



Pennsylvania Intergovernmental Cooperation Authority

Monthly Tax Revenue Update

CITY OF PHILADELPHIA

March
2020

March Tax Collections Slightly Higher Than Last Year
Impact of COVID-19 on Tax Revenue Not Yet Evident

March Tax Snapshots:



Wage, Earnings, Net
Profits (City)

UP 4.6%

City Sales
UP 44.4%

Real Estate Tax
Down 23.9%

MONTH OF MARCH COLLECTIONS

The City collected approximately \$383.0 million in General Fund tax revenue in March of FY2020, compared to \$381.6 million in March FY2019, an increase of approximately \$1.4 million, or 0.4 percent, according to preliminary figures. About half of the City's major tax types saw increases in March as shown in Table 1, with the overall increase driven by increases in the City portion of the wage, earnings, and net profits (\$6.5 million, 4.6 percent), realty transfer (\$23.9 million, or 101.2 percent), and the City sales tax (\$5.5 million, or 44.4 percent) However, these taxes are almost certain to decline in April, impacted by an economy which has been upended by the onset of COVID-19 in Philadelphia. Additionally, the City has extended the deadline to remit real estate taxes by one month, from March 31 to April 30—likely affecting March collections for that tax category.

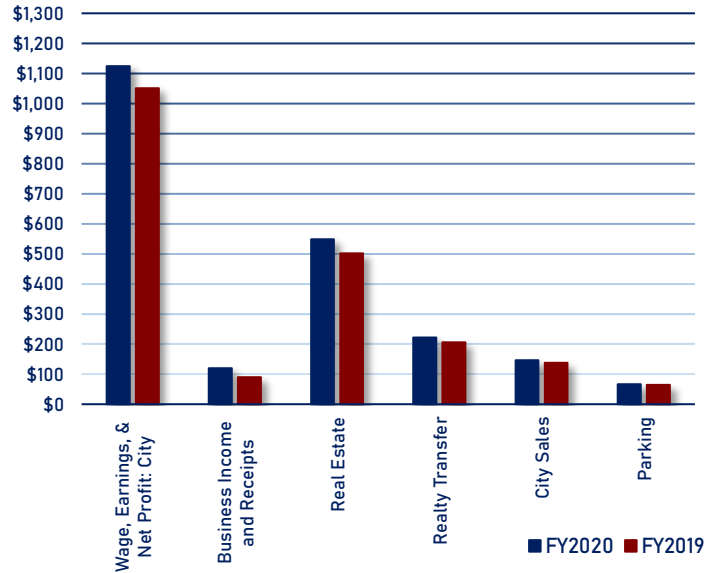
Prior to this pandemic, total City tax revenue continued to increase in every month of FY2020 so far, with three months remaining in the fiscal year. Notably, the City portion of the combined wage, earnings, and net profits taxes has increased in every month so far except August. While the effect of COVID-19 on the economy—and therefore tax revenues—is not yet evident based on March collections, PICA will be closely monitoring the effect of COVID-19 on the City's tax revenues in the coming months.

Table 1: City of Philadelphia Tax Collections FY2020 vs. FY2019

Tax Type	March			Year-to-Date		
	FY2020	FY2019	Change	FY2020	FY2019	Change
Wage, Earnings, & Net Profit: PICA and City	\$195,076,628	\$186,249,841	4.7%	\$1,675,391,208	\$1,569,919,918	6.7%
Less: Wage, Earnings, & Net Profit: PICA Portion	48,147,222	45,788,008	5.2%	409,630,860	378,559,855	8.2%
Wage, Earnings, & Net Profit: City Portion	146,929,406	140,461,833	4.6%	1,265,760,348	1,191,360,063	6.2%
Business Income and Receipts Tax	44,862,409	44,794,787	0.2%	164,259,607	134,443,036	22.2%
Real Estate Tax	110,374,876	145,065,170	-23.9%	666,629,537	647,174,373	3.0%
Realty Transfer Tax	47,435,059	23,574,527	101.2%	268,870,719	229,467,116	17.2%
City Sales Tax	17,819,253	12,341,609	44.4%	163,703,708	150,194,107	9.0%
Parking Tax ²	8,126,052	7,593,242	7.0%	74,884,044	72,214,158	3.7%
Amusement Tax	1,601,909	1,637,715	-2.2%	19,479,464	20,518,343	-5.1%
Other Miscellaneous Taxes ⁴	236,304	243,571	-3.0%	3,822,806	3,403,102	12.3%
Philadelphia Beverage Tax	5,609,144	5,889,302	-4.8%	57,412,459	57,228,553	0.3%
Total Taxes: City Portion	\$382,994,412	\$381,601,756	0.4%	\$2,684,822,692	\$2,506,002,851	7.1%

