



January 15, 2013

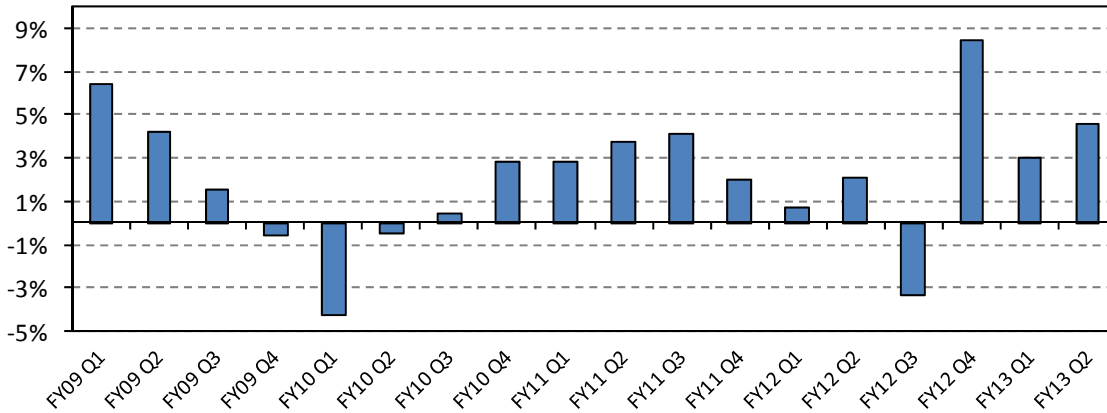
City of Philadelphia Tax Revenue Update for December 2012

City General Fund tax collections were \$165.3 million in December, an increase of \$24.1 million (17.1 percent) from December 2011, according to the City's preliminary revenue report. Through the first six months of fiscal year 2013 (FY13), tax collections were \$921.7 million, an increase of 5.0 percent compared to same period in FY12. General Fund tax revenue is currently estimated at \$2,626.6 million for the full fiscal year, an increase of 2.2 percent from FY12. For three major taxes that are collected continuously through the year – wage and earnings, sales, and real estate transfer taxes – growth through December is at or above rates currently projected for the full fiscal year.¹ While the pace of collections for these taxes to date is relatively strong, to meet current FY13 projections will require that growth is maintained through the second half of the fiscal year.

As shown in Figure 1, the wage and earnings tax base increased 4.5 percent in the second quarter of FY13, the third consecutive quarterly increase and the second largest quarterly increase since the first quarter of FY09. The increase suggests continued modest earnings growth for Philadelphia residents and workers.

¹ Growth through December of the parking and amusement taxes, which are also collected continuously through the year, is below the currently projected rate for the full year. Other major General Fund taxes – real estate, business income and receipts, and net profits taxes – are collected primarily in the spring. For these taxes, collections data in the early months of the fiscal year are not generally informative about likely collections for the full year. Collections for these taxes will be discussed in monthly reports later in the fiscal year.

**Figure 1: Wage and Earnings Tax Base,
Year-over-Year Percentage Change by Quarter¹**

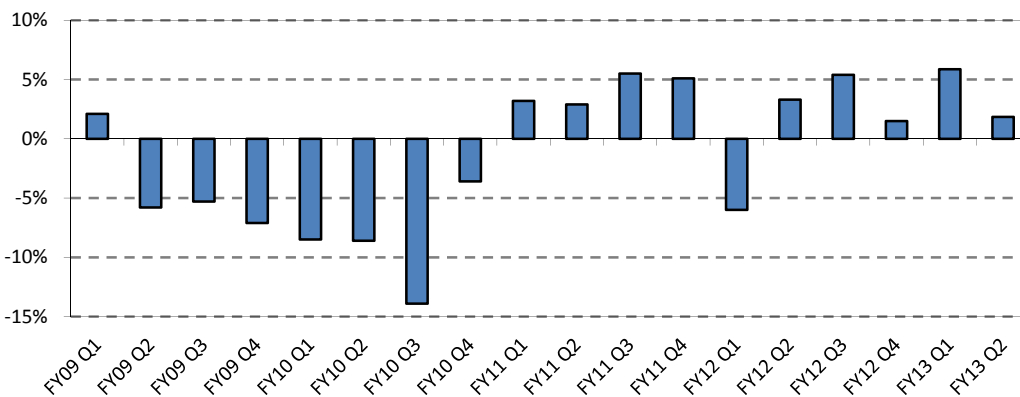


Note: The figures shown are PICA staff estimates based on monthly cash collections and past tax rates. The estimated tax base equals revenues divided by the tax rate in effect in each period. Revenue data are from *Comparative Statement of Net Revenue Collections*, City of Philadelphia Department of Revenue.

