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COUNCIL OF THE CITY OF PHILADELPHIA

3

COMMITTEE ON COMMERCE AND ECONOMIC

4

DEVELOPMENT

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Room 400, City Hall
Philadelphia, Pennsylvania
Thursday, January 22, 2009
1:15 p.m.

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PRESENT:

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COUNCILMAN W. WILSON GOODE, JR., CHAIR

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COUNCILMAN FRANK DiCICCO

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COUNCILMAN BILL GREEN

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COUNCILMAN CURTIS JONES, JR.

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COUNCILWOMAN BLONDELL REYNOLDS BROWN

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RESOLUTION 080816 - Resolution authorizing the
Committee on Commerce and Economic Development
to hold hearings to review the effectiveness
of the City's Job Creation Tax Credit Program.

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Philadelphia, Pennsylvania 19103
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COUNCILMAN GOODE: Good

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afternoon. This hearing is called to

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order. This is a public hearing of the

5

Commerce and Economic Development

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Committee on Resolution No. 080816. My

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name is W. Wilson Goode, Jr., Chair of

8

this committee.

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I note for the record that to

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my left is Councilman Bill Green. To my

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right is Councilman Curtis Jones and

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Councilman Frank DiCicco. That does

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constitute a quorum, but a quorum is not

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necessary.

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The title of Resolution No.

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080816, authorizing the Committee on

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Commerce and Economic Development to hold

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hearings to review the effectiveness of

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the City's Job Creation Tax Credit

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Program.

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We're going to bring up one

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panel: Deputy Mayor Andy Altman, Revenue

23

Commissioner Keith Richardson, PIDC

24

President Peter Longstreth.

25

(Witnesses approached witness

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2 table.)

3 COUNCILMAN GOODE: It's my
4 understanding that you will be testifying
5 as a panel. We will hold questions until
6 after everyone testifies. You can start
7 in any order that you'd like. Just
8 please state your name for the record
9 before you begin your testimony.

10 MR. ALTMAN: Good afternoon.
11 Andy Altman, Deputy Mayor for Planning
12 and Economic Development and Director of
13 Commerce.

14 Good afternoon, Chairman Goode
15 and members of the City Council Committee
16 on Commerce and Economic Development. I
17 am pleased to testify on the Job Creation
18 Tax Credit Program. Joining me on the
19 panel are Revenue Commissioner Keith
20 Richardson and Peter Longstreth,
21 President of the Philadelphia Industrial
22 Development Corporation. While I will
23 provide a general overview of the
24 program, my colleagues will,
25 respectively, review specific program

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2 performance to date and outline the
3 benefits of the program as a marketing
4 tool for businesses of all sizes looking
5 to locate or expand in Philadelphia.

6 The Job Creation Tax Credit
7 Program was established in May 2002 to
8 encourage businesses to expand employment
9 within the City of Philadelphia. It is
10 based on the Commonwealth of
11 Pennsylvania's Job Creation Tax Credit
12 Program and offers a credit against a
13 firm's Business Privilege Tax liability
14 for each new job created. Subsequent
15 amendments raise the allowable credit a
16 firm receives to the greater of \$1,000 or
17 two percent of wages paid for each new
18 job, and offer a credit of \$5,000 for
19 employers that hire ex-offenders. The
20 program can be utilized by companies of
21 any type or size located anywhere in the
22 City. The Department of Revenue is
23 designated to implement and oversee the
24 program.

25 We know that the Job Creation

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2 Tax Credit has the potential to be a
3 powerful incentive for economic
4 development, but to date, it has not been
5 utilized to the extent possible by
6 Philadelphia firms. Specifically,
7 program participation has never
8 approached the annual cap of one percent
9 of the prior year's Business Privilege
10 Tax collections, approximately \$4 million
11 in any given program year. It is
12 imperative, especially in the current
13 economic climate, to find creative ways
14 to stimulate job creation. The
15 Administration is in the process of
16 undertaking an analysis to understand how
17 the program is currently being utilized,
18 whether the level of incentive per job is
19 appropriate and how to increase
20 accessibility of the program to the most
21 participants. We look forward to working
22 with the Council to implement program
23 adjustments as needed.

24 I'd like to thank you for the
25 opportunity to testify regarding the Job

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2 Creation Tax Credit and look forward to
3 answering questions.

4 COMMISSIONER RICHARDSON: Good
5 afternoon, Chairman Goode and members of
6 City Council Committee of Commerce and
7 Economic Development. I am Revenue
8 Commissioner Keith J. Richardson. I am
9 here to testify on the City's experience
10 with the Job Creation Tax Credit Program.

11 As you know, the Job Creation
12 Tax Credit Program is administered by the
13 Department of Revenue and provides
14 approved companies with a non-refundable
15 tax credit against their Business
16 Privilege Tax for the creation of
17 certified new jobs in Philadelphia.
18 Application forms and procedures were
19 developed and incorporated in amendments
20 to the Business Privilege Tax regulations
21 which became effective at midnight on
22 March 23rd of 2003.

