



February 18, 2015

City of Philadelphia Tax Revenue Update for January 2015

*Real estate transfer tax collections continue to be strong,
while other taxes are generally in line with projections.*

General Fund tax collections totaled \$222.1 million in January, according to the City's preliminary revenue report, a decrease of \$2.5 million (1.1 percent) from the previous year. Increases in business income and receipts (\$14.1 million), real estate transfer (\$1.9 million), real estate (\$1.5 million), net profits (\$1 million), and parking (\$0.4 million) tax receipts were offset by declines in wage and earnings (\$13.1 million), sales (\$9.2 million), and amusement (\$0.04 million) taxes. The decline in sales tax reflected the allocation of a portion of the tax to the School District of Philadelphia (SDP) effective July 1, 2014.

Fiscal Year 2015 General Fund tax collections through January totaled \$1,193.7 million, an increase of 0.5 percent compared to last year. FY15 year-to-date growth for the wage and earnings tax is slightly below the currently projected FY15 growth rate for the full fiscal year, while year-to-date growth for the real estate transfer tax is well above the currently projected growth rate. Net profits tax collections through January are below currently projected growth for the FY15; however, this performance is not indicative of likely growth rates, since net profits tax revenues are collected primarily in the spring. Year-to-date sales tax collections are 34.7 percent below the FY14 level, reflecting the allocation of revenue to SDP.

The current estimate for FY15 General Fund tax collections is \$2,767.4 million, a decline of \$28.5 million (1.0 percent) from FY14 unaudited actual revenue. The decline reflects a projected \$110.3 million (41.9 percent) reduction in sales tax revenue, due to the shift of a revenue to SDP, and a projected \$8.5 million decline in BIRT receipts. The BIRT decline reflects an estimated reduction of \$21 million due to tax reform, including exemption of the first \$100,000 in receipts from the gross receipts tax and single sales factor apportionment for the net income tax.

**Table 1: City of Philadelphia Tax Revenues:
FY15 versus FY14 (\$ in Millions)**

Tax	Monthly Total through January			Fiscal Year Total (Budget Basis)			Change To Date Above/ (Below) Estimated Fiscal Year Change
	FY14	FY15 ¹	Percent Change	FY14 Unaudited Actual	FY15 Current Estimate	Percent Change	
Wage and Earnings²	\$954.7	\$985.7	3.2%	\$1,634.7	\$1,695.5	3.7%	-0.5%
<i>Wage</i>	949.6	980.8	3.3%				
<i>Earnings</i>	4.9	5.1	-3.2%				
Net Profits²	4.1	4.2	1.6%	27.6	31.9	15.6%	-13.9%
Real Estate	87.9	91.7	4.4%	526.4	547.4	4.0%	0.4%
Business Income and Receipts	60.1	59.2	-1.5%	461.7	453.2	-1.8%	0.4%
Sales	152.0	99.2	-34.7%	263.1	152.7	-41.9%	7.2%
Real Estate Transfer	89.6	117.7	31.3%	168.1	184.3	9.7%	21.6%
Parking	43.5	45.0	3.5%	75.2	76.9	2.3%	1.3%
Amusement	10.8	10.8	-0.2%	20.0	20.4	2.0%	-2.2%
Other	2.1	1.7	-19.3%	3.7	3.5	-6.5%	-12.8%
Total	1,404.9	1,415.2	0.7%	3,180.4	3,165.7	-0.5%	1.2%
<i>PICA</i>	217.3	221.5	2.0%	384.5	398.3	3.6%	-1.6%
<i>City</i>	1,187.6	1,193.7	0.5%	2,795.9	2,767.4	-1.0%	1.5%

Source: Monthly collections from *Comparative Statement of Net Revenue Collections*, City of Philadelphia, Department of Revenue. FY14 unaudited actual and FY15 current estimate from *Quarterly City Managers Report* for the period ending September 30, 2014.

Notes:

¹ Amounts are preliminary. Collections to date are not necessarily indicative of likely trends for the entire fiscal year.

² Includes portion dedicated to PICA.

Table 2: City of Philadelphia Tax Revenues FY15 Adopted Budget versus Current Estimate (\$ in Millions)				
Tax	Adopted Budget	Current Estimate	Current Estimate Above/(Below) Adopted Budget	
			Amount	Percent
Wage and Earnings¹	\$1,683.7	\$1,695.5	\$11.8	0.7%
Net Profits¹	35.2	31.9	(3.3)	-9.4%
Real Estate	547.4	547.4	--	--
Business Income and Receipts	453.2	453.2	--	--
Sales	154.6	152.7	(1.9)	-1.2%
Real Estate Transfer	176.6	184.3	7.7	4.4%
Parking	76.9	76.9	--	--
Amusement	20.9	20.4	(0.5)	-2.4%
Other	3.5	3.5	--	--
Total	3,152.0	3,165.7	13.8	0.4%
<i>PICA</i>	403.7	398.3	(5.4)	-1.3%
<i>City</i>	2,748.2	2,767.4	19.2	0.7%

Source: Adopted budget amounts from *Mayor's Operating Budget in Brief for Fiscal Year 2015*.
Current estimate from *Quarterly City Managers Report* for the period ending September 30, 2014.

Note:

¹ Includes portion dedicated to PICA.