

Analysis of Tax Data for Economic Information

Report for June 2022 – Data and Research Unit, Department of Revenue

As people slowly return to in-person work, we can see a mild increase in Use & Occupancy (U & O) revenue. According to a Center City Business District survey from January 2022, most Philadelphia businesses see hybrid – and not remote work – scheduling as a permanent feature.¹ Another factor affecting the U & O revenue is commercial real estate assessments. Many buildings saw an increase in assessments in recent years, which resulted in an increase for U & O revenue.

The Bureau of Labor Statistics reports that Philadelphia added 37,800 jobs from May 2021 to May 2022.² Another factor with regard to the wage tax is the rate decrease in 2021 from 3.8712% (Resident) and 3.5019% (Non-Resident) to 3.8398% (Resident) 3.4481% (Non-Resident). Philadelphia workers experienced a 4.7% wage inflation from 2021 to 2022, which contributes to the increase in Wage Tax revenue.³

Because the Real Estate Transfer Tax is based on the sale prices of real estate, the increase in revenue is significant. We can see Philadelphia’s active real estate market in the number of transfers: a 13% increase from 2019 in 2022. It remains to be seen how the real estate market will react to the Fed’s proposed interest rate increases, which could make it more difficult for people to successfully apply for mortgages.

Use and Occupancy (U&O) ⁴

- Center City saw 18% fewer hospitality/entertainment U&O accounts in 2022 than in 2019, while the zip codes outside of Center City saw a more modest decline of 2% from 2019 to 2022.
- In addition to this modest loss of accounts, the hospitality/entertainment U&O accounts from the outside of Center City area also generated a 39% increase in U&O revenue from 2019 to 2022.
- Looking at U&O revenues from all building types, the greatest increase in U&O Tax revenue occurred in the 19148 (South Philadelphia) and 19125 (Fishtown/East Kensington) zip codes.

Use and Occupancy Tax paid for Industrial, Office Buildings, and Retail locations for Center City and Airport/Navy Yard (2019-2022)

	2019		2020		2021		2022	
	Accts.	Tax Paid	Accts.	Tax Paid	Accts.	Tax Paid	Accts.	Tax Paid
Center City	938	\$78,330,333	910	\$73,498,607	857	\$74,579,556	838	\$78,315,963
Airport/Navy Yard	296	\$9,307,576	299	\$10,131,856	286	\$10,457,077	288	\$9,405,650

Use and Occupancy Tax paid for Restaurants, Theaters, Stadiums, and other amusements for Center City and outside of Center City (2019-2022)

	2019		2020		2021		2022	
	Accts.	Tax Paid	Accts.	Tax Paid	Accts.	Tax Paid	Accts.	Tax Paid
Center City	204	\$2,128,383	197	\$1,858,431	172	\$1,049,653	167	\$1,946,479
Outside of Center City	366	\$6,135,219	371	\$6,360,964	361	\$6,417,711	358	\$8,539,848

¹ Center City District & Central Philadelphia Development Corporation. “Remote or In-Office Work? How Downtown Firms Are Thinking About the Future.” (February 2022)

² <https://www.bls.gov/regions/mid-atlantic/data/xg-tables/ro3fx9532.htm>, retrieved July 27, 2022

³ https://www.bls.gov/regions/mid-atlantic/news-release/employmentcostindex_philadelphia.htm#ECITable1Philadelphia.xlsx, retrieved July 27, 2022

⁴ The Use and Occupancy Tax rate is 1.21% of the assessed value of a property, with a \$2,000 annual tax exemption.

