COUNCIL OF THE CITY OF PHILADELPHIA
PUBLIC HEARING AND PUBLIC MEETING
BEFORE THE COMMITTEE OF THE WHOLE

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Room 400, City Hall
Philadelphia, Pennsylvania
Tuesday, February 27, 2001
9:50 a.m.

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Bill 010003, an ordinance amending Chapter 19-1500 of the Philadelphia Code, entitled Wage and Net Profits Tax by decreasing the rate of the tax; Bill 010004, an ordinance amending Chapter 19-2600 of the Philadelphia Code, entitled Business Privilege Taxes by decreasing the rates of the tax based upon gross receipts.

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PRESENT: COUNCIL PRESIDENT ANNA C. VERNA
COUNCILWOMAN JANNIE BLACKWELL
COUNCILWOMAN BLONDELL REYNOLDS BROWN
COUNCILMAN MICHAEL A. NUTTER
COUNCILMAN FRANK RIZZO
COUNCILWOMAN DONNA REED MILLER
COUNCILMAN THATCHER LONGSTRETH
COUNCILMAN JAMES KENNEY
COUNCILMAN W. WILSON GOODE, JR.
COUNCILMAN DARRELL L. CLARKE

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WITNESS PAGE

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2/27/01 - WHOLE - BILL NOS. 010003, 4

P R O C E E D I N G S

COUNCIL PRESIDENT VERNA: Good morning everyone. This is a continued public hearing of Bill No. 010005. That hearing will be recessed until March the 13th at 10:00 a.m.

Also, this morning we will consider as a Committee of the Whole Bill Nos. 010003 and 010004. I would ask Mr. McPherson to please read the title of the bills.

MR. McPHERSON: Bill 010003, an ordinance amending Chapter 19-1500 of the Philadelphia Code, entitled Wage and Net Profits Tax by decreasing the rate of the tax; Bill 010004, an ordinance amending Chapter 19-2600 of the Philadelphia Code, entitled Business Privilege Taxes by decreasing the rates of the tax based upon gross receipts.

COUNCIL PRESIDENT VERNA: Who from the administration is going to testify?

Please approach the witness table.

Good morning. Kindly identify yourself for the record and proceed with your testimony.

MS. KAMMERDEINER: Good morning, President Verna and Members of City Council. I am

Nancy Kammerdeiner, Revenue Commissioner. I'm pleased to be with you this morning to offer brief testimony on Bills No. 010003 and No. 010004.

Bill No. 010003 will reduce the effective rate of the wage and net profits taxes in fiscal year '02 from 4.5635 percent to 4.5385 percent for City residents and from 3.9672 percent for non-residents.

Bill No. 010004 will reduce the rate of the gross receipts portion of the business privilege tax from 2.525 mills to 2.4 mills.

These tax bills were discussed in general during the Administration's testimony on the proposed fiscal year '02 to fiscal year '06 Five Year Plan on February 5, 2001 and at the fiscal '02 Operating Budget hearing on the Finance-related agencies on February 13th. Today I would just like to reiterate the Administration's support of these bills.

These bills are critical to maintaining the momentum of tax reduction that began in fiscal '96 and was continued by Mayor Street and this Council last year. With these proposed reductions, the wage and net profits tax rates will have been

reduced by 8.5 percent and the gross receipts tax rate will have been reduced by 26.15 percent. Although each reduction in rate has been small, the cumulative impact is now significant.

The Administration would like to see an increase in the size of each rate reduction. However, we must also be fiscally responsible. It is for this reason that Mayor Street is creating a task force to look at the entire tax structure. That task force will seek to identify a balance in taxation that will be more business and family friendly, that will make Philadelphia more competitive as a place to live and work.

The creation of such a new tax structure, however, will take some time. In the meantime, approval of the rate reductions proposed in these bills will confirm the City's interest in reducing the burden on its taxpayers. I respectfully request your approval of these bills.

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

COUNCIL PRESIDENT VERNA: Thank you. At this time the Chair recognizes Councilman Nutter.

COUNCILMAN NUTTER: Thank you, Madam

Chair.

Ms. Kammerdeiner, thank you for your testimony. I did want to ask a question. In terms of the schedule, I know that there is a proposed reduction schedule in the Five Year Plan based on certain tax rates. What I've not seen, and I obviously agree and appreciate the concern with regard to fiscal responsibility in terms of tax rate reductions, but have you developed, I guess, a scenario in which there would be larger tax rate reductions in either that same five-year period or a slightly longer period that would significantly reduce the wage tax?

