

## Legislation Details (With Text)

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**File #:** 160015-A      **Version:** 2      **Name:**

**Type:** Bill      **Status:** ENACTED

**File created:** 1/21/2016      **In control:** Committee on Commerce & Economic Development

**On agenda:**      **Final action:** 9/15/2016

**Title:** Amending Title 19 of The Philadelphia Code, entitled "Finance, Taxes and Collections," to add a Chapter requiring businesses located in certain areas of the City or that receive tax or other subsidies from the City to provide certain economic development data to the City and requiring the publication by the City of such data; all under certain terms and conditions.

**Sponsors:** Councilmember Gym, Councilmember Jones, Councilmember Parker, Councilmember Quiñones Sánchez, Councilmember Johnson

**Indexes:** FINANCE, TAXES AND COLLECTIONS

**Code sections:** Title 19 - FINANCE, TAXES AND COLLECTIONS

**Attachments:** 1. CertifiedCopy160015-A02.pdf

| Date      | Ver. | Action By                                    | Action                                                         | Result | Tally |
|-----------|------|----------------------------------------------|----------------------------------------------------------------|--------|-------|
| 9/27/2016 | 2    | MAYOR                                        | SIGNED                                                         |        |       |
| 9/15/2016 | 2    | CITY COUNCIL                                 | READ AND PASSED                                                | Pass   | 17:0  |
| 9/8/2016  | 2    | CITY COUNCIL                                 | ORDERED PLACED ON FINAL PASSAGE CALENDAR FOR NEXT MEETING.     |        |       |
| 9/8/2016  | 2    | CITY COUNCIL                                 | AMENDED                                                        |        |       |
| 9/8/2016  | 1    | CITY COUNCIL                                 | READ                                                           |        |       |
| 6/16/2016 | 1    | CITY COUNCIL                                 | ORDERED PLACED ON THIS DAY'S FIRST READING CALENDAR            |        |       |
| 6/16/2016 | 1    | CITY COUNCIL                                 | SUSPEND THE RULES OF THE COUNCIL                               | Pass   |       |
| 6/16/2016 | 1    | CITY COUNCIL                                 | READ AND ORDERED PLACED ON NEXT WEEK'S SECOND READING CALENDAR |        |       |
| 6/10/2016 | 0    | Committee on Commerce & Economic Development | HEARING NOTICES SENT                                           |        |       |
| 6/10/2016 | 0    | Committee on Commerce & Economic Development | HEARING HELD                                                   |        |       |
| 6/10/2016 | 0    | Committee on Commerce & Economic Development | AMENDED                                                        |        |       |
| 6/10/2016 | 1    | Committee on Commerce & Economic Development | REPORTED FAVORABLY, RULE SUSPENSION REQUESTED                  |        |       |
| 4/4/2016  | 0    | Committee on Licenses and Inspections        | RECESSED                                                       |        |       |
| 1/21/2016 | 0    | CITY COUNCIL                                 | Introduced and Referred                                        | Pass   |       |

Amending Title 19 of The Philadelphia Code, entitled "Finance, Taxes and Collections," to add a Chapter requiring businesses located in certain areas of the City or that receive tax or other subsidies from the City to provide certain economic development data to the City and requiring the publication by the City of such data; all under certain terms and conditions.

*THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:*

SECTION 1. Title 18 of The Philadelphia Code is amended to add a Chapter as follows:

TITLE 18. COMMERCE.

\* \* \*

*CHAPTER 18-300. ECONOMIC DEVELOPMENT REPORTING.*

*§18-301. Definitions.*

*As used in this Chapter, the following definitions shall apply:*

- (1) Financial Assistance. As defined in Section 17-1401 of the Code, but not including: (a) a grant provided to a not-for-profit organization for the purpose of providing a social service function, such as child welfare or public health services, unless a primary purpose of the grant is job creation; (b) a Water Department grant for stormwater management; (c) a grant or other financial assistance provided for the purpose of developing affordable housing.*
- (2) Subsidy. A reduction in any tax obligation to the City or State; a TIF; a grant of funds from any governmental source; a loan or loan guarantee from any governmental source pursuant to which interest or other cost obligations are less than the recipient would have been required to otherwise pay to obtain a loan; acquisition or the leasing of real property from a government source at less than fair market value; or the receipt of any other thing of significant monetary value from a governmental source, not including a license, permit, zoning change or other regulatory or legislative approval.*
- (3) Covered Business.*
  - (a) A business located in an area of the City identified in Section 19-3201(1) of this Code and that has annual gross revenues of more than \$2,000,000 in the relevant calendar year;*
  - (b) A business that receives Financial Assistance, when specific Council approval was required in connection with the assistance, such as with respect to land transfers, certain leases and City capital expenditures. The requirements of this Chapter shall be deemed imposed on such a business regardless whether such requirement was specifically identified in the Council approval; or*
  - (c) A business that receives Financial Assistance but that does not meet the definition of a Covered Business under subsections (a) or (b).*
- (4) Jobs created. Jobs that account for a net increase in the number of individuals employed by a business in the City between the start of a calendar year and the end of that calendar year.*

- (5) *Full-time employee.* A person employed, on average, for 35 hours or more per week.
- (6) *Part-time employee.* A person employed, on average, for fewer than 35 hours per week.
- (7) *Temporary employee.* A person employed on a seasonal basis or for a limited period of time.
- (8) *Department.* The Department of Commerce.

