

## Legislation Text

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Amending Chapter 19-3200, entitled “Keystone Opportunity Zone and Economic Development District,” by renaming said Chapter “Keystone Opportunity Zone, Economic Development District, And Strategic Development Area,” to provide for the contingent exemption, abatement or credit of certain taxes within a specified geographic area, under certain terms and conditions.

*THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:*

SECTION 1. Chapter 19-3200 of The Philadelphia Code is amended to read as follows:

CHAPTER 19-3200. KEYSTONE OPPORTUNITY ZONE, [AND] ECONOMIC DEVELOPMENT DISTRICT, *AND STRATEGIC DEVELOPMENT AREA*.

§ 19-3201. Designation of Zone.

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*(5) The area of the City generally located in the 35th Ward of the City, in the vicinity of Langdon Street, Godfrey Avenue, Summerdale Avenue and Whitaker Avenue, and more particularly defined in Section 2 of the Ordinance enacting this subsection, shall be designated as the Philadelphia Strategic Development Area.*

§ 19-3202. Definitions.

The following words and phrases when used in this Chapter shall have the meanings given to them in this Section unless the context clearly indicates otherwise:

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*(10.1) “SDA Act.” The Strategic Development Areas Act, Act of November 20, 2006, No. 151.*

\* \* \*

(13) "Zone." The Philadelphia Keystone Opportunity Zone, the Philadelphia Keystone Opportunity Expansion Zone, the Philadelphia Keystone Opportunity Improvement Zone, [or] the Philadelphia Economic Development District, *or the Philadelphia Strategic Development Area*.

§ 19-3203. Authorization of Exemption, Abatement or Credits from Certain Taxes.

(a) Effective as of January 1, 1999, and continuing through and including December 31, 2010, with respect to real property or business activity, as applicable, attributable to the Keystone Opportunity Zone; (b) effective as of January 1, 2001, and continuing through and including December 31, 2013, with respect to real property or business activity, as applicable, attributable to the Keystone Opportunity Expansion Zone; (c) with respect to real property or business activity, as applicable, attributable to each separate Philadelphia Keystone

Opportunity Improvement Subzone, effective upon designation by DCED of such subzone (anticipated on or about October 1, 2003) and continuing for a period of fifteen (15) years from the date of such designation, the following provisions shall apply; [and] (d) with respect to real property or business activity, as applicable, attributable to the Philadelphia Economic Development District, effective upon designation by DCED of such District (anticipated some time in the summer of 2005) and continuing through and including December 31, 2018; and (e) with respect to real property or business activity, as applicable, attributable to the Philadelphia Strategic Development Area effective as of January 1, 2008 and continuing through and including December 31, 2022:

(1) Subject to the conditions set forth in Section 19-3205 and elsewhere in this Chapter, all real estate taxes imposed under Chapter 19-1300 or authorized under Section 19-1801, on real property located in the Zone, are abated; provided that, with respect to real property located in the Economic Development District, real estate taxes authorized under Section 19-1801 shall not be abated.

(2) Subject to the conditions set forth in Section 19-3206 and elsewhere in this Chapter, a person or business subject to realty use and occupancy tax authorized under Section 19-1806 with respect to real property located in the Zone other than real property located in the Economic Development District may claim a one hundred percent (100%) exemption from such tax.

(3) Subject to the conditions set forth in Section 19-3207 and elsewhere in this Chapter, a qualified business may claim a credit against the Business Privilege Tax imposed under Chapter 19-2600 to the extent of the tax liability attributable to business activity conducted directly by the taxpayer within the Zone.

(4) Subject to the conditions set forth in Section 19-3208 and elsewhere in this Chapter, a taxpayer, whether or not a resident, may claim a credit against the Net Profits Tax imposed under Chapters 19-1500 and 19-2800, to the extent of the tax liability attributable to net profits from the operation of a qualified business within the Zone other than within the Economic Development District.

(5) Subject to the conditions set forth in Section 19-3209 and elsewhere in this Chapter, a qualified business shall be exempt from sales or use tax imposed under Section 19-2701(1) or 19-2701(2) on the purchase price of sales at retail of services or tangible personal property, except motor vehicles, for the exclusive use, consumption and utilization of the tangible personal property or service, by the qualified business at its facility located within the Zone.

