



Monthly Tax Revenue Update

August 2018

CITY OF PHILADELPHIA



August Wage, Earnings, & Net Profits Taxes Up Five Percent Over Last Year

Increase in Collections Continues in Fiscal Year 2019

The City collected approximately \$211 million in General Fund tax revenue in the second month of FY2019, compared to \$203.5 million in August of last year, according to preliminary figures. After a strong year of collections in FY2018, increased collections continued for the second consecutive month to begin FY2019, with the City portion of the wage, earnings, and net profits taxes increasing by 4.9 percent in August. As illustrated in the figure below, most major taxes also saw increases in collections, with the real estate and realty transfer taxes continuing their strong growth. The only major tax categories to decrease were the business income and receipts (BIRT), City sales, and beverage taxes, while the parking and “other miscellaneous taxes” also decreased slightly. However, these decreases were more than offset by increases in the aforementioned tax categories, and the City realized overall increases in both August and year-to-date collections.

MONTH OF AUGUST COLLECTIONS

As previously stated, the City portion of the combined wage, earnings, and net profits taxes increased by 4.9 percent in August to \$119.6 million, compared to \$114.0 million collected in August of last year. The real estate and realty transfer taxes increased by 11.3 and 5.6 percent, totaling \$9.5 million and \$30.7 million, respectively. BIRT collections decreased substantially in August, likely due to the timing of collections early in the fiscal year, and the City sales tax decreased by 3.9 percent, or approximately one million dollars. Finally, the parking and beverage taxes both decreased by approximately \$500 thousand, or less than one percent.

Tax Collections Snapshots For August

Wage, Earnings & Net Profits: City



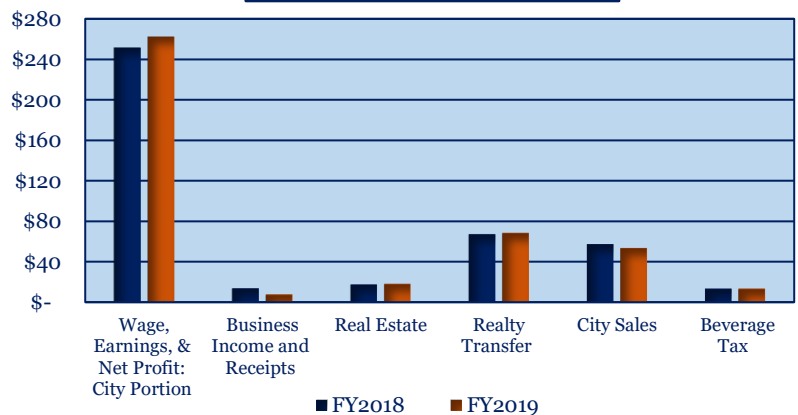
4.9%

Real Estate



11.3%

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



AUGUST YEAR-TO-DATE COLLECTIONS

The City collected \$449.9 million in tax revenue through August of FY2019, an increase of \$8.6 million, or two percent, compared to the same point last year. The year-to-date increase was driven primarily by increases in the wage, earnings, and net profits and the two real estate-based taxes, as shown in Table 2. As with August collections totals, these increases more than offset decreases in the BIRT, City sales, and other miscellaneous taxes. In terms of projections, the wage, earnings, and net profits; realty transfer; amusement; and beverage taxes all met or exceeded the City’s five year plan projections,¹ while the BIRT, real estate, City sales, and other miscellaneous taxes all fell short of projections. However, point-in-time tax revenue figures may not be indicative of full year tax performance.

The City’s FY2019 tax revenue projections 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. 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 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.

Tax Type	Projected Growth	Growth Through August
Wage, Earnings, & Net Profits: PICA & City	3.5%	4.4%
Wage, Earnings, & Net Profits: PICA Portion	3.8	5.1
Wage, Earnings, & Net Profits: City Portion	3.4	4.2
Business Income and Receipts	2.8	-43.1
Real Estate	3.5	2.7
Realty Transfer	-0.9	1.9
City Sales	5.9	-6.6
Parking ³	2.7	1.0
Amusement	4.4	166.0
Other Miscellaneous ⁴	-0.9	-7.1
Philadelphia Beverage	-1.0	0.8

Tax Type	Month of August			August Year-to-Date		
	FY2019	FY2018	Change	FY2019	FY2018	Change
Wage, Earnings, & Net Profit: PICA and City	\$156,726,062	\$149,096,568	5.1%	\$343,767,543	\$329,140,715	4.4%
Less: Wage, Earnings, & Net Profit: PICA Portion	37,093,715	35,081,528	5.7	81,378,416	77,421,104	5.1
Wage, Earnings, & Net Profit: City Portion	119,632,347	114,015,040	4.9	262,389,127	251,719,611	4.2
Business Income and Receipts	2,267,450	6,929,850	-67.3	7,867,146	13,818,508	-43.1
Real Estate	9,492,695	8,527,158	11.3	18,164,652	17,688,088	2.7
Realty Transfer	30,659,446	29,023,050	5.6	68,623,870	67,366,794	1.9
City Sales	27,846,715	28,979,912	-3.9	53,784,356	57,577,181	-6.6
Parking ³	7,615,927	7,616,396	0.0	15,822,986	15,662,596	1.0
Amusement	6,743,124	1,649,435	308.8	9,224,453	3,467,430	166.0
Other Miscellaneous ⁴	276,642	279,637	-1.1	528,257	568,584	-7.1
Beverage Tax	6,450,119	6,504,472	-0.8	13,537,043	13,424,866	0.8
Total Taxes⁵	\$210,984,465	\$203,524,950	3.7%	\$449,941,890	\$441,293,658	2.0%

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 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