



Monthly Tax Revenue Update July 2018

CITY OF PHILADELPHIA



July Tax Collections Increase Slightly Over Last Year *Increase in First Month of Fiscal Year Follows Strong FY2018*

The City collected approximately \$239 million in General Fund tax revenue in the first month of FY2019, compared to \$237.8 million in July of last year, according to preliminary figures. After a strong year of collections in FY2018, the City began this fiscal year with an increase of 0.5 percent in total July collections, compared to the same month last year. As shown in Table 2, increases in the City portion of the combined wage, earnings, and net profits taxes, the parking tax, and the amusement tax drove the growth in collections early in the fiscal year. Beverage tax collections also increased slightly. These increases offset decreases in the business income and receipts (“BIRT”), real estate, real estate transfer, City sales, and other miscellaneous taxes. PICA’s tax collections analyses are intended as point-in-time snapshots; monthly collections early in the fiscal year may not necessarily be indicative of full-year tax performance.

MONTH OF JULY COLLECTIONS

As previously stated, the City portion of the combined wage, earnings, and net profits, parking, and amusement taxes increased by 3.7 percent, 2.0 percent, and 36.5 percent, respectively. July was also the first month that the Philadelphia beverage tax experienced a year-over-year increase, of 2.4 percent, or \$166,530. These increases were offset by collections decreases in most tax types, including BIRT (-18.6 percent), real estate (-5.4 percent), realty transfer (-1.0), City sales (-9.3), and other miscellaneous taxes (-12.9 percent). Several factors can impact collections totals early in the fiscal year, including timing of collections, refunds, credits, and fees.

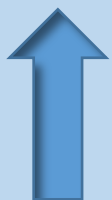
Tax Collections Snapshots For July

Wage, Earnings & Net Profits: City



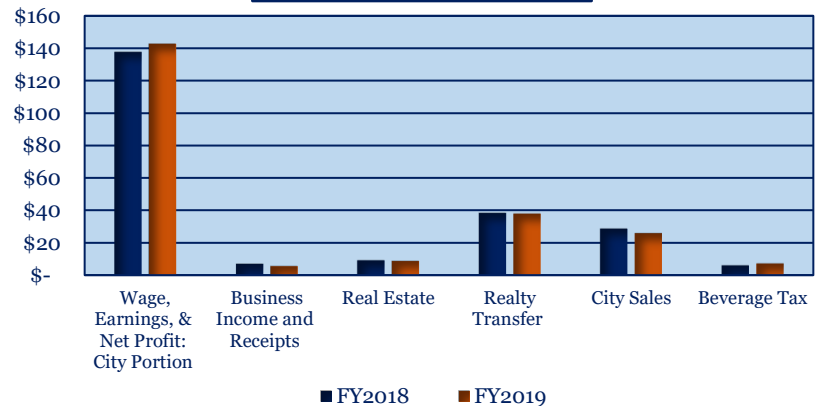
3.7%

Beverage



2.4%

Major Taxes Through July
FY2018 vs. FY2019
(\$ in Millions)



JULY YEAR-TO-DATE COLLECTIONS

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

Tax Type	Projected Growth	Growth Through July
Wage, Earnings, & Net Profits: PICA & City	3.5%	3.9%
Wage, Earnings, & Net Profits: PICA Portion	3.8	4.6
Wage, Earnings, & Net Profits: City Portion	3.4	3.7
Business Income and Receipts	2.8	-18.6
Real Estate	3.5	-5.4
Real Estate Transfer	-0.9	-1.0
City Sales	5.9	-9.3
Parking³	2.7	2.0
Amusement	4.4	36.5
Other Miscellaneous⁴	-0.9	-12.9
Philadelphia Beverage	-1.0	2.4

As just one month has elapsed in FY2019, year-to-date collections mirror collections for the month of July. Preliminary collections totals are shown in Table 2 and illustrated in the above figure. In terms of the City’s five year plan tax projections, only the combined wage, earnings, and net profits, amusement, and beverage taxes met or exceeded estimates, as shown in Table 1. Notably, the beverage tax experienced its first year-over-year increase since implementation—despite the City’s projected decrease of one percent to account for a continued decline in consumption.

The City’s FY2019 tax revenue estimates are found in the City’s *Five Year Financial Plan for Fiscal Years 2019-2023*, as approved by the PICA Board on July 25, 2018. The projected General Fund tax revenue for FY2019 is \$3.446 billion, an increase of 2.9 percent over FY2018. Combined City and PICA tax revenue is projected at \$3.915 billion, an increase of 3.3 percent over last fiscal year. The City projects increases in FY2019 for every tax type except the beverage tax, other miscellaneous taxes, and the realty transfer tax, which is projected to decrease by almost one percent after an exceptional year of collections in FY2018. The City updates its tax projections throughout the fiscal year with the issuance of its Quarterly City Managers Reports; those updated projections will be reflected in future versions of this report.

Table 2: City of Philadelphia Tax Collections FY2019 vs. FY2018²

Tax Type	Month of July		
	FY2019	FY2018	Change
Wage, Earnings, & Net Profit: PICA and City	\$187,041,491	\$180,044,147	3.9%
Less: Wage, Earnings, & Net Profit: PICA Portion	44,283,026	42,339,576	4.6
Wage, Earnings, & Net Profit: City Portion	142,758,465	137,704,571	3.7
Business Income and Receipts	5,604,595	6,888,657	-18.6
Real Estate	8,662,219	9,160,930	-5.4
Realty Transfer	37,964,424	38,343,744	-1.0
City Sales	25,937,641	28,597,269	-9.3
Parking³	8,207,059	8,046,200	2.0
Amusement	2,481,329	1,817,995	36.5
Other Miscellaneous⁴	251,615	288,947	-12.9
Beverage Tax	7,086,924	6,920,394	2.4
Total Taxes⁵	\$238,954,271	\$237,768,707	0.5%

¹ As projected in the City’s [Five Year Financial Plan for Fiscal Years 2019-2023](#); for analysis of the City’s FY2019 tax projections, see PICA’s [Staff Report on the City’s Five Year Financial Plan for Fiscal Years 2019-2023](#)

² Source: Preliminary revenue report 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