(6) Subject to the conditions set forth in Section 19-3210 and elsewhere in this Chapter, compensation earned by a resident of the Zone, other than a resident of the Economic Development District, is exempt from Wage Tax imposed under Chapters 19-1500 and 19-2800.

#### § 19-3204. Conditions for Exemptions, Abatements and Credits.

##### (1) Qualifications.

(a) *Other than in the Philadelphia Strategic Development Area:* In order to qualify each year for a tax exemption, abatement or credit under this Chapter, a business shall own or lease real property in the Zone from which the business actively conducts a trade, profession or business. The qualified business shall receive certification from DCED that the business is located, and is in the active conduct of a trade, profession or business, within the Zone. The business shall obtain annual renewal of the certification from DCED to continue to qualify under this Section. A copy of the certification shall accompany the filing of any return or

other required application with the City in order for the qualified business to obtain any tax exemption, abatement or credit provided under this Chapter.

*(b) In the Philadelphia Strategic Development Area: In order to qualify for tax exemptions, deductions, abatements or credits under this article, a business must own or lease real property in a strategic development area on which the business actively conducts a trade, profession or business involving energy, bioscience or manufacturing, or a related activity, and meet one of the following criteria:*

*(.1) Create or maintain a minimum of 500 jobs within the first three years of full operation within the strategic development area.*

*(.2) Invest a minimum of \$ 45,000,000 in capital investment in the property located in the strategic development area within the first three years of full operation.*

(2) Approval by DCED. Any taxpayer claiming an exemption, abatement or credit under this Chapter must, by December 31 of each year for which the exemption, abatement or credit is claimed, apply for and receive approval from DCED of eligibility for the benefit, as set forth in Sections 906 and 907 of the Act, as amended, or Section 906 of the EDD Act, or Section 2956-C and 2957-C of the SDA Act, as applicable. *In the Philadelphia Strategic Development Area, a copy of the approval shall accompany the filing of any return or other required application with the City in order for the qualified business to obtain any tax exemption, abatement or credit provided under this Chapter.*

(3) Relocation.

(a) Any business that relocates into the Zone, other than into the Economic Development District or into the Philadelphia Strategic Development Area, from outside the Zone shall not receive any of the exemptions, abatements or credits set forth in this Chapter unless that business either:

\* \* \*

#### § 19-3205. Conditions for Real Estate Tax Exemption.

(1) A resident of real property located in the Zone, other than in the Economic Development District and Strategic Development Area, shall not be entitled to an abatement of real estate taxes on such property unless such resident invests in improvements to the real property an amount equal to no less than twenty-five percent (25%) of all real property taxes which would have been due if the real property was not located in the Zone.

(2) A nonresident owner of real property located in the Zone, other than in the Economic Development District and Strategic Development Area, who leases such property directly or indirectly to a person for residential use shall not be entitled to an abatement of real estate taxes on such property unless such nonresident owner invests in improvements to the real property no less than fifty percent (50%) of all real property taxes which would have been due if the real property was not located in the Zone.

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#### § 19-3210. Conditions for Wage Tax Exemption.

(1) Residency. In order to qualify each year for an exemption from wage tax under this Chapter, a person shall be domiciled and shall reside in the Zone for a period of 184 consecutive days during each taxable year, which may begin on the date of designation of the Zone by DCED or on the date the person first resides within the Zone.

(2) [Notwithstanding] *Except as provided in subsection (3) below, and notwithstanding any exemption provided by this Chapter, the employer of any person claiming such exemption shall remain subject to Sections 19-1504 and 19-2806 relating to tax withholding. Any taxpayer claiming an exemption from wage tax pursuant to this Chapter may file a claim for refund with the Department of Revenue pursuant to Section 19-1703.*

*(3) Notwithstanding the provisions of subsection (2) above, an employer shall not be subject to the provisions of Sections 19-1504 and 19-2806, relating to tax withholding, with respect to any employee who is resident of the Philadelphia Strategic Development Area, so long as the employee has furnished to his or her employer information, as prescribed by the Department, necessary for the employer to withhold the correct amount of tax, including any changes to such information within 20 days after the change, unless the employer reasonably and in good faith believes such information to be inaccurate. Within 20 days after an employer receives any information from an employee requesting exemption from withholding, the employer shall forward a copy of such information to the Department. The information shall not be given retroactive effect for withholding purposes.*