Tax Type	Current Projected Growth	Year-to-Date Growth
Wage, Earnings & Net Profit: PICA and City	5.7%	6.7%
Wage, Earnings & Net Profit: PICA Portion	6.7%	8.2%
Wage, Earnings & Net Profit: City Portion	5.4%	6.2%
Business Income and Receipts	0.0%	22.2%
Real Estate	0.8%	3.0%
Realty Transfer	2.4%	17.2%
City Sales	5.4%	9.0%
Parking ³	2.2%	3.7%
Amusement	-3.5%	-5.1%
Other Miscellaneous ⁴	-19.8%	12.3%
Beverage	-1.0%	0.3%

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



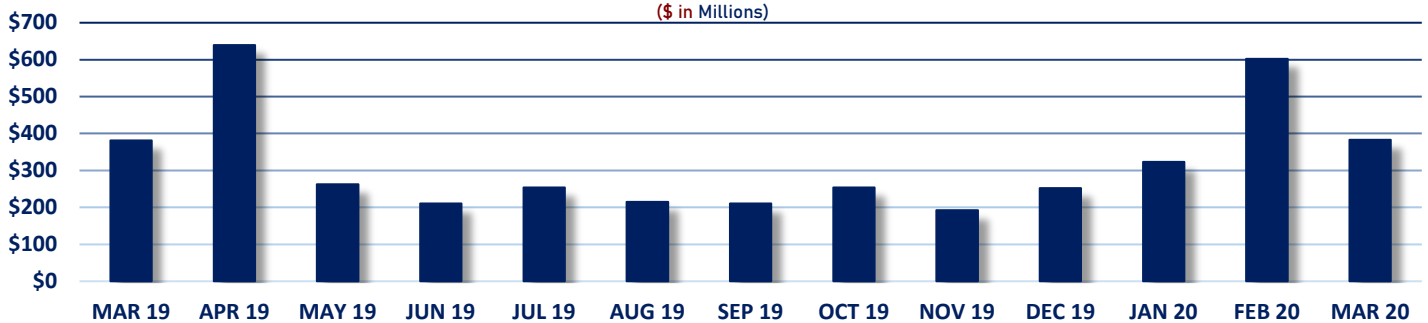
YEAR-TO-DATE COLLECTIONS

The City has collected \$2.684 billion in taxes through the ninth month of FY2020, compared to \$2.506 billion over the same period last year, an increase of \$178.9 million, or 7.1 percent—driven by strong revenue increases in all but one category. The City saw double digit increases in year-to-date BIRT (\$29.8 million, or 22.2 percent) realty transfer (\$39.4 million, or 17.2 percent) and other miscellaneous (\$419,704, or 12.3 percent) tax collections. However, stark decreases in these and other tax categories, expected in the coming months, may begin to offset the year-to-date increases enjoyed by the City thus far in the fiscal year.

Similarly, in terms of FY2020 projections, all tax categories except the amusement tax met or exceeded the City's most recent assumptions. Again, the City can expect to see those gains decline in the coming months as the impact of COVID-19 becomes more clear, and City officials will almost certainly revise all current projections in the Mayor's revised *Five Year Plan for Fiscal Years 2021-2025*, to be issued May 1.

The City has projected a total of \$3.726 billion in tax revenue for FY2020, a 3.1 percent increase over the FY2019 total of \$3.614 billion. The current projections can be found in the *Quarterly City Managers Report (QCMR) for the Period Ending ending December 31, 2019*, issued on February 18, 2020. Due to the COVID-19 pandemic crisis, these projections will change with the issuance of the next QCMR.

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



¹ Source: Preliminary and comparative revenue reports provided by Department of Revenue; General Fund only

² As projected in the City's *Quarterly City Managers Report for the Period Ending December 31, 2019*

³ Includes parking lot and valet taxes

⁴ Includes outdoor advertising, smokeless tobacco, and miscellaneous taxes

⁵ Does not include PICA portion