



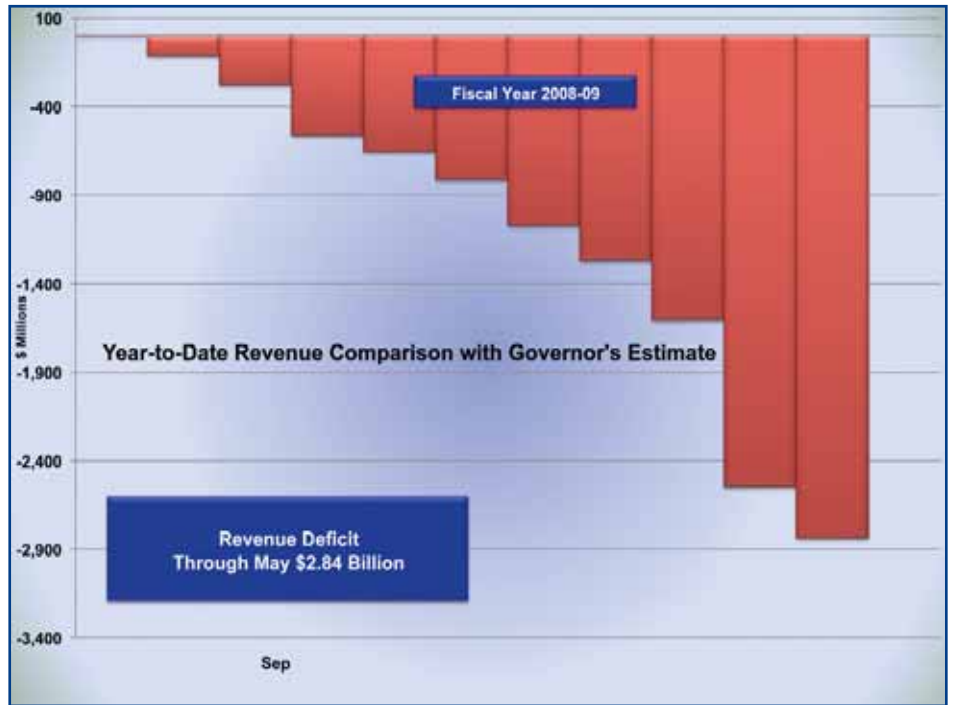
General Fund Revenues Miss Target in May by 15 Percent

General fund revenue collections for May equaled \$1.61 billion. The revenue estimate, produced by the Governor's Budget Office (GBO), was \$1.9 billion, or \$287.5 million, above May's total. Year-to-date collections are \$2.84 billion short of the GBO estimate.

Cumulatively, collections are \$2.05 billion off for the same period in 2008. The Governor's Budget Office estimated that revenues would grow by 3.07 percent in the current fiscal year (2008-09). The GBO prediction is currently short by 8.1 percent.

Nearly every tax category is running below the GBO estimate for the year. For example, May's monthly sales and use tax (SUT) shortfall of 14.9 percent was by far the worst SUT showing of the year on a percentage basis.

Motor License Fund collections were \$31.7 million below the GBO estimate for May and \$137.2 million short for the year.



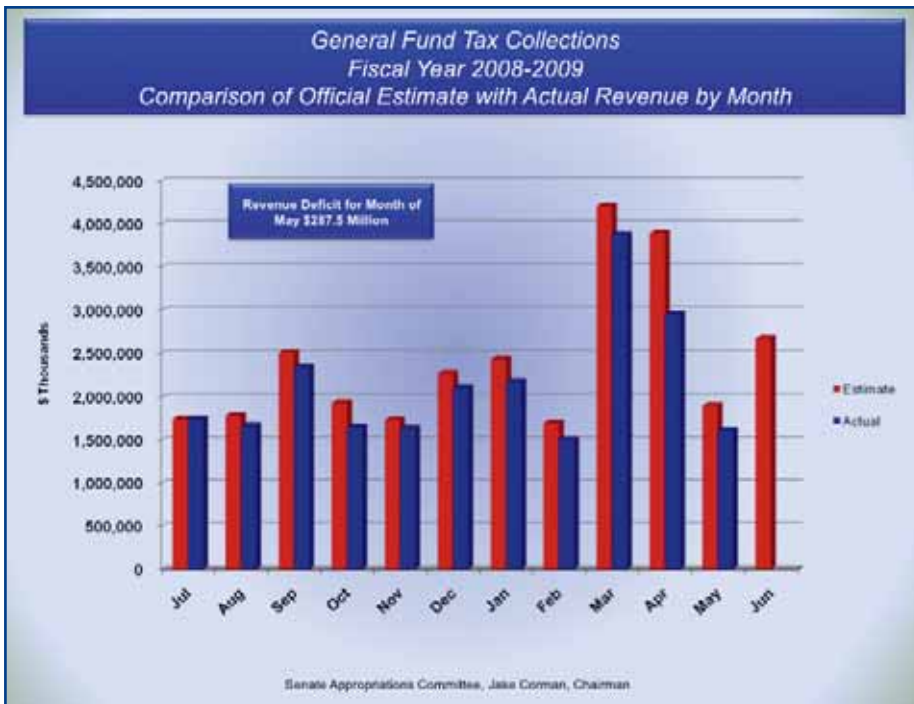
Senator Corman Establishes Appropriations Sub-Committee on Performance

