



## Senate Appropriations Committee

JANUARY 2008

# The Monthly Report

Gibson E. Armstrong, Chairman

### SENATE APPROPRIATIONS COMMITTEE STAFF

**Christopher Latta**

Chief of Staff

**Thomas W. Starke**

Executive Director

**Gregory K. Jordan**

Assistant Executive Director

*Fiscal Notes, Capital Budget,*

*Pension/Retirement Issues*

#### Budget Analysts and Assignments

**Mary Hisrich**

*Aging, Health, Insurance, Public Welfare, State*

**Tom Horan**

*Treasury, Community & Economic Development,*

*Revenue, Revenue Projections/Tax Matters, Lottery,*

*Local Government, Consumer Advocate, Public Utility*

*Commission,*

*Securities Commission,*

*State Gaming Control Board*

**Russ Miller**

*Agriculture, Education, General Services,*

*Libraries, Liquor Control Board,*

*Milk Marketing Board, PHEAA,*

*Public Television Network,*

*State Tax Equalization Board*

**Lori Taylor**

*Attorney General, Auditor General,*

*Conservation & Natural Resources,*

*Emergency Management Agency,*

*Environmental Protection, Ethics Commission,*

*Fish Commission, Game Commission,*

*Housing Finance Agency, Labor & Industry,*

*PennVEST, Legislature including:*

*Health Care Cost Containment Council*

**Bill Witmer**

*Governor's Office,*

*Executive Offices including:*

*Human Relations Commission*

*PA Council on the Arts*

*PA Commission on Crime & Delinquency*

*Banking, Civil Service Commission,*

*Corrections, Historical & Museum Commission,*

*Judiciary, Military & Veterans Affairs,*

*Probation & Parole, State Police, Transportation*

## Tax Collections Remain Positive

For December, collections of General Fund tax receipts were \$39.9 million, or 1.8 percent, ahead of the official monthly estimate of \$2.195 billion. Corporate taxes generated \$559 million in December, or 12 percent above anticipated amounts. Collections of the sales tax and the personal income tax were also ahead of estimates for the month. However, receipts from the cigarette, malt beverage, liquor, realty transfer, and inheritance taxes, as well as non tax revenues, were below estimate for the month of December.

The year to date collection of \$11.693 billion in General Fund taxes represents a \$175.8 million surplus, or about 1.5 percent above the official estimate. Receipts from the taxes on corporations, sales, cigarette, malt beverage, personal income, realty transfer, and inheritance are above estimates for the year through December. The liquor tax and non tax revenues are currently running behind estimates.

General Fund collections for the first half of fiscal year 2007-08 are \$256 million, or 2.2 percent, above the collections for the previous fiscal year for the same time period.

The following information has been prepared by the Department of Revenue to provide a more detailed analysis of tax collections in December.

Sales tax receipts totaled \$679.4 million for December, which was

\$4.5 million above estimate. Sales tax collections year-to-date, total \$4.3 billion, which is \$31.4 million, or 0.7 percent, above estimate.

Personal Income Tax (PIT) revenue in December was \$797.6 million, which was \$19.2 million above estimate. This brings year-to-date PIT collections to \$4.5 billion, which is \$33.2 million, or 0.7 percent, above estimate.

December corporation tax revenue of \$559.8 million was \$61 million above estimate. Year-to-date corporation tax collections total \$1.5 billion, which is \$109.2 million or 7.6 percent, above estimate.

Other General Fund revenue figures for the month included \$58 million in inheritance tax, which was \$7.9 million below estimate, bringing the year-to-date to \$397.2 million, which is \$2.5 million above estimate.

Realty transfer tax was \$24.2 million for December, bringing the total to \$245.6 million for the year, which is \$11.8 million more than anticipated.

Other General Fund revenue including the cigarette, malt beverage and liquor tax totaled \$116.2 million for the month, \$26.1 million below estimate, bringing the year-to-date total to \$744.2 million, which is \$12.3 million below estimate.



## Dip in Realty Transfer Tax Reflects Decline in Housing Market

Realty Transfer Tax (RTT) revenues were under estimate by \$10.8 million for the month of December. The Commonwealth receives one percent of the price of property transferred by deed, instrument, long-term lease or other writing. Because the tax is based upon a percentage of the selling price, a decline in real estate values has an impact on the RTT collections as does a decrease in the overall number of sales.

