

Executive Summary

The Revenue Estimating Conference met on February 28, 2007 to adopt a new forecast for the Gross Receipts Tax and the State Sales Tax on Communication Services. Overall, the forecast was increased for the current year and for each of the following two fiscal years. For the Gross Receipts Tax, overall collections have been increased by \$18.9 million in FY 06-07, \$22.8 million in FY 07-08, and \$7.2 million in FY 08-09. These changes feed directly into the dollars available for PECO appropriations. For the State Sales Tax on Communication Services, collections have been increased by \$5.5 million in FY 06-07, \$11.8 million in FY 07-08 and \$11 million in FY 08-09. The highlights are detailed below.

	Gross Receipts Tax All Sources	Gross Receipts Tax on Electricity	Gross Receipts Tax on Gas	Communications Services Tax-Gross Receipts Component	Communications Services Tax-State Tax Component	Additional State Tax on Direct-to-Home Satellite	Local Communications Service Tax
FY 05-06	975.79	524.33	28.55	422.91	1007.20	52.19	843.31
FY 06-07	1069.64	599.84	28.40	441.40	1050.70	55.90	863.07
FY 07-08	1096.93	605.84	28.60	462.49	1111.88	62.20	899.76
FY 08-09	1133.75	625.66	29.30	478.79	1160.42	68.40	926.45
FY 09-10	1165.45	643.43	28.60	493.42	1204.68	74.60	949.61
FY 10-11	1196.33	660.89	28.50	506.93	1242.78	80.50	970.79
FY 11-12	1227.84	680.38	28.50	518.96	1278.78	86.20	989.08
FY 12-13	1254.05	694.00	28.70	531.35	1312.25	91.30	1008.87
FY 13-14	1296.57	723.78	29.20	543.58	1347.26	95.90	1028.98
FY 14-15	1321.51	736.00	30.00	555.51	1380.89	100.70	1048.19
FY 15-16	1356.20	757.40	31.20	567.60	1413.03	105.70	1067.48
FY 16-17	1389.09	777.29	32.00	579.81	1444.85	110.00	1087.89

Gross Receipts Tax on Electricity...The Conference discussed the recent tax collection pattern since the last estimate was adopted at the November 2006 meeting. Collections for the past four months were \$18.8 million above the estimate. Most of this error was due to a previous underestimate of the impact associated with energy price changes.

In the new forecast, the current higher electricity price will be maintained for the rest of FY 06-07, resulting in a strong forecast for the current fiscal year (a 14.4% increase). However, due to fuel costs leveling off and a flat future fuel cost index, the growth rate on electric collections will be reduced to 1.0% in FY 07-08. This still generates a \$16.1 million increase over the November conference estimate.

Gross Receipts Tax on Gas Fuels...For FY 2006-07, the new forecast is almost the same as the old estimate. After the current fiscal year, collections are expected to be maintained around the current level (\$28.4 million) as gas prices moderate.

Communications Services Tax... Tax collections from the Communications Services Tax (CST) have also been higher than expected. Much of the strength is coming from strong demand for cellular phone services. However, for the past four months, the Gross Receipts Tax component of the CST was under the old estimate by \$2.0 million, and the State Sales Tax component was under the old estimate by \$3.8 million. In part this was a technical adjustment – current year receipts were used to cover a major refund. Had this refund not occurred, the current collection level would have beaten the old estimate. Adjusting for this anomaly, the Gross Receipts Tax component has been increased by \$1.5 million in FY 06-07 and the State Sales Tax portion has been increased by \$5.5 million.

Additional State Tax on Direct-to-Home Satellite Service and Local Communications Service Tax... The new forecasts for the additional state tax on Direct-to-Home Satellite Service (DHSS) and the local communications service tax are also included in the conference final package. The additional state tax on DHSS is the portion of the tax that is distributed to local governments through the Local Government Half-Cent Clearing Trust Fund. The higher forecast reaches \$55.9 million and \$62.2 million for FY 06-07 and FY 07-08, respectively. The forecast for the local communications service tax is virtually unchanged at \$863.1 million for FY 06-07 and \$899.8 million for FY 07-08.

