



City of Philadelphia

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

Legislation Text

File #: 010700, **Version:** 0

Authorizing the Council Committee of the Whole to hold hearings on the findings and recommendations of the City Controller's November 2001 *Tax Structure Analysis Report*; and, further authorizing the Committee to seek advice and recommendations on tax policy and tax reform from citizens, financial experts, economists, academia, business executives, and state legislative and executive branch officials.

WHEREAS, City Council is the body authorized by the City Charter to levy taxes and to legislatively determine the rates of such taxes; and

WHEREAS, City Council must be prepared to analyze, evaluate, and make decisions on future tax policy and its impact on the overall general fund budget, the delivery of city services, and the business climate of our City; and

WHEREAS, Despite moving from fiscal crisis to regular budgetary surpluses and after small-scale tax reductions, Philadelphia's population loss continued throughout the 1990's and Philadelphia has continuously lagged behind the nation, the Greater Philadelphia Region, and competitor cities in terms of economic growth; and

WHEREAS, The current tax structure presents a competitive disadvantage as the pull exerted by all that the City has to offer is offset by the push of overburdensome taxes which provide a reason for residents and businesses not to locate within the City; and

WHEREAS, Despite national economic growth, it was not until the City reduced taxes that it experienced job growth; and

WHEREAS, The fact that total Wage Tax collections actually increased by 19 percent between Fiscal Year 1995 and Fiscal Year 2001 while the Wage Tax was reduced a cumulative 8.0 percent provides evidence that tax cuts can improve economic conditions without compromising budgetary priorities; and

WHEREAS, The Controller's Office's *Tax Structure Analysis Report* shows that the City's overall tax burden, and many individual taxes, are high, that the tax structure is overly complex and confusing, that the city's tax structure places it at a competitive disadvantage in relation to other cities and surrounding jurisdictions, and that the tax structure blunts the city's natural advantages and frustrates economic development efforts; and

WHEREAS, The Controller's Office directed roundtable discussions with groups comprising representatives from the various sectors of the Philadelphia economy, studied theoretical and empirical perspectives on taxation, evaluated the City's taxes and tax rates in comparison with rival cities and surrounding jurisdictions, modeled the revenue implications of alternative tax rates and structures, and proposed the elements of a new tax structure for Philadelphia designed to attract and retain jobs and residents; now therefore

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That the Council Committee of the Whole hold hearings on the findings and recommendations of the City Controller's November 2001 *Tax Structure Analysis Report*; and, further authorizing the Committee to seek advice and recommendations on tax policy and tax reform from citizens, financial experts, economists, academia, business executives, and state legislative and executive branch officials.