



Monthly  
**REPORT**  
TO THE  
**PEOPLE**  
on the  
**Fiscal Status**  
of the  
**Commonwealth**

From the  
SENATE DEMOCRATIC  
APPROPRIATIONS  
COMMITTEE

**Vincent J. Fumo**  
Chairman

Paul S. Dlugolecki  
Executive Director  
717.787.5662

## Charting the Commonwealth's Surplus

The 2003-04 fiscal year is over, and it ended with a bang. Excess tax collections flowed in without pause. Collections were \$180 million more than was officially estimated for June. The final fiscal year surplus is \$636.9 million, or 2.9% more than was officially estimated. *See Box:*

Corporate taxes were huge in June, coming in \$106 million over estimates.

PIT collections were a modest \$18 million over estimates in June and sales tax collections were a disappointing \$1 million below estimates for the month.

**Official Surplus:**  
**\$637 Million**

**Real Surplus:**  
**\$462 Million**

**Appropriations Estimate  
of June 30 Surplus:**  
**\$470 Million**

For the year, corporate taxes were the star, coming in at \$252 million, or 6.2% above estimate. The chart at the end of this Report will show the amount that various tax categories contributed to the surplus that allow the Commonwealth to open 2004-05 with a healthy beginning balance.

As the fiscal year begins, the question is: What did the Department of Revenue learn from the just completed year? This year is going to have stronger economic growth than the year just ended. As was discussed in the June issue of *Report to the People*, the estimate of this committee is \$600 million over the estimate contained in the Governor's budget book released in February. The Governor's new revenue estimate, certified July 7, shows that the lesson was learned. The certified revenue estimate is \$560 million above the amount that was projected in the budget book. A difference of \$40 million in a revenue estimate of \$23.87 billion is .17%, so for all practical purposes the estimates of the administration and this committee are identical.

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# REPORT TO THE PEOPLE

Below is a chart showing final components of our \$636.9 million surplus that was achieved at the end of the fiscal year. CNI and capital stock tax were both significantly higher than estimates. However, gross receipts tax receipts were about \$77 million

below estimates for the year in May. So the overage of CNI and capital stock tax is tempered by the shortfall in gross receipts. Insurance tax collections were somewhat unexplainably high for the year with a surplus around \$60 million. ■

