



City of Philadelphia

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

BILL NO. 240875

Introduced October 10, 2024

Councilmember Gauthier

**Referred to the
Committee on Finance**

AN ORDINANCE

Amending Chapter 19-2600 of The Philadelphia Code, entitled "Business Income and Receipts Taxes," to reinstate and revise the Sustainable Business Tax Credit by increasing the total tax credit amount, by extending the tax year through which the tax credit is made available, and by increasing the number of businesses eligible to receive the tax credit; all under certain terms and conditions.

WHEREAS, The City of Philadelphia enacted a Sustainable Business Tax Credit in 2009 designed to assist existing B Corps certified businesses and incentivize more businesses to complete B Corps certification; and

WHEREAS, The creation of the Sustainable Business Tax Credit recognized that B Corps certified businesses are desirable for the City because they are overwhelmingly locally owned, twice as likely to offer health insurance and retirement plans, three times more likely to be owned by minorities or women, and thirty times more likely to donate at least ten percent of profits to charity than other businesses; and a significant portion offer some form of employee ownership; and

WHEREAS, According to previous recommendations by the Sustainable Business Network of Greater Philadelphia, the former Sustainable Business Tax Credit failed to adequately assist existing B Corps-certified businesses and encourage B Corps business certification because the available credit for each qualifying business was too small to have a meaningful effect on a business's financial bottom line, the cap of seventy five businesses excluded a significant portion of existing sustainable businesses and discouraged continued Sustainable Business growth; and

WHEREAS, The increase of the tax credit amount and the number of credits available will better fulfill the Sustainable Business Tax Credit's purpose to support existing Sustainable Businesses and encourage additional businesses to adopt sustainable practices in Philadelphia; now, therefore

City of Philadelphia

BILL NO. 240875 continued

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. Chapter 19-2600 of The Philadelphia Code is hereby amended to read as follows:

CHAPTER 19-2600. BUSINESS INCOME AND RECEIPTS TAXES

* * *

§19-2604. Tax Rates, Credits, and Alternative Tax Computation.

* * *

(17) *Sustainable Business Tax Credit.*

(a) *Definitions.*

(i) *B Corporation (or B Corp). B Lab Company, a Pennsylvania non-profit corporation.*

(ii) *Sustainable Business. A business that meets the standards of a B Lab certified “B corporation” or, if the Office of Sustainability determines, by regulation, meets standards that appropriately provide for a determination that the business is sustainable and a responsible member of the community.*

(iii) *Office of Sustainability. The Mayor’s Office of Sustainability, or such other Office as the Mayor may designate to perform the functions assigned by this Section.*

(b) *Eligibility.*

(i) *To be eligible to receive Sustainable Business Tax Credits, a business must be certified as a Sustainable Business by the Department of Revenue, in accordance with regulations of the Office of Sustainability. The Office of Sustainability shall by regulation detail how a business must demonstrate the fact that it is a Sustainable Business. Such regulations shall provide that certification as a “B corporation” shall be prima facie evidence that the business is a Sustainable Business and may include a list of certifications provided by other rating organizations that will be accepted in lieu of a “B corporation” certification as prima facie evidence that a business is a Sustainable Business.*

(ii) *All businesses who meet the sustainable business certification criteria as defined by the Office of Sustainability and certified through the Department of Revenue shall be eligible to receive the tax credit for tax year 2024 and for all following tax years in perpetuity, provided that such tax credits remain available. For tax years prior to 2022, up to the following number of businesses shall be certified as Sustainable Businesses with respect to any one tax year:*

(a) *Tax Years 2017 and 2018: 50 businesses.*

City of Philadelphia

BILL NO. 240875 continued

(b) Tax Years 2019 through 2022: 75 businesses.

(iii) The Department of Revenue shall provide application forms for businesses seeking certification, and it shall certify eligible applicants as Sustainable Businesses on a “first come-first served” basis, randomly choosing, when necessary, among applicants that apply on the same date. The Department of Revenue shall abide by criteria for Sustainable Business Certification established by the Office of Sustainability when considering applications.

(iv) Once certified, a business shall remain eligible to receive Sustainable Business Tax Credits each year that such tax credits are available, provided that the Department of Revenue may by regulation require an eligible business to submit documentation each year that it continues to be a Sustainable Business.

(c) Tax Credits.

(i) For tax years 2024 and beyond, an eligible business shall receive a tax credit of \$8,000 which shall be used against the applicant’s total business income and receipts tax liability. Any unused tax credits may not be carried forward.

(ii) The Department of Revenue may by regulation detail the documentation that a business must submit with its tax return to support the tax credits provided by this subsection.

(d) Reporting.

(i) The Department of Revenue shall by December 31 of each year submit a written report to the Mayor, with a copy to the President and Chief Clerk of Council, summarizing the City’s experience during the prior tax year with the Sustainable Business Tax Credit. The first such report shall be submitted by December 31, 2025.

SECTION 2. Effective date. This Ordinance shall take effect immediately upon becoming law.

Explanation:

Italics indicate new matter added.