In five years, what will the rate be?

MS. KAMMERDEINER: Just a moment. I'll double-check that.

Based on the current reduction schedule, if that would continue through fiscal 2006, the rate proposed for residents would be 4.385 and for non-residents 3.8127, and the total reduction over time from fiscal '95 would be 11.6 percent.

COUNCILMAN NUTTER: 11.6 percent reduction.

MS. KAMMERDEINER: Right, from '95

through 2006.

COUNCILMAN NUTTER: All right. Now, have you seen any of the reports that have come out recently? I know the Pennsylvania Economy League has done a report recently, and maybe some others, talking about based on the schedule, and, again, agreeing and acknowledging that there is -- fiscal responsibility is required, but based on the schedule and I think their report talks about if we stayed on this kind of schedule, it would take upwards of about 50 years to reach some level of parity between the city and the surrounding suburbs.

Have you seen that report?

MS. KAMMERDEINER: I've seen that, yes.

COUNCILMAN NUTTER: Are those -- is that characterization accurate?

MS. KAMMERDEINER: Well, I haven't really cross checked it specifically, but I would say that I'm not certain they've taken into account all of the changes that might be anticipated in the suburbs as a result of increased needs at their end.

We here from time to time about their interest in establishing employee taxes of one sort or another within the confines of what they're able

to tax under state law. Like the City, they're restricted in terms of the kinds of taxes that they can enact, but there has been some discussion of creating additional opportunities for them, and one of the issues that comes up all the time is the relationship to the City's wage tax because of the large number of commuters they have. But I can see that they will be taxing wages or some other activity on an increasing basis, and I don't think the study you're referring to takes that into account completely.

COUNCILMAN NUTTER: When do you anticipate some of these actions in the suburbs taking place, and what do you think the ramifications will be?

MS. KAMMERDEINER: I don't know when that might take place, but I know that they have been looking at the impact of tax reform, trying to find ways to reduce the impact of property taxes on the suburbs, and that's a matter that's been in discussion in the state legislature. I'm really not privy to timetables.

COUNCILMAN NUTTER: What's your understanding of what they might be doing on the

wage side?

I mean, are you saying that some suburban communities are talking about either a wage tax type tax or an income tax type tax?

MS. KAMMERDEINER: That's been mentioned. I don't know where they're heading with it. I've just seen that in some articles in the past couple of years as options, but nothing serious.

COUNCILMAN NUTTER: Based on the schedule that we presently have, and if the general assumption is that we would stay on that type of schedule, when would City residents reach into the, you know, three point something level.

MS. KAMMERDEINER: I don't know if Budget's calculated that. I have it. Just a moment.

No, we haven't really taken that forward to see when that would be, but we can.

COUNCILMAN NUTTER: So we have no present scenario where a City resident, and I understand that there will always be a distinction of rates, and probably beyond theory there is some argument that City residents use more City services

than a suburban resident would. So I understand statutorily there is a requirement that there be a difference in the levels.

But you're saying that there is no scenario presently laid out where a City resident gets below 4.0 in wage tax?

MS. KAMMERDEINER: Not that we have calculated at this point. But we are in the process now of starting to look at what our alternatives would be, what would happen with larger decreases, and -- I'm told that they've done a quick look at it, and we're looking at possibly as early as 2010, which would be just four years after the date that's in the Five Year Plan.

COUNCILMAN NUTTER: 2010.

MS. KAMMERDEINER: 2010.

COUNCILMAN NUTTER: Okay. That seems like a long time from now, but I'm sure 2000 seemed like a long time ago at some point in time as well.

Could you -- one, I guess, could you share some of those calculations. Could you also run scenarios where there would be a more precipitous drop in the wage tax, and then, naturally, tell us what the other side of that

equation is, because naturally when you cut taxes, which, you know, in government that can be a wonderful thing, there can also be a relationship between your tax cut and naturally your tax collections, unless you have significant increases in businesses or population. So we would also obviously want to know what those cuts result in from a tax revenue standpoint.

MR. DUBOW: Can I just add, too, that we clearly understand that we need to take a look at our tax structure, in general, and to try to understand how we can make it more inviting or more friendly to both businesses and residences, and that's why we need to establish the committee to look at it.

