COUNCIL OF THE CITY OF PHILADELPHIA

PUBLIC HEARING

BEFORE THE COMMITTEE ON FINANCE

- - -

Room 696, City Hall
Philadelphia, Pennsylvania
Wednesday, June 4, 2003
10:35 a.m.

- - -

BILL NOS: 030417, 030418, 030419, 030421, 030422, 030244

- - -

PRESENT:

COUNCILWOMAN JANNIE BLACKWELL, Chair
COUNCILWOMAN MARIAN B. TASCO, Vice-Chair

COUNCILMAN MICHAEL A. NUTTER
COUNCILMAN BRIAN J. O'NEILL
COUNCILMAN FRANK DiCICCO
COUNCILMAN DAVID COHEN
COUNCILMAN ANGEL ORTIZ
COUNCILMAN JAMES KENNEY

- - -

VINCENT VARALLO ASSOCIATES, INC.
Registered Professional Reporters
Eleven Penn Center Plaza, Suite 600
Philadelphia, PA 19103
(215) 561-2220

I N D E X

BILL 030417 PAGE
Joseph Syrnick, Chief Engineer & Surveyor, Streets Department---------- 5
Phil Castellano, VP of Visitor Services, National Constitution Center---------- 6
Richard D. Dickson, Jr., Director, On-Street Parking, Philadelphia Parking Authority------ 8

BILL NO. 030418
Janice Davis, Finance Director, City of Philadelphia---------- 11

BILL NO. 030419
Joseph Syrnick, Chief Engineer & Surveyor, Streets Department---------- 15

BILLS NO. 030421 and 030422
Nancy Kammerdeiner, Revenue Commissioner------- 20
Councilman David Cohen, City Council---------- 24

BILL NO. 030244
Thomas Knudsen, CEO, Philadelphia Gas Works---- 30

- - -

PUBLIC MEETING---------- 36

- - -

BILL NO. 030417 - 6/4/03

THE CHAIRWOMAN: Since we are all seated, we would like to enter into our regular stated hearing at 10:00 a.m.

The first bill here is Councilman DiCicco's bill, Bill No. 030417. Let me let the Clerk read the title of that bill while we are moving about.

Clerk, please read the title of Bill No. 030417.

THE CLERK: Bill No. 030417, an Ordinance amending Section 12-2809 of the Philadelphia Code relating to civil penalties and costs for violations of certain provisions of Title 12, the Traffic Code, by increasing the civil penalties for violations of Section 12-908 relating to stopping, standing, and parking of buses and taxi cabs, all under certain terms and conditions.

THE CHAIRWOMAN: Councilman DiCicco.

COUNCILMAN DiCICCO: I need to leave the chambers for about 10 or 15 minutes. But with your permission, I just wanted tod say a few words about this bill prior to the witness.

THE CHAIRWOMAN: Certainly, Councilman.

COUNCILMAN DiCICCO: The reason that

this bill was being introduced is primarily to deal with the issue of tourist buses that come into the area of the historical district in particular.

I am sure that there are other neighborhoods throughout the city who have experienced the same problems, where drivers of buses who bring tourists in look for a place to park the bus until the tourists return to leave the area.

And in many cases these buses are left in neighborhoods and in communities where the buses are continually idling for hours on end.

With the anticipation of the Constitution Center opening this July and the anticipation of an increase in tourism, many of which will occur by way of buses coming into the community, we thought it was important to get the message out early to those potential drivers of buses that we will not stand for any buses being parked in neighborhoods.

There is a facility that we have been working, along with the members of the Constitution Center and the community of Old City, where we have provided a staging area for buses to be able to park during the time of their stay.

So I just wanted that to be on the record, that that's the reason that this bill was introduced, was to provide some relief for those neighborhoods who were in high-tourist areas, that buses would just not be clogging up the neighborhoods in and around the area where the tourists are coming to and from.

Again, I will be leaving. I will return in about ten minutes.

THE CHAIRWOMAN: We appreciate the Councilman's statement with regard for the purpose of this bill.

And now we will call on Mr. Syrnick. And let me get my list in front of me. Joe Syrnick, Chief Engineer and Surveyor for the Streets Department.

MR. JOSEPH SYRNICK: Good morning, Madam Chairperson and members of the Finance Committee. My name is Joseph Syrnick. I am Chief Engineer and Surveyor of the City of Philadelphia, and I would like to offer testimony on Bill 30417.

The purpose of this bill is to increase penalties for violations of the Traffic Code relating to improper bus and taxi cab operations.

Any legislative change that strengthens the Traffic Code is beneficial to traffic operations.

Consequently, the Department of Streets supports the passage of this bill. Thank you.

THE CHAIRWOMAN: Thank you, Mr. Syrnick.

Ms. Davis, are you going to testify on this bill?

