

PICA / MTR

Monthly Tax Revenue Update

City of Philadelphia
October 2016



Most Major General Fund Taxes Above Projections through October

Wage & Earnings and Sales Tax Coming in Better than Projected

Performance Snapshots through September vs FY16

Total City General Fund



Up 4.6%
through
October

Wage & Earnings

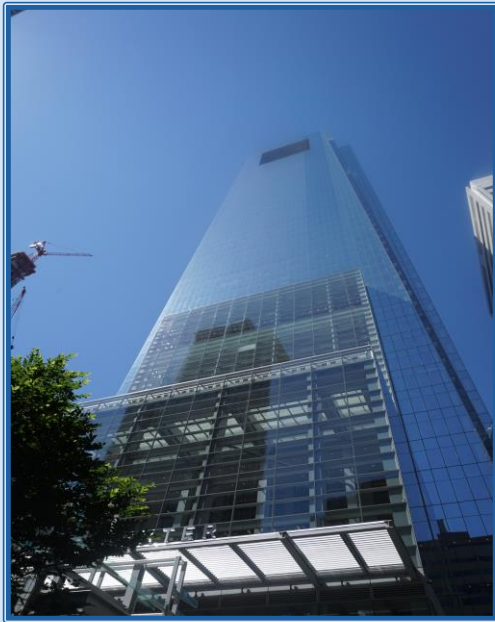


Up 9.0%
Through
October

General Fund tax collections through October totaled \$746.9 million, an increase of 4.6 percent from the same period in FY16. The current estimate for FY17 General Fund tax revenue is \$3.089 billion, 4.7 percent above the FY16 estimate; thus, current collections are slightly below this projection, but are on track to meet the anticipated growth rate.

Year-over-year growth for the fourth month of FY17 showed most major General Fund taxes above projections. Wage and earnings revenues increased 9.0 percent through October, compared to a projected growth of 3.5 percent; while net profits collections increased 32.2 percent, compared to 7.5 percent of projected growth. The City share of sales tax revenue increased 17.3 percent through October, compared to a projected 8.7 percent growth. Parking and amusement taxes also increased through October, at 6.1 percent and 16.3 percent, respectively.

Real estate, business income and receipts (BIRT), and real estate transfer taxes were below projections through October. However, the bulk of real estate and BIRT collections are typically seen in the spring. The real estate tax declined 11.5 percent through October, compared to an anticipated growth rate of 3.8 percent for the fiscal year. BIRT revenue declined 27.9 percent, compared to an anticipated decline of 2 percent. This projection reflects a



change in the BIRT tax rate, as well as the impact of exemptions. Real estate transfer tax collections declined 2.1 percent, an improvement over last month's 6.7 percent decline, but still not near the 5.1 percent growth projection for the year.

Collections through October are not representative or predictive of what year-end figures will be, rather they are intended for a point in time, year-over-year comparison. Timing of accruals also affects the appearance of monthly collections as real estate tax payments begin to accrue in the spring.

**Table 1: City of Philadelphia Tax Revenues:
FY17 versus FY16 (\$ in Millions)**

Tax	Monthly Total through October			Fiscal Year Total (Budget Basis)			Change To Date Above/ (Below) Estimated Fiscal Year Change
	FY16	FY17 ¹	Percent Change	FY16 Current Estimate	FY17 Current Estimate	Percent Change	
City and PICA Total	\$846.1	\$892.9	5.5%	\$3,387.3	\$3,542.2	4.6%	1.0%
City (General Fund)	714.2	746.9	4.6%	2,951.4	3,089.6	4.7%	(0.1%)
PICA	131.9	146.1	10.8%	435.9	452.6	3.8%	6.9%
Wage and Earnings ²	568.2	619.3	9.0%	1,796.8	1,859.2	3.5%	5.5%
Wage	565.0	615.5	8.9%				
Earnings	3.2	3.8	18.5%				
Net Profits ²	3.6	4.7	32.2%	41.4	44.5	7.5%	24.7%
Real Estate ³	34.3	30.3	(11.5%)	573.4	594.9	3.8%	(15.2%)
Business Income and Receipts	49.5	35.7	(27.9%)	455.2	446.0	(2.0%)	(25.9%)
Sales ³	64.7	75.8	17.3%	167.6	182.2	8.7%	8.6 %
Real Estate Transfer	87.0	85.1	(2.1%)	237.5	249.6	5.1%	(7.2%)
Parking ⁴	30.1	32.0	6.1%	91.9	95.1	3.5%	2.6%
Amusement	7.8	9.0	16.3%	19.6	20.5	4.7%	11.6%
Sweetened Beverage Tax ⁵	--	--	--	--	46.2	--	--
Other	1.0	0.9	(7%)	3.8	3.9	0.9%	(7.9%)

Source: Monthly collections from *Comparative Statement of Net Revenue Collections*, City of Philadelphia, Department of Revenue and preliminary revenue report for October. FY16 and FY17 current estimates from the *Quarterly City Managers Report* for the period ending September 30, 2016.

Notes:

¹ Amounts are preliminary. Collections to date are not necessarily indicative of likely trends for the entire fiscal year.

² Includes portion allocated to PICA.

³ Excludes portion allocated to the School District of Philadelphia.

⁴ Includes valet tax

⁵ Collections to begin January, 2017.