23 Information about the program
24 is available on the Department of
25 Revenue's website, again at

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2 phila.gov/revenue, and other local
3 government websites related to economic
4 development.

5 The Job Creation Tax Credit
6 Program offers credits against a firm's
7 Business Privilege Tax liability if they
8 create either 25 new jobs or increase the
9 number of employees by at least 20
10 percent within five years of the
11 designated start date. Program
12 participants must also commit to
13 maintaining operations in Philadelphia
14 for five years. The annual amount of
15 credits available for award is limited to
16 one percent of the prior year's total
17 Business Privilege Tax collection. Of
18 that amount, 25 percent is reserved for
19 small businesses and firms that hire
20 ex-offenders.

21 To apply for the Job Creation
22 Tax Credit Program, interested firms must
23 submit applications to the Department of
24 Revenue. Upon acceptance to the program,
25 an agreement is executed between the

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2 business and the City that sets forth the
3 designated start date and the number of
4 jobs to be created. A business has up to
5 five years to create the agreed-upon
6 number of jobs. Upon doing so, the firm
7 asks the Department of Revenue to certify
8 the number of jobs created and wages
9 paid. The Department of Revenue conducts
10 a payroll review of the company's records
11 to compare the number of jobs when the
12 firm entered the program with the number
13 of jobs at the time of review. Firms
14 that create fewer than the agreed-upon
15 number of jobs do not receive any credit
16 unless a waiver is granted by the
17 Department of Revenue.

18 If the Department of Revenue is
19 satisfied that the appropriate number of
20 jobs have been created, the Department
21 issues a certificate stating the amount
22 of credit the firm is entitled to, either
23 \$1,000 or two percent of the annual wages
24 for each job. The firm can redeem the
25 certificate for the tax credit either all

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2 at once or they may spread out their
3 redemption over three years from the
4 issuance of the credit. The program
5 allows companies up to eight years from
6 entering the program to claim credits.

7 Since the program's inception
8 in 2002, the Department of Revenue has
9 certified the creation of 347 jobs,
10 resulting in the award of nearly \$350,000
11 in Business Privilege Tax credits. A
12 quarter million dollars of credits
13 awarded have already been redeemed.

14 Including the 347 jobs that
15 have been created to date, the
16 participating companies have made
17 commitments to create 3,195 positions
18 since the program's inception in 2002.
19 At this point, however, we are not able
20 to determine how many of these promised
21 positions will eventually be created.
22 Several of the participating firms are no
23 longer in business, while others still
24 have several years to create the jobs
25 under their participation agreements. If

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2 all of the currently promised positions
3 are eventually created and certified by
4 the Department of Revenue, at least
5 another 2.8 million in Business Privilege
6 Tax credits would be awarded.

7 In 2008, three new companies
8 received approval to participate in the
9 program, together projecting 46 jobs in
10 Philadelphia. This brings the total
11 number of participating firms to 43. In
12 addition, eight firms are currently in
13 the application process.

14 Thank you, and, again, I'm here
15 for any questions you may have.

16 MR. LONGSTRETH: Good
17 afternoon, Mr. Chairman and members of
18 the Committee. My name is Peter
19 Longstreth, and as the Deputy Mayor
20 indicated, I am the President of the
21 Philadelphia Industrial Development
22 Corporation, and I'm here today to
23 testify regarding Resolution 080816.

24 The Job Creation Tax Credit
25 Program is one of a number of City and

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2 State programs that we at PIDC market to
3 existing Philadelphia companies which are
4 growing and to new businesses that we are
5 working to attract to the City. Since
6 you and your Council colleagues
7 originated the program in 2002, PIDC has
8 actively promoted it to our client base.

9 We do this by distributing
10 information about the program via our
11 website and printed marketing materials
12 and by highlighting the program in our
13 various direct presentations to
14 businesses and key intermediaries such as
15 real estate brokers, accountants and
16 attorneys.

17 When a company expresses
18 interest in the Job Creation Tax Credit,
19 we provide the City's application
20 materials and then direct them to the
21 appropriate contact with the Department
22 of Revenue.

23 The Job Creation Tax Credit
24 Program is, as you would expect, very
25 well received by our clients. The

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2 program can provide a benefit to
3 employers of all sizes and business
4 sectors, and in that regard, we welcome
5 any tools that the City and State can
6 provide to help us attract and retain
7 companies and jobs here in Philadelphia.
8 And, Mr. Chairman, we particularly
9 appreciate your interest and active
10 involvement in creating these new
11 economic development programs.

12 Thank you for this opportunity
13 to testify, and I'd, once again, be happy
14 to join my colleagues in answering any
15 questions.

