



Legislation Text

File #: 160133, Version: 1

Amending Chapter 19-2600 of The Philadelphia Code, entitled "Business Income and Receipts Taxes," to revise the Sustainable Business Tax Credit by changing the criteria for eligibility, by increasing the number of eligible businesses, by increasing the total tax credit amount, and by expanding the credit so that it applies against Sustainable Businesses' total business income and receipts tax liability; all under certain terms and conditions.

WHEREAS, The City of Philadelphia enacted a Sustainable Business Tax Credit in 2009 designed to assist existing B Corps certified businesses and incentivize more businesses to complete B Corps certification; and

WHEREAS, The creation of the Sustainable Business Tax Credit recognized that B Corps certified businesses are desirable for the City because they are overwhelmingly locally owned, twice as likely to offer health insurance and retirement plans, three times more likely to be owned by minorities or women, and thirty times more likely to donate at least ten percent of profits to charity than other businesses; and a significant portion offer some form of employee ownership; and

WHEREAS, According to a report by the Sustainable Business Network of Greater Philadelphia, the current Sustainable Business Tax Credit fails to adequately assist and encourage B Corps certified businesses because the available credit for each qualifying business is too small to have a meaningful effect on a B Corps' financial bottom line, the cap of twenty-five businesses currently excludes thirty percent of B Corps in Philadelphia, and the credit does not apply to a B Corp's net income tax liability, which is often more burdensome than their receipts tax liability; and

WHEREAS, The increase of the tax credit, the number of credits available, and application of the credit to net income in addition to receipts tax liability will better fulfill the Sustainable Business Tax Credit's purpose to support and encourage B Corps in Philadelphia; now, therefore

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. Chapter 19-2600 of The Philadelphia Code is hereby amended to read as follows:

CHAPTER 19-2600. BUSINESS INCOME AND RECEIPTS TAXES.

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

* * *

(10) Sustainable Business Tax Credit.

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(b) Eligibility.

(i) To be eligible to receive Sustainable Business Tax Credits, a business must be certified as a Sustainable Business by the Office of Sustainability. The Office of Sustainability shall by regulation detail how a business must demonstrate the fact that it is a Sustainable Business. Such regulations shall provide that certification as a “B corporation” shall be prima facie evidence that the business is a Sustainable Business, and may include a list of certifications provided by other rating organizations that will be accepted in lieu of a “B corporation” certification as prima facie evidence that a business is a Sustainable Business.

(ii) [No more than twenty-five (25)] *Up to the following number of* businesses shall be certified as Sustainable Businesses with respect to any one tax year:

(a) *Tax Years 2017 and 2018: 50 businesses.*

(b) *Tax Years 2019 through 2022: 75 businesses.*

(iii) The Office of Sustainability shall provide application forms for businesses seeking certification, and it shall certify *eligible applicants as Sustainable Businesses* on a “first come-first served” basis, randomly choosing, when necessary, among applicants that apply on the same date.

(iv) Once certified, a business shall remain eligible to receive Sustainable Business Tax Credits each year that such tax credits are available, provided that the Office of Sustainability may by regulation require an eligible business to submit documentation each year that it continues to be a Sustainable Business.

(c) Tax Credits.

(i) For tax years 2012 through [2017] 2022, an eligible business shall receive a tax credit of \$4,000 which [may] *shall* be used against the [tax based upon annual receipts] *applicant’s total business income and receipts tax liability*. Any unused tax credits may not be carried forward.

(ii) The Department of Revenue may by regulation detail the documentation that a business must submit with its tax return to support the tax credits provided by this subsection.

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SECTION 2. Effective date. This Ordinance shall take effect immediately upon becoming law.

Explanation:

[Brackets] indicate matter deleted.

Italics indicates new matter added.