

# MONTHLY TRENDS REPORT

Independent Fiscal Office | February 2019

On July 30th, the Independent Fiscal Office (IFO) released monthly revenue projections for fiscal year (FY) 2018-19.<sup>1</sup> General Fund collections were \$59.3 million (3.0%) above estimate for February and \$379.9 million (1.9%) above estimate for the fiscal year-to-date (FYTD). The monthly surplus was largely due to higher than anticipated corporate net income tax (CNIT) collections.

Monthly CNIT collections were above estimate (\$41.4 million). The surplus was due to both final (\$24.7 million) and estimated (\$16.7 million) payments. FYTD collections are above estimate by \$232.7 million, driven by both final (\$109.7 million) and estimated (\$123.0 million) payments.

Sales and use tax (SUT) came in over estimate (\$6.6 million) for the month, with lower than anticipated motor vehicle collections (-\$2.4 million) partially offsetting higher than anticipated non-motor collections (\$9.0 million). Total SUT collections are above estimate (\$211.9 million) for the FYTD, mainly driven by non-motor collections (\$168.1 million).

February personal income tax (PIT) collections were slightly below estimate (-\$3.0 million). The shortage was driven by withholding (-\$8.7 million), which was partially offset by quarterly (\$4.3 million) and annual (\$1.4 million) payments. FYTD collections are below estimate (-\$200.0 million), due to lower than anticipated collections in quarterly payments (-\$186.8 million) and withholding (-\$26.9 million).

Other tax revenues came in over estimate (\$2.9 million) in

GENERAL FUND SNAPSHOT			
	General Fund	Tax Revenue	Non-Tax Revenue
Feb-19	\$2,042	\$2,011	\$31
Growth	-43.0%	5.6%	-98.2%
FYTD	\$20,197	\$19,792	\$405
Growth	-3.6%	5.7%	-81.8%
Dollar amounts in millions. See final page for detail.			

February. Shortfalls in insurance premiums and realty transfer taxes partially offset the gains in other taxes. For the FYTD, other tax collections are higher than expected (\$74.7 million), mainly due to higher than anticipated gross receipts and insurance premiums taxes.

February non-tax revenues were \$11.4 million above estimate. Licenses and fees (\$13.9 million) offset lower than expected escheats collections (-\$4.9 million). FYTD non-tax collections are \$60.6 million above estimate due to greater than anticipated licenses and fees (largely related to gaming expansion) and treasury collections, although lower escheats collections partially offset those gains.

## FY 2018-19 Revenue Performance Through February

	February Collections			FYTD Collections		
	Actual	Estimate	\$ Diff	Actual	Estimate	\$ Diff
General Fund	\$2,042	\$1,982	\$59	\$20,197	\$19,817	\$380
Corp. Net Income	89	48	41	1,740	1,507	233
Sales and Use	760	754	7	7,390	7,178	212
Personal Income	889	892	(3)	8,256	8,456	(200)
Other Taxes	273	270	3	2,406	2,331	75
Non-Tax	31	19	11	405	344	61
Dollar amounts in millions. Estimate refers to IFO official estimate published on July 30, 2018.						

<sup>1</sup> 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			
	Nov-18	Dec-18	Jan-19	Feb-19	Nov-18	Dec-18	Jan-19	Feb-19
Unemployment Rate <sup>1</sup>	3.7%	3.9%	4.0%	n.a.	4.2%	4.2%	n.a.	n.a.
Net Job Gains (000s) <sup>2</sup>	196.0	222.0	304.0	n.a.	85.4	81.0	n.a.	n.a.
Average Gasoline Price <sup>3</sup>	\$2.65	\$2.37	\$2.25	\$2.31	\$2.72	\$2.51	\$2.39	\$2.41
CPI-U All Items <sup>4</sup>	2.2%	1.9%	1.6%	n.a.	1.3%	1.0%	n.a.	n.a.
CPI-U Excludes Energy <sup>4</sup>	2.1%	2.1%	2.1%	n.a.	1.1%	1.3%	n.a.	n.a.
Retail Sales <sup>5</sup>	4.3%	3.7%	n.a.	n.a.	7.8%	7.1%	7.5%	6.0%
Consumer Sentiment Index <sup>6</sup>	97.5	98.3	91.2	93.8	n.a.	n.a.	n.a.	n.a.

