

# Analysis of Tax Data for Economic Information

## March 11, 2022

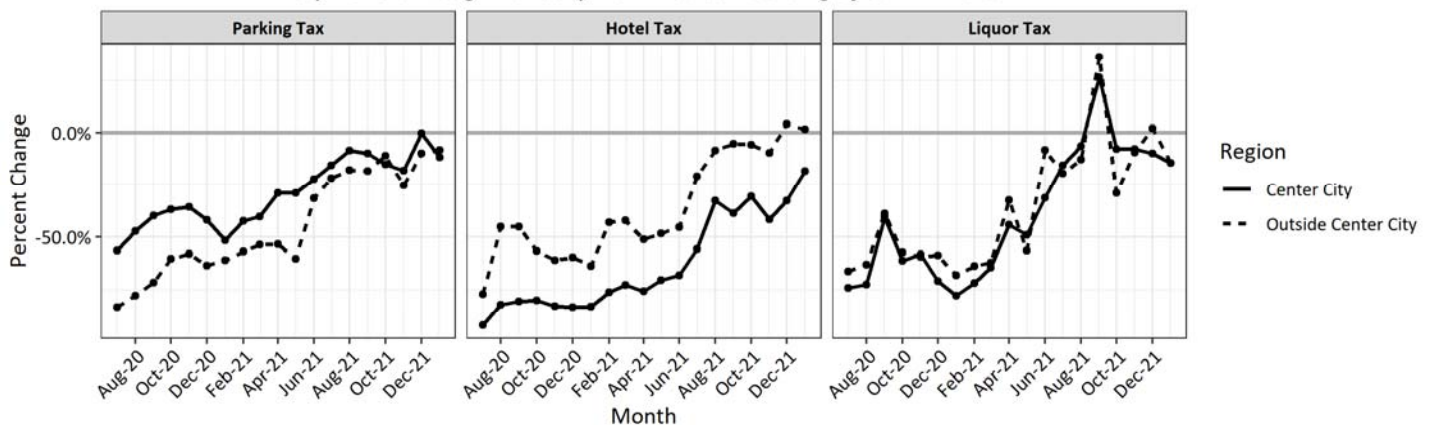
The report shows long-term trends in tax collections going back to the early months of the pandemic. For the Use an Occupancy Tax (U&O), instead of collections the analysis looks at the vacancy exemption, as reported by taxpayers on the monthly tax return. In addition to the long-term trend, data is analyzed for the month of January.

Collections for the smaller taxes are hovering around pre-pandemic levels, except for the hotel tax collected in Center City. Wage tax revenues are still not yet at pre-pandemic levels. Looking at the U&O vacancy exemption, we see improvements (decrease in the exemption) in almost all building types.

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

- Collections from all three taxes have shown an upward trend compared to FY2019, although collections from Center City fell in January for all three taxes.
- Hotel Tax collections from outside Center City surpassed FY2019 amounts in both December and January.
- In January 2022, Hotel Tax collections from Center City improved the most compared to last year, up 378.0%. However, these collections are still recovering, down 30.1% compared to pre-pandemic January 2020.

Revenue by Tax and Region:  
July 2020 through January 2022 Percent Change from FY2019



January 2022 Revenue Comparison to CY2020 by Tax

Tax Type	CY2020 Center City	CY2022 Center City	Pct Change	CY2020 Outside Center City	CY2022 Outside Center City	Pct Change
Parking Tax	\$4,630,923	\$4,034,168	-12.9%	\$3,659,165	\$2,973,296	-18.7%
Hotel Tax	\$3,453,318	\$2,413,999	-30.1%	\$1,779,490	\$1,496,003	-15.9%
Liquor Tax	\$4,638,511	\$3,461,401	-25.4%	\$3,344,765	\$2,615,808	-21.8%

