



Monthly Tax Revenue Update September 2018

CITY OF PHILADELPHIA



Steady Increase in Tax Collections Continues in Fiscal Year 2019 *September Wage, Earnings, & Net Profits Taxes Up 6 Percent Over Last Year*

The City collected approximately \$195 million in General Fund tax revenue in the third month of FY2019, compared to \$190 million in September of last year, according to preliminary figures. After a strong year of collections in FY2018, increased collections continued for the third consecutive month in FY2019, driven by the City portion of the wage, earnings, and net profits taxes, which increased by 6.1 percent in September. Other major taxes decreased compared to last year, with just the City sales and parking taxes experiencing increases—thus making the strong wage, earnings, and net profits tax collections particularly important in offsetting decreases in the business income and receipts (“BIRT”), real estate, real estate transfer, amusement, and beverage taxes. However, strong collections in the first two months of the fiscal year ensured increases for most of these taxes in terms of year-to-date collections.

MONTH OF SEPTEMBER COLLECTIONS

The City portion of the combined wage, earnings, and net profits taxes continued its steady increase in FY2019; collections increased by 3.7 percent in July, 4.9 percent in August, and 6.1 percent in September over those respective months in FY2018. BIRT collections decreased again in September, by 4.4 percent, while the City sales tax increased by 22.7 percent, or approximately \$2.7 million. The real estate and realty transfer taxes decreased by 5.4 percent and 3.7 percent, respectively; amusement taxes decreased by 75.7 percent and other miscellaneous taxes stayed level. Finally, the beverage tax decreased by 2.5 percent, or approximately \$167,000, slightly higher than the City’s projected decrease.

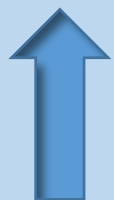
Tax Collections Snapshots For September

Wage, Earnings & Net Profits: City



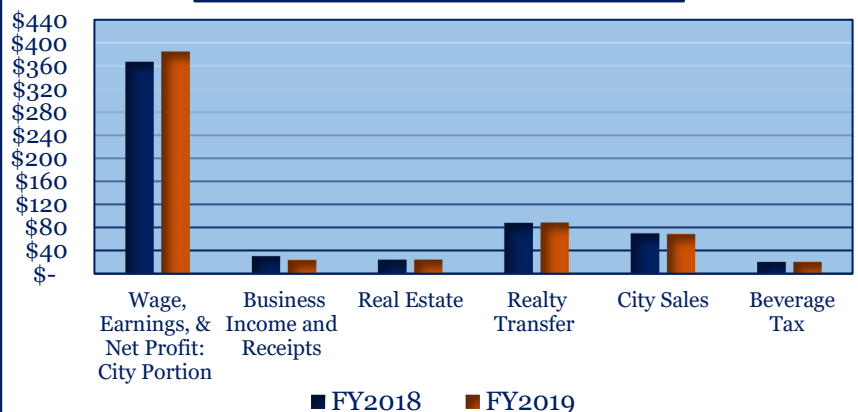
6.0%

City Sales



22.7%

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



SEPTEMBER YEAR-TO-DATE COLLECTIONS

The City collected \$644.9 million in tax revenue through the first quarter of FY2019, an increase of \$13.7 million, or 2.2 percent, compared to the same point last year. The year-to-date increase was driven primarily by a 4.8 percent increase in the City portion of the wage, earnings, and net profits taxes, as shown in Table 2. As with September collections totals, the increase more than offset decreases in the BIRT, City sales, beverage, and other miscellaneous taxes. In terms of projections, the wage, earnings, and net profits; realty transfer; amusement; other miscellaneous; and beverage taxes all exceeded the City’s five year plan projections,¹ while the BIRT, real estate, City sales, and parking taxes all fell short of projections, as shown in Table 1. However, BIRT and real estate taxes are primarily collected in the spring, and 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 September
Wage, Earnings, & Net Profits: PICA & City	3.5%	4.9%
Wage, Earnings, & Net Profits: PICA Portion	3.8	5.3%
Wage, Earnings, & Net Profits: City Portion	3.4	4.8%
Business Income and Receipts	2.8	-22.0%
Real Estate	3.5	0.5%
Realty Transfer	-0.9	0.6%
City Sales	5.9	-1.6%
Parking ³	2.7	2.1%
Amusement	4.4	35.9%
Other Miscellaneous ⁴	-0.9	-5.0%
Philadelphia Beverage	-1.0	-0.3%

Tax Type	Month of September			September Year-to-Date		
	FY2019	FY2018	Change	FY2019	FY2018	Change
Wage, Earnings, & Net Profit: PICA and City	\$160,150,450	\$151,068,850	6.0%	\$503,917,994	\$480,209,565	4.9%
Less: Wage, Earnings, & Net Profit: PICA Portion	37,746,031	35,734,609	5.6	119,151,803	13,155,712	5.3
Wage, Earnings, & Net Profit: City Portion	122,404,419	115,334,241	6.1	384,766,191	367,053,853	4.8
Business Income and Receipts	15,727,238	16,447,087	-4.4	23,594,384	30,265,595	-22.0
Real Estate	6,119,384	6,470,374	-5.4	24,284,169	24,158,462	0.5
Realty Transfer	20,042,960	20,811,248	-3.7	88,666,830	88,178,042	0.6
City Sales	14,688,735	11,975,118	22.7	68,473,091	69,552,299	-1.6
Parking ³	8,186,280	7,857,531	4.2	24,009,266	23,520,127	2.1
Amusement	982,817	4,046,016	-75.7	10,207,270	7,513,446	35.9
Other Miscellaneous ⁴	247,600	248,433	-0.3	775,857	817,017	-5.0
Beverage Tax	6,565,861	6,733,241	-2.5%	20,102,904	20,158,107	-0.3
Total Taxes⁵	\$194,965,294	\$189,923,289	2.7%	\$644,879,962	\$631,216,948	2.2%

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