MS. DAVIS: No.

THE CHAIRWOMAN: Thank you. We do have testimony from our Finance Director, which we are happy to receive.

Thank you. Please identify yourself. We are happy to have you.

MR. PHIL CASTELLANO: Good morning. Thank you. My name is Phil Castellano. I am the Vice-President of Visitor Services at the National Constitution Center.

Parcel 38 is extremely important to the vitality and success of the Independence Mall Revitalization Project, of which the Constitution Center is an integral component.

The Constitution Center opens its doors July 4 to the public. In anticipation, and already

with the existing heavy volume of tour and school bus activity, Parcel 38, a remote parking location, will take the buses off of the streets and the surrounding area in Old City and around Independence Mall.

This will allow for easier traffic flow and provide safety for passengers who are currently disembarking on city streets, as well as loading passengers back on to buses.

In coordination with the bus drop-off location, constructed on the National Constitution Center property is a bus drop-off facility, a location to seamlessly coordinate passenger visits to Independence Mall.

The key to Parcel 38's success, and thus the coordination of the tourism business to Independence Mall, hinges on the enforcement of buses not being allowed to park, disembark, or pick up passengers along the streets of the Independence Mall area.

The incentive now exists in the form of Parcel 38 for buses to park at a remote location. Enforcing that this occurs, via fines for violation, will ensure that the streets will be safer, cleaner,

and more user-friendly for tourists.

Thank you.

THE CHAIRWOMAN: Thank you very much.

I see my friend, Rick Dickson, Parking Authority. Please identify yourself and testify.

MR. RICHARD D. DICKSON, JR.: Thank you, Madam Chair. My name is Richard Dickson. I am the Director of On-Street Parking for the Parking Authority.

We have submitted written testimony, and I will briefly summarize that to expedite the process.

The Parking Authority supports the passage of this bill. We are preparing to provide support services to all the institutions on the mall in order to expedite the movement of tour buses from the drop-off facility on the mall, to the remote parking location.

We will also assist in providing directions and whatever support we can provide to the institutions and to improve the tourist's visit to the mall and to expedite traffic flow and pedestrian safety in the area.

THE CHAIRWOMAN: So, in essence, if I

may ask, this bill provides greater service, service to a new facility, and greater service and a fee increase; am I correct?

MR. DICKSON: It increases the fine for parking in prohibited areas to $250.

Along with that, the institutions on the mall have constructed a drop-off facility that is off the street, so that it will provide a safer area for people to load and unload.

They don't have to cross 5th Street to in order to get to the destinations on the mall. And there also has been constructed a facility for the tour bus operators so that they have a place where they can rest and get a snack, and something like that, and they don't have to sit in their bus on the street and disturb others.

THE CHAIRWOMAN: Sounds great.

Questions from my colleagues?

Is there anyone here who would like to testify?

COUNCILWOMAN TASCO: Could you tell me again what this bill is for?

MR. DICKSON: This increases the fine for tour buses parking in areas that are prohibited,

both on Independence Mall and other areas throughout the city.

Because we now have a facility off the street where they can go, it is no longer necessary for them to park on the street.

We have had continuing complaints from the neighbors where the buses park because of he exhaust fumes and the idling and the noise that results from that.

And this increases the fine to $250 in order to ensure that they comply with the law and go to the facility that's been constructed for them.

COUNCILWOMAN TASCO: And what's your name?

MR. CASTELLANO: Phil Castellano.

COUNCILWOMAN TASCO: And you are with?

MR. CASTELLANO: The Constitution Center.

THE CHAIRWOMAN: Spell your last name for us.

MR. CASTELLANO: C-A-S-T-E-L-L-A-N-O.

THE CHAIRWOMAN: Thank you, Mr. Castellano.

Any other questions?

BILL NO. 030418 - 6/4/03

We thank you very much. Okay Councilwoman? All right. Thank you.

The clerk will now read the title of Bill No. 030418.

THE CLERK: Bill No. 030418, an Ordinance amending Section 19-203 of the Philadelphia Code entitled, Payroll Deductions, by authorizing city employee payroll deductions for payments to the administrator of any city-approved program under which city employees may make pretax payments of certain qualified transportation expenses as authorized under Section 132 of the Internal Revenue Code, all under certain terms and conditions.

THE CHAIRWOMAN: Thank you very much. Good morning. It is always good to see you, Ms. Davis.

Please identify yourself and begin your testimony.

MS. JANICE DAVIS: Good morning, Chairwoman Blackwell and members of the Finance Committee. I am Janice Davis, Director of Finance. Thank you for the opportunity to testify today in support of Bill No. 030418.

BILL NO. 030418 - 6/4/03

This bill authorizes a pretax deduction of up to $100 per month for the purchase of transit passes, tickets, and tokens as allowed by Section 132 of the Internal Revenue Code.

