



June 13, 2014

City of Philadelphia Tax Revenue Update for May 2014

General Fund tax collections through May increased 2.2 percent compared to the same period last year, a pace consistent with current projections. Growth for most major taxes is close to projections, although business taxes are somewhat below estimates

General Fund tax collections totaled \$261.3 million in May, according to the City's preliminary revenue report, an increase of \$19.3 million (8.0 percent) from May 2013. Fiscal year-to-date collections total \$2,651.2 million, an increase of \$58.1 million (2.2 percent) as compared to FY13. This growth represents increases in wage, earnings and net profits (\$40.8 million), real estate transfer (\$12.6 million), sales (\$6.6 million), amusement (\$1.4 million), and parking taxes (\$1.3 million), offset by a \$5.1 million decline in real estate tax collections.

The current FY14 General Fund tax revenue projection is \$2,788.7 million, a \$26.2 million (0.9 percent) increase from the adopted budget, and a \$55.3 million (2.0 percent) increase from FY13 actual collections. With the exception of the business income and receipts tax (BIRT) and net profits tax, year-to-date growth rates for individual taxes are generally consistent with projections for the full fiscal year. BIRT revenues increased 0.1 percent through May, as compared to a current projection of 2.3 percent for FY14. Net profits tax revenue through May declined 6.7 percent, as compared to a projection of 7.6 percent growth for the full year. Actual FY14 revenues for these taxes will depend on June collections and end-of-year accounting adjustments. Final results will be available in October, when the City releases its FY14 unaudited financial report.

Trends in individual taxes are described below.

- Wage and earnings tax collections (including the City and PICA portion) totaled \$125.8 million in May, a decline of \$4.6 million from May 2013. Collections to date increased 3.4 percent over the same period in FY13. The current FY14 estimate is \$1,625.9 million, a 2.5 percent increase from FY13.¹

¹ 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.

- Real estate tax collections totaled \$12.8 million in May, an increase of \$5.8 million from May 2013. Collections to date declined 0.9 percent compared to FY13. The current FY14 estimate is \$533.2 million, a 1.4 percent decline from FY13.
- Business income and receipts tax (BIRT) collections totaled \$102.0 million in May, an increase of \$17.2 million compared to May 2013. Collections to date increased 0.1 percent compared to the same period in FY13. The current FY14 estimate is \$461.3 million, a 2.3 percent increase compared to FY13.
- Net profits tax collections totaled \$7.0 million in May, a decline of \$0.2 million compared to May 2013. Collections to date declined 6.7 percent compared to the same period in FY13. The current projection for FY14 is \$33.3 million, an increase of 7.6 percent compared to FY13.
- May sales tax collections were \$24.1 million, an increase of \$0.4 million compared to last year. Fiscal year to date collections increased 2.8 percent over last year. The current FY14 estimate is \$264.9 million, an increase of 2.9 percent compared to last year.
- Real estate transfer tax collections were \$15.6 million in May, an increase of \$1.8 million compared to last year. Fiscal year to date collections increased 9.3 percent from the same period in FY13. The current FY14 projection is \$160.5 million, an 8.5 percent increase compared to last year.
- Parking tax collections were \$6.8 million in May, an increase of \$0.1 million from May of last year. 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 compared to last year.

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

Tax	Monthly Total through May			Fiscal Year Total (Budget Basis)			Change To Date Above/ (Below) Estimated Fiscal Year Change
	FY13	FY14 ¹	Percent Change	FY13 Actual	FY14 Current Estimate	Percent Change	
Wage and Earnings²	\$1,463.8	\$1,513.8	3.4%	\$1,586.2	\$1,625.9	2.5%	0.9%
<i>Wage</i>	1,448.5	1,498.6	3.5%				
<i>Earnings</i>	15.3	15.2	-1.0%				
Net Profits²	27.4	25.6	-6.7%	30.9	33.3	7.6%	(14.3%)
Real Estate	536.8	531.7	-0.9%	540.5	533.2	-1.4%	0.4%
Business Income and Receipts	453.8	454.3	0.1%	450.9	461.3	2.3%	(2.2%)
Sales	235.0	241.6	2.8%	257.5	264.9	2.9%	0.0%
Real Estate Transfer	134.8	147.4	9.3%	148.0	160.5	8.5%	0.8%
Parking	67.2	68.5	2.0%	73.3	75.0	2.4%	(0.4%)
Amusement	18.0	19.4	8.0%	19.1	20.5	7.3%	0.7%
Other	3.2	3.2	-0.4%	3.5	3.4	-1.3%	0.9%
Total	2,940.0	3,005.5	2.2%	3,109.9	3,178.0	2.2%	0.0%
<i>PICA</i>	347.0	354.3	2.1%	376.5	389.3	3.4%	(1.3%)
<i>City</i>	2,593.0	2,651.2	2.2%	2,733.5	2,788.7	2.0%	0.2%

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 May 2014. FY13 actual from *Supplemental Report of Revenues and Obligations*. Current estimate for FY14 from *Quarterly City Managers Report* for the third quarter of FY14, issued on May 15, 2014.

Notes:

¹ Amounts are preliminary.

² Includes portion dedicated to PICA.

Table 2: City of Philadelphia General Fund Tax Revenues FY14 Adopted Budget versus Current Estimate (\$ in Millions)				
Tax	Adopted Budget	Current Estimate	Current Estimate Above/(Below) Adopted Budget	
			Amount	Percent
Wage and Earnings¹	\$1,656.6	\$1,625.9	(\$30.7)	(1.9%)
Net Profits¹	21.4	33.3	12.0	56.0%
Real Estate	536.6	533.2	(3.4)	(0.6%)
Business Income and Receipts	410.0	461.3	51.3	12.5%
Sales	272.6	264.9	(7.7)	(2.8%)
Real Estate Transfer	157.6	160.5	2.9	1.8%
Parking	75.0	75.0	--	--
Amusement	20.5	20.5	--	--
Other	3.4	3.4	--	--
Total	3,153.6	3,178.0	24.4	0.8%
<i>PICA</i>	391.0	389.3	(1.8)	(0.5%)
<i>City</i>	2,762.6	2,788.7	26.2	0.9%

Source: Adopted budget amounts from *Mayor's Operating Budget in Brief for Fiscal Year 2014*.
Current estimate from *Quarterly City Managers Report* for the third quarter of FY14, issued May 15, 2014.

Note:

¹ Includes portion dedicated to PICA.