



March 26, 2015

City of Philadelphia Tax Revenue Update for February 2015

Real estate transfer tax collections continue to outpace projected growth, and wage and earnings and business income and receipts tax growth rates increased this month.

General Fund tax collections totaled \$319.5 million in February, according to the City's preliminary revenue report, a decrease of \$121.1 million (27.5 percent) from the previous year. Compared to February 2014, the revenues for the following taxes increased: wage and earnings (\$18.8 million), business income and receipts (BIRT, \$4.0 million), net profits (\$0.6 million), real estate transfer (\$0.4 million), and parking (\$0.1 million). These increases were offset by declines in the following taxes: sales (\$15.3 million), real estate (\$12.6 million), and amusement (\$0.01 million). 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 February totaled \$1,513.2 million, a decrease of 7.1 percent compared to last year. FY15 year-to-date growth for the wage and earnings tax is slightly above the currently projected 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. BIRT and net profits tax (NPT) growth to date is below the current projection; however, these trends are not indicative of likely FY15 performance, since BIRT and NPT revenue is collected primarily in the spring. Year-to-date sales tax collections are 38.1 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 February			Fiscal Year Total (Budget Basis)			Change To Date Above/ (Below) Estimated Fiscal Year Change
	FY14	FY15 ¹	Percent Change	FY14 Actual	FY15 Current Estimate	Percent Change	
Wage and Earnings²	\$1,082.0	\$1,131.7	4.6%	\$1,634.8	\$1,711.2	4.7%	-0.1%
<i>Wage</i>	1,076.3	1,125.8	4.6%				
<i>Earnings</i>	5.7	5.9	3.8%				
Net Profits²	4.3	4.9	16.1%	27.6	30.5	10.5%	5.6%
Real Estate	381.2	372.5	-2.3%	526.4	542.8	3.1%	-5.4%
Business Income and Receipts	64.5	67.6	4.8%	461.7	451.3	-2.2%	7.0%
Sales	178.8	110.6	-38.1%	263.1	143.8	-45.3%	7.2%
Real Estate Transfer	99.5	127.9	28.5%	168.1	201.7	20.0%	8.5%
Parking	49.4	51.0	3.3%	75.2	76.9	2.3%	1.0%
Amusement	12.3	12.3	-0.3%	19.9	20.1	0.5%	-0.8%
Other	2.5	2.9	16.2%	3.7	3.5	-6.5%	22.7%
Total	1,874.6	1,768.7	-5.6%	3,180.4	3,181.7	0.0%	-5.7%
<i>PICA</i>	246.3	255.5	3.7%	384.5	402.8	4.8%	-1.0%
<i>City</i>	1,628.3	1,513.2	-7.1%	2,795.9	2,778.9	-0.6%	-6.5%

Source: Monthly collections from *Comparative Statement of Net Revenue Collections*, City of Philadelphia, Department of Revenue and preliminary revenue report for February. FY14 actual and FY15 current estimate from *Quarterly City Managers Report* for the period ending December 31, 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	\$1,711.2	\$27.5	1.6%
Net Profits¹	35.2	30.5	(4.7)	-13.3%
Real Estate	547.4	542.8	(4.6)	-0.8%
Business Income and Receipts	453.2	451.3	(1.9)	-0.4%
Sales	154.6	143.8	(10.8)	-7.0%
Real Estate Transfer	176.6	201.7	25.1	14.2%
Parking	76.9	76.9	0.0	0.0%
Amusement	20.9	20.1	(0.8)	-3.7%
Other	3.5	3.5	0.0	0.9%
Total	3,152.0	3,181.7	29.7	0.9%
<i>PICA</i>	403.7	402.8	(0.9)	-0.2%
<i>City</i>	2,748.2	2,778.9	30.7	1.1%

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 December 31, 2014.

Note:

¹ Includes portion dedicated to PICA.