The Finance Department, along with City Council representatives, the Manager Director's Office, Personnel, and other city departments issued a Request for Proposal seeking firms that could administer this program for city employees.

We are in the final stages of the selection process and are asking that Council authorize the deduction.

This program would save money for the city and the employee, since the deduction would be taken before taxes are deducted.

Both the city and the employee would pay less in FICA, and the employee would pay less in federal income taxes.

The employee would pay any administrative fee. The savings in FICA and federal income tax would far outweigh the administrative fee.

That concludes my testimony. I will be happy to answer any questions.

BILL NO. 030418 - 6/4/03

THE CHAIRWOMAN: Thank you very much. My goodness. Everybody saves.

Question, Councilwoman Tasco.

COUNCILWOMAN TASCO: I am slow to this. Is this something we presently do? Is this a new process?

MS. DAVIS: This is new. It would be added to our cafeteria plan. It would be one more benefit under the cafeteria plan.

COUNCILWOMAN TASCO: So the employees, the money is deducted from their --

MS. DAVIS: It is deducted before taxes, so that it reduces what they have to pay income tax on, and it goes to buy their transit passes or tokens or whatever.

So it saves us money because we don't pay Social Security, FICA, on that part of their income, nor do they pay FICA or withholding taxes on that part.

COUNCILWOMAN TASCO: Is that legal?

MS. DAVIS: Yes.

COUNCILWOMAN TASCO: You keep the pot of money? Who buys --

MS. DAVIS: We pass it right on through

to the vendor.

We deduct it, and it is passed onto the vendor who either sends a voucher to the person's home, depending on which provider we get, or provides a debit card. There are two that we are currently in the final stages of evaluating.

COUNCILWOMAN TASCO: Does this increase the ridership on public transportation? Is this strictly through SEPTA, SEPTA transportation?

MS. DAVIS: It is SEPTA transportation.

I don't know that it will increase the ridership. But those people who are using public transportation will get a tax benefit because of it.

COUNCILWOMAN TASCO: Thank you.

MS. DAVIS: Thank you.

THE CHAIRWOMAN: Any other questions from our Finance Director? Thank you very much.

The next bill is Bill No. 030419. And we will have the clerk read the title of the bill.

THE CLERK: Bill No. 030419, an Ordinance amending Title 11 of the Philadelphia Code entitled Streets, and Chapter 11-300 entitled Board of Surveyors, by amending Section 11-306 entitled Schedule of Charges, by deleting all specified

charges for surveyors and regulators and providing for the Streets Department to adopt fees by regulations, all under certain terms and conditions.

THE CHAIRWOMAN: Thank you very much.

The Chair recognizes Mr. Joseph Syrnick. Would you identify yourself again and begin your testimony.

MR. JOSEPH SYRNICK: Good morning, Madam Chairperson, members of the Finance Committee. My name is Joseph Syrnick, I am Chief Engineer and Surveyor of the City of Philadelphia, and I would like to offer comments on Bill No. 030419.

The purpose of this bill is to streamline and unify fees that the Department of Streets charges for surveying services.

The charges in their present format are confusing and cumbersome. And since they haven't been raised for some time, they are far below market rate.

Surveying within the City of Philadelphia is open and competitive. No one is obligated to use the city for surveying services.

However, the Survey Bureau is constrained by the current pricing structure to

provide services at fees which are below our costs of doing the work.

We believe that this current pricing structure is imprudent and, in fact, unfair to taxpayers not requiring surveying services. We, therefore, recommend passage of this ordinance.

Thank you for considering our testimony and helping the Department of Streets bring its pricing structure up to date.

THE CHAIRWOMAN: Thank you, Mr. Syrnick.

Any questions? Councilwoman Tasco.

COUNCILWOMAN TASCO: What was your last comment about taxpayers not what?

MR. SYRNICK: Right now, Councilwoman, the fees that we charge are less than what it costs us to do the service. So it is actually being subsidized by taxpayers in general.

And the people who are benefitting are the people who are actually getting surveying services, which is a very small portion of the general population.

People who never order a surveyor are, in fact, paying a part of that charge, and we believe that's unfair.

We believe that people who are receiving these services should at least pay the cost of the service.

COUNCILWOMAN TASCO: Are your costs still less than the costs that would be charged by a private surveyor?

MR. SYRNICK: Even with this change, they would still be less than what was charged by private surveyors, yes.

COUNCILWOMAN TASCO: How many surveyors do we have with the city Streets Department.

MR. SYRNICK: We have about 70 now. That's down from over a hundred just a few years ago.

COUNCILWOMAN TASCO: What is the demand from surveyors from the city?

MR. SYRNICK: Well, we do a number of different things.

Number one, we do all the surveying for the city itself, our own work, we do work for developers, and then we do work for private people.

