



Philadelphia's Residential Tax Burden

Understanding how it has changed in the city and suburbs

Overview

The tax disadvantage of living in Philadelphia instead of the suburbs **has dropped to its lowest point in 15 years**, making the city more affordable in terms of taxes than many of its surrounding towns.

How is the tax burden calculated?

The tax burden is the share of income owed on local property tax, state and local sales tax, and state and local income tax.



How has the tax burden changed for city and suburban residents?

First, let's look at three types of middle-income families, based on where they live and work:



City resident

Lives in Philadelphia, works in either the city or the suburbs

A family of four that lives in Philadelphia, where it pays income and property taxes, and its adults work in the city or the suburbs, paying half of its sales taxes in each area.



Suburban commuter

Lives in the suburbs, works in Philadelphia

A family of four with its adults working in Philadelphia, where they pay local wage taxes and a quarter of their sales tax, but living in a suburb where they pay property tax and the remainder of sales taxes.

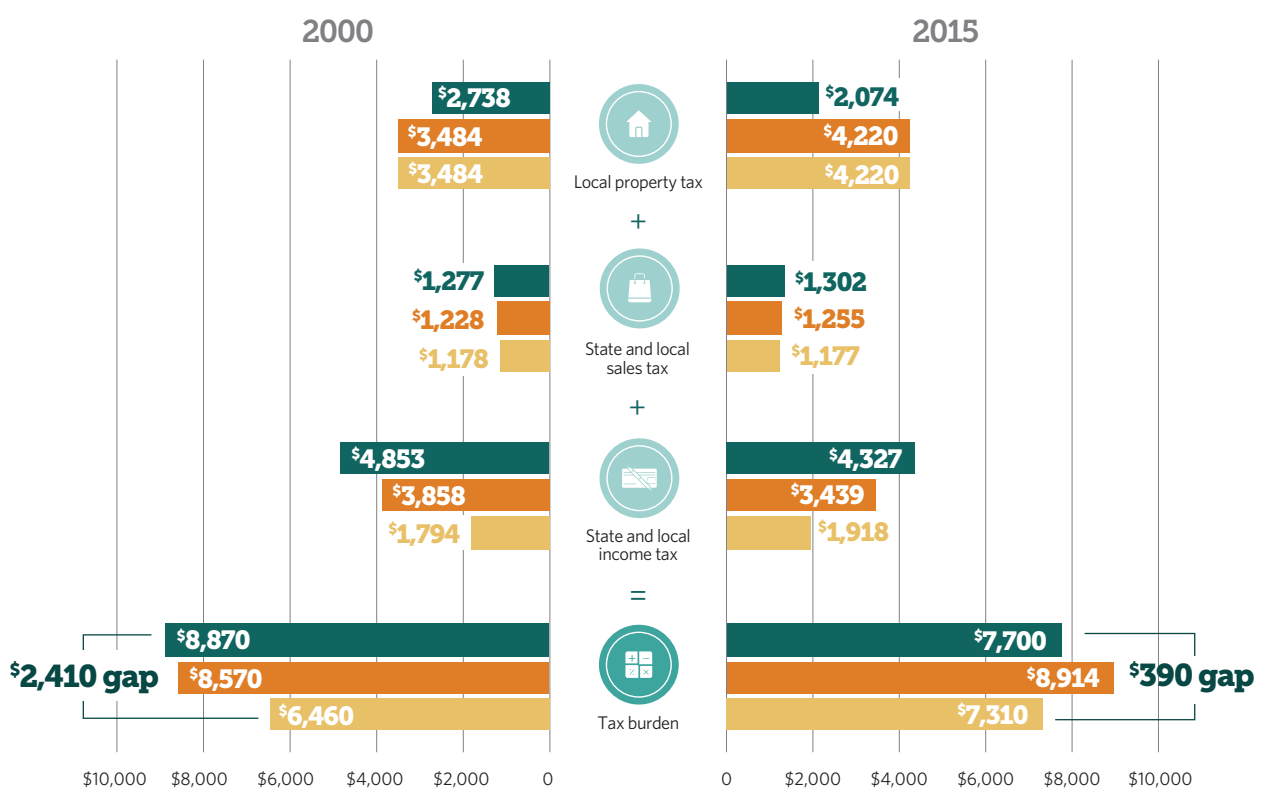


Suburban noncommuter

Lives and works in the suburbs

A family of four that lives and works in the same suburban town, where all of its income, property, and sales taxes are paid.

Now, let's compare the change for each type of family:



Note: Figures for 2000 and 2012 have been inflation-adjusted to 2015 dollars.

Source: Pew analysis based on published tax rates

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Conclusion

Philadelphia residents remain heavily taxed compared with those living in most of the surrounding suburbs. But from 2000 to 2015, the tax gap narrowed significantly. In 2000, a middle-income homeowners family saved about \$2,410 in state and local taxes by living and working in the suburbs instead of the city. In 2015, the same family's tax savings fell to \$390. And the tax savings for a suburban commuting family disappeared entirely.

[View the interactive map](#)

Tax burdens and tax gaps for every municipality in our study can be found in an interactive map at pewtrusts.org/compare-philly-suburban-tax-burden, where the full report is also available to download.

For further information, please visit:

pewtrusts.org/phila-research

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