



March 8, 2013

## City of Philadelphia Tax Revenue Update for February 2013

City General Fund tax collections were \$452.5 million in February, an increase of \$4.2 million (0.9 percent) from February 2012, according to the City's preliminary revenue report. February collections included \$316.1 million in real estate tax revenue, \$91.3 million of the City portion of wage, earnings, and net profits taxes, and \$45.0 million in other taxes. Through the first eight months of fiscal year 2013 (FY13), the General Fund received \$1,607.0 million in tax revenue, an increase of 5.2 percent compared to same period in FY12. General Fund tax revenue is currently estimated at \$2,658.7 million for FY13, an increase of 3.4 percent from FY12.

In the *Quarterly City Managers Report (QCMR)* for the second quarter of FY13, the City revised its FY13 tax revenue projections, with increases in projected wage and earnings (\$12.9 million), real estate (\$11.4 million), real estate transfer (\$6.8 million), and business income and receipts (\$1.9 million) taxes. The amusement tax projection was reduced by \$1.0 million. The overall projection of FY13 General Fund tax revenue increased \$32.1 million. As shown in Table 1, even with the generally upward adjustments in the *QCMR* projections, revenue growth through February for the wage and earnings, real estate, sales, and real estate transfer taxes is at or above the currently-projected rate for the full fiscal year.<sup>1</sup> However, to meet the current projections will require continued growth through the remaining four months of FY13.

- Wage and earnings tax collections (including the City and PICA portion) totaled \$119.0 million in February, a decrease of \$4.2 million (3.4 percent) from February 2012. Total collections through February were \$1,051.5 million, an increase of 4.3 percent compared to the same period last fiscal year. The current FY13 estimate is \$1,601.1 million, a 3.4 percent increase from FY12.

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<sup>1</sup> Parking and amusement tax revenue growth to date is below the projected rate for the full year. For business income and receipts and net profits taxes, which are collected primarily in the spring, collections data prior to March and April are not generally informative about likely collections for the full year. These taxes will be discussed in future reports.

- Real estate tax collections through February were \$414.3 million, an increase of 7.9 percent compared to the first eight months of FY12. The current projection for FY13 is \$526.3 million, an increase of 5.1 percent compared to FY12.
- Sales tax collections through February were \$172.7 million, an increase of 3.3 percent compared to the same period last fiscal year. The current FY13 estimate is \$259.3 million, an increase of 2.3 percent from FY12.
- Real estate transfer tax collections were \$8.9 million in February, an increase of \$0.5 million (6.0 percent) from February 2012. This is the fifth consecutive month of increased collections compared to the previous year. Total FY13 collections through February are \$91.6 million, a 15.5 percent increase from the same period in FY12. The current FY13 projection is \$131.3 million, a 10.0 percent increase from FY12.
- Parking tax collections through February were \$48.2 million, a 1.8 percent increase from last year. The current FY13 estimate is \$73.2 million, an increase of 3.1 percent over FY12.
- Amusement tax collections through February were \$9.5 million, a 10.2 percent decrease from FY12. The current FY13 estimate is \$21.1 million, a 3.9 percent decrease from FY12.

Table 1: City of Philadelphia General Fund Tax Revenues: FY13 versus FY12 (\$ in Millions)							
Tax	Monthly Total through February			Fiscal Year Total (Budget Basis)			Percent Change through February Above/(Below) Fiscal Year Percent Change
	FY12	FY13 <sup>1</sup>	Percent Change	FY12 Unaudited Actual	FY13 Current Estimate	Percent Change	
<b>Wage and Earnings<sup>2</sup></b>	\$1,008.4	\$1,051.5	4.3%	\$1,548.6	\$1,601.1	3.4%	0.9%
<i>Wage</i>	1,000.8	1,045.3	4.4%				
<i>Earnings</i>	7.6	6.2	-18.8%				
<b>Net Profits<sup>2</sup></b>	4.7	4.3	-7.5%	20.4	20.8	2.2%	(9.7%)
<b>Real Estate</b>	384.1	414.3	7.9%	500.7	526.3	5.1%	2.8%
<b>Business Income and Receipts</b>	49.1	54.4	10.8%	389.4	400.0	2.7%	8.1%
<b>Sales</b>	167.1	172.7	3.3%	253.5	259.3	2.3%	1.0%
<b>Real Estate Transfer</b>	79.3	91.6	15.5%	119.4	131.3	10.0%	5.5%
<b>Parking</b>	47.3	48.2	1.8%	70.9	73.2	3.1%	(1.3%)
<b>Amusement</b>	10.6	9.5	-10.2%	21.9	21.1	-3.9%	(6.3%)
<b>Other</b>	7.7	2.6	-66.9%	3.2	3.4	7.6%	(74.5%)
<b>Total</b>	1,758.4	1,849.2	5.2%	2,928.0	3,036.4	3.7%	1.5%
<i>PICA</i>	231.2	242.2	4.7%	357.5	377.7	5.6%	(0.9%)
<i>City</i>	1,527.2	1,607.0	5.2%	2,570.4	2,658.7	3.4%	1.8%

Source: Monthly collections from *Comparative Statement of Net Revenue Collections*, City Department of Revenue, available at <http://www.phila.gov/revenue/citymonthlyrevcollections.html>, and preliminary revenue report for February 2013. FY12 unaudited actual from *Annual Financial Report* for FY12. FY13 current estimate from *Quarterly City Managers Report* for the period ending December 31, 2012.

Notes:

<sup>1</sup> Amounts are preliminary.

<sup>2</sup> Includes portion dedicated to PICA.

<b>Table 2: City of Philadelphia FY13 General Fund Tax Revenues Adopted Budget Versus Current Estimate (\$ in Millions)</b>				
<b>Tax</b>	<b>Adopted Budget</b>	<b>Current Estimate</b>	<b>Current Estimate Above/(Below) Adopted Budget</b>	
			<b>Amount</b>	<b>Percent</b>
<b>Wage and Earnings<sup>1</sup></b>	\$1,567.8	\$1,601.1	\$33.2	2.1%
<b>Net Profits<sup>1</sup></b>	20.1	20.8	0.7	3.7%
<b>Real Estate</b>	514.9	526.3	11.4	2.2%
<b>Business Income and Receipts</b>	394.9	400.0	5.0	1.3%
<b>Sales</b>	259.3	259.3	(0.1)	0.0%
<b>Real Estate Transfer</b>	124.5	131.3	6.8	5.4%
<b>Parking</b>	75.1	73.2	(2.0)	-2.6%
<b>Amusement</b>	22.1	21.1	(1.0)	-4.5%
<b>Other</b>	3.4	3.4	(0.0)	0.0%
<b>Total</b>	<b>2,982.2</b>	<b>3,036.4</b>	<b>54.2</b>	<b>1.8%</b>
<i>PICA</i>	367.8	377.7	9.9	2.7%
<i>City</i>	2,614.4	2,658.7	44.3	1.7%

Source: Adopted budget amounts from *Mayor's Operating Budget in Brief for Fiscal Year 2013*.

Current estimates from *Quarterly City Managers Report* for the period ending December 31, 2012.

Note:

<sup>1</sup> Includes portion dedicated to PICA.