



Pennsylvania Intergovernmental Cooperation Authority

Monthly Tax Revenue Update

CITY OF PHILADELPHIA

July
2019

Tax Collections Increase in First Month of Fiscal Year City Projects \$3.636 Billion in Taxes for Fiscal Year 2020

Tax Snapshots:



Wage, Earnings, Net Profits (City)

UP 11.2%

City Sales

UP 7.8%

Real Estate Transfer

DOWN 17.8%

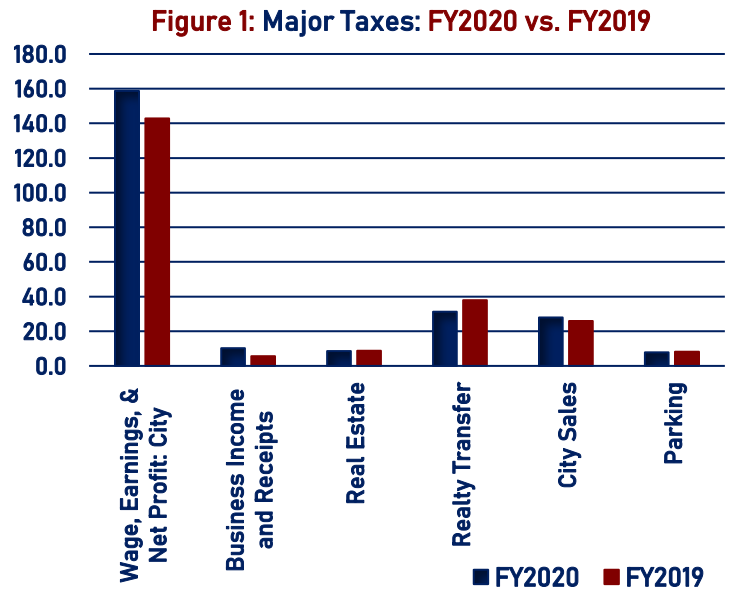
The City collected approximately \$253.3 million in General Fund tax revenue in July 2019 (the first month of the fiscal year), compared to \$239.0 million in June 2018, an increase of approximately \$14.3 million, or 6.0 percent, according to preliminary figures. Several tax categories saw increases in collections compared to last year, such as the City portion of the wage, earnings, and net profits taxes; the business income and receipts tax ("BIRT"); the City sales tax; and other miscellaneous taxes. However, several tax categories experienced decreases in collections to begin the fiscal year, such as the real estate, realty transfer, parking, beverage, and amusement taxes. Yet the total collections for tax categories that increased far outpaced the categories that decreased, ensuring year-over-year collections increased in July.

The City has projected a total of \$3.636 billion in tax revenue for FY2020, a 2.4 percent increase over the current unaudited actual total of \$3.552 billion. The City's most recent tax projections can be found in its Five Year Financial Plan for Fiscal Years 2020-2024. The City updates its tax projections on a quarterly basis with the release of its Quarterly City Managers Reports.

Table 1: City of Philadelphia Tax Collections
FY2020 vs. FY2019 ²

Tax Type	Month of July		
	FY2020	FY2019	Change
Wage, Earnings, & Net Profit: PICA and City	\$209,724,401	\$187,041,481	12.1%
Less: Wage, Earnings, & Net Profit: PICA Portion	50,988,630	44,284,701	15.1%
Wage, Earnings, & Net Profit: City Portion	158,735,771	142,756,780	11.2%
Business Income and Receipts	10,252,855	5,599,696	83.1%
Real Estate	8,650,922	8,671,957	-0.2%
Realty Transfer	31,189,084	37,964,424	-17.8%
City Sales	27,967,226	25,937,641	7.8%
Parking ³	7,832,865	8,207,059	-4.6%
Amusement	1,501,150	2,481,329	-39.5%
Other Miscellaneous ⁴	318,579	251,615	26.6%
Beverage	6,810,568	7,086,924	-3.9%
Total Taxes⁵	\$253,259,020	\$238,957,425	6.0%

