

City of Philadelphia



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

(Resolution No. 090302)

RESOLUTION

Requesting the Finance Director to attest to Council and the Pennsylvania Intergovernmental Cooperation Authority (“PICA”) that there has been a greater than 2% reduction in total City tax collections, which attestation is required by the Pennsylvania Taxpayer Relief Act (“Act”) before the City may enact an increase to the rates of the wage and net profits tax above the rates specified in that Act, and, if the Finance Director provides such attestation, calling on PICA to provide the certification the Act also requires before wage and net profits tax rates may be increased; and further requesting the Finance Director to advise Council and PICA as to the applicability of any of the other exceptions in the Act that permit wage and net profits tax rates to be increased, and, if any other exception is applicable, calling upon PICA to provide a certification to that effect.

WHEREAS, Council is now considering the Mayor’s proposed annual operating budget ordinance for Fiscal Year 2010 and proposed Five Year Plan for Fiscal Years 2010 through 2014, which include proposed increases in the City’s real estate tax; and

WHEREAS, Under the Philadelphia Home Rule Charter, Council is responsible for enacting all revenue measures necessary to balance the budget; and

WHEREAS, The Mayor has repeatedly stated that “all options are on the table,” and Council, to fulfill its responsibilities under the Charter, must consider all reasonable means of raising revenue to avoid severe disruptions to City services; and

WHEREAS, One of the main sources of City revenue is the wage and net profits tax, so it is appropriate for Council to examine whether an increase in the rates of that tax should be a part of the best mix of budget-balancing revenue measures; and

WHEREAS, Under the Pennsylvania Taxpayer Relief Act (“Act”), the City is required to reduce wage and net profits tax rates to specified levels, and to reduce those rates further based upon the receipt of revenues from licensed gaming activity in the Commonwealth. The Act further provides that tax rates may not be raised above those

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specified levels, but it includes several exceptions, including an exception if there has been a “decrease of more than 2% in the amount of [the City’s] total tax collections plus any funds provided under [the Act] from the preceding year’s collections” (53 P.S. §6926.703(c)(3)(ii)); and

WHEREAS, Before the City may raise the rates of the wage and net profits tax based on a decrease of more than 2% in total tax collections, the City’s Finance Director must attest to such decrease in total tax collections, and a certification must also be provided by the Pennsylvania Intergovernmental Cooperation Authority (“PICA”); and

WHEREAS, Council must know as soon as possible whether any of the exceptions in the Act apply, and if the Finance Director will provide any required attestation and PICA will provide its required certification, so that Council and all interested parties will know whether a wage and net profits tax increase is a possible source of revenue that should be considered to balance the FY2010 Budget and Five Year Plan; now, therefore,

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA,

THAT The Council hereby requests the Finance Director to provide Council and the Pennsylvania Intergovernmental Cooperation Authority (“PICA”), at the earliest possible date, with either: (i) written attestation, as required by the Pennsylvania Taxpayer Relief Act (“Act”) (53 P.S. §6926.703(c)(3)(ii)), that there has been a “decrease of more than 2% in the amount of [the City’s] total tax collections plus any funds provided under [the Act] from the preceding year’s collections”; or (ii) a written explanation as to why he is unable to provide such written attestation.

RESOLVED FURTHER, THAT If the Finance Director provides such attestation to Council and to PICA, then Council calls upon PICA to certify, pursuant to the Act, that the City may increase the rates of the wage and net profits tax above the rates specified in the Act.

RESOLVED FURTHER, THAT The Council further requests the Finance Director to provide Council and PICA, at the earliest possible date, with a written statement as to the applicability of the other exceptions in the Act permitting the City to increase the rates of the wage and net profits tax, as set forth at 53 P.S. §6926.703(c)(3), and if any other exception is applicable, then Council calls upon PICA to certify, pursuant to the Act, that the City may increase the rates of the wage and net profits tax based upon such exception.

RESOLVED FURTHER, THAT Copies of this resolution shall be provided to the Finance Director and to the Executive Director of PICA.

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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 sixteenth of April, 2009.

Anna C. Verna
PRESIDENT OF THE COUNCIL

Patricia Rafferty
CHIEF CLERK OF THE COUNCIL

Introduced by: Councilmember Tasco for Council President Verna,
Councilmembers Sanchez and Green

Sponsored by: Council President Verna, Councilmembers Tasco, Sanchez,
Green, Miller, Rizzo, Reynolds Brown, Goode, Jones,
Greenlee, Krajewski, O'Neill, Blackwell, Clarke and Kelly