



July 1, 2013

## City of Philadelphia Tax Revenue Update for May 2013

City General Fund tax collections were \$242.4 million in May, according to the City's preliminary revenue report. Through the first eleven months of fiscal year 2013 (FY13), the General Fund received \$2,593.5 million in tax revenue, an increase of 7.7 percent compared to same period in FY12. Overall tax revenue in FY13 is currently estimated at \$2,707.5 million, an increase of \$137.1 million (5.3 percent) from FY12, and \$93.1 million (3.6 percent) compared to the adopted budget. The most significant variations between the current estimate and the adopted budget are business income and receipts (\$40 million), wage and earnings (\$33.2 million), real estate (\$20.2 million), and real estate transfer (\$13.8 million) taxes.

Even with recent increases in projected revenues, fiscal year-to-date growth for all major City taxes except the parking and amusement taxes is at or above the currently-projected rate for the full fiscal year. Actual FY13 revenue performance will depend on revenues received through June, as well as end-of-year accounting adjustments. These adjustments can be significant, particularly for self-assessed taxes such as the business income and receipts, wage and earnings, and net profits taxes.<sup>1</sup> Trends for individual taxes are discussed below.

- Wage and earnings tax collections (including the City and PICA portion) totaled \$130.4 million in May, an increase of \$3.5 million (2.7 percent) from May 2012. Total collections through May were \$1,463.9 million, an increase of 4.0 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 May were \$537.2 million, an increase of 8.9 percent compared to the same period in FY12. The current projection for FY13 is \$535.1 million, an increase of 6.9 percent compared to FY12.

---

<sup>1</sup> Under the modified accrual basis of accounting which the City has adopted, revenues are recognized when "measurable" and "available." In the case of real estate and sales taxes, the City considers all revenues received within 60 days of the end of the fiscal year to be "available."

- Business income and receipts tax (BIRT) collections through May totaled \$453.9 million, a 16.4 percent increase compared to the same period in FY12. The current projection for FY13 is \$435.0 million, an 11.7 percent increase compared to FY12.
- Net profits tax collections are \$27.4 million through May, an increase of 46.6 percent compared to the same period in FY12. The current FY13 estimate is \$20.8 million, an increase of 2.2 percent from FY12.
- Sales tax collections through May totaled \$235.0 million, an increase of 2.5 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 \$13.8 million in May, an increase of \$3.0 million (27.6 percent) from May 2012. This is the eighth consecutive month of increased collections compared to the previous year. Total FY13 collections through May are \$134.8 million, a 24.3 percent increase from the same period in FY12. The current FY13 projection is \$138.3 million, a 15.9 percent increase from FY12.
- Parking tax collections through May were \$67.2 million, a 1.4 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 May were \$18.0 million, a 13.3 percent decrease from FY12. The current FY13 estimate is \$19.1 million, a 13.0 percent decrease from FY12.

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

Tax	Monthly Total through May			Fiscal Year Total (Budget Basis)			Percent Change through May Above/(Below) Fiscal Year Percent Change
	FY12	FY13 <sup>1</sup>	Percent Change	FY12 Actual	FY13 Current Estimate	Percent Change	
<b>Wage and Earnings<sup>2</sup></b>	\$1,407.1	\$1,463.9	4.0%	\$1,548.6	\$1,601.1	3.4%	0.6%
<i>Wage</i>	1,389.3	1,448.5	4.3%				
<i>Earnings</i>	17.8	15.3	-13.7%				
<b>Net Profits<sup>2</sup></b>	18.7	27.4	46.6%	20.4	20.8	2.2%	44.5%
<b>Real Estate</b>	493.3	537.2	8.9%	500.7	535.1	6.9%	2.0%
<b>Business Income and Receipts</b>	389.9	453.9	16.4%	389.4	435.0	11.7%	4.7%
<b>Sales</b>	229.2	235.0	2.5%	253.5	259.3	2.3%	0.3%
<b>Real Estate Transfer</b>	108.5	134.8	24.3%	119.4	138.3	15.9%	8.4%
<b>Parking</b>	66.3	67.2	1.4%	70.9	73.2	3.1%	(1.8%)
<b>Amusement</b>	20.7	18.0	-13.3%	21.9	19.1	-13.0%	(0.3%)
<b>Other</b>	3.4	3.2	-3.7%	3.2	3.4	7.6%	(11.4%)
<b>Total</b>	2,737.0	2,940.5	7.4%	2,928.0	3,085.2	5.4%	2.1%
<i>PICA</i>	329.2	347.0	5.4%	357.5	377.7	5.6%	(0.3%)
<i>City</i>	2,407.8	2,593.5	7.7%	2,570.4	2,707.5	5.3%	2.4%

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 May 2013. FY12 actual from *Supplemental Report of Revenues and Obligations* for FY12. FY13 current estimate from *Quarterly City Managers Report* for the period ending March 31, 2013.

Notes:

<sup>1</sup> Amounts are preliminary.

<sup>2</sup> Includes portion dedicated to PICA.

<b>Table 2: City of Philadelphia FY13 General Fund Tax Revenues Adopted Budget versus Current Estimate (\$ in Millions)</b>				
<b>Tax</b>	<b>Adopted Budget</b>	<b>Current Estimate</b>	<b>Current Estimate Above/(Below) Adopted Budget</b>	
			<b>Amount</b>	<b>Percent</b>
<b>Wage and Earnings<sup>1</sup></b>	\$1,567.8	\$1,601.1	\$33.2	2.1%
<b>Net Profits<sup>1</sup></b>	20.1	20.8	0.7	3.7%
<b>Real Estate</b>	514.9	535.1	20.2	3.9%
<b>Business Income and Receipts</b>	394.9	435.0	40.0	10.1%
<b>Sales</b>	259.3	259.3	(0.1)	0.0%
<b>Real Estate Transfer</b>	124.5	138.3	13.8	11.0%
<b>Parking</b>	75.1	73.2	(2.0)	-2.6%
<b>Amusement</b>	22.1	19.1	(3.0)	-13.6%
<b>Other</b>	3.4	3.4	(0.0)	0.0%
<b>Total</b>	2,982.2	3,085.2	103.0	3.5%
<i>PICA</i>	367.8	377.7	9.9	2.7%
<i>City</i>	2,614.4	2,707.5	93.1	3.6%

Source: Adopted budget amounts from *Mayor's Operating Budget in Brief for Fiscal Year 2013*.  
Current estimates from *Quarterly City Managers Report* for the period ending March 31, 2013.

Note:

<sup>1</sup> Includes portion dedicated to PICA.