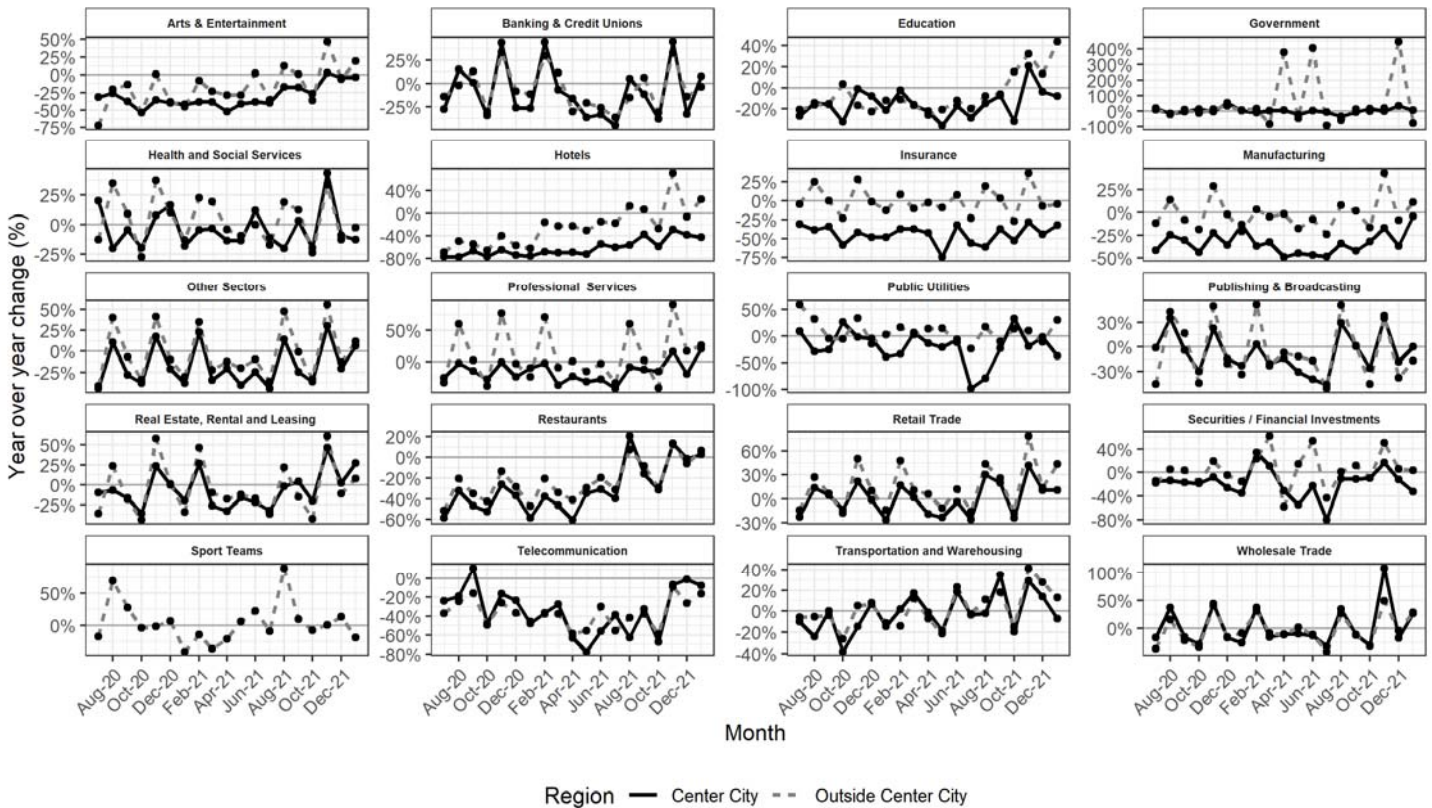
January 2022 Revenue Comparison to CY2021 by Tax

Tax Type	CY2021 Center City	CY2022 Center City	Pct Change	CY2021 Outside Center City	CY2022 Outside Center City	Pct Change
Parking Tax	\$2,220,208	\$4,034,168	81.7%	\$1,265,903	\$2,973,296	134.9%
Hotel Tax	\$505,002	\$2,413,999	378.0%	\$535,746	\$1,496,003	179.2%
Liquor Tax	\$907,022	\$3,461,401	281.6%	\$976,307	\$2,615,808	167.9%

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

- Wage Tax collections are up both in Center City (+32.9%) and outside Center City (+22.2%) compared to January 2021. Relative to pre-pandemic January 2020, however, collections are down 4.7% in Center City and 10.5% outside Center City.
- Compared to 2020, the top four industries (Health and Social Services, Government, Professional Services, and Education) are up 1.0% in Center City and down 11.6% outside Center City. Compared to 2021, these industries are up in both Center City (+23.7%) and outside Center City (+5.3%).
- Arts & Entertainment and Restaurants continue to show upward trends compared to FY2019 both in and outside Center City.

