



Pennsylvania Intergovernmental Cooperation Authority

## Monthly Tax Revenue Update

CITY OF PHILADELPHIA

**October  
2019**

### City Sees Double-Digit Increase in October Collections Year-to-Date Collections Ahead of Last Year by Seven Percent

#### October Tax Snapshots:



**Wage, Earnings, Net  
Profits (City)**

**UP 8.0%**

**City Sales**

**UP 3.9%**

**Real Estate Transfer**

**UP 32.7%**

#### MONTH OF OCTOBER COLLECTIONS

The City collected approximately \$253.9 million in General Fund tax revenue in October of FY2020, compared to \$227.9 million in October FY2019, an increase of approximately \$26.1 million, or 11.4 percent, according to preliminary figures. Every tax category saw increases in collections compared to last October except the amusement tax, which decreased by over \$700,000, or 38.2 percent. The realty transfer tax increased by \$9.5 million (32.7 percent), other miscellaneous by \$59,577 (20 percent) and the business income and receipts tax ("BIRT") increased by \$3.1 million (18.3 percent)—all double-digit increases. The beverage tax increased for the second consecutive month, by \$1.3 million, or 19.4 percent. The City portion of the combined wage, earnings, and net profits taxes increased by \$11.6 million (8.0 percent), as did the real estate, city sales, and parking taxes, by \$363,303 (5.5 percent), \$519,756 (3.9 percent), and \$350,201 (4.3 percent), respectively.

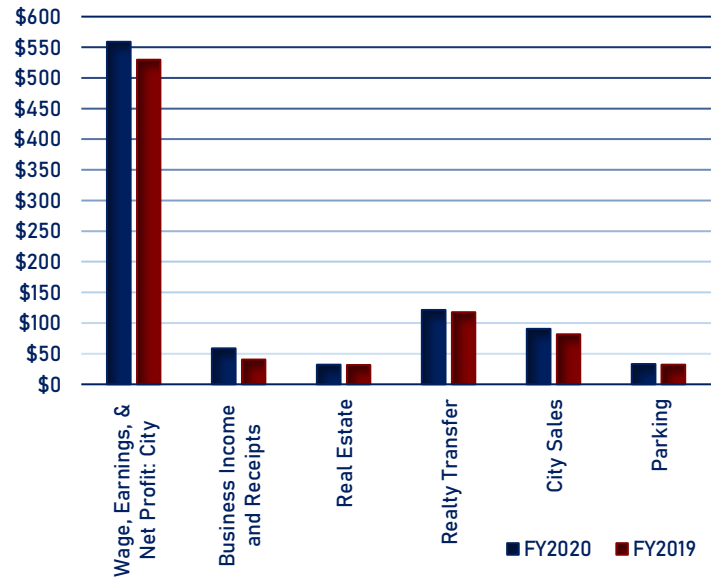
City tax revenue has increased in each month so far this fiscal year, with October seeing the first double-digit increase compared to the same month last year. The high increase in realty transfer tax revenue likely reflects the City's still-strong real estate market, and the 8.0 percent increase in the City's portion of the wage, earnings, and net profits taxes (the highest increase thus far this year) reflects the current low rate of unemployment.

Table 1: City of Philadelphia Tax Collections FY2020 vs. FY2019 <sup>1</sup>

Tax Type	October			Year-to-Date		
	FY2020	FY2019	Change	FY2020	FY2019	Change
Wage, Earnings, & Net Profit: PICA and City	\$206,338,889	\$190,726,644	8.2%	\$736,428,759	\$694,679,274	6.0%
Less: Wage, Earnings, & Net Profit: PICA Portion	49,645,091	45,644,825	8.8%	177,238,936	164,964,263	7.4%
Wage, Earnings, & Net Profit: City Portion	156,693,798	145,081,819	8.0%	559,189,823	529,715,011	5.6%
Business Income and Receipts Tax	19,786,459	16,730,910	18.3%	58,479,413	40,350,017	44.9%
Real Estate Tax	7,009,799	6,646,496	5.5%	31,832,537	31,299,854	1.7%
Realty Transfer Tax	38,706,106	29,175,806	32.7%	121,094,444	117,843,921	2.8%
City Sales Tax	13,842,866	13,323,110	3.9%	90,484,457	81,796,201	10.6%
Parking Tax <sup>2</sup>	8,486,375	8,136,174	4.3%	33,055,391	32,145,440	2.8%
Amusement Tax	1,152,525	1,864,721	-38.2%	9,897,169	12,071,991	-18.0%
Other Miscellaneous Taxes <sup>4</sup>	357,219	297,642	20.0%	1,305,518	1,073,499	21.6%
Philadelphia Beverage Tax	7,885,322	6,604,309	19.4%	28,166,168	26,707,213	5.5%
<b>Total Taxes: City Portion<sup>5</sup></b>	<b>\$253,920,469</b>	<b>\$227,860,987</b>	<b>11.4%</b>	<b>\$933,504,920</b>	<b>\$873,003,147</b>	<b>6.9%</b>

