

MONTHLY TRENDS

Report

July 2018

- INDEPENDENT FISCAL OFFICE -

On July 30th, the Independent Fiscal Office (IFO) released its monthly revenue projections for fiscal year (FY) 2018-19 based on: (1) the FY 2018-19 projections contained in the IFO Official Revenue Estimate published on June 18, 2018 and (2) adjustments to reflect the impact of statutory changes that were enacted after June 18th.¹ General Fund collections were \$12 million (0.5 percent) above estimate for July, primarily due to higher than anticipated motor vehicle sales and use tax (SUT, \$17 million), non-motor SUT (\$7 million) and insurance premiums tax (\$20 million) collections that were partially offset by lower than anticipated escheats collections (-\$22 million).

Personal income tax (PIT) and corporate net income tax (CNIT) were close to estimate. July PIT exceeded estimate by \$2 million, due to stronger than anticipated non-withholding collections (\$6 million) that were partially offset by slightly weaker than expected withholding collections (-\$5 million). July CNIT payments were \$2 million below estimate due to slightly lower than projected CNIT final payments.

Non-tax revenues for July were \$23 million below estimate. Nearly all of the non-tax shortfall was associated with lower than anticipated escheats collections due to higher than

GENERAL FUND SNAPSHOT			
	General Fund	Tax Revenue	Non-Tax Revenue
Jul-18	\$2,238	\$2,207	\$31
Growth	7.3%	7.0%	40.7%
FYTD	\$2,238	\$2,207	\$31
Growth	7.3%	7.0%	40.7%
Dollar amounts in millions. See final page for detail.			

expected claims. Other miscellaneous collections were \$3 million below estimate. Gains in fines, penalties and interest (\$1 million) and treasury collections (\$1 million) partially offset the weak escheats and other miscellaneous collections.

July and August are smaller revenue collections months. September collections will include both CNIT and PIT quarterly estimated payments and should be a better indicator of how collections are performing relative to revenue estimates for the fiscal year.

FY 2018-19 Revenue Performance Through July

	July Collections			FYTD Collections		
	Actual	Estimate	\$ Diff	Actual	Estimate	\$ Diff
General Fund	\$2,238	\$2,226	\$12	\$2,238	\$2,226	\$12
Corp. Net Income	75	77	(2)	75	77	(2)
Sales and Use	1,011	988	23	1,011	988	23
Personal Income	858	856	2	858	856	2
Other Taxes	263	251	12	263	251	12
Non-Tax	31	55	(23)	31	55	(23)
Dollar amounts in millions. Estimate refers to IFO official estimate published on July 30, 2018.						

¹ See *Official Monthly & Quarterly Revenue Estimates* for more information: <http://www.ifo.state.pa.us/download.cfm?file=/Resources/Documents/MQRE-FY18-19-July.pdf>.

MONTHLY ECONOMIC INDICATORS

	United States				Pennsylvania			
	Apr-18	May-18	Jun-18	Jul-18	Apr-18	May-18	Jun-18	Jul-18
Unemployment Rate ¹	3.9%	3.8%	4.0%	3.9%	4.7%	4.5%	4.3%	n.a.
Net Job Gains (000s) ²	175.0	268.0	248.0	157.0	81.1	80.9	78.2	n.a.
Average Gasoline Price ³	\$2.76	\$2.90	\$2.89	\$2.85	\$2.81	\$2.97	\$2.96	\$2.92
CPI-U All Items ⁴	2.5%	2.8%	2.9%	n.a.	1.4%	1.6%	1.9%	n.a.
CPI-U Excludes Energy ⁴	2.0%	2.1%	2.1%	n.a.	0.8%	0.9%	1.0%	n.a.
Retail Sales ⁵	4.8%	5.4%	5.9%	n.a.	5.0%	5.6%	6.5%	7.5%
Consumer Sentiment Index ⁶	98.8	98.0	98.2	97.9	n.a.	n.a.	n.a.	n.a.

QUARTERLY ECONOMIC INDICATORS

	United States				Pennsylvania			
	2017.3	2017.4	2018.1	2018.2	2017.3	2017.4	2018.1	2018.2
Gross Domestic Product ⁷	2.8%	2.3%	2.2%	4.1%	4.5%	2.5%	2.0%	n.a.
Personal Income ⁸	4.5%	4.6%	4.3%	4.7%	2.4%	3.3%	3.7%	n.a.
Wages and Salaries ⁹	4.9%	4.6%	4.6%	4.9%	1.9%	4.0%	4.8%	n.a.
CPI-U All Items ⁴	2.0%	2.1%	2.2%	2.7%	1.2%	0.8%	0.7%	1.6%
CPI-U Excludes Energy ⁴	1.6%	1.7%	1.9%	2.1%	0.8%	0.4%	0.1%	0.9%
FHFA House Price Index ¹⁰	6.7%	6.8%	6.9%	n.a.	4.5%	5.4%	5.2%	n.a.