We are pretty busy. We have more work, probably, than we can handle.

The truth is, very few private citizens

BILL NO. 030419 - 6/4/03

are using private surveyors, which is their option, because our costs are so much more competitive or beneficial to them.

So there is a lot of demand for our services.

COUNCILWOMAN TASCO: Thank you.

THE CHAIRWOMAN: Thank you, Councilwoman.

Any other questions?

Thank you very much. We will now have the clerk read Bills No. 030421 and 030422 together. They will be read together because they deal with Wage and Net Profits Tax. And they have been introduced by my colleague, Councilman Cohen, and we believe that the Revenue Commissioner, Nancy Kammerdeiner, is here.

THE CLERK: Bill No. 030421, an Ordinance amending Chapter 19-1500 of the Philadelphia Code entitled, Wage and Net Profit Tax, by decreasing in three stages the rates of the tax imposed by certain low-income persons providing for refunds of excess taxes paid, and directing the Revenue Department to prepare forms for use by eligible taxpayers seeking such refunds, all under

BILL NO. 030421 and 030422 - 6/4/03

certain terms and conditions.

And Bill No. 030422, an Ordinance amending Chapter 19-1500 of the Philadelphia Code, entitled Wage and Net Profit Tax, by decreasing in six stages the rates of the tax imposed upon certain low-income persons, providing for refunds of excess taxes paid, and directing the Revenue Department to prepare forms for use by eligible taxpayers seeking such refunds, all under certain terms and conditions.

THE CHAIRWOMAN: Thank you very much.

And for those who fear we are moving rather rapidly, we have two ten o'clock hearings. Rules is also due to be at 10:00. So we are trying to be fair to everyone, but also certainly to move along as quickly as possible in all fairness to the other committee members for the Rules Committee.

Now, Commissioner Kammerdeiner, would you identify yourself for the record and begin your testimony.

COMMISSIONER NANCY KAMMERDEINER: Good morning, THE CHAIRWOMAN and members of the Committee on Finance. I am Nancy Kammerdeiner, Revenue Commissioner.

BILL NO. 030421 and 030422 - 6/4/03

I am pleased to be with you today to present testimony regarding Bills No. 030421 and 030422.

These ordinances will amend Section 19-1500 of the Philadelphia Code entitled Wage and Net Profits Tax, by decreasing in stages the rates of the tax imposed upon certain low-income persons. They also provide for the refund of excess taxes paid by these taxpayers.

The first bill does so in three stages, while the second provides for the reductions in six stages.

I believe you have a copy of my testimony. And, if not, I will be happy to get some additional copies for you.

I am going to first address Bill No. 030422, because it really is the same as the amended version of 030163 that was approved by City Council and vetoed by Mayor Street just a month ago.

The circumstances that led to that veto have not changed in the last few weeks. As Mayor Street stated in his veto message, and I quote, While I fully appreciate and support the intent of this bill to ease the burden for low-income

taxpayers, the fact is that the city cannot afford the resulting revenue loss estimated to be almost $73 million over the life of the Fiscal '04 to '08 five-year plan, and at least $80 million annually when fully implemented, and service reductions would inevitably follow, end of quote.

By the time the full force of this bill would hit the budget in fiscal '12, the city would already have lost $341.8 million in wage tax revenue.

Although similar in many regard to the other bill, Bill No. 030421 would have the reductions in wage tax implemented in three stages instead of six.

The reductions would begin on January 1, 2005, and be followed by reductions in tax rate on January 1, 2006, and again on January 1, 2007.

Thus, the full impact of the reductions in revenue would fall within the Fiscal '04 to '08 five-year plan. It would be expected to cost $106 million during the life of the plan, and at least $72 million every year thereafter.

Neither of these bills provide for any alternative sources of revenue to offset the wage

tax losses that would result from their implementation.

We cannot afford such a revenue loss without the certainty of offsetting revenue.

The proposed legislation before you today comes at a time when the city's finances are particularly fragile. The Fiscal '04 to '08 five-year plan you approved last week anticipates ending fiscal '08 with only a $4 million fund balance.

And, as you are well aware, the city's budget faces additional pressures from the state budget cuts, pension fund requirements, and legislation that would cap the growth of future tax revenue, to name just a few.

As indicated in my testimony last month, and as the Mayor stated in his veto message on Bill No. 030163, the Administration supports the Plan for a New Pennsylvania proposed by Governor Rendell.

That plan will permit Philadelphia to realize a much steeper, quicker decline in the wage tax than would be possible without the offsetting revenue from the state.

In addition, the Governor's plan calls

for an increase in the eligibility threshold for the participation in the tax-back tax forgiveness benefits available to low-income Pennsylvania personal income tax filers.

These low-income taxpayers will see a reduction in both their wage tax and their PIT payments, even though the PIT rate is expected to increase under the Governor's proposal.

