



General Fund Revenue Update – October 2021

General Fund revenues continued to run ahead of estimate in October. Collections last month were \$159.9 million higher than expected, bringing total year-to-date revenues to \$788.2 million above the official estimate, or 7.0 percent.

Sales tax collections from non-motor vehicle sales led the way in October, finishing \$60.9 million above estimate. Motor vehicle collections, in contrast, were \$9.1 million lower than expected.

Personal income tax withholdings on wages and salaries were \$35.5 million above projections, while non-withheld PIT payments were \$10.5 million higher than estimated. Rounding out the largest tax types, the corporate net income tax brought in \$30.1 million more than expected, mostly attributed to quarterly payments.

Viewing the fiscal year to date, almost all tax types are in good shape. Major tax types are all exceeding estimate, including the personal income tax (4.8 percent), corporate net income tax (26.8 percent) and sales tax (4.4 percent). Intermediate tax types also remain positive, including the cigarette tax (1.0 percent), realty transfer tax (4.4 percent), inheritance tax (3.6 percent), and gaming taxes due to the General Fund (4.4 percent). Non-tax revenues also are in positive territory (42.0 percent). The large select business taxes, like the gross receipts tax, insurance premiums tax and financial institutions taxes have not yet had meaningful collections and will arrive later in the fiscal year because of the structure of their payment schedule.

Looking ahead, November is expected to see over \$3.8 billion in federal American Rescue Plan Act - State Fiscal Recovery Fund (ARP) dollars recognized as revenue for the General Fund. The General Assembly enacted this transfer as part of the budget and it will use 52.7 percent of the total ARP funds available to the commonwealth. Revenue replacement is an allowable use of the ARP funds under federal law. This is the largest use to-date of ARP funds authorized by the legislature. Other than the transfer, the General Assembly has only appropriated \$759 million of the total \$7.3 billion available to help support Pennsylvanians and recover from the pandemic.

In other budget news, Medical Assistance program expenditures could receive unplanned budget help from the federal government. On October 15, 2021, the U.S. Health and Human Services Secretary extended the federal public health emergency for an additional 90 days. Early in the pandemic, the Families First Coronavirus Response Act provided 6.2 percent enhanced federal matching funds (FMAP) for state Medicaid costs for every quarter in which the federal public health emergency is in effect. The 2021/22 enacted budget assumed the enhanced federal matching funds would only be available through December 2021. This update would extend the public health emergency into the first quarter of calendar year 2022 resulting in an additional quarter of enhanced FMAP, estimated at over \$700 million.

Provided the federal public health emergency is not terminated prior to January 1, 2022, Pennsylvania will be able to receive an unbudgeted quarter of enhanced federal matching funds, reducing state general funds needed to continue the program for the quarter.

For October:

- Total General Fund collections were \$159.9 million higher than expected (6.0 percent)
- General Fund tax revenues were \$141.9 million higher than anticipated (5.4 percent)
- The corporate net income tax was \$30.1 million higher than expected (23.6 percent)
- Sales and use tax collections exceeded projections by \$51.8 million (4.6 percent)
 - Non-motor collections were \$60.9 million higher than projected (6.3 percent)
 - Motor vehicle collections were \$9.1 million lower estimate (-5.5 percent)

- Personal income tax collections were \$45.8 million higher than the official estimate (4.4 percent)
 - Employer withholdings on wages and salaries were \$35.3 million higher than anticipated (4.1 percent)
 - Non-withheld PIT payments were \$10.5 million more than expected (5.8 percent)
- Realty transfer tax revenues were \$6.1 million below estimate (-9.0 percent)
- Inheritance tax collections were \$4.3 million higher than estimated (3.8 percent)
- Non-tax revenues were \$18.0 million above the official estimate (94.8 percent), mostly driven by escheats revenue from the unclaimed property program.

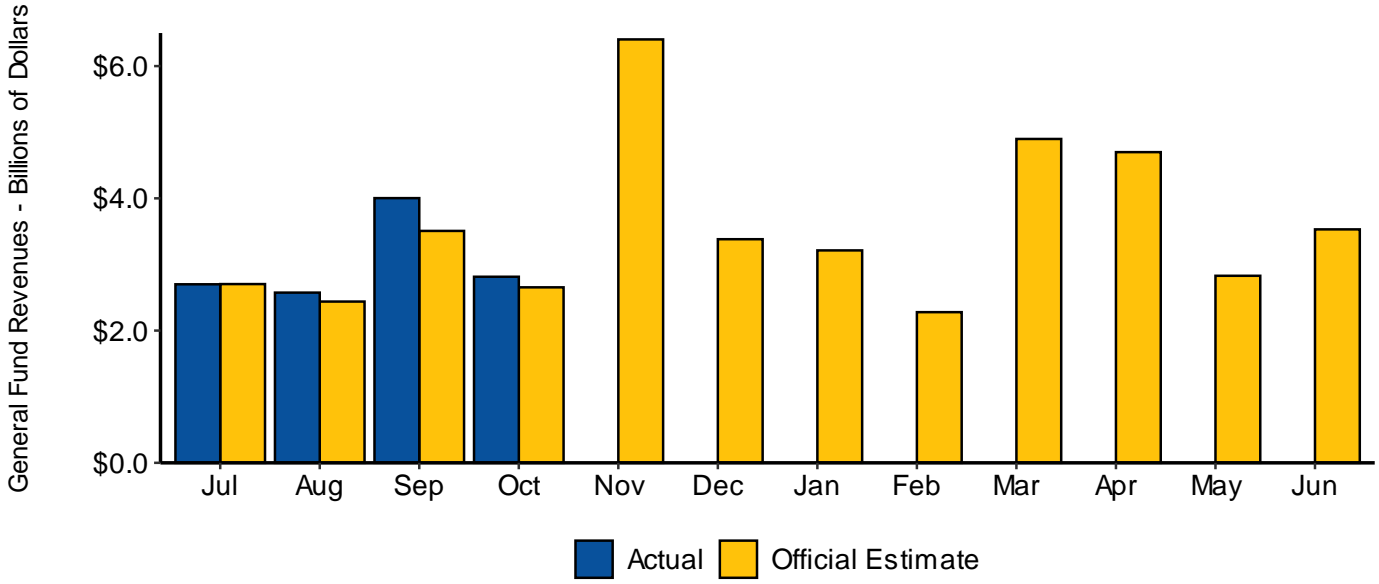
For the 2021/22 fiscal year to date:

