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Title:	Authorizing the Committee on Finance to hold hearings regarding the potential of land-value taxation in and for Philadelphia.				
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Authorizing the Committee on Finance to hold hearings regarding the potential of land-value taxation in and for Philadelphia.

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, Prior to the COVID-19 pandemic, Philadelphia had experienced years of sustained population and economic growth for the first time in decades, yet continued to lag national and urban trends for both, with our suburbs and exurbs siphoning business development in the metropolitan area away from the regional core; and

WHEREAS, The constitution of the Commonwealth of Pennsylvania includes the Uniformity Clause, which prevents both the state and its municipalities, including Home Rule jurisdictions, from taxing the same class of subject at different rates - such that all kinds and levels of personal income are treated the same and real property can only be taxed at the same rate whether residential, commercial, industrial, or mixed - with the limited, explicit exceptions being the homestead exemption for the primary home of Pennsylvania residents and for the income of the extremely poor; and

WHEREAS, The Uniformity Clause and implementing state taxing legislation frustrate the desire for a progressive or even differentiated property, income, or any other kind of tax, leaving an equal burden on the rich and workers, corporations and individuals alike, while the General Assembly has singled out the City to appropriate for the administration of the First Judicial District within the statewide “unified justice system” and has abdicated its responsibility to “provide for the maintenance and support of a thorough and efficient system of public education to serve the needs of the Commonwealth” by leaving the growing costs of the School

District of Philadelphia and others to local officials; and

WHEREAS, During the latter half of the twentieth century, left with mostly regressive taxing options and faced with increasingly few and less affluent residents, the various administrations of the City grew reliant on wage and business taxes that inhibit economic growth; and

WHEREAS, Over the decades, report after report and investor after economist have suggested that the City shift its tax policy to rely less on things that can move, like jobs, businesses, and economic activity, and more onto things that are fixed, principally real property, with an eye on facilitating higher wages and the creation of more jobs and firms; and

WHEREAS, In light of the lengthy, onerous, and politically impractical process for amending the Constitution to allow different tax rates on commercial land than on residential, as many other jurisdictions across the country have, another path to a more progressive tax on something immovable from Philadelphia might be to stop taxing land and improvements at the same property rate; and

WHEREAS, This form of split-rate taxation is known as the land-value tax, and it has a long history in Pennsylvania, which is home to municipalities and school districts such as Allentown, Harrisburg, and Aliquippa having a higher rate of property tax on land than on improvements (essentially, buildings); and

WHEREAS, Unlike improvements, the value of which reflects investment in the construction, maintenance, or expansion of the building by the owner - which are necessary and often desirable activities - the value of land is largely determined by factors outside their control, primarily proximity to private and public amenities and services, like retail, grocery stores, restaurants, medical providers, public transit, parks, or trails; and

WHEREAS, The flip side of this phenomenon is that vacant land, vacant buildings, deteriorating housing stock, and abandoned storefronts erode the value of not just that parcel but those around it, straining the wealth of neighbors and revenue of the city, with the benefits of lower tax bills being reaped by private speculation, slumlords, and absentee ownership; and

WHEREAS, While the argument for reliance on taxing land has ancient roots, with additional advocates in the Physiocrats and classical economists Adam Smith and Ricardo, Founders Benjamin Franklin and Thomas Jefferson, and Philadelphia-native Gilded Age-reformer Henry George, the appeal of a land-value tax must be, not academic or ideological, but practical - whether, if implemented, it would help the City be gain economic benefits while meeting its revenue targets and without burdening residents; and

WHEREAS, Implementation of land-value taxation might allow the City to reduce anti-competitive business taxes without cutting into vital services or further squeezing residents who already experience the highest rate of poverty of any large city in America - a progressive pro-growth tax shift; now, therefore, be it

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That Council does hereby authorize the Committee on Finance to hold hearings regarding the potential of land-value taxation in and for Philadelphia.