

MONTHLY TRENDS REPORT

Independent Fiscal Office | March 2019

On July 30th, the Independent Fiscal Office (IFO) released monthly revenue projections for fiscal year (FY) 2018-19.¹ General Fund collections met estimate for March (+\$2.0 million) and are \$381.9 million (1.6%) above estimate for the fiscal year-to-date (FYTD). Overages in corporate net income tax (CNIT) and insurance premiums tax offset shortfalls in gross receipts tax, cigarette tax and non-tax revenues.

PIT collections were above estimate by \$10.0 million for the month. The overage was due to withholding (\$5.7 million) and estimated (\$4.3 million) payments. FYTD collections are below estimate by \$190.0 million, driven by estimated (-\$182.5 million) and withholding (-\$21.2 million) payments. Annual payments are \$13.7 million over estimate for the year.

Sales and use tax (SUT) was above estimate (\$8.4 million) for the month. The surplus from higher than anticipated non-motor vehicle collections (\$12.2 million) was partially offset by lower motor vehicle collections (-\$3.8 million). Total SUT collections are above estimate (\$220.3 million) for the FYTD due to higher than anticipated collections in both non-motor (\$180.3 million) and motor vehicle collections (\$40.0 million).

CNIT collections for the month were higher than anticipated (\$26.9 million), due to an overage in final (\$23.9 million) and estimated payments (\$3.0 million). FYTD CNIT collections are higher than expected (\$259.6 million), attributable to both strong final (\$133.6 million) and estimated (\$126.0 million) payments.

GENERAL FUND SNAPSHOT			
	General Fund	Tax Revenue	Non-Tax Revenue
Mar-19	\$4,553	\$4,430	\$123
Growth	5.3%	3.3%	250.9%
FYTD	\$24,750	\$24,221	\$528
Growth	-2.1%	5.2%	-76.6%

Dollar amounts in millions. See final page for detail.

March non-tax revenues were \$24.2 million below estimate. Licenses and fees (-\$18.9 million) and escheats collections (-\$3.3 million) both undercut revenues for the month. The March shortfall in licenses and fees was related to the timing of gaming expansion payments. FYTD non-tax collections are \$36.4 million above estimate due primarily to greater than anticipated licenses and fees payments (\$68.4 million) and treasury collections (\$14.4 million).

Other taxes were \$19.1 million short of estimate, with gross receipts (-\$19.3 million) and cigarette tax (-\$14.2 million) collections comprising the largest share of the shortfall.

FY 2018-19 Revenue Performance Through March

	March Collections			FYTD Collections		
	Actual	Estimate	\$ Diff	Actual	Estimate	\$ Diff
General Fund	\$4,553	\$4,551	\$2	\$24,750	\$24,368	\$382
Corp. Net Income	453	426	27	2,193	1,933	260
Sales and Use	821	812	8	8,211	7,991	220
Personal Income	1,149	1,140	10	9,406	9,596	(190)
Other Taxes	2,006	2,025	(19)	4,412	4,356	56
Non-Tax	123	148	(24)	528	492	36

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			
	Dec-18	Jan-19	Feb-19	Mar-19	Dec-18	Jan-19	Feb-19	Mar-19
Unemployment Rate ¹	3.9%	4.0%	3.8%	3.8%	4.2%	4.1%	4.0%	n.a.
Net Job Gains (000s) ²	227.0	312.0	33.0	196.0	60.5	55.2	51.4	n.a.
Average Gasoline Price ³	\$2.37	\$2.25	\$2.31	\$2.52	\$2.51	\$2.39	\$2.41	\$2.58
CPI-U All Items ⁴	1.9%	1.6%	1.5%	n.a.	1.0%	1.2%	1.5%	n.a.
CPI-U Excludes Energy ⁴	2.1%	2.1%	2.1%	n.a.	1.3%	1.6%	1.9%	n.a.
Retail Sales ⁵	3.5%	3.0%	2.5%	n.a.	7.1%	7.5%	6.0%	5.8%
Consumer Sentiment Index ⁶	98.3	91.2	93.8	98.4	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 ⁷	2.2%	4.2%	3.4%	2.2%	0.6%	3.6%	2.8%	n.a.
Personal Income ⁸	4.3%	4.5%	4.5%	4.6%	3.7%	3.6%	3.7%	4.4%
Wages and Salaries ⁹	4.6%	4.5%	4.4%	4.6%	4.1%	4.0%	3.5%	4.2%
CPI-U All Items ⁴	2.2%	2.7%	2.6%	2.2%	0.7%	1.6%	1.7%	1.3%
CPI-U Excludes Energy ⁴	1.9%	2.1%	2.1%	2.1%	0.1%	0.9%	1.0%	1.1%
FHFA House Price Index ¹⁰	7.4%	6.8%	6.5%	5.7%	6.2%	5.4%	4.6%	5.0%

