

1
2 COUNCIL OF THE CITY OF PHILADELPHIA
3 PUBLIC HEARING BEFORE THE COMMITTEE OF THE WHOLE

4 - - -
5 Tuesday, 4/9/02
6 9:45 a.m.
7 Room 400, City Hall
8 Philadelphia, PA
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10
11 (CONTINUED HEARING)

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BILLS 020030, 020035, 020096, 020116, 020144, 020145,
020182

(All ordinances are tax-related.)

PRESENT: COUNCIL PRESIDENT ANNA C. VERNA, Chair
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COUNCILWOMAN BLONDELL REYNOLDS BROWN
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COUNCILMAN MICHAEL A. NUTTER
COUNCILMAN ANGEL L. ORTIZ
COUNCILMAN FRANK RIZZO
COUNCILWOMAN MARIAN B. TASCO

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1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 COUNCIL PRESIDENT VERNA: Good morning,
3 everyone. This is the continued public hearing
4 concerning Bill No.'s 020030, 020035, 020096, 020116,
5 020144, 020145, and 020182.

6 Our first witness this morning?

7 MR. MCPHERSON: Joe Vignola.

8 (Witness comes forward.)

9 COUNCIL PRESIDENT VERNA: Good morning.

10 MR. VIGNOLA: Good morning, Madam
11 President and members of Council. My name is Joseph
12 C. Vignola, and I'm the Executive Director of the
13 Pennsylvania Intergovernmental Cooperation Authority,
14 and I am pleased to testify today.

15 Madam Chair, if I may, on February 12th, I
16 testified before the Committee of the Whole in regard
17 to the tax structure analysis of the City Controller,
18 and I've brought copies of that testimony, and I
19 would like them to be included in the record as part
20 of my testimony. And by doing that, I think I can be
21 very brief so that you could get on to see other
22 witnesses.

23 COUNCIL PRESIDENT VERNA: Thank you so
24 much.

25 MR. VIGNOLA: I would like to, you know,

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 address two issues that the PICA Board believes are
3 critical to this discussion. We have said first in
4 every staff report and white paper, we have called
5 for a simplified tax structure and a reduction of
6 taxes in such a way as not to jeopardize the fiscal
7 health of the City or to jeopardize City services.

8 We have also felt, as point two, that --
9 and I'd like to point out that during the past
10 period, City tax revenues have continued to increase.
11 While this growth has not matched the Five-Year
12 Plan's projections of 2.66 percent growth rate, from
13 July, the beginning of this fiscal year through to
14 the end of February of 2002, total tax revenues have
15 grown better than 2 percent.

16 More importantly, from our perspective,
17 PICA staff's projections of that growth rate, if it
18 simply holds steady for the balance of the fiscal
19 year 2002 taxes, local tax revenues will end up
20 nearly \$47 million over the original Five-Year Plan
21 projections -- that's the Five-Year Plan that was
22 passed last year and improved by PICA last May -- or
23 approximately \$25 million over current projections in
24 the Five-Year Plan that is currently before City
25 Council.

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2 I would like to, you know, point out a
3 couple other matters because over the past several
4 days, there have been quotes attributable to PICA,
5 which we did say, but I think taking them out of
6 context, you know, does no one any service, and I
7 would like to try to put them into context again.

8 And I want to emphasize that PICA
9 continues to believe that meaningful tax cuts and
10 service-level improvements can, and should, go hand
11 in hand, and should be weighed equally when the
12 priorities of the Administration are being set.

13 However, as will be noted in our upcoming
14 staff report on the Five-Year Plan, service-level
15 projections contained in the proposed Five-Year Plan
16 show little or no improvement over the next few
17 years. This result means that meaningful tax cuts --
18 you know, that the meaningful tax cut that we need
19 with no service-level improvements may be a double
20 negative, so that we are urging that you consider a
21 meaningful tax cut.

22 In turning to some of the other matters
23 that we were quoted out of context with, for Fiscal
24 Year Plan '96 and Fiscal Five-Year Plan '97, the
25 quote that was attributable to the Mayor's

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2 presentation leaves out that PICA's concern was over
3 the proposed revenues associated with -- remember
4 this word? -- river-boat gaming, because in those
5 plans, the plan was balanced because of river-boat
6 gaming. With those revenues no longer assumed, you
7 know, the General Fund risk has since been reduced.

8 The identified risks, you know, are real
9 for the current plan, but they are reduced. The main
10 risks last year were schools, PGW, labor contracts,
11 and the possibility of a recession. We have
12 quantified what our school risk is, we have
13 weathered, according to the economists, the
14 recession. We still have to be confronted with PGW
15 and interest arbitration for our police and firemen,
16 but we believe that the contingency funds that have
17 increased over the past year will be available to
18 cover any of those contingencies.

19 Also, I have to point out that PICA never
20 advocated more aggressive projections over the life
21 of the plan. What PICA staff did was merely look at
22 this year's revenues to date and conservatively
23 project them out for the rest of this year, with the
24 result of slightly larger than the Administration's
25 projections.

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 So if I may summarize, Madam President and
3 members of City Council, we feel that this Council
4 can consider a tax package that will, in the
5 out-years of the plan, change the tax rate by
6 lowering the tax rate. It is up to this Council,
7 whether they want to do the gross-receipts tax, a
8 gross-up, as advocated in my testimony of
9 February 6th, or continue the gross-receipts tax at
10 the current levels and shift it, you know, to the
11 wage tax. But in any event, we feel that given the
12 revenues of the City that we project, it can be
13 afforded.

14 I would like to say one thing that I heard
15 yesterday time and again and talk about what both
16 Mr. Dubow and Janice Davis said, and that is in
17 regard to when you do cuts, you have to phase them
18 out over the five years of the plan; that is correct.
19 When we didn't have a Five-Year Plan, we could do
20 things this year and, as Scarlett O'Hara said, worry
21 about it tomorrow, what tomorrow would bring.

22 The good part about the PICA legislation,
23 the Five-Year Plan, is that you have to not only
24 implement it this year, but plan for it in the four
25 years out of the plan. But I believe that this

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2 Council and this administration, before it submits
3 its plan to PICA for approval, can work out those
4 differences, and that it's not insurmountable. But
5 they do have to be worked out.

6 A plan that simply cuts the taxes without
7 balancing the Five-Year Plan is not something that
8 the PICA Board would consider favorably. A plan that
9 has a balanced tax cut with a balanced plan, I
10 believe, my board can favorably consider, as it's
11 favorably considered the nine prior plans that have
12 been submitted by this Council and all of the
13 administrations.

14 Thank you very much, and I will be pleased
15 to answer whatever questions you may have.

16 COUNCIL PRESIDENT VERNA: Thank you very
17 much.

18 The Chair recognizes Councilman Nutter.

19 COUNCILMAN NUTTER: Thank you, Madam Chair
20 and good morning, Mr. Vignola.

21 MR. VIGNOLA: Good morning, sir.

22 COUNCILMAN NUTTER: I just need to ask you
23 a couple of background questions.

24 You have been at PICA how long?

25 MR. VIGNOLA: Seven years, sir.

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing

2 COUNCILMAN NUTTER: And your prior service
3 was...?

4 MR. VIGNOLA: A member of City Council.

5 No, I never sat in that chair; I mean, you guys had
6 to have the flood to get that chair.

7 I was in City Council for almost a full
8 term before I was hired by the PICA Board to be its
9 executive director. Prior to that, I was twice
10 elected Controller of the City of Philadelphia, and
11 prior to that, I was Chair of the City Commissioners
12 in the City of Philadelphia.

13 COUNCILMAN NUTTER: So it's fair to say
14 that you've had some experience over what must be --
15 and I'm certainly not trying to date you, but based on
16 some of the numbers, about twenty years or so of
17 government service?

18 MR. VIGNOLA: That is correct, sir

19 COUNCILMAN NUTTER: At least half of which
20 have been directly involved with the City's finances?
21 Two terms as controller?

22 MR. VIGNOLA: Yes, sir.

23 COUNCILMAN NUTTER: Okay.

24 MR. VIGNOLA: I would say more than half.

25 COUNCILMAN NUTTER: Okay, so you've had a

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 fairly unique opportunity kind of around the board,
3 if you will, of different ways of looking at the City
4 budget in the government: In the Council, PICA, City
5 Controller, and a department head.

6 MR. VIGNOLA: Yes, sir.

7 COUNCILMAN NUTTER: I'd like to get your
8 response to -- there are some quotes that have been
9 made in previous PICA plans that have been raised as
10 concerns with regard to the tax-cut proposals.

11 One quote says, "While tax reduction is an
12 important factor in halting the deterioration of the
13 City's tax base, a large number of residents and
14 businesses who leave Philadelphia do so as a result
15 of perceived shortfalls in City services, including
16 public education. Improved service levels need to be
17 addressed in conjunction with tax cuts."

18 This is from a PICA report, a Five-Year
19 Plan, FY '97 through FY '01.

20 Now, that means that that was -- that plan
21 was probably produced sometime in 1996?

22 MR. VIGNOLA: It would be May or June of
23 '97, five fiscal years ago.

24 COUNCILMAN NUTTER: Based on your
25 experience and your professional opinion, have the

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2 City's finances improved, deteriorated, or stayed the
3 same since FY '97

4 MR. VIGNOLA: They have improved.

5 COUNCILMAN NUTTER: There's another
6 report -- or a quote from the same report PICA:

7 "PICA staff would prefer that the tax cuts
8 be explicitly based on definitive expectations of
9 increased revenues or reduced expenditures resulting
10 from service improvements. By not doing so,
11 implementation of the tax cuts could place the entire
12 General Fund at risk."

13 Could you give us some context for that
14 statement from a report from five fiscal years ago?

15 MR. VIGNOLA: Councilman, when we wrote
16 that, one of the -- this was -- I guess it would be
17 the second fiscal year of the tax cuts. What was
18 still in the out-years to balance the Five-Year Plan
19 was riverboat-gaming.

20 So what we were urging the mayor,
21 then-Mayor Rendell and this City Council to do, was
22 to make sure that when you're cutting taxes, you're
23 also looking at the expense side so that your
24 expenses do not exceed the revenues that the reduced
25 taxes may bring in.

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2 Now, because we didn't have a wealth of
3 experience, although the first year we cut taxes,
4 wage-tax revenues were above the prior collection, we
5 didn't know that for the second year, and it happened
6 the second year, it happened the third year, so that
7 in that context, we're saying that you should always
8 be mindful of expenditures.

9 And I think it's consistent with my
10 testimony today, is that in putting together a
11 wage-tax reduction plan, if that's what this Council
12 wants to do, it has to make sure that it only
13 considers the revenues for what will be Fiscal Year
14 '05, but it also has to consider what the expenses
15 are so that when you submit the Five-Year Plan to
16 PICA, you know, it is balanced. And you can't do one
17 with the other.

18 But you also have the experience that it
19 can now be reasonable to conclude that if you reduce
20 the rate, the supply-side effect, as testified to
21 yesterday, that may only be applicable to local
22 governments more than national governments, would
23 increase the dollar amount of the wage tax revenues.

24 COUNCILMAN NUTTER: Let me ask you one
25 other question with regard to some comments from PICA

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2 reports. This one is from FY '02 to FY '06. I'm
3 assuming that's the present fiscal year's report.

4 "The identified potential risk to the
5 General Fund and the FY '02 to FY '06 plan constitute
6 a real threat to the fiscal health of the City."

7 Again, could you give us some context for
8 those comments?

9 MR. VIGNOLA: Yes. As I said in opening
10 remarks, the identified risks to the plan are the
11 school situation, a recession, PGW, and the labor
12 contracts.

13 COUNCILMAN NUTTER: Before you go any
14 further, are those new concerns?

15 MR. VIGNOLA: No.

16 COUNCILMAN NUTTER: Or have we had those
17 concerns for a while?

18 MR. VIGNOLA: We've had those concerns
19 ongoing.

20 COUNCILMAN NUTTER: All right.

21 MR. VIGNOLA: We have been able to
22 quantify what contribution would be to the school
23 and, you know, the Mayor did an excellent job in
24 negotiating that to a lesser number than was
25 originally proposed by the people in Harrisburg. At

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2 one time, I heard numbers were 100 million and
3 100 million, and 75 million and 75 million, and we've
4 gotten that down to, you know, \$45 million.

5 We've also weathered the recession. PICA
6 was always concerned that if we had a national
7 recession, Philadelphia would be severely impacted.
8 Well, I'm glad to say that my fears and the fears of
9 a lot of people were proven wrong. While we went
10 through this recession that started March a year ago,
11 and we had the tragic events of September 11th, as I
12 testified previously, our revenues, our total
13 revenues, have grown by 2 percent -- not what was
14 projected in the plan, but they still have grown.

15 Now, we still have two big concerns, and
16 that is the interest arbitration of the police and
17 fire and also PGW. The risk to PGW is quantifiable
18 in that the plan accounts for \$18 million a year for
19 five years and a \$45 million loan. That's a
20 \$135 million hit.

21 But those two other knowns, and the one
22 dramatically being the recession, is something that
23 is now off the table. And the schools are quantified
24 and are mentioned in the Five-Year Plan, so that has
25 been spread out over the five years.

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2 COUNCILMAN NUTTER: Let me ask -- I have
3 two last questions.

4 One, I'd like again your professional
5 reaction and your response in your current capacity
6 to the idea that somehow to move forward on tax cuts,
7 that there will be dramatic, if not draconian, cuts
8 in service in the City.

9 Your reaction to that as executive
10 director of PICA.

11 MR. VIGNOLA: Well, for next fiscal year,
12 I don't see that happening because there is a wage-
13 tax cut in place, there is a further reduction in the
14 gross-receipts tax, and the plan is based with the
15 same performance measures.

16 You know, we feel, as I testified on
17 February 12th, that there is monies that have been
18 generated, revenues that have been generated above
19 what was budgeted, and that those monies can be used
20 for tax reduction. And if it's postponed out
21 additional year, I don't think that eventuality, you
22 know, will become a reality.

23 However, I do have to say that what the
24 Finance Director and the Budget Director said is that
25 when you factor whatever cuts you vote on in, the

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2 Five-Year Plan has to consider what will be the
3 revenue levels and spend against that.

4 COUNCILMAN NUTTER: Right.

5 MR. VIGNOLA: And if it means using this
6 excess revenue that's available, that's fine; if it
7 means looking at some other adjustments to the
8 expenditure side, you know, that's also fine.

9 But, again, this administration has shown
10 that it can hold the line on spending. You know, up
11 until -- you know, when you're a new administration,
12 they don't have the benefit of the doubt. Well, this
13 administration has shown that it has won the benefit
14 of the doubt, and if they say they're going to make
15 the cuts and they're going to have expenditures under
16 control, they're going to have expenditures under
17 control.

18 COUNCILMAN NUTTER: Does PICA have any
19 particular jurisdiction, or does it take in
20 opportunity to look at issues of how do you reduce
21 the cost of government? And has that ever been the
22 topic of -- and when I say that, I'm talking about
23 reasonable reductions in the cost of government, not
24 trying to eliminate people, but talking about systems
25 and productivity and efficiency.

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2 Is that something that PICA looks at?

3 MR. VIGNOLA: We do look at it. Again,
4 the jurisdiction and having been the controller of
5 the City, we view that more as the Controller's issue
6 of responsibility in recommending those types of
7 efficiencies in government, but we do look at it,
8 and, you know, we do make suggestions from time to
9 time, and we do participate in committees that look
10 at that, you know, for the City to give, you know,
11 our two cents worth, whatever that two cents, you
12 know, may be worth.

13 COUNCILMAN NUTTER: And without going into
14 tremendous detail, have there been recommendations or
15 suggestions made by PICA with regard to, again,
16 reducing the cost of operating the government?

17 MR. VIGNOLA: We have participated in some
18 of those discussions and have, you know, agreed with
19 some of the suggestion that have been put forward,
20 yes, sir.

21 COUNCILMAN NUTTER: Lastly, in your
22 professional opinion as the former controller of the
23 City of Philadelphia and now as executive director of
24 PICA, do you believe that the tax proposals in front
25 of us, the wage-tax reductions in a scheduled

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2 fashion, as well as reductions in the gross-receipts
3 tax, that the City of Philadelphia and the City
4 Administration can respond favorably to those
5 proposals and maintain service levels?

6 MR. VIGNOLA: Without addressing specific
7 rates as in all of the bills and in all of the
8 proposals --

9 COUNCILMAN NUTTER: I understand that.

10 MR. VIGNOLA: -- we feel that there can be
11 tax reduction either for the gross-receipts tax or
12 for the wage tax, without adversely impacting the
13 level of services that the citizens expect and what
14 has been submitted in past plans, past five-year
15 plans by, you know, by the administration.

16 But we have not -- you know, again, until
17 the legislation becomes a reality and what the final
18 numbers are and how that is plugged in, I don't want
19 to say what rate is better.

20 COUNCILMAN NUTTER: I understand.

21 MR. VIGNOLA: But we have called for tax,
22 you know, tax reductions.

23 COUNCILMAN NUTTER: This is my last
24 question. Do you have a view with regard to a
25 proposal that on the one hand says reduce one, stop

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2 the reductions in the other, versus a proposal that
3 says seek to have reductions in both? Do you have
4 any professional or personal view of that?

5 MR. VIGNOLA: Well, the answer to that is
6 yes because in my testimony of February 12th, what I
7 said what can, you know, be done is that if you hold
8 the wage tax, as submitted in the Five-Year Plan, and
9 grossed up the gross-receipts tax -- in other words,
10 took the '04 to '07 savings in the first year, you
11 have enough revenue to pay for that in the first
12 year.

13 And if everyone believes, as I believe,
14 that these reductions are meaningful -- otherwise,
15 why do them? -- then although it's a gross number of
16 approximately \$47 million, the supply-side effect
17 will net that to maybe even zero; or, as in the case
18 of the wage tax, wage-tax revenues grew, maybe the
19 business taxes, you know, would grow. That was my
20 testimony back then. So, yeah, there is money to do
21 wage taxes.

