



# Economic Report

## Financial Forecast & Snapshot



OFFICE OF THE CITY CONTROLLER

Alan Butkovitz

### Snapshot Highlights

Tax revenues (City & PICA) for March totaled \$299.6 million, an 11 percent increase from the same month last year. A breakdown of the total revenues includes \$270 million into the General Fund and \$29.6 million as the PICA portion.

Wage/Earnings/NPT (City & PICA) collections for the month totaled \$128.8 million, a four percent increase compared to the same month last year. Yearly collections have totaled almost \$1.2 billion, a four percent increase over the prior year.

Monthly sales tax collections totaled \$19.3 million, which is a less than a one percent decrease from what was collected last March. Yearly collections have totaled almost \$192 million, a three percent increase over the prior year.

Along with highlighting total tax collections, this month's economic report includes a review of the city's tobacco tax, which became effective July 2010. The tax is imposed on items such as cigars, smokeless tobacco, pipe tobacco, rolling papers and other loose tobacco products.

In FY2011, which was the first reporting year of the tax, it provided the city with \$285,564. In FY2012, it generated \$628,302 in tax revenues and for the first nine months of the current FY2013, it has produced \$699,210.

Current yearly collections have already exceeded the FY13 budget estimate by \$68,000.



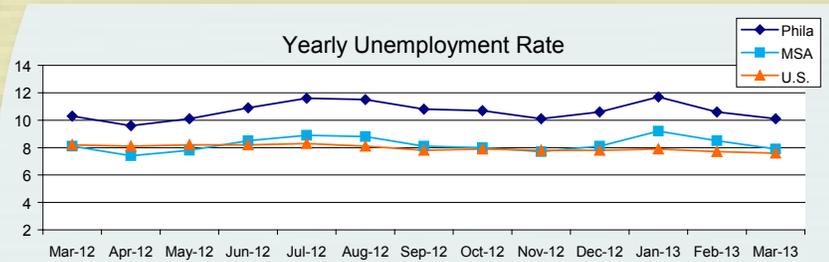
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Search "Philly WatchDog" on iTunes or Google Play to download the free app and start protecting your tax dollars today!

### MONTHLY FEATURE:

\$1.6 million - amount generated from city's tobacco tax since July 2010

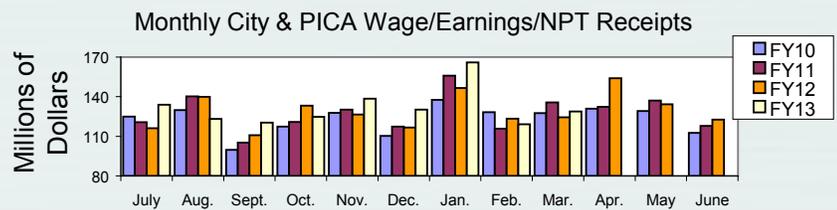
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March 2013

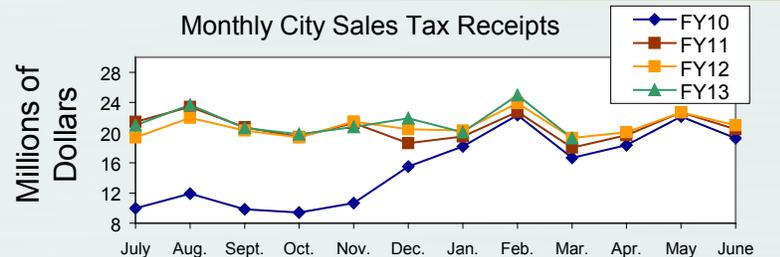


	Mar-13	Feb-13	Change	Mar-12
City -	10.1%	10.6%	-4.72%	10.6%
MSA -	7.9%	8.5%	-7.06%	8.3%
US -	7.6%	7.7%	-1.30%	8.2%

unemployment rates are non-seasonally adjusted



	FY2013	FY2012	Change
Wage/NPT/Earnings - (City & PICA Yearly)	\$1,184.68	\$1,137.55	4.0%



