



Economic Brief

State Representative Paul Schemel

February 2017

Pennsylvania Brings in \$1.875 Billion in Revenue Collections

General Fund revenue collections for the month of February were \$1.875 billion, which was \$33 million less than expected.

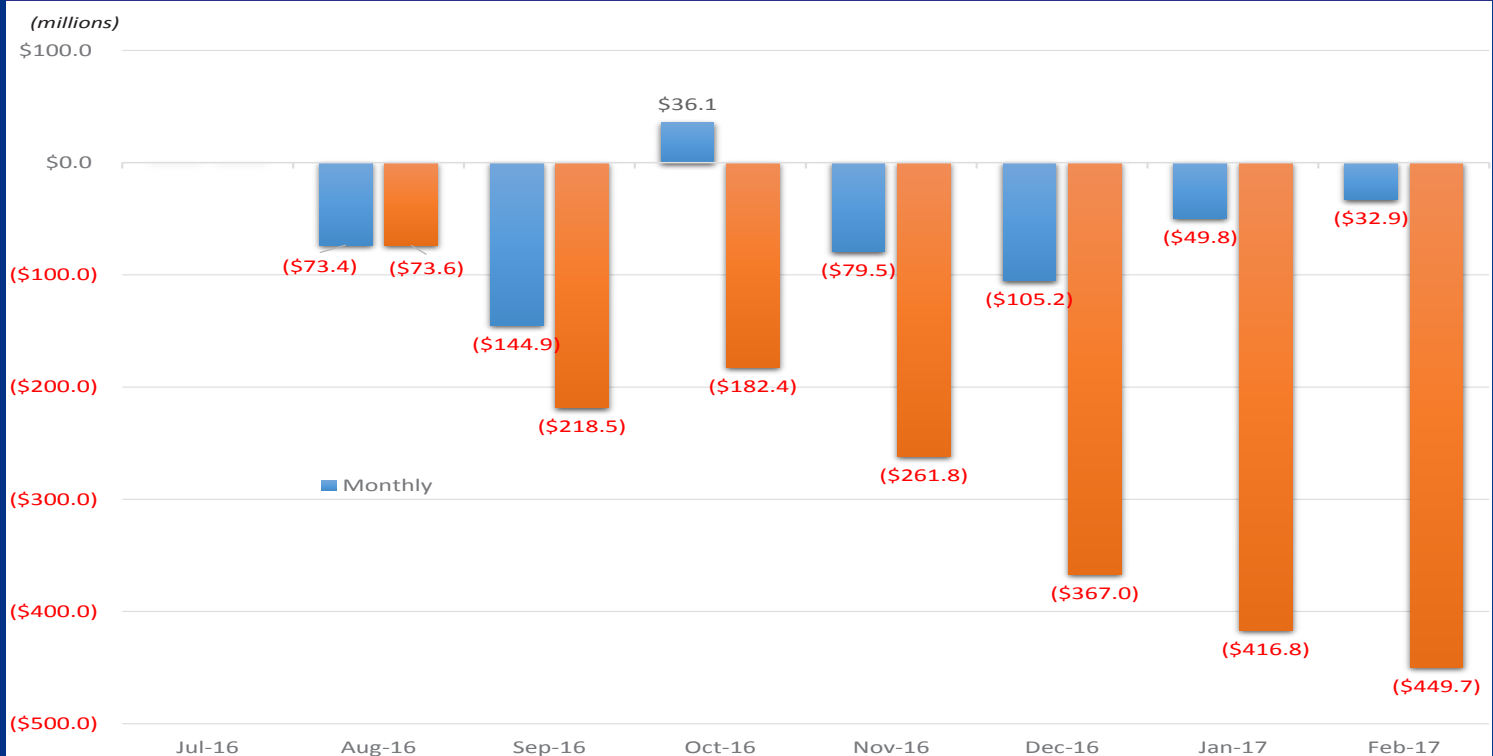
Collections of \$75 million for corporation taxes came in below Department of Revenue projections by \$10 million. Sales tax collections of \$702 million were higher than expected, coming in \$12 million above the official estimate. The Personal Income Taxes collected were \$799 million, which was below estimate by \$30 million.

For the 2016-17 Fiscal Year, General Fund collections of \$17.97 billion are below the official estimate by \$450 million.

