

# City of Philadelphia



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

(Resolution No. 160877)

## RESOLUTION

Authorizing Council's Committee on Fiscal Stability and Intergovernmental Cooperation to hold hearings regarding the City's role in tracking, quantifying and evaluating the costs and benefits of tax expenditures.

WHEREAS, The recently issued Governmental Accounting Standards Board (GASB) Statement No. 77, entitled "Tax Abatement Disclosures," requires state and local governments to annually disclose the amount of forgone tax revenue for the purposes of understanding the impact on each governmental unit's respective financial statements; and

WHEREAS, Numerous cities and states across the country already generate annual tax expenditure reports and/or analyses for the purpose of gauging the effectiveness of tax incentives and exemptions; and

WHEREAS, More than twenty states have enacted tax incentive evaluation laws to track the size and utility of their tax expenditures, including, for example, Indiana, which tracks the costs and benefits of every one of its incentives and exemptions; and

WHEREAS, Washington D.C. and New York City also track their tax expenditures annually in robust, detailed reports to effectively account for forgone tax revenues; and

WHEREAS, The Pew Charitable Trusts recently reported that Philadelphia offers the largest variety of tax incentives and exemptions among major cities. Those incentives and exemptions averaged approximately \$215.8 million in annual forgone tax revenue during the examined years of 2010 to 2012, an amount that was approximately 60% more than the average annual forgone tax revenue examined from 2001 to 2003; and

WHEREAS, Pew did not attempt to determine the economic benefits attributable to the *twenty-nine* different tax incentives and exemptions offered by the City, but underscored

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the importance of examining whether these tax expenditures are meeting their policy goals; and

WHEREAS, Given the new GASB Statement and the exceptionally large number of tax incentives and exemptions that the City offers, an examination of the costs and benefits associated with each of the tax incentives and exemptions, and how each meets its stated policy goals, should be pursued; now, therefore, be it

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That it hereby authorizes Council's Committee on Fiscal Stability and Intergovernmental Cooperation to hold hearings regarding the City's role in tracking, quantifying and evaluating the costs and benefits of tax expenditures.

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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 sixth day of October, 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