



October 2024

Financial Brief

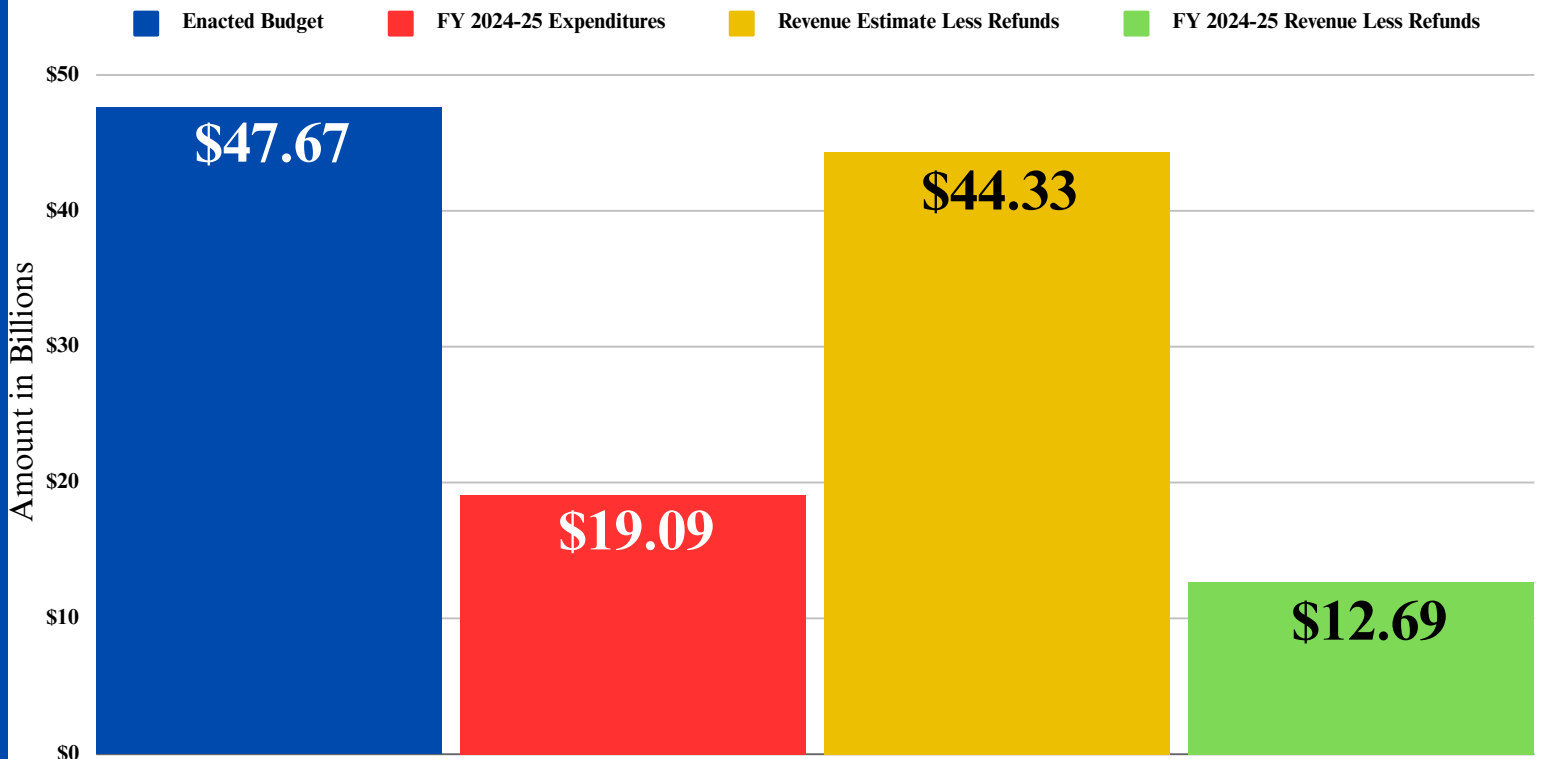
Message from Chairman Grove



As the 2023-24 session editions of the Financial Brief wind down, our budget will continue to plug along. Year-to-date spending has reached 40% or \$19.09 billion of the \$47.67 billion authorized for FY 2023-24. This falls roughly in line with the spending trends of the previous two fiscal years. After refunds are deducted, total revenue has reached \$12.69 billion, which is \$57.1 million above the official estimate. Keep in mind, the official revenue estimate is \$3.34 billion below authorized spending (our structural deficit). To put that in perspective, the entire Department of Corrections budget is \$3.15 billion; we spend \$2.18 billion on Higher Education. The entire budgets of the Department of Agriculture, DCED, DCNR, DDAP, DEP, DGS, DOH, L&I, DMVA, DOR, DOS, PEMA, the Governor's and Lieutenant Governor's office, the Attorney General, the Auditor General, and the Treasurer are \$2.81 billion. If we cut the entire budget of those agencies, the budget will still be out of balance by \$500 million. It's crucial that we face these fiscal realities head-on as we begin to think about the 2025-26 session.

