



# June 2024

## Financial Brief

### Message from Chairman Grove

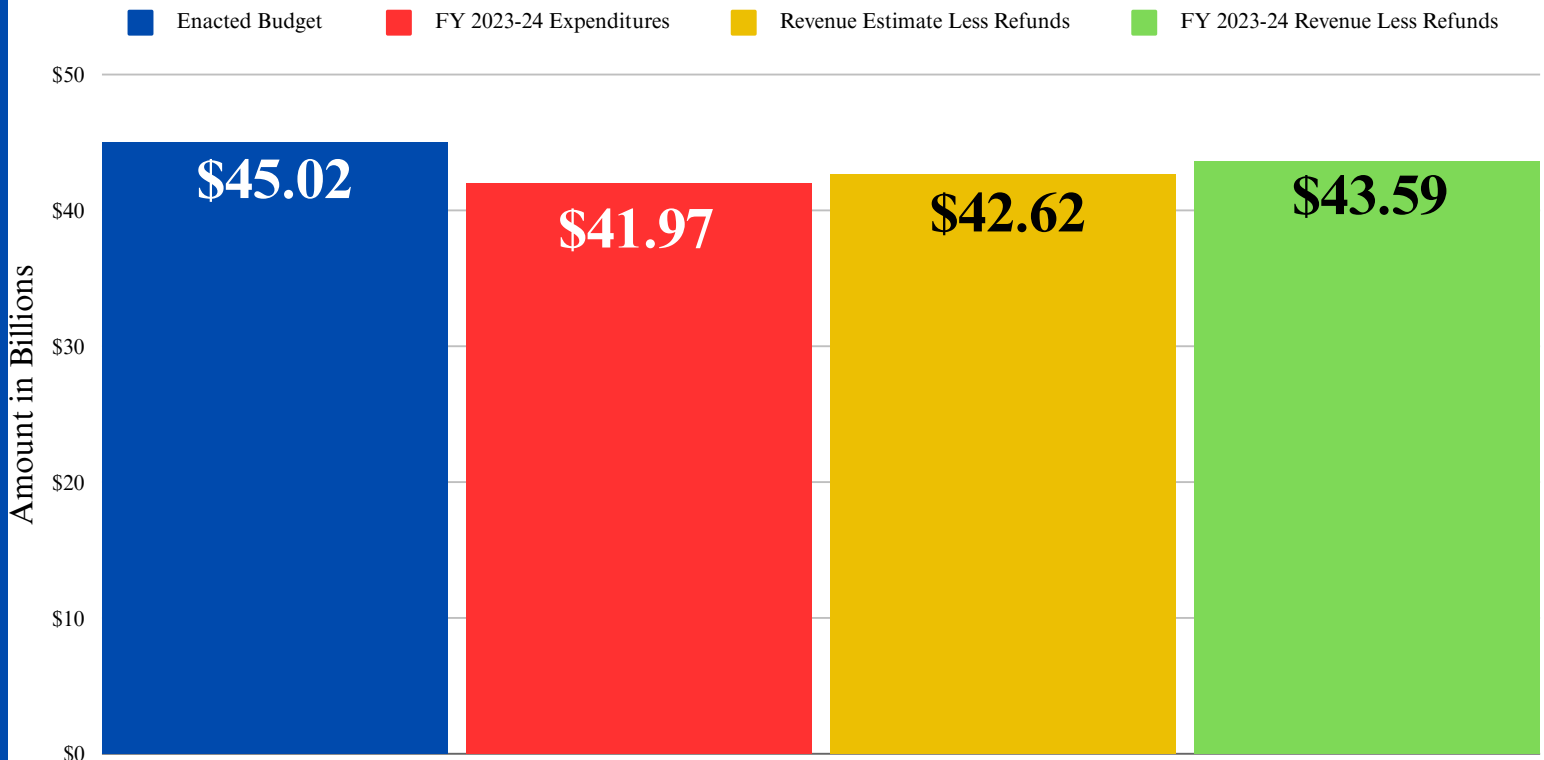


Pennsylvania House Democrats have once again demonstrated their inability to govern effectively by causing a budget impasse for the second consecutive year. Governor Josh Shapiro has been notably absent from Harrisburg which only served to worsen the ability to provide an on-time budget. While the budget has been at a virtual standstill, the Governor was booed at a Hershey Bears game on June 26th and held a press conference in Centre County on June 28th to announce that Property Tax and Rent Rebate checks will be sent out on-time (unlike our budget). Even after using a dark money group to fund renovations to the Governor's Harrisburg mansion, Shapiro chose to use the state taxpayer-funded plane at a record-setting pace, attending sporting events for free and campaigning for President Joe Biden, further highlighting his lack of focus on the Commonwealth's fiscal needs.

In stark contrast to the Governor's wavering commitment and House Democrats inability to govern, House Republicans have stood ready to deliver our constitutionally-required duty to pass an on-time budget. Our priorities have remained consistent: fiscal responsibility, pro-economic growth policies, and student-centered education policies and funding.

