



General Fund Revenue Update - April 2022

General Fund revenues were \$1.82 billion above the official estimate in April, or 38.7 percent. With two months left to go in the fiscal year, General Funds revenues are \$4.48 billion above estimate or 12.4 percent.

Uncertainty during the pandemic and the following economic recovery is a consistent theme for revenue collections because circumstances are so different from anything the commonwealth and nation have faced before. This theme was on display again with final annual payments for the personal income tax received last month, which were \$1.14 billion above estimate in April, or 78.0 percent.

Final payments for the corporate net income tax were \$262.4 million above estimate, or 98.2 percent. Corporations that file on a calendar year basis have until May 18 to file their final reports, so it is possible that some of the revenue arrived earlier than anticipated or it could follow the PIT pattern and significantly outpace the estimate in the coming month.

A good 2021 tax year for the personal income tax and the corporate net income tax aligns with the strong economic recovery last year, aided by major support from Congress. How revenues perform going forward into the next fiscal year is likely to shift in response to inflation and related policy corrections, waning federal stimulus and geopolitical issues.

Although economic headwinds and risk are growing, quarterly estimated payments have so far been robust. PIT quarterly estimated payments in April were \$197.1 million above estimate, or 51.9 percent, and grew 68 percent year-over-year. Strong quarterly payments from the personal income tax this month and the corporate net income tax last month are likely to recur in June for the next quarterly payments, though those quarterly payments could slow for in Q3 & Q4 in the upcoming fiscal year.

Sales tax on non-motor vehicle sales exceeded the estimate by \$122.0 million, or 13.1 percent. Those collections were offset by lower-than-expected motor vehicle sales tax collections, which fell short by \$1.2 million, or 0.8 percent.

Impact on the Budget

The executive budget assumed that 2021/22 General Fund revenues would exceed the official estimate by \$2.4 billion. Through April, revenues are \$4.48 billion higher than expected. Absent other changes, the year-to-date revenue performance will increase the expected General Fund ending balance by over \$2 billion. Policymakers now have significant additional dollars to allocate in the upcoming budget.

The additional flexibility can help find the balance between prudently addressing near-term budgetary challenges, longstanding structural budget problems, and the need to invest in Pennsylvanians.

Looking Ahead

Revenues will be closely watched as General Assembly and the governor work to pass a budget before June 30. In May, corporations will continue to remit final payments along with their annual tax returns. In June, the next quarterly estimated payments are due for both the corporate net income tax and the personal income tax. The Independent Fiscal Office will provide its input with its preliminary revenue forecast around the week of May 23.

As has been the case for several months, the primary issue on the expenditure side remains the federal public health emergency, which impacts the enhanced FMAP received by the commonwealth to pay for Medical Assistance costs. The public health emergency was extended on April 16 for another 90 days until July 15, 2022.

This means that Pennsylvania is expected to receive another quarter of enhanced FMAP, which will reduce state dollars required to pay for mandated costs next fiscal year compared to the governor's executive budget.

For April

- Total General Fund collections were \$1.82 billion higher than expected (38.7 percent)
- General Fund tax revenues were \$1.82 billion higher than anticipated (40.9 percent)
- The corporate net income tax was \$297.6 million higher than expected (90.3 percent)
 - Final payments for corporations comprised the bulk of CNIT collections, and were \$262.4 million above estimate (98.2 percent)
- Sales and use tax collections exceeded projections by \$120.7 million (11.1 percent)
 - Non-motor collections were \$122.0 million higher than projected (13.1 percent)
 - Motor vehicle collections were \$1.2 million below estimate (0.8 percent)
- Personal income tax collections were \$1.36 billion higher than the official estimate (48.9 percent)
 - Employer withholdings on wages and salaries were \$23.6 million higher than anticipated (2.5 percent)
 - Quarterly estimate payments were \$197.1 million more than expected (51.9 percent)
 - Final payments remitted with tax returns were \$1.14 billion above estimate (78.0 percent)
- Realty transfer tax revenues were \$25.9 million above estimate (50.0 percent)
- Inheritance tax collections were \$22.0 million higher than estimated (19.8 percent)
- Non-tax revenues were \$3.7 million below the official estimate (1.7 percent)

