City of Philadelphia

RESOLUTION NO. 150552

Introduced June 4, 2015

Councilmember Neilson

RESOLUTION

Urging the General Assembly to modify the uniformity clause of the Pennsylvania Constitution to allow for a differential real estate tax rate between commercial and residential properties to fund the accelerated reduction of wage and business taxes to foster the growth of Philadelphia's job and tax base.

WHEREAS, Philadelphia's unemployment rate increased from 6.3% in 1990 to 10% in 2013, while the national rate only rose from 5.6% to 7.4%; and

WHEREAS, Philadelphia has one of the highest poverty rates at 26% among major cities and one of the worst rates for deep poverty at 12.3%; and

WHEREAS, 37% of City residents outside of Center City need to commute to the suburbs to find work; and

WHEREAS, Philadelphia receives 68% of its tax revenue through taxes on things that can easily move - businesses and jobs; and

WHEREAS, Philadelphia taxes working City residents at a rate almost four times the rate that surrounding suburban counties tax residents who live in and work outside of Philadelphia; and

WHEREAS, Philadelphia taxes businesses and jobs at a significantly higher rate than its suburban counties, creating a 20-30% tax premium to open and operate a business in Philadelphia; and

WHEREAS, Taxing salaries and profits depresses rents, discourages business formation, weakens demand for business properties and reduces the share of real estate taxes that the City gets from commercial and industrial properties across the City, negatively impacting the City's revenue growth; and

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WHEREAS, From 1996 to 2008, City Council implemented a multi-year plan of wage and business tax reduction, cutting the wage tax from 4.96% to 3.92% for City residents and making cuts in the Business Income and Receipts Tax. During this period of time, Philadelphia began to see substantial job growth and new business formation for the first time in decades. These cuts were halted in 2008 as a result of the Great Recession; and

WHEREAS, Two separate commissions on tax competitiveness and a commission on job creation urged a reduction in the Wage and Business Income and Receipts Tax to help spur job growth; and

WHEREAS, Reductions to wage and business tax cuts should not negatively impact critical City services; and

WHEREAS, A broad coalition of business, labor and civic groups has now proposed a plan for job growth through modified uniformity that restarts substantial wage and business tax reductions and pays for the reductions through a 15% increase in the commercial real estate tax rate, which would be legally dedicated to funding wage and business tax reduction; and

WHEREAS, Most Philadelphia residents would see an immediate tax reduction as their residential property taxes stay the same rate while the amount they paid under the wage tax would be reduced; and

WHEREAS, The modification of uniformity as proposed by the coalition is supported by the 2009 Jobs Commission of the City of Philadelphia; and

WHEREAS, It is a multi-year process to amend the Constitution to allow for a modification to uniformity, City Council urges the General Assembly to begin this process so that Philadelphia can be more competitive in attracting and retaining jobs; and

WHEREAS, A strong Philadelphia economy benefits the entire Commonwealth; now, therefore, be it

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That this Council hereby urges the General Assembly of the Commonwealth to modify the uniformity clause of the Pennsylvania Constitution to allow for a differential real estate tax rate between commercial and residential properties to fund the accelerated reduction of wage and business taxes to foster the growth of Philadelphia's job and tax base.

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FURTHER RESOLVED, That the Chief Clerk is directed to forward a certified copy of this Resolution to the Majority and Minority Leaders of the Pennsylvania Senate and Pennsylvania House of Representatives as evidence of the support of this legislative body.

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