



Monthly Tax Revenue Update

July 2017

City of Philadelphia



Preliminary Tax Collections Exceed Projections for All Major Taxes

Wage, Earnings, & Net Profits Taxes Drive Growth in the first month of FY2018

The City collected \$237.9 million in General Fund tax revenue in the first month of FY2018, as compared to \$180.1 million in July 2016, an increase of 32.1 percent, according to preliminary figures. As shown in Table 2, a 25.4 percent increase in wage, earnings, and net profits taxes drove this growth, with July collections totaling \$180.0 million, as compared to \$143.5 million during the same month, last fiscal year. The City also experienced strong growth in the real estate transfer tax, collecting \$38.3 million, representing a 49.6 percent increase over last July's collections, partly due to a change in regulations.

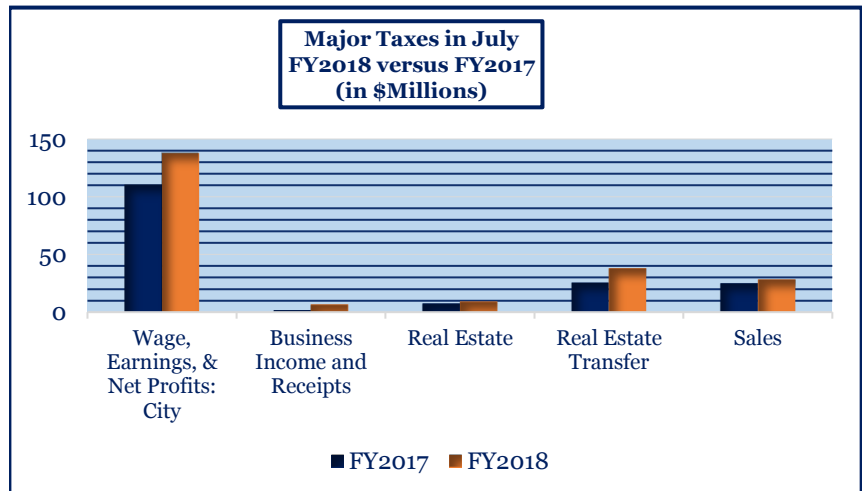
Overall, the City experienced year-over-year growth in all major tax categories in the first month of the fiscal year, while also exceeding projected growth rates in most taxes. Real estate transfer tax revenue increased 49.6 percent, compared to a projected growth of 4.3 percent. Real estate tax collections increased 19.0 percent, compared to a projected growth of 11.7 percent. Sales tax collections increased 14.0 percent, compared to a projected 5.6 percent increase. Business income and receipts tax (BIRT) revenue increased 268.4 percent, compared to a projected 12.6 percent growth rate. The current fiscal year's projected BIRT growth rate reflects the City's continued adjustment to a lowered BIRT tax rate and expanded exemptions.

Tax Collections Snapshots in July

Wage, Earnings, & Net Profits: City



City Sales Tax



Tax	Projected Growth	July Growth Year-Over-Year
Wage, Earnings, & Net Profits: PICA & City	3.1%	25.4%
Less Wage, Earnings, & Net Profits: PICA Portion	3.3	25.9
Wage, Earnings, & Net Profits: City Portion	3.1	25.3
Business Income and Receipts	12.6	268.4
Real Estate	11.7	19.0
Real Estate Transfer	4.3	49.6
City Sales	5.6	14.0
Parking ³	7.2	0.5
Amusement	4.6	4.4
Other Miscellaneous ⁴	0.9	137.3

As indicated in Table 1, parking and amusement tax collections also increased over last July by 0.5 percent and 4.4 percent, respectively; however, they both were below their projected growth rates this month. As this is the first month of FY2018 collections, a portion of these aforementioned increases and growth rates may be attributable to accruals and timing of collections, particularly with respect to the wage, earnings, and net profits; real estate; BIRT; and sales taxes. Furthermore, growth rates will change as the fiscal year progresses and more data becomes available.

The City's current FY2018 revenue estimates are contained in the City's *FY2018–FY2022 Five Year Financial Plan*, as approved by the PICA Board on July 18, 2017. The projected General Fund tax revenue FY2018 is \$3.298 billion, an increase of 8.2 percent over FY2017. Combined City and PICA tax revenue is projected at \$3.773 billion, an increase of 7.5 over last fiscal year.

Tax	July		
	FY2017	FY2018	Change
Wage, Earnings, & Net Profits: PICA & City	\$143.5	\$180.0	25.4%
Less Wage, Earnings, & Net Profits: PICA Portion	33.6	42.3	25.9
Wage, Earnings, & Net Profits: City Portion	109.9	137.7	25.3
Business Income and Receipts	1.9	6.9	268.4
Real Estate	7.8	9.2	19.0
Real Estate Transfer	25.6	38.3	49.6
Sweetened Beverage	0.0	6.9	--
City Sales	25.1	28.6	14.0
Parking ³	8.0	8.0	0.5
Amusement	1.7	1.8	4.4
Other ⁴	0.1	0.3	137.3
Total Taxes⁵	\$180.1	\$237.9	32.1%

¹ As projected in the City's *FY2018–FY 2022 Five Year Financial Plan*.

² Source: Preliminary revenue report provided by Department of Revenue; General Fund only; all figures rounded for readability

³ Includes parking lot and valet taxes

⁴ Includes outdoor advertising, smokeless tobacco, and miscellaneous taxes

⁵ Does not include PICA portion