Seth Grove, House Republican Appropriations Chairman

### General Fund Budget Overview



# Fiscal Year 2023-24 General Fund Revenues

*Compared to the Official Estimate*

**House Appropriations Committee (R)**

*Thousands of Dollars*

Revenue Source	June 2024 Actual	June 2024 Estimate	\$ Amount over / (under) Estimate	2023-24 Actual	2023-24 Estimate	\$ Amount over / (under) Estimate
<b>General Fund</b>	<b><u>\$3,632,680</u></b>	<b><u>\$3,595,500</u></b>	<b><u>\$37,180</u></b>	<b><u>\$45,473,489</u></b>	<b><u>\$44,610,600</u></b>	<b><u>\$862,889</u></b>
<b>Tax Revenue</b>	<b><u>\$3,557,499</u></b>	<b><u>\$3,571,000</u></b>	<b><u>(\$13,501)</u></b>	<b><u>\$43,864,769</u></b>	<b><u>\$43,492,700</u></b>	<b><u>\$372,069</u></b>
<b>Corporation Taxes</b>	<b><u>\$469,522</u></b>	<b><u>\$523,600</u></b>	<b><u>(\$54,078)</u></b>	<b><u>\$8,032,086</u></b>	<b><u>\$7,851,900</u></b>	<b><u>\$180,186</u></b>
Accelerated Deposits	\$0	\$0	\$0	\$0	\$0	\$0
Corporate Net Income	\$917,300	\$978,200	(\$60,900)	\$5,651,453	\$5,633,500	\$17,953
Selective Business	(\$447,779)	(\$454,600)	\$6,821	\$2,380,634	\$2,218,400	\$162,234
Gross Receipts	\$4,100	\$2,800	\$1,300	\$1,389,225	\$1,306,500	\$82,725
Utility Property	\$2	\$0	\$2	\$44,054	\$46,400	(\$2,346)
Insurance Premiums	(\$462,629)	(\$465,300)	\$2,671	\$546,774	\$532,500	\$14,274
Financial Institutions	\$10,749	\$7,900	\$2,849	\$400,581	\$333,000	\$67,581
Bank Shares	\$6,872	\$1,700	\$5,172	\$362,153	\$301,700	\$60,453
Mutual Thrifts	\$3,877	\$6,200	(\$2,323)	\$38,428	\$31,300	\$7,128
<b>Consumption Taxes</b>	<b><u>\$1,355,378</u></b>	<b><u>\$1,318,300</u></b>	<b><u>\$37,078</u></b>	<b><u>\$15,540,485</u></b>	<b><u>\$15,372,500</u></b>	<b><u>\$167,985</u></b>
<b>Sales and Use Tax</b>	<b><u>\$1,225,205</u></b>	<b><u>\$1,181,600</u></b>	<b><u>\$43,605</u></b>	<b><u>\$14,255,907</u></b>	<b><u>\$14,012,600</u></b>	<b><u>\$243,307</u></b>
Non-Motor Vehicle	\$1,118,403	\$1,071,400	\$47,003	\$12,917,359	\$12,707,900	\$209,459
Motor Vehicle	\$106,802	\$110,200	(\$3,398)	\$1,338,548	\$1,304,700	\$33,848
Cigarette	\$78,980	\$80,700	(\$1,720)	\$668,010	\$709,300	(\$41,290)
Other Tobacco Products	\$12,820	\$14,100	(\$1,280)	\$146,432	\$163,300	(\$16,868)
Malt Beverage	\$1,980	\$2,100	(\$120)	\$21,381	\$21,800	(\$419)
Liquor	\$36,393	\$39,800	(\$3,407)	\$448,755	\$465,500	(\$16,745)
<b>Other Taxes</b>	<b><u>\$1,732,599</u></b>	<b><u>\$1,729,100</u></b>	<b><u>\$3,499</u></b>	<b><u>\$20,292,197</u></b>	<b><u>\$20,268,300</u></b>	<b><u>\$23,897</u></b>
<b>Personal Income Tax</b>	<b><u>\$1,530,869</u></b>	<b><u>\$1,518,900</u></b>	<b><u>\$11,969</u></b>	<b><u>\$17,856,822</u></b>	<b><u>\$17,991,700</u></b>	<b><u>(\$134,878)</u></b>
Withholding	\$1,013,870	\$1,018,200	(\$4,330)	\$13,201,800	\$13,133,800	\$68,000
Estimated	\$468,618	\$461,800	\$6,818	\$2,508,476	\$2,822,100	(\$313,624)
Annual	\$48,382	\$38,900	\$9,482	\$2,146,545	\$2,035,800	\$110,745
Realty Transfer	\$51,871	\$48,900	\$2,971	\$530,750	\$510,600	\$20,150
Inheritance	\$120,730	\$120,100	\$630	\$1,635,952	\$1,479,900	\$156,052
Gaming	\$18,490	\$25,800	(\$7,310)	\$360,492	\$371,400	(\$10,908)
Minor and Repealed	\$10,639	\$15,400	(\$4,761)	(\$91,819)	(\$85,300)	(\$6,519)
<b>Non-Tax Revenue</b>	<b><u>\$75,181</u></b>	<b><u>\$24,500</u></b>	<b><u>\$50,681</u></b>	<b><u>\$1,608,720</u></b>	<b><u>\$1,117,900</u></b>	<b><u>\$490,820</u></b>
Liquor Store Profits	\$0	\$0	\$0	\$185,100	\$185,100	\$0
Licenses and Fees	\$7,452	\$7,300	\$152	\$169,986	\$160,300	\$9,686
<b>Miscellaneous</b>	<b><u>\$66,380</u></b>	<b><u>\$17,800</u></b>	<b><u>\$48,580</u></b>	<b><u>\$1,186,385</u></b>	<b><u>\$707,200</u></b>	<b><u>\$479,185</u></b>
Treasury	\$69,323	\$18,400	\$50,923	\$778,961	\$384,500	\$394,461
Escheats	(\$17,481)	(\$14,000)	(\$3,481)	\$309,875	\$216,900	\$92,975
Other Misc & Transfers	\$14,539	\$13,400	\$1,139	\$97,548	\$105,800	(\$8,252)
Fines, Penalties, Interest	\$1,349	(\$600)	\$1,949	\$67,250	\$65,300	\$1,950



