



Monthly Revenue Collections Fall Below Expectations

General Fund revenue collections for the month ending February 2009 totaled \$1.5 billion, which was \$196.8 million, or 11.6%, less than anticipated. Fiscal year-to-date collections total \$14.8 billion, which is \$1.273 billion, or 7.9%, below estimate.

Cumulative revenue collections through February 2009 are \$978.3 million below cumulative collections for the same time last year. The official revenue estimate for FY 2008-09 anticipates revenue growth of 3.07% over FY 2007-08. Thus far, FY 2008-09 collections are 6.2% less than last year at this time.

Just about every tax category is running below estimate for the year. February's monthly revenue estimate of \$1.699 billion was the lowest monthly revenue estimate for the entire

year. To have a monthly deficit of nearly \$200 million in the smallest revenue collection month of the fiscal year does not bode well for the remainder of FY 2008-09. In comparison, the monthly revenue estimate for March is \$4.209 billion – more than twice what was estimated for February. Of note, sales and use tax collections were \$60.9

million below estimate for the month. The Commonwealth collected \$51.4 million, or 8.4%, less SUT this February than was collected in February 2008.

Motor License Fund collections were \$22.5 million below estimate for the month of February. The Motor License Fund is \$95 million below estimate for the year.

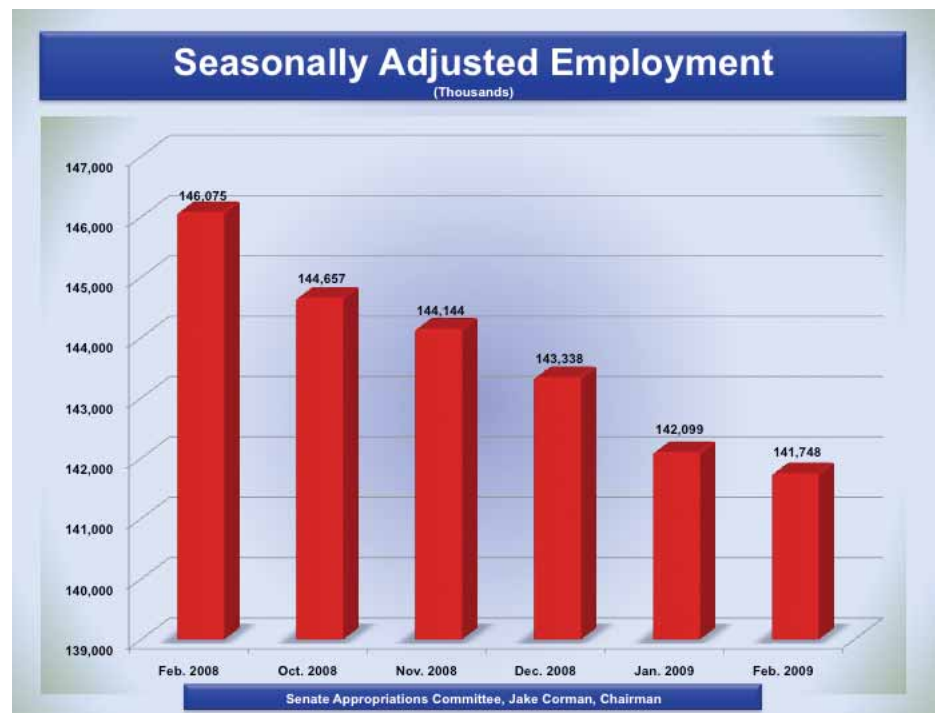
U.S. Employment Situation Worsens

Payroll employment continued to fall in February, dropping 651,000 jobs. The unemployment rate jumped from 7.6% to 8.1%

As employment dropped by 651,000 jobs, the number managed to beat analyst expectations, which had predicted that

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employment would drop by 750,000. Data from the previous two months were revised down significantly, with updated numbers showing job declines in the 650,000 – 700,000 range in December, January, and February. Prior to the U.S. Department of Labor revisions, no month has

“The February employment numbers are still abysmal. Making matters worse, data from the previous two months were revised downward significantly.”

