

# Monthly Trends Report

Independent Fiscal Office

## Highlights of the October Report

October 2015 General Fund revenues declined by \$110 million (-4.9%) compared to the same month in the prior year. However, the comparison with the prior year is affected by one-time payments and timing issues. October 2014 inheritance tax revenues included a \$100 million payment that did not recur this year. In addition, some personal income tax withholding collections associated with weekly and quarterly due dates that occurred in October 2014 were received in late September or early November for 2015.

Monthly tax revenues declined by \$101 million (-4.6%), and monthly non-tax revenues declined by \$9 million (-27.8%). After adjusting the 2015 collections for the one-time inheritance tax payment and withholding due dates, monthly tax revenues increased by approximately \$124 million (5.6%). Other revenue highlights:

- Non-motor sales tax grew by 6.3% for the month, bringing the three-month average to 3.3%. For calendar 2015, the three-month average has ranged between 2.1% and 4.1%.
- Motor vehicle sales tax showed no growth for the month. The three-month average growth rate is 0.8%, which is significantly below the twelve-month average of 3.7%.
- The three-month average growth rate for personal income tax withholding declined to 2.5% in October. For several months in the first half of calendar 2015 the three-month growth rate averaged approximately 4.0%.
- Realty transfer tax increased by 14.1%, for a three-month average growth rate of 15.4%.

This report also discusses the connection between the Consumer Price Index and Social Security cost of living adjustments (COLAs). Due to declining consumer prices there will be no Social Security COLA for 2016, and the analysis attributes that result primarily to lower energy costs. It estimates that Pennsylvania personal income would increase by \$800 million if Social Security recipients were to receive an average COLA for 2016.