MS. KAMMERDEINER: I was going to add...

COUNCILMAN NUTTER: Let me just add for one second, Mr. Dubow, I know that you are universally known, but we do have a new stenographer with us today and she may not know you as well as you might think.

MR. DUBOW: Sorry, Rob Dubow, the City's Budget Director.

MS. KAMMERDEINER: I was going to add

much the same thing and to comment that when the PEL study that you referenced came out, they indicated that they had attempted to find ways to bridge the gap between a large wage tax reduction and when there might be an increase in tax collections as a result of increased employment in the City, and they found it almost impossible to bridge that gap. They went quite a ways toward it, but they were unable to find enough pieces of increased income to bridge the gap in the short time frame. And that's exactly the problem with this task force we'll be looking at; how quickly can you reduce the taxes to have an impact and yet not create a situation where you can't bridge the gap in funding for programs.

COUNCILMAN NUTTER: Okay. But you would be able to provide some charts and scenarios to us based on that current tax structure. I understand that the Mayor has made a proposal about that. This Council has also called for the establishment of a similar task force. I would assume that we'd be working together --

MR. DUBOW: Yes.

COUNCILMAN NUTTER: -- on something like that.

Were you going to say something?

MR. DUBOW: Just -- yes, just agreeing with you, because I like to agree with you.

COUNCILMAN NUTTER: Well, that would be a first.

Was your agreement that you'd provide the scenarios or that we'd be working together or was this a general agreement just to get me to be able to be quiet?

MR. DUBOW: No, both.

COUNCILMAN NUTTER: Thank you.

Ms. Kammerdeiner, let me switch for one second to property taxes, or I guess called real property taxes.

The current split in the distribution of the receipts from the property tax collections are what?

MS. KAMMERDEINER: Fifty-five percent to the School District, 45 percent to the City.

COUNCILMAN NUTTER: Forty-five percent to the City.

And could you get information back to us on the change -- if there were a change in that ratio, and I guess the technical term is millage --

MS. KAMMERDEINER: Right.

COUNCILMAN NUTTER: -- if there was a change in the millage, what would it take in a decrease on the City millage rate and an increase, naturally, on the School District rate to generate an additional 25 million dollars to the School District?

Or maybe you know that off the top of your head.

MS. KAMMERDEINER: Not off the top of my head, but we'll take a look at it and get something back to you as quickly as we can.

COUNCILMAN NUTTER: Okay. And if you could take whatever that rate is and apply it to the last five years of real estate tax collection, I'd be interested to see what that generates.

MS. KAMMERDEINER: Okay. We'll take a look at it.

COUNCILMAN NUTTER: Was I clear on the question?

MS. KAMMERDEINER: Yes, I think I know what you're looking for.

Although if it's 25 million that we're taking a look at, over five years it would be 125

million. I'm just not sure if there's some other piece that you're looking for.

COUNCILMAN NUTTER: I just want to know what rate you would have to make today to create an additional 25 million dollars in that revenue to the School District, and whatever that rate is or change in the millage rate, apply that to the last five years. Because the last five years, it's also been 55/45, right? It's been 55/45 for a long time.

MS. KAMMERDEINER: Yes, it's been that throughout that duration. Yes.

MR. DUBOW: You don't mean a change in the millage rate. You mean a change in the distribution. Right?

We would keep the same millage rate and just change how we distribute it between the School District and then the City.

COUNCILMAN NUTTER: I'm sorry. The millage rate is whatever the assessment is times that rate. No, I'm talking about a change in the...

MR. DUBOW: Distribution.

COUNCILMAN NUTTER: Right. So maybe it's 56/44 or, you know.

MR. DUBOW: Right.

MS. KAMMERDEINER: Actually, the way that tax is set forth there is a separate millage rate for the City and the School District. So it would be a change in both millage rates. But they would equal the same total in your scenario.

COUNCILMAN NUTTER: Well, it's otherwise, but Mr. Dubow is trying to convince me otherwise. And since he's the Budget Director, I figured I'd agree with him.

Okay. But I think you understand that.

MS. KAMMERDEINER: Yes.

MR. DUBOW: Yes.

COUNCILMAN NUTTER: Okay. All right. Thank you.

Thank you, Madam Chair.

COUNCIL PRESIDENT VERNA: You're welcome.

