

## Legislation Text

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Proposing An Amendment To The Philadelphia Home Rule Charter To Provide Accountability To City Council For Real Property Assessment Increases; And Providing For The Submission Of The Proposed Amendment To The Electors Of Philadelphia.

WHEREAS, The Philadelphia Home Rule Charter requires that the annual operating budget be balanced; and

WHEREAS, The Real Estate Tax is a major source of revenue for the City of Philadelphia; and

WHEREAS, Real Estate Tax revenue can be increased either through a City Council approved increase in the tax rate or through an increase in real property assessments; and

WHEREAS, The 2019 assessments resulted in the median market value of single-family homes increasing from 2018 by 10.5 percent from \$112,800 to \$124,600; while 48 of Philadelphia's 57 neighborhoods saw increases, with the "North Philadelphia/West" neighborhood - containing Brewerytown and Strawberry Mansion - rising the most, increasing 47.1 percent between 2018 and 2019; and

WHEREAS, The 2019 real property assessments amount to a big Real Estate Tax revenue increase without a Real Estate Tax rate increase-essentially a "backdoor" tax increase; and

WHEREAS, Pennsylvania State Law mandates that real property assessments be based on the "actual value thereof" to accomplish "equalization with other similar properties within the taxing district" considering three methods: cost of reproduction or replacement; comparable sales; and income; approaches considered in conjunction with one another; and

WHEREAS, Real property assessments should result in increases or decreases in actual value as warranted by the real estate market, independent of the need to balance the annual operating budget; and

WHEREAS, Under Section 6 of the First Class City Home Rule Act (53 P.S. §13106), an amendment to the Philadelphia Home Rule Charter may be proposed by a resolution of the Council of the City of Philadelphia adopted with the concurrence of two-thirds of its elected members; now, therefore,

*RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA,*

That the following amendment to the Philadelphia Home Rule Charter is hereby proposed and shall be submitted to the electors of the City of Philadelphia on an election date designated by ordinance:

### ARTICLE II

#### LEGISLATIVE BRANCH

#### The Council - Its Election, Organization, Powers and Duties

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## CHAPTER 3 LEGISLATION

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### § 2-302. Balancing the Budget.

Not later than the passage of the annual operating budget ordinance, the Council shall ordain such revenue measures as will, in the opinion of the Mayor, yield sufficient revenue to balance the budget. For this purpose new sources of revenue or increased rates from existing sources of revenue not proposed by the Mayor shall be deemed to yield in the ensuing fiscal year such amounts as the Mayor shall determine. Real property assessments are to be made on the basis of the actual value of individual real properties which shall be determined using cost, comparable sales, and income approaches considered in conjunction with one another and independent of the need to balance the annual operating budget. Within fifteen (15) calendar days of the certification, under the Director of Finance, of any annual percentage increase in overall real property assessments that exceeds the United States Bureau of Labor Statistics' "Consumer Price Index-All Urban Consumers" (CPI-U) percentage change for the same period, Council may select a reputable third-party auditor to evaluate and report to Council whether such overall annual assessments have been accurately determined using cost, comparable sales, and income approaches considered in conjunction with one another. Within forty-five (45) calendar days of the selection of such a third-party auditor, the auditor shall issue a report of its findings. Within fifteen (15) calendar days of the receipt of such a report, Council may reject the overall annual assessments, and they shall not become effective. The annual operating budget ordinance shall not become effective and the City Controller shall not approve any order for any expenditure thereunder until the Council has balanced the budget.

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#### Explanation:

[Brackets] indicate matter deleted.

*Italics* indicate matter added.