



# Economic Brief

State Representative Marguerite Quinn

July 2017

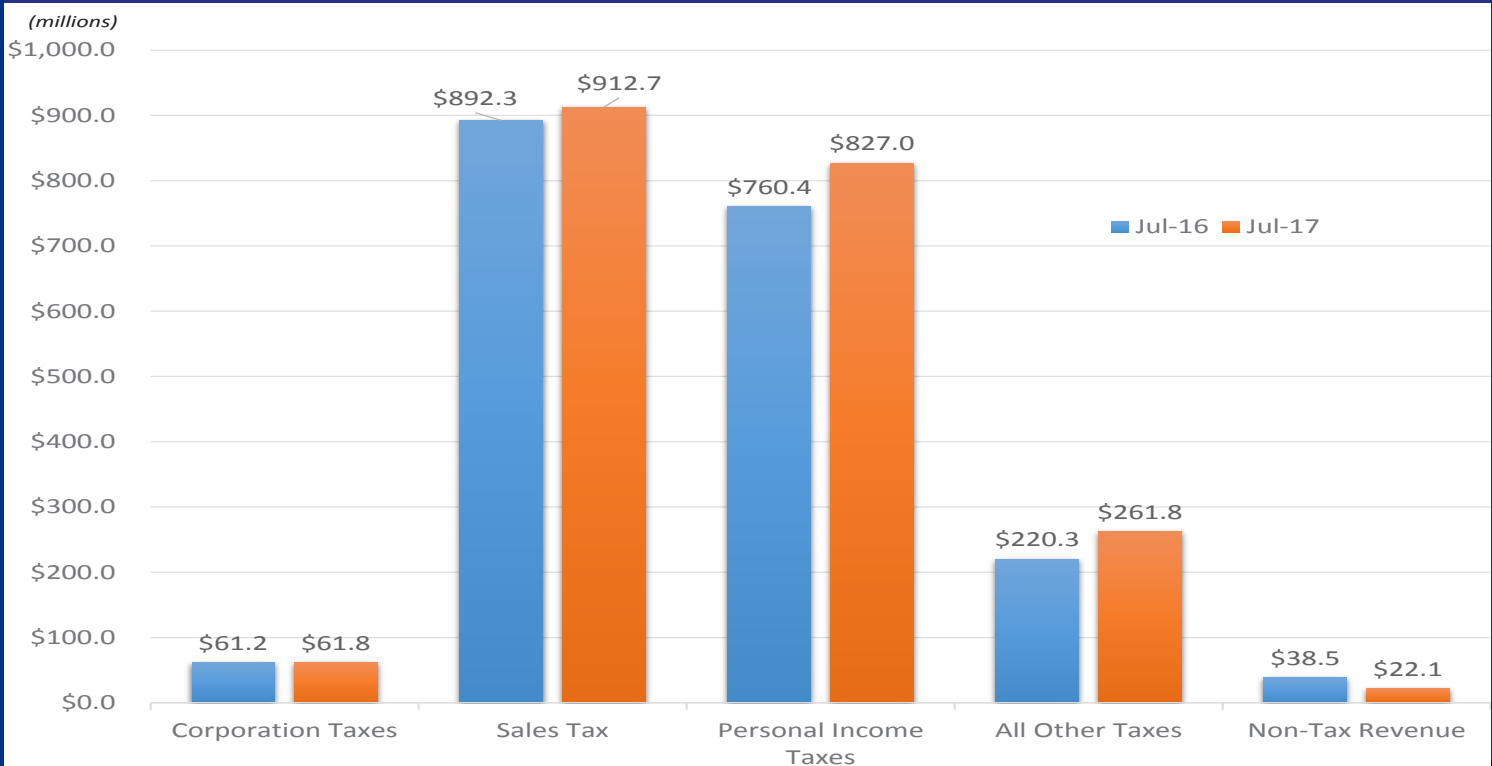
## Pennsylvania Brings in \$2.09 Billion in Revenue Collections

General Fund revenue collections for the month of July were \$2.09 billion, which was \$113 million more than July 2016. The Department of Revenue has not issued an official revenue estimate so this publication will compare July 2017 revenue collections to the prior year, July 2016.