Gross Receipts Tax
Forecast Comparison
February 28, 2007

Total Collections

YEAR	Old Forecast		New Forecast		Diff.
	\$ Mil	%chg	\$ Mil	%chg	
FY87-88	217.85	6.6%			
FY88-89	227.62	4.5%			
FY89-90	290.02	27.4%			
FY90-91	333.57	15.0%			
FY91-92	391.38	17.3%			
FY92-93	447.83	14.4%			
FY93-94	459.38	2.6%			
FY94-95	506.84	10.3%			
FY95-96	543.13	7.2%			
FY96-97	572.11	5.3%			
FY97-98	593.39	3.7%			
FY98-99	639.27	7.7%			
FY99-00	669.18	4.7%			
FY00-01	722.91	8.0%			
FY01-02	779.49	7.8%			
FY02-03	786.03	0.8%			
FY03-04	826.59	5.2%			
FY04-05	882.15	6.7%			
FY05-06	975.79	10.6%	975.79	10.6%	0.00
FY06-07	1050.78	7.7%	1069.64	9.6%	18.86
FY07-08	1074.16	2.2%	1096.93	2.6%	22.77
FY08-09	1126.60	4.9%	1133.75	3.4%	7.15
FY09-10	1166.67	3.6%	1165.45	2.8%	-1.22
FY10-11	1197.06	2.6%	1196.33	2.6%	-0.73
FY11-12	1219.27	1.9%	1227.84	2.6%	8.57
FY12-13	1235.93	1.4%	1254.05	2.1%	18.12
FY13-14	1257.88	1.8%	1296.57	3.4%	38.69
FY14-15	1283.68	2.1%	1321.51	1.9%	37.83
FY15-16	1309.97	2.0%	1356.20	2.6%	46.23
FY16-17	#N/A	#N/A	1389.09	2.4%	#N/A

Gross Receipts Tax
Forecast Comparison
February 28, 2007

Collections on Electricity

YEAR	Old Forecast		New Forecast**		
	\$ Mil	%chg	\$ Mil	%chg	Diff.
FY87-88	130.56	5.1%			
FY88-89	136.57	4.6%			
FY89-90	169.14	23.8%			
FY90-91	190.58	12.7%			
FY91-92	230.52	21.0%			
FY92-93	258.67	12.2%			
FY93-94	259.29	0.2%			
FY94-95	274.09	5.7%			
FY95-96	296.01	8.0%			
FY96-97	294.31	-0.6%			
FY97-98	308.67	4.9%			
FY98-99	324.50	5.1%			
FY99-00	309.42	-4.6%			
FY00-01	353.54	14.3%			
FY01-02	374.08	5.8%			
FY02-03	388.60	3.9%			
FY03-04	425.00	9.4%			
FY04-05	453.25	6.6%			
FY05-06	524.33	15.7%	524.33	15.7%	0.00
FY06-07	584.63	11.5%	599.84	14.4%	15.21
FY07-08	589.75	0.9%	605.84	1.0%	16.09
FY08-09	626.31	6.2%	625.66	3.3%	-0.65
FY09-10	652.48	4.2%	643.43	2.8%	-9.05
FY10-11	671.78	3.0%	660.89	2.7%	-10.89
FY11-12	683.85	1.8%	680.38	2.9%	-3.47
FY12-13	690.23	0.9%	694.00	2.0%	3.77
FY13-14	702.26	1.7%	723.78	4.3%	21.52
FY14-15	717.68	2.2%	736.00	1.7%	18.31
FY15-16	732.75	2.1%	757.40	2.9%	24.64
FY16-17	747.41	2.0%	777.29	2.6%	29.88

Gross Receipts Tax
Forecast Comparison
February 28, 2007

Collections on Gas Fuels

YEAR	Old Forecast		New Forecast		Diff.
	\$ Mil	%chg	\$ Mil	%chg	
FY87-88	6.51	15.8%			
FY88-89	5.69	-12.6%			
FY89-90	10.38	82.4%			
FY90-91	12.31	18.6%			
FY91-92	11.97	-2.8%			
FY92-93	12.74	6.4%			
FY93-94	10.92	-14.3%			
FY94-95	11.03	1.0%			
FY95-96	13.68	24.0%			
FY96-97	11.97	-12.5%			
FY97-98	12.41	3.7%			
FY98-99	10.17	-18.0%			
FY99-00	10.71	5.3%			
FY00-01	16.65	55.5%			
FY01-02	13.74	-17.5%			
FY02-03	14.39	4.7%			
FY03-04	18.52	28.7%			
FY04-05	23.21	25.3%			
FY05-06	28.55	23.0%	28.55	23.0%	0.00
FY06-07	26.25	-8.1%	28.40	-0.5%	2.15
FY07-08	27.11	3.3%	28.60	0.7%	1.49
FY08-09	27.19	0.3%	29.30	2.4%	2.11
FY09-10	26.99	-0.7%	28.60	-2.4%	1.61
FY10-11	26.18	-3.0%	28.50	-0.3%	2.32
FY11-12	25.42	-2.9%	28.50	0.0%	3.08
FY12-13	25.80	1.5%	28.70	0.7%	2.90
FY13-14	26.32	2.0%	29.20	1.7%	2.88
FY14-15	26.80	1.8%	30.00	2.7%	3.20
FY15-16	27.82	3.8%	31.20	4.0%	3.38
FY16-17	#N/A	#N/A	32.00	0.03	#N/A

