

DEPARTMENT OF REVENUE BUDGET HEARING WRAP

Tuesday, March 10, 2026



General Overview:

Department of Revenue (DOR) Secretary Patrick Browne, along with senior DOR and PA Lottery staff, testified before the House Appropriations Committee today. House Republicans asked about the Governor's new tax proposals, including recreational marijuana and skill games, as well as future revenue growth projections.

Key Takeaways:

- The Governor's budget proposes spending \$232.1 million from the General Fund for DOR in Fiscal Year 2026-27, an overall increase of \$14.1 million, or 6.5%.
 - The Department of Revenue also operates the Pennsylvania Lottery. The Lottery Fund is expected to expend \$2.30 billion according to the Governor's budget, an increase of \$48 million, or 2.2%, over the current fiscal year. The Lottery Fund supports programs in the departments of Aging, Human Services, Revenue, and PennDOT.
- The Property Tax Relief Fund is projected to end FY 2026-27 with a balance of \$2.01 billion. Members pressed Secretary Browne to provide additional property tax relief to homeowners with these funds.
- The Governor is once again proposing a 52% tax on "Skill Games," which are operating most commonly in bars, restaurants, and private clubs - small businesses in communities across Pennsylvania.
 - Secretary Browne informed the committee that there has been no economic study of the potential impact of the Governor's proposed 52% tax on current Skill Games locations.
- Secretary Browne confirmed the Governor's proposal does not accelerate the reduction of the Corporate Net Income Tax (CNIT) rate. Governor Shapiro has called for accelerating the CNIT twice in budget addresses, yet has failed to follow through and enact it.
- House Democrats asked Secretary Browne about the merits of a so-called "Millionaire Tax," which Secretary Browne said is unconstitutional.
- House Republicans asked how certain DOR is in their revenue projections for this year and into the future. Secretary Browne shared he is confident, but there are many variables, including the lack of population growth among working-age people in Pennsylvania.
- Members asked about the Governor's proposal to raise the minimum wage, indicating that the Governor's own numbers show that employers are already increasing wages without government mandates. Secretary Browne acknowledged this but still argued for indexing the wage to inflation.
- House members learned that the PA Lottery is expected to grow this year and that Act 37, which reduced mandated profit margins to 10%, is helping increase sales of non-online games.

Notable Q&A:



Rep. Jamie Barton learns that DOR has not conducted an economic study on the 52% skill games tax proposal.



Rep. Kristin Marcell cites a study showing that PA has the 4th-highest tax burden, making it harder to attract working families.



Rep. Marla Brown asks why more Property Tax Relief is not included with the budget, even with a balance of over \$2 billion in the Property Tax Relief Fund.