

## Legislation Text

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Amending Chapter 19-2600 of The Philadelphia Code, entitled “Business Income and Receipts Taxes,” by revising the number of businesses that may obtain a credit against business income and receipts taxes upon contributing to certain community development corporations or nonprofit intermediaries engaged in neighborhood economic development activities within the City of Philadelphia; 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.

\* \* \*

(6) Credit for Contributions to Community Development Corporations and Nonprofit Intermediaries.

(a) Definitions. For purposes of this subsection, the following definitions shall apply:

(.1) Qualifying CDC. A community development corporation undertaking economic development activities within the City of Philadelphia.

(.2) Qualifying Nonprofit Intermediary. A nonprofit organization with an established record of providing financial, technical, policy or related assistance to community development corporations undertaking neighborhood economic development activities within the City of Philadelphia.

(.3) Qualifying Organization. A Qualifying CDC or Qualifying Nonprofit Intermediary.

(b) Subject to the provisions of subsection (6)(f), a business shall receive a tax credit of \$85,000 per year against business income and receipts tax liability for each year the business contributes \$85,000 in cash to a Qualifying Organization under the terms and conditions of this subsection (6).

(c) Subject to the provisions of subsection (6)(f), the tax credit under this subsection (6) shall be available to up to [thirty-five (35)] *forty (40)* businesses that enter into a contribution agreement with the City under which the business agrees to contribute \$85,000 in cash per year for ten consecutive years to a Qualifying Organization designated by the business. No tax credit shall be given for any contributions made by

a business to a Qualifying Organization other than pursuant to a contribution agreement with the City executed under the terms and conditions of this subsection (6).

(.1) At any one time, no more than three Qualifying Nonprofit Intermediaries may be designated as recipients of contributions for which a business seeks to claim a tax credit pursuant to this subsection (6).

(d) The Revenue Department shall provide application forms for businesses that wish to apply for tax credits under this Section, and it shall enter into contribution agreements under this Section with up to [thirty-five (35)] *forty (40)* applicants on a "first come-first served" basis. The Revenue Department shall when necessary randomly choose among applicants that apply on the same date.

(e) Subject to the provisions of subsection (6)(f), a business may terminate its contribution agreement with the City at any time. A business that terminates a contribution agreement will not lose any tax credits it has taken for contributions made under the contribution agreement, but the business will not be eligible to apply for any future tax credits under this subsection except as one of two businesses applying jointly for the tax credit under the provisions of subsection (6)(f). If a business terminates its contribution agreement, a new business may apply to receive tax credits under this subsection, provided that such tax credits shall be limited to the number of years that were remaining on the terminating business' contribution agreement, and further provided that the new business must enter into a contribution agreement with the City under which it agrees to make contributions of \$85,000 per year to the same Qualifying Organization which was the recipient under the terminating business' contribution agreement, and for the number of years that remained under that agreement.

(f) Two businesses may apply jointly for the tax credit provided under this subsection (6). In that case, both businesses shall be parties to the contribution agreement with the City, and the contribution agreement shall specify how much of the total \$85,000 annual contribution to the designated Qualifying Organization each business is obligated to contribute. The \$85,000 annual tax credit shall be divided between the two businesses in proportion to each business' contribution as specified in the contribution agreement. Either business may terminate the contribution agreement with the City at any time, in which case the other business shall be given the option of applying for tax credits under the provisions of subsection (6)(e) before any other business (or two businesses applying jointly) may apply.

(g) The Revenue Department shall by July 1 of each year submit a written report to the Mayor, with a copy to the President and Chief Clerk of Council, summarizing the City's experience during the prior year with the tax credit provided under this Section.

\* \* \*

SECTION 2. This Ordinance shall take effect beginning with Tax Year 2013. Nothing in this Ordinance shall affect the amount of estimated business income and receipts tax payments required to be paid in April 2013 for estimated Tax Year 2013 tax liabilities, and such estimated tax payments shall be calculated as if this Ordinance were not in effect for Tax Year 2013.

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**Explanation:**

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

