

City of Philadelphia



Council of the City of Philadelphia
Office of the Chief Clerk
Room 402, City Hall
Philadelphia

(Resolution No. 050844)

RESOLUTION

Authorizing Philadelphia City Council's Committee of the Whole to hold public hearings on the Board of Revision of Taxes's proposed change in property tax assessment, known as "full valuation," the policy's need and fairness, its effect on taxpayers, and possibilities of mitigating large tax increases.

WHEREAS, The Board of Revision of Taxes (BRT) intends to implement "full valuation" in Fiscal Year 2007, appraising all 568,000 residential and commercial properties in Philadelphia at 100% of fair market value; and,

WHEREAS, "Full valuation" will result in more than a four-fold increase in the assessed value of every property, requiring that property tax rates be similarly reduced to avoid an unintended quadrupling or more of the property tax burden imposed on every taxable property in the City; and

WHEREAS, The intent of "full valuation" is to have the BRT responsible only for decisions regarding property values, while the Mayor and City Council would be responsible for determining tax rates and the amount of revenue sought from the property tax; and

WHEREAS, The expressed intent of the BRT is to move to "full valuation" while maintaining "revenue neutrality" to the City's general fund, which can be achieved by lowering the tax rate. However, because the BRT has undervalued property throughout the City for decades, the average property in Philadelphia is currently valued far less than its actual value. Therefore, even if tax rates are lowered to compensate for "full valuation," some taxpayers may still see significant increases in their property tax bills as a result of property value reassessments, which neither the Council nor the Mayor have the ability to control. It is not yet clear how many taxpayers will be affected in this manner, or to what extent; and,

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WHEREAS, Forty-two percent (42%) of property tax collections is dedicated to the City's general fund, and fifty-eight percent (58%) is dedicated to the School District. Act 46, which dictates state control of the District, prohibits the City from certain actions that would adversely affect the District's revenues. It is not clear whether Act 46 prohibits the City from decreasing the rate of the School property tax, or whether it is only the amount of tax revenue that may not be decreased. However, if Act 46 does prohibit a decrease in the rate of the School property tax, then "full valuation" will result in a dramatic increase in property taxes for every property owner in the City; and,

WHEREAS, The possibility may exist for buffering or phasing in of tax changes to protect residents on fixed incomes, property owners whose properties have been grossly undervalued, and the City's taxpayers as a whole; now therefore

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, THAT The Committee of the Whole is hereby authorized to hold public hearings on the Board of Revision of Taxes's proposed change in property tax assessment, known as "full valuation," the policy's need and fairness, its effect on taxpayers, and the possibility of mitigating large tax increases by buffering or phasing in tax changes.

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CERTIFICATION: This is a true and correct copy of the original Resolution, Adopted by the Council of the City of Philadelphia on the twenty-ninth of September, 2005.

Anna C. Verna
PRESIDENT OF THE COUNCIL

Patricia Rafferty
CHIEF CLERK OF THE COUNCIL

Introduced by: Councilmember DiCicco, Council President Verna,
Councilmembers Clarke, Kenney and Mariano

Sponsored by: Councilmember DiCicco, Council President Verna,
Councilmembers Clarke, Kenney, Mariano, Blackwell, Tasco,
Reynolds Brown, Goode, Miller, Rizzo, Nutter, Krajewski,
Ramos, Kelly and O'Neill