
Quarterly Revenue Estimates Fiscal Year 2014-15

August 14, 2014

About the Independent Fiscal Office

The Independent Fiscal Office (IFO) provides revenue projections for use in the state budget process along with impartial and timely analysis of fiscal, economic and budgetary issues to assist Commonwealth residents and the General Assembly in their evaluation of policy decisions. In that capacity, the IFO will not support or oppose any policies it analyzes, and will disclose all methodologies, data sources and assumptions used in published reports and estimates.

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The Independent Fiscal Office was created
by the Act of Nov. 23, 2010 (P.L.1269, No.120).

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FY 2014-15 Quarterly Revenue Estimates

This report provides quarterly revenue estimates for the General Fund, Motor License Fund and Lottery Fund. The quarterly estimates are based on: 1) the FY 2014-15 projections contained in the *Official Revenue Estimate* published by the Independent Fiscal Office on June 16, 2014; and 2) adjustments to reflect the impact of statutory changes that were enacted with the state budget. The adjustments for statutory changes are summarized in the tables below. Additional detail regarding the recent enactments can be found in the appendix.

The quarterly estimates will be used to track the performance of the FY 2014-15 projections throughout the fiscal year. The Independent Fiscal Office will prepare quarterly reports to compare actual collections to these quarterly estimates.

Table 1
FY 2014-15 General Fund Revenue Projection
(\$ millions)

Revenue Source	June 16 Projection ¹	Adjustments for Statutory Changes	Updated Projection
Tax Revenue	\$28,882.9	\$40.0	\$28,922.9
Non-tax Revenue	<u>562.6</u>	<u>471.6</u>	<u>1,034.2</u>
Total	29,445.5	511.6	29,957.1

¹ Official Revenue Estimate: Fiscal Year 2014-15, Independent Fiscal Office, June 16, 2014.
See http://www.ifo.state.pa.us/resources/PDF/Revenue_Estimate_2014-06-16.pdf.

Table 2
General Fund Statutory Adjustment Detail – Acts 1A and 126
(\$ millions)

Revenue Source	FY 2014-15
Corporate Net Income Tax	\$1.9
Capital Stock and Franchise Tax	1.6
Sales and Use Tax	22.5
Personal Income Tax	12.6
Inheritance Tax	1.4
Non-tax – escheats	150.0
Non-tax - fund transfers	<u>321.6</u>
Total	511.6

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Table 3
FY 2014-15 General Fund Revenue Summary
(\$ millions)

	2014 Q3 Jul-Sep	2014 Q4 Oct-Dec	2015 Q1 Jan-Mar	2015 Q2 Apr-Jun	FY 2014-15 Projection
<u>Total General Fund</u>	<u>\$6,606.5</u>	<u>\$6,396.3</u>	<u>\$8,238.8</u>	<u>\$8,715.5</u>	<u>\$29,957.1</u>
<u>Total Tax Revenue</u>	<u>6,231.8</u>	<u>6,336.5</u>	<u>8,104.6</u>	<u>8,250.0</u>	<u>28,922.9</u>
<u>Total Corporation Taxes</u>	<u>580.0</u>	<u>673.7</u>	<u>2,463.0</u>	<u>1,052.9</u>	<u>4,769.6</u>
Corporate Net Income	496.4	598.6	513.4	875.4	2,483.8
Capital Stock & Franchise	62.3	55.2	48.7	76.4	242.6
Gross Receipts	13.2	14.0	1,226.8	16.3	1,270.3
Utility Property	2.3	0.3	0.4	37.0	40.0
Insurance Premiums	2.1	0.8	401.7	38.4	443.0
Financial Institutions ¹	3.3	4.4	271.8	8.4	287.9
Other Selective Business ²	0.4	0.4	0.2	1.0	2.0
<u>Total Consumption Taxes</u>	<u>2,712.9</u>	<u>2,704.0</u>	<u>2,496.9</u>	<u>2,861.9</u>	<u>10,775.7</u>
Sales and Use ¹	2,387.4	2,345.9	2,208.8	2,521.2	9,463.3
Cigarette	240.9	252.4	206.5	252.1	951.9
Malt Beverage	7.1	5.9	5.3	6.5	24.8
Liquor	77.5	99.8	76.3	82.1	335.7
<u>Total Other Taxes</u>	<u>2,938.9</u>	<u>2,958.8</u>	<u>3,144.7</u>	<u>4,335.2</u>	<u>13,377.6</u>
Personal Income ¹	2,581.8	2,633.1	2,869.4	3,942.3	12,026.6
Realty Transfer	120.5	94.3	80.2	107.0	402.0
Inheritance	212.2	207.8	218.6	266.5	905.1
Table Games	23.3	22.2	23.7	23.7	92.9
Tavern Games	0.1	0.3	0.3	0.3	1.0
Minor and Repealed	1.0	1.1	-47.5	-4.6	-50.0
<u>Total Nontax Revenue</u>	<u>374.7</u>	<u>59.8</u>	<u>134.2</u>	<u>465.5</u>	<u>1,034.2</u>
Liquor Store Profits	80.0	0.0	0.0	0.0	80.0
Licenses, Fees and Misc. ¹	270.8	38.5	116.4	455.0	880.7
Fines, Penalties and Interest	23.9	21.3	17.8	10.5	73.5

¹ See the following page for additional detail.

