



May 12, 2014

## City of Philadelphia Tax Revenue Update for April 2014

*Strong collections of wage and real estate transfer taxes relative to projections are offsetting weaker business and real estate tax collections. Overall General Fund collections remain consistent with the City's FY14 projections.*

City General Fund tax collections totaled \$449.3 million in April, according to the City's preliminary revenue report, a decline of \$25.4 million (5.4 percent) from April 2013. Fiscal year-to-date collections total \$2,389.9 million, an increase of \$38.8 million (1.6 percent) as compared to FY13. The growth through April represents increases in wage, earnings and net profits (\$46.5 million), real estate transfer (\$10.8 million), sales (\$6.2 million), amusement (\$1.6 million), and parking taxes (\$1.2 million), offset by a decline in business income and receipts (\$16.7 million) and real estate (\$10.9 million) taxes.

Overall FY14 General Fund tax revenue is currently projected at \$2,779.7 million, a \$17.2 million (0.6 percent) increase from the adopted budget, and a \$46.3 million (1.7 percent) increase from FY13 actual revenue. With the exception of the real estate, business income and receipts, and net profits taxes, fiscal year-to-date growth rates for major taxes are generally consistent with the projected growth rate for the full fiscal year. Real estate tax collections have been impacted by the delay in processing appeals by the Board of Revision of Taxes. With respect to the business income and receipts and net profits taxes, it should be noted that collections through April do not indicate likely outcomes for the full fiscal year. While collections of these taxes are concentrated from March to May, the actual distribution varies from year to year depending on the speed of processing returns, and other factors. A more accurate assessment of collections for these taxes will be possible after May.

Trends in individual taxes are described below.<sup>1</sup>

- Wage and earnings tax collections (including the City and PICA portion) totaled \$168.9 million in April, an increase of \$14.7 million from April 2013. Collections through April

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<sup>1</sup> 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.

increased 4.1 percent over the same period in FY13. The current FY14 estimate is \$1,612.9 million, a 1.7 percent increase from FY13.<sup>2</sup>

- Real estate tax collections totaled \$27.1 million in April, an increase of \$1.8 million from April 2013. Collections through April declined 2.1 percent compared to the same period in FY13. The current FY14 estimate is \$533.2 million, a 1.4 percent decline from FY13.
- April sales tax collections were \$19.2 million, a decline of \$0.1 million compared to April 2013. Fiscal year to date collections increased 3.0 percent over last year. The current FY14 estimate is \$265.9 million, an increase of 3.2 percent from FY13.
- Real estate transfer tax collections were \$14.8 million in April, an increase of \$0.9 million compared to April 2013. Fiscal year to date collections increased 8.9 percent from last year. The current FY14 projection is \$160.5 million, an 8.5 percent increase from FY13.
- Parking tax collections were \$6.3 million in April, a decline of \$0.1 million from April 2013. Fiscal year to date revenues increased 2.0 percent compared to last year. The current FY14 projection is \$75.0 million, a 2.4 percent increase from FY13.

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<sup>2</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 with caution.

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

Tax	Monthly Total through April			Fiscal Year Total (Budget Basis)			Change To Date Above/ (Below) Estimated Fiscal Year Change
	FY13	FY14 <sup>1</sup>	Percent Change	FY13 Actual	FY14 Current Estimate	Percent Change	
<b>Wage and Earnings<sup>2</sup></b>	\$1,333.5	\$1,388.0	4.1%	\$1,586.2	\$1,612.9	1.7%	2.4%
<i>Wage</i>	1,323.1	1,377.8	4.1%				
<i>Earnings</i>	10.3	10.2	-1.5%				
<b>Net Profits<sup>2</sup></b>	20.2	18.6	-8.1%	30.9	33.3	7.6%	(15.8%)
<b>Real Estate</b>	529.7	518.9	-2.1%	540.5	533.2	-1.4%	(0.7%)
<b>Business Income and Receipts</b>	369.0	352.3	-4.5%	450.9	461.3	2.3%	(6.8%)
<b>Sales</b>	211.3	217.5	3.0%	257.5	265.9	3.2%	(0.3%)
<b>Real Estate Transfer</b>	121.0	131.8	8.9%	148.0	160.5	8.5%	0.4%
<b>Parking</b>	60.5	61.7	2.0%	73.3	75.0	2.4%	(0.3%)
<b>Amusement</b>	16.6	18.2	9.7%	19.1	20.5	7.3%	2.4%
<b>Other</b>	3.0	3.0	1.2%	3.5	3.4	-1.3%	2.5%
<b>Total</b>	2,664.8	2,709.9	1.7%	3,109.9	3,166.0	1.8%	(0.1%)
<i>PICA</i>	313.6	320.0	2.0%	376.5	386.3	2.6%	(0.6%)
<i>City</i>	2,351.1	2,389.9	1.6%	2,733.5	2,779.7	1.7%	(0.0%)

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 report for April 2014. FY13 actual from *Supplemental Report of Revenues and Obligations*. Current estimate for FY14 from *Five-Year Financial and Strategic Plan for Fiscal Years 2015-2019*, issued March 6, 2014.

Notes:

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

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

<b>Table 2: City of Philadelphia General Fund Tax Revenues FY14 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>	\$1,656.6	\$1,612.9	(\$43.6)	(2.6%)
<b>Net Profits<sup>1</sup></b>	21.4	33.3	12.0	56.0%
<b>Real Estate</b>	536.6	533.2	(3.4)	(0.6%)
<b>Business Income and Receipts</b>	410.0	461.3	51.3	12.5%
<b>Sales</b>	272.6	265.9	(6.7)	(2.4%)
<b>Real Estate Transfer</b>	157.6	160.5	2.9	1.8%
<b>Parking</b>	75.0	75.0	--	--
<b>Amusement</b>	20.5	20.5	--	--
<b>Other</b>	3.4	3.4	--	--
<b>Total</b>	3,153.6	3,166.0	12.4	0.4%
<i>PICA</i>	391.0	386.3	(4.7)	(1.2%)
<i>City</i>	2,762.6	2,779.7	17.2	0.6%

Source: Adopted budget amounts from *Mayor's Operating Budget in Brief for Fiscal Year 2014*.  
Current estimates from proposed *Five-Year Financial and Strategic Plan for Fiscal Years 2015-2019*,  
issued March 6, 2014.

Note:

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