



Legislation Text

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Amending Chapter 19-2800 of The Philadelphia Code, entitled “Pennsylvania Intergovernmental Cooperation Authority Tax on Wages and Net Profits,” to provide for the continuation of the tax and to make other conforming changes, all under certain terms and conditions.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. Chapter 19-2800 of The Philadelphia Code is amended to read as follows:

CHAPTER 19-2800. PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY TAX ON
WAGES AND NET PROFITS

§ 19-2801. Legislative Acknowledgements.

- (1) The General Assembly of the Commonwealth of Pennsylvania has enacted the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), *as amended most recently by Act of July 7, 2022, P.L.440, No.36.*

* * *

- (3) The stated intent of the General Assembly for enacting the Act is to:

- (a) provide cities of the first class with the legal tools with which cities of the first class can eliminate deficits that render them unable to perform essential municipal services;

- (b) create an authority that will enable cities of the first class to access capital markets for deficit elimination and seasonal borrowings to avoid default on existing obligations and chronic cash shortages that will disrupt the delivery of municipal [services;] *services and to maintain and enhance the sound financial planning and budgetary practices that the authority has fostered;*

- (c) foster sound financial planning and budgetary practices that will address the underlying problems which result in such deficits; and *that will allow for the maintenance and enhancement of the sound fiscal status of such cities of the first class;*

* * *

- (e) remedy the fiscal emergency confronting cities of the first class through the implementation of sovereign powers of the Commonwealth with respect to taxation, indebtedness and matters of State-wide concern *and to ensure that such an emergency does not repeat itself.* To safeguard the rights of the citizens to the electoral process and home rule, the General Assembly intends to exercise its power in a cooperative manner with the elected officers of cities of the first class as contemplated by the Constitution of Pennsylvania;

* * *

(4) In enacting the Act the General Assembly of the Commonwealth inter alia found:

* * *

(v) That the authority and the City have demonstrated the soundness and effectiveness of the tools provided for by the General Assembly in maintaining and enhancing the fiscal soundness of the City and that the continued existence and use of such tools will allow the City to further maintain and enhance fiscal soundness.

(w) That the City has ongoing critical infrastructure and other capital needs and the ability of the City to access the capital markets at favorable interest rates through bonds issued by the authority will maintain and enhance the ability of the City to meet its capital needs.

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§ 19-2804. City Pledge; Duration of Taxes.

(1) The city pledges and agrees with each and every obligee of the authority acquiring bonds secured by an authority pledge of taxes imposed by this Chapter that the city will not repeal the tax or reduce the rate of the tax imposed for the authority until all bonds so secured by the pledge of the authority, together with the interest thereon, are fully paid or provided for. The revenues from the taxes imposed by this Chapter shall be revenues and property of the authority and shall not be revenues or property of the city. The taxes shall be collected by the Department of Revenue of the Commonwealth and shall not be subject to appropriation by the City Council or by the General Assembly.

[(2) The taxes imposed under this Chapter shall continue in effect until all bonds of the authority which are secured by the authority's pledge of such tax revenues are no longer outstanding. For as long as any such bonds remain outstanding, City Council pledges not to repeal this Chapter or reduce the rate of tax imposed for the authority under this Chapter.]

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SECTION 2. This Ordinance shall be effective upon certification by the City Treasurer to the Chief Clerk of Council that all bonds secured by the pledge of the city set forth in Philadelphia Code Section 19-2804 prior to 2023, together with the interest thereon, have been fully paid or provided for.