COUNCIL OF THE CITY OF PHILADELPHIA

PUBLIC HEARING

COMMITTEE OF THE WHOLE

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Room 400, City Hall
Philadelphia, Pennsylvania
Thursday, June 10, 2004
5:30 p.m.
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BILL 040640 - an Ordinance amending Chapter 19-2600 of the Philadelphia Code...
BILL 040601 - An Ordinance adopting the Operating Budget for Fiscal Year 2005.
BILL 040602 - An Ordinance to adopt a Fiscal 2005 Capital Budget
BILL 040607 - An Ordinance Amending Chapter 19-1500 of the Philadelphia Code...
BILL 040608 - An Ordinance amending Section 19-2604 of The Philadelphia Code...

PRESENT:

COUNCIL PRESIDENT ANNA C. VERNA
COUNCILWOMAN JANNIE BLACKWELL
COUNCILMAN DARRELL L. CLARKE
COUNCILMAN DAVID COHEN
COUNCILMAN FRANK J. DICICCO
COUNCILMAN W. WILSON GOODE, JR.
COUNCILMAN JACK KELLY
COUNCILMAN JAMES F. KENNEY
COUNCILWOMAN JOAN L. KRAJEWSKI
COUNCILMAN RICHARD T. MARIANO
COUNCILWOMAN DONNA REED MILLER
COUNCILMAN MICHAEL A. NUTTER
COUNCILMAN BRIAN J. O'NEILL
COUNCILMAN JUAN RAMOS
COUNCILWOMAN BLONDELL REYNOLDS BROWN
COUNCILMAN FRANK RIZZO
COUNCILWOMAN MARIAN B. TASCO

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NANCY KAMMERDEINER, Revenue Commissioner..... 9
JOYCE WILKERSON, Mayor's Chief of Staff..... 12

COUNCIL PRESIDENT VERNA: This is the Committee of the Whole regarding Bill No. 040640, 040601, 040602, 040603, 040607, 040608.

I would ask Mr. Auerbach to read the titles of the bills, please.

MR. AUERBACH: Bill 040640, an ordinance amending Chapter 19-2600 of the Philadelphia Code entitled "Business Privilege Taxes" by establishing a program under which a job creation tax credit will be given to certain businesses creating new jobs in the City of Philadelphia, all under certain terms and conditions.

Bill No. 040601, an ordinance adopting the Operating Budget for Fiscal Year 2005.

Bill No. 040602, an ordinance to adopt a Fiscal 2005 Capital Budget.

Bill No. 040603, an ordinance to adopt a Capital Program for the six Fiscal Years 2005-2010 inclusive.

Bill NO. 040607, an ordinance amending Chapter 19-1500 of the Philadelphia

Code, entitled "Wage and Net Profits Tax," by decreasing the rates of the tax, by making technical amendments changing the effective dates for rate changes, and repealing certain provisions, all under certain terms and conditions.

Bill No. 040608, an ordinance amending Section 19-2604 of the Philadelphia Code relating to tax rates, credits, and alternative tax computation for the business privilege tax, by reducing certain tax rates, all under certain terms and conditions.

COUNCIL PRESIDENT VERNA: Thank you.

Councilman Goode, I'm led to believe you have two witnesses that would like to testify on Bill 040640.

COUNCILMAN GOODE: Yes, I do. First is Stuart Ebby who have been waiting for awhile and then the Revenue Commissioner will testify.

COUNCIL PRESIDENT VERNA: That's fine.

Please approach the witness table.

Hello. Welcome.

MR. EBBY: Thank you very much.

COUNCIL PRESIDENT VERNA: Sorry you were kept waiting.

MR. EBBY: That's not a problem.

My name is Stuart Ebby, E-B-B-Y, and I'm here today on behalf of the Center City Owners Association to testify in favor of Bill No. 040640, which we call the "Keep Philadelphia Competitive Jobs Creation Tax Credit."

I'd like to -- well, let me say at the outset that I know that people were here very late last night. I know you have a lot of business, and so I will be as brief as I can.

This bill really originated in connection with the KOZ matter. The Center City Owners Association has opposed the KOZ at 17th and JFK for reason which this Council has heard over and over again.

When we met with the Administration fairly early on, one of the things that the Administration said to us was, "It's easy to be against something, but this is the only

tool we have. And why don't you try to develop a reasonable and meaningful alternative."

And so with Councilman Goode, we set to work to do exactly that. We started by looking at the KOZ, which strikes me as probably the best tax break since William Penn set foot on the shore down there in the summer 1863. And we asked ourselves, "What is it intended to accomplish?" And the answer that kept coming back is jobs, we need jobs, we want jobs, we have to do something for jobs.

It seemed to us that the KOZ program has certain dangers and pitfalls. And I don't propose to now rehash arguments you've heard many times. But the KOZ gives tax breaks in anticipation of jobs creation, jobs which may or may not the happen. It hurts building owners by syphoning tenants or potentially syphoning tenants out of existing buildings into space which is tax-free. And, of course, as you've heard and the thing that concerns me personally most is as these buildings lose tenants, the existing buildings, they will

rush to the BRT for reduced assessments and the result could be something close to a disaster for the School District. Essentially, it's trading real estate taxes for wage taxes and, as I said, that could be a disaster for school funding.

The "Keep Philadelphia Competitive Jobs Creation Tax Credit" works in an entirely different way. We think it will help to create jobs for the following reasons:

First all of all, this tax credit rewards employers not in anticipation but for jobs created if, as, and when they are created.

Second, it doesn't hurt anyone.

Third, it could be a very substantial help to the School District.

And fourth, unlike the KOZ, this bill should be revenue neutral to the City.

I would like to just take literally a minute to give an example of how this works. If we assume that an employer pays an average of $100,000 -- I know that's a high number, but it makes the arithmetic very easy to

follow. And if we also assume that that $100,000 wage would generate wage taxes of $4,000 -- and, again, we're not getting into is it somebody in the City, outside the City, to make the arithmetic easy -- that would produce $4,000 in wage taxes that the City did not have the year before. As a result of that, the employer would be entitled to deduct $2,000 against the business privilege tax. The City would make a grant to the School District of $1,000. And the remaining $1,000 would remain in the City Treasury.

So we think it's a good bill. We think it will encourage jobs, job creation. We think it rewards job creation. It rewards results. And so we are very much in favor of it and urge City Council to adopt the bill.

I'll stop there and try to answer any questions if there are any.

COUNCIL PRESIDENT VERNA: Thank you.

Are there any questions from members of the Committee?

(No response.)

COUNCIL PRESIDENT VERNA: Thank you

again for coming in to testify.

Commissioner, hello. Please identify yourself for the record and proceed with your testimony.

COMMISSIONER KAMMERDEINER: Good afternoon, Councilwoman Verna and Members of the Committee of the Whole. I have testimony that was prepared for yesterday and I'm not sure if it was ever distributed, so I have some copies here for you. I won't read the whole thing. I'll highlight a couple of things.

You already have heard a little about what this bill will do, and I would just indicate that there are a couple of other things you should be aware of.

The credit for the job creation is to be claimed on the business privilege tax return, however, if that credit exceeds the BPT due, the credit would be carried forward to the next year or applied to any other Philadelphia tax liability the employer might have.

Also, as you've already heard, the

City would be required under this legislation to make a grant to the School District equal to 1 percent of the employer's average wage paid for each credit granted. This legislation is to take effect immediately and would expire in 12 years.

My testimony was drafted based on the legislation as it was originally submitted. I understand that you will be receiving some amendments to this legislation that address many of the concerns that I've outlined in the written testimony but probably not all of those concerns. As a result, I would still request that you hold this bill so that we can further discuss some of the issues and concerns about the proposal with the hope and expectation that the legislation, if and when approved, would provide a program that we can all support and implement effectively so that it can achieve the results that were suggested.

COUNCIL PRESIDENT VERNA: One moment, Commissioner.

The Chair recognizes Councilman

Goode.

COUNCILMAN GOODE: The Revenue Commissioner, for clarity of the record, meant that we should accept the amendments that have been offered by the Administration but that there may be further amendments beyond this as we work out the tax credit program.

COUNCIL PRESIDENT VERNA: Commissioner?

COMMISSIONER KAMMERDEINER: That would be an appropriate amendment to what I was saying. I maybe phrased it incorrectly, but I think we do support and want to see a number of amendments, but because of the timing here, our concern that there may be a few other things that, as we work it through, we would want to suggest.

COUNCIL PRESIDENT VERNA: Do you have the amendments, Councilman?

