160	-2
Treasury	600	602	-2
Escheats	327	325	2
Other Miscellaneous	61	49	12
Fines, Penalties & Interest	68	66	3

Note: Figures in dollar millions. Due to rounding, detail may not sum to total. The certified estimate is the administration's certified official estimate.

Analysis of Statutes Affecting Revenues

The revised IFO revenue estimates for FY 2024-25 include the impact from statutory changes (Acts 54, 55, 56 and 85 of 2024) enacted in conjunction with the state budget. This section briefly summarizes the enacted provisions that affect projections of unrestricted General Fund and Motor License Fund revenues. The descriptions that follow do not include every statutory change and certain provisions (e.g., some with no or minimal revenue impact) may have been omitted.

Corporate Net Income Tax

Net Operating Losses (Act 56)

The act increases the cap on net operating loss (NOL) deductions by 10% per year, from 40% of taxable income for tax year (TY) 2024 to 80% for TY 2028. The higher thresholds only apply to NOLs generated after TY 2024. The provision applies to tax years beginning after December 31, 2024 and is projected to reduce FY 2024-25 corporate net income tax (CNIT) revenue by \$4.3 million.

Medical Cannabis (Act 56)

The act creates a deduction for qualified expenses incurred by a medical cannabis firm and not deductible on the taxpayer's federal corporate return. The provision applies to taxable years beginning after December 31, 2023 and is projected to reduce FY 2024-25 CNIT revenues by \$2.1 million.

Changes to the Addback Provisions (Act 56)

The act provides that the addback of certain intangible or interest expenses/costs may be excluded from a taxpayer's return if the costs/expenses are included in an affiliated entity's Pennsylvania CNIT base. The provision eliminates the potential for double taxation under Pennsylvania law and applies to tax years beginning after December 31, 2022. The impact on FY 2024-25 CNIT revenue is unknown.

Sales and Use Tax

Grease Waste Removal (Act 56)

The act provides a sales and use (SUT) exemption for the sale of storage traps used by a food service establishment or restaurant for the collection of grease waste. Services related to the cleaning or maintenance of these traps are also exempt. This provision takes effect on October 1, 2024 and is projected to reduce FY 2024-25 non-motor vehicle SUT revenues by \$4.2 million.

Computer Data Center Exemption (Act 56)

The act provides that firms engaged in crypto-asset mining are not eligible for the SUT computer data center equipment exemption. This provision takes effect on January 1, 2026 and has no revenue impact for FY 2024-25. The revenue impact in future years is unknown.

Personal Income Tax

529 Plan Qualified Rollovers (Act 56)

The act provides that any distribution from a 529 savings plan that is excluded from federal income tax is also excluded from Pennsylvania personal income tax (PIT). The provision is effective immediately and is projected to reduce FY 2024-25 PIT revenues by a nominal amount.

Tuition Account Program (TAP) Terminations (Act 56)

The act provides that payments from a Pennsylvania TAP account resulting from the termination of the account due to the death or disability of the beneficiary are excluded from PIT. This provision is effective 60 days after enactment and is projected to reduce FY 2024-25 PIT revenues by a nominal amount.

Employer Matching Contributions to Qualified 529/ABLE Savings Plans (Act 56)

The act provides that employer matching contributions to a qualified employee owned 529 or Achieving a Better Life Experience (ABLE) savings plan are excluded from the taxable income of the employee. This provision is effective 60 days after enactment and is projected to reduce FY 2024-25 PIT revenues by a nominal amount.

Employer Payments for the Employer Child Care Contribution Tax Credit (Act 56)

The act provides that employer payments for an employee's eligible child-care costs under the Employer Childcare Contribution Tax Credit are excluded from the taxable income of the employee. This provision is effective 60 days after enactment and is projected to reduce FY 2024-25 PIT revenues by a nominal amount.

Payments Resulting from the Norfolk Southern Train Derailment (Act 56)

The act excludes from PIT any payments made by the federal or state government or Norfolk Southern Railway related to the train derailment that occurred on February 3, 2023. This provision applies to tax years beginning after December 31, 2022 and is projected to reduce FY 2024-25 PIT revenues by a nominal amount.

Student Loan Interest (Act 56)

Consistent with federal tax law, the act allows residents to deduct up to \$2,500 of qualified student loan interest from taxable income. Taxable income cannot be less than zero, and the provision applies to tax years beginning after December 31, 2024. The new deduction is projected to have no impact on FY 2024-25 PIT revenues and to reduce future revenues by less than \$10 million annually.

Mineral Depletion (Act 56)

The act provides a deduction for the depletion of a mine, oil and gas well, or other natural deposit in accordance with federal law. This provision applies to tax years beginning after December 31, 2023 and is projected to reduce FY 2024-25 PIT quarterly revenues by \$1.9 million.

Transfer to the Clean Streams Fund (Act 56)

The act provides for the transfer of \$50 million annually from PIT to the Clean Streams Fund. The provision reduces FY 2024-25 PIT withholding revenues by \$50 million.

Transfer to the Environmental Stewardship Fund (Act 54)

The act requires a transfer of \$9.9 million from PIT to the Environmental Stewardship Fund. This provision takes effect immediately and reduces FY 2024-25 PIT withholding revenues by \$9.9 million.

Bank Shares

Goodwill Deduction (Act 56)

The act provides that goodwill resulting from a bank merger or acquisition and recorded on an institution's Reports of Condition and Income filed with the Federal Deposit Insurance Corporation (FDIC) may be deducted from the taxable amount of shares. The provision applies to the determination of taxable amounts after December 31, 2024 and is projected to reduce FY 2024-25 bank shares tax revenues by \$23.6 million.

