



**City of Philadelphia
Office of the City Controller**

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**Controller's Office Releases Philadelphia Beverage Tax
Revenue and Expenditures**

Philadelphia, PA – Today, the Office of the City Controller released revenue and expenditure data for the Philadelphia Beverage Tax, including expenditure details for Fiscal Year 2017 (FY17), Fiscal Year 2018 (FY18) and the first quarter of Fiscal Year 2019 (FY19). The data is posted in a searchable format and is downloadable. This data release is part of an on-going effort to increase transparency about how the City of Philadelphia spends taxpayer money and builds on the City Controller's first Beverage Tax release from March 2018. It was selected due to overwhelming interest from the public in the tax and the programs that the tax funds.

The data in this release is taken directly from the City of Philadelphia's general ledger system, FAMIS, which is used to track departmental spending. In FAMIS, expenditures are categorized by major and minor classes. The major class provides a broad description of the spending, e.g., payroll, while the minor classes give a more detailed description. Potentially sensitive information has been removed and descriptions adjusted slightly for clarity.

Through the first quarter of fiscal year 2019, the total revenue generated by the Philadelphia Beverage Tax is \$137.0 million. The majority of Philadelphia Beverage Tax revenue, \$101.2 million, has not yet been spent and remains in the General Fund. Since the inception of the tax, \$31.7 million or 23.2% of total revenue collected has been spent on Pre-K, \$3.5 million or 2.5% on Community Schools and \$605,431 or 0.4% on Rebuild (spending is listed as Philadelphia Parks and Recreation Special Projects – Rebuild in FAMIS).

- In FY17, the City collected more than \$39.5 million, spending 21.2% or about \$8.4 million on Pre-K and less than 3%, or \$1.2 million, on Community Schools. The remaining revenue, \$30.0 million or about 76%, is in the General Fund.
- In FY18, which was the first full year of the Beverage Tax, the City collected \$77.4 million, spending 24.7% or about \$19.1 million on Pre-K, \$1.7 million, or 2.2%, on Community

Schools and \$507,204, less than 1%, on Rebuild. The remaining revenue, \$56.2 million or 72.5%, is in the General Fund.

- For the first quarter of FY19 (ending September 30, 2018), the City collected \$20.1 million from the Beverage Tax and has spent \$4.3 million, or 21.3%, on Pre-K, \$660,050, or 3.3%, on Community Schools and \$98,227, less than 1%, on Rebuild. The remaining revenue, \$15.1 million, or 74.9%, is in the General Fund.

The largest expense for Pre-K, totaling \$31.0 million, was for contracts/leases. The largest expense for Community Schools, totaling \$2.7 million, was payroll. The largest expense for Rebuild is payroll for Philadelphia Parks and Recreation Special Projects. The administration has stated that there are additional expenditures related to Rebuild and in relation to collecting the tax, however, when further detail was requested regarding those expenditures, the administration did not provide them as of this release.

In 2016, Mayor James Kenney proposed the Philadelphia Beverage Tax to fund the City of Philadelphia's Pre-K expansion and Community Schools program, as well as to pay the debt service for the bond borrowing for Rebuild. The tax, a 1.5-cents per ounce levy, was passed by City Council in June 2016 and took effect January 1, 2017. In its first year of operation, the City funded 2,000 Pre-K seats and 9 Community Schools. The administration previously stated Pre-K seats would be held at 2,000 and Community Schools would be held at 12 pending the outcome of litigation against the tax. The lawsuit was resolved in favor of the City in July 2018.

This school year (2018-2019), 2,250 Pre-K seats and 12 Community Schools funded by the Philadelphia Beverage Tax are available. The administration has stated that it will increase the number of Pre-K seats and Community Schools next school year. To-date, there has been no debt service paid for Rebuild bond borrowings. However, the first bond borrowing for Rebuild projects were issued recently. The first two rounds of Rebuild funded sites were also announced recently.

The Administration has stated that it is holding Philadelphia Beverage Tax revenue in the General Fund for future program use. The Controller's Office believes that the Administration should hold the Philadelphia Beverage Tax revenue in a segregated reserve account. The use of a segregated reserve account would ensure that revenue is spent only on earmarked programs and would promote transparency by making it easier to track revenue to expenses.

View the data release [here](#). Members of the public can suggest a data set release to the Controller's Office [here](#).