	FY2013	FY2012	Change
Sales (Yearly) -	\$191.96	\$186.43	3.0%

According to PICA, collections for a single month can be a misleading indicator due to monthly variability in collections

### Key Trends

↑ 4% increase in yearly Wage/NPT/Earnings revenues over last year

↑ 3% increase in yearly sales tax revenues over last year

↓ Unemployment rate drops from 10.6% to 10.1% over last month

↓ Business Outlook Survey: Labor markets show signs of weakness



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### Forecast Highlights

March 2013

According to the latest Business Outlook Survey from the Philadelphia Federal Reserve, firms' responses suggest an overall weakened confidence this month. Labor market conditions showed continued signs of weakness, with indexes suggesting lower employment overall. The employment index decreased from 2.7 to -6.8 this month. Seventeen percent of firms reported employment decreases compared to 10 percent that reported increases.

While current employment indicators show signs of weakness, it should also be noted that 65 percent of firms indicated demand uncertainty as the most important factor adversely influencing hiring, while 18 percent reported regulatory uncertainty.

Additional signs of weakness included: firms paying higher prices for inputs: 14 percent compared to 11 percent; general activity index fell from 32.5 to 19.5 this month, and indexes for future new orders and shipments, fell 10 and five points, respectively.

*1 The survey's results reflect data of the current month and/or the month that the Controller's economic report is released.*

Total Non-Farm Employment				
	Mar-13	Feb-13	% Change	Mar-12
<b>City Total</b>	663,000	661,800	0.2%	663,400
Manufacturing	23,000	23,000	0.0%	23,100
Wholesale & Retail	62,900	63,000	-0.2%	63,600
Services	628,800	627,800	0.2%	630,600
Construction & Mining	11,200	11,000	1.8%	9,700
<b>MSA Total</b>	1,889,200	1,879,500	0.5%	1,881,300
Manufacturing	126,900	126,700	0.2%	128,400
Wholesale & Retail	265,300	267,200	-0.7%	269,100
Services	1,698,800	1,690,100	0.5%	1,689,300
Construction & Mining	63,500	62,700	1.3%	63,600

Source: PA Dept. of Labor & Industry

RESOURCES

American Bankers Association - Forecast & Outlook	-outlook delivers a one-year forecast for mostly banking-related indicators as well as general economic measures
economy.com - Precis: Metro/US/Northeast/Philadelphia	-includes five-year forecasts of eleven key indicators
FRB Philadelphia	-3rd District - eastern PA, southern NJ and state of Delaware
FRB Philadelphia - Livingston Survey	-summarizes the forecasts of economists from industry, government, banking and academia
FRB Philadelphia - Professional Forecasters	-quarterly survey of macroeconomic forecasts in the U.S.
FRB Philadelphia - Regional Employment Forecasts	-regional indicator predicting job growth and unemployment rate one year from now
FRB Philadelphia - Business Outlook Survey	-monthly survey of manufacturers in the Philadelphia area indicating the change in expected business activity six months from now
NABE Outlook	-presents the consensus of macroeconomic forecasts by 37 professional forecasters from NABE
Conference Board - U.S. Leading Indicator	-gauges the whereabouts of the U.S. economy in nine months

PHILADELPHIA DEMOGRAPHICS

Population	Other
1,526,006	9.73%
Male	Hispanic
47.20%	12.30%
Female	<b>Pov. Rate*</b>
52.80%	28.4%
White	Under 18
41.04%	39.3%
Af. Amer.	Over 65
43.40%	17.3%
Asian	<b>Md. Hse Inc.</b>
6.32%	\$36,251

Data above is from the 2010 Census, unless noted \*based on 2011 American Community Survey



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March 2013

### PHILADELPHIA'S TOBACCO TAX: INCREASING REVENUES

As a means to generate new revenues, the City in June 2010 adopted legislation that imposed a tax on tobacco and tobacco-related products. While it excludes cigarettes and little cigars, many other products such as cigars, smokeless tobacco, pipe tobacco rolling papers and other loose tobacco are subject to the tax. The tax went into effect one month after the bill was adopted.