22 I also said, Councilman, that if you do
23 not want to gross up the gross-receipts tax --

24 COUNCILMAN NUTTER: Now, when you make
25 that statement, are you saying immediately drop the

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 rate to the '07 rate now?

3 MR. VIGNOLA: Yes.

4 COUNCILMAN NUTTER: Okay, so --

5 MR. VIGNOLA: And what I said in February
6 was freeze everything, and then next December, when
7 you're going through the budget process, if what I
8 believe will happen will happen is that the
9 supply-side will take effect, then we can revisit the
10 whole tax-cut situation anew.

11 But if don't want to do that, if the
12 Administration doesn't want to do that and this City
13 Council doesn't want to do that, we think that same
14 revenues that I'm saying you could gross up the
15 gross-receipts tax with can be used to "reimplement,"
16 for want of a better word, the wage-tax reductions
17 that were in last year's Five-Year Plan.

18 COUNCILMAN NUTTER: Right, okay. Thank
19 you very much.

20 Thank you, Madam Chair.

21 COUNCIL PRESIDENT VERNA: Thank you.

22 Are there any other questions from the
23 committee?

24 (No further questions.)

25 COUNCIL PRESIDENT VERNA: Mr. Vignola,

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 thank you very much.

3 MR. VIGNOLA: Thank you, thank you.

4 COUNCIL PRESIDENT VERNA: Our next
5 witness?

6 MR. MCPHERSON: Mr. McNeil and Mr. Biddle.

7 (Witnesses come forward.)

8 COUNCIL PRESIDENT VERNA: Good morning,
9 gentlemen.

10 MR. MCNEILL: Good morning. Would you
11 like us in order?

12 COUNCIL PRESIDENT VERNA: Identify
13 yourself for the record and proceed with your
14 testimony.

15 MR. MCNEILL: I'm Collin McNeil, the
16 President of the PENJERDEL Council, the Tristate
17 Regional Business Association. It's a great pleasure
18 for me to appear before you today, and it's an honor
19 to speak on such an important issue.

20 As the president of the Tristate Business
21 Association, I represent more than 120 of the
22 Philadelphia area's largest employers. Many of our
23 members have headquarters or large operations right
24 here in the City of Philadelphia. In fact, PENJERDEL
25 itself has a stunning view of City Hall; we're

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 headquartered right over on 15th Street.

3 On March 13th, the PENJERDEL Board of
4 Directors voted unanimously to support Bill No. 92.
5 The Board fully understands the obligation of fiscal
6 responsibility that rests on the shoulders of City
7 government, but PENJERDEL feels that these are not
8 times for the old tried-and-true method of enhancing
9 municipal revenue. We feel we should not be looking
10 at ways to halt wage-tax reductions; rather, we
11 should be finding ways to speed them up.

12 Many of PENJERDEL's members have made a
13 long-standing commitment to the City, but it is
14 increasingly difficult to justify the high cost of
15 doing business in Philadelphia.

16 Anecdotally, one of our largest members, a
17 major employer in the region, was seriously
18 considering locating a major facility in the City.
19 It could have meant more than 5,000 jobs. The
20 company's rationale was that the City has much to
21 offer: A central, easily-accessed location, cultural
22 amenities, and many more attributes that we're all
23 familiar with. Ultimately, the employer chose a
24 suburban location for his facility. One of the
25 determining factors was the tax burden within the

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2 City limits.

3 It's often said that things like that
4 don't happen in Boston. Well, Boston and
5 Philadelphia are not of equal size; Philadelphia's
6 nearly three times larger. It can be constructive to
7 compare Boston and Philadelphia as perhaps the two
8 cities in the United States that are the most alike
9 and yet quite different.

10 In 1979, the prominent Philadelphia and
11 University of Pennsylvania sociologist Digby Baltzell
12 wrote his book, entitled Puritan Boston in Quaker
13 Philadelphia. In it, Baltzell offers the premise
14 that Philadelphia is the way it is, thanks to the
15 Quaker heritage here, and he says Boston is the way
16 it is due to its Puritan heritage. The Puritans
17 encouraged individualism and the pursuit the
18 individual excellence, and the Quakers sought group
19 consensus and frowned on individualism, preferring
20 plain conformity.

21 great leaders came from Boston: John
22 Adams, Oliver Wendell Holmes, and John F. Kennedy.
23 Here, Ben Franklin was from Boston. The last
24 Philadelphian who achieved truly national acclaim as
25 a great leader was George Meade, after the battle of

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2 Ghettysburg.

3 Boston is a city on the rise. It has a
4 population that has remained relatively constant. It
5 enjoys a much larger per-capita workforce, with
6 advanced degrees, people who have elected to be
7 educated and to stay in the Boston area. Thus, the
8 city plays a more prominent role in the so-called
9 "knowledge industries." And Boston has done a better
10 job of retaining corporate headquarters than
11 Philadelphia has.

12 As you are aware, census figures show that
13 Philadelphia has lost more than 150,000 jobs since
14 1990. Philadelphia residents and workers live and
15 work in a city that places upon its citizens arguably
16 the second highest tax burden in America. Thus, I
17 say to you that we are at a critical junction in the
18 City's history.

19 With many positives to boast of -- the
20 Kimmel Center, the new stadiums, a competitive
21 Convention Center and a burgeoning travel and tourism
22 industry -- the City must get serious about saving
23 and creating jobs. The heart of the region must not
24 be allowed to stop beating, because as Philadelphia
25 goes, so goes the entire Delaware Valley.

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2 Several simple actions can help
3 resuscitate Philadelphia. I asked Councilwoman
4 Blackwell to withdraw Bill No. 144. I ask that you
5 all please vote for Bill 92, and if there is a
6 mayoral veto, I ask that you override that veto.

7 Prove Bonsall wrong. Philadelphians can,
8 and will, take leadership. Philadelphia can, and
9 will, compete with Boston. And that competition
10 begins right here in City Council chambers.

11 Thank you very much.

12 COUNCIL PRESIDENT VERNA: Thank you.

13 (Applause.)

14 COUNCIL PRESIDENT VERNA: Mr. Biddle.

15 MR. BIDDLE: Yes, ma'am. Good morning,
16 Madam President, Councilmembers. I want to thank you
17 very much for giving me this audience. Unlike all of
18 the distinguished folks who have gone before me, I am
19 not here in any official capacity other than to say
20 that I am a proud citizen of this city.

21 And if I can elaborate on that a little
22 bit, my family, my forebears have been proud citizens
23 of this city for 320 years, having had in the ranks
24 folks such as the president of the Pennsylvania
25 Assembly, who hosted the Continental Congress;

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2 President of the second bank of the United States,
3 etc., etc., 13 generations basically of
4 Philadelphians.

5 Now, not that I've had the opportunity to
6 consult with all of those people.

7 (Laughter.)

8 MR. BIDDLE: But I am here in effect
9 speaking for us as proud Philadelphians.

10 We -- my wife and I have lived here for a
11 good number of years. We've brought up our children
12 here; they've all been public school kids.

13 But besides Philadelphia, we have lived in
14 a number of other places, including: Washington; New
15 York; New Port; Ithaca, New York; Norfolk, Virginia;
16 Paris; Madrid; San Sebastian, London; Winfield,
17 Kansas; and the bustling metropolis of
18 (indiscernible), Maryland. My point here and the
19 thought I want to leave with you is that all of these
20 places are viable; I've lived in 'em, been active in
21 'em. None of these cities or towns rely upon what
22 amounts to a tithe of nearly 5 percent on people's
23 wages right off the top. Somehow, they manage to get
24 through.

25 It has been proven time and again, time

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2 and again, that a reduction in taxes, whatever it
3 happens to be, usually income taxes, surprisingly
4 results in an increase in gross receipts. John F.
5 Kennedy proved it on a macro level, Ed Rendell proved
6 it right here, as we heard yesterday.

7 So, you know, I take umbrage with the
8 remarks that I heard yesterday about studying the
9 entrails of animals to try to figure out where the
10 economy's going. I mean, we have plenty of evidence
11 about what's -- call it the "supply-side effect." I
12 just call it what Samuelson called it, which is "a
13 tax reduction is a stimulative move."

14 And on the other side of the coin, the
15 more negative side of the coin, if we don't believe
16 that that is true, then how come all of those big
17 office buildings exist on the north side of City
18 Avenue? Let's get 'em into -- on this side of City
19 Line Avenue, let's give people a reason to come back
20 in and not a reason to stay out.

21 Finally, I just want to say that the 14th
22 generation of my family, namely my ten-year-old son,
23 came up to me the other day after having played a
24 round of Sim City -- this is a computer, and that's
25 S-I- M, as in Mike, not "Sin City." He said, "Dad,

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2 guess what?" And this is a thing where you simulate
3 the growth of a city, and that's what the "Sim"
4 stands for. He said, "Dad, guess what? I had this
5 thing going, my city was really going, and then I
6 increased taxes, and then guess what? my population
7 went down." I said, "Ooh, then what did you do?" He
8 said, "Well, I kind of reduced them a little bit, and
9 then they sort of stayed about even."

10 I said, "Well, why don't you go down and
11 try to just knock off another point or two."

12 "Oh, okay."

13 He came back: "Hey, Dad, my population's
14 growing again." I said, "Are you out of money?"

15 "No, I got more money." Okay.

16 I recommend that rather than read the
17 entrails of animals try, "Sim City."

18 God bless.

19 (Applause.)

20 COUNCIL PRESIDENT VERNA: Thank you both
21 very much. I know you've been patient, you were here
22 yesterday, and I appreciate you're returning today.
23 And thank you so much for your testimony.

24 Do we have any questions from members of
25 the committee?

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2 The Chair recognizes Councilwoman Brown.

3 COUNCILWOMAN REYNOLDS BROWN: Good

4 morning. Could either of you speak to the

5 composition and/or makeup of the Board of PENJERDEL.

6 What percentage of them are Philadelphia-area

7 business owners and the like?

8 MR. O'NEILL: The Board of PENJERDEL is

9 made up of a cross-section of regional employers. We

10 essentially are -- on a per capita basis, we have a

11 larger number of companies based in Pennsylvania,

12 then a smaller number in New Jersey, and a smaller

13 still number in Delaware.

14 There are a number of business owners on

15 our board, including Fred Hobb, who owns the F.C.

16 Hobb Oil Company on Market Street; Dennis Colgan, who

17 owns Barthco International Freight Forwarding Company

18 based at the Airport; Frank Locheim, who is the

19 founding chairman of Wright Associates, a large

20 international company based in Philadelphia. And

21 there are a number of corporate executives, top

22 leaders in the community who are either executives

23 with companies headquartered here or who have large

24 operations, such as Bill Friel, who is with PNC Bank,

25 managing partners in law firms such as Schnaeder,

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2 Harrison, Segal & Lewis, a managing from Peat
3 Marwick, etc.

4 COUNCILWOMAN REYNOLDS BROWN: Sure.

5 MR. O'NEILL: So there's a good cross
6 section.

7 But I would say that a larger percentage
8 of our members have operations in the City than not.

9 COUNCILWOMAN REYNOLDS BROWN: Thank you
10 very much.

11 Thank you, Madam President.

12 COUNCIL PRESIDENT VERNA: You're welcome.

13 Any other questions from members of the
14 committee?

15 (No further questions.)

16 COUNCIL PRESIDENT VERNA: Gentlemen,
17 again, thank you.

18 MESSRS. O'NEILL and BIDDLE: Thank you.

19 MR. MCPHERSON: The next witness is
20 Mr. Mondesire.

21 (Witness comes forward.)

22 COUNCIL PRESIDENT VERNA: Good morning.

23 MR. MONDESIRE: Good morning, Madam
24 President. I apologize -- they were grabbing me in
25 the hallway with another emergency.

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2 I'm Jerry Mondesire local president of the
3 Philadelphia branch of the NAACP, and it's my
4 pleasure to have a chance to have a conversation with
5 you. I asked Councilman Nutter to give you a written
6 statement, which we presented yesterday -- I hope
7 that there are enough copies for you.

8 Basically, I just wanted to sketch out our
9 overall position in a conversational way with you
10 today, not reaching those ecclesiastical heights that
11 Reverend Edwards and Sister Bay reached late
12 yesterday, but just to have a conversation and to let
13 you know that we in the civil-rights community
14 believe that the final stage of making sure that we
15 live up to the American dream for all people,
16 irregardless of color, gender, or national origin or
17 sexual preference, is around economic opportunity.

18 And the future of the City is clearly at
19 stake. We can't talk about fighting for workers'
20 rights and people's rights in a city that has no
21 people, that has no jobs, that has no economic
22 development.

23 The wage tax, as we see it, is a
24 regressive tax that unfairly and has a debilitating
25 impact on people of color, most of whom are low-wage

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2 earners, as you heard time and time again from far
3 better experts than yours truly. It is a regressive
4 tax. There are no deductions, as we have, with our
5 federal tax system; there are no graduated tax rates,
6 as we have with the federal system. It is a
7 regressive tax that falls most heavily on those who
8 earn the less.

9 You heard also that the Cohen bill, which
10 talks about reducing or removing the wage tax from
11 the lowest-income earners, would have a negative
12 impact on the City revenue, about 50 to \$55 million,
13 so that clearly shows you in very graphic terms just
14 how much money is earned by low-income workers.

15 We in the civil-rights community believe
16 that continuing to reduce this wage tax in the City
17 of Philadelphia will attract more businesses, attract
18 more jobs. As we go around the City in neighborhoods
19 from Germantown to South Philly to North Philly, we
20 find that stores and medium-sized businesses are
21 closing repeatedly. There is abandonment all around
22 us -- in our North Philly office, and there's
23 abandonment all through West Philadelphia. I'm
24 talking now about the commercial strips, and we see
25 this as having a destructive impact to the point

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2 where we may not be able to reverse it if we don't
3 stop now.

4 We think that continuing the incremental
5 drops in the wage tax will continue to send the right
6 signal; that stopping it sends the wrong signal, that
7 stopping the wage-tax reductions sends a signal to
8 the business community, and to the workers alike,
9 that the City of Philadelphia cannot figure out how
10 to grow without continuing to tax our citizens.

11 So for all of those reasons and the fact
12 that we live in a city where all of us are sharing
13 these burdens, we at the Philadelphia branch believe
14 that the wage-tax cuts should continue and that we
15 should seriously consider Councilman Cohen's bill,
16 which would reduce or remove the wage tax from
17 low-income earners. We think it should be further
18 studied, however, because there doesn't seem to be
19 unanimity of opinion as to how we will supply the
20 badly lost revenue if we take it out completely.

21 Thank you very much.

22 COUNCIL PRESIDENT VERNA: Thank you very
23 much.

24 Are there any questions from members of
25 the committee?

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2 (No questions.)

3 COUNCIL PRESIDENT VERNA: Thank you very
4 much, Mr. Mondesire.

5 Our next witness?

6 MR. MCPHERSON: Mr. Andrew Hans.

7 (Witness comes forward.)

8 MR. HANS: Good morning.

9 COUNCIL PRESIDENT VERNA: Good morning.

10 MR. HANS: Madam President Council
11 President, thank you for this wonderful opportunity,
12 I appreciate it. And Councilman DiCicco and Nutter
13 in his absence, thank you for bringing together this
14 all of this tremendous public showing of support for
15 reducing the wage taxes here in the City.

16 I personally am speaking in my capacity as
17 a private citizen. I am also for the reductions in
18 the business taxes that the Administration has
19 proposed; I think they'll do a tremendous job in
20 bringing more jobs here into the City. But I'm
21 certainly not as well-versed in the numbers as many
22 of the experts who have come before you in the last
23 couple of days, so I'm going to leave those aside.

24 I was talking to a friend of mine, whose
25 nickname is 42, on Friday night, at 29th and Tasker,

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2 and I told him that he should really come out on
3 Monday so that he too could protest the wage tax and
4 see if it would get reduced, and he said, "I'd love
5 to come out, Andrew, but the problem is that I got to
6 go work at the ship yard so I can pay the stinkin'
7 wage tax."

8 And I think that that really is a great
9 example of what's going on here because here, you
10 know, Kvaerner, the only thing reason that it came
11 here to Philadelphia is because it was given
12 substantial economic benefits to do so; it wouldn't
13 have come in a free market. And here's this fellow
14 that can't come to show his support for reduction in
15 the wage tax because he's caught working for a
16 company that was induced to come here, having been
17 given substantial economic benefits.

18 And so I think that there is a groundswell
19 of support to reduce the wage tax, and I can assure
20 you that what was referred to many times as "a
21 briefcase brigade" yesterday is, in fact, a brigade
22 of all of the citizens of Philadelphia.

23 I'm going to close my remarks with a brief
24 story from history to show that other people have
25 faced these same kind of challenges in the past, and

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2 through impassioned and dedicated leadership, have
3 been able to surmount them.

4 In the late seventh century, before the
5 birth of Christ, the Athenian people were plagued
6 with tremendously high taxes. It was an agricultural
7 society, and in fact, the region of Athens, which is
8 called "Attica," is plagued by very shallow soil, and
9 so you really can't grow, with any kind of regular
10 schedule, the olives that are the cash crop there.

11 And what would happen is that there were
12 all of these small landowners, who every year, they
13 didn't know if they were going to grow enough olives
14 to be able to feed their families. So the larger and
15 wealthier landowners said to them year after year,
16 All you have to do is just give me your entire
17 produce, and I'll guarantee to you this baseline
18 amount every year. And they were able to do that
19 because they cobbled together enough farms to do so.

20 Well, every year, as you can imagine, the
21 baseline amount got smaller and smaller, and the
22 amount of olives that the wealthy landowners were
23 able to receive got larger and larger. And the
24 working people, the farmers of Athens, were in a
25 terribly difficult position.

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2 So along came a man named Solon, and he
3 realized that this was an awful situation, and in a
4 moment of clarity, he engaged in what the Greeks call
5 the (Greek word), the shaking off of burdens. And
6 there, foregoing all of the taxes that the Athenian
7 people had had, he removed all of the debt stones
8 from the farms in ancient Athens, and began anew in
9 the quest to develop the economic power of that city.

