



Economic Brief

State Representative Sue Helm

August 2019

Pennsylvania Brings in \$2.19 Billion in Revenue Collections

General Fund revenue collections for the month of August were \$2.19 billion, which was \$61 million more than the Department of Revenue’s Official Estimate.

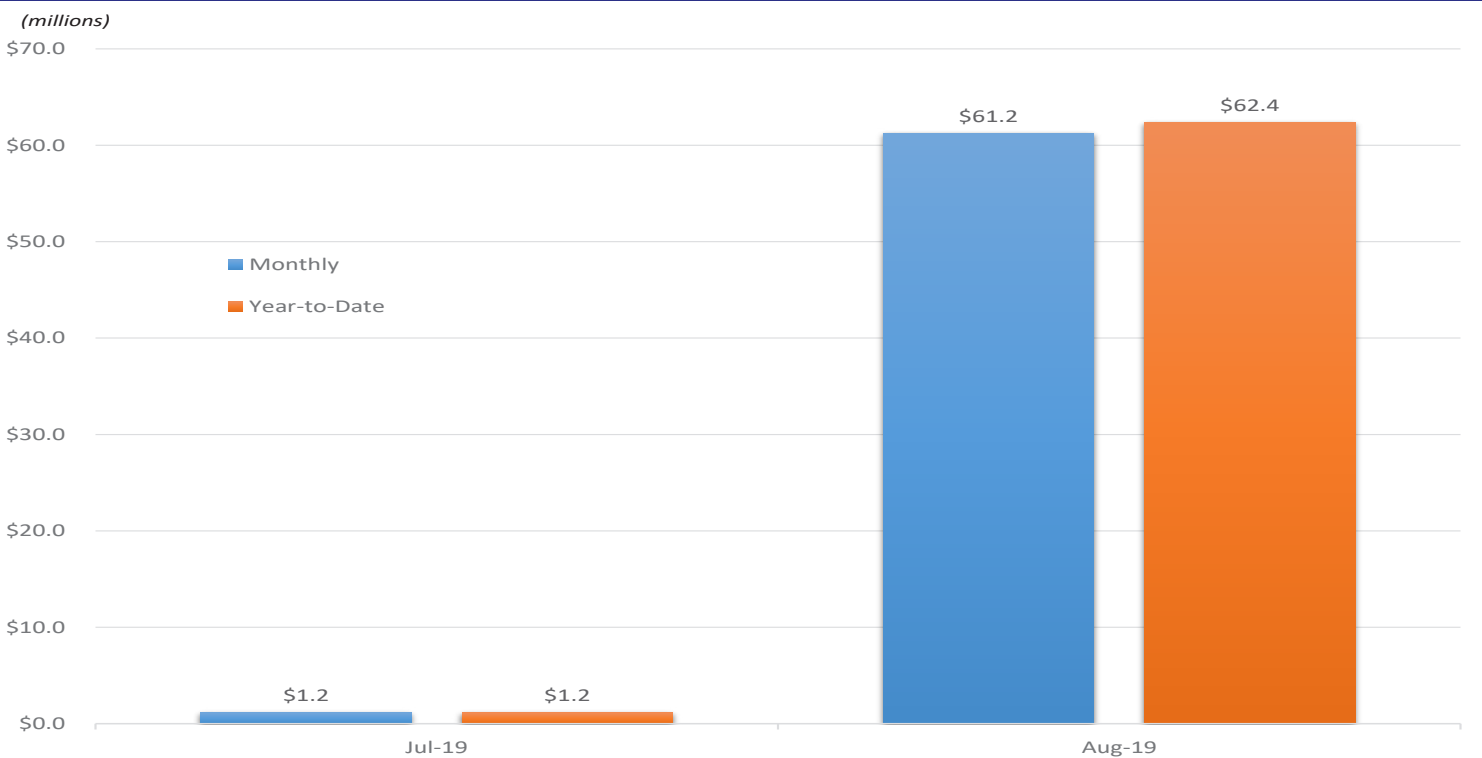
Collections of \$69 million for corporation taxes came in below the Official Revenue Estimate projection by \$9 million. Sales tax collections of \$968 million were higher than expected, coming in \$33 million above the Official Estimate. The Personal Income Taxes collected were \$824 million, which was above estimate by \$18.5 million.

General Fund collections year-to-date total \$4.52 billion. Total Revenue Collections are \$62.4 million above the official estimate for the fiscal year.