# Fiscal Year 2023-24 General Fund Revenues

*Compared to the Prior Year Collections*

**House Appropriations Committee (R)**

*Thousands of Dollars*

Revenue Source	June 2023 Actual	June 2024 Actual	Month % Growth vs Prior Year	2022-23 Actual	2023-24 Actual	% Growth vs Prior Year
<b>General Fund</b>	<b><u>\$3,686,113</u></b>	<b><u>\$3,632,680</u></b>	<b><u>(1.4%)</u></b>	<b><u>\$44,917,148</u></b>	<b><u>\$45,473,489</u></b>	<b><u>1.2%</u></b>
<b>Tax Revenue</b>	<b><u>\$3,614,028</u></b>	<b><u>\$3,557,499</u></b>	<b><u>(1.6%)</u></b>	<b><u>\$43,776,399</u></b>	<b><u>\$43,864,769</u></b>	<b><u>0.2%</u></b>
<b>Corporation Taxes</b>	<b><u>\$589,603</u></b>	<b><u>\$469,522</u></b>	<b><u>(20.4%)</u></b>	<b><u>\$8,254,012</u></b>	<b><u>\$8,032,086</u></b>	<b><u>(2.7%)</u></b>
Accelerated Deposits	(\$2)	\$0	(100.0%)	(\$3,432)	\$0	(100.0%)
Corporate Net Income	\$1,017,642	\$917,300	(9.9%)	\$6,142,927	\$5,651,453	(8.0%)
Selective Business	(\$428,037)	(\$447,779)	4.6%	\$2,114,517	\$2,380,634	12.6%
Gross Receipts	\$3,530	\$4,100	16.1%	\$1,180,963	\$1,389,225	17.6%
Utility Property	\$427	\$2	(99.6%)	\$45,976	\$44,054	(4.2%)
Insurance Premiums	(\$438,497)	(\$462,629)	5.5%	\$521,761	\$546,774	4.8%
Financial Institutions	\$6,502	\$10,749	65.3%	\$365,817	\$400,581	9.5%
Bank Shares	\$2,296	\$6,872	199.3%	\$331,441	\$362,153	9.3%
Mutual Thrifts	\$4,206	\$3,877	(7.8%)	\$34,376	\$38,428	11.8%
<b>Consumption Taxes</b>	<b><u>\$1,351,422</u></b>	<b><u>\$1,355,378</u></b>	<b><u>0.3%</u></b>	<b><u>\$15,423,032</u></b>	<b><u>\$15,540,485</u></b>	<b><u>0.8%</u></b>
<b>Sales and Use Tax</b>	<b><u>\$1,211,729</u></b>	<b><u>\$1,225,205</u></b>	<b><u>1.1%</u></b>	<b><u>\$14,024,416</u></b>	<b><u>\$14,255,907</u></b>	<b><u>1.7%</u></b>
Non-Motor Vehicle	\$1,088,888	\$1,118,403	2.7%	\$12,640,443	\$12,917,359	2.2%
Motor Vehicle	\$122,841	\$106,802	(13.1%)	\$1,383,973	\$1,338,548	(3.3%)
Cigarette	\$85,485	\$78,980	(7.6%)	\$772,866	\$668,010	(13.6%)
Other Tobacco Products	\$13,350	\$12,820	(4.0%)	\$152,568	\$146,432	(4.0%)
Malt Beverage	\$2,304	\$1,980	(14.1%)	\$22,427	\$21,381	(4.7%)
Liquor	\$38,554	\$36,393	(5.6%)	\$450,755	\$448,755	(0.4%)
<b>Other Taxes</b>	<b><u>\$1,673,004</u></b>	<b><u>\$1,732,599</u></b>	<b><u>3.6%</u></b>	<b><u>\$20,099,355</u></b>	<b><u>\$20,292,197</u></b>	<b><u>1.0%</u></b>
<b>Personal Income Tax</b>	<b><u>\$1,440,186</u></b>	<b><u>\$1,530,869</u></b>	<b><u>6.3%</u></b>	<b><u>\$17,628,105</u></b>	<b><u>\$17,856,822</u></b>	<b><u>1.3%</u></b>
Withholding	\$984,202	\$1,013,870	3.0%	\$12,643,795	\$13,201,800	4.4%
Estimated	\$406,838	\$468,618	15.2%	\$2,690,845	\$2,508,476	(6.8%)
Annual	\$49,146	\$48,382	(1.6%)	\$2,293,466	\$2,146,545	(6.4%)
Realty Transfer	\$64,609	\$51,871	(19.7%)	\$643,835	\$530,750	(17.6%)
Inheritance	\$128,730	\$120,730	(6.2%)	\$1,524,380	\$1,635,952	7.3%
Gaming	\$28,494	\$18,490	(35.1%)	\$365,077	\$360,492	(1.3%)
Minor and Repealed	\$10,985	\$10,639	(3.1%)	(\$62,043)	(\$91,819)	48.0%
<b>Non-Tax Revenue</b>	<b><u>\$72,085</u></b>	<b><u>\$75,181</u></b>	<b><u>4.3%</u></b>	<b><u>\$1,140,749</u></b>	<b><u>\$1,608,720</u></b>	<b><u>41.0%</u></b>
Liquor Store Profits	\$0	\$0		\$185,100	\$185,100	0.0%
Licenses and Fees	\$6,442	\$7,452	15.7%	\$157,451	\$169,986	8.0%
<b>Miscellaneous</b>	<b><u>\$64,615</u></b>	<b><u>\$66,380</u></b>	<b><u>2.7%</u></b>	<b><u>\$732,159</u></b>	<b><u>\$1,186,385</u></b>	<b><u>62.0%</u></b>
Treasury	\$66,674	\$69,323	4.0%	\$451,876	\$778,961	72.4%
Escheats	\$18,090	(\$17,481)	(196.6%)	\$18,093	\$309,875	1612.7%
Other Misc & Transfers	(\$20,149)	\$14,539	(172.2%)	\$262,190	\$97,548	(62.8%)
Fines, Penalties, Interest	\$1,028	\$1,349	31.2%	\$66,038	\$67,250	1.8%

# Revenues Explained

General Fund collections of \$3.63 billion in June were \$37.2 million higher than the official monthly estimate; however, tax revenue of \$3.56 billion fell short by \$13.5 million. General Fund collections of \$45.5 billion in fiscal year 2023-24 exceeded estimate by \$862.9 million, or 1.9%.

