



Monthly Tax Revenue Update November 2017

CITY OF PHILADELPHIA



City Experiences Double-Digit Tax Growth in November *Wage, Earnings, and Net Profits, Realty Transfer Taxes Drive Increase*

The City collected \$185.4 million in General Fund tax revenue in the fifth month of FY2018, as compared to \$166.1 million in November of last year—an increase of 11.7 percent, according to preliminary figures. As shown in Table 2, increases in the wage, earnings, & net profits and realty transfer taxes drove the growth in overall City collections for the month of November, even as other tax collections decreased, as compared to last year. While the real estate and parking taxes decreased through November, the strong month ensured the continued double-digit increase in total year-to-date collections, compared to collections at this point last year.

MONTH OF NOVEMBER COLLECTIONS

The City portion of the wage, earnings, and net profits taxes increased by 4.2 percent over last year in November, while the business income and receipts (“BIRT”), real estate, parking, and miscellaneous taxes decreased by 76.5 percent, 19.8 percent, 2.4 percent, and 21.9 percent, respectively. Also offsetting these decreases was an approximately \$12 million increase in November realty transfer tax collections, a 71.3 percent increase over last year—reflecting Philadelphia’s still-strong real estate market.

Tax Collections Snapshots For November

Wage, Earnings, & Net Profits: City



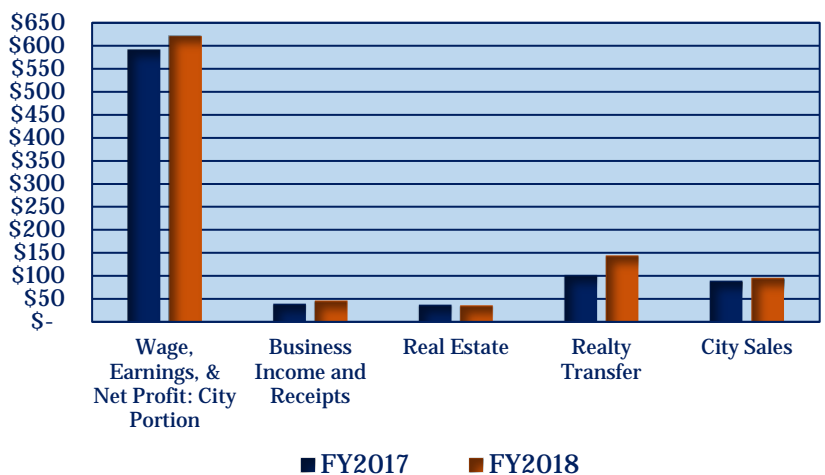
4.2 %

Real Estate Transfer



71.3 %

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



NOVEMBER YEAR-TO-DATE COLLECTIONS

The considerable increase in November collections resulted in year-to-date growth in most tax categories. However, early tax collections are not necessarily indicative of full fiscal year performance. Through November, the City portion of the wage, earnings, and net profits taxes increased by 4.9 percent; the BIRT increased by 16.2 percent; the realty transfer tax increased by 41.7 percent; and the City sales tax increased by 7.2 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. It should be noted that, while not meeting projections, the Philadelphia beverage tax has contributed to the 12.8 percent increase in overall, year-to-date City tax collections, in its first year.

The City's current FY2018 revenue estimates are found in the City's *Quarterly City Managers Report for the Period Ending September 30, 2017*. The projected General Fund tax revenue in FY2018 is \$3.297 billion, an increase of 7.3 percent over FY2017. Combined City and PICA tax revenue is projected at \$3.724 billion, an increase of 7.0 percent over last fiscal year.

Tax Type	Projected Growth	Growth Through November
Wage, Earnings, & Net Profits: PICA & City	3.4%	4.9%
Wage, Earnings, & Net Profits: PICA Portion	3.1	5.2
Wage, Earnings, & Net Profits: City Portion	3.5	4.9
Business Income and Receipts	8.3	16.2
Real Estate	11.0	-4.3
Real Estate Transfer	3.4	41.7
City Sales	5.2	7.2
Parking ³	3.5	0.0
Amusement	7.6	1.1
Other Miscellaneous ⁴	-9.9	9.4

Tax Type	Month of November			November Year-to-Date		
	FY2018	FY2017	Change	FY2018	FY2017	Change
Wage, Earnings, & Net Profit: PICA and City	\$155,913,890	\$149,691,908	4.2%	\$811,915,162	\$773,681,911	4.9%
Less: Wage, Earnings, & Net Profit: PICA Portion	36,404,707	35,149,240	3.6	191,034,137	181,627,312	5.2
Wage, Earnings, & Net Profit: City Portion	119,509,183	114,542,668	4.3	620,881,425	592,054,599	4.9
Business Income and Receipts	948,550	4,030,440	-76.5	46,163,447	39,725,058	16.2
Real Estate	5,872,064	7,317,510	-19.8	36,036,409	37,651,313	-4.3
Realty Transfer	28,718,591	16,763,300	71.3	144,373,625	101,900,813	41.7
City Sales	14,626,405	13,757,004	6.3	96,028,294	89,595,582	7.2
Parking ³	8,036,826	8,231,341	-2.4	40,179,796	40,198,436	0.0
Amusement	1,400,229	1,134,171	23.5	10,289,668	10,180,837	1.1
Other Miscellaneous ⁴	247,787	317,106	-21.9	1,366,817	1,249,340	9.4
Philadelphia Beverage	6,083,938	-	0.0	33,809,159	-	0.0
Total Taxes⁵	\$185,443,573	\$166,093,540	11.7%	\$1,029,128,685	\$912,555,978	12.8%

¹ As projected in the City's [Quarterly City Managers Report for the Period Ending September 30, 2017](#); for analysis of the City's FY2018 tax projections, see PICA's [Staff Report on the City's First Quarter City Managers Report](#)

² Source: Preliminary and comparative revenue reports 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