Seth Grove, House Republican Appropriations Chairman

General Fund Budget Overview



Fiscal Year 2024-25 General Fund Revenues

Compared to the Official Estimate

House Appropriations Committee (R)

Thousands of Dollars

Revenue Source	October 2024 Actual	October 2024 Estimate	\$ Amount over / (under) Estimate	YTD 2024-25 Actual	YTD 2024-25 Estimate	\$ Amount over / (under) Estimate
General Fund	<u>\$3,383,638</u>	<u>\$3,326,500</u>	<u>\$57,138</u>	<u>\$13,468,845</u>	<u>\$13,391,500</u>	<u>\$77,345</u>
Tax Revenue	<u>\$3,274,787</u>	<u>\$3,254,700</u>	<u>\$20,087</u>	<u>\$13,103,699</u>	<u>\$13,089,700</u>	<u>\$13,999</u>
Corporation Taxes	<u>\$169,572</u>	<u>\$203,300</u>	<u>(\$33,728)</u>	<u>\$1,496,420</u>	<u>\$1,510,000</u>	<u>(\$13,580)</u>
Accelerated Deposits	\$0	\$0	\$0	\$0	\$0	\$0
Corporate Net Income	\$165,108	\$200,700	(\$35,592)	\$1,459,622	\$1,481,700	(\$22,078)
Selective Business	\$4,463	\$2,600	\$1,863	\$36,798	\$28,300	\$8,498
Gross Receipts	\$3,548	\$1,000	\$2,548	\$11,371	\$8,600	\$2,771
Utility Property	\$168	\$0	\$168	\$2,598	\$800	\$1,798
Insurance Premiums	\$687	\$700	(\$13)	\$786	(\$600)	\$1,386
Financial Institutions	\$60	\$900	(\$840)	\$22,043	\$19,500	\$2,543
Bank Shares	\$22	\$800	(\$778)	\$14,695	\$13,900	\$795
Mutual Thrifts	\$39	\$100	(\$61)	\$7,348	\$5,600	\$1,748
Consumption Taxes	<u>\$1,382,688</u>	<u>\$1,359,800</u>	<u>\$22,888</u>	<u>\$5,347,895</u>	<u>\$5,342,200</u>	<u>\$5,695</u>
Sales and Use Tax	<u>\$1,257,913</u>	<u>\$1,235,700</u>	<u>\$22,213</u>	<u>\$4,925,049</u>	<u>\$4,913,100</u>	<u>\$11,949</u>
Non-Motor Vehicle	\$1,143,582	\$1,116,000	\$27,582	\$4,454,377	\$4,441,200	\$13,177
Motor Vehicle	\$114,332	\$119,700	(\$5,368)	\$470,672	\$471,900	(\$1,228)
Cigarette	\$73,159	\$72,500	\$659	\$222,917	\$229,700	(\$6,783)
Other Tobacco Products	\$12,213	\$11,600	\$613	\$48,840	\$47,100	\$1,740
Malt Beverage	\$1,560	\$1,600	(\$40)	\$6,995	\$6,600	\$395
Liquor	\$37,843	\$38,400	(\$557)	\$144,094	\$145,700	(\$1,606)
Other Taxes	<u>\$1,722,528</u>	<u>\$1,691,600</u>	<u>\$30,928</u>	<u>\$6,259,384</u>	<u>\$6,237,500</u>	<u>\$21,884</u>
Personal Income Tax	<u>\$1,500,036</u>	<u>\$1,466,800</u>	<u>\$33,236</u>	<u>\$5,399,434</u>	<u>\$5,421,200</u>	<u>(\$21,766)</u>
Withholding	\$1,259,388	\$1,224,000	\$35,388	\$4,380,833	\$4,377,900	\$2,933
Estimated	\$76,943	\$90,900	(\$13,957)	\$730,276	\$769,300	(\$39,024)
Annual	\$163,705	\$151,900	\$11,805	\$288,325	\$274,000	\$14,325
Realty Transfer	\$59,711	\$57,500	\$2,211	\$175,704	\$169,400	\$6,304
Inheritance	\$144,174	\$146,100	(\$1,926)	\$583,177	\$553,100	\$30,077
Gaming	\$28,876	\$32,400	(\$3,524)	\$116,504	\$109,200	\$7,304
Minor and Repealed	(\$10,269)	(\$11,200)	\$931	(\$15,435)	(\$15,400)	(\$35)
Non-Tax Revenue	<u>\$108,851</u>	<u>\$71,800</u>	<u>\$37,051</u>	<u>\$365,146</u>	<u>\$301,800</u>	<u>\$63,346</u>
Liquor Store Profits	\$0	\$0	\$0	\$0	\$0	\$0
Licenses and Fees	\$4,938	\$8,800	(\$3,862)	\$26,284	\$32,600	(\$6,316)
Miscellaneous	<u>\$98,089</u>	<u>\$56,800</u>	<u>\$41,289</u>	<u>\$314,002</u>	<u>\$243,600</u>	<u>\$70,402</u>
Treasury	\$47,214	\$55,000	(\$7,786)	\$275,508	\$240,300	\$35,208
Escheats	\$14,506	\$200	\$14,306	(\$17,364)	(\$18,600)	\$1,236
Other Misc & Transfers	\$36,369	\$1,600	\$34,769	\$55,859	\$21,900	\$33,959
Fines, Penalties, Interest	\$5,824	\$6,200	(\$376)	\$24,859	\$25,600	(\$741)

Fiscal Year 2024-25 General Fund Revenues

Compared to the Prior Year Collections

House Appropriations Committee (R)

