



The Monthly Report

From the Senate Appropriations Committee

Robert J. Thompson, Chairman

April/May 2005

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April Revenues Boost Surplus

At the end of January, General Fund revenue collections were \$261 million above the year to date estimate. There was considerable talk of a year-end revenue surplus possibility exceeding \$500 million. The Governor's Budget for FY 2005-06, presented on February 9th, is predicated on an additional \$291 million above the certified revenue estimate made in July. Hopes were running high for a significant revenue surplus to help ease some of the more painful budget cuts made by the Governor, particularly in the Medicaid program.

These hopes were dampened at the end of February when revenues fell \$57 million below the estimate for that month. Further erosion in General Fund revenues occurred as there was a \$60 million shortfall in estimated monthly collections in March, thereby reducing the year to date surplus to \$144 million, or a drop of \$117 million in 2 months. By March 31, even the Governor's prediction of an additional \$291 million looked very optimistic.

However, General Fund revenue collections in April have been quite positive. The monthly

estimate of \$2.86 billion was surpassed by \$230 million, bringing the year to date surplus to \$374 million. Corporate taxes, sales taxes and the Personal Income tax, both withheld payments and non-withheld payments, were above the monthly estimate in April.

Total Corporate taxes of \$600.5 million were \$40.8 million, or 7.3 percent, above the estimate for April. This amount brings the year to date surplus in the Corporation tax to \$2.7 million, or less than one percent.

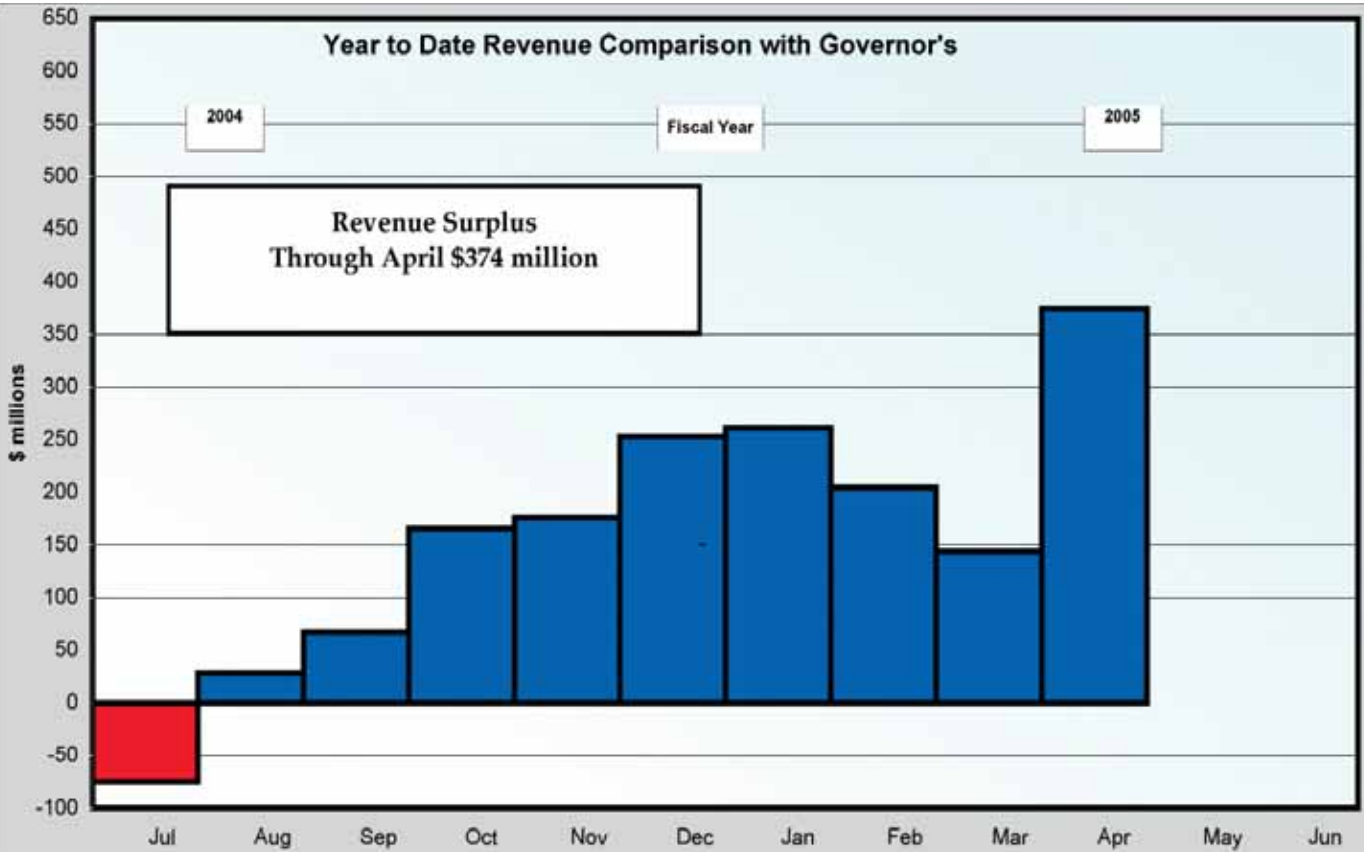
Sales Tax receipts in April were \$20.2 million (nearly 3 percent) above estimated receipts. Regular sales tax collections were nearly 5.4 percent (\$30.6 million) ahead of collections, but motor vehicles sales taxes collections were short by nearly 9.6 percent (\$10.4 million). Year to date sales tax receipts of \$6.65 billion are only a little ahead of projections, with regular sales tax coming in slightly better than estimated, and motor vehicles sales tax collections lagging slightly.