This proposal, if implemented, will help the very taxpayers you want to address with the bills before you today, but it will do so while providing new offsetting revenue that neither Bill No. 030421 nor Bill No. 030422 will provide.

For these reasons, the Administration cannot support either of these bills at this time.

This concludes my testimony, and I will be happy to answer any questions.

THE CHAIRWOMAN: Thank you very much.

We see that we have our colleague, Councilman Cohen, who is here to testify.

Councilman Cohen, we would like to call on you now to make your testimony.

COUNCILMAN COHEN: Thank you, Madam Chair.

BILL NO. 030421 and 030422 - 6/4/03

The basis for the introduction currently of these two bills is to provide everybody a second opportunity.

There will be no final action on this bill or either of the bills until the Mayor acts, and the Mayor does not have to act until Council resumes its session in September.

The purpose is to have this bill, these two bills, before the Mayor and before the City of Philadelphia during the summer months, when I think that saner and clearer, unpressured minds will conclude that, if we want to revitalize neighborhoods, the best way to do it, as the Inquirer editorial points out yesterday in commenting on Bush's federal tax plan, he said the weakness with the federal tax plan is that instead of putting money into the cities, into the neighborhoods, and providing economic stimulus now, what the Bush plan does is provide cuts for rich people who invest their money, and nothing happens for a number of years.

And the Inquirer suggested what my two bills provide directly, putting money directly in the hands of the people who are going to spend it

right now to provide economic stimulus.

The reason I disagree totally with the Administration's message and the last veto message, because it says that it is going to be costly. In my opinion, this bill is a necessary part of the Neighborhood Transformation Program.

Unless you get more money into the neighborhoods, into the people who live in the neighborhoods, retail businesses can't survive. That's why they are leaving the neighborhoods.

This bill puts dollars directly in the hands of the people who need it most, that's the lower-income working group, and the people who spend it right in the neighborhoods.

For that reason I am asking that my colleagues pass both of these bills through the Finance Committee currently, and at the session next week, so that the Mayor will have the summer to reconsider it and the people of Philadelphia can discuss it fully.

In the hope of cooperation, I decided I would be the only witness today to present the issues so we can do it without interfering with the greater load of business that has to be done before

the session ends next week.

Thank you. I will be prepared to answer any questions.

It is not the same bill as the one that was rejected by the Mayor's veto, though. There has been a change in the bill. It is a technical change, which Mr. Shapiro can elucidate further if there are any questions.

What it does is, provide that the first payments will not be made until Fiscal Year 2007, which begins on July the 1st, 2006.

And the payments would have to be made following a Petition for Refund beginning in July 1, 2006, and have to be made in that period from July 1, the first payment, before the end of September of that year. So it is only a technical change.

The second bill is aimed at giving the option of speeding up the whole program. They are the two bills, basically.

THE CHAIRWOMAN: Thank you very much.

Are there questions for Councilman Cohen?

COUNCILMAN NUTTER: What an opportunity, Madam Chair.

BILL NO. 030421 and 030422 - 6/4/03

COUNCILMAN COHEN: Great opportunity for both the questioners and for me to respond. It is an equal-opportunity situation.

COUNCILMAN NUTTER: At the risk of embarrassing myself, I will not ask Councilman Cohen any questions because I could not stand the voracity of the response coming back. So I will spare myself.

Thank you, Madam Chair.

THE CHAIRWOMAN: Thank you very much to my colleague.

Councilwoman Tasco does see the testimony that the city does not support it.

We are allowing a few moments for my colleagues to review Ms. Kammerdeiner's testimony, because we are also waiting for the Gas Company on our next bill.

THE CHAIRWOMAN: For all those that can hear me, we please ask the Gas Company, let's move forward. We have a Rules Committee waiting.

COUNCILMAN COHEN: Can the witnesses be excused?

THE CHAIRWOMAN: Yes, Councilman. Thank you.

BILL NO. 030244 - 6/4/03

Is there any other discussion?

Then we will have the clerk read the title of the final bill before our Finance Committee today. That is Bill No. 030244, dealing with the Philadelphia Gas Works.

And we certainly hope that those who are testifying will please come as quickly as possible. It is a very busy day. There are other committees. The Rules Committee is an hour behind.

And we do want to be courteous to all those who come before us, and certainly to all those who have interest in these bills.

Thank you very much.

Clerk, please read the title.

THE CLERK: Bill No. 030244, an Ordinance approving the Fiscal Year 2003 Capital Budget providing for expenditures for the capital purposes of the Philadelphia Gas Works, including the supplying of funds to be obtained in connection therewith, and acknowledging receipt of the forecasted capital budgets for Fiscal Years 2004 through 2008.