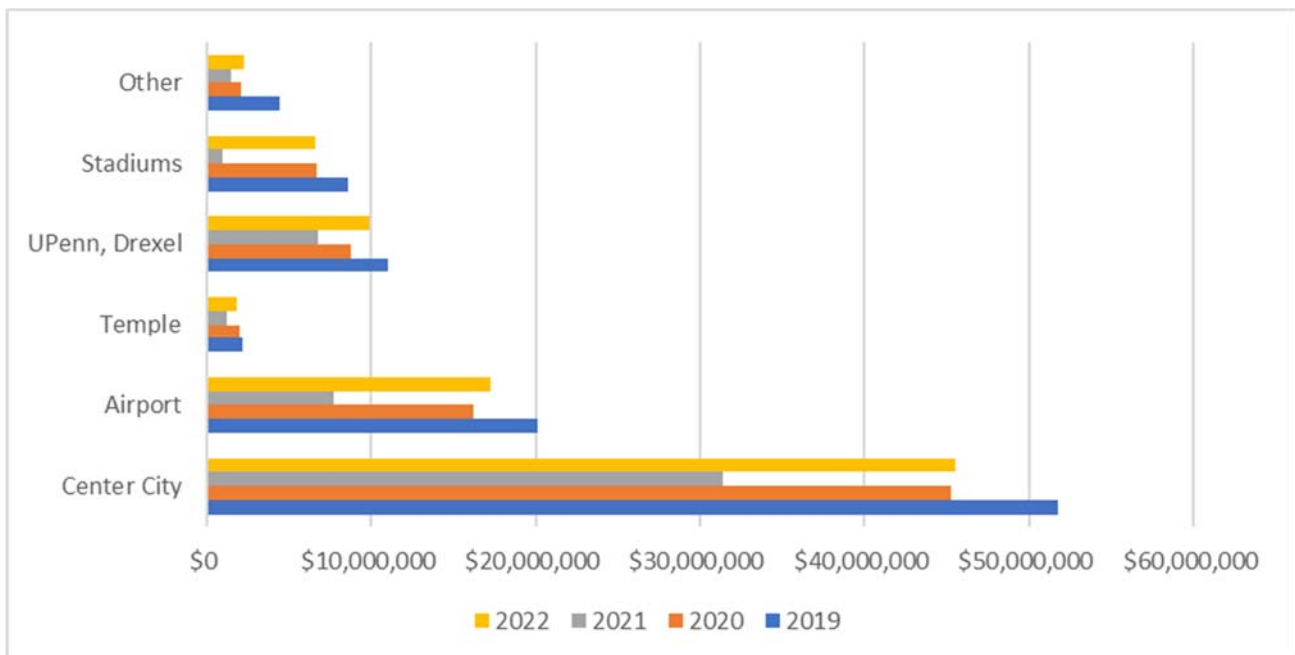
Parking Tax⁵

- The Parking Tax rate decreased, effective July 1, 2021, from 25% to 22.5%
- Parking Revenue at the Airport, Stadiums, Center City, and the Universities increased from 2021 to 2022, despite this decreased tax rate.
- Revenue in only three zip codes exceeds 2019 totals: 19130 (Fairmont), 19146 (Point Breeze), and 19108 (1 square block in Callow Hill).
- With high gas prices, it remains to be seen if these increases will continue, especially at the stadiums where transit is so readily available.

Comparison of the Parking Tax FY2021 - FY2022, including +/- % change

Region	Total Paid per Region	No of Locations	Fiscal Year	% change
Center City	\$45,517,405	246	2022	44.83%
Airport	\$17,293,808	15	2022	124.00%
Universities	\$11,767,610	93	2022	46.75%
Temple	\$1,831,984	19	2022	48.77%
UPenn, Drexel	\$9,935,626	74	2022	46.38%
Stadiums	\$6,570,406	11	2022	556.38%
Center City	\$31,428,808	257	2021	
Airport	\$7,720,316	17	2021	
Universities	\$8,018,765	101	2021	
Temple	\$1,231,433	22	2021	
UPenn, Drexel	\$6,787,332	79	2021	
Stadiums	\$1,001,002	10	2021	

