



# Economic Brief

State Representative Paul Schemel

September 2018

## Pennsylvania Brings in \$3.04 Billion in Revenue Collections

General Fund revenue collections for the month of September were \$3.04 billion, which was \$184 million more than the Department of Revenue's Official Estimate.

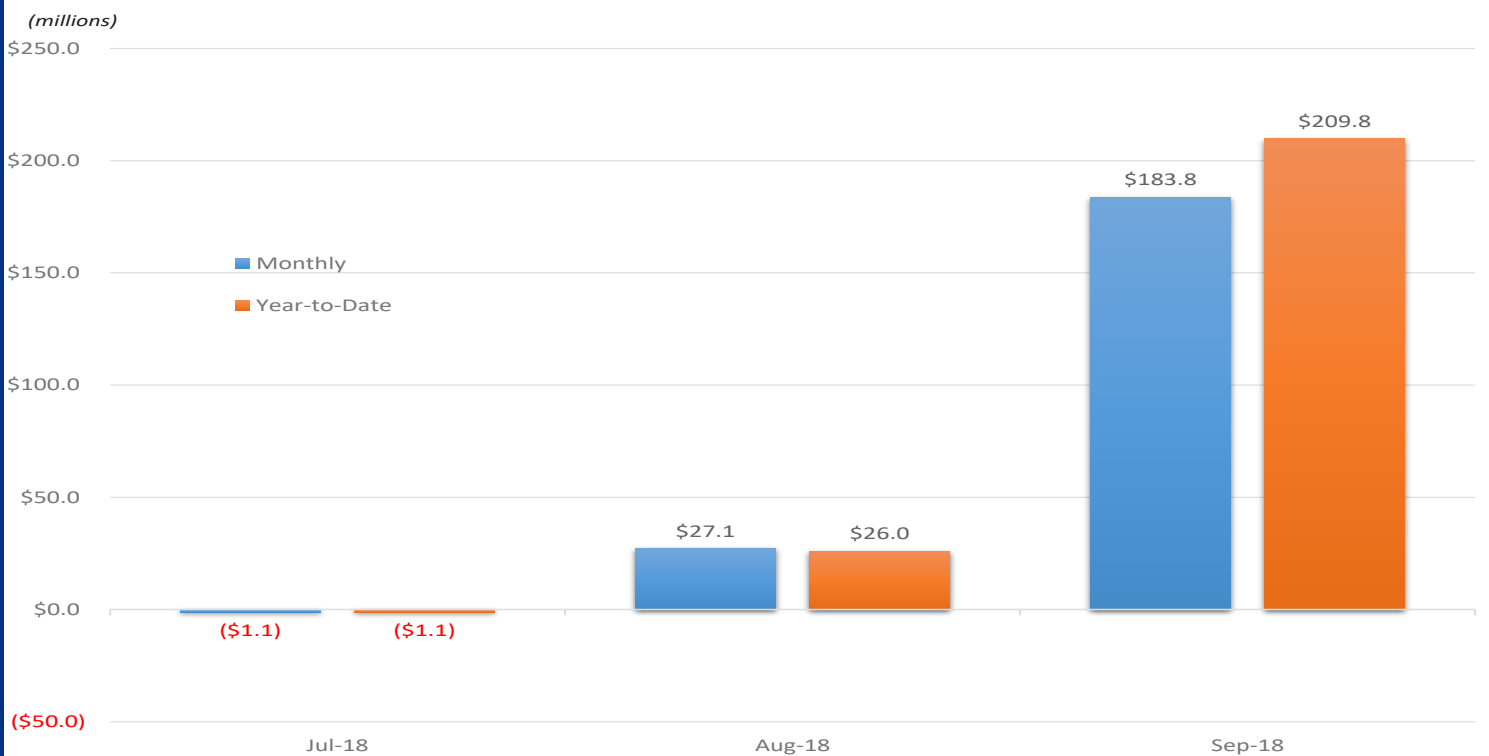
Collections of \$647 million for corporation taxes came in above the Official Revenue Estimate projections by \$135 million. Sales tax collections of \$901 million were higher than expected, coming in \$32 million above the Official Estimate. The Personal Income Taxes collected were \$1.18 billion, which was below estimate by \$15 million.

For the 2018-19 Fiscal Year, General Fund collections of \$7.55 billion are above the official estimate by \$210 million or 2.86%.