Pennsylvania is facing its most significant economic and fiscal challenges in at least the last 25 years. Recent projections indicate that Commonwealth revenues will miss their estimate by over \$3 billion. At the same time, our most vulnerable citizens find themselves needing additional help from their government. The challenges cannot be understated, but with great challenges come great opportunities. Specifi-

cally, they provide us with the opportunity to re-prioritize and re-purpose Pennsylvania's Executive Budget.

Central to that endeavor is measuring the performance of public programs. Performance measurement is what makes it possible for there to be strong and meaningful accountability between government departments and the citizens they serve. Performance measure-

Continued...



Corman and Costa will serve as ex-officio members.

More than any other year in recent memory, there simply is not enough revenue to continue funding all programs. Programs that work must be enhanced and programs that do not must be eliminated.

Governor Rendell's Furlough Plan

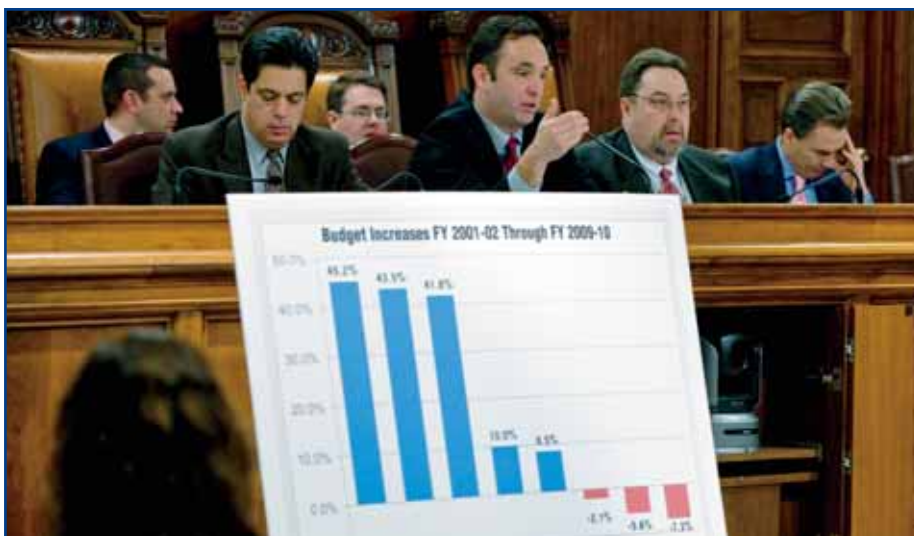
On May 13 of this year, Governor Rendell sent a letter to rank and file employees of his administration detailing plans for paying employees should there be a budget impasse.

According to the Governor's plan, employees would not be paid beginning July 17, but would be required to continue working. After the passage of the Fiscal Year 2009-10 budget, everyone would receive their back pay. The Governor's plan relies on a recent ruling from Commonwealth Court stating that the Pennsylvania Constitution prohibits payment to employees whose funding relies on a signed budget.

