



City of Philadelphia

City Council
Chief Clerk's Office
402 City Hall
Philadelphia, PA 19107

Legislation Text

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Providing for a payment to the City upon the construction of certain real estate, and directing Council to appropriate revenues from such payments to the Department of Planning and Development - Division of Housing and Community Development, in order to support equitable neighborhood development by constructing affordable housing, including units for sale or rent, and by providing assistance to Philadelphians who desire to become homeowners, all under certain terms and conditions.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

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

TITLE 19. FINANCE, TAXES AND COLLECTIONS.

* * *

CHAPTER 19-4300. Construction Impact Tax.

§ 19-4301. Imposition of tax.

(1) There is hereby imposed a tax on the privilege of constructing any structure for human occupancy, including any residential, commercial or industrial occupancy, or making any improvements to any such structure, for which a building permit is required pursuant to § 4-A-301.1.1.

(a) For purposes of this Chapter 19-4300, "improvements" shall mean any repairs, constructions, or reconstruction, including additions and alterations, which have the effect of rehabilitating a structure so that it becomes habitable or attains a higher degree of housing safety, health or amenity, or is brought into compliance with the laws, ordinances, or regulations of the City of Philadelphia. Ordinary upkeep and maintenance shall not be deemed an improvement. The Office of Property Assessment shall issue such regulations as may be necessary to clarify, in plain English, the types of construction activity that qualifies as an "improvement" and the types of construction activity that does not qualify as an "improvement," as defined herein. Said regulations shall be promulgated on or before September 30, 2018.

(2) Fifty percent of the tax shall be payable at the time of issuance of the building permit and the remaining fifty percent shall be payable upon the issuance of a certificate of final inspection pursuant to § A-402.5. If no certificate of final inspection is required with respect to the construction authorized by the building permit, the tax shall be paid in full at the time of issuance of the building permit.

(3) Exemptions. No tax required by this Chapter shall be imposed upon the following improvements:

(a) Improvements that are not eligible for an exemption from real estate taxes pursuant to subsections 19-1303(2), 19-1303(3), or 19-1303(4).

(b) Improvements that are exempt from real estate tax pursuant to Section 204 of the General County Assessment Law, 72 P.S. sec. 5020-204, or pursuant to the Keystone Opportunity Zone, Keystone Opportunity Expansion Zone and Keystone Opportunity Improvement Zone Act, 73 P.S. § 820.101, et seq.

(c) Improvements associated with preparing an existing residential rental unit for turn-over to a new tenant.

(4) Refund. The tax shall be refunded upon petition pursuant to § 19-1703 if the improvement or construction authorized by the building permit is not actually performed and the building permit has expired or been cancelled.

(5) The tax shall be payable by the owner of the real estate upon which the structure is proposed to be erected or which is proposed to be improved; provided that, where the owner is a government agency, the tax shall be payable by any non-governmental owner of the proposed structure or improvement.

§ 19-4302. Rate of tax.

(1) The tax shall be imposed at the rate of one dollar (\$1.00) per one hundred dollars (\$100) of construction or improvement costs. Construction or improvement costs shall be calculated in the same manner as required for permits under § 4-A-902.3.

§ 19-4303. Administration of the tax.

(1) No building permit or certificate of final inspection shall be issued unless and until the tax due at the time of such issuance is paid. Every building permit and certificate of final inspection shall be stamped by the Department, evidencing payment of the tax. Pursuant to § 8-401 of the Home Rule Charter, the Department may authorize employees of the Department of License and Inspections to perform this stamping function.

(2) In the event that the taxpayer, at the time of building permit application, does not know with certainty the anticipated construction or improvement costs, the taxpayer shall submit a certified best estimate; and shall promptly submit a corrected certification, with any additional payment that may be owing, as soon as more certain information is available.

(3) At the time of building permit application, during or upon completion of construction or improvement, or at any appropriate time in the judgment of the Department, the Department may require taxpayers to submit such documentation as needed to confirm construction or improvement costs.

§ 19-4304. Use of tax proceeds.

(1) Each year, in the annual operating budget ordinance, Council shall appropriate to the Department of Planning and Development - Division of Housing and Community Development, subject to Section 2-300(2) of the Home Rule Charter, an amount equal to an estimate provided by the Director of Finance of total receipts under this Chapter projected for the fiscal year for which appropriations are being made, with the expectation that such amounts will be deposited by the Director of Finance in the Housing Trust Fund, to be used for the purposes set forth in Chapter 21-1600.

§ 19-4305. Work Opportunity Tax Rebate.

(1) A taxpayer that wishes to apply for a work opportunity tax rebate must, no earlier than thirty (30) days prior to receipt of a building permit, no later than seven (7) days after receipt of a building permit, and prior to commencement of any work under the building permit, enter into a Workforce Opportunity Agreement in accordance with subsection (2), below.

(2) A Workforce Opportunity Agreement shall meet the standards of this Section if it provides that the taxpayer shall use its best and good faith efforts to achieve an appropriately diverse workforce in all phases of the construction project with regard to minority, female and disabled persons. The Labor Standards Unit may define an appropriately diverse workforce by means of numerical goals, achievement of which shall constitute presumptive compliance with the terms of the Agreement.

(a) The meaning of any words used in this subsection (2) shall have the same meaning as in Chapter 17-1600 (“Economic Opportunity Plans”).

(b) The Labor Standards Unit may provide for additional terms to be included in a Workforce Opportunity Agreement in order to accomplish the goals of this § 19-4305.

(3) Upon completion of the construction for which the tax imposed by this Chapter has been paid, the taxpayer shall be eligible for a rebate of twenty-five percent (25%) of the amount paid if the Labor Standards Unit certifies that the taxpayer has complied with the terms of the Workforce Opportunity Agreement to which the taxpayer had agreed.

(4) The taxpayer shall apply for a rebate under this Section by filing a petition for refund pursuant to § 19-1703 no later than sixty (60) days after certification of compliance under subsection (3), above.

§ 19-4306. Severability.

(1) Should any section, subsection, sentence, clause or phrase of this ordinance be declared invalid by a court of competent jurisdiction, such decision shall not affect the validity of the ordinance in its entirety or of any part thereof other than that declared to be invalid.

SECTION 2. This Ordinance shall take effect January 1, 2019, and shall apply to all building permit applications filed on or after that date, provided that the Ordinance shall not apply to any project the owner of which (1) applies for zoning approval before November 1, 2018 but does not receive such approval by December 31, 2018 and (2) thereafter receives such approval and applies for a building permit by June 30, 2019.

Explanation:

Italics indicate new matter added.