

Analysis of Tax Data for Economic Information

June 17, 2021

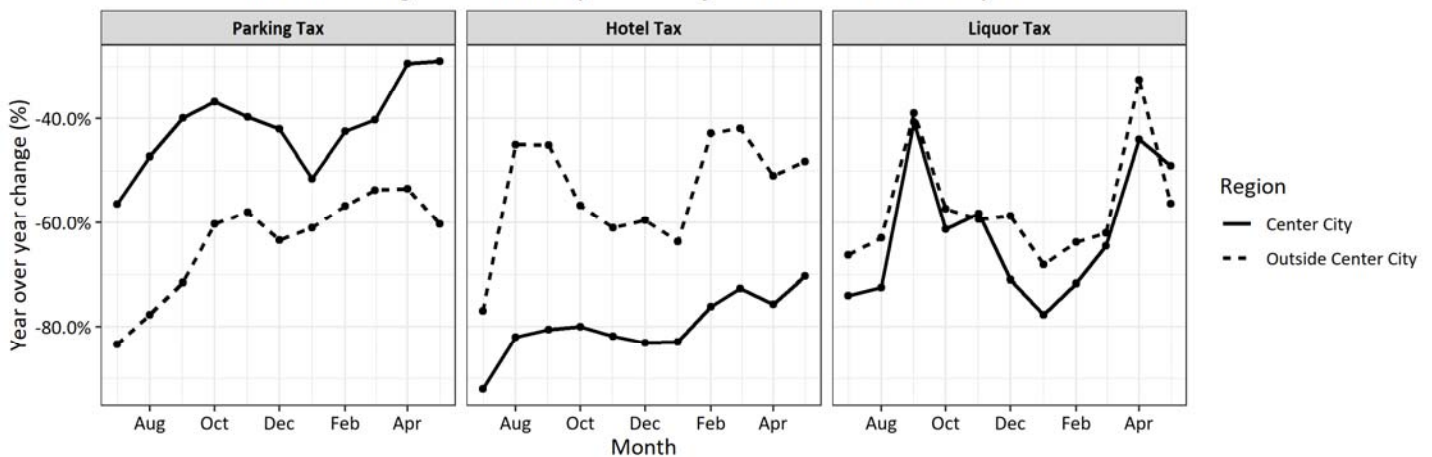
The first three pages of this report compare tax collections from Center City to collections from regions outside of Center City. For parking, hotel, liquor, and transfer taxes the regions outside of center city include all other city neighborhoods. For the wage tax, outside also includes taxes paid by city residents working in the suburbs.

The next two pages analyze taxes that the Revenue Department collects for the School District – the liquor tax and use and occupancy tax. For all analyses in the report, we compare fiscal 2021 collections back to fiscal 2020 and also back to fiscal 2019, a pre-pandemic year. Please note that the block graphs for wage tax and use and occupancy tax have different scales for the individual blocks.

Center City/ Outside Center City – Smaller Taxes

- Each of the three taxes below shows a different locational trend compared to FY2019: Parking Tax in Center City has performed better than outside Center City, while Hotel Tax is the opposite. Liquor Tax has performed similarly in both regions.
- While all taxes significantly improved in May 2021 over May 2020, they were all still down by about half compared to the most recent pre-pandemic year (May 2019).

Percent Change in Center City Revenue from FY2019 - FY2021 by Tax



May Revenue Comparison to FY2019 by Tax

Tax Type	FY2019 Center City	FY2021 Center City	Pct Change	FY2019 Outside Center City	FY2021 Outside Center City	Pct Change
Parking Tax	\$4,499,567	\$3,197,881	-28.9%	\$5,615,676	\$2,229,656	-60.3%
Hotel Tax	\$4,309,992	\$1,279,348	-70.3%	\$2,676,530	\$1,385,750	-48.2%
Liquor Tax	\$4,449,799	\$2,267,094	-49.1%	\$3,707,894	\$1,619,518	-56.3%

