



September 15, 2015

City of Philadelphia Tax Revenue Update for August 2015

Collections for August show strong growth rates at or above current projections for most taxes, with the wage and real estate transfer taxes performing particularly well.

General Fund tax collections totaled \$175.7 million in August, according to the City's preliminary revenue report, an increase of \$19.1 million (12.2 percent) from the previous year. Revenues for most taxes were strong and showed year-over-year growth at or above the FY16 projected growth rates. The wage and real estate transfer (RETT) taxes in particular performed well. RETT revenues through the first two months of FY16 increased 47.2 percent over the previous year, while wage tax revenues increased 6.3 percent.

Compared to August 2014, revenues for the following taxes increased: wage and earnings (\$8.6 million), RETT (\$6.2 million), sales (\$4.8 million), business income and receipts (\$2.0 million), parking (\$1.2 million), amusement (\$0.5 million), and net profits (\$0.3 million). These increases were offset by a decline in the real estate tax (\$0.7 million). However, on a year-over-year basis, the real estate tax is currently 7.7 percent above FY15 figures. The increase in parking tax revenues through August partly reflects the increase in the tax rate from 20.0 percent to 22.5 percent effective July 1, 2015. Sales tax collections for the first two months of FY16 declined 5.7 percent from the previous year, primarily reflecting the allocation of \$120 million of the local sales tax to the School District of Philadelphia (SDP) beginning in FY15.¹

The current estimate for FY16 General Fund tax revenue is \$2,912.3 million, an increase of 4.7 percent from the current FY15 estimate.

¹ Based on information provided by City officials, the decline in sales tax collections through August reflects several factors. Generally, there is a two month lag between tax collections at the point of sale and receipt of revenue by the City. As a result, the FY15 allocation to SDP, which became effective July 1, 2014, did not impact City collections until September 2014. Therefore, City sales tax receipts for July and August 2014 reflect the full local sales tax. Beginning in September 2014, City and SDP receipts reflected an even split of the tax. It appears that SDP's share likely reached the \$120 million threshold during July 2015 (which represented sales during May), and the City's collections increased as a result. The City's August collections of \$27.0 million represented the full local sales tax (for transactions occurring in June). However, total City receipts for July and August 2015 remained below the level of the previous year, because July 2015 collections did not represent the full local tax, unlike July 2014 collections.

**Table 1: City of Philadelphia Tax Revenues:
FY16 versus FY15 (\$ in Millions)**

Tax	Monthly Total through August			Fiscal Year Total (Budget Basis)			Change To Date Above/ (Below) Estimated Fiscal Year Change
	FY15	FY16 ¹	Percent Change	FY15 Current Estimate	FY16 Current Estimate	Percent Change	
Wage and Earnings²	\$276.9	\$294.4	6.3%	\$1,713.2	\$1,776.4	3.7%	2.6%
<i>Wage</i>	275.6	292.8	6.3%				
<i>Earnings</i>	1.3	1.6	16.8%				
Net Profits²	(1.4)	1.2	-188.9%	32.5	31.7	-2.4%	-186.5%
Real Estate	16.1	17.3	7.7%	527.9	581.1	10.1%	-2.3%
Business Income and Receipts	6.0	9.1	53.3%	466.3	453.9	-2.7%	56.0%
Sales	44.6	42.0	-5.7%	143.8	149.4	3.9%	-9.6%
Real Estate Transfer	32.8	48.2	47.2%	201.7	221.9	10.0%	37.2%
Parking	12.4	15.3	23.1%	76.9	88.6	15.3%	7.8%
Amusement	5.2	6.0	14.2%	18.9	19.2	1.6%	12.6%
Data Warehouse Collections	0	0	--	0	5.7	--	--
Other	0.5	0.6	6.5%	3.5	3.5	0.9%	5.6%
Total	393.1	434.2	10.4%	3,184.7	3,331.3	4.6%	5.8%
<i>PICA</i>	61.2	67.7	10.5%	402.8	419.0	4.0%	6.5%
<i>City</i>	331.9	366.5	10.4%	2,781.9	2,912.3	4.7%	5.7%

Source: Monthly collections from *Comparative Statement of Net Revenue Collections*, City of Philadelphia, Department of Revenue and preliminary revenue report for August. FY15 and FY16 current estimate from the *Mayor's Operating Budget in Brief for Fiscal Year 2016 as Approved by the Council, June 2015*.

Notes:

¹ Amounts are preliminary. Collections to date are not necessarily indicative of likely trends for the entire fiscal year.

² Includes portion dedicated to PICA.