\* \* \*

#### § 19-3213. Recapture.

(1) General rule. If any qualified business located within the Zone has received an exemption, abatement or credit under this Chapter and subsequently relocates outside of the Zone within five years, that business shall refund to the City or School District, as applicable, the following (for purposes of this subsection, the Zone shall not include the Economic Development District *or the Strategic Development Area*):

\* \* \*

#### § 19-3215. Code Compliance.

(1) General rule. A person or qualified business shall be precluded from claiming any exemption, abatement or credit provided for in this Chapter with respect to any real property in the Zone (other than in the Economic Development District *or Strategic Development Area*) if that person or qualified business owns real property in the Zone (other than in the Economic Development District *or Strategic Development Area*); or with respect to any real property in the Economic Development District if that person or qualified business owns real property in the Economic Development District; *or with respect to any real property in the Strategic Development Area if that person owns real property in the Strategic Development Area*; if the real property is not in compliance with all applicable State and local zoning, building and housing laws, ordinances or codes and the real property owner has not filed an affidavit with the Department attesting to compliance for that calendar year before December 31 with all applicable State and local zoning, building and housing laws,

ordinances or codes. For purposes of this subsection, real property is not in compliance with all applicable State and local zoning, building and housing laws if liens have been placed on such property by the City with respect to prior violations of any State or local zoning, building and housing laws and such liens have not been satisfied. The requirement to file an affidavit shall not apply with respect to benefits relating to real property in the Philadelphia Keystone Opportunity Expansion Zone, [or] the Economic Development District *or the Strategic Development Area*.

\* \* \*

SECTION 2. The area of the City bounded as follows shall constitute the Philadelphia Strategic Development Area, and the following boundary description shall control over the more general description set forth in Section 1 of this Ordinance:

ALL THOSE CERTAIN three tracts of land situate in the City of Philadelphia being more fully bounded and described as follows:

Tract 1:

ALL THAT CERTAIN lot or piece of ground with the buildings and improvements thereon erected, situated in the Thirty-fifth Ward of the City of Philadelphia, described in accordance with an Official Plan of Property (FF-509) made February 17, 1994 by Joseph P. Muldowney, Surveyor and Regulator of the Eighth Survey District, as follows:

BEGINNING at a point on the Northwestern side of Langdon Street (legally open 60' wide) at the distance of 410.000' Northwestwardly from the Southwesterly side of Godfrey Avenue (legally open 80' wide); thence extending Northwestwardly along a line curving to the left having a radius of 375.000', the arc distance of 256.345' to a point of reverse curve; thence extending Northwestwardly along a line curving to the right having a radius of 27|1013|.000' the arc distance of 142.070' to a second point of reverse curve; thence extending Southwestwardly along a line curving to the left having a radius of 50.000', the arc distance of 64.519' to a point of tangency; thence extending South 39 degrees 03 minutes 33 seconds West, the distance of 584.456' to a point of curve; thence extending Southwestwardly along a line curving to the right having a radius of 450.000', the arc distance of 107.730' to a point of reverse curve; thence extending Southwestwardly along a line curving to the left having a radius of 250.000', the arc distance of 59.632' to a point of tangency; thence extending South 39 degrees 06 minutes 33 seconds West, the distance of 267.408' to a point on the Northeasterly right-of-way line of the Philadelphia and Frankford Railroad; thence extending North 34 degrees 26 minutes 01 second West, partly along the said Northeasterly right-of-way line, the distance of 858.760' to a point of intersection of the said Northeasterly right-of-way line of the Philadelphia and Frankford Railroad and the Southeasterly right-of-way line of the Oxford Road Branch of the Connecting Railway; thence extending North 39 degrees 10 minutes 13 seconds East, along the said Southeasterly right-of-way line of the Oxford Road Branch of the Connecting Railway, the distance of 1483.150' to a point; thence extending South 52 degrees 37 minutes 39 seconds East, along the Northeasterly right-of-way line of the said Oxford Road Branch of the Connecting Railway, the distance of 54.205' to a point of angle; thence extending Northeastwardly along the said Southeasterly right-of-way line of the Oxford Road Branch of the Connecting Railway along a line curving to the right having a radius of 11330.552', the arc distance of 1039.166' to a point of angle; thence extending Southwestwardly along a line curving to the left having a radius of 903.104' the arc distance of 572.671' to a point of tangency; thence extending South 06 degrees 34 minutes 08 seconds East the distance of 584.573' to a point; thence extending South 52 degrees 18 minutes 07 seconds East, the distance of 10.016' to a point on the Northwestern side and head of Sanger Street (legally open 70' wide); thence extending South 38 degrees 47 minutes 40 seconds West,

