

## May 13, 2021

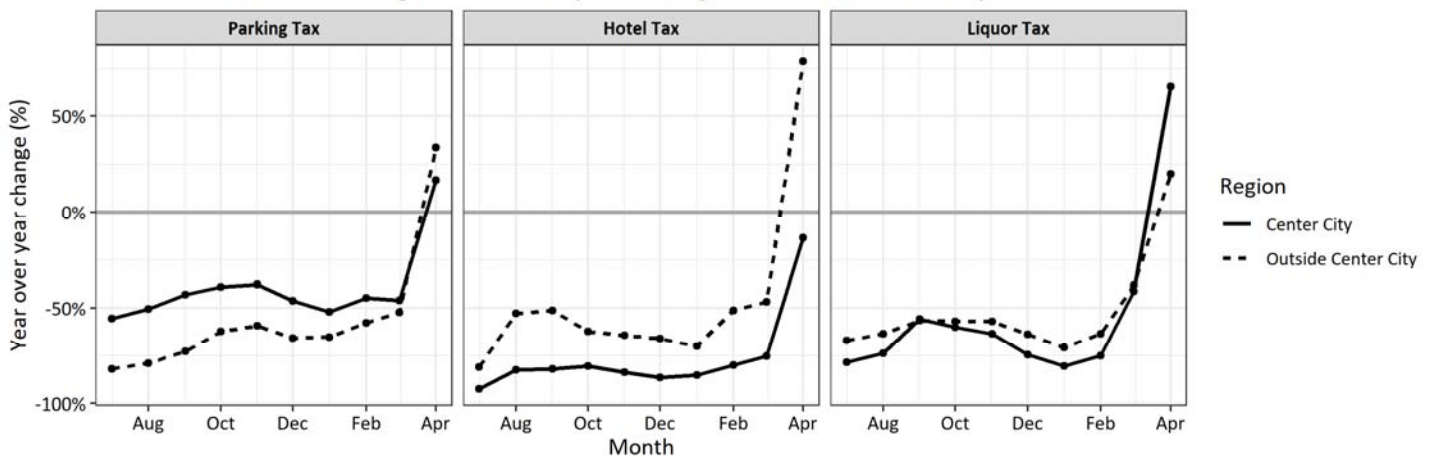
In this report, we introduce a second monthly report with a different focus than the original monthly report. The focus of this second monthly report is two-fold. One, we are including locational comparisons of tax data tied to Center City versus the tax data from the rest of the City, (“outside Center City”). For the wage tax, outside Center City includes suburban locations.

Secondly, we are providing information on two school taxes: use and occupancy (U&O) and the liquor tax. For the U&O analysis, the topic is vacancy exemption. We plan to continue monthly updates of both this report and the original monthly report in order to monitor the economic and financial recovery, which we hope to see continue.

### Center City/ Outside Center City – Smaller Taxes

- Liquor, Parking, and Hotel Tax are collected for the prior month’s activity, so the April comparison compares activity in March, the first month of the pandemic (in FY2020). While these taxes improved over April FY2020, they are all down significantly compared to April FY2019.
- Center City revenue has generally lagged behind outside Center City revenue for Hotel and Liquor Tax compared to FY2020, while it has mostly performed better than outside Center City for Parking Tax.

Percent Change in Center City Revenue from FY2020 - FY2021 by Tax



April 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	\$4,618,852	\$3,262,517	-29.4%	\$4,588,085	\$2,135,956	-53.4%
Hotel Tax	\$4,046,775	\$984,012	-75.7%	\$2,430,878	\$1,190,984	-51.0%
Liquor Tax	\$3,297,342	\$1,847,531	-44.0%	\$2,584,927	\$1,748,013	-32.4%