Parking Tax totals across all locations for 2019-2022

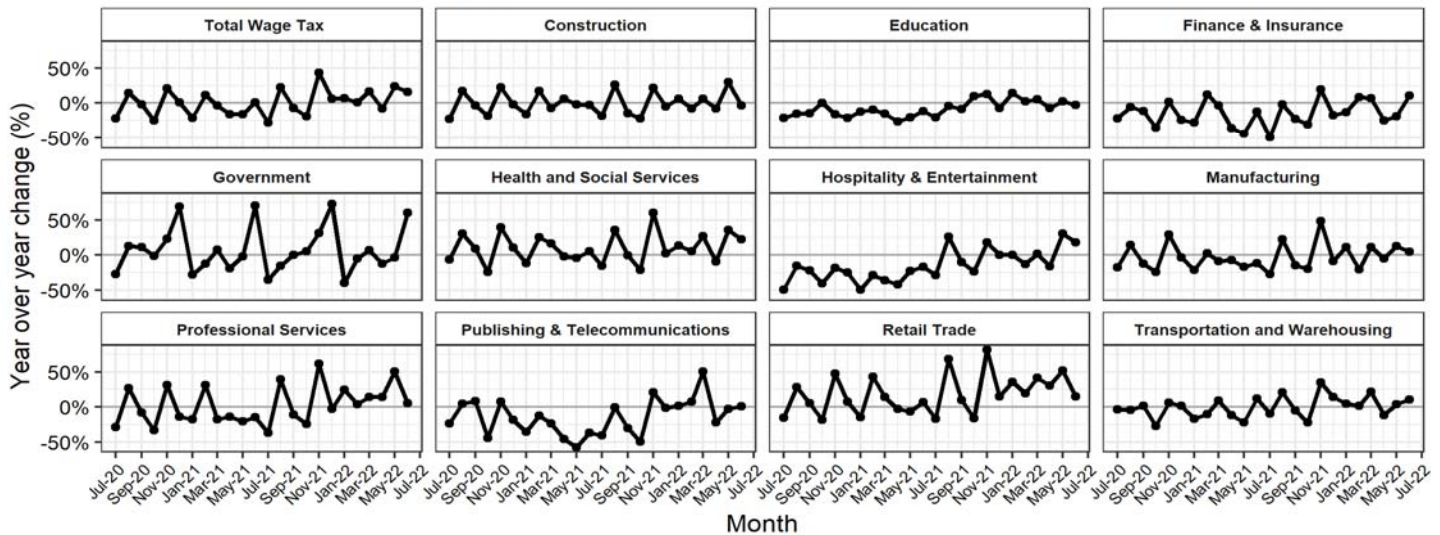


⁵ The Parking Tax is collected every month on the 15th; it is currently set at 22.5% of gross receipts. There are no discounts applicable to the Parking Tax.

Wage Tax¹

- For FY2022, Wage Tax collections were up compared to the previous three fiscal years, including the most recent non-pandemic fiscal year, FY2019 (+4.8%).
- The top four industries (Health and Social Services, Professional Services, Government, and Education) were up 8.4% compared to the previous fiscal year and up 6.9% compared to the most recent non-pandemic fiscal year FY2019. However, collections for Government declined compared to both FY2021 (-4.0%) and FY2020 (-5.7%), while Education was also down compared to both FY2020 (-3.4%) and FY2019 (-0.5%).
- Outside the top four industries, Hospitality & Entertainment (+44.8%) and Publishing & Telecommunications (+31.3%) were up the most compared to FY2021. Both Retail Trade and Transportation & Warehousing experienced growth compared to each of the previous three fiscal years, while Finance & Insurance was up compared to FY2021 (+8.5%) after being down compared to the prior two fiscal years.
- For both May and June, Total Wage Tax collections were up compared to FY2019.

