



April 10, 2013

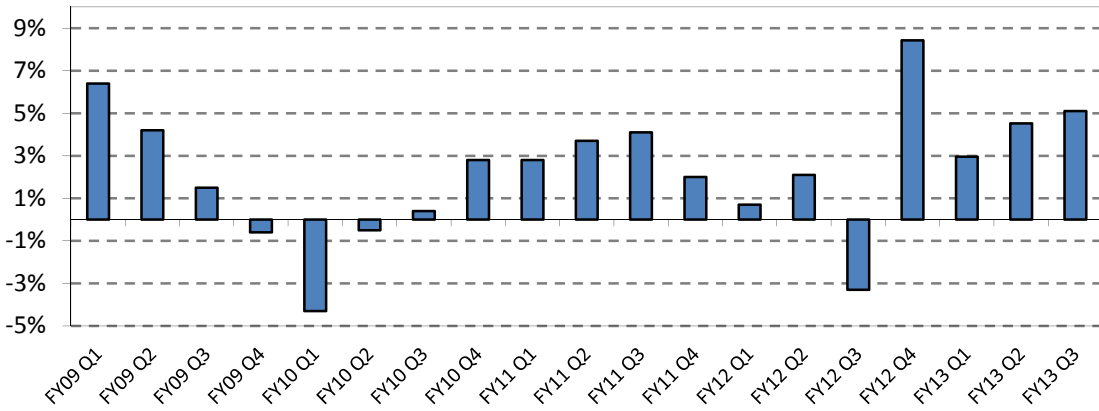
City of Philadelphia Tax Revenue Update for March 2013

City General Fund tax collections were \$270.2 million in March, an increase of \$28.4 million (11.7 percent) from March 2012, according to the City's preliminary revenue report. March collections included \$90.8 million in real estate tax revenue, \$99.3 million of the City portion of wage, earnings, and net profits taxes, and \$80.1 million in other taxes. Through the first nine months of fiscal year 2013 (FY13), the General Fund received \$1,876.6 million in tax revenue, an increase of 6.1 percent compared to same period in FY12. General Fund tax revenue is currently estimated at \$2,667.5 million for FY13, an increase of 3.8 percent from FY12. As shown in Table 1, revenue growth through March for the wage and earnings, real estate, sales, and real estate transfer taxes is at or above the currently-projected rate for the full fiscal year.¹ However, to meet the current projections will require continued growth in the fourth quarter of FY13.

As shown in Figure 1, the wage and earnings tax base increased 5.1 percent in the second quarter of FY13, the fourth consecutive quarterly increase and the second largest quarterly increase since the first quarter of FY09. The third quarter data suggest a continuing modest increase in the rate of earnings growth for Philadelphia residents and workers.

¹ Parking and amusement tax revenue growth to date is below the projected rate for the full year. For business income and receipts and net profits taxes, which are collected primarily in the spring, collections data prior to April are not generally informative about likely collections for the full year. These taxes will be discussed in future reports.

**Figure 1: Wage and Earnings Tax Base,
Year-over-Year Percentage Change by Quarter¹**

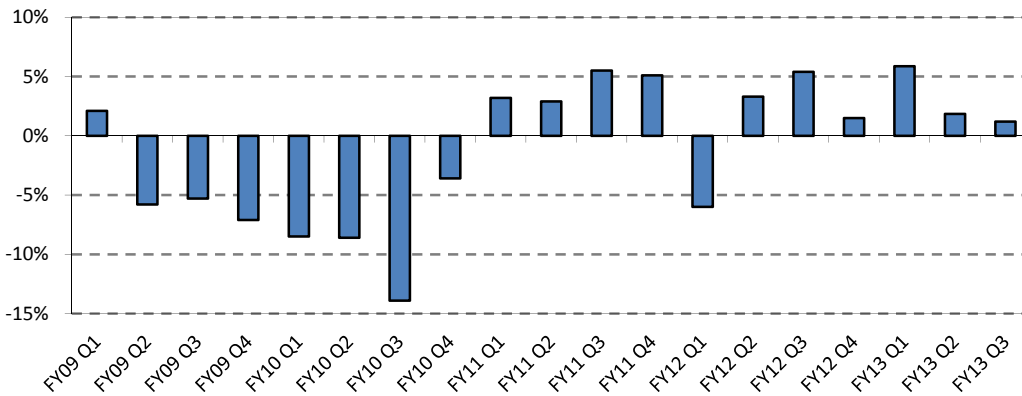


Note: The figures shown are PICA staff estimates based on monthly cash collections and past tax rates. The estimated tax base equals revenues divided by the tax rate in effect in each period. Revenue data are from *Comparative Statement of Net Revenue Collections*, City of Philadelphia Department of Revenue.

¹ Includes City and PICA portion.

Figure 2 presents trends in the growth of the sales tax base. In the third quarter of FY13, the tax base increased 1.2 percent, the sixth consecutive quarterly increase. The tax base has generally increased since the first quarter of FY11, after decreasing for seven consecutive quarters beginning in the second quarter of FY09.

**Figure 2: Sales Tax Base:
Year-over-Year Percentage Change by Quarter**



Note: The figures shown are PICA staff estimates based on monthly cash collections and past tax rates. The estimated tax base equals revenues divided by the tax rate in effect in each period. Revenue data are from *Comparative Statement of Net Revenue Collections*, City of Philadelphia Department of Revenue.