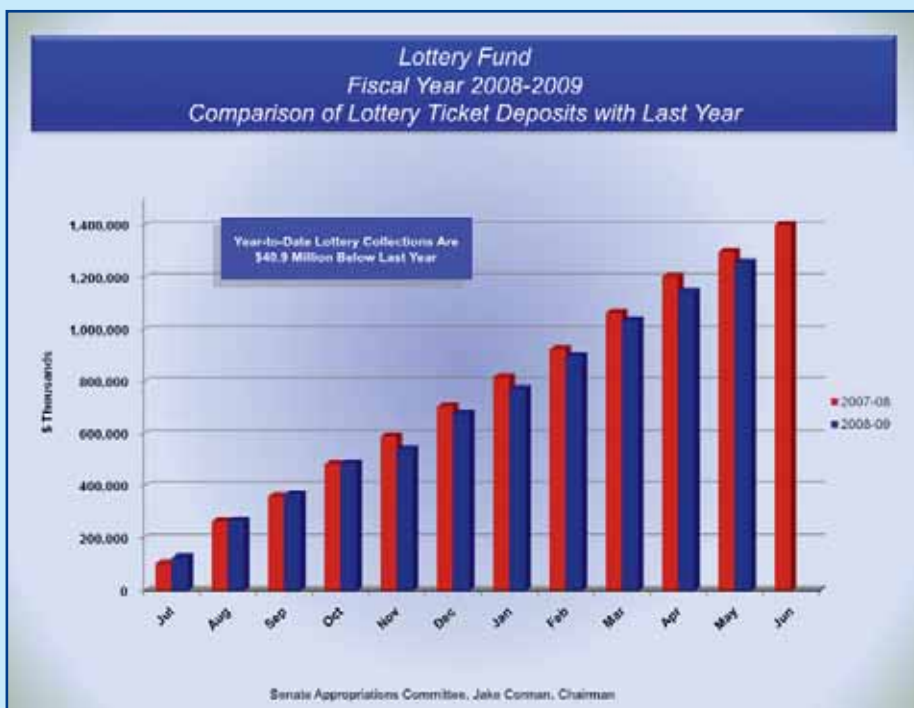
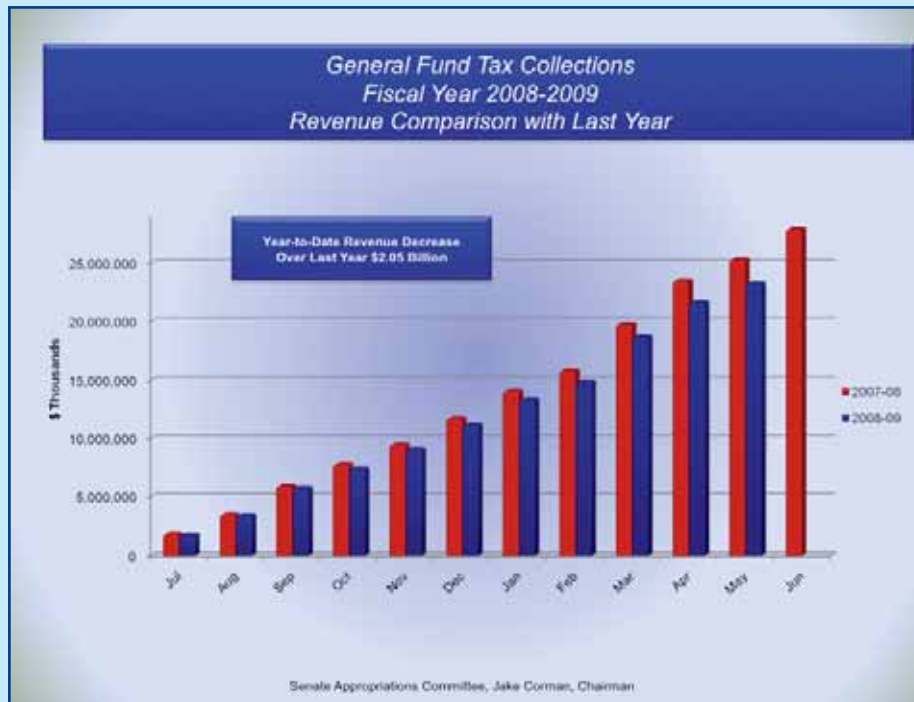
ment requires the Executive Branch to demonstrate that they are contributing, through their various programs, to outcomes that achieve a public benefit for Pennsylvanians.

Senator Corman established a sub-committee on program performance that consists of five members – three from the majority party and two from the

minority party. Senator Corman has appointed Senator Pat Browne as chairman, and Senators John Gordner and Lisa Baker as the majority members. Based on the recommendation of Senator Costa, Senator Corman appointed Senator Mike Stack as the minority chairman and Senator John Wozniak the minority member. Senators



During budget hearings earlier this year, Senator Corman called for reduced spending and no tax increases as a way to balance this year's budget and position the Commonwealth for economic recovery.



