



Economic Brief

Rep. Stan Saylor, Chairman

January 2022

Chairman's Report

General Fund revenue collections of \$3.59 billion were above estimate by \$376.8 million for the month of January. Year-to-date collections of \$26.15 billion are above estimate by \$1.847 billion.

Every major tax category exceeded estimate for the month including Non-Tax revenue: Total Corporation Taxes by \$20.9 million; Total Consumption Taxes by \$97.0 million; Personal Income Taxes by \$180.1 million; All Other Taxes by \$65.8 million; and Total Non-Tax Revenue by \$15.4 million.

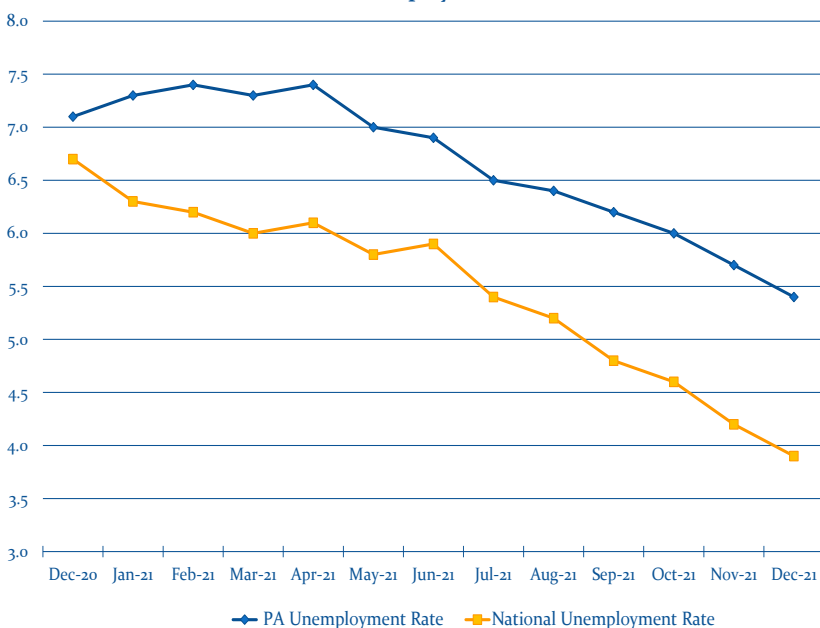
On January 31, 2022, the Independent Fiscal Office (IFO) released its Mid-Year Update for FY2021-22 with a revised revenue estimate of \$45.322 billion, which is \$2.786 billion more than the Official Revenue Estimate. Also included in the report is an initial revenue estimate of \$43.319 billion for FY2022-23.

While FY2021-22 revenues are considerably outperforming estimates, the IFO highlights in its report, that State tax and non-tax revenues are estimated to decline 0.8% in FY2022-23.

December's unemployment report once again shows a slight increase in employment but an even greater exit from the labor force. Pennsylvania's workforce participation rate of 60.8 is the lowest it has been since June of 1987.

The Committee will continue to monitor future risks to the current economic trends which may have a significant impact on future General Fund revenue collections.

12-Month Unemployment Rates



PA EMPLOYMENT STATISTICS

	Dec. 2021	Monthly Change	
Labor Force	6.241 Million	-18,000	↓
Unemployment Rate	5.4%	-0.3%	↓
Total Nonfarm Jobs	5.805 Million	+14,300	↑
12-Month Change			
Total Nonfarm Jobs	+202,200		
Unemployment Rate	-1.7%		

Surrounding States Unemployment Rates

DE	5.0%	NY	6.2%
MD	5.0%	OH	4.5%
NJ	6.3%	WV	3.7%



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January Revenue Collections Over Estimate by \$376.8 Million

IFO Mid-Year Revenue Estimates			January Revenue Collections	
Revenue Source			Official Estimate	Actual Collections
FY21-22	FY22-23	Growth		
State Tax & Non-Tax Revenue	State Tax & Non-Tax Revenue		Total General Fund	Total General Fund ↑
\$41.481 billion	\$41.129 billion	-0.8%	\$3.21 Billion	\$3.59 Billion
Federal ARPA Funds	Federal ARPA Funds		Corporation Taxes	Corporation Taxes ↑
\$3.841 billion	\$2.19 billion	-43.0%	\$184.4 Million	\$205.3 Million
General Fund Estimate	General Fund Estimate		Sales Taxes	Sales Taxes ↑
\$45.322 billion	\$43.319 billion	-4.4%	\$1.16 Billion	\$1.26 Billion
			Personal Income Taxes	Personal Income Taxes ↑
			\$1.57 Billion	\$1.75 Billion
			All Other Taxes	All Other Taxes ↑
			\$289.0 Million	\$354.8 Million
			Non-Tax Revenue	Non-Tax Revenue ↑
			\$6.5 Million	\$21.9 Million

Inflation in Pennsylvania

A 6.6% total increase from Dec. 2020 to Dec. 2021