Thousands of Dollars

Revenue Source	October 2023 Actual	October 2024 Actual	Month % Growth vs Prior Year	2023-24 Actual	2024-25 Actual	% Growth vs Prior Year
General Fund	<u>\$3,246,415</u>	<u>\$3,383,638</u>	<u>4.2%</u>	<u>\$13,083,879</u>	<u>\$13,468,845</u>	<u>2.9%</u>
Tax Revenue	<u>\$3,182,938</u>	<u>\$3,274,787</u>	<u>2.9%</u>	<u>\$12,757,999</u>	<u>\$13,103,699</u>	<u>2.7%</u>
Corporation Taxes	<u>\$228,453</u>	<u>\$169,572</u>	<u>(25.8%)</u>	<u>\$1,555,047</u>	<u>\$1,496,420</u>	<u>(3.8%)</u>
Accelerated Deposits	\$0	\$0		\$0	\$0	
Corporate Net Income	\$215,183	\$165,108	(23.3%)	\$1,509,107	\$1,459,622	(3.3%)
Selective Business	\$13,270	\$4,463	(66.4%)	\$45,940	\$36,798	(19.9%)
Gross Receipts	\$1,090	\$3,548	225.5%	\$17,942	\$11,371	(36.6%)
Utility Property	\$35	\$168	376.2%	\$2,166	\$2,598	20.0%
Insurance Premiums	\$5,476	\$687	(87.5%)	\$6,242	\$786	(87.4%)
Financial Institutions	\$6,669	\$60	(99.1%)	\$19,590	\$22,043	12.5%
Bank Shares	\$6,623	\$22	(99.7%)	\$11,970	\$14,695	22.8%
Mutual Thrifts	\$45	\$39	(14.3%)	\$7,620	\$7,348	(3.6%)
Consumption Taxes	<u>\$1,403,060</u>	<u>\$1,382,688</u>	<u>(1.5%)</u>	<u>\$5,338,460</u>	<u>\$5,347,895</u>	<u>0.2%</u>
Sales and Use Tax	<u>\$1,275,970</u>	<u>\$1,257,913</u>	<u>(1.4%)</u>	<u>\$4,886,449</u>	<u>\$4,925,049</u>	<u>0.8%</u>
Non-Motor Vehicle	\$1,151,798	\$1,143,582	(0.7%)	\$4,409,627	\$4,454,377	1.0%
Motor Vehicle	\$124,172	\$114,332	(7.9%)	\$476,822	\$470,672	(1.3%)
Cigarette	\$77,123	\$73,159	(5.1%)	\$253,187	\$222,917	(12.0%)
Other Tobacco Products	\$11,862	\$12,213	3.0%	\$49,311	\$48,840	(1.0%)
Malt Beverage	\$1,631	\$1,560	(4.4%)	\$7,288	\$6,995	(4.0%)
Liquor	\$36,473	\$37,843	3.8%	\$142,224	\$144,094	1.3%
Other Taxes	<u>\$1,551,426</u>	<u>\$1,722,528</u>	<u>11.0%</u>	<u>\$5,864,493</u>	<u>\$6,259,384</u>	<u>6.7%</u>
Personal Income Tax	<u>\$1,305,857</u>	<u>\$1,500,036</u>	<u>14.9%</u>	<u>\$5,075,666</u>	<u>\$5,399,434</u>	<u>6.4%</u>
Withholding	\$1,055,288	\$1,259,388	19.3%	\$4,105,057	\$4,380,833	6.7%
Estimated	\$84,829	\$76,943	(9.3%)	\$672,712	\$730,276	8.6%
Annual	\$165,741	\$163,705	(1.2%)	\$297,896	\$288,325	(3.2%)
Realty Transfer	\$52,146	\$59,711	14.5%	\$159,753	\$175,704	10.0%
Inheritance	\$171,063	\$144,174	(15.7%)	\$537,891	\$583,177	8.4%
Gaming	\$33,829	\$28,876	(14.6%)	\$105,640	\$116,504	10.3%
Minor and Repealed	(\$11,470)	(\$10,269)	(10.5%)	(\$14,457)	(\$15,435)	6.8%
Non-Tax Revenue	<u>\$63,477</u>	<u>\$108,851</u>	<u>71.5%</u>	<u>\$325,880</u>	<u>\$365,146</u>	<u>12.0%</u>
Liquor Store Profits	\$0	\$0		\$0	\$0	
Licenses and Fees	\$8,284	\$4,938	(40.4%)	\$39,981	\$26,284	(34.3%)
Miscellaneous	<u>\$49,008</u>	<u>\$98,089</u>	<u>100.1%</u>	<u>\$260,130</u>	<u>\$314,002</u>	<u>20.7%</u>
Treasury	\$59,588	\$47,214	(20.8%)	\$260,854	\$275,508	5.6%
Escheats	(\$12,434)	\$14,506	(216.7%)	(\$32,006)	(\$17,364)	(45.7%)
Other Misc & Transfers	\$1,855	\$36,369	1860.5%	\$31,282	\$55,859	78.6%
Fines, Penalties, Interest	\$6,185	\$5,824	(5.8%)	\$25,770	\$24,859	(3.5%)

Revenues Explained

General Fund collections of \$3.38 billion in October exceeded the official monthly estimate by \$57.1 million. Of the “Big 3” (i.e. Sales and Use, Personal Income and Corporate Net Income), only Corporate Net Income Tax fell short of estimate for the month. Year-to-Date (YTD) General Fund collections of \$13.49 billion exceed estimate by \$77.3 million, 0.6%.

Total Tax Revenue collections of \$3.27 billion in October exceeded collections of October 2023 by 2.9%. Similarly, YTD Total Tax Revenue collections of \$13.10 billion exceed collections of the prior fiscal year by 2.7%.

October 2024 monthly collections:

- **Total Tax Revenue** collections of \$3.27 billion **exceeded the official monthly estimate by \$20.1 million.**
- **Total Corporation Taxes** of \$169.6 million were **less than the official monthly estimate by \$33.7 million.** Of the total, **Corporate Net Income Tax** collections of \$165.1 million **fell short of estimate by \$35.6 million.**
- **Total Sales and Use Tax (SUT)** collections of \$1.26 billion **exceeded the official monthly estimate by \$22.2 million.** **SUT non-motor vehicle** collections of \$1.14 billion **exceeded estimate by \$27.6 million** while **SUT motor vehicle** collections of \$114.3 million **fell short by \$5.4 million.**
- **Total Personal Income Tax (PIT)** (annual, quarterly estimated, and withholding) collections of \$1.50 billion **exceeded the official monthly estimate by \$33.2 million.** **PIT withholding and PIT annual** both **exceeded estimate by \$35.4 million and \$11.8 million, respectively,** while **PIT quarterly estimated fell short by \$14.0 million.**
- **Realty Transfer Tax** collections of \$59.7 million **exceeded the official monthly estimate by \$2.2 million.**
- **Non-Tax Revenue** collections of \$108.9 million **exceeded the official monthly estimate by \$37.1 million.** Of the collections, **Treasury investment earnings** of \$47.2 million **fell short by \$7.8 million** - the result of a decreasing surplus.

