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City of Philadelphia Tax Revenue Update for July 2014

General Fund tax collections in July totaled \$174.5 million, an increase of 3.0 percent from July 2013

General Fund tax collections totaled \$174.5 million in July, according to the City's preliminary revenue report, an increase of \$5.0 million (3.0 percent) from July 2013. Increases in wage and earnings (\$9.1 million), sales (\$0.7 million), real estate transfer (\$0.6 million), and parking (\$0.2 million) taxes compared to July 2013 were offset by declines in business income and receipts (\$1.2 million), real estate (\$0.7 million), and amusement (\$0.2 million) taxes. The net profits tax had negative net receipts in July, with refunds exceeding collections by \$1.6 million. This compared to positive collections of \$0.5 million in July 2013.

The current estimate for FY15 General Fund tax collections, contained in the approved FY15-FY19 *Five-Year Financial Plan*, is \$2,748.2 million. This is a \$53.2 million (1.9 percent) decline from the current FY14 estimate. The overall decline reflects a \$108.5 million (41.2 percent) reduction in projected sales tax revenue due to the dedication of \$120 million in sales tax revenue to the School District of Philadelphia beginning in FY15. The shift of revenue to the School District is partially offset by projected tax base growth of 3.7 percent in FY15. In addition, business income and receipts tax (BIRT) revenue is projected to decline \$5.1 million in FY15. This reduction reflects an estimated reduction of \$21 million due to tax reform, including exemption of the first \$100,000 in receipts from the BIRT gross receipts tax and single sales factor apportionment for the BIRT net income tax. The estimated revenue loss due to these reforms is projected to be partially offset by tax base growth of 3.0 percent in FY15.

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

Tax	Monthly Total through July			Fiscal Year Total (Budget Basis)			Change To Date Above/ (Below) Estimated Fiscal Year Change
	FY14	FY15 ¹	Percent Change	FY14 Current Estimate	FY15 Current Estimate	Percent Change	
Wage and Earnings²	\$143.4	\$152.4	6.3%	\$1,637.3	\$1,683.7	2.8%	3.5%
<i>Wage</i>	142.4	151.6	6.5%				
<i>Earnings</i>	0.9	0.8	-12.5%				
Net Profits²	0.5	(1.6)	-421.3%	30.7	35.2	14.5%	(435.8%)
Real Estate	8.2	7.5	-8.8%	530.2	547.4	3.3%	(12.0%)
Business Income and Receipts	5.3	4.1	-22.7%	458.3	453.2	-1.1%	(21.6%)
Sales	21.6	22.3	3.3%	263.1	154.6	-41.2%	44.5%
Real Estate Transfer	15.2	15.8	4.1%	167.5	176.6	5.4%	(1.3%)
Parking	6.1	6.2	3.1%	75.0	76.9	2.5%	0.6%
Amusement	1.5	1.3	-12.7%	20.0	20.9	4.6%	(17.2%)
Other	0.2	0.3	39.3%	3.4	3.5	0.9%	38.4%
Total	201.9	208.3	3.2%	3,185.5	3,152.0	-1.1%	4.3%
<i>PICA</i>	32.4	33.9	4.5%	384.1	403.7	5.1%	(0.6%)
<i>City</i>	169.4	174.5	3.0%	2,801.4	2,748.2	-1.9%	4.9%

Source: Monthly collections from *Comparative Statement of Net Revenue Collections*, City Department of Revenue, available at <http://www.phila.gov/Revenue/aboutus/Pages/ReportsandPublications.aspx>. Current estimate for FY14 from *Quarterly City Managers Report* for period ending June 30, 2014. Current estimate for FY15 from *Five-Year Financial Plan* for Fiscal Year 2015 through 2019, approved by PICA on July 21.

Notes:

¹ Amounts are preliminary.

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	\$1,683.7	--	--
Net Profits¹	35.2	35.2	--	--
Real Estate	547.4	547.4	--	--
Business Income and Receipts	453.2	453.2	--	--
Sales	154.6	154.6	--	--
Real Estate Transfer	176.6	176.6	--	--
Parking	76.9	76.9	--	--
Amusement	20.9	20.9	--	--
Other	3.5	3.5	--	--
Total	3,152.0	3,152.0	--	--
<i>PICA</i>	403.7	403.7	--	--
<i>City</i>	2,748.2	2,748.2	--	--

Source: Adopted budget amounts from *Mayor's Operating Budget in Brief for Fiscal Year 2015*.
Current estimate from *Five-Year Financial Plan* for Fiscal Years 2015 through 2019, approved by PICA on July 21.

Note:

¹ Includes portion dedicated to PICA.