

FAST FACTS

From the House Appropriations Committee

JOE MARKOSEK, DEMOCRATIC CHAIRMAN

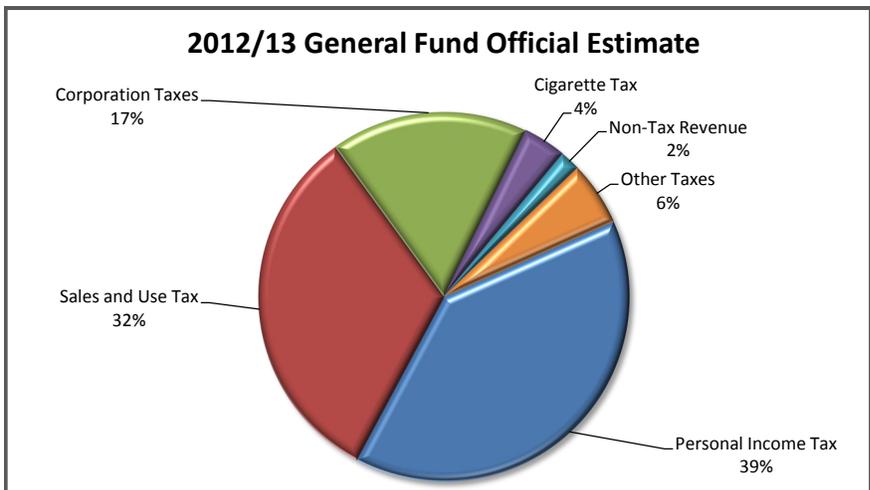
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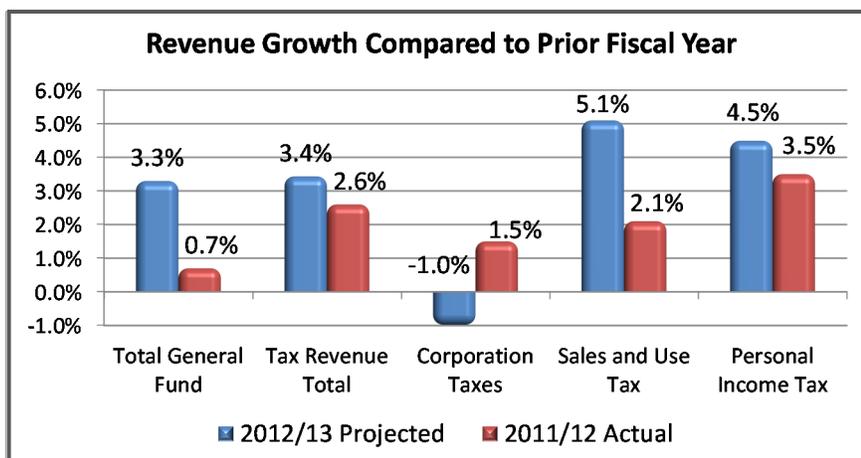
A Look at Revenue Growth

In the first month of the new fiscal year, Pennsylvania collected more than \$1.8 billion in General Fund revenues. The Department of Revenue is still working to produce the month-by-month breakdown of the official revenue estimate. In lieu of the regular monthly report, here is a brief look at the official estimate for the General Fund for 2012/13 and how its assumptions compare to the last fiscal year.

Examining the governor's official revenue estimate (right), the largest General Fund revenue source is the personal income tax, with expected collections exceeding \$11.28 billion. The sales and use tax is the next largest source, estimated to bring in more than \$9.21 billion in 2012/13. The numerous corporation taxes comprise the third largest category, with \$4.91 billion in anticipated revenue. Of the corporation taxes¹, the corporate net income tax is the largest component, at over \$2.2 billion.



While actual General Fund revenues in 2011/12 fell \$162 million short of the official estimate, there was still growth in revenues compared to the prior fiscal year. The overall General Fund revenue growth was only 0.7 percent, because of a reliance on one-time fund transfers in 2010/11 that did not recur in 2011/12. Factoring out that large decline in non-tax revenue, overall tax revenues grew by 2.6 percent.



Looking ahead into the 2012/13 fiscal year (above), total General Fund revenue is expected to increase by 3.3 percent. Tax revenue projections show 3.4 percent

growth. Corporation taxes are estimated to decline by 1 percent, reflecting the continued phase-out of the capital stock and franchise tax. The official estimate also assumes healthy growth for both the sales tax (5.1 percent) and the personal income tax (4.5 percent).

¹ Note that some businesses are not subject to the corporate net income tax, depending on how they are organized (i.e. Partnerships and S Corporations). Instead, their owners are subject to the personal income tax.