



Allegheny County's finances through June

Summary: Monthly revenue and expenditure reports from the Allegheny County Controller's Office show that from January to June 2021 the county collected \$631.7 million in revenue and spent \$447.8 million. Compared to the same months in pre-pandemic 2019, as well as last year, some of the county's tax revenues are doing better while others are still languishing.

On the revenue side, \$631.7 million was 69 percent of the \$916.5 million budgeted for 2021. By revenue type this includes taxes in the year they are levied as well as delinquent collections and penalties and interest. There are numerous licenses and permits, charges for services, money from other governments, etc.

Property tax collections totaled \$366.9 million. That was 95 percent of the \$384.9 million budgeted. The county collected \$282.6 million of the total in April. Similar to last year, county officials delayed the date on which property tax payments would be considered delinquent (June 1 instead of May 1).

The county received \$27.9 million of the \$52.9 million budgeted (53 percent) from the Regional Asset District sales tax (the county's share is 25 percent of the 1 percent tax).

The county gets a small share of the hotel tax—most of it goes for debt service on the convention center and to promote tourism—and received \$267,064 of the \$1 million it budgeted (27 percent).

The county receives 2 percent of slot machine gross terminal revenue from the Rivers Casino. The county budgeted \$4.8 million and has received \$2.0 million (42 percent).

The county's tax on vehicle rentals has raised \$2.4 million of the \$6.0 million budgeted (40 percent). The county's tax on alcoholic beverages that are served at bars and restaurants (state store and beer distributor sales are not taxed by the county) raised \$13 million of the \$25.9 million budget (50 percent). These two taxes provide the local match for state assistance to the Port Authority.

The remainder of revenue comes from non-tax sources—federal and state dollars, licenses and permits, fines, charges for services, etc. Through June these non-tax revenues raised \$220.5 million of the \$445.0 million budgeted (50 percent).

On the expenditure side, the \$447.8 million spent through June is 47 percent of the \$947.1 million budgeted. Expenditures for personnel (mostly salaries) and fringe benefits totaled \$228.4 million, or 47 percent of 2021 budget for those two items.

The 2021 budget added one department (Children’s Initiatives) to bring the total number of departments and offices to 30. Through the end of June, two departments—Human Services and Emergency Services—as well as the Sheriff’s office had spent 50 percent or more than the 2021 budget amount. Seven spent less than 40 percent of budget. The average spent through June by departments and offices was 42 percent of budget.

In late August it was announced that the Shuman Juvenile Detention Center would be closing. The budget for that department in 2021 is \$10.1 million and by the end of June the county had spent \$4.4 million (44 percent). If this function is assumed by the state, it is not clear what the county’s obligation for costs will be.

How do the county’s cumulative June 2021 finances compare to the same time period in 2019 and 2020?

A look at the six taxes collected by the county show that two (property and sales) were close to 2019’s collections last year and exceeded the January-to-June 2019 collections this year. If the county’s collections of the sales tax are similar to statewide activity as measured by the most recent supplement to the Tax Compendium, which shows data on remittances of sales tax by industry, then services, motor vehicle and wholesale trade would represent the bulk of the sales taxes.

Taxes related to tourism and dining out and consuming alcohol at bars and restaurants were significantly affected in 2020. As of June 2021 those taxes, with the exception of the county’s share of the hotel tax, are up from last year when benchmarked against 2019’s collections but still have not returned to pre-pandemic levels of June 2019.

Allegheny County Tax Collections (\$000s)

Tax	Through June 2019	Through June 2020	Through June 2021	June 2020/June 2019 (%)	June 2021/June 2019 (%)
Property Tax	361,578	358,277	366,929	99	101
Sales Tax	25,991	24,718	27,942	95	108
Vehicle Rental Tax	3,610	2,059	2,415	57	67
Alcoholic Beverage Tax	21,843	10,488	13,009	48	60
Hotel Rental Tax	596	309	267	52	45
Gaming Local Share Tax	2,926	1,475	2,032	50	69

When looking at how much of the budgeted revenue was collected by the end of June, this year's 69 percent is identical to 2019 and higher than 2020, when by the end of June 62 percent of budgeted revenue had been collected.

On expenditures by departments and offices, when comparing cumulative expenditures through June 2021 to those in 2019 and 2020 (excluding Information Technology and Children's Initiatives which did not exist in 2019) there were eight departments and offices where there was a noticeable difference in what had been spent this year compared to 2019 and 2020's midpoint. These included Emergency Services, Facilities Management and Solicitor.

As was mentioned in a *Policy Brief* earlier this year on the county's 2020 finances (*Vol. 21, No. 15*) "economic activity impacts revenue." Drawing on Bureau of Labor Statistics household survey for June the labor force—persons working or looking for work—was 631,500. That's 22,800 below the reading from June 2019 and 13,700 below last June's measurement. The number of people employed stood at 593,600, which stands 32,400 below the June 2019 count but is 29,600 higher than the June 2020 reading (the low point for 2020 was April).

A proposal that will most certainly have an impact on employment in the county is paid sick leave. County Council will soon take up regulations passed in July by the county's Board of Health. As we pointed out previously this is a very bad time to cause businesses, especially leisure and hospitality businesses, to put off hiring because of added costs and tedious paperwork and record-keeping. After all, a healthy, dynamic small business community is very important. Why endanger that or make it more difficult with more heavy-handed government?

Revenue is also being driven by federal stimulus. The county is to receive \$383 million from the American Rescue Plan. At this point the county has not made public what it plans to do with the money and County Council has not yet approved an ordinance or resolution for it, but this week received a proposal to utilize \$99.8 million of the total for operations (\$45.3 million), services (\$44.5 million) and equipment (\$10 million).

This is in addition to the \$212 million the county received from the CARES Act, which was divided among six main areas, including vulnerable populations (\$57.9 million), medical expenses (\$52 million), county operations (\$41.7 million), regional assets (\$12 million), agency support (\$24 million) and local government (\$24.6 million).

The Allegheny Institute will continue to monitor the developments with the money and analyze how it is utilized in Allegheny County.

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