



PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Monthly Tax Revenue Update December 2016 City of Philadelphia



General Fund Tax Revenue Exceeds Last Year's Total through December *While Falling Short of City's Anticipated Growth Rate*

Tax Collections Snapshots Through December

General Fund Tax Collections



Up 3.7 Percent

Wage and Earnings Tax



Up 4.5 Percent

General Fund tax collections through December totaled \$1.292 billion, an increase of 3.7 percent from the same period in FY2016, but one percent below the estimated growth rate of 4.7 percent. The current estimate for FY2017 General Fund tax revenue is \$3.089 billion.

As shown in the chart below, year-over-year growth for December 2016 showed many other major General Fund taxes above projections. Wage and earnings tax revenues increased 4.5 percent through December, compared to a projected growth of 3.5 percent. The City share of sales tax revenue increased 15.6 percent through December, compared to a projected 8.7 percent growth. Parking and amusement taxes also increased through December, at 6.3 percent and 13.8 percent, respectively.

Real estate and business income and receipts (BIRT), taxes were below projections through December. The real estate tax declined 0.4 percent through December, compared to an anticipated growth rate of 3.8 percent for the fiscal year. BIRT revenue declined 15.6 percent, compared to an anticipated decline of 2 percent (this projection reflects a change in the BIRT tax rate, as well as the impact of exemptions). However, the bulk of real estate and BIRT collections are typically seen in the spring. Net profits tax declined by 5.3 percent through December due to a negative collection of \$11,296 in that



month, reflecting either tax credits or audits that resulted in increased BIRT liabilities (BIRT is used as an offset for net profits). Real estate transfer tax collections increased by 0.4 percent through December compared to the same period in FY2016, but are well behind the projected increase of 4.7 percent for the fiscal year.

Collections through December are not representative or predictive of what year-end figures will be, rather they are intended for a point in time, year-over-year comparison. Timing of accruals also affects the appearance of monthly collections.

**Table 1: City of Philadelphia Tax Revenues
FY17 versus FY16 (\$ in Millions)**

Tax	Total through December			Fiscal Year Total (Budget Basis)			Current Growth Rate vs. Projected Growth Rate
	FY16	FY17 ¹	Current Growth Rate	FY16 Current Estimate	FY17 Current Estimate	Projected Growth Rate	
City and PICA Total	\$1,245.5	\$1,291.9	3.7%	\$3,387.3	\$3,542.2	4.6%	(0.8%)
City (General Fund)	1,043.2	1,081.4	3.7%	2,951.4	3,089.6	4.7%	(1.0%)
PICA	202.2	210.4	4.1%	435.9	452.6	3.8%	0.2%
Wage and Earnings ²	856.8	895.4	4.5%	1,796.8	1,859.2	3.5%	1.0%
<i>Wage</i>	852.4	888.1	4.2%				
<i>Earnings</i>	4.4	7.3	67.6 %				
Net Profits ²	5.8	5.5	(5.3%)	41.4	44.5	7.5%	(12.8%)
Real Estate ³	52.3	52.2	(0.4%)	573.4	594.9	3.8%	(4.1%)
Business Income and Receipts	64.3	54.3	(15.6%)	455.2	446.0	(2.0%)	(13.5%)
Sales ³	87.8	101.5	15.6%	167.6	182.2	8.7%	6.9 %
Real Estate Transfer	121.4	121.9	0.4%	237.5	249.6	5.1%	(4.7 %)
Parking ⁴	45.3	48.2	6.3%	91.9	95.1	3.5%	2.8%
Amusement	10.1	11.5	13.8%	19.6	20.5	4.7%	9.1%
Sweetened Beverage ⁵	--	--	--	--	46.2	--	--
Other	1.6	1.5	(9.6%)	3.8	3.9	0.9%	(10.5%)

Source: Monthly collections from Department of Revenue preliminary revenue report for December 2016. FY16 and FY17 current estimates from the Quarterly City Managers Report for the period ending September 30, 2016. All figures rounded for readability.

Notes:

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

² Includes portion allocated to PICA.

³ Excludes portion allocated to the School District of Philadelphia.

⁴ Includes valet tax.

⁵ Collections to begin January, 2017.