COUNCILMAN GOODE: Yes.

COUNCIL PRESIDENT VERNA: Are there any questions of the Commissioner?

(No response.)

COUNCIL PRESIDENT VERNA: Seeing

none, thank you.

COMMISSIONER KAMMERDEINER: Thank you very much.

COUNCIL PRESIDENT VERNA: Is Ms. Wilkerson on her way?

Ms. Wilkerson, would you please come up to the table to testify, please?

Please identify yourself for the record and proceed with your testimony.

MS. WILKERSON: Thank you. My name is Joyce Wilkerson. I'm chief of staff to Mayor John Street. What I propose doing today is incorporating by reference the testimony that's been provided to City Council over the course over the last several months on the budget bill transmitted by the Mayor on March 18th. What you have in front of you today is built than upon that budget. There were changes made that were transmitted to City Council in May. Those changes that are part of the bill currently in front of you reflect a reduction in revenue as a result of PGW's inability to pay and a loss of a portion of the City scoop payment. I will focus solely

on those changes and the impact those changes have on the FY '05 to FY '09 budget.

In order to balance the plan, the City made the following adjustments: In FY '05, as suggested by Council President Verna, we proposed moving 4.5 million in funding for the Board of Revision of Taxes Technology Improvement the General Fund to the Productivity Bank. The technology improvements are a crucial component of the BRT assessment improvement process. In addition, in order to help PGW to meet his debt coverage requirements, we include a $18 million payment to PGW in FY '05 budget and each year of the FY '05 to FY '09 plan. At the same time, we include an offsetting $18 million payment from PGW to the General Fund so that the City does not either provide PGW a net subsidy or receive a net payment from the company.

In FY '06 we propose to make a 3.4 percent across-the-board reduction in Class 100 cuts. The only departments exempted from those cuts are the Law Department, the Revenue

Department, and Licenses and Inspections so that they will be able to continue with their revenue generating activities; the Board of Revision of Taxes so that it will be maintain its new, more accurate assessment system; the Fire Department in order to avoid making reductions that could jeopardize public safety; the Department of Human Services because its cost are heavily reimbursed by the state and federal governments; and the Philadelphia Prison System because the system's costs are largely driven by its census and the original FY '05-FY '09 plan had already assumed that the growth in the prison census would flatten out after years of rapid growth.

The proposed across-the-board cuts would lead to painful reduction in City services, including the likely closing of additional recreation centers, the potential closing of branch libraries, cutbacks in street cleaning services, and a reduction in the number of police officers on the streets. These are not choices the Administration is

making lightly, but after already reduced the City workforce by well over 800 positions in the last eight months, continuing with administrative service clusters that will eliminate about half of all administrative positions and replacing no more than half the people who leave through DROP, the Administration did not see any options other than making cuts that will have an impact on service.

While these cuts are painful, the plan proposed maintain strategic investments such as 375 million in tax reductions, the beginning of financing for the new economic development fund, and the start of the scholarship fund while maintaining core services such as public safety and trash collections.

COUNCIL PRESIDENT VERNA: Thank you.

Are there any questions or statements that any of the Councilmembers would like to make of Ms. Wilkerson?

(No response.)

COUNCIL PRESIDENT VERNA: Seeing no

one, thank you.

Do you have anyone else to testify on these bills?

(No response.)

COUNCIL PRESIDENT VERNA: Since we have no other witnesses, the Chair recognizes Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: Thank you, Madam President. Mr. McPherson is circulating --

COUNCIL PRESIDENT VERNA: Councilwoman, I would like to conclude the public hearing first. Thanks.

This will conclude our public hearing.

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COUNCIL OF THE CITY OF PHILADELPHIA

PUBLIC MEETING

COMMITTEE OF THE WHOLE

- - - -

Thursday, June 10, 2004

- - - -

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

BILLS 040640, 040610, 040602, 040607, 040608.

PRESENT:

COUNCIL PRESIDENT ANNA C. VERNA
COUNCILWOMAN JANNIE BLACKWELL
COUNCILMAN DARRELL L. CLARKE
COUNCILMAN DAVID COHEN
COUNCILMAN FRANK J. DICICCO
COUNCILMAN W. WILSON GOODE, JR.
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COUNCILWOMAN BLONDELL REYNOLDS BROWN
COUNCILMAN FRANK RIZZO
COUNCILWOMAN MARIAN B. TASCO

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

Apparently there are amendments that are being circulated, so I will give everyone a chance to get a copy of the amendments.

The Chair recognizes Councilwoman Blackwell regarding Bill No. 040601.

COUNCILWOMAN BLACKWELL: Thank you, Madam President. Mr. McPherson is now circulating an amendment to Bill No. 040601.

(Pause.)

COUNCIL PRESIDENT VERNA: Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: Madam President, a proposed amendment to Bill No. 040601 has been circulated adopting operating the Operating Budget for Fiscal Year '05.

COUNCIL PRESIDENT VERNA: The Chair recognizes Councilman Kenney.

COUNCILMAN KENNEY: I have a point of information.

The budget amendment that was circulated by Mr. McPherson is different, I assume, from a budget amendment that was

circulated, I think, by a staff member of Councilman Clarke earlier.

COUNCIL PRESIDENT VERNA: I have not seen any other amendments.

COUNCILMAN KENNEY: Councilman Clarke, is that a staff person of yours that was taking the stack around of amendments?

COUNCILMAN CLARKE: Yes.

COUNCILMAN KENNEY: They were amendments to 040601?

COUNCILMAN CLARKE: Tax bills and --

COUNCILMAN KENNEY: Was there a budget amendment also?

COUNCILMAN CLARKE: Yes.

COUNCILMAN KENNEY: I want to make sure we all understand what set of amendments --

COUNCILMAN CLARKE: Councilman Mariano is introducing them, the amendments to Operating Budget, tax bills, and the Five Year Plan.

COUNCILMAN KENNEY: And I'm sorry not to speak through the Chair, but the packet that your staff person circulated?

COUNCILMAN CLARKE: He was the only one I could find.

COUNCILMAN KENNEY: I just want to make sure. There's a lot of paper around here. I just wanted to make sure we all understand what the paper is.

COUNCIL PRESIDENT VERNA: I have not seen a copy. Apparently they've been circulated, but I have not seen them.

MR. MCPHERSON: The amendments that were just circumstanced, if you look on the ordinance, the General Fund total will be $3,386,784,000. That's all typed. You will not see any hand marked up. Those were the amendments that were handed out. And then what the other handout was was a little worksheet that shows you what the pluses and minuses or what the transfers are. On the first line, you will see that in the City scholarship program $4 million was added to City Council Class 200; and out of the Mayor's Scholarship Program, $4 million was transferred from the Mayor's Office to City Council. The total of the General Fund

adjustments is a net increase $1,907,000. The total adjustments to the General Fund are $1,907,000. The adjustments to the Water Residual Fund is a transfer of $125 million from Class 200 to Class 100. The net impact on the total of the fund is zero. In the Aviation Fund 12,148,000 was deleted from Commerce; $15,902,000 was deleted from the Sinking Fund Commission for a total reduction in the Aviation Fund of $28,050,000.

COUNCIL PRESIDENT VERNA: Any questions?

Councilman Cohen.

COUNCILMAN COHEN: I understand that the court system is concerned about the fact that an additional cut of some $4 million --

COUNCIL PRESIDENT VERNA: I think it may be more than that, Councilman.

COUNCILMAN COHEN: They had one cut and then I think a day or two ago they learned of a second cut. Has the Chair any information about the court's response?

I know I got a call from my son who raised questions about it. He said the court

had willingly accepted the first cut -- not willingly but had managed to figure out how to deal with it. And suddenly news came of a second cut. I don't know whether that's an accurate report or not. I was listening carefully, and I saw nothing was contained --

MR. MCPHERSON: We're not aware of a second cut. When the courts testified, they did indicate, I believe, that their budget --

COUNCILMAN COHEN: I can't hear you.

MR. MCPHERSON: I'm sorry. I think when the courts came in for their budget testimony they indicated, I believe, that their budget had been reduced approximately $9 million. If they had gotten notice of a second budget cut, we're not aware of it.

COUNCILMAN COHEN: There's been no contact with the President Judge?

MR. MCPHERSON: No. They have not contacted -- we have not cut the court's budget. The court's budget that is in this package is the same budget that the Administration proposed for the First Judicial District.

COUNCILMAN COHEN: Same amount as originally proposed by the Administration?

MR. MCPHERSON: That is correct.