§18-302. *Economic Development Reporting Requirements.*

- (1) *A business that meets the definition of a Covered Business under subsection 18-301(3)(a) or 18-301(3)(b) must file with the Department by May 1 of each year, in such form as the Department may establish by regulation, a report containing the following information pertaining to the previous calendar year:*
  - (a) *Name and address of the business; location of the business in the City and, if different, the location of the subsidized activity; and contact information for the business;*
  - (b) *The basis under this Section for why a report is required. If the basis is because of receipt of Financial Assistance, the specific type, date and amount of the assistance shall be identified;*
  - (c) *The amount and source of any subsidy received by the business in connection with business operations or real estate located in Philadelphia not identified pursuant to subsection (b);*
  - (d) *The number of full-time, part-time and temporary employees employed by the business in the City at the start of the year and at the end of the year and the locations at which such jobs are based in the City. Independent contractors shall not be deemed employees for such purpose;*
  - (e) *The number of individuals regularly employed as independent contractors at the locations where the business operates in the City, whether employed by the business or a third party, at the start of the year and at the end of the year;*
  - (f) *Identification and description of any jobs created in the City during the calendar year, including: the type of job; the compensation provided in connection with the job, including salary or wages within ranges as may be established by the Department and a description of benefits associated with the job; and whether a full-time, part-time or temporary employee or independent contractor holds the job; and*
  - (g) *Such information about determinations of federal, state or local law violations relating to topics such as environmental protection, taxation, labor standards or employment discrimination as the Department shall determine by regulation.*

- (2) *The Department and such other City agencies through which Financial Assistance is provided to Covered Businesses are directed to require each business that receives such assistance, as a condition of the assistance and subject to enforcement under the terms of this Section, to comply with the requirements set forth in subsection (1) above.*
- (3) *Any business that must file a report because of receipt of Financial Assistance shall, in addition to the report for the year in which the assistance was received, provide a report including the same information required in subsection (1) above by May 1 with respect to the preceding calendar year in each of the five years following a year in which the assistance was received.*

§18-303. *Enforcement, Administration and Penalties.*

- (1) *The Department may promulgate such regulations as are necessary to carry out the provisions of this Section, including, but not limited to, regulations altering any deadline set forth in this Section, and regulations setting forth extraordinary circumstances under which any requirement of this Section may be waived.*
- (2) *Violations of this Section, or of any regulation issued pursuant to this Section, shall be subject to a fine of \$1,000 for failure to comply during the first 30 days following a compliance date; each day that the failure to comply persists following the initial 30 days shall constitute a separate violation, subject to a fine of \$100 per day. Willful violation shall also subject the business to suspension or revocation of the business's Commercial Activity License.*
- (3) *The Department, or such other agency designated by the Mayor, shall make available through the City's website, in a searchable database and as a spreadsheet that can be downloaded in its entirety, the information contained in reports that are filed with it under Section 18-302. When information from a new report is added, data from previous reports pertaining to that business shall remain available on the website.*
- (4) *The Department shall submit to Council an annual report summarizing the data; providing an analysis of the job creation benefits received by the City in relation to the various bases pursuant to which businesses are subject to the requirements of this Section; and such other information and analysis as the Department deems appropriate.*

SECTION 2. Section 19-2604 of The Philadelphia Code is amended to read as follows:

CHAPTER 19-2600. BUSINESS INCOME AND RECEIPTS TAXES.

\* \* \*

§ 19-2604. Tax Rates, Credits, and Alternative Tax Computation.

\* \* \*

- (7) Credit for New Job Creation.

\* \* \*

(c) Application Process.

\* \* \*

(3) Approval. If the Revenue Department approves the company's application, the Department and the company shall execute a commitment letter containing the following:

\* \* \*

*(vi) a commitment by the company to comply with the requirements of Chapter 18-300 (Economic Development Reporting) applicable to a covered business as if the company were a covered business under that Chapter, provided that the required information shall be filed with the Department of Revenue, which shall provide to the Department of Commerce such aggregated information as the Department of Commerce shall request as permitted by law.*

*(vii) Such other information as the Department deems appropriate.*

\* \* \*