



Monthly Tax Revenue Update February 2017 City of Philadelphia



Wage, Earnings, and Net Profits Tax Collections Continue to Grow Through February

BIRT and Real Estate-Related Tax Collections Fall Short of Last Year

Year-to-date collections through February showed increases in many major General Fund taxes. As shown in Table 2, revenues from wage, earnings, and net profits taxes increased 4.5 percent through February, and City sales taxes increased 12.3 percent. Table 1 indicates that through February, the City has collected 65.4 percent of projected wage, earnings, and net profits taxes, and 68.6 percent of projected City sales taxes.

Tax Collections Snapshots Through February

Wage, Earnings, & Net Profits



Up 4.5 %

City Sales



Up 12.3 %

Collections through February of FY2017 showed decreases in business income and receipt taxes (“BIRT”), as well as in real estate-based taxes compared to the same period last year. BIRT tax collections decreased greatly due to a \$2.5 million adjustment to current year totals, a change in the BIRT tax rate, and the impact of expanded exemptions. Also, the bulk of BIRT tax collections in FY2016 were seen in March, April, and May. Thus, year-over-year comparison is difficult.

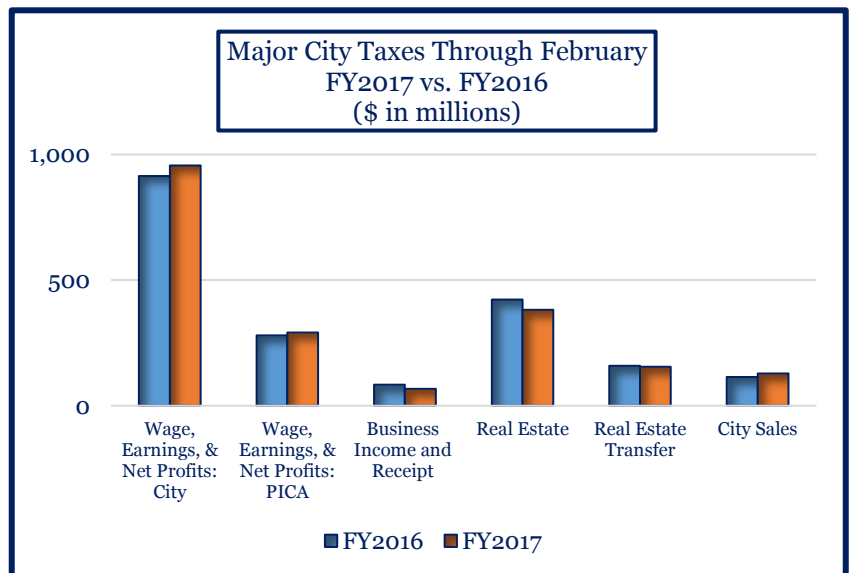


Table 1: Percent of Projected Tax Collected Through February FY2017 (\$ in Millions)

Tax	FY2017 Projection	Percent of Estimate Collected
Wage, Earnings, & Net Profits: City	\$1,448.3	66.0%
Wage, Earnings, & Net Profits: PICA	458.4	63.6
Total Wage, Earnings, & Net Profits	1,906.7	65.4
Business Income and Receipt	465.1	14.4
Real Estate	590.5	64.7
Real Estate Transfer	232.9	66.8
Sweetened Beverage	46.2	12.8
City Sales	186.6	68.6
Parking ²	96.7	65.3
Amusement	21.2	65.9
Other ³	3.4	81.3
Total Taxes⁴	\$3,090.8	57.4%

Real estate tax revenue declined 9.5 percent through February, while the real estate transfer tax declined 1.7 percent. This is concerning as February is generally the strongest month for real estate tax collections, and February totals dropped from FY2016 to FY2017 by 12.6 percent, as also shown in Table 2.

The drop in real estate taxes is likely why the City has collected just over 64 percent of projected taxes for FY2017, with just four months remaining in the fiscal year. Real estate taxes will need to see strong collections over the remaining fiscal year if the City’s projected increase of 3.3 percent for FY2017 is to be realized.

Finally, February saw the first sweetened beverage tax collections, bringing in \$5.9 million in new revenue according to the Department of Revenue’s comparative report. The new tax drove the 0.4 percent increase in total taxes through February, but the City will have to bring in just over \$10 million in each remaining month of the fiscal year to meet its FY2017 goal of \$46.2 million.

Table 2: City of Philadelphia Tax Revenue FY2017 versus FY2016 (\$ in Millions)¹

Tax	February			February Year-to-Date		
	FY2016	FY2017	Change	FY2016	FY2017	Change
Wage, Earnings, & Net Profits: City	\$122.1	\$107.9	-11.7%	\$914.5	\$956.0	4.5%
Wage, Earnings, & Net Profits: PICA	37.4	33.0	-11.7	279.7	291.5	4.2
Total Wage, Earnings, & Net Profits	159.5	140.9	-11.7	1,194.1	1,247.5	4.5
Business Income and Receipt	13.6	0.2	-98.4	83.5	67.2	-19.6
Real Estate	321.7	281.2	-12.6	422.5	382.2	-9.5
Real Estate Transfer	18.1	14.2	-21.2	158.4	155.6	-1.7
Sweetened Beverage	0.0	5.9	100.0	0.0	5.9	100.0
City Sales	13.7	15.2	10.4	114.0	128.0	12.3
Parking ²	7.4	6.9	-5.7	60.2	63.1	4.8
Amusement	1.3	1.2	-3.6	12.4	14.0	12.7
Other ³	0.7	0.7	-9.7	2.7	2.7	1.0
Total Taxes⁴	\$498.6	\$433.4	-13.1%	\$1,768.1	\$1,774.7	0.4%

¹ Source: Comparative revenue report provided by Department of Revenue; General Fund only; all figures rounded for readability

² Includes parking lot and valet taxes

³ Includes outdoor advertising, smokeless tobacco, and miscellaneous taxes

⁴ Does not include PICA portion