16 COUNCILMAN GOODE: Thank you,
17 gentlemen, for your testimony.

18 Let me note for the record
19 we've also been joined by Councilwoman
20 Blondell Reynolds Brown.

21 I have just a handful of
22 questions before I will allow other
23 Committee members to pose questions.

24 One of the main questions that
25 I have, when this program was created

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2 back in 2002, as mentioned, it was
3 patterned after the State Job Creation
4 Tax Credit Program, and one of the unique
5 features that we thought worked well in
6 terms of regulations was that if a
7 business had a State Job Creation Tax
8 Credit certificate, they did not have to
9 apply for a local Job Creation Tax Credit
10 certificate because they will have
11 fulfilled all the regulations because the
12 local legislation was patterned after the
13 State program. So that worked well for
14 those people who had a State Job Creation
15 Tax Credit certificate. But for those
16 people who were applying for the local
17 program first, I have heard complaints
18 about regulations. And I think the
19 existing program as it is should stay in
20 existence so that it works well with the
21 State program, but if we were looking to
22 create a new program, which I am doing
23 and introduced legislation this morning,
24 to look at what we might do over the next
25 couple of years to try to jump start job

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2 creation, do we know what sort of
3 regulations we might want to waive in
4 that program yet?

5 COMMISSIONER RICHARDSON:

6 Chairman Goode, I don't think currently
7 the regulations that we have in place,
8 and especially within the Department of
9 Revenue, we wouldn't want to relinquish.
10 Again, with the certification from the
11 State would be good. However, they can't
12 certify our taxes that may be owed by a
13 business in the City of Philadelphia. So
14 that will be my major concern right there
15 if we were to partner with them on doing
16 something like that.

17 COUNCILMAN GOODE: My question
18 is more probably related to, for
19 instance, the regulation to create at
20 least 25 jobs or increase the payroll by
21 20 percent. Would that be necessary if
22 we were to launch a new program? Might
23 it be to our advantage to have a second
24 program that would not require that?

25 MR. ALTMAN: I think,

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2 Councilman, one of the things we do want
3 to collectively look at is how this
4 program is operating, and I think that's
5 one of the issues we need to look for. I
6 mean, I think we are concerned of the way
7 it's currently crafted, that you have to
8 promise that you're going to meet a
9 certain number of jobs. Now, although
10 that can be waived and you can apply for
11 that, I think the question of providing
12 more certainty to an employer so they
13 don't feel they have to go through an
14 exception process, maybe there's a way we
15 look at based on how many jobs you
16 actually create, you can get the credit.
17 Again, that's something we need to look
18 through in terms of streamlining the
19 process.

20 And just, again, I think one of
21 the important aspects of this program, as
22 Peter Longstreth pointed out in terms of
23 market psychology, is, it sends a message
24 in terms of job creation. So the easier
25 we can make it, the simpler we can make

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2 it. Those are some of the administrative
3 things we want to look at.

4 COUNCILMAN GOODE: The second
5 question is, when I look at how these
6 jobs were created over the six years of
7 the program, I see a majority of interest
8 in the program was in the first year, and
9 I'm assuming because that's associated
10 with the legislation being passed, people
11 acknowledging it as a new program and the
12 marketing of the program when it was
13 first launched.

14 Are there any new suggestions
15 for how to market a program? I mean, if
16 we were to create a new program, of
17 course, that will grab attention, but say
18 we don't create the new program. Are
19 there any new ideas about how to market
20 the existing program in a new and more
21 effective manner?

22 MR. LONGSTRETH: I don't have
23 any sort of magical answer to that, but I
24 do think we as a city generally can
25 publicize the opportunities that we have

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2 better, and I think this is a case in
3 point, that launching some kind of public
4 statement about the program, particularly
5 if it were enhanced, would tend to
6 reacquaint the public with the
7 opportunity.

8 MR. ALTMAN: I would just add,
9 I think one of the things we're looking
10 at with Kevin Dow, who is the Director of
11 the Office of Neighborhood and Business
12 Services within the Commerce Department,
13 is putting together some materials that
14 can go out to businesses on how to market
15 better the incentives that we have
16 available and some other loan products
17 that we've been working with your office
18 on to get the word out about what's
19 available and actually look at ways to do
20 direct mailings to businesses so that
21 they're aware of this, as opposed to
22 waiting for them to come in or having to
23 hear word of mouth. I know the Mayor has
24 been very interested in looking at what
25 kind of direct mailing we can do to

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2 people to make them aware, particularly
3 now in this climate.

4 COUNCILMAN GOODE: Two other
5 real quick questions. How many of the
6 Job Creation Tax Credit participants of
7 the 43 are PIDC clients? Do we know
8 that?

9 MR. LONGSTRETH: Yeah. Of
10 the -- and I say 51, because I think it's
11 43 plus the eight applications.
12 Twenty-four are clients that we have
13 contacts and active communication with,
14 and 11 are existing clients who have
15 received services from PIDC.