The Chair recognizes Councilman Kenney.

COUNCILMAN KENNEY: Thank you, Madam Chair.

In the beginning of Bill No. 01003, paragraph 1, subparagraph (a) is seven lines -- the first seven lines is probably the history of the demise of the City of Philadelphia since 1950. If

you look at the rate in 1950 at 1-1/4 percent, '57 at 1-1/2, '61 at 1-5/8ths, '66 we hit the 2 percent threshold, '69 we jumped to 3, '71, that's lovely one, at 3-5/16ths to a rate of 4-5/16ths. And then in '83 4.96.

In 1992, when we had the first, really, symbolic, I guess, reduction in the wage tax rates were for the first time in 20 years, I guess, or the first time in 40 years, the rate actually went down as opposed to going up.

MS. KAMMERDEINER: Actually, at that point that's when the PICA tax was enacted and so that overall tax rate stayed the same as far as individuals were concerned, but 1.5 percent was dedicated to repaying the PICA bonds.

COUNCILMAN KENNEY: From that time on, we've had a loss in population of about 185 thousand people in the last seven years, eight years. Your testimony indicates that although each of the reductions in the rate has been small, the cumulative impact has been significant. Apparently, it's not significant in stopping the exodus of middle class residents from the City.

And I guess the bottom line question is

people talking about a task force to review our rates, review our structure, but is there a task force on dealing with the size of this government. And I know they're hard questions because they're not popular political questions or popular political answers about discussion of the reduction in size of the government.

But if we're unwilling or unable to reduce the tax structure significantly enough to entice people to stay or to come, on the other end of that equation, there needs to be some discussion as to the size of the government.

Now, you know, we could all be sitting here for the next 20 years and tell people what they want to hear and be popular, we could tell them that the Gas Works isn't failing and everything will be fine; we can tell them that, you know, don't worry about the population loss, you know, we're going to work it out. But in the end, the size of this government is going -- when the City becomes the employer of last resort and we continue to lose people at the rate we're losing them, at some point in time don't we have to look at the other end of that equation, and what are we doing -- is there a

task force to deal with that?

MR. DUBOW: Actually, we have begun to look at that. The 1-1/2 percent cut in Class 100 was one of the first steps in that. The Managing Director's directive to all his agencies to start cutting their fleets by 1 percent a year was part of that, and we know that that's not enough, too. So, yeah, we continue to look at ways that we can treat the government...

COUNCILMAN KENNEY: But, substantively, after two -- this is the second -- it's not the second year of the administration, but it's the second full budget.

Now, granted, we could argue that the first budget was a Rendell/Street administration kind of combination budget. But in this budget now -- I mean, is there a significant reduction, in your opinion, in the size of this government projected forward. I mean, to me it seems as if we're just about where we were 10 years ago, even though the elements of the government services have shifted.

MR. DUBOW: Right, that's been discussed.

COUNCILMAN KENNEY: I understand that.

But the total sum gain of this is not reducing the size of the government. And I guess I've a question as to how or why we need the same size government to serve 200 thousand less people.

MR. DUBOW: Well, I mean...

COUNCILMAN KENNEY: I mean, any business that runs a business that has 200 thousand less customers is not going to have a work force the same size that it had when it was serving 200 thousand more people.

MR. DUBOW: And I guess part of the explanation, as we've talked about before, is the increase in our social needs, the increase of the needs of the people who are still in the City and that explains why we've had an increase in social workers and an increase in correctional officers and an increase in police officers.

COUNCILMAN KENNEY: And a decrease in taxpayers.

MR. DUBOW: That's right. And that's why, you know, I started this -- I started our discussion here by saying that we agree that we need to look at ways to try to reduce the size of the

government.

COUNCILMAN KENNEY: But when are we going to do it?

MR. DUBOW: I mean, we started...

COUNCILMAN KENNEY: When, in the year 2010?

MR. DUBOW: No, we started taking the first steps which goes back to that -- to Class 100 cut and the fleet cut, and we understand we have to keep looking at it and have to make more progress.

