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COUNCIL OF THE CITY OF PHILADELPHIA

3

PUBLIC HEARING

4

COMMITTEE ON FINANCE

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Room 696, City Hall
Philadelphia, Pennsylvania
Tuesday, May 13, 2003
3:03 p.m.

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BILL 030215 - an Ordinance authorizing the
Philadelphia Housing Authority for Industrial
Development to file an application with the Office
of the Budget...

BILL NO. 030218, an ordinance amending Section
19-1303 of the Philadelphia Code, entitled
"Discounts and Additions to Tax..."

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PRESENT:

COUNCILWOMAN JANNIE BLACKWELL, Chair
COUNCILWOMAN MARIAN TASCO, Vice Chair
COUNCILMAN MICHAEL NUTTER
COUNCILMAN BRIAN O'NEILL
COUNCILMAN JAMES KENNEY

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I N D E X

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BILL 030215 PAGE
ROBERT FINA, PIDC, PAID 4

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BILL 030218
NANCY KAMMERDEINER, Revenue Commissioner 23
DONNA BLATCH 30

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2 COUNCILWOMAN BLACKWELL: I hope my
3 colleagues will hold up. We have Committee on
4 Finance with regard to Bill 030215, a Redevelopment
5 Assistance Capital Grant, and also Bill No. 030218
6 which extends the date for property taxes and
7 reduces penalties and interest.

8 Thank you very much. The Finance
9 Committee is called into Session. We have a quorum.
10 To my right, Vice Chair Marian Tasco; to her right,
11 Councilman Nutter; and we have Councilman O'Neill.
12 A quorum present, we will ask the Clerk to read Bill
13 No. 030215. And we note that Bob Fina, Senior Vice
14 President of PIDC is here who will then testify.
15 Thank you.

16 THE CLERK: Bill No. 030215, an
17 Ordinance authorizing the Philadelphia Housing
18 Authority for Industrial Development to file an
19 application with the Office of the Budget,
20 Commonwealth of Pennsylvania, under the
21 Redevelopment Assistant Capital Program in an
22 aggregate amount not to exceed \$76,092,000 to assist
23 in the development of the Center for Human
24 Advancement, Children's Hospital of Philadelphia,
25 CORA Services, Drexel University, Independence Park

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2 Institute, Mann Music Center for the Performing
3 Arts, National Museum of American Jewish History,
4 New Cortland Elder Services, Philadelphia Museum of
5 Art, Philadelphia University, Project Home, Red
6 Cross House, Settlement School of Music, Walnut
7 Street Theater, Woodmere Art Museum and the
8 Zoological Society of Philadelphia Carnivore House.

9 COUNCILWOMAN BLACKWELL: Thank you. We
10 note that it's Mann Center for Performing Arts as
11 opposed Mann Music Center for Performing Arts. Just
12 a small correction.

13 Mr. Fina, would you identify yourself
14 and begin your testimony?

15 MR. FINA: Good afternoon, Chairwoman
16 Blackwell and Members of the Finance Committee. My
17 name is Robert Fina. I am Senior Vice President of
18 the Philadelphia Industrial Development Corporation,
19 PIDC, and I am appearing on behalf of the
20 Philadelphia Authority for Industrial Development,
21 PAID. Here with me is my PIDC Colleague Erin
22 Murphy. I am here today to testify in support of
23 Bill No. 030215, authorizing PAID to apply for
24 Redevelopment Assistance Grants from the
25 Commonwealth of Pennsylvania in the aggregate amount

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2 of \$76,092,000 for 16 redevelopment assistance
3 projects that were just read by the Clerk, and I
4 won't read those in the interest of time. They were
5 all correct with the corrections that the
6 Chairperson made.

7 Bill No. 030215 would authorize PAID to,
8 one, enter in agreements with the grant recipients
9 to apply for state funding; two, enter into grant
10 agreements with the Commonwealth's Office of the
11 Budget to carry out of purposes of the Bill; three,
12 designate the City and/or the grant recipient to
13 fulfill the program requirements of providing the
14 full match for its project; four, designate the City
15 and/or the grant recipient to reimburse the
16 Commonwealth for its share of any expenditures found
17 to be eligible by the Office of the Budget; and
18 five, obligate the City and/or the grant recipients
19 to complete the projects per the Office of the
20 Budget's necessary approvals and within the time
21 frame mutually agreed upon by the Office of the
22 Budget and PAID, including requested reasonable
23 extensions.

24 Exhibit A of the Bill No. 030215
25 provides project descriptions for each of the 16

The projects are: The Center for Human Advancement, formerly known as the Urban Education Development Research and Retreat Center, located in the complex at 4601 Market Street. This project seeks \$1,500,000 of Redevelopment Assistance funds.