For the 2021/22 Fiscal Year to Date

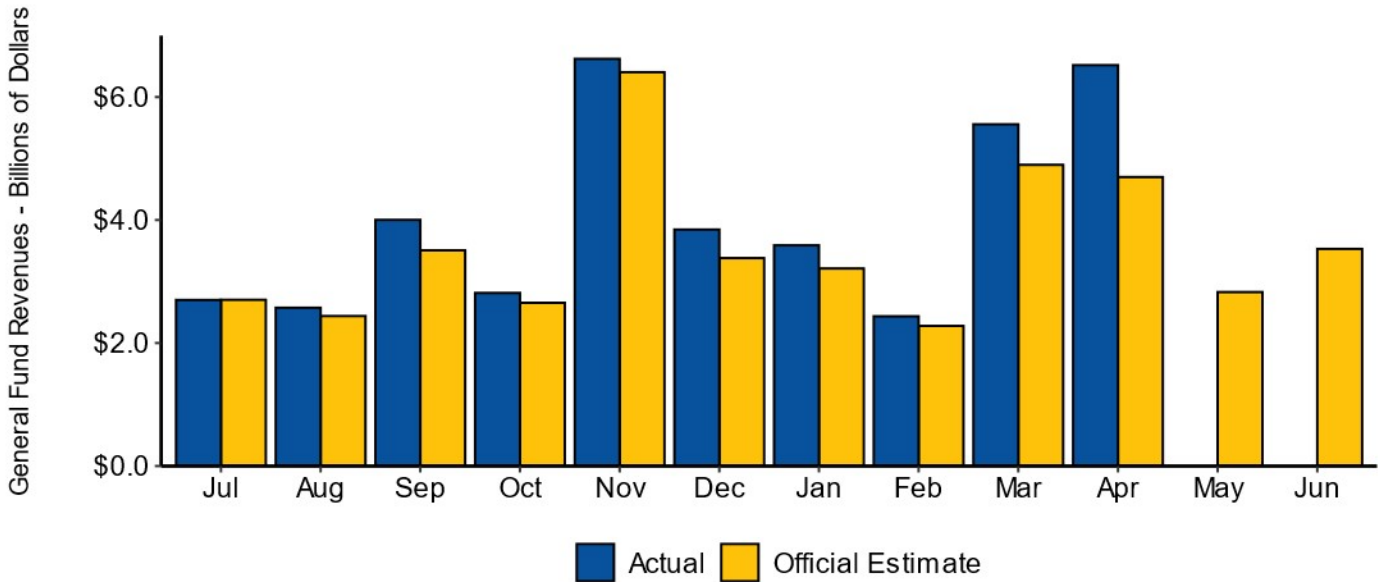
- Cumulative General Fund revenues are \$4.48 billion higher than expected (12.4 percent)
- General Fund tax revenues were \$4.36 billion higher than projected (13.7 percent)
- Corporate net income tax revenues are \$1.02 billion more than expected (35.9 percent)
- Sales and use taxes are \$888.5 million more than expected (8.4 percent)
- Personal income tax collections are \$2.05 billion higher than anticipated (15.4 percent)
- Realty transfer taxes are \$140.0 million above estimate (24.9 percent)
- Inheritance taxes are \$144.2 million better than projected (12.5 percent)
- Non-tax revenues are \$122.3 million above the estimate (2.7 percent)



