

# **FAST FACTS**

*From the House Appropriations Committee*

**JOE MARKOSEK, DEMOCRATIC CHAIRMAN**

**July 1, 2011**



## **Revenue Surplus Exceeds \$785 million** *2011/12 Budget Leaves Hundreds of Millions of Dollars on Table*

*With the conclusion of the 2010/11 fiscal year, the facts are undeniable. Pennsylvania's General Fund revenues came in \$785 million above estimate. In spite of this large surplus, Republicans led by Governor Corbett made an ideological choice to force deeper than necessary cuts upon children, seniors, people with disabilities and our neediest residents. Instead of putting the citizens' tax dollars back to work in our communities, Republicans have decided to keep hundreds of millions of dollars and let it collect dust in the Treasury.*

**The preliminary General Fund collections for the year exceed the official estimate by \$785.5 million (2.9 percent above estimate) for fiscal year 2010/11. These numbers are subject to slight revisions as the Department of Revenue closes out the books for the fiscal year.**

- ❖ Total corporation tax collections for the fiscal year were \$245.4 million (5.3 percent) more than expected.
- ❖ Sales taxes exceeded projections by \$252.9 million (3.0 percent).
- ❖ Personal income tax revenues finished \$311.2 million (3.1 percent) above estimate.

**June collections were exceptionally strong.**

- ❖ June revenues exceeded the estimate by \$246.1 million (8.3 percent).
- ❖ Corporation taxes exceed the estimate by \$32.3 million (6.9 percent), even as the negative impacts of bonus depreciation on the corporate net income tax were felt.
- ❖ Sales taxes outperformed expectations by \$72.2 million (7.8 percent).
- ❖ Personal income tax collections had a very strong month, with revenues exceeding the estimate by \$115.5 million (12.6 percent).
  - Employer withholdings from wages and salaries were \$49 million higher than anticipated.
  - Non-withholding collections added \$66.4 million to the overage for the month.

- ❖ Non-tax revenues did better than expected, with these collections \$25.5 million higher than estimated (6.1 percent).

**Revenue growth continues. The revenue surplus is a measure of how much actual receipts exceed the governor's official revenue estimate. Revenue growth, when compared with the prior year, reflects more directly the growth in Pennsylvania's economy.**

- ❖ Total General Fund tax revenue for the 2010/11 fiscal year is 5.9 percent higher than the 2009/10 fiscal year.
  - Corporation tax collections have increased by 6.8 percent, an indicator of corporate profits.
  - Sales tax collections have increased by 7 percent, largely an indicator of retail sales. A portion of the increase is attributable to changes in sales tax payment due dates, a one-time increase.
  - Personal income tax collections were 4.7 percent more, an indicator of income and employment growth trends.
- ❖ However, while tax revenue was higher than the 2009/10 fiscal year, the overall General Fund revenues were 0.8 percent lower because of the large number of one-time revenues and transfers not available in 2010/11.

*A detailed revenue briefing with more analysis of trends from 2010/11 will be available later this month. The official estimate for the 2011/12 fiscal year is not yet available.*