10 It was only a few decades later that that
11 city completed the construction of the Parthenon. It
12 was only a few years later that that city gave to the
13 world the philosopher of Plato and Aristotle and the
14 playwrights of Aeschylus and Sophocles and all of the
15 rest.

16 And I think we have before us today, here
17 in the City of Philadelphia, a name which is Greek in
18 origin, I think we have before us today an
19 opportunity to shake off those same burdens.

20 And so I, speaking as a native of this
21 city, and having spoken to a lot of the people all
22 over the City, not just experts, but mostly just
23 working people here in the City who want so
24 desperately to stay here, who are so deeply committed
25 to the City of Philadelphia, but feel that they are

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2 being pushed away year after year, I say to you that
3 there is the support to shake off these burdens, and
4 I know that you possess the dedication and resolve to
5 do so.

6 I thank you very much for allowing me to
7 come before you and would be more than happy to
8 answer any questions that you may have.

9 COUNCIL PRESIDENT VERNA: We are very
10 grateful that you have taken the time to come in and
11 express your views. Thank you very much.

12 Are there any comments or questions from
13 the members of the committee for this witness?

14 (No questions.)

15 COUNCIL PRESIDENT VERNA: Thank you for
16 coming in today.

17 MR. HANS: Thank you.

18 MR. MCPHERSON: Our next witness is...?

19 MR. MCPHERSON: Mr. Rowley?

20 COUNCIL PRESIDENT VERNA: Is Mr. Rowley
21 here?

22 (No response.)

23 MR. MCPHERSON: The next witness is
24 Jonathan Stein.

25 (Witness comes forward.)

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2 MR. STEIN: Good morning, Madam President
3 and Council. I'm Jonathan Stein, and I'm general
4 counsel at Community Legal Services. Thank you for
5 this opportunity to offer testimony on the wage-tax-
6 cutting legislation, particularly Councilman Cohen's
7 bill that would inject progressivity into the wage
8 tax by exempting low-income workers, similar to tax
9 exemptions in state law.

10 Community Legal Services, for 35 years
11 now, has stood as an informed voice for the poor and
12 low-income residents of the City, a large number of
13 whom are working and paying wage taxes, and all of
14 whom need quality services from the City.

15 My first point is to raise a major concern
16 about any wage-tax-cutting, especially one premised
17 on the perhaps media-popular, but unproven and
18 unpersuasive, theory that it's necessary to stem
19 population and job loss. What is persuasive from
20 reliable research is that maintaining quality public
21 services funded by the wage tax is key to a robust
22 economy in the lives of lower-income people. Leaving
23 unmet service needs like those to improve our schools
24 and create an educated workforce, when coupled with
25 tax-cutting, may do great harm to the economic life

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2 and quality of life of the City, especially
3 low-income people.

4 My second point will be that only when
5 this high threshold of concern is convincingly met,
6 and the Pennsylvania Economy League report is a
7 totally unreliable report to base a tax-cut policy
8 upon. When that threshold is met, then if any cut is
9 put into place, it would be a progressive one
10 targeted toward working-poor or low-income people.

11 The first subject I'm going to talk about
12 I name "Reaganomics in the Guise of a Wage-Tax Cut."
13 I think we all want to separate out the sense and the
14 nonsense of the wage tax.

15 Perhaps the most important testimony
16 yesterday, weighing in with some sense, came late in
17 the day, with few in this room, when Michael Mazerov,
18 the Senior Policy Analyst from the highly-regarded
19 Center on Budget and Policy Priorities, came up from
20 the Washington, perhaps yesterday's only true
21 independent voice above the fray, and that center is
22 probably the highest- regarded think tank in the
23 country based in Washington, and they made a special
24 effort to really look at the wage-tax issues here,
25 the legislation, and come in with independent

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2 research, without, you know, an axe to grind in the
3 process. And I have copies of his testimony if those
4 didn't see it yesterday.

5 The heart of Mr. Mazerov's research across
6 the country was that a city's decision to cut
7 individual or business taxes was unlikely -- I
8 emphasize unlikely -- to significantly improve the
9 chances of attracting jobs or residents. Contrary to
10 most of the witnesses yesterday, Mr. Mazerov looked
11 at cities across the country and found that the
12 declines in residents or jobs had nothing to do with
13 varying tax rates or differences between the City's
14 tax rate and suburban rates.

15 For example, he showed that most
16 Philadelphia suburban jurisdictions lost population
17 at twice the rate of Philadelphia, yet had lower wage
18 taxes. Mr. Mazerov also documented that many other
19 cities with lower-wage tax burdens and lower tax
20 burdens in relationship to the suburbs did far worse
21 than Philadelphia in job retention.

22 And interestingly, in one city, New York,
23 which had a similar-to-Philadelphia suburban/city
24 wage tax differential, New York increased its
25 population and employment gains in the '90s, even

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2 though it paralleled the Philadelphia and suburban
3 wage-tax differentials.

4 And, finally, researchers in a blue-ribbon
5 study, looking at the well-to-do D.C. suburbs and the
6 District of Columbia in a city, a study that made the
7 Pennsylvania Economy League report look like a high
8 school exercise, included not just one variable, the
9 wage tax, as the PEL people did here, but they looked
10 at multiple control variables like crime and local
11 government spending to really give a true picture,
12 not a biased picture, of the effect of a wage tax.
13 The resulting finding was that differences in
14 personal income taxes had little or no impact on
15 population and employment growth rates.

16 Those like the Pennsylvania Economy
17 League, who are pressing for a wage-tax cut down to
18 3 percent, are trying to repackage the snake oil of
19 the 1980s that was called "Reaganomics." You cut
20 taxes to create "a supply of money that will bring
21 heaven on earth."

22 So the PEL thus promises us 110,000 new
23 jobs by 2007 and a "City tax revenue gap" -- yes,
24 that's their words -- of a cool \$491 million in their
25 report.

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2 Now, how are they going to have you, City
3 Council, fill this, quote, City tax revenue gap?

4 Well, as former City Councilman Ed Schwartz lectured
5 us in the waning hours of yesterday's hearing, half
6 of this, quote, gap, according to the PEL, will come
7 from increased property values and increased tax
8 assessments. This shift from wage tax to real
9 property tax led our Professor Schwartz to actually
10 call this wage-tax-cutting the, quote, Campaign to
11 Increase Real Estate Assessments. If it's one thing
12 our present problems don't need, it's a local dose of
13 Reaganomics.

14 My second part is to talk just a few words
15 about public spending and public services. The last
16 important message from Mr. Mazerov's research was
17 that the higher level of public spending, except for
18 welfare, the higher level of employment growth.
19 There was a real connection, as shown in the D.C.
20 studies, between quality public services and
21 decisions on where to locate a business.

22 The primacy of services -- schools, public
23 safety, streets, the justice system, everything that
24 do you in your daily lives as City Councilpeople --
25 has been the message of the major consultants on

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2 business location. Yet very few yesterday were
3 drawing the connection in these chambers between the
4 City wage-tax revenue supporting quality public
5 services and public services being indisputably the
6 most important factor in employment and population
7 growth.

8 The City has defended itself here by
9 detailing the threat to existing City services. Poor
10 and low-income people in the City need existing
11 services, but what's more, they need increases in
12 services that wage-tax-cutting certainly threatens
13 even the best of the supply-side theory scenarios.
14 Consider a few of these items:

15 The City's \$45 million injection of funds
16 to the public schools is but a small down payment.
17 It's estimated that our schools will need an
18 additional \$300 million a year in additional
19 spending. Are our wage-tax-cutters supporting this
20 cutting?

21 The City will have to shoulder its fair
22 share of restoring PGW's liquidity in rebuilding
23 after the billings and collections system
24 mismanagement of '99. The Public Advocate of my
25 office, Community Legal Services, and the State's

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2 Office of the Public Advocate believe that PGW will
3 need \$56 million or more over the next three years.
4 Reliable and low gas rates and, yes, City water rates
5 are essential to business and residential customers.
6 Are our wage-tax-cutters supporting these supports?
7 Public transportation needs added City
8 support, and Philadelphia school children must still
9 pay outrageously high fares simply to get to school.
10 Are our wage-tax-cutters proposing more support for
11 SEPTA or solving the school-transportation problem?
12 Improved after-school services and the
13 Health and Safety Fund for the City's child-care
14 programs are not only a humane demand on the City,
15 but it makes economic sense by allowing parents,
16 especially low-income, single mothers, to be
17 productive people and taxpayers. Many of these
18 people are coming off welfare into work. Are our
19 wage-tax-cutters supporting these after-school and
20 child-care increases?
21 Just a few weeks ago, this Council heard
22 undisputed testimony that hundreds of lead-poisoned
23 children are still living in hazardous lead-painted
24 homes because of the City's Health Department's
25 inability to abate these homes and leaving these poor

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2 children the canaries in the mines of leaded homes.
3 Are our wage-tax-cutters supporting \$5 million to
4 abate these leaded homes?

5 Finally, Fairmount Park, the City's jewel,
6 but often its disgrace, is vital to the quality of
7 the life of low-income and working people. The
8 \$30 million lost in City revenue by those supporting
9 a small, marginal wage-tax cut is twice the budget of
10 Fairmount Park. Are our wage-tax-cutters supporting
11 the funds to make the park fitting as a tourist
12 destination and quality-of-life factor for a business
13 relocation?

14 We could go on.

15 But the point is that reducing services
16 or, as I have emphasized, not addressing the critical
17 unmet services like quality schools, safe
18 neighborhoods, and clean parks and streets, is
19 critical to life and work here. Even marginal tax
20 cuts, shown to have little or no impact on people or
21 jobs moving, if they endanger services, can be a
22 poison pill no one here should accept.

23 And finally, what we have to say about a
24 progressive wage tax, which we, obviously, have never
25 had here in the City. It's clear that the wage tax

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2 hits the poor and low-income families the worst; in
3 fact, the more well-to-do in the City, perhaps the
4 most vocal here today and even this morning, are now
5 paying 28 to 35 percent less wage tax than lower-
6 income people do because lower-income people don't
7 itemize on their federal income taxes, and they can't
8 deduct the wage-tax payments to reduce the federal
9 taxes.

10 Those pressing a wage tax cut here may be
11 forgetting that the 28 to 35 percent federal tax
12 break means that if and when the local wage tax is
13 cut and no longer the subject of a federal-tax
14 deduction, 28 to 35 percent of the local tax break is
15 revenue lost to the City and goes to the federal
16 treasury, as more income is subject to federal income
17 taxes, a perverse effect that enriches the feds at
18 our local government's

19 According to the Keystone Research Center,
20 in Harrisburg, only 44 percent of jobs in
21 Philadelphia pay enough to cover the basic costs of a
22 basic-needs budget for a family of one adult and two
23 children. Wages in our city are lower relative to
24 living costs in the entire rest of the state.
25 Particularly for a group of those making a transition

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2 from welfare to work, where typical wages are 6 to \$7
3 an hour, these wages are well below the poverty
4 level, and a wage tax on such families is
5 unconscionable.

6 Councilman Cohen's bill, which many of you
7 have cosponsored, would provide an exemption, or tax
8 forgiveness, for lower-income wage-earners along the
9 lines of state income tax exemptions -- up to \$30,000
10 for a family of 4, or about 175 percent of the
11 poverty level.

12 As the Keystone Center and its directors
13 explained, a City wage-tax forgiveness program would
14 shift the overall burden of Philly taxes away from
15 people who live in the City and have lower incomes to
16 people in the suburbs, more of whom can afford to pay
17 them. This would be true even if you made commuters
18 eligible for this tax forgiveness, as more City
19 residents would qualify for this tax forgiveness.

20 A wage-tax forgiveness program will
21 stimulate the Philadelphia economy more than any
22 other tax cuts, as more of that money will be spent
23 by beneficiaries who live in the City, and low-income
24 people will spend more of their money and spend more
25 of it locally than do higher-income people, who tend

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 to save it away in IRAs or spend it on some vacation
3 in Cancun that is spent outside of the City.

4 Councilman Cohen estimates the forgiveness
5 would cost the City 38 million; the Controller
6 estimates a bit higher. Both sides might be high, as
7 takeup for the forgiveness will likely not be
8 optimal.

9 Various new friends of the poor, like the
10 Chamber of Commerce, who cite the impact of the wage
11 tax on the working poor, then forget about the poor
12 when they propose cutting the tax across the board,
13 retaining all of the regressive aspects of the tax,
14 especially for the poor.

15 I believe that Mr. Cohen's bill would make
16 for a fair wage tax. To minimize City revenue loss,
17 the forgiveness could be set initially at lower-
18 income levels, but I return to my first point when I
19 say that the City needs to address its current and
20 future needed provisions of services to its people.
21 Only when this and the revenue needed to provide them
22 is assured should wage-tax-cutting be employed, and
23 then only on the progressive basis proposed by
24 Mr. Cohen and those cosponsors of his bill.

25 Thank you.

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing

2 COUNCILWOMAN TASC0: Thank you very much.

3 Are there any questions from members of
4 the committee?

5 (No response.)

6 COUNCILWOMAN TASC0: Mr. Stein, before you
7 go, I would just like to ask you a question in terms
8 of the first part on Page 3, because while I listened
9 to Professor Schwartz last night talk about the wage
10 tax and the effort to encourage people to move back
11 to the City, that encouraging people to move back to
12 the City would mean an increase in real-estate tax.

13 Now, what do you propose we do? You know,
14 what is the answer to that? Do we not want people to
15 move back into Philadelphia?

16 MR. STEIN: Well -- well, I -- the
17 important thing I think here is to focus on what the
18 research shows, and as much as the rhetoric and, you
19 know, even some of our gut feelings that drive a lot
20 of what we're saying and doing here, the research in
21 the rest of the country -- and that's why we brought
22 Mr. Mazerov down yesterday -- shows that those wage-
23 tax differences do not significantly have any impact
24 on whether people make those decisions. That is,
25 there are many other factors -- crime, schools, City

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 services, auto-insurance rates.

3 COUNCILWOMAN TASC0: Does that mean that
4 you don't try on work on one that you can, in
5 addition to working on all of the taxes? Because
6 we're concentrating now on wage tax doesn't mean that
7 we don't have to look at those other issues at the
8 same time.

9 MR. STEIN: Well, it would only -- if
10 someone could show that concentrating on one thing,
11 that this isolated thing would make a difference, I
12 would be there with you; Mr. Mazerov and others would
13 be there with you.

14 COUNCILWOMAN TASC0: But that's the one
15 issue that's before us at this time.

16 MR. STEIN: Right. Well, if you --

17 COUNCILWOMAN TASC0: I mean, certainly
18 crime is an issue that's before us, and we are trying
19 to address that.

20 MR. STEIN: Well, if you're looking at one
21 issue, the evidence across the country, the research
22 shows that that one issue is not going to make a
23 difference that all of this heated up rhetoric is
24 supposed to dictate, and that, you know, if you want
25 to throw \$30 million a year away of City revenues and

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 think that that might do it, you know, fine, there is
3 going to be some cost, because I'd like to see those
4 \$30 million get rid of lead paint in 5 or 600 homes
5 to save the life and health of children with lead
6 poisoning. I'd like to see the school transportation
7 charge, which we still charge for kids to get to
8 school every day, put a few million dollars there so
9 that kids can get to school.

10 And if we're talking -- so let's target
11 some of that 30 million, because there very important
12 needs in the City that are unmet right now. And to
13 just say we're going to forego 30 million, or up to
14 491 million, according to the PEL over these years
15 under a hypothesis, a theory, an intuition, you know,
16 a speculation that somehow, this is going to solve
17 our city's problems, we shouldn't be making that kind
18 of decision on that kind of gut feeling of
19 speculation, when too much is at stake in terms of
20 where those dollars could be better spent to really,
21 you know, improve services that do have an impact on
22 our economy.

23 COUNCILWOMAN TASC0: Let me give you some
24 rhetoric from March 29, 1990, when we were wrestling
25 with this issue of an increase of the City wage tax.

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 This is a report from The Daily News, March 29, 1990,
3 where it talks about the Council's objection to Mayor
4 Goode's request for a 5.4 increase to the wage tax --
5 to raise it to 5.4 percent. And at that time, the
6 Chair of the Appropriations Committee expressed
7 concern that wage-earners will be looking for another
8 place to work if the wage tax goes up, but he was
9 equally negative about the City's major
10 alternatives -- increasing real-estate and business
11 taxes.

12 And another piece of rhetoric was
13 "Philadelphia wage tax is already viewed by many
14 authorities as a major drag on the City's economy. A
15 recent study by economists of the University of
16 Pennsylvania's Wharton School estimated that the wage
17 tax had cost the city 100,000 jobs over the past 20
18 years."

19 Again, some rhetoric from March 30, 1990,
20 a quote: "I can emphatically say that I will look
21 very negatively at raising the wage tax to
22 5.5 percent," Councilman Street, Chair of the
23 Appropriations Committee and Goode's fellow Democrat
24 told his party's caucus. "I think the big trouble at
25 this point," Street said, "the question is whether or

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 not pushing the wage tax over 5 percent is going to
3 be the straw that breaks the camel's back in this
4 whole area of relocation of businesses and
5 residents."

6 And we have a whole series of articles
7 around the discussion at that time, when the City
8 needed \$65 million in revenue to cover some of the
9 things as subsidy transit for SEPTA, funding for
10 abused and neglected children, and other items that
11 the Mayor had raised that he needed the money for and
12 had proposed a tax increase. And so some of those
13 discussions took place are the same discussions that
14 we are having here at this.

15 So I think that there are various views,
16 and I don't think we can term it "rhetoric" that
17 people have different thoughts and ideas about
18 research, and we interpret research in a different
19 way.

20 MR. STEIN: Well, yes, Councilwoman,
21 but --

22 COUNCILWOMAN TASC0: But on top of that,
23 in fact, in 1911, when we were broke, we did begin to
24 increase the number of libraries that were open, and
25 we did include improved services at health centers,

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 and we did open the health centers on Saturdays, and
3 then we did have a benefit from the savings that we
4 made and the productivity savings that we had in the
5 City.

