



Legislation Text

File #: 250324, Version: 0

Amending subsection 19-2604(6) of The Philadelphia Code, entitled "Credit for Contributions to Community Development Corporations, Nonprofit Organizations Engaged in Developing and Implementing Healthy Food Initiatives and Nonprofit Intermediaries," under which businesses may enter into agreements to make contributions to community development corporations and certain other organizations to receive tax credits, by expanding eligibility for recipients of such funds and the uses to which such funds may be used; and which taxes that are used for this tax credit program, and increasing the number of businesses to which the credit shall be made available; and providing the option for a commensurate grant program; 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:

TITLE 19. FINANCE, TAXES AND COLLECTIONS

\* \* \*

CHAPTER 19-2600. BUSINESS INCOME AND RECEIPTS TAXES

\* \* \*

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

\* \* \*

(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) Community Capacity Building. Activities that nonprofit organizations conduct to support the tasks and functions needed to achieve their mission.*

*[(1)](2) Qualifying CDC. A [community development corporation undertaking economic development activities] not-for-profit organization incorporated under Pennsylvania law to provide programs, offer services and engage in activities that promote and support community development within the City of Philadelphia. Qualifying CDCs can be involved in a variety of activities including but not limited to economic development, community organizing, housing counseling, and affordable housing development and services. Qualifying CDCs must have a documented plan that clearly states its goals and strategies for addressing particular issues within the community it services and must be in full compliance with all applicable City laws.*

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[(3)](4) 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 *or community capacity building* activities within the City of Philadelphia.

[(4)](5) 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 one hundred *twenty-five* thousand dollars ([~~\$100,000~~] *\$125,000*) per year against business income and receipts tax liability for each year the business contributes one hundred *twenty-five* thousand dollars ([~~\$100,000~~] *\$125,000*) 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 -five 45~~] *ninety-five (95)* 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 one hundred *twenty-five* thousand dollars ([~~\$100,000~~] *\$125,000*) in cash per year for ten consecutive years to a Qualifying Organization designated by the business. *Forty-five (45) of the total contributions must be reserved for Qualifying CDCs or Qualifying Nonprofit Intermediaries for the purpose of such organizations undertaking economic development activities or serving as intermediaries for community development corporations undertaking economic development activities. Fifty (50) of the total contributions must be reserved for Qualifying CDCs or Qualifying Nonprofit Intermediaries for the purpose of such organizations undertaking community capacity building activities or serving as intermediaries for community development corporations undertaking community capacity building activities. A single Qualifying CDC or Qualifying Nonprofit Intermediary is permitted to receive tax credit contributions for economic development activities and community capacity building at the same time.* 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 *may be designated as recipients of contributions to support neighborhood economic development activities, no more than five (5) Qualifying Nonprofit Intermediaries may be designated as recipients of contributions to support community capacity building,* 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 -five 45~~] *ninety-five (95)* 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 *for the remainder of the contribution agreement period, or five years, whichever is greater*, under this subsection except as one of [two] *up to three* 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 one hundred *twenty-five* thousand dollars ([~~\$100,000~~] *\$125,000*) 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~~] *Three* 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 one hundred *twenty-five* thousand dollar ([~~\$100,000~~] *\$125,000*) annual contribution to the designated Qualifying Organization each business is obligated to contribute. The one hundred *twenty-five* thousand dollar ([~~\$100,000~~] *\$125,000*) annual tax credit shall be divided between the [two] *up to three* businesses in proportion to each business' contribution as specified in the contribution agreement. [~~Either~~] *Any* business may terminate the contribution agreement with the City at any time, in which case the other [business] *businesses* shall be given the option of applying for tax credits under the provisions of subsection (6)(e) before any other business (or [two] *up to three* businesses applying jointly) may apply.

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(h) Notwithstanding the provisions of subsections (c) and (d), above, the Department shall not enter into more than forty-two (42) contribution agreements for any tax year commencing January 1, 2019 *through tax year 2025* provided that, by January 1 of such tax year, the Director of Commerce shall have filed a certification with the Department of Revenue and the Chief Clerk of Council certifying that the Director has in place for the fiscal year ending in such tax year a grant program that makes available to Qualifying Organizations *for neighborhood economic development activities*, subject to reasonable qualifying criteria established by the Director of Commerce, an amount at least equal to five hundred thousand dollars (\$500,000).

(i) *Notwithstanding the provisions of subsections (c) and (d), above, the Department shall not enter into more than forty-two (42) contribution agreements for any tax year commencing January 1, 2026 or thereafter, provided that, by January 1 of such tax year, the Director of Commerce shall have filed a certification with the Department of Revenue and the Chief Clerk of Council certifying that the Director has in place for the fiscal year ending in such tax year a grant program that makes available to Qualifying Organizations, subject to reasonable qualifying criteria established by the Director of Commerce, an amount at least equal to six hundred twenty five thousand dollars (\$625,000) for neighborhood economic development activities and six million and two hundred fifty thousand dollars (\$6,250,000) for community capacity building, to be equally divided between fifty (50) Qualifying Organizations at one hundred twenty-five thousand dollars (\$125,000) per award.*

\* \* \*

SECTION 2. Effective Date. This Ordinance shall take effect beginning with Tax Year 2026.

**Explanation:**

[Brackets] indicate matter deleted.

*Italics* indicate new matter added.