

# City of Philadelphia



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

(Resolution No. 160702)

## RESOLUTION

Authorizing the Committee on Commerce & Economic Development to hold hearings regarding the potential implications of instituting a City Use & Occupancy Tax to reduce the Business Income & Receipts Tax rate.

WHEREAS, The citizens of Philadelphia experience persistent poverty and significant inequality, with 26 percent living in poverty, and twice the national number – 12 percent – being in deep poverty, even as the Philadelphia metropolitan area is the 19th wealthiest region in the country; and

WHEREAS, The Constitution of the Commonwealth of Pennsylvania has a uniformity clause, which prohibits both the state and municipalities, including the City of Philadelphia, from progressive or other non-uniform taxation of the same class of subjects, such as real estate; and

WHEREAS, Despite repeated cuts over the last two decades to the Net Profits Tax, Wage & Income Tax, and Business Income & Receipts Tax (“BIRT”), Philadelphia tax revenue remains more heavily weighted toward these business taxes and away from real estate taxes than other major cities, like New York City, Boston, and Chicago; and

WHEREAS, Several expert panels have recommended that a shift from our mobile tax base, reliant on jobs and businesses that can relocate outside of the City, toward taxing the immovable base, specifically real estate, would generate long-term business investment and job creation in Philadelphia; and

WHEREAS, Current reform proposals seek to amend the uniformity clause to allow Philadelphia the ability to have various tax rates on real estate; and

WHEREAS, While the effort to amend the state constitution is ongoing, ultimately requiring passage of legislation in two consecutive sessions of the General Assembly followed by an affirmative vote from the people of Pennsylvania on the resulting ballot

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question, the City should consider other ways of shifting its tax base from movable to immovable classes of subjects; and

WHEREAS, The City already collects on behalf of the School District of Philadelphia a Use & Occupancy Tax (“U&O”) on commercial space that functions analogously to the higher commercial real estate tax envisioned by current and older reform proposals; and

WHEREAS, The revenue raised by a city U&O could be used to further reduce both the gross receipts and the net income portions of the BIRT, which is imposed on entities that engage in a taxable activity in Philadelphia or attributable to Philadelphia, creating an incentive to conduct economic activity outside the City; and

WHEREAS, Reliance on a city U&O might generate better tax compliance, which would have the added benefit of driving revenue to the School District; and

WHEREAS, The City should explore all of the options at our disposal to effect whatever tax reform will generate fair, sustainable growth and alleviate poverty; now, therefore, be it

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That it hereby authorizes the Committee on Commerce & Economic Development hold hearings regarding the potential implications of instituting a city Use & Occupancy Tax to reduce the Business Income & Receipts Tax rate.

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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 June, 2016.

Darrell L. Clarke  
PRESIDENT OF THE COUNCIL

Michael A. Decker  
CHIEF CLERK OF THE COUNCIL

Introduced by: Councilmember Green

Sponsored by: Councilmember Green