6 So there are all kinds of ways that we can
7 save money that has been discussed during this whole
8 term, and not just the down side of this.

9 MR. STEIN: Yeah. Well, you know, no one
10 loves this wage tax. I mean, in terms of those
11 savings you mentioned, I just cite former Councilman
12 Schwartz's testimony yesterday, which I repeat for
13 those that were not here late yesterday, which was
14 that he looked at all of these savings estimates that
15 we can save here, there and elsewhere, and he found
16 none of them credible in terms of --

17 COUNCILWOMAN TASC0: Well, that's just his
18 opinion, and we do know that there were savings that
19 were made during the course of the Rendell
20 Administration and some of the savings that this
21 Council voted on so that we could improve the quality
22 of services and the quality of life in Philadelphia.

23 MR. STEIN: Right, right. Well, my only
24 point is that the reliable research which looked at
25 cities which have no wage tax or very little wage

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 tax, those cities lost jobs, lost population, and the
3 wage tax, or an absence of a wage tax, had nothing to
4 do with that. There are bigger economic issues. The
5 biggest in our city was the deindustrialization, the
6 loss of 300,000 manufacturing jobs historically way
7 back, you know, is probably the root cause of where
8 we are today, and --

9 COUNCILWOMAN TASCO: I don't believe that
10 anyone has said that it is the single reason for
11 people moving; it is a contributing factor. And
12 there are other issues that are involved, and we all
13 recognize that, but at this point, this is the issue
14 that is before us today.

15 MR. STEIN: Okay, but if you're going on a
16 route of wage tax, then consider the progressive
17 element of David Cohen or other bills, which is that
18 if you're cutting that tax, do you also want to cut
19 it for suburban people? do you also want to cut it
20 for the people maybe at this table before me who are
21 earning \$100,000 or 200 or \$300,000? I mean, are
22 those the working people who will, you know, put that
23 extra few bucks into the local economy or into some
24 more stock investments?

25 You know, people here have been doing a

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 lot of crocodile crying here at this table here as
3 witnesses about poor being hurt or working poor
4 people being hurt by the wage tax, but when they come
5 to push legislation before you, they're not saying
6 generally, you know, cut the wage tax for low-income
7 people; they're saying cut it for everyone, the
8 people who earn \$500,000 in the suburbs who work here
9 as well as the others.

10 And people may be missing that point about
11 wage-tax-cutting? Who do you want to benefit? where
12 will the wage-tax-cutting benefit the City
13 economically? where will that saving be spent?

14 And I think that those are relevant
15 issues, too.

16 COUNCILWOMAN TASC0: The Chair recognizes
17 Councilman DiCicco.

18 COUNCILMAN DICICCO: Thank you, Madam
19 Chair.

20 I don't know where to begin. You've made
21 some interesting statements, most of which I disagree
22 with.

23 You talk about some of the people who were
24 testifying who make a \$100,000 or more a year, and
25 will they put their money into the economy or will

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 they buy additional stocks? Well, I think it's been
3 proven by some of the things we've been doing in this
4 city and other places that tax cuts -- disposable
5 income, if you will, knows no boundaries, rich and
6 poor. If you have more money to spend, people will
7 spend it. Wealthy people who come to this city and
8 have been moving back into Center City, as an
9 example, stimulate and grow the economy. Those are
10 the people, the wealthy people, who go to the
11 restaurants, go to the restaurants, and spend their
12 money in the service-industry environment, if you
13 will, that supports jobs for people in the
14 neighborhoods.

15 So I don't have a problem giving tax
16 breaks across the board.

17 MR. STEIN: Where will they spend it,
18 Councilman? The extra 100 or \$200 that will be given
19 to the person earning \$100,000, the question is --
20 economic research has shown that lower-income people,
21 when they're already living below the poverty level,
22 will spend that marginal extra on food, clothing,
23 shelter in the neighborhoods and grocery stores and
24 the like; that's proven.

25 The person at the \$500,000 or \$200,000

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 level, when they get that extra hundred bucks, what
3 are they going to do with it? Yes, maybe they'll --

4 COUNCILMAN DICICCO: As far as I know,
5 they go to restaurants, they go to grocery stores,
6 they do everything that the poor people --

7 MR. STEIN: And Atlantic City and Cancun.

8 COUNCILMAN DICICCO: You say they go to
9 Atlantic City? Maybe they do. But if they live
10 here, they do spend it. And statistics have shown
11 that for every \$35,000 in income a person earns,
12 \$20,000 of it gets reinvested in the community,
13 whether you're rich or poor.

14 So I think the problem we always have when
15 we have these kinds of debates is, we separate -- we
16 try to distinguish two different classes of people --
17 the haves and the have-nots. I think this is about
18 all Philadelphians, whether you're rich or poor.
19 Regardless of where you live, this is important to
20 all Philadelphians.

21 You made some statements that people don't
22 necessarily make a decision where they're going to
23 live based on the wage tax, and you're probably
24 right, but what about the business community who
25 employ people to work? They make decisions based on

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 the bottom line, what it costs to do business in the
3 City of Philadelphia.

4 You talked about deindustrialization of
5 30, 40 years ago. One of the things -- I wasn't in
6 government then but if I recall correctly, 'cause I
7 was probably in my teens 40 years ago -- I was in my
8 teens -- is that one of the reasons industries -- you
9 could do the math -- I'm 56. One of the reasons that
10 industry left the northeastern corridor was because
11 it was less expensive to do business in the South:
12 Wage taxes, union contracts, a whole, you know, group
13 of things caused that to happen.

14 So what we're saying today is, we want to
15 start taking some of those things off the table that
16 have caused industry or the business community not to
17 look favorably upon Philadelphia.

18 Is the wage tax a cure-all? Absolutely
19 not. Are we single-focused in this, do we things in
20 a vacuum? No, we're dealing with all of those --

21 MR. STEIN: Councilman --

22 COUNCILMAN DICICCO: Let me finish and
23 then you can make a comment.

24 MR. STEIN: Okay.

25 COUNCILMAN DICICCO: So I take a little

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 bit of exception to the fact when you say
3 Mr. Schwartz yesterday said in his closing remarks,
4 in addition to saying if we do the wage tax cut, that
5 will cause real-estate taxes to increase to the tune
6 of \$400 million or so, I don't believe that, I don't
7 subscribe to it. But if that were the case, I think
8 we solved the School District problem because
9 50 percent of that money goes to the School District.
10 Councilman Nutter and I and the rest of us who
11 support Bill 92 have all of a sudden created a
12 surplus at the School District level.

13 But that's not going to happen, that won't
14 happen. Has it happened over the last seven years
15 that we have had incremental wage-tax reductions?
16 Could you point to any real significant increase in
17 real-estate taxes over those seven years?

18 I run a district; I'm a District
19 Councilperson. We've had a few assessments. We've
20 gone to the Board of Revision of Taxes and we've
21 gotten relief. I haven't seen any massive increase
22 in the real-estate taxes during the seven years that
23 we have been reducing the wage tax.

24 Why, all of a sudden, another -- he added
25 yesterday another comment to the doom and gloom. I

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2 mean, you know, he raised the level again of doom and
3 gloom, that if they do a wage-tax cut, your property
4 values are going to go up 40 percent. You know and I
5 know that that's not going to happen, because we
6 won't allow it to happen. Should it begin to happen.
7 This Council will redress, revisit the issue of the
8 wage tax, and we could stop it anytime we want.

9 So all I'm saying is, why do we want to do
10 something -- and in Mr. Schwartz's statements
11 yesterday -- I'll paraphrase him. In 1995, Mayor
12 Rendell began the first wage-tax reduction in the
13 City's history. He said that sent a powerful message
14 to everyone that the City of Philadelphia was finally
15 getting its financial house in order. This is -- I'm
16 paraphrasing him. You have no idea what impact that
17 meant to the City of Philadelphia.

18 So on one hand, he's talking about not
19 reducing it; and on the other hand -- talk about
20 rhetoric -- he's saying what Rendell did and how
21 important it was to the growth of the City.

22 This is talking about growing the economy.
23 This is not talking about rhetoric, that I wanted to
24 look good because I have a reelection coming up next
25 year and the rest of us do. I'm not about that, I'm

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 not about that.

3 MR. STEIN: No, I understand that.

4 COUNCILMAN DICICCO: So I think we have an
5 opportunity now, let's restore the cut. Next year,
6 when the cuts would take place, if we see any adverse
7 effect, if we see real-estate taxes are going up as a
8 result of the cut, we'll revisit it. Whoever's here,
9 we'll revisit it.

10 MR. STEIN: Okay, just a couple of brief
11 (indiscernible).

12 The real-estate tax increase that
13 Mr. Schwartz yesterday spoke to comes out of the PEL
14 report, the seminal document that's fueling all of
15 this. They themselves say there would be this tax
16 gap which would be filled by real-estate tax
17 assessment increases, so that's the PEL speaking;
18 that wasn't Mr. Schwartz.

19 But on your first point, Councilman, I
20 think you make some good points. In terms of
21 business locations -- this was in Mr. Mazerov's
22 testimony yesterday, so we really can be a little
23 more candid and honest about what is the factors that
24 cause businesses to relocate. He quoted national
25 consultants to businesses on business relocation, on

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2 Page 4 of Mazerov's testimony: "For our clients,
3 education has been found to be the single most
4 important service greatly exceeding the value of all
5 of the services combined. A distant second is
6 highway adequacy followed by public safety, then
7 infrastructure." Education is the single most
8 important factor on whether businesses come here or
9 stay here.

10 So the question is --

11 COUNCILMAN DICICCO: I agree, I agree, but
12 if we don't have people working in this city,
13 employed, paying taxes, who will pay for the School
14 District's problems? The more residents that we
15 lose, if we continue to have depopulation, the more
16 the burden -- the greater the burden is on the people
17 who are left behind, and that, as I said, has a
18 spiral effect and then more people leave.

19 So we got to try to figure out how to
20 balance this --

21 MR. STEIN: And school financing is a
22 question of a greater City commitment of dollars as
23 well as a more State -- equitable funding from the
24 State, which we know has done the City of
25 Philadelphia a raw deal in State funding.

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2 But let's not fool ourselves to say that
3 we're going to solve or even make a dent -- and were
4 not talking about cure-all --

5 COUNCILMAN DICICCO: It's not a cure-all.

6 MR. STEIN: And making an impact on
7 business location here is not going to be done,
8 according to the research, by wage-tax-cutting.

9 COUNCILMAN DICICCO: I had a partial
10 solution to the issue on raising money for the
11 public-school students to travel for free. You know
12 what that solution was?

13 MR. STEIN: Yes.

14 COUNCILMAN DICICCO: It was Bill 629 with
15 outdoor advertising. They almost ran me out of this
16 town, but people weren't listening to what I was saying
17 at the time. We could have raised a few million
18 dollars a year, which would have paid for free public
19 school transportation needs for public-school
20 students, but Bill 629 became this ugly billboard
21 bill, whatever people wanted to call it.

22 So I don't want to revisit that anymore;
23 it's done as far as I'm concerned. But there was
24 some solution to that, but people weren't paying
25 attention.

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2 MR. STEIN: Well, the problem still
3 remains that school children have to pay very high
4 fares to get to school.

5 COUNCILMAN DICICCO: And I was looking for
6 solutions.

7 MR. STEIN: Well, we appreciated your help
8 there, but I'm citing that to say if people want a
9 marginal tax rate cut, having \$30 million go away, we
10 could, with a small piece of that 30 million, allow
11 our school kids, poor school kids, to get to school
12 without paying outrageous sums they have to now.

13 COUNCILMAN DICICCO: Thank you.

14 COUNCIL PRESIDENT VERNA: Thank you,
15 Mr. Stein.

16 Councilman Goode.

17 COUNCILMAN GOODE: Thank you, Madam
18 President. Good morning, Mr. Stein.

19 MR. STEIN: Good morning.

20 COUNCILMAN GOODE: I thank you for your
21 testimony. I actually agree with a lot of your
22 analysis and the analysis presented by Mr. Mazerov.
23 I do not agree with your conclusions, though.

24 MR. STEIN: Okay, that's okay.

25 COUNCILMAN GOODE: And I am a supporter of

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 incremental tax reductions, but I do agree that
3 incremental tax reform is not a strategy for business
4 and residential attraction, and that all of that is a
5 bunch of hype. But I want to have a real economic
6 discussion with you to move beyond some of the
7 spinning, political spinning, that's been done about
8 the Rendell years and what incremental tax reform
9 does and doesn't do.

10 Let's say we're moving forward on Bill 92,
11 which I believe we are, with a veto-proof Majority,
12 and let's say we actually move forward on Councilman
13 Cohen's bill, which I support as well. That is
14 \$30 million going back to citizens of Philadelphia
15 under Bill 92, and up to \$55 million going back to
16 low-income Philadelphians under Councilman Cohen's
17 bill.

18 That is money disappearing from the City's
19 budget, but that's not money that actually
20 disappears. Some people would have you imagine that
21 it just goes away. That money goes back into the
22 Philadelphia economy, particularly the money under
23 Councilman Cohen's bill.

24 Can you tell me what you think happens
25 with that \$30 million and with that up to

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 \$55 million.

3 MR. STEIN: What would happen to the
4 \$30 million as opposed to the \$55 million?

5 COUNCILMAN GOODE: Both, both scenarios.
6 What happens to \$30 million returned to the citizens
7 of Philadelphia under Bill 92, and what happens to
8 the \$55 million returned to the low-income
9 Philadelphians under Councilman Cohen's bill?

10 MR. STEIN: Well, I think that the money
11 returned to low-income Philadelphians will have a
12 greater impact on the local economy and on businesses
13 in Philadelphia because more of it will be spent
14 here, and, you know, we have to recognize a
15 certain -- you know, taxes is not only about jobs,
16 people and all of this; it's about equity, fairness.

17 And when we pay our income taxes next week
18 or whatever, we know that, you know, those Enron
19 executives, whether they're paying taxes or not, are
20 supposed to be paying, you know, at a rate different
21 from people coming who are coming off welfare who are
22 earning 10, \$12,000 a year and even working-class
23 people earning 20 or \$30,000.

24 COUNCILMAN GOODE: So you believe that the
25 \$55 million definitely gets reinvested in the

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 Philadelphia economy?

3 MR. STEIN: I think there's a greater
4 likelihood that the \$55 million that would go to
5 low-income families will be reinvested in
6 Philadelphia, then the \$30 million is going, a fair
7 chunk of that, to suburban people.

8 COUNCILMAN GOODE: Well, what about the
9 30 million; what happens with the 30 million?

10 MR. STEIN: I think it's less likely that
11 that will be invested in Philadelphia.

12 COUNCILMAN GOODE: But what happens to it?

13 MR. STEIN: Well, people who are more well
14 to do will put it away in IRAs or maybe buy a little
15 bit more stock. They may buy some more luxury
16 products with it. They're certainly not going to buy
17 another carton of milk from the grocery store; their
18 refrigerator's filled with milk. They're not going
19 to, you know, necessarily by some more local clothing
20 at a store in their neighborhood because, you know,
21 they may have decent clothing.

22 That's the theory about why, when you put
23 more dollars in the hands of low-income people who
24 have to spend it for their survival, it will benefit
25 the local economy.

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2 COUNCILMAN GOODE: Mm-hmm.

3 MR. STEIN: And the dollars that you put
4 into the hands of more well-to-do people, although
5 some of that will be spent locally, the research
6 shows that more of that will be spent outside the
7 City.

8 COUNCILMAN GOODE: Okay, thank you. Thank
9 you for your testimony.

10 Thank you, Madam President.

11 COUNCIL PRESIDENT VERNA: Thank you very
12 much.

13 Are there any more questions of this
14 witness?

15 (No further questions.)

16 COUNCIL PRESIDENT VERNA: Thank you,
17 Mr. Stein.

18 Our next witness is Mrs. Chen.

19 (Witnesses come forward.)

20 COUNCIL PRESIDENT VERNA: Good morning.
21 Welcome. Please identify yourself for the record.

22 (Mrs. Chen is speaking through
23 a Chinese/English interpreter.)

24 MS. CHEN: Good morning, everybody. My
25 name is (indiscernible) Chen.

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2 INTERPRETER: My name is (indiscernible).

3 I'm a staff person who works for Asian-Americans

4 United. I'm here to translate for Miss Chen, and

5 we're both here to testify in support of Councilman

6 David Cohen's bill to reduce the wage tax for

7 low-income workers.

8 MS. CHEN: I've been a garment shop

9 factory worker since I came to the U.S. At the

10 garment shop that I used to work, I was a supervisor

11 and I made \$8.50 an hour. At 40 hours a week, I made

12 every week \$340. After taking out taxes and after

13 paying for health insurance, every week, I would take

14 home \$261.

15 Last August, I was laid off. After

16 September 11th, I spent a few months looking for any

17 kind of work. I finally found steady work at the

18 Marshall's warehouse. At Marshall's, I make \$6.50 an

19 hour, and I work 40 hours a week, and my wages are

20 \$260 a week. And after taxes are taken out, I take

21 home \$221 a week.

22 And that's without any kind of deductions

23 for health insurance. If I were to purchase health

24 insurance, I would be left with \$180 for one week's

25 work.

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2 My yearly salary at this \$6.50 an hour
3 wage is \$13,520. At the current City wage tax, in
4 one year, I will lose \$608.40.

5 Because my salary is so low, I have to
6 find part-time temporary work in the garment shop
7 sewing by piece. Because September 11th affected the
8 economy so much, the price for piece work has gone
9 down by about half, and if I were to try and make up
10 that \$608.40 taken by the City wage tax, I would have
11 to sew 2,434 collars on shirts. If I were to sew the
12 hems on skirts for children, I would have to sew
13 10,140 skirts.

14 The 4.5 percent wage tax has a big impact
15 on me, and I ask that the City Council consider
16 reducing the tax to the proposed 1.5 percent.

