



# Economic Brief

State Representative Jack Rader

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.

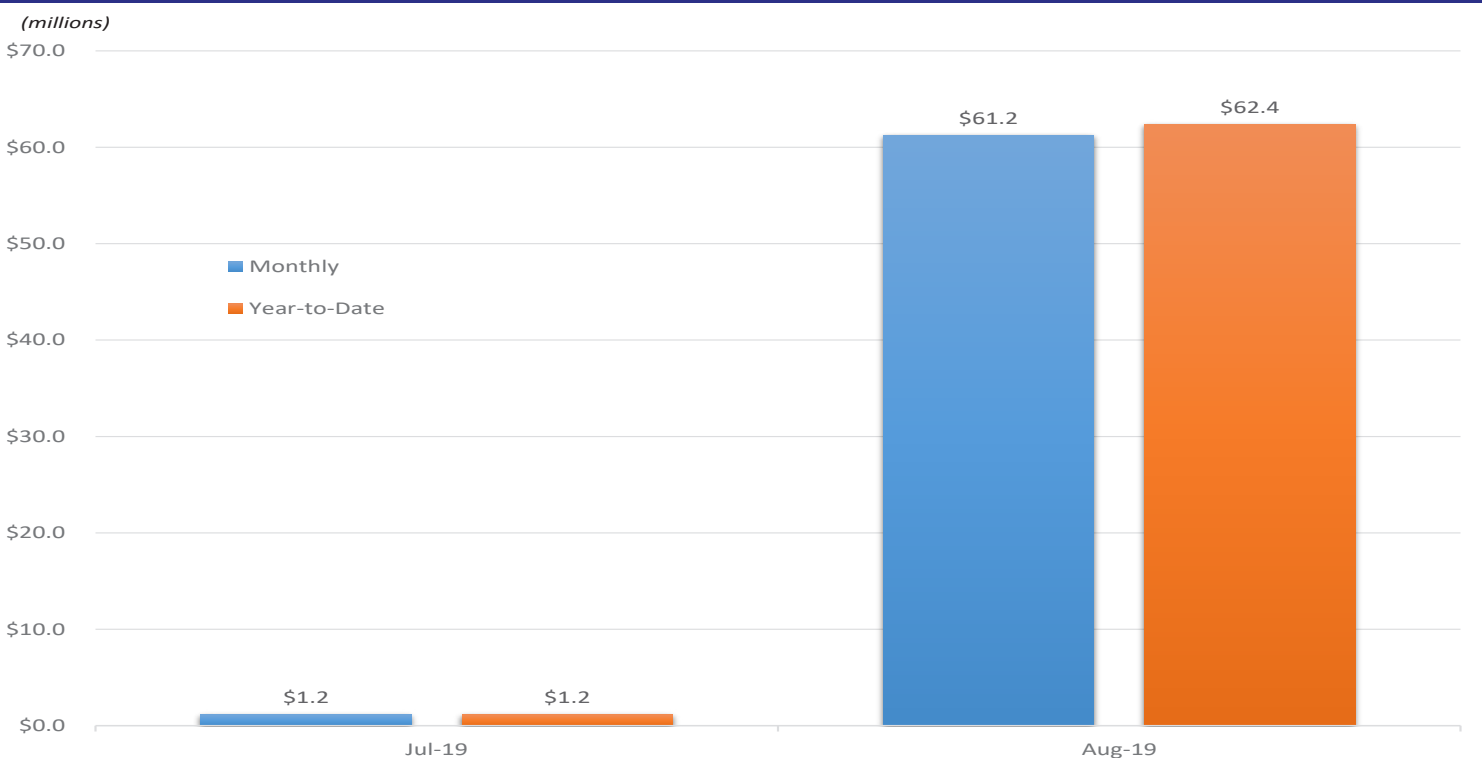
Collections of \$69 million for corporation taxes came in below the Official Revenue Estimate projection by \$9 million. Sales tax collections of \$968 million were higher than expected, coming in \$33 million above the Official Estimate. The Personal Income Taxes collected were \$824 million, which 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
<b>Total General Fund</b>	<b>Total General Fund</b> ↑
\$2.13 Billion	\$2.19 Billion
<b>Corporation Taxes</b>	<b>Corporation Taxes</b> ↓
\$78 Million	\$69 Million
<b>Sales Taxes</b>	<b>Sales Taxes</b> ↑
\$935 Million	\$968 Million
<b>Personal Income Taxes</b>	<b>Personal Income Taxes</b> ↑
\$806 Million	\$824 Million
<b>All Other Taxes</b>	<b>All Other Taxes</b> ↓
\$316 Million	\$314 Million
<b>Non-Tax Revenue</b>	<b>Non-Tax Revenue</b> ↑
-\$2 Million	\$18 Million

### Difference From Official General Fund Revenue Estimate





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## Chairman's Budget News

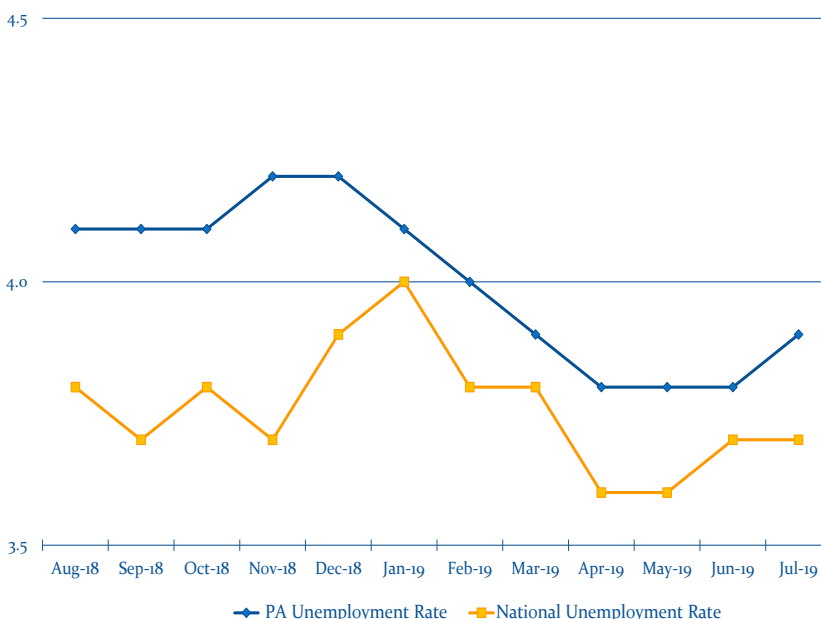
In June the Legislature passed a state budget that doesn't raise taxes, puts more money into education, and sets money aside in the state's Rainy-Day Fund to prevent the calls for future tax increases. This on-time budget keeps our promise to Pennsylvanians by being respectful of the tax dollars they 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
<b>Labor Force</b>	6.47 Million	+1,000
<b>Unemployment Rate</b>	3.9%	+0.1%
<b>Total Nonfarm Jobs</b>	6.039 Million	+1500 <span style="color: green;">↑</span>
<b>12-Month Change</b>		
<b>Total Nonfarm Jobs</b>	+30,300	
<b>Unemployment Rate</b>	-0.3%	

### Surrounding States Unemployment Rate

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