CORA Services currently located at 733
Susquehanna Road and building its new service
facility at 8540 Verree Road seeks \$3,742,000 of
Redevelopment Assistance funding.

Independence Park Institute, planning to

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2 locate adjacent to Independence Visitor's Center at
3 Sixth and Market seeks \$1 million of Redevelopment
4 Assistance funding.

5 The Mann Center for the Performing Arts,
6 located in the west corner of Fairmount Park near
7 the intersection of 52nd Street and Parkside Avenue
8 seeks \$3,500,000 of State funding.

9 The National Museum of American Jewish
10 History, located 55 North Fifth Street, seeks
11 \$2 million of Redevelopment Assistance funding.

12 New Cortland Elder Services Germantown
13 Home Facility, located at 6950 Germantown Avenue,
14 seeks \$1 million of State funding.

15 Philadelphia Museum of Art, located at
16 the Ben Franklin Parkway and 26th Street, seeks
17 \$25 million of Redevelopment Assistance funds.

18 Philadelphia University, formerly
19 Philadelphia College of Textiles and Science,
20 located at the intersection of Schoolhouse Lane and
21 Henry Avenue, seeks \$5 million of Redevelopment
22 Assistance funding.

23 Project Home, whose learning center will
24 be located on the 1900 block of Judson Street, seeks
25 \$1 million of Redevelopment Assistance funding.

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2 Red Cross House, located at 40th and
3 Powellton Streets in West Philadelphia, seeks
4 \$2,300,000 of Redevelopment Assistance funding.

5 Settlement Music School's Mary Louise
6 Curtis Branch, located 416 Queen Street, seeks
7 \$1,250,000 of State funding.

8 Walnut Street Theater, located at the
9 corner of Ninth and Walnut Street, seeks \$5 million
10 of Redevelopment Assistance funds.

11 Woodmere Art Museum, located on the
12 corner of Germantown Avenue and Bells Mill Road,
13 seeks \$5 million of Redevelopment Assistance funds.

14 And finally, the zoo, located at the
15 corner of 34th and Girard Avenue, seeks \$5.8 million
16 of Redevelopment Assistance funds.

17 They're the 16 projects.

18 To apply for a Redevelopment Assistance
19 Grant the three principal actions occur: First, the
20 Commonwealth's Legislature must name the project and
21 the amount of funding in the approved State Capital
22 Budget. Second, the Commonwealth's Office of the
23 Budget or the Governor's Office must authorize PAID,
24 Philadelphia Authority for Industrial Development,
25 to submit an application to the Office of the Budget

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2 on behalf of the authorized project. Third, City
3 Council must approve an ordinance, which is Bill No.
4 030215 presently under consideration.

5 In addition to these three principal
6 requirements, the grant recipient must provide
7 documentation that the State funds are matched
8 dollar for dollar with non-State funding. When PAID
9 submits a project's Redevelopment Assistance Grant
10 application to the Budget Office of the State, the
11 grant recipient must demonstrate that at least 50
12 percent of the matching funds that, again, are
13 non-State funds are secured at that time. The
14 Office of the Budget reviews the application
15 materials extensively with its team of consultants
16 in PIDC. Based upon this review, the Office of the
17 Budget drafts and executes the project's grant
18 agreement that includes specific conditions that the
19 grant recipient must satisfy before receiving any
20 funding. The Commonwealth only funds those projects
21 with approved applications, executed grant
22 agreements with conditions met and those projects
23 would have to be in compliance with the program
24 requirements.

25 The Redevelopment Assistance Capital

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2 Program operates on a reimbursement basis for all
3 eligible project expenses, such as construction and
4 acquisition costs. Throughout the process, PAID
5 acts as the applicant grantee and the grant
6 recipient is referred to as the sub-applicant or the
7 sub-grantee. All 16 would be referred to as the
8 sub-applicants.

9 Similar to PIDC, other financing
10 programs, PAID, PIDC, acts as a conduit lender or
11 funder, that is when the Commonwealth releases the
12 grant fund, it is paid by a check made out to PAID,
13 Philadelphia Authority for Industrial Development,
14 and we in turn disburse to the designated approved
15 recipient those funds or sub-recipient.

16 The disbursement process is closely
17 monitored by the project auditors in the
18 Commonwealth's Budget Office and by my colleagues at
19 PIDC. No funds are disbursed unless all projects
20 have met and have documented their compliance
21 program requirement. It should be noted that under
22 previous gubernatorial administrations, similar
23 requirements were imposed by the Office of the
24 Budget for about 50 projects citywide with a total
25 of approximately 400 million of Redevelopment

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2 Assistance Grants with a combined total cost of
3 nearly \$1.5 billion.