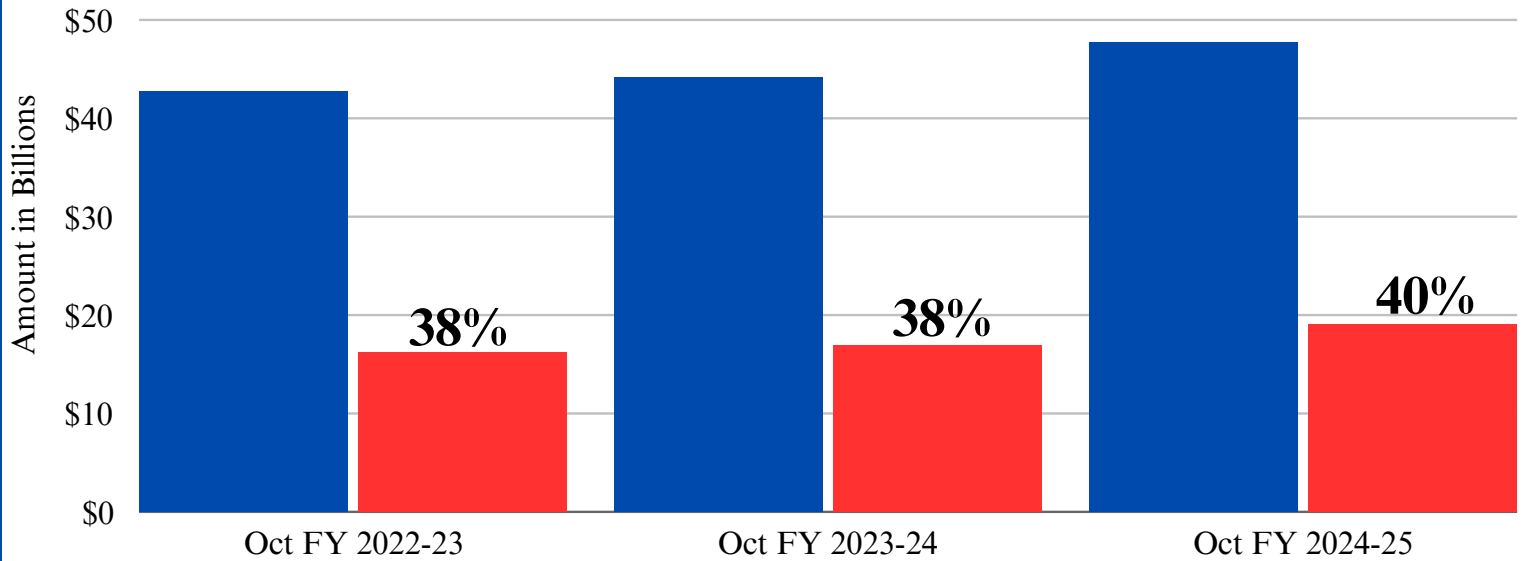
Fiscal Year-to-Date (YTD) collections through the month of October 2024:

- **Total Tax Revenue** collections **exceed the YTD collections of the prior fiscal year by \$345.7 million, or 2.7%.**
- **YTD Corporate Net Income Tax** collections of \$1.50 billion are **less YTD collections of the prior year by 3.8%.**
- **YTD Total Sales and Use Tax** collections **narrowly exceed YTD collections of the prior fiscal year by 0.8%.** **SUT non-motor vehicle** collections of \$4.45 billion are **above collections of the prior fiscal year by 1.0%** while **SUT motor vehicle** collections of \$470.7 million are **less than collections of the prior fiscal year by 1.3%.**
- **YTD Total PIT** collections of \$5.40 billion are **above collections of the prior fiscal year by 6.4%:** **YTD PIT withholding and YTD PIT estimated payments** are **above by 6.7% and 8.6%, respectfully,** while **YTD PIT annual** is **less than the prior year by 3.2%.**
- **YTD Realty Transfer Tax** collections of \$175.7 million through the month of October are **above collections of the prior fiscal year by \$16.0 million, or 10.0%.**
- **YTD Inheritance Tax** collections of \$583.2 million **exceed YTD collections of the prior year by 8.4%.**
- **YTD Gaming Tax** collections **exceed YTD collections of the prior fiscal year by 10.3%.**
- **YTD Non-Tax Revenue** collections of \$365.1 million **exceed collections of the prior fiscal year by 12.0%.** **Treasury investment earnings** have weakened from the prior month but remain **5.6 % higher than the previous fiscal year.**

October 2024 Revenue Collections			
Total General Fund		Personal Income Tax	
Estimate: \$3.327 billion	Actual: \$3.384 billion ↑	Estimate: \$1.467 billion	Actual: \$1.500 billion ↑
Total Corporation Taxes		Sales Tax	
Estimate: \$203.3 million	Actual: \$169.6 million ↓	Estimate: \$1.236 billion	Actual: \$1.248 billion ↑
Non-Tax Revenue		All Other Taxes	
Estimate: \$71.8 million	Actual: \$108.9 million ↑	Estimate: \$348.9 million	Actual: \$347.3 million ↓