Gross Receipts Tax
Forecast Comparison
February 28, 2007

Transfer from Communications Services Tax

YEAR	Old Forecast		New Forecast		Diff.
	\$ Mil	%chg	\$ Mil	%chg	
FY87-88	80.78	8.4%			
FY88-89	85.35	5.7%			
FY89-90	110.50	29.5%			
FY90-91	130.68	18.3%			
FY91-92	148.89	13.9%			
FY92-93	176.41	18.5%			
FY93-94	189.17	7.2%			
FY94-95	221.72	17.2%			
FY95-96	233.44	5.3%			
FY96-97	265.83	13.9%			
FY97-98	272.31	2.4%			
FY98-99	304.60	11.9%			
FY99-00	349.05	14.6%			
FY00-01	352.72	1.1%			
FY01-02	391.67	11.0%			
FY02-03	383.04	-2.2%			
FY03-04	383.07	0.0%			
FY04-05	405.69	5.9%			
FY05-06	422.91	4.2%	422.91	4.2%	0.00
FY06-07	439.90	4.0%	441.40	4.4%	1.50
FY07-08	457.30	4.0%	462.49	4.8%	5.19
FY08-09	473.10	3.5%	478.79	3.5%	5.69
FY09-10	487.20	3.0%	493.42	3.1%	6.22
FY10-11	499.10	2.4%	506.93	2.7%	7.83
FY11-12	510.00	2.2%	518.96	2.4%	8.96
FY12-13	519.90	1.9%	531.35	2.4%	11.45
FY13-14	529.30	1.8%	543.58	2.3%	14.28
FY14-15	539.20	1.9%	555.51	2.2%	16.31
FY15-16	549.40	1.9%	567.60	2.2%	18.20
FY16-17	#N/A	#N/A	579.81	2.2%	#N/A

State Sales Tax
Forecast Comparison
February 28, 2007

Transfer from Communications Services Tax

YEAR	Old Forecast		New Forecast		Diff.
	\$ Mil	%chg	\$ Mil	%chg	
FY87-88					
FY88-89					
FY89-90					
FY90-91					
FY91-92					
FY92-93					
FY93-94					
FY94-95					
FY95-96					
FY96-97					
FY97-98					
FY98-99					
FY99-00					
FY00-01					
FY01-02	526.50	#N/A			
FY02-03	817.10	55.2%			
FY03-04	863.50	5.7%			
FY04-05	944.10	9.3%			
FY05-06	1007.20	6.7%	1007.20	6.7%	0.00
FY06-07	1045.20	3.8%	1050.70	4.3%	5.50
FY07-08	1100.10	5.3%	1111.88	5.8%	11.78
FY08-09	1149.40	4.5%	1160.42	4.4%	11.02
FY09-10	1194.10	3.9%	1204.68	3.8%	10.58
FY10-11	1232.20	3.2%	1242.78	3.2%	10.58
FY11-12	1267.70	2.9%	1278.78	2.9%	11.08
FY12-13	1300.00	2.5%	1312.25	2.6%	12.25
FY13-14	1330.90	2.4%	1347.26	2.7%	16.36
FY14-15	1363.00	2.4%	1380.89	2.5%	17.89
FY15-16	1396.20	2.4%	1413.03	2.3%	16.83
FY16-17	#N/A	#N/A	1444.85	2.3%	#N/A

