



# City of Philadelphia

City Council  
Chief Clerk's Office  
402 City Hall  
Philadelphia, PA 19107

## **RESOLUTION NO. 080142**

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**Introduced February 7, 2008**

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**Councilmembers Green and Goode**

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**Referred to the  
Committee on Finance**

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### **RESOLUTION**

**Declaring that certain areas of the City, specifically the area bounded by Delaware Avenue, Shackamaxon Street (Extended), the Delaware River, and Ellen Street (Extended) and the area bounded by Christopher Columbus Boulevard, (former) Reed Street, the Delaware River, and Tasker Street (Extended), as a result of the extraordinary act of the Pennsylvania Gaming Board in granting gaming licenses to those particular sites, are no longer found to be deteriorated under §19-1303(3) of The Philadelphia Code.**

WHEREAS, HSP Gaming, L.P. ("HSP"), owner of the Sugar House Casino, has entered into a Payment in Lieu of Taxes agreement ("PILOT agreement") with the City of Philadelphia, in which HSP agrees to pay over ten years, as a settlement of real estate taxes, an estimated minimum of \$40 million and an estimated maximum of \$67 million, for the ten-year period during which a property tax abatement would be available; and

WHEREAS, Philadelphia Entertainment and Development Partners, L.P. ("PEDP"), owner of the Foxwoods Casino, has entered into a PILOT agreement with the City of Philadelphia in which PEDP agrees to pay over ten years, as a settlement of real estate taxes, an estimated minimum of \$40 million and an estimated maximum of \$65 million, for the ten-year period during which a property tax abatement would be available; and

WHEREAS, The Executive Branch, which negotiated and signed the agreements on behalf of the City, does not have the power or the authority to bind City Council or to contractually obligate City Council to act or refrain from acting, including but not limited to the introduction of legislation that reduce or eliminates any property tax abatement; and

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WHEREAS, PEDP, in its “Supplement to and Restatement in its Entirety the Report filed with the City of Philadelphia on December 21, 2005 pursuant to 58 PA Code S.441.3(c)” that was submitted to the City of Philadelphia in March 2006, specifically contemplates the payment of the Real Estate Tax to the City of Philadelphia, estimating the “Potential Annual Local Tax Revenue” generated by the Real Estate Tax to be approximately \$5.6 million annually during Phase I of the project, \$7.8 million annually during Phase II of the Project and \$10.2 million annually during Phase III of the Project and in disregard of this fact the Administration entered into the PILOT Agreements; and

WHEREAS, Under the City’s current real estate tax system and without any abatements, HSP and PEDP would be expected to pay an estimated minimum of \$65 million per casino to an estimated maximum of \$90 million per casino for the same ten-year period; and

WHEREAS, Act 76 of 1977, passed by the General Assembly of the Commonwealth of Pennsylvania, authorizes local taxing authorities to exempt certain deteriorating industrial, commercial and other business property improvements from taxation under certain terms and conditions; and

WHEREAS, As provided in Section 19-1303(3) of The Philadelphia Code, City Council has found that the entire City of Philadelphia is deteriorated, declaring that “There are deteriorated industrial, commercial and other business buildings in all wards of the City;” and

WHEREAS, Since City Council’s finding of city-wide deterioration and the institution of the abatement program, the tax abatement program has been responsible for spurring development in all parts of the City, including developments that would not have occurred without the provision of the abatement; and

WHEREAS, City Council recognizes that development throughout the City would be adversely affected should the tax abatement program be eliminated or otherwise reduced; and

WHEREAS, The Pennsylvania Legislature has enacted the Pennsylvania Race Horse Development and Gaming Act (“Gaming Act”), 4 P.a.C.S. §1101, *et seq.*, which created the Pennsylvania Gaming Control Board (“the Board”) and provides the Board with the authority to issue gaming licenses to certain qualifying applicants and sites; and

WHEREAS, The Pennsylvania General Assembly declared that the intent of the Gaming Act and “The authorization of limited gaming is intended to provide a significant source of new revenue to the Commonwealth to support property tax relief, wage tax reduction, economic development opportunities and other similar initiatives;” and

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*RESOLUTION NO. 080142 continued*

WHEREAS, The intent of the General Assembly was for the recipients of gaming licenses to pay taxes to the state and local governments, as evidenced by Sections 1304(2) and 1304(5) of the Gaming Act which provide for the waiver or repeal of certain tax exemptions, deductions, abatements or credits normally granted by the Commonwealth under the Keystone Opportunity Zone, Keystone Opportunity Expansion Zone and Keystone Opportunity; and

WHEREAS, The Pennsylvania Gaming Board, in an extraordinary act, has issued Category 2 gaming licenses to two sites within the City of Philadelphia, specifically, the area bounded by Delaware Avenue, Shackamaxon Street (Extended), the Delaware River, and Ellen Street (Extended) (“Sugar House Casino”) and the area bounded by Christopher Columbus Boulevard, (former) Reed Street, the Delaware River, and Tasker Street (Extended) (“Foxwoods Casino”) (collectively referred to as “Licensed Areas”); and

WHEREAS, This tax measure is a statement that no public purpose is served by continuing the designation of the Licensed Areas as “deteriorated” and is not intended to imply or suggest an acceptance or rejection of the Licensed Areas with respect to streets or zoning issues, or pending applications with respect thereto, or impact any Commercial Entertainment District designation; and

WHEREAS, The extraordinary act of granting gaming licenses by the Pennsylvania Gaming Board, with respect to the Licensed Areas, makes these properties unique in the City of Philadelphia in that incentives or abatements required to encourage construction and development in the City of Philadelphia are no longer required as they are the only two places in the City of Philadelphia where casino gaming may occur; and

WHEREAS, As a result of the unilateral action of the Board and consistent with the intent of the legislature as evidenced by the removal of tax credits, abatements, exemptions and deductions, as provided in Sections 1304(2) and 1304(5) of the Gaming Act, the Licensed Areas are no longer deteriorated under Section 19-1303 of The Philadelphia Code for such time as the Licensed Areas are the subject of gaming licenses; and

WHEREAS, The Council of the City of Philadelphia would apply the policy position set forth in the instant resolution to any area that is subject to a gaming license issued by the Board.

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*RESOLUTION NO. 080142 continued*

*RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA*, That, the Council has determined that as a result of the Pennsylvania Gaming Board's granting of gaming licenses to the area bounded by Delaware Avenue, Shackamaxon Street (Extended), the Delaware River, and Ellen Street (Extended) and the area bounded by Christopher Columbus Boulevard, (former) Reed Street, the Delaware River, and Tasker Street (Extended), the Licensed Areas are no longer deteriorated areas under Section 19-1303 of The Philadelphia Code for such time as these areas are subject to licensed gaming facilities.