

Quick Reference for the FY 2015-16 Wolf Budget

REVENUES

\$4.7 Billion Tax Increase in FY 2015-16; \$12 Billion Tax Increase Over 2 Years
\$1,000 from each man, woman and child in Pennsylvania

Personal Income Tax – a portion dedicated to Property Tax

- 20.5% increase in the Personal Income Tax (effective July 1, 2015) – \$2.4 billion
- Rate: 3.07% to 3.7%
- Affects nearly 1 million small businesses
- Expands Tax Forgiveness to \$36,400 for a family of four – \$90.2 million revenue loss
- Makes Lottery winnings taxable – \$15.7 million

4-Person Family Impact

Making \$55,000 – \$346
 Making \$100,000 – \$630

Sales and Use Tax – a portion dedicated to PSERS’ Costs

- 10% increase in the Sales and Use Tax and base broadening to all items except food, clothing, prescription drugs and business-to-business transactions (effective January 1, 2016) – \$1.6 billion
- Rate: 6% to 6.6%

Household Impact *

Approximately \$500 a year

* Projected on an annualized basis.

Cigarette Tax

- \$1.00 per pack increase (effective October 1, 2015) – \$358.4 million
- Rate: \$1.60 per pack to \$2.60 per pack

Typical Smoker Impact

\$281 additional tax per year

Other Tobacco Products Tax

- New tax of 40% applied to the wholesale price (effective October 1, 2015) – \$84.1 million
- Chewing tobacco, cigars, loose tobacco and e-cigarettes

Typical User Impact

Approximately \$200 a year

* Projected on an annualized basis.

Corporate Net Income Tax

- Mandatory, unitary combined reporting, along with scheduled rate reductions (effective January 1, 2016) – \$249.3 million overall business tax cut (actual impact will vary by business depending on its filing status)
- Net Operating Loss reduction to \$3 million or 12.5%
- Rate: to 5.99% beginning January 1, 2016
to 5.49% beginning January 1, 2017
to 4.99% beginning January 1, 2018

Severance Tax

- New tax of 5% of gross value of natural gas + \$0.047 per thousand cubic feet of gas severed (effective January 1, 2016) – \$165.7 million
- Impact fee distribution maintained at \$225 million

Bank Shares Tax

- Retroactive rate increase [to TY 2013] to achieve originally expected revenue neutrality – \$339.2 million
- Rate: 0.89% to 1.25%

SPENDING - \$33.8 Billion

\$ 4.7 Billion, or 16.1%, Increase

- Proposes to offline \$1.75 billion of PSERS contributions.
- Generates \$2.1 billion for property tax relief that will begin in FY 2016-17.
- Generally removes funding for legislative priorities but more than doubles economic development programs under the Governor’s control.
- Increases funding for Basic Education programs by \$1.3 billion, or 12.1%.
- Provides a \$400 million increase for Basic Education Funding.
- Increases funds available for Special Education by \$100 million.
- \$100 million increase for Pre-K Counts.
- Provides a \$160 million increase for higher education.
- Increases PA First to \$45 million.
- Expands Keystone Communities to \$21 million.
- Expands Human Service spending by nearly \$700 million.
- Reduces reliance on the Oil and Gas Lease fund in DCNR.
- Proposes to merge Probation and Parole with Corrections.
- Increases Corrections spending by \$150 million.
- Funds 4 State Police cadet classes with 350 cadets.
- Assumes an increase in liquor profits in future years from modernization efforts.
- Contains more than \$80 million of supplemental spending for the current fiscal year.

NEW DEBT

\$3 billion pension bond

(Increased LCB Profits pay debt service)

\$675 million Economic Growth Fund

(Severance Tax pays debt service)