Wage Tax: July 2020-January 2022 Percent Change from FY2019



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> 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.

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## Top-level Industry Breakdown – January – Wage Tax Revenue in Millions

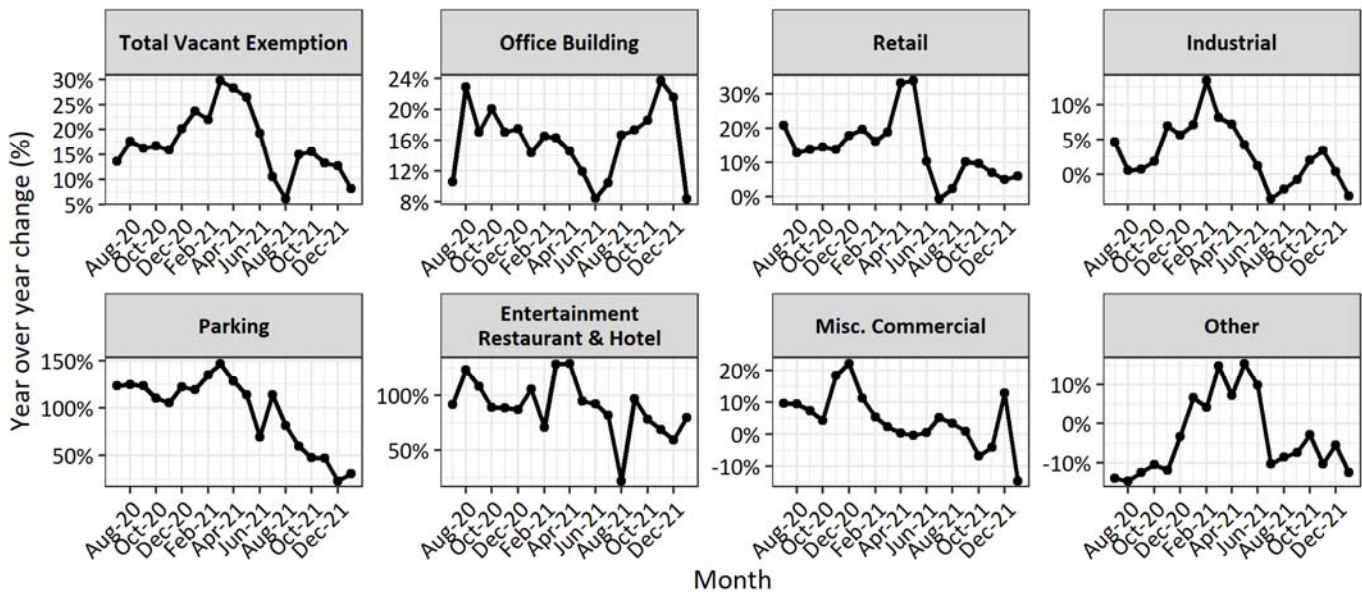
Industry	Center City					Outside Center City				
	CY2020	CY2021	CY2022	Pct Change CY2020	Pct Change CY2021	CY2020	CY2021	CY2022	Pct Change CY2020	Pct Change CY2021
<b>Education</b>	\$1.1	\$0.9	\$1.0	-10.6%	17.2%	\$14.3	\$11.9	\$19.5	36.7%	63.5%
<b>Finance &amp; Insurance</b>	\$9.2	\$5.5	\$6.7	-26.5%	22.0%	\$5.5	\$4.9	\$5.6	1.5%	14.0%
<b>Government</b>	\$3.5	\$2.9	\$2.9	-17.2%	0.6%	\$14.4	\$14.2	\$2.8	-80.5%	-80.1%
<b>Health and Social Services</b>	\$9.9	\$7.9	\$8.5	-14.5%	6.6%	\$29.9	\$24.9	\$28.1	-6.2%	12.6%
<b>Hospitality &amp; Entertainment</b>	\$4.5	\$1.7	\$4.0	-11.4%	128.6%	\$6.7	\$3.5	\$6.5	-3.7%	85.6%
<b>Manufacturing</b>	\$1.3	\$1.1	\$1.2	-12.7%	10.4%	\$20.0	\$7.3	\$10.1	-49.4%	39.7%
<b>Other Sectors</b>	\$7.4	\$4.1	\$6.7	-8.9%	62.6%	\$15.1	\$10.9	\$16.5	8.9%	51.3%
<b>Professional Services</b>	\$24.6	\$20.3	\$27.2	10.3%	34.0%	\$8.6	\$5.5	\$9.1	5.6%	66.7%
<b>Publishing &amp; Telecommunications</b>	\$4.9	\$3.1	\$4.9	0.5%	58.4%	\$1.6	\$1.0	\$1.3	-17.2%	34.3%
<b>Retail Trade</b>	\$2.3	\$1.6	\$2.5	7.7%	50.9%	\$8.2	\$6.6	\$11.1	35.7%	67.2%
<b>Transportation and Warehousing</b>	\$1.1	\$1.0	\$1.1	-7.8%	8.2%	\$4.5	\$3.8	\$4.8	7.0%	27.3%
<b>Total Wage Tax</b>	<b>\$69.8</b>	<b>\$50.1</b>	<b>\$66.5</b>	<b>-4.7%</b>	<b>32.9%</b>	<b>\$128.8</b>	<b>\$94.3</b>	<b>\$115.3</b>	<b>-10.5%</b>	<b>22.2%</b>