17 Right now, I feel like I'm representing
18 low-wage workers in Philadelphia, especially
19 immigrants. In Philadelphia now, there are a lot of
20 unemployed people. Where I work now, at the
21 Marshall's warehouse, there's over 200,000 workers
22 who have applied and can't get a job there. Out of
23 the dozens of friends that went with me to apply for
24 this work, they only took two of us.

25 Among the people I know, my friends or the

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2 parents of my daughter [sic], I know a lot of people
3 who originally moved to Philadelphia to find work,
4 and because they can't find it now, are moving away.
5 They can't find work, and the wage tax is high, so
6 they don't want to stay in Philadelphia.

7 Right now, I find part-time work on my
8 days off, and if I were to work every single day,
9 seven days a week, the take-home amount of my wages
10 would be \$355.

11 There's a lot more that I can say, but I
12 can't talk anymore because I have to go to work.

13 COUNCIL PRESIDENT VERNA: Thank you very
14 much.

15 Are there any questions or comments from
16 the members of the committee?

17 (No questions.)

18 COUNCIL PRESIDENT VERNA: Thank you again.
19 Thank you very much.

20 (Applause.)

21 COUNCIL PRESIDENT VERNA: Our next witness
22 is...?

23 MR. MCPHERSON: Mr. Rowley.

24 (Witness comes forward.)

25 COUNCIL PRESIDENT VERNA: Good morning.

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2 Thank you so much for coming back to testify; we
3 appreciate your patience.

4 MR. ROWLEY: We waited a long time
5 yesterday.

6 COUNCILWOMAN VERNA: Please identify
7 yourself for the record and proceed with your
8 testimony.

9 MR. ROWLEY: Thank you, Madam President.

10 I'm Mickey Rowley, Executive Director of
11 the Greater Philadelphia Hotel Association, joined
12 here today by general managers of three Center City
13 Hotels: Mr. Bill Fitzgerald of the Doubletree; John
14 Keenan of the Omni; and Ron Antonucci of the Crowne
15 Plaza. When I finish my remarks, these gentlemen
16 will make brief remarks.

17 What I'd like to let you know about is who
18 we are as an organization, give you some insight into
19 the complexity of interests we represent, and share
20 with you how these various interests come together
21 with a common perspective on the need for tax reform
22 in Philadelphia, a city, by the way, that we all
23 love, and a city that we, in the hotel business,
24 anyway, spend most of our day promoting and selling
25 to tourists, traveling businesspeople, and

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 conventioneers.

3 The Greater Philadelphia Hotel Association
4 serves as a voice for the interests of the hotels in
5 the Philadelphia region, which encompasses the five
6 Pennsylvania counties and three South Jersey
7 counties. The region consists of some 277 hotels,
8 38,000 rooms, 23,000 employees, and probably a half a
9 billion-dollar annual payroll. We estimate that as
10 much as \$6 billion in real-estate value is
11 represented.

12 The lion's share of this huge industry is
13 located right here in the City -- some in University
14 City. Some in City Line Avenue, but most of it,
15 probably 30 percent of the entire regional hotel
16 industry, is within a walk of where we sit today.

17 These city-located enterprises represent,
18 we estimate, nearly three quarters of a billion
19 dollars in sales. Most of the revenue, of course,
20 was in room rental sales. Hotel-room revenues for
21 Philadelphia County were \$456 million last year.

22 Philadelphia-based hotels employ directly,
23 or via contract services, some 11,000 people earning
24 an average of \$24,000 per year. That generates
25 nearly \$11.5 million in wage tax.

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2 These buildings are owned by a variety of
3 types of investors -- some local investors who own
4 and operate their hotels, like Valley Forge Investors
5 and the Omni Hotel; some are relatively small
6 operators like Mel Heifetz at the Alexander Inn, who
7 operates his hotel directly. Some hotels are owned
8 by large, publicly-traded REITS that pay a national
9 organization a franchise fee and a management fee to
10 manage the hotels, like FelCor Lodging Trust and Ron
11 Antonucci here from the Crowne Plaza. And some are
12 locally-owned and locally-operated and pay a
13 franchise fee to a national chain. So our industry
14 locally is made up a of a variety of interests and
15 perspectives.

16 On one matter, however, there has been
17 clear and consistent agreement across all levels of
18 our organization, and that has been for tax reform in
19 the City of Philadelphia.

20 We think we know a bit about taxes. From
21 a variety of sources, we estimate our tax payments to
22 the City as follows:

23 We pay \$4.7 million in business privilege,
24 or the gross-receipts tax;

25 we pay \$32 million in the hotel tax;

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 we pay the City portion of the State sales
3 tax, which we estimate to be some \$7 million;
4 we pay just over \$3 million in liquor-by-
5 the-drink taxes;
6 we pay a million and a quarter in parking
7 taxes;
8 we pay another million and a quarter in
9 use-and-occupancy taxes;
10 we have now three hotels paying an
11 amusement tax, although I haven't quite figured out
12 what that is for or who they hire;
13 and, of course, being in the real-estate
14 business, we pay millions and millions in property
15 taxes to support the Philadelphia school system;
16 and I think I already mentioned that we,
17 of course, pay \$11.5 million for our employees via
18 the wage tax.
19 In January, I sat before you and testified
20 on behalf of the 60 hotels of the county in support
21 of the tax-structure analysis report then just issued
22 by the City Controller. I was testifying at the
23 direction of my board, which had just reviewed the
24 recommendations and found the Controller's report
25 worthy of enthusiastic support.

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2 At that time, we praised Mayor Street for
3 what we regarded as his bold move in proposing a
4 reduction in the gross-receipts taxes. The Mayor,
5 you may know, has been a great supporter of our
6 industry, and he knows that when you're losing money,
7 taxing on the top line is onerous.

8 The Mayor was also there for us, as you
9 all were in City Council, in authorizing a transfer
10 ordinance at the end of last year that allowed the
11 City to launch the hotel industry recovery initiative
12 that just ended last week. The "Philly Overnight"
13 promotion was enormously successful, and we thank you
14 and we thank Mayor Street for your support.

15 The Board of the Greater Philadelphia
16 Hotel Association, since January, has met on two
17 occasions and discussed the wage-tax proposal and
18 specifically Bill 92 that you're now considering. In
19 both of these discussions, we have agreed
20 enthusiastically and unanimously that the wage-tax
21 reductions we've enjoyed over the past several years
22 must continue.

23 We do this for a few reasons, and I'll let
24 my colleagues here elaborate on that, but we support
25 tax reform because of the psychological lift it gives

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 us, knowing that the City is headed in the right
3 direction in managing its affairs in a fiscally-
4 responsible way, while eliminating the variety of
5 burdens Philadelphians have to endure for the
6 privilege of living, working, and doing business
7 here.

8 We support tax reform and Bill 92 because
9 our employees -- and I'm not going to speak for all
10 11,000 of them, but certainly most of our employees
11 tell us that they support it. And, by the way, I
12 know the press is here, and they keep referring to
13 yesterday's march as "a briefcase brigade up Broad
14 Street." I was marching with several hotel people,
15 and some of them had briefcases, but at least two of
16 whom that I was marching with are housekeepers.

17 And I wish Councilman Clarke was here,
18 because he said yesterday he's taking a poll of
19 people in his district; they're from his district,
20 they were marching for wage-tax reduction yesterday.
21 By the way, a bunch of the hotels are from his
22 district as well.

23 So we support tax reform and Bill 92
24 because we know, when forced to do so, cities, even
25 cities, like hotels have had to do recently, can

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 eliminate waste, inefficiency, and unnecessary
3 spending, and we believe this discipline sometimes
4 can only be experienced when forced, as it was on us
5 last fall.

6 Before closing, I should point out that
7 for us, this is not merely a businessperson's
8 knee-jerk reaction to any tax proposal. In fact, our
9 association has sat before you in the past and
10 endorsed an increase in the taxes, specifically the
11 hotel tax. The hotel tax funds the Philadelphia
12 Convention and Visitors Bureau, and we believe that
13 this agency is among the best in the country; we
14 think we're getting a great return on these tax
15 dollars.

16 The hotel tax also funds vital tourism
17 marketing programs through the Greater Philadelphia
18 Tourism Marketing Corporation, and we see great
19 returns on this investment of our tax dollars.

20 Finally, the hotel tax pays the bond
21 obligation of the Pennsylvania Convention Center.
22 This too is a vital economic driver for the City, and
23 we're soon likely to be before you to testify on
24 behalf of an expansion to this great facility.

25 I thank you for your attention and now,

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 before taking questions, I defer to my colleagues to
3 who have come here today to elaborate on the reasons
4 we support tax reform and Bill 92.

5 First, I introduce Mr. Ron Antonucci of
6 the Crowne Plaza Hotel.

7 MR. ANTONUCCI: Thank you, Madam
8 President, for the time today. I know you have a lot
9 of people to hear from, and we appreciate that you've
10 given us and the Hotel Association an opportunity to
11 speak.

12 We believe our industry is one of the
13 critical replacement industries here in the City as
14 we emerge from a manufacturing economy to a service
15 economy. As mentioned in the Association's overview
16 testimony, our ownership structures vary greatly. I
17 happen to work for an organization, Six Continents,
18 that is one of largest hotel operators in the
19 country. We own brands like Holiday Inn Express,
20 Crowne Plaza, Staybridge Suites, and Intercontinental
21 Hotels. We manage 250 hotels across the country and
22 another 150 hotels across the globe.

23 With this organization, I have managed
24 hotels in South Carolina, Pennsylvania, and many
25 other cities and states. In my career, I have

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 managed hotel in 20-plus states across America. Here
3 in Philadelphia, I manage the Crowne Plaza Hotel. We
4 employ approximately 200 employees, most of whom are
5 Philadelphia residents and represent annual sales of
6 over \$60 million a year. We manage this for FelCor
7 Lodging Trust, one of the nation's largest REITs.

8 FelCor, down at their headquarters in
9 Dallas, processes a lot of checks to pay property
10 taxes and all sorts of other state and municipal
11 taxes for their portfolio of over 100 hotels. In
12 fact, the CEO of FelCor was here in Philadelphia just
13 a week ago, and I had the opportunity to chat with
14 him about Philadelphia and where the City is headed,
15 especially insofar as the hotel industry is
16 concerned.

17 I want to just expand a bit on something
18 Mickey Rowley said in his testimony, and that is that
19 we support tax reform. We support Mayor Street
20 gross-receipts tax reduction and we support the tax
21 reduction as outlined in Bill 92. But we don't
22 pretend to know anything about City finances. While
23 we hotel operators had to do some belt-tightening
24 ourselves recently, I am not going to pretend to know
25 how the City can save \$290 million, or whatever the

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 magic number is.

3 What I do know is that when my company and
4 my owners breeze through the City to check on their
5 assets, I want to be able to tell them that this city
6 is headed in the right direction. I want to be able
7 to tell them that the fiscal crisis that they all
8 heard about ten years ago is over and that the City
9 is proceeding down a path of reform and management
10 efficiency.

11 And lastly and, I think, possibly most
12 importantly, I want to be able to tell my colleagues
13 across the country that the implied promise of reform
14 embodied in the last several years of wage-tax
15 reduction is not being pulled out from under the
16 residents and the businesses in this city.

17 In closing, I want to especially appeal to
18 three Councilmembers who represent most of the hotels
19 in the City. Council President Verna, I know you
20 represent the Airport hotels. Councilman DiCicco, I
21 know you represent the Society Hill hotels. And
22 Councilman Clarke, you represent me and my hotel and
23 several other hotels on the west side of Broad. I
24 believe I've met you a few times at the various
25 Center City events.

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2 Please do the right thing for folks who
3 live in your district, many of whom work in hotels,
4 and do the right thing for the businesses you
5 represent in Center City. Keep this city going in
6 the right direction. Please support Bill No. 92
7 because your constituents do and because it is the
8 right thing to do for your district.

9 I thank you for your time.

10 COUNCIL PRESIDENT VERNA: Thank you.

11 MR. FITZGERALD: Good afternoon.

12 COUNCIL PRESIDENT VERNA: Good afternoon.

13 MR. FITZGERALD: Thank you, President
14 Verna. I too also appreciate the opportunity to
15 share some of my thoughts today and thoughts that my
16 friendly competitors and colleagues in the City have
17 been discussing recently and, of course, the wisdom
18 of Council Bill No. 92.

19 I'm Bill Fitzgerald, and I'm the general
20 manager of the Doubletree Hotel here on Broad Street.

21 As Mickey and Ron have both described, our
22 ownership and management structures do vary. In the
23 case of the Doubletree, that hotel was built in 198e
24 and is still owned by a local investor, who happens
25 to own other businesses here in Philadelphia. They

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 engaged Hilton Hotel Corporation, who I work for, to
3 manage the business and provide branch standards and
4 marketing through the Doubletree name. So we bring
5 both: We bring the big national company and the
6 local-developer perspective to this debate.

7 Our hotel, the Doubletree, employs 250
8 team members. Just like the Crowne Plaza and other
9 Center City hotels, most of our associates -- we
10 estimate closer to 90 percent, actually -- live in
11 the City. We have annual sales of a little over
12 \$19 million, and my controller gave me some
13 statistics this morning, that we provide about
14 \$1.4 million in various taxes to the City.

15 This is much higher than he's experienced
16 or I've experienced in any of the cities that I've
17 managed hotels in, which is several. This is
18 something that we've been discussing lately, and it
19 is really incredible for us to see the amount of tax
20 that's paid through this city as compared to other
21 cities.

22 But I also want to talk about what I
23 believe the Hotel Association testified to in January
24 at the hearing of the City Controller's proposal to
25 overhaul the entire tax structure in the City. I'd

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 like to talk about the impact of tax policy on
3 commercial demand in the hotel business.

4 Hotels survive on three primary sources of
5 business; we call them "market demand segments."
6 First, and most visible here in Center City, of
7 course, is the convention, conventioners. In the
8 past eight years, since the opening of the Convention
9 Center, we've seen a tremendous increase in demand
10 from the convention setting. In 1999, room demand
11 increased up over 9 percent; in 2000, largely due to
12 the Republican Convention, it was up over 24 percent,
13 and last year, one of its slowest years -- the
14 slowest year actually -- demand was up 2 percent.

15 The second and most important segment is
16 tourists. We believe the city has been very
17 successful in recent years in promoting the City as a
18 fun place to vacation and spend weekends; of course,
19 the "Philly Overnight" was fabulous, and you know the
20 results of what that produced for the hotels -- some
21 33,000 room nights.

22 The numbers support the success. In 1999,
23 tourist demand was up over 26 percent; in 2000,
24 tourist demand was up 8 percent; and in 2001, largely
25 due to the "Philly Overnight" program, it was up over

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2 4 percent.

3 But the third, and probably the most
4 important, source of demand for hotels is the
5 commercial segment. These are the lawyers, the
6 accountants and support staff, etc. that --
7 basically, the plain business travelers who come to
8 this city on assignment from companies that they're
9 here to do business with. This segment represents
10 nearly one-third of our total demand, yet has been
11 expanding at a very, very slow pace.

12 In one recent year, back in 1998, we
13 actually saw a decrease, a 1.9 percent decrease in
14 commercial demand. Last year, it was flat. The two
15 years in between there, '99 and 2000, we did see an
16 increase of about 13 percent. But other cities talk
17 about a 20 to 25 percent increase in this commercial
18 demand segment.

19 You've heard testimony about the exodus
20 from Center City of major office tenants here today.
21 You have been told that there's a direct link between
22 office tenants and the City's tax structure. While
23 we do not pretend to fully understand why companies
24 move out to the suburbs, we tend to agree with this
25 theory.

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2 I have heard in other testimony about an
3 insurance company that wants to move into the
4 Wanamaker building. I've heard that they are on the
5 verge of accepting a proposal from New Jersey, and
6 that the issue surrounding that is purely surrounding
7 the wage-tax factor. This doesn't surprise us; we
8 hear this all the time. The Wanamaker building is
9 just a few blocks from the Doubletree and would make
10 a great client of ours if they came here.

11 Please do the right thing for this city
12 and encourage an in-migration of office tenants. One
13 significant demand segment of our business depends on
14 your support of Council Bill No. 92.

15 Thank you.

16 COUNCIL PRESIDENT VERNA: Thank you.

17 Do we have anyone else to testify?

18 (Witness comes forward.)

19 COUNCIL PRESIDENT VERNA: Good afternoon.

20 MR. KEENAN: Good afternoon. Thank you,
21 Council President.

22 Seeing what you've gone through over the
23 last couple of days, I'll keep it brief.

24 My name's John Keenan, and I'm the
25 General Manager of the Omni Hotel at Independence

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2 Park. We are locally-owned and, unlike my two
3 colleague hotels, we're also locally-managed. I am an
4 employee of the Valley Forge Investment Company out in
5 Valley Forge. We simply pay Omni for the use of their
6 brand standards and other sales and reservation
7 support we get from a national brand.

8 I have 140 employees at the Omni and about
9 \$10 million in annual revenues. I want to address
10 the opinions of the folks who work for me in regard
11 to their paycheck and the wage tax.

12 By the way, as a local company, we employ
13 people at our hotels in Valley Forge, who do the
14 reverse commute: Live in Philadelphia and go out to
15 Valley Forge every day to work. They work side by
16 side with Valley Forge residents, who pay zero in
17 wage taxes. We've transferred people from Valley
18 Forge to the Center City location, and they've had to
19 suffer the shock of realizing that we have to start
20 taking nearly 4 percent from their paychecks right
21 from the beginning. When they complain to us, I
22 direct them to the City government and their City
23 Council representatives.

24 And here at the Omni, we employ lots of
25 folks who both live and work in the City -- almost

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2 all of my employees. And may I dare suggest, they
3 also vote here. While I can't say that I know
4 exactly what each of them thinks, I can tell you that
5 these people are paying a lot of attention to this
6 debate as it is now being played out. I had a
7 housekeeping meeting this morning with my
8 housekeeping staff, and they were very interested in
9 my attending this meeting today.