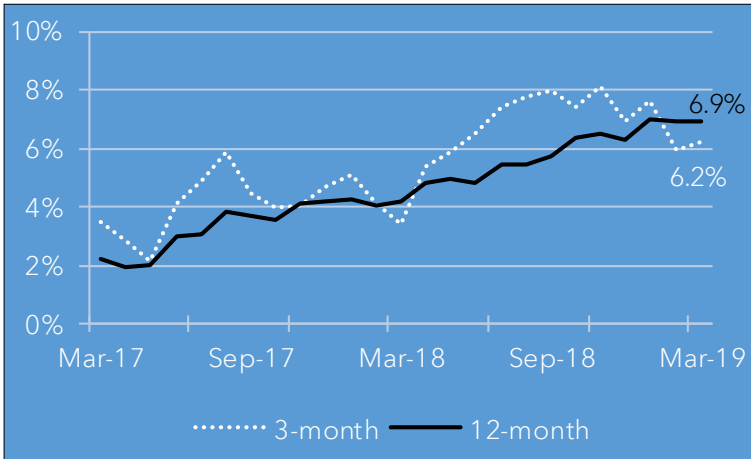
Notes:

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.

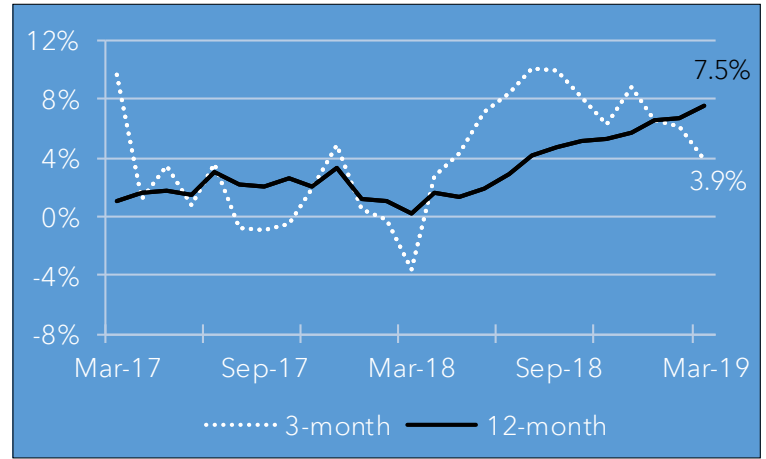
SELECT GENERAL FUND TAX REVENUES

ANNUAL GROWTH RATES

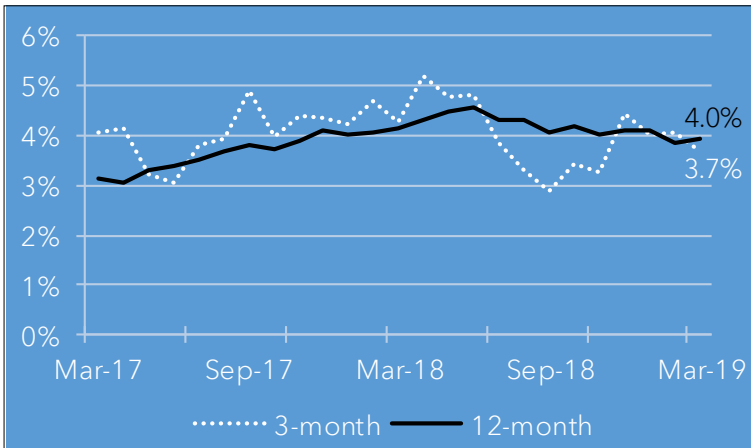
Sales and Use Tax – Non-Motor



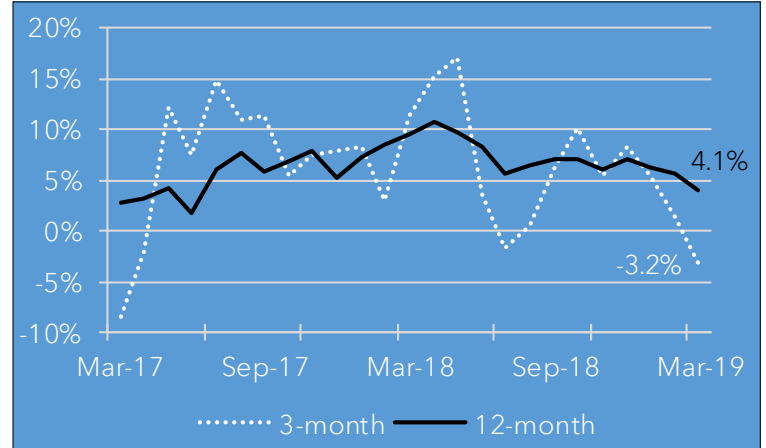
Sales and Use Tax – Motor



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	Mar 2019	Mar 2018	FYTD 2018-19	FYTD 2017-18	Monthly Growth	FYTD Growth
Total General Fund	\$4,552.9	\$4,324.1	\$24,749.7	\$25,273.3	5.3%	-2.1%
Total Tax Revenue	4,429.5	4,288.9	24,221.3	23,017.2	3.3	5.2
Total Corporation Taxes	2,273.1	2,212.5	4,190.0	3,730.2	2.7	12.3
Accelerated Deposits	(8.6)	(1.4)	1.8	3.2	n.a.	n.a.
Corporate Net Income	453.0	426.3	2,192.6	1,809.5	6.3	21.2
Gross Receipts	1,132.7	1,093.3	1,195.2	1,136.6	3.6	5.2
Utility Property	0.0	0.0	1.5	1.5	n.a.	-3.0
Insurance Premiums	362.1	367.9	427.2	425.0	-1.6	0.5
Financial Institution	334.0	326.4	371.7	354.4	2.3	4.9
Total Consumption Taxes	939.8	923.9	9,437.2	8,919.7	1.7	5.8
Sales and Use - Total	820.8	787.1	8,210.9	7,646.6	4.3	7.4
Non-Motor	701.8	672.3	7,128.2	6,641.1	4.4	7.3