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

**Use and Occupancy (U&O) Vacancy Exemption<sup>2</sup>**

- The Vacant Exemption amount has continued to decrease since October 2021 compared to FY2019.
- The Vacant Exemption amount from the parking, retail, and entertainment, restaurant & hotel building types increased from December 2021 to January 2022 compared to FY2019. All other building types saw a decrease.
- In January 2022, the total Vacant Exemption amount was down compared to CY2021 (-5.6%), but it is still up compared to pre-pandemic CY2020 (+17.8%).
- Office buildings saw a slight increase (+0.7%) in January compared to CY2021, and miscellaneous commercial buildings were up 8.8% compared to CY2021. All other building types decreased compared to CY2021. However, miscellaneous commercial is the only building type that saw a decrease compared to CY2020. The exemption from entertainment, restaurant & hotel has increased the most compared to CY2020 (+85.1%).

*U&O Vacant Exemption by Building Type:  
July 2020 through January 2022 Percent Change from FY2019*



*Building Type Breakdown – January – U&O Vacant Exemption*

Building Type	CY2020	CY2021	CY2022	Pct Change from CY2020	Pct Change from CY2021
<b>Total Vacant Exemption</b>	<b>\$4,613,249</b>	<b>\$5,756,563</b>	<b>\$5,436,483</b>	<b>17.8%</b>	<b>-5.6%</b>
Office Building	\$1,580,907	\$1,763,970	\$1,775,826	12.3%	0.7%
Retail	\$567,902	\$729,087	\$642,284	13.1%	-11.9%
Industrial	\$511,879	\$538,975	\$519,247	1.4%	-3.7%
Entertainment, Restaurant & Hotel	\$497,754	\$1,005,911	\$921,341	85.1%	-8.4%
Parking	\$143,254	\$334,289	\$189,770	32.5%	-43.2%
Misc. Commercial	\$44,151	\$39,645	\$43,147	-2.3%	8.8%
Other	\$1,267,402	\$1,344,686	\$1,344,868	6.1%	0.0%

<sup>2</sup> "Other" building types include large apartment, nonprofit, condo, mixed usage, bank, utility, small apartment, garage, pier, and unclassified.



