

COUNCIL OF THE CITY OF PHILADELPHIA  
COMMITTEE ON COMMERCE AND ECONOMIC  
DEVELOPMENT

Room 400, City Hall  
Philadelphia, Pennsylvania  
Thursday, January 22, 2015  
1:20 p.m.

PRESENT:

COUNCILMAN W. WILSON GOODE, JR., CHAIR  
COUNCILWOMAN JANNIE BLACKWELL  
COUNCILMAN KENYATTA JOHNSON  
COUNCILWOMAN BLONDELL REYNOLDS BROWN  
COUNCILMAN MARK SQUILLA  
COUNCILWOMAN MARIAN B. TASCO

BILL 141028 - An ordinance 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...

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COUNCILMAN GOODE: Good  
afternoon. This hearing is called to  
order. This is a public hearing of the  
Commerce and Economic Development  
Committee on Bill No. 141028. My name is  
W. Wilson Goode, Jr., Chair of this  
Committee.

I note that a quorum is  
present. To my left is Councilwoman  
Blondell Reynolds Brown. To my immediate  
right is Councilwoman Jannie Blackwell,  
and to my far right is Vice Chair of the  
Committee, Councilman Mark Squilla.

The title of Bill No. 141028,  
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

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2 certain terms and conditions.

3 We have one panel, Tilahun  
4 Afessa from the Revenue Department and  
5 Beth McConnell from PACDC. You can both  
6 come together. And we will take  
7 testimony from both of you, and then if  
8 the Committee has questions, we will take  
9 questions at that time.

10 (Witnesses approached witness  
11 table.)

12 COUNCILMAN GOODE: Please  
13 identify yourself for the record and  
14 proceed with your testimony, and whoever  
15 wants to start can start.

16 For the record, Councilman  
17 Kenyatta Johnson is present as well.

18 MR. AFESSA: Tilahun Afessa.

19 Good afternoon, Chairman Goode  
20 and members of the Committee on Commerce  
21 and Economic Development. I am Tilahun  
22 Afessa, Director of Policy for the  
23 Department of Revenue. I am here to  
24 testify in support of Bill No. 141028,  
25 which amends subsection 19-2604(6) of The

1           1/22/15 - COMMERCE - BILL 141028  
2 Philadelphia Code, under which businesses  
3 that enter into agreements to make  
4 contributions to community development  
5 corporations and certain other  
6 organizations receive credits against  
7 business income and receipts taxes, by  
8 changing the annual contribution amount  
9 from 85,000 per year to 100,000 per year.  
10 The number of slots available to CDCs  
11 will not change as a result of this bill.

12                   Today, there are 42 community  
13 development corporations in the program.  
14 Thirty-two currently receive 85,000 per  
15 year and 10 receive 100,000, the amount  
16 in place when their agreements were  
17 signed. The total cost of the program is  
18 currently 3.72 million per year. With  
19 Bill No. 141028, the total cost when all  
20 42 CDCs are receiving 100,000 will be 4.2  
21 million per year. As the terms of the  
22 CDC credit are ten years, the additional  
23 cost will be phased in over time as  
24 existing agreements expire and new  
25 agreements at 100,000 are signed either

1           1/22/15 - COMMERCE - BILL 141028  
2           by participants whose existing agreements  
3           expire or by new participants who take  
4           over the slots of those whose agreements  
5           are expiring. In the first year of Bill  
6           No. 141028 being effective, the  
7           additional cost will be 60,000 as four  
8           new agreements are signed.

9                         Thank you for the opportunity  
10           to testify today. I would be happy to  
11           answer any questions the Committee may  
12           have.

13                        COUNCILMAN GOODE: Thank you  
14           for your testimony.

15                        Ms. McConnell.

16                        MS. McCONNELL: Afternoon.

17           Thank you for the opportunity to testify.  
18           My name is Beth McConnell, the Policy  
19           Director with the Philadelphia  
20           Association of Community Development  
21           Corporations, PACDC. We support Bill No.  
22           141028 and we thank Councilman Goode for  
23           introducing it and his many years of  
24           leadership in support of equitable  
25           development, community economic

1           1/22/15 - COMMERCE - BILL 141028  
2           development, and the CDC Tax Credit  
3           Program.

4                     You have some longer written  
5           testimony in front of you. I'm going to  
6           shorten it.

7                     As you know, this bill  
8           resourced funding for the slots in the  
9           program back to their 2001 prior levels  
10          of 100,000 per year for ten years for new  
11          or renewing partnerships. The Tax Credit  
12          Program has been a vital source of  
13          funding, literally a lifeline for many  
14          CDCs to provide flexible support for the  
15          long-term work on neighborhood economic  
16          development.

