



# Monthly Tax Revenue Update February 2018

CITY OF PHILADELPHIA



## February Tax Collections \$78 Million More Than Last Year *Double-Digit Growth in Year-to-Date Collections Continues in 2018*

The City collected \$511.6 million in General Fund tax revenue in January of FY2018, as compared to \$433.4 million last year—an increase of over \$78 million, or 18 percent—according to preliminary figures. As shown in Table 2, increases in most major tax categories drove the growth in overall City collections for the month of February, as compared to last year. While the business income and receipts (“BIRT”) tax decreased—likely the result of refunds—large increases in the real estate and realty transfer taxes, as well as strong wage, earnings, and net profits tax collections, ensured the continued double-digit increase in total year-to-date collections, with four months remaining in the fiscal year.

### MONTH OF FEBRUARY COLLECTIONS

February real estate and realty transfer tax collections increased by 23.3 percent and 75.9 percent in FY2018, totaling \$346.6 million and \$25.0 million, respectively. The realty transfer tax increase may be the result of large commercial property sales, while the increase in real estate tax collections may be attributed to increased assessed property values. Additionally, the City portion of wage, earnings, and net profits taxes increased by 1.4 percent, while City sales and amusement taxes increased by 4.3 percent and 108.7 percent, respectively. Philadelphia beverage tax collections decreased by 1.5 percent.

### Tax Collections Snapshots For February

#### Wage, Earnings, & Net Profits: City



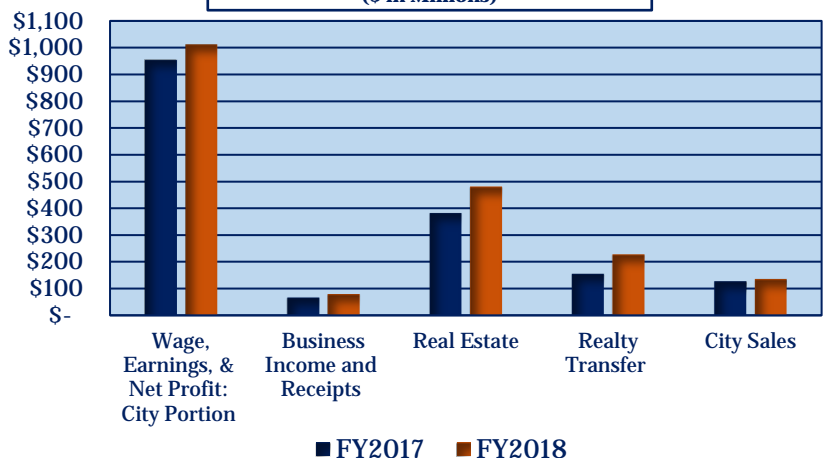
1.4 %

#### Realty Transfer



75.9 %

**Major Taxes Through February  
FY2017 vs. FY2018**  
(\$ in Millions)



**FEBRUARY YEAR-TO-DATE COLLECTIONS**

The considerable increase in February collections resulted in year-to-date growth in every tax category, compared to last year, as shown in Table 2. The BIRT, real estate, realty transfer, amusement, and miscellaneous taxes all experienced double-digit increases, with the real estate tax increasing by 25.9 percent and the real estate transfer tax increasing by 46.6 percent. In terms of projections, the City portion of the wage, earnings, and net profits taxes, and the City sales and parking taxes failed to meet estimates by small margins, as shown in Table 1. It should be noted that, while also not meeting projections, the Philadelphia beverage tax has contributed an additional \$52.1 million to the General Fund thus far in FY2018. However, point-in-time tax collections throughout the fiscal year are not necessarily indicative of full year performance.

The City's FY2018 revenue estimates are found in the City's *Quarterly City Managers Report for the Period Ending December 31, 2017*. The projected General Fund tax revenue in FY2018 is \$3.333 billion, an increase of 8.5 percent over FY2017. Combined City and PICA tax revenue is projected at \$3.774 billion, an increase of 8.4 percent over last fiscal year.

Tax Type	Projected Growth	Growth Through February
Wage, Earnings, & Net Profits: PICA & City	6.3%	6.4%
Wage, Earnings, & Net Profits: PICA Portion	6.0	7.2
Wage, Earnings, & Net Profits: City Portion	6.4	<b>6.1</b>
Business Income and Receipts	-1.0	18.4
Real Estate	10.1	25.9
Real Estate Transfer	16.1	46.6
City Sales	8.5	<b>6.6</b>
Parking <sup>3</sup>	2.0	<b>1.4</b>
Amusement	3.5	13.7
Other Miscellaneous <sup>4</sup>	0.0	10.8

Tax Type	Month of February			February Year-to-Date		
	FY2018	FY2017	Change	FY2018	FY2017	Change
Wage, Earnings, & Net Profit: PICA and City	\$143,357,409	\$140,892,807	1.7%	\$1,326,940,154	\$1,247,416,397	6.4%
Less: Wage, Earnings, & Net Profit: PICA Portion	33,984,388	33,034,424	2.9	314,816,489	293,604,494	7.2
Wage, Earnings, & Net Profit: City Portion	109,373,021	107,858,383	1.4	1,012,123,665	953,811,903	6.1
Business Income and Receipts	(2,163,907)	214,585	<b>-1108.4</b>	79,482,564	67,149,830	18.4
Real Estate	346,574,319	281,160,702	23.3	480,924,504	382,135,907	25.9
Realty Transfer	25,047,392	14,239,981	75.9	228,075,101	155,615,543	46.6
City Sales	15,822,799	15,172,663	4.3	136,380,747	127,966,205	6.6
Parking <sup>3</sup>	7,442,813	6,948,659	7.1	63,982,295	63,106,761	1.4
Amusement	2,594,081	1,243,019	108.7	15,871,149	13,953,996	13.7
Other Miscellaneous <sup>4</sup>	1,027,045	662,122	55.1	3,024,564	2,729,537	10.8
Philadelphia Beverage	5,844,071	5,931,239	<b>-1.5</b>	52,140,594	5,931,240	779.1%
<b>Total Taxes<sup>5</sup></b>	<b>\$511,561,634</b>	<b>\$433,431,353</b>	<b>18.0%</b>	<b>\$2,072,005,183</b>	<b>\$1,772,400,922</b>	<b>16.9%</b>

<sup>1</sup> As projected in the City's [Quarterly City Managers Report for the Period Ending December 31, 2017](#); for analysis of the City's FY2018 tax projections, see PICA's [Staff Report on the City's Second Quarter City Managers Report](#)

<sup>2</sup> Source: Preliminary and comparative revenue reports provided by Department of Revenue; General Fund only

<sup>3</sup> Includes parking lot and valet taxes

<sup>4</sup> Includes outdoor advertising, smokeless tobacco, and miscellaneous taxes

<sup>5</sup> Does not include PICA portion