*Governor Shapiro's Executive Budget assumed fiscal year 2023-24 General Fund collections would exceed estimate by \$656.5 million come June 30, 2024.*







## June 2024 monthly collections:

- **Total Tax Revenue** collections of \$3.56 billion were **less than the monthly estimate by \$13.5 million** and were **less than that of the prior year by \$56.5 million, or 1.6%**.
- **Total Corporation Taxes** were **below the official monthly estimate by \$54.1 million**, largely attributable to the **Corporate Net Income Tax**, which was **\$60.9 million below the official monthly estimate**.
- **Total Sales and Use Tax (SUT)** collections **exceeded the official monthly estimate for the month of June by \$43.6 million**. **SUT non-motor vehicle** collections again **exceeded the official monthly estimate by \$47.0 million** while **SUT motor vehicle** collections **fell short of estimate by \$3.4 million**.
- **Total Personal Income Tax (PIT)** (annual, quarterly estimated, and withholding) collections **exceeded the official monthly estimate by \$12.0 million**. **PIT annual and PIT quarterly estimated** collections both **exceeded the official monthly estimate by \$9.4 million and \$6.8 million, respectively**. **PIT withholding** was **\$4.3 million short of the official monthly estimate**.
- **Realty Transfer Tax** collections of \$51.9 million **exceeded the official monthly estimate by \$3.0 million**.
- **Inheritance Tax** collections **narrowly exceeded the official monthly estimate by \$630,000**.
- **Non-Tax Revenue** collections of \$75.2 million were **above the estimate for the month by \$50.7 million**, led by the continued strength of **interest earnings**, which **exceeded the official monthly estimate by \$50.9 million**.

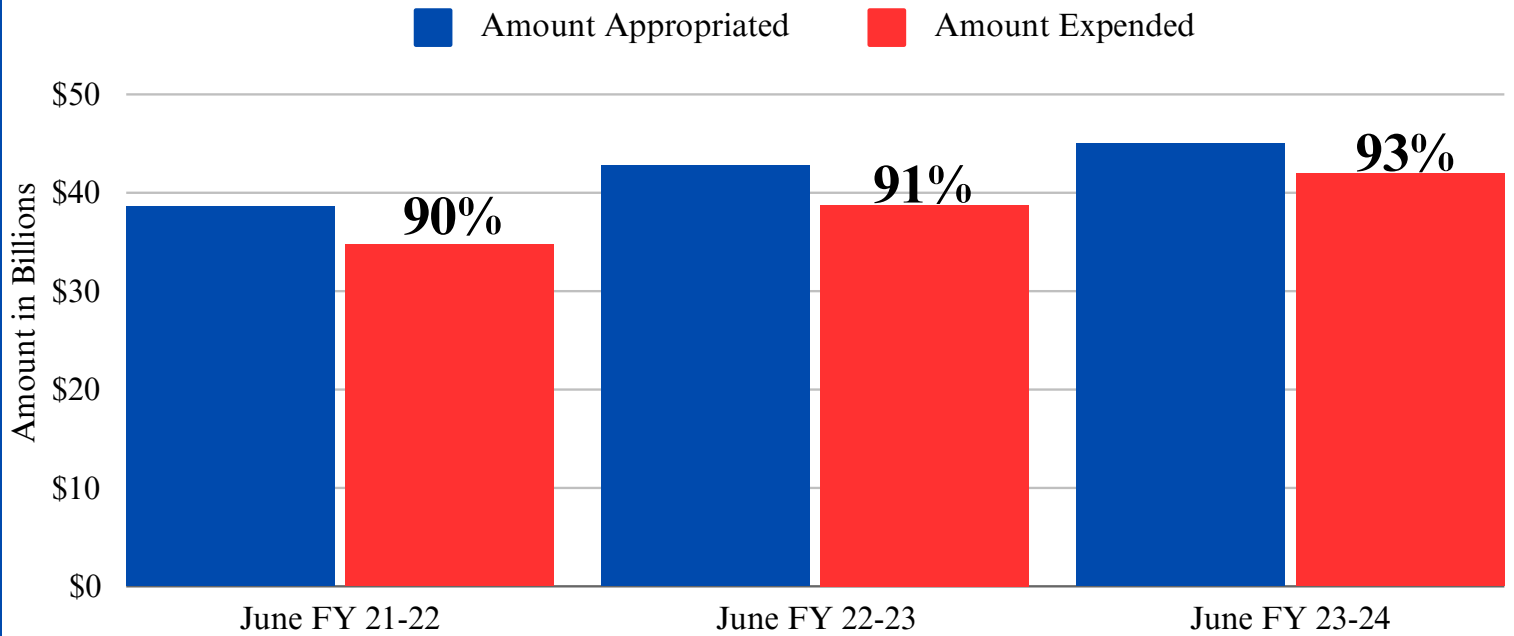
## Fiscal Year collections through the month of June 2024:

- **Total Tax Revenue** collections of \$43.9 billion for the fiscal year were **slightly above collections of the prior fiscal year by \$88.4 million, or 0.2%**.
- **Corporate Net Income Tax** collections of \$5.65 billion were **below collections of the prior fiscal year by 8.0%**.
- **Total Sales and Use Tax** collections were **narrowly above collections of the prior fiscal year by 1.7%**. **SUT non-motor vehicle** collections of \$12.9 billion were **above collections of the prior fiscal year by 2.2%** while **SUT motor vehicle** collections of \$1.34 billion were **below collections of the prior fiscal year by 3.3%**.
- **Total PIT** collections of \$16.33 billion were **slightly above collections of the prior fiscal year by 1.3%**. **PIT withholding** **exceeded collections of the prior fiscal year by 4.4%** while **PIT annual and PIT estimated payments** were **below collections of the prior fiscal year by 6.4% and 6.8%, respectively**.
- **Realty Transfer Tax** collections of \$530.8 million were **below collections of the prior year by \$113.1 million, or 17.6%**.
- **Inheritance Tax** collections of \$1.64 billion **exceeded collections of the prior fiscal year by 7.3%**.
- **Non-Tax Revenue** collections of \$1.61 billion were **above collections of the prior fiscal year by 41.0%**. This is attributable to the exceptional strength of **interest earnings** which were **72.4% higher than the prior fiscal year, totaling \$779.0 million**.