17                    Just to provide a couple of  
18          brief examples of the great work that's  
19          been done as a result of the Tax Credit  
20          Program, the People's Emergency Center  
21          CDC has been able to improve Lancaster  
22          Avenue's appearance, attract new  
23          businesses, create jobs, and promote the  
24          corridor as an attractive shopping  
25          destination, and they report that over

1           1/22/15 - COMMERCE - BILL 141028  
2           200 jobs have been created on the  
3           Lancaster Avenue corridor through their  
4           work.

5                        Nueva Esperanza has helped a  
6           number of businesses make improvements to  
7           their storefronts, their store facades,  
8           and have held a series of trainings for  
9           businesses on topics ranging from  
10          workers' rights and employers'  
11          responsibilities to the ABC's of starting  
12          new businesses, and collected over 680  
13          bags of trash and removed 325 illegal  
14          signs to make the corridor more  
15          attractive.

16                       Impact Services has reported  
17          being able to put over 1,000 unemployed  
18          Philadelphians into jobs through their  
19          employment and training services. And  
20          I'll just skip down and talk about PACDC.  
21          We're also participants in the program.  
22          Through our Community Development  
23          Leadership Institute and our monthly  
24          Commercial Corridor Working Group  
25          meetings, we've gathered economic

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2 development staff of CDCs that work on  
3 the ground to get the training, technical  
4 assistance, and share best practices on  
5 topics that range from working with  
6 immigrant business owners on corridors to  
7 commercial real estate leasing. In fact,  
8 early this year we plan to release a  
9 commercial corridor policy agenda for  
10 ways that Council and the Administration  
11 can create a more supportive environment  
12 for neighborhood economic development.

13 An investment and the work of  
14 CDCs pays off. I think you have in your  
15 packets our Collective Strength Report  
16 from 2012 when in it we found over a  
17 20-year period, CDCs have had a \$3.3  
18 billion economic impact on the City,  
19 including the creation of more than  
20 11,000 jobs, an increase in property  
21 values of more than 680 million citywide,  
22 and tax revenue to the City of 28  
23 million. This includes work done as part  
24 of the Tax Credit Program as well as work  
25 through other valuable programs that help

1           1/22/15 - COMMERCE - BILL 141028  
2           CDCs build affordable homes, counsel  
3           homeowners, green vacant lots and other  
4           activities. And much of the work that  
5           happens under the CDC Tax Credit Program  
6           is happening in neighborhoods that have  
7           been struggling with decades of  
8           disinvestment, with high rates of  
9           poverty, low educational attainment, and  
10          significant economic barriers. So this  
11          program really contributes toward  
12          equitable development at a time, and we  
13          need to make sure the good things that  
14          are happening downtown lead to a benefit  
15          for our neighborhoods and our residents.

16                    I want to thank you so much for  
17          your support of this program, Councilman  
18          Goode, for your support over many, many  
19          years, considering this bill, and for the  
20          opportunity to testify.

21                    COUNCILMAN GOODE: Thank you  
22          for your testimony.

23                    Let me note for the record that  
24          27-year veteran Councilwoman Marian Tasco  
25          is present as well.

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2 Are there questions from the  
3 Committee?

4 (No response.)

5 COUNCILMAN GOODE: Seeing none,  
6 we will move from our public hearing into  
7 a public meeting to consider Bill No.  
8 141028.

9 The Chair recognizes Councilman  
10 Squilla for a motion on Bill No. 141028.

11 COUNCILMAN SQUILLA: I make a  
12 motion on Bill No. 141028 to be voted out  
13 of Committee with a favorable  
14 recommendation and suspension of the  
15 rules to be read at the first Council  
16 session.

17 (Duly seconded.)

18 COUNCILMAN GOODE: All in  
19 favor?

20 (Aye.)

21 COUNCILMAN GOODE: Those  
22 opposed?

23 (No response.)

24 COUNCILMAN GOODE: Bill No.  
25 141028 is reported out of the Committee

1           1/22/15 - COMMERCE - BILL 141028  
2           with a favorable recommendation and  
3           suspension of the rules to allow first  
4           reading at our next Council session.

5                       This concludes our public  
6           meeting.

7                       Thank you very much.

8                       (Committee on Commerce and  
9           Economic Development concluded at 1:25  
10          p.m.)

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CERTIFICATE

I HEREBY CERTIFY that the proceedings, evidence and objections are contained fully and accurately in the stenographic notes taken by me upon the foregoing matter, and that this is a true and correct transcript of same.

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MICHELE L. MURPHY  
RPR-Notary Public

(The foregoing certification of this transcript does not apply to any reproduction of the same by any means, unless under the direct control and/or supervision of the certifying reporter.)



|                                 |                                   |                                 |                              |                          |                       |
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