Top-level Industry Breakdown - July 2020-June 2022
Percent Change from FY2019 - Wage Tax Revenue



Top-level Industry Breakdown – Fiscal Year to Date (July 2021-June 2022) – Wage Tax Revenue (in millions)

Industry	FY2019	FY2020	FY2021	FY2022	Pct Change from FY2019	Pct Change from FY2020	Pct Change from FY2021
Health and Social Services	\$431.6	\$451.8	\$455.1	\$474.8	10.0%	5.1%	4.3%
Professional Services	\$240.1	\$254.2	\$218.4	\$265.7	10.7%	4.5%	21.7%
Government	\$232.0	\$249.4	\$245.0	\$235.2	1.4%	-5.7%	-4.0%
Education	\$190.5	\$196.3	\$160.8	\$193.7	1.7%	-1.3%	20.4%
Finance & Insurance	\$163.1	\$169.4	\$134.1	\$145.6	-10.8%	-14.1%	8.5%
Manufacturing	\$118.4	\$128.1	\$109.4	\$118.9	0.4%	-7.2%	8.6%
Retail Trade	\$99.4	\$99.6	\$104.2	\$125.1	25.9%	25.6%	20.1%
Hospitality & Entertainment	\$109.4	\$104.0	\$74.4	\$107.7	-1.6%	3.6%	44.8%
Publishing & Telecommunications	\$83.9	\$89.1	\$62.0	\$81.4	-3.0%	-8.6%	31.3%
Construction	\$71.8	\$69.4	\$70.1	\$71.6	-0.3%	3.2%	2.2%
Transportation and Warehousing	\$69.9	\$70.7	\$65.5	\$73.1	4.5%	3.4%	11.6%
Other Sectors	\$240.0	\$242.9	\$221.7	\$255.9	6.6%	5.3%	15.4%
Total Wage Tax	\$2,050.3	\$2,124.9	\$1,920.8	\$2,148.7	4.8%	1.1%	11.9%

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Real Estate Transfer Tax

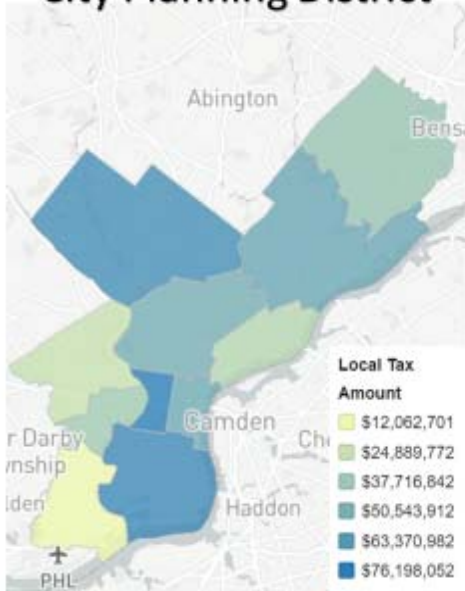
- For fiscal year 2022, the city planning districts West Central, South, and Northwest have the largest collection amounts. Whereas North, Northeast, and Northwest have the highest numbers of transfers for the year.
- In the last four years, the city has seen a great increase in collections for housing (+69.12%) and large apartments (+50%), following miscellaneous (+107.32%). Office buildings show a sizeable decrease (-84%) in FY2021 with substantial recovery in FY2022.
- Residential buildings have shown an overall growth in FY2022 (+63.38%) with a slight decrease in collections from FY2019-2020. Commercial buildings consistently declined from 2019-2021, then increased in FY2022, showing an overall growth (+65.37%) compared to FY2019.