Despite the decline, Pennsylvania’s housing market is doing better than in many other comparable states such as Florida and New Jersey. Here, price appreciation is mostly stalled rather than plummeting as it is in other parts of the country. Construction employment in Pennsylvania was down 2.5% for the year, which indicates that the declining housing market

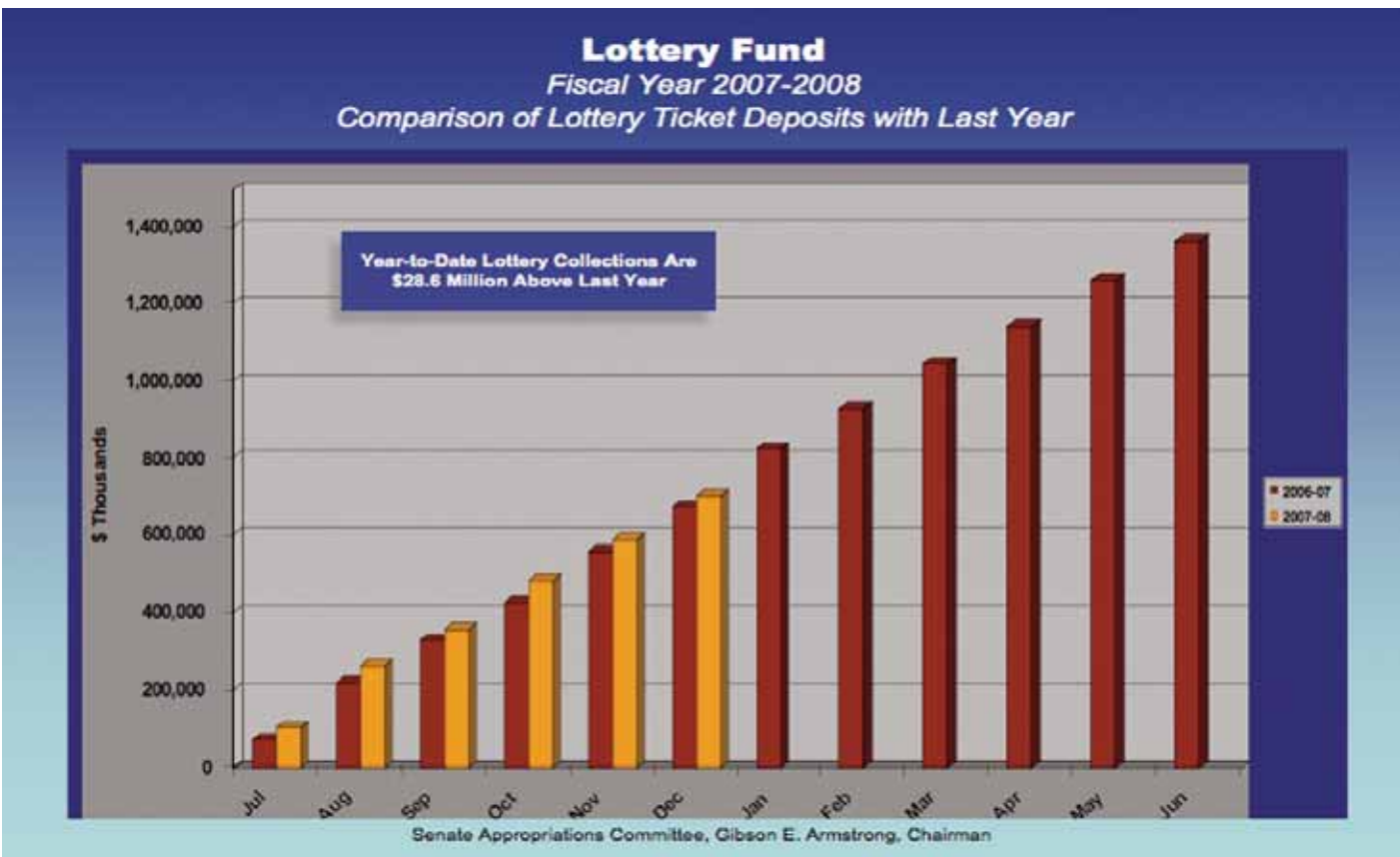
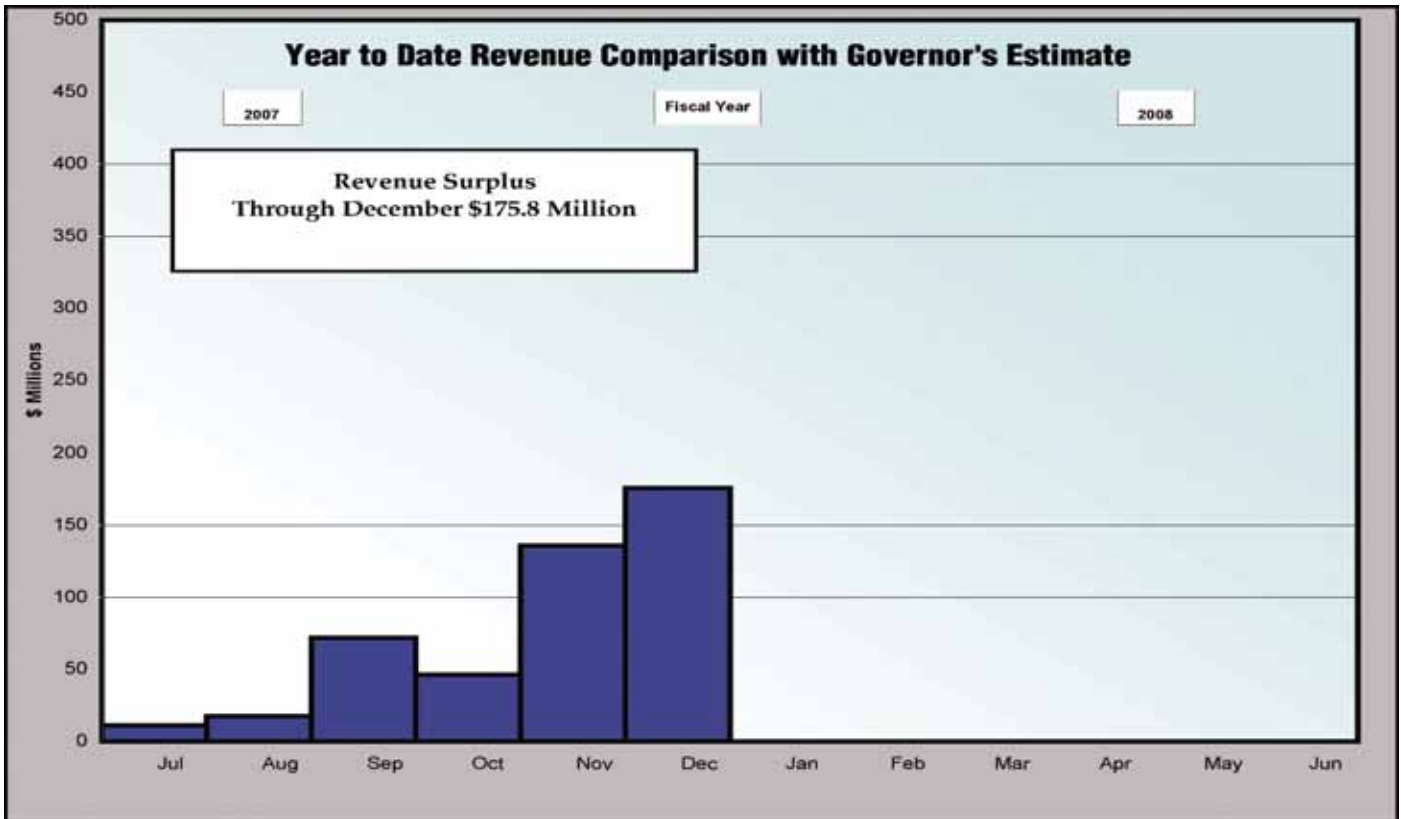
impacts the overall economy much more than merely affecting Realty Transfer Tax revenues.

