COUNCIL OF THE CITY OF PHILADELPHIA

COMMITTEE OF THE WHOLE

Room 400, City Hall
Philadelphia, Pennsylvania
Wednesday, May 22, 2013
1:50 p.m.

PRESENT:
COUNCIL PRESIDENT DARRELL L. CLARKE
COUNCILWOMAN CINDY BASS
COUNCILWOMAN JANNIE BLACKWELL
COUNCILMAN W. WILSON GOODE, JR.
COUNCILMAN BILL GREEN
COUNCILMAN WILLIAM K. GREENLEE
COUNCILMAN BOBBY HENON
COUNCILMAN KENYATTA JOHNSON
COUNCILMAN CURTIS JONES, JR.
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COUNCILMAN BRIAN J. O'NEILL
COUNCILWOMAN MARIA D. QUINONES-SANCHEZ
COUNCILWOMAN BLONDELL REYNOLDS BROWN
COUNCILMAN MARK SQUILLA

BILLS 120338, 120339, 120651, 130141, 130142, 130150, 130163, 130178, 130179, 130180, 130181, 130182, 130183, 130254, and 130308
RESOLUTION 130190

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COUNCIL PRESIDENT CLARKE: Good afternoon, folks. Sorry for the delay.

This is a continuation of the public hearing of the Committee of the Whole regarding Bills No. 120338, 120339, 120651, 130141, 130142, 130150, 130163, 130178, 130179, 130180, 130181, 130182, 130183, 130254, 130308, and Resolution 130190. Today, today we will be hearing testimony on Bills No. 130308, 130141. All of the other bills that I just read into the record will be recessed until May 28, 2013 at 10:00 a.m.

Is that clear? Thank you. I hope everybody understands that, because I'm not sure I do.

Ms. Lewis, please read the titles of the bills and resolution that will be heard today, which will be 130141 and 130308.

MS. LEWIS: Bill No. 130141, amending Chapter 19-2900 of The Philadelphia Code, entitled "Senior Citizen Special Tax Provisions," by providing for those circumstances where a participant in the tax freeze program authorized by that Chapter would owe less taxes as a result of a reduction in the tax rate or the assessed value of the taxpayer's property but for his or her prior enrollment in the program; all under certain terms and conditions; and

Bill No. 130308, amending Section 19-1303 of The Philadelphia Code, entitled "Discounts and Additions to Tax," by tolling additions, interest and penalties when the assessed value of the property is under appeal; limiting what the Department can bill for tax years under appeal; and requiring for the tax year under appeal payment of an amount at least equal to the prior year's tax; all under certain terms and conditions.

COUNCIL PRESIDENT CLARKE:
Thank you.

For the record, there will be an amendment offered for Bill No. 130308.

Councilman, the amendment has

been circulated? Councilman Squilla?

COUNCILMAN SQUILLA: Yes, I believe it to be circulated.

COUNCIL PRESIDENT CLARKE: Thank you, Councilman.

At this time, we will hear from the Administration on Bill No. 130308.

(Witnesses approached witness table.)

COUNCIL PRESIDENT CLARKE: Good afternoon.

MR. DUBOW: Good afternoon. Good afternoon, Council President Clarke and members of the Committee. My name is Rob Dubow. I'm the Finance Director for the City of Philadelphia. With me today is Rebecca Rhynhart, Budget Director, and I'm here to testify in opposition to Bill No. 130308, which proposes changes to the manner in which property tax payments are made when an assessment is under appeal.

Under the proposed legislation, taxpayers who appeal their assessment would be required to pay an amount equal to their tax liability from the prior year and would not have to pay any interest or penalties on the amount of the tax that's under appeal. Under current law, taxpayers have to pay interest and penalties if they lose their appeal and have not paid the full amount of their tax.

We're concerned the legislation would encourage appeals because it removes the consequence for filing an appeal with no merit. It provides an incentive to appeal even if a taxpayer believes that there is little chance that an appeal will be successful, because that taxpayer will not have to pay any increase until the appeal process is over. In essence, to be clear, we believe every property owner who has a legitimate basis for an appeal should appeal. We do not, however, want to encourage property owners who don't have a legitimate basis for appeal to file appeals. That could serve to dramatically increase the number of appeals the BRT hears and could mean it would take longer for the Board to get to the appeals that have merit.

Encouraging people to appeal regardless of whether their appeal has merit could also have a negative impact on the City's and the School District's cash flow if even a fraction of those with increases appealed their assessments.

In considering the bill, we verified that the current practice in Philadelphia is consistent with practices in other jurisdictions. We asked half a dozen other large jurisdictions, including New York, LA, Chicago, Boston, Baltimore, and Nassau County about their practices. In all cases, even after a full reassessment in Nassau County, the property tax bill is considered valid until proven otherwise through an appeals process and taxpayers are required to pay their full tax bill. If taxpayers do not pay their full amount and they lose their appeal, they are required to pay interest and penalties on that amount.

For the reasons discussed in this testimony, we request that this bill not be voted out of Committee.