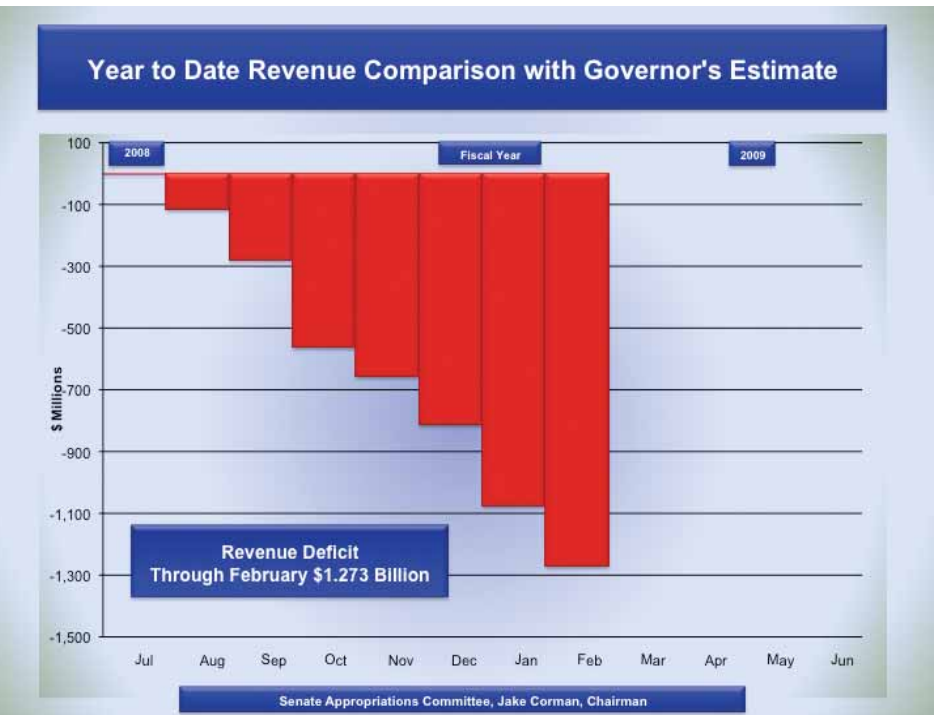
seen a loss of jobs above 600,000. The employment rate has shot up nearly two percentage points since September.

The distribution and magnitude of February’s job numbers were similar to January. The only major employment sectors adding jobs were healthcare and school districts.

Manufacturing was hit hardest, with 168,000 job losses in February – a smaller decline than January (257,000). The difference is largely the result of the auto industry only cutting 1,000 jobs in February, down from 69,000 in January. Job losses continued to be heavy in most other manufacturing sectors.

Construction continued its downward spiral, losing another 104,000 jobs. Reductions were significant in both residential (down 51,000) and nonresidential (down 48,000) construction.

