



May 13, 2013

## City of Philadelphia Tax Revenue Update for April 2013

City General Fund tax collections were \$474.7 million in April, an increase of \$148.5 million (45.5 percent) from April 2012, according to the City's preliminary revenue report. April collections included \$276.0 million in business income and receipts taxes, \$127.1 million of the City portion of wage, earnings, and net profits taxes, and \$71.6 million in other taxes. Through the first ten months of fiscal year 2013 (FY13), the General Fund received \$2,351.1 million in tax revenue, an increase of 12.2 percent compared to same period in FY12. General Fund tax revenue is currently estimated at \$2,667.5 million for FY13, an increase of 3.8 percent from FY12.

As shown in Table 1, growth through April for all major City taxes except the parking and amusement taxes is at or above the currently-projected rate for the full fiscal year. However, actual FY13 revenue performance will depend on revenues received through June.<sup>1</sup> In addition, the City may adjust its tax revenue projections in the *Quarterly City Managers Report* for the third quarter of FY13, which will be released May 15.

Trends for individual taxes through April are discussed below.

- Wage and earnings tax collections (including the City and PICA portion) totaled \$154.1 million in April, an increase of \$5.5 million (3.7 percent) from April 2012. Total collections through April were \$1,333.5 million, an increase of 4.2 percent compared to the same period last fiscal year. The current FY13 estimate is \$1,601.1 million, a 3.4 percent increase from FY12.
- Real estate tax collections through April were \$529.7 million, an increase of 9.2 percent compared to the same period in FY12. The current projection for FY13 is \$535.1 million, an increase of 6.9 percent compared to FY12.

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<sup>1</sup> The final tax revenue amounts reported for fiscal year 2013 will also reflect collections in July and August for some taxes, since under the modified accrual basis of accounting which the City has adopted, some General Fund tax revenues received within 60 days after the end of the fiscal year are accrued.

- Business income and receipts tax (BIRT) collections through April totaled \$369.0 million, a 61.3 percent increase compared to the same period in FY12. Some portion of this increase may represent more rapid processing of BIRT payments; the City processed 37,805 BIRT-related items in April 2013, compared to 30,335 in April 2012. The current projection for FY13 is \$400.0 million, a 2.7 percent increase compared to FY12.
- Net profits tax collections are \$20.2 million through April, an increase of 76.9 percent compared to the same period in FY12. As in the case of the BIRT, the large increase in collections through the first ten months of FY13 may be due in part to accelerated payment processing, with 16,053 net profits tax items processed in April 2013, compared to 13,309 in April 2012. The current FY13 estimate is \$20.8 million, an increase of 2.2 percent from FY12.
- Sales tax collections through April totaled \$211.3 million, an increase of 2.3 percent compared to the same period last fiscal year. The current FY13 estimate is \$259.3 million, an increase of 2.3 percent from FY12.
- Real estate transfer tax collections were \$13.9 million in April, an increase of \$4.5 million (47.9 percent) from April 2012. This is the seventh consecutive month of increased collections compared to the previous year. Total FY13 collections through April are \$121.0 million, a 23.9 percent increase from the same period in FY12. The current FY13 projection is \$131.3 million, a 10.0 percent increase from FY12.
- Parking tax collections through April were \$60.5 million, a 1.3 percent increase from last year. The current FY13 estimate is \$73.2 million, an increase of 3.1 percent over FY12.
- Amusement tax collections through April were \$16.6 million, a 14.5 percent decrease from FY12. The current FY13 estimate is \$21.1 million, a 3.9 percent decrease from FY12.

**Table 1: City of Philadelphia General Fund Tax Revenues:  
FY13 versus FY12 (\$ in Millions)**

Tax	Monthly Total through April			Fiscal Year Total (Budget Basis)			Percent Change through April Above/(Below) Fiscal Year Percent Change
	FY12	FY13 <sup>1</sup>	Percent Change	FY12 Actual	FY13 Current Estimate	Percent Change	
<b>Wage and Earnings<sup>2</sup></b>	\$1,280.1	\$1,333.5	4.2%	\$1,548.6	\$1,601.1	3.4%	0.8%
<i>Wage</i>	1,267.2	1,323.1	4.4%				
<i>Earnings</i>	13.0	10.3	-20.5%				
<b>Net Profits<sup>2</sup></b>	11.4	20.2	76.9%	20.4	20.8	2.2%	74.8%
<b>Real Estate</b>	485.1	529.7	9.2%	500.7	535.1	6.9%	2.3%
<b>Business Income and Receipts</b>	228.7	369.0	61.3%	389.4	400.0	2.7%	58.6%
<b>Sales</b>	206.5	211.3	2.3%	253.5	259.3	2.3%	0.1%
<b>Real Estate Transfer</b>	97.7	121.0	23.9%	119.4	131.3	10.0%	13.9%
<b>Parking</b>	59.7	60.5	1.3%	70.9	73.2	3.1%	(1.8%)
<b>Amusement</b>	19.4	16.6	-14.5%	21.9	21.1	-3.9%	(10.6%)
<b>Other</b>	3.0	3.0	-1.3%	3.2	3.4	7.6%	(8.9%)
<b>Total</b>	2,391.7	2,664.8	11.4%	2,928.0	3,045.2	4.0%	7.4%
<i>PICA</i>	296.5	313.6	5.8%	357.5	377.7	5.6%	0.1%
<i>City</i>	2,095.2	2,351.1	12.2%	2,570.4	2,667.5	3.8%	8.4%

Source: Monthly collections from *Comparative Statement of Net Revenue Collections*, City Department of Revenue, available at <http://www.phila.gov/Revenue/aboutus/Pages/ReportsandPublications.aspx>, and preliminary revenue report for April 2013. FY12 actual from *Supplemental Report of Revenues and Obligations* for FY12. FY13 current estimate from *Proposed Five-Year Financial and Strategic Plan for Fiscal Years 2014-2018*.

Notes:

<sup>1</sup> Amounts are preliminary.

<sup>2</sup> Includes portion dedicated to PICA.

<b>Table 2: City of Philadelphia FY13 General Fund Tax Revenues Adopted Budget versus Current Estimate (\$ in Millions)</b>				
<b>Tax</b>	<b>Adopted Budget</b>	<b>Current Estimate</b>	<b>Current Estimate Above/(Below) Adopted Budget</b>	
			<b>Amount</b>	<b>Percent</b>
<b>Wage and Earnings<sup>1</sup></b>	\$1,567.8	\$1,601.1	\$33.2	2.1%
<b>Net Profits<sup>1</sup></b>	20.1	20.8	0.7	3.7%
<b>Real Estate</b>	514.9	535.1	20.2	3.9%
<b>Business Income and Receipts</b>	394.9	400.0	5.0	1.3%
<b>Sales</b>	259.3	259.3	(0.1)	0.0%
<b>Real Estate Transfer</b>	124.5	131.3	6.8	5.4%
<b>Parking</b>	75.1	73.2	(2.0)	-2.6%
<b>Amusement</b>	22.1	21.1	(1.0)	-4.5%
<b>Other</b>	3.4	3.4	(0.0)	0.0%
<b>Total</b>	2,982.2	3,045.2	63.0	2.1%
<i>PICA</i>	367.8	377.7	9.9	2.7%
<i>City</i>	2,614.4	2,667.5	53.1	2.0%

Source: Adopted budget amounts from *Mayor's Operating Budget in Brief for Fiscal Year 2013*.

Current estimates from proposed *Five-Year Financial and Strategic Plan for Fiscal Years 2014-2018*.

Note:

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