COUNCILMAN KENNEY: Let me tell you, these aren't -- you know these aren't easy decisions to make and they're not going to be easy decisions for us to deal with when we have to deal with them. But if we had dealt with the Gas Works 10 years ago, as opposed to putting that off, we wouldn't be at the crisis that we're in now. And the more we put off because of political expediency or because we don't want to make difficult decisions on curtailing services or doing something differently than we used to do, we're never really going to have the political will to change it. And unless there's a political will to change it, it's not going to happen, unless we go back to the brink again, as we

did in '91, with the threat of insolvency, and no one wants to go back to that situation. But I'll tell you, in the next year or two or three, I don't know what's going to happen to this national economy and I don't think you do either. I mean, you don't have a crystal ball, but it doesn't look good on the horizon. And if we get wacked with a downturn in the economy as quickly as Cities have been wacked in the past, we're going to be forced with our feet to the fire to be making these decisions that we could have planned for over the last year or two.

MR. DUBOW: I understand.

COUNCILMAN KENNEY: Thank you.

Thank you, Madam Chair.

COUNCIL PRESIDENT VERNA: Mr. Dubow, is our calculation right; for a nonresident for every thousand dollars earned, the savings would be forty-four cents, and for residents for every thousand dollars earned, the saving would be fifty cents? Is our calculation correct?

MR. DUBOW: I haven't done that calculation, but I can check that.

COUNCILMAN KENNEY: Madam President, I think it was reported in the paper, I don't know

if it was accurate or not, that the average wage tax savings per average wage earner in Philadelphia would be ten dollars for the year.

COUNCIL PRESIDENT VERNA: But that would have gone back to probably what, 1995?

MR. DUBOW: I don't know where the ten dollars came from.

Yeah, I saw the number. I don't know where this came from.

COUNCILMAN KENNEY: You can't believe everything you read the paper.

COUNCIL PRESIDENT VERNA: Okay. The Chair recognizes Councilman Goode.

COUNCILMAN GOODE: Thank you Madam President. Good morning.

I'm glad to hear that there's a task force being set up to make the tax structure more business friendly and family friendly. But with regard to business taxes, can you tell whether the task force is going to deal with targeted tax cuts for business like TIFs and KOZs, or are those going to be separate processes in terms of there's going to be general tax structure for businesses in Philadelphia and also a separate tax structure or

certain businesses?

MS. KAMMERDEINER: You mentioned the KOZ and that's under state law and that will have to be a separate tax structure simply because of the nature of the legislation under which they were created.

And so from that standpoint, that one would necessarily need to stay separate.

COUNCILMAN GOODE: What about TIFs?

MS. KAMMERDEINER: They're considered individually with each proposal reviewed by this Council and determined for specific areas. We would not be able to go back and change what has already been approved, but I think we would need to look going forward at what the best incentive would be, whether it's to have individual incentives like the TIFs that we've had in the past or whether greater reduction that's across the board would be more beneficial. That's part of the analysis that we need to go through. I can't answer that question today because that analysis has not yet been done.

COUNCILMAN GOODE: That is part of what's being studied by this proposed task force?

MS. KAMMERDEINER: The task force has

not yet been fully established by the Mayor, and we have not yet heard the charge he will give to them. But I would expect that in an open discussion and forum about what all the options would be, that certainly that would need to be something you would look at closely.

COUNCILMAN GOODE: Can you tell me at what point and in what way you were brought in to consider TIFs?

MS. KAMMERDEINER: I'm sorry, I didn't hear the last of your question.

COUNCILMAN GOODE: Can you tell me at what point and in what way you were brought in to consider TIFs? I'm assuming that process is initiated by PIDC. At what point do they involve the Revenue Department and in what way do they involve the Revenue Department?

MS. KAMMERDEINER: Revenue is primarily involved in determining what the current tax value is within the confines of a potential TIF, and we're involved in setting the baseline against which the tax increment is calculated.

So we're primarily involved in that side of the activity.

COUNCILMAN GOODE: Do you know if there are any TIFs that we are going to receive that we have not received yet and what level of tax revenue are we going to be forgiving based on TIFs to come?

MS. KAMMERDEINER: We're not currently reviewing any beyond the ones that have been approved. So I don't know if there are any that are in the early developmental stages.

COUNCILMAN GOODE: Okay. Would you be able to go back and look at all the TIFs that have been done and approved and enacted and tell me what that would represent in terms of the tax cut across the board?

MS. KAMMERDEINER: When you're saying tax cut...

COUNCILMAN GOODE: How might we have been able to advance the decrease in tax cuts had we not done those TIFs?

MS. KAMMERDEINER: And you're assuming there that those projects would have continued even without the TIFs?

