

Legislation Text

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Amending Chapter 19-2600 of The Philadelphia Code, entitled "Business Income and Receipts Taxes," by providing for a tax credit for large employers who employ low skill employees, as well as providing exemptions from certain charges and taxes imposed by Chapter 19-1600, entitled "Water and Sewer Rents," and

[http://library.amlegal.com/nxt/gateway.dll/Pennsylvania/philadelphia_pa/title19financetaxesandcollections/chapter19-1600waterandsewerrents?f=templates\\$fn=document-frame.htm\\$3.0\\$q=\\$x=>](http://library.amlegal.com/nxt/gateway.dll/Pennsylvania/philadelphia_pa/title19financetaxesandcollections/chapter19-1600waterandsewerrents?f=templates$fn=document-frame.htm$3.0$q=$x=>)Chapter 19-2700, entitled "Sales and Use Tax and Hotel Occupancy Tax," all under certain terms and conditions.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

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

CHAPTER 19-1600. WATER AND SEWER RENTS

[http://library.amlegal.com/nxt/gateway.dll/Pennsylvania/philadelphia_pa/title19financetaxesandcollections/chapter19-1600waterandsewerrents?f=templates\\$fn=document-frame.htm\\$3.0\\$q=\\$x=>](http://library.amlegal.com/nxt/gateway.dll/Pennsylvania/philadelphia_pa/title19financetaxesandcollections/chapter19-1600waterandsewerrents?f=templates$fn=document-frame.htm$3.0$q=$x=>).

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§ 19-1602. Acquisition of Property by the City or *Qualification for the Tax Credit for Large Employers Who Employ Low Skill Employees.*

(1) When any vacant or unoccupied premises are acquired by the City, charges for water and sewer, including charges relating to storm water management and disposal, shall terminate on the date that such premises are acquired.

(2) *When an employer qualifies for the Tax Credit for Large Employers Who Employ Low Skill Employees under § 19-2604(17), charges relating to storm water management and disposal on that employer's premises shall terminate on the date of such qualification and shall resume when such employer is no longer so qualified.*

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CHAPTER 19-2600. BUSINESS INCOME AND RECEIPTS TAXES.

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

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(17) Large Employers Who Employ Low Skill Employees Tax Credit

(a) Definitions. In this subsection, the following definitions shall apply:

(.1) Large Employer. An employer which has one thousand (1,000) or more full-time employees, including full-time equivalent employees, on average during the prior year. To determine its workforce size for a year, an employer adds its total number of full-time employees for each month of the prior calendar year to the total number of full-time equivalent employees for each calendar month of the prior calendar year and divides that total number by twelve (12).

(.2) Full-Time Employee. A full-time employee for any calendar month is an employee who has on average at least thirty-even and one-half hours (37.5) of service per week) during the calendar month.

(.3) Full-Time Equivalent Employee. A full-time equivalent employee is a combination of employees, each of whom individually is not a full-time employee, but who, in combination, are equivalent to a full-time employee. An employer determines its number of full-time-equivalent employees for a month in the two steps that follow:

(A) Combine the number of hours of service of all non-full-time employees for the month but do not include more than one hundred and fifty (150) hours of service per employee per month; and

(B) Divide the total by one hundred and fifty (150).

(.4) Low Skill Employees. A low skill employee is defined as an employee identified as in the following classification of the United States Department of Labor, Bureau of Labor Statistics' "Standard Occupational Classification Guidelines": 51-0000 Production Occupations.

(b) Tax Credit.

(.1) Large employers who employ low skill employees may receive a tax credit for each of their newly-hired or newly-transferred to the City of Philadelphia employees; of which at least five hundred (500) are low skill employees that each receive at least forty-five thousand dollars (\$45,000) in annual compensation, in addition to benefits; that have completed at least one year of service in their positions within the City of Philadelphia, and are part of a group of one thousand (1,000) or more newly-hired or newly-transferred to the City of Philadelphia low skill employees that have completed at least one year of service in their positions within the City of Philadelphia.

(.2) In order to receive a credit under this subsection 19-2600 (17), an employer must file an application in the form and manner prescribed by the Department that shows the location of employment is in the City of Philadelphia and that the employee has been hired after the effective date of this Ordinance and has completed one year of service in the position within the City of Philadelphia.