That concludes my testimony, and we'd be happy to answer any questions you may have.

COUNCIL PRESIDENT CLARKE: Thank you very much, Mr. Dubow.

The Chair recognizes Councilman Greenlee.

COUNCILMAN GREENLEE: Thank you, Mr. President.

Good afternoon. Mr. Dubow, I understand where you're coming from, but I guess I'm just thinking that this year is different. There's a lot of people who are going to get a significant increase no matter what we do, and I guess when you talk about you don't want people filing ones that aren't legitimate, isn't the other way of looking at that, we don't want to discourage people from filing? And I think knowing that there's going to be a lot of appeals, it just seems to me that people -- this time we don't want to do anything to try to tell people they shouldn't try to appeal. Maybe it's not something we should keep forever, but this year just seems like it's a unique year, in my opinion.

MR. DUBOW: And I don't think we're trying to discourage legitimate appeals, because I think if people think they're going to win, there isn't penalty or interest.

COUNCILMAN GREENLEE: But you really don't know that, you know. I mean, because we don't even know at this point in time when they appeal, you don't know where the Board is going to be coming from on these things. So, I mean, I keep saying it's unique. It's a unique year.

MR. DUBOW: Yeah, but you do

know if your assessment is accurate. If it's already accurate, we don't want those people to appeal. That's really what our concern is about.

COUNCILMAN GREENLEE: And isn't it going to take -- I know you're concerned about the time if this is passed, but realistically, isn't it going to be a longer period of time this year, because don't you think there will be more appeals this time?

MR. DUBOW: I think there will. We've given additional resources to the BRT, and if they think they need more resources, we would do that too. But it probably will be a longer process, which also then goes back to the cash flow impact on both the City and the School District if there are more appeals that don't really have merit.

COUNCILMAN GREENLEE: But I guess you're just assuming -- I mean, do you have any guess, have you done any study, you think how many more would be filed that you're not calling legitimate? And we might not agree what is legitimate or not.

MR. DUBOW: Right. And obviously --

COUNCILMAN GREENLEE: Under your thinking, what would be --

MR. DUBOW: Obviously there's no way to put an exact number on that, but let's say through relief measures there may be 30 percent of homeowners that are going to have increases. Out of 570,000, that's going to be like 160,000 properties. If 10 percent of those appeal who wouldn't have appealed before because they didn't think there was merit, that's 16,000 properties. That's a lot.

COUNCILMAN GREENLEE: I'll just end with this, Mr. President.

It kind of goes back to what I was saying earlier to the OPA. I think it would have been in the interest of the City to try to deal with the reviews as quickly as possible.

MR. DUBOW: Yes.

COUNCILMAN GREENLEE: Try to get an idea about where this was going. I think the problem is going to be by waiting so long to give out any answer on the reviews, I think you're forcing more people to appeal. But maybe if a lot of those reviews come back, we would hope, because at least I see, a number of them that are blatantly wrong, if they had come back early, that might have discouraged some people from, to use the word, from filing legitimate appeals.

MR. DUBOW: I think their intention is to get back to people in advance of when they would have to appeal to the BRT so that people will know. And typically most of the appeals do come in really close to October 1st. So their goal is to get back to people well before then, and that should remove some of the -- a lot of what we call the legitimate appeals, because if they're wrong, we want to change them.

COUNCILMAN GREENLEE: I just think the earlier would have been the better. I think it would have just set a better tone out there. But it is what it is.

Thank you, Mr. President.

COUNCIL PRESIDENT CLARKE: Thank you, Councilman.

The Chair recognizes Councilman Squilla.

COUNCILMAN SQUILLA: Thank you, Mr. President.

Mr. Dubow, we spoke about this before. And when somebody appeals because they believe their assessment is wrong, they have the ability to go to the BRT. And then what happens in the case you have a mortgage. The BRT did not hear your assessment yet. The City sends the bill out to the mortgage company. The mortgage company pays the bill and then they notify the constituent or the resident that your tax bill was $4,000 more than last year; therefore, you have to pay this year's bill, you have to come up and then you'll have a double payment.

Some of these people, we might be forcing people to be delinquent on their mortgage because of a wrong assessment. So this in a way enables them if they do have an appeal that would be successful, that bill would never go out. The only bill that would go out is the bill from the previous year, so the City still will be getting the money, and the bill that would not go out will be the bill that may be a wrong assessment.

Now, if BRT doesn't get a chance to hear this appeal in a timely manner, well, that's not the resident's fault, so they shouldn't have to pay the money. If we're talking about fairness and accuracy, which is the goal of AVI, do you think it's fair for somebody to pay a tax bill on an assessment that isn't correct?

MR. DUBOW: No, and if they win

their appeal, they get a refund. But if part of the goal here is to get through the appeal process as quickly as possible, I think we would want to eliminate the incentive for people who don't have a reason to appeal to appeal, because this legislation will increase the number of appeals.

COUNCILMAN SQUILLA: Well, we didn't have legislation for the reviews. How many first-level reviews were there?

MR. DUBOW: I think there were close to 50,000.