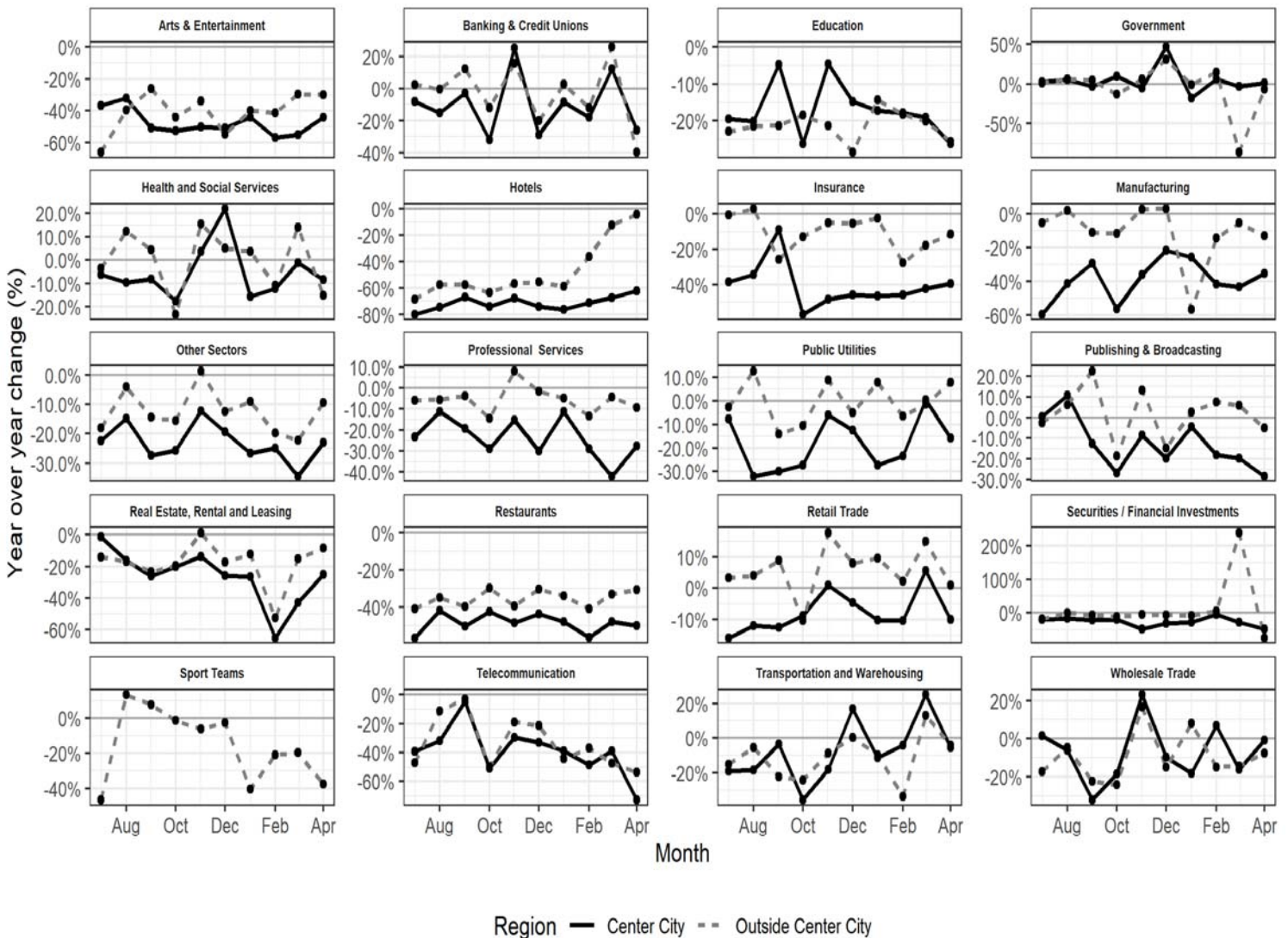
April Revenue Comparison to FY2020 by Tax

Tax Type	FY2020 Center City	FY2021 Center City	Pct Change	FY2020 Outside Center City	FY2021 Outside Center City	Pct Change
Parking Tax	\$2,798,268	\$3,262,517	16.6%	\$1,602,316	\$2,135,956	33.3%
Hotel Tax	\$1,136,982	\$984,012	-13.5%	\$666,637	\$1,190,984	78.7%
Liquor Tax	\$1,115,235	\$1,847,531	65.7%	\$1,458,689	\$1,748,013	19.8%

**Center City/ Outside Center City - Wage Tax<sup>1</sup>**

- For Center City, Wage Tax collections were down 32.0% in April 2021 compared to last year and down 23.7% for the fiscal year to date; outside Center City, collections were down 8.8% and 9.6%, respectively.
- The top four industries are down 14.8% fiscal year to date in Center City and 7.4% outside Center City. These industries include Health and Social Services (-6.2% in Center City, -1.2% outside), Government (+3.4% in Center City, +1.4% outside), Professional Services (-23.2% in Center City, -6.4% outside), and Education (-17.6% in Center City, -21.4% outside).