### September Revenue Collections

Official Estimate	Actual Collections
<b>Total General Fund</b>	<b>Total General Fund</b> ↑
\$2.86 Billion	\$3.04 Billion
<b>Corporation Taxes</b>	<b>Corporation Taxes</b> ↑
\$512 Million	\$647 Million
<b>Sales Taxes</b>	<b>Sales Taxes</b> ↑
\$869 Million	\$901 Million
<b>Personal Income Taxes</b>	<b>Personal Income Taxes</b> ↓
\$1.2 Billion	\$1.18 Billion
<b>All Other Taxes</b>	<b>All Other Taxes</b> ↓
\$288 Million	\$277 Million
<b>Non-Tax Revenue</b>	<b>Non-Tax Revenue</b> ↑
-\$6.6 Million	\$35.4 Million

### Difference From Official General Fund Revenue Estimate



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## Chairman's Budget News

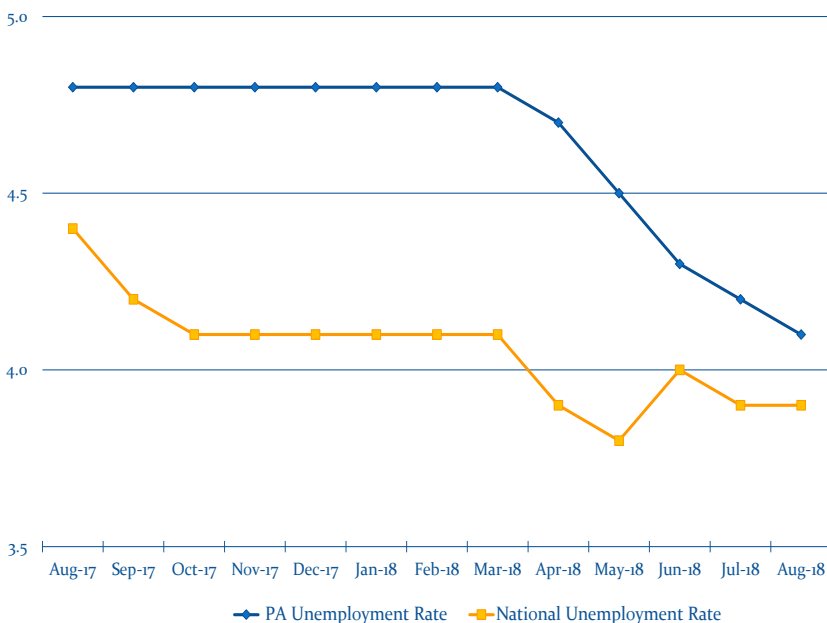
One of the major driving forces behind our revenue collections growth has been a strong economy brought on by the changes to the federal tax code that were enacted in December of 2017. The Tax Cuts and Jobs Act demonstrates the importance of tax policy in fueling economic growth. It is incumbent on the Pennsylvania General Assembly to take a long and hard look at making changes to our tax code.

Recently, the Tax Foundation issued a report on Pennsylvania's tax code and included a series of changes that could be enacted to help fuel economic growth. The Tax Foundation is a nationwide think tank which specializes in federal and state tax policy. The Tax Foundation compares the tax burden between states and how those taxes impact economic growth. The report they issued offers a wide range of tax changes that could dramatically change the way Pennsylvania operates. This is a serious proposal which the General Assembly must methodically examine.

The report highlights the need for change in Pennsylvania if we want to be competitive and encourage new companies to come to Pennsylvania. With the recent tax reform in Iowa, which lowered their corporate net income tax rate, Pennsylvania now has the highest corporate net income tax rate in the country. This is constantly cited by businesses as one of the reasons they don't relocate to Pennsylvania. Pennsylvania needs reform if we want to be competitive in a 21st Century economy.

Going into the next session, tax reform will be a major focus for the General Assembly and this report gives us a starting point towards enacting those reforms. You can view the full report here: <https://taxfoundation.org/pennsylvania-tax-reform/>

12-Month Unemployment Rates



### PA EMPLOYMENT STATISTICS

	August 2018	Monthly Change	
Labor Force	6.38 Million	+9,000	▲
Unemployment Rate	4.1%	-0.1%	
Total Nonfarm Jobs	6.02 Million	-4,900	▼
<b>12-Month Change</b>			
Total Nonfarm Jobs	+65,400		
Unemployment Rate	-0.7%		

### Surrounding States Unemployment Rate

DE	3.9%	NY	4.2%
MD	4.2%	OH	4.6%
NJ	4.2%	WV	5.3%