February Revenue Collections

Estimate	Actual
Total General Fund	Total General Fund ↓
\$1.9 Billion	\$1.875 Billion
Corporation Taxes	Corporation Taxes ↓
\$85 Million	\$75 Million
Sales Taxes	Sales Taxes ↑
\$690 Million	\$702 Million
Personal Income Taxes	Personal Income Taxes ↓
\$829 Million	\$799 Million
All Other Taxes	All Other Taxes ↓
\$260 Million	\$227 Million
Non-Tax Revenue	Non-Tax Revenue ↑
\$45 Million	\$72 Million

Difference From the Official General Fund Revenue Estimate





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Chairman's Budget News

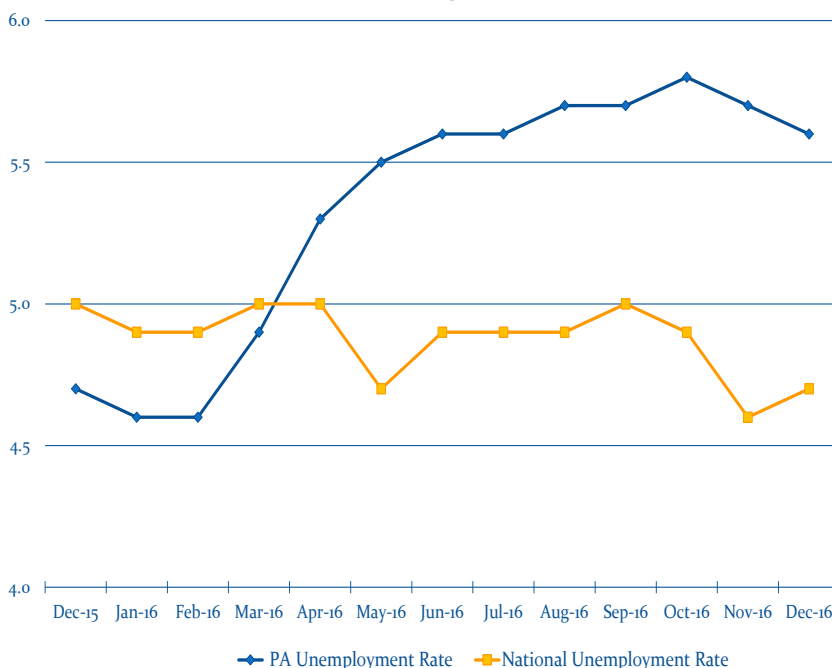
On Tuesday February 7th, Governor Tom Wolf presented his budget proposal for the 2017-18 fiscal year to a joint session of the Pennsylvania General Assembly. The proposed General Fund budget spends \$32.3 billion which is an increase of \$572 million or 1.8%, as compared to the current 2016-17 fiscal year budget and proposed supplemental appropriations. The governor's proposal is a welcome departure from the last two proposals which have included massive increases to the personal income tax and sales tax in order to dramatically increase state spending. However, the governor's budget proposal is a complex document with many key details about its implementation missing.

In order to keep spending down, the governor is looking to consolidate several departments. The Department of Human Services, Department of Health, Department of Drug & Alcohol Programs, and Department of Aging would be merged into one department to be known as the Department of Health and Human Services. The Department of Corrections and Department of Probation & Parole would be consolidated into the Department of Criminal Justice. The committee is reviewing these mergers to ensure that the Commonwealth would realize actual savings if these mergers are implemented.

Another component of the governor's proposal is a \$1 billion increase in taxes. The governor is seeking to enact a 6.5% severance tax on natural gas. The sales tax exemptions on commercial storage, custom programming and design, airline purchases of catered food and non-alcoholic beverages, and aircraft sales, use, and repair are proposed to be eliminated. The governor would also cap Net Operating Losses at 30% of taxable income. The proposal would expand the insurance premiums tax to most previously exempt insurance entities. And finally the governor is seeking to raise the minimum wage to \$12 an hour, which could have a negative effect on job creation in the Commonwealth.

This is a complex budget which needs further examination. For more details about the governor's budget please visit www.pabudget.com.

12-Month Unemployment Rates



PA EMPLOYMENT STATISTICS

	December 2016	Monthly Change	
Labor Force	6.51 Million	-19,000	↓
Unemployment Rate	5.6%	-0.1%	
Total Employment	6.14 Million	-12,000	↓
12-Month Change			
Total Employment	+7,000		
Unemployment Rate	+0.9%		

Surrounding States Unemployment Rates

DE	4.3%	NY	4.9%
MD	4.2%	OH	4.9%
NJ	4.7%	WV	5.9%