In fiscal year (FY) 2011, which was the first reporting year for the tax, it provided the city with \$285,564. In FY2012, it generated 628,302 in tax revenues, and for the first nine months of FY13, it has produced \$699,210. With three months of reporting still remaining in FY13, total revenues could surpass \$700,000.

Current yearly collections have already exceeded the City's FY13 budgeted amount by more than \$68,000.

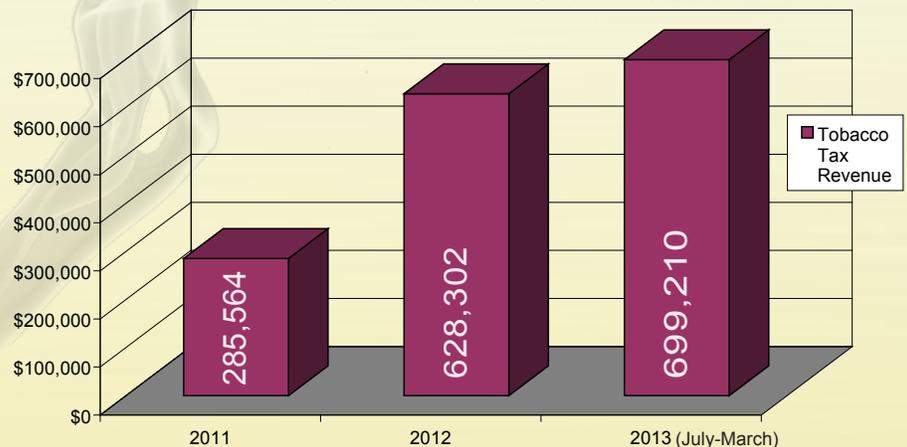
The Tobacco Tax is paid and filed annually by January 31 of each year for the prior year's sales. Although, collections are still recorded each month, and February marks the largest collection month, as it immediately precedes the filing deadline.

The rate for the various tobacco-related items includes the following: \$0.36 for individually rolled items, like cigars; \$0.36 per pack of rolling papers;

and \$0.36 per ounce of all other tobacco and tobacco-related items.

According to the Pennsylvania Department of Revenue, there are 3,000 tobacco retailers in the City of Philadelphia. Depending on the products sold, not all of these retailers could be subject to filing the city's tobacco tax.

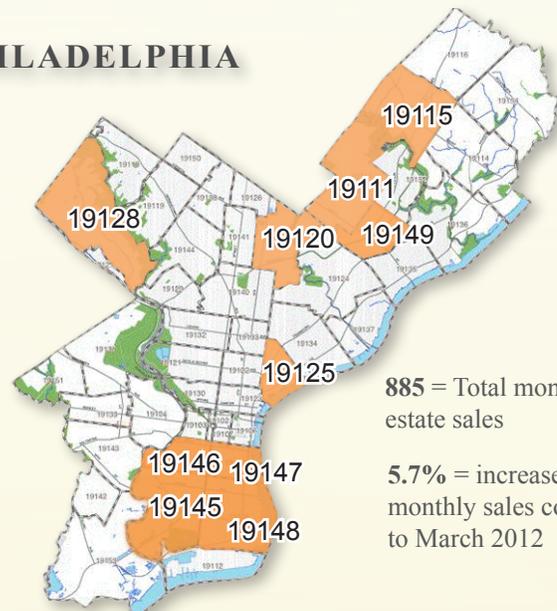
Tobacco Tax Revenue FY11-FY13



### HOME SALES IN PHILADELPHIA

March 2013 - Top 10 Sales by Zipcode

ZIP Code	Sales	% of Sales from Bank Owned	% of Sales from Short Sales
19146	67	4.50%	3.00%
19147	52	1.90%	3.80%
19149	37	13.50%	5.40%
19125	36	5.60%	5.60%
19148	36	5.60%	2.80%
19145	35	2.90%	8.60%
19111	30	23.30%	16.70%
19120	30	26.70%	3.30%
19128	29	3.40%	0.00%
19115	28	14.30%	14.30%



885 = Total monthly real estate sales

5.7% = increase in monthly sales compared to March 2012

Based on information from TREND for March 2013.