

# City of Philadelphia



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

(Resolution No. 010584)

## RESOLUTION

Authorizing the Council Committee of the Whole to conduct hearings for the purpose of receiving testimony from representatives of the restaurant, hotel and hospitality industry and the Greater Philadelphia Chamber of Commerce in order to assess the impact of the severe downturn in the national and local economy on these industries in Philadelphia and the impact of state and local taxes on these industries; and also asking that the General Assembly explore any options to enable the repeal of the Philadelphia School District's liquor sales tax by the enactment of a new revenue source that will replace the revenues raised by the liquor sales tax in order to help improve the business climate and promotion of the restaurant, hotel and hospitality industries in Philadelphia.

WHEREAS, The need for sufficient funds and stable, predictable funding sources, is a fundamental element in solving the Philadelphia public school financial crisis; and

WHEREAS, One of the funding sources that now supports the public schools is the 10% "liquor-by-the-drink" sales tax imposed by the Board of Education as authorized by City ordinance. The liquor sales tax raised approximately \$25 million for the School District during the last fiscal year; and

WHEREAS, The restaurant, hotel and hospitality industry is the only industry that bears the burden of a separate and targeted tax for school funding in Philadelphia; and

WHEREAS, The School District, in conjunction with Gov. Ridge, Lt. Gov. Schweiker and Mayor Street, is working to find a long term solution to its present \$216 million deficit which is expected to grow to over \$1 billion in future years; and

WHEREAS, Since the Commonwealth and the City are presently engaged in discussions and negotiations related to school funding, it is appropriate to re-examine the complete school funding formula and the sources of funding; and

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WHEREAS, The restaurant, hotel and hospitality industries were already experiencing a slowdown in business prior to the national crisis, and are now sustaining potentially devastating losses due to the declines in tourism and travel; and

WHEREAS, The Federal Government is responding to the airline crisis with significant funding for stabilization and is also exploring tax cuts to bolster the economy; and

WHEREAS, Elimination of the liquor tax at this time of serious crisis for the industries which are subject to this special tax will have an immediate impact by helping to financially support the hospitality industry, and such action will also demonstrate a sincere commitment to this industry which plays such an important role in the economy of Philadelphia and the region; and

WHEREAS, The General Assembly may also want to re-examine the tax rates on the purchase of liquor by these industries, especially the often referred to “Johnstown Flood Tax”; and

WHEREAS, City Council would like to repeal the authorization for the School Board to impose the liquor sales tax, but to do so would be irresponsible unless an equal and stable source of funding were substituted; and

WHEREAS, A new funding source to replace the liquor tax revenues must be found and enacted which can provide a funding consistency in an amount equal to the liquor tax; and

WHEREAS, Proposals have been made for increased tobacco taxes, use of sales tax revenues, as well as other sources of new or replacement tax funding for City schools; now, therefore,

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That the Committee of the Whole is hereby authorized to conduct hearings for the purpose of receiving testimony from representatives of the restaurant, hotel and hospitality industry, and the Greater Philadelphia Chamber of Commerce in order to assess the impact of the severe downturn in the national and local economy on these industries in Philadelphia and the impact of state and local taxes on these industries.

FURTHER RESOLVED, THAT THE COUNCIL OF THE CITY OF PHILADELPHIA, Hereby asks the General Assembly to explore any options to enable the repeal of the School District’s liquor sales tax by authorizing a new tax that will enable the School District to replace the revenues raised by the liquor sales tax in order to help improve the business climate and promotion of the restaurant, hotel and hospitality industries in Philadelphia.

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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

Anna C. Verna  
PRESIDENT OF THE COUNCIL

Michael A. Decker  
CHIEF CLERK OF THE COUNCIL

Introduced by: Councilmembers Nutter, Kenney, DiCicco and Goode

Sponsored by: Councilmembers Tasco, Clarke, Ortiz and Rizzo