COUNCILMAN COHEN: That seems to be contradictory to the information I had. And it would solve the problem if that that's the case. Thank you very much.

MR. MCPHERSON: Yes, sir.

COUNCIL PRESIDENT VERNA: Councilwoman Blackwell, you did make a motion. I don't know if you did, but you said you were offering --

COUNCILWOMAN BLACKWELL: I don't know either.

COUNCIL PRESIDENT VERNA: Let's try this again please.

COUNCILWOMAN BLACKWELL: Okay, Madam President, a proposed amendment to Bill 040601 has been circulated, and we request that this amendment be adopted.

(Duly seconded.)

COUNCIL PRESIDENT VERNA: It has been moved and seconded that the amendments being proposed by Councilwoman Blackwell

regarding Bill No. 040601 be adopted.

All in favor of the adoption of the amendments as proposed by Councilwoman Blackwell will signify by saying aye.

(Aye.)

COUNCIL PRESIDENT VERNA: Is there to be a roll call vote?

COUNCILMAN KENNEY: Yes.

COUNCIL PRESIDENT VERNA: Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: No.

COUNCIL PRESIDENT VERNA: Councilman Clarke.

COUNCILMAN CLARKE: No.

COUNCIL PRESIDENT VERNA: Councilman Cohen.

COUNCILMAN COHEN: Aye.

COUNCIL PRESIDENT VERNA: Councilman DiCicco.

COUNCILMAN DICICCO: Aye.

COUNCIL PRESIDENT VERNA: Councilman Goode.

COUNCILMAN GOODE: No.

COUNCIL PRESIDENT VERNA: Councilman

Kelly.

COUNCILMAN KELLY: Aye.

COUNCIL PRESIDENT VERNA: Councilman Kenney.

COUNCILMAN KENNEY: Aye.

COUNCIL PRESIDENT VERNA: Councilwoman Krajewski.

COUNCILWOMAN KRAJEWSKI: Aye.

COUNCIL PRESIDENT VERNA: Councilman Mariano.

COUNCILMAN MARIANO: No.

COUNCIL PRESIDENT VERNA: Councilwoman Miller.

COUNCILWOMAN MILLER: No.

COUNCIL PRESIDENT VERNA: Councilman Nutter.

COUNCILMAN NUTTER: Aye.

COUNCIL PRESIDENT VERNA: Councilman O'Neill.

COUNCILMAN O'NEILL: Aye.

COUNCIL PRESIDENT VERNA: Councilman Ramos.

COUNCILMAN RAMOS: No.

COUNCIL PRESIDENT VERNA:

Councilwoman Reynolds Brown.

COUNCILWOMAN REYNOLDS BROWN: No.

COUNCIL PRESIDENT VERNA: Councilman Rizzo.

COUNCILMAN RIZZO: Aye.

COUNCIL PRESIDENT VERNA: Councilwoman Tasco.

COUNCILWOMAN TASCO: Aye.

COUNCIL PRESIDENT VERNA: Councilwoman Verna. Aye.

The ayes are 10, the nays are 7. The amendments are adopted.

COUNCILMAN COHEN: What was the count?

COUNCIL PRESIDENT VERNA: 10 to 7.

COUNCILMAN COHEN: In favor of the amendment?

COUNCIL PRESIDENT VERNA: The amendment has been approved.

Councilman Mariano.

COUNCILMAN MARIANO: Thank you, Madam President. Now I have amendments to Bill 040601. I think they've been circulated. I hope everyone has it.

COUNCIL PRESIDENT VERNA: I just received a copy. Can we have an extra copy, please, so that Mr. Erickson can look at it?

COUNCILMAN MARIANO: I'm sorry.

COUNCIL PRESIDENT VERNA: The Chair recognizes Councilman Mariano.

COUNCILMAN MARIANO: I make a motion to amend Bill 040601.

(Duly seconded.)

COUNCIL PRESIDENT VERNA: Your amendments would undo the previous amendments and replace them with what you're offering.

COUNCILMAN MARIANO: Which they'll probably lose but we want to go through the motions.

COUNCIL PRESIDENT VERNA: It has been moved and seconded that Councilman Mariano's amendments be adopted.

Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: Aye.

COUNCIL PRESIDENT VERNA: Councilman Clarke.

COUNCILMAN CLARKE: Aye.

COUNCIL PRESIDENT VERNA: Councilman

Cohen.

COUNCILMAN COHEN: No.

COUNCIL PRESIDENT VERNA: Councilman DiCicco.

COUNCILMAN DICICCO: No.

COUNCIL PRESIDENT VERNA: Councilman Goode.

COUNCILMAN GOODE: Aye.

COUNCIL PRESIDENT VERNA: Councilman Kelly.

COUNCILMAN KELLY: No.

COUNCIL PRESIDENT VERNA: Councilman Kenney.

COUNCILMAN KENNEY: No.

COUNCIL PRESIDENT VERNA: Councilwoman Krajewski.

COUNCILWOMAN KRAJEWSKI: No.

COUNCIL PRESIDENT VERNA: Councilman Mariano.

COUNCILMAN MARIANO: Yes.

COUNCIL PRESIDENT VERNA: Councilwoman Miller.

COUNCILWOMAN MILLER: Aye.

COUNCIL PRESIDENT VERNA: Councilman

Nutter.

COUNCILMAN NUTTER: No.

COUNCIL PRESIDENT VERNA: Councilman O'Neill.

COUNCILMAN O'NEILL: No.

COUNCIL PRESIDENT VERNA: Councilman Ramos.

COUNCILMAN RAMOS: Aye.

COUNCIL PRESIDENT VERNA: Councilwoman Brown.

COUNCILWOMAN REYNOLDS BROWN: Aye.

COUNCIL PRESIDENT VERNA: Councilman Rizzo.

COUNCILMAN RIZZO: No.

COUNCIL PRESIDENT VERNA: Councilwoman Tasco.

COUNCILWOMAN TASCO: No.

COUNCIL PRESIDENT VERNA: Councilwoman Verna. No.

The ayes are 7, the nays are 10. The motion fails.

So the Chair again recognizes Councilwoman Blackwell regarding Bill No. 040601.

COUNCILWOMAN BLACKWELL: Madam President, I move that Bill No. 040601, as amended, be reported out of Committee with a favorable recommendation, and also recommendation for a suspension of the Rules so as to be consider at our last Session of Council.

(Duly seconded.)

COUNCIL PRESIDENT VERNA: It has moved and seconded that Bill No. 040601 be reported out of Committee with a favorable recommendation, as amended; also a recommendation that the Rules of Council be suspended so as to permit consideration at our next Council Session.

All in favor will signify by saying aye.

(Aye.)

COUNCIL PRESIDENT VERNA: Those opposed?

(No response.)

COUNCIL PRESIDENT VERNA: The ayes have it, and the motion carries.

The Chair recognizes Councilwoman

Blackwell regarding Bill No. 040602.

The bill that we voted on was the Operating Budget. This is to adopt Capital Budget.

COUNCILMAN CLARKE: (Inaudible.)

COUNCIL PRESIDENT VERNA: I beg your pardon.

COUNCILMAN CLARKE: (Inaudible.)

COUNCIL PRESIDENT VERNA: Your microphone is not on and I cant' hear I cannot hear a word you're saying.

COUNCILMAN CLARKE: Can you have that vote over again please, the vote out of Committee?

COUNCIL PRESIDENT VERNA: Do you want us to tell you what was voted upon?

COUNCILMAN NUTTER: I think the Councilman wasn't aware that this was the motion for the bill to come out of Committee and I think he's requesting another vote. Maybe he wants to change his vote.

COUNCIL PRESIDENT VERNA: Is that what you're asking, for another --

COUNCILMAN CLARKE: Yes. I wasn't

aware.

COUNCIL PRESIDENT VERNA: We'll take another vote.

COUNCILMAN CLARKE: This is for report of Committee.

COUNCIL PRESIDENT VERNA: This is for Bill No. 040601, as amended, which is the Operating Budget.

MR. MCPHERSON: Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: This is a re-vote for 01?

MR. MCPHERSON: Yes.

COUNCIL PRESIDENT VERNA: As amended with a suspension.

COUNCILWOMAN BLACKWELL: Aye, Madam President.

MR. MCPHERSON: Councilman Clarke.

COUNCILMAN CLARKE: No.

MR. MCPHERSON: Councilman Cohen.

COUNCILMAN COHEN: Aye.

MR. MCPHERSON: Councilman DiCicco.

COUNCILMAN DICICCO: Aye.

MR. MCPHERSON: Councilman Goode.