Appropriations Committee Monthly Revenue Report

Account:	Revenue	(Dollars in Thousands)					
	2007-08	For the month of May			For the year through May		
	thru May	Revenue	Official Estimate	Surplus (Deficit)	Revenue	Official Estimate	Surplus (Deficit)
CORPORATE TAXES:							
Clearing Account	(\$517)	\$308	\$0	\$308	\$6,906	\$0	\$6,906
Corp. Net Income	\$2,083,339	\$35,326	\$46,600	(\$11,274)	\$1,669,459	\$1,959,300	(\$289,841)
Cap. Stock & Franchise	\$864,318	\$21,590	\$34,000	(\$12,410)	\$692,286	\$811,400	(\$119,114)
Gross Receipts	\$1,344,988	(\$5,648)	(\$6,300)	\$652	\$1,374,726	\$1,480,400	(\$105,674)
PURTA	\$44,225	\$23,943	\$42,900	(\$18,957)	\$41,825	\$50,100	(\$8,275)
Insurance Premiums	\$418,647	\$4,626	\$1,200	\$3,426	\$428,113	\$446,300	(\$18,187)
Financial Institutions	\$189,780	\$976	\$1,300	(\$324)	\$196,401	\$190,500	\$5,901
Other Selective Bus. Taxes	\$15,434	\$471	\$700	(\$229)	\$13,276	\$16,400	(\$3,124)
CORPORATE TAX TOTAL	\$4,960,214	\$81,591	\$120,400	(\$38,809)	\$4,422,992	\$4,954,400	(\$531,408)
CONSUMPTION TAXES:							
Sales, Use & Occupation Tax	\$7,786,341	\$607,364	\$713,800	(\$106,436)	\$7,459,917	\$7,987,600	(\$527,683)
-Motor Vehicle Sales	\$1,008,809	\$68,241	\$98,200	(\$29,959)	\$857,317	\$993,000	(\$135,683)
-General (net of transfers)	\$6,777,532	\$539,123	\$615,600	(\$76,477)	\$6,602,600	\$6,994,600	(\$392,000)
Cigarette Tax	\$710,725	\$67,319	\$74,600	(\$7,281)	\$688,976	\$711,600	(\$22,624)
Malt Beverage Tax	\$23,888	\$2,268	\$2,100	\$168	\$23,633	\$23,700	(\$67)
Liquor Tax	\$231,851	\$20,865	\$21,600	(\$735)	\$241,981	\$241,900	\$81
CONSUMPTION TAX TOTAL	\$8,752,805	\$697,816	\$812,100	(\$114,284)	\$8,414,508	\$8,964,800	(\$550,292)
OTHER TAXES:							
Personal Income Tax	\$9,900,161	\$721,362	\$777,100	(\$55,738)	\$9,380,251	\$10,463,900	(\$1,083,649)
-Withheld PIT	\$7,143,987	\$663,938	\$690,300	(\$26,362)	\$7,216,997	\$7,544,500	(\$327,503)
-Quarterly & Annual PIT	\$2,756,174	\$57,424	\$86,800	(\$29,376)	\$2,163,254	\$2,919,400	(\$756,146)
Realty Transfer Tax	\$393,986	\$18,630	\$30,800	(\$12,170)	\$267,349	\$372,500	(\$105,151)
Inheritance & Estate Tax	\$753,007	\$65,320	\$76,100	(\$10,780)	\$704,467	\$798,900	(\$94,433)
Minor & Repealed	\$1,901	(\$7,192)	(\$4,600)	(\$2,592)	\$3,586	\$2,200	\$1,386
OTHER TAXES TOTAL	\$11,049,055	\$798,120	\$879,400	(\$81,280)	\$10,355,653	\$11,637,500	(\$1,281,847)
GENERAL FUND TAXES	\$24,762,074	\$1,577,527	\$1,811,900	(\$234,373)	\$23,193,153	\$25,556,700	(\$2,363,547)
NON-TAX REVENUES	\$564,320	\$35,721	\$88,800	(\$53,079)	\$79,083	\$554,800	(\$475,717)
GENERAL FUND	\$25,326,394	\$1,613,249	\$1,900,700	(\$287,451)	\$23,272,236	\$26,111,500	(\$2,839,264)
MOTOR LICENSE FUND:							
Liquid Fuels Tax	\$546,715	\$32,769	\$57,720	(\$24,951)	\$469,318	\$514,075	(\$44,757)
Fuels Use Tax	\$142,528	\$12,585	\$10,450	\$2,135	\$138,189	\$142,930	(\$4,741)
Motor Carriers Road Tax	\$31,522	\$2,869	\$2,270	\$599	\$33,053	\$31,320	\$1,733
Alternate Fuels	\$649	\$27	\$10	\$17	\$202	\$220	(\$18)
Oil Company Franchise Tax	\$409,182	\$41,704	\$41,910	(\$206)	\$415,424	\$419,880	(\$4,456)
Licenses and Fees	\$795,838	\$93,419	\$93,160	\$259	\$809,750	\$803,670	\$6,080
Other Motor Receipts	\$498,503	\$2,555	\$5,750	(\$3,195)	\$568,849	\$563,980	\$4,869
Miscellaneous	\$71,195	\$333	\$6,650	(\$6,317)	(\$39,736)	\$56,160	(\$95,896)
MOTOR FUND	\$2,496,132	\$186,261	\$217,920	(\$31,659)	\$2,395,049	\$2,532,235	(\$137,186)