

# Revenue Fact Sheet:

## Amusement Tax

### Understanding the Amusement Tax

Philadelphia doesn't necessarily hate fun, but it is willing to put a damper on the party by taxing certain forms of entertainment. The Amusement Tax was enacted in 1952, shortly after the City's Home Rule Charter. Today, it is a five percent tax on the admission fee or privilege to attend amusements, similar to a sales tax on goods. Amusements include sporting events, movies, clubs with membership or cover charges, concerts, circuses, and carnivals. There are exemptions from taxation for certain types of events, like those where the proceeds benefit religious, educational, and charitable institutions, or ones that benefit members of the military or fire departments. It also doesn't apply to "legitimate theater," like live opera, ballet, or musicals. The tax isn't applied to streaming or digital forms of entertainment.

### Where does the Amusement Tax come from?

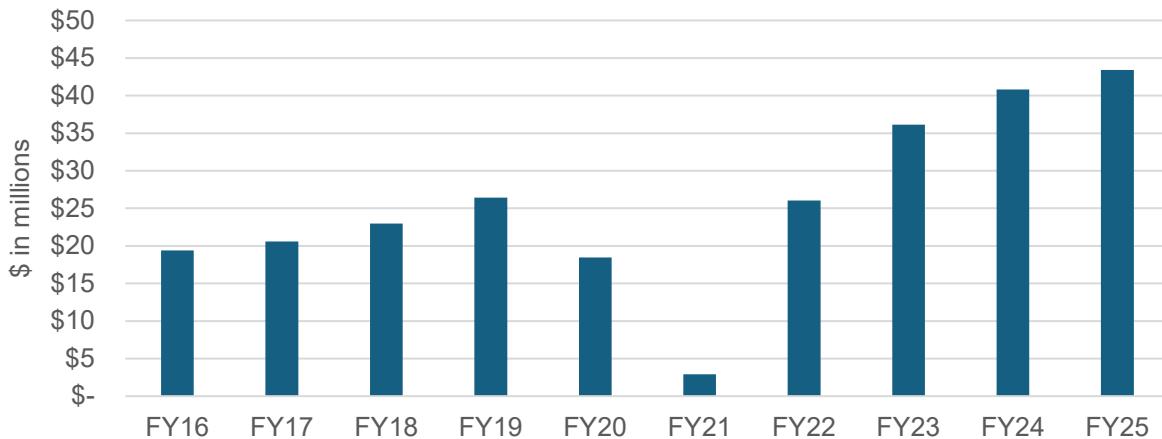
The producer of the amusement is required to compute and remit the amount of tax due to the City's Department of Revenue. The cost of the tax is typically incorporated into the price to attend the amusement, even if it isn't presented to the person purchasing the ticket or paying the entrance fee as a separate item on the receipt. Most of the City's Amusement Tax revenues, roughly \$4 out of every \$5, come from Philadelphia's sports teams. The driving reason that the Amusement Tax rate has remained unchanged for several decades is that agreements with some of the teams would require the City to refund to them any increase due to a rate increase, which would undermine most of the additional revenue potential of a tax hike while likely increasing costs for game goers.

### 10-Year Trend

Revenues from the Amusement Tax are a small share of General Fund revenues, never more than 0.7 percent of collections and dipping to just 0.1 percent in FY22 when most events were cancelled due to the pandemic. Collections were \$26.4 million in FY19, the last full fiscal year before COVID-19 and nosedived to a low of \$2.9 million in FY21, before nearly recovering to FY19 levels in FY23, with continuing strong growth in subsequent years. The compound annual growth rate

for the Amusement Tax was 9.4 percent from FY16 to FY25, more than double the rate for General Fund taxes overall.

**Amusement Tax collections were hit hard by COVID-era restrictions on public gatherings.**



Budget watchers who fret over the monthly and annual tallies for the Amusement Tax also fret over the post-season performance of the Phillies, Sixers, Eagles, and Flyers. More home games should mean more revenue while poor performance can mean empty seats all season long, reducing the collections, but the impacts of COVID swamp the observed impact over the last decade. Significant increases in ticket prices, often tied to new venues, could also affect collections. It has been more than 20 years since Philadelphia had a new professional sports stadium open.