### Liquor Tax<sup>3</sup>

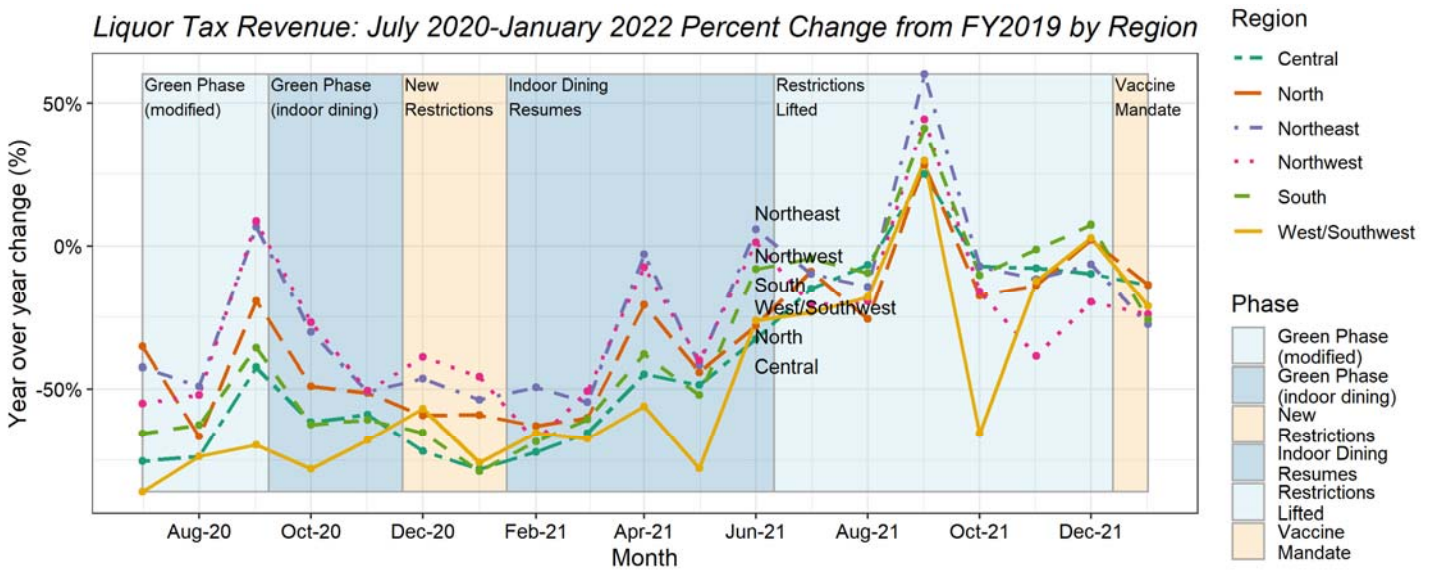
#### Key Takeaways

- Liquor Tax is collected for the prior month's activity, so the January comparison compares activity in December.
- For the fiscal year to date, Liquor Tax is down 16.6% compared to FY2020 and up 151.5% compared to FY2021; for January, it is down 23.9% compared to FY2020 and up 222.7% compared to FY2021.
- Bars have shown the most improvement in January compared to CY2021 (+281.8%), while Take-Out Restaurants have shown the least decline compared to CY2020 (-17.3%).
- Compared to FY2019, collections are down across all regions in January, with the least decline in the North (-13.6%) and Central (-13.8%) regions.

Comparison of Liquor Tax Revenue: FY2020 – FY2022

Quarter	FY2020	FY2021	FY2022	Pct Change from FY2021	Pct Change from FY2020
<b>January-March</b>	\$20,956,021	\$6,955,983	\$17,776,052	-15.2%	155.6%
<b>April-June</b>	\$21,267,660	\$7,802,857	\$17,998,810	-15.4%	130.7%
<b>July-September</b>	\$7,983,276	\$1,883,329	\$6,077,209	-23.9%	222.7%
<b>FYTD</b>	<b>\$50,206,957</b>	<b>\$16,642,169</b>	<b>\$41,852,071</b>	<b>-16.6%</b>	<b>151.5%</b>

Liquor Tax Revenue: July 2020-January 2022 Percent Change from FY2019 by Region



January Liquor Tax Revenue by Industry

Industry	CY2020	CY2021	CY2022	Pct Change from CY2020	Pct Change from CY2021
<b>Full Service Restaurants</b>	\$3,462,451	\$820,512	\$2,732,548	-21.1%	233.0%
<b>Other</b>	\$2,707,620	\$646,867	\$2,008,880	-25.8%	210.6%
<b>Bars</b>	\$1,475,094	\$276,679	\$1,056,233	-28.4%	281.8%
<b>Take-Out Restaurants</b>	\$338,111	\$139,271	\$279,549	-17.3%	100.7%

<sup>3</sup> Liquor Tax is due monthly on the 25th of the following month.