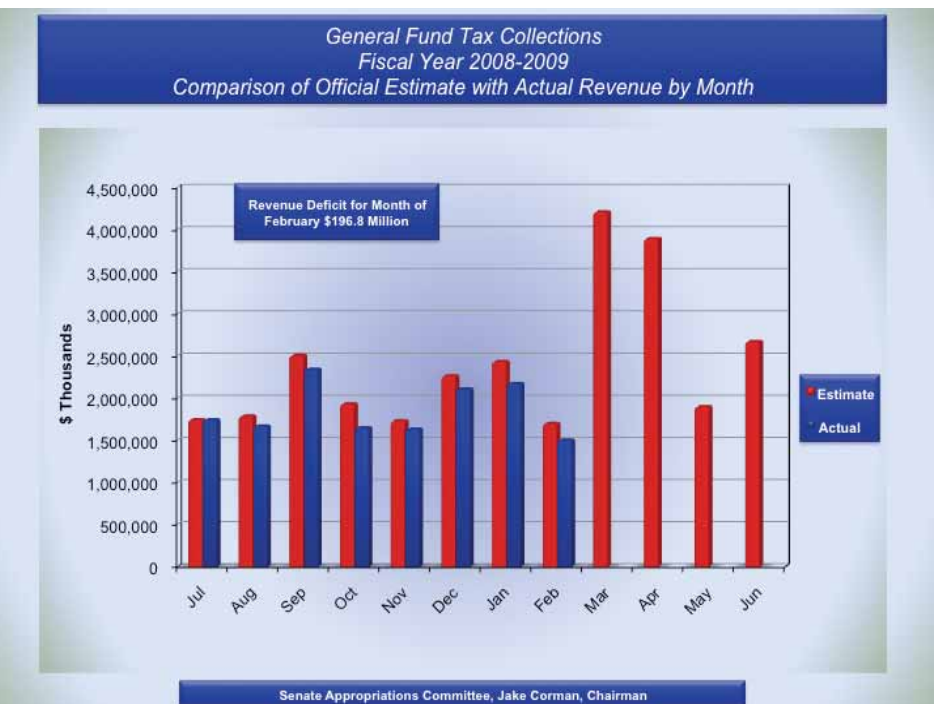
The loss in the service sector is picking up steam, where 375,000 jobs were cut in the month. The