16 COUNCILMAN GOODE: And I guess
17 the last question is, of those clients
18 that are PIDC clients, is the Job
19 Creation Tax Credit usually packaged with
20 some other incentive?

21 MR. LONGSTRETH: Yes, it is. I
22 mean, that is kind of the definition of
23 those 11 clients, is they're receiving
24 some other service or product from PIDC.

25 COUNCILMAN GOODE: Okay. Thank

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2 you.

3 Councilman Jones.

4 COUNCILMAN JONES: Good

5 afternoon, gentlemen. It is a good

6 afternoon, right?

7 MR. LONGSTRETH: So far, so

8 good.

9 COUNCILMAN JONES: It's going

10 to be fine.

11 If we were to try to in a
12 meeting bring you a client to say what
13 other types of tax credits, other
14 incentives based on a location within the
15 City of Philadelphia, what would be your
16 punch list of those incentives?

17 COMMISSIONER RICHARDSON: Well,
18 as we work with PIDC and the Commerce
19 Department, we provide any potential
20 business coming to the City or who is
21 within the City the punch list of all the
22 tax credits that we provide, the Green
23 Roof Tax Credit, Job Creation Tax Credit.
24 We'll talk about the KOZ with them.
25 We'll talk about the PREP program with

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2 them as well. If you look at our website
3 or our Tax Talk Guide, we provide all the
4 tax credits. We believe that we need to
5 share everything with any potential
6 business or businesses in the City of
7 Philadelphia currently.

8 COUNCILMAN JONES: Do you have
9 others?

10 MR. LONGSTRETH: Yeah. I was
11 going to say in the typical meeting that
12 we would have, there are kind of four
13 areas of potential incentives. One
14 relates to land, and there's a whole
15 obviously story there; other low-cost
16 financing; tax incentives; and the whole
17 workforce development piece. Those are
18 kind of the four, and they each have kind
19 of a family of incentives that can be
20 offered.

21 MR. ALTMAN: I would just add
22 another aspect of it, which is helping
23 them through the regulatory process. I
24 mean, one of the, I think, greatest
25 incentives that we have or one of the

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2 barriers is the concern about how they
3 move through the different regulatory
4 bodies in the City. So what does License
5 and Inspections do, what do they need
6 from the Water Department, what do they
7 need from Planning Commission or Zoning
8 Board. So one of the things at the
9 Commerce Department we're doing is --
10 this is something that PIDC has run for
11 many years and we're now expanding on
12 this program -- is what we're calling a
13 Major Projects Review. By "major
14 project," it can just be something that's
15 significant or a project that needs help
16 from multiple departments, where we have
17 a regularly scheduled biweekly meeting.
18 They can get on the agenda. All the
19 departments are there. They can raise
20 whatever concerns they have, and then we
21 can help track them through the process.
22 That gives them both time -- helps them
23 in terms of understanding the time of
24 approvals and hopefully gives them more
25 certainty into the process. And we're

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2 also trying to make reforms of our
3 development process, because we know that
4 there are a lot of concerns about the
5 different review bodies and how we can
6 make them more efficient.

7 COUNCILMAN JONES: Question,
8 follow-up: If in fact tomorrow we had a
9 company that was willing to make solar
10 panels in the City of Philadelphia and
11 they were willing to take the Budd site,
12 a particular area within the Budd site,
13 let's say the Youth Study Center once
14 it's vacated, and we knew the square
15 footage, the number of employees and the
16 type of business that was going in there,
17 what would be the total sum of incentives
18 and what would be their value? Could we
19 estimate their value in a meeting with a
20 client today?

21 MR. ALTMAN: The answer is yes.
22 I mean, I think we do that pretty
23 regularly. A lot depends on the specific
24 proposal and what they're looking for.
25 As I think Peter pointed out, there are

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2 these different buckets of things, they
3 need help on the land side or the
4 financing or workforce. But what's
5 generally done is to put together a
6 package based on what they are looking
7 for, and then we quantify that value and
8 say, This is worth X to you. We can do
9 that.

10 COUNCILMAN JONES: So how long
11 does that take to do, just out of
12 curiosity?

13 MR. LONGSTRETH: Obviously at a
14 conceptual level, almost immediately. At
15 a very detailed level, it just depends on
16 the specifics of their plan and the
17 requirements that they have.

18 COUNCILMAN JONES: So there is
19 a one stop that if we send a client
20 tomorrow, they would be able to get a
21 value of what those incentives totally
22 ranging from state, federal, city
23 incentives based on location?

24 MR. ALTMAN: Yes.

25 COUNCILMAN JONES: All right.

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2 MR. LONGSTRETH: And the key
3 driver, as we all know, in that kind of
4 an equation and in the aggressiveness of
5 the offer is job creation. That's really
6 the key element. If they're creating a
7 lot of jobs and it's obviously a credible
8 project, there's a lot of things that can
9 be done. If they're retaining or
10 contracting jobs, that's a much more
11 difficult equation.

