



Monthly Tax Revenue Update January 2019

CITY OF PHILADELPHIA



January Collections Fall by Seven Percent Compared to Last Year *Year-to-Date Revenues Level With Last Year*

The City collected approximately \$305.0 million in General Fund tax revenue in January of FY2019, compared to \$328.4 million in January of last year, a decrease of 7.1 percent, according to preliminary figures. While wage, earnings, and net profits collections remained level, decreases in the business income and receipts (“BIRT”), real estate, and realty transfer tax collections resulted in the overall decrease in January collections. January was the second month of FY2019 to see a decrease in total collections over the previous year; as a result, year-to-date collections for FY2019 are slightly higher (0.1 percent) than what was collected at the same point last year. However, many major tax collections occur in the spring, so it is too early to project revenue growth, as compared to FY2018.

MONTH OF JANUARY COLLECTIONS

The City portion of the combined wage, earnings, and net profits taxes increased by \$163,682 in January of FY2019, or just 0.1 percent—the smallest increase of any month thus far in the fiscal year. This may be the result of Federal workers in Philadelphia not remitting wage taxes during the partial shutdown of the Federal Government. The real estate tax decreased by \$11.8 million, or 18.5 percent, which may be the result of the timing of last year’s collections on the cusp of state and local tax rule changes. Additionally, the realty transfer tax decreased by \$11.6 million, or 31.4 percent. The City sales, parking, and amusement taxes all increased, by 8.5 percent, 1.1 percent, and 63.8 percent, respectively.

Tax Collections Snapshots For January Real Estate



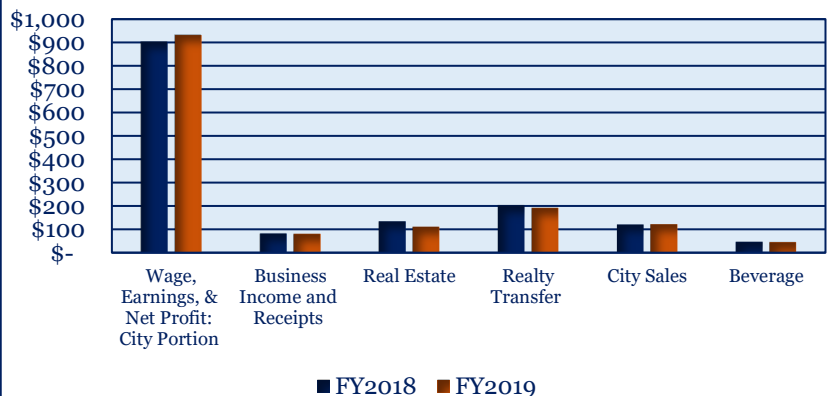
-18.5%

Realty Transfer



-31.4%

Major Taxes Through January
FY2018 vs. FY2019
(\$ in Millions)



JANUARY YEAR-TO-DATE COLLECTIONS

The City collected \$1.562 billion in tax revenue through January of FY2019, an increase of just 0.1 percent over the same point last year, but below the City’s 4.3 percent projection. As previously stated, it is too early to determine if year-to-date collections will approach the City’s projections, as some taxes are mostly collected in the spring. The year-to-date increase was driven primarily by a 3.7 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. Similar to January monthly collections, the BIRT, real estate, and realty transfer taxes all decreased compared to the same point last year, by 0.1 percent, 17.2 percent, and 5.5 percent, respectively. These three tax categories, along with the City sales tax, all came in below the City’s full-year projections, as shown in table 2, while the beverage tax, projected to decrease by 2.8 percent, has decreased by just 1.7 percent through January.

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 November 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 January
Wage, Earnings, & Net Profits: PICA & City	3.3%	3.7%
Wage, Earnings, & Net Profits: PICA Portion	5.1	5.2
Wage, Earnings, & Net Profits: City Portion	2.7	3.3
Business Income and Receipts	12.9	-0.1
Real Estate	3.5	-17.2
Realty Transfer	6.5	-5.5
City Sales	3.0	1.5
Parking ³	0.4	0.7
Amusement	12.6	33.4
Other Miscellaneous ⁴	5.0	31.7
Beverage	-2.8	-1.7

Tax Type	Month of January			January Year-to-Date		
	FY2019	FY2018	Change	FY2019	FY2018	Change
Wage, Earnings, & Net Profit: PICA and City	\$224,054,387	\$223,378,238	0.3%	\$1,227,909,964	\$1,183,582,745	3.7%
Less: Wage, Earnings, & Net Profit: PICA Portion	53,927,063	53,414,596	1.0	295,517,202	280,832,099	5.2
Wage, Earnings, & Net Profit: City Portion	170,127,324	169,963,642	0.1	932,392,762	902,750,646	3.3
Business Income and Receipts	27,037,272	29,380,226	-8.0	81,526,562	81,646,471	-0.1
Real Estate	52,217,553	64,065,554	-18.5	111,240,754	134,350,185	-17.2
Realty Transfer	25,274,253	36,860,584	-31.4	191,957,609	203,027,709	-5.5
City Sales	12,876,668	11,871,455	8.5	122,312,826	120,557,948	1.5
Parking ³	7,934,202	7,846,969	1.1	56,921,272	56,539,482	0.7
Amusement	2,521,687	1,539,277	63.8	17,714,705	13,277,068	33.4
Other Miscellaneous ⁵	876,096	373,888	134.3	2,629,992	1,997,519	31.7
Beverage	6,172,123	6,530,970	-5.5	45,529,265	46,296,523	-1.7
Total Taxes⁶	\$305,037,178	\$328,432,565	-7.1%	\$1,562,225,747	\$1,560,443,551	0.1%

¹ 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*

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

³ Includes parking lot and valet taxes

⁴ Updated figure provided by the Office of the Director of Finance

⁵ Includes outdoor advertising, smokeless tobacco, and miscellaneous taxes

⁶ Does not include PICA portion