¹ Includes City and PICA portion.

Figure 2 presents trends in the growth of the sales tax base. In the second quarter of FY13, the tax base increased 1.9 percent, the fifth consecutive quarterly increase. The tax base has generally increased since the first quarter of FY11, after decreasing for seven consecutive quarters beginning in the second quarter of FY09.

**Figure 2: Sales Tax Base:
Year-over-Year Percentage Change by Quarter**



Note: The figures shown are PICA staff estimates based on monthly cash collections and past tax rates. The estimated tax base equals revenues divided by the tax rate in effect in each period. Revenue data are from *Comparative Statement of Net Revenue Collections*, City of Philadelphia Department of Revenue.

Trends for individual taxes through December are discussed below.

- Wage and earnings tax collections (including the City and PICA portion) totaled \$129.7 million in December, an increase of \$13.6 million (11.7 percent) from December 2011. Total collections through December were \$767.5 million, an increase of 3.8 percent compared to the same period in FY12. The current FY13 estimate is \$1,584.3 million, a 2.3 percent increase from the FY12 actual.
- Sales tax collections through December were \$127.7 million, an increase of 3.9 percent compared to the same period last fiscal year. The current FY13 estimate is \$259.3 million, an increase of 2.3 percent from the FY12 actual.
- Real estate transfer tax collections were \$14.0 million in December, an increase of \$5.3 million (60.4 percent) from December 2011. This is the third consecutive month of increased collections compared to the previous year. Total FY13 collections through December were \$69.8 million, a 13.4 percent increase from the same period in FY12. The current FY13 projection is \$124.5 million, an increase of 4.3 percent from FY12 actual revenue.
- Parking tax collections through December were \$36.8 million, a 1.4 percent increase from last year. The current FY13 estimate is \$73.2 million, an increase of 3.1 percent from the FY12 actual.
- Amusement tax collections through December were \$7.7 million, a 6.0 percent decrease from FY12. The weakness in collections to date likely reflects the impact of the National Hockey League strike. The current FY13 estimate is \$22.1 million, a 0.7 percent increase from the FY12 actual.

City of Philadelphia General Fund Tax Revenues: FY13 versus FY12 (\$ in Millions)							
Tax	Monthly Total through December			Fiscal Year Total (Budget Basis)			Percent Change through December Above/(Below) Fiscal Year Percent Change
	FY12	FY13 ¹	Percent Change	FY12 Unaudited Actual	FY13 Current Estimate	Percent Change	
Wage and Earnings²	\$739.7	\$767.5	3.8%	\$1,548.6	\$1,584.3	2.3%	1.4%
<i>Wage</i>	734.2	763.1	3.9%				
<i>Earnings</i>	5.5	4.3	-21.0%				
Net Profits²	3.5	3.3	-6.2%	20.4	20.8	1.7%	(7.9%)
Real Estate	46.1	46.4	0.6%	500.7	514.9	2.8%	(2.3%)
Business Income and Receipts	25.6	37.3	46.0%	389.4	398.0	2.2%	43.8%
Sales	122.9	127.7	3.9%	253.5	259.3	2.3%	1.6%
Real Estate Transfer	61.5	69.8	13.4%	119.4	124.5	4.3%	9.1%
Parking	36.3	36.8	1.4%	70.9	73.2	3.1%	(1.7%)
Amusement	8.2	7.7	-6.0%	21.9	22.1	0.7%	(6.7%)
Other	1.7	1.5	-9.0%	3.2	3.4	7.7%	(16.7%)
Total	1,045.5	1,098.0	5.0%	2,928.0	3,000.5	2.5%	2.5%
<i>PICA</i>	167.4	176.3	5.3%	357.5	373.8	4.6%	0.7%
<i>City</i>	878.1	921.7	5.0%	2,570.4	2,626.6	2.2%	2.8%

Source: Monthly collections from *Comparative Statement of Net Revenue Collections*, City Department of Revenue, available at <http://www.phila.gov/revenue/citymonthlyrevenuecollections.html>, and preliminary revenue report for December 2012. FY12 unaudited actual from *Annual Financial Report* for FY12. FY13 current estimate from *Quarterly City Managers Report* for the period ending September 30, 2012.

Notes:

¹ Amounts are preliminary.

² Includes portion dedicated to PICA.