along the said Northwesterly side and head of Sanger Street, the distance of 70.013' to a point on the said Southwesterly side of Sanger Street; thence extending South 52 degrees 18 minutes 07 seconds East, along the said Southwesterly side of Sanger Street, the distance of 417.757' to a point of intersection with the said Northwesterly side of Langdon Street; thence degrees 47 minutes 40 seconds West, along the said Northwesterly side of Langdon Street, the distance of 549.163' to the first mentioned point and place of beginning. CONTAINING in area 1,960,861 Sq. Ft., more or less, 45.01517 acres, more or less.

Tract 2:

ALL THAT CERTAIN lot or piece of ground with the buildings and improvements thereon erected, situate in the Thirty-fifth Ward of the City of Philadelphia, and described in accordance with an Official Plan of Property made February 17, 1994 by Joseph P. Muldowney, Surveyor and Regulator of the Eighth Survey District as follows:

BEGINNING at a point on the Northwesterly side of Summerdale Avenue (legally open 80 feet wide) which point is measured Northeastwardly along the said Northwesterly side of Summerdale Avenue, and partly crossing the Right-of-Way (variable width) of the east bound main track of the Philadelphia and Frankford Railroad, the distance of 438.408' from a point of intersection formed by the said Northwesterly side of Summerdale Avenue and the Northeasterly side of Foulkrod Street (legally open 50 feet wide); THENCE extending N. 34 degrees 26' 01" W. along the Northeasterly side of a Right-of-Way (variable width) of the Philadelphia and Frankford Railroad, the distance of 565.053' to a point; THENCE continuing along the Southeasterly side of said Right-of-Way N. 38 degrees 47 minutes 40 seconds E., the distance of 10.444 feet to a point; THENCE continuing along the Northeasterly side of partly along land to the Northeast referenced as plate 140 N 21 Lot No, 92 Railroad Deed (Deed Book DCC-1956-001-dated May 22, 1979) of said Right-of-Way N. 34 degrees 26 minutes 01 seconds W., the distance of 451.061 feet to a point; THENCE continuing along the Southeasterly side of said Right-of-Way N. 38 degrees 47 minutes 40 seconds E. the distance of 15.667 feet to a point; THENCE continuing along the Northeasterly side of said Right-of-Way N. 34 degrees 26 minutes 01 seconds W., the distance of 12.142 feet to a point; THENCE extending N. 39 degrees 06 minutes 33 seconds E., the distance of 267.408 feet to a point, of curve; THENCE extending Northeasterly along a line curving to the right having a radius of 250.000 feet, the arc distance of 59.632 feet to a point of reverse curve; THENCE extending Northeasterly along a line curving to the left having a radius of 450.000 feet, the arc distance of 107.730 feet to a point of tangency; THENCE extending N. 39 degrees 03 minutes 33 seconds E., the distance of 584.456 feet to a point of curve; THENCE extending Northeasterly along a curve to the right having a radius of 50.000 feet, the arc distance of 64.519 feet to a point of reverse curve; THENCE extending Southeasterly along a line curving to the left having a radius of 275.000 feet, the arc distance of 142.070 feet to a second point of reverse curve; THENCE extending Southeasterly along a line curving to the right having a radius of 375.000 feet, the arc distance of 256.345 feet to a point on the Northwesterly side of Langdon Street (legally open 60 feet wide); THENCE extending S. 38 degrees 47 minutes, 40 seconds W., along the said Northwesterly side of Langdon Street the distance of 410.000 feet to a point of intersection with the Southwesterly side of Godfrey Avenue (legally open 80 feet wide); THENCE extending S. 29 degrees 29 minutes 38 seconds E., along the said Southwesterly side of Godfrey Avenue the distance of 501.793 feet to a point; THENCE extending S. 38 degrees 30 minutes 38 seconds W., the distance of 152.413 feet to a point; THENCE extending S. 51 degrees 29 minutes 22 seconds E., the distance of 105.000 feet to a point on the said Northwesterly side of Summerdale Avenue; THENCE extending S. 38 degrees 30 minutes 39 seconds W., along the said Northwesterly side of Summerdale Avenue the distance of 821.730 feet to the first mentioned point and place of beginning.