10 I want to just touch on one element of the
11 debate and then tell a little story. It's been
12 suggested that the argument today is over "just a few
13 dollars" in the paychecks of Philadelphians making
14 \$50,000 a year. As has been reported here today,
15 most hotel employees make about half of that, about
16 \$25,000 a year. To these wage-earners, the wage tax
17 is about \$1135 per year, or \$44 in their biweekly
18 paycheck.

19 The difference, as I understand it,
20 between Council Bill 92 and the proposal to freeze
21 the wage tax is about \$29 a year over time for this
22 wage earner. That comes out to just over \$1 per
23 paycheck for the \$25,000-a-year wage-earner, \$1 a
24 paycheck.

25 Now, for the story. It's actually a

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 combination of stories from a group of my
3 housekeepers in the years that they've had in the
4 business. Envision a housekeeper. Oftentimes, it's
5 a single mother whose paycheck actually isn't a
6 steady sum every day because her income and hours are
7 a function of business demands at the hotel. Imagine
8 her thoughts -- and I've had to face these thoughts
9 pay day many times -- when her income for a given
10 week dips down just a few dollars because times are
11 slow.

12 Then imagine her thoughts when she finds
13 out our copay arrangement on prescription medication
14 went up \$1. Or imagine her thoughts when she finds
15 out her contribution to comprehensive medical
16 coverage went up just a few dollars. Or, best yet,
17 imagine her thoughts when her raise, which she had
18 hoped to be about 40 cents per hour, turns out to be
19 only 30 cents per dollar.

20 True, these are a mere few dollars, but
21 the hotel housekeepers I know watch every one of
22 those dollars. They watch dimes, they watch pennies.
23 It's a matter of their comfort and of their
24 children's security.

25 I appeal particularly to City

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2 Councilmembers Clarke, DiCicco, and Verna. Most of
3 our hotels are in your district and many of these
4 housekeepers I speak of live in your districts. Do
5 the right thing for our employers, our owners, and
6 our national reputation. Reduce the gross-receipts
7 tax and continue the wage-tax reductions envisioned
8 in Bill 92.

9 I'm pleased to join my colleagues in
10 answering any questions you might have.

11 COUNCIL PRESIDENT VERNA: Thank you very
12 much.

13 The Chair recognizes Councilman Rizzo.

14 COUNCILMAN RIZZO: Thank you, Madam Chair.

15 Gentlemen, thank you for coming here
16 today. I'm going to take advantage of you being
17 here, and I'd like either or all of you to comment on
18 the Administration's decision. You referred to the
19 Republican National Convention, which I thought was
20 exciting for Philadelphia and, I thought, lucrative,
21 but for us to allow the Democratic National
22 Convention to pass, or not even take a shot at that,
23 I'd like to get your feeling on that decision.

24 MR. ROWLEY: Thank you so much for giving
25 us the opportunity to say something great about Mayor

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2 Street, and that is that he made the absolute right
3 decision on that. We met with him, I think it was,
4 the Friday before the Friday before the decision, and
5 he was brilliant in how he looked at it. He said to
6 this group of people -- and I think there were four
7 GMs, and a bunch of other folks, most of whom were
8 not enthusiastic about spending the 60-some million
9 that the City would have to spend.

10 Everyone, by the way, was enthusiastic
11 about a lot of business in August of '04; no one
12 necessarily thought that a \$60 million investment on
13 the City's part would pay off the kinds of premiums
14 that we experienced in 2000 because we've already
15 experienced them. We've already said to the world,
16 We can do this. Doing it again and running the risk
17 of possibly not doing it correctly again is not
18 something that we thought was worth the \$60 million
19 risk.

20 So the Mayor said, Okay, if it was free,
21 would we do it? And we all said, Well, yeah, we
22 would do it if it was free. And he said, If it was
23 100 million, would we do it? And Council President
24 Verna was there as well. And we all said, of course,
25 we wouldn't do it. And he said, My only question is,

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2 where on that line do we fall? And, you know, we
3 kicked around, maybe if it only cost \$25 million, it
4 would be worth the investment, but then said, you
5 know, we'd rather take that \$25 million and spend it
6 on another "Philly Overnight" campaign or a
7 Convention Center expansion or some other priorities
8 that the City's facing.

9 Now, I actually thought that he would want
10 to bid on the convention; he seemed the most
11 enthusiastic. He, obviously, has made the decision
12 not to commit the City resources to it, and I think
13 he made the right decision.

14 COUNCILMAN RIZZO: Thank you.

15 Thank you, Madam Chair.

16 COUNCIL PRESIDENT VERNA: You're welcome.

17 The Chair recognizes Councilman DiCicco.

18 COUNCILMAN DICICCO: Thank you, Madam
19 Chair.

20 Good morning.

21 MR. ROWLEY: Hi.

22 COUNCILMAN DICICCO: My question is to all
23 of you. And, Mr. Rowley, you may want to respond.

24 From time to time, when we get reports on
25 the state of Center City, in that report that

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 Mr. Levy puts out, he generally speaks to a whole
3 variety of issues. One issue in particular, we talk
4 about the number of jobs that the hotel industry
5 created, and we're somewhere in excess of 4,000 jobs.

6 MR. ROWLEY: Mm-hmm.

7 COUNCILMAN DICICCO: Some of you -- or all
8 of you have spoke to the issue that many of the
9 people who work for you live in my district and
10 Councilman Clarke's district or Councilwoman Verna's
11 district -- or at least your hotels are there.

12 Is it accurate to say that about 80 to
13 85 percent of the people who you employ cumulatively,
14 in the hotel industry are Philadelphia residents?

15 MR. ROWLEY: It's actually probably higher
16 than that. Our surveys suggest 80 percent; these
17 gentlemen are each reporting higher than that. And
18 by the way, there's a bunch of folks who live in the
19 City and work at our suburban hotels as well.

20 COUNCILMAN DICICCO: Okay. And is it
21 accurate to say that a majority, or a significant
22 number of those folks, were formerly unemployed, and
23 some of those folks who came to work in your various
24 hotels were actually a part of the welfare-to-work
25 program?

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2 MR. ROWLEY: Yeah. I don't know if the
3 answer is the majority, but it's a significant number
4 of folks were brought off the welfare rolls in recent
5 years.

6 COUNCILMAN DICICCO: So you heard the
7 testimony of Mr. Stein a little earlier

8 MR. ROWLEY: Yes.

9 COUNCILMAN DICICCO: When he spoke about
10 wealth people not spending their money here?

11 MR. ROWLEY: Right.

12 COUNCILMAN DICICCO: Most of the people
13 you get may not all be wealthy, but they are people
14 who have disposable income from outside the area who
15 come here and spend their money, that go to your
16 hotels, do the overnight stays.

17 MR. ROWLEY: Yes.

18 COUNCILMAN DICICCO: Right. So the
19 benefit is to people at the lower end of the income.

20 MR. ROWLEY: Absolutely.

21 COUNCILMAN DICICCO: Because it keeps them
22 employed and so forth and so on.

23 MR. ROWLEY: Yeah. John testified to his
24 meetings with housekeepers.

25 COUNCILMAN DICICCO: I just couldn't

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2 figure out his logic that people who have money just
3 invest it in IRAs and don't spend it, but whatever.
4 I just wanted to get those statistics correct that
5 the majority of people who work in the hotel industry
6 are Philadelphians, and most of them, or a lot of
7 them, a significant number of them, were formerly
8 unemployed.

9 Thank you.

10 MR. ROWLEY: That's right. And a fair
11 number of our managers live in the City as well -- I
12 do, I know Ron does, and a bunch of GMs live in the
13 City.

14 COUNCILMAN DICICCO: Well, God rest his
15 soul, Mike Boyle lived in Society Hill.

16 MR. ROWLEY: Yes.

17 COUNCILMAN DICICCO: He was a wealthy man,
18 and he spent money in the neighborhood, he went to
19 the grocery stores

20 Thank you.

21 Thank you, Madam President.

22 COUNCIL PRESIDENT VERNA: Thank you.

23 I also want to thank you again for coming
24 in, and I will tell you that your employees have been
25 absolutely marvelous. I think every one of them that

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 live in my district apparently have written a letter
3 in encouraging that we vote on this bill. I have
4 acknowledged each and every letter, and would you
5 please convey to them our thanks for their interest
6 in letting us know exactly how they feel.

7 MR. ROWLEY: I will certainly convey my
8 thanks.

9 COUNCIL PRESIDENT VERNA: Thanks.

10 The Chair recognizes Councilman Nutter

11 COUNCILMAN NUTTER: Thank you, Madam
12 President.

13 Unfortunately, I may not have as many
14 hotels as some of my colleagues, but I have had the
15 opportunity to work with you, Mr. Rowley, and a
16 number of the general managers of our great hotel
17 industry.

18 And I just want to, one, thank you for
19 coming in. You have been a standup person during all
20 the time that we've known each other and worked
21 together on a couple different issues. I respect
22 your commitment to the industry.

23 You are correct, and we had some
24 discussion about even the raising of the hotel tax,
25 which, I think, actually may have taken place during

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 the course of an election year.

3 MR. ROWLEY: Yes, you all pointed that
4 out.

5 COUNCILMAN NUTTER: I'm sorry?

6 MR. ROWLEY: You all pointed that out.

7 COUNCILMAN NUTTER: Yes, we did mention
8 that at the time, but if the industry really wanted
9 to have it happen and Council responded, but I think
10 in many, many instances, the hotel industry has been
11 tremendously responsive and provides a wonderful
12 opportunity for the City to promote itself and better
13 market itself, working with the other agencies around
14 the City and the government that helped to promote
15 this industry, but the buildings are landmarks, many
16 of them in the City, some old, some relatively new,
17 some were one thing at one point in time, and now
18 they're now they're a hotel.

19 The great service and even the greeting
20 that you get -- not because you're anybody in
21 particular, but just because you're literally walking
22 into the place, I think, sends a very, very powerful
23 message, especially to people who are not from here
24 and may not know the wonders and the excitement of
25 Philadelphia. You are ambassadors for this city in a

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 your own special way.

3 And I want to commend you for that,
4 appreciate you coming in to talk about this very,
5 very important issue, the effect that it has on many
6 of your employees.

7 And if you mentioned it in your testimony,
8 I apologize, but do you have a general sense of the
9 percentage throughout the industry of the workers who
10 actually live in Philadelphia?

11 MR. ROWLEY: Yeah, it's upwards of
12 85 percent. We estimate about 11,000 employees.

13 And, by the way, if I can make a quick
14 point. Councilman DiCicco referenced the Center City
15 thing, which shows 6,000 hotel employees. we think
16 there's 11,000 because there's a lot of restaurants
17 that are farmed out but wouldn't be in that hotel
18 were the hotel not there, obviously, so we're
19 estimating about 11,000 employees, easily 85 percent
20 of which live in the City.

21 COUNCILMAN NUTTER: Great. Thank you
22 again very much for your testimony, and I appreciate
23 your commitment.

24 COUNCIL PRESIDENT VERNA: Thank you.
25 Any other questions or comments from

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 members of the committee?

3 (No further questions.)

4 COUNCIL PRESIDENT VERNA: Gentlemen, thank
5 you very much.

6 Our next witness is...?

7 MR. MCPHERSON: Debbie Bell.

8 COUNCIL PRESIDENT VERNA: Is Debbie Bell
9 here?

10 (Witness comes forward.)

11 COUNCIL PRESIDENT VERNA: Good afternoon.
12 Please identify yourself for the record and proceed
13 with your testimony.

14 MS. BELL: Yes. My name is Debbie A.
15 Bell. I'm here on behalf of the People's Weekly
16 World, and I thank you for giving me the opportunity
17 to address you on this important matter.

18 I, like many of the other speakers who
19 came before me, am a lifelong Philadelphia resident
20 and, therefore, I have paid wage taxes all of my
21 adult career to the City of Philadelphia.

22 Like most people, I am moved to action
23 when it affects my self-interests. I don't directly
24 qualify for the proposed wage-tax reductions in
25 Councilman Cohen's bill, but there is some benefit

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 that I and other Philadelphians who might be
3 considered, quote, middle-class will derive from the
4 implementation of this bill.

5 Much attention is paid to improving the
6 conditions in Philadelphia to make it possible for
7 this mythical middle class to feel comfortable and
8 happy in our city. The health and welfare of our
9 city is directed related to the quality of life that
10 is guaranteed to every single citizen, regardless of
11 their economic status. This concern covers a wide
12 range of areas, including everything from the quality
13 of the schools, the culture, the cleanliness, even
14 our hotels, as we just heard, and the cleanliness of
15 the streets, etc.

16 Philadelphia wage tax is a regressive tax,
17 which we've also already heard. It taxes the poor
18 and the low-wage families at the same percentage as
19 millionaires. If Council were to be serious about
20 increasing money tax for our coffers, we would have a
21 graduated tax. The wealthy would pay more than
22 working poor.

23 Under the Philadelphia tax plan, those who
24 earn the least pay a larger percentage of their wages
25 to finance the City than those who are wealthy. This

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2 needs to change immediately. In order to ensure that
3 our city has adequate funding, we need a tax code
4 that proportionately taxes people according to their
5 wealth. We cannot continue to use the working poor
6 as pawns against other City workers. All workers,
7 including City workers, deserve a reduction in their
8 wage tax. Reduction for low-income workers should
9 not be used as a reason to cut the wages and benefits
10 of City workers.

11 In the Cohen bill, the minuscule
12 additional income to low-paid workers should be seen
13 as a benefit to all residents of our city. It is
14 pathetic that workers who are the heart of our city
15 are being placed in opposing positions. The working
16 poor are not the enemies of the public employees. It
17 is unconscionable to threaten to cut City services
18 and threaten City employees with layoffs if a
19 minuscule tax cut is implemented.

20 While low-wage workers are being
21 threatened, the business community is being courted
22 and offered further tax cuts. For decades, the
23 business community have received favors from our
24 city. With all of the favored status, many
25 businesses still pick up and leave the City. This is

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 not a winning policy.

3 Businesses cannot thrive if there are no
4 consumers to support them. There can't be any
5 winners if we don't provide for every working
6 citizen, the lowest paid to the wealthiest.

7 Councilman Cohen's bill is a beginning
8 towards providing an avenue to give the working-poor
9 Philadelphians minor tax relief. No one will get
10 rich from a 4.5 wage-tax reduction, but it may make
11 it possible for a family to have a modest improvement
12 in their living standards.

13 Most of these workers toil at minimum-wage
14 jobs, as we just heard from the hotel folk, jobs that
15 rarely provide medical benefits or any benefits at
16 all. The Cohen bill might give them the opportunity
17 to get health care or some insurance to upgrade their
18 housing, their diet, and possibly enjoy some
19 entertainment. This modest step, obviously, wouldn't
20 satisfy all of these needs; however, this small
21 relief will begin to pay for itself in the taxes the
22 City will reap from the increased ability of the
23 workers to spend and support the businesses in their
24 communities.

25 Council debate does not address the

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 question of whether to employ or even to provide
3 well-paying jobs for a comfortable living standard
4 for all of Philadelphia's families; that would be my
5 preference if we were going to have a long discussion
6 about how to make things more palatable for all
7 Philadelphians. City Council is quibbling over
8 giving this modest tax relief to low-income workers
9 or giving -- I'm sorry, that's a repeat.

10 It is time to stop using the people of
11 Philadelphia as political tennis balls to be batted
12 back and forth. It is time to give the working poor
13 a break.

14 Philadelphia's a wonderful city. Our city
15 has many attributes: A spectacular park, a historic
16 district, delightful neighborhoods, tremendous
17 cultural institutions, friendly neighbors, and we
18 even have a \$200 million budget surplus. In all good
19 conscience, how can our city insist that a family of
20 four living on less than \$30,000 a year annually must
21 share this measly sum in the form of taxes. This is
22 outrageous. Where is our humanity, where is
23 compassion.

24 Council needs to demonstrate to the people
25 of Philadelphia that they care for the citizens'

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 welfare by immediately passing the Cohen bill, which
3 reduces the wage taxes for the working poor. It is
4 my self-interest and yours to make it easier for more
5 of our neighbors to be in a better position to share
6 the richness and bounty that our city has to offer.
7 Let's stop the politicking and get about the business
8 of improving our city.

9 We should also talk about our schools when
10 we're talking about this equation.

11 Thank you.

12 MR. MCPHERSON: Thank you very much. Are
13 there any questions?

14 (No questions.)

15 MR. MCPHERSON: Thank you.

16 The next group is the Friends of the Free
17 Library.

18 (Witnesses come forward.)

19 COUNCILWOMAN TASC0: Good morning, you may
20 proceed.

21 MS. DOUGHERTY: Good morning, members of
22 City Council. My name is Amy Dougherty, Executive
23 Director of the Friends of the Free Library, and I am
24 joined by Dr. Cynthia Eiseman, President of
25 Independence Branch Friends.

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2 I am pleased to have this opportunity to
3 come before you to discuss a topic that is of vital
4 importance to me and to the citizens of Philadelphia.

5 Libraries are not simply places to find
6 shelves of books. In the libraries of the 21
7 century, particularly in Philadelphia, that has one
8 of the best systems in country, libraries are places
9 all kinds of learning for everyone. All 53 branches
10 of our system are equipped with 12 computers, videos,
11 cassettes, books, magazines, etc. It is a truly
12 democratic institution where all are welcome and
13 enjoy equal opportunity regardless of ethnicity,
14 economic or educational differences.

15 The 53 branches are the largest and most
16 comprehensive providers of after-school care for the
17 City's children. The branches have gone far beyond
18 serving as mere parking places for the children.
19 Currently, they provide programs to develop reading
20 skills, computer literacy, and homework assistance.
21 In addition, they offer training for the teen leaders
22 from the community who are the providers of
23 after-school help. This LEAP program alone reaches
24 85,000 children a, year and this is the tip of the
25 iceberg. Let me briefly list some of the other

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 ongoing library initiatives to increase literacy that
3 are available at your branch library.

