



General Fund Revenue Update – January 2022

Gov. Wolf will release the final budget of his administration next week amidst continued strong revenue performance.

January's revenue collections continued the story we've seen during the first half of the 2021/22 fiscal year, finishing \$376.8 million more than expected. Year-to-date, the General Fund is \$1.85 billion ahead of the official estimate.

Sales tax collections were \$94.7 million above estimate last month, or 8.1 percent. Like December, non-motor collections from the rest of the holiday shopping season did well: \$90.5 million above estimate, or 8.8 percent. Motor vehicle collections were \$4.2 million higher than expected, or 3.2 percent.

Personal income tax collections were \$180.1 million above estimate. The final quarterly estimated payments for tax year 2021 were due last month, and were \$85.4 million better than projected, or 14.8 percent. Employer withholdings from wages and salaries also did well, finishing \$76.4 million more than expected, or 7.9 percent. Final annual payments collected in January were \$18.3 million above estimate.

Updated Revenue Projections

The Independent Fiscal Office (IFO) provided an update to their revenue estimate on January 31, 2022. The IFO currently projects that total General Fund revenues for the fiscal year will be \$45.322 billion, which translates to \$2.79 billion above the official estimate of \$42.536 billion certified by the Department of Revenue in June. (Please note: the IFO's original estimate from June of \$41.9 billion was lower than the certified official estimate, which can affect comparisons depending on the reference point used).

The governor's executive budget will contain revised projections from the Department of Revenue when it is released next week.

Federal Public Health Emergency Extended

Early in the pandemic, Congress provided states with a 6.2 percent enhanced federal match for their Medicaid costs for every quarter that the federal public health emergency is in effect, thereby reducing state General Fund need by the same amount. The enacted 2021/22 budget assumed that the enhanced FMAP would only be available through December 2021.

The emergency was extended in October, and once again in January. The current expiration date of April 16, 2022 means Pennsylvania will likely receive a second unbudgeted quarter of extra support for many human services programs. Each extra quarter of enhanced FMAP saves the commonwealth state general funds, so the two most recent extensions will help significantly reduce costs for the Department of Human Services.

Looking Ahead:

The governor's budget address to the General Assembly is scheduled for Tuesday, February 8. The House Appropriations Committee will begin budget hearings the following week on February 15.

For January:

- Total General Fund collections were \$376.8 million higher than expected (11.7 percent)
- General Fund tax revenues were \$361.4 million higher than anticipated (11.3 percent)
- The corporate net income tax was \$40.6 million higher than expected (33.4 percent)
- Sales and use tax collections exceeded projections by \$94.7 million (8.1 percent)
 - Non-motor collections were \$90.5 million higher than projected (8.8 percent)
 - Motor vehicle collections were \$4.2 million above estimate (3.2 percent)
- Personal income tax collections were \$180.1 million higher than the official estimate (11.5 percent)

- Employer withholdings on wages and salaries were \$76.4 million higher than anticipated (7.9 percent)
- Quarterly estimated payments were \$85.4 million more than anticipated (14.8 percent)
- Final annual payments were \$18.3 million above estimate (69.5 percent)
- Realty transfer tax revenues were \$29.6 million above estimate (50.7 percent)
- Inheritance tax collections were \$26.2 million higher than estimated (24.4 percent)
- Non-tax revenues were \$15.4 million above the official estimate (236.6 percent), driven by license and fee revenue.

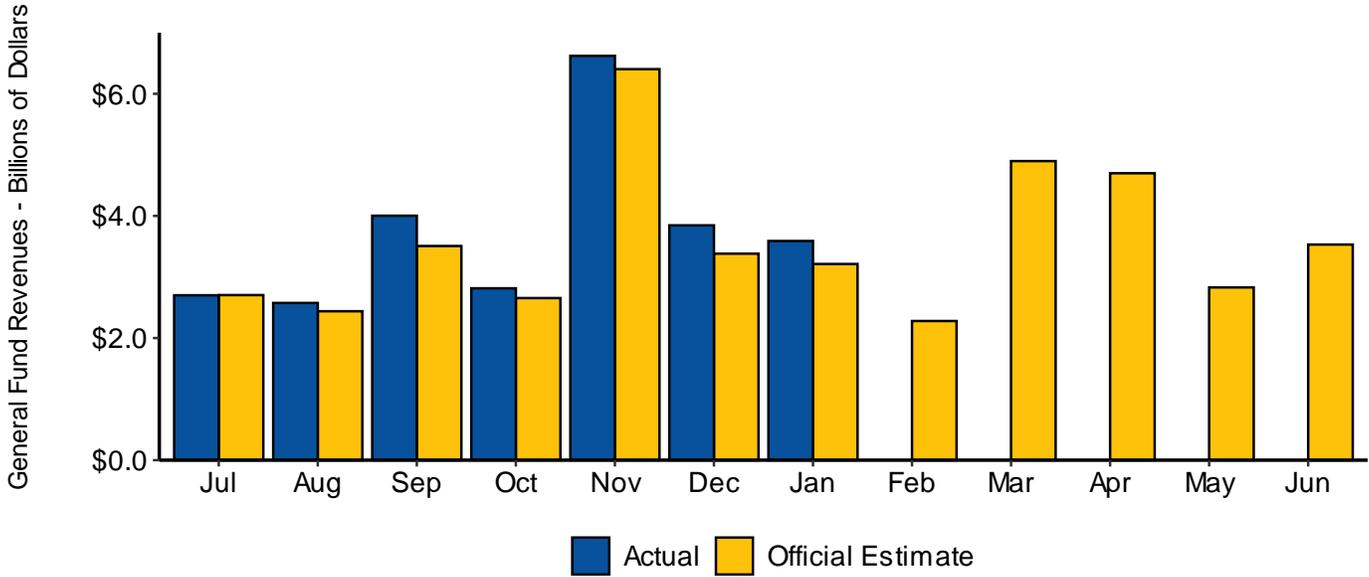
For the 2021/22 Fiscal Year to Date:

- Cumulative General Fund revenues are \$1.85 billion higher than expected (7.6 percent)
- General Fund tax revenues were \$1.77 billion higher than projected (8.7 percent)
- Corporate net income tax revenues are \$589.6 million more than expected (30.4 percent)
- Sales and use taxes are \$503.7 million more than expected (6.5 percent)
- Personal income tax collections are \$488.1 million higher than anticipated (6.0 percent)
- Realty transfer taxes are \$73.5 million above estimate (17.6 percent)
- Inheritance taxes are \$76.4 million better than projected (9.4 percent)
- Non-tax revenues are \$76.9 million above the estimate (1.9 percent)

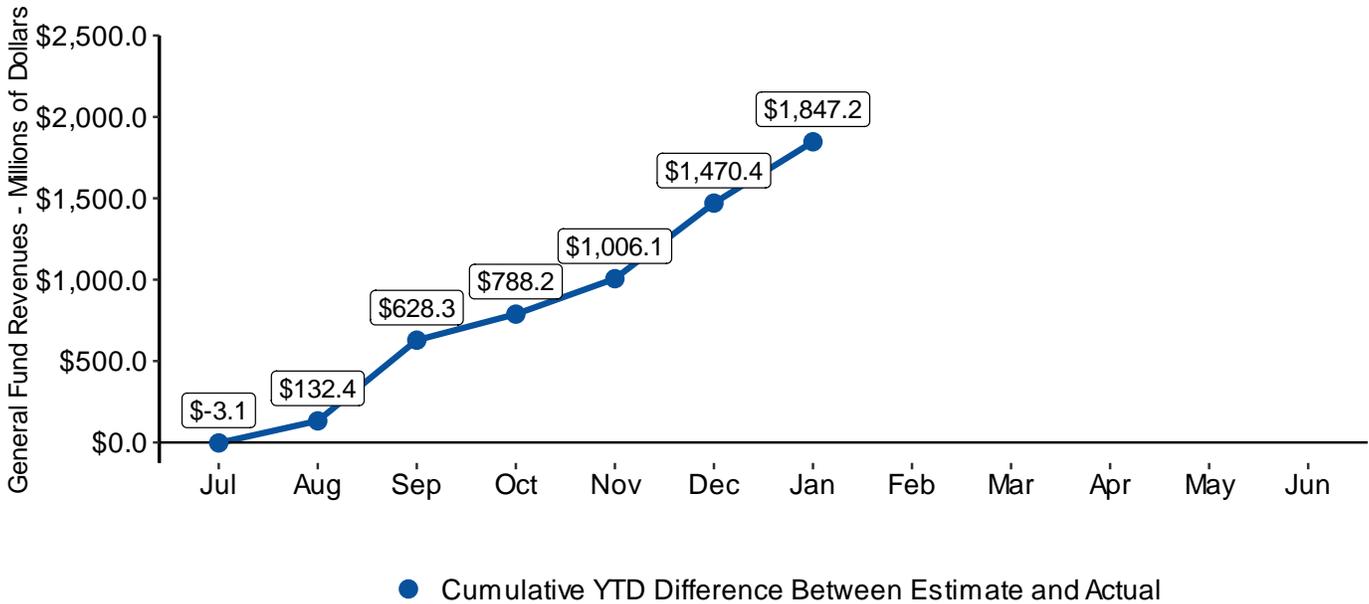
General Fund Revenues - Year-to-Date Performance vs Official Estimate			
<i>Amounts in Millions</i>	YTD Estimate	YTD Collections	Difference
General Fund Total	24,301.4	26,148.6	1,847.2
Tax Revenue Total	20,242.4	22,012.6	1,770.2
Corporation Taxes	2,067.5	2,665.6	598.1
Corporate Net Income Tax	1,941.4	2,531.0	589.6
Gross Receipts Tax	23.2	35.1	11.9
Utility Property Tax	1.6	1.9	0.3
Insurance Premiums Taxes	79.1	70.9	(8.2)
Financial Institutions Taxes	22.2	29.3	7.1
Consumption Taxes	8,656.4	9,147.1	490.7
Sales and Use Tax	7,710.2	8,213.9	503.7
Cigarette Tax	586.4	571.9	(14.5)
Other Tobacco Products	84.6	88.3	3.7
Malt Beverage Tax	13.7	13.2	(0.5)
Liquor Tax	261.5	259.7	(1.8)
Other Taxes	9,518.5	10,200.0	681.5
Personal Income Tax	8,130.0	8,618.1	488.1
Realty Transfer Tax	417.4	490.9	73.5
Inheritance Tax	812.3	888.7	76.4
Gaming	170.0	187.0	17.0
Minor and Repealed	(11.2)	15.2	26.4
Non-Tax Revenue	4,059.0	4,135.9	76.9



2021/22 General Fund Revenue Performance Compared to Official Estimate



2021/22 General Fund Revenue Performance Year to Date Difference



2021/22 YTD Revenue Performance vs. Official Estimate

