



Monthly Tax Revenue Update

May 2017

City of Philadelphia



Strong Wage, Earnings, & Net Profits Collections Carry City to Three Percent Tax Growth Through May

Year-over-year tax collections through May show a 4.8 percent increase in the City portion of wage, earnings, & net profits taxes compared to the same period last year, resulting in a three percent growth in total General Fund taxes with one month remaining in FY2017. The City collected \$172.3 million in wage, earnings, and net profits taxes for the month, 2.9 percent more than the \$167.4 million it collected in May of FY2016. Totals through May also show increases in real estate (1.6 percent), real estate transfer (2.1 percent) and City sales (11.6 percent) tax collections. Minor taxes such as the parking and amusement taxes also showed positive growth through May, at 3.1 percent and 7.5 percent, respectively.

A decrease in May business income and receipts (“BIRT”) tax collections however, kept total tax growth modest and lowered overall tax growth to three percent for the fiscal year, down from the five percent increase seen through April. The City collected \$45.4 million in BIRT taxes, down from \$105.8 million last May, at a decrease of more than 57 percent in month-over-month collections. The weak month brought BIRT collections for the fiscal year to a decrease of eight percent, compared to the City’s projected decrease of 1.9 percent, the result of a lowered BIRT rate and expanded exemptions.

Tax Collections Snapshots Through May

Wage, Earnings, & Net Profits: City



City Sales Tax



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

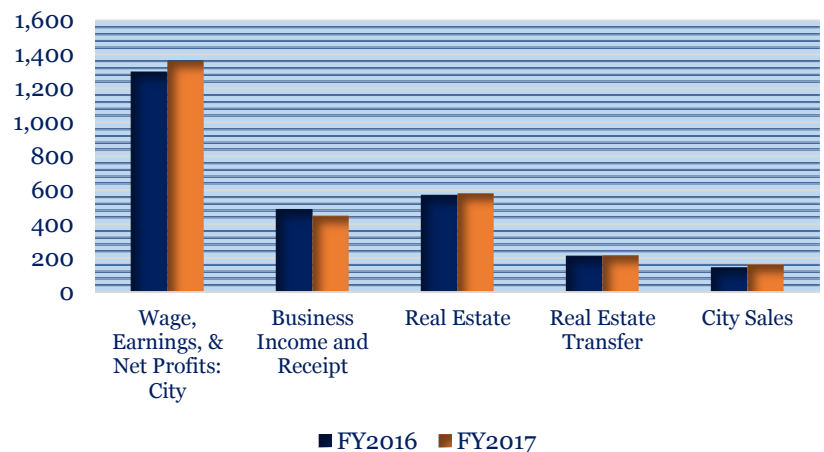


Table 1: Major Tax Growth Projected versus May Year-to-Date¹

Tax	Projected Growth	Growth Through May
Wage, Earnings, & Net Profits: PICA & City	3.6%	5.0%
Less Wage, Earnings, & Net Profits: PICA Portion	3.5	5.3
Wage, Earnings, & Net Profits: City Portion	3.7	4.8
Business Income and Receipts	-1.9	-8.0
Real Estate	2.0	1.6
Real Estate Transfer	-1.9	2.1
City Sales	10.2	11.6
Parking ³	4.4	3.1
Amusement	9.2	7.5
Other ⁴	-7.8	2.6

Additionally, the timing of BIRT returns processing and refunds have traditionally resulted in a decrease in May BIRT collections.

In other month-over-month comparisons, both real estate and real estate transfer tax collections increased compared to May of FY2016. The City collected \$14.9 million in real estate taxes compared to \$13.6 million last year, at an increase of 9.5 percent for the month, but falling just short of the City’s projection of two percent growth for the year. The City collected \$24.1 million in real estate transfer taxes compared to \$17.5 million last year, at an increase of 37.9 percent for the month, pushing annual growth to 2.1 percent versus the City’s projected decrease of 1.9 percent for the fiscal year.

Finally, the City has collected \$25.7 million in sweetened beverage taxes through May, short of its original projection of \$46.2 million for the second half of FY2017.

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

Tax	May			May Year-to-Date		
	FY2016	FY2017	Change	FY2016	FY2017	Change
Wage, Earnings, & Net Profits: PICA & City	\$167.4	\$172.3	2.9%	\$1,707.0	\$1,791.6	5.0%
Less Wage, Earnings, & Net Profits: PICA Portion	41.9	43.0	2.6	409.4	431.2	5.3
Wage, Earnings, & Net Profits: City Portion	125.6	129.3	3.0	1,297.7	1,360.5	4.8
Business Income and Receipts	105.8	45.4	-57.1	489.2	449.9	-8.0
Real Estate	13.6	14.9	9.5	572.3	581.4	1.6
Real Estate Transfer	17.5	24.1	37.9	213.9	218.5	2.1
Sweetened Beverage	0.0	6.5	--	0.0	25.7	--
City Sales	12.5	13.6	8.8	147.0	164.0	11.6
Parking ³	8.9	7.8	-12.4	84.5	87.1	3.1
Amusement	1.2	0.8	-28.3	18.4	19.8	7.5
Other ⁴	0.2	0.2	-4.2	3.3	3.4	2.6
Total Taxes⁵	\$285.3	\$242.7	-14.9%	\$2,826.3	\$2,910.3	3.0%

¹ As projected in the City’s *Quarterly City Manager’s Report for the Period Ending March 31, 2017*.

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