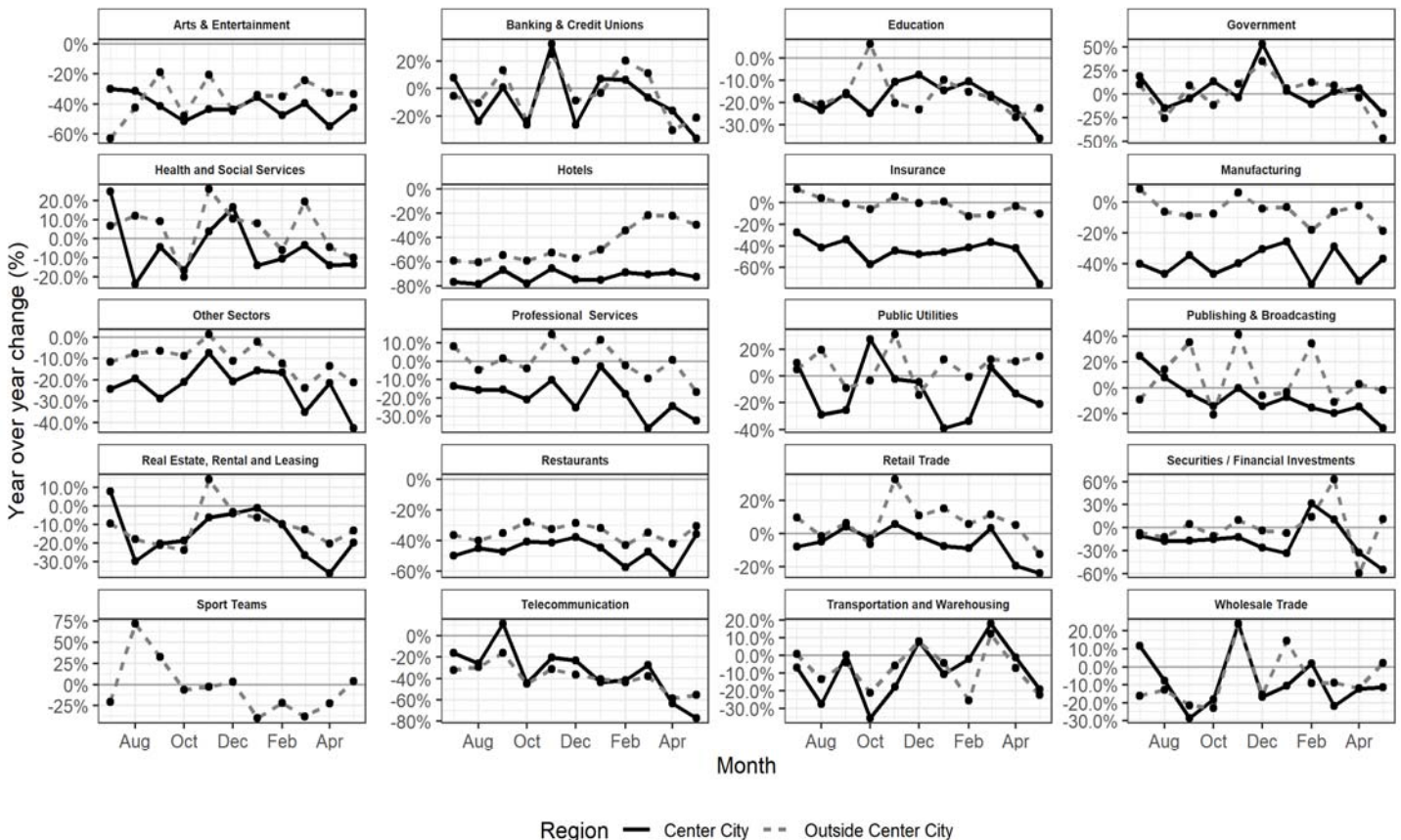
May Revenue Comparison to FY2020 by Tax

Tax Type	FY2020 Center City	FY2021 Center City	Pct Change	FY2020 Outside Center City	FY2021 Outside Center City	Pct Change
Parking Tax	\$1,231,843	\$3,197,881	159.6%	\$505,036	\$2,229,656	341.5%
Hotel Tax	\$245,093	\$1,279,348	422.0%	\$220,846	\$1,385,750	527.5%
Liquor Tax	\$1,385,456	\$2,267,094	63.6%	\$1,071,528	\$1,619,518	51.1%