COUNCILMAN SQUILLA: Fifty thousand. So there's 50,000 people who believe maybe their assessment wasn't correct. Now, that's a small number from the assessed values.

MR. DUBOW: Right.

COUNCILMAN SQUILLA: There's still many people out there that probably may appeal to the BRT that didn't appeal to --

MR. DUBOW: Could be.

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COUNCILMAN SQUILLA: -- OPA.

MR. DUBOW: As Councilman Greenlee said, one of the things we hope happens through the first-level review process is to the extent that there were mistakes, that they're corrected and people get new assessments and then don't have to appeal to the BRT.

COUNCILMAN SQUILLA: Exactly. So all those people will not appeal. So you fix the problem for a multitude of people. So now instead of having 50,000 appeals, hopefully we have 10,000 appeals or 5,000 appeals that people who still believe that their assessment is not correct for whatever reason.

Now, do you think --

MR. DUBOW: And those are the people we want to appeal, people who really think they're not correct. We don't want to provide an incentive for people who don't think the bill is incorrect to appeal. That's really our concern.

COUNCILMAN SQUILLA: But you want them to pay the bill. You want them to pay the full freight of that assessed value that may be wrong.

MR. DUBOW: Just like they do now and just like they do in every other jurisdiction we talked to.

COUNCILMAN SQUILLA: But this is a different type of year. This is a different city. We did a full city reassessment. We know that there's issues with -- well, we believe there's issues with the assessment as far as the accuracy of them. So for this year, I would believe that we would want to make sure we protect our residents from inflated bills that aren't accurate. And to have them pay that anyway and say you get a credit, your appeal might not be heard for two years and you're going to get a credit for your future years, they might not be able to pay that. So are we going to then start to say, All right, their taxes were due, they did not pay what they owed, now we're going to start putting their houses up for Sheriff Sale on something that was a wrong assessment? I don't think that's fair and I don't think that's the responsible way to protect our residents.

MR. DUBOW: Yeah. Again, part of the reason we did the first-level review is so that we could get to some problems earlier, and part of the reason that we are concerned about this bill is we don't want to inflate the number of appeals, because that will slow down the process.

COUNCILMAN SQUILLA: So you think as soon as this bill passes, the whole city is going to appeal?

MR. DUBOW: I don't think the whole city, but as I said to Councilman Greenlee, if 10 percent of people who have increases and who apply and don't really need to, that's still 15,000 appeals. That's a lot of appeals.

COUNCILMAN SQUILLA: Where do

you get that number from?

MR. DUBOW: I was looking at if 30 percent of properties have increases out of 579,000, that's about 170,000. If 10 percent of those appealed and didn't really need to, that's 17,000.

COUNCILMAN SQUILLA: Seventeen thousand.

MR. DUBOW: Yeah. So that's a big number.

COUNCILMAN SQUILLA: We already have 50,000 that appealed for a review. So, I mean, obviously we know there's legitimate appeals out there.

MR. DUBOW: That's right.

COUNCILMAN SQUILLA: And just because there may be a few people that get caught in the web or try to buy the system for whatever reason means that the other people should be discarded and have to pay.

MR. DUBOW: I don't think they should be discarded. I think that we should follow the procedures that we have and that other cities have.

COUNCILMAN SQUILLA: Well, we don't seem to follow the procedures what other cities have with collecting taxes.

MR. DUBOW: We actually do. I mean, our rate is actually from what we think consistent with cities with similar demographics, that 91 percent, 91 and a half percent is fairly consistent.

COUNCILMAN SQUILLA: That's fairly consistent with other cities?

MR. DUBOW: Mm-hmm.

COUNCILMAN SQUILLA: Well, I'll come back.

Thank you.

COUNCIL PRESIDENT CLARKE: Thank you, Councilman.

The Chair recognizes Councilwoman Brown.

COUNCILWOMAN BROWN: Thank you, Mr. President.

Good morning -- or afternoon.

MR. DUBOW: Good afternoon.

COUNCILWOMAN BROWN: I want to

echo the concerns raised by Councilman Squilla. Given the unprecedented nature of AVI and given what many agree has been an unpopular rollout and execution of AVI and given the testimony that was put on the record by the Office of Property Assessment, that it could conceivably take us three years to get this right, what responsibility or role should government have towards doing exactly what Councilman Squilla has suggested and, that is, provide protections for citizens while government seeks to get it right?

MR. DUBOW: I think that's a big reason why we added the first-level reviews, which are a new process that didn't happen before. So people have an ability to actually go to the Office of Property Assessment, talk to their assessor, say, Here's why we think that doesn't make sense and get a change in their assessment. That's a change, something we've never offered before. We

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also -- whatever resources the BRT asks for, we gave them to make sure that they can handle appeals as quickly as possible.

COUNCILWOMAN BROWN: Point of information to the sponsor of the bill. Is this not the one year, Councilman Squilla?

COUNCILMAN SQUILLA: Say that again.

COUNCILWOMAN BROWN: The intent of this bill, is it not -- is it only for one year?

