



Monthly Tax Revenue Update March 2017 City of Philadelphia



Most Major Tax Collections Ahead of Last Year Through March

New BIRT Rate and Exemptions Impact Collections

Year-to-date collections through March show increases in all major General Fund taxes except business income and receipt (“BIRT”) and real estate transfer taxes. As shown in Table 2, BIRT taxes have decreased by 13.1 percent through March compared to the same period last year, due to a change in the BIRT tax rate and the impact of an increased exemption on the first \$100,000 of gross receipts. The real estate transfer tax also has

decreased by 2.0 percent through March. While collections in the wage, earnings, & net profits and City sales tax categories continue to be strong, as they have throughout the fiscal year, the decreases in BIRT and real estate transfer taxes have kept the City’s tax growth in FY2017 to 2.8 percent. It should be noted though, that the bulk of BIRT tax collections occur in the spring months.

The real estate tax however, had its second strongest month in March behind February, and real estate tax collections have now surpassed last year’s collections through March. The City

Tax Collections Snapshots Through March

Wage, Earnings, & Net Profits



Up 3.9 %

Real Estate



Up 1.6 %

Major City Taxes Through March
FY2017 versus FY2016
(\$ in Millions)



Table 1: Major Tax Growth Projected versus March Year-to-Date¹

Tax	Projected Growth	Growth Through March
Wage, Earnings, & Net Profits: PICA & City	3.6%	3.9%
Wage, Earnings, & Net Profits: PICA Portion	3.1	4.1
Wage, Earnings, & Net Profits: City Portion	3.5	3.9
Business Income and Receipt	-1.9	-13.1
Real Estate	3.3	1.6
Real Estate Transfer	-1.9	-2.0
City Sales	10.2	12.8
Parking ³	4.4	5.1
Amusement	9.2	12.0
Other ⁴	-7.8	1.9
Total Growth	4.2%	2.8%

collected \$160.9 million in real estate taxes in March, 43.4 percent more than in March of 2016.

Wage, earnings, & net profits, City sales, parking, and amusement taxes have all exceeded the City’s most recent growth projections through March. BIRT and real estate transfer are the only major taxes lagging behind projections, in part due to timing of collections. The City has collected \$176.6 million in real estate transfer taxes thus far, \$56.3 million below the full-year projection of \$232.9 million, with three months remaining in the fiscal year.

Finally, preliminary reports show the City has collected \$12.1 million of a projected \$46.2 million in sweetened beverage taxes through March, at 26.2 percent of projections with three months left in the fiscal year. The tax will need to bring in approximately \$11.4 million for each of those three months if totals for the year are to equal projections.

Table 2: City of Philadelphia Tax Revenue FY2017 versus FY2016 (\$ in Millions)²

Tax	March			March Year-to-Date		
	FY2016	FY2017	Change	FY2016	FY2017	Change
Wage, Earnings, & Net Profits: PICA & City	\$175.2	\$175.8	0.3%	\$1,369.4	\$1,423.2	3.9%
Less Wage, Earnings, & Net Profits: PICA Portion	41.8	43.3	3.6	321.5	334.8	4.1
Wage, Earnings, & Net Profits: City Portion	133.4	132.5	-0.7	1,047.9	1,088.4	3.9
Business Income and Receipt	58.0	55.8	-3.8	141.5	123.0	-13.1
Real Estate	112.1	160.9	43.4	534.7	543.1	1.6
Real Estate Transfer	21.9	21.0	-4.1	180.2	176.6	-2.0
Sweetened Beverage	0.0	6.2	--	0.0	12.1	--
City Sales	9.6	11.4	18.9	123.5	139.3	12.8
Parking ³	7.4	7.9	7.2	67.6	71.1	5.1
Amusement	1.4	1.5	5.9	13.8	15.4	12.0
Other ⁴	0.2	0.3	12.8	2.9	3.0	1.9
Total Taxes⁵	\$344.0	\$397.3	15.5%	\$2,112.1	\$2,172.0	2.8%

¹ As projected in the City’s *Quarterly City Manager’s Report for the Period Ending December 31, 2016*.

² Source: Preliminary revenue report provided by Department of Revenue; General Fund only; all figures rounded for readability

³ Includes parking lot and valet taxes

⁴ Includes outdoor advertising, smokeless tobacco, and miscellaneous taxes

⁵ Does not include PICA portion