- Cumulative General Fund revenues are \$788.2 million higher than expected (7.0 percent)
- General Fund tax revenues are \$751.9 million higher than projected (6.7 percent)
- Corporate net income tax revenues are \$274.7 million more than expected (26.8 percent)
- Sales and use taxes are \$194.1 million more than expected (4.4 percent)
- Personal income tax collections are \$210.7 million higher than anticipated (4.8 percent)
- Non-tax revenues are \$36.3 above the estimate (42.0 percent)

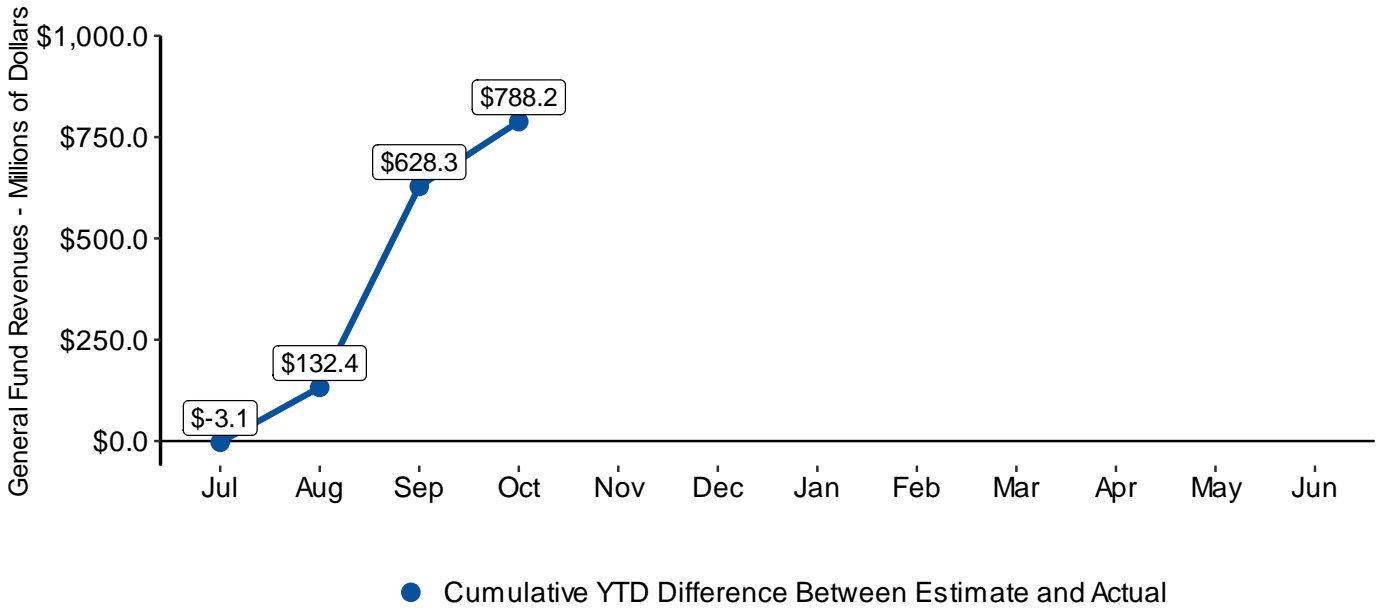
General Fund Revenues - Year-to-Date Performance vs Official Estimate			
<i>Amounts in Millions</i>	YTD Estimate	YTD Collections	Difference
General Fund Total	11,303.5	12,091.7	788.2
Tax Revenue Total	11,217.0	11,968.9	751.9
Corporation Taxes	1,076.3	1,366.7	290.4
Corporate Net Income Tax	1,026.8	1,301.5	274.7
Gross Receipts Tax	14.0	27.0	13.0
Utility Property Tax	1.4	1.9	0.5
Insurance Premiums Taxes	20.4	20.0	(0.4)
Financial Institutions Taxes	13.7	19.2	5.5
Consumption Taxes	4,991.2	5,191.2	200.0
Sales and Use Tax	4,458.8	4,652.9	194.1
Cigarette Tax	337.0	340.4	3.4
Other Tobacco Products	48.5	50.3	1.8
Malt Beverage Tax	8.3	7.5	(0.8)
Liquor Tax	138.6	140.1	1.5
Other Taxes	5,149.5	5,411.0	261.5
Personal Income Tax	4,351.1	4,561.8	210.7
Realty Transfer Tax	233.7	243.9	10.2
Inheritance Tax	473.1	490.2	17.1
Gaming	88.9	92.8	3.9
Minor and Repealed	2.7	22.3	19.6
Non-Tax Revenue	86.5	122.8	36.3



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

