



# Economic Brief

State Representative Marcy Toepel

March 2019

## Pennsylvania Brings in \$4.55 Billion in Revenue Collections

General Fund revenue collections for the month of March were \$4.55 billion, which was \$76 million more than the Department of Revenue's Official Estimate.

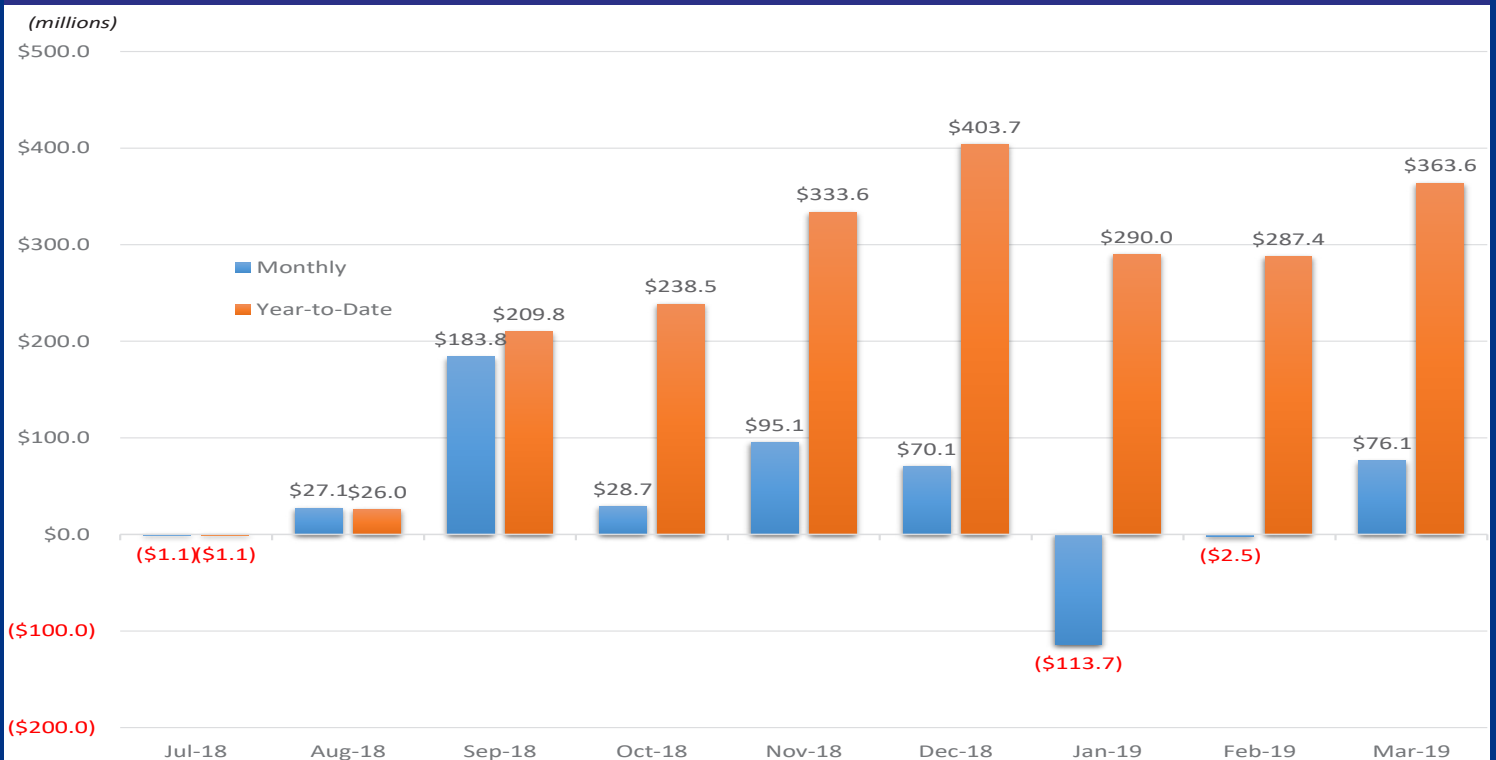
Collections of \$2.27 billion for corporation taxes came in above the Official Revenue Estimate projection by \$114 million. Sales tax collections of \$821 million were higher than expected, coming in \$19 million above the Official Estimate. The Personal Income Taxes collected were \$1.149 billion, which was below estimate by \$3.1 million.

For the 2018-19 Fiscal Year, General Fund collections total \$24.75 billion year-to-date. Tax revenue collections are above the official estimate by \$269 million and non-tax revenue collections are above the official estimate by \$94 million.

