



Monthly Tax Revenue Update December 2017

CITY OF PHILADELPHIA



City Experiences Considerable Tax Growth in December *Double-Digit Growth Continues in Year-to-Date Collections*

The City collected \$204.5 million in General Fund tax revenue in the sixth month of FY2018, as compared to \$167.1 million in December of last year—a considerable increase of 22.4 percent, according to preliminary figures. As shown in Table 2, increases in all major tax categories except the business income and receipts (“BIRT”) drove the growth in overall City collections for the month of December, as compared to last year. While minor earnings and net profits taxes decreased, a 17.4 percent increase in the City portion of total wage, earnings, and net profits taxes ensured the continued double-digit increase in total year-to-date collections, halfway through the fiscal year.

MONTH OF DECEMBER COLLECTIONS

December real estate tax collections more than doubled in FY2018, totaling \$34.3 million—an increase of 137.9 percent—as compared to last year. This increase may be attributed to the changing Federal tax landscape. The realty transfer tax increased by 8.8 percent, however, December represents the first month of FY2018 that the tax did not increase by double-digits. The City sales, parking, and amusement taxes all increased, by 6.4 percent, 6.7 percent, and 11.1 percent, respectively. Other miscellaneous taxes increased by 9.2 percent, while being projected to decline in FY2018.

Tax Collections Snapshots For December

Wage, Earnings, & Net Profits: City



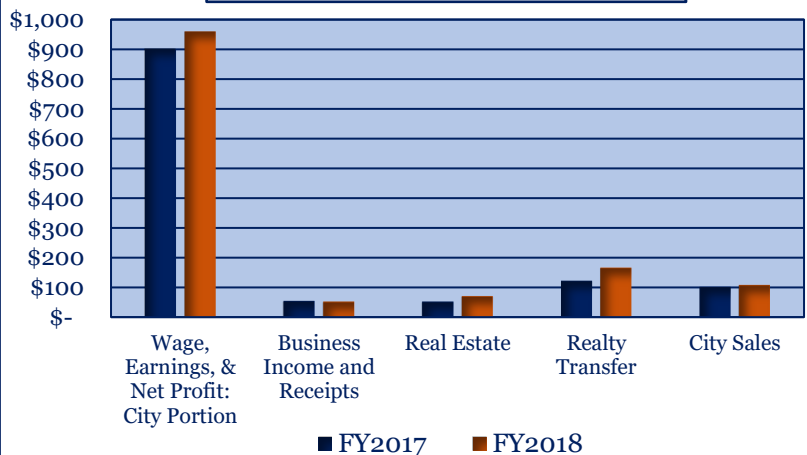
17.4 %

Real Estate



137.9 %

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



DECEMBER YEAR-TO-DATE COLLECTIONS

The considerable increase in December collections resulted in year-to-date growth in almost all tax categories over last year. Once again, the BIRT is the only major tax to have decreased, reflecting expanded exemptions, as shown in Table 2. Strong December real estate tax collections resulted in a 35.0 percent increase in collections at the midpoint of the fiscal year. In terms of projections, two minor taxes, parking and amusement, failed to meet estimates, as shown in Table 1. It should be noted that, while also not meeting projections, the Philadelphia beverage tax has contributed to the 14.3 percent increase in overall, year-to-date City tax collections, contributing an additional \$39.8 million to the General Fund thus far in FY2018. Additionally, point-in-time tax collections throughout the fiscal year are not necessarily indicative of full year performance.

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 December
Wage, Earnings, & Net Profits: PICA & City	3.4%	6.6%
Wage, Earnings, & Net Profits: PICA Portion	3.1	6.5
Wage, Earnings, & Net Profits: City Portion	3.5	6.6
Business Income and Receipts	8.3	-3.6
Real Estate	11.0	35.0
Real Estate Transfer	3.4	36.3
City Sales	5.2	7.1
Parking ³	3.5	1.1
Amusement	7.6	2.2
Other Miscellaneous ⁴	-9.9	9.3

Tax Type	Month of December			December Year-to-Date		
	FY2018	FY2017	Change	FY2018	FY2017	Change
Wage, Earnings, & Net Profit: PICA and City	\$148,328,372	\$127,146,545	16.7%	\$960,217,785	\$900,828,458	6.6%
Less: Wage, Earnings, & Net Profit: PICA Portion	34,867,548	30,477,043	14.4	225,997,019	212,104,356	6.5
Wage, Earnings, & Net Profit: City Portion	113,460,824	96,669,502	17.4	734,220,766	688,724,102	6.6
Business Income and Receipts	6,124,383	14,526,802	-57.8	52,274,124	54,251,860	-3.6
Real Estate	34,324,720	14,430,623	137.9	70,328,166	52,081,936	35.0
Realty Transfer	21,793,500	20,022,197	8.8	166,167,125	121,923,010	36.3
City Sales	12,658,199	11,894,519	6.4	108,686,493	101,490,101	7.1
Parking ³	8,512,717	7,976,111	6.7	48,692,513	48,174,547	1.1
Amusement	1,448,123	1,303,449	11.1	11,737,791	11,484,286	2.2
Other Miscellaneous ⁴	257,490	235,898	9.2	1,623,631	1,485,238	9.3
Philadelphia Beverage	5,968,943	-	-	39,778,067	-	-
Total Taxes⁵	\$204,548,899	\$167,059,101	22.4%	\$1,233,508,676	\$1,079,615,080	14.3%

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