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COUNCIL OF THE CITY OF PHILADELPHIA

3

PUBLIC HEARING

4

COMMITTEE ON FINANCE

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Room 400, City Hall
Philadelphia, Pennsylvania
Tuesday, June 8, 2004
10:40 a.m.

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BILL 040023 - An Ordinance amending Section
19-2604 of The Philadelphia Code, relating
to tax rates...

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BILL 040153 - An Ordinance approving the
Fiscal Year 2004 Capital Budget...

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BILL 040328 - An Ordinance Authorizing the
creation of a loan or loans to provide funds
for and toward various capital municipal
purposes...

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BILL 040559 - An Ordinance amending the
Ordinance approved July 12, 1968...

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PRESENT:

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COUNCILWOMAN JANNIE BLACKWELL, Chair
COUNCILMAN W. WILSON GOODE
COUNCILMAN RICHARD MARIANO
COUNCILWOMAN BLONDELL REYNOLDS BROWN

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I N D E X

BILL 040559	PAGE
JOSEPH BOGDONAVAGE, PGW.....	5

1 06/08/04 - FINANCE

2 COUNCILWOMAN BLACKWELL: Good

3 morning. The Committee on Finance is now
4 called to order. Today we're here to consider
5 -- there are two bills scheduled had for
6 today, Bill No. 040023, adjust the business
7 privilege tax. The other is an amendment to
8 PGW's pension plan. I'll also note that Bill
9 No. 040328 dealing with municipal capital
10 improvements and Bill No. 040153, PGW Capital
11 Budget was recessed after we took testimony
12 and is scheduled to be reported out today at
13 the public hearing. But what we will do is
14 continue the PGW bills after we take testimony
15 until tomorrow because tomorrow at 9 a.m., the
16 Finance Committee has two PGW bond ordinances
17 that are likewise to be heard.

18 We have a quorum. To my left,
19 Councilman W. Wilson Goode; to his left, Vice
20 Chair, the Honorable Councilwoman Blondell
21 Reynolds Brown; and to my right, Councilwoman
22 Marian Tasco; and also Councilman Rick
23 Mariano. They are here. Thank you very much.

24 We would ask the Clerk to read the
25 title of the first bill.

1 06/08/04 - FINANCE - BILL 040023

2 THE CLERK: Bill No. 040023, an
3 ordinance amending Section 19-2604 of The
4 Philadelphia Code, relating to tax rates,
5 credits and alternative tax computation for
6 the business privilege tax, by reducing
7 certain tax rates; all under certain terms and
8 conditions.

9 COUNCILWOMAN BLACKWELL: Thank you
10 very much. We are going to ask that the Bill
11 sponsor make comments regarding this bill.

12 COUNCILMAN GOODE: Thank you, Madam
13 Chair. I'm glad to speak on this bill. It's
14 a bill I introduced along with the tax reform
15 bills at the end of January. It was
16 thoroughly discussed in the hearing on the Tax
17 Reform Commission resolution. It has also
18 been discussed throughout Mayoral briefings.
19 People have actually considered this bill
20 along with other bills, but I held it Finance
21 Committee rather than move to the Committee of
22 the Whole. I decided while we're working
23 toward a compromise on tax reform that we
24 should consider this bill, so I'm asking for
25 it to be considered today. And I will be

1 06/08/04 - FINANCE - BILL 040559
2 offering amendments during the public meeting.

3 COUNCILWOMAN BLACKWELL: Thank you
4 very much.

5 The Clerk will read the title of the
6 next bill.

7 THE CLERK: Bill No. 040559, an
8 ordinance amending the ordinance approved July
9 12, 1968, as last amended and restated
10 effective June 26, 2002, relating to pension
11 benefits for employees working on behalf of
12 Philadelphia Gas Works by revising the
13 Philadelphia Gas Works Pension Plan to
14 incorporate amendments thereto, clarify the
15 operation thereof, and add certain provisions
16 as required by the Internal Revenue Code of
17 1986, as amended.

18 COUNCILWOMAN BLACKWELL: Thank you
19 very much.

20 Please identify yourself for the
21 record and begin your testimony.

22 MR. BOGDONAVAGE: Good morning,
23 Madam Chair. My name is Joseph Bogdonavage,
24 I'm the Senior Vice President for Philadelphia
25 Gas Works in Finance, and we're here to

1 06/08/04 - FINANCE - BILL 040559
2 support Bill No. 040559, which is amendment of
3 a technical nature to the Philadelphia Gas
4 Works pension plan. The amendment before you
5 was necessary as a result of the Internal
6 Revenue Service Federal Tax Code compliance.
7 The definition that we need to amend the
8 ordinance was on a calculation of the
9 actuarial equivalent for a beneficiary of the
10 plan, and we needed to codify the actuarial
11 assumptions used for deriving the plan benefit
12 for the --