### March Revenue Collections

Official Estimate	Actual Collections
<b>Total General Fund</b>	<b>Total General Fund</b> ↑
\$4.48 Billion	\$4.55 Billion
<b>Corporation Taxes</b>	<b>Corporation Taxes</b> ↑
\$2.16 Billion	\$2.27 Billion
<b>Sales Taxes</b>	<b>Sales Taxes</b> ↑
\$802 Million	\$821 Million
<b>Personal Income Taxes</b>	<b>Personal Income Taxes</b> ↓
\$1.152 Billion	\$1.149 Billion
<b>All Other Taxes</b>	<b>All Other Taxes</b> ↓
\$197 Million	\$186 Million
<b>Non-Tax Revenue</b>	<b>Non-Tax Revenue</b> ↓
\$166 Million	\$123 Million

### Difference From Official General Fund Revenue Estimate





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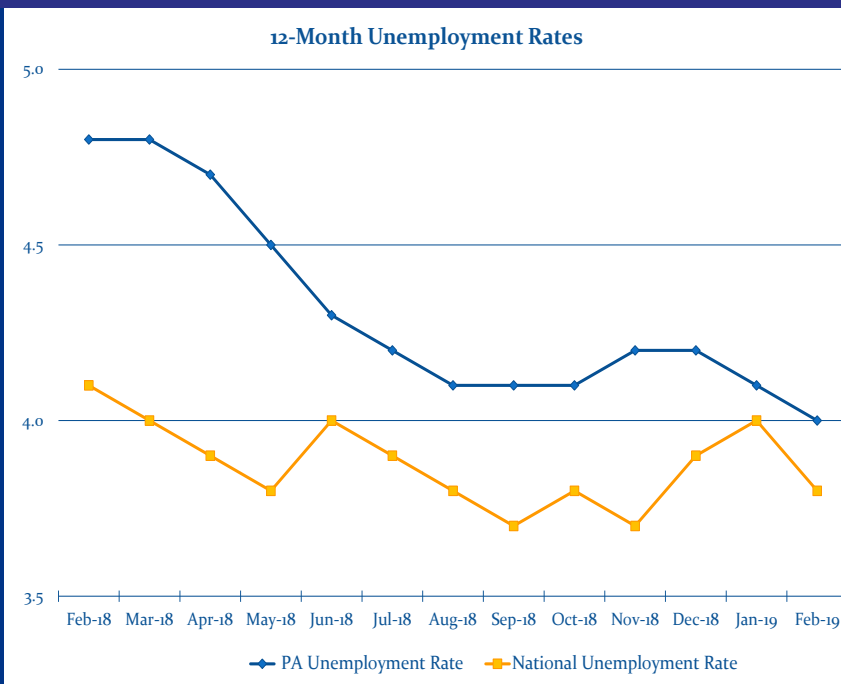
## Chairman's Budget News

On March 22nd the Pennsylvania Independent Fiscal Office (IFO) issued the "Analysis of Revenue Proposals in the 2019-20 Executive Budget." The IFO is required by law to independently evaluate any revenue changes proposed by a governor in his or her executive budget proposal. The analysis estimates smaller revenue collections from the governor's proposals than what the governor's Office of the Budget estimates.

The governor's budget proposal is balanced by a few key proposed changes. The governor's budget assumes that by moving the minimum wage to \$12 an hour starting July 1, 2019, the Commonwealth will realize an additional \$120 million in personal income tax and sales tax collections in the 2019-20 fiscal year. The IFO analysis found that increasing the minimum wage could result in an additional \$50 million and noted that "the revenue impact from the multiplier effects would not materialize fully in the first year following enactment." The analysis also examined the potential impact on job loss and found the Commonwealth would lose approximately 34,000 jobs if the minimum wage was increased.

The governor also proposed enacting combined reporting to lower the Corporate Net Income Tax (CNIT) rate. The governor estimated that this would cost the Commonwealth \$7.2 million in revenue in 2019-20. The IFO analysis believes the Commonwealth would lose \$2 million.

Using the IFO's estimates for the governor's revenue proposals, the governor's proposed General Fund budget for 2019-20 is out of balance by more than \$65 million if his proposed General Fund spend number of \$34.1 billion was enacted. Assuming the IFO's current General Fund revenue collections estimates for 2018-19 and 2019-20 that deficit grows to more than \$297 million.



PA EMPLOYMENT STATISTICS			
	Feb. 2019	Monthly Change	
Labor Force	6.47 Million	+8,000	▲
Unemployment Rate	4.0%	-0.1%	
Total Nonfarm Jobs	6.038 Million	-200	▼
<b>12-Month Change</b>			
Total Nonfarm Jobs	+43,300		
Unemployment Rate	-0.5%		
Surrounding States Unemployment Rate			
DE	3.4%	NY	3.9%
MD	3.7%	OH	4.6%
NJ	4.0%	WV	5.2%