



June 27, 2016

City of Philadelphia Tax Revenue Update May 2016

Through May, FY16 General Fund tax collections increased 7.2 percent compared to the same period in FY15. For all major City taxes, with the exception of the sales tax, year-to-date revenue growth exceeds the currently-projected growth rate for FY16

According to the City's preliminary revenue report, FY16 General Fund tax collections through May totaled \$2.826 billion, an increase of 7.2 percent from the same period in FY15. The current estimate for FY16 General Fund tax revenue is \$2.936 billion, an increase of 5.7 percent from FY15. (See Table 1.)

Year-to-date growth for the City's share of the local sales tax is somewhat below the currently-projected growth rate for the fiscal year. Through May, revenue increased 5.1 percent compared to the prior year, below the currently projected FY16 growth of 14.3 percent. This gap likely reflects accounting policies and the allocation of revenue between the City and School District of Philadelphia (SDP). Actual City sales tax revenue in FY16 will reflect revenues received through the end of August, due to accruals. In addition, the City's share of the tax should increase after the SDP share for FY16 reaches the maximum annual allocation of \$120 million.

Through May, growth for other major General Fund taxes exceeded the projected FY16 growth rate. Business income and receipts tax (BIRT) revenue increased 6.7 percent through May, compared to a projected FY16 decline of 0.7 percent. Actual BIRT revenue for FY16, however, will depend on a number of factors including the extent to which businesses are eligible for refunds due to past over-payments. In FY15, taxpayers were entitled to a substantial level of BIRT credits due in part to the impact of tax reforms which lowered liabilities for prior years. These reforms are still in the process of implementation.

The wage and earnings tax, including the PICA portion of the tax, increased 5.2 percent through May, compared to projected growth of 4.7 percent for the full fiscal year. The real estate transfer tax grew 18.1 percent through May, compared to a projected FY16 growth rate of 16.8 percent. The real estate tax increased 9.2 percent, compared to projected growth of 7.5 percent.

Parking tax collections increased 18.7 percent compared to a projected 15.3 percent growth rate. Net profits tax collections increased 25.4 percent, compared to a projected 2.7 percent decline.

The City's current FY16 tax revenue estimates are contained in the *Quarterly City Managers Report* for the Period Ending March 31 (See Table 2.) FY16 General Fund tax revenue is projected at \$2.936 billion, an increase of \$23.5 million from the adopted FY16 budget. Combined City and PICA tax revenue is projected at \$3.370 billion, an increase of \$38.7 million from budget.

Table 1: City of Philadelphia Tax Revenues: FY16 versus FY15 (\$ in Millions)							
Tax	Monthly Total through May			Fiscal Year Total (Budget Basis)			Change To Date Above/ (Below) Estimated Fiscal Year Change
	FY15	FY16 ¹	Percent Change	FY15 Actual	FY16 Current Estimate	Percent Change	
City and PICA Total	\$3,011.0	\$3,235.6	7.5%	\$3,185.5	\$3,369.9	5.8%	1.7%
City (General Fund)	2,636.0	2,825.7	7.2%	2,777.0	2,935.8	5.7%	1.5%
PICA	375.0	409.9	9.3%	408.5	434.2	6.3%	3.0%
Wage and Earnings ²	1,580.9	1,663.8	5.2%	1,716.6	1,796.8	4.7%	0.6%
Wage	1,564.0	1,645.2	5.2%				
Earnings	17.0	18.5	9.1%				
Net Profits ²	34.5	43.3	25.4%	38.8	37.8	(2.7%)	28.1%
Real Estate ³	523.9	572.3	9.2%	536.4	576.4	7.5%	1.8%
Business Income and Receipts	458.4	489.2	6.7%	438.2	435.2	(0.7%)	7.4%
Sales ³	139.9	147.0	5.1%	149.5	170.8	14.3%	(9.2%)
Real Estate Transfer	181.0	213.9	18.1%	203.4	237.5	16.8%	1.3%
Parking	71.2	84.5	18.7%	79.7	91.9	15.3%	3.4%
Amusement	18.0	18.4	2.2%	19.0	19.6	3.2%	(1.0%)
Other	3.2	3.3	5.1%	3.8	3.8	0.9%	4.2%

Source: Monthly collections from *Comparative Statement of Net Revenue Collections*, City of Philadelphia, Department of Revenue and preliminary revenue report for May. FY15 actual from 2015 *Mayor's Operating Budget in Brief for Fiscal Year 2017 as Proposed to the Council - March 2016*. FY16 current estimate from the *Quarterly City Managers Report for the Period Ending March 31*.

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.

Table 2: City of Philadelphia Tax Revenues FY16 Adopted Budget versus Current Estimate (\$ in Millions)				
Tax	Adopted Budget	Current Estimate	Current Estimate Above/(Below) Adopted Budget	
			Amount	Percent
City and PICA Total	\$3,331.3	\$3,369.9	\$38.7	1.2%
City (General Fund)	2,912.3	2,935.8	23.5	0.8%
PICA	419.0	434.2	15.2	3.6%
Wage and Earnings ¹	1,776.4	1,796.8	20.4	1.2%
Net Profits ¹	31.7	37.8	6.1	19.1%
Real Estate ²	581.1	576.4	(4.7)	(0.8%)
Business Income and Receipts	453.9	435.2	(18.7)	(4.1%)
Sales ²	149.4	170.8	21.5	14.4%
Real Estate Transfer	221.9	237.5	15.7	7.1%
Parking	88.6	91.9	3.3	3.7%
Amusement	19.2	19.6	0.4	2.3%
Other	9.2	3.8	(5.4)	(58.4%)

Source: Adopted budget amounts from *Mayor's Operating Budget in Brief for Fiscal Year 2016 as Approved by the Council - June 2015*. Current estimate from the *Quarterly City Managers Report* for the Period Ending March 31.

Note:

¹ Includes portion allocated to PICA.

² Excludes portion allocated to the School District of Philadelphia.