COUNCILMAN GOODE: Aye.

MR. MCPHERSON: Councilman Kelly.

COUNCILMAN KELLY: Aye.

MR. MCPHERSON: Councilman Kenney.

COUNCILMAN KENNEY: Aye.

MR. MCPHERSON: Councilwoman Krajewski.

COUNCILWOMAN KRAJEWSKI: Aye.

MR. MCPHERSON: Councilman Mariano.

COUNCILMAN MARIANO: Aye.

MR. MCPHERSON: Councilwoman Miller.

COUNCILWOMAN MILLER: Aye.

MR. MCPHERSON: Councilman Nutter.

COUNCILMAN NUTTER: Aye.

MR. MCPHERSON: Councilman O'Neill.

COUNCILMAN O'NEILL: Aye.

MR. MCPHERSON: Councilman Ramos.

COUNCILMAN RAMOS: Aye.

MR. MCPHERSON: Councilwoman Reynolds Brown.

COUNCILWOMAN REYNOLDS BROWN: Aye.

MR. MCPHERSON: Councilman Rizzo.

COUNCILMAN RIZZO: Aye.

MR. MCPHERSON: Councilwoman Tasco.

COUNCILWOMAN TASCO: Aye.

MR. MCPHERSON: Council President Verna.

COUNCIL PRESIDENT VERNA: Aye.

MR. MCPHERSON: It's 16 to 1. It comes out of Committee.

COUNCIL PRESIDENT VERNA: Again, the Chair recognizes Councilwoman Blackwell regarding Bill No. 040602. This is the Capital Budget.

COUNCILWOMAN BLACKWELL: Thank you, Madam President. I move that the amendment to Bill NO. 040602 regarding the Capital Budget be adopted.

(Duly seconded.)

COUNCILMAN NUTTER: Can you give us a total?

MR. MCPHERSON: The two amendments to the Capital Budget were the following: The adjustments were that $7 million in CN funding was added to the Recreation Department and $275 million was deleted from XN self-sustaining new loans in the Aviation Fund Commerce Department. So the total of them,

because of taking out 275 million and adding back 7, the total of the Capital Budget for Fiscal '05 is being reduced from 1 billion --

COUNCILMAN NUTTER: Okay.

COUNCILWOMAN TASCO: What I have says Capital Program.

MR. MCPHERSON: What you have is instead of deleting and putting the whole page, it just tells you what lines and what the funding source is.

COUNCIL PRESIDENT VERNA: It is the Capital Program.

Can I have a copy of that? It has been moved and seconded that the amendment to Bill 040602 be adopted.

All in favor will signify by saying aye.

(Aye.)

COUNCIL PRESIDENT VERNA: Those opposed?

Do we want a roll call on this one too? What's your pleasure?

Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: No.

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COUNCIL PRESIDENT VERNA: Councilman Clarke.

COUNCILMAN CLARKE: No.

COUNCIL PRESIDENT VERNA: Councilman Cohen.

COUNCILMAN COHEN: Aye.

COUNCIL PRESIDENT VERNA: Councilman DiCicco.

COUNCILMAN DICICCO: Aye.

COUNCIL PRESIDENT VERNA: Councilman Goode.

COUNCILMAN GOODE: Aye.

COUNCIL PRESIDENT VERNA: Councilman Kelly.

COUNCILMAN KELLY: Aye.

COUNCIL PRESIDENT VERNA: Councilman Kenney.

COUNCILMAN KENNEY: Aye.

COUNCIL PRESIDENT VERNA: Councilwoman Krajewski.

COUNCILWOMAN KRAJEWSKI: Aye.

COUNCIL PRESIDENT VERNA: Councilman Mariano.

COUNCILMAN MARIANO: No.

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COUNCIL PRESIDENT VERNA: Councilwoman Miller.

COUNCILWOMAN MILLER: No.

COUNCIL PRESIDENT VERNA: Councilman Nutter.

COUNCILMAN NUTTER: Aye.

COUNCIL PRESIDENT VERNA: Councilman O'Neill.

COUNCILMAN O'NEILL: Aye.

COUNCIL PRESIDENT VERNA: Councilman Ramos.

COUNCILMAN RAMOS: No.

COUNCIL PRESIDENT VERNA: Councilwoman Reynolds Brown.

COUNCILWOMAN REYNOLDS BROWN: No.

COUNCIL PRESIDENT VERNA: Councilman Rizzo.

COUNCILMAN RIZZO: Aye.

COUNCIL PRESIDENT VERNA: Councilwoman Tasco.

COUNCILWOMAN TASCO: Aye.

COUNCIL PRESIDENT VERNA: Councilwoman Verna. Aye.

The vote is 11-6, and the amendment

is adopted.

Again, the Chair recognizes Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: Thank you, Madam President. I move that Bill No. 040602, as amended, be reported out of Committee with a favorable recommendation, and furthermore that the Rules of Council be suspended so as to permit first consideration at our last Session of Council.

(Duly seconded.)

COUNCIL PRESIDENT VERNA: It has been moved and properly seconded that Bill No. 040602 be reported out of Committee with a favorable recommendation, as amended, also a recommendation that the Rules of Council be suspended so as to permit consideration at our next Session of Council.

Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: No.

COUNCIL PRESIDENT VERNA: Councilman Clarke.

COUNCILMAN CLARKE: No.

COUNCIL PRESIDENT VERNA: Councilman

Cohen.

COUNCILMAN COHEN: Aye.

COUNCIL PRESIDENT VERNA: Councilman DiCicco.

COUNCILMAN DICICCO: Aye.

COUNCIL PRESIDENT VERNA: Councilman Goode.

COUNCILMAN GOODE: Aye.

COUNCIL PRESIDENT VERNA: Councilman Kelly.

COUNCILMAN KELLY: Aye.

COUNCIL PRESIDENT VERNA: Councilman Kenney.

COUNCILMAN KENNEY: Aye.

COUNCIL PRESIDENT VERNA: Councilwoman Krajewski.

COUNCILWOMAN KRAJEWSKI: Aye.

COUNCIL PRESIDENT VERNA: Councilman Mariano.

COUNCILMAN MARIANO: No.

COUNCIL PRESIDENT VERNA: Councilwoman Miller.

COUNCILWOMAN MILLER: No.

COUNCIL PRESIDENT VERNA: Councilman

Nutter.

COUNCILMAN NUTTER: Aye.

COUNCIL PRESIDENT VERNA: Councilman O'Neill.

COUNCILMAN O'NEILL: Aye.

COUNCIL PRESIDENT VERNA: Councilman Ramos.

COUNCILMAN RAMOS: No.

COUNCIL PRESIDENT VERNA: Councilwoman Reynolds Brown.

COUNCILWOMAN REYNOLDS BROWN: No.

COUNCIL PRESIDENT VERNA: Councilman Rizzo.

COUNCILMAN RIZZO: Aye.

COUNCIL PRESIDENT VERNA: Councilwoman Tasco.

COUNCILWOMAN TASCO: Aye.

COUNCIL PRESIDENT VERNA: Councilwoman Verna. Aye.

The votes are 11 to 6, and the motion carries.

The Chair recognizes Councilwoman Blackwell regarding Bill No. 040603.

COUNCILWOMAN BLACKWELL: Madam

President, I move that the amendment to Bill No. 040603 be adopted.

(Duly seconded.)

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

All in favor will signify by saying aye.

(Aye.)

COUNCIL PRESIDENT VERNA: Those opposed?

(No response.)

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

The Chair again recognizes Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: Is this for a vote count?

COUNCIL PRESIDENT VERNA: Yes.

COUNCILWOMAN BLACKWELL: No.

COUNCIL PRESIDENT VERNA: Nobody --

COUNCILMAN KENNEY: This is roll call on the amendment, right?

COUNCIL PRESIDENT VERNA: We voted

the amendment.

I think we're making things very confusing. An amendment was introduced. It was voted upon. A motion has now been made on the bill as amended -- well, I think we have to start all over again. And I wish people would pay attention. It's just getting too confusing to keep going back.

Councilwoman Blackwell, I would ask you to please offer your amendment one more time.

COUNCILWOMAN BLACKWELL: Madam President, I move that the amendment to Bill No. 040603 be adopted.

(Duly seconded.)

COUNCIL PRESIDENT VERNA: It has been moved and seconded that the amendments be adopted. Roll call.

Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: No.

COUNCIL PRESIDENT VERNA: Councilman Clarke.

COUNCILMAN CLARKE: No.

COUNCIL PRESIDENT VERNA: Councilman

Cohen.

