



May 21, 2015

City of Philadelphia Tax Revenue Update for April 2015

Fiscal 2015 year-to-date collections through April for the wage, business, and real estate transfer taxes are strong, while real estate tax collections are somewhat below current projections

General Fund tax collections totaled \$475.8 million in April, according to the City's preliminary revenue report, an increase of \$26.5 million (5.9 percent) from the previous year. Compared to April 2014, the revenues for the following taxes increased: business income and receipts (BIRT, \$28.7 million), real estate transfer (RETT, \$8.9 million), net profits (NPT, \$8.1 million), wage and earnings (\$4.4 million), and parking (\$0.9 million). These increases were offset by declines in the following taxes: sales (\$10.9 million), real estate (\$3.1 million), and amusement (\$1.2 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 April totaled \$2,426.9 million, an increase of 1.5 percent on a year-over-year basis. FY15 year-to-date growth for the wage and earnings tax is 4.9 percent, slightly above the currently projected 4.8 percent growth rate. Year-to-date RETT growth is 24.1 percent, above the current projected growth rate of 20.0 percent. Growth rates for BIRT and NPT to date are well above the current projections. Year-to-date real estate tax collections declined 1.0 percent, compared to a current projection of 0.3 percent growth. Relatively weak performance of the real estate tax may reflect a slower than anticipated pace of processing assessment appeals by the Board of Revision of Taxes. Year-to-date sales tax collections are 40.4 percent below the FY14 level, reflecting the allocation of revenue to SDP; the current FY15 projection shows a 45.3 percent decline for the full fiscal year.

The current estimate for FY15 General Fund tax collections is \$2,781.9 million, a decline of \$14 million (0.5 percent) from FY14 actual revenue. Excluding the sales tax, which is projected to decline 45.3 percent due largely to the shift of revenue to the SDP, overall tax revenue is projected to increase 4.2 percent.

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

Tax	Monthly Total through April			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	\$1,387.9	\$1,456.2	4.9%	\$1,634.8	\$1,713.2	4.8%	0.1%
<i>Wage</i>	1,377.8	1,440.4	4.5%				
<i>Earnings</i>	10.2	15.8	55.3%				
Net Profits²	18.6	28.0	51.1%	27.6	32.5	17.7%	33.3%
Real Estate	518.9	513.6	-1.0%	526.4	527.9	0.3%	-1.3%
Business Income and Receipts	352.3	393.0	11.6%	461.7	466.3	1.0%	10.6%
Sales	217.5	129.7	-40.4%	263.0	143.8	-45.3%	5.0%
Real Estate Transfer	131.8	163.5	24.1%	168.1	201.7	20.0%	4.1%
Parking	61.7	64.3	4.3%	75.2	76.9	2.3%	2.0%
Amusement	18.2	17.1	-6.4%	19.9	18.9	-5.5%	-0.9%
Other	3.0	3.4	12.5%	3.7	3.5	-6.5%	19.0%
Total	2,709.9	2,768.9	2.2%	3,180.4	3,184.7	0.1%	2.1%
<i>PICA</i>	320.0	342.0	6.9%	384.5	402.8	4.8%	2.1%
<i>City</i>	2,389.9	2,426.9	1.5%	2,795.9	2,781.9	-0.5%	2.0%

Source: Monthly collections from *Comparative Statement of Net Revenue Collections*, City of Philadelphia, Department of Revenue and preliminary revenue report for April. FY14 actual from *Supplemental Report of Revenues and Obligations*. FY15 current estimate from *Quarterly City Managers Report* for the Period Ending March 31, 2015.

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	\$1,713.2	\$29.4	1.7%
Net Profits¹	35.2	32.5	(2.7)	-7.7%
Real Estate	547.4	527.9	(19.5)	-3.6%
Business Income and Receipts	453.2	466.3	13.1	2.9%
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	18.9	(2.0)	-9.6%
Other	3.5	3.5	0.0	0.0%
Total	3,152.0	3,184.7	32.7	1.0%
<i>PICA</i>	403.7	402.8	(1.0)	-0.2%
<i>City</i>	2,748.2	2,781.9	33.7	1.2%

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 March 31, 2015.

Note:

¹ Includes portion dedicated to PICA.