13 COUNCILWOMAN BLACKWELL: Pull the
14 mike a little closer.

15 MR. BOGDONAVAGE: Just as a way of
16 background, our plan was established in 1968.
17 The plan was amended and restated in many
18 ordinances since that point of time. And
19 subsequent to the enactment, we finally
20 thought that we were a qualified municipal
21 plan under the IRS Tax Code. The IRS had
22 passed some Tax Code changes. We have filed
23 with the IRS to be a qualified plan, and we
24 have a favorable determination from the
25 Internal Revenue Service for the PGW pension

1 06/08/04 - FINANCE - BILL 040559

2 plan. At this time, there were only one or
3 two minor technical adjustments that the IRS
4 needed to see in the ordinance. And PGW
5 through this ordinance is identifying those,
6 as I pointed out, which would be the amending
7 of the benefit and how its calculated based on
8 certain earning assumptions for the benefit
9 calculation and also for the plan itself. We
10 needed a technical amendment to talk about the
11 mortality table that would be used for
12 survivor benefits.

13 And at this point in time, I'd be
14 happy to answer any questions that you may
15 have about the technical amendment. And with
16 me outside counsel John Nixon from Blank Rome.

17 COUNCILWOMAN BLACKWELL: Thank you
18 very much.

19 Are there any questions?

20 (No response.)

21 COUNCILWOMAN BLACKWELL: Thank you
22 very much.

23 MR. BOGDONAVAGE: Madam Chairwoman,
24 I'd also ask the Council's permission to
25 suspend the Rules to have expeditious approval

1 06/08/04 - FINANCE - BILL 040559

2 of this.

3 COUNCILWOMAN BLACKWELL: Thank you
4 very much.

5 MR. BOGDONAVAGE: Thank you.

6 COUNCILWOMAN BLACKWELL: For the
7 purposes of clarification, we are going to
8 continue Bills No. 040328 and 040153 until
9 tomorrow at 9 a.m.

10 We are prepared to enter into a
11 stated meeting with regard to Bill No. 040023
12 only. This will end our stated hearing.

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COUNCIL OF THE CITY OF PHILADELPHIA

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PUBLIC MEETING

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COMMITTEE ON FINANCE

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Tuesday, June 8, 2004

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Public meeting conducted by the
Committee on Finance, held in Room 400, City
Hall, Philadelphia, Pennsylvania, on the above
date, to consider action on the following:

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BILL 040023.

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PRESENT:

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COUNCILWOMAN JANNIE BLACKWELL, Chair
COUNCILMAN W. WILSON GOODE
COUNCILMAN RICHARD MARIANO
COUNCILWOMAN BLONDELL REYNOLDS BROWN

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1 06/08/04 - FINANCE - MEETING

2 COUNCILWOMAN BLACKWELL: We will
3 enter into our public meeting.

4 The Chair recognizes Councilman
5 Goode with regard to Bill No. 040023.

6 COUNCILMAN GOODE: Thank you, Madam
7 Chair. I move the amendment that was
8 circulated to the Members of the Committee to
9 040023 be approved.

10 COUNCILWOMAN BLACKWELL: The
11 amendments have been circulated. A motion has
12 been made to approve the amendments to Bill
13 040023.

14 COUNCILWOMAN BROWN: Second.

15 (Duly seconded.)

16 COUNCILWOMAN BLACKWELL: It is moved
17 that the amendment to 040023 be adopted.

18 All in favor?

19 (Aye.)

20 COUNCILWOMAN BLACKWELL: Opposed?

21 (No response.)

22 COUNCILWOMAN BLACKWELL: The ayes
23 have so the amendment is adopted.

24 I now recognize Councilman Goode for
25 a motion to report Bill 040023, as amended,

1 06/08/04 - FINANCE - MEETING

2 out of Committee with a favorable
3 recommendation and a recommendation for
4 suspension of the Rules so as to permit first
5 consideration at our next Session of Council.

6 COUNCILMAN GOODE: Thank you, Madam
7 Chair. I move that Bill 040023, as amended,
8 be reported out of Committee with favorable
9 recommendation and a further recommendation
10 that we suspend the Rules of Council for first
11 reading of this bill at our next Council
12 Session.

13 COUNCILWOMAN BLACKWELL: Is there a
14 second?

15 (Duly seconded.)

16 COUNCILWOMAN BLACKWELL: All in
17 favor will say aye.

18 (Aye.)

19 COUNCILWOMAN BLACKWELL: Opposed?

20 (No response.)

21 COUNCILWOMAN BLACKWELL: The ayes
22 it. Bill No. 040023, as amended, will be
23 reported out of Committee with a favorable
24 recommendation, and also a recommendation for
25 suspension of the Rules so as to permit first

1 06/08/04 - FINANCE - MEETING

2 reading at our next Session of Council.

3 Tomorrow at 9 o'clock, Bill Nos.

4 040153, 040559 and 040328 will be heard.

5 This hearing is now recessed. Thank

6 you all for your patience and your

7 consideration. Thanks.

8 (Council adjourned at 10:50 a.m.)

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RE: COMMITTEE ON FINANCE

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Lisa C. Bradley, RPR

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