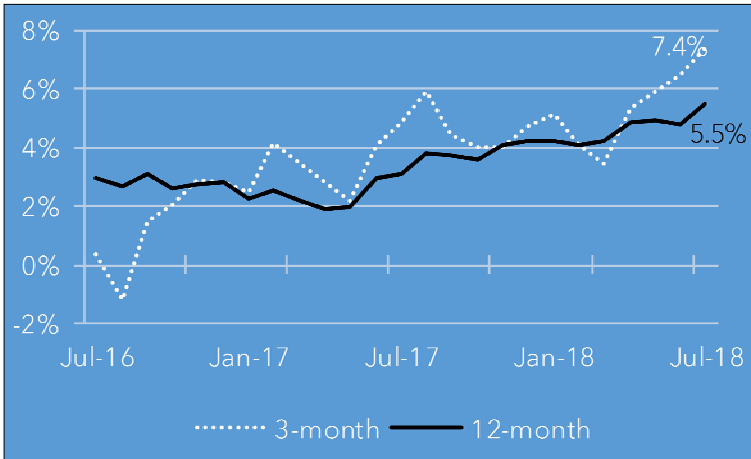
Notes:

1. Source: U.S. Bureau of Labor Statistics–Survey of Households.
2. U.S.: Increase in payroll employment compared to the previous month. PA: Average year-over-year increase in payroll employment based on latest three months of data. Source: U.S. Bureau of Labor Statistics–Survey of Establishments.
3. Average price for one gallon of regular gasoline. Source: U.S. Energy Information Administration.
4. Annual change in average price level for U.S. and PA-NJ-DE-MD. Data for PA-NJ-DE-MD only published on a bi-monthly basis. For non-release months, values are an interpolation. Source: U.S. Bureau of Labor Statistics.
5. U.S.: Annual growth rate of advance retail sales based on latest three months of data. Includes purchases of gas and motor vehicles. Excludes services. Source: U.S. Department of Commerce. PA: Annual growth rate of sales tax revenues based on latest three months of data. Excludes transfers to or from the Enhanced Revenue Collection Account. Source: PA Department of Revenue.
6. A diffusion index that reflects consumer optimism. Source: UM–Survey of Consumers.
7. The quarterly, annualized real growth rate of the economy. Excludes inflation. Source: U.S. Bureau of Economic Analysis.
8. The annual growth rate of personal income. Includes any inflationary gains. Source: U.S. Bureau of Economic Analysis.
9. Year-over-year growth rate of wages and salaries paid to all payroll employees. Source: U.S. Bureau of Economic Analysis.
10. The House Price Index is a broad measure of the movement of single-family house prices. The HPI is a weighted, repeat-sales index; it measures average price changes in repeat sales or refinancing on the same properties. These data are obtained by reviewing repeat mortgage transactions on single-family properties whose mortgages have been purchased or securitized by Fannie Mae or Freddie Mac. Source: Federal Housing Finance Agency.

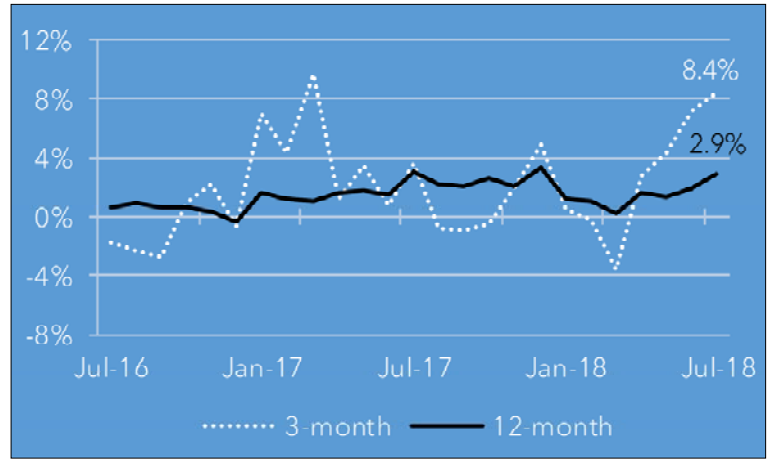
SELECT GENERAL FUND TAX REVENUES

ANNUAL GROWTH RATES

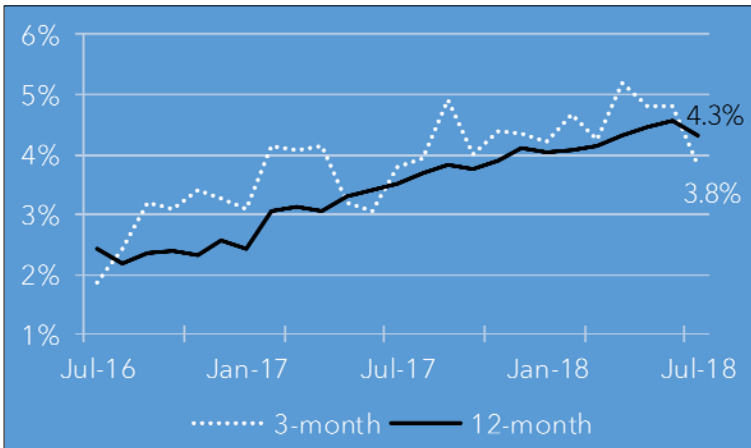
Sales and Use Tax – Non-Motor



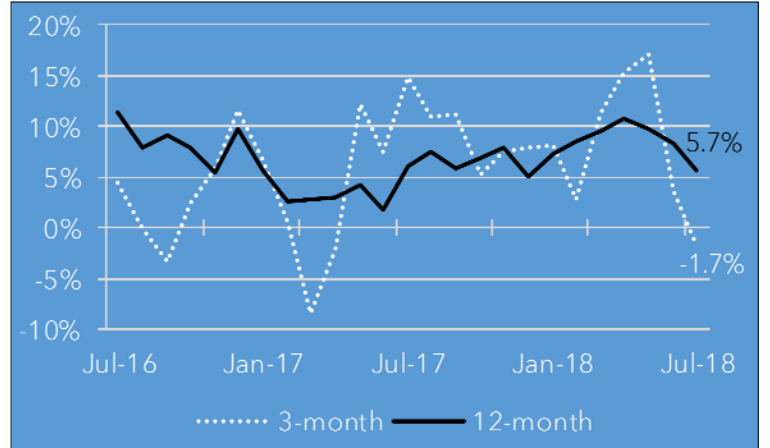
Sales and Use Tax – Motor



Personal Income Tax – Withholding



Realty Transfer Tax



Note: Three- and twelve-month annual growth rates are rolling averages relative to the previous fiscal year.

Technical Notes

- The graphs above correct for (1) transfers to the Commonwealth Financing Authority, Enhanced Revenue Collection Account and Housing Affordability and Rehabilitation Enhancement Fund and (2) issues related to fluctuating payment due dates.
- Treasury collections (next page) for July 2018 include \$30.4 million for a settlement under the Air Pollution Control Act that was deposited into the General Fund.

GENERAL FUND REVENUES SUMMARY

Revenue Source	July 2018	July 2017	FYTD 2018-19	FYTD 2017-18	Monthly Growth	FYTD Growth
Total General Fund	\$2,238.4	\$2,085.4	\$2,238.4	\$2,085.4	7.3%	7.3%
Total Tax Revenue	2,207.2	2,063.3	2,207.2	2,063.3	7.0	7.0
Total Corporation Taxes	99.5	61.8	99.5	61.8	61.1	61.1
Accelerated Deposits	(0.8)	0.4	(0.8)	0.4	-308.3	-308.3
Corporate Net Income	74.7	59.5	74.7	59.5	25.6	25.6
Gross Receipts	4.5	1.1	4.5	1.1	320.4	320.4
Utility Property	0.0	0.0	0.0	0.0	n.a.	n.a.
Insurance Premiums	20.7	0.5	20.7	0.5	n.a.	n.a.
Financial Institution	0.4	0.3	0.4	0.3	39.2	39.2
Total Consumption Taxes	1,118.0	1,033.4	1,118.0	1,033.4	8.2	8.2
Sales and Use - Total	1,011.4	912.7	1,011.4	912.7	10.8	10.8
Non-Motor	874.3	796.8	874.3	796.8	9.7	9.7
Motor Vehicle	137.1	115.9	137.1	115.9	18.3	18.3
Cigarette	65.3	79.5	65.3	79.5	-17.8	-17.8
Other Tobacco Products	10.4	10.1	10.4	10.1	2.7	2.7
Malt Beverage	2.4	2.4	2.4	2.4	-1.1	-1.1
Liquor	28.6	28.8	28.6	28.8	-0.6	-0.6
Total Other Taxes	989.7	968.1	989.7	968.1	2.2	2.2
Personal Income - Total	858.2	827.0	858.2	827.0	3.8	3.8
Withholding	795.3	776.6	795.3	776.6	2.4	2.4
Quarterly	41.5	36.6	41.5	36.6	13.4	13.4
Annual	21.5	13.9	21.5	13.9	55.0	55.0
Realty Transfer	32.7	40.4	32.7	40.4	-19.0	-19.0
Inheritance	85.1	83.0	85.1	83.0	2.5	2.5
Gaming	9.6	9.6	9.6	9.6	0.1	0.1
Minor and Repealed	4.0	8.1	4.0	8.1	-51.0	-51.0
Total Non-Tax Revenue	31.2	22.1	31.2	22.1	40.7	40.7
State Store Fund Transfers	0.0	0.0	0.0	0.0	n.a.	n.a.
Lic., Fees & Miscellaneous	22.7	14.4	22.7	14.4	57.3	57.3
Licenses and Fees	7.5	7.1	7.5	7.1	5.0	5.0
Miscellaneous	15.2	7.3	15.2	7.3	108.4	108.4
Treasury	37.2	1.4	37.2	1.4	n.a.	n.a.
Escheats	(27.7)	1.0	(27.7)	1.0	n.a.	n.a.
Other Miscellaneous	5.8	4.8	5.8	4.8	19.1	19.1
Fines, Pen. & Int. - Total	8.5	7.7	8.5	7.7	9.6	9.6

Note: Dollar amounts in millions. Growth rates computed from same time period in previous year and use the unrounded amounts.