



# Monthly Tax Revenue Update April 2017 City of Philadelphia



## City Records Five Percent Tax Growth Through April *Strong April Collections Spur Growth in Almost All Major Taxes*

Year-to-date collections through April show increases in all major General Fund taxes except the real estate transfer tax, pushing City tax growth to five percent in FY2017. Totals show a five percent increase in the City portion of wage, earnings, and net profits taxes, a 5.5 percent increase in business income and receipts (“BIRT”) taxes, and an 11.8 percent increase in sales tax. Real estate taxes grew by only 1.4 percent, compared to projected growth of two percent—the only major tax to underperform compared to last year’s totals. The real estate transfer tax fell by one percent, compared to projected decrease of 1.9 percent. Amusement, parking, and other General Fund taxes all grew by 9.9 percent, 4.9 percent, and 3.1 percent, respectively.

### Tax Collections Snapshots Through April

#### Wage, Earnings, & Net Profits: City

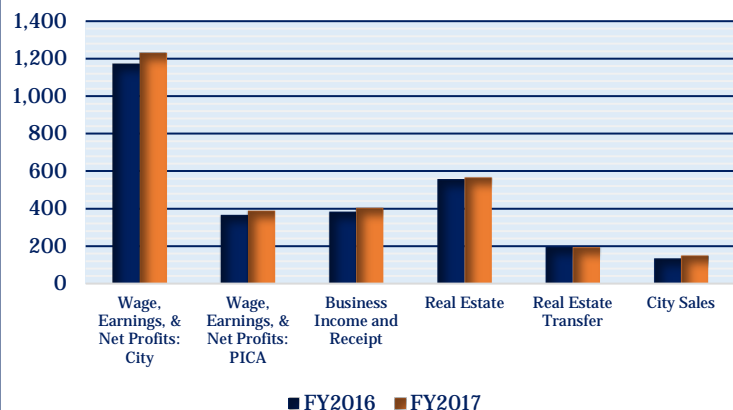


#### Business Income & Receipts Taxes



A very strong April saw increases in all but one major tax category compared to last April, with some taxes increasing by wide margins. As shown in Table 2, the City collected \$196.1 million in wage, earnings, and net profits taxes, 15.2 percent more than last year’s April total of \$170.2 million. In the strongest month for BIRT taxes this year, the City collected \$281.6 million, 16.4 percent more than last April’s total of \$241.9 million. However, as BIRT returns are processed and refunds issued, we may experience a decrease in BIRT collections in May. Real estate transfer taxes totaled \$17.8 million in April, 9.9 percent more than the \$16.2 million collected last April.

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



**Table 1: Major Tax Growth Projected versus April Year-to-Date<sup>1</sup>**

Tax	Projected Growth	Growth Through April
Wage, Earnings, & Net Profits: PICA & City	3.6%	5.2%
Less Wage, Earnings, & Net Profits: PICA Portion	3.5	5.6
Wage, Earnings, & Net Profits: City Portion	3.7	5.0
Business Income and Receipts	-1.9	5.5
Real Estate	2.0	1.4
Real Estate Transfer	-1.9	-1.0
City Sales	10.2	11.8
Parking <sup>3</sup>	4.4	4.9
Amusement	9.2	9.9
Other <sup>4</sup>	-7.8	3.1

In the month-over-month comparisons, only the real estate tax brought in less than last April, \$23.4 million this year versus \$24.0 million last year, or a decrease of 2.3 percent.

The strong month pushed year-to-date tax growth overall to five percent, compared to the City's estimated growth of 3.9 percent. As shown in Table 1, the City has outpaced its growth estimates for all major General Fund tax categories except for real estate, with two months remaining in the current fiscal year. Real estate transfer and BIRT taxes, two categories projected to decrease in FY2017 have both performed better than expected, with BIRT tax collections growing by 5.5 percent.

Finally, preliminary reports show the City has collected \$19.2 million (41.5 percent) through April, of the projected \$46.2 million in sweetened beverage taxes.

**Table 2: City of Philadelphia Tax Revenue FY2017 versus FY2016 (\$ in Millions)<sup>2</sup>**

Tax	April			April Year-to-Date		
	FY2016	FY2017	Change	FY2016	FY2017	Change
Wage, Earnings, & Net Profits: PICA & City	\$124.3	\$142.7	14.9%	\$1,172.2	\$1,231.2	5.0%
Less Wage, Earnings, & Net Profits: PICA Portion	46.0	53.4	16.0	367.5	388.2	5.6
Wage, Earnings, & Net Profits: City Portion	170.2	196.1	15.2	1,539.6	1,619.4	5.2
Business Income and Receipts	241.9	281.6	16.4	383.3	404.5	5.5
Real Estate	24.0	23.4	-2.3	558.6	566.5	1.4
Real Estate Transfer	16.2	17.8	9.9	196.4	194.3	-1.0
Sweetened Beverage	0.0	7.0	--	0.0	19.2	--
City Sales	11.0	11.1	1.3	134.5	150.4	11.8
Parking <sup>3</sup>	8.0	8.2	3.2	75.6	79.3	4.9
Amusement	3.5	3.6	1.8	17.3	19.0	9.9
Other <sup>4</sup>	0.2	0.2	21.2	3.1	3.2	3.1
<b>Total Taxes<sup>5</sup></b>	<b>\$428.9</b>	<b>\$495.6</b>	<b>15.6%</b>	<b>\$2,541.0</b>	<b>\$2,667.6</b>	<b>5.0%</b>

<sup>1</sup> As projected in the City's *Quarterly City Manager's Report for the Period Ending March 31, 2017*.

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

<sup>3</sup> Includes parking lot and valet taxes

<sup>4</sup> Includes outdoor advertising, smokeless tobacco, and miscellaneous taxes

<sup>5</sup> Does not include PICA portion