12 COUNCILMAN JONES: So if we,
13 for the record, for our other members, if
14 we had a client that was prepared
15 tomorrow, who do they call and where do
16 they start in this process?

17 MR. ALTMAN: You'd call my
18 office, call the Commerce Department, and
19 we would immediately set up -- I'd bring
20 all the parties together. I mean, that's
21 one of the advantages of this structure
22 in the way the Deputy Mayor's Office
23 works, is that we can bring together
24 PIDC, Revenue, whatever it may be. If
25 it's a housing issue, if it's a land

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2 issue, we can bring together all of the
3 different departments. We actually all
4 work closely together on a sort of almost
5 daily basis on different projects.

6 COUNCILMAN JONES: That being
7 the case, having served in another
8 Administration, then that is an
9 improvement. If that is in fact doable,
10 to be able to do that in a collective
11 manner and be able to quantify it within
12 one meeting, that is an improvement. And
13 we will test you. We will test you.

14 Thank you, Mr. Chairman.

15 COUNCILMAN GOODE: Thank you,
16 Councilman.

17 Are there questions from other
18 members of the Committee?

19 COUNCILWOMAN BROWN: Yes,
20 Mr. Chairman.

21 COUNCILMAN GOODE:
22 Councilwoman.

23 COUNCILWOMAN BROWN: Good
24 afternoon, gentlemen. Thank you for your
25 testimony. And let me commend Councilman

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2 Goode for circling back five, six years
3 later really to see where we are and how
4 well this program is operating.

5 To the issue of marketing, in
6 this type of economic climate, I think we
7 as a government have to figure out ways
8 where we maximize the use of these type
9 of incentives. And so help me out.
10 Before it was known as the Mayor's
11 Business Action Center?

12 MR. ALTMAN: Mayor's Business
13 Action Team, yes.

14 COUNCILWOMAN BROWN: And today
15 it's called -- I know under the new
16 Administration, it's been reconfigured, a
17 new paradigm, and that is the?

18 MR. ALTMAN: The Office of
19 Neighborhood and Business Services.

20 COUNCILWOMAN BROWN: Okay.
21 Now, with that and to Councilman Jones'
22 tickler list, is this program a part of
23 that package that is a send-off for
24 businesses that come to this new office?

25 MR. ALTMAN: Absolutely. It's

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2 part of the -- absolutely. On the list
3 of things that the City can offer, we put
4 down all the different opportunities.

5 COUNCILWOMAN BROWN: Okay.

6 MR. ALTMAN: Let me just say,
7 because I don't want to mislead anyone,
8 we do need to produce marketing materials
9 that I think more -- that more
10 effectively communicate the range of
11 programs we have.

12 COUNCILWOMAN BROWN: The
13 availability of?

14 MR. ALTMAN: Yeah. I think
15 that's an area we still need to do work
16 in. I mean, I think when people come to
17 us, we can give them a sheet of paper.
18 We have different sort of -- a sheet on
19 job training, a sheet on the tax
20 incentive program, a sheet on this piece,
21 or PIDC has materials, but I think one of
22 the areas that we're focused on and,
23 again, with Kevin Dow as head of this
24 office, is producing an actual
25 Philadelphia marketing material. I think

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2 we're missing that. I mean, there's a
3 lot of marketing that happens to Select
4 Greater Philadelphia, which is to market
5 the region, but then we need our piece
6 specifically, and I think that's
7 something that is very important,
8 particularly in this climate, so that
9 people are just even aware. As you can
10 tell from the numbers, a lot of this is
11 just even awareness of what's on the
12 books.

13 COUNCILWOMAN BROWN:
14 Absolutely, yes. Awareness is always the
15 first step. And when you look at this
16 grid, it can be somewhat disconcerting
17 when you look at the extent to which it
18 has not been utilized.

19 So we hear from you that you
20 recognize marketing is a challenge. Is
21 that to suggest then that that's on your
22 hit list for action for this year?

23 MR. ALTMAN: Yes.

24 COUNCILWOMAN BROWN: Okay. And
25 Councilman Goode has already addressed

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2 PIDC with regards to those who have taken
3 advantage of the program. In this
4 testimony on Page 3, second paragraph,
5 last sentence, it says, "Firms that
6 create fewer than the agreed-upon number
7 of jobs do not receive any credit unless
8 a waiver has been granted by the
9 Department of Revenue."

10 Might you be able to tell us
11 the number of waivers that the Revenue
12 Department has granted over the life of
13 this program?