Center City/ Outside Center City - Wage Tax¹

- For Center City, Wage Tax collections were down fiscal year to date 20.8% compared to FY2019 and 23.0% compared to FY2020; outside Center City, collections were down 4.9% and 8.9%, respectively.
- For May, Center City Wage Tax collections were down 39.3% compared to FY2019 and down 13.5% compared to FY2020; outside Center City, collections were down 16.2 and up 0.5%, respectively.
- Compared to FY2020, the top four industries (Health and Social Services, Government, Professional Services, and Education) are down 23.0% fiscal year to date in Center City and 8.9% outside Center City. Compared to FY2019, these industries are down 20.8% in Center City and 4.9% outside Center City.

Percent Change in Wage Tax from FY2019 – FY2021 by Industry



Note: This chart only shows businesses with a location, and does not include about 22% of revenue not associated with a business location.

¹ July, October, and January data includes quarterly payments processed late. Business location data is provided by some businesses which is supplemented by manual research and may contain inaccuracies. For businesses that have a Philadelphia and non-Philadelphia location, the Philadelphia location is weighted more heavily by a factor of three. The "Outside Center City" designation includes suburban locations. Manufacturing includes headquarter offices and factories.

Analysis of Tax Data for Economic Information

Top-level Industry Breakdown – Fiscal Year to Date (July to May) – Wage Tax Revenue (in millions)²

Industry	Center City					Outside Center City				
	FY2019	FY2020	FY2021	Pct Change FY2019	Pct Change FY2020	FY2019	FY2020	FY2021	Pct Change FY2019	Pct Change FY2020
Education	\$12	\$11	\$9	-18.7%	-16.6%	\$160	\$167	\$132	-17.2%	-20.8%
Finance & Insurance	\$92	\$95	\$64	-30.0%	-32.3%	\$50	\$52	\$48	-2.6%	-6.8%
Government	\$28	\$29	\$29	2.9%	2.1%	\$66	\$69	\$69	4.1%	0.3%
Health and Social Services	\$85	\$85	\$80	-6.1%	-5.2%	\$255	\$267	\$264	3.5%	-1.4%
Hospitality & Entertainment	\$37	\$37	\$19	-50.4%	-49.2%	\$59	\$58	\$44	-25.4%	-25.1%
Manufacturing	\$10	\$10	\$6	-38.9%	-38.7%	\$86	\$97	\$81	-5.6%	-16.0%
Other Sectors	\$54	\$56	\$43	-19.5%	-23.1%	\$109	\$111	\$100	-8.6%	-10.2%
Professional Services	\$137	\$144	\$111	-18.5%	-22.6%	\$53	\$57	\$53	0.8%	-6.5%
Publishing & Telecommunications	\$60	\$65	\$41	-30.8%	-36.5%	\$14	\$14	\$11	-16.8%	-16.5%
Retail Trade	\$19	\$19	\$18	-7.0%	-7.0%	\$69	\$70	\$74	6.5%	5.4%
Transportation and Warehousing	\$11	\$11	\$10	-9.1%	-5.0%	\$40	\$41	\$37	-7.8%	-9.2%
Total Wage Tax	\$545	\$561	\$432	-20.8%	-23.0%	\$960	\$1,003	\$914	-4.9%	-8.9%

Note: Total Wage Tax does not include about 22% of revenue not associated with a business location.