THE CHAIRWOMAN: We will ask you to give us just a few moments to see if they are coming, if

they are working it out, and just what the situation is. Thank you.

(Short recess.)

THE CHAIRWOMAN: Let me say that we will allow ten minutes for the Gas Company. If the issues are not resolved, I was going to say, then we will go to Rules.

I am sorry we are holding you up, and everybody else. But they are here now, and we will get through this. Thank you.

Thank you all for your patience. We tried to move through quickly so we wouldn't hold people up, but I guess it just wasn't to be.

The clerk has already read the title of Bill No. 030244, which is PGW's Capital Budget.

I see Mr. Knudsen here. We will now call PGW for your testimony. Identify yourself for the record, then begin. Thank you, Mr. Knudsen.

MR. THOMAS KNUDSEN: Yes, Councilwoman. My name is Tom Knudsen. I am CEO and President of PGW.

I am here to, again, ask for our bills to be reported out from the Finance Committee so that we have a fully vested approval for spending

BILL NO. 030244 - 6/4/03

the necessary money for the infrastructure of PGW.

I would be pleased to answer whatever questions you may have with regard to the matter. I think the technical questions were pretty much satisfied two weeks ago, when we testified last. But I will answer whatever you have of inquiry.

THE CHAIRWOMAN: Thank you very much.

Obviously our issue was on this discount. Does anybody have any other questions?

I am waiting for a call back on the discount. Any other questions for the Gas Works?

Do you have a comment, Councilman? Thank you.

COUNCILMAN COHEN: Has PGW taken the action requested by City Council in connection with the 20 percent senior citizen discount to correct the wrong impression given to the State Utility Commission by the PGW?

MR. KNUDSEN: Councilman, PGW is in the process of preparing a submission to submit to the PUC. It will reflect a compromise position with regard to the numbers of people that would be qualified to participate in the program.

COUNCILMAN COHEN: Your answer is no?

BILL NO. 030244 - 6/4/03

MR. KNUDSEN: The answer to you is technically no, that's correct. We are moving on an alternative.

COUNCILMAN COHEN: Then don't waste our time on other words, if your answer is no.

Then I would respectfully request that you take your request for whatever assistance you wanted from City Council to that party or parties who are directing your actions.

I don't think you have any right to be here requesting any assistance from a body whose authority you do not respect.

And, therefore, I am going to urge that not only will I vote against any assistance to PGW, but I urge my colleagues to do likewise.

I think you have no standing whatever. And I am in the process of having a study made to take away the existence of PGW as any separate entity, and to replace it by a form of the city Department of Energy, perhaps uniting it with the Water Department or a separate agency, having the same functions as the Water Department.

MR. KNUDSEN: I understand.

COUNCILMAN COHEN: But I think you have

no standing whatever to request of this body that it authorize you to give your organization, which does not respect our authority, I don't understand how you can come before us and ask for any assistance.

So go to those who are directing your activities and get your assistance from them.

MR. KNUDSEN: Thank you.

COUNCILMAN ORTIZ: Madam Chair, if I may.

THE CHAIRWOMAN: Councilman Ortiz, certainly.

COUNCILMAN ORTIZ: It is my bill and Councilwoman Verna's bill. And throughout this whole process, your office has not even called our office to even discuss the ideas. I haven't received a phone call from you.

MR. KNUDSEN: Councilman, it is in a position where I am not doing the negotiating.

COUNCILMAN ORTIZ: Well, sir, I think --

MR. KNUDSEN: But we have been in touch with -- I understand that the conversations have occurred with the President's office.

COUNCILMAN ORTIZ: Well, I can tell you that the President is not satisfied with any

conversations.

MR. KNUDSEN: I'm sure.

COUNCILMAN ORTIZ: The issue is very clear and on the table.

Before you said you couldn't even write to the PUC, now you are saying that you are writing to the PUC for a compromise standard, as such.

You know, I don't understand that. If you couldn't write before, you know, why is it you can write now?

MR. KNUDSEN: No; I said I was preparing the documents for that application.

The Administration clearly is of a view that some movement on the part --

COUNCILMAN ORTIZ: There is no movement. There is a 20 percent discount on senior citizens, that's what the law says.

MR. KNUDSEN: I understand.

COUNCILMAN ORTIZ: Thank you, Madam Chair.

THE CHAIRWOMAN: You are certainly welcome, Councilman.

We need a few minutes. Thank you.

(Short recess.)

BILL NO. 030244 - 6/4/03

THE CHAIRWOMAN: What we will do is, pending resolution of the PGW issue, we will try to deal with the other issues on our calendar, then recess on that issue until after Rules Committee meets, so we don't hold everybody else out, and then come back and see if PGW is resolved at that point.

Is that all right with the Rules Committee? Thank you.

All right. Do we have our quorum here? Thank you.

