



February 4, 2016

City of Philadelphia Tax Revenue Update for January 2016

Overall City General Fund tax revenue through January increased 6.7 percent compared to the same period in FY15. For every major tax except the sales tax, fiscal year-to-date growth through January exceeds the City's current projected growth rate for FY16.

As shown in Table 1, according to the City's preliminary revenue report, Fiscal Year 2016 General Fund tax collections through January totaled \$1.269 billion, an increase of 6.7 percent from the same period in Fiscal Year 2015. The current estimate for FY16 General Fund tax revenue is \$2.925 billion, an increase of 5.3 percent from the FY15 unaudited actual.

Year-to-date growth rates for every major tax except the sales tax are above the currently-projected growth rates for the fiscal year.

The wage and earnings and real estate transfer taxes continue to show strength. Wage and earnings tax collections through January, including the portion of these taxes dedicated to PICA, increased 4.6 percent compared to last year; the City's current projection is for 3.5 percent growth for the full fiscal year. The real estate transfer tax increased 19.2 percent through January, compared to currently projected growth of 13.0 percent for the fiscal year.

Parking tax revenue through January increased 17.4 percent, partly due to the increase in the tax rate from 20.0 to 22.5 percent in FY16.

Collections from the real estate, business income and receipts, and net profits taxes through January also increased at rates in excess of the current projection. However, revenue from these taxes is collected primarily in the second half of the fiscal year; collections to date are not necessarily indicative of likely performance for the full fiscal year.

As shown in Table 2, the current projection of total General Fund tax revenue in FY16 is \$2.925 billion, an increase of \$13.0 million from the adopted budget. The overall increase reflects increases in real estate transfer (\$8 million), sales (\$5 million), business income and receipts (\$3.2 million), and real estate (\$2.5 million). The current projection is contained in the *Quarterly City*

Managers Report (QCMR) for the first quarter of FY16, published in November. The QCMR for the second quarter of FY16 will be released later this month.

Table 1: City of Philadelphia General Fund Tax Revenues: FY16 versus FY15 (\$ in Millions)							
Tax	Monthly Total through January			Fiscal Year Total (Budget Basis)			Change To Date Above/ (Below) Estimated Fiscal Year Change
	FY15	FY16 ¹	Percent Change	FY15 Unaudited Actual	FY16 Current Estimate	Percent Change	
Total	\$1,411.1	\$1,511.8	7.1%	\$3,185.5	\$3,344.3	5.0%	2.2%
City	1,189.6	1,269.3	6.7%	2,777.0	2,925.3	5.3%	1.4%
PICA	221.5	242.5	9.5%	408.5	419.0	2.6%	6.9%
Wage and Earnings²	983.4	1,028.8	4.6%	1,716.6	1,776.4	3.5%	1.1%
Wage	978.5	1,023.6	4.6%				
Earnings	4.9	5.2	5.3%				
Net Profits²	4.2	5.9	39.9%	38.8	31.7	(18.4%)	58.3%
Real Estate	89.9	100.9	12.2%	536.4	583.6	8.8%	3.5%
Business Income and Receipts	59.2	69.9	18.1%	438.2	457.1	4.3%	13.8%
Sales	99.2	100.2	1.0%	149.5	154.4	3.3%	(2.3%)
Real Estate Transfer	117.7	140.3	19.2%	203.4	229.9	13.0%	6.2%
Parking	45.0	52.8	17.4%	79.7	88.6	11.2%	6.2%
Amusement	10.8	11.1	2.8%	19.0	19.2	0.9%	1.9%
Other	1.7	2.0	15.7%	3.8	3.5	(7.7%)	23.4%

Source: Monthly collections from *Comparative Statement of Net Revenue Collections*, City of Philadelphia, Department of Revenue and preliminary revenue report for January. FY15 unaudited actual and FY16 current estimate from the *Quarterly City Managers Report* for the Period Ending September 30, 2015.

Notes:

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

² Includes portion dedicated to PICA.

Table 2: City of Philadelphia Tax Revenues FY16 Adopted Budget versus Current Estimate (\$ in Millions)				
Tax	Adopted Budget	Current Estimate	Current Estimate Above/(Below) Adopted Budget	
			Amount	Percent
Total	\$3,331.3	\$3,344.3	\$13.0	0.4%
<i>City</i>	2,912.3	2,925.3	13.0	0.4%
<i>PICA</i>	419.0	419.0	--	--
Wage and Earnings¹	1,776.4	1,776.4	--	--
Net Profits¹	31.7	31.7	--	--
Real Estate	581.1	583.6	2.5	0.4%
Business Income and Receipts	453.9	457.1	3.2	0.7%
Sales	149.4	154.4	5.0	3.3%
Real Estate Transfer	221.9	229.9	8.0	3.6%
Parking	88.6	88.6	--	--
Amusement	19.2	19.2	--	--
Other	9.2	3.5	(5.7)	-61.9%

Source: Adopted budget amounts from *Mayor's Operating Budget in Brief for Fiscal Year 2016*. Current estimate from *Quarterly City Managers Report* for the period ending September 30, 2015,

Note:

¹ Includes portion dedicated to PICA.