Status of Appropriations

■ Amount Appropriated ■ Amount Expended

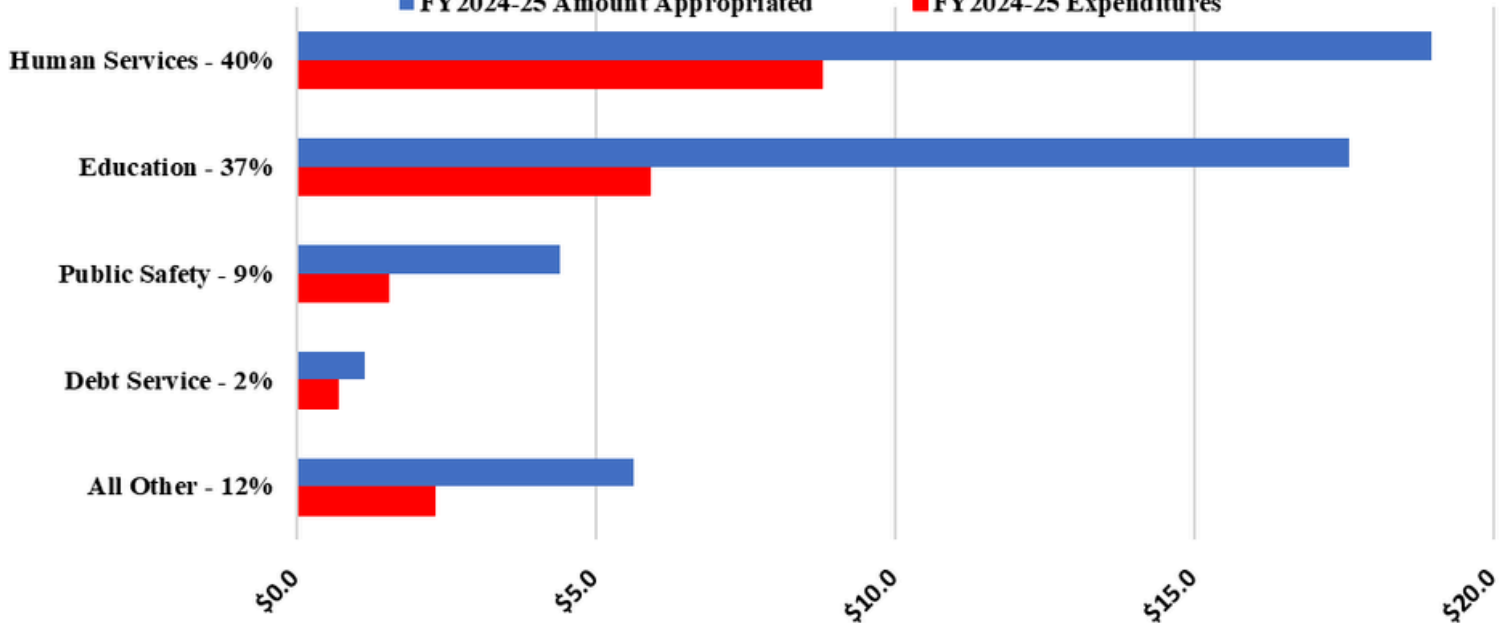


FY2024-25 Budget - Top 3 Areas (88% of Budget)

Status of Appropriations as of October 2024

Amounts in Billions (\$)

