

## Legislation Text

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**File #:** 141028, **Version:** 0

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Amending subsection 19-2604(6) of The Philadelphia Code, under which businesses that enter into agreements to make contributions to community development corporations and certain other organizations receive credits against business income and receipts taxes, by changing the annual contribution amount required to receive the credit and the annual amount of the credit, all under certain terms and conditions.

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

SECTION 1. Section 19-2604 of The Philadelphia Code is hereby amended to read as follows:

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

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(6) Credit for Contributions to Community Development Corporations, Nonprofit Organizations Engaged in Developing and Implementing Healthy Food Initiatives 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 Organization Engaged in Developing and Implementing Healthy Food Initiatives. A nonprofit organization with an established record of developing and implementing healthy food initiatives within the City of Philadelphia. The Department of Public Health shall determine whether an agency meets these standards, and may establish further eligibility standards not inconsistent with this definition.

(.3) 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.

(.4) Qualifying Organization. A Qualifying CDC, Qualifying Nonprofit Organization Engaged in Developing and Implementing Healthy Food Initiatives or Qualifying Nonprofit Intermediary.

(b) Subject to the provisions of subsection (6)(f), a business shall receive a tax credit of [\$85,000] \$100,000 per year against business income and receipts tax liability for each year the business contributes [\$85,000] \$100,000 in cash to a Qualifying Organization under the terms and conditions of this subsection (6). The contribution must be made in the year for which the credit is sought, unless the Department has agreed to an extension of not more than twelve months, which it shall do upon finding that (i) taxpayer's circumstances present good cause for delayed payment; and (ii) denial of the extension would cause hardship to the Qualifying Organization.

(c) Subject to the provisions of subsection (6)(f), the tax credit under this subsection (6) shall be available to up to forty (40) businesses, with respect to contributions to Qualifying CDCs or Qualifying Nonprofit Intermediaries, and up to two (2) businesses, with respect to contributions to Qualifying Nonprofit Organizations Engaged in Developing and Implementing Healthy Food Initiatives, that enter into a contribution agreement with the City under which the business agrees to contribute [\$85,000] \$100,000 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 four (4) Qualifying Nonprofit Intermediaries and no more than two Nonprofit Organizations Engaged in Developing and Implementing Healthy Food Initiatives 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 forty (40) applicants, with respect to contributions to Qualifying CDCs or Qualifying Nonprofit Intermediaries, and up to two (2) applicants, with respect to contributions to Qualifying Nonprofit Organizations Engaged in Developing and Implementing Healthy Food Initiatives, 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] \$100,000 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] \$100,000 annual contribution to the designated Qualifying Organization each business is obligated to contribute. The [\$85,000] \$100,000 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.

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SECTION 2. Effective Date. This Ordinance shall take effect beginning with Tax Year 2015. Nothing in this Ordinance shall affect the amount of estimated business income and receipts tax payments required to be paid in April 2015 for estimated Tax Year 2015 tax liabilities, and such estimated tax payments shall be calculated as if this Ordinance were not in effect for Tax Year 2015.

SECTION 3. Applicability to Existing Agreements. The increase in the amount of the annual tax credit provided by §19-2604(6) of The Philadelphia Code (“Code”) from \$85,000 to \$100,000 shall not apply to any business that has executed a contribution agreement under §19-2604(6) of the Code before the date this Ordinance takes effect, but if any such contribution agreement is terminated before the end of its term and after the date this Ordinance takes effect, then the increase in the amount of the tax credit from \$85,000 to \$100,000 shall apply to any business that executes a new agreement for the number of years remaining in such terminated agreement under the provisions of §19-2604(6)(e) of the Code.

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**Explanation:**

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