



Economic Brief

State Representative Jack Rader

March 2020

Pennsylvania Brings in \$4.43 Billion in Revenue Collections

General Fund revenue collections for the month of March were \$4.43 billion, which was \$295 million less than the Department of Revenue’s Official Estimate.

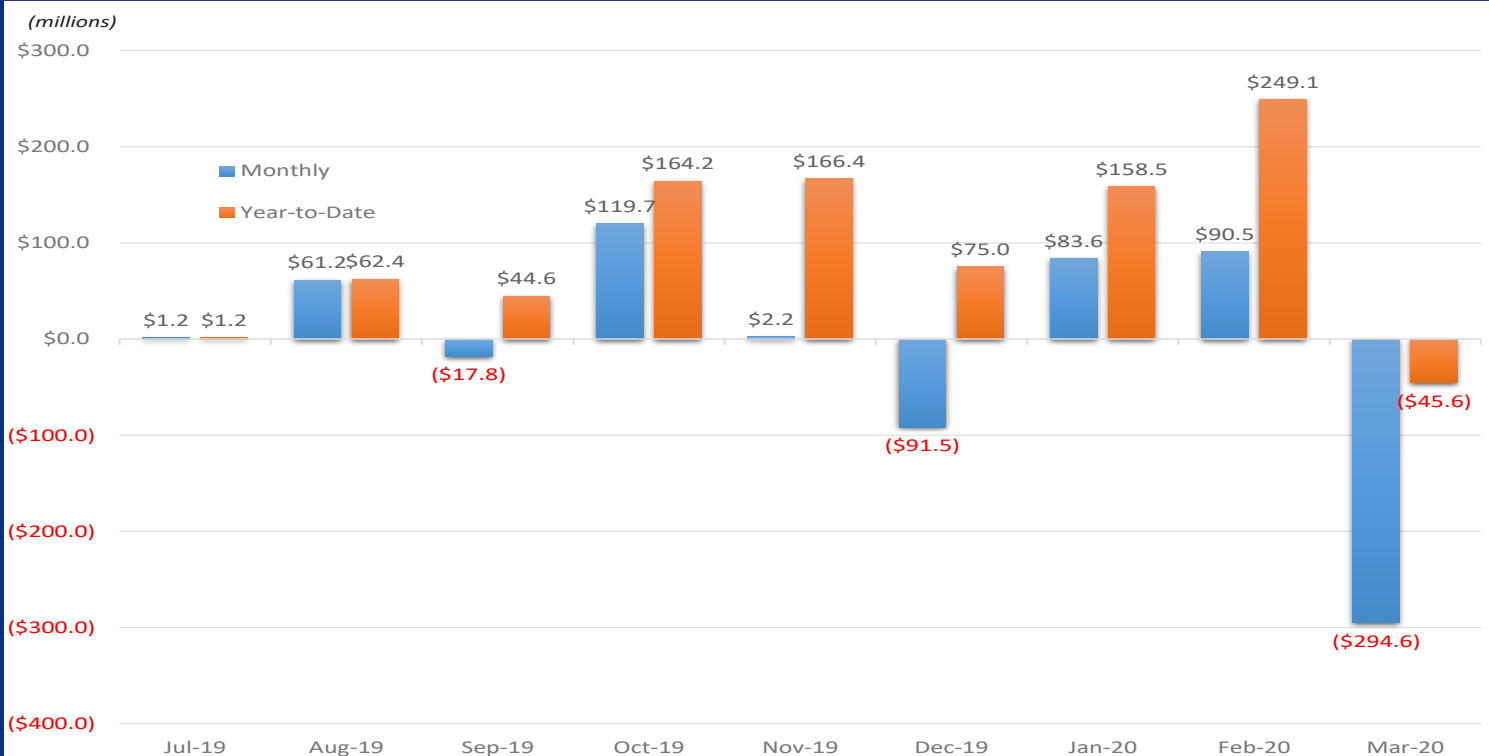
Collections of \$2.2 billion for corporation taxes came in below the Official Revenue Estimate projection by \$161 million. Sales tax collections of \$839 million were lower than expected, coming in \$24 million below the Official Estimate. The Personal Income Taxes collected were \$1.07 billion, which was below estimate by \$121 million.

General Fund collections year-to-date total \$25.31 billion. Total Revenue Collections are \$45.6 million or -0.18% below the official estimate for the fiscal year.

