



August 18, 2016

City of Philadelphia Tax Revenue Update July 2016

General Fund tax collections for the first month of FY17 decreased 4.7 percent compared to the same month in FY16.

General Fund tax collections in July totaled \$181.9 million, a decrease of 4.7 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 first month of FY17 showed most major General Fund taxes below projections. However, July collections are not representative of the full fiscal year, and growth rates are likely to change. Additionally, the timing of accruals impacts several of the major taxes.

Business income and receipts (BIRT) revenue decreased 64.7 percent in July, compared to a projected FY17 decline of 2.0 percent. The FY17 projection reflects a change in the tax rate, as well as the impact of exemptions. Wage and earnings revenues decreased 11.5 percent in July, compared to projected growth of 3.5 percent for the full fiscal year, which is largely due to the timing of collections. The real estate tax decreased 24.2 percent, compared to a projected growth of 3.8 percent. Net profits tax collections decreased 3.8 percent, compared to a projected 7.5 percent increase. The real estate transfer tax increased, albeit below the projected 5.1 percent, coming in at 2.3 percent. Similarly, parking tax collections increased 0.9 percent, below the projected 3.5 percent rate.

The City share of sales tax revenue increased 66.9 percent in July, 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 July			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	\$227.4	\$213.7	(6.0%)	\$3,387.3	\$3,542.2	4.6%	(10.6%)
City (General Fund)	190.8	181.9	(4.7%)	2,951.4	3,089.6	4.7%	(9.4%)
PICA	36.6	31.8	(13.1%)	435.9	452.6	3.8%	(16.9%)
Wage and Earnings ²	161.4	142.8	(11.5%)	1,796.8	1,859.2	3.5%	(15.0%)
Wage	160.4	141.9	(11.5%)				
Earnings	0.9	0.9	(5.2%)				
Net Profits ²	0.7	0.7	(3.8%)	41.4	44.5	7.5%	(11.2%)
Real Estate ³	10.2	7.8	(24.2%)	573.4	594.9	3.8%	(27.9%)
Business Income and Receipts	5.3	1.9	(64.7%)	455.2	446.0	(2.0%)	(62.7%)
Sales ³	15.0	25.1	66.9%	167.6	182.2	8.7%	58.2%
Real Estate Transfer	25.0	25.6	2.3%	237.5	249.6	5.1%	(2.8%)
Parking	7.9	8.0	0.9%	91.9	95.1	3.5%	(2.6%)
Amusement	1.5	1.7	17.4%	19.6	20.5	4.7%	12.7%
Sweetened Beverage Tax ⁴	--	--	--	--	46.2	--	--
Other	335.7	121.7	(63.7%)	3.8	3.9	0.9%	(64.6)

Source: Monthly collections from *Comparative Statement of Net Revenue Collections*, City of Philadelphia, Department of Revenue and preliminary revenue report for July. 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 Collections to begin January, 2017.