



# Monthly Tax Revenue Update December 2018

CITY OF PHILADELPHIA



## Strong December Pushes Most FY2019 Tax Collections Ahead of Last Year *Year-to-Date Revenues Still Below City's Projections*

The City collected approximately \$212.3 million in General Fund tax revenue in December of FY2019, compared to \$203.1 million in December of last year, according to preliminary figures. Strong wage, earnings, and net profits and business income and receipts (“BIRT”) tax collections for that month resulted in an overall increase in December collections of almost five percent. Through the first half of the fiscal year, there was only one month (November) where total collections decreased over FY2018, ensuring year-to-date collections also increased over the previous year. Whereas a considerable decrease in real estate tax collections kept year-to-date collections below what the City projected in its most recent quarterly report, many major tax collections peak in the spring months, so the City is well situated to meet their projections while enjoying another year of steadily increasing tax revenue.

### MONTH OF DECEMBER COLLECTIONS

The City portion of the combined wage, earnings, and net profits taxes decreased by \$10.7 million in December of FY2019, or 9.5 percent—the largest increase of any month thus far in the fiscal year. The realty transfer tax also increased, by 20.6 percent, while the real estate tax decreased by 34.7 percent, or almost \$12 million, as illustrated in the below figure. The City sales tax increased by 5.0 percent after decreasing by 1.9 percent in November, the result of a busier-than-expected holiday season for retail. The business income and receipts tax also increased, by 109 percent—the likely result of the fluctuating nature of the tax—while the beverage tax decreased by 5.5 percent, or \$326,041. The real estate, parking, amusement, and beverage taxes were the four tax categories reporting decreases for December.

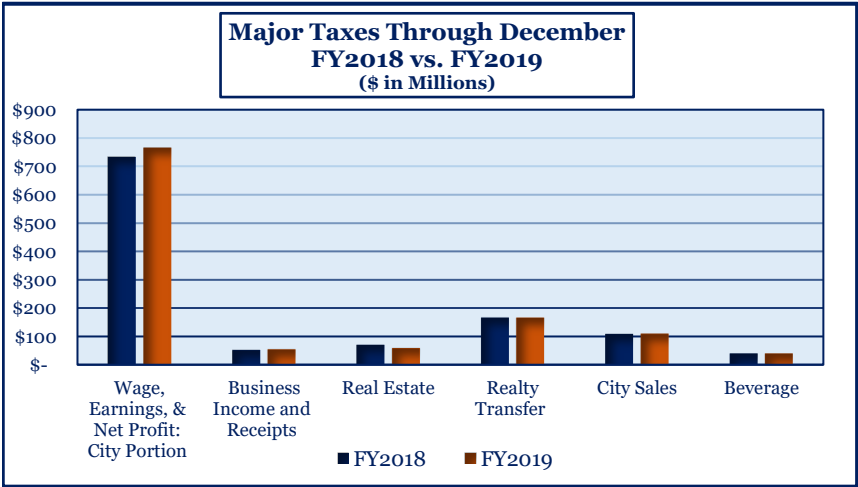
### Tax Collections Snapshots For December

**Wage, Earnings & Net Profits: City**

↑ 9.5%

**Real Estate**

↓ -34.7%



**DECEMBER YEAR-TO-DATE COLLECTIONS**

The City collected \$1.261 billion in tax revenue through December of FY2019, an increase of 2.3 percent over the same point last year, but below the City’s 4.3 percent projection. As previously stated, total collections should become closer to the City’s projections once taxes that are mostly collected in the spring are remitted. The year-to-date increase was driven primarily by a 4.5 percent increase in the City portion of the wage, earnings, and net profits taxes which, combined, represent the largest portion of the City’s tax revenue. The real estate and beverage taxes were the only tax categories to report decreases in year-to-date collections; some real estate tax payments may be delayed due to a spike in appeals resulting from the City-wide reassessment of residential properties this year. Other major tax categories such as the BIRT, realty transfer, and City sales taxes reported increases of 4.3, 0.3, and 0.7 percent, respectively

The City’s current FY2019 revenue estimates are found in the City’s *Quarterly City Managers Report for the Period Ending September 30, 2018*, which was issued on December 15, 2018. The projected General Fund tax revenue for FY2019 is \$3.490 billion, an increase of 2.6 percent over FY2018. Combined City and PICA tax revenue is projected at \$4.013 billion, an increase of 2.9 percent over last fiscal year.

Tax Type	Projected Growth	Growth Through December
Wage, Earnings, & Net Profits: PICA & City	3.3%	4.5%
Wage, Earnings, & Net Profits: PICA Portion	5.1	4.7
Wage, Earnings, & Net Profits: City Portion	2.7	4.5
Business Income and Receipts	12.9	4.3
Real Estate	3.5	-15.9
Realty Transfer	6.5	0.3
City Sales	3.0	0.7
Parking <sup>3</sup>	0.4	0.6
Amusement	12.6	29.4
Other Miscellaneous <sup>4</sup>	5.0	8.0
Beverage	-2.8	-1.0

Tax Type	Month of December			December Year-to-Date		
	FY2019	FY2018	Change	FY2019	FY2018	Change
Wage, Earnings, & Net Profit: PICA and City	\$160,662,712	\$148,315,094	8.3%	\$1,003,856,610	\$960,204,507	4.5%
Less: Wage, Earnings, & Net Profit: PICA Portion	37,972,367	36,288,032	4.6	238,049,993	227,417,503	4.7
Wage, Earnings, & Net Profit: City Portion	122,690,345	112,027,062	9.5	765,806,617	732,787,004	4.5
Business Income and Receipts	12,835,878	6,116,504	109.9	54,489,290	52,266,245	4.3
Real Estate	22,388,354	34,281,185	-34.7	59,088,597	70,284,631	-15.9
Realty Transfer	26,287,274	21,793,500	20.6	166,683,356	166,167,125	0.3
City Sales	13,289,361	12,658,199	5.0	109,436,158	108,686,493	0.7
Parking <sup>3</sup>	7,895,602	8,512,717	-7.2	48,987,070	48,692,513	0.6
Amusement	1,008,803 <sup>4</sup>	1,448,123	-30.3	15,193,018	11,737,791	29.4
Other Miscellaneous <sup>5</sup>	303,525	257,490	17.9	1,753,896	1,623,631	8.0
Beverage	5,630,388	5,956,429	-5.5	39,362,363	39,765,553	-1.0
<b>Total Taxes<sup>6</sup></b>	<b>\$212,329,530</b>	<b>\$203,051,209</b>	<b>4.6%</b>	<b>\$1,260,800,365</b>	<b>\$1,232,010,986</b>	<b>2.3%</b>

<sup>1</sup> As projected in the City’s *Quarterly City Managers Report for the Period Ending September 30, 2018*; for analysis of the City’s FY2019 tax projections, see PICA’s *Staff Report on the City’s Five Year Financial Plan for Fiscal Years 2019-2023*

<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> Updated figure provided by the Office of the Director of Finance

<sup>5</sup> Includes outdoor advertising, smokeless tobacco, and miscellaneous taxes

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