The following table shows the quarterly historical housing data for the first and second quarters of 2007 and quarterly housing forecast data for the third and fourth quarters according to Global Insight, Inc.:

	1st Quarter 2007	2nd Quarter 2007	3rd Quarter 2007	4th Quarter 2007
Total Housing Starts	37,100	39,300	30,800	28,700
Single-Family	32,900	34,500	27,000	25,100
Multi-Family	4,300	4,800	3,800	3,600



*This newsletter is available on the Senate Republican Caucus website at:*  
**[pasenategop.com](http://pasenategop.com)**



Senate Appropriations Committee, Gibson E. Armstrong, Chairman



## Appropriations Committee Monthly Revenue Report

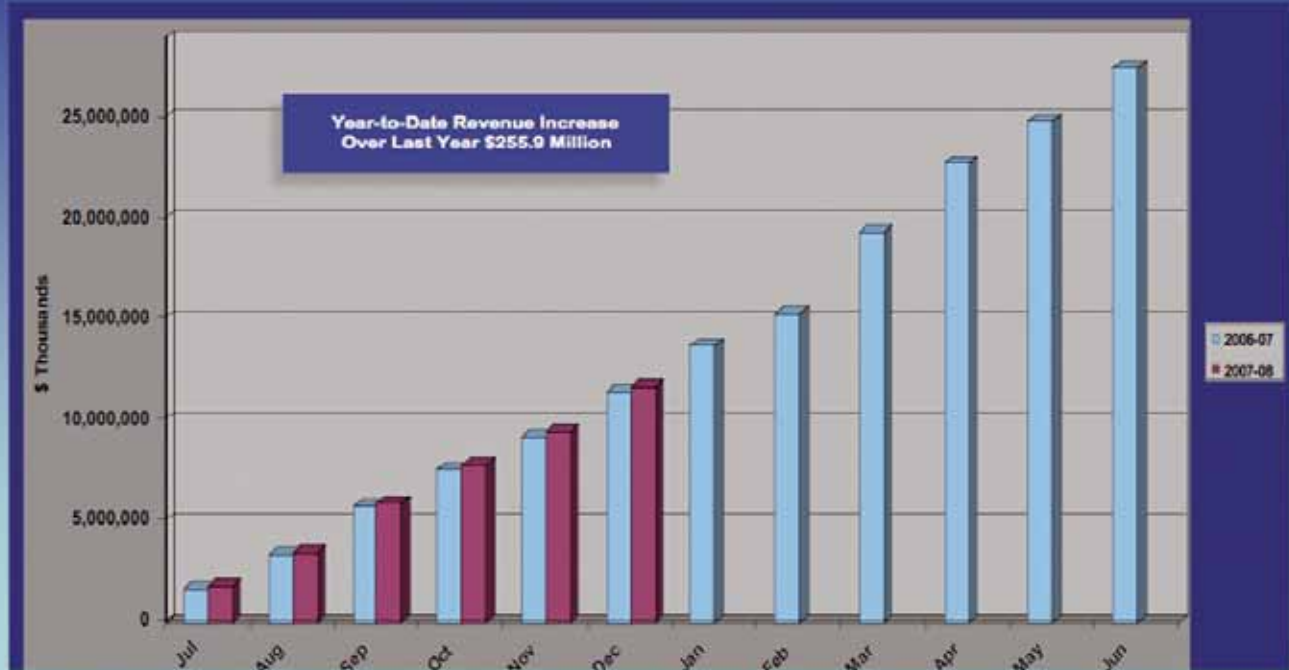
Monday, December 31, 2007 Account:	Revenue 2006-07 thru December	(Dollars in Thousands)					
		For the month of December			For the year through December		
		Revenue	Official Estimate	Surplus (Deficit)	Revenue	Official Estimate	Surplus (Deficit)
<b>CORPORATE TAXES:</b>							
Clearing Account	-\$687	\$75,982	\$0	\$75,982	\$134,313	\$0	\$134,313
Corp. Net Income	\$1,063,571	\$352,739	\$369,000	(\$16,261)	\$962,473	\$1,039,200	(\$76,727)
Cap. Stock & Franchise	\$447,453	\$104,661	\$119,600	(\$14,939)	\$404,194	\$369,600	\$34,594
Gross Receipts	\$16,784	\$18,616	\$1,700	\$16,916	\$22,548	\$6,600	\$15,948
PURTA	\$3,547	\$19	\$0	\$19	\$2,296	\$4,000	(\$1,704)
Insurance Premiums	\$3,521	\$31	\$1,000	(\$969)	\$1,427	\$3,400	(\$1,973)
Financial Institutions	\$19,212	\$6,013	\$6,400	(\$387)	\$16,762	\$11,400	\$5,362
Other Selective Bus. Taxes	\$3,909	\$994	\$1,100	(\$106)	\$4,093	\$3,500	\$593
<b>CORPORATE TAX TOTAL</b>	<b>\$1,557,310</b>	<b>\$559,056</b>	<b>\$498,800</b>	<b>\$60,256</b>	<b>\$1,548,106</b>	<b>\$1,437,700</b>	<b>\$110,406</b>
<b>CONSUMPTION TAXES:</b>							
Sales, Use & Occupation Tax	\$4,268,458	\$679,423	\$674,900	\$4,523	\$4,288,373	\$4,257,000	\$31,373
-Motor Vehicle Sales	\$582,130	\$85,856	\$79,600	\$6,256	\$598,629	\$585,200	\$13,429
-General (net of transfers)	\$3,686,328	\$593,567	\$595,300	(\$1,733)	\$3,689,744	\$3,671,800	\$17,944
Cigarette Tax	\$398,671	\$64,930	\$71,000	(\$6,070)	\$402,131	\$394,200	\$7,931
Malt Beverage Tax	\$13,150	\$1,642	\$2,000	(\$358)	\$13,972	\$13,500	\$472
Liquor Tax	\$107,154	\$22,720	\$23,700	(\$980)	\$112,699	\$113,800	(\$1,101)
<b>CONSUMPTION TAX TOTAL</b>	<b>\$4,787,433</b>	<b>\$768,715</b>	<b>\$771,600</b>	<b>(\$2,885)</b>	<b>\$4,817,175</b>	<b>\$4,778,500</b>	<b>\$38,675</b>
<b>OTHER TAXES:</b>							