14 COMMISSIONER RICHARDSON: Since
15 inception of the program, none.

16 COUNCILWOMAN BROWN: Okay.
17 Back to the question of marketing, do you
18 believe there's potentially a role for
19 all of the chambers, the Greater
20 Philadelphia Chamber, Hispanic, African
21 American Chamber? Because I'd be curious
22 to know the extent to which the
23 leadership of those organizations are
24 aware and make it a part of the regular
25 meetings or conferences or gatherings

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2 that they have amongst their membership.

3 Might you know? Can any of you speak to

4 that? Have any of the chamber

5 leaderships been brought in to be

6 informed and enlightened about the

7 availability of this incentive?

8 MR. LONGSTRETH: I know we try

9 to reach out in coordination with the

10 City to the different chambers to try to

11 better access their constituents as it

12 relates to the products that we believe

13 are particularly useful to those

14 particular groups. So that's something

15 we've done. We could probably do it

16 better.

17 COUNCILWOMAN BROWN: Okay. So

18 to our Commerce Director, can that be a

19 part of this broad strategy you're trying

20 to pull together? Because to the extent

21 that leadership promotes, lifts up

22 anything new and/or different, it becomes

23 an opportunity for membership once it's

24 sanctioned, endorsed or embraced by the

25 leadership, and those organizations seem

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2 natural dot connectors for this measure.

3 MR. ALTMAN: I agree, and we
4 would be happy to do that and pull that
5 together, just have a kind of
6 informational and -- I think particularly
7 we can go through all the different
8 incentive programs that are available now
9 so everyone knows about them. We can
10 even discuss how are they marketing them,
11 do they need assistance marketing them.
12 So I'd be happy to do that.

13 COUNCILWOMAN BROWN: Okay.
14 Finally, timelines and deadlines are
15 always useful and helpful. So on this
16 marketing measure, can you speculate or
17 project by when there might be a
18 marketing plan designed to promote not
19 just this incentive offered by government
20 but a list of them, knowing that you're
21 still on the developmental phase, if you
22 will, of the roll-out of the kinds of
23 things you want to do in your department,
24 Commerce Director?

25 MR. ALTMAN: I think we're

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2 hoping that -- we've actually been
3 talking about this. I think within the
4 next six months we'll have something to
5 be able to get out. We want to design
6 it. We want it to look good. We want to
7 get that right information. So that's
8 what we're hoping, within that period of
9 time.

10 COUNCILWOMAN BROWN: Okay,
11 then. Thank you for your testimony,
12 gentlemen.

13 Thank you, Mr. Chairman.

14 MR. LONGSTRETH: But I would
15 sort of emphasize what I hope is kind of
16 obvious, which is the marketing effort
17 will obviously continue, but it will be
18 without the ideal materials to support
19 it, but the effort itself is ongoing all
20 the time.

21 COUNCILWOMAN BROWN: Okay.

22 Thank you.

23 Thank you, Mr. Chairman.

24 COUNCILMAN GOODE: Thank you,
25 Councilwoman.

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2 Councilman Green.

3 COUNCILMAN GREEN: Thank you,
4 Mr. Chair. Thanks for coming in this
5 afternoon.

6 Councilwoman Brown asked most
7 of my questions, which had to do with
8 marketing, but I just wondered if you
9 could please provide the Chair with all
10 printed marketing materials or online
11 materials that describe incentives that
12 are used today marketing, any kind of
13 incentive, whether it's a tax incentive
14 or where the KOIZs are or anything like
15 that, just so we can see what we have
16 today, because -- well, if you could
17 provide that to the Chair.

18 The other thing is -- and I
19 think I got the answer to this question,
20 it's probably no. Is there any one place
21 I can go online or one publication that
22 exists today that describes all these
23 incentives?

24 MR. LONGSTRETH: I mean,
25 certainly the incentives that are offered

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2 through PIDC, which relates to largely
3 the land and the financing, you can go to
4 our website.

5 COUNCILMAN GREEN: But on your
6 website even it's not on one page.

7 MR. LONGSTRETH: No. No. No.
8 No. I think it's a lot --

9 COUNCILMAN GREEN: You have to
10 go here or go here or go here.

11 MR. LONGSTRETH: It's like any
12 website, there's a lot of pages and --

13 COUNCILMAN GREEN: I'm not
14 being critical. I'm just saying.

15 MR. LONGSTRETH: No, no. I
16 appreciate that. But I think the list
17 itself is probably something that needs
18 to be divided up. It's a pretty long
19 list.

20 COUNCILMAN GREEN: Okay.

21 COMMISSIONER RICHARDSON: All
22 tax credits are on the Revenue's website
23 with the applications as well for the
24 various programs that we offer.

25 COUNCILMAN GREEN: But you have

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2 to know what you're looking for.

3 COMMISSIONER RICHARDSON: It's
4 explained to them when they're looking
5 for credits or opportunities with the
6 City within the Department of Revenue.
7 We do have it listed.