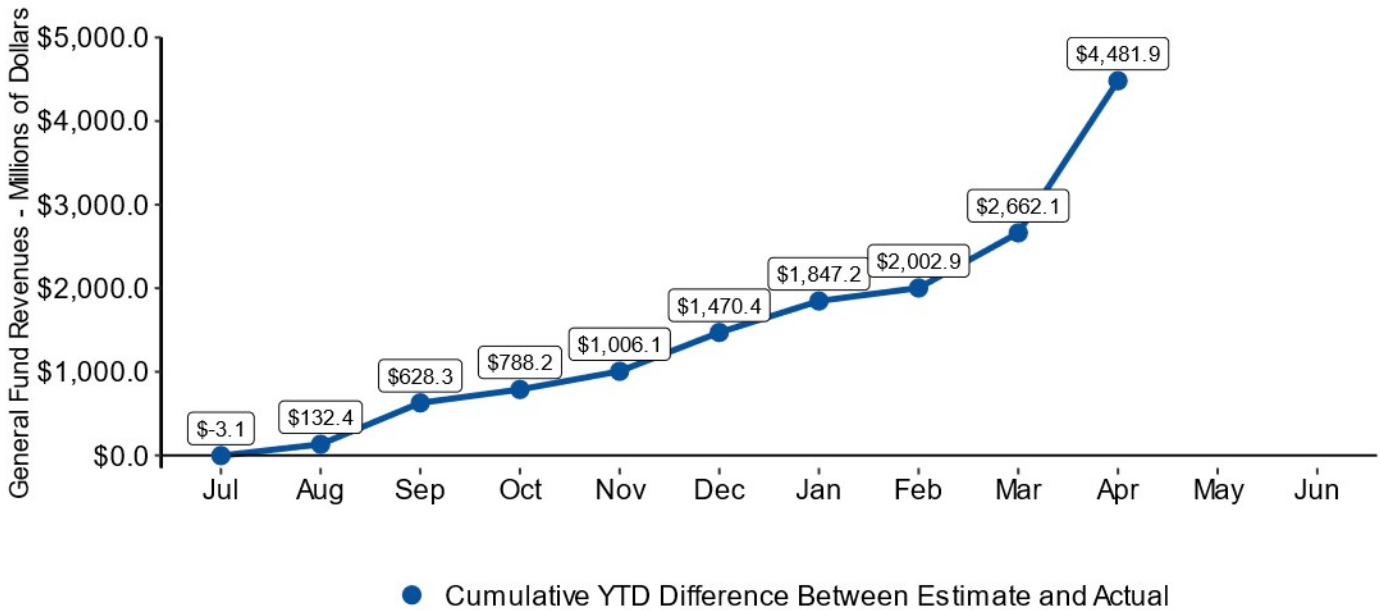
General Fund Revenues - Year-to-Date Performance vs Official Estimate			
<i>Amounts in Millions</i>	YTD Estimate	YTD Collections	Difference
General Fund Total	36,176.7	40,658.6	4,481.9
Tax Revenue Total	31,721.1	36,080.7	4,359.6
Corporation Taxes	4,717.1	5,834.1	1,117.0
Corporate Net Income Tax	2,852.2	3,876.5	1,024.3
Gross Receipts Tax	1,016.0	1,020.0	4.0
Utility Property Tax	10.6	8.6	(2.0)
Insurance Premiums Taxes	439.5	490.9	51.4
Financial Institutions Taxes	398.8	440.8	42.0
Consumption Taxes	11,820.9	12,689.9	869.0
Sales and Use Tax	10,605.6	11,494.1	888.5
Cigarette Tax	720.4	692.5	(27.9)
Other Tobacco Products	118.3	124.5	6.2
Malt Beverage Tax	18.8	18.4	(0.4)
Liquor Tax	357.8	360.5	2.7
Other Taxes	15,183.1	17,556.7	2,373.6
Personal Income Tax	13,324.4	15,374.6	2,050.2
Realty Transfer Tax	561.8	701.8	140.0
Inheritance Tax	1,152.3	1,296.5	144.2
Gaming	240.1	260.7	20.6
Minor and Repealed	(95.5)	(76.9)	18.6
Non-Tax Revenue	4,455.6	4,577.9	122.3



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

