COUNCIL OF THE CITY OF PHILADELPHIA
PUBLIC MEETING - COMMITTEE OF THE WHOLE

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Room 400, City Hall
Philadelphia, Pennsylvania
Wednesday, June 9, 2004, 11:45 p.m.

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Bill 040640 - An Ordinance amending Chapter 19-2600 of The Philadelphia Code, entitled "Business Privilege Taxes," by establishing a program under which a Job Creation Tax Credit will be given to certain businesses creating new jobs in the City of Philadelphia, all under certain terms and conditions.

Bill 040642 - An Ordinance providing for the contingent exemption, abatement or credit of certain taxes within specified geographic areas, including by amending Bill No. 030242 (approved May 29, 2003), relating to the boundaries of the Keystone Opportunity Improvement Zone, and by amending Chapter 19-3200 of The Philadelphia Code, entitled "Keystone Opportunity Zone," including by revising the conditions for exemption from net profits tax and by clarifying and amending the provisions relating to relocating businesses, all under certain terms and conditions."

PRESENT:

COUNCIL PRESIDENT ANNA C. VERNA
COUNCILWOMAN BLONDELL REYNOLDS BROWN
COUNCILMAN DAVID COHEN
COUNCILMAN JAMES F. KENNEY
COUNCILMAN JUAN F. RAMOS
COUNCILMAN FRANK RIZZO
COUNCILMAN FRANK DI CICCO
COUNCILWOMAN JANNIE L. BLACKWELL
COUNCILMAN MICHAEL A. NUTTER
COUNCILMAN DARRELL L. CLARKE
COUNCILWOMAN DONNA REED MILLER
COUNCILWOMAN MARIAN B. TASCO
COUNCILMAN BRIAN J. O'NEILL

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P R O C E E D I N G S

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COUNCIL PRESIDENT VERNA: We will now go into our public meeting.

The record will reflect that Bill Number 040640 is continued until tomorrow, June 9th, at 1 o'clock, at the request of the sponsor, and the sponsor's requesting that someone be here from the administration to testify. That is Councilman Goode's Bill.

All right. At this time the Chair recognizes Councilwoman Blackwell, regarding Bill Number 040642.

COUNCILWOMAN BLACKWELL: Thank you, Madam President.

At this time I am introducing an amendment that has been circulated, with regard to this bill. And the reason I'm doing that is to eliminate any negative opinions that these revisions would have on the Cira Center project in West Philadelphia.

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What the amendment does is grandfather the building and its tenants in from any changes that might occur should there be any changes to state legislation.

As most of you know, Brandywine Realty is in my District, and has committed to a 100-year ground lease with Amtrack, with more than $175 million invested.

Since this was done, relying on the original KOIZ statute, and since construction has commenced, this amendment protects the project. Thank you very much.

So this is a friendly amendment that we submit, as the bill was Councilman Clarke's, and we hope that the Committee will adopt it.

COUNCIL PRESIDENT VERNA: Would you make it in the form of a motion, please.

UNIDENTIFIED COUNCIL MEMBER: Second.

COUNCIL PRESIDENT VERNA: It has been moved and seconded that the amendment be adopted.

All in favor will signify by saying

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aye.

(Chorus of "ayes.")

COUNCIL PRESIDENT VERNA: Those opposed?

(No response.0

COUNCIL PRESIDENT VERNA: The ayes have it, and the amendment is adopted.

Again the Chair recognizes Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: Thank you, Madam President. I thought there was another...

COUNCIL PRESIDENT VERNA: Yes, there is.

COUNCILMAN NUTTER: But you can't --

COUNCIL PRESIDENT VERNA: Pardon me?

COUNCILWOMAN BLACKWELL: I yield to the sponsor.

COUNCIL PRESIDENT VERNA: The sponsor of the Bill?

The Chair recognizes Councilman Clarke.

COUNCILMAN CLARKE: Madam Chair, I offer a set of amendments as provided, on

behalf of the administration. As indicated in the record, I think they had been circulated.

COUNCIL PRESIDENT VERNA: Yes, they have.

COUNCILMAN CLARKE: And there's been testimony to that effect.

I make a motion that the amendments to Bill Number 040642 be approved.

UNIDENIFIED COUNCIL PERSON: Second.

COUNCIL PRESIDENT VERNA: Chair recognizes Councilman Nutter.

COUNCILMAN NUTTER: Thank you, Madam President.

Madam President, just asking the question: This amendment from the administration retains the resident provision that we just amended by Councilwoman Blackwell's amendment.

If this amendment goes in the way it was written, I believe it will undo the action that we just took.

COUNCIL PRESIDENT VERNA: Is there someone here from the City Solicitor's

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Office?

COUNCILMAN NUTTER: Page 2.

COUNCIL PRESIDENT VERNA: Please approach the witness table.

I believe you've heard Councilman Nutter's concerns.

MR. FEDER: All right.

COUNCIL PRESIDENT VERNA: Did you want him to repeat?

MR. FEDER: I heard him.

COUNCIL PRESIDENT VERNA: You heard him?

MR. FEDER: Yeah.

COUNCIL PRESIDENT VERNA: All right. Please respond.

