

Legislation Text

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Calling on the Controller's Office to implement a tax discovery initiative to determine if real estate brokers and agents who are conducting business in the City of Philadelphia are obtaining the required commercial activity licenses and have filed all appropriate City taxes associated with their businesses and business practice.

WHEREAS, As part of the City Controller's efforts to generate new revenues and savings for the City of Philadelphia, the Controller's Office works in coordination with other government agencies and organizations to collect data, produce findings, and make recommendations; and

WHEREAS, The Controller's office will implement a cross-matching initiative to attempt to determine if real estate brokers and agents who are conducting business in the City have obtained the required commercial activity licenses and filed all appropriate city taxes associated with their business; and

WHEREAS, Real estate brokers and agents that have not obtained the required City business licenses may fail to pay a myriad of taxes and licensing fees, including but not limited to the Commercial Activity License fees and tax, Net Profits, Earnings and Wages tax; and

WHEREAS, By compiling data regarding property sales and leases within the City, along with information on listing and selling agents, data can be sorted to identify agents who appear to be located outside of the city but conducting their business within city limits; and

WHEREAS, Preliminary data from a September 2014 study by Kevin Gillen, PhD from the Fels Institute of the University of Pennsylvania, indicates that approximately 210,000 real estate home sales settlements were transacted inside the City of Philadelphia since 2003; and

WHEREAS, Real estate data will be cross-matched against City business records to determine if all required licenses have been obtained and taxes have been filed; and

WHEREAS, The Controller's Office will research the business practices of those who do not obtain a commercial activity license and identify potential new revenues that could be generated by gaining compliance with such businesses; and

WHEREAS, The Controller's Office will generate a report, based upon its findings, and present it to City Council within 120 days of initiating the initiative and include recommendations for the City to make improvements; and

WHEREAS, The Controller's Office report will serve as a tool to explore the necessary actions to collect unpaid taxes and to create an atmosphere of compliance within the real estate industry; now, therefore, be it

RESOLVED; BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That it hereby authorize the City Controller's Office to implement a tax discovery initiative to identify unlicensed real estate practices, generate a report of findings, and make recommendations regarding collection of unpaid taxes.

