



Monthly Tax Revenue Update November 2018

CITY OF PHILADELPHIA



City Experiences First Monthly Tax Collection Decrease in FY2019 *Most Taxes Show Decreases Over November of FY2018*

The City collected approximately \$175.1 million in General Fund tax revenue in November of FY2019, compared to \$185.3 million in November of last year, according to preliminary figures. After consecutive months of strong collections in FY2019, most taxes decreased in the fifth month of the fiscal year—notably, the City portion of the combined wage, earnings, and net profits taxes, which had seen recurring monthly increases. While the wage tax is coming in slightly lower than projected, the dip in month-over-month November collections may potentially be attributed to the timing of collections. Despite the lower collections totals, year-to-date collections remain higher as of November, as compared to the same point last fiscal year. However, it is still too early to determine whether full-year collections will keep pace with last year, or match or exceed the City’s full-year projection.

MONTH OF NOVEMBER COLLECTIONS

The City portion of the combined wage, earnings, and net profits taxes decreased by \$6.4 million in November of FY2019, or 5.3 percent—the first decrease since March of 2018, when collections decreased slightly, by 0.2 percent. The real estate and realty transfer taxes also decreased by 7.5 percent and 21.5 percent, respectively, while the City sales tax decreased by 1.9 percent, or less than \$300,000. This slight decrease could be the result of the trend toward more online shopping this holiday season. The business income and receipts taxes and the beverage tax were both notable for showing increases, despite the bulk of BIRT taxes being collected in the spring, and the projected steady decline in sugary beverage consumption.

Tax Collections Snapshots For November

Wage, Earnings & Net Profits: City



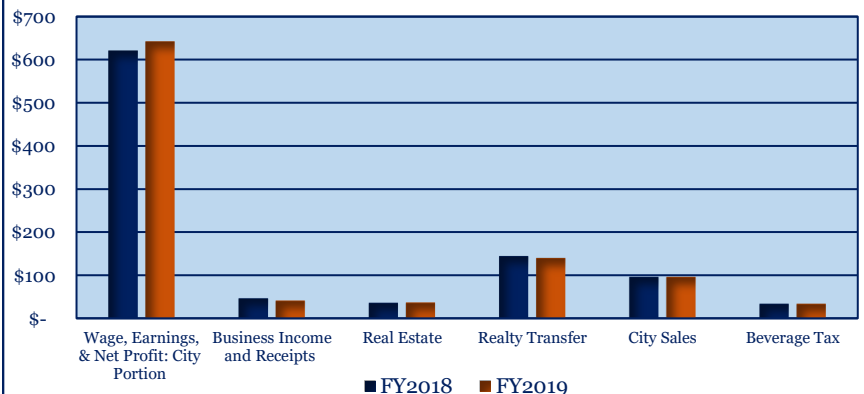
-5.3%

Realty Transfer



-21.5%

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



NOVEMBER YEAR-TO-DATE COLLECTIONS

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

Tax Type	Projected Growth	Growth Through November
Wage, Earnings, & Net Profits: PICA & City	3.3%	3.9%
Wage, Earnings, & Net Profits: PICA Portion	5.1	4.9
Wage, Earnings, & Net Profits: City Portion	2.7	3.5
Business Income and Receipts	12.9	-9.7
Real Estate	3.5	1.9
Realty Transfer	6.5	-2.8
City Sales	3.0	0.1
Parking ³	0.4	2.3
Amusement	12.6	37.8
Other Miscellaneous ⁴	5.0	6.2
Beverage	-2.8	-0.2

The City collected \$1.048 billion in tax revenue through November of FY2019, an increase of 1.9 percent over the same point last year, but below the City’s 4.3 percent projection for the full year. The year-to-date increase was driven primarily by a 3.5 percent increase in the City portion of the wage, earnings, and net profits taxes which, combined, represent the City’s highest collections amount. The real estate, City sales, parking, amusement, and other miscellaneous taxes also showed year-to-date increases, however the City sales tax increased by just over \$100,000. Only the BIRT and realty transfer taxes have decreased compared to the same point last fiscal year. As previously mentioned, the bulk of BIRT taxes are collected in the spring. Further, point-in-time tax revenue collections figures may not be indicative of full year tax performance.

The City’s current FY2019 revenue estimates are found in the City’s *Quarterly City Managers Report for the Period Ending September 30, 2018*, which was issued on November 15, 2018. The projected General Fund tax revenue for FY2019 is \$3.490 billion, an increase of 2.6 percent over FY2018. Combined City and PICA tax revenue is projected at \$4.013 billion, an increase of 2.9 percent over last fiscal year.

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

Tax Type	Month of November			November Year-to-Date		
	FY2019	FY2018	Change	FY2019	FY2018	Change
Wage, Earnings, & Net Profit: PICA and City	\$148,514,651	\$155,887,741	-4.7%	843,193,925	\$811,889,413	3.9%
Less: Wage, Earnings, & Net Profit: PICA Portion	35,496,083	36,500,040	-2.8	200,460,346	191,129,470	4.9
Wage, Earnings, & Net Profit: City Portion	113,018,568	119,387,701	-5.3	642,733,579	620,759,943	3.5
Business Income and Receipts	1,309,966	934,844	40.1	41,659,984	46,149,741	-9.7
Real Estate	5,399,293	5,839,101	-7.5	36,699,147	36,003,446	1.9
Realty Transfer	22,552,161	28,718,591	-21.5	140,396,082	144,373,625	-2.8
City Sales	14,350,592	14,626,405	-1.9	96,146,793	96,028,294	0.1
Parking ³	8,946,028	8,036,826	11.3	41,091,468	40,179,796	2.3
Amusement	2,112,224	1,400,229	50.8	14,184,215	10,289,668	37.8
Other Miscellaneous ⁴	376,968	247,111	52.6	1,450,467	1,366,141	6.2
Beverage	7,028,085	6,083,858	15.5	33,735,298	33,809,124	-0.2
Total Taxes⁵	\$175,093,885	\$185,274,666	-5.5%	\$1,048,097,033	\$1,028,959,778	1.9%

¹ As projected in the City’s *Quarterly City Managers Report for the Period Ending September 30, 2018*; 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