

LEGISLATIVE UPDATE: Proposal to Reduce Taxes Introduced in Philadelphia City Council

Philadelphia City Councilmember Allan Domb introduced three bills that would lower certain business taxes in Philadelphia. The bills would make the following changes to the city's tax structure:

- The Philadelphia resident wage tax would be significantly lowered to 2.32 percent by 2023, raised back to 3.77 percent in 2023, and gradually reduced to 2.9 percent by 2042. Currently, the Philadelphia resident wage tax is 3.8 percent. The non-resident wage tax would gradually decrease from 3.5 percent to 2.8 percent by 2042. The current non-resident wage tax is 3.5 percent. This bill was co-sponsored by Councilmember Katherine Gilmore Richardson and Councilmember Mark Squilla.
- The Business Income and Receipts Tax would be reduced gradually by 3.2 percent by 2032. It is currently 6.2 percent, and the bill would lower it to 3.0 percent by 2032. This legislation was co-sponsored by Councilmember Squilla.
- Businesses will only have to pay the greater of either their gross receipts or their net income when paying the Business Income Receipts Tax. Currently, businesses have to pay both. This legislation was co-sponsored by Councilmember Gilmore Richardson and Councilmember Squilla.

Councilmember Domb believes that these changes are necessary to spur economic recovery and he estimates that the city would lose \$60 to \$75 million in annual revenue with these tax decreases. A potential timeframe for hearings is still uncertain. Other councilmembers have also begun to discuss the need for long term tax restructuring. For example, Councilmember Derek Green introduced a resolution that would authorize hearings to examine land-value taxation. Meanwhile, Mayor Kenney has signaled that he will offer some form of tax relief in his budget proposal that he will present to City Council on Thursday, April 15. We will monitor these bills closely since they would have significant ramifications on the Philadelphia business community.



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