Corporate Tax collections grew by \$535,000 as compared to the prior year. Sales tax collections of \$913 million, were \$20.4 million or 2.3% higher than last year. The Personal Income Taxes collected were \$827 million, exceeding July 2016 by \$66.5 million.

| July Revenue Collections     |                                |
|------------------------------|--------------------------------|
| 2016                         | 2017                           |
| <b>Total General Fund</b>    | <b>Total General Fund</b> ↑    |
| \$1.97 Billion               | \$2.09 Billion                 |
| <b>Corporation Taxes</b>     | <b>Corporation Taxes</b> ↑     |
| \$61.2 Million               | \$61.8 Million                 |
| <b>Sales Taxes</b>           | <b>Sales Taxes</b> ↑           |
| \$892 Million                | \$913 Million                  |
| <b>Personal Income Taxes</b> | <b>Personal Income Taxes</b> ↑ |
| \$760 Million                | \$827 Million                  |
| <b>All Other Taxes</b>       | <b>All Other Taxes</b> ↑       |
| \$220 Million                | \$262 Million                  |
| <b>Non-Tax Revenue</b>       | <b>Non-Tax Revenue</b> ↓       |
| \$38 Million                 | \$22 Million                   |

## Difference From July 2016 Revenue Collections





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## Chairman's Budget News

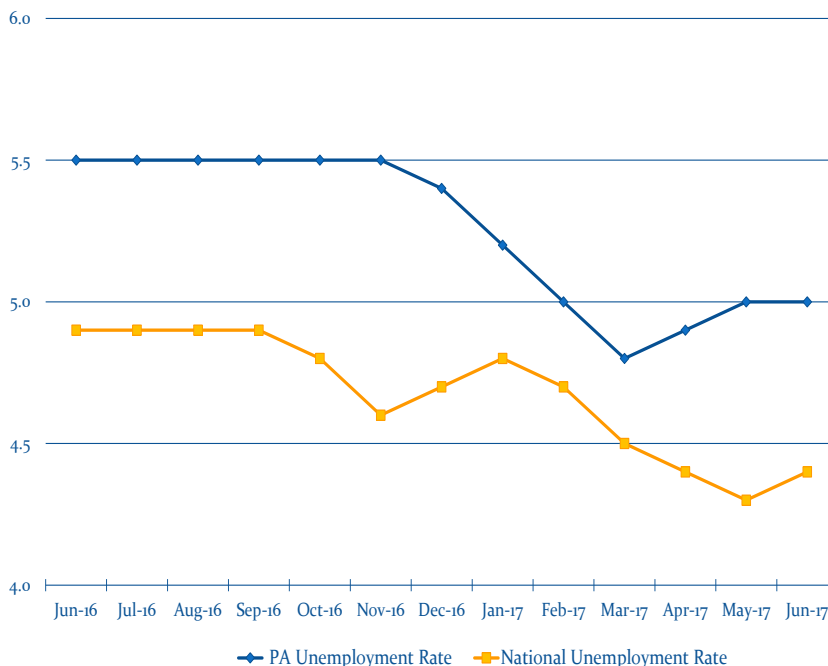
In June, the National Association of State Budget Officers (NASBO) published their Spring 2017 edition of "Fiscal Survey of the States". This publication gives an analysis of the fiscal condition of the states including details of revenues collected, expenditures, and balances. This document gives us an insight into the revenue shortfall Pennsylvania experienced in the 2016-17 fiscal year and how that compares to other states.

For the 2016-17 fiscal year, 33 states including Pennsylvania saw revenue collections come in below official revenue estimates. Four states saw their revenues come in as projected and thirteen states saw revenues come in higher than their official revenue estimates. This is the highest number of states coming in below what was originally budgeted since the 2009-10 fiscal year.

The report examines many different factors that led to slow revenue growth. A sharp decline in the price of oil and natural gas hurt energy producing states. Sales tax collections were potentially weakened by low inflation and purchasing being shifted to areas outside a state's taxing base such as internet sales. Corporate tax collections declined for a second consecutive year while capital gains taxes have been extremely volatile.

Overall revenues across the United States grew by an average of 2.4 percent and in Pennsylvania they grew by 2.5 percent. The report estimates revenues will increase 3.1 percent on average in fiscal year 2017-18. Rainy day fund balances are, on average, at 6 percent of general fund spending. States have made significant progress in bolstering their rainy day balances taking the total rainy day balances across all fifty states from \$3 billion in the 2009-10 fiscal year to \$32.3 billion in the 2016-17 fiscal year. These rainy day balances have been increased to prepare states for any potential economic downturn. Pennsylvania currently has less than \$500,000 in its Rainy Day Fund.

12-Month Unemployment Rates



### PA EMPLOYMENT STATISTICS

|                        | June 2017     | Monthly Change |   |
|------------------------|---------------|----------------|---|
| Labor Force            | 6.475 Million | -1,000         | ↓ |
| Unemployment Rate      | 5.0%          | 0.0%           |   |
| Total Employment       | 6.15 Million  | -3,000         | ↓ |
| <b>12-Month Change</b> |               |                |   |
| Total Employment       | +64,000       |                |   |
| Unemployment Rate      | -0.5%         |                |   |

### Surrounding States Unemployment Rates

|    |      |    |      |
|----|------|----|------|
| DE | 4.7% | NY | 4.5% |
| MD | 4.1% | OH | 5.0% |
| NJ | 4.1% | WV | 4.6% |