

Revenue Estimating Conference
Gross Receipts Tax/Communications Services Tax
January 15, 2026
Executive Summary

The Revenue Estimating Conference met on January 15, 2026, to adopt a new forecast for the Gross Receipts Tax and the State Sales Tax on Communications Services. Through December 2025, Gross Receipts Tax collections from all components (derived from separate taxes on electricity, gas and communications) came in \$25.1 million (3.4%) above the forecasted level. General Revenue collections from the separate State Sales Tax on Communications were \$4.1 million (-1.4%) below the forecasted level. Compared to the July 2025 conference results, the new forecast for the Gross Receipts Tax is significantly higher throughout. The changes in the Gross Receipts Tax feed directly into the dollars available for PECO appropriations. The highlights for both Gross Receipts and the State Tax Component for Communications Services are detailed below.

	Gross Receipts Tax All Sources	Diff from Prior Forecast	Growth Rate Forecast		Communications Services Tax-State Tax Component*	Diff from Prior Forecast	Growth Rate Forecast
FY 25-26	1441.01	26.53	4.47%		692.49	-5.79	1.78%
FY 26-27	1469.06	66.14	1.95%		702.08	-12.66	1.39%
FY 27-28	1484.88	99.42	1.08%		712.30	-15.35	1.45%
FY 28-29	1474.60	101.18	-0.69%		726.55	-15.60	2.00%
FY 29-30	1463.25	95.11	-0.77%		740.89	-15.44	1.97%
FY 30-31	1460.46	90.08	-0.19%		753.04	-15.14	1.64%
FY 31-32	1461.86	85.75	0.10%		765.21	-14.86	1.62%
FY 32-33	1466.54	83.92	0.32%		777.77	-14.49	1.64%
FY 33-34	1471.30	82.51	0.32%		789.67	-14.17	1.53%
FY 34-35	1477.23	81.26	0.40%		803.15	-13.87	1.71%

*The CST State Tax Component Includes Direct-to-Home Satellite

Gross Receipts Tax on Utilities: Prices are noticeably higher in all three components due to approved rate hikes over the first half of the forecast along with elevated current prices. While each of the three series has small price declines beginning early in the forecast, prices remain well above the previous estimates in all years. Correspondingly, consumption levels in the new forecast for the residential, commercial, and industrial components are slightly lower though the implied responses are quite inelastic. The resulting collections see a significant increase relative to the previous forecast that peaks in FY 2028-29 before gradually declining over all remaining years.

For natural gas utilities, residential and commercial prices are materially unchanged from previous projections throughout the entire 10-year forecast. Similarly, the residential and commercial consumption series remain close to the previously forecasted levels throughout the new forecast.

State Communications Services Tax, Including Direct-to-Home Satellite Service (CST): The overall forecast relies on generating separate growth rates for the cable, wireless, landline, other services, and direct-to-home satellite tax bases. Given the previous forecast's overall accuracy over the first six months of the fiscal year, the new forecast makes relatively minor adjustments to the total collections forecast.

The primary positive driver of growth in CST has recently been the Other category. Other, which includes the popular streaming entertainment options, had a recent eight-year period of double-digit growth due to new market entrants and continued content expansion. For FY 2024-25, the growth rate slightly declined to 9.31% but still maintained the robust growth path. The elevated growth begins to slow in FY 2025-26 as the rapid-growth phase of the industry ebbs—declining from 6.04% growth in FY 2025-26 to 2.79% in the last year of the forecast period.

Historically, the Wireless and Landline forecasts countered the positive growth seen in Cable and Other; however, Cable has now experienced negative growth for seven consecutive years. Moreover, the new Cable forecast steepens the decline seen in the previous forecast. Moving in the opposite direction, collections from the Wireless category have averaged 4.57% growth over the last three years. The buildout of rural network infrastructure and technology improvements have made wireless a viable alternative to traditional internet access, further increasing its market share. The new forecast maintains the previous forecast's recognition of this and the complementarity of streaming services to wireless with an array of future growth rates that are identical to the prior forecast—but which are applied to a higher base for FY 2025-26. In contrast, Landline is declining due to dated technology that is primarily associated with a particular demographic group and smaller businesses. Annual declines in the double digits began in FY 2016-17 and continued through FY 2024-25. The new forecast continues this trend through FY 2026-27 when the downward spiral drops into single digits that are steeper than the prior forecast through FY 2029-30. Satellite, or DHSS, experienced strong negative growth over the last seven years partially due to expiring contracts for exclusive content. The new forecast extends this pattern through the first two years of the forecast with an average decline of -7.94%. After FY 2027-28, the growth path of the previous forecast for DHSS has been maintained with a steady downward drift throughout the remainder of the forecast.

Gross Receipts CST is derived from two different tax rates plus a portion of direct-to-home satellite collections. First, a tax rate of 2.37% is applied to the cable, wireless, landline and miscellaneous services tax bases. Second, an additional tax rate of 0.15% is applied to the same tax bases, excluding landlines in residential households. The dollars generated by both tax rates, plus 20.7% of total direct-to-home satellite collections, comprise total Gross Receipts CST collections. Sales CST Collections are generated by applying a tax rate of 4.92% against the cable, wireless, landline and miscellaneous services tax bases, coupled with 44.32% of total direct-to-home satellite collections. As part of the calculation, the landline tax base is reduced by the residential household telephone exemption for Sales Tax CST. Direct-to-home satellite service is taxed at an 11.44% rate. The tax revenue is distributed between Gross Receipts CST, Sales CST, and local governments.

Local Communications Service Tax: The local CST forecast applies an average local CST tax rate of 5.23% to the four major bases (cable, wireless, landline and miscellaneous services). Like the CST forecasts for Gross Receipts and Sales, the local forecast has little expected growth because of the reduction in the wireless base.