



August 19, 2013

City of Philadelphia Tax Revenue Update for July 2013

City General Fund tax collections were \$169.4 million in July, according to the City's preliminary revenue report. This is an increase of \$16.3 million (10.7 percent) from July 2012. Wage and earnings and real estate transfer taxes were particularly strong in July, increasing 7.6 percent and 18.9 percent, respectively, compared to July 2012. Sales tax collections increased 3.2 percent, while parking taxes declined 1.0 percent, over the same period.¹

In the *Quarterly City Managers Report* for the fourth quarter of FY13, issued August 15, the City revised its estimate of FY13 General Fund tax revenue to \$2,736.8 million, an increase of \$24.3 million (0.9 percent) from the previous estimate in the FY14-FY18 *Five-Year Financial Plan* submitted to PICA on July 3. The overall increase reflected increases in the following taxes: business income and receipts (\$18.0 million), net profits (\$3.0 million), real estate (\$5.0 million), and real estate transfer (\$3.5 million). Other estimates were revised downward, including: wage and earnings (\$3.0 million), sales (\$1.7 million), and amusement (\$0.5 million). As shown in the table below, the current estimate of FY14 tax revenue is \$2,762.6 million, an increase of 0.9 percent from the revised FY13 estimate.

Trends in individual taxes are described below.

- Wage and earnings tax collections (including the City and PICA portion) totaled \$143.4 million in July, an increase of \$10.1 million (7.6 percent) from July 2012. The current FY14 estimate is \$1,656.6 million, a 3.7 percent increase from FY13.
- Sales tax collections in July were \$21.6 million, an increase of 3.2 percent compared to the same month in FY13. The current FY14 estimate is \$272.6 million, an increase of 5.8 percent from FY13.

¹ Real estate taxes are collected primarily in the period from January through March, while business income and receipts and net profits taxes are collected primarily from March through May. For these taxes, the overall strength of collections cannot be assessed until after these periods are complete. Accordingly, collection trends for these taxes are not discussed in this report, although the amounts collected are shown in the table below.

- Real estate transfer tax collections were \$15.2 million in July, an increase of 18.9 percent from July 2012. The current FY14 projection is \$157.6 million, a 7.4 percent increase from FY13.
- Parking tax collections were \$6.1 million in July, a 1.0 percent decline from the same month last year. The current FY14 projection is \$75.0 million, a 2.5 percent increase from FY13.

| Table 1: City of Philadelphia General Fund Tax Revenues: FY14 versus FY13 (\$ in Millions) | | | | | | | |
|-----------------------------------------------------------------------------------------------|----------------------------|-------------------|----------------|-------------------------------------|-----------------------|----------------|----------------------------------------------------------------------|
| Tax | Monthly Total through July | | | Fiscal Year Total (Budget Basis) | | | Percent Change through July Above/(Below) Fiscal Year Percent Change |
| | FY13 | FY14 ¹ | Percent Change | FY13 Current Estimate | FY14 Current Estimate | Percent Change | |
| Wage and Earnings² | \$133.2 | \$143.4 | 7.6% | \$1,598.1 | \$1,656.6 | 3.7% | 4.0% |
| <i>Wage</i> | 132.2 | 142.4 | 7.7% | | | | |
| <i>Earnings</i> | 1.0 | 0.9 | -9.5% | | | | |
| Net Profits² | 0.7 | 0.5 | -28.4% | 23.8 | 21.4 | -10.4% | (17.9%) |
| Real Estate | 7.5 | 8.2 | 9.3% | 540.1 | 536.6 | -0.7% | 9.9% |
| Business Income and Receipts | 1.1 | 5.3 | 366.5% | 453.0 | 410.0 | -9.5% | 376.0% |
| Sales | 21.0 | 21.6 | 3.2% | 257.6 | 272.6 | 5.8% | (2.6%) |
| Real Estate Transfer | 12.8 | 15.2 | 18.9% | 146.8 | 157.6 | 7.4% | 11.5% |
| Parking | 6.1 | 6.1 | -1.0% | 73.2 | 75.0 | 2.5% | (3.5%) |
| Amusement | 0.9 | 1.5 | 59.0% | 18.6 | 20.5 | 10.2% | 48.8% |
| Other | 0.2 | 0.2 | 3.3% | 3.4 | 3.4 | 0.9% | 2.4% |
| Total | 183.5 | 201.9 | 10.0% | 3,114.5 | 3,153.6 | 1.3% | 8.7% |
| <i>PICA</i> | 30.4 | 32.4 | 6.6% | 377.7 | 391.0 | 3.5% | 3.1% |
| <i>City</i> | 153.1 | 169.4 | 10.7% | 2,736.8 | 2,762.6 | 0.9% | 9.7% |

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 July 2013. FY13 current estimate from *Quarterly City Managers Report* for the period ending June 30, 2013. FY14 current estimate from *Mayor's Operating Budget in Brief for Fiscal Year 2014 as Approved by Council*, June 2013.

Notes:

¹ Amounts are preliminary.

² Includes portion dedicated to PICA.