



October 7, 2013

City of Philadelphia Tax Revenue Update for August 2013

City General Fund tax collections were \$150.5 million in August, according to the City's preliminary monthly revenue report. This is an increase of \$1.1 million (0.7 percent) from August 2012. Real estate transfer and parking taxes were relatively strong in August, increasing 27.5 percent and 6.5 percent, respectively, compared to August 2012. Wage and earnings tax collections were relatively weak, declining 5.3 percent from last year. Sales tax collections declined 0.3 percent from August of last year.

General Fund tax collections through the first two months of FY14 totaled \$319.9 million, an increase of \$17.4 million (5.8 percent) over the same period in FY13. The growth through August largely represents growth in real estate transfer (\$5.2 million), business income and receipts (\$5.6 million), and wage and earnings (\$3.6 million) tax revenues. The current estimate for FY14 General Fund tax revenue is \$2,760.8 million, an increase of 0.9 percent from the current estimate for FY13.

Trends in individual taxes are described below.¹

- Wage and earnings tax collections (including the City and PICA portion) totaled \$116.5 million in August, a decline of \$6.5 million (5.3 percent) from August 2012. Collections through August increased 1.4 percent over the same period in FY13. The current FY14 estimate is \$1,656.6 million, a 3.7 percent increase from FY13.²

¹ Real estate taxes are collected primarily in the period from January through March, while business income and receipts and net profits taxes are collected primarily from March through May. For these taxes, the overall strength of collections cannot be assessed until after these periods are complete. Accordingly, collection trends for these taxes are not discussed in detail in this report, although the amounts collected are shown in the table below.

² While monthly collections for all taxes can fluctuate due to random factors, the wage tax in particular is susceptible to random influences (mostly relating to timing of receipts), so that collections for any given month are not always indicative of the likely overall trend for the fiscal year. For this reason, all the monthly revenue collection figures in this report, and the wage tax figures in particular, should be interpreted cautiously.

- Sales tax collections in August were \$23.6 million, a decline of 0.3 percent compared to the same month in FY13. Collections through August increased 1.3 percent over the same period in FY13. The current FY14 estimate is \$270.8 million, an increase of 5.1 percent from FY13.
- Real estate transfer tax collections were \$13.0 million in August, an increase of 27.5 percent from August 2012. Collections through August increased 22.7 percent from last year. The current FY14 projection is \$157.6 million, a 7.4 percent increase from FY13.
- Parking tax collections were \$6.1 million in August, a 6.5 percent increase from the same month last year. The current FY14 projection is \$75.0 million, a 2.5 percent increase from FY13.

| Table 1: City of Philadelphia General Fund Tax Revenues: FY14 versus FY13 (\$ in Millions) | | | | | | | |
|---|------------------------------|-------------------|----------------|----------------------------------|-----------------------|----------------|--|
| Tax | Monthly Total through August | | | Fiscal Year Total (Budget Basis) | | | Percent Change through August Above/(Below) Fiscal Year Percent Change |
| | FY13 | FY14 ¹ | Percent Change | FY13 Current Estimate | FY14 Current Estimate | Percent Change | |
| Wage and Earnings² | \$256.3 | \$259.9 | 1.4% | \$1,598.1 | \$1,656.6 | 3.7% | -2.2% |
| Wage | 254.5 | 258.2 | 1.4% | | | | |
| Earnings | 1.8 | 1.7 | -3.5% | | | | |
| Net Profits² | 0.8 | 0.9 | 17.7% | 23.8 | 21.4 | -10.4% | 28.2% |
| Real Estate | 14.7 | 15.6 | 6.1% | 540.1 | 536.6 | -0.7% | 6.8% |
| Business Income and Receipts | 5.0 | 10.6 | 111.2% | 453.0 | 410.0 | -9.5% | 120.7% |
| Sales | 44.6 | 45.2 | 1.3% | 257.6 | 270.8 | 5.1% | -3.8% |
| Real Estate Transfer | 23.0 | 28.2 | 22.7% | 146.8 | 157.6 | 7.4% | 15.3% |
| Parking | 11.8 | 12.2 | 2.7% | 73.2 | 75.0 | 2.5% | 0.2% |
| Amusement | 4.6 | 5.8 | 26.4% | 18.6 | 20.5 | 10.2% | 16.2% |
| Other | 0.5 | 0.5 | 5.0% | 3.4 | 3.4 | 0.9% | 4.1% |
| Total | 361.3 | 378.9 | 4.9% | 3,114.5 | 3,151.8 | 1.2% | 3.7% |
| PICA | 58.8 | 59.0 | 0.4% | 377.7 | 391.0 | 3.5% | -3.2% |
| City | 302.5 | 319.9 | 5.8% | 2,736.8 | 2,760.8 | 0.9% | 4.9% |

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>. FY13 and FY14 current estimate from *Mayor's Operating Budget in Brief for Fiscal Year 2014 as Approved by Council*, June 2013, and *FY14-FY18 Five-Year Financial Plan*, as amended September 10, 2013.

Notes:

¹ Amounts are preliminary.

² Includes portion dedicated to PICA.