COUNCILMAN SQUILLA: Yes. With the amendment added, this would be just for 2014.

COUNCILWOMAN BROWN: So given that short window, which will ultimately be a short window, the Administration still is of the view that -- and you can complete the sentence.

MR. DUBOW: Yeah. We're still worried. I mean, there's a cash flow issue with this for both us and the

School District that's a concern too.

COUNCILWOMAN BROWN: Okay.

Thank you, Mr. President.

COUNCIL PRESIDENT CLARKE: Thank you, Councilwoman.

The Chair recognizes Councilman Jones.

COUNCILMAN JONES: Mr. President, I've been to seven AVI forums. Talk about cash flow concerns and issues, a lot of the people who are getting assessment hikes have those same day-to-day issues in their household budgets, that for some of them these increases are stark and dramatic.

I understand that we have cash flow issues, and we're dealing with a lot of those cash flow issues in some of the revenue measures that we are actually considering. I think this time Councilman Squilla's bill allows us to err on the side of the taxpayer and give them the benefit of the doubt. When people pay their taxes and there's a miscalculation on behalf of the City and they are owed more, the interest and penalty applies. When the mistake is on the part of the City and the consumer is owed money, all they get is a credit.

So on this bill, I think it's important that in light of all of AVI, in light of all of this, that we give them the benefit of the doubt.

The other issue for me is the fact that right now when people appeal, the thing that they get is an acknowledgment just that we've got your appeal, not a decision, not a timeframe for a decision, but take a number, you're going to be in this line at some point considered for that. And in those kinds of cases for this one year, which is an outlier as opposed to the norm, I think we would have to give the benefit of the doubt to the consumers in this particular year for AVI. And I don't -- I understand, but it's outweighed by if we make mistakes on behalf of the taxpayer, they don't get justice, if you would. And that's a comment. No need to respond.

COUNCIL PRESIDENT CLARKE: Thank you.

COUNCILMAN JONES: Thank you, Mr. President.

COUNCIL PRESIDENT CLARKE: Thank you.

The Chair recognizes Councilman Green.

COUNCILMAN GREEN: Thank you, Mr. President.

Good afternoon.

MR. DUBOW: Good afternoon.

COUNCILMAN GREEN: Is there an estimate of -- the way I understand the bill, it would be a one-year exemption. It would be the taxpayer would have to pay in order to get this benefit the taxes that they owed the previous year.

MR. DUBOW: That's right.

COUNCILMAN GREEN: So given that, I can't remember, some 80 percent of property owners are going to have a $400 or less increase, or whatever that statistic is that's not on the top of my head, is there an estimate of, given how many first-level appeals have been filed with OPA and the differentials, is there an estimate of what the potential cash flow problem is? I mean, is it millions, tens of millions?

MR. DUBOW: Yeah. And in the example I've been giving, if 10 percent of people applied, I think it's like a $10 to $12 million problem.

COUNCILMAN GREEN: Ten to $12 million. And what's the fund balance estimated for next year?

MR. DUBOW: This is both on the City side and the School District side. So for the City side, it's about 80 million. For the schools, they're trying to close a $304 million gap.

COUNCILMAN GREEN: So is it 10 to 12 million on the School District side or is that --

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MR. DUBOW: Total.

COUNCILMAN GREEN: So on the School District side, that's a $5 million cash flow problem?

MR. DUBOW: A little more, yeah.

COUNCILMAN GREEN: Okay. And is commercial included in this bill?

MR. DUBOW: I think everybody is included, yeah.

COUNCILMAN GREEN: What would the estimate be if you excluded commercial properties and industrial properties?

MR. DUBOW: Commercial and industrial I think is about 100,000, right? So it would probably take it down by a million or two. They're not a big part of the number I was doing.

COUNCILMAN GREEN: Okay. And I guess a lot of their taxes are going down, at least with respect to the bigger properties.

MR. DUBOW: Right. So they

probably wouldn't be appealing.

COUNCILMAN GREEN: I'm just trying to think out loud here. So we don't really have a cash flow problem on the City side because we have a fund balance of $80 million, so --

MR. DUBOW: The fund balance and cash flow can be really different. So there are times of the year where even with an $80 million fund balance your cash is relatively tight.

COUNCILMAN GREEN: I fully expect that you may have to put it in a TRAN or something like that. With respect to the District, do they do TRAN borrowings --

MR. DUBOW: They do.

COUNCILMAN GREEN: -- like we do to smooth out their cash flows?

MR. DUBOW: They do.

COUNCILMAN GREEN: So in theory, both the District and the City could add what they know will be the ultimate revenue as a result of this one-year shift to their TRAN so that they don't have cash flow issues?

MR. DUBOW: Assuming -- well, there are two things there. One, assuming that all the appeals are done by the end of the year, because then the District could still have a cash flow problem at the end of the year, and then there's some additional cost for that, but yes.

COUNCILMAN GREEN: Thank you.

Thank you, Mr. President.

COUNCIL PRESIDENT CLARKE: Thank you, Councilman.

