



Legislation Text

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Amending Section 19-2604 of The Philadelphia Code, relating to tax rates, credits and alternative tax computation for the business privilege tax, by reducing certain tax rates to the extent business privilege and realty transfer tax receipts exceed the revenue projections in the City's approved five year plan for 2006-2010.
THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. Section 19-2604 of The Philadelphia Code is amended to read as follows:

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

(1) Every business shall pay an annual tax on each dollar of annual receipts at the millage rate shown in the second column of the following chart ("Receipts rate in mills"), and an annual tax on net income at the percentage rate shown in the third column ("Net income rate %"), except that a regulated industry shall only pay an annual tax on each dollar of annual receipts at the millage rate shown in the second column, and in an amount not to exceed the percentage of net income shown in the third column:

Table 1: Receipts Tax and Net Income Tax Rate

Tax Year	Receipts rate in mills	Net Income Rate %
* * *		
2006	1.75 mills	[6.500%] 6.000%
2007	1.625 mills 1.40 mills	[6.500%] 5.500%
2008	1.50 mills 1.05 mills	[6.500%] 5.000%
2009	1.50 mills 0.75 mills	[6.500%] 4.500%
2010	1.50 mills 0.35 mills	[6.500%] 4.000%
2011	[1.50 mills] 0 mills	[6.500%] 3.500%
2012	[1.50 mills] 0 mills	[6.500%] 3.250%
2013	[1.50 mills] 0 mills	[6.500%] 3.250%
2014	[1.50 mills] 0 mills	[6.500%] 3.250%
2015 and thereafter	[1.50 mills] 0 mills	[6.500%] 3.250%

(a) *The rates set forth in § 19-2604(1) for tax years 2007 and thereafter shall not take effect unless Council so provides, by separate ordinance. Until such time as such separate ordinance is adopted, the rates for tax years 2007 and thereafter shall be that set forth for tax year 2006.*

(b) *Tax Reduction Stabilization Fund: The City of Philadelphia shall establish a separate Tax Reduction Stabilization Fund ("TRSF"). All Business Privilege Tax and Realty Transfer Tax revenues which exceed the amounts budgeted in the Five Year Plan for FY06-10 shall be deposited in the TRSF.*

(c) Withdrawal from TRSF: For any year in which the total combined collected taxes from the Business Privilege Tax and Realty Transfer Tax are less than the amounts budgeted in the Five Year Plan for FY06-FY10 such collection deficiency shall be transferred to the General Fund from the TRSF. In the event that the Department of Revenue determines that the amount in the TRSF is not sufficient to compensate for the prior or current year deficiency, the Net Income Tax rate may be raised by the amount that would eliminate such deficiency for those years, provided that such rate shall not exceed 6.5%.

(d) TRSF Balance: To the extent that the TRSF fund balance exceeds \$400M and the withdrawal to fund the prior years' deficiency is less than \$20M, then any fund balance exceeding \$400M may be transferred to the general fund of the City of Philadelphia.

Explanation:

[Brackets] indicate matter deleted.
Italics indicate new matter added.