MR. FEDER: Councilman Nutter.

COUNCILMAN NUTTER: Yes.

MR. FEDER: Councilwoman Blackwell's amendment, as she explained, would, as she said, grandfather in the Cira Center, and it make it clear that it would provide that none of the changes that the Council is adopting here with respect to the net profits tax, with respect to the other

tests, apply to the Cira Center.

The administration's amendment, with respect to the net profits tax, would say that the net profits tax exemption should be repealed with respect to businesses, and the only person who gets the net profits tax are people who live in the zone, as we discussed the significance of that earlier.

That provision that I just mentioned would not apply to the Cira Center pursuant to Councilwoman Blackwell's amendment. There's no inconsistency between the amendments.

COUNCILMAN NUTTER: Tell me where Councilwoman Blackwell's amendment would go in this bill.

MR. FEDER: As stated, it would go at the end of Subsection 3 of Section 4 which is on page --

COUNCILMAN NUTTER: Of what --

MR. FEDER: Two, three.

COUNCILMAN NUTTER: Of section what?

MR. FEDER: Very end of the bill -- The very end of the bill before the

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exhibits. You see Subsection 3 states, Section 3 shall take effect immediately?

COUNCILMAN NUTTER: Right.

MR. FEDER: At the end of that language, after the amended language, then comes Councilwoman Blackwell's language.

COUNCILMAN NUTTER: So you're saying at the end of the bold language, to the extent not authorized by the General Assembly, any such inconsistent part of Section 3 shall not take effect?

MR. FEDER: Yes, sir.

COUNCILMAN NUTTER: And that Councilwoman Blackwell's amendment would go at the end of that?

MR. FEDER: Yes, that's... Yes, sir.

COUNCILMAN NUTTER: Then let's go back to Page 2 in this Subsection 4 where you're deleting the word taxpayer, and putting in resident of the zone is exempt from. What would then be the meaning of that, in the context of Councilwoman Blackwell's amendment?

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MR. FEDER: The meaning of that would most particularly be that in the 17th and JFK site businesses doing business in the 17th and JFK site would not be entitled to a net profits tax exemption. Only persons who live in the site would be entitled to the net profits tax exemption.

COUNCILMAN NUTTER: Right, of which we assume that there are none.

So you're saying the two amendments going in are not in conflict with each other. They're in totally separate sections.

And notwithstanding the fact that, as this amendment was originally drafted in the bill, it would have affected the Cira Center, Councilwoman Blackwell's amendment going at the end of the legislation resolves that conflict.

MR. FEDER: And in particular, Councilman, that's why it says at the beginning of Councilwoman Blackwell's amendment, just to make that clear, notwithstanding anything to the contrary.

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And then it goes on to make the point you just made.

COUNCILMAN NUTTER: Okay. And your testimony added to that, I guess would give the final indication of what our legislative intent is.

MR. FEDER: I would think that's correct.

COUNCILMAN NUTTER: Great. Thank you.

Thank you, Councilwoman Blackwell. Thank you, Councilman Clarke, and I apologize for the...

COUNCIL PRESIDENT VERNA: Councilman Clarke, you made a motion for the amendments to be adopted. Was it seconded?

UNIDENTIFIED COUNCIL MEMBER: Second.

COUNCIL PRESIDENT VERNA: It has been moved and seconded that the amendment be adopted.

All in favor will say aye.

(Chorus of "ayes.")

COUNCIL PRESIDENT VERNA: Those

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opposed?

(No response.)

COUNCIL PRESIDENT VERNA: The ayes have it, and the amendments are adopted.

Again the Chair recognizes Councilwoman Blackwell. I'm sorry. Councilman Clarke.

COUNCILMAN CLARKE: Thank you, Madam President.

Make a motion that Bill Number 040642 as amended be reported out of Committee, with a favorable recommendation.

COUNCIL PRESIDENT VERNA: Suspension of the rules have been requested.

COUNCILMAN CLARKE: And a suspension of the rules, as to allow reading at the next session of Council.

UNIDENTIFIED COUNCIL MEMBER: Second.

COUNCIL PRESIDENT VERNA: It has been moved and seconded that Bill Number 040642 be reported out of Committee with a favorable recommendation, as amended; further, a recommendation that the rules of

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Council be suspended so as to permit first reading at our next Council session.

All in favor will say aye.

(Chorus of "ayes.")

COUNCIL PRESIDENT VERNA: Those opposed?

COUNCILMAN RIZZO: No.

COUNCIL PRESIDENT VERNA: No? The record will reflect Councilman Rizzo voted no.

COUNCIL PRESIDENT VERNA: One no from Councilman Rizzo.

And the bill is reported out of Committee with a favorable recommendation.

And this concludes our public meeting.

Thank you all very much.

And I happily relinquish the Chair.

(Deposition concluded at 11:58 p.m.)

CERTIFICATE

I HEREBY CERTIFY that the proceedings and evidence are contained fully and accurately in the stenographic notes taken by me upon the public meeting of The Philadelphia City Council, taken on June 9, 2004, and that this is a true and correct transcript of same.

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DAVID A. DEIK, RPR and
Commissioner of Deeds

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