drop was widespread with retail trade (down

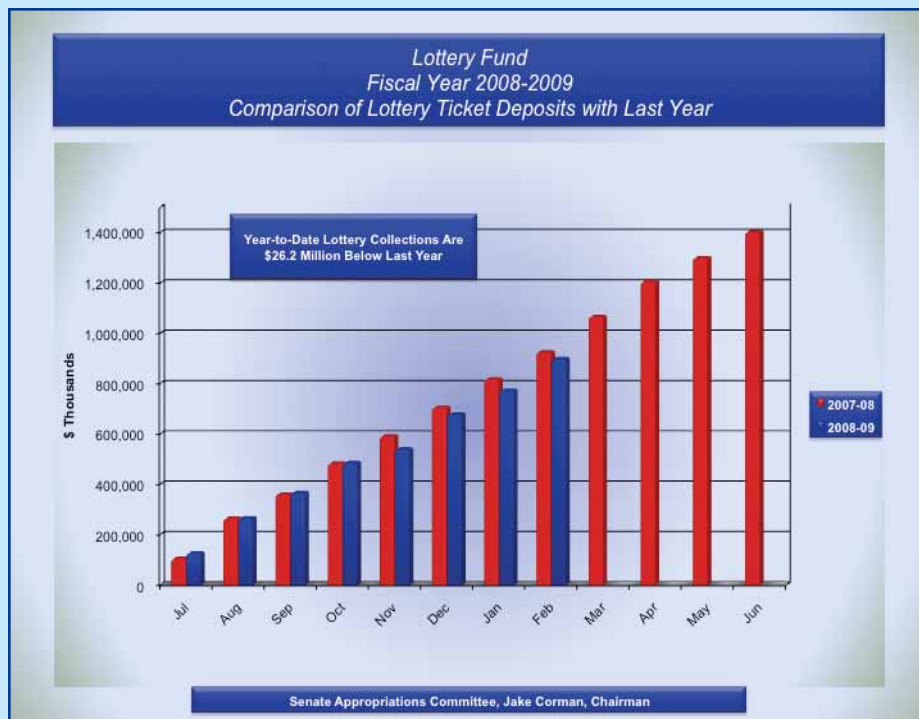
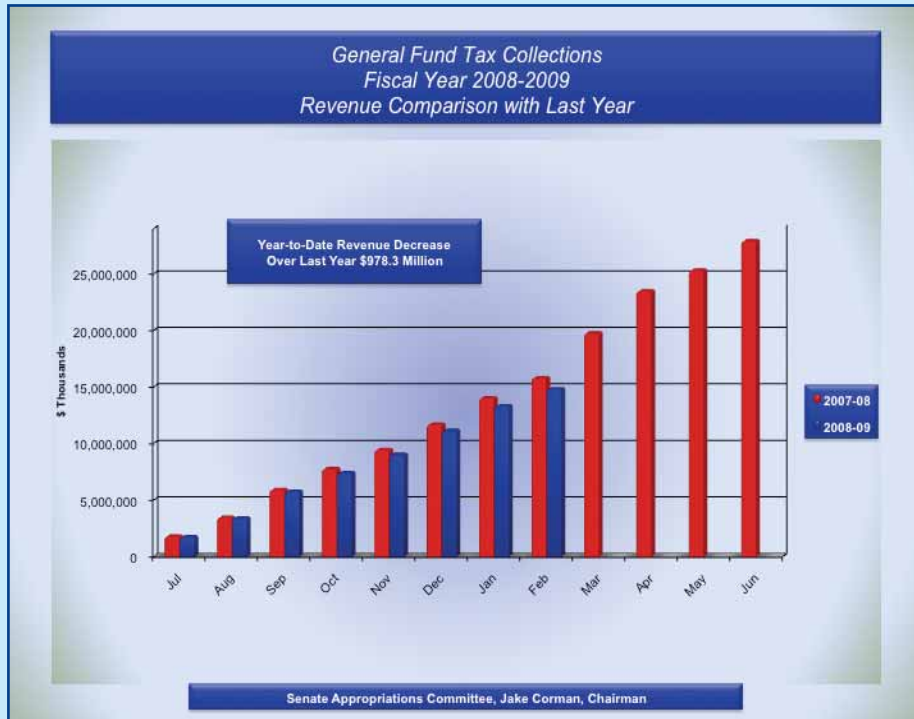


