



City of Philadelphia

City Council
Chief Clerk's Office
402 City Hall
Philadelphia, PA 19107

Legislation Text

File #: 160541, **Version:** 0

Authorizing Council's Committee on Finance to investigate and hold hearings on how ineffective enforcement of the City's Liquor-By-The-Drink tax is causing millions in revenue to go uncollected, funds which could go to support the schools in general and early childhood education in particular.

WHEREAS, Philadelphia's Liquor-By-The-Drink tax took effect in 1995 to provide needed revenue to the School District and covers every sale of wine, liquor or malt and brewed beverages by any hotel, restaurant, club or other person holding a license or permit issued by the Commonwealth of Pennsylvania to sell or dispense liquor, wine or malt and brewed beverages including catering services; and

WHEREAS, Revenue collection of this important tax has contributed in 2014/2015 almost \$62 million to the Philadelphia School District, yet in the same time period the City was owed more than \$36 million in delinquent liquor taxes, because some businesses just don't pay it, since it is basically an honor system; and

WHEREAS, Neighborhood corner stores and other similar business establishments which are licensed by the state to sell alcoholic beverages have been known to sell "liquor by the shot" because they have represented themselves as food establishments are also liable for the City's Liquor-By-The-Drink tax; and

WHEREAS, The collection system for this tax is essentially self-reporting and therefore unreliable and easy to evade; and

WHEREAS, It is imperative to collect the taxes that are currently on the books to maximize revenues to our City and school district; now, therefore, be it

RESOLVED, That we hereby authorize Council's Committee on Finance to investigate and hold hearings on how ineffective enforcement of the City's Liquor-By-The-Drink tax is causing millions in revenue to go uncollected, funds which could go to support the schools in general and early childhood education in particular.