COUNCILMAN COHEN: Aye.

COUNCIL PRESIDENT VERNA: Councilman DiCicco.

COUNCILMAN DICICCO: Aye.

COUNCIL PRESIDENT VERNA: Councilman Goode.

COUNCILMAN GOODE: Aye.

COUNCIL PRESIDENT VERNA: Councilman Kelly.

COUNCILMAN KELLY: Aye.

COUNCIL PRESIDENT VERNA: Councilman Kenney.

COUNCILMAN KENNEY: Aye.

COUNCIL PRESIDENT VERNA: Councilwoman Krajewski.

COUNCILWOMAN KRAJEWSKI: Aye.

COUNCIL PRESIDENT VERNA: Councilman Mariano.

COUNCILMAN MARIANO: No.

COUNCIL PRESIDENT VERNA: Councilwoman Miller.

COUNCILWOMAN MILLER: No.

COUNCIL PRESIDENT VERNA: Councilman

Nutter.

COUNCILMAN NUTTER: Aye.

COUNCIL PRESIDENT VERNA: Councilman O'Neill.

COUNCILMAN O'NEILL: Aye.

COUNCIL PRESIDENT VERNA: Councilman Ramos.

COUNCILMAN RAMOS: No.

COUNCIL PRESIDENT VERNA: Councilwoman Brown.

COUNCILWOMAN REYNOLDS BROWN: No.

COUNCIL PRESIDENT VERNA: Councilman Rizzo.

COUNCILMAN RIZZO: Aye.

COUNCIL PRESIDENT VERNA: Councilwoman Tasco.

COUNCILWOMAN TASCO: Aye.

COUNCIL PRESIDENT VERNA: Councilwoman Verna. Aye.

The votes are 11 to 6. The bill is amended.

Again, the Chair recognizes Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: Thank you,

Madam President. I move that Bill No. 040603, as amended, be reported out of Committee with a favorable recommendation, and also that the Rules of Council be suspended so as to permit first reading at our next Session of Council.

(Duly seconded.)

COUNCIL PRESIDENT VERNA: It has been moved and properly seconded that Bill No. 040603 be reported out of Committee with a favorable recommendation, as amended; further that the Rules of Council be suspended so as to permit first reading at our next Council Session.

All in favor will indicate by saying aye.

(Aye.)

COUNCIL PRESIDENT VERNA: Those opposed?

COUNCILMAN MARIANO: Roll call.

MR. MCPHERSON: Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: No.

MR. MCPHERSON: Councilman Clarke.

COUNCILMAN CLARKE: No.

MR. MCPHERSON: Councilman Cohen.

COUNCILMAN COHEN: Aye.

MR. MCPHERSON: Councilman DiCicco.

COUNCILMAN DICICCO: Aye.

MR. MCPHERSON: Councilman Goode.

COUNCILMAN GOODE: Aye.

MR. MCPHERSON: Councilman Kelly.

COUNCILMAN KELLY: Aye.

MR. MCPHERSON: Councilman Kenney.

COUNCILMAN KENNEY: Aye.

MR. MCPHERSON: Councilwoman Krajewski.

COUNCILWOMAN KRAJEWSKI: Aye.

MR. MCPHERSON: Councilman Mariano.

COUNCILMAN MARIANO: No.

MR. MCPHERSON: Councilwoman Miller.

COUNCILWOMAN MILLER: No.

MR. MCPHERSON: Councilman Nutter.

COUNCILMAN NUTTER: Aye.

MR. MCPHERSON: Councilman O'Neill.

COUNCILMAN O'NEILL: Aye.

MR. MCPHERSON: Councilman Ramos.

COUNCILMAN RAMOS: No.

MR. MCPHERSON: Councilwoman

Reynolds Brown.

COUNCILWOMAN REYNOLDS BROWN: No.

MR. MCPHERSON: Councilman Rizzo.

COUNCILMAN RIZZO: Aye.

MR. MCPHERSON: Councilwoman Tasco.

COUNCILWOMAN TASCO: Aye.

MR. MCPHERSON: Council President Verna.

COUNCIL PRESIDENT VERNA: Aye.

The ayes are 11, the nays are 6.

The Chair again recognizes Councilman Nutter regarding Bill 040607.

COUNCILMAN NUTTER: Thank you, Madam Chair. Madam Chair, if I could have Sergeant-at-Arms assistance, I have amendments to Bill 040607.

COUNCIL PRESIDENT VERNA: Does everyone have a copy of Councilman Nutter's amendment to this bill?

(Pause.)

COUNCILMAN NUTTER: Madam Chair.

COUNCIL PRESIDENT VERNA: The Chair recognizes Councilman Nutter.

COUNCILMAN NUTTER: Madam Chair, I

know there are other amendments around for Bill 040607. It's probably easier to distinguish between the amendments by the ones that were just handed out by the Sergeant-at-Arms do not have the City seal on them or the printed City of Philadelphia at the top. And the first rate on the wage tax January 1, 2005 through December 31, 2005 is being amended to 2.831. That's the version that I'm working from.

I'd like to put on the record Madam Chair that this proposed amendment does change the rates of the bill as it was introduced, but I believe most importantly, similar to the recommendation from the Tax Reform Commission on January 1, 2015 the resident wage tax rate would be 3.25 which is the same ending number as the schedule of the Tax Reform Commission. Obviously, the rates are changed within, but it still reaches in 10 years the goal of the resident wage tax goal of 3.25. As I said again last time we were talking about this particular bill, it does take away the trigger mechanism Bill 92 from a couple years as well

as with the cooperation of Councilman Mariano the other triggering mechanism related to real estate taxes.

Having said that, unless there are any questions I'd like to move the adoption of the amendment as circulated by the Sergeant-at-Arms to Bill 040607.

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

MR. MCPHERSON: Councilwoman Blackwell. These would be to the amendments that were offered by Councilman Nutter on Bill 040607.

COUNCILWOMAN BLACKWELL: I think I'm voting no.

MR. MCPHERSON: Councilman Clarke.

COUNCILMAN CLARKE: No.

MR. MCPHERSON: Councilman Cohen.

COUNCILMAN COHEN: Aye.

MR. MCPHERSON: Councilman DiCicco.

COUNCILMAN DICICCO: Aye.

MR. MCPHERSON: Councilman Goode.

COUNCILMAN GOODE: Aye.

MR. MCPHERSON: Councilman Kelly.

COUNCILMAN KELLY: Aye.

MR. MCPHERSON: Councilman Kenney.

COUNCILMAN KENNEY: Aye.

MR. MCPHERSON: Councilwoman Krajewski.

COUNCILWOMAN KRAJEWSKI: Aye.

MR. MCPHERSON: Councilman Mariano.

COUNCILMAN MARIANO: No.

MR. MCPHERSON: Councilwoman Miller.

COUNCILWOMAN MILLER: No.

MR. MCPHERSON: Councilman Nutter.

COUNCILMAN NUTTER: Aye.

MR. MCPHERSON: Councilman O'Neill.

COUNCILMAN O'NEILL: Aye.

MR. MCPHERSON: Councilman Ramos.

COUNCILMAN RAMOS: No.

MR. MCPHERSON: Councilwoman Reynolds Brown.

COUNCILWOMAN REYNOLDS BROWN: No.

MR. MCPHERSON: Councilman Rizzo.

COUNCILMAN RIZZO: Aye.

MR. MCPHERSON: Councilwoman Tasco.

COUNCILWOMAN TASCO: Aye.

MR. MCPHERSON: Council President Verna.

COUNCIL PRESIDENT VERNA: Aye.

MR. MCPHERSON: 11 to 6. The amendment passes.

COUNCIL PRESIDENT VERNA: The amendment is adopted.

Again, the Chair recognizes Councilman Mariano.

COUNCILMAN MARIANO: Thank you, Madam President. I would like to make a motion for amendments for Bill 040607 which delete the previous amendments and add these amendments.

COUNCIL PRESIDENT VERNA: Very well. Are you making a motion for the adoption?

COUNCILMAN MARIANO: I make a motion to amend that bill.

COUNCIL PRESIDENT VERNA: Councilman Clarke, did you want to be recognized?

COUNCILMAN CLARKE: Yes, Madam President. I actually wanted to speak briefly prior to the votes on the amendments.

COUNCIL PRESIDENT VERNA: Before you

speak, I think we should have a second on the amendment.

(Duly seconded.)

COUNCIL PRESIDENT VERNA: Councilman Clarke.