(.3) The tax credit shall be in the amount of five thousand dollars (\$5,000) multiplied by the number of newly-hired full-time employees and newly-hired full-time equivalent employees who

have completed at least one year of service in the position as set-forth in subsection 19-2600 (17)(a)(1) and (b). This calculation shall be done at the end of each tax year, and is not restricted to the same individuals from year to year.

(.4) The tax credit shall be taken against total business income and receipts tax liability. Any unused credit may be carried forward for three years.

(.5) The tax credit shall not be available to any particular large employer for more than five (5) years.

(.6) The total amount of tax credits earned by large employers collectively under this subsection 19-2600 (17) shall not exceed ten million dollars (\$10,000,000) in any one year.

(.7) A business receiving tax credits under § 19-2604(7) (Credit for New Job Creation), (9) (Philadelphia Re-Entry Employment Program for Ex-offenders ("PREP") Tax Credit), or (13) (Credit for Employment of Returning Veterans of the Armed Forces) for a given tax year shall not be eligible to receive tax credits under this subsection (17) for that same tax year for the same employee.

(c) Implementation. The Department shall promulgate such regulations as necessary to implement subsection 19-2600 (17), including certification requirements for full-time and part-time employees, and allocation methods in the event that applications are filed for credits collectively resulting in a value of more than ten million dollars (\$10,000,000) in any one year.

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CHAPTER 19-2700. SALES AND USE TAX AND HOTEL OCCUPANCY TAX.

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§ 19-2702. Additional Sales and Use Tax.

(1) *Sales Tax.* Effective July 1, 2014, in addition to the tax imposed by § 19-2701, there is hereby imposed on the sale at retail of tangible personal property or services a tax at the rate of one percent (1%) on the purchase price. The tax shall be collected by the vendor from the purchaser and shall be paid over to the Commonwealth as provided by the statute authorizing the imposition of the tax.

(2) *Use Tax.* Effective July 1, 2014, in addition to the tax imposed by § 19-2701, there is hereby imposed upon the use within the City of tangible personal property purchased at retail and on services purchased at retail a tax at the rate of one percent (1%) on the purchase price. The tax shall be paid to the Commonwealth by the person who makes such use as provided by the statute authorizing the imposition of the tax. The use tax shall not be paid by any person who has paid the City tax imposed under this Section equal to or greater than the tax imposed pursuant to either subsection (1) or this subsection.

(3) Tax revenues collected pursuant to subsections (1) and (2) shall be distributed to the School District of

Philadelphia and the City as set forth in subsections (3)(a) through (3)(d) or as otherwise required by the General Assembly. Amounts allocated to the City pursuant to subsections (3)(a) through (3)(d) shall be used exclusively in accordance with the Act of December 18, 1984 (P.L. 1005, No. 205), known as the Municipal Pension Plan Funding Standard and Recovery Act, except to the extent the General Assembly allows a portion to be used for debt service.

(a) For fiscal year 2015, the first \$120,000,000 shall be distributed to the School District of Philadelphia and the balance to the City.

(b) For fiscal year 2016, seventy percent (70%) shall be distributed to the School District of Philadelphia and thirty percent (30%) to the City.

(c) For fiscal year 2017, sixty percent (60%) shall be distributed to the School District of Philadelphia and forty percent (40%) to the City.

(d) For fiscal year 2018 and each fiscal year thereafter, fifty percent (50%) shall be distributed to the School District of Philadelphia and fifty percent (50%) to the City.

(4) *Qualification for the Tax Credit for Large Employers Who Employ Low Skill Employees.*

(1) When an employer qualifies for the Tax Credit for Large Employers Who Employ Low Skill Employees under § 19-2604(17), such employer shall be exempt from the City portion of the Additional Use Tax under § 19-2702(2), but such exemption shall end when such employer is no longer so qualified.

SECTION 2. This Ordinance shall take effect beginning with Tax Year 2018. Nothing in this Ordinance shall effect the amount of estimated business income and receipts tax payments required to be paid in April 2018 for estimated Tax Year 2018 liabilities, and such estimated tax payments shall be calculated as if this Ordinance were not in effect for Tax Year 2018.

Explanation:

[Brackets] indicate matter deleted.

Italics indicate new matter added.