4 I am pleased to advise you that these 50
5 projects were completed, are presently under
6 construction, or about to commence construction in
7 accordance with the Commonwealth's requirements.

8 I, again, request the Finance
9 Committee's favorable consideration of Bill No.
10 030215, and that the Rules of Council be suspended
11 to permit first reading at the next regularly
12 scheduled Session of City Council.

13 I thank you for your consideration.
14 Should you have any questions, I would be pleased to
15 answer them. Thank you.

16 COUNCILWOMAN BLACKWELL: Thank you, Mr.
17 Fina. You stated in your testimony there may be
18 times when the City may be designated to reimburse
19 the Commonwealth for its share of expenditures that
20 have been found ineligible by the Office of the
21 Budget. Does that mean that we're guaranteeing
22 grants?

23 MR. FINA: Technically, you would be by
24 this as you've done in every other piece of
25 legislation, but what happens is that in the

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2 application we prove that funds are available prior
3 to approval by the Commonwealth. They send in a
4 consultant to review all the documentation on the
5 project to make sure all the costs that compose the
6 project are legitimate and eligible costs. And
7 finally, the State only provides funding on a
8 reimbursement basis. So the project must expend the
9 dollars first, and then they get basically 50
10 percent or no more than 50 percent of the dollars
11 from the State. So therefore there's never been a
12 problem with the City having to provide this
13 guarantee or this form of guarantee.

14 COUNCILWOMAN BLACKWELL: Do you know how
15 a non-profit would know when or how to apply?

16 MR. FINA: How it really happens is
17 through the State Senator or State Representative
18 and they discuss the project with them. It could be
19 they could come to you as their District
20 Councilperson and you would contact the appropriate
21 State Representative to make certain that that
22 project then appears in the Capital Budget. And
23 then it's the normal process in Harrisburg of
24 approving the Capital Budget.

25 I must say that many more projects are

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2 approved in the Capital Budget than funds are ever
3 available for in the State funding.

4 COUNCILWOMAN BLACKWELL: I see.

5 Any questions?

6 COUNCILMAN COHEN: Madam Chair.

7 COUNCILWOMAN BLACKWELL: Yes, Councilman
8 Cohen.

9 COUNCILMAN COHEN: The list that you
10 read off, how is that formed?

11 MR. FINA: Councilman, that's formed by
12 the various State Senators and State Representatives
13 putting a project that they find appropriate and
14 worthy in the Capital Budget. That normally means
15 in an informal basis that any one of these projects'
16 representatives would contact their legislative
17 representative in advance to present their ideas,
18 their project to the representative. And then the
19 representative would put that project in the Capital
20 Budget or attempt to have the project approved in
21 the Capital Budget -- the State Capital Budget, not
22 the City's.

23 It could be the reverse, that the
24 representative has an idea, would go to a local
25 community group and say, "This is my idea. What do

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2 you think?" And it could occur that way also. That
3 has happened in the past on a couple of occasions.
4 Usually, it's the other way around, Councilman.

5 COUNCILMAN COHEN: Is this list already
6 approved in the State Capital Budget?

7 MR. FINA: Yes, it is. All 16 projects
8 had been, not only in the Capital Budget, but
9 they've been authorized by the Governor or by the
10 Budget Secretary for PAID to submit an application
11 for funding.

12 COUNCILMAN COHEN: And is it automatic
13 when PAID submits the application, will the grants
14 be authorized? They're not grants immediately paid,
15 as I understand from what you're saying. It's
16 merely a promise by the State that it will pay half
17 of the billing it gets for certain expenditures
18 involved in the project; is that right?

19 MR. FINA: The latter part of your
20 question is generally correct. The former part of
21 your question, not all applications are approved,
22 although, our experience at PIDC is that every
23 application that we've ever submitted we've
24 eventually approved by the Commonwealth's Budget
25 Office.

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2 COUNCILMAN COHEN: Is there any time
3 limit within which it must be accomplished?

4 MR. FINA: Each Capital Budget may have
5 different requirements. Normally, it's five years
6 from the date of the Capital Budget approval that
7 the dollars have to be encumbered.

8 COUNCILMAN COHEN: That's the State
9 dollars?

10 MR. FINA: Yes. Many times that's five
11 years from the date of the grant agreement being
12 executed by the Commonwealth.

13 COUNCILMAN COHEN: Whose money is it
14 that gets reimbursed? Is it the project's money or
15 does PAID provide the money?