Center City/ Outside Center City - Real Estate Transfer Tax³

- Houses and Condos have followed a similar pattern both inside and outside of Center City and haven't performed too dissimilarly in their current fiscal year to past fiscal year collections ratio. Overall, condo collections seem to be performing a little stronger outside of Center City, while House collections seem to be a little stronger in Center City.
- The condo market is much bigger in Center City compared to outside Center City, both in terms of Transfer Tax revenue and in terms of number of sales. The market for houses, however, is the reverse; the tax revenue and the number of sales are both much higher in outside Center City than in Center City.

(Amounts in Millions; %Change from FY19)

House and Condo Transfer Tax Collections for Center City

Fiscal Quarter	Local Tax Amount								# of Sales							
	Condo				House				Condo				House			
	FY19	FY20	FY21	% Change	FY 19	FY20	FY21	% Change	FY 19	FY 20	FY 21	% # Change	FY 19	FY 20	FY 21	% Change
Quarter1	\$6	\$7	\$4	-52.3%	\$9	\$9	\$10	8.4%	505	504	400	-26.3%	759	740	745	-1.9%
Quarter2	\$5	\$5	\$6	12.4%	\$8	\$7	\$10	24.7%	379	403	460	17.6%	680	667	794	14.4%
Quarter3	\$6	\$5	\$3	-88.2%	\$6	\$8	\$8	22.1%	440	373	266	-65.4%	592	683	592	0.0%
April	\$2	\$2	\$0.2	-662.5%	\$3	\$3	\$3	-10.2%	131	121	21	-523%	242	186	224	-8.0%

House and Condo Transfer Tax Collections Outside of Center City

Fiscal Quarter	Local Tax Amount								# of Sales							
	Condo				House				Condo				House			
	FY19	FY20	FY21	% Change	FY19	FY20	FY21	% Change	FY19	FY 20	FY 21	% Change	FY19	FY 20	FY 21	% Change
Quarter1	\$1.0	\$1.1	\$1.0	1.4%	\$29	\$31	\$30	5.3%	193	200	175	-10.3%	7,384	7,552	6,066	-21.7%
Quarter2	\$0.8	\$0.9	\$1.5	46.9%	\$26	\$27	\$36	27.6%	168	213	235	28.5%	7,222	6,910	7,157	-0.9%
Quarter3	\$0.9	\$1.0	\$0.8	-5.3%	\$20	\$25	\$24	14.7%	155	216	148	-4.7%	5,991	6,330	5,049	-18.7%
April	\$0.3	\$0.3	\$0.2	-58.0%	\$8	\$6	\$8	-5.4%	45	42	33	-36.4%	2,263	1,072	1,839	-23.1%