All right. With the exception of the Gas Company, which is Bill No. 300244, that will be held until later today, after the Rules Committee rules.

(Public Hearing stood in recess.)

- - -

PUBLIC MEETING

COUNCIL OF THE CITY OF PHILADELPHIA

PUBLIC MEETING

of the

COMMITTEE ON FINANCE

- - -

WEDNESDAY, JUNE 4, 2003

- - -

Public Meeting conducted by the Committee on Finance, held in Room 696, City Hall, Philadelphia, Pennsylvania, on the above date, to consider action on the following:

BILLS 030417, 030418, 030419, 030421, 030422 and 030244

- - -

PRESENT:

COUNCILWOMAN JANNIE BLACKWELL, Chair
COUNCILWOMAN MARIAN B. TASCO, Vice-Chair
COUNCILMAN MICHAEL A. NUTTER
COUNCILMAN BRIAN J. O'NEILL
COUNCILMAN FRANK DiCICCO
COUNCILMAN DAVID COHEN
COUNCILMAN ANGEL ORTIZ
COUNCILMAN JAMES KENNEY

- - -

PUBLIC MEETING

THE CHAIRWOMAN: We will then now end our finance hearing and go into our Stated Meeting portion of this our deliberations today.

Councilman DiCicco's bill, the Chair recognizes Councilman Kenney. Could you give me a motion. All these are for rules suspension.

COUNCILMAN KENNEY: Thank you, Madam Chair.

I move that Bill No. 030417 be reported out of this Committee with a favorable recommendation and a request made for Rules suspension to allow first reading at our next session.

(Duly seconded.)

THE CHAIRWOMAN: It has been ruled and seconded that Bill No. 030417 be reported out of Committee with a favorable recommendation, and also recommendation for suspension of the Rules so as to permit first reading at our next session of Council.

All in favor?

Opposed?

And the Chair notes that its sponsor, Councilman DiCicco, is back. We thank you.

The Chair recognizes Councilman DiCicco

with a motion in regard to Bill No. 030418.

COUNCILMAN DiCICCO: Thank you, Madam Chair. I move that Bill No. 030418 be reported out of this Committee with a favorable recommendation, and a further recommendation that the Rules of Council be suspended.

(Duly seconded.)

THE CHAIRWOMAN: Thank you very much.

It has been moved and seconded that Bill No. 030418 be reported out of committee with a favorable recommendation and also a recommendation for Rules suspension so as to permit first reading at our next session.

All in favor?

Opposed?

The ayes have it, and so it has been moved, it has been reported out.

The Chair recognizes Councilman Kenney with a motion with regard to Bill No. 030419.

COUNCILMAN KENNEY: Madam Chairwoman, I move that Bill No. 030419 be reported out of this committee with a favorable recommendation and a request made for Rules suspension to allow first reading at our next Council session.

PUBLIC MEETING

(Duly seconded.)

THE CHAIRWOMAN: It has been moved and seconded that Bill No. 030419 be reported out of Committee with a favorable recommendation, also a recommendation for suspension of the rules so as to permit first reading at our next session of Council.

All in favor?

Opposed?

The ayes have it, and so it is passed.

Councilman Cohen, would you like to make a motion with regard to your bill, 030421, with the suspension?

COUNCILMAN COHEN: First I would like to ask that there is a technical amendment I would like to offer first to that bill.

THE CHAIRWOMAN: Yes, sir.

COUNCILMAN COHEN: And I would ask that Mr. Shapiro read the amendment. It is being circulated now to each member of the committee.

THE CHAIRWOMAN: Thank you.

COUNCILMAN COHEN: It clarifies the provision with respect to payment after refund petition has been approved.

Mr. Shapiro would you read the

amendment?

MR. SHAPIRO: This would amend Section 19-1508 of the Code entitled Refunds and Forgiveness for Property Income. It would amend Subsection A, which now reads, "During the calendar year January 1, 2005, through December 31, 2005, the rate of tax shall be reduced by 1 percent from the rate of tax imposed upon very low-income persons under such sections during the previous calendar year."

"During the previous calendar year" would be deleted, and "on July 1, 2004," would be added. The reason for that is that, of course, tax rates are established in general as of July 1 and changed during the calendar year from the rate prior to July 1 to the rate on July 1.

So, for clarity, this change is being offered.

THE CHAIRWOMAN: Thank you, Mr. Shapiro. We are sorry you are out of breath. We didn't mean to run you up the stairs.

The Chair will now entertain a motion for adoption of the amendment.

COUNCILMAN COHEN: So moved.

(Duly seconded.)

PUBLIC MEETING

THE CHAIRWOMAN: It has been moved and seconded. The amendment to Bill No. 030421 be adopted.

All in favor.

Opposed?

The ayes have it, the amendment is adopted.

There is one nay, Councilwoman Tasco votes against the amendment.

