



City of Philadelphia

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

BILL NO. 040567

Introduced May 20, 2004

**Councilmembers Clarke, O'Neill, Blackwell, Kelly, Mariano, Reynolds
Brown, Miller, Krajewski and Ramos**

**Re-Referred to the
Committee of the Finance**

AN ORDINANCE

Establishing an Advisory Commission to recommend cost-effective means of implementing the recommendations of the Tax Reform Commission without detriment to City services.

WHEREAS, the Tax Reform Commission established under Section 3-100 of The Home Rule Charter has issued its Final Report (November 15, 2003), setting forth a series of recommended ordinances, regulations, statutes and executive orders relating to the structure, allocation and level of local taxes in Philadelphia; and

WHEREAS, Section 4-900(b) of the Charter expressly precluded the Commission from making any recommendations relating to "any expenditure reductions, municipal government cost savings, or municipal government service reductions to offset any potential revenue reductions which may result from the implementation of any recommendations set forth in the Commission's report"; and

WHEREAS, this Council has carefully reviewed the report and recommendations of the Commission, and supports them in concept; and

WHEREAS, in extensive public hearings on the recommendations of the Tax Reform Commission, this Council has heard testimony from many distinguished witnesses regarding the fiscal burdens the City would be faced with if all of the Commission's recommendations were implemented immediately or at this time; and

WHEREAS, it would be fiscally imprudent for this Council to enact the Commission's far-reaching recommendations without a full and comprehensive understanding of the effect that these recommendations will have on municipal services or on the fair allocation of the tax burden among the citizens of this City;

City of Philadelphia

BILL NO. 040567 continued

NOW THEREFORE,

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. There is hereby established a Tax Reform Implementation Commission.

SECTION 2. The Commission shall be composed of seventeen (17) members, as follows:

- (1) Four members appointed by the Mayor.
- (2) Four members appointed by resolution of City Council.
- (3) One member appointed by the Controller.
- (4) The following eight *ex officio* members, or their designees:
 - (a) The Director of Finance.
 - (b) The Managing Director.
 - (c) The Director of Commerce.
 - (d) The City Budget Director.
 - (e) The Council President.
 - (f) The Chair of Council's Finance Committee.
 - (g) The Chair of Council's Appropriations Committee.
 - (h) The Chief Financial Officer of City Council.
- (5) At least three of the members appointed by the Mayor, at least three of the members appointed by the Council President, and the member appointed by the Controller shall be current or former public officials or employees. All members shall have substantial experience with the administration, preparation or implementation of complex budgets.
- (6) The Mayor shall designate one of the members as Chair. The Commission shall select such other officers as the Commission finds appropriate.

City of Philadelphia

BILL NO. 040567 continued

SECTION 3. The Commission is hereby charged with the duty to prepare and transmit to the Mayor and the Council President a report, by no later than December 15, 2004, containing the Commission's recommendations and analysis regarding:

(1) The net revenue loss to the City that would result from implementation of each of the Tax Reform Commission's recommendations.

(2) The means by which the City can or should fund or absorb the foregoing revenue losses, in each of the five full fiscal years following issuance of the Commission's report. Such means may include, but need not be limited to:

(a) Specific expenditure reductions, identified on a department by department, and program by program, basis, including an analysis of the specific effect of each reduction on City services and City personnel.

(b) Specific recommendations for increased efficiencies or other cost savings, identified on a department by department, and program by program, basis, including an analysis of the specific effect of each recommendation on City services and City personnel.

(c) Alternative sources of revenue generation. To the extent a separate commission has been established to study this particular means of funding the cost of tax reductions, the Tax Reform Implementation Commission may coordinate its efforts with this separate commission, or may recommend a specific amount of revenue that needs to be generated from alternative sources.

(3) The appropriate allocation of the tax burden among various classes of taxpayers, including but not limited to businesses, resident wage earners, non-resident wage earners, self-employed persons, residential property owners and business property owners; and the effect on the economy, City residents and the City budget of any proposed shifts in such allocation, including the Tax Reform Commission's proposed shift of the tax burden from businesses, self-employed persons and (to a lesser extent) wage earners to property owners.

SECTION 4. The Commission shall meet at such times and in such manner, and shall appoint such staff, as it deems appropriate to perform a full and comprehensive review of the issues to be covered in its report.

SECTION 5. After distribution of its report, the Commission shall be reconvened at the pleasure of the Mayor.

City of Philadelphia

BILL NO. 040567 continued