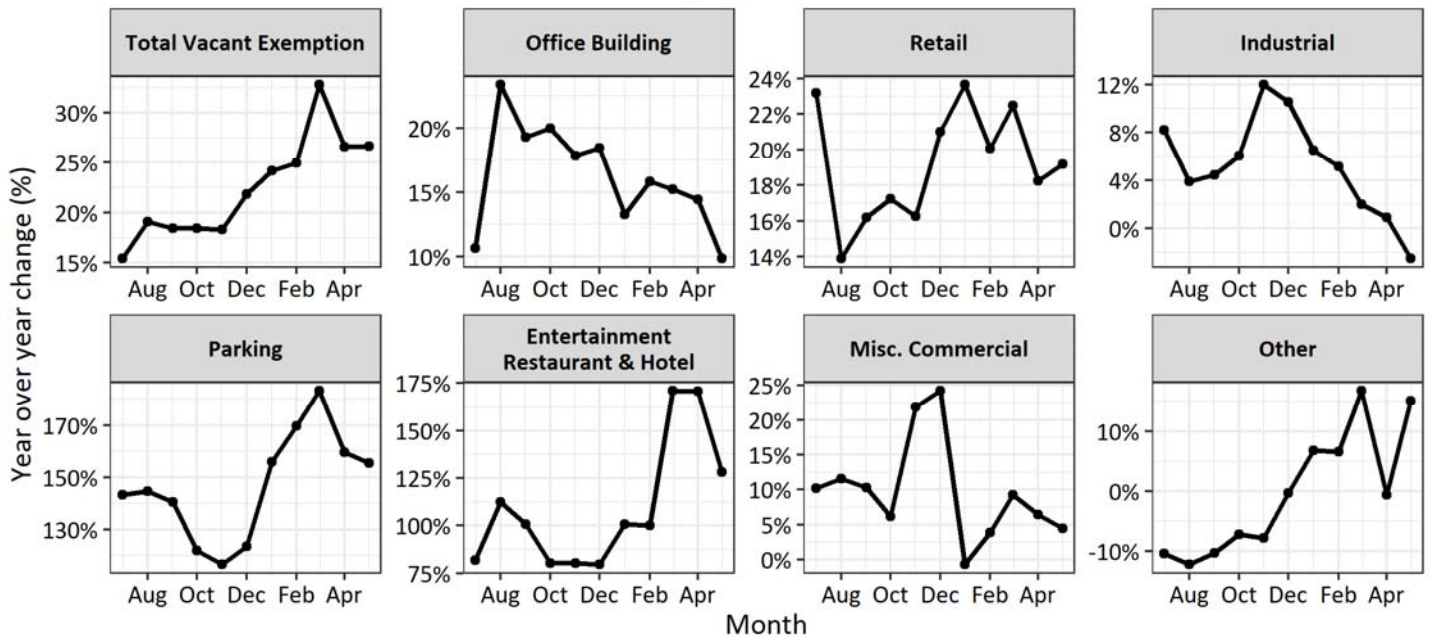
² FY Revenue in millions of dollars

³ FY Revenue in millions of dollars; April 2021 data FY 21 is preliminary.

Use and Occupancy (U&O) Vacancy Exemption⁴

- U&O Tax represents the current month’s activity. The graphs below compare the Vacant Exemption amount to FY2019, the most recent fiscal year that didn’t include pandemic activity.
- Fiscal year to date, the total Vacant Exemption amount is 27.5% above last year, and 22.1% above FY2019. All building types are up compared to FY2020 and FY2019 (except for other types, which is -1.5% compared to FY2019), but the Vacant Exemption for parking and entertainment, restaurant & hotel building types have increased the most.
- The total Vacant Exemption amount remained steady from April to May compared to FY2019. All building types below showed a decrease from April to May, except for retail and “other” building types.

*U&O Vacant Exemption by Period and Building Type:
Percent Change from FY2019-FY2021*



Building Type Breakdown – Fiscal Year to Date – U&O Vacant Exemption

Building Type	FY2019	FY2020	FY2021	Pct Change from FY2019	Pct Change from FY2020
Total Vacancy Exemption	\$59,448,818	\$56,909,227	\$72,571,502	22.1%	27.5%
Office Building	\$18,410,714	\$18,355,839	\$21,391,713	16.2%	16.5%
Retail	\$7,336,220	\$7,672,303	\$8,743,800	19.2%	14.0%
Industrial	\$6,652,490	\$6,515,842	\$7,013,989	5.4%	7.6%
Entertainment, Restaurant & Hotel	\$5,748,269	\$5,855,379	\$11,792,763	105.2%	101.4%
Parking	\$1,742,822	\$2,341,756	\$4,280,585	145.6%	82.8%
Misc. Commercial	\$654,211	\$643,302	\$719,644	10.0%	11.9%
Other	\$18,904,092	\$15,524,806	\$18,629,007	-1.5%	20.0%

⁴ “Other” building types include large apartment, nonprofit, condo, mixed usage, bank, utility, small apartment, garage, pier, and unclassified.

