



June 9, 2015

City of Philadelphia Tax Revenue Update for May 2015

Fiscal Year 2015 tax collections through May are slightly higher than FY14 levels, with taxes generally showing growth consistent with current projections

General Fund tax collections totaled \$212.1 million in May, according to the City's preliminary revenue report, a decrease of \$49.9 million (19.1 percent) from the previous year. Compared to May 2014, the revenues for the following taxes increased: real estate transfer (RETT, \$1.9 million) and wage and earnings (\$1.3 million). These increases were offset by declines in the following taxes: business income and receipts (BIRT, \$36.6 million), sales (\$13.9 million), parking (\$6.2 million), real estate (\$3.3 million), net profits (NPT, \$0.5 million), and amusement (\$0.2 million). The decline in sales tax reflected the allocation of a portion of the tax to the School District of Philadelphia (SDP) effective July 1, 2014.

Fiscal Year 2015 tax collections (including the PICA tax) through May totaled \$3,014.2 million, an increase of 0.3 percent on a year-over-year basis. FY15 year-to-date growth for the wage and earnings tax is 4.6 percent, slightly below the currently projected 4.8 percent growth rate. Year-to-date RETT growth is 22.9 percent, above the current projected growth rate of 20.0 percent. Growth for the NPT is 35.0 percent through May, well above the current projection. Year-to date real estate tax collections declined 1.6 percent, compared to a current projection of 0.3 percent growth. Relatively weak performance of the real estate tax reflects slower than anticipated processing of assessment appeals by the Board of Revision of Taxes. Year-to-date sales tax collections are 42.1 percent below the FY14 level, reflecting the allocation of revenue to SDP; the current FY15 projection shows a 45.3 percent decline for the full fiscal year.

The current estimate for FY15 General Fund tax revenue is \$2,781.9 million, a decline of \$14 million (0.5 percent) from FY14. Excluding the sales tax, which is projected to decline 45.3 percent due largely to the shift of revenue to the SDP, overall tax revenue is projected to increase 4.2 percent.

**Table 1: City of Philadelphia Tax Revenues:
FY15 versus FY14 (\$ in Millions)**

Tax	Monthly Total through May			Fiscal Year Total (Budget Basis)			Change To Date Above/ (Below) Estimated Fiscal Year Change
	FY14	FY15 ¹	Percent Change	FY14 Actual	FY15 Current Estimate	Percent Change	
Wage and Earnings²	\$1,513.8	\$1,583.3	4.6%	\$1,634.8	\$1,713.2	4.8%	-0.2%
<i>Wage</i>	1,498.6	1,566.3	4.5%				
<i>Earnings</i>	15.2	17.0	11.8%				
Net Profits²	25.6	34.5	35.0%	27.6	32.5	17.7%	17.2%
Real Estate	532.6	524.0	-1.6%	526.4	527.9	0.3%	-1.9%
Business Income and Receipts	454.3	458.5	0.9%	461.7	466.3	1.0%	-0.1%
Sales	241.6	139.9	-42.1%	263.0	143.8	-45.3%	3.2%
Real Estate Transfer	147.3	181.0	22.9%	168.1	201.7	20.0%	2.9%
Parking	68.5	71.2	3.9%	75.2	76.9	2.3%	1.6%
Amusement	19.4	18.0	-7.0%	19.9	18.9	-5.5%	-1.5%
Other	3.2	3.6	11.9%	3.7	3.5	-6.5%	18.4%
Total	3,006.3	3,014.2	0.3%	3,180.4	3,184.7	0.1%	0.1%
<i>PICA</i>	354.3	375.0	5.8%	384.5	402.8	4.8%	1.1%
<i>City</i>	2,652.0	2,639.0	-0.5%	2,795.9	2,781.9	-0.5%	0.0%

Source: Monthly collections from *Comparative Statement of Net Revenue Collections*, City of Philadelphia, Department of Revenue and preliminary revenue report for May. FY14 actual from *Supplemental Report of Revenues and Obligations*. FY15 current estimate from *Quarterly City Managers Report* for the Period Ending March 31, 2015.

Notes:

¹ Amounts are preliminary. Collections to date are not necessarily indicative of likely trends for the entire fiscal year.

² Includes portion dedicated to PICA.

Table 2: City of Philadelphia Tax Revenues FY15 Adopted Budget versus Current Estimate (\$ in Millions)				
Tax	Adopted Budget	Current Estimate	Current Estimate Above/(Below) Adopted Budget	
			Amount	Percent
Wage and Earnings¹	\$1,683.7	\$1,713.2	\$29.4	1.7%
Net Profits¹	35.2	32.5	(2.7)	-7.7%
Real Estate	547.4	527.9	(19.5)	-3.6%
Business Income and Receipts	453.2	466.3	13.1	2.9%
Sales	154.6	143.8	(10.8)	-7.0%
Real Estate Transfer	176.6	201.7	25.1	14.2%
Parking	76.9	76.9	0.0	0.0%
Amusement	20.9	18.9	(2.0)	-9.6%
Other	3.5	3.5	0.0	0.0%
Total	3,152.0	3,184.7	32.7	1.0%
<i>PICA</i>	403.7	402.8	(1.0)	-0.2%
<i>City</i>	2,748.2	2,781.9	33.7	1.2%

Source: Adopted budget amounts from *Mayor's Operating Budget in Brief for Fiscal Year 2015*.

Current estimate from *Quarterly City Managers Report* for the period ending March 31, 2015.

Note:

¹ Includes portion dedicated to PICA.