4 From October through June, Books Aloud is
5 an educational enrichment program for parents of
6 preschool children and day-care providers that
7 teaches adults the skills and background to read
8 aloud successfully to their children. A child
9 develops library skills long before being able to
10 read. 1,800 adults took part in this program in
11 2001.

12 The Science in the Summer Program
13 introduces students to science. Brief
14 experiment-oriented courses are taught by teachers at
15 all open library branches. There are four 45-minute
16 sessions for one week. In 2001, 1800 students
17 participated in the program focused on electricity.
18 The 2001 program subject was chemistry.

19 Teen Summer Reading Programs for grades
20 from 7 to 12. In the summer of 2001, 5,121 children
21 took part in this challenge to read more.

22 Sundays on Stage comprises free
23 performances for children, families, and adults at
24 the Central Library throughout the year.

25 Philadelphia Lectures at Central Library

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 brings eminent authors and reaches an audience of
3 11,000 in 2001.

4 Not included in this list are programs
5 sponsored by individual branch libraries or by branch
6 Friends groups. This is perhaps some of the many
7 reasons why the Mayor's report on city services
8 reports that the number of registered library
9 borrowers reached a record high in FY 2001 to 514,000
10 borrowers, an increase of 14 percent. The number of
11 visitors increased significantly as well to
12 5,934,000, a 19 percent increase. Customer
13 satisfaction is also on the rise to an all-time high
14 of 87 percent of those served who were satisfied with
15 library personnel in spite of the increased demand.

16 The renovation of 53 branches will be
17 complete by 2004, leaving only the Central Library
18 renovation and expansion project remaining.

19 One might be inclined to ask, do we need
20 all of these branches throughout the City? What
21 difference could it possibly make to close one or two
22 or three or four? Can we make do with less?

23 In a city that is in the midst of a
24 public-school crisis in which less than half of
25 public schools offer greatly-reduced library

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 services, if at all, my response is that we cannot
3 afford to close any library doors. And how do we
4 choose which ones to shutter? The libraries with the
5 highest circulation like the recently-opened
6 Independence Branch at Seventh and Market? Or the
7 lowest circulating library where Friends and
8 librarians are working hard daily to reach out to
9 their community to attract more borrowers.

10 Can, and should, children from one
11 neighborhood have to walk further to another
12 neighborhood to reach a library? And will they? Is
13 it safe or on a winter's afternoon? Is this
14 acceptable? Whose library should we close? One in
15 an affluent neighborhood that has ample family and
16 individual resources, or the branch in a poor
17 neighborhood that has less access to educational
18 resources and is, therefore, more at risk? Who is
19 prepared to make this choice?

20 As we as a city and nation struggle with
21 issues over equal access to resources, can we justify
22 closing the very institution that provides equal
23 access in a truly democratic form? I think we
24 cannot, and should not.

25 I implore members of City Council and the

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 Mayor to consider the message that closing libraries
3 will give: That there are those among us who are
4 less deserving of City services than others. I
5 suggest that it is your responsibility to ensure that
6 this does not happen, to ensure that every child,
7 parent, and senior in this city can take advantage of
8 learning more every day, bettering themselves every
9 day, and every day, having a safe place to do this.

10 A thriving economy is only possible with a
11 literate and educated citizenry. The 53 branches in
12 the Free Library of Philadelphia system offers the
13 most sustained and comprehensive means to an educated
14 public ready to work and participate in a democracy.

15 Thank you for this opportunity to speak to
16 you. Dr. Cynthia Eiseman, President of the
17 Independence Branch, will now testify.

18 DR. EISEMAN: Thank you, Amy. Good
19 afternoon.

20 COUNCILWOMAN TASC0: Good afternoon, and
21 thank you for coming. DR. EISEMAN: Madam President,
22 members of Council, and fellow Philadelphians, my
23 name is Cynthia J. Eiseman, and I am President of the
24 Friends of the Independence Branch Library.

25 The Friends of Independence Library is a

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 subsidiary of the Friends of the Free Library of
3 Philadelphia, a private, nonprofit corporation whose
4 purpose is to support the Free Library system. The
5 Independence Branch is the newest branch in the Free
6 Library system. It opened just over one year ago, on
7 February 28, 2001.

8 The Friends of the Independence Branch was
9 founded on the same day, with the purpose of
10 promoting awareness and advocating for the branch's
11 operations resources, services, and needs.

12 The branch is located at 18 South Seventh
13 Street, just off Market, and serves the communities
14 of Chinatown, Old City, Washington Square West,
15 Society Hill, and Queen Village. The people who live
16 in these neighborhoods have been without a branch
17 library within walking distance of their homes for
18 decades. Some of my neighbors struggled for 40 years
19 to get a library branch in our community.

20 Several years ago, a group of community
21 leaders agreed to raise \$230,000 to purchase
22 collection materials if the City would establish a
23 new branch to serve our neighborhoods. We raised
24 that money, and the City built the branch. To shut
25 down that branch, now that we have it, would be a

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2 grave disservice to everyone who worked so hard to
3 make it happen.

4 The success and popularity of the
5 Independence Branch in the 13 months since its
6 opening is nothing short of astonishing. Within six
7 months, the Independence Branch achieved the highest
8 level of circulation of any of the 53 branches in the
9 system, and has sustained that circulation record for
10 the past eight months. Since February 2001, the
11 Independence Branch has issued over 3,550 new library
12 cards. To shut down a branch that enjoys such
13 popularity would be a grave disservice to its many
14 patrons.

15 Go to the Independence Branch Library, and
16 you will find a branch filled to capacity. In the
17 morning, you will see that many day-care centers in
18 the neighborhood take advantage of the branch's
19 children's collections, story times, and other
20 special programs that our librarians developed for
21 children. Parents and their preschool-aged children
22 come in to enjoy story times and to read and borrow
23 books.

24 Also in the mornings, many adults,
25 especially citizens, can be found reading newspapers

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2 and magazines, working at the computers and using the
3 extensive reference collections. Businesspeople who
4 don't have another place in Center City to meet can,
5 and do, use the branch for business meetings.

6 Cutting back the morning hours would be a
7 grave disservice to these patrons.

8 At lunchtime, because Independence Branch
9 also serves a significant number of people who work,
10 but do not live, in Center City east of Broad Street,
11 you will find such workers from nearby businesses
12 dropping by to borrow materials or simply to spend
13 their lunch hour reading quietly.

14 Three afternoons a week, the branch hosts
15 English-as-a-second-language classes for speakers of
16 Chinese. After school is out, the branch fills up
17 with school children who use the library to do
18 homework, use the computers, or take part in the LEAP
19 Program or other special programs developed by our
20 librarians especially for school kids.

21 Many children and adults do not have
22 computers at home or at work and depend heavily on
23 the library's computers to gain access to Internet
24 resources.

25 Cutting afternoon hours would be a grave

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 disservice to these patrons.

3 The Independence Branch has a number of
4 special collections that were created especially to
5 serve our neighborhoods and are unique to the free
6 library system. The Chinese language collection, the
7 largest in any branch in the free library system,
8 attracts Chinese readers from all across the City,
9 not just from the immediate neighborhood. It is so
10 popular that some patrons have already read
11 everything in the collection.

12 The Independence Branch also has the
13 largest collection of gay and lesbian materials --
14 not just in the free library system, but in any
15 public library outside of San Francisco.

16 In addition, Independence has the largest
17 circulating collection of poetry books of any branch
18 in the free library system.

19 The Independence Branch also has a special
20 computer for the visually handicapped. This computer
21 enables blind users to convert the printed page to
22 Braille or to gain audio access to information on the
23 Internet through special headphones. Only four other
24 libraries in the free library system have such
25 computer equipment for the blind.

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2 Curtailing the hours of the Independence
3 Branch would be a grave disservice to these patrons:
4 The blind, Chinese readers, the gay and lesbian
5 community, and lovers of poetry.

6 But I'm not here to ask you to keep the
7 Independence Branch open; I am here to urge you,
8 members of City Council whom we have elected, to find
9 other ways than to curtail ours at any branch or to
10 close any branch of the library system.

11 The Independence Branch is unique in many
12 ways, but it is also typical of branches throughout
13 City. Each branch serves the community where it is
14 located. Each branch is important to the people in
15 those communities. Going to the library has become a
16 habit, a pleasure, a convenience or a necessity to
17 the people who use it. To close or to curtail the
18 hours of any branch of the free library system would
19 be a grave disservice to those people.

20 Thank you for giving me this opportunity
21 to testify. Miss Dougherty and I would be happy to
22 answer any questions.

23 COUNCIL PRESIDENT VERNA: Thank you very
24 much.

25 Are there any questions or comments?

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing

2 The Chair recognizes Councilman Ortiz.

3 COUNCILMAN ORTIZ: Thank you, Madam Chair.

4 I think you have it wrong. We are not
5 here to curtail the hours. You send that message to
6 the Mayor; he's the one saying that. So the hearing
7 here is not about cutting services, and I don't think
8 this Council would support cuts or pass a budget that
9 would cut those services.

10 DR. EISEMAN: I'm very glad to hear that.

11 COUNCILMAN ORTIZ: So I suggest that you
12 send that speech to the second floor, 'cause he's the
13 one who cuts -- or decides to curtail hours. That's
14 his decision.

15 MS. DOUGHERTY: Well, thank you. We will
16 send it to the second floor.

17 COUNCILMAN ORTIZ: Thank you.

18 COUNCIL PRESIDENT VERNA: Thank you very
19 much for coming in to testify.

20 Our next witness is...?

21 MR. MCPHERSON: Our next witness is Greg
22 Paulmier, and then following that will be Robert
23 Sworbrick.

24 (Witness comes forward.)

25 COUNCIL PRESIDENT VERNA: Good afternoon,

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 Greg.

3 MR. PALMIER: Good afternoon. Thank you.

4 Greg Paulmier, I'm the Democratic leader
5 of the 12th Ward in Germantown.

6 Good afternoon, Councilmembers and ladies
7 and gentlemen. The City of Philadelphia is ill
8 today. The former mayor once described our city as:
9 A cancer patient with a gunshot wound." The gunshot
10 wound was a fiscal crisis: Lowered City bond
11 ratings; a dirty, dangerous Center City area; and a
12 lack of pride in our city.

13 That wound may be healing now, but the
14 City is still dying of a cancer, a cancer which
15 consists of population loss, jobs loss, property
16 abandonment, and lack of educational and employment
17 opportunities for our residents. Unless this cancer
18 is cured, the City will continue to wither away.

19 Philadelphia's wage tax is at the heart of
20 this cancer. It is a punishing and regressive tax,
21 which was created in 1939 as an emergency measure to
22 save the City from bankruptcy in the Great
23 Depression. Since that time, it has become a
24 monster, driving business, driving people, and
25 driving opportunity out of the City and preventing

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2 its return. It creates blight in our neighborhoods
3 and sprawl in our suburbs. It is punishment both for
4 the employers and the employees in the entire economy
5 of our town.

6 Philadelphia is in the process of reducing
7 this self-destructive tax, and we must remain
8 absolutely committed to that process if there is to
9 be hope for the future of this city.

10 It always comes down to one thing: Jobs.
11 Jobs means money in the pockets of our citizens. The
12 only way to stop population loss and people moving
13 out of the City is opportunity. And that means jobs.
14 The only way to stop blight is reinvestment, and that
15 means jobs. The only way to reduce the demand on
16 City services is to reduce poverty, and that means
17 jobs. The only way to save the schools is to
18 increase revenues, and that means jobs.

19 Water will not run uphill, people will not
20 pay more in order to get less, and jobs will not come
21 to Philadelphia as long as the wage tax remains as
22 high as it is. No sacrifice is too great if we can
23 reduce it, and we can if we stay the course.

24 Another problem with the wage tax is that
25 it's a regressive, flat tax, which punishes working

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2 people. In a city which is seeking to reduce
3 unemployment and dependence on welfare and social
4 services, it is counterproductive to impose a
5 non-graduated income tax on people struggling to live
6 on minimum-wage jobs. It makes it that much harder
7 to leave government assistance and social-service
8 dependency.

9 Federal income taxes are progressive,
10 graduated taxes. Pennsylvania income taxes provide
11 relief for low-income workers through the working
12 families tax cut program. Why should Philadelphia
13 not have the kind of progressive income tax structure
14 which is universally expected throughout the western
15 world.

16 I ask Council to support Bill 82. I think
17 it's a good bill, and I hope you'll seriously
18 consider it and make Philadelphia the leader that it
19 deserves to be.

20 Thank you.

21 COUNCIL PRESIDENT VERNA: Do you have any
22 opinions regarding Bill No. 92?

23 MR. PALMIER: I like Bill No. 92, but I
24 don't think it goes far enough. I think that we
25 really do need in a time of welfare reform, in a time

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 of trying to get people back into the job market, we
3 definitely need to show them that they count by not
4 taxing them so heavily. You know, a family of three,
5 a single parent, with two making under \$20,000 a
6 year, they get an extra \$600. That comes down to \$50
7 a month. That family's also probably a family that
8 doesn't have health care, doesn't have benefits,
9 doesn't have vacation time.

10 And \$50 a month for a single mother with
11 two children is enough to take her family to the
12 movies, it's enough to go out to eat occasionally.

13 So I think we need to take it a step
14 further.

15 COUNCIL PRESIDENT VERNA: Thank you very
16 much.

17 MR. PALMIER: Thank you.

18 COUNCIL PRESIDENT VERNA: Our next
19 witness?

20 MR. MCPHERSON: Robert Sworbrick, and he
21 will be followed by Jerome Bayard.

22 (Witness comes forward.)

23 COUNCIL PRESIDENT VERNA: Good afternoon.

24 MR. SORBECK: Good afternoon and thank
25 you.

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 My name is Robert Sworbrick (ph), and I'm
3 a real-estate developer represent in and outside the
4 City of Philadelphia. I represent the Manayunk
5 Development Corporation.

6 Manayunk Development Corporation supports
7 the continued reduction of the Philadelphia wage tax.
8 You'll have to excuse me; I'm on the tail-end of a
9 bad cold, so...

10 We recognize the importance of tax
11 stimuli, and this wage reduction to the business
12 community is a stimulus. It will help us attract in
13 Manayunk the office buildings to support our
14 restaurants and retail shops that are currently
15 moving on the west side of City Line Avenue,
16 Conshohocken, and Valley Forge.

17 All one has to do is look at these three
18 areas to see the future of Philadelphia if we don't
19 continue down the road of reducing the burden of
20 taxes on our individuals as well as our businesses.

21 In Manayunk, we don't always agree -- the
22 business community and the residential community --
23 but on this issue, we are united. The reduction of
24 taxes in Philadelphia is necessary for the continued
25 economic growth in situations like Manayunk, which

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 have had their hands tied behind their back with
3 restrictive taxation.

4 Look towards Conshohocken, look towards
5 the west of City Line Avenue, look towards Valley
6 Forge, and that's the future of Philadelphia if we
7 don't continue this.

8 Thank you very much for your time.

9 COUNCIL PRESIDENT VERNA: Thank you very
10 much.

11 The Chair recognizes Councilman Nutter

12 COUNCILMAN NUTTER: Yes, thank you.

13 Good afternoon, Mr. Sworbrick. Thank you
14 for coming in and thank you for your leadership in
15 the Manayunk community, both specifically with regard
16 to the development corporation, but also your work in
17 conjunction with the residential community and the
18 community groups in the Manayunk neighborhoods.

19 Manayunk is a very special place, and
20 there are many other special places throughout the
21 City, but Manayunk has a somewhat unique situation
22 being so literally close to our suburban neighbors
23 Lower Merion and Belmont Hills and Montgomery County.
24 And your testimony is quite insightful to what it is
25 that we're trying to do here and create a better

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 business environment, a more competitive business
3 environment.

4 And so the unique viewpoint that you can
5 bring to these hearings from the Manayunk communities
6 is very, very helpful, and I just wanted to express
7 my appreciation for that.

8 MR. SWORBRICK: Thank you, Councilman.

9 COUNCILMAN NUTTER: Thank you.

10 COUNCIL PRESIDENT VERNA: Please identify
11 yourself for the record and proceed with your
12 testimony.

13 MR. BAYARD: Good afternoon. My name is
14 Jerome Bayard, and here to represent Unite; I'm a
15 representative.

16 And we're all in favor of the wage-
17 reduction tax. There should be a wage-tax reduction
18 to reduce a little strain off the underemployed,
19 though this should not include the upper crust, even
20 though they may cry out or become annoyed. Lowering
21 of the wage tax would give the poor a little more
22 money to spend, which would stimulate the economy, in
23 turn, benefitting business and the private sector, as
24 well as being beneficial to our community. We must
25 stop overtaxing and taxing people who cannot afford

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 to pay taxes and who have jobs which offer little or
3 no health-care coverage.

4 A proportional tax that's like the wage
5 tax has a regressive effect, even though it somehow
6 seems odd. Legislators must join in expanding tax
7 forgiveness to poor and low-income working families.
8 This tax break is crucial, especially during this
9 recession, in order to help the already-struggling
10 and the needy.

11 The tax-back and other programs must also
12 include the single people whom are under the blade
13 trying to make ends meet. This program and others
14 like it must be implemented to improve the conditions
15 of everyday citizens in our streets. The poor pay
16 tax on already-taxed money needed for the barest of
17 life's necessities; while the upper class pay taxes
18 on monies used for savings or others luxuries.

19 Legislation must made to assist the
20 working poor, and legislators must finally admit that
21 it must be. No longer can we continue to overlook
22 our financially-challenged; we must help them end
23 their poverty. Legislators must realize that the
24 poor are with us and that we must relax, quote/
25 unquote, guidelines.

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing

2 Alleviate some of their tax burden, for
3 being poor is clearly without a doubt defined

4 COUNCIL PRESIDENT VERNA: Thank you,
5 Mr. Bayard.

6 MR. BAYARD: You're welcome.

7 COUNCIL PRESIDENT VERNA: Are there any
8 questions or comments from members of the committee?

9 (No questions.)