Tax Type	Current Projected Growth	Growth Through June
Wage, Earnings & Net Profit: PICA and City	4.5%	12.1%
Wage, Earnings & Net Profit: PICA Portion	5.2%	15.1%
Wage, Earnings & Net Profit: City Portion	4.3%	11.2%
Business Income and Receipts	-1.2%	83.1%
Real Estate	0.2%	-0.2%
Realty Transfer	1.4%	-17.8%
City Sales	5.9%	7.8%
Parking ³	2.1%	-4.6%
Amusement	3.7%	-39.5%
Other Miscellaneous ⁴	1.8%	26.6%
Beverage	-1.0%	-3.9%

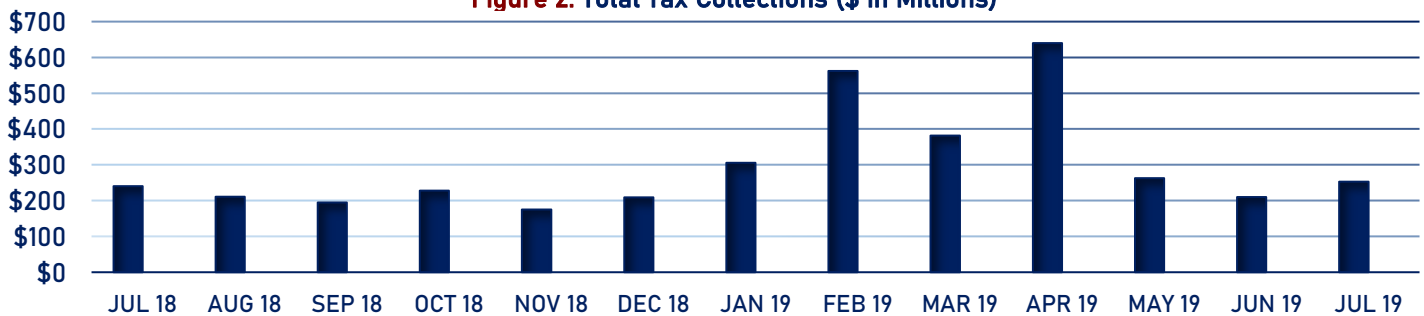


MONTH OF JULY COLLECTIONS

The City collected \$14.3 million more in taxes in July of FY2020 than in the same month last year, an increase of 6.0 percent. The month saw double digit increases in the BIRT (83.1%); other miscellaneous (26.6 percent); and the City portion of the wage, earnings, and net profits taxes (11.2 percent), as illustrated in Figure 1. However, double digit decreases in collections were realized in the amusement (-39.5 percent) and realty transfer taxes (-17.8 percent), with smaller decreases seen in the parking, real estate, and beverage taxes, at -4.6 percent, -0.2 percent, and -3.9 percent, respectively.

In terms of FY2020 projections, the City assumes \$3.636 billion in tax revenue, an increase of \$84.2 million over FY2019. As shown in Table 2, the City projects increases in every tax category except the BIRT (-1.2 percent) and the Philadelphia beverage tax (-1.0 percent), with the decrease in beverage tax collections corresponding to a one percent decrease in consumption—in line with national trends. With just one month of collections complete for FY2020, it is too early to determine whether the City's projections for individual taxes will be accurate. Whereas future Monthly Tax Revenue Updates will provide analysis of year-to-date tax collections, at this early point year-to-date figures mirror figures for the month of July, as July is the first month of the fiscal year.

Figure 2: Total Tax Collections (\$ in Millions)



¹ As projected in the City's *Five Year Financial Plan for Fiscal Years 2020-2024*

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

³ Includes parking lot and valet taxes

⁴ Includes outdoor advertising, smokeless tobacco, and miscellaneous taxes

⁵ Does not include PICA portion