

DEPARTMENT OF REVENUE BUDGET HEARING WRAP

Tuesday, February 18, 2025



General Overview:

Department of Revenue (DOR) Secretary Patrick Browne, along with other DOR staff, testified before the House Appropriations Committee this afternoon. House Republicans focused their questions on government efficiency and how tax policies impact economic growth.

Key Takeaways:

- Committee members are concerned that state revenues are not keeping pace with state spending. While the Department of Revenue projects that current fiscal year tax collections will fall short of the Official Revenue Estimate, the Independent Fiscal Office's projections show even larger shortfalls than shown in the Governor's numbers.
 - Committee members shared the Republican vision for growing state revenues - growing the economy and our tax base in the energy industry rather than losing jobs to Ohio.
- Governor Shapiro has proposed the legalization of recreational marijuana to increase state revenues. Members of the committee shared concerns with the administration of this tax and the impact of legalization on social services.
- Pennsylvania's Lottery, which primarily funds programs for seniors, is experiencing declining revenues and is on an unsustainable path forward. Shapiro's budget proposal includes taxing and regulating skill games currently operating in Pennsylvania. Committee members asked how to address gaming in Pennsylvania without cannibalizing our current industries.
- Increasing the minimum wage is listed as a revenue generator in the governor's budget. Committee members shared concerns with the Administration's methodology in calculating this. Committee members pointed out that the Administration's own numbers concede that paying a minimum of \$15 per hour will result in job losses and reduced profitability for Pennsylvania small businesses.

Notable Q&A:



Sec. Browne told Rep. Charity Krupa DOR is not anticipating a recession in the near future. An economic downturn would be required to justify using the Rainy Day Fund to balance the budget.

Rep. Thomas Kutz reviews tax changes proposed in the governor's budget proposal including, skill games and financial institutions.