16 MR. FINA: It's normally the project's
17 money. Occasionally PIDC has provided interim
18 financing for a particular project when they could
19 not find the State funds. They could find the
20 match, but they couldn't find the State funds.

21 We occasionally loan money as the match
22 for a project. That happens infrequently, but it
23 does happen. But normally, it is the project
24 sponsors or the project recipient of the State funds
25 that provide the funds that the State dollars match.

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2 COUNCILMAN COHEN: I've got to ask you
3 to go over that. Does the money that's paid out for
4 the work done initially, which is later reimbursed,
5 does that money have to come from donations or money
6 that the project is already allocated, or can that
7 also be government-sponsored money?

8 MR. FINA: It can be government. It has
9 to be non-State funded dollars.

10 COUNCILMAN COHEN: Non-State?

11 MR. FINA: Yes.

12 COUNCILMAN COHEN: But it could
13 Philadelphia?

14 MR. FINA: Could be the City of
15 Philadelphia, it could be PIDC, it could be equity
16 or grants to the project, and it could be a
17 construction loan from a commercial lender.

18 COUNCILMAN COHEN: Are there any figures
19 based on experience as to what money is provided by
20 the City of Philadelphia?

21 MR. FINA: We have that information, but
22 I don't really have that available. We haven't
23 calculated that, but we could easily do that.

24 COUNCILMAN COHEN: Could we do that?

25 MR. FINA: Yes.

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2 COUNCILMAN COHEN: And could you furnish
3 it to the President of Council for distribution?

4 MR. FINA: The chairman of this
5 committee, are you asking?

6 COUNCILMAN COHEN: Yes.

7 MR. FINA: Yes, I can Councilman.

8 COUNCILMAN COHEN: Thank you.

9 MR. FINA: Just to be clear, you're
10 asking for City funding?

11 COUNCILMAN COHEN: Yes. I'd like to
12 know whether -- as you stated originally, it sounded
13 as if the State was demanding a 50 percent match to
14 be obtained by the original project developers.

15 MR. FINA: That's correct.

16 COUNCILMAN COHEN: But they have great
17 freedom as long as it's not State money.

18 MR. FINA: That's also correct.

19 COUNCILMAN COHEN: So that, for example,
20 if they applied to PIDC for that 50 percent, that
21 also would meet the State's requirements.

22 MR. FINA: Providing we weren't using
23 the State source of funding to match that, yes, sir.

24 COUNCILMAN COHEN: I missed that.

25 MR. FINA: We were not using State

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2 dollars. There are State loan programs that we use,
3 so I could not use state dollars, correct.

4 COUNCILMAN COHEN: If it were not State
5 dollars but Philadelphia through various other grant
6 programs provided all the money, so that a project
7 could in fact be developed a hundred percent with
8 government money.

9 MR. FINA: Yes, that's true. The norm,
10 I would say, just speaking without having data in
11 front of me, is that most of the projects find other
12 grant sources and there'd be Federal dollars,
13 sometimes City, but mostly Federal and other
14 non-profits, such as the William Penn Foundation,
15 because all these recipients have to be non-profits
16 because of the nature of the dollars that the State
17 provides. They cannot be for-profit businesses.

18 COUNCILMAN COHEN: Sometimes it's a bit
19 difficult to tell what they are by the salary ranges
20 they provide. There's no limitation, for example,
21 on salaries to staff members, is there?

22 MR. FINA: That is not part of the
23 statute or any of the regulations of the program.

24 COUNCILMAN COHEN: What do you call this
25 program?

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2 MR. FINA: This program is identified as
3 the State Redevelopment Assistance Capital Program.

4 COUNCILMAN COHEN: Have we been at it
5 for years?

6 MR. FINA: Yes, we have.

7 COUNCILMAN COHEN: How much do we get on
8 average per year in the way of projects, State money
9 for projects?

10 MR. FINA: On an annual basis, I think
11 for the last five years will be somewhere between 50
12 to \$100 million per year.

13 COUNCILMAN COHEN: Fifty to a hundred
14 million.

15 MR. FINA: Now, we've had projects which
16 received more than that, such as the Kimmel Center.
17 So an average over the last five years would be
18 correct.

19 COUNCILMAN COHEN: Would you know
20 offhand on the Kimmel Center what was privately
21 arrived at through donations, what was State money,
22 and what was other government money but not State
23 money?

24 MR. FINA: I don't have those numbers
25 for the Kimmel Center at hand. The grant was 63.5

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2 million. Actually, the technical name is the
3 Regional Performing Art Center. I did mention
4 earlier in my testimony that we did have a figure of
5 400 million has been received -- over 400 million
6 has been received by the program so far. And that's
7 not every year because some years there isn't any
8 new money.