10 COUNCIL PRESIDENT VERNA: Seeing none,
11 thank you again.

12 MR. MCPHERSON: Our next witness is John
13 Hogan, followed by Julia Hinckley.

14 (Witnesses come forward.)

15 MR. HOGAN: good afternoon, Madam
16 President. My name is John Hogan. I live in East
17 Mt. Airy and I work at the University of
18 Pennsylvania. I'm a member of AFSCME, and I'm here
19 on behalf the Greater Philadelphia Chapter of the
20 Democratic Socialists of America, including about 250
21 people who live, work, and pay taxes in the City.

22 Let me first welcome my brothers and
23 sisters in the chambers to the politics of the street
24 march. It's always a pleasure to see people
25 assembling in public and petitioning government for

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 address of their grievances, even people who have
3 both unusual opportunities to do so in private and
4 unusual success when they do. We just hope the
5 police weren't too hard on you since we've heard of
6 that happening in other places.

7 (Laughter.)

8 MR. HOGAN: It's hard to talk about taxes
9 apart from spending, and it seems to me that when
10 people complain about how high our taxes are, we're
11 largely complaining about how little we get for them.
12 People in businesses leave the City for many reasons,
13 and I think the wage tax has great symbolic value:
14 It sets us apart from other cities, and it shows up
15 on every pay stub we get.

16 But the claims being made for even the
17 largest cuts on the table here, about \$250 a year for
18 what the Inquirer calls a "typical taxpayer" make it
19 sound like we already have a fine public school
20 system, adequate mass transit, and affordable auto
21 insurance. We don't, and if we were to think of ways
22 for the State legislature to get us closer to those
23 goals, I don't think a percentage point cut in the
24 wage tax would be in the top ten.

25 I wouldn't mind having the money, but I

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 think even \$250 would mean less to me than the lost
3 tens or hundreds of millions would mean to the City
4 and to the residents who count on it. If it means
5 not providing fair raises and benefits for our City
6 employees, then you keep it, because they've earned
7 that. If it means cutting te City workforce by
8 attrition, you keep it, because I know what that
9 means: Fewer people doing more work for more hours
10 at the same pay.

11 If you look at the fine print in the
12 Inquirer's chart, you learn that their typical
13 taxpayer makes \$50,000 a year. I don't know what the
14 Inquirer is paying these days, but that's almost
15 twice the median per-capita income in Philadelphia.
16 Most taxpayers in this city are not what the Inquirer
17 is calling "typical."

18 But after eight years of across-the-board
19 cuts intended to benefit the people who can afford to
20 leave the City, you now have the chance to offer much
21 needed help to the people who can't afford to leave.
22 Councilman Cohen's bill would offer relief to the
23 truly typical taxpayers in Philadelphia, and they are
24 the people most likely to spend the money locally,
25 and many of them are the greatest users of City

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 services. This bill can mean less homelessness, less
3 blight to remove, less crime.

4 There's now a lot of talk about how much
5 the City gets in taxes, but less about exactly where
6 it comes from. Mr. Cohen's bill addresses that
7 problem: It provides relief to those who need it
8 most, even if they're not marching on City Hall.

9 Thank you.

10 COUNCIL PRESIDENT VERNA: Thank you very
11 much.

12 Are there any questions or comments from
13 members of the committee?

14 (No questions.)

15 COUNCIL PRESIDENT VERNA: Thank you again.

16 MR. MCPHERSON: The next witness is Julia
17 Hinckley.

18 (Ms. Hinckley not present.)

19 UNIDENTIFIED SPEAKER: I have her
20 testimony, I'll hand it in. She had to leave because
21 of the time.

22 COUNCIL PRESIDENT VERNA: Please make
23 certain that the stenographer gets a copy of that.

24 MR. MCPHERSON: Rick Morawski.

25 (Witness comes forward.)

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing

2 COUNCIL PRESIDENT VERNA: Good afternoon.

3 MR. MORAWSKI: Good afternoon.

4 For the record identification, I am not
5 Thomas Paine Cronin, but I am here today to bring his
6 testimony to City Council.

7 As I morphasize here...

8 (Reading Mr. Cronin's testimony.) My name
9 is Thomas Paine Cronin, and I am the President of
10 AFSCME District Council 47. I want to thank City
11 Council for providing me with the opportunity to
12 provide input on the most important issue of tax
13 reductions and, in particular, the lowering of the
14 City wage tax.

15 In the past two weeks, we've heard a
16 chorus of voices from virtually every segment of the
17 community advocating substantial cuts in the City
18 wage tax. From the comments of politicians and
19 so-called leaders both here and in Harrisburg, we
20 seem to be engaged in some kind of reverse bidding
21 war aimed at seeing who can call for the most
22 reductions in the fastest timeframe.

23 Advocating the cutting of wage tax appears
24 to be the latest political truth test. Advocating
25 the cutting of the wage tax is only the first step.

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 The real question is, are each of you in this Council
3 prepared to accepted the responsibility for the
4 substantial reductions in services that may very well
5 follow on the heels of a decision to remove tens of
6 millions of dollars from the City's operating budget
7 in the next few years?

8 For years, we have been told by mayors,
9 political leaders of every persuasion, the business
10 community, and the very members of Council that the
11 City budget is a precarious proposition, that even
12 though the City accumulated a substantial surplus
13 over the years, that that could disappear at any
14 moment and that, therefore, wage demands, health-
15 benefit demands, and increases in services for the
16 community had to be carefully weighed because the
17 surpluses could disappear at any moment with the
18 downturn in the economy or some other unexpected
19 event.

20 Those statements about the precarious
21 nature of the City budgets and the need to the City
22 to go slow and carefully were especially prevalent
23 around the time of contract negotiations with each of
24 the City's unions mincluding my union.

25 Be careful, go slow, don't ask for too

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 much. These were the words that we heard from our
3 friends and certainly from the Mayor's Office and the
4 people on the other side of the negotiating table.
5 Now all caution seems to have been thrown to the
6 winds. Because the words "tax cuts" and "wage-tax
7 reductions" have been invoked, the same people in the
8 business community and in government-leadership
9 positions who have spoken extensively of the City's
10 needs to be conservative and be cautious in its
11 fiscal outlook have now apparently thrown all of that
12 caution away and decided that there are literally
13 tens and hundreds of millions of dollars available
14 for the asking and which can be freely returned to
15 the City taxpayers in the form of an across-the-board
16 wage-tax reduction and without the need to cut any
17 City services.

18 How can this be? How can we suddenly have
19 found these hundreds of millions of dollars to pay
20 for wage tax, which will not necessitate cuts in City
21 services? Have the people who have been speaking for
22 City government over the years and assuring us of the
23 necessity for a conservative and go-slow fiscal
24 policy lie to us? Or is it that everybody wants to
25 be identified with a tax cut today, and damn the

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 expense tomorrow.

3 Ask yourself, if all of this money has
4 been available for these years, why haven't we
5 invested it in the City's school system, why haven't
6 we invested it in the community in the form of new
7 housing, neighborhood cleanups, and other community
8 investments. Why haven't we spent this money for the
9 public good. Why have we been hoarding it.

10 The answer more than likely is that we
11 haven't been hoarding it because it doesn't exist.

12 Cuts in the City current revenue stream
13 through reducing tax are going to cause pain. The
14 pain isn't going to be felt directly by the members
15 of City Council but it is going to be felt by the
16 people that you represent, because when you have to
17 come back here in a year or two years to pay the
18 piper by reducing services and eliminating personnel,
19 you're going to be talking about closing health
20 centers, libraries, and rec centers that serve your
21 constituents.

22 Those constituents and their children are
23 not going to have a place for needed medical care,
24 education, or recreation. And the reason why they
25 are not going to have access to those services is

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 because you are being asked today to do a reckless
3 thing. You are playing with their money. You are
4 going to give this money away in the form of wage-tax
5 cuts on the unsubstantiated hope that thousands of
6 new jobs are going to miraculously appear because of
7 the wage-tax reduction, which will more than make up
8 for the losses in revenue that you are being asked to
9 undertake today.

10 I certainly wish for this miraculous
11 appearance of thousands of new jobs. I also remember
12 a former mayor of this city advocating riverboat
13 gambling as a means of balancing the budget. I have
14 yet to see a paddle wheeler with slot machines coming
15 up the Delaware. I expect that this miraculous
16 appearance of new jobs is as much in the same vein as
17 the gambling boats. They are not here yet, and they
18 are not coming anytime soon.

19 I am sure that some of you think, Oh,
20 well, there goes Cronin again trying to protect his
21 members. And you are right. I am for my members, I
22 am for what's good for them, including a decent wage,
23 good health benefits, and a decent retirement. Why
24 shouldn't I be. Isn't that the American way of life.

25 However, this is more than just about my

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 members' interests. Remember, they are taxpayers and
3 they all live in the City of Philadelphia. They
4 would benefit from a wage tax.

5 This is also about the quality of life
6 which will be left if we make irresponsible tax cuts.
7 If we have to cut City tax services -- cut City
8 services, my members are the people who live in the
9 City and will be deprived of services. Yes, they
10 could lose their jobs, their benefits, and their
11 pensions. It's not a pretty picture, but it is a
12 reality.

13 The City cannot afford an irresponsible
14 fiscal policy, and I guess there's somewhat of a role
15 reversal here when the Chamber of Commerce is
16 sponsoring public rallies and demonstrations and I'm
17 the one sitting here talking about fiscal
18 responsibility.

19 But someone has to be reasonable and
20 someone has to be responsible, and the people who are
21 advocating mass, across-the-board tax cuts, which
22 will remove tens and hundreds of millions of dollars
23 from the City's operating budgets are neither. And
24 they won't have to pay the bill; I will and my
25 members will, and everybody who lives in the City

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 will when we have to cut services to the bone to pay
3 for these irresponsible actions.

4 And I assure you that if all of these rosy
5 projections are wrong and the tax cuts cannot be
6 sustained without cuts in services, these same
7 business community types aren't going to be standing
8 before you supporting your decision to raise the
9 taxes again; they'll simply say cut the services.

10 I say we cannot afford to cut the services
11 now, not when the economy is bleak and the budget is
12 precarious. So I say to you, be reasonable, be
13 responsible, and be real. Don't make rash decisions
14 which will cost the City its future. Above all,
15 don't jump the gun on wage-tax cuts.

16 Thank you for this opportunity to provide
17 testimony on this most important issue.

18 COUNCIL PRESIDENT VERNA: Thank you very
19 much.

20 Any questions or comments from members of
21 City Council?

22 (No questions.)

23 COUNCIL PRESIDENT VERNA: Thank you.

24 Our next witness?

25 MR. MCPHERSON: Ruth Burchette?

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing

2 (No response.)

3 COUNCIL PRESIDENT VERNA: Is Ruth

4 Burchette here?

5 (No response.)

6 COUNCIL PRESIDENT VERNA: Is there anyone

7 else here who has not been called who would like to

8 testify?

9 MR. LATIMORE: Yes.

10 COUNCIL PRESIDENT VERNA: Please approach

11 the witness table.

12 (Witness comes forward.)

13 COUNCIL PRESIDENT VERNA: Thank you, sir.

14 Good afternoon. And kindly identify yourself for the

15 record.

16 MR. LATIMORE: Thank you. My name is

17 Robert Latimore. I'm a Philadelphia citizen for

18 almost 60 years, a businessman, a father, and, like I

19 said, a longtime resident. I'm from your district

20 anyway.

21 COUNCIL PRESIDENT VERNA: Wonderful.

22 Thank you for coming in.

23 MR. LATIMORE: Yes, thank you.

24 I'm here in support of the bill for

25 taxes -- reduction of taxes. Not only that, I'm here

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 for any bill that is in benefit of uplifting the
3 Philadelphia neighborhood as a whole. I don't care
4 if it's a increase in taxes or a decrease; if it
5 upgrades the living standards of Philadelphia, then
6 that's what I'm for.

7 Other than that, I'm here -- I spoke in
8 front of City Council, this is my second time. The
9 first time was in '99, October, and it was for my
10 community, the Hawthorne community, and I'm here this
11 time for myself and my family.

12 I have been put upon by, I would say, the
13 so-called increase in housing, the Hawthorne
14 neighborhoods situation, and overall -- excuse me.
15 If I'm nervous, it's because I do have a nervous
16 commitment.

17 COUNCIL PRESIDENT VERNA: Just take your
18 time.

19 MR. LATIMORE: Okay. When I confronted
20 City Council, I distributed one of these (holding up
21 document) to every member of City Council, every
22 member, including the Mayor. It tells you my plans
23 to upgrade what was my business at the time, my plans
24 to increase revenues for the City, my plans to
25 upgrade my community, my neighborhood.

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing

2 And from that point, I was put upon, like
3 I said before, by the Redevelopment Authority, who
4 came in my community and took all of my property, six
5 properties.

6 COUNCILMAN DICICCO: Madam President?

7 COUNCIL PRESIDENT VERNA: The Chair
8 recognizes Councilman DiCicco.

9 COUNCILMAN DICICCO: I apologize for
10 interrupting you.

11 You understand that this hearing is about
12 the wage tax?

13 MR. LATIMORE: And that's what I'm talking
14 about.

15 COUNCILMAN DICICCO: And I understand --
16 no, you're speaking about the property in which --

17 MR. LATIMORE: No, I'm speaking about you
18 and others all day have said that they wanted a
19 reduction of taxes to bring businesses into the
20 community. I'm here to say that I had a business for
21 30 years or more in my community, and Redevelopment
22 came around and took my business and put me and my
23 family out of business. And I don't appreciate it,
24 and I'm saying to you that I'm still in it because I
25 haven't signed anything, and I want a opportunity --

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing

2 COUNCILMAN DICICCO: And I have said to
3 you --

4 MR. LATIMORE: -- to

5 COUNCILMAN DICICCO: I've said to you on a
6 number of occasions, including yesterday, that I
7 would be willing to sit with you and Universal Homes
8 to see what we can do about resolving your problem,
9 as I said to you at the time of the public hearings
10 two years ago, but I --

11 MR. LATIMORE: You didn't say that to me,
12 because you told me --

13 COUNCILMAN DICICCO: Well, you may not
14 have heard me --

15 MR. LATIMORE: I don't want to get into
16 that. I want to tell --

17 COUNCILMAN DICICCO: You may not have
18 heard me, but I'm letting you know now that if you
19 want, I will schedule a meeting with you, myself, and
20 any other person you want from Universal Homes and
21 the Redevelopment Authority to discuss your
22 particular issue.

23 MR. LATIMORE: Okay. Well, I'll say --
24 that's okay, but I'm telling you here that I'm here
25 in support of your bill.

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 COUNCILMAN DICICCO: And I appreciate
3 that.

4 MR. LATIMORE: And I'm here in support of
5 my family, which is suffering to no end. From that
6 day, May 2000, we have suffered out of business with
7 no income, and I don't appreciate it from my
8 so-called representatives that they -- that
9 Redevelopment took my property. I made -- that year,
10 I made \$54,000, and Redevelopment came in telling me
11 that I'm a whatever, and just took my property
12 without even consulting, because I was -- at the time
13 I was sick, a heart operation and all of these
14 things, seizures.

15 But now I'm telling you I'm here and I'm
16 raring to go to upgrade my community and to upgrade
17 Philadelphia as a whole. I'm not here to stir up any
18 of the resentments that anybody might have. I
19 want -- I want a fair and just action for me and my
20 family.

21 We worked in this city for -- I worked
22 since I was nine years old here, and I've raised --
23 and I've never been locked up and I've raised a
24 family. All of my kids are grown now. And at this
25 time in my life, when I'm ready to turn over a new

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 leaf to put in apartments and broaden my business and
3 so many things for the community --

4 COUNCILMAN DICICCO: Thank you.

5 MR. LATIMORE: -- it takes it -- it takes
6 it from me.

7 And I'm just saying because it's really
8 gotten me upset to know that I've worked all of these
9 years, and especially a Democrat all my life, and
10 have the Democrats put upon me this stressful
11 situation. And I don't understand this.

12 So I'm sorry that I got upset, President
13 Verna.

14 COUNCIL PRESIDENT VERNA: Just take your
15 time. I understand, I understand.

16 MR. LATIMORE: I'm here because this is a
17 dire situation for me and my family. I'm saying we
18 are almost out in the street. I've never had that
19 problem before.

20 And thank you, anyway, for hearing me.

21 COUNCIL PRESIDENT VERNA: Thank you very
22 much for testifying, and I'm sure that if you work
23 with Councilman DiCicco's office, he would do
24 everything possible to try to help you.

25 Do we have any other witnesses to testify?

1 4/9/02 WHOLE - TAX-REDUCTION BILLS, cont'd. hearing
2 (No response.)

3 MR. KEARNEY: Council President and
4 members of City Council, my name is Tim Kearney, and
5 I'm a legislative aide for City Councilman David
6 Cohen.

7 I would like to hand in two written copies
8 of testimony from people who -- well, from one person
9 who couldn't stay this late and had to leave earlier
10 today; and another paper from the Keystone Research
11 Center in Harrisburg called "Tax Relief for
12 Philadelphia's Poor," and the gentleman who wrote
13 this paper couldn't get to Philadelphia today, so I
14 only have it in written form.

15 Thank you.

16 COUNCIL PRESIDENT VERNA: Thank you.

17 Do we have anyone else to testify on any
18 of the bill?

19 (No response.)

20 COUNCIL PRESIDENT VERNA: Seeing none,
21 this committee will stand in recess until 1 o'clock
22 tomorrow afternoon, 1 o'clock, tomorrow afternoon.

23 Thank you all very much.

24 (Proceedings end at 11:31
25 a.m.)

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CERTIFICATE

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I HEREBY CERTIFY that the foregoing

proceedings of the Council of the City of

Philadelphia's meeting of the Committee of the

Whole of Tuesday, April 9, 2002, are contained

fully and accurately in the stenographic notes

taken by me, and that this is a true and correct

transcript of same.

RE: Ordinance No's: 020030, 020035, 020096, 020116,

020144, 020145, 020182

_____,
Josephine Cardillo

Registered Professional Reporter
and Notary Public

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