



Monthly Tax Revenue Update October 2018

CITY OF PHILADELPHIA



City Tax Collections Continue Steady Increase in Fiscal Year 2019 Most Taxes Show Increases over October, Year-to-Date Collections Last Year

The City collected approximately \$227.3 million in General Fund tax revenue in October of FY2019, compared to \$212.5 million in October of last year, according to preliminary figures. After a strong year of collections in FY2018, increased collections continued for the fourth consecutive month in FY2019, driven by the City portion of the wage, earnings, and net profits taxes, which increased by 7.6 percent in October. Additionally, almost all other taxes increased in October compared to last year, with just the parking, other miscellaneous, and beverage taxes showing decreases. The real estate, realty transfer, City sales, and business income and receipts (“BIRT”) taxes all increased, with the amusement tax showing the strongest increase over October of last year. Another strong month of tax collections also ensured year-to-date collections increases continued, as the City moves toward another year of positive increases in overall collections.

MONTH OF OCTOBER 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, 6.1 percent in September, and now 7.6 percent in October, over those respective months in FY2018. BIRT collections increased in October, by 12.0 percent, while the City sales tax increased by 12.4 percent, or roughly \$1.5 million. The real estate and realty transfer taxes increased by 10.7 percent and 6.2 percent, respectively; amusement taxes increased by 35.5 percent and other miscellaneous taxes decreased by 1.4 percent, or less than \$5,000. Finally, the beverage tax decreased by 12.7 percent, or approximately \$1 million.

Tax Collections Snapshots For October

Wage, Earnings & Net Profits: City



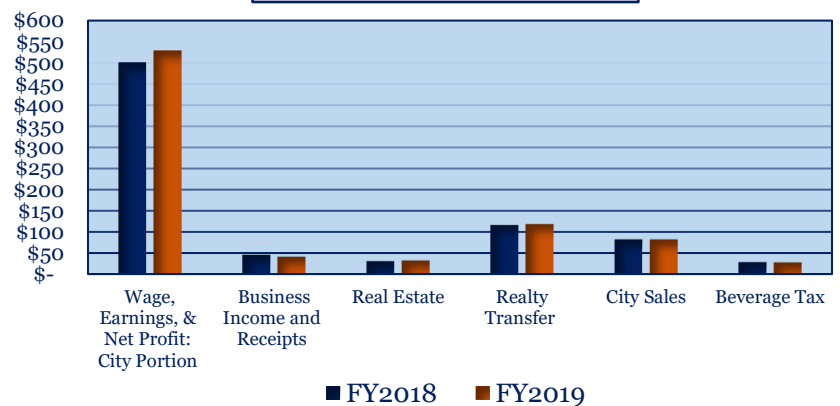
7.6%

City Sales



12.4%

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



OCTOBER YEAR-TO-DATE COLLECTIONS

Tax Type	Projected Growth	Growth Through October
Wage, Earnings, & Net Profits: PICA & City	3.5%	5.9%
Wage, Earnings, & Net Profits: PICA Portion	3.8	7.0
Wage, Earnings, & Net Profits: City Portion	3.4	5.5
Business Income and Receipts	2.8	-10.7
Real Estate	3.5	3.8
Realty Transfer	-0.9	1.9
City Sales	5.9	0.5
Parking ³	2.7	0.0
Amusement	4.4	35.8
Other Miscellaneous ⁴	-0.9	-4.1
Beverage	-1.0	-3.7

The City collected \$872.5 million in tax revenue through October of FY2019, an increase of 3.4 percent over the same point last year. The year-to-date increase was driven primarily by a 5.5 percent increase in the City portion of the wage, earnings, and net profits taxes, as shown in Table 2. Only the BIRT (most collections occur in the spring), beverage, and other miscellaneous taxes have decreased, compared to year-to-date collections at the same point last year. In terms of projections, the wage, earnings, and net profits; real estate; realty transfer; and amusement tax collections all exceeded the City’s five year plan projections,¹ while the BIRT, City sales, parking, other miscellaneous, and beverage taxes all fell short of projections, as shown in Table 1. However, point-in-time tax revenue collections 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	Month of October			October Year-to-Date		
	FY2019	FY2018	Change	FY2019	FY2018	Change
Wage, Earnings, & Net Profit: PICA and City	\$190,735,150	\$175,792,107	8.5%	\$694,687,694	\$656,001,672	5.9%
Less: Wage, Earnings, & Net Profit: PICA Portion	46,190,324	41,473,714	11.4	165,510,096	154,629,426	7.0
Wage, Earnings, & Net Profit: City Portion	144,544,826	134,318,393	7.6	529,177,598	501,372,246	5.5
Business Income and Receipts	16,737,353	14,949,302	12.0	40,356,499	45,214,897	-10.7
Real Estate	6,649,920	6,005,883	10.7	31,303,705	30,164,345	3.8
Realty Transfer	29,175,806	27,476,992	6.2	117,843,676	115,655,034	1.9
City Sales	13,323,110	11,849,590	12.4	81,796,466	81,401,889	0.5
Parking ³	8,136,174	8,622,843	-5.6	32,145,160	32,142,970	0.0
Amusement	1,864,721	1,375,993	35.5	12,072,174	8,889,439	35.8
Other Miscellaneous ⁴	297,642	302,013	-1.4	1,072,899	1,119,030	-4.1
Beverage	6,604,309	7,567,159	-12.7	26,707,352	27,725,266	-3.7
Total Taxes⁵	\$227,333,861	\$212,468,168	7.0%	\$872,475,529	\$843,685,116	3.4%

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