The Chair recognizes Councilman Squilla again.

COUNCILMAN SQUILLA: Yes. What was the money set aside for appeals for this year?

MS. RHYNHART: We set it aside in terms of assessed value, but it's usually about 20 million, a little under that, total City and School District.

COUNCILMAN SQUILLA: I think

it's closer to 30 million.

MS. RHYNHART: I'm sorry. You're talking about Fiscal '14? For Fiscal '14, we increased it by 50 percent for Fiscal '14 with AVI going into effect, so it would be about 30 million.

COUNCILMAN SQUILLA: About $30 million?

MS. RHYNHART: That's right.

COUNCILMAN SQUILLA: We already have that money in the budget. So you're saying $12 million may be an estimate of you may not get on time, but you already have $30 million built in to the budget that's already going to be there for this money.

MR. DUBOW: Right, and our concern is not with people who have legitimate appeals who are already going to appeal. It's the appeals that we don't think would have merit.

COUNCILMAN SQUILLA: But you're going to get that money. So if they don't have merit and they lose, you get the money. You already have $30 million built in. You already have enough money to cover the cost of maybe $12 million that you're saying --

MR. DUBOW: Thirty million built in for appeals that we think that are legitimate, so that we would lose. We're talking about ones where we think we'll win. So it's a different category.

COUNCILMAN SQUILLA: All right. So if you think they're going to win and lose, what would the number be? So 30 million --

MR. DUBOW: I'm not sure I understand your question.

COUNCILMAN SQUILLA: You're saying you built in $30 million for the people that the City is going to lose with.

MR. DUBOW: Right.

COUNCILMAN SQUILLA: So the City is going to lose $30 million in appeals.

MR. DUBOW: Mm-hmm.

COUNCILMAN SQUILLA: So that's built into the budget. So during that process, when these people are going through their appeals, the money is accounted for.

MR. DUBOW: For people who are successful in their appeals. We're talking about people who would not be successful.

COUNCILMAN SQUILLA: Well, if they're not successful, then they pay.

MR. DUBOW: They do, but they pay later. That's the cash flow issue. They're not paying in February or March.

COUNCILMAN SQUILLA: But also the money that you have already accounted for, the $30 million that's in the budget, is not going to go out, because those appeals may not be heard for a year. You're already holding this money for losses. So that money is there. Whether they win it or lose it or pay it later is not going to make a difference, because you already have it budgeted.

MS. RHYNHART: I mean, as Rob said, we have the loss budgeted. The Administration's concern on this bill is that it will provide incentive for anyone and everyone to appeal their tax bill, because it's an interest-free loan. If you appeal, you don't have to pay any increase in your tax and you don't have to pay the penalties too on that. So it would encourage people that otherwise would not appeal, that don't perhaps feel that they would win, to appeal, because it's an interest-free loan. It would be the smart thing financially for a household to do.

COUNCILMAN SQUILLA: Well, maybe in your view, it's a smart financial move. Most of the people and we know throughout the City of Philadelphia haven't even applied for a homestead that they're eligible for, and that's a smart thing to do too. So we know that this is not going to reach everybody. This is going to protect those people who aren't the savvy people that are going to go out there and try to manipulate the system. This is going to protect the poor and the seniors that are there that know that if they have to come up with this, they want to appeal because they feel that this number is wrong. Now, when they have to pay, if they can't come up with a payment, then they still have the same timeframe to pay it that they did previously, 30 days from the appeal date -- from the settlement of the appeal. So they have to come up with the money at that time.

MR. DUBOW: It's not the same as before. Before they paid by the tax due date, not --

COUNCILMAN SQUILLA: March 31st, but they still have to pay their previous tax bill by then. So the difference isn't the whole thing. It's not the whole amount. So if their bill went up -- say they paid $800 --

MR. DUBOW: When I gave you

this, I was not assuming the full amount. I was assuming a difference of a couple hundred dollars between what they paid and what they appeal.

COUNCILMAN SQUILLA: You think if a person's tax went up $200, he's just going to appeal it so he don't have to pay the 200 extra dollars for --

MR. DUBOW: He wouldn't have to pay anything.

COUNCILMAN SQUILLA: No. He has to pay his bill from the previous year.

MR. DUBOW: Right, so he doesn't have to pay his $200. That's right.

COUNCILMAN SQUILLA: So is somebody going to do that? Go through all that trial and go up to BRT and -- I mean, I think you're overreacting to it, and I just think that we already have the money budgeted for appeals, and that money will be there to cover the cost of the City and that it will not affect their balance in any way moving forward. And that's my opinion.

MR. DUBOW: I understand, but, again, we have money in the budget to cover appeals that we think are based on people appealing when they think they will win, not a heightened level of appeals for people who might not think they'll win. That's our concern.

COUNCILMAN SQUILLA: Is there anybody else asking questions?

COUNCIL PRESIDENT CLARKE: If you have an additional question.

COUNCILMAN SQUILLA: Yeah, one last question.