Tax Type	Current Projected Growth	Year-to-Date Growth
Wage, Earnings & Net Profit: PICA and City	4.5%	6.0%
Wage, Earnings & Net Profit: PICA Portion	5.2%	7.4%
Wage, Earnings & Net Profit: City Portion	4.3%	5.6%
Business Income and Receipts	-1.2%	44.9%
Real Estate	0.2%	1.7%
Realty Transfer	1.4%	2.8%
City Sales	5.9%	10.6%
Parking <sup>3</sup>	2.1%	2.8%
Amusement	3.7%	-18.0%
Other Miscellaneous <sup>4</sup>	1.8%	21.6%
Beverage	-1.0%	5.5%

Figure 1: Major Taxes: FY2020 vs. FY2019 (\$ in Millions)



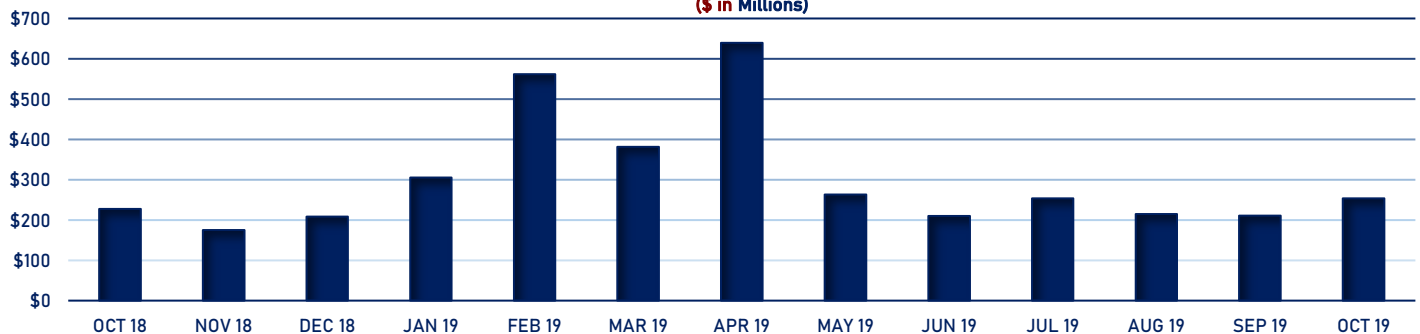
### YEAR-TO-DATE COLLECTIONS

The City has collected \$933.5 million in taxes through the fourth month of FY2020, compared to \$873.0 million over the same period last year, an increase of \$60.5 million, or 6.9 percent, driven by the strong month-over-month revenue increases every month so far this fiscal year. The City saw double digit increases in year-to-date BIRT (44.9%), other miscellaneous (21.6 percent), and City sales (10.6 percent) tax revenue, though early-year collections may not be indicative of full-year totals. As with October collections totals, the only year-to-date decrease is in the amusement (-18.0 percent). Notably, the beverage tax has increased by 5.5 percent thus far in FY2020.

In terms of FY2020 projections, all tax categories except the amusement tax met or exceeded the City's most recent assumptions, with the real estate, city sales, other miscellaneous, and beverage taxes well ahead of those projections, as shown in Table 2.

The City has projected a total of \$3.636 billion in tax revenue for FY2020, a 2.4 percent increase over the current unaudited actual total of \$3.552 billion. The City's most recent tax projections can be found in its Five Year Financial Plan for Fiscal Years 2020-2024. The City will update its tax projections with the release of its first Quarterly City Managers Report for FY2020, to be issued later this month.

Figure 2: Total Tax Collections (\$ in Millions)



<sup>1</sup> Source: Preliminary and comparative revenue reports provided by Department of Revenue; General Fund only  
<sup>2</sup> As projected in the City's *Five Year Financial Plan for Fiscal Years 2020-2024*  
<sup>3</sup> Includes parking lot and valet taxes  
<sup>4</sup> Includes outdoor advertising, smokeless tobacco, and miscellaneous taxes  
<sup>5</sup> Does not include PICA portion