

Economic Brief

State Representative Michael Armanini

November 2021



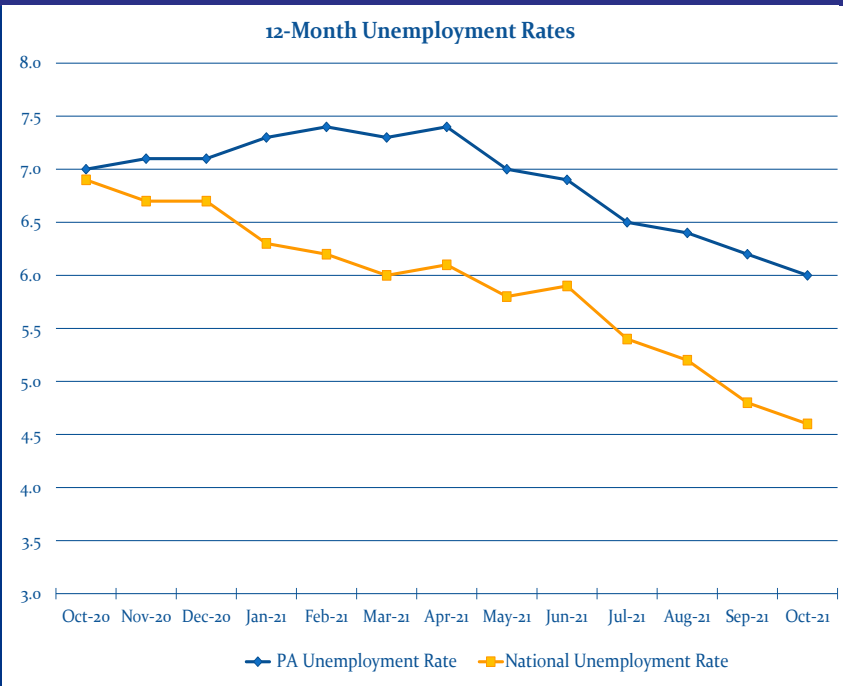
Chairman's Report

November General Fund collections of \$6.62 billion exceeded the monthly estimate by \$217.9 million. Year-to-date collections of \$18.7 billion are above estimate by \$1.006 billion. Included in the November Non-Tax Revenue collections is a transfer of \$3.841 billion of State Fiscal Recovery Funds from the American Rescue Plan Act (ARPA) in accordance with the enacted budget.

Every major tax category exceeded estimate for the month of November including Non-Tax revenue: Total Corporation Taxes by \$27.4 million; Total Consumption Taxes by \$108.5 million; Total Other Taxes by \$67.3 million; and Total Non-Tax Revenue by \$14.6 million.

On November 15, 2021, the IFO released their 5-Year Economic and Budget Outlook for the Commonwealth which included a fiscal year 2021-22 revised revenue estimate of \$44.173 billion for the General Fund. This estimate assumes revenue collections at the end of the fiscal year to be \$1.64 billion higher than the official revenue estimate. The IFO attributes the current strong revenue collections to (1) higher corporate profit margins and higher productivity; (2) remote work requiring less travel and gasoline consumption; (3) inflated home values and stock market values; (4) higher prices for cars and other durables; (5) consumers shifting to purchases of taxable durable goods instead of services; and (6) the Federal stimulus disbursements of \$120 billion to Pennsylvania residents and businesses.

Looking forward to 2022 and the next fiscal year, the IFO raises concerns about the ability of the economy to continue its current strength pattern. The IFO highlights many uncertainties and risks to the economy including (1) how much longer the Federal stimulus impact will linger; (2) the elimination of the student loan moratorium and advanced child tax credits; (3) workers returning to the labor force; (4) will there be a major stock market or housing market correction; (5) will the Federal Reserve taper interest rates; and (6) will consumers shift purchases back to services and travel and away from purchases of taxable goods.



PA EMPLOYMENT STATISTICS			
	Oct. 2021	Monthly Change	
Labor Force	6.270 Million	-6,000	↓
Unemployment Rate	6.0%	-0.2%	↓
Total Nonfarm Jobs	5.760 Million	+19,100	↑
12-Month Change			
Total Nonfarm Jobs	+134,700		
Unemployment Rate	-1.0%		
Surrounding States Unemployment Rates			
DE	5.3%	NY	6.9%
MD	5.7%	OH	5.1%
NJ	7.0%	WV	4.3%



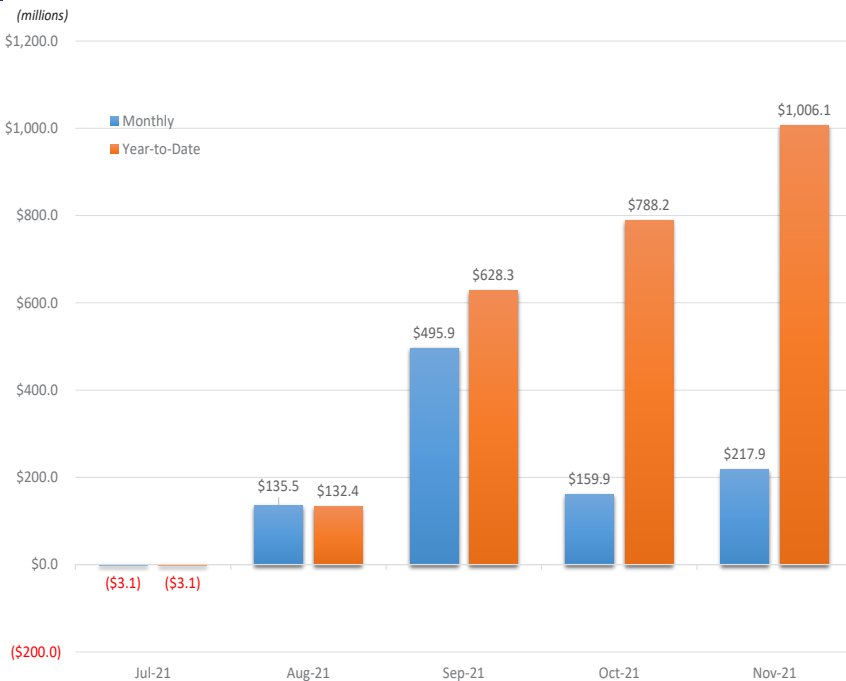
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November Revenue Collections Over Estimate by \$217.9 Million

Difference From GF Revenue Estimate



November Revenue Collections

Official Estimate	Actual Collections
Total General Fund	Total General Fund ↑
\$6.40 Billion	\$6.62 Billion
Corporation Taxes	Corporation Taxes ↑
\$152.8 Million	\$180.2 Million
Sales Taxes	Sales Taxes ↑
\$1.00 Billion	\$1.12 Billion
Personal Income Taxes	Personal Income Taxes ↑
\$959.7 Million	\$997.5 Million
All Other Taxes	All Other Taxes ↑
\$348.4 Million	\$373.3 Million
Non-Tax Revenue	Non-Tax Revenue ↑
\$3.94 Billion	\$3.95 Billion

Inflation in Pennsylvania

A 5.6% total increase from Oct. 2020 to Oct. 2021