We will now entertain a motion. Councilman Cohen are you up to this? We will now entertain a motion with regard to Bill No. 030421 as amended, that it be reported out of Committee with a favorable recommendation and also recommendation for suspension of the Rules.

COUNCILMAN COHEN: So moved.

(Duly seconded.)

THE CHAIRWOMAN: It has been moved and seconded that Bill No. 030421, as amended, be reported out of Committee with a favorable recommendation, also recommendation for suspension of the Rules so as to permit first reading at our next session.

All in favor?

Opposed?

The Chair notes that we have a nay vote by Councilwoman Tasco, who will now speak.

COUNCILWOMAN TASCO: Thank you very much.

I just want to be clear. I support Councilman Cohen's concept and idea to provide the service to low-income families.

My concern is that we have passed a number of bills in this Council on taxes. We have a Tax Reform Commission, and I made a personal commitment to wait until that Tax Reform Commission comes back with a report so that we can have some sense and understanding of what we are doing with these tax bills before I continue to vote for them.

So I am not against the bill; I am just concerned about the process.

Thank you.

THE CHAIRWOMAN: An excellent point, Councilwoman.

Councilman Cohen.

COUNCILMAN COHEN: Councilwoman Tasco, because it was made clear at the time, otherwise, I would have voted against the Tax Reform Commission

entirely, it was made clear by Councilman Nutter that there was no intent whatever on his part in proposing that Charter amendment and establishing the Tax Reform Commission, there was no intention on his part to prevent consideration wherever it was felt that there was a current need.

And he made that clear, and there is even a provision to that extent in the bill.

So I am concerned, because a vote against the bill is a vote against it. This bill, while it should have bipartisan support, I have no idea what it is going to mean with respect to the Mayor's veto. I don't know whether he is going to veto this bill again or go ahead with it.

So just, respectfully, requests Councilwoman Tasco to reconsider her position on that, or I will be forced to be an opponent of the Tax Reform Commission process.

Because I voted for it on the clear understanding that we were not going to sit by and wait until that Commission acted before there would be other action on bills that were pending at the time.

Am I right on that, Councilman Nutter?

Was that not your position? Is he here? He is to my right. I didn't know you were sitting to my right. Don't act to my right.

COUNCILMAN NUTTER: I am not used to being on the right. No one sits on the right of Councilman Cohen.

COUNCILMAN COHEN: I didn't want to involve you in this.

COUNCILMAN NUTTER: So, you didn't want to involve me in this, you just called on me.

Councilman, you are correct. I don't need to be in the middle of the debate between you and Councilwoman Tasco.

But there is a provision at the end of the bill on the Tax Reform Commission that specifically designates that the creation of the Tax Reform Commission in no way inhibits Council or the Mayor from taking any action related to taxes or tax bills.

Of course, we cannot take away our natural and Charter-given authority to act on bills. And I was concerned at that time, at least, that any other action would be stopped because of the Tax Reform Commission.

PUBLIC MEETING

So you are correct, Councilman Cohen.

THE CHAIRWOMAN: Thank you very much.

The Chair will now entertain a motion from Councilman Cohen with regard to Bill No. 030422, to report it out of Committee with a favorable recommendation and also a recommendation for suspension of the Rules so as to permit first reading at our next session of Council.

COUNCILMAN COHEN: I so move, Madam Chair.

(Duly seconded.)

THE CHAIRWOMAN: It has been moved and seconded that Bill No. 030422 be reported out of Committee with a favorable recommendation, also a recommendation for a suspension of the Rules so that it can be heard at our next session of Council.

All in favor?

Opposed?

We have one nay. The record will reflect Councilwoman Tasco voting nay on this bill.

Therefore, this bill, as well as all the others, will be reported out of Committee. This will end our Finance Committee, or recess our Finance Committee, all bills having been reported

out, with the exception of Bill No. 030244 dealing with the Philadelphia Gas Works, which will be heard after the Rules hearing.

The Chair finally notes that the initial bill, 030397, that we heard earlier, did not pass. That is dealing with the sale/lease-back of the library. So, therefore, was not reported out of Committee.

Thank you very much. Thank you, Councilman Kenney, and all who are on the Rules Committee, for your patience.

So we will see you all later, those who are concerned about the Gas Company and the discount and that Capital Budget, after the Rules Committee meets.

(Public Meeting stood in recess.)

- - -

THE CLERK: May I have your attention, please. The Committee on Finance will be recessed to tomorrow at 9:30.

- - -

C E R T I F I C A T I O N

I HEREBY CERTIFY that the foregoing proceedings of the Council of the City of Philadelphia of Wednesday, June 4, 2003, were reported fully and accurately by me, and that this is a correct transcript of same.

RE: COMMITTEE ON FINANCE

_____

DEBRA A. WHITEHEAD