

Legislation Details (With Text)

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Title:	Expressing Council's support for an amendment to the Pennsylvania Constitution that would authorize different real estate tax rates in Cities and School Districts of the First Class for residential property, commercial property, and such other classes of property that the City may establish; and conveying Council's opposition to a provision that would mandate a reduction in other business or wage taxes as a condition of implementing different real estate tax rates for different classes of property.				
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Date	Ver.	Action By	Action	Result	Tally
4/7/2016	0	CITY COUNCIL	WITHDRAWN		
2/25/2016	0	CITY COUNCIL	Introduced and Ordered Placed On Next Week's Final Passage Calendar	Pass	

Expressing Council's support for an amendment to the Pennsylvania Constitution that would authorize different real estate tax rates in Cities and School Districts of the First Class for residential property, commercial property, and such other classes of property that the City may establish; and conveying Council's opposition to a provision that would mandate a reduction in other business or wage taxes as a condition of implementing different real estate tax rates for different classes of property.

WHEREAS, Under the Pennsylvania Constitution as judicially interpreted, all real property must be taxed at the same rate unless a specific exception is provided in the Constitution; and

WHEREAS, Many other jurisdictions in the country have successfully implemented dual or multiple tax rates for different categories of property, either by specifying different rates for different classes of property, or by specifying different assessment ratios for different classes of property. For example, the District of Columbia defines five separate classes of real estate, each taxed at a different rate: residential; business properties assessed at \$3 million or less; business properties assessed at more than \$3 million; vacant property; and blighted property; and

WHEREAS, The overall purpose of establishing different classes of real estate and taxing them at different effective rates is to distribute the tax burden in a fair manner that encourages the growth of the local economy and avoids overburdening any portion of the community; and

WHEREAS, In the fall of 2012, when the City Administration was undertaking the Actual Value Initiative to reassess every property at its fair market value, Council's independent analysis revealed that AVI would result in a massive shift in the relative share of real estate taxes from commercial properties to residential properties; and

WHEREAS, To provide relief to homeowners, Council collaborated with the City's Harrisburg delegation to develop a package of proposals, including an amendment to the Pennsylvania Constitution laying the groundwork for different real estate tax rates for residential and commercial property; and

WHEREAS, Although the proposed constitutional amendment did not move forward after introduction, the General Assembly enacted the rest of the package, enabling Council to mitigate the impact of AVI on long-term owner-occupants whose home values had skyrocketed as a result of gentrification, and providing the City with additional authority to collect delinquent taxes; and

WHEREAS, The measures enacted by the General Assembly could not protect homeowners to the extent needed. It is therefore still vitally important to enact an amendment to the Pennsylvania Constitution that will permit the appropriate allocation of real estate taxes between residential and commercial property owners, and other classes that the City would establish, for the benefit of both the City and School District; and

WHEREAS, Such an amendment would be extraordinarily helpful. It would allow the City and School District to allocate in a fair way the burden between homeowners and commercial/industrial property owners. Having the same authority that other jurisdictions possess would allow Philadelphia to implement responsible tax measures strategically designed to strengthen and grow the City while enabling businesses to compete successfully. Authorization for even more than two basic rates, as is often the case in other jurisdictions, would also be appropriate as it would provide even greater flexibility; and

WHEREAS, A business coalition has called for a constitutional amendment that would permit dual real estate tax rates, but only if the City were required to reduce other unrelated business and/or wage tax rates by the amount attributable to the difference in the two real estate tax rates; and

WHEREAS, This radical and, to Council's knowledge, unprecedented proposal would irrevocably tie the City's hands in an ill-advised manner. It is the complete opposite of what is needed because it would only restrict the City's flexibility. Instead, what is needed is a constitutional amendment that enhances the City's capacity to design appropriately targeted taxes - taxes that are fair to homeowners and business owners, and that support investments in essential services while promoting local economic growth. The discretion to adjust other tax rates should, as it does today, rest with the Mayor and Council exercising the home rule powers granted to the City; and

WHEREAS, Legislation of this magnitude deserves the careful scrutiny and collaboration of Philadelphia's Senate and House delegations, this Council, and the Mayor; now, therefore, be it

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That Council hereby expresses its support for an amendment to the Pennsylvania Constitution that would authorize different real estate tax rates in Cities and School Districts of the First Class for residential property, commercial property, and such other classes of property that the City may establish. Council respectfully urges the General Assembly to place such a proposed amendment before the voters of the Commonwealth.

RESOLVED FURTHER, THAT Council opposes any provision in such an amendment that would mandate a reduction in other business or wage taxes as a condition of implementing different real estate tax rates for different classes of property.