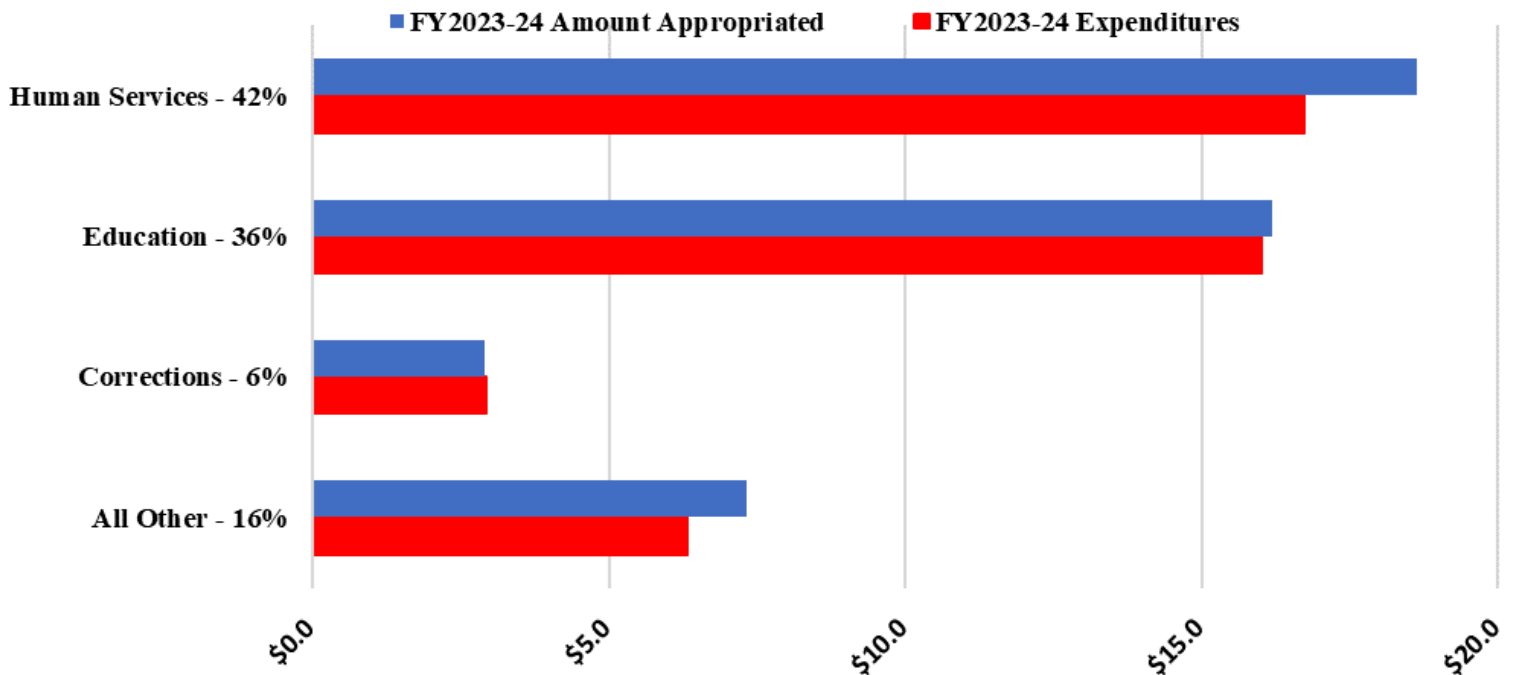
## June 2024 Revenue Collections

Total General Fund		Personal Income Tax	
Estimate: \$3.596 billion	Actual: <b>\$3.633 billion</b> 	Estimate: \$1.519 billion	Actual: <b>\$1.531 billion</b> 
Total Corporation Taxes		Sales Tax	
Estimate: \$523.6 million	Actual: <b>\$469.5 million</b> 	Estimate: \$1.182 billion	Actual: <b>\$1.225 billion</b> 
Non-Tax Revenue		All Other Taxes	
Estimate: \$24.5 million	Actual: <b>\$75.2 million</b> 	Estimate: \$346.9 million	Actual: <b>\$331.9 million</b> 