■ FY2024-25 Amount Appropriated ■ FY2024-25 Expenditures

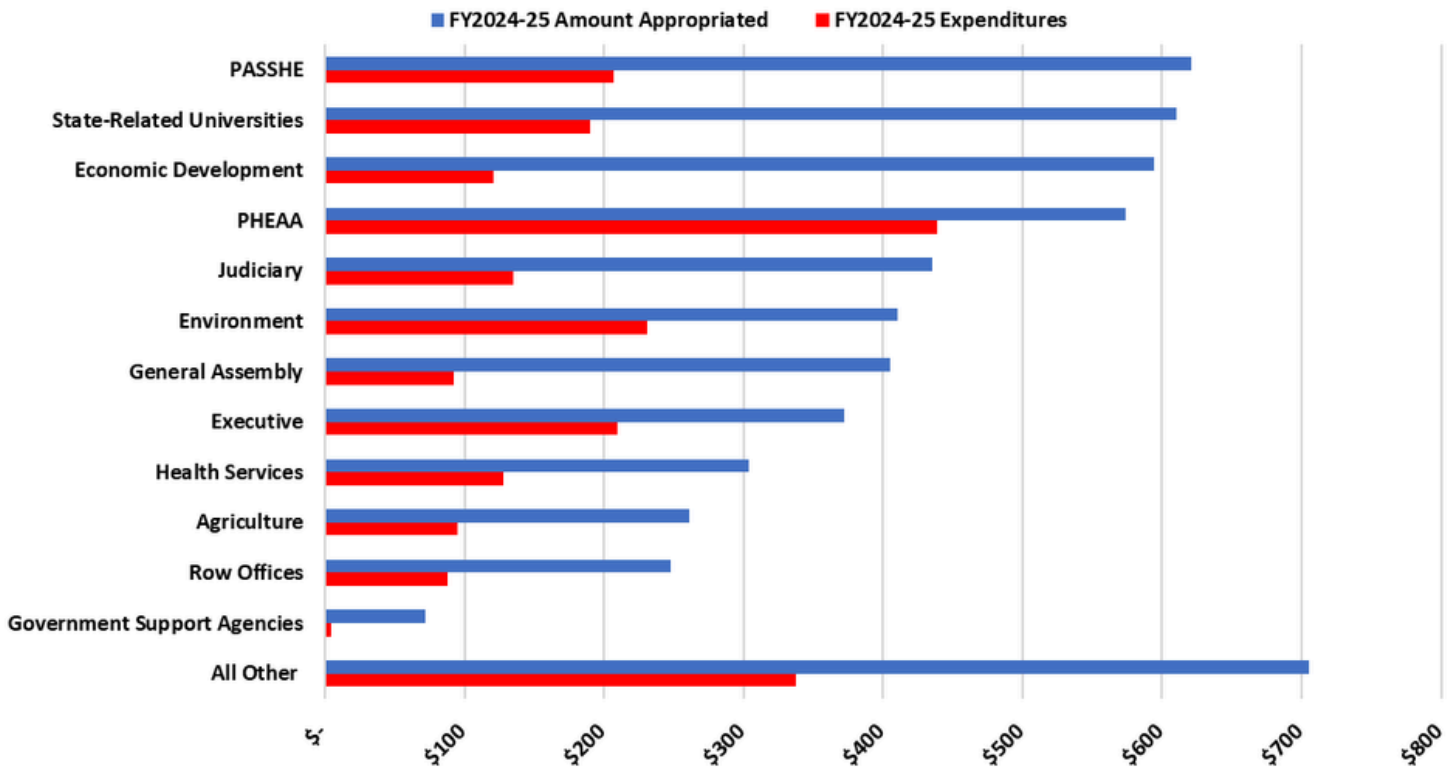


All Spending information from Commonwealth Accounting System, Status of Appropriations Report.

FY2024-25 Budget - All Other Agencies (12% of Budget)

Status of Appropriations as of October 2024

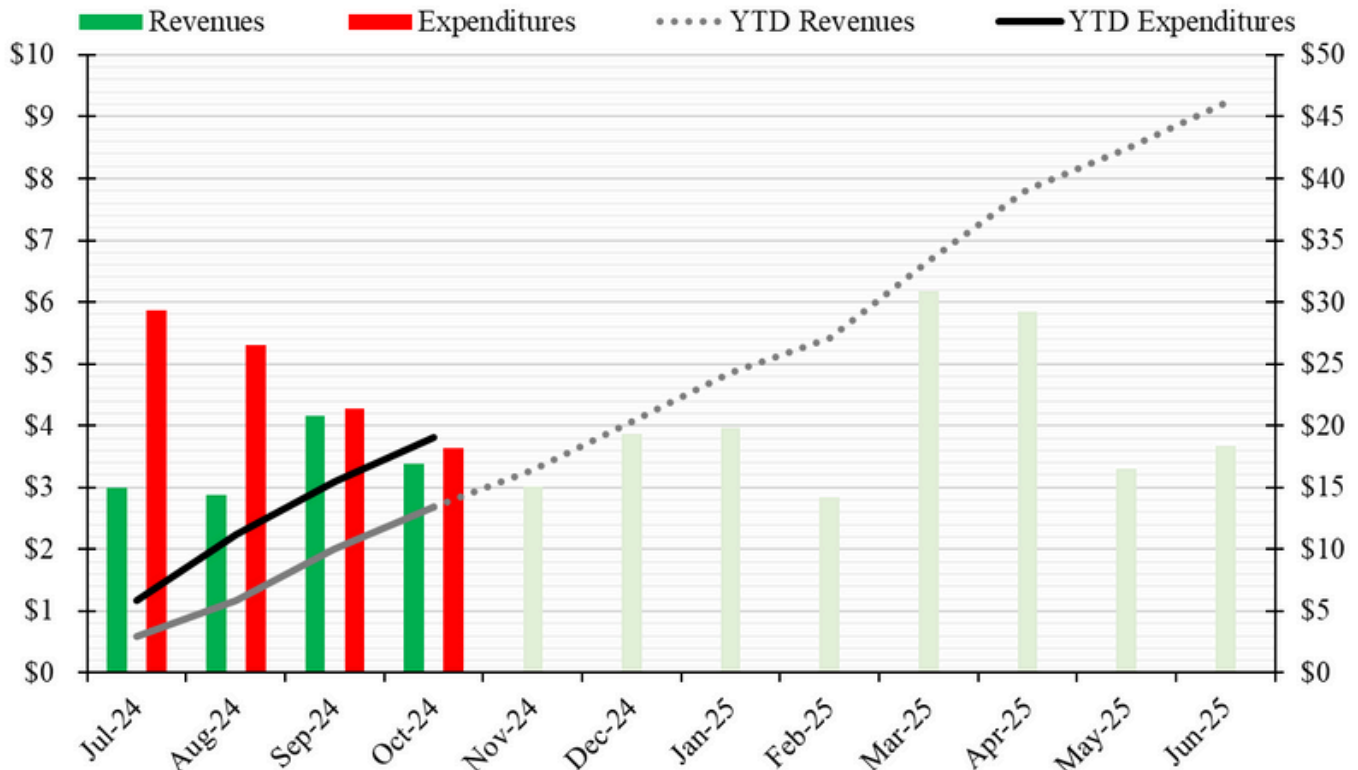
Amounts in Millions (\$)