40,000), wholesale trade (down 39,000), and transportation and warehousing (down 49,000) losing jobs as the movement of product throughout the economy continued to decline.

Job losses have now reached

4.4 million since December 2007, with more than half coming in the last four months (2.6 million). Some analysts predict the national unemployment rate could go as high as 10%.





Appropriations Committee Monthly Revenue Report

Account:	Revenue 2007-08	(Dollars in Thousands)					
	thru February	For the month of February			For the year through February		
		Revenue	Official Estimate	Surplus (Deficit)	Revenue	Official Estimate	Surplus (Deficit)
CORPORATE TAXES:							
Clearing Account	(\$1,579)	\$6,578	\$0	\$6,578	\$7,837	\$0	\$7,837
Corp. Net Income	\$1,219,164	\$21,677	\$34,200	(\$12,523)	\$1,027,667	\$1,130,300	(\$102,633)
Cap. Stock & Franchise	\$514,668	\$11,400	\$19,800	(\$8,400)	\$431,312	\$508,000	(\$76,688)
Gross Receipts	\$59,016	\$3,395	\$900	\$2,495	\$17,527	\$10,500	\$7,027
PURTA	\$2,444	\$16	\$100	(\$84)	\$1,985	\$2,500	(\$515)
Insurance Premiums	\$32,512	\$19,437	\$26,600	(\$7,163)	\$31,958	\$35,300	(\$3,342)
Financial Institutions	\$17,760	\$77	\$1,100	(\$1,023)	\$6,841	\$10,700	(\$3,859)
Other Selective Bus. Taxes	\$5,443	\$333	\$1,200	(\$867)	\$4,061	\$5,800	(\$1,739)
CORPORATE TAX TOTAL	\$1,849,428	\$62,913	\$83,900	(\$20,987)	\$1,529,188	\$1,703,100	(\$173,912)
CONSUMPTION TAXES:							
Sales, Use & Occupation Tax	\$5,739,446	\$561,189	\$622,100	(\$60,911)	\$5,574,888	\$5,874,300	(\$299,412)
-Motor Vehicle Sales	\$722,314	\$61,082	\$63,800	(\$2,718)	\$621,141	\$695,500	(\$74,359)
-General (net of transfers)	\$5,017,132	\$500,108	\$558,300	(\$58,192)	\$4,953,747	\$5,178,800	(\$225,053)
Cigarette Tax	\$508,325	\$55,988	\$59,100	(\$3,112)	\$498,454	\$511,000	(\$12,546)
Malt Beverage Tax	\$17,888	\$1,893	\$2,100	(\$207)	\$17,386	\$17,700	(\$314)
Liquor Tax	\$158,530	\$17,803	\$20,100	(\$2,297)	\$164,751	\$178,700	(\$13,949)
CONSUMPTION TAX TOTAL	\$6,424,189	\$636,873	\$703,400	(\$66,527)	\$6,255,478	\$6,581,700	(\$326,222)
OTHER TAXES:							
Personal Income Tax	\$6,445,891	\$742,724	\$783,500	(\$40,776)	\$6,420,828	\$6,737,500	(\$316,672)
-Withheld PIT	\$5,220,502	\$705,952	\$740,200	(\$34,248)	\$5,276,089	\$5,448,200	(\$172,111)
-Quarterly & Annual PIT	\$1,225,389	\$36,772	\$43,300	(\$6,528)	\$1,144,739	\$1,289,300	(\$144,561)
Realty Transfer Tax	\$306,158	\$11,961	\$23,500	(\$11,539)	\$212,874	\$279,200	(\$66,326)
Inheritance & Estate Tax	\$533,715	\$52,997	\$70,500	(\$17,503)	\$502,889	\$567,300	(\$64,411)
Minor & Repealed	\$1,346	\$711	(\$600)	\$1,311	\$3,177	\$1,600	\$1,577
OTHER TAXES TOTAL	\$7,287,110	\$808,393	\$876,900	(\$68,507)	\$7,139,769	\$7,585,600	(\$445,831)
GENERAL FUND TAXES	\$15,560,727	\$1,508,179	\$1,664,200	(\$156,021)	\$14,924,435	\$15,870,400	(\$945,965)
NON-TAX REVENUES	\$251,394	(\$5,779)	\$35,000	(\$40,779)	(\$90,588)	\$236,500	(\$327,088)
GENERAL FUND	\$15,812,121	\$1,502,400	\$1,699,200	(\$196,800)	\$14,833,847	\$16,106,900	(\$1,273,053)
MOTOR LICENSE FUND:							
Liquid Fuels Tax	\$388,416	\$24,694	\$47,620	(\$22,926)	\$313,269	\$356,715	(\$43,446)
Fuels Use Tax	\$107,529	\$12,105	\$12,430	(\$325)	\$105,753	\$108,450	(\$2,697)
Motor Carriers Road Tax	\$22,588	\$997	\$1,210	(\$213)	\$23,135	\$22,900	\$235
Alternate Fuels	\$611	\$15	\$40	(\$25)	\$150	\$180	(\$30)
Oil Company Franchise Tax	\$308,543	\$41,704	\$34,330	\$7,374	\$316,810	\$303,950	\$12,860
Licenses and Fees	\$526,422	\$62,280	\$61,790	\$490	\$536,755	\$540,340	(\$3,585)
Other Motor Receipts	\$330,965	\$6,039	\$5,030	\$1,009	\$421,893	\$420,910	\$983
Miscellaneous	\$68,217	(\$1,231)	\$6,650	(\$7,881)	(\$23,103)	\$36,210	(\$59,313)
MOTOR FUND	\$1,753,291	\$146,604	\$169,100	(\$22,496)	\$1,694,663	\$1,789,655	(\$94,992)