During the process of the appeal, the residents who had to pay their bill -- and I'm not talking about a $200 difference, because I really don't believe that if somebody's taxes went up $200 that they're going to go out there and spend all this time appealing to the BRT. But if it's a $3,000, $4,000, $2,000 increase in their taxes, your opinion is that they should have to pay that whole amount by March 31st?

MR. DUBOW: Yes.

COUNCILMAN SQUILLA: All right. Thank you, Mr. President.

COUNCIL PRESIDENT CLARKE: Thank you, Councilman.

The Chair recognizes Councilman O'Neill.

COUNCILMAN O'NEILL: Thank you, Mr. President.

Mr. Dubow, how many appeals do you estimate are going to be filed next year, in your best ability? Not the frivolous ones; just the real appeals. I'm kidding about the frivolous ones. I think that $200, people aren't going to go to that trouble. They're not going to go to that trouble -- there may be appeals that are frivolous for somebody who has a big, big increase and they just can't see their way through and the only thing they can do right now is file an appeal, but I do not think the smaller amounts are going to do it, even if they think they have a legitimate gripe. People just don't tend to go through all this for a small amount. In fact, my experience from people who have filed the first-level reviews have mostly been confusion issues, and when they found out the actual number they're due, it's not a second bathroom or a smaller lot or something like that. It's just they didn't understand it, and they're very happy if they're just in the range of what they think their house is worth and not so much whether it's a big or a small increase, but it's not really large, that it's close to what they were paying.

But I just have a few questions. What is your estimate of the number of appeals for '14?

MR. DUBOW: So we did it --

COUNCILMAN O'NEILL: Assuming this bill doesn't cause a problem, which I don't think it will.

MR. DUBOW: We did it by dollar

amount rather than number. So we assumed about $30 million in appeal losses.

COUNCILMAN O'NEILL: Do you know how many appeals were filed in the current year?

MR. DUBOW: I think it was a couple thousand.

COUNCILMAN O'NEILL: And you think it's going to be higher next year?

MR. DUBOW: Yeah. I mean, for the first-level reviews, we got 50,000, so we think there --

COUNCILMAN O'NEILL: Again, a lot of it is people asking questions. It's not -- and just the general questions about how the process is, why their assessed value went from a very low number to a very high number even though they find out their taxes were lowered.

MR. DUBOW: Right. A lot of them didn't involve real assessments.

COUNCILMAN O'NEILL: If there were 2,000 -- and we don't have a number today, but you said a couple thousand in the current year -- would you think it would be doubled next year under AVI, tripled, 10 percent higher?

MR. DUBOW: I think the number of assessments will go up significantly.

COUNCILMAN O'NEILL: Appeals?

MR. DUBOW: Appeals. Sorry. The dollar value might go up as much --

COUNCILMAN O'NEILL: But I'm not driving this question at the dollar value. I'm driving at the number of cases that are going to have to be heard, because we were talking about delay.

MR. DUBOW: We had 50,000 that went to the first-level review. Let's say half of those get resolved through first-level review. You could still have 10,000 to 15,000 appeals.

COUNCILMAN O'NEILL: So you could have easily, in your opinion, a 500 percent increase, from 2,000 to 10,000, say, without getting into 15 or anything. But 500 is a pretty high increase.

BRT is still independent of the

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Administration.

MR. DUBOW: They are.

COUNCILMAN O'NEILL: So if the Administration thinks things are moving a little slowly over there, there's nothing we can do about it, except say, We think it's moving a little slowly, can you move it faster.

MR. DUBOW: Right, and it kind of depends why. If they say --

COUNCILMAN O'NEILL: But I don't mean the why, but you still can't even if you -- whether you agree or disagree with them for the reason, we have no control over it.

MR. DUBOW: Yeah. The one thing I was going to say is if the reason they're moving slowly is they say they don't have enough resources, we can help with the resources.

COUNCILMAN O'NEILL: Okay. Now you're getting to where I'm trying to go with this. Do you have a plan -- first of all, their salaries were all lowered, correct?

MR. DUBOW: Their salaries were lowered.

COUNCILMAN O'NEILL: And a couple of them were lowered by quite a bit, but others were lowered substantially, like 75 to 15.

MR. DUBOW: They went per diem, but then they went to court and I think they won at the last round, and I actually don't know exactly --

COUNCILMAN O'NEILL: So are they back at their old salaries?

MR. DUBOW: They are back at annual salaries. I'm not sure whether they're their old salaries, but they are -- I think they're all at salaries now as opposed to --

COUNCILMAN O'NEILL: But are they still substantially below what they used to make?

MR. DUBOW: They're still below what they used to make.

COUNCILMAN O'NEILL: Because

the salaries in that legislation, even for the secretary and the chair were 45 and 50 instead of 70.

MR. DUBOW: Yeah.

COUNCILMAN O'NEILL: Given all that, you can't control them, they've got much lower salaries, going to be 500 percent to even more cases coming before them, you have this concern, which is legitimate with or without Councilman Squilla's bill before us, that there's going to be a backlog possibly of cases that are going to take longer than usual, because at 2,000 they can get done in the current year, I would think. They don't usually run into the second year.