Trends for individual taxes through March are discussed below.

- Wage and earnings tax collections (including the City and PICA portion) totaled \$127.9 million in March, an increase of \$4.8 million (3.9 percent) from March 2012. Total collections through March were \$1,179.4 million, an increase of 4.2 percent compared to the same period last fiscal year. The current FY13 estimate is \$1,601.1 million, a 3.4 percent increase from FY12.
- Real estate tax collections through March were \$504.6 million, an increase of 8.5 percent compared to the first nine months of FY12. The current projection for FY13 is \$535.1 million, an increase of 6.9 percent compared to FY12.
- Sales tax collections through March were \$192.0 million, an increase of 3.0 percent compared to the same period last fiscal year. The current FY13 estimate is \$259.3 million, an increase of 2.3 percent from FY12.
- Real estate transfer tax collections were \$15.5 million in March, an increase of \$6.5 million (72.7 percent) from March 2012. This is the sixth consecutive month of increased collections compared to the previous year, and the largest monthly collection amount since July 2010. Total FY13 collections through March are \$107.1 million, a 21.3 percent increase from the same period in FY12. The current FY13 projection is \$131.3 million, a 10.0 percent increase from FY12.
- Parking tax collections through March were \$54.0 million, a 1.3 percent increase from last year. The current FY13 estimate is \$73.2 million, an increase of 3.1 percent over FY12.
- Amusement tax collections through March were \$10.2 million, a 14.0 percent decrease from FY12. The current FY13 estimate is \$21.1 million, a 3.9 percent decrease from FY12.

**Table 1: City of Philadelphia General Fund Tax Revenues:
FY13 versus FY12 (\$ in Millions)**

Tax	Monthly Total through March			Fiscal Year Total (Budget Basis)			Percent Change through March Above/(Below) Fiscal Year Percent Change
	FY12	FY13 ¹	Percent Change	FY12 Actual	FY13 Current Estimate	Percent Change	
Wage and Earnings²	\$1,131.5	\$1,179.4	4.2%	\$1,548.6	\$1,601.1	3.4%	0.8%
<i>Wage</i>	1,122.3	1,172.1	4.4%				
<i>Earnings</i>	9.2	7.3	-21.0%				
Net Profits²	6.1	5.3	-12.1%	20.4	20.8	2.2%	(14.2%)
Real Estate	465.2	504.6	8.5%	500.7	535.1	6.9%	1.6%
Business Income and Receipts	83.2	93.0	11.8%	389.4	400.0	2.7%	9.1%
Sales	186.4	192.0	3.0%	253.5	259.3	2.3%	0.7%
Real Estate Transfer	88.3	107.1	21.3%	119.4	131.3	10.0%	11.3%
Parking	53.3	54.0	1.3%	70.9	73.2	3.1%	(1.8%)
Amusement	11.9	10.2	-14.0%	21.9	21.1	-3.9%	(10.2%)
Other	2.8	2.7	-2.5%	3.2	3.4	7.6%	(10.2%)
Total	2,028.6	2,148.4	5.9%	2,928.0	3,045.2	4.0%	1.9%
<i>PICA</i>	259.6	271.8	4.7%	357.5	377.7	5.6%	(1.0%)
<i>City</i>	1,769.0	1,876.6	6.1%	2,570.4	2,667.5	3.8%	2.3%

Source: Monthly collections from *Comparative Statement of Net Revenue Collections*, City Department of Revenue, available at <http://www.phila.gov/Revenue/aboutus/Pages/ReportsandPublications.aspx>, and preliminary revenue report for March 2013. FY12 actual from *Supplemental Report of Revenues and Obligations* for FY12. FY13 current estimate from *Proposed Five-Year Financial and Strategic Plan for Fiscal Years 2014-2018*.

Notes:

¹ Amounts are preliminary.

² Includes portion dedicated to PICA.

Table 2: City of Philadelphia FY13 General Fund Tax Revenues Adopted Budget versus Current Estimate (\$ in Millions)				
Tax	Adopted Budget	Current Estimate	Current Estimate Above/(Below) Adopted Budget	
			Amount	Percent
Wage and Earnings¹	\$1,567.8	\$1,601.1	\$33.2	2.1%
Net Profits¹	20.1	20.8	0.7	3.7%
Real Estate	514.9	535.1	20.2	3.9%
Business Income and Receipts	394.9	400.0	5.0	1.3%
Sales	259.3	259.3	(0.1)	0.0%
Real Estate Transfer	124.5	131.3	6.8	5.4%
Parking	75.1	73.2	(2.0)	-2.6%
Amusement	22.1	21.1	(1.0)	-4.5%
Other	3.4	3.4	(0.0)	0.0%
Total	2,982.2	3,045.2	63.0	2.1%
<i>PICA</i>	367.8	377.7	9.9	2.7%
<i>City</i>	2,614.4	2,667.5	53.1	2.0%

Source: Adopted budget amounts from *Mayor's Operating Budget in Brief for Fiscal Year 2013*.

Current estimates from proposed *Five-Year Financial and Strategic Plan for Fiscal Years 2014-2018*.

Note:

¹ Includes portion dedicated to PICA.