



December 19, 2013

## City of Philadelphia Tax Revenue Update for November 2013

City General Fund tax collections were \$142.1 million in November, according to the City's preliminary monthly revenue report. This is a decline of \$15.5 million (9.8 percent) from November 2012. The decline reflects net declines in wage and earnings (\$12.9 million) and business income and receipts (\$9.1 million) collections, offset by increases in sales (\$1.9 million), parking (\$0.7 million) and amusement (\$0.4 million) taxes.<sup>1</sup>

General Fund tax collections through the first five months of FY14 totaled \$804.9 million, an increase of \$48.4 million (6.4 percent) over the same period in FY13. The growth through November represents increases in most major General Fund taxes, including: wage and earnings (\$18.7 million), business income and receipts (\$12.6 million), real estate transfer (\$9.0 million), sales (\$4.7 million), real estate (\$3.3 million), and amusement (\$1.7 million). The current estimate for FY14 General Fund tax revenue is \$2,760.8 million, an increase of 1.0 percent from the FY13 unaudited actual revenue.

Trends in individual taxes are described below.<sup>2</sup>

- Wage and earnings tax collections (including the City and PICA portion) totaled \$125.3 million in November, a decrease of \$12.9 million (9.3 percent) from November 2012. Collections through the first five months of FY14 increased 2.9 percent over FY13. The current FY14 estimate is \$1,656.6 million, a 4.4 percent increase from FY13.<sup>3</sup>
- Sales tax collections in November were \$22.7 million, an increase of 9.2 percent compared to the same month in FY13. Collections through the first five months of FY14 increased 4.5

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<sup>1</sup> The net change in business income and receipts taxes reflects a change from positive collections of \$5.8 million in November 2012 to net negative collections of \$3.3 million in November 2013. Negative collections reflect refunds exceeding payments.

<sup>2</sup> Real estate taxes are collected primarily 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 detail, although the amounts collected are shown in Table 1.

<sup>3</sup> Monthly collections for all taxes can fluctuate due to random factors, so that revenue for any given month or quarter is not always indicative of the likely overall trend for the fiscal year. The wage tax in particular is susceptible to random influences, mostly relating to the timing of receipts. For this reason, monthly and quarterly revenue collection figures in this report should be interpreted cautiously.

percent over the same period in FY13. The current FY14 estimate is \$270.8 million, an increase of 5.1 percent from FY13.

- Real estate transfer tax collections were \$11.7 million in November, a 1.8 percent increase from November 2012. Collections through the first five months of the fiscal year increased 16.1 percent compared to FY13. The current FY14 projection is \$157.6 million, a 6.5 percent increase from FY13.
- Parking tax collections were \$6.8 million in November, an 11.8 percent increase from the same month last year. Collections through November increased 2.5 percent compared to the same period in FY13. The current FY14 projection is \$75.0 million, a 2.4 percent increase from FY13.

**Table 1: City of Philadelphia General Fund Tax Revenues:  
FY14 versus FY13 (\$ in Millions)**

Tax	Monthly Total through November			Fiscal Year Total (Budget Basis)			Change To Date Above/ (Below) Estimated Fiscal Year Change
	FY13	FY14 <sup>1</sup>	Percent Change	FY13 Unaudited Actual	FY14 Current Estimate	Percent Change	
<b>Wage and Earnings<sup>2</sup></b>	\$637.8	\$656.4	2.9%	\$1,586.2	\$1,656.6	4.4%	(1.5%)
<i>Wage</i>	633.8	652.8	3.0%				
<i>Earnings</i>	4.0	3.7	-8.0%				
<b>Net Profits<sup>2</sup></b>	2.7	3.2	17.4%	30.9	21.4	-31.0%	48.4%
<b>Real Estate</b>	32.3	35.6	10.3%	540.5	536.6	-0.7%	11.0%
<b>Business Income and Receipts</b>	30.6	43.3	41.3%	450.9	410.0	-9.1%	50.3%
<b>Sales</b>	105.8	110.5	4.5%	257.6	270.8	5.1%	(0.7%)
<b>Real Estate Transfer</b>	55.8	64.8	16.1%	148.0	157.6	6.5%	9.5%
<b>Parking</b>	30.7	31.5	2.5%	73.3	75.0	2.4%	0.1%
<b>Amusement</b>	7.1	8.7	23.6%	19.1	20.5	7.3%	16.3%
<b>Other</b>	1.2	1.3	11.8%	3.5	3.4	-1.3%	13.1%
<b>Total</b>	904.0	955.3	5.7%	3,109.9	3,151.8	1.3%	4.3%
<i>PICA</i>	147.6	150.5	2.0%	376.5	391.0	3.9%	(1.9%)
<i>City</i>	756.4	804.9	6.4%	2,733.5	2,760.8	1.0%	5.4%

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 November 2013. FY13 unaudited actual and FY14 current estimate from *Quarterly City Managers Report* for the period ending September 30, 2013, and FY14-FY18 *Five-Year Financial Plan*, as amended November 15, 2013.

Notes:

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

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