



Monthly Tax Revenue Update October 2017

CITY OF PHILADELPHIA



City Continues to See Strong Tax Growth in October *Wage, Earnings, and Net Profits Taxes Drive Increase*

The City collected \$211.6 million in General Fund tax revenue in the fourth month of FY2018, as compared to \$193.8 million in October of last year—an increase of 9.2 percent, according to preliminary figures. As shown in Table 2, increases in the wage, earnings, & net profit taxes drove the growth in overall City collections for the month of October, even as other major tax collections decreased, as compared to last year. The strong October also ensured the continued double-digit increase in total year-to-date collections; only the real estate and amusement taxes have decreased through October, compared to collections at this point last year.

MONTH OF OCTOBER COLLECTIONS

The City portion of the wage, earnings, and net profits taxes increased by 6.7 percent over last year in October, while the business income and receipts (BIRT), real estate, and amusement taxes decreased by 8.7 percent, 13.7 percent, and 14.6 percent, respectively. The realty transfer tax increased by approximately four million dollars, or 17.9 percent over last October, reflecting Philadelphia’s still-strong real estate market. Additionally, the Philadelphia beverage tax brought in almost \$7.6 million in October.

Tax Collections Snapshots For October

Wage, Earnings, & Net Profits: City



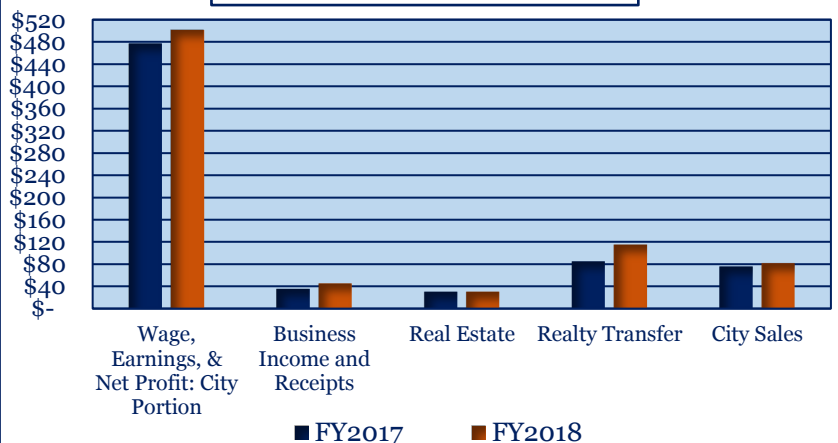
6.7 %

Real Estate Transfer



17.9 %

Major Taxes Through October
FY2017 vs. FY2018
(\$ in Millions)



OCTOBER YEAR-TO-DATE COLLECTIONS

Increases in October collections resulted in year-to-date growth in most tax categories—except the real estate and amusement taxes, which decreased by small margins—thus far in the fiscal year. Through October, the City portion of the wage, earnings, and net profits taxes increased by 5.0 percent; the BIRT increased by 26.4 percent, the realty transfer tax increased by 35.1 percent; and the City sales tax increased by 7.3 percent, as shown in Table 2. In terms of projections, three taxes, the real estate, parking, and amusement taxes failed to meet or exceed estimates, as shown in Table 1. As a whole, City tax collections have increased by 12.9 percent, as compared to the same point last year. However, early tax collections are not necessarily indicative of full fiscal year performance.

The City’s current FY2018 revenue estimates are contained in the City’s *Revised FY2018–FY2022 Five Year Financial Plan*, as approved by the PICA Board on September 19, 2017. The projected General Fund tax revenue in FY2018 is \$3.298 billion, an increase of 8.2 percent over FY2017. Combined City and PICA tax revenue is projected at \$3.773 billion, an increase of 7.5 percent over last fiscal year.

Tax Type	Projected Growth	Growth Through September
Wage, Earnings, & Net Profits: PICA & City	3.1%	5.1%
Wage, Earnings, & Net Profits: PICA Portion	3.3	5.5
Wage, Earnings, & Net Profits: City Portion	3.1	5.0
Business Income and Receipts	12.6	26.4
Real Estate	11.7	-0.4
Real Estate Transfer	4.3	35.1
City Sales	5.6	7.3
Parking ³	7.2	0.6
Amusement	4.6	-1.7
Other Miscellaneous ⁴	0.9	20.0

Tax Type	Month of October			October Year-to-Date		
	FY2018	FY2017	Change	FY2018	FY2017	Change
Wage, Earnings, & Net Profit: PICA and City	\$175,698,646	\$164,537,169	6.8%	\$655,951,991	\$623,990,003	5.1%
Less: Wage, Earnings, & Net Profit: PICA Portion	41,541,998	38,792,965	7.1	154,468,211	146,478,072	5.5
Wage, Earnings, & Net Profit: City Portion	134,156,648	125,744,204	6.7	501,483,780	477,511,931	5.0
Business Income and Receipts	14,833,326	16,243,813	-8.7	45,101,190	35,694,618	26.4
Real Estate	6,027,702	6,985,391	-13.7	30,198,491	30,333,803	-0.4
Realty Transfer	26,857,468	22,781,580	17.9	115,035,510	85,137,513	35.1
City Sales	11,849,590	11,826,751	0.2	81,401,889	75,838,578	7.3
Parking ³	8,622,843	8,374,669	3.0	32,142,970	31,967,095	0.6
Amusement	1,375,854	1,610,223	-14.6	8,889,300	9,046,666	-1.7
Other Miscellaneous ⁴	302,013	228,641	32.1	1,119,030	932,234	20.0
Philadelphia Beverage	7,567,158	-	-	27,725,265	-	-
Total Taxes⁵	\$211,592,602	\$193,795,272	9.2%	\$843,097,380	\$ 746,462,438	12.9%

¹ As projected in the City’s Revised *FY2018–FY2022 Five Year Financial Plan*

² Source: Preliminary revenue report provided by Department of Revenue; General Fund only

³ Includes parking lot and valet taxes

⁴ Includes outdoor advertising, smokeless tobacco, and miscellaneous taxes

⁵ Does not include PICA portion