Liquor Tax⁵

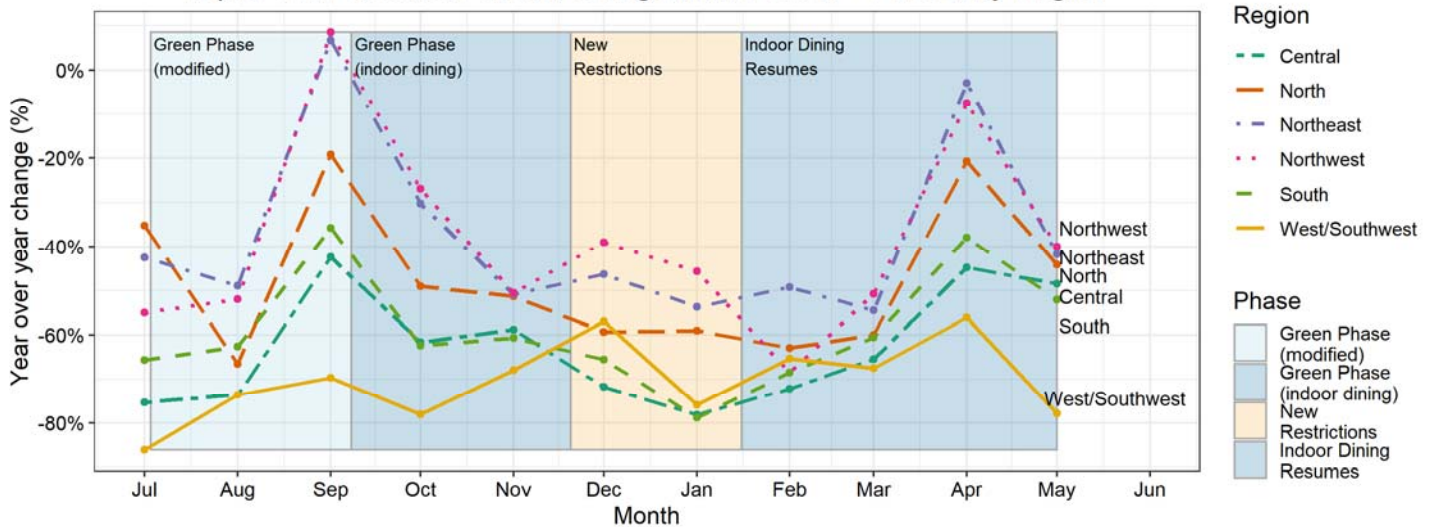
Key Takeaways

- Liquor Tax is collected for the prior month’s activity, so the May comparison compares activity in April.
- For fiscal year to date, Liquor Tax is down 60.5% compared to FY2019 and 56.5% compared to FY2020; for May, it is down 52.4% compared to FY2019 and up 58.1% compared to FY2020.
- Bars (+207.1%) have shown the most improvement in May compared to FY2020, with Take-Out Restaurants (-35.9%) experiencing the least decline compared to FY2019.
- The Northwest (-40.0%), and Northeast (-41.7%) regions declined the least in May compared to FY2019, while West/Southwest declined the most (-77.9%).

Comparison of Liquor Tax Revenue: FY2019 – FY2021

Quarter	FY2019	FY2020	FY2021	Pct Change from FY2019	Pct Change from FY2020
July-September	\$18,175,522	\$20,956,021	\$6,955,981	-61.7%	-66.8%
October-December	\$20,115,123	\$21,269,416	\$7,801,409	-61.2%	-63.3%
January-March	\$19,273,238	\$17,881,181	\$6,078,025	-68.5%	-66.0%
April-May	\$14,039,963	\$5,030,908	\$7,475,369	-46.8%	48.6%
FYTD	\$71,603,846	\$65,137,526	\$28,310,783	-60.5%	-56.5%

Liquor Tax Revenue: Percent Change from FY2019 - FY2021 by Region



May Liquor Tax Revenue by Industry

Industry	FY2019	FY2020	FY2021	Pct Change from FY2019	Pct Change from FY2020
Full Service Restaurants	\$4,007,056	\$1,324,395	\$2,061,309	-48.6%	55.6%
Other	\$2,260,464	\$751,466	\$866,645	-61.7%	15.3%
Bars	\$1,547,456	\$240,638	\$739,111	-52.2%	207.1%
Take-Out Restaurants	\$342,717	\$140,485	\$219,548	-35.9%	56.3%

⁵ Liquor Tax is due monthly on the 25th of the following month.