Tract 3:

ALL THAT CERTAIN lot or piece of ground with the buildings and improvements thereon erected, situated in

the Thirty-Fifth Ward of the City of Philadelphia, and described in accordance with an official Plan of Property (FF-509) made February 17, 1994 by Joseph P. Muldowney, Surveyor and Regulator of the Eighth Survey District as follows:

BEGINNING at a point on the southeasterly side of Whitaker Avenue (legally open 73' wide) which point is measured Northeastwardly along the said Southeasterly side of Whitaker Avenue, and partly crossing the Right-of-Way (variable width) of the east bound main track of the Philadelphia and Frankford Railroad, the distance of 1545.995' from a point of intersection formed by the said Southeasterly side of Whitaker Avenue and the Northeasterly side of Adams Avenue (legally open variable width, State Route No. 1001); THENCE extending N. 39° 10' 1.3" E., along the said Southeasterly side of Whitaker Avenue, the distance of 984.576' to a point of intersection formed by the said Southeasterly side of Whitaker Avenue and the Northeasterly side of Godfrey Avenue (80' wide); THENCE extending N. 46° 1.3' 04" W. along the said Northeasterly side of Godfrey Avenue, the distance of 34.115' to a point; THENCE extending distance of 368.594' to a point; THENCE extending S. 52° 37' 39"E., the distance of 15.010' to a point; THENCE extending N. 39° 10' 13"E., the distance of 38.333' to a point; THENCE extending S. 76° 22' 47"E., the distance of 99.792' to a point; THENCE extending S. 52° 1.8' 07" E., the distance of 251.694' to a point on the Northwestern side of the Right-of-Way (variable width) of the Oxford Road Branch of the Connecting Railway; THENCE extending along the said Northwestern side of said Right-of-Way and Southwestwardly along the arc of a circle curving to the left having a radius of 11530.552° the arc distance of 194.837' to a Point of tangency, THENCE continuing along the said northwesterly side of said Right-of-Way S. 39° 10' 13" W., the distance of 987.354' to a point; THENCE continuing along the said southwesterly side of said Right-of-Way S. 47° 23' 28" E., the distance of 30.054' to a point; THENCE extending along the land to the southeast held by the Philadelphia Electric Company in Fee and the land to the northwest known as Easement No. 2 for Subway Purposes (Deed Book JRS #374 Page 157) S. 39° 10' 13" W., the distance of 337.458' to a point on the Northeasterly side of Right-of-Way (variable width) of the Philadelphia and Frankford Railroad; THENCE along the said northeasterly side of said Right-of-Way N. 34° 26' 01" W., the distance of 335.199' to a point; THENCE continuing along the northwesterly side of said Right-of-Way S. 38° 58' 13" W., the distance of 26.087' to a point; THENCE continuing along the said northeasterly side of said Right-of-Way N. 34° 26' 01" W., the distance of 30.771' to the first mentioned point and place of beginning. Being known as Option "D" on said plan and containing in Area 492,206 Sq. Ft., 11.29951 Acres.

SECTION 3. This Ordinance shall be effective only for such period of time as the Commonwealth provides for exemptions, abatements or credits with respect to sales and use tax, personal income tax and corporate net income tax for businesses in the Philadelphia Strategic Development Area, as set forth in The Strategic Development Areas Act, Act of November 20, 2006, No. 151.

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Explanation:

[Brackets] indicate matter deleted.  
*Italics* indicate new matter added.