*Percent Change in Wage Tax from FY2020 – 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.

<sup>1</sup> 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 April) – Wage Tax Revenue

Industry	FY2020 Center City	FY2021 Center City	Pct Change	FY2020 Outside Center City	FY2021 Outside Center City	Pct Change
Education	\$10,501,516	\$8,657,701	-17.6%	\$154,127,359	\$121,172,177	-21.4%
Finance & Insurance	\$88,953,061	\$60,630,970	-31.8%	\$48,356,944	\$44,994,128	-7.0%
Government	\$26,337,996	\$27,232,920	3.4%	\$66,856,298	\$67,820,265	1.4%
Health and Social Services	\$78,507,678	\$73,625,478	-6.2%	\$247,025,083	\$243,989,264	-1.2%
Hospitality & Entertainment	\$35,289,487	\$16,799,022	-52.4%	\$56,246,949	\$39,422,069	-29.9%
Manufacturing	\$9,814,725	\$5,830,861	-40.6%	\$90,871,796	\$75,220,442	-17.2%
Other Sectors	\$53,018,903	\$40,559,715	-23.5%	\$104,348,181	\$92,334,332	-11.5%
Professional Services	\$134,527,261	\$103,382,147	-23.2%	\$53,444,243	\$50,023,828	-6.4%
Publishing & Telecommunications	\$61,179,439	\$39,147,704	-36.0%	\$12,822,228	\$10,670,903	-16.8%
Retail Trade	\$17,842,804	\$16,370,481	-8.3%	\$64,558,398	\$67,923,913	5.2%
Transportation and Warehousing	\$10,103,564	\$9,288,322	-8.1%	\$38,380,364	\$33,940,237	-11.6%
<b>Total Wage Tax</b>	<b>\$526,076,434</b>	<b>\$401,525,321</b>	<b>-23.7%</b>	<b>\$937,037,843</b>	<b>\$847,511,559</b>	<b>-9.6%</b>

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 Tax<sup>2</sup>

- 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. 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.

### House and Condo Transfer Tax Collections for Center City

Fiscal Quarter	Local Tax Amount						# of Sales					
	Condo			House			Condo			House		
	FY20	FY21	% Change	FY20	FY21	% Change	FY 20	FY 21	% Change	FY 20	FY 21	% Change
Quarter 1	\$6,606,167	\$4,197,249	-36.5%	\$9,417,163	\$9,699,560	3.0%	504	400	-20.6%	740	745	0.7%
Quarter 2	\$4,990,841	\$5,747,791	15.2%	\$7,333,060	\$10,114,046	37.9%	403	460	14.1%	667	794	19.0%
Quarter 3	\$4,874,738	\$2,293,326	-53.0%	\$7,909,444	\$6,901,562	-12.7%	373	196	-47.5%	683	509	-25.5%