COUNCILMAN CLARKE: I just wanted to say that the two amendments that will be offered, one on the business privilege tax and the another on the wage tax reflect a proposal that was put forth a couple of days ago when members were briefed. It is a proposal that would be reflected in the Operating Budget amendment that was introduced and defeated. It is a proposal that personally I thought made some sense in that it gave additional tax reduction beyond what we're doing. It is a balanced budget in all five years. It also required a substantial amount of restorations above and beyond what the Administration was willing to do. So I just wanted to clarify what these amendments and what the Operating Budget amendment represented that was introduced. And these two amendments will, in fact, represent a plan that will add an

additional $105 million above and beyond what is currently in place, understanding that the single factor apportionment -- because I know someone is going to bring it up -- is a part of that 105 plan, but there is an additional $50 million on a table as a result of that. And as I earlier mentioned, it does, in fact, have a balanced budget throughout the Five-Year Plan.

COUNCIL PRESIDENT VERNA: Thank you.

A motion has been made.

The Chair recognizes Councilman Nutter.

COUNCILMAN NUTTER: Thank you, Madam Chair. Either Councilman Clarke or Councilman Mariano, I just want to make sure I'm reading this proposed amendment correctly. Am I reading this right that the rates in this particular bill are only established through -- or the cuts are only established through January 1, 2008, and then there are no reductions after that?

COUNCILMAN CLARKE: Correct.

COUNCILMAN NUTTER: You mean for

'09?

COUNCILMAN CLARKE: Correct.

COUNCILMAN NUTTER: But the only set rate is -- what is that 4.25? And it goes to that rate January 1, 2008, and stays at that rate for every year thereafter?

COUNCILMAN CLARKE: In this particular plan we did not -- correct, correct.

COUNCILMAN NUTTER: All right.

COUNCILMAN CLARKE: But we will adjust. The anticipation is that there will be an adjusted rate as we moved in the out years, but there was a substantial amount of uncertainty both with respect to where we would be with the budget and with respect to where we would be with other tax bills, and particularly the tax bill that our good friend Councilman Cohen was successful in so that had to be factored in the out years.

COUNCILMAN NUTTER: I understand. So this gives you set rates for '05, '06, '07 and '08, and then there are no proposed cuts at least in the bill after FY '08.

COUNCILMAN CLARKE: After five years, correct.

COUNCILMAN MARIANO: And, Councilman, if I may. By '09 the wage taxes will be cut by 5.9 percent. If that helps.

COUNCILMAN NUTTER: Thank you, Madam Chair.

COUNCILMAN COHEN: What is the recommendation of Councilman Nutter? I wasn't sure.

COUNCILMAN NUTTER: I'm sorry. This a question for me?

Councilman, I appreciate the question. I understand what Councilman Clarke is seeking to accomplish. Given our last action, I will not be voting in favor of this particular amendment.

COUNCIL PRESIDENT VERNA: Roll call.

MR. MCPHERSON: Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: Aye.

MR. MCPHERSON: Councilman Clarke.

COUNCILMAN CLARKE: Aye.

MR. MCPHERSON: Councilman Cohen.

COUNCILMAN COHEN: No.

MR. MCPHERSON: Councilman DiCicco.

COUNCILMAN DICICCO: No.

MR. MCPHERSON: Councilman Goode.

COUNCILMAN GOODE: No.

MR. MCPHERSON: Councilman Kelly.

COUNCILMAN KELLY: No.

MR. MCPHERSON: Councilman Kenney.

COUNCILMAN KENNEY: No.

MR. MCPHERSON: Councilwoman Krajewski.

COUNCILWOMAN KRAJEWSKI: No.

MR. MCPHERSON: Councilman Mariano.

COUNCILMAN MARIANO: Yes.

MR. MCPHERSON: Councilwoman Miller.

COUNCILWOMAN MILLER: Aye.

MR. MCPHERSON: Councilman Nutter.

COUNCILMAN NUTTER: No.

MR. MCPHERSON: Councilman O'Neill.

COUNCILMAN O'NEILL: No.

MR. MCPHERSON: Councilman Ramos.

COUNCILMAN RAMOS: Aye.

MR. MCPHERSON: Councilwoman Reynolds Brown.

COUNCILWOMAN REYNOLDS BROWN: Aye.

MR. MCPHERSON: Councilman Rizzo.

COUNCILMAN RIZZO: No.

MR. MCPHERSON: Councilwoman Tasco.

COUNCILWOMAN TASCO: No.

MR. MCPHERSON: Council President Verna.

COUNCIL PRESIDENT VERNA: No.

MR. MCPHERSON: The motion fails 6 to 11.

COUNCIL PRESIDENT VERNA: Thank you.

The Chair recognizes Councilman Nutter.

COUNCILMAN NUTTER: Madam Chair, I move that Bill 040607, as amended, be reported out of this Committee with a favorable recommendation, a further recommendation that the Rules of Council be suspend so as to permit first reading at our next Session.

(Duly seconded.)

COUNCIL PRESIDENT VERNA: It has been moved and seconded that Bill No. 040607 be reported out of Committee with a favorable

recommendation, as amended, further that a recommendation that the Rules of Council be suspended so as to permit first reading at our next Council session.

All in favor will say aye.

(Aye.)

COUNCIL PRESIDENT VERNA: Those opposed?

(No response.)

COUNCIL PRESIDENT VERNA: The ayes have it. The motion carries.

The Chair now recognizes Councilman Nutter concerning Bill No. 040608.

COUNCILMAN NUTTER: Thank you, Madam Chair. If I could have the Sergeant-at-Arms distribute another set of proposed amendments for Bill 040608.

(Pause.)

COUNCIL PRESIDENT VERNA: Councilman Nutter.

COUNCILMAN NUTTER: Thank you, Madam Chair.

Madam Chair, again, I would like to point out I know that there are other

amendments on Members' desks. This amendment can be distinguished in two ways. First, this amendment does not have the seal of the City or the words "City of Philadelphia" across the top. Second, the rates for the receipts rate in mils as it says on the front, the bill provides for a zero rate for the receipts portion of the BPT in 2017 as well as a zero rate for the net income tax of the business tax at zero as well. This is, again, at a minimum in concert with and in the spirit of the proposal from the Tax Reform Commission to fully eliminate the business privilege tax in what now will be approximately 12 years.

Having said that, unless there are any questions, Madam President, I would move the adoption of this amendment to Bill 040608.

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

COUNCIL PRESIDENT VERNA: Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: No.

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COUNCIL PRESIDENT VERNA: Councilman Clarke.

COUNCILMAN CLARKE: No.

COUNCIL PRESIDENT VERNA: Councilman Cohen.

COUNCILMAN COHEN: Aye.

COUNCIL PRESIDENT VERNA: Councilman DiCicco.

COUNCILMAN DICICCO: Aye.

COUNCIL PRESIDENT VERNA: Councilman Goode.

COUNCILMAN GOODE: Aye.

COUNCIL PRESIDENT VERNA: Councilman Kelly.

COUNCILMAN KELLY: Aye.

COUNCIL PRESIDENT VERNA: Councilman Kenney.

COUNCILMAN KENNEY: Aye.

COUNCIL PRESIDENT VERNA: Councilwoman Krajewski.

COUNCILWOMAN KRAJEWSKI: Aye.

COUNCIL PRESIDENT VERNA: Councilman Mariano.

COUNCILMAN MARIANO: No.

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COUNCIL PRESIDENT VERNA:

Councilwoman Miller.

COUNCILWOMAN MILLER: No.

COUNCIL PRESIDENT VERNA: Councilman Nutter.

COUNCILMAN NUTTER: Aye.

COUNCIL PRESIDENT VERNA: Councilman O'Neill.

COUNCILMAN O'NEILL: Aye.

COUNCIL PRESIDENT VERNA: Councilman Ramos.

COUNCILMAN RAMOS: No.

COUNCIL PRESIDENT VERNA:

Councilwoman Reynolds Brown.

COUNCILWOMAN REYNOLDS BROWN: No.

COUNCIL PRESIDENT VERNA: Councilman Rizzo.

COUNCILMAN RIZZO: Aye.

COUNCIL PRESIDENT VERNA:

Councilwoman Tasco.

COUNCILWOMAN TASCO: Aye.

COUNCIL PRESIDENT VERNA:

Councilwoman Verna. Aye.

MR. MCPHERSON: It passes 11 to 6.

COUNCIL PRESIDENT VERNA: The Chair now recognizes Councilman Mariano.

COUNCILMAN MARIANO: I'd like to propose an amendment to Bill No. 040608, and it would delete the previous amendment and this would be an amendment.

