



August 4, 2016

## **City of Philadelphia Tax Revenue Update June 2016**

***Preliminary revenue collections for FY 2016 are projected to be \$233 million higher than FY 2015. Through June, FY16 General Fund tax collections increased 8.4 percent compared to the same period in FY15.***

According to the City's preliminary revenue report, FY16 General Fund tax collections through June totaled \$3.001 billion, an increase of 8.4 percent (\$233 million) from the same period in FY15.

Year-to-date growth for the City's share of the local sales tax is somewhat below the currently-projected growth rate for the fiscal year. Through June, revenue increased 4.6 percent compared to the prior year, below the currently projected FY16 growth of 14.3 percent. This gap likely reflects accounting policies and the allocation of revenue between the City and School District of Philadelphia (SDP). Actual City sales tax revenue for FY16 will change in the next several months, due to accruals.

Through June, growth for other major General Fund taxes exceeded the projected FY16 growth rates. Business income and receipts tax (BIRT) revenue increased 15.0 percent through June, compared to a projected FY16 decline of 0.7 percent. Actual BIRT revenue for FY16 will depend on a number of factors, including the extent to which businesses are eligible for refunds due to past over-payments.

The wage and earnings tax, including the PICA portion of the tax, increased 5.2 percent through June, compared to projected growth of 4.7 percent for the full fiscal year. The real estate tax increased 8.7 percent, compared to projected growth of 7.5 percent. Parking tax collections increased 20.3 percent compared to a projected 15.3 percent growth rate. Net profits tax collections increased 30.6 percent, compared to a projected 2.7 percent decline. The real estate transfer tax experienced a slight decline, increasing 16.3 percent through June, compared to a projected FY16 growth rate of 16.8 percent.

The City's current FY16 tax revenue estimates are contained in the *Quarterly City Managers Report* for the Period Ending March 31 (See Table 2.) FY16 General Fund tax revenue is projected at \$2.936 billion, an increase of \$23.5 million from the adopted FY16 budget. Combined City and PICA tax revenue is projected at \$3.370 billion, an increase of \$38.7 million from budget.

**Table 1: City of Philadelphia Tax Revenues:  
FY16 versus FY15 (\$ in Millions)**

Tax	Monthly Total through June			Fiscal Year Total (Budget Basis)			Change To Date Above/ (Below) Estimated Fiscal Year Change
	FY15	FY16 <sup>1</sup>	Percent Change	FY15 Actual	FY16 Current Estimate	Percent Change	
<b>City and PICA Total</b>	\$3,176.6	\$3,445.6	8.5%	\$3,185.5	\$3,369.9	5.8%	2.7%
City (General Fund)	2,768.1	3,001.1	8.4%	2,777.0	2,935.8	5.7%	2.7%
PICA	408.5	444.5	8.8%	408.5	434.2	6.3%	2.5%
Wage and Earnings <sup>2</sup>	1,714.2	1,802.9	5.2%	1,716.6	1,796.8	4.7%	0.5%
Wage	1,696.9	1,783.7	5.1%				
Earnings	17.4	19.2	10.4%				
Net Profits <sup>2</sup>	37.6	49.1	30.6%	38.8	37.8	(2.7%)	33.4%
Real Estate <sup>3</sup>	535.2	582.0	8.7%	536.4	576.4	7.5%	1.3%
Business Income and Receipts	434.6	499.9	15.0%	438.2	435.2	(0.7%)	15.7%
Sales <sup>3</sup>	151.9	158.9	4.6%	149.5	170.8	14.3%	(9.7%)
Real Estate Transfer	203.1	236.3	16.3%	203.4	237.5	16.8%	(0.5%)
Parking	77.8	93.6	20.3%	79.7	91.9	15.3%	5.0%
Amusement	18.7	19.2	2.2%	19.0	19.6	3.2%	(1.0%)
Other	3.4	3.7	11.1%	3.8	3.8	0.9%	10.2%

Source: Monthly collections from *Comparative Statement of Net Revenue Collections*, City of Philadelphia, Department of Revenue and preliminary revenue report for June. FY15 actual from 2015 *Mayor's Operating Budget in Brief for Fiscal Year 2017 as Proposed to the Council - March 2016*. FY16 current estimate from the *Quarterly City Managers Report for the Period Ending March 31*.

Notes:

- <sup>1</sup> Amounts are preliminary. Collections to date are not necessarily indicative of likely trends for the entire fiscal year.
- <sup>2</sup> Includes portion allocated to PICA.
- <sup>3</sup> Excludes portion allocated to the School District of Philadelphia.

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
<b>City and PICA Total</b>	\$3,331.3	\$3,369.9	\$38.7	1.2%
City (General Fund)	2,912.3	2,935.8	23.5	0.8%
PICA	419.0	434.2	15.2	3.6%
Wage and Earnings <sup>1</sup>	1,776.4	1,796.8	20.4	1.2%
Net Profits <sup>1</sup>	31.7	37.8	6.1	19.1%
Real Estate <sup>2</sup>	581.1	576.4	(4.7)	(0.8%)
Business Income and Receipts	453.9	435.2	(18.7)	(4.1%)
Sales <sup>2</sup>	149.4	170.8	21.5	14.4%
Real Estate Transfer	221.9	237.5	15.7	7.1%
Parking	88.6	91.9	3.3	3.7%
Amusement	19.2	19.6	0.4	2.3%
Other	9.2	3.8	(5.4)	(58.4%)

Source: Adopted budget amounts from *Mayor's Operating Budget in Brief for Fiscal Year 2016 as Approved by the Council - June 2015*. Current estimate from the *Quarterly City Managers Report* for the Period Ending March 31.

Note:

<sup>1</sup> Includes portion allocated to PICA.

<sup>2</sup> Excludes portion allocated to the School District of Philadelphia.