



Economic Brief

State Representative Jack Rader

October 2020

Chairman's Report

October General Fund revenue collections of \$2.59 billion exceeded the monthly revenue estimate by \$365.6 million, putting the General Fund \$824.5 million over estimate for the fiscal year.

Corporate Net Income Tax (CNIT) collections of \$121.0 million exceeded estimate by \$30.2 million. Year-to-date collections are above estimate by \$167.9 million. CNIT quarterly estimated payments for calendar year 2020 continue to lag the prior calendar year payments by 10.4%.

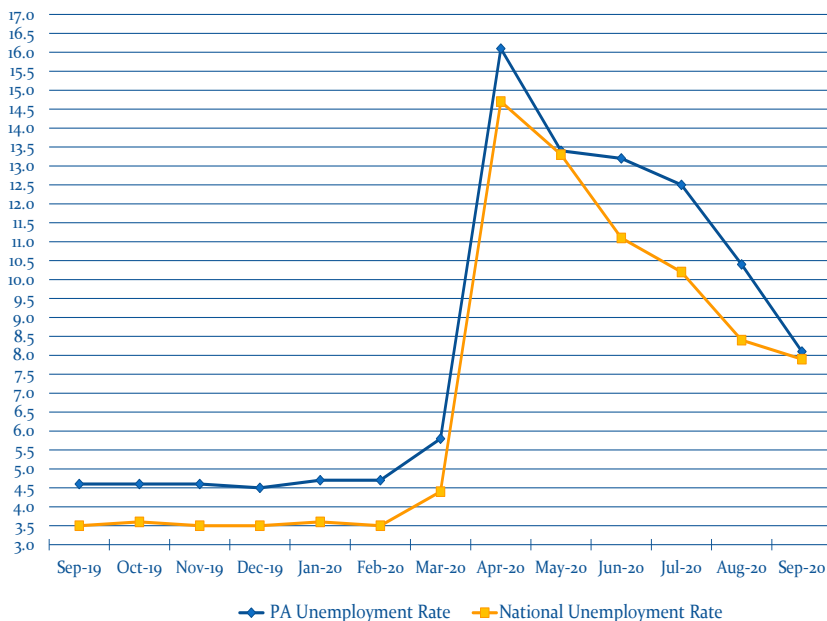
Personal Income Tax (PIT) withholding payments of \$818.0 million for the month exceeded estimate by \$20.4 million and are \$100.6 million above estimate for the fiscal year. Adjusting for payment due dates, October collections were 4.2% below October 2019 collections and year-to-date collections are 3.0% below collections of the prior fiscal year. PIT quarterly estimated payments exceeded the monthly estimate by \$17.4 million, but are \$22.6 million below the year-to-date estimate. Calendar year 2020 PIT estimated payments through the month of October are 8.2% below collections of the prior calendar year.

Sales and Use Tax (SUT) non-motor vehicle collections for the month exceeded estimate by \$95.4 million and are \$249.6 million above estimate for the fiscal year. Adjusting for payment shifts, year-to-date collections have grown 3.2% through the month of October. SUT motor vehicle collections and Realty Transfer Tax collections are growing 20.4% and 8.1%, respectively, over the prior fiscal year through the month of October.

On October 29th, the IFO released a Revenue and Economic Update for fiscal year 2020-21 which included a revised General Fund revenue estimate of \$36.524 billion, which is \$1.893 billion above the Governor's Official Estimate. The official estimate assumed a revenue loss of \$4.6 billion from the impact of the pandemic.

The IFO attributes the increase in consumer spending to federal stimulus and unemployment income, an increase in home refinancing, and a shift in spending from out-of-state travel to home furnishings, electronics and other taxable household goods. The IFO anticipates these income sources to decline in the coming months, causing consumer spending to fall.

12-Month Unemployment Rates



PA EMPLOYMENT STATISTICS

	Sept. 2020	Monthly Change	
Labor Force	6.365 Million	+52,000	↑
Unemployment Rate	8.1%	-2.3%	↓
Total Nonfarm Jobs	5.598 Million	+19,400	↑
12-Month Change			
Total Nonfarm Jobs	-470,800		
Unemployment Rate	+3.5%		

Surrounding States Unemployment Rate

DE	8.2%	NY	9.7%
MD	7.2%	OH	8.4%
NJ	6.7%	WV	8.6%

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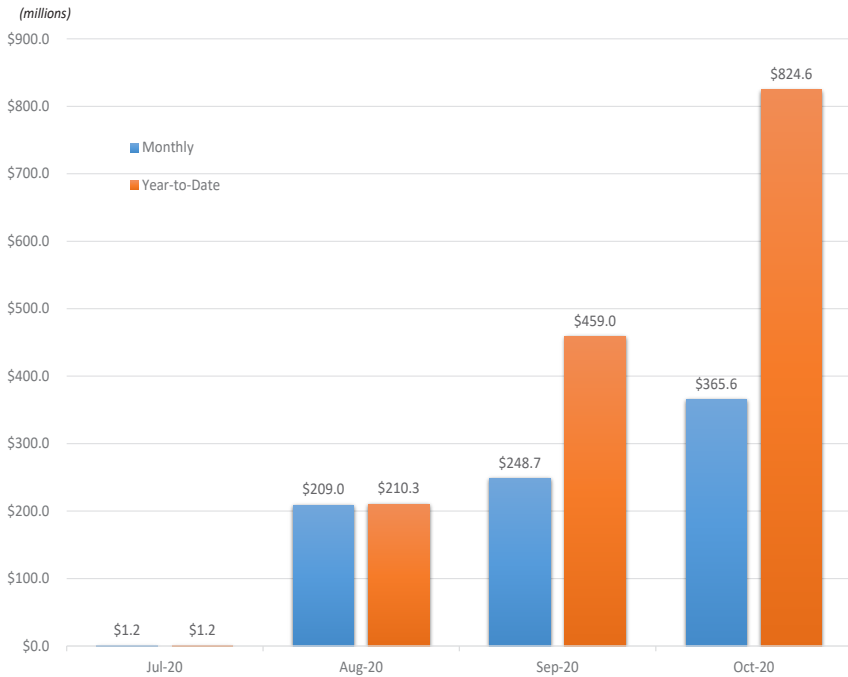
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Pennsylvania Brings in \$2.59

Difference from Official Revenue Estimate



October Revenue Collections

Official Estimate	Actual Collections
Total General Fund	Total General Fund ↑
\$2.23 Billion	\$2.59 Billion
Corporation Taxes	Corporation Taxes ↑
\$97.4 Million	\$122.6 Million
Sales Taxes	Sales Taxes ↑
\$944.4 Million	\$1.09 Billion
Personal Income Taxes	Personal Income Taxes ↑
\$901.3 Million	\$1.02 Billion
All Other Taxes	All Other Taxes ↑
\$260.2 Million	\$323.7 Million
Non-Tax Revenue	Non-Tax Revenue ↑
\$23.6 Million	\$32.3 Million

Comparison to October 2019 Revenues