COUNCILMAN GOODE: I'm assuming that some development would have taken place there whether those particular projects would have

continued or not.

MS. KAMMERDEINER: So I needed to know what assumption base we would have to use in looking at that. We'll take a look at it and see what we can come up with.

COUNCILMAN GOODE: Thank you, Madam President.

COUNCIL PRESIDENT VERNA: Thank you. The Chair recognizes Councilman Nutter.

COUNCILMAN NUTTER: Thank you, Madam Chair.

To my colleague across the way, I believe last year we may have asked for that kind of information from PIDC as we were struggling with the -- we kind of created somewhat of a new term around here called the TIF differential, which was a calculation of what taxes would the City and the school have received if, in the exact scenario you had laid out, if there had been no TIF and then what are they based on the assumptions that revenue made with a TIF, and then the TIF differential was the difference between those rates. I'd be glad to share with you a copy of what PIDC sent over. That does not take away that the request that the

Councilman made, but I did want to let you know that I think for the now -- I think we've approved 25 TIFs. That data may have been inclusive of the first 20, and I don't know if we have the last five. But I'll get you a copy of it.

COUNCIL PRESIDENT VERNA: Excuse me, Councilman. I think Councilman Goode wanted to make a comment on that.

COUNCILMAN GOODE: Sir, my question is not just what tax revenue might we have saved, but had we applied it to either wage and/or business privilege tax reductions, what that would have bought us.

COUNCILMAN NUTTER: Well, that's why I said that that doesn't get you off the hook for the Councilman's questions. Thank you. Sorry.

Commissioner Kammerdeiner and Mr. Dubow, back to my earlier request on the real estate tax. On that same chart, would you also put for that five-year period that we talked about the revenues that were generated by the liquor-by-the-drink tax, so then we'd have a comparison between the shift in the rate, what that generates, and what the liquor tax has generated over the same five-year period of

time. I do want to take a look at what's going on with the liquor tax.

Now, have we in relatively recent times, and I know the Mayor has significantly improved and increased the relationship with the Commonwealth, but from time to time -- maybe not so much the Governor directly, but maybe some of his spokes people have -- I don't want to say complained but maybe criticized or highlighted to some extent what they call the City's tax effort as it relates to the School District.

Are you aware of any of that or has that been a recent topic of conversation within the administration as it relates to the school revenues and what the City does?

MR. DUBOW: No, it hasn't been a recent topic of conversation in any conversations that I've been involved in.

MS. KAMMERDEINER: No.

COUNCILMAN NUTTER: There are certainly, at least, some press accounts from last year and both through the contract negotiations as well as earlier last year when the Mayor was in a desperate situation trying to hold off takeover and made an

agreement with the Governor. And one of the issues that constantly gets raised is how much does the City put into the School District, what they refer to as our tax effort, as compared to, I guess, the other 500 school districts cross the Commonwealth.

And so I wanted to take a look at this potential of real estate tax shifting as a way to not increase taxes but have the City increase its tax effort to the District. Again, obviously with that shift, if dollars move from the City to the District, naturally there can be impact on the general fund which would have to be taken into consideration in any of these discussions. But we did want to take a look at that and better understand it and see what's going on with the liquor tax relative to our own real estate taxes, City tax effort and whether there's a potential reduction in the liquor tax while finding revenues to replace it.

MS. KAMMERDEINER: We'll put that on a chart for you.

COUNCILMAN NUTTER: Okay. Thank you.

MR. DUBOW: I got it.

Then you're talking about the same local

effort for the School District, just redistributing it to the real estate tax, away from the liquor; is that what you're talking about?

COUNCILMAN NUTTER: Well, the City puts a certain amount of dollars into the District from the taxes that we have. If our real estate contribution goes up, I'm assuming then our total tax effort goes up.

MR. DUBOW: That's right. I guess I didn't understand what you're saying. Then you'd eliminate the liquor tax and -- maybe I just misunderstood.

COUNCILMAN NUTTER: I asked for a lot of different pieces of information. We can do with them what we will, but I wanted to understand the comparison between the two. And I also do have an interest in taking a look at the liquor tax, but I need to know what it's doing, and, you know, if it's, you know, a candidate for a potential reduction as well.

But, obviously, there has to be a replacement. Okay. Thanks.

Thank you, Madam Chair.