FISCAL YEAR 2024-25

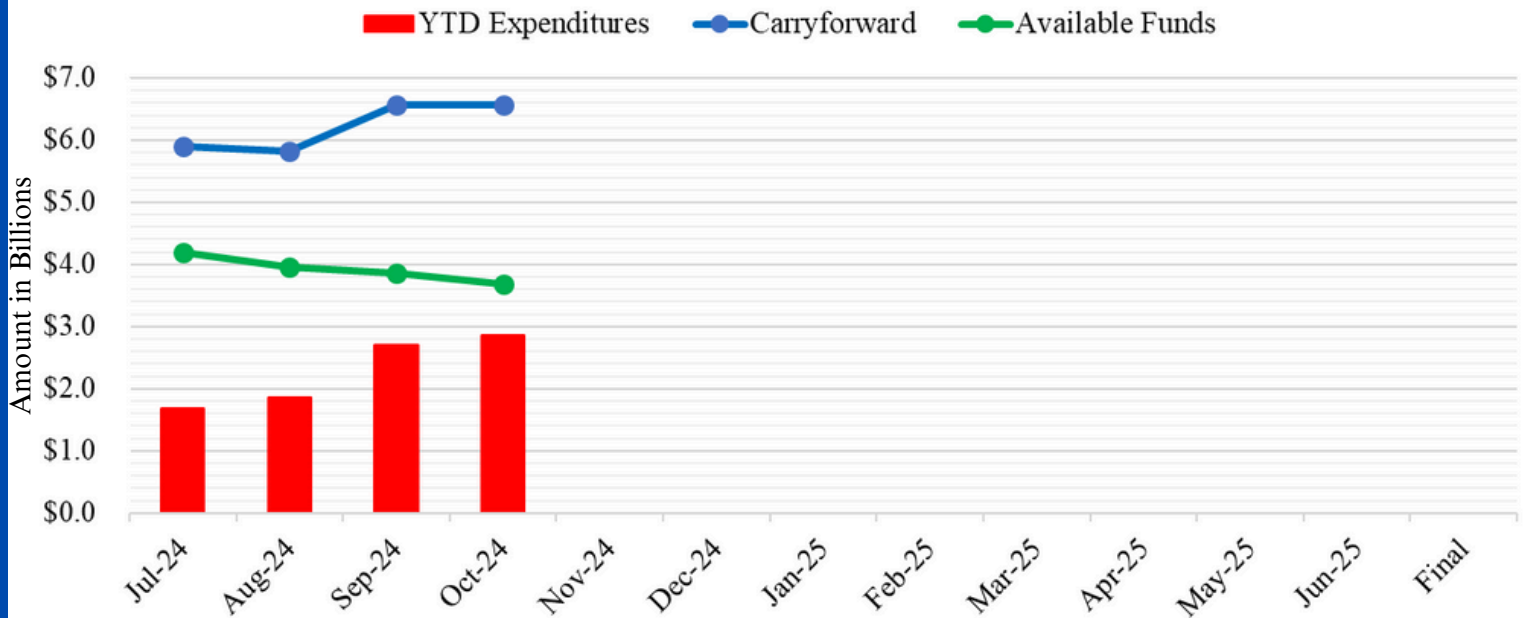
GENERAL FUND REVENUES & EXPENDITURES

Amounts in Billions (\$)

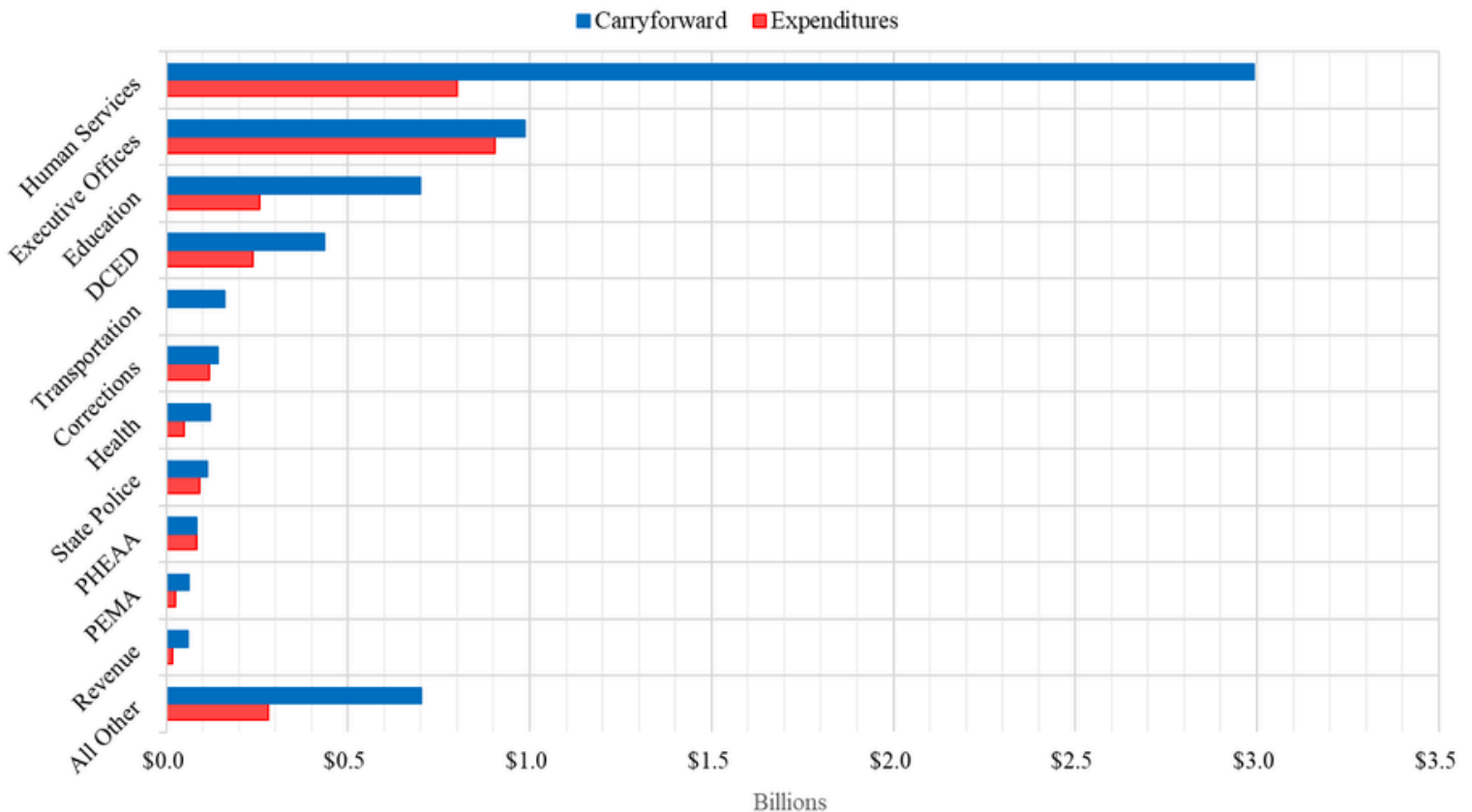


All Spending information from Commonwealth Accounting System, Status of Appropriations Report.

