

# City of Philadelphia



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

(Resolution No. 160283)

## RESOLUTION

Expressing Council's support for an amendment to the Pennsylvania Constitution that would authorize the General Assembly to establish reasonable classes of real property for the purposes of taxation.

WHEREAS, Under the Pennsylvania Constitution as judicially interpreted, all real property must be taxed at the same rate unless a specific exception is provided in the Constitution; and

WHEREAS, Many other jurisdictions in the country have successfully implemented dual or multiple tax rates for different categories of property, either by specifying different rates for different classes of property, or by specifying different assessment ratios for different classes of property. For example, the District of Columbia defines five separate classes of real estate, each taxed at a different rate: residential; business properties assessed at \$3 million or less; business properties assessed at more than \$3 million; vacant property and blighted property; and

WHEREAS, The overall purpose of establishing different classes of real estate and taxing them at different effective rates is to distribute the tax burden in a fair manner that encourages the growth of the local economy and avoids overburdening any portion of the community; and

WHEREAS, In the fall of 2012, when the City Administration was undertaking the Actual Value Initiative to reassess every property at its fair market value, Council's independent analysis revealed that AVI would result in a massive shift in the relative share of real estate taxes from commercial properties to residential properties; and

WHEREAS, To provide relief to homeowners, Council collaborated with the City's Harrisburg delegation to develop a package of proposals, including an amendment to the Pennsylvania Constitution laying the groundwork for different real estate tax rates for residential and commercial property; and

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WHEREAS, Although the proposed constitutional amendment did not move forward after introduction, the General Assembly enacted the rest of the package, enabling Council to mitigate the impact of AVI on long-term owner-occupants whose home values had skyrocketed as a result of gentrification, and providing the City with additional authority to collect delinquent taxes; and

WHEREAS, The measures enacted by the General Assembly could not protect homeowners to the extent needed. It is therefore still vitally important to enact an amendment to the Pennsylvania Constitution that will permit the appropriate allocation of real estate taxes between residential and commercial property owners, and other classes that the City would establish, for the benefit of both the City and School District; and

WHEREAS, Such an amendment would be extraordinarily helpful. It would allow the City and School District to allocate in a fair way the burden between homeowners and commercial/industrial property owners. Having the same authority that other jurisdictions possess would allow Philadelphia to implement responsible tax measures strategically designed to strengthen and grow the City while enabling businesses to compete successfully. Authorization for even more than two basic rates, as is often the case in other jurisdictions, would also be appropriate as it would provide even greater flexibility; and

WHEREAS, What is needed is a constitutional amendment that enhances the City's capacity to design appropriately targeted taxes – taxes that are fair to homeowners and business owners, and that support investments in essential services while promoting local economic growth; and

WHEREAS, Legislation of this magnitude deserves the careful scrutiny and collaboration of Philadelphia's Senate and House delegations, this Council, and the Mayor; now, therefore, be it

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That Council hereby expresses its support for an amendment to the Pennsylvania Constitution that would authorize the General Assembly to establish reasonable classes of real property for the purposes of taxation.

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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-sixth day of May, 2016.

Darrell L. Clarke  
PRESIDENT OF THE COUNCIL

Michael A. Decker  
CHIEF CLERK OF THE COUNCIL

Introduced by: Councilmember Henon for Council President Clarke

Sponsored by: Councilmember Henon and Council President Clarke