August Revenue Collections

| Official Estimate | Actual Collections |
|------------------------------|--------------------------------|
| Total General Fund | Total General Fund ↑ |
| \$2.13 Billion | \$2.19 Billion |
| Corporation Taxes | Corporation Taxes ↓ |
| \$78 Million | \$69 Million |
| Sales Taxes | Sales Taxes ↑ |
| \$935 Million | \$968 Million |
| Personal Income Taxes | Personal Income Taxes ↑ |
| \$806 Million | \$824 Million |
| All Other Taxes | All Other Taxes ↓ |
| \$316 Million | \$314 Million |
| Non-Tax Revenue | Non-Tax Revenue ↑ |
| -\$2 Million | \$18 Million |

Difference From Official General Fund Revenue Estimate





Economic Brief

State Representative Sue Helm

August 2019

Chairman's Budget News

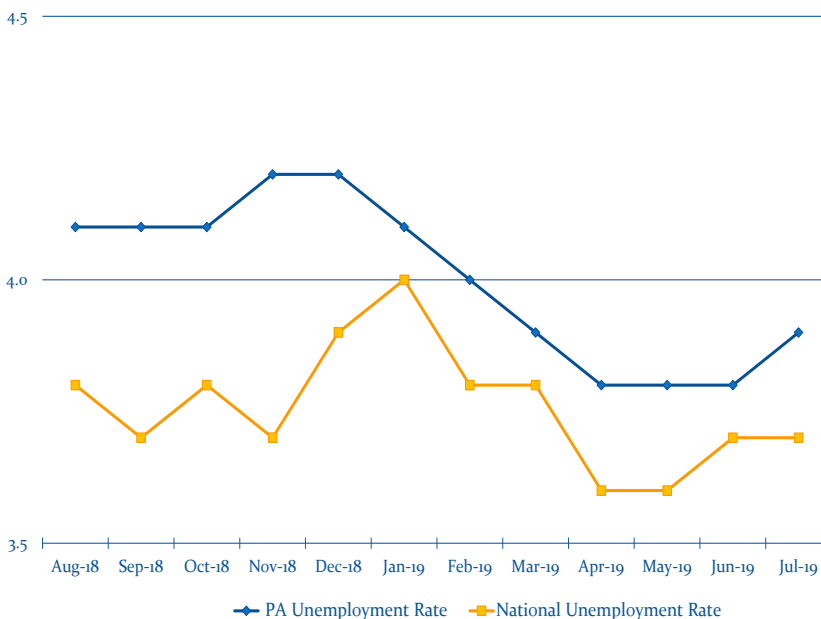
In June the Legislature passed a state budget that doesn't raise taxes, puts more money into education, and sets money aside in the state's Rainy-Day Fund to prevent the calls for future tax increases. This on-time budget keeps our promise to Pennsylvanians by being respectful of the tax dollars they entrust to us. The budget spends \$33.997 billion and only grows by 1.8% as compared to the 2018-19 fiscal year. There are no new taxes or fees in this budget.

One of the most important aspects of this budget was the historic deposit in the state's Rainy-Day Fund. The Rainy-Day Fund is essentially the state's savings account. The goal of this fund is to save money in good economic times so that during a recession a state can weather the downturn in revenue collections. Nearly every state in the nation has something similar to the Rainy-Day Fund; however Pennsylvania's commitment to saving money has been lagging as compared to other states. This year's budget transferred \$317 million to the Rainy-Day Fund which is one of the largest transfers in the history of Pennsylvania.

The size of the Rainy-Day Fund and a state's commitment to funding it are one of the top things our credit agencies look at. Having greater reserves will result in a higher credit rating which saves the state in borrowing and interest costs. The large transfer to the Rainy-Day Fund helped lead to Fitch Ratings moving our credit outlook from negative to stable. The new outlook, according to Fitch, "reflects the Commonwealth's timely enactment of a fiscal 2020 budget that makes continued strides towards structural balance, while also making a notable deposit to its Rainy-Day Fund."

As we look to the future, we must make increasing the amount in the Rainy-Day Fund a priority. The economy is cyclical and at some point in the future we will face a recession. It is important that we plan accordingly and are adequately capitalized to meet the budgetary challenges a down economy creates.

12-Month Unemployment Rates



PA EMPLOYMENT STATISTICS

| | July 2019 | Monthly Change |
|---------------------------|---------------|--|
| Labor Force | 6.47 Million | +1,000 |
| Unemployment Rate | 3.9% | +0.1% |
| Total Nonfarm Jobs | 6.039 Million | +1500 ↑ |
| 12-Month Change | | |
| Total Nonfarm Jobs | +30,300 | |
| Unemployment Rate | -0.3% | |

Surrounding States Unemployment Rate

| | | | |
|----|------|----|------|
| DE | 3.3% | NY | 4.0% |
| MD | 3.8% | OH | 4.0% |
| NJ | 3.3% | WV | 4.7% |