### House and Condo Transfer Tax Collections Outside of Center City

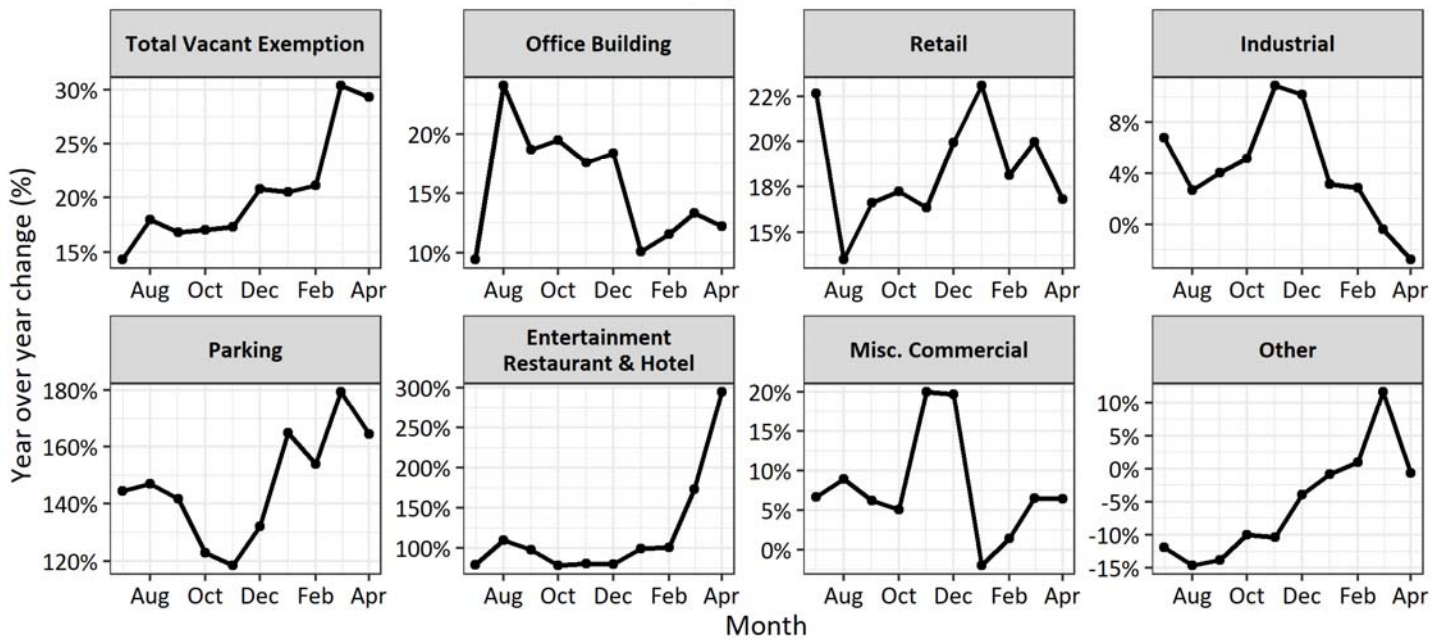
Fiscal Quarter	Local Tax Amount						# of Sales					
	Condo			House			Condo			House		
	FY20	FY21	% Change	FY20	FY21	% Change	FY 20	FY 21	% Change	FY 20	FY 21	% Change
Quarter 1	\$1,128,287	\$992,942	-12.0%	\$30,999,045	\$30,349,350	-2.1%	200	175	-12.5%	7,552	6,066	-19.7%
Quarter 2	\$942,788	\$1,476,221	56.6%	\$27,161,187	\$35,827,104	31.9%	213	235	10.3%	6,910	7,157	3.6%
Quarter 3	\$954,914	\$678,858	-28.9%	\$24,591,629	\$20,957,974	-14.8%	216	126	-41.7%	6,330	4,562	-27.9%

<sup>2</sup> March 2021 data for Quarter 3 FY 21 is preliminary.

### Use and Occupancy (U&O) Vacancy Exemption<sup>3</sup>

- U&O Tax represents the current month’s activity, so 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 20.2% above FY2019. All building types are up compared to FY2020 and FY2019 (except for other types, which is -6.2% compared to FY2019), but the parking and entertainment, restaurant & hotel building types have increased the most.
- The Vacant Exemption amount from the entertainment, restaurant, & hotel building type (which includes amusement) has increased since the Fall, up 294.7% in the month of April compared to FY2019, the most of all the building types. The office buildings amount has decreased since the Fall, although it was still up 12.2% in April compared to FY2019.

*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
<b>Total Vacancy Exemption</b>	<b>\$52,909,313</b>	<b>\$49,854,400</b>	<b>\$63,588,960</b>	<b>20.2%</b>	<b>27.5%</b>
Office Building	\$15,765,318	\$16,157,537	\$18,193,228	15.4%	12.6%
Retail	\$6,634,823	\$6,791,977	\$7,857,427	18.4%	15.7%
Industrial	\$6,063,264	\$5,894,630	\$6,334,260	4.5%	7.5%
Entertainment, Restaurant & Hotel	\$5,123,175	\$4,897,936	\$10,611,731	107.1%	116.7%
Parking	\$1,564,710	\$2,016,407	\$3,844,849	145.7%	90.7%
Misc. Commercial	\$592,085	\$565,787	\$639,794	8.1%	13.1%
Other	\$17,165,938	\$13,530,126	\$16,107,671	-6.2%	19.1%

<sup>3</sup> “Other” building types include large apartment, nonprofit, condo, mixed usage, bank, utility, small apartment, garage, pier, and unclassified.