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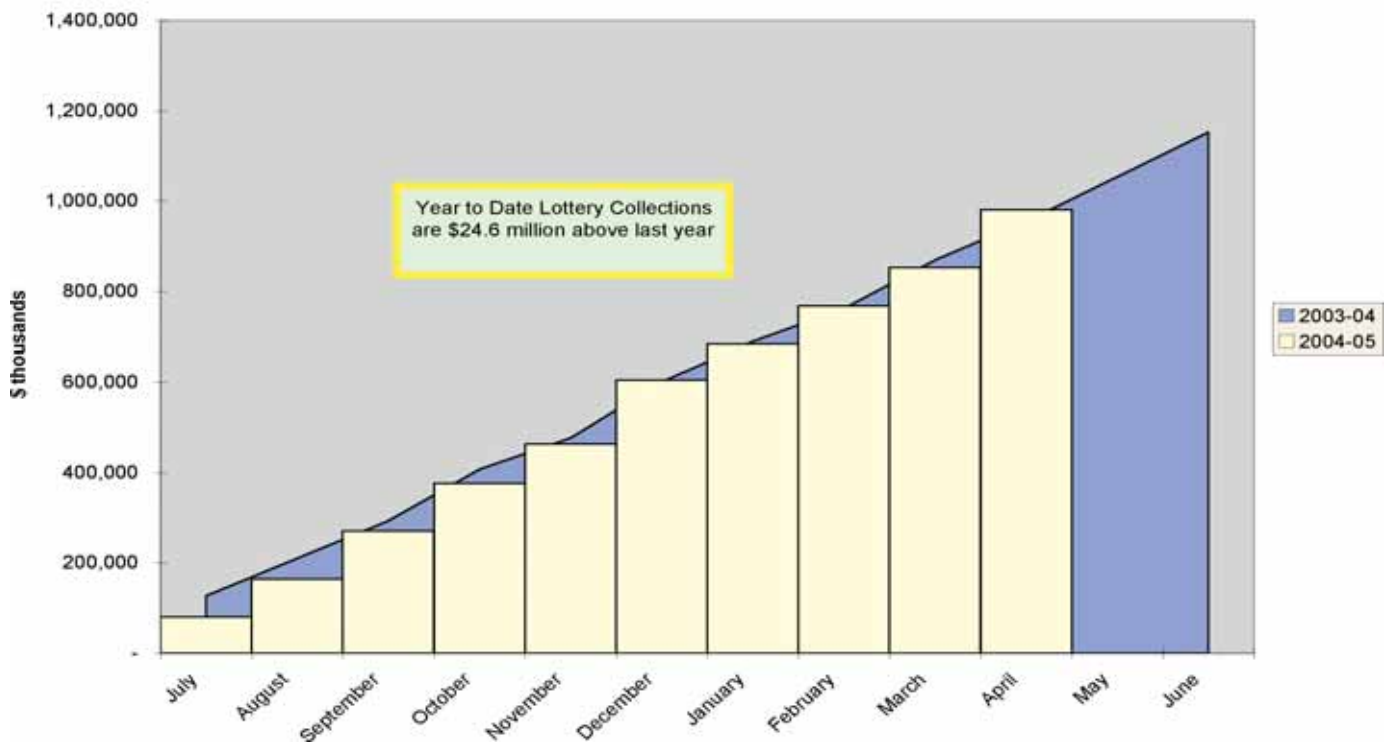
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Comparison of Lottery Ticket Deposits