² Includes undistributed clearing account.

Table 4
FY 2014-15 General Fund Revenue Summary
(\$ millions)

	2014 Q3 Jul-Sep	2014 Q4 Oct-Dec	2015 Q1 Jan-Mar	2015 Q2 Apr-Jun	FY 2014-15 Projection
<u>Financial Institution Taxes</u>					
Bank Shares	0.7	1.3	269.2	5.0	276.2
Mutual Thrift Institutions	2.6	3.1	2.6	3.4	11.7
<u>Sales and Use Tax</u>					
Nonmotor	2,047.0	2,050.9	1,929.8	2,160.5	8,188.2
Motor Vehicle	340.4	295.0	279.0	360.7	1,275.1
<u>Personal Income Tax</u>					
Withholding	2,134.7	2,366.5	2,311.5	2,239.2	9,051.9
Quarterly	394.4	171.7	431.9	588.4	1,586.4
Annuals	52.7	94.9	126.0	1,114.7	1,388.3
<u>Licenses, Fees and Misc.</u>					
Licenses and Fees	21.8	37.7	43.0	80.9	183.4
Treasury	14.6	-9.6	2.2	0.9	8.1
Escheats	-4.9	-2.0	48.8	260.6	302.5
Other Miscellaneous	239.3	12.4	22.4	112.6	386.7

Table 5
FY 2014-15 Motor License Fund Revenue Summary
(\$ millions)

	2014 Q3 Jul-Sep	2014 Q4 Oct-Dec	2015 Q1 Jan-Mar	2015 Q2 Apr-Jun	FY 2014-15 Projection
<u>Total Motor License Fund</u>	<u>\$623.0</u>	<u>\$560.1</u>	<u>\$636.3</u>	<u>\$734.3</u>	<u>\$2,553.7</u>
<u>Liquid Fuels Taxes</u>	<u>385.8</u>	<u>360.1</u>	<u>372.6</u>	<u>429.0</u>	<u>1,547.5</u>
Liquid Fuels	0.0	0.0	0.0	0.0	0.0
Fuels	0.0	0.0	0.0	0.0	0.0
Act 89 OCF - Liquid Fuels	162.6	139.4	138.4	168.6	609.0
Act 89 OCF - Fuels	40.0	40.9	38.1	38.0	157.0
Oil Company Franchise	170.3	167.9	186.2	209.7	734.1
Other Liquid Fuels Taxes	12.9	11.9	9.9	12.7	47.4
<u>Motor Licenses and Fees</u>	<u>229.1</u>	<u>192.0</u>	<u>243.1</u>	<u>290.7</u>	<u>954.9</u>
Vehicle Registrations & Titling	179.0	145.5	181.1	232.3	737.9
Registrations Other States - IRP	17.2	15.6	30.9	27.3	91.0
Operators Licenses	16.2	15.7	15.5	15.2	62.6
Other Licenses and Fees	16.7	15.2	15.6	15.9	63.4
<u>Other Motor Receipts</u>	<u>8.1</u>	<u>8.0</u>	<u>20.6</u>	<u>14.6</u>	<u>51.3</u>
PA Turnpike Commission	0.0	0.0	0.0	0.0	0.0
Veh. Code Fines & Clring Acct.	-1.2	-3.6	3.6	1.2	0.0
<u>Miscellaneous Motor Receipts</u>	<u>9.3</u>	<u>11.6</u>	<u>17.0</u>	<u>13.4</u>	<u>51.3</u>
Treasury	6.4	7.7	14.0	9.9	38.0
Transportation	2.7	3.6	2.7	3.1	12.1
General Services	0.2	0.3	0.3	0.4	1.2

Table 6
FY 2014-15 Lottery Fund Revenue Summary
(\$ millions)

	2014 Q3 Jul-Sep	2014 Q4 Oct-Dec	2015 Q1 Jan-Mar	2015 Q2 Apr-Jun	FY 2014-15 Projection
<u>Lottery Fund Revenues</u> ¹	<u>\$1,099.8</u>	<u>\$1,004.8</u>	<u>\$968.1</u>	<u>\$1,008.8</u>	<u>\$4,081.5</u>
<u>Gross Ticket Sales</u>	<u>933.1</u>	<u>1,004.0</u>	<u>967.4</u>	<u>1,008.0</u>	<u>3,912.5</u>
Instant Games	596.4	664.4	642.8	673.9	2,577.5
Jackpot Games	116.8	116.8	116.8	116.9	467.3
All Others	219.9	222.8	207.8	217.2	867.7
<u>Miscellaneous Revenues</u>	<u>166.7</u>	<u>0.8</u>	<u>0.7</u>	<u>0.8</u>	<u>169.0</u>
Gaming Fund Transfers	166.0	0.0	0.0	0.0	166.0
Other Miscellaneous Revenue	0.7	0.8	0.7	0.8	3.0

¹ Does not include adjustments for field paid prizes and commissions.