9 COUNCILMAN COHEN: That's State money.

10 MR. FINA: State dollars, State grant
11 dollars.

12 COUNCILMAN COHEN: Thank you. It's a
13 very interesting program.

14 MR. FINA: Thank you, sir.

15 COUNCILMAN COHEN: You say it's only
16 good for non-profit enterprises?

17 MR. FINA: That's correct. You cannot
18 be a for-profit commercial business.

19 COUNCILMAN COHEN: Would the libraries
20 be a proper recipient?

21 MR. FINA: Yes. And they have been.

22 COUNCILMAN COHEN: Is that because the
23 library is a separate non-profit?

24 MR. FINA: Well, a government entity can
25 actually receive the funds also.

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2 COUNCILMAN COHEN: So that if, for
3 example, the School District could convince the
4 State that it needed money for rebuilding schools --

5 MR. FINA: I believe educational
6 facilities that are public schools are exempt from
7 the program.

8 COUNCILMAN COHEN: How about health
9 centers?

10 MR. FINA: Health centers are eligible.

11 We've had a number of City projects over
12 the years. We've had Fairmount Park Commission's
13 Manayunk Canal, the recreation center known as
14 Lonnie Young, Dorothy Emanuel, and the Northeast
15 Neighborhood Center. So we've had a number of City
16 projects, including one here I mentioned for the
17 zoo, and previous to that we did the Primate House
18 at the zoo under the same program.

19 COUNCILMAN COHEN: Community groups
20 often find need as they develop for community
21 centers run by community organizations. Would that
22 be a kind of project that might be available?

23 MR. FINA: Yes, Councilman.

24 COUNCILMAN COHEN: All right. Thank
25 you.

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2 Who would we go to, PAID, to find out
3 more about it?

4 MR. FINA: You can find more about the
5 general parameters of the program just as we have
6 explained in a hand book that the State issues. But
7 you really need to go to your State Representative,
8 your State Senator to start the process of getting
9 the particular project in the State Capital Budget
10 that's approved.

11 COUNCILMAN COHEN: Thank you very much.

12 MR. FINA: You're welcome.

13 COUNCILWOMAN BLACKWELL: Thank you very
14 much.

15 Any other questions?

16 (No response.)

17 COUNCILWOMAN BLACKWELL: Thank you. The
18 Clerk will read the title of Bill No. 030218.

19 And while he is reading the title, we
20 ask Nance Kammerdeiner, Revenue Commissioner, to
21 come forward.

22 THE CLERK: Bill No. 030218, an
23 ordinance amending Section 19-1303 of the
24 Philadelphia Code, entitled "Discounts and Additions
25 to Tax," by extending the due date for payment of

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2 real estate taxes and by revising the provisions for
3 additions to tax, penalties and interest if such
4 real estate taxes are paid after the due date, all
5 under certain terms and conditions.

6 COUNCILWOMAN BLACKWELL: Thank you very
7 much.

8 Ms. Kammerdeiner, would you identify
9 yourself for us and then begin your testimony?

10 And thank you for your patience.

11 MS. KAMMERDEINER: Good afternoon,
12 Councilwoman Blackwell and Members of the Committee.
13 I'm Nancy Kammerdeiner, Revenue Commissioner. I do
14 have some copies of my testimony here.

15 I'm pleased to be with you today to
16 present testimony regarding Bill No. 030218. This
17 ordinance will amend Section 19-1303 of the
18 Philadelphia Code, entitled "Discounts and Additions
19 to Tax," by extending the due date for payment of
20 real estate taxes and by revising the provisions for
21 additions to tax, penalties and interest if these
22 taxes are paid after the due date. These changes
23 would be effective with the 2004 tax year.

24 Before commenting upon the legislation
25 itself, I would like to briefly address the

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2 authority that this Council has to alter the
3 existing procedures for real estate tax collection.
4 As you know, the authority for levying and
5 collecting real estate taxes is established within
6 state law. It is my understanding that in
7 accordance with a legislation, City Council has been
8 given the authority to change some, but not all of
9 the provisions regarding due dates and additions,
10 interest, and penalty.

11 One item that it's addressed in this
12 Bill that we believe is set in state law and cannot
13 be changed at the discretion of City Council is the
14 rate of the penalty that is levied after the real
15 estate tax becomes delinquent. This is the rate
16 referenced in Section 19-1303(4)(C) of the proposed
17 legislation. Otherwise, we believe that you have
18 the authority to change the items addressed in this
19 legislation.

20 At the present time, real estate
21 taxpayers receive a 1 percