

FASTFACTS

House Appropriations Committee (D)

JOE MARKOSEK, DEMOCRATIC CHAIRMAN

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May General Fund Revenue Update

The revenue shortfall grew larger in May, with General Fund collections finishing \$108.0 million less than expected, or 5.5 percent. As the end of the fiscal year approaches, the year-to-date shortfall is now \$612.5 million, or 2.3 percent, after adjusting for the \$80 million early transfer of liquor store profits that occurred in March instead of June.

The revenue shortfall could possibly widen in June by an additional \$50 million or more. Quarterly estimated payments for corporation taxes and the personal income tax are due in June, and sales tax and personal income tax withholdings struggled again in May; therefore, opening the door to further losses in June.

The shortfall creates major problems for the current year's budget, as well as enacting next year's budget. Gov. Corbett's 2014/15 budget proposal from February assumed General Fund revenues would meet the official estimate by the end of the fiscal year on June 30, 2014. Any shortfall in tax collections in the current fiscal year means that the revenue base for next year needs to be lowered as well. **Therefore, the governor's 2014/15 budget proposal could be out of balance by about \$1.7 billion.** This is on top of the \$1.2 billion in budget gimmicks and questionable revenue sources used in his budget proposal.

Total General Fund collections in May were \$108.0 million lower than expected (5.5 percent).

For the month of May:

- Corporation taxes were \$20.5 million below estimate (16.3 percent).
- Sales and use tax collections were \$35.7 million lower than expected (4.5 percent).
 - Non-motor vehicle collections were \$35.8 million less than projected (5.3 percent).
 - Motor vehicle collections were \$0.1 million above estimate (0.1 percent).
- Personal income tax collections missed the mark by \$36.9 million (4.8 percent).
 - Employer withholdings on wages and salaries were \$29.8 million less than anticipated (4.2 percent).
 - Non-withheld collections were \$7.1 million lower than projected (12.0 percent).
- Non-tax revenues were \$0.6 million less than expected (1.6 percent).

For the fiscal year-to-date through May, total General Fund collections are \$532.5 million lower than expected (2.0 percent). Adjusted for the \$80 million transfer of liquor store profits in March, year-to-date revenues into the General Fund are \$612.5 million less than expected (2.3 percent).

- Corporation tax collections are \$115.9 million below the official estimate (2.6 percent).
- Sales and use tax collections are \$142.6 million below expectations (1.7 percent).
- Personal income tax collections are lower than anticipated by \$293.2 million (2.8 percent).
- Non-tax revenues are \$72.9 million more than estimated (18.1 percent) - including the early transfer of liquor store profits. Adjusted for the early transfer, non-tax revenues are \$7.1 million less than anticipated.

Compared with the first 11 months of last fiscal year:

- General Fund tax revenues are 0.7 percent lower.
- Corporation taxes are 6.9 percent lower.
- Sales and use tax collections are 1.9 percent higher.
- Personal income taxes are flat with last year.