# Status of Appropriations



## FY2023-24 Budget - Top 3 Agencies (84% of Budget) Status of Appropriations as of June 2024 *Amounts in Billions*



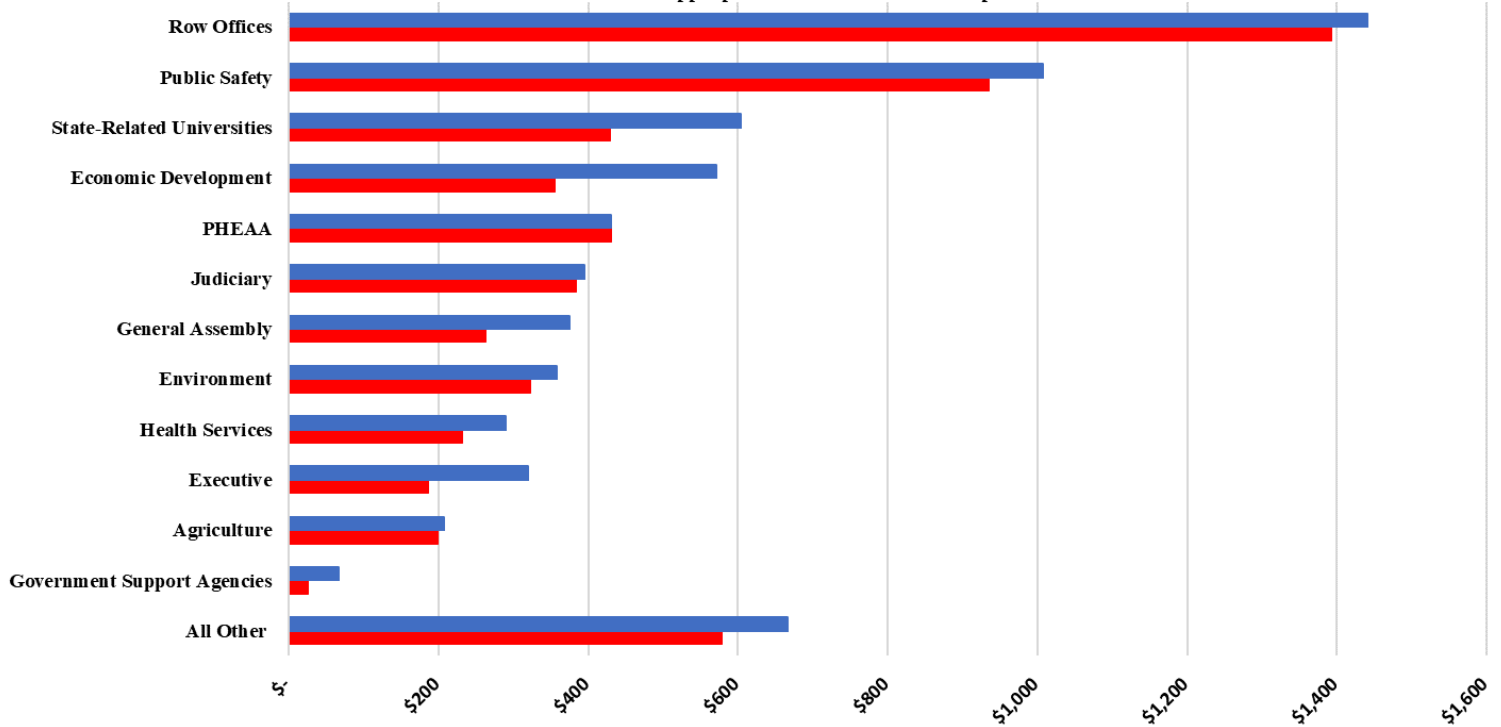
All Spending information from Commonwealth Accounting System, Status of Appropriations Report.

## FY2023-24 Budget - All Other Agencies (16% of Budget)

Status of Appropriations as of June 2024

Amounts in Millions

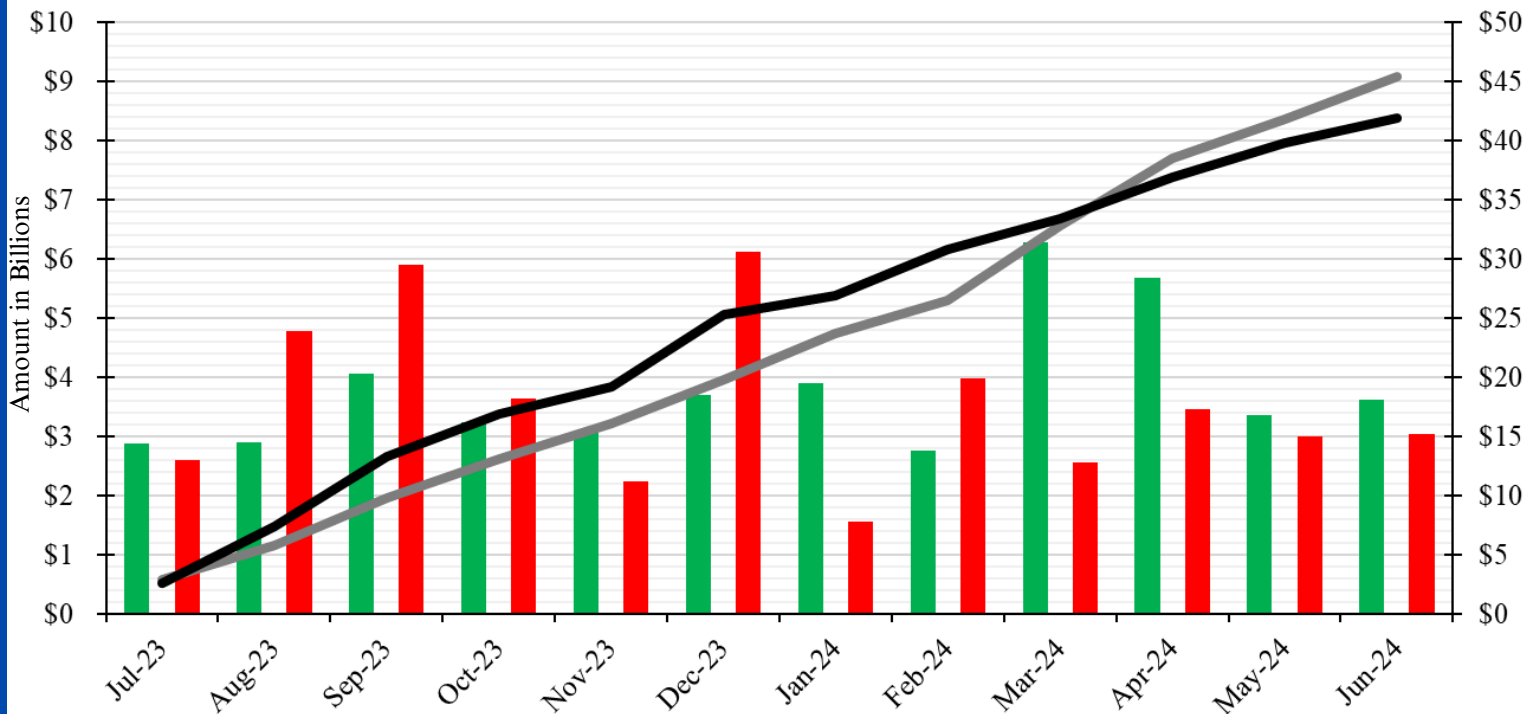
FY2023-24 Amount Appropriated FY2023-24 Expenditures



