



Monthly Tax Revenue Update May 2018

CITY OF PHILADELPHIA



May Tax Collections \$12 Million More Than Last Year *Year-to-Date Increase Falls Below Double-Digits for First Time*

The City collected \$254.7 million in General Fund tax revenue in May of FY2018, compared to \$243.0 million last year, an increase of \$11.7 million, according to preliminary figures. City tax collections have increased in every month this fiscal year except August and March, as compared to the same months in FY2017. As shown in Table 2, increases in every tax category except the business income and receipts (“BIRT”) and beverage taxes drove the increase in collections for the month of May. Increases in the City portion of the wage, earnings, and net profits; real estate; and realty transfer taxes ultimately led to a 4.8 percent increase in collections over May of last year, while the increase in year-to-date collections dipped below double-digits for the first time this fiscal year.

Tax Collections Snapshots For May

Real Estate



2.2%

Realty Transfer

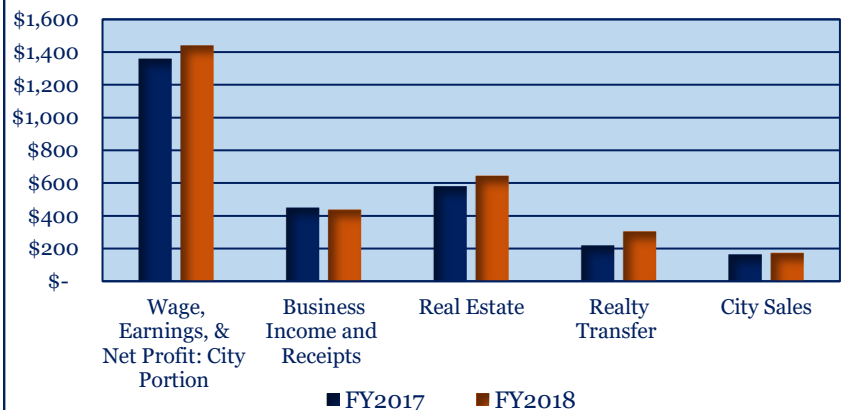


42.5%

MONTH OF MAY COLLECTIONS

Real estate and realty transfer tax collections increased by 2.2 percent and 42.5 percent in May of FY2018, as compared to the same month last year, totaling \$15.2 million and \$34.4 million, respectively. Conversely, BIRT collections fell by 2.0 percent in May, to \$44.4 million, as did beverage tax collections, which decreased by 4.5 percent, or approximately \$300,000. Finally, the City portion of wage, earnings, and net profits taxes increased by less than one percent, or under one million dollars, compared to May of last year, after several months of strong collections.

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



MAY YEAR-TO-DATE COLLECTIONS

FY2018 year-to-date collections increased by 9.7 percent over FY2017, falling short of double-digits for the first time this fiscal year. This may be due to some taxes, like BIRT and real estate, being remitted earlier in the fiscal year than usual. The most notable increases are in the real estate and real estate transfer taxes—11.0 percent and 40.2 percent, respectively. As shown in Table 2, year-to-date collections for all taxes except BIRT, which has decreased by 2.4 percent thus far in FY2018, experienced growth over last year. The total City portion of the wage, earnings, and net profits taxes; City sales; and parking tax collections are slightly below the City’s most recent projections—as shown in Table 1. While also not meeting projections, the beverage tax has contributed an additional \$70.3 million to the General Fund so far this fiscal year.

The City’s FY2018 revenue estimates are found in the City’s *Quarterly City Managers Report for the Period Ending March 31, 2018*. The projected General Fund tax revenue in FY2018 is \$3.345 billion, an increase of 8.9 percent over FY2017. Combined City and PICA tax revenue is projected at \$3.842 billion, an increase of 8.8 percent over last fiscal year.

Table 1: Tax Growth Projected versus Year-to-Date¹

| Tax Type | Projected Growth | Growth Through May |
|---|------------------|--------------------|
| Wage, Earnings, & Net Profits: PICA & City | 6.3% | 6.3% |
| Wage, Earnings, & Net Profits: PICA Portion | 6.0 | 6.9 |
| Wage, Earnings, & Net Profits: City Portion | 6.4 | 6.1 |
| Business Income and Receipts | -1.0 | -2.4 |
| Real Estate | 10.1 | 11.0 |
| Real Estate Transfer | 26.6 | 40.2 |
| City Sales | 8.5 | 6.5 |
| Parking ³ | 2.0 | 1.2 |
| Amusement | 3.5 | 9.6 |
| Other Miscellaneous ⁴ | 0.0 | 9.0 |

Table 2: City of Philadelphia Tax Collections FY2018 vs. FY2017²

| Tax Type | Month of May | | | May Year-to-Date | | |
|--|----------------------|----------------------|-------------|------------------------|------------------------|-------------|
| | FY2018 | FY2017 | Change | FY2018 | FY2017 | Change |
| Wage, Earnings, & Net Profit: PICA and City | \$174,186,753 | \$172,221,960 | 1.1% | \$1,903,671,347 | \$1,791,565,236 | 6.3% |
| Less: Wage, Earnings, & Net Profit: PICA Portion | 43,735,324 | 42,547,387 | 2.8 | 462,424,847 | 432,724,952 | 6.9 |
| Wage, Earnings, & Net Profit: City Portion | 130,451,429 | 129,674,573 | 0.6 | 1,441,246,500 | 1,358,840,284 | 6.1 |
| Business Income and Receipts | 44,430,486 | 45,334,662 | -2.0 | 438,990,508 | 449,841,302 | -2.4 |
| Real Estate | 15,155,683 | 14,835,057 | 2.2 | 644,918,000 | 581,255,566 | 11.0 |
| Realty Transfer | 34,366,760 | 24,122,713 | 42.5 | 306,283,617 | 218,454,984 | 40.2 |
| City Sales | 13,984,427 | 13,620,083 | 2.7 | 174,777,908 | 164,039,466 | 6.5 |
| Parking ³ | 8,324,604 | 7,799,899 | 6.7 | 88,060,074 | 87,057,235 | 1.2 |
| Amusement | 1,440,739 | 830,427 | 73.5 | 21,702,795 | 19,798,942 | 9.6 |
| Other Miscellaneous ⁴ | 284,695 | 213,815 | 33.2 | 3,736,525 | 3,427,917 | 9.0 |
| Philadelphia Beverage | 6,229,168 | 6,521,859 | -4.5 | 70,342,456 | 25,676,921 | 174.0 |
| Total Taxes⁵ | \$254,667,991 | \$242,953,088 | 4.8% | \$3,190,058,383 | \$2,908,392,617 | 9.7% |

¹ As projected in the City’s [Quarterly City Managers Report for the Period Ending March 31, 2018](#); for analysis of the City’s FY2018 tax projections, see PICA’s [Staff Report on the City’s Third Quarter City Managers Report](#)

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

³ Includes parking lot and valet taxes

⁴ Includes outdoor advertising, smokeless tobacco, and miscellaneous taxes

⁵ Does not include PICA portion