



# Economic Brief

State Representative Marguerite Quinn

October 2017

## Pennsylvania Brings in \$2.175 Billion in Revenue Collections

General Fund revenue collections for the month of October were \$2.175 billion, which was \$34.6 million less than the Independent Fiscal Office’s Official Estimate. The Department of Revenue has not yet certified a revenue estimate so this publication will examine revenue collections as compared to the Independent Fiscal Office’s revenue estimate. This estimate does not reflect any recent changes to state law.

Collections of \$92.4 million for corporation taxes came in below IFO projections by \$18.6 million. Sales tax collections of \$882 million were lower than expected, coming in \$14.5 million below the IFO’s estimate. The Personal Income Taxes collected were \$907 million, which was below estimate by \$4.3 million.

For the 2017-18 Fiscal Year, General Fund collections of \$9.1 billion are below the IFO’s estimate by \$9.5 million or 0.1%.

### October Revenue Collections

IFO Estimate	Actual Collections
<b>Total General Fund</b>	<b>Total General Fund</b> ↓
\$2.21 Billion	\$2.175 Billion
<b>Corporation Taxes</b>	<b>Corporation Taxes</b> ↓
\$111 Million	\$92.4 Million
<b>Sales Taxes</b>	<b>Sales Taxes</b> ↓
\$896 Million	\$882 Million
<b>Personal Income Taxes</b>	<b>Personal Income Taxes</b> ↓
\$911 Million	\$907 Million
<b>All Other Taxes</b>	<b>All Other Taxes</b> ↑
\$279 Million	\$279.1 Million
<b>Non-Tax Revenue</b>	<b>Non-Tax Revenue</b> ↑
\$13 Million	\$15.8 Million

### Difference Between IFO Estimate and Actual Revenue Collections





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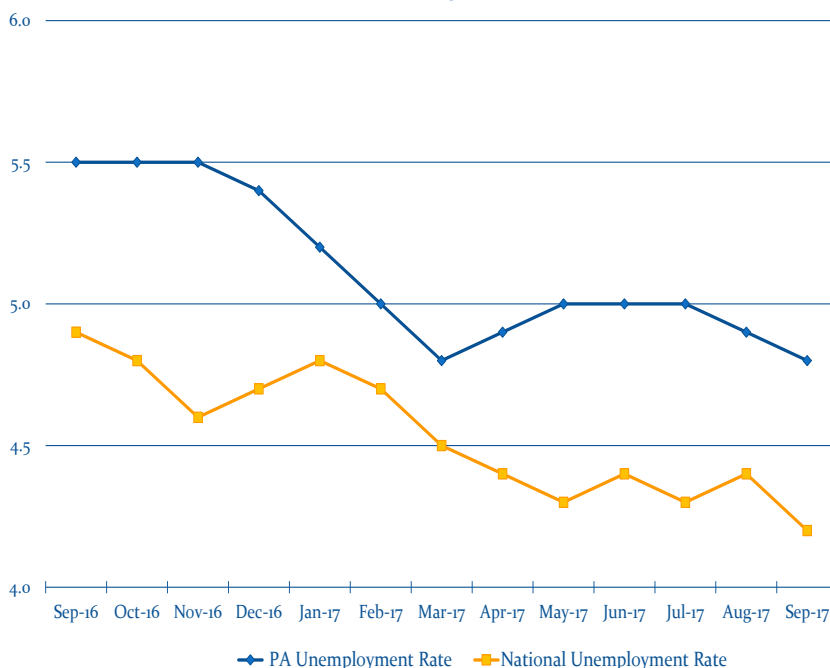
## Chairman's Budget News

The 2017-18 General Fund Budget is now concluded with the signing of the Fiscal Code, Tax Code, Administrative Code, and Gaming Bill. These important pieces of legislation provided the necessary sources to fund the budget that was passed in June and include budget implementation language. This prolonged budget stalemate was caused by one thing: taxes. The governor in February proposed \$1 billion in new taxes that would have been paid by Pennsylvania families. The House Republican Caucus consistently pushed back against these onerous taxes and as a result saved taxpayers millions.

One of the biggest challenges going into the 2017-18 fiscal year was a large deficit created in the prior 2016-17 fiscal year. Pennsylvania like many states throughout the nation saw revenues come in below estimate. Despite these declining revenues, Governor Wolf took no action to halt spending. This inaction caused a \$1.5 billion deficit by the end of the fiscal year. To fill that hole caused by Governor Wolf, the Commonwealth will either monetize or securitize future revenues from the Tobacco Settlement to generate a one-time lump sum of \$1.5 billion for the General Fund. While this borrowing is not ideal, it will create a one-time pot of money to solve a one-time problem without the need for a tax increase. We will utilize an existing stream of revenue to ensure that payments are made. The budget was further balanced by expanding gaming, transferring unused taxpayer money from special funds, and transferring money from the Joint Underwriters Association.

House Republicans also passed debt reform legislation and performance-based budgeting legislation which were both signed into law. We also passed welfare reform legislation that included work requirements for able-bodied adults on Medicaid, however the governor decided to veto that bill. The legislature also passed the School Code, which would protect excellent teachers by allowing school districts to end the practice of seniority-based furloughs. The School Code would also extend the moratorium on using the Keystone Exams, and provided \$10 million more for the Education Improvement Tax Credit.

12-Month Unemployment Rates



### PA EMPLOYMENT STATISTICS

	Sept. 2017	Monthly Change	
Labor Force	6.41 Million	-15,000	↓
Unemployment Rate	4.8%	-0.1%	
Total Employment	6.105 Million	-6,000	↓
<b>12-Month Change</b>			
Total Employment	+8,000		
Unemployment Rate	-0.7%		

### Surrounding States Unemployment Rates

DE	4.9%	NY	4.9%
MD	3.8%	OH	5.3%
NJ	4.7%	WV	5.1%