### Liquor Tax<sup>4</sup>

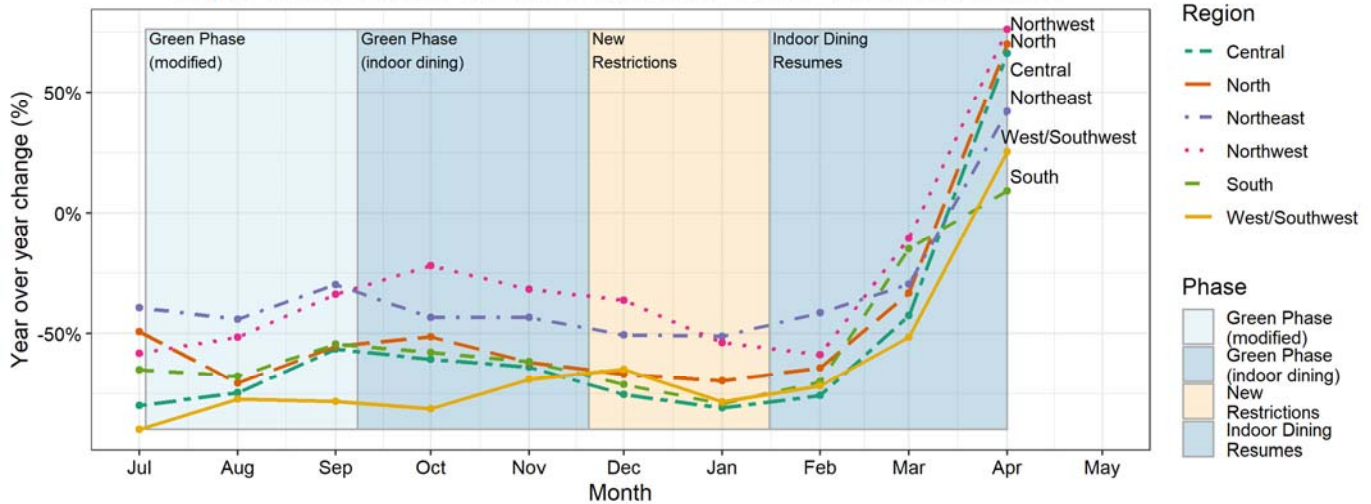
#### Key Takeaways

- Liquor Tax is collected for the prior month’s activity, so the April comparison compares activity in March, the first month of the pandemic (in FY2020).
- For fiscal year to date, Liquor Tax is down similarly compared to FY2019 (-61.5%) and FY2020 (-61.0%); for April, it is down 38.9% compared to FY2019 and up 39.7% compared to FY2020.
- Take-Out Restaurants (+126.7%) have shown the most improvement in April compared to last year.
- The Northwest (+76.3%), North (+70.0%), and Central (+66.3%) regions improved the most from March to April compared to last year.

Comparison of Liquor Tax Revenue: FY2020 – FY2021

Quarter	FY2019	FY2020	FY2021	Pct Change from FY2019	Pct Change from FY2020
<b>July-September</b>	\$18,170,479	\$20,956,021	\$6,956,000	-61.7%	-66.8%
<b>October-December</b>	\$20,107,943	\$21,269,416	\$7,796,605	-61.2%	-63.3%
<b>January-March</b>	\$19,270,810	\$17,881,181	\$6,077,556	-68.5%	-66.0%
<b>April</b>	\$5,882,269	\$2,573,924	\$3,595,544	-38.9%	39.7%
<b>FYTD</b>	<b>\$63,431,501</b>	<b>\$62,680,542</b>	<b>\$24,425,704</b>	<b>-61.5%</b>	<b>-61.0%</b>

Liquor Tax Revenue: Percent Change from FY2020 - FY2021 by Region



April Liquor Tax Revenue by Industry

Industry	FY2019	FY2020	FY2021	Pct Change from FY2019	Pct Change from FY2020
<b>Full Service Restaurants</b>	\$2,763,669	\$1,007,374	\$1,632,185	-40.9%	62.0%
<b>Other</b>	\$1,579,454	\$1,062,018	\$1,020,400	-35.4%	-3.9%
<b>Bars</b>	\$1,235,937	\$410,629	\$730,048	-40.9%	77.8%
<b>Take-Out Restaurants</b>	\$303,209	\$93,903	\$212,910	-29.8%	126.7%

<sup>4</sup> Liquor Tax is due monthly on the 25th of the following month.