



# Monthly Tax Revenue Update March 2018

CITY OF PHILADELPHIA



## March Tax Collections \$63 Million Less Than Last Year *First Decrease in Year-Over-Year Collections This Fiscal Year*

The City collected \$334.5 million in General Fund tax revenue in March of FY2018, as compared to \$397.9 million last year, according to preliminary figures. The decrease of \$63.4 million marks the first month in FY2018 that collections decreased compared to the same month in FY2017. As shown in Table 2, decreases in every tax category except City sales tax drove the decrease in overall City collections for the month of March. While some of the decreases were relatively small, double-digit decreases in the business income and receipts (“BIRT”) tax, real estate, and amusement taxes ultimately led to a 15.9 percent decrease in total March collections. However, strong collections in previous months kept year-to-date collections \$236 million (10.9 percent) ahead of last year.

### Tax Collections Snapshots For March

#### Real Estate



28.6 %

#### City Sales

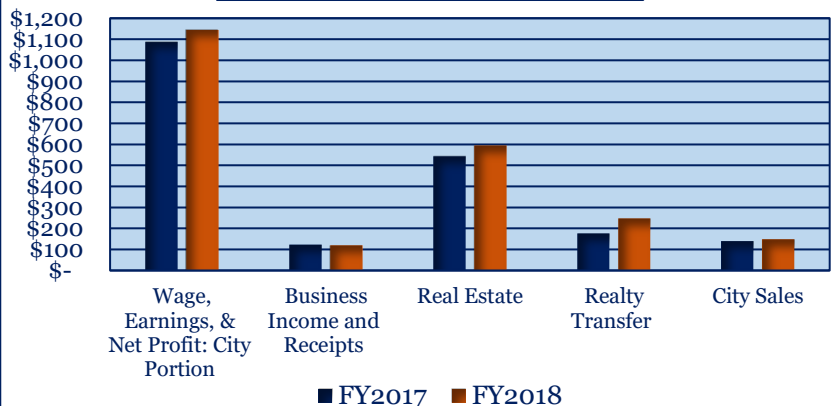


14.4 %

### MONTH OF MARCH COLLECTIONS

March real estate and realty transfer tax collections decreased by 28.6 percent and 9.1 percent in FY2018, totaling \$114.8 million and \$19.0 million, respectively. Additionally, BIRT collections fell by 27.6 percent in March, to \$40.4 million. The decreased collections may be the result of the last two days of the calendar month falling on a holiday and a Saturday. Finally, the City portion of wage, earnings, and net profits taxes decreased by 0.2 percent—the first such decrease in FY2018—while amusement and beverage taxes decreased by 25.8 percent and 11.6 percent, respectively.

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



**MARCH YEAR-TO-DATE COLLECTIONS**

Year-to-date collections maintained double-digit growth over FY2017 despite the decrease in March collections, reflecting strong FY2018 collections over previous months, though collections for several tax types fell below the City’s most recent projections, as shown in Table 1. Year-to-date collections for all taxes except BIRT experienced growth over last year, with the real estate transfer tax increasing by 40.0 percent. Conversely, the BIRT has decreased by just 2.5 percent in FY2018 as compared to last year, as shown in Table 2. It should be noted that, while also not meeting projections, the beverage tax has contributed an additional \$57.6 million to the General Fund thus far in FY2018. However, point-in-time tax collections throughout the fiscal year are not necessarily indicative of full year performance.

The City’s FY2018 revenue estimates are found in the City’s *Quarterly City Managers Report for the Period Ending December 31, 2017*. The projected General Fund tax revenue in FY2018 is \$3.333 billion, an increase of 8.5 percent over FY2017. Combined City and PICA tax revenue is projected at \$3.774 billion, an increase of 8.4 percent over last fiscal year.

Tax Type	Projected Growth	Growth Through March
Wage, Earnings, & Net Profits: PICA & City	6.3%	5.6%
Wage, Earnings, & Net Profits: PICA Portion	6.0	6.3
Wage, Earnings, & Net Profits: City Portion	6.4	5.3
Business Income and Receipts	-1.0	-2.5
Real Estate	10.1	9.7
Real Estate Transfer	16.1	40.0
City Sales	8.5	7.2
Parking <sup>3</sup>	2.0	1.2
Amusement	3.5	10.0
Other Miscellaneous <sup>4</sup>	0.0	8.2

Tax Type	Month of March			March Year-to-Date		
	FY2018	FY2017	Change	FY2018	FY2017	Change
Wage, Earnings, & Net Profit: PICA and City	\$175,471,090	\$175,787,710	-0.2%	\$1,502,410,929	\$1,423,204,107	5.6%
Less: Wage, Earnings, & Net Profit: PICA Portion	42,854,470	42,683,485	0.4	357,642,097	336,287,980	6.3
Wage, Earnings, & Net Profit: City Portion	132,616,620	133,104,225	-0.4	1,144,768,832	1,086,916,127	5.3
Business Income and Receipts	40,383,640	55,780,678	-27.6	119,866,204	122,930,508	-2.5
Real Estate	114,773,337	160,857,292	-28.6	595,665,124	542,993,199	9.7
Realty Transfer	19,049,560	20,963,811	-9.1	247,124,661	176,579,354	40.0
City Sales	12,997,255	11,359,504	14.4	149,378,002	139,325,709	7.2
Parking <sup>3</sup>	7,938,567	7,947,745	-0.1	71,920,862	71,054,506	1.2
Amusement	1,083,610	1,460,045	-25.8	16,954,759	15,414,041	10.0
Other Miscellaneous <sup>4</sup>	206,241	256,881	-19.7	3,230,805	2,986,418	8.2
Philadelphia Beverage	5,465,908	6,180,869	-11.6	57,606,502	12,112,109	375.6
<b>Total Taxes<sup>5</sup></b>	<b>\$334,514,738</b>	<b>\$397,911,050</b>	<b>-15.9%</b>	<b>\$2,406,515,751</b>	<b>\$2,170,311,971</b>	<b>10.9%</b>

<sup>1</sup> As projected in the City’s [Quarterly City Managers Report for the Period Ending December 31, 2017](#); for analysis of the City’s FY2018 tax projections, see PICA’s [Staff Report on the City’s Second Quarter City Managers Report](#)

<sup>2</sup> Source: Preliminary and comparative revenue reports provided by Department of Revenue; General Fund only

<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