Do you have a plan to incentivize them, whether taking them back to their old salaries or some other higher salary, even if it's just for the period of this heavy increase, or have you met with them about staffing or the whole issue of what incentives are for an independent body? One would be their own pay and the other would be having enough people on the ground to do the work in there.

MR. DUBOW: We had conversations --

COUNCILMAN O'NEILL: Because we're in the budget now and I'd hate to be voting for a budget next the week and find out that a month from now that we missed the incentives that we had to do seeing this problem coming down the road so quickly right after July 1st.

MR. DUBOW: We had conversations with them about the resources they would need. They made a request, and we gave them the full request. They actually -- their Executive Director testified to that during their hearing. If at some point they say, You know what, that really wasn't the right level of resources, we need more, we would provide that too.

COUNCILMAN O'NEILL: Then I have another question, because you were

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guessing 500, I mean, 10,000, 15,000.

MR. DUBOW: And it is just a guess.

COUNCILMAN O'NEILL: Right, but when they came to you asking for more resources, did they have a guess? And they're the hearing body, the adjudicated body that's going to be hearing it.

MS. RHYNHART: I think they did have a guess. I don't remember offhand what it was, but --

MR. DUBOW: We can get that.

MS. RHYNHART: -- we can get that.

COUNCILMAN O'NEILL: Because I'm just trying to see -- and was there any discussion on salaries that --

MR. DUBOW: In that request? No.

MS. RHYNHART: In the budget request? No.

COUNCILMAN O'NEILL: No, no. Have they talked to you about the fact that a couple of them are making considerably less than before and the other five are making a whole lot less than before, and they have this glut of cases coming up that -- they can move at their own pace that they've normally been doing or they can move at some accelerated pace that they haven't had to do in the past, and I'd rather see us having those discussions now rather than later. I mean, two years from now we may be back to where we were last year, but during this period, if we get anywhere near your estimates of cases, 2,000 a year, if you get 10,000 to 15,000, we're talking about four or five years waiting for people to get hearings at least on the current case.

MR. DUBOW: Right, and I think what they were -- and you, I guess, had that conversation. I think they were requiring resources to make sure it didn't take that long, that they wanted to be able to handle them quickly.

COUNCILMAN O'NEILL: But I

would ask between now and next Wednesday if the Council President would be included in discussions with the BRT that encompass both their needs based on these kind of numbers of cases and also their own internal discussions about their workload versus their substantially lowered payment to themselves, because if one is going to be a problem, we should know about it now, not later, and be able to deal with it.

Thank you.

COUNCIL PRESIDENT CLARKE: Thank you, Councilman.

Mr. Dubow, do you have any testimony? I think we pretty much talked through the senior freeze program.

MR. DUBOW: I think we're supportive of that legislation.

COUNCIL PRESIDENT CLARKE: You guys are supportive of that, so we won't bother with that. Okay.

There are no other questions, no other witnesses. Thank you very much.

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MR. DUBOW: Thank you.

COUNCIL PRESIDENT CLARKE: At this time, we would like to have a very brief callback with my good friend from Public Property. Commissioner, I promise it will be real brief.

(Witnesses approached witness table.)

MS. COLLINS-GREENWALD: Good afternoon. Bridget Collins-Greenwald, Commissioner of Public Property.

COUNCIL PRESIDENT CLARKE: Good afternoon. Real briefly, my favorite subject, municipal marketing. First, I want to thank you and the City Solicitor for agreeing to get engaged on a very detailed matter.

The last time I talked to you you referenced a process, and I believe I had asked for something in writing indicating what that process was, with a timeline attached. Did I get that?

MS. COLLINS-GREENWALD: You did not get that. What we did do was, we held one meeting and we asked -- we were asked to hold biweekly meetings by the City Solicitor. She arranged for us to have biweekly meetings with all the people involved in this process. So us, Public Property, the Treasurer's Office, Parks and Rec, Law, MDO. So what we've done, we convened those meetings, and actually a member of your staff, Will, is actually serving on them. We have a meeting this Friday, and what we intend to do after that meeting was come to you with, Here's where we're at, here's the timeline, hopefully get you exactly what you need. So that meeting is Friday. So this meeting -- this callback came before this meeting -- that meeting.

COUNCIL PRESIDENT CLARKE: In my periphery I'm looking at the lady to your right and she was shaking her head. Was that no, that it's not going to happen or you're just thinking about something else?

MS. WINKLER: I don't believe

that from -- with respect to the work that the Treasurer's Office has to do for this, that we are going to know by Friday what a concrete timeline would be and we're not going to be in a position. I'm happy to get into detail with you to explain where we are and what we are able to tell you what we're doing, but we have a lot of issues to evaluate, and notwithstanding the fact that we're treating this with a high degree of priority and have tasked my senior --

COUNCIL PRESIDENT CLARKE: What was that last part about priority?

MS. WINKLER: It's a high priority among a number of high-priority projects we have.

COUNCIL PRESIDENT CLARKE: It is a high priority?