## 2023-24 GENERAL FUND

Expenditures and Revenues

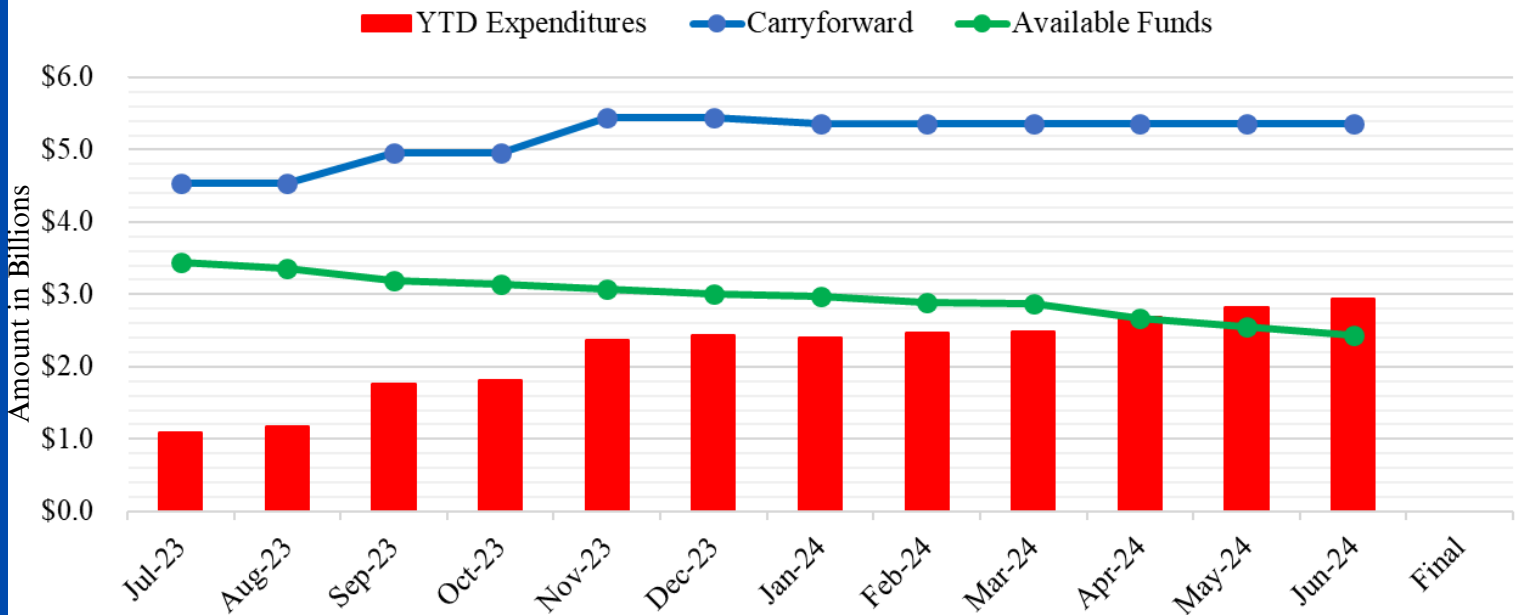
Revenues Expenditures YTD Revenues YTD Expenditures



All Spending information from Commonwealth Accounting System, Status of Appropriations Report.