8 MR. ALTMAN: Let me address
9 your question, because right now you can
10 see you can go on to PIDC or different
11 websites and/or Commerce website and then
12 it has links to all the others, but one
13 of the things we're doing is actually
14 going to create a business website so
15 there's one place you can go in and it's
16 sort of a portal to understand all the
17 business incentives. If you have a
18 question, you don't sort of have to know
19 the answer before you ask the question.
20 You can say, I want to find out I need a
21 permit. Where does it direct me. And
22 we're actually in the process of building
23 that, and hopefully I think that's going
24 to be within the next -- the third
25 quarter of this year. We actually are

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2 working with Allan Frank, our Chief
3 Technology Officer. It's a high priority
4 on his list, a high one on ours, because
5 exactly that problem.

6 COUNCILMAN GREEN: That's
7 great. And as part of the architecture
8 of that, I'd like to suggest you build in
9 the capability for people to fill out
10 fields and not forms so that forms can be
11 automatically generated electronically
12 and we can eliminate paper from the
13 process of bringing businesses to the
14 City of Philadelphia. And if you could
15 just keep the Chair updated on that
16 effort, I think that's tremendous.

17 Thank you.

18 COUNCILMAN GOODE: Thank you,
19 Councilman.

20 Councilman DiCicco.

21 COUNCILMAN DiCICCO: Thank you,
22 Mr. Chairman.

23 Good afternoon, gentlemen. On
24 that same line of questioning, cities,
25 states advertise tourism, as an example.

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2 GPTMC puts a lot money into that: Come
3 to Philadelphia, visit Philadelphia,
4 what-have-you.

5 Is there any program in
6 place -- I mean, a company comes to you
7 by what means? Do you reach out to
8 companies? Do you know what companies
9 might be looking to set up shop somewhere
10 and you try to woo them to Philadelphia,
11 or is there a mechanism, an advertising
12 tool that, Come to Philadelphia, think
13 about setting up your business in
14 Philadelphia today because Philadelphia
15 has the following opportunities or
16 incentives, as opposed to what we're
17 always tagged with as being the highest
18 wage tax in the country. There are some
19 really great incentives that offset that.
20 So at the end of the day, the wage tax
21 may be the highest or close to the
22 highest, but when you factor in some of
23 the other issues, it may make more
24 business sense to come to Philadelphia.

25 So in that context, is there

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2 something that is done on a more global
3 way of getting the message out?

4 MR. LONGSTRETH: Yeah. I mean,
5 you mentioned GPTMC, which obviously was
6 created and is kind of the model for this
7 in the tourist side of the business, and
8 I think very much patterned on that the
9 Select Greater Philadelphia Organization
10 was kind of conceived and created. In
11 both cases, they have a regional focus.
12 And I think what Andy commented on and
13 what we've perceived generally is,
14 they're great in the region, but they
15 don't emphasize our point of interest,
16 which is the City, and that's what we
17 have to -- that's the hole we have to
18 fill.

19 So I think they do a great job,
20 and interestingly enough, kind of at the
21 other end of the spectrum, you have
22 something like Center City District,
23 which has a much tighter geographic
24 focus, which, as you know, does a great
25 job also, but it's that hole in the

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2 middle where selling Philadelphia as a
3 city distinct from the region and larger
4 than Center City needs to be done, and
5 that's what we're talking about.

6 COUNCILMAN DiCICCO: Okay.
7 Thank you.

8 No further. Thank you,
9 Mr. Chairman.

10 COUNCILMAN GOODE: Thank you,
11 Councilman.

12 Councilman Jones.

13 COUNCILMAN JONES: Real quick,
14 because to move the Chair's agenda. As
15 we start to look at -- when you first
16 came on a year ago -- it's been a year,
17 right?

18 MR. ALTMAN: Not yet. I have
19 two more months, but that's okay.

20 COUNCILMAN DiCICCO: It feels
21 like ten.

22 COUNCILMAN JONES: You
23 mentioned recruiting in clusters, going
24 after specific types of industry in
25 clusters and a synergy. Is this a part

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2 of a total effort? Are you still

3 inclined to think that way?

4 MR. ALTMAN: Yeah. We're doing

5 a number of things along that front. I

6 mean, first of all, one of the things I

7 should say that we want to do,

8 particularly in this economy right now,

9 is looking a lot to our base. And what I

10 mean by that is that a big part of our

11 business effort now is understanding, for

12 example, the education and medical

13 industries that are, say, one of three

14 jobs in the City, very significant. They

15 have a number of major projects they're

16 doing. They're still spending a lot of

17 money. So we're doing things, for

18 example, like meeting with universities,

19 meeting with the hospitals and healthcare

20 associations, trying to understand where

21 they're headed in this economy, where the

22 job opportunities are, how to connect to

23 small businesses, what jobs are going to

24 be created, how to connect to job

25 training. So very much a targeted

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2 approach around understanding some of our
3 industries, and we're starting to do that
4 in a number of different sectors. We're
5 looking also with manufacturing. We've
6 been meeting with a number of the
7 manufacturing entities.

