

PICA / MTR

Monthly Tax Revenue Update

City of Philadelphia
September 2016



General Fund tax collections for September 2017 increased 3.3 percent compared to the same month in 2016

General Fund tax collections through September totaled \$552.4 million, an increase of 3.3 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.

Year-over-year growth for the second month of FY17 showed many major General Fund taxes above projections, with the exception of real estate, real estate transfer, and business income and receipts (BIRT) taxes. Collections through September 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.

Wage and earnings revenues increased 7 percent through September, compared to projected growth of 3.5 percent for the full fiscal year. This is largely due to the timing of collections from the previous month. Net profits tax collections increased 53.5 percent, compared to a projected 7.5 percent increase. Year-over-year real estate tax collections dropped significantly, with a 10 percent decrease through September, compared to a projected overall growth of 3.8

Performance Snapshots through September vs FY16

Wage and Earnings Tax



Up 7.0%
Through
September

Business Income and Receipts Tax



Down
28.9%
Through
September



percent for the year; however, the bulk of real estate taxes are normally collected in the spring months. BIRT revenue decreased 28.9 percent through September, compared to a projected FY17 decline of 2.0 percent. A large portion of the BIRT is collected in the spring months, as well. The FY17 projection of decline for the BIRT reflects a change in the tax rate, as well as the impact of exemptions. The real estate transfer tax decreased 6.7 percent through September, while it is projected to grow 5.1 percent.

The City share of sales tax revenue increased 19.2 percent through September, compared to projected growth of 8.7 percent. This likely reflects remaining FY16 revenues that were collected above the \$120 million share committed to the School District, due to a two month lag between collections at the point of sale and transfer of funds from the Commonwealth to the City. Actual City sales tax revenue in FY16 will reflect revenues received through the end of August, due to accruals.

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

Tax	Monthly Total through September			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	\$633.1	\$660.4	4.3%	\$3,387.3	\$3,542.2	4.6%	(0.3%)
City (General Fund)	534.5	552.4	3.3%	2,951.4	3,089.6	4.7%	(1.3%)
PICA	98.6	108.0	9.5%	435.9	452.6	3.8%	5.6%
Wage and Earnings ²	426.8	456.6	7.0%	1,796.8	1,859.2	3.5%	15.8%
Wage	424.8	453.9	6.8%				
Earnings	1.9	2.7	42.7%				
Net Profits ²	1.8	2.8	53.5%	41.4	44.5	7.5%	46.0%
Real Estate ³	26.0	23.4	(10%)	573.4	594.9	3.8%	(13.8%)
Business Income and Receipts	27.3	19.5	(28.9%)	455.2	446.0	(2.0%)	(26.9%)
Sales ³	53.7	64.0	19.2%	167.6	182.2	8.7%	10.5%
Real Estate Transfer	66.9	62.4	(6.7%)	237.5	249.6	5.1%	(11.8%)
Parking ⁴	22.8	23.6	3.4%	91.9	95.1	3.5%	(0.1%)
Amusement	7.0	7.4	5.8%	19.6	20.5	4.7%	(1.1%)
Sweetened Beverage Tax ⁵	--	--	--	--	46.2	--	--
Other	0.8	0.7	(14%)	3.8	3.9	0.9%	(14.9%)

Source: Monthly collections from *Comparative Statement of Net Revenue Collections*, City of Philadelphia, Department of Revenue and preliminary revenue report for September. FY16 and FY17 current estimates from the *Quarterly City Managers Report* for the period ending June 30, 2016 and the proposed *FY17-FY21 Five Year Financial Plan*, as modified on August 8, 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.