



Monthly Tax Revenue Update February 2019

CITY OF PHILADELPHIA



February Tax Collections Increase by Ten Percent Compared to Last Year *Strong Wage, Earnings, and Net Profits Taxes Drive Increase in Year-to-Date Collections*

The City collected approximately \$562.4 million in General Fund tax revenue in February 2019, compared to \$511.6 million in February 2018, an increase of 9.9 percent, according to preliminary figures. While the City portion of the wage, earnings, and net profits taxes and the real estate tax increased in February, the realty transfer and City sales taxes decreased. Still, the strong February collections for the wage, earnings, and net profits taxes ensured an increase in total collections from the decrease experienced in January. In terms of year-to-date collections, FY2019 totals are 2.6 percent higher than what was collected at the same point last year. As the major tax collections that occur in the spring are remitted, a more clear picture will emerge as to annual revenue growth, compared to FY2018.

MONTH OF FEBRUARY COLLECTIONS

The City collected \$118.4 million in wage, earnings, and net profits taxes in February, an increase of almost nine million dollars, or 8.2 percent over the previous year. While the real estate tax also increased, by \$44.9 million, or 13.0 percent, the realty transfer tax decreased by \$11.1 million, or 44.4 percent, as shown in Table 2. City officials expect realty transfer tax collections to decrease in FY2019, after sales of some large commercial properties took place in FY2018. Additionally, the City sales, amusement, and beverage taxes all decreased, by 1.8 percent, 55.1 percent, and 0.6 percent respectively, while the parking tax increased by 3.5 percent.

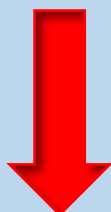
Tax Collections Snapshots For February

Real Estate



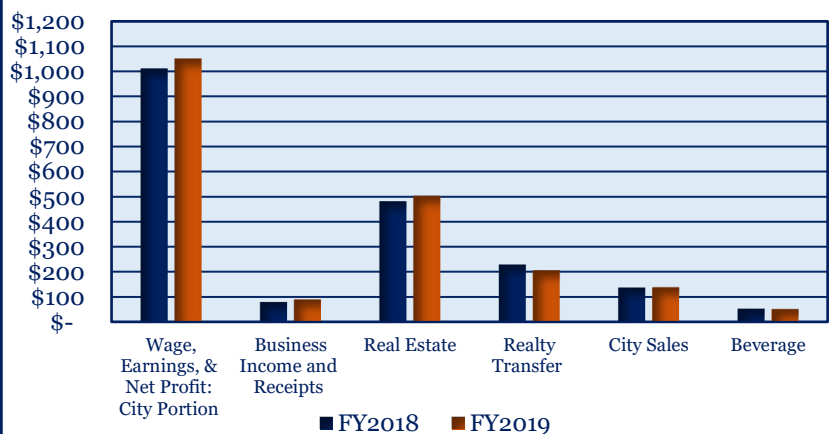
13.0%

Realty Transfer



-44.4%

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



FEBRUARY YEAR-TO-DATE COLLECTIONS

Tax Type	Current Projected Growth	Growth Through February
Wage, Earnings, & Net Profits: PICA & City	2.9%	4.3%
Wage, Earnings, & Net Profits: PICA Portion	5.4	5.7
Wage, Earnings, & Net Profits: City Portion	2.1	3.8
Business Income and Receipts	1.8	12.8
Real Estate	1.5	4.5
Realty Transfer	-2.6	-9.7
City Sales	6.0	1.1
Parking ³	1.7	1.0
Amusement	17.3	19.0
Other Miscellaneous ⁴	4.5	4.5
Beverage	-1.0	-1.5

The City collected \$2.125 billion in tax revenue through February of FY2019, an increase of 2.6 percent over the same point last year, above the City’s recently adjusted projection of 1.8 percent. It is still too early to determine if year-to-date collections will approach the City’s projections, as some taxes will be mostly collected in the coming months. The year-to-date increase was driven primarily by a 3.8 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 BIRT, real estate, and City sales taxes all also increased compared to the same point last year, by 12.8 percent, 4.5 percent, and 1.0 percent, respectively. The only tax categories to show decreases in year-to-date collections were the realty transfer and beverage taxes, which decreased by 9.7 percent and 1.5 percent, respectively.

The City’s current FY2019 revenue estimates are found in the City’s *Quarterly City Managers Report for the Period Ending December 31, 2018*, which was issued on February 15, 2019. The current projection for FY2019 General Fund tax revenue is \$3.462 billion, an increase of 0.5 percent over the City’s Five Year Plan projection. Combined City and PICA tax revenue is projected at \$3.938 billion, an increase of 0.6 percent over the Plan projection.

Tax Type	Month of February			February Year-to-Date		
	FY2019	FY2018	Change	FY2019	FY2018	Change
Wage, Earnings, & Net Profit: PICA and City	\$155,776,846	\$143,357,094	8.7%	\$1,383,681,242	\$1,326,939,839	4.3%
Less: Wage, Earnings, & Net Profit: PICA Portion	37,416,815	33,955,526	10.2	332,771,958	314,787,627	5.7
Wage, Earnings, & Net Profit: City Portion	118,360,031	109,401,568	8.2	1,050,909,284	1,012,152,212	3.8
Business Income and Receipts	7,911,688	(2,163,907)	465.6	89,648,250	79,482,564	12.8
Real Estate	391,425,160	346,541,602	13.0	502,652,004	480,891,787	4.5
Realty Transfer	13,934,980	25,047,392	-44.4	205,892,589	228,075,101	-9.7
City Sales	15,539,676	15,822,799	-1.8	137,852,502	136,380,747	1.1
Parking ³	7,703,954	7,442,813	3.5	64,620,916	63,982,295	1.0
Amusement	1,165,923	2,594,081	-55.1	18,880,628	15,871,149	19.0
Other Miscellaneous ⁵	529,616	1,027,045	-48.4	3,159,531	3,024,564	4.5
Beverage	5,809,987	5,844,071	-0.6	51,339,252	52,140,594	-1.5
Total Taxes⁶	\$562,381,015	\$511,557,464	9.9%	\$2,124,954,956	\$2,072,001,013	2.6%

¹ As projected in the City’s *Quarterly City Managers Report for the Period Ending December 31, 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