COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF REVENUE
HARRISBURG, PENNSYLVANIA
17128-1100

THE SECRETARY

(717) 783-3680

July 25, 2012

Honorable Michael Brubaker
Senate of Pennsylvania
168 Main Capitol Building
Harrisburg, PA 17120-3036

Dear Senator Brubaker:

Thank you for the invitation to testify at the Senate Finance Committee hearing being held on July 26, 2012. Given the Department of Revenue's role as the collection entity for state taxes, we are inclined to share these preliminary estimates on SB 1400 PN 2123 which focus solely on state taxes. These estimates do not take into account the local revenue that would be generated by allowing school districts to manage their debt service.

SB 1400 PN 2123
($ Millions)

General Fund Impact - Cash	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	
-- Sales Tax	(4,514.2)	(9,397.1)	(9,696.5)	(9,989.4)	(10,258.0)	
-- PIT	-	-	-	-	-	
-- Gaming Transfers	(48.9)	-	-	-	-	
Total Impact	(4,563.1)	(9,397.1)	(9,696.5)	(9,989.4)	(10,258.0)	
General Fund Refund Impact (PIT)		*(140.8)*	*(185.9)*	*(206.8)*	*(223.3)*	
The increase in the rate causes an increase in PIT refunds, requiring an increase in the Refund Reserve Fund						
Education Stabilization Fund Impact - Cash	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	
-- Sales Tax	6,695.3	14,819.2	15,326.5	15,838.9	16,321.1	
-- PIT	1,420.1	3,651.9	3,852.3	4,021.4	4,177.9	
-- Gaming Transfers	96.3	47.4	49.7	56.7	56.7	
Total Impact	8,211.7	18,518.5	19,228.5	19,917.0	20,555.6	

Net Impact in Revenues	3,648.6	9,121.4	9,532.0	9,927.6	10,297.6	
Revenue Impact - Cash						
-- Sales Tax	2,181.1	5,422.1	5,630.0	5,849.5	6,063.1	
-- PIT	1,420.1	3,651.9	3,852.3	4,021.4	4,177.9	
-- Gaming Transfers	47.4	47.4	49.7	56.7	56.7	
Other funds are impacted (Lottery Fund, PTAF, PTTF) are impacted but the effects are not shown here.						
The Net Cash Revenue Impact from Gaming Transfers does not represent an overall increase in gaming revenue, but rather a shifting of revenue to Education Stabilization Fund.						

Thank you for the opportunity to submit this data. Please let me know if you have any further questions, or if we can be of further assistance.

Sincerely,

Daniel Meuser
Secretary of Revenue