COUNCIL PRESIDENT VERNA: Are there any

other questions of the witnesses before us?

Thank you both very much.

MS. KAMMERDEINER: Thank you.

COUNCIL PRESIDENT VERNA: I'm sorry. The Chair recognizes Councilman Clarke.

COUNCILMAN CLARKE: Thank you, Madam Chair.

Good morning.

MS. KAMMERDEINER: Good morning.

MR. DUBOW: Good morning.

COUNCILMAN CLARKE: I just wanted to ask my staff person to get a copy of an ordinance that was introduced and passed last year as the nonutilization tax, and I guess you know I was going to ask about that.

I just want to ask you what the status of that is and where we are.

MS. KAMMERDEINER: To the best of my knowledge, the Law Department has not proceeded with the removal of the court order that was in place prohibiting us from collecting that tax, either in its old form or as it was revised by this Council. And without that court order being vacated, we can't move ahead with the legislation.

COUNCILMAN CLARKE: Is there a reason why? They just haven't gotten around to it or...

MS. KAMMERDEINER: I cannot speak for them, but they have not given me any indication at this juncture that I am free to begin the implementation of the tax.

COUNCILMAN CLARKE: Okay. There were some other things that needed to be done, if, in fact, we were going to enforce this information with respect to the Board of Revision of Taxes to various utilities entities so we can better assess what is actually a vacant property or vacant land.

Have we moved forward on that at all?

MS. KAMMERDEINER: I know that the Board of Revision has been working on their database to improve the quality not only in that light but in all regards to update and improve the quality of the information in their system.

In addition to the Board's information, we would need to rely very heavily on some of the Licenses & Inspections information in order to implement that legislation. And as you probably know, they've been engaged in a vacant property survey in conjunction with the light program, the

neighborhood transformation initiative, and that information will facilitate their activity with improving their internal database. And I think it's really that vacant structure information from the L & I data that we would need to access in order to implement the nonutilization bill.

COUNCILMAN CLARKE: Has there been any follow-up meetings since we met in my office with you and Chief of staff and other individuals to talk about this process? That was the last meeting?

MS. KAMMERDEINER: There have not been any recent meetings, no.

COUNCILMAN CLARKE: Okay. Is there a particular person in your department that will be the point person on this, or will that be you directly?

MS. KAMMERDEINER: It would be me in the first instance, until we would have something fully activated here. I will be involving other members of the staff, but we don't currently have a team of people who are devoted to it because we weren't free to move ahead to do anything from a -- in an administrative perspective.

COUNCILMAN CLARKE: So you're suggestion

is that the Law Department acts first before you proceed?

MS. KAMMERDEINER: Yes, that's my understanding, that as long as the court order's in place, we cannot develop an implementation program.

COUNCILMAN CLARKE: But that doesn't prohibit you from doing the other.

MS. KAMMERDEINER: We could do some planning in between.

COUNCILMAN CLARKE: And then as soon as that court order is vacated, then we can jump right into it?

MS. KAMMERDEINER: That would be a potential.

COUNCILMAN CLARKE: Thank you.

Thank you, Madam Chair.

COUNCIL PRESIDENT VERNA: Thank you.

Are there any other questions from members of the committee?

Thank you both very much.

MS. KAMMERDEINER: Thank you.

COUNCIL PRESIDENT VERNA: I would like to remind my colleagues that 1:30 till 3:00 today we have public testimony. To the best of my knowledge,

we have approximately 22 witnesses who have called to be heard at that time. Several of the witnesses have panels, so I don't know whether each member of the panel will speak. And we also have a list of people who have called who want to be heard between the hours of 6:00 and 8:00 p.m. this evening.

This committee will stand in recess until March the 13th at 10 o'clock at which time OHCD is being called back. And I don't know if anybody wants any other departments be called back; but if you do, please let me know. And at the same time -- this committee will stand in recess, I'm sorry, until 1:30 today.

Thank you all very much.

(Recessed at 10:45 a.m.)

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C E R T I F I C A T E

I HEREBY CERTIFY that the foregoing proceedings of the Council of the City of Philadelphia of Tuesday, February 27, 2001, were reported fully and accurately by me, and that this is a correct transcript of same.

RE: COUNCIL COMMITTEE OF THE WHOLE
BILL NOS. 010003 AND 010004

Judith D. Barit,
Registered Professional Reporter