Cigarette Tax

Transfer to the Tobacco Settlement Fund (Act 54)

Consistent with prior years, the act requires a one-time transfer from cigarette tax to the Tobacco Settlement Fund (TSF) for the repayment of Tobacco Revenue Bond debt service. This transfer will occur by April 30, 2025. The provision takes effect immediately and is projected to reduce FY 2024-25 cigarette tax revenues by \$115.3 million. The transfer to the TSF was included as an assumption in the IFO's *Official Revenue Estimate* released on June 20, 2024. Therefore, no adjustment to the estimate is required.

Realty Transfer Tax

PHARE Transfer (Act 56)

The act increases the amount of the transfer from realty transfer tax (RTT) to the Pennsylvania Housing Affordability and Rehabilitation Enhancement (PHARE) Fund to \$70 million for FY 2024-25, \$80 million for FY 2025-26, \$90 million for FY 2026-27 and \$100 million for FY 2027-28 and each year thereafter. The current formula and \$60 million cap are eliminated. This provision is projected to reduce FY 2024-25 RTT revenues by \$12.7 million.

Minor and Repealed

City Revitalization and Improvement Zone (CRIZ) (Act 56)

The act provides for various changes to the CRIZ program, including: (1) the expansion of areas eligible for CRIZ designation, (2) providing that insurance premiums tax is an eligible tax for zones designated after July 1, 2024, and (3) establishing additional reporting requirements for qualified businesses. The provisions take effect immediately and are projected to have no impact on FY 2024-25 General Fund revenues.

Various Tax Credits

Educational (Act 55)

The act makes various program changes that include: (1) increasing the credit for contributions that benefit economically disadvantaged schools (EDSs), (2) eliminating the per business cap on credits for contributions to scholarship organizations that benefit EDSs and (3) increasing the maximum amount available for award through the Educational Tax Credit program from \$555 million to \$630 million annually. (The amount allocated to educational improvement tax credits increases from \$470 million to \$540 million, and the amount allocated to opportunity scholarship tax credits increases from \$85 million to \$90 million.) The changes apply to credits awarded in FY 2024-25 and are projected to reduce General Fund revenues by \$52.7 million: CNIT (\$7.9 million), insurance premiums tax (\$5.3 million), bank shares tax (\$7.9 million) and PIT annual (\$31.6 million).

Historic Preservation (Act 56)

The act increases the annual cap on the tax credit from \$5 million to \$20 million effective for FY 2024-25. The provision is projected to reduce FY 2024-25 General Fund revenues by \$11.3 million: CNIT (\$3.8 million), gross receipts tax (\$1.1 million), insurance premiums tax (\$1.3 million), bank shares tax (\$1.3 million) and PIT annual (\$3.8 million).

Coal Refuse Energy and Reclamation (Act 56)

The act increases (1) the program cap from \$20 million to \$55 million annually, (2) the amount of the tax credit from \$4 to \$8 per ton of qualified coal refuse used to generate electricity at an eligible facility and (3) the maximum share that may be granted to a single eligible facility in any fiscal year from 22.2% to 26.5%. The provisions are effective for FY 2024-25 but are not projected to impact General Fund revenues for that year.

Rural Jobs Investment (Act 56)

The act makes various program changes and permits an additional \$50 million in investment authority, \$30 million of which represents credit-eligible contributions. The provisions are effective for FY 2024-25 but will not impact General Fund revenues for that year.

Neighborhood Assistance (Act 56)

The act makes various program changes including the increase of: (1) the program cap from \$36 million to \$72 million annually, (2) the tax credit amount awarded under each component as a share of the contributions and (3) the annual project caps. The changes are effective for FY 2024-25 and are projected to reduce General Fund revenues by \$27.1 million: CNIT (\$10.8 million), insurance premiums tax (\$2.7 million), bank shares tax (\$6.8 million), mutual thrift institutions tax (\$2.7 million) and PIT annual (\$4.1 million).

Employer Child Care Contribution (Act 56)

The act creates a new employer tax credit for contributions made toward an employee's eligible child-care costs. The credit is equal to 30% of eligible contributions and is capped at \$500 annually per employee. The tax credit is effective for tax years beginning after December 31, 2024 and is projected to have no impact on FY 2024-25 General Fund revenues. In future years, the credit is projected to reduce General Fund revenues by \$2.5 million annually.

529 Savings Account Employer Matching Contribution (Act 56)

The act creates a new employer tax credit for matching contributions made to a qualified employee-owned 529 or ABLE savings plans. The credit is equal to 25% of eligible contributions and is capped at \$500 annually per employee. The tax credit is effective for tax years beginning after December 31, 2024 and is projected to reduce FY 2024-25 General Fund revenues by \$0.3 million: CNIT (\$0.1 million) and PIT estimated (\$0.2 million).

Motor License Fund

Electric Vehicle Fees (Act 85)

The act imposes an electric vehicle road user charge on electric vehicles and plug-in hybrid electric vehicles weighing 14,000 pounds or less. The electric vehicle charge is \$200 for calendar year (CY) 2025, \$250 for CY 2026 and is indexed to inflation each calendar year thereafter. The charge for plug-in hybrid electric vehicles is 25% of the charge imposed on electric vehicles. The charges are effective January 1, 2025 and are projected to increase FY 2024-25 unrestricted MLF revenues by \$4.6 million: oil company franchise (\$2.8 million) and Act 89 OFT - liquid fuels (\$1.8 million).