

**Pennsylvania Intergovernmental Cooperation Authority**

1500 Walnut Street, Suite 1600  
Philadelphia, PA 19102  
215-561-9160

**Monthly City of Philadelphia Tax Revenue Update**

March 2012

City General Fund tax collections in March were \$241.8 million, bringing the total for the first nine months of FY12 to \$1,768.6 million, a decline of 0.6 percent compared to the same period in FY11. March collections for the real estate transfer tax and sales tax were relatively strong, increasing 11.1 percent and 7.1 percent, respectively, over March 2011. Wage and earnings tax revenue in March, however, was \$11.1 million (8.3 percent) below last year, contributing to an overall weak performance for the third quarter.

The table below presents estimated quarterly tax base growth for four major General Fund taxes. The real estate transfer tax base increased an estimated 24.3 percent in the third quarter of FY12 compared to the same period in FY11, the first quarterly increase since the first quarter of FY11. The sales tax base increased 5.4 percent in the third quarter, the best performance since the third quarter of FY11. The parking tax base also increased at a relatively strong pace in the third quarter. The wage and earnings tax base, however, declined 3.3 percent, the first quarterly decline since the second quarter of FY10.

**Major General Fund Tax Revenue Sources:  
Estimated Year-over-Year Percentage Growth in Tax Base by Quarter<sup>1</sup>**

Tax	FY10	FY11				FY12		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Wage and Earnings	2.8	2.8	3.7	4.1	2.0	0.7	2.1	(3.3)
Real Estate Transfer	40.2	31.5	(12.3)	(7.2)	(15.5)	(10.2)	(4.4)	24.3
Sales	(3.6)	3.2	2.9	5.5	5.1	(6.0)	3.3	5.4
Parking	6.3	(0.4)	1.6	3.0	(0.4)	3.2	(2.6)	4.1

Notes: Negative amounts are shown in parentheses. Wage and earnings tax figures include City and PICA portions of the taxes.

<sup>1</sup> Tax base is calculated as tax revenues divided by the tax rate in effect in each period.

- Wage and earnings tax revenue (including both the City and PICA portions of the tax) was \$123.1 million in March, a decline of \$11.1 million (8.3 percent) from March 2011. Total collections for the first nine months of FY12 are \$1,131.5 million, a decline of \$3.3 million (0.3 percent) from FY11. After increasing an estimated 0.7 percent and 2.1 percent in the first and second quarters of FY12, respectively, third quarter collections declined 3.3 percent, the first quarterly tax base decline since FY10. The relatively weak third quarter collections appear to be due in part to declining receipts from the government sector, a major employer in the city. (In FY11, receipts from government employers made up 14.9 percent of total wage tax revenues.) The current FY12 estimate is \$1,516.7 million, an increase of 2.4 percent from the FY11 actual.
- Real estate tax collections were \$81.0 million in March, bringing the total for the first nine months of the fiscal year to \$465.2 million, an increase of \$2.9 million (0.6 percent) over the same period in FY11. The current projection for FY12 is \$491.5 million, an increase of 1.8 percent over the FY11 actual.
- Business income and receipts tax (BIRT) collections were \$34.1 million in March, bringing the total for the first nine months of the fiscal year to \$83.2 million, a decline of \$17.3 million (17.2 percent) from the same period in FY11. The current projection for FY12 is \$386.4 million, an increase of 2.5 percent from the FY11 actual. BIRT collections occur primarily in April and May, and the timing of receipts can vary from year to year. For this reason, it is not possible to assess whether actual collections are likely to meet projections until after the end of May.
- March sales tax collections were \$19.3 million, an increase of \$1.3 million (7.1 percent) from March 2011. Total collections for the first nine months of FY12 are \$186.4 million, an increase of 0.7 percent from the same period in FY11. The increase in March represented the fifth consecutive month of increases compared to the prior year, following declines from July through October. The current FY12 estimate is \$250.2 million, an increase of 2.3 percent from the FY11 actual. To meet this estimate, sales tax collections will have to continue at a relatively strong pace during the remainder of the fiscal year.
- Real estate transfer tax (RETT) collections were \$9.0 million in March, an increase of \$0.9 million (11.1 percent) over March 2011. Total collections for the first nine months of FY12 are \$88.3 million, essentially unchanged from the same period in FY11. While collections in July 2011 were \$9.7 million below the FY11 level, collections have been relatively strong since then, with monthly collections compared to last year increasing in six of the last eight

months. The current projection for FY12 is \$115.9 million, a decline of 0.7 percent from the FY11 actual.

- March parking tax collections were \$6.0 million, bringing the total for the first nine months of FY12 to \$53.3 million, a 1.5 percent increase compared to FY11. The current estimate for FY12 is \$74.3 million, an increase of 3.8 percent from the FY11 actual.
- Amusement tax collections in March were \$1.3 million, bringing the total for the first nine months of FY12 to \$11.9 million, a 6.6 percent decline compared to FY11. The current FY12 estimate is \$19.6 million, a decline of 5.5 percent from the FY11 actual.

### City of Philadelphia Tax Revenues through March 2012 (\$ in Millions)

Tax	Monthly Total through March			Fiscal Year Total (Budget Basis)	
	FY11	FY12 (Preliminary)	Percent Change	FY11 Actual	FY12 Current Estimate
<b>Wage and Earnings<sup>1</sup></b>	\$1,134.8	\$1,131.5	-0.3%	\$1,481.6	\$1,516.7
<i>Wage</i>	1,127.0	1,122.3	-0.4%	--	--
<i>Earnings</i>	7.8	9.2	18.6%	--	--
<b>Net Profits<sup>1</sup></b>	6.9	6.1	-12.2%	20.3	19.7
<b>Real Estate<sup>2</sup></b>	462.3	465.2	0.6%	482.7	491.5
<b>Business Income and Receipts</b>	100.5	83.2	-17.2%	376.9	386.4
<b>Sales</b>	185.1	186.4	0.7%	244.6	250.2
<b>Real Estate Transfer</b>	88.3	88.3	0.0%	116.6	115.9
<b>Parking</b>	52.6	53.3	1.5%	71.6	74.3
<b>Amusement</b>	12.7	11.9	-6.6%	20.8	19.6
<b>Other</b>	2.2	2.4	9.5%	2.7	3.4
<b>Total</b>	2,045.3	2,028.2	-0.8%	2,817.8	2,877.6
<i>PICA Taxes</i>	265.7	259.6	-2.3%	358.7	355.9
<i>City General Fund Taxes</i>	1,779.6	1,768.6	-0.6%	2,459.1	2,521.6

Source: Monthly collections from *Comparative Statement of Net Revenue Collections*, City Department of Revenue, available at [http://www.phila.gov/revenue/City\\_Monthly\\_Revenue.html](http://www.phila.gov/revenue/City_Monthly_Revenue.html), and preliminary revenue report for March 2012. FY11 actual and FY12 current estimate from *Mayor's Operating Budget in Brief for Fiscal Year 2013*, City of Philadelphia.

Notes:

<sup>1</sup> Includes portion dedicated to PICA.

<sup>2</sup> The rate of the City portion of the real estate tax increased from 3.305 percent in 2010 to 4.123 percent in 2011. The combined City and School District real estate tax rate increased from 8.264 percent to 9.082 percent.