Appropriations Committee Monthly Revenue Report

Appropriations Committee Monthly Revenue Report

| Friday, April 29, 2005 | Revenue 2003-04 | (data in thousands of dollars) | | | | | |
|------------------------------|---------------------|--------------------------------|---------------------|----------------------------------|----------------------------|----------------------------------|---------------------|
| | | For the month of April | | | For the year through April | | |
| | | thru April | Official Revenue | Surplus Estimate (Deficit) | Official Revenue | Surplus Estimate (Deficit) | Official Revenue |
| Account: | | | | | | | |
| CORPORATE TAXES: | | | | | | | |
| Clearing Account | \$44,426 | (\$13,985) | \$0 | (\$13,985) | \$91,143 | \$0 | \$91,143 |
| Corp. Net Income | \$1,341,921 | \$334,520 | \$342,200 | (\$7,680) | \$1,516,464 | \$1,474,900 | \$41,564 |
| Cap. Stock & Franchise | \$763,747 | \$150,357 | \$133,500 | \$16,857 | \$795,743 | \$774,600 | \$21,143 |
| Gross Receipts | \$951,355 | \$54,073 | \$1,100 | \$52,973 | \$1,124,680 | \$1,251,500 | (\$126,820) |
| PURTA | \$11,736 | \$816 | \$0 | \$816 | \$2,840 | \$5,300 | (\$2,460) |
| Insurance Premiums | \$382,785 | \$64,567 | \$75,300 | (\$10,733) | \$403,613 | \$403,700 | (\$87) |
| Financial Institutions | \$210,948 | \$5,346 | \$4,200 | \$1,146 | \$205,336 | \$205,900 | (\$564) |
| Other Selective Bus. Taxes | \$14,604 | \$4,792 | \$3,400 | \$1,392 | \$13,652 | \$10,500 | \$3,152 |
| CORPORATE TAX TOTAL | \$3,721,524 | \$600,486 | \$559,700 | \$40,786 | \$4,153,471 | \$4,126,400 | \$27,071 |
| CONSUMPTION TAXES: | | | | | | | |
| Sales, Use & Occupation Tax | \$6,414,274 | \$695,811 | \$675,600 | \$20,211 | \$6,648,692 | \$6,607,400 | \$41,292 |
| -Motor Vehicle Sales | \$1,046,634 | \$98,017 | \$108,400 | (\$10,383) | \$1,002,120 | \$1,023,000 | (\$20,880) |
| -General (net of transfers) | \$5,367,640 | \$597,794 | \$567,200 | \$30,594 | \$5,646,572 | \$5,584,400 | \$62,172 |
| Cigarette Tax | \$696,644 | \$63,097 | \$72,700 | (\$9,603) | \$639,742 | \$685,500 | (\$45,758) |
| Malt Beverage Tax | \$21,328 | \$2,184 | \$1,900 | \$284 | \$20,794 | \$20,000 | \$794 |
| Liquor Tax | \$166,041 | \$15,004 | \$14,000 | \$1,004 | \$164,595 | \$157,200 | \$7,395 |
| CONSUMPTION TAX TOTAL | \$7,298,287 | \$776,096 | \$764,200 | \$11,896 | \$7,473,823 | \$7,470,100 | \$3,723 |
| OTHER TAXES: | | | | | | | |
| Personal Income Tax | \$6,441,293 | \$1,478,222 | \$1,359,300 | \$118,922 | \$7,387,837 | \$7,176,000 | \$211,837 |
| -Withheld PIT | \$5,064,227 | \$592,714 | \$586,700 | \$6,014 | \$5,673,525 | \$5,603,500 | \$70,025 |
| -Quarterly & Annual PIT | \$1,377,066 | \$885,509 | \$772,600 | \$112,909 | \$1,714,312 | \$1,572,500 | \$141,812 |
| Realty Transfer Tax | \$326,646 | \$36,839 | \$29,300 | \$7,539 | \$388,000 | \$322,900 | \$65,100 |
| Inheritance & Estate Tax | \$618,329 | \$66,158 | \$63,500 | \$2,658 | \$583,706 | \$634,200 | (\$50,494) |
| Minor & Repealed | \$7,620 | (\$71) | \$0 | (\$71) | (\$2,801) | (\$6,600) | \$3,799 |
| OTHER TAXES TOTAL | \$7,393,888 | \$1,581,149 | \$1,452,100 | \$129,049 | \$8,356,742 | \$8,126,500 | \$230,242 |
| GENERAL FUND TAXES | \$18,413,699 | \$2,957,731 | \$2,776,000 | \$181,731 | \$19,984,036 | \$19,723,000 | \$261,036 |
| NON-TAX REVENUES | \$678,542 | \$132,192 | \$83,600 | \$48,592 | \$507,047 | \$394,100 | \$112,947 |
| GENERAL FUND | \$19,092,240 | \$3,089,923 | \$2,859,600 | \$230,323 | \$20,491,083 | \$20,117,100 | \$373,983 |