# PRIOR YEAR FUNDS

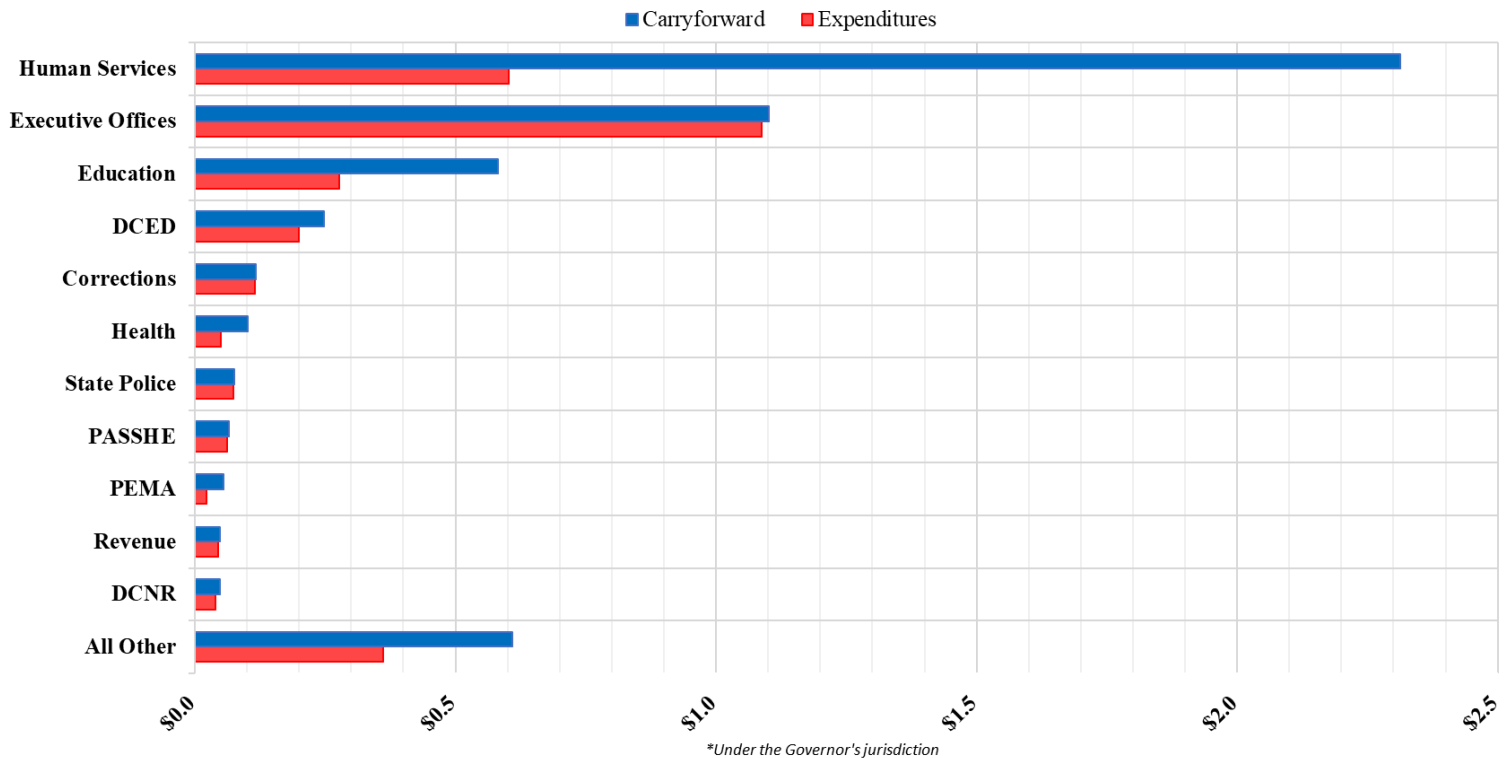
## FY2023-24 General Fund



## PRIOR YEAR FUNDS - TOP 10 AGENCIES\*

### FY2023-24 as of June 2024

*Amounts in Billions*

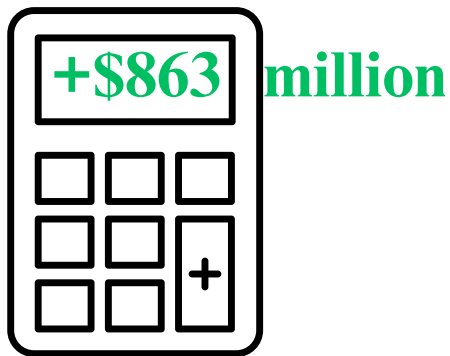


*\*Under the Governor's jurisdiction*

All Spending information from Commonwealth Accounting System, Status of Appropriations Report.



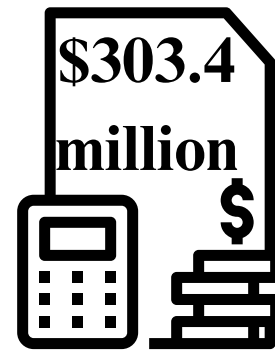
## YTD Revenue Performance



**Budget Surplus**



## Ledger 5 Expenditures



**Rainy Day Fund**



*50 Days of Sunshine*

## Budget Policy Update

### The Broken Budget Process

Fiscal Year 2024-25 starts in a similar position to Fiscal Year 2023-24: an unnecessary budget impasse. This budget impasse can largely be attributed to an absentee Governor and House Democrats beginning the budget process late. We can only speculate as to why House Democrats began the process in late June: an inability to govern, using the budget deadline as a bargaining chip for more spending, or what they have demonstrated they do best – political gamesmanship?

What cannot be blamed for this impasse is a lack of budget solutions offered from House Republicans.

In April, House Republican Appropriation Committee members offered the Back to Basics plan. The bills in this legislative package aim to assist state government in performing its basic and essential tasks.

Throughout the 2024 budget hearings, we heard from many agencies failing their basic tasks. Committee members kept notes of every agency's testimony, budget requests, and the past year's results under the Shapiro Administration. House Republicans have drafted 13 pieces of legislation and identified two existing bills as action items we can do right now to assist the Shapiro Administration in getting state government back to basics.



## Broken Process (continued)

As the Republican Chairman of the House Appropriations Committee, I had planned to offer an amendment to implement Zero-Based Budgeting (ZBB). However, due to the budget process starting late, I withdrew the amendment. For several sessions, House Republicans have been advocating for the urgent need to implement ZBB; what we lacked was a partner in the Executive branch to get it done.

I truly believed this was the year we could actually do it because Governor Shapiro himself implemented ZBB when he was a County Commissioner, saying at the time, “I believe zero-based budgeting is the most important thing governments can do.”

ZBB requires agencies to justify their spending from the bottom up—not just increase their prior year’s budget spending by default. This process will help us identify each line item’s constitutional and statutory functions. By moving to ZBB, all programs will be reviewed and examined for effectiveness, necessity, and cost/benefit analysis, ultimately leading to the most effective use of valuable taxpayer dollars and a more transparent budgeting process.

This approach will ensure that every dollar spent is justified and contributes to the overall goals of the agency and state government as a whole. ZBB will also ensure that each agency implements any necessary recommendations from the Performance-Based Budgeting Committee and State and Federal audits. This is not a budget solution that seeks to indiscriminately cut all agencies and programs such as sequestration – these are targeted, honest spending reviews.

In fact, as evidenced by the experience in Montgomery County, many agencies and programs will actually see an increase in funding. Any reductions came from wasteful and ineffective programs – we should all favor budgeting like this.

We have everything we need to make this a success: a willing partner in the General Assembly, a Governor who has successfully done this in the past, and a budget secretary who has also implemented ZBB in the past.

From the very beginning of this session, House Republicans have acknowledged that we have a budget surplus, currently just over \$6.83 billion due to one-time COVID-related federal stimulus dollars, but we also have a growing structural deficit. However, House Republicans are not opposed to spending some of the surplus. In fact, House Republicans voted to fund the Governor’s economic development plan known as PASITES from the surplus. PASITES is an example of one-time costs with positive future returns - exactly what we should spend surplus dollars on.

The current budget impasse confirms what we already know: our budget process is broken.

Fiscal Year 2023-24 authorized \$45.02 billion in spending. After tax refunds are removed, total revenue reached \$43.59 billion. The result of this is a structural deficit of \$1.43 billion. While year-to-date expenditures are only \$41.97 billion, the remaining \$3.05 billion unspent is available for agencies to spend down in future years, which is why the House Republican Appropriations financial brief tracks prior spending.

We are spending more than we receive in revenues, which was only increased by the COVID pandemic, according to the IFO. House Republicans have and will continue to propose nonpartisan solutions to fix our broken budget process - led by Zero-Based Budgeting. Do the Democrats have the courage to join us and actually govern?