Motor Vehicle	119.0	114.8	1,082.7	1,005.5	3.7	7.7
Cigarette	76.7	93.5	824.3	886.2	-17.9	-7.0
Other Tobacco Products	9.6	9.1	96.0	87.6	5.4	9.7
Malt Beverage	1.6	2.2	17.3	18.1	-26.6	-4.1
Liquor	31.1	32.0	288.6	281.2	-3.0	2.6
Total Other Taxes	1,216.7	1,152.5	10,594.1	10,367.3	5.6	2.2
Personal Income - Total	1,149.5	1,089.4	9,405.9	9,250.6	5.5	1.7
Withholding	965.8	920.8	7,856.1	7,575.3	4.9	3.7
Quarterly	56.3	51.5	1,159.7	1,344.2	9.4	-13.7
Annual	127.4	117.1	390.1	331.0	8.8	17.9
Realty Transfer	39.7	40.3	383.5	374.8	-1.6	2.3
Inheritance	85.1	89.5	762.1	718.7	-4.9	6.0
Gaming	13.1	12.5	96.6	91.9	4.3	5.0
Minor and Repealed	(70.6)	(79.1)	(54.0)	(68.7)	10.8	21.5
Total Non-Tax Revenue	123.4	35.2	528.4	2,256.0	250.9	-76.6
State Store Fund Transfers	85.1	0.0	185.1	185.1	n.a.	0.0
Lic., Fees & Miscellaneous	31.7	27.9	278.6	2,004.7	13.6	-86.1
Licenses and Fees	19.7	19.6	266.0	268.2	0.2	-0.8
Miscellaneous	12.1	8.3	12.6	1,736.6	45.4	-99.3
Treasury	4.0	0.8	60.4	12.4	391.7	387.4
Escheats	9.4	1.9	(104.5)	(80.7)	404.6	-29.5
Other Miscellaneous	(1.4)	5.6	56.7	1,804.8	-124.2	-96.9
Fines, Pen. & Int. - Total	6.6	7.3	64.6	66.2	-9.2	-2.4

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