Personal Income Tax	\$4,243,159	\$797,613	\$778,400	\$19,213	\$4,471,095	\$4,437,900	\$33,195
-Withheld PIT	\$3,652,364	\$689,625	\$689,400	\$225	\$3,791,147	\$3,801,700	(\$10,553)
-Quarterly & Annual PIT	\$590,795	\$107,988	\$89,000	\$18,988	\$679,948	\$636,200	\$43,748
Realty Transfer Tax	\$300,464	\$24,203	\$35,000	(\$10,797)	\$245,593	\$233,800	\$11,793
Inheritance & Estate Tax	\$359,272	\$57,975	\$65,900	(\$7,925)	\$397,225	\$394,700	\$2,525
Minor & Repealed	(\$7,490)	\$5,079	\$200	\$4,879	\$6,088	\$900	\$5,188
<b>OTHER TAXES TOTAL</b>	<b>\$4,895,405</b>	<b>\$884,869</b>	<b>\$879,500</b>	<b>\$5,369</b>	<b>\$5,120,002</b>	<b>\$5,067,300</b>	<b>\$52,702</b>
<b>GENERAL FUND TAXES</b>	<b>\$11,240,148</b>	<b>\$2,212,641</b>	<b>\$2,149,900</b>	<b>\$62,741</b>	<b>\$11,485,283</b>	<b>\$11,283,500</b>	<b>\$201,783</b>
<b>NON-TAX REVENUES</b>	<b>\$197,271</b>	<b>\$22,556</b>	<b>\$45,400</b>	<b>(\$22,844)</b>	<b>\$208,070</b>	<b>\$234,100</b>	<b>(\$26,030)</b>
<b>GENERAL FUND</b>	<b>\$11,437,419</b>	<b>\$2,235,197</b>	<b>\$2,195,300</b>	<b>\$39,897</b>	<b>\$11,693,353</b>	<b>\$11,517,600</b>	<b>\$175,753</b>
<b>MOTOR LICENSE FUND:</b>							
Liquid Fuels Tax	\$414,515	\$37,668	\$41,630	(\$3,962)	\$295,201	\$299,700	(\$4,499)
Fuels Use Tax	\$71,245	\$14,683	\$14,790	(\$107)	\$82,656	\$84,610	(\$1,954)
Motor Carriers Road Tax	\$19,228	\$7,034	\$4,930	\$2,104	\$17,532	\$21,710	(\$4,178)
Alternate Fuels	\$88	\$11	\$20	(\$9)	\$533	\$170	\$363
Clearing Account	\$0	\$0	\$0	\$0	\$113	\$0	\$113
Gross Receipts Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Oil Company Franchise Tax	\$204,240	\$40,142	\$39,860	\$282	\$236,033	\$235,730	\$303
Licenses and Fees	\$384,560	\$52,764	\$57,250	(\$4,486)	\$387,773	\$394,920	(\$7,147)
Vehicle Code Fines	\$20,732	\$1,218	\$3,570	(\$2,352)	\$20,596	\$23,020	(\$2,424)
Miscellaneous	\$62,746	\$6,761	\$9,920	(\$3,159)	\$60,624	\$57,960	\$2,664
Adjustment to Miscellaneous Revenue for Act 44 Transfer from PA Turnpike Commission		\$0	\$0	\$0	\$150,000	\$150,000	\$0
<b>MOTOR FUND</b>	<b>\$1,177,354</b>	<b>\$160,280</b>	<b>\$171,970</b>	<b>(\$11,690)</b>	<b>\$1,101,060</b>	<b>\$1,117,820</b>	<b>(\$16,760)</b>



## General Fund Tax Collections

Fiscal Year 2007-2008

Revenue Comparison with Last Year



Senate Appropriations Committee, Gibson E. Armstrong, Chairman

## General Fund Tax Collections

Fiscal Year 2007-2008

Comparison of Official Estimate with Actual Revenue by Month



Senate Appropriations Committee, Gibson E. Armstrong, Chairman