8 So we are going along that
9 approach. Obviously Center City District
10 has a very good handle on the office
11 market. So they're very attuned to the
12 office and retail sector and what the
13 needs are. Right now there's a lot of
14 outreach to each of these, putting
15 together what projects they have and
16 where we can be helpful working with
17 them. And it's a pretty impressive list
18 of projects that even in this economy are
19 projected. We're going to have a master
20 list, which I would share with the Chair
21 and the Committee, probably within the
22 next, I'd say, 60 days of looking at just
23 all the capital projects and expenditures
24 that are going to occur over the next
25 24-month period of some of these major

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2 institutions and employers in the City so
3 that we can intersect with them, make
4 sure we're facilitating those projects,
5 because those are ones that continue to
6 create jobs for us.

7 COUNCILMAN JONES: As we do
8 that and as we take tools like what the
9 Councilman has put forth in this tax
10 credit, we need to kind of look at areas
11 such as Hunting Park or Parkside,
12 business/industrial parks, and figure out
13 instead of looking at them as blighted
14 areas, look at them as blank canvases
15 that can be attracted to in clusters. My
16 thought, as Councilwoman Reynolds Brown
17 and I look at the green zones and green
18 job opportunities, that if one of those
19 places could be transformed into the
20 Silicon Valley of the technology and
21 green technology, can we do a marketing
22 strategy to get people to attract
23 themselves to that location or those
24 locations and figure that they can do
25 both B to C, business to consumer, but

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2 also business to business kind of
3 opportunities because of their close
4 proximity and synergy.

5 So as we start to look at that,
6 as opposed to just accepting whatever
7 comes our way, and like Mikey will eat
8 anything, kind of attract businesses and
9 almost in a chaotic sense strip away the
10 potential of a kind of cluster, if you
11 would. And if we could do that and kind
12 of use these tools to attract them, that
13 would be something that we would be
14 inclined to do.

15 Thank you, Mr. Chairman.

16 COUNCILMAN GOODE: Thank you,
17 Councilman.

18 Councilman Green.

19 COUNCILMAN GREEN: Thank you.

20 With respect to the Job
21 Creation Tax Credit Program, I just
22 wanted to say that, one, every person who
23 applies for a new business privilege
24 license, you may want to consider letting
25 them know about this program as part of

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2 that, because obviously if it's a new
3 business, they're creating jobs. The
4 other places that you should, I think,
5 actively market are The Enterprise
6 Center, there are new companies coming in
7 there every month; the Baiada Center at
8 Drexel, which is for entrepreneurs; and
9 every major university has an
10 entrepreneurial center or a small
11 business center, et cetera. Venture
12 companies, they're all creating new jobs.
13 And it seems to me like fairly
14 straightforward to go where the jobs are
15 being created and make sure people are
16 taking advantage of this, because once a
17 company has been here a few years, if
18 they have not taken advantage of this
19 program, they leave because our tax --
20 once they start making profits, our tax
21 structure sends them out to the Route 202
22 corridor or elsewhere. If they've been
23 brought into this program in the
24 beginning, we'll have offset a lot of the
25 taxes that cause them to move.

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2 So we ought to start where the
3 entrepreneurial activity is, and that may
4 help us retain companies in the future.
5 I just wanted to share that.

6 Thank you.

7 MR. ALTMAN: If I may, just
8 quickly on that note, actually about two
9 months -- it was before the holidays.
10 About a month and a half ago, there was a
11 conference here of venture capitalists
12 and it was also with start-up companies
13 that were really literally just starting
14 up. They're in the idea formation stage,
15 thinking about how they're going to go to
16 kind of proof of concept and to the next
17 step. I went and spoke to them. There
18 were probably 200, 300 people there, just
19 getting the word out that this is there,
20 that the City is interested, that we have
21 this kind of incentive available. Part
22 of that is just aggressive marketing,
23 sort of a hands-on marketing. So I
24 appreciate that point.

25 COUNCILMAN GOODE: Thank you.

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2 Any other questions from
3 members of the Committee?

4 (No response.)

5 COUNCILMAN GOODE: Is there
6 anyone else to testify on this
7 resolution?

8 (No response.)

9 COUNCILMAN GOODE: Thank you,
10 gentlemen. I look forward to working
11 with you on the possibility of creating a
12 new program during this point where I
13 think we need some additional stimulus,
14 but also on continuing the existing
15 program. And so we'll be in touch.

16 This hearing is recessed to the
17 call of the Chair.

18 Thank you very much.

19 MR. ALTMAN: Thank you.

20 (Committee on Commerce and
21 Economic Development recessed at 1:55
22 p.m.)

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