Legislation Details (With Text)

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Title:	Amending Chapter 19-2600 of The Philadelphia Code, entitled "Business Income and Receipts Taxes," by creating a tax credit to encourage certain merchants to utilize the services of Philadelphia-based performing artists, all under certain terms and conditions.				
Sponsors:	Councilmember Thomas				
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6/12/2025	0	CITY COUNCIL	Introduced and Referred		

Amending Chapter 19-2600 of The Philadelphia Code, entitled "Business Income and Receipts Taxes," by creating a tax credit to encourage certain merchants to utilize the services of Philadelphia-based performing artists, all under certain terms and conditions.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. Chapter 19-2600 of The Philadelphia Code is hereby amended to read as follows:

CHAPTER 19-2600. BUSINESS INCOME AND RECEIPTS TAXES.

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

* * *

(17) Philadelphia Performing Artist Tax Credit.

(a) Definitions.

(i) Qualifying Merchant. A Qualifying Merchant shall meet the following requirements for classification under the North American Industry Classification System ("NAICS") Codes Sections: Hotels (except Casino Hotels) and Motels (NAICS 721110); Casino Hotels (NAICS 721120); Full-Service Restaurants (NAICS 722511); and Limited-Service Restaurants (NAICS 7225130).

(ii) Performing Artist. A practitioner that derives at least $5,000 in gross

income or 15% of their total gross income during the previous tax year from the creation, performance, or teaching of work in the performing arts, including but not limited to: music, dance, or theater.

(iii) Performing Arts Organization. A Performing Arts Organization shall meet the following requirements for classification under the North American Industry Classification System ("NAICS") Codes Sections: Musical Groups and Artists (NAICS 711130); and Independent Artists, Writers, and Performers (NAICS 711510).

(iv) Philadelphia-based Performing Artist. A Performing Artist who maintains a primary residence within the City of Philadelphia for at least 183 days in the tax year for which the credit is claimed.

(v) Philadelphia-based Performing Arts Organization. A Performing Arts Organization registered as a business with the City of Philadelphia.

(vi) Contracted Performing Artist. A Performing Artist or Performing Arts Organization contracted by a qualifying merchant for a single engagement or event for a performance that takes place on the merchant's premises or at a location booked by the merchant in the ordinary course of its business.

(vii) Retained Performing Artist. A Performing Artist or Performing Arts Organization who enters into a formal agreement or contract with a Qualifying Merchant to provide recurring performances or artistic services over a defined period of time, which may include a series of scheduled engagements, residencies, or other ongoing arrangements exceeding a single performance.

(b) Application. A business seeking a Philadelphia Performing Artist Tax Credit must file a Philadelphia Performing Artists Tax Credit Application, in the form and manner prescribed by the Revenue Department, that includes the following:

(i) Documentation verifying the Contracted Performing Artist or Retained Performing Artist as a Philadelphia-based Performing Artist, including but not limited to:

(.1) A valid Pennsylvania driver's license or state ID with an address within the borders of the City of Philadelphia;

(ii) Documentation verifying the status of a Contracted Performing Artists or Retained Performing Artist as a Performing Artist, including but not limited to:

(.1) Tax documentation or financial records demonstrating that the Performing Artist derived at least $5,000 or 15% of their total gross income from the performing arts in the prior tax year, including at least one of the following:

(.a) Schedule C of IRS Form 1040;

(.b) IRS Form 1099-NEC: Nonemployee Compensation

(.c) IRS Form W-2: Wage and Tax Statement

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(c) Tax Credit.

(i) Starting in tax year 2026, for any tax year in which a Qualifying Merchant utilizes the services of a Philadelphia-based Performing Artist or Philadelphia-based Performing Arts Organization as a Contracted Performing Artist or a Retained Performing Artist, the Qualifying Merchant shall be eligible for a credit against its business income and receipts tax liability, in the amount equal to:

(.1) the greater of four hundred dollars ($400) or fifteen percent (15%) of the cost which the Qualifying Merchant compensates a Philadelphia-based Performing Artist or Philadelphia-based Performing Arts Organization to be a Contracted Performing Artist

(.2) the greater of four hundred dollars ($400) or fifteen percent (15%) of the cost which the Qualifying Merchant compensates a Philadelphia-based Performing Artist or Philadelphia-based Performing Arts Organization to be a Retained Performing Artist

(ii) The Revenue Department shall provide application forms for businesses that wish to apply for tax credits under this Section, and it shall accept such applications on a "first come-first served" basis until the total amount of credits for a particular year reaches one million dollars ($1,000,000). The Revenue Department shall when necessary randomly choose among applicants that apply on the same date.

(iii) The maximum amount of tax credits a Qualifying Merchant may receive for any single tax year is seventy-five thousand dollars ($75,000).

(iv) Unused Philadelphia Performing Artist tax credits may not be carried forward.

(d) Regulations. The Department may issue regulations governing the implementation of this subsection (17), including the manner in which eligibility for this tax credit is determined.

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SECTION 2. This Ordinance shall become effective on July 1, 2026.

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