



Monthly Tax Revenue Update

June 2017

City of Philadelphia



Preliminary Year-End Tax Collections Show Modest Growth

Wage & Earnings, Sales Taxes Drive 3.4% Growth in Fiscal Year 2017

Year-over-year collections through June show that the City collected \$3.103 billion in General Fund Taxes in FY2017, over \$100 million more than FY2016, at a growth rate of 3.4 percent, according to preliminary totals. As shown in Table 2, a 4.8 percent increase in the City's portion of the wage, earnings, and net profits taxes drove this growth. For that tax category, the City collected \$1.475 billion, approximately \$67 million more than last year. Additionally, the City experienced growth in all major tax categories in FY2017 except business income and receipts ("BIRT") taxes and other miscellaneous taxes. Preliminary totals also show \$591.9 million in real estate taxes were collected, along with \$242.8 million in real estate transfer taxes, \$95.3 million in parking taxes, and \$20.4 million in amusement taxes. Growth in these taxes came in at 1.7 percent for real estate, 2.8 percent for real estate transfer, 1.8 percent for parking, and 6.7 percent for amusement.

Tax Collections Snapshots Through June

Wage, Earnings, & Net Profits: City



City Sales Tax



The decrease in FY2017 BIRT tax collections was the result of a lowered BIRT rate and expanded exemptions. Specifically, \$458.6 million in BIRT taxes were collected, down from \$499.9 million last year, at a decrease of 8.2 percent in year-over-year collections. There is still the potential for BIRT accruals however, in the coming months.

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

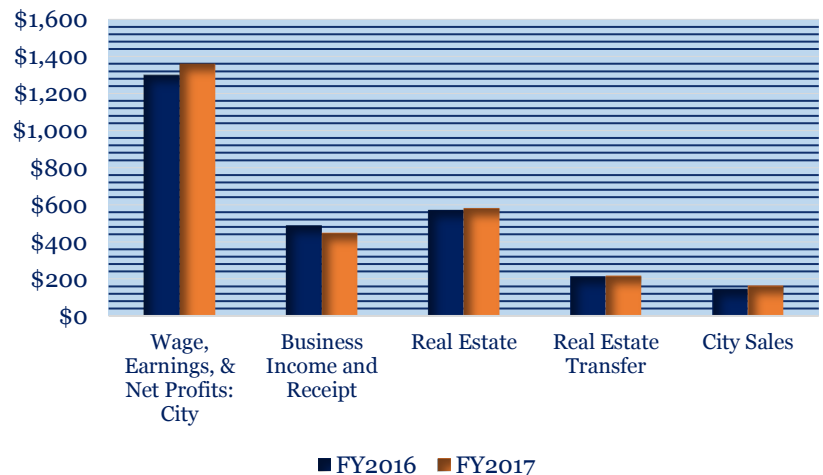


Table 1: Major Tax Growth Projected versus June Year-to-Date¹

Tax	Projected Growth	Growth Through June
Wage, Earnings, & Net Profits: PICA & City	3.6%	4.9%
Less Wage, Earnings, & Net Profits: PICA Portion	3.5	5.2
Wage, Earnings, & Net Profits: City Portion	3.7	4.8
Business Income and Receipts	-1.9	-8.2
Real Estate	2.0	1.7
Real Estate Transfer	-1.9	2.8
City Sales	10.2	15.3
Parking ³	4.4	1.8
Amusement	9.2	6.7
Other Miscellaneous ⁴	-7.8	-1.1

In terms of FY2017 projections, Table 1 shows the City exceeded its most recent growth projections¹ for the City portion of the wage, earnings, and net profits taxes (projected at 3.7 percent, currently 4.8 percent), real estate transfer tax (projected at -1.9 percent, currently 2.8 percent), and the City portion of the sales tax (projected at 10.2 percent, currently 15.3 percent).

Table 1 also shows the City did not meet its current growth projections for the BIRT (projected at -1.9 percent, currently -8.2 percent), parking, (projected at 4.4 percent, currently 1.8 percent), or amusement (projected at 9.2 percent, currently 6.7 percent) taxes.

Finally, the City has not met projections for the new sweetened beverage tax in the second half of FY2017 (collections began January 1), coming up short of its original projection of \$46.2 million. However, there is also the potential for accruals in sweetened beverage tax payments over the coming months, which could boost the final revenue collections.

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

Tax	June			June Year-to-Date		
	FY2016	FY2017	Change	FY2016	FY2017	Change
Wage, Earnings, & Net Profits: PICA & City	\$144.9	\$150.6	3.9%	\$1,852.0	\$1,942.2	4.9%
Less Wage, Earnings, & Net Profits: PICA Portion	35.2	36.4	3.4	444.5	467.6	5.2
Wage, Earnings, & Net Profits: City Portion	109.8	114.2	4.0	1,407.5	1,474.7	4.8
Business Income and Receipts	10.7	8.7	-18.7	499.9	458.6	-8.2
Real Estate	9.7	10.5	8.2	582.0	591.9	1.7
Real Estate Transfer	22.4	24.4	8.9	236.3	242.8	2.8
Sweetened Beverage	0.0	6.9	--	0.0	32.5	--
City Sales	11.9	19.2	61.3	158.9	183.3	15.3
Parking ³	9.1	8.2	-9.9	93.6	95.3	1.8
Amusement	0.7	0.6	-14.3	19.2	20.4	6.7
Other ⁴	0.4	0.3	-25.0	3.7	3.7	-1.1
Total Taxes⁵	\$174.7	\$193.0	10.5%	\$3,001.1	\$3,103.2	3.4%

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