State Sales Tax
Forecast Comparison
February 28, 2007

Percent of Gross Receipts CST Base

YEAR	Old Forecast		New Forecast		Diff.
	%	%chg	%	%chg	
FY87-88					
FY88-89					
FY89-90					
FY90-91					
FY91-92					
FY92-93					
FY93-94					
FY94-95					
FY95-96					
FY96-97					
FY97-98					
FY98-99					
FY99-00					
FY00-01					
FY01-02	0.47	#N/A			
FY02-03	0.74	58.7%			
FY03-04	0.79	5.7%			
FY04-05	81.1%	3.2%			
FY05-06	83.0%	2.3%	83.0%	2.3%	0.0%
FY06-07	82.8%	-0.2%	83.0%	-0.1%	0.2%
FY07-08	83.8%	1.2%	83.8%	1.0%	-0.1%
FY08-09	84.7%	1.0%	84.5%	0.8%	-0.2%
FY09-10	85.4%	0.9%	85.1%	0.7%	-0.3%
FY10-11	86.0%	0.7%	85.4%	0.4%	-0.6%
FY11-12	86.6%	0.7%	85.9%	0.5%	-0.8%
FY12-13	87.1%	0.6%	86.1%	0.2%	-1.1%
FY13-14	87.6%	0.6%	86.4%	0.4%	-1.3%
FY14-15	88.1%	0.5%	86.6%	0.3%	-1.5%
FY15-16	88.6%	0.5%	86.8%	0.1%	-1.8%
FY16-17	#N/A	#N/A	#N/A	#N/A	#N/A

Additional State Tax on Direct-to-Home Satellite
Forecast Comparison
February 28, 2007

YEAR	Old Forecast		New Forecast		Diff.
	\$ Mil	%chg	\$ Mil	%chg	
FY87-88					
FY88-89					
FY89-90					
FY90-91					
FY91-92					
FY92-93					
FY93-94					
FY94-95					
FY95-96					
FY96-97					
FY97-98					
FY98-99					
FY99-00					
FY00-01					
FY01-02	14.06	#N/A			
FY02-03	21.12	50.2%			
FY03-04	35.25	66.9%			
FY04-05	40.18	14.0%			
FY05-06	52.19	29.9%	52.19	29.9%	0.00
FY06-07	57.04	9.3%	55.90	7.1%	-1.14
FY07-08	64.23	12.6%	62.20	11.3%	-2.03
FY08-09	69.04	7.5%	68.40	10.0%	-0.64
FY09-10	73.88	7.0%	74.60	9.1%	0.72
FY10-11	78.31	6.0%	80.50	7.9%	2.19
FY11-12	82.23	5.0%	86.20	7.1%	3.97
FY12-13	85.51	4.0%	91.30	5.9%	5.79
FY13-14	88.08	3.0%	95.90	5.0%	7.82
FY14-15	90.72	3.0%	100.70	5.0%	9.98
FY15-16	93.44	3.0%	105.70	5.0%	12.26
FY16-17	#N/A	#N/A	110.00	4.1%	#N/A

Local Communications Service Tax
Forecast Comparison
February 28, 2007

YEAR	Old Forecast		New Forecast		Diff.
	\$ Mil	%chg	\$ Mil	%chg	
FY87-88					
FY88-89					
FY89-90					
FY90-91					
FY91-92					
FY92-93					
FY93-94					
FY94-95					
FY95-96					
FY96-97					
FY97-98					
FY98-99					
FY99-00					
FY00-01					
FY01-02	426.65	#N/A			
FY02-03	739.34	73.3%			
FY03-04	711.73	-3.7%			
FY04-05	802.44	12.7%			
FY05-06	843.31	5.1%	843.31	5.1%	0.00
FY06-07	870.70	3.2%	863.07	2.3%	-7.63
FY07-08	899.61	3.3%	899.76	4.3%	0.15
FY08-09	926.82	3.0%	926.45	3.0%	-0.37
FY09-10	950.71	2.6%	949.61	2.5%	-1.10
FY10-11	970.30	2.1%	970.79	2.2%	0.49
FY11-12	988.64	1.9%	989.08	1.9%	0.44
FY12-13	1005.43	1.7%	1008.87	2.0%	3.44
FY13-14	1022.26	1.7%	1028.98	2.0%	6.72
FY14-15	1039.85	1.7%	1048.19	1.9%	8.34
FY15-16	1058.23	1.8%	1067.48	1.8%	9.25
FY16-17	#N/A	#N/A	1087.89	1.9%	#N/A