Fiscal Year	2019		2020		2021		2022	
Bldg Category	Local Tax Amount	# of Transfers	Local Tax Amount	# of Transfers	Local Tax Amount	# of Transfers	Local Tax Amount	# of Transfers
<input type="checkbox"/> commercial	\$124,121,222	2,784	\$120,232,788	2,216	\$81,760,244	2,073	\$205,257,774	3,109
<input type="checkbox"/> apartmentLarge	\$42,156,051	258	\$18,278,199	247	\$23,375,966	217	\$63,109,134	373
<input type="checkbox"/> bank	\$335,667	9	\$316,867	7	\$197,997	9	\$479,923	13
<input type="checkbox"/> condo	\$1,144,702	47	\$4,351,166	34	\$1,087,821	40	\$2,741,308	40
<input type="checkbox"/> hotel	\$5,399,541	14	\$425,358	5	\$301,766	5	\$4,267,442	10
<input type="checkbox"/> industrial	\$19,655,825	316	\$26,965,882	257	\$16,152,858	264	\$34,201,690	391
<input type="checkbox"/> miscCommercial	\$1,451,290	109	\$1,189,679	86	\$2,385,405	88	\$5,651,261	159
<input type="checkbox"/> mixedUsage	\$5,816,289	1,008	\$5,629,327	759	\$5,580,281	748	\$9,885,883	1,081
<input type="checkbox"/> nonProfit	\$6,304,442	141	\$6,092,082	124	\$6,624,156	101	\$7,575,787	127
<input type="checkbox"/> officeBuilding	\$24,515,673	55	\$34,623,053	57	\$4,133,019	27	\$22,516,509	64
<input type="checkbox"/> parking_garage	\$83,986	4	\$149,149	4	\$1,035,304	5	\$4,556,881	11
<input type="checkbox"/> parkingLot	\$1,809,148	73	\$4,672,569	71	\$3,394,751	63	\$3,083,196	77
<input type="checkbox"/> Restaurant_Bar	\$1,612,486	36	\$1,110,097	37	\$804,541	30	\$3,254,024	38
<input type="checkbox"/> retail	\$7,461,436	263	\$8,948,260	197	\$8,822,754	237	\$11,611,468	270
<input type="checkbox"/> theater_stadium_other amuse	\$642,812	36	\$405,542	31	\$306,040	14	\$19,817,089	46
<input type="checkbox"/> utility	\$0	1	\$497,946	6			\$0	3
<input type="checkbox"/> vacantLand	\$5,731,875	414	\$6,577,610	294	\$7,557,586	225	\$12,506,180	406
<input type="checkbox"/> residential	\$192,406,073	38,484	\$184,284,267	32,548	\$211,965,746	32,826	\$314,360,067	43,665
<input type="checkbox"/> apartmentSmall	\$15,711,840	2,591	\$14,821,106	2,138	\$15,177,294	2,112	\$27,005,403	3,093
<input type="checkbox"/> condo	\$27,314,880	2,253	\$23,764,868	2,042	\$24,052,135	2,169	\$41,148,946	3,226
<input type="checkbox"/> garage	\$264,884	93	\$370,403	80	\$320,404	58	\$364,088	72
<input type="checkbox"/> house	\$135,605,324	29,291	\$131,344,454	25,390	\$157,554,613	26,263	\$227,427,394	34,713
<input type="checkbox"/> miscResidential	\$112,631	32	\$66,829	23	\$81,709	30	\$126,029	34
<input type="checkbox"/> vacant	\$1,490	1						
<input type="checkbox"/> vacantLand	\$13,395,023	4,223	\$13,916,606	2,875	\$14,779,592	2,194	\$18,288,207	2,527
<input type="checkbox"/> Unknown	\$10,128,442	1,229	\$12,093,614	948	\$7,295,851	970	\$14,243,276	1,400
<input type="checkbox"/> Unknown	\$10,128,442	1,229	\$12,093,614	948	\$7,295,851	970	\$14,243,276	1,400
Total	\$326,655,737	42,497	\$316,610,669	35,711	\$301,021,841	35,869	\$533,861,117	48,174

Real Estate Transfer Tax (continued)

