



# City of Philadelphia

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

**BILL NO. 140451**

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**Introduced May 15, 2014**

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**Councilmember Jones  
for  
Council President Clarke,  
Councilmembers Jones, Goode, Kenney, Greenlee, O'Brien, Reynolds  
Brown, Bass, Tasco, Blackwell, Squilla, Henon, Oh, O'Neill and Quiñones  
Sánchez**

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**Referred to the  
Committee of the Whole**

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## **AN ORDINANCE**

Amending Chapter 19-2700 of The Philadelphia Code, entitled "Sales and Use Tax and Hotel Occupancy Tax," by providing for additional sales and use tax and for the manner in which the tax revenues shall be used, all under certain terms and conditions.

*THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:*

SECTION 1. Chapter 19-2700 of The Philadelphia Code is amended to read as follows:

CHAPTER 19-2700. SALES AND USE TAX AND HOTEL OCCUPANCY TAX.

\* \* \*

§ 19-2702. *Additional Sales and Use Tax.*

(1) *Sales Tax. Effective July 1, 2014, in addition to the tax imposed by § 19-2701, there is hereby imposed on the sale at retail of tangible personal property or services a tax at the rate of one percent (1%) on the purchase price. The tax shall be collected by the vendor from the purchaser and shall be paid over to the Commonwealth as provided by the statute authorizing the imposition of the tax.*

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(2) *Use Tax. Effective July 1, 2014, in addition to the tax imposed by § 19-2701, there is hereby imposed upon the use within the City of tangible personal property purchased at retail and on services purchased at retail a tax at the rate of one percent (1%) on the purchase price. The tax shall be paid to the Commonwealth by the person who makes such use as provided by the statute authorizing the imposition of the tax. The use tax shall not be paid by any person who has paid the City tax imposed under this Section equal to or greater than the tax imposed pursuant to either subsection (1) or this subsection.*

(3) *Tax revenues collected pursuant to subsections (1) and (2) shall be distributed to the School District of Philadelphia and the City as set forth in subsections (3)(a) through (3)(d). Amounts allocated to the City pursuant to subsections (3)(a) through (3)(d) shall be used exclusively in accordance with the act of December 18, 1984 (P.L.1005, No.205), known as the Municipal Pension Plan Funding Standard and Recovery Act, except to the extent the General Assembly allows a portion to be used for debt service.*

(a) *For fiscal year 2015, the first \$120,000,000 shall be distributed to the School District of Philadelphia and the balance to the City.*

(b) *For fiscal year 2016, seventy percent (70%) shall be distributed to the School District of Philadelphia and thirty percent (30%) to the City.*

(c) *For fiscal year 2017, sixty percent (60%) shall be distributed to the School District of Philadelphia and forty percent (40%) to the City.*

(d) *For fiscal year 2018 and each fiscal year thereafter, fifty percent (50%) shall be distributed to the School District of Philadelphia and fifty percent (50%) to the City.*

SECTION 2. This Ordinance shall become effective upon the enactment of authorizing legislation by the General Assembly.

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**Explanation:**

*Italics indicate new matter added.*

Exhibit A

	2015	2016	2017	2018	2019
1% Sales Tax	\$ 137,839,735	\$ 142,760,614	\$ 148,156,965	\$ 153,638,772	\$ 158,908,582
SD City	-	70% 30%	60% 40%	50% 50%	50% 50%
SD	\$ 120,000,000	\$ 99,932,430	\$ 88,894,179	\$ 76,819,386	\$ 79,454,291
City (Pension)	\$ 17,839,735	\$ 42,828,184	\$ 59,262,786	\$ 76,819,386	\$ 79,454,291
Cigarette Tax*	\$ 45,000,000	\$ 87,000,000	\$ 81,000,000	\$ 78,500,000	\$ 77,000,000
Total New SD Revenue	\$ 165,000,000	\$ 186,932,430	\$ 169,894,179	\$ 155,319,386	\$ 156,454,291
	2015	2016	2017	2018	2019
R/E Tax Growth	\$ 1,226,972,000 0.0%	\$ 1,255,192,356 2.3%	\$ 1,284,061,780 2.3%	\$ 1,313,595,201 2.3%	\$ 1,341,180,700 2.1%
SD Split City Split	55% 45%	55% 45%	55% 45%	55% 45%	55% 45%
SD	\$ 679,568,000	\$ 691,485,469	\$ 707,389,635	\$ 723,659,596	\$ 738,856,448
City	\$ 547,404,000	\$ 563,706,887	\$ 576,672,145	\$ 589,935,605	\$ 602,324,253
SD \$\$ Change	\$ -	\$ 11,917,469	\$ 15,904,166	\$ 16,269,962	\$ 15,196,852
U&O Tax Growth	\$ 137,800,000 0%	\$ 140,556,000 2%	\$ 143,367,120 2%	\$ 146,234,462 2%	\$ 149,159,152 2%
U&O \$\$ Change	\$ -	\$ 2,756,000	\$ 2,811,120	\$ 2,867,342	\$ 2,924,689
Liquor Sales Tax Growth	\$ 58,600,000 0%	\$ 59,772,000 2%	\$ 60,967,440 2%	\$ 62,186,789 2%	\$ 63,430,525 2%
Liquor Sales \$\$ Change	\$ -	\$ 1,172,000	\$ 1,195,440	\$ 1,219,349	\$ 1,243,736
School Income Tax Growth	\$ 32,350,000 0%	\$ 32,997,000 2%	\$ 33,656,940 2%	\$ 34,330,079 2%	\$ 35,016,680 2%
School Income \$\$ Change	\$ -	\$ 647,000	\$ 659,940	\$ 673,139	\$ 686,602
Total SD Local Tax Revenue**	\$ 1,073,318,000	\$ 1,111,742,899	\$ 1,115,275,314	\$ 1,121,730,312	\$ 1,142,917,095

\*Projections (estimates) are based on an analysis done by the Administration in Spring of 2013.  
 \*\*Excludes Public Utility Realty Tax, Payments in Lieu of Taxes, and Transfer to Debt Service Fund.

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