Appendix: Fiscal Analysis of Statutes Affecting Revenues

The *Official Revenue Estimate* published by the Independent Fiscal Office on June 16, 2014 does not include the effects of the statutory changes (Acts 1A and 126 of 2014) that were enacted as part of the FY 2014-15 state budget. This appendix briefly summarizes the recently enacted provisions of law that affect the projections of unrestricted General Fund revenues.

General Fund

Transfers from Various Special Funds (*Act 1A*)

The General Appropriations Act requires various transfers to the General Fund.

Effective Date

July 10, 2014

Fiscal Analysis

The transfers are made from the designated source in the amounts indicated below:

Small Business First Fund	\$95.0 million
Machinery and Equipment Loan Fund	85.0 million
Volunteer Companies Loan Fund	30.0 million
Gaming Control Board ¹	8.0 million
Alternative Fuels Fund	6.2 million
Manville Property Damage Settlement Account	2.4 million

¹ The transfer is to be made from amounts available to the board for local law enforcement grants pursuant to 4 Pa.C.S. §1408, which provides for transfers to the board from the State Gaming Fund.

Transfer from the Oil and Gas Lease Fund (*Act 126*)

Section 1605-E of the Fiscal Code provides that \$95 million shall be transferred from the Oil and Gas Lease Fund to the General Fund in FY 2014-15.

Prior Law

Sections 1604-E and 1605-E of the Fiscal Code transferred \$60 million and \$180 million from the Oil and Gas Lease Fund to the General Fund in FY 2009-10 and FY 2010-11, respectively.

Effective Date

July 10, 2014

Fiscal Analysis

The transfers will increase miscellaneous non-tax revenues by \$95 million in FY 2014-15.

Enhanced Revenue Collections Account (Act 126)

Beginning with FY 2014-15, the Department of Revenue is appropriated up to \$25 million annually from the Enhanced Revenue Collections Account (ERCA) to pay the costs associated with tax enforcement. The provision is contained in Section 1730-J of the Fiscal Code, and it extends through FY 2019-20.

Prior Law

Section 1730-L of the Fiscal Code established the Enhanced Revenue Collections Account and appropriated up to \$4.3 million annually in FY 2010-11 and FY 2011-12 from the account to the department. For FY 2012-13 and FY 2013-14, the department was appropriated \$10 million and \$15 million, respectively. Receipts attributed to increased tax enforcement and reductions in erroneous refunds are deposited into the account.

Effective Date

July 10, 2014

Fiscal Analysis

The Department of Revenue indicates that the \$10 million increase in the appropriation from ERCA for tax enforcement will increase collections as indicated below. The amounts reported are net of administrative costs.

Corporate Net Income Tax	\$1.9 million
Capital Stock and Franchise Tax	1.6 million
Sales and Use Tax	22.5 million
Personal Income Tax	12.6 million
Inheritance Tax	<u>1.4 million</u>
Total	40.0 million

Time Period for Abandoned and Unclaimed Property (Act 126)

Certain classes of property held by financial institutions, insurers, utilities, business associations, fiduciaries, courts, public officers and agencies, and other groups holding property for another is presumed to be abandoned and unclaimed after three years unless the owner of the property has taken certain actions within that time period. Authority is granted to the State Treasurer to examine records of holders, examine witnesses and require reports to be filed to enforce the requirements of the statute. A holder who fails, without proper cause, to report or deliver property subject to the custody and control of the Commonwealth shall be subject to a penalty not to exceed \$1,000 per day. In addition, the violation of certain reporting requirements shall be a misdemeanor of the third degree with a fine not to exceed \$1,000 for the first offense and \$5,000 for subsequent offenses.

Prior Law

Article XIII.1 of the Fiscal Code provides for the disposition of abandoned and unclaimed property. Most reportable property was presumed to be abandoned and unclaimed after five years unless the owner of the property took certain actions within that time period.

Effective Date

The change to the holding period and penalties took effect on July 10, 2014. The new misdemeanor and related fines take effect on January 10, 2015.

Fiscal Analysis

The FY 2014-15 Executive Budget estimated that the reduction in the holding period will increase miscellaneous non-tax collections (escheats) by \$150 million in FY 2014-15.