Do I hear a second.

(Duly seconded.)

COUNCIL PRESIDENT VERNA: Have the amendments been circulated in.

COUNCILMAN MARIANO: Yes.

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

I assume we want another roll call.

Councilman Nutter.

COUNCILMAN NUTTER: Thank you, Madam Chair. Madam Chair, I, again, more out of consistency than anything else, I would at least like the record to reflect that this bill appears to take the receipts rate to 1.35 in 2008 and there are no further cuts in the receipts rate or in the net income rate after 2008. I would assume that's in concert with

the previous statement on the previous bill by Councilman Clarke, but I would at least like the record to reflect that information. There is a cut also in the net income rate but that stops at 2008 as well.

Thank you.

COUNCIL PRESIDENT VERNA: Thank you.

COUNCILMAN CLARKE: Is that a question?

COUNCILMAN NUTTER: No, it's really more of a statement similar to what -- or it can be a question. Is that the case?

COUNCILMAN CLARKE: The answer is no.

COUNCILMAN NUTTER: Okay. Is there another --

COUNCILMAN CLARKE: The answer is no that they're not in the out years beyond five years.

COUNCIL PRESIDENT VERNA: I'm sorry. Councilmen, you are having a conversation between the two of you and we can't hear on this side of the room.

COUNCILMAN NUTTER: I understand.

Am I reading the bill correctly that the rate reductions, according to the bill, which stop at Fiscal Year '08 for both the receipts and net.

COUNCILMAN CLARKE: In the bill, yes.

COUNCILMAN NUTTER: Thank you.

COUNCIL PRESIDENT VERNA: Roll call.

Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: Aye.

COUNCIL PRESIDENT VERNA: Councilman Clarke.

COUNCILMAN CLARKE: Aye.

COUNCIL PRESIDENT VERNA: Councilman Cohen.

COUNCILMAN COHEN: No.

COUNCIL PRESIDENT VERNA: Councilman DiCicco.

COUNCILMAN DICICCO: No.

COUNCIL PRESIDENT VERNA: Councilman Goode.

COUNCILMAN GOODE: No.

COUNCIL PRESIDENT VERNA: Councilman Kelly.

COUNCILMAN KELLY: No.

COUNCIL PRESIDENT VERNA: Councilman Kenney.

COUNCILMAN KENNEY: No.

COUNCIL PRESIDENT VERNA: Councilwoman Krajewski.

COUNCILWOMAN KRAJEWSKI: No.

COUNCIL PRESIDENT VERNA: Councilman Mariano.

COUNCILMAN MARIANO: Aye.

COUNCIL PRESIDENT VERNA: Councilwoman Miller.

COUNCILWOMAN MILLER: Aye.

COUNCIL PRESIDENT VERNA: Councilman Nutter.

COUNCILMAN NUTTER: No.

COUNCIL PRESIDENT VERNA: Councilman O'Neill.

COUNCILMAN O'NEILL: No.

COUNCIL PRESIDENT VERNA: Councilman Ramos.

COUNCILMAN RAMOS: Aye.

COUNCIL PRESIDENT VERNA: Councilwoman Reynolds Brown.

COUNCILWOMAN REYNOLDS BROWN: Aye.

COUNCIL PRESIDENT VERNA: Councilman Rizzo.

COUNCILMAN RIZZO: No.

COUNCIL PRESIDENT VERNA: Councilwoman Tasco.

COUNCILWOMAN TASCO: No.

COUNCIL PRESIDENT VERNA: Councilwoman Verna. No.

MR. MCPHERSON: The motion fails, 6 ayes, 11 nays.

COUNCIL PRESIDENT VERNA: The Chair again recognizes Councilman Nutter regarding Bill No. 040608.

COUNCILMAN NUTTER: Madam Chair, I move that Bill NO. 040608, as amended, be reported out of this Committee with a favorable recommendation, a further recommendation that the Rules of Council be suspended so as to permit first reading at our next Session.

(Duly seconded.)

COUNCIL PRESIDENT VERNA: It has been moved and seconded that Bill No. 040608

be reported out of the Committee with a favorable recommendation, as amended; further that the Rules of Council be suspended so as to permit first reading at our next Session of Council.

Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: No.

COUNCIL PRESIDENT VERNA: Councilman Clarke.

COUNCILMAN CLARKE: No.

COUNCIL PRESIDENT VERNA: Councilman Cohen.

COUNCILMAN COHEN: Aye.

COUNCIL PRESIDENT VERNA: Councilman DiCicco.

COUNCILMAN DICICCO: Aye.

COUNCIL PRESIDENT VERNA: Councilman Goode.

COUNCILMAN GOODE: Aye.

COUNCIL PRESIDENT VERNA: Councilman Kelly.

COUNCILMAN KELLY: Aye.

COUNCIL PRESIDENT VERNA: Councilman Kenney.

COUNCILMAN KENNEY: Aye.

COUNCIL PRESIDENT VERNA: Councilwoman Krajewski.

COUNCILWOMAN KRAJEWSKI: Aye.

COUNCIL PRESIDENT VERNA: Councilman Mariano.

COUNCILMAN MARIANO: No.

COUNCIL PRESIDENT VERNA: Councilwoman Miller.

COUNCILWOMAN MILLER: No.

COUNCIL PRESIDENT VERNA: Councilman Nutter.

COUNCILMAN NUTTER: Aye.

COUNCIL PRESIDENT VERNA: Councilman O'Neill.

COUNCILMAN O'NEILL: Aye.

COUNCIL PRESIDENT VERNA: Councilman Ramos.

COUNCILMAN RAMOS: No.

COUNCIL PRESIDENT VERNA: Councilwoman Reynolds Brown.

COUNCILWOMAN REYNOLDS BROWN: No.

COUNCIL PRESIDENT VERNA: Councilman Rizzo.

COUNCILMAN RIZZO: Aye.

COUNCIL PRESIDENT VERNA: Councilwoman Tasco.

COUNCILWOMAN TASCO: Aye.

COUNCIL PRESIDENT VERNA: Councilwoman Verna. Aye.

MR. MCPHERSON: The ayes 11, the nays are 6.

COUNCIL PRESIDENT VERNA: Thank you.

The Chair recognizes Councilman Goode regarding Bill No. 040640.

COUNCILMAN GOODE: Thank you, Madam President. The Administration presented technical amendments to Bill No. 040640. I move for the adoption of the amendment.

(Duly seconded.)

COUNCIL PRESIDENT VERNA: Have the amendments been circulated?

COUNCILMAN GOODE: They have been.

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

All in favor of the adoption of the amendment as proposed by Councilman Goode

please say aye.

(Aye.)

COUNCIL PRESIDENT VERNA: Those opposed?

(No response.)

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

Again, the Chair recognizes Councilman Goode.

COUNCILMAN GOODE: Madam Chair, I move that Bill No. 040640, as amended, be reported out of Committee with favorable recommendation.

(Duly seconded.)

COUNCIL PRESIDENT VERNA: It has been moved and seconded that Bill No. 040640 be reported out of Committee with a favorable recommendation, as amended, with no suspension.

All in favor will say aye.

(Aye.)

COUNCIL PRESIDENT VERNA: Those opposed?

(No response.)

COUNCIL PRESIDENT VERNA: The ayes have it, and Bill No. 040640 will be reported out of Committee with a favorable recommendation, as amended.

Do we have any other business?

The Chair recognizes Councilman Nutter.

COUNCILMAN NUTTER: Madam Chair, there's obviously been a significant amount of discussion during the course of the budget hearings and specifically with regard to the tax reform bills related to additional revenue sources. It would seem to me that in light of the movement of additional tax reform bills, and we tried -- there was action taken at the last Committee of the Whole meeting to report out a variety of bills. One bill that did not get reported out of Committee was the parking tax bill, 040256. And in all of the various schedules that we've seen, the parking tax has been included as a part of plans to help pay for the tax reductions and that was also on one of the recommendations of the Tax Reform Commission. It would seem that we would want

to report that bill out in an effort to, again, assist in the some of the financing of the tax reform. So I would at least like to ask that the bill be brought up, but I also in the context of if we're proposing to have a parking tax solely for the purpose of paying for tax reform that there should be some connection made between the parking tax and the tax cut bills such that if somehow the tax cut bills don't survive, I don't know about any other member, I don't think we will be talking about increasing the parking tax but for the fact one of the recommendations of the Tax Reform Commission was to finance tax cuts by the passage of the parking tax.

COUNCIL PRESIDENT VERNA: Are you suggesting we insert an amendment or some language in that bill to indicate that?