**2005-06 BUDGET
LARGEST APPROPRIATIONS**

| APPROPRIATION | (\$ in 000) | % OF BUDGET | CUMULATIVE % OF BUDGET |
|---|-------------|-------------|------------------------|
| 1 Basic Education Funding | 4,470,050 | 18.7% | 18.7% |
| 2 Medical Assist. Capitation Prog. | 2,566,074 | 10.8% | 29.5% |
| 3 State Correctional Institutions | 1,091,381 | 4.6% | 34.1% |
| 4 Special Education | 952,404 | 4.0% | 38.1% |
| 5 County Child Welfare | 838,526 | 3.5% | 48.1% |
| 6 Medical Assistance - Outpatient | 784,331 | 3.3% | 41.4% |
| 7 General Obligation Debt Srvc | 758,673 | 3.2% | 44.6% |
| 8 Community Mental Retardation Services | 729,633 | 3.1% | 51.2% |
| 9 Long-Term Care | 681,192 | 2.9% | 54.1% |
| 10 Mental Health Services | 677,781 | 2.8% | 56.9% |
| 11 Pupil Transportation | 505,761 | 2.1% | 59.0% |
| 12 School Employees Social Security | 453,577 | 1.9% | 60.9% |
| 13 State Universities - State System | 443,187 | 1.9% | 62.8% |
| 14 Cash Grants | 377,331 | 1.6% | 64.4% |
| 15 Medical Assistance - Inpatient | 376,226 | 1.6% | 66.0% |
| 16 Grants to Students - PHEA | 368,198 | 1.5% | 67.5% |
| 17 Authority Rentals/Sinking Fund | 294,483 | 1.2% | 68.7% |
| 18 Mass Transportation Assistance | 293,571 | 1.2% | 69.9% |
| 19 Sch. Employees Ret. Fnd Rsrvs/Supp | 258,133 | 1.1% | 71.0% |
| 20 County Assistance Offices | 254,304 | 1.1% | 72.1% |
| 21 Community Colleges | 249,081 | 1.0% | 73.1% |
| 22 Education and General - Penn State | 246,002 | 1.0% | 74.1% |
| 23 Pennsylvania Accountability Grants | 200,000 | 0.8% | 74.9% |
| 24 Medical Care Corrections | 182,270 | 0.8% | 75.7% |
| 25 Education and General - Temple Univ. | 161,022 | 0.7% | 76.4% |
| 26 Education and General - Univ. of Pittsburgh | 153,401 | 0.6% | 77.0% |
| 27 General Government Operations State Police | 137,293 | 0.6% | 77.6% |
| 28 General Government Operations - Revenue | 136,424 | 0.6% | 78.2% |
| 29 Supplemental Grants - Aged, Blind and Disabled | 127,602 | 0.5% | 78.7% |
| 30 Early Intervention | 123,487 | 0.5% | 79.2% |
| 31 Intermediate Care Facilities - Mentally Retarded | 123,058 | 0.5% | 79.7% |
| 32 State Centers for MR | 104,407 | 0.4% | 80.1% |

April Revenues...

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Personal income tax collections of \$1.48 billion for April were 8.75 percent above the estimate, with the non-withheld portion bringing in nearly \$113 million above the official estimate. Withheld PIT receipts were also up in April. Year to date PIT revenues are nearly 3 percent, or \$212 million, above the estimate of \$7.176 billion.

While the above news is good, there are revenue sources which are underperforming. Cigarette taxes were below estimate for the month by over 13 percent, and year to date collections of \$639.7 million are 6.7 percent below estimates. Inheritance taxes were slightly ahead for April, but nearly 8 percent or \$50.5 million below the \$634 million that was

anticipated to be collected through the end of April. Finally, the utility gross receipts tax, due in March, is \$126.8 million, or over 10 percent, under the official year to date estimates, with no real expectations making up of that shortfall by the end of this fiscal year.