PRIOR YEAR FUNDS FY2024-25 General Fund

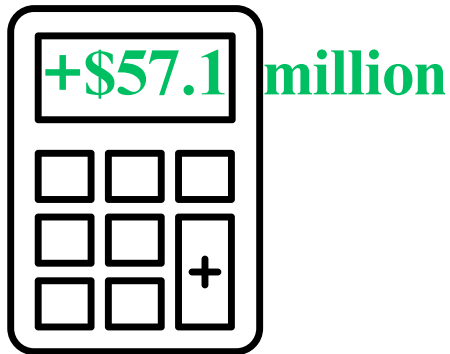


PRIOR YEAR FUNDS - TOP 10 AGENCIES* FY2024-25 as of October 2024



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

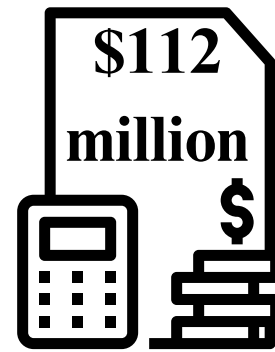
YTD Revenue Performance



Budget Surplus



Ledger 5 Expenditures



Rainy Day Fund



54 Days of Sunshine

Budget Policy Update

Combating the Cost of Illegal Immigration

Despite being nearly 2,000 miles from the southern border, Pennsylvania is not immune to the impact of the current illegal immigration crisis, a situation exacerbated by the Biden/Harris Administration. While the primary responsibility for addressing this issue lies in Washington, DC, we cannot afford to wait. We can and must take actions here, in the Commonwealth, to protect our communities.

Our proposed legislation, introduced by members from the House Republican Appropriations Committee and I, is designed to combat the financial burden of illegal immigration in Pennsylvania. It is a testament to our commitment to ensure that Pennsylvania taxpayer dollars and government assistance programs are distributed fairly, reaching those who rightfully deserve these benefits – our citizens, not those who have violated our immigration laws. This fairness is at the core of our legislative proposal.

Combating the Cost of Illegal Immigration (continued)

One piece of legislation we will be offering is led by Rep. Lou Schmitt (R-Blair), which will safeguard programs vital to our seniors. Currently, the Pharmaceutical Assistance Contract for the Elderly (PACE), PACE Needs Enhancement Tier (PACENET) Programs, and the Property Tax and Rent Rebate Program (PTRR) do not require proof of citizenship. These programs currently receive funding through the State Lottery Fund, which the Governor's Budget Office estimates will be insolvent by FY 2031-32. These programs are for older Pennsylvanians who have worked their entire lives, not to be exploited by illegal immigrants.

Another critical element of this bill package is tracking crimes involving illegal immigrants. Earlier this year, Act 18 added reporting requirements for traffic stops to obtain data on racial profiling. Under legislation to be offered by Rep. Torren Ecker (R-Adams & Cumberland), we will add immigration status to the report submitted by officers. Additionally, Rep. Ann Flood's (R-Northampton) legislation will clarify that only citizens and persons with temporary legal status can obtain a PA driver's license.

Pennsylvania is not an official sanctuary state, but we can do more to coordinate with federal agencies responsible for enforcing immigration laws. Rep. Eric Nelson (R-Westmoreland) is proposing a bill which will add Section 287 (g) training by the US Immigration and Customs Enforcement (ICE) as an option for local and state law enforcement. This training will allow certified law enforcement to work closer with ICE. States with at least one law enforcement agency in the program include Wisconsin, North Carolina, Virginia, and New York.

The 287 (g) Program does come with a cost, and we recognize our state budget is already operating in a structural deficit. Therefore, we have also introduced legislation that would impose a fee on money wire transfers originating from Pennsylvania to other nations. This transaction may be the only time an illegal immigrant engages in a taxable transaction.

It is certainly not our intent to penalize the many citizens and businesses who also send money out of the country. Thus, individuals with Pennsylvania taxable income who file an annual Pennsylvania tax return, will be eligible for a tax credit for the total annual amount of remittance transfer fees paid, which will be applied against their Pennsylvania tax liability. A similar law in Oklahoma generates \$13 million per year in fees collected.

Many government assistance programs such as food stamps (SNAP), Temporary Assistance for Needy Families (TANF), and the Low-Income Energy Assistance Program (LIHEAP) are administered by the Pennsylvania Department of Human Services but are funded through the federal government. Currently, the federal government has a citizen verification called Systematic Alien Verification for Entitlements (SAVE), administered by the U.S. Citizenship and Immigration Services (USCIS). Rep Flood will be sponsoring legislation to require that these programs will check recipients for eligibility through SAVE before approval.

These proposed bills are the result of our initial research on how to address the costs of illegal immigration. As we continue to refine these proposals, we will continue to look for ways to decrease costs. Regardless of the upcoming election results, these bills should not be a matter of contention. We hope they will be swiftly acted upon as we look ahead to the 2025-26 legislative session.