Philadelphia’s Residential Tax Burden

Understanding how it has changed in the city and suburbs

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
Living 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
Living 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
Living 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:

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 homeowning family saved about $2,410 in state and local taxes by living 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.

Contact:
Elizabeth Lowe, officer, communications
Email: elowe@pewtrusts.org
Project website: www.pewtrusts.org/philaresearch

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