Fiscal Year Location Analysis

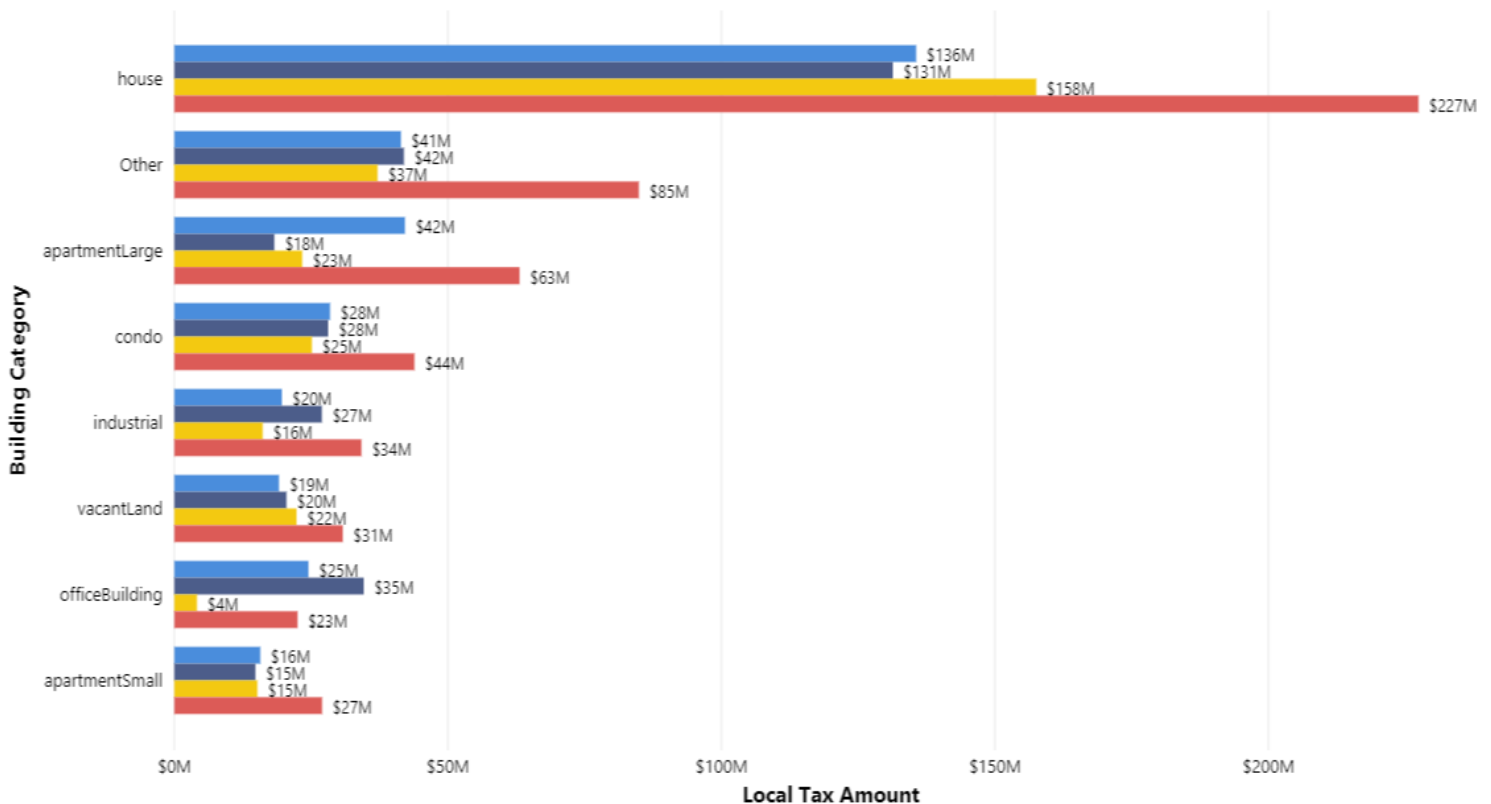
City Planning District



Fiscal Year District	2022 Local Tax Amount	# of Transfers
East Central	\$53,435,474	2,635
Far Northeast	\$39,629,508	3,467
Lower Southwest	\$12,062,701	1,209
North	\$51,102,756	8,609
Northeast	\$55,050,674	8,033
Northwest	\$67,614,764	8,100
River Wards	\$30,137,852	3,521
South	\$70,197,653	5,856
Unclassified	\$17,468,144	1,988
University Southwest	\$36,744,269	1,653
West	\$24,219,268	4,886
West Central	\$76,198,052	3,016
Total	\$533,861,117	52,973

Local Tax Amount by Building Category

Fiscal Year ● 2019 ● 2020 ● 2021 ● 2022



⁶ "Other" category includes retail, mixed use, non-profit, theaters, parking facilities, hotels, and restaurants; as well as the FY2022 as well as the sale of the Live! Casino in 2022.