



PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

# Monthly Tax Revenue Update

## June 2018

CITY OF PHILADELPHIA



### Tax Collections Total \$3.4 Billion for FY2018

*City Experiences Double-Digit Increase in Collections Over Last Year*

The City collected \$3.384 billion in General Fund tax revenue through June of FY2018, according to preliminary figures (final tax revenue figures may be adjusted for credits and fees). As the fiscal year comes to a close, it is clear that FY2018 was another strong year for City tax collections; the City experienced an 11.3 percent increase in overall collections over last year. Additionally, tax collections increased in every month except August and March, as compared to the same months in FY2017. The last month of the fiscal year was no exception, as the City collected \$193.7 million in June. As shown in Table 2, increases in every tax category drove the considerable growth in collections for the year. Increases in the real estate and realty transfer taxes were especially notable, as were the strong business income and receipts (“BIRT”) and City sales tax collections.

#### MONTH OF JUNE COLLECTIONS

Real estate and realty transfer tax collections increased by 47.0 percent and 10.5 percent in June of FY2018, as compared to the same month last year, totaling \$7.9 million and \$26.9 million, respectively. The City sales tax also experienced a considerable increase of 42.4 percent, while beverage tax collections topped last year’s June collections—the first time that tax has increased over any month in FY2017. Only the PICA portion of total wage, earnings, and net profits taxes, and the amusement tax, fell short of last year’s June collections. BIRT collections experienced an almost 130 percent increase over last year, largely the result of refunds and adjustments made in the last month of the fiscal year.

### Tax Collections Snapshots For June

#### Real Estate



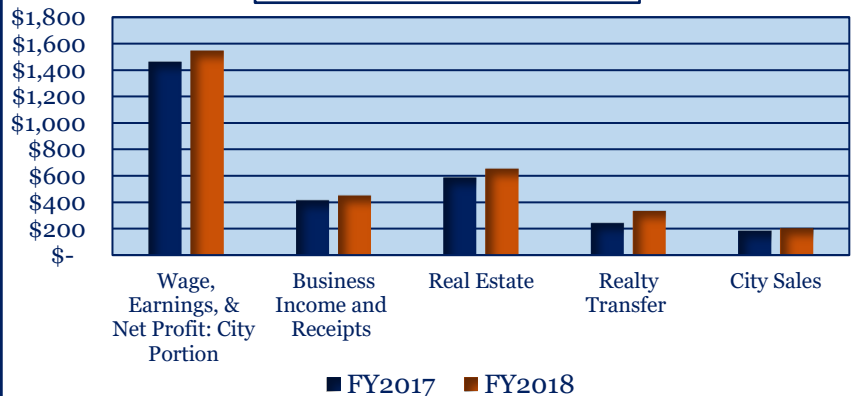
47.0%

#### Realty Transfer



10.5%

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



**JUNE YEAR-TO-DATE COLLECTIONS**

Strong June collections ensured a double-digit increase over last year’s tax figures, according to preliminary revenue reports. FY2018 collections increased by 11.3 percent over FY2017. As shown in Table 2 and illustrated in the above figure, FY2018 increases in every tax category drove the considerable growth in collections this fiscal year. It appears the City continues to benefit from the ongoing economic expansion since the end of the last recession (of 2008), as evidenced by strong growth in the real estate and realty transfer taxes—which increased by 11.3 percent and 37.2 percent, respectively—and the sales tax, which increased by 10.3 percent. In terms of the City’s projections, only total wage, earnings, and net profits taxes and the parking tax came in slightly below the City’s most recent projections, as shown in Table 1. While also not meeting projections, the beverage tax has contributed an additional \$77.3 million to the General Fund so far in FY2018.

The City’s FY2018 revenue estimates are found in the City’s *Quarterly City Managers Report for the Period Ending March 31, 2018*. The projected General Fund tax revenue in FY2018 is \$3.345 billion, an increase of 8.9 percent over FY2017. Combined City and PICA tax revenue is projected at \$3.842 billion, an increase of 8.8 percent over last fiscal year.

Tax Type	Projected Growth	Growth Through June
Wage, Earnings, & Net Profits: PICA & City	6.3%	5.8%
Wage, Earnings, & Net Profits: PICA Portion	6.0	6.1
Wage, Earnings, & Net Profits: City Portion	6.4	5.7
Business Income and Receipts	-1.0	8.8
Real Estate	10.1	11.3
Real Estate Transfer	26.6	37.2
City Sales	8.5	10.3
Parking <sup>3</sup>	2.0	1.1
Amusement	3.5	9.2
Other Miscellaneous <sup>4</sup>	0.0	9.0

Tax Type	Month of June			June Year-to-Date		
	FY2018	FY2017	Change	FY2018	FY2017	Change
Wage, Earnings, & Net Profit: PICA and City	\$139,983,868	\$139,369,627	0.4%	\$2,043,650,337	\$1,930,934,863	5.8%
Less: Wage, Earnings, & Net Profit: PICA Portion	35,547,358	36,485,675	-2.6	498,225,678	469,210,627	6.1
Wage, Earnings, & Net Profit: City Portion	104,436,510	102,883,952	1.5	1,545,424,659	1,461,724,236	5.7
Business Income and Receipts	10,858,202	(36,268,025)	129.9	449,830,876	413,573,277	8.8
Real Estate	7,939,885	5,400,266	47.0	652,956,350	586,655,832	11.3
Realty Transfer	26,916,283	24,353,008	10.5	333,199,900	242,807,992	37.2
City Sales	27,397,162	19,240,723	42.4	202,175,070	183,280,189	10.3
Parking <sup>3</sup>	8,244,490	8,225,517	0.2	96,304,564	95,282,752	1.1
Amusement	630,045	643,762	-2.1	22,332,840	20,442,704	9.2
Other Miscellaneous <sup>4</sup>	295,273	270,447	9.2	4,031,798	3,698,364	9.0
Beverage Tax	6,951,043	6,872,198	1.1	77,293,499	32,549,119 <sup>5</sup>	137.5
<b>Total Taxes<sup>6</sup></b>	<b>\$193,668,893</b>	<b>\$131,621,848</b>	<b>47.1%</b>	<b>\$3,383,549,556</b>	<b>\$3,040,014,465</b>	<b>11.3%</b>

<sup>1</sup> As projected in the City’s [Quarterly City Managers Report for the Period Ending March 31, 2018](#); for analysis of the City’s FY2018 tax projections, see PICA’s [Staff Report on the City’s Third 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> The beverage tax was implemented in January of FY2017, thus, this figure only represents five months of collections for FY2017

<sup>6</sup> Does not include PICA portion