MS. WINKLER: In our office. We are spending a lot of time on it.

COUNCIL PRESIDENT CLARKE: I thought you said you had higher priorities. I was going to say, Oh, boy, here we go.

MS. WINKLER: Well, we do have four bond issues we're working on this summer also. We have one person in our office full time assigned to work on bond issues, which is part of a large number of different things we're working on.

COUNCIL PRESIDENT CLARKE: This is my problem, and I'm probably going to keep bringing you guys back until we're out of here on the 20th. This is something that we've been talking about for a year and a half now, and all it requires is a simple request for proposals. I've seen probably close to a hundred RFPs go out of this government within that timeframe, and why we can't get something as simple as this out on the street, particularly when, as evidenced by the conversations from the providers where they actually do the work that you're currently saying is going to now take you into September, because I'm understanding there's this task force, I mean is the most ridiculous thing I've ever seen. So, again, I'm going to say it again. This is a case where somebody says that they're going to do something, but they don't do anything because they really don't want to do it. Right? I don't know if it's because it's not their idea or anything else, but I'm going to keep saying it until I see some substantive process that establishes a way for us to get revenue to the City of Philadelphia.

I sat in an editorial board yesterday, talking to the editorial board about schools, and somehow they were under the belief -- and this is based on an editorial that they wrote in the Sunday paper -- that the City Council hasn't stepped to the plate about providing revenue to the School District, simply because we weren't standing at some podium somewhere at a press conference. And I reminded them that City Council had a bill introduced last year, I believe it was in February, and the proceeds of the municipal marketing program would have gone directly to the School District. But guess what? Got no feedback from the Administration. So here we are a year and a half later and now being told that there's a task force being formed that's going to have further conversation about something that could have been done a year ago. This is like stunning.

So I'm going to say it again. This seems to be a case where people don't want to do something because it's not their idea. So what I'm going to ask you to do, because I'm telling you I'm calling you back next week -- you hopefully will have a letter at a minimum, and I'm going to keep calling you guys back. And I know you love coming over here, so that might not be a big issue to you to keep coming back. And I know it's not your problem. I know it's not your issue.

So hopefully by next week you will have a letter referencing a timeframe. And I hear what the Treasurer's Office is saying over there, but in all due respect, if you can't get something done in a year and a half, then maybe we need to have new people over there working on something.

MS. WINKLER: Would you like me to walk through what it is we need to do?

COUNCIL PRESIDENT CLARKE: All I asked for the last time you were here was for a letter, and I was told that that letter was going to be forthcoming, and I did not get the letter yet. So I'm just simply asking for what you said you were going to get us.

MS. COLLINS-GREENWALD: We'll make sure we get you something after Friday. After that meeting on Friday, we'll outline the process.

COUNCIL PRESIDENT CLARKE: Thank you. Thank you for your testimony.

There are no other witnesses,

no other questions on the bills. This concludes our public hearing. We will now go into our public meeting.

The Chair recognizes Councilman O'Neill for a motion on Bill No. 130141.

COUNCILMAN O'NEILL: Thank you, Mr. President. I move that Bill No. 130141 be reported from this Committee with a favorable recommendation and further move that the rules of Council be suspended to permit first reading of this bill at the next session of Council.

(Duly seconded.)

COUNCIL PRESIDENT CLARKE: It's been moved and properly seconded.

All those in favor?

(Aye.)

COUNCIL PRESIDENT CLARKE: Those opposed?

(No response.)

COUNCIL PRESIDENT CLARKE: The ayes have it. Bill No. 130141 is reported out of Committee with a favorable recommendation and will be read at our next session of Council.

The Chair recognizes Councilman Squilla for a motion on Bill No. 130308 on the amendment.

COUNCILMAN SQUILLA: Thank you, Mr. President. I move that the amendment to Bill No. 130308 be adopted.

(Duly seconded.)

COUNCIL PRESIDENT CLARKE: It's been moved and properly seconded.

All those in favor?

(Aye.)

COUNCIL PRESIDENT CLARKE: Those opposed?

(No response.)

COUNCIL PRESIDENT CLARKE: The ayes have it.

Councilman Squilla.

COUNCILMAN SQUILLA: Thank you, Mr. President. I move that Bill No. 130308, as amended, be reported out of this Committee with a favorable recommendation and further move that the rules of Council be suspended to permit the first reading of this bill at the next session of Council.

(Duly seconded.)

COUNCIL PRESIDENT CLARKE: It's been moved and properly seconded.

All in favor?

(Aye.)

COUNCIL PRESIDENT CLARKE: Those opposed?

(No response.)

COUNCIL PRESIDENT CLARKE: The ayes have it. Bill No. 130308 is reported out of Committee with a favorable recommendation, as amended, and will be read at the next session of Council.

Thank you all very much. This concludes the public meeting.

For the record, the Committee will stand in recess until Tuesday, May 28th, 2013 at 10:00 a.m. in City Hall.

(Committee of the Whole concluded at 2:40 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.

MICHELE L. MURPHY
RPR-Notary Public

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