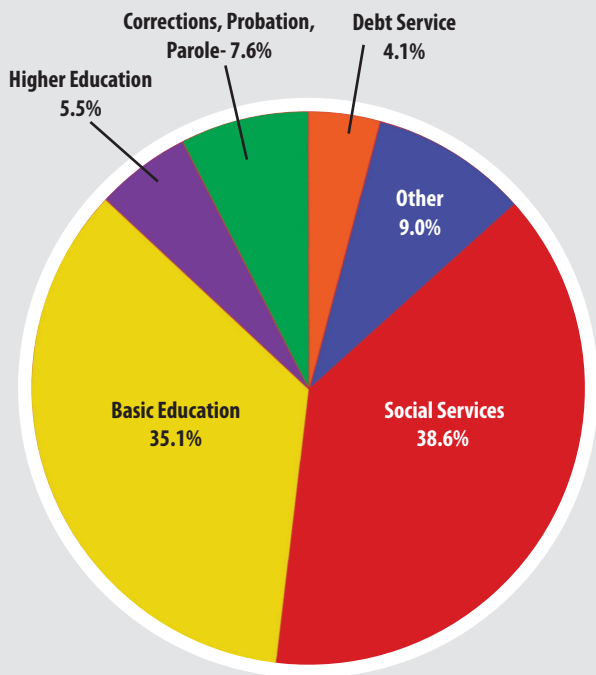


PENNSYLVANIA GENERAL FUND/ BUDGET (FY 2014-15)

Description – The General Fund is used to supply the various state agencies, organizations and programs with funding for a given Fiscal Year (FY). For FY 2014-15, over \$29 billion was appropriated. Below is a breakdown of individual appropriations:

- Social Services (PA Dept. of Human Services)- \$11.2 billion (38.6%).
- Basic Education- \$10.2 billion (35.1%).
- Higher Education (State-related universities, community colleges, PHEAA, PASSHE)- \$1.6 billion (5.5%).
- Corrections, Probation & Parole- \$2.2 billion (7.6%).
- Debt Service- \$1.2 billion (4.1%).
- All other (DEP, DCNR, Agriculture, Judiciary, Legislative, State Police, Etc.)- \$2.6 billion (9.0%).



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Footnotes

1. The Tax Foundation: "2015 State Business Tax Climate Index" – 10/28/2014
2. The Tax Foundation: "State and Local Sales Tax Rates in 2014" – 3/18/2014
3. The Tax Foundation: "Cigarette Tax Rates in 2014" – 7/2/14
4. PA Office of the Budget: "Budget Secretary Certifies More Than \$779 Million for Statewide Property Tax Relief" – 4/15/2014

PA Tax at a Glance

Policy Committee Issue Brief



P E N N S Y L V A N I A
H O U S E O F R E P R E S E N T A T I V E S

PA CORPORATE NET INCOME TAX (CNI)

Rate – 9.99%.

Rank – 2nd highest out of all 50 states.

Description – Domestic and foreign corporations are subject to the CNI tax for the privilege of doing business; carrying on activities; having capital or property employed or used in or owning property in Pennsylvania. This represents approximately 8.7% of total tax revenues generated in Pennsylvania.

2nd Highest
Out of All 50
States

PA SALES AND USE TAX (SUT)

31.9% of total
tax revenues

Rate – 6% (7% in Allegheny, 8% in Philadelphia).

Rank – 16th highest out of 45 (tied w/ 10 other states).

Description – The Sales and Use Tax is imposed on the retail sale, consumption, rental or use of tangible personal property in Pennsylvania. This represents approximately 31.9% of total tax revenues generated in Pennsylvania.

PA PERSONAL INCOME TAX (PIT)

Rate – 3.07%.

Rank – Pennsylvania is one of only six states that has a flat PIT.

Description – The PIT is levied against taxable income of resident and non-resident individuals, estates, trusts, partnerships, corporations, business trusts and limited liability companies not federally taxed as corporations.

This represents approximately **40% of total tax revenues** generated in Pennsylvania.

PA CAPITAL STOCK AND FOREIGN FRANCHISE TAX (CSFT)

Rate – 0.67% in 2014, 0.45% in 2015, **eliminated in 2016.**

Description – These taxes are imposed on corporations with capital stock, joint-stock

1 of only 6
states with a
flat PIT

associations, LLC's, business trusts and all other entities classified as corporations for federal tax purposes that were formed or operate in Pennsylvania.

This represents approximately 1.1% of total tax revenues generated in Pennsylvania.

GAMING REVENUES/PROPERTY TAX RELIEF FUND

Rates

- 34% of gross terminal (slots) revenue & automated/electronic table game revenue.
- 12% of gross terminal (slots) revenue to PA Horse Racing Development Fund.
- 5% of gross terminal (slots) revenue to DCED Tourism/Economic Development Fund.
- 12% of gross live table game revenue.
- 4% of gross live table game revenue & gross terminal (slots) revenue to local host municipalities.

Description – Property tax relief received an estimated \$779 million in gaming revenue in 2014. Other funded projects include: volunteer firefighter company grants, local law enforcement grants, compulsive gambling treatments, in-lieu-of-tax payments on state forest and game land, and costs associated with Sterling Tax credits.

Property tax
relief received
\$779 million in
gaming revenue
in 2014

PA CIGARETTE TAX

Rate – \$1.60 per pack of 20 cigarettes.

Rank – 21st highest out of all 50 states.

Description – The Cigarette Tax is assessed against the sale of or possession of cigarettes and little cigars in Pennsylvania.

This represents approximately 3.4% of total tax revenues generated in Pennsylvania.

PA INHERITANCE TAX

Rate – Based on the relationship between the heir and deceased.

- 0% between spouses, or from child (under 21) to parent.
- 4.5% to lineal heirs.
- 12% to siblings.
- 15% to all others.
- Effective 6/30/2012: The tax is eliminated for farming families when transferring from one generation to the next, or between family members.
- Effective 7/1/2013: The tax is eliminated for transfers of business assets between members of the same family.

Description – Inheritance tax is imposed as a percentage of the value of a decedent's estate transferred to beneficiaries by will, heirs by intestacy and transferees by operation of law. This represents approximately 3.1% of total tax revenues generated in Pennsylvania.

PENNSYLVANIA LOTTERY FUND (FY 2013-14)

Description – Revenue that is collected via lottery activity is deposited into the Pennsylvania Lottery Fund. Lottery distributions totaled over **\$3.8 billion** and were allocated as follows:

- \$2,368,693,411 in prizes.
- \$202,369,523 in retail store commissions.
- \$275,164,000 to Area Agencies on Aging & Senior Centers.
- \$186,263,831 for PACE/PACENET (pharmaceutical assistance).
- \$162,245,704 for Shared & Free Ride Program.
- \$278,346,000 for Property Tax & Rent Rebates.
- \$330,081,000 for Care Services (Dept. of Human Services).