COUNCILMAN NUTTER: I do have an amendment, Madam Chair, because I think the linkage between all these bills should be made very clear in terms of this record and the legislative intent of the body. Not speaking for the body, certainly I would not be voting

the parking tax bill but for the passage and ultimate implementation of the two tax bills, now Bill 040607 and 040608. So I would like to ask if we could have the Sergeant-at-Arms circulate a proposed amendment that would seek to accomplish that purpose with regard to a linkage between the parking tax and the ultimate implementation of the two tax bills that we reported out of Committee today.

COUNCIL PRESIDENT VERNA: Does everyone have a copy of Councilman Nutter's amendment?

Councilman Nutter.

COUNCILMAN NUTTER: Thank you, Madam Chair.

Are there any questions regarding the amendment?

(No response.)

COUNCILMAN NUTTER: Thank you, Madam Chair.

Madam Chair, I move the adoption of the proposed amendment to Bill 040256 and draw particular attention to Section 2 which makes the linkage, I believe, clear between passage

of the two tax bills 040607 and 040608 and the parking tax bill such that if either or both of the tax bills do not become law then the parking tax bill would not go into effect.

(Duly seconded.)

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

All in favor will say aye.

Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: No.

COUNCIL PRESIDENT VERNA: Councilman Clarke.

COUNCILMAN CLARKE: No.

COUNCIL PRESIDENT VERNA: Councilman Cohen.

COUNCILMAN COHEN: Aye.

COUNCIL PRESIDENT VERNA: Councilman DiCicco.

COUNCILMAN DICICCO: Aye.

COUNCIL PRESIDENT VERNA: Councilman Goode.

COUNCILMAN GOODE: No.

COUNCIL PRESIDENT VERNA: Councilman

Kelly.

COUNCILMAN KELLY: Aye.

COUNCIL PRESIDENT VERNA: Councilman Kenney.

COUNCILMAN KENNEY: Aye.

COUNCIL PRESIDENT VERNA: Councilwoman Krajewski.

COUNCILWOMAN KRAJEWSKI: Aye.

COUNCIL PRESIDENT VERNA: Councilman Mariano.

COUNCILMAN MARIANO: No.

COUNCIL PRESIDENT VERNA: Councilwoman Miller.

COUNCILWOMAN MILLER: No.

COUNCIL PRESIDENT VERNA: Councilman Nutter.

COUNCILMAN NUTTER: Aye.

COUNCIL PRESIDENT VERNA: Councilman O'Neill.

COUNCILMAN O'NEILL: Aye.

COUNCIL PRESIDENT VERNA: Councilman Ramos.

COUNCILMAN RAMOS: No.

COUNCIL PRESIDENT VERNA:

Councilwoman Reynolds Brown.

COUNCILWOMAN REYNOLDS BROWN: No.

COUNCIL PRESIDENT VERNA: Councilman Rizzo.

COUNCILMAN RIZZO: Aye.

COUNCIL PRESIDENT VERNA: Councilwoman Tasco.

COUNCILWOMAN TASCO: Aye.

COUNCIL PRESIDENT VERNA: Councilwoman Verna. Aye.

MR. MCPHERSON: The ayes are 10, the nays are 7. It passes.

COUNCIL PRESIDENT VERNA: Again, the Chair recognizes Councilman Nutter.

COUNCILMAN NUTTER: Thank you, Madam Chair. I move that Bill No. 040256, as amended, be reported out of this Committee with a favorable recommendation, further recommendation that the Rules of Council be suspended so as to permit first reading at our next Session.

(Duly seconded.)

COUNCIL PRESIDENT VERNA: It has been moved and seconded that Bill No. 040256

be reported out of Committee with a favorable recommendation, as amended, further that the Rules of Council be suspended so as to permit first reading at our next Session of Council.

Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: No.

COUNCIL PRESIDENT VERNA: Councilman Clarke.

COUNCILMAN CLARKE: Aye.

COUNCIL PRESIDENT VERNA: Councilman Cohen.

COUNCILMAN COHEN: Aye.

COUNCIL PRESIDENT VERNA: Councilman DiCicco.

COUNCILMAN DICICCO: No.

COUNCIL PRESIDENT VERNA: Councilman Goode.

COUNCILMAN GOODE: Aye.

COUNCIL PRESIDENT VERNA: Councilman Kelly.

COUNCILMAN KELLY: No.

COUNCIL PRESIDENT VERNA: Councilman Kenney.

COUNCILMAN KENNEY: Aye.

06/10/04 - WHOLE - PUBLIC MEETING

COUNCIL PRESIDENT VERNA:

Councilwoman Krajewski.

COUNCILWOMAN KRAJEWSKI: Aye.

COUNCIL PRESIDENT VERNA: Councilman Mariano.

COUNCILMAN MARIANO: Aye.

COUNCIL PRESIDENT VERNA:

Councilwoman Miller.

COUNCILWOMAN MILLER: Aye.

COUNCIL PRESIDENT VERNA: Councilman Nutter.

COUNCILMAN NUTTER: Aye.

COUNCIL PRESIDENT VERNA: Councilman O'Neill.

COUNCILMAN O'NEILL: Aye.

COUNCIL PRESIDENT VERNA: Councilman Ramos.

COUNCILMAN RAMOS: Aye.

COUNCIL PRESIDENT VERNA:

Councilwoman Reynolds Brown.

COUNCILWOMAN REYNOLDS BROWN: Aye.

COUNCIL PRESIDENT VERNA: Councilman Rizzo.

COUNCILMAN RIZZO: Aye.

COUNCIL PRESIDENT VERNA:

Councilwoman Tasco.

COUNCILWOMAN TASCO: Aye.

COUNCIL PRESIDENT VERNA:

Councilwoman Verna. Aye.

COUNCILMAN KELLY: Madam President, I erroneously voted. I wanted to vote aye. I believe I voted no.

COUNCIL PRESIDENT VERNA: I'm sorry. We're going to have to do this again.

Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: No.

COUNCIL PRESIDENT VERNA: Councilman Clarke.

COUNCILMAN CLARKE: Aye.

COUNCIL PRESIDENT VERNA: Councilman Cohen.

COUNCILMAN COHEN: Aye.

COUNCIL PRESIDENT VERNA: Councilman DiCicco.

COUNCILMAN DICICCO: No.

COUNCIL PRESIDENT VERNA: Councilman Goode.

COUNCILMAN GOODE: Aye.

06/10/04 - WHOLE - PUBLIC MEETING

COUNCIL PRESIDENT VERNA: Councilman Kelly.

COUNCILMAN KELLY: Aye.

COUNCIL PRESIDENT VERNA: Councilman Kenney.

COUNCILMAN KENNEY: Aye.

COUNCIL PRESIDENT VERNA: Councilwoman Krajewski.

COUNCILWOMAN KRAJEWSKI: Aye.

COUNCIL PRESIDENT VERNA: Councilman Mariano.

COUNCILMAN MARIANO: Aye.

COUNCIL PRESIDENT VERNA: Councilwoman Miller.

COUNCILWOMAN MILLER: Aye.

COUNCIL PRESIDENT VERNA: Councilman Nutter.

COUNCILMAN NUTTER: Aye.

COUNCIL PRESIDENT VERNA: Councilman O'Neill.

COUNCILMAN O'NEILL: Aye.

COUNCIL PRESIDENT VERNA: Councilman Ramos.

COUNCILMAN RAMOS: Aye.

06/10/04 - WHOLE - PUBLIC MEETING

COUNCIL PRESIDENT VERNA: Councilwoman Reynolds Brown.

COUNCILWOMAN REYNOLDS BROWN: Aye.

COUNCIL PRESIDENT VERNA: Councilman Rizzo.

COUNCILMAN RIZZO: Aye.

COUNCIL PRESIDENT VERNA: Councilwoman Tasco.

COUNCILWOMAN TASCO: Aye.

COUNCIL PRESIDENT VERNA: Councilwoman Verna. Aye.

The ayes the 15, the nays are 2. It passes.

Does anyone else have anything that they want to be considered at the moment?

(No response.)

COUNCIL PRESIDENT VERNA: This will conclude the public meeting.

(Council adjourned at 6:50 p.m.)

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C E R T I F I C A T I O N

I HEREBY CERTIFY that the foregoing proceedings of the Council of the City of Philadelphia of Thursday, June 10, 2004, were reported fully and accurately by me, and that this is a correct transcript of the same.

RE: COMMITTEE OF THE WHOLE

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Lisa C. Bradley, RPR