



## General Fund Revenue Update - January 2023

General Fund revenues were \$205.6 million or 5.5% lower than expected in January. However, deposits were once again affected by a payment recognition timing issue, which delayed some revenue until February.

For the year to date, total General Fund revenues are \$297.5 million above estimate, or 1.3%.

**Two issues affecting personal income tax collections tell most of the story for January revenues.** Taxpayers remitted their final PIT quarterly estimated payments for tax year 2022 last month. These payments were \$181.9 million below the official estimate, or 21.4%. Both the 3<sup>rd</sup> quarter payment in September and the 4<sup>th</sup> quarter payment in January fell short of estimate.

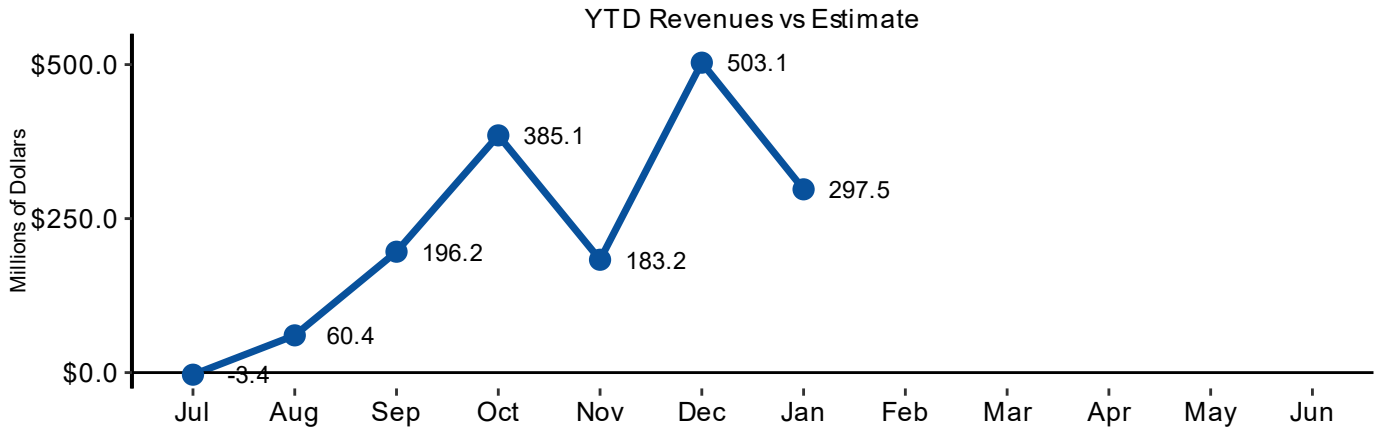
PIT withholdings on wages and salaries were \$74.5 million below estimate last month; however, this tax type was affected by the timing issue. The Department of Revenue continues to face teething issues with its new tax processing system that rolled out in November. About \$69 million in withholding revenue collected in January will be recognized in February. A range of other taxes were affected to a lesser extent, notably the insurance premiums tax, the corporate net income tax and the sales tax. The Department estimates that the total timing impact to the General Fund is approximately \$94 million. We anticipate all these revenues will be recognized in February, similar to how December revenues were affected by the November delay.

**Looking ahead,** February is one of the smallest revenue months, followed by the largest revenue collections of the year in March. March is a major month for business taxes, with several specific taxes on certain businesses almost entirely paid in March, as well as the corporate net income tax first quarterly payment for many businesses.

Governor Shapiro is expected to deliver his budget address during the first week in March, with budget hearings in the House over the following month.

**General Fund in January:**  
-\$205.6 million / -5.5%  
**General Fund Year-to-Date:**  
+\$297.5 million/1.3%

Year-to-Date Revenue Performance by Tax Type		
Through January 2023 - Millions of Dollars		
<b>General Fund YTD</b>	<b>\$297.5</b>	
<b>Above Estimate YTD</b>		
Corporate Net Income Tax	\$337.8	
Sales Tax	\$146.4	
Nontax Revenue	\$113.7	
Gaming Taxes	\$23.9	
Other Tax Types Above Estimate	\$18.2	
<b>Below Estimate YTD</b>		
Inheritance Tax Tax	-\$12.3	
Other Tax Types Below Estimate	-\$16.6	
Realty Transfer Tax	-\$43.8	
Cigarette Tax	-\$53.1	
Personal Income Tax	-\$216.6	



**General Fund Revenues - Year-to-Date Performance vs Official Estimate**

Amounts in Millions

	January 2023				Year-to-Date			
	Month Estimate	Month Revenues	Difference	%	YTD Estimate	YTD Revenues	Difference	%
<b>General Fund Total</b>	<b>\$3,771.3</b>	<b>\$3,565.7</b>	<b>-\$205.6</b>	<b>-5.5%</b>	<b>\$22,967.5</b>	<b>\$23,265.0</b>	<b>\$297.5</b>	<b>1.3%</b>
<i>Corporation Taxes</i>								
Accelerated Deposits	\$0.0	\$0.0	\$0.0	-	\$0.0	-\$3.4	-\$3.4	-
Corporate Net Income Tax	\$156.3	\$166.8	\$10.5	6.7%	\$2,489.7	\$2,827.5	\$337.8	13.6%
Gross Receipts Tax	\$2.6	\$8.5	\$5.9	226.3%	\$27.3	\$38.4	\$11.1	40.8%
Utility Property Tax	\$0.0	\$0.0	\$0.0	-	\$1.2	\$3.3	\$2.1	173.6%
Insurance Premiums Taxes	\$46.6	\$47.6	\$1.0	2.1%	\$74.0	\$74.1	\$0.1	0.2%
Financial Institutions Taxes	\$4.1	\$0.5	-\$3.6	-88.0%	\$27.6	\$22.3	-\$5.3	-19.1%
<i>Consumption Taxes</i>								
Sales and Use Tax	\$1,249.0	\$1,260.6	\$11.6	0.9%	\$8,240.5	\$8,386.9	\$146.4	1.8%
Cigarette Tax	\$51.3	\$45.7	-\$5.6	-10.9%	\$551.1	\$498.0	-\$53.1	-9.6%
Other Tobacco Products	\$13.8	\$12.8	-\$1.0	-7.4%	\$95.6	\$89.6	-\$6.0	-6.3%
Malt Beverage Tax	\$1.6	\$1.5	-\$0.1	-4.1%	\$12.7	\$13.3	\$0.6	4.4%
Liquor Tax	\$30.0	\$32.0	\$2.0	6.7%	\$264.4	\$268.7	\$4.3	1.6%
<i>Other Taxes</i>								
Personal Income Tax	\$1,977.2	\$1,733.5	-\$243.7	-12.3%	\$9,420.3	\$9,203.7	-\$216.6	-2.3%
Realty Transfer Tax	\$72.6	\$55.5	-\$17.1	-23.5%	\$451.2	\$407.4	-\$43.8	-9.7%
Inheritance Tax	\$121.9	\$125.9	\$4.0	3.3%	\$863.9	\$851.6	-\$12.3	-1.4%
Gaming	\$28.7	\$34.6	\$5.9	20.6%	\$189.1	\$213.0	\$23.9	12.6%
Minor and Repealed	\$3.4	\$2.4	-\$1.0	-29.7%	-\$12.0	-\$13.9	-\$1.9	16.0%
Non-Tax Revenue	\$12.2	\$37.9	\$25.7	210.4%	\$270.9	\$384.6	\$113.7	42.0%