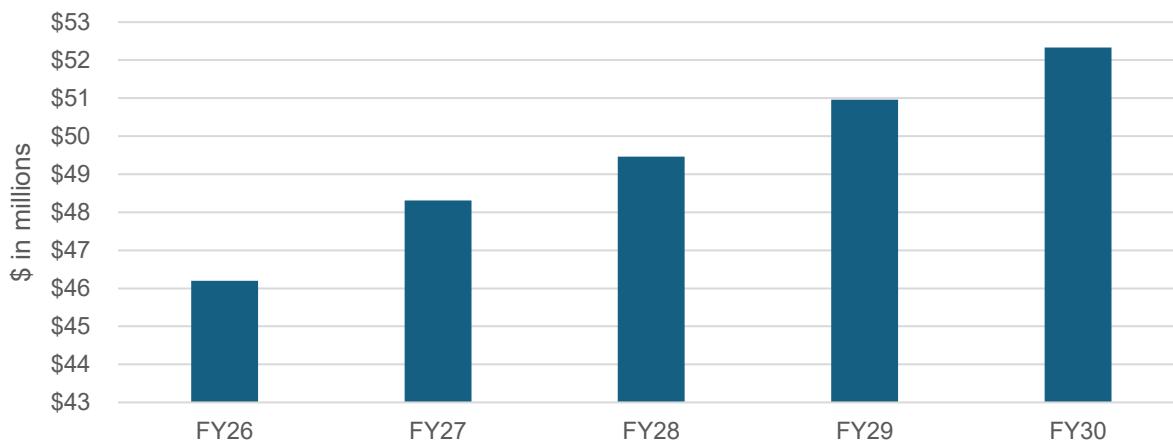
Post-Season Home Games	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
	0	0	2	0	1	0	0	2	0	3
	0	0	5	6	2	7	6	5	3	0
	3	0	3	0	0	8	0	0	0	0
	0	0	0	0	0	0	0	8	8	2
<b>Total</b>	<b>3</b>	<b>0</b>	<b>10</b>	<b>6</b>	<b>3</b>	<b>15</b>	<b>6</b>	<b>15</b>	<b>11</b>	<b>5</b>
<b>Amusement Tax Annual Growth Rate</b>	-	6%	12%	15%	-30%	-84%	793%	39%	13%	6%

## Looking Ahead

In the coming five years, the City anticipates less volatility in Amusement Tax collections than over the past decade. The current estimate for FY26 is \$46.2 million, one percent of all General Fund Tax collections. The Amusement Tax is

expected to have a compound annual growth rate of 3.2 percent from FY26 to FY80, leading to FY80 collections of \$52.3 million. Higher rates of growth are expected in FY26 and FY27, when the City will host World Cup matches and the Major League Baseball All-Star game, as well as events related to the nation's 250<sup>th</sup> birthday. The Amusement Tax's rate of growth is slightly higher than the expectations for all General Fund taxes, which are projected to have a 3.0 percent compound annual growth rate from FY26 to FY80.

**The rate of growth in Amusement Tax collections is expected to decline over the FY26-30 Plan.**



## The Big Picture

The Amusement Tax is a relatively small share of the City's revenue collections. Even its near total decimation due to the pandemic wasn't material to the overall scale of the challenge COVID-19 posed to Philadelphia's finances, nor will the impacts of major events dramatically shift the tax's impact on the General Fund.

## Where to Learn More

For additional details on **Revenue from Funds** and the City's financial outlook:

- See PICA's [Staff Report on the Five-Year Plan for FY26-30](#) and past Staff Reports at [picapa.org](http://picapa.org).
- Find the City's revenue projections and budget documents on the [Office of the Director of Finance](#) website.
- Visit the City of Philadelphia's [Office of the Director of Finance](#) website for City budget documents.