March Revenue Collections

| Official Estimate | Actual Collections |
|------------------------------|--------------------------------|
| Total General Fund | Total General Fund ↓ |
| \$4.73 Billion | \$4.43 Billion |
| Corporation Taxes | Corporation Taxes ↓ |
| \$2.36 Billion | \$2.20 Billion |
| Sales Taxes | Sales Taxes ↓ |
| \$863 Million | \$839 Million |
| Personal Income Taxes | Personal Income Taxes ↓ |
| \$1.19 Billion | \$1.07 Billion |
| All Other Taxes | All Other Taxes ↑ |
| \$196 Million | \$213 Million |
| Non-Tax Revenue | Non-Tax Revenue ↓ |
| \$123 Million | \$117 Million |

Difference From Official General Fund Revenue Estimate





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Chairman's Budget News

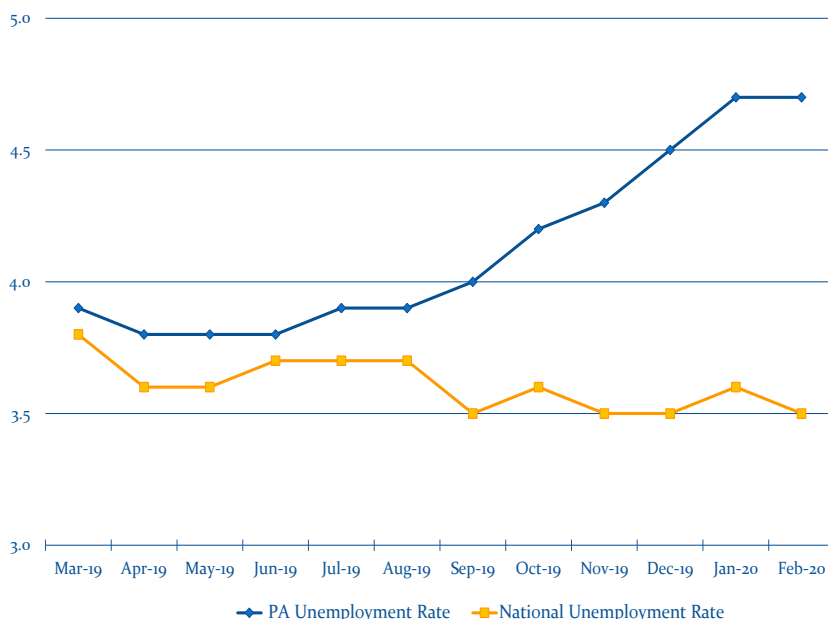
With the unprecedented health crisis of Covid-19, states across the nation are facing the potential for some of the largest revenue drops in modern history. Pennsylvania is not immune to this potential downfall in revenue. To date we have seen the entirety of the surplus that has been built up completely eliminated. Going forward we are going to continue to see a fallout in revenue collections until we get past the peak of this health crisis.

Exactly how bad the revenue drop will be is hard to determine. There are no good models to show what the exact impact would be since this type of incident has never occurred. What we do know is that there is a very good chance that we are facing a recession. It is important that state government do what it can to conserve now so that we can create a budget that helps jumpstart Pennsylvania.

I sent the governor a letter urging him to restrict all unnecessary spending, to freeze funding out of special funds and to place money into budgetary reserve so that the Commonwealth has enough money to properly respond to the needs of the health crisis. To that end, the General Assembly has authorized the governor to spend \$50 million in existing funds to meet the needs of our health care providers including hospitals, clinics, and EMS agencies. \$60 million has also been freed up to provide small business loans at 0% interest.

As we look to craft a state budget for the upcoming fiscal year we are facing some of the most challenging problems that the state has ever faced. These hurdles will only be cleared by working together to find a path forward. These challenges are great but we can find solutions. We must focus on funding what is absolutely essential and employ new ways of thinking when it comes to funding our state budget.

12-Month Unemployment Rates



PA EMPLOYMENT STATISTICS

| | Feb. 2020 | Monthly Change |
|---------------------------|---------------|----------------|
| Labor Force | 6.558 Million | +9,000 |
| Unemployment Rate | 4.7% | 0.0% |
| Total Nonfarm Jobs | 6.112 Million | +15,600 |
| 12-Month Change | | |
| Total Nonfarm Jobs | +64,600 | |
| Unemployment Rate | +0.6% | |

Surrounding States Unemployment Rate

| | | | |
|----|------|----|------|
| DE | 3.9% | NY | 3.7% |
| MD | 3.3% | OH | 4.1% |
| NJ | 3.8% | WV | 4.9% |