

Pennsylvania Intergovernmental Cooperation Authority

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Monthly City of Philadelphia Tax Revenue Update

Through September 2008

Summary and Highlights

Though the first quarter can be a good gauge for fiscal year trends, the dramatic problems in the national economy over the last month and some downward trends in September may be the beginning of a downward trend in many of the City's key revenues.

- Wage, Net Profit and Earnings tax year-to-date collections are now lower than the prior year, but when accounting for the Gaming revenue from the State are consistent with Five-Year Plan (FYP) projections. The growth rate was down in September and must be watched closely to see if this trend continues.
- Realty Transfer Tax (RTT) collections were down in September and fell below monthly average collection levels which have been consistent since September, 2007.
- The increase in Parking Tax collections is no longer keeping pace with the increase in the tax rate. The additional funds resulting from the Parking Tax rate increase are dedicated to street repairs, Fairmount Park, and tree planting.
- City Sales Tax, which had been up 6.1% through August, was down in September resulting in a net growth rate of 2.1% for the first quarter. Given sales tax collection shortfalls at the state level, these must be watched closely to see if this trend continues.
- Amusement Tax collections slowed a little, but remain consistent with FYP projections.
- Although Business Privilege Taxes are not collected until the late spring, FY08 collections were down \$34 million from original projections; given the state of the national economy it is unlikely that FY09 collections will even reach FY08 levels.
- Although Real Estate Taxes are not collected until the spring, and tax bills have not yet been issued, FY08 collections were \$9.9 million better than original projections.

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Data – Key Taxes

Notes: FY08 total collections and FY09 year-to-date collections are unadjusted, preliminary numbers. FY08 Total Collections numbers do not include end-of-year adjustments and are likely to change. Year-to-date Business Privilege and Real Estate tax results are not listed below as the majority of those revenues are collected in the spring.

	FY08 Through September	FY09 Through September	FY08 Total Collections	FY09 Five-Year Plan Projection
Net Wage, Earnings, and Net Profit Tax	291,673,947	288,376,662	1,197,324,000	1,156,566,000 ¹
Realty Transfer Tax	57,997,328	44,074,331	186,107,218	186,850,000
City Sales Tax	33,973,875	34,695,655	137,144,000	139,283,000
Parking Tax	13,017,212	16,432,293	55,419,000	68,450,000 ²
Amusement Tax	5,494,420	5,289,404	17,983,000	17,287,000

1 Projected FY09 Wage Tax Revenues reflect a reduction in Wage Tax rates from 4.219% to 3.98% for residents and from 3.724% to 3.54% for non-residents. The projection does not include the anticipated \$86.6 million from state gaming revenues which enabled a portion of the rate reductions. The combined total wage tax revenue projected for FY09 is \$1,243,166,000.

2 Projected FY09 Parking Tax Revenues reflect an increase in the tax rate from 15% to 20%.