# QUARTERLY ECONOMIC INDICATORS

	United States				Pennsylvania			
	2018.1	2018.2	2018.3	2018.4	2018.1	2018.2	2018.3	2018.4
Gross Domestic Product <sup>7</sup>	2.2%	4.2%	3.4%	2.6%	0.6%	3.6%	2.8%	n.a.
Personal Income <sup>8</sup>	4.3%	4.5%	4.5%	4.6%	3.7%	3.6%	3.5%	n.a.
Wages and Salaries <sup>9</sup>	4.6%	4.5%	4.4%	4.5%	4.1%	4.0%	3.3%	n.a.
CPI-U All Items <sup>4</sup>	2.2%	2.7%	2.6%	2.2%	0.7%	1.6%	1.7%	1.3%
CPI-U Excludes Energy <sup>4</sup>	1.9%	2.1%	2.1%	2.1%	0.1%	0.9%	1.0%	1.1%
FHFA House Price Index <sup>10</sup>	7.4%	6.8%	6.5%	5.7%	6.2%	5.4%	4.6%	5.0%

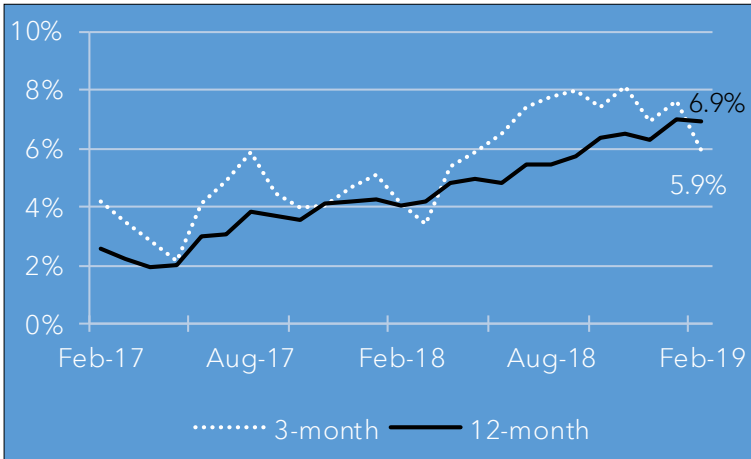
Notes:

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.

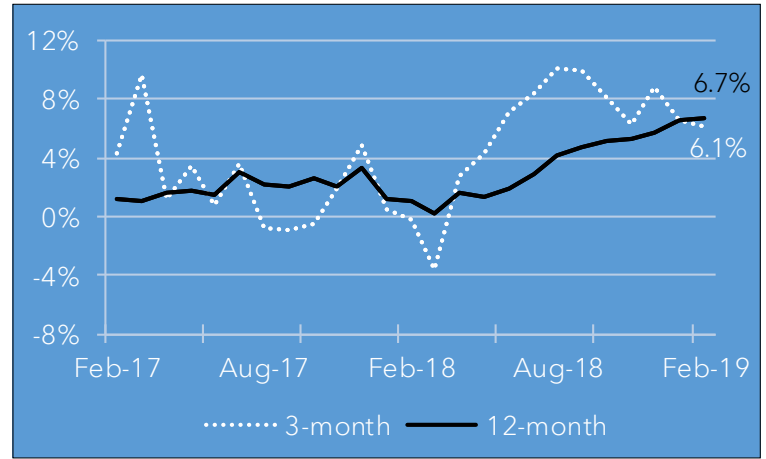
# SELECT GENERAL FUND TAX REVENUES

## ANNUAL GROWTH RATES

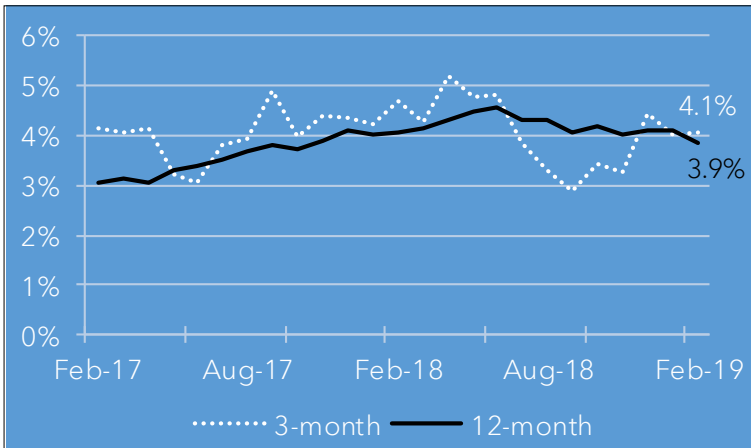
### Sales and Use Tax – Non-Motor



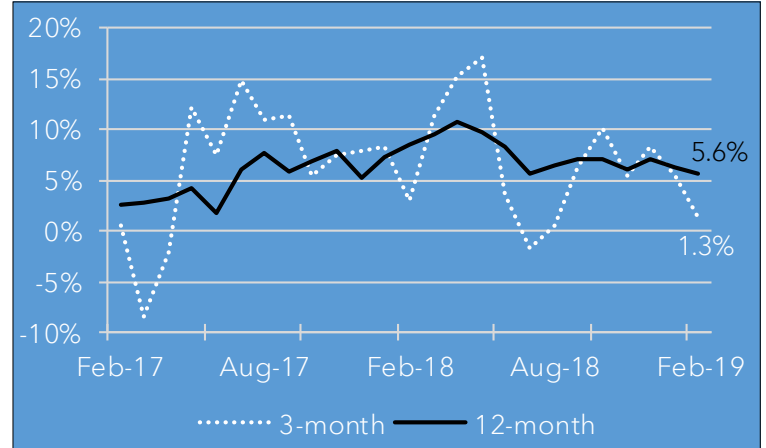
### Sales and Use Tax – Motor



### 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 the fiscal year include \$30.4 million for a settlement under the Air Pollution Control Act that was deposited into the General Fund in July 2018.

# GENERAL FUND REVENUES SUMMARY

Revenue Source	Feb 2019	Feb 2018	FYTD 2018-19	FYTD 2017-18	Monthly Growth	FYTD Growth
Total General Fund	\$2,041.7	\$3,581.4	\$20,196.7	\$20,949.2	-43.0%	-3.6%
Total Tax Revenue	2,011.0	1,904.6	19,791.8	18,728.3	5.6	5.7
Total Corporation Taxes	116.4	77.0	1,916.9	1,517.7	51.3	26.3
Accelerated Deposits	9.6	2.1	10.5	4.5	345.5	131.2
Corporate Net Income	88.9	59.5	1,739.6	1,383.2	49.4	25.8
Gross Receipts	5.9	3.5	62.5	43.3	66.0	44.3
Utility Property	0.0	0.0	1.4	1.5	n.a.	-4.6
Insurance Premiums	11.3	8.9	65.1	57.1	26.8	14.0
Financial Institution	0.8	2.9	37.8	28.0	-71.0	34.8
Total Consumption Taxes	886.7	860.6	8,497.4	7,995.8	3.0	6.3
Sales and Use - Total	760.3	734.2	7,390.1	6,859.6	3.6	7.7
Non-Motor	668.1	643.2	6,426.4	5,968.9	3.9	7.7
Motor Vehicle	92.2	91.0	963.6	890.7	1.4	8.2
Cigarette	86.6	88.7	747.6	792.7	-2.4	-5.7
Other Tobacco Products	10.7	9.7	86.5	78.5	10.0	10.1
Malt Beverage	1.8	1.4	15.7	15.9	26.6	-1.0
Liquor	27.4	26.7	257.6	249.2	2.6	3.4
Total Other Taxes	1,007.9	967.0	9,377.4	9,214.8	4.2	1.8
Personal Income - Total	888.7	857.2	8,256.4	8,161.2	3.7	1.2
Withholding	832.5	806.7	6,890.3	6,654.5	3.2	3.5
Quarterly	24.3	19.5	1,103.4	1,292.8	24.5	-14.6
Annual	31.9	30.9	262.8	214.0	3.2	22.8
Realty Transfer	24.1	27.8	343.9	334.5	-13.2	2.8
Inheritance	79.1	71.2	677.0	629.3	11.1	7.6
Gaming	11.9	9.6	83.5	79.4	24.4	5.2
Minor and Repealed	4.0	1.2	16.6	10.4	232.3	59.7
Total Non-Tax Revenue	30.7	1,676.8	405.0	2,220.9	-98.2	-81.8
State Store Fund Transfers	0.0	85.1	100.0	185.1	-100.0	-46.0
Lic., Fees & Miscellaneous	24.0	1,585.5	246.9	1,976.8	-98.5	-87.5
Licenses and Fees	22.2	44.6	246.4	248.5	-50.1	-0.9
Miscellaneous	1.7	1,540.9	0.5	1,728.3	-99.9	-100.0
Treasury	1.8	(0.5)	56.4	11.6	490.0	387.1
Escheats	(6.0)	(14.8)	(113.9)	(82.5)	59.5	-38.0
Other Miscellaneous	6.0	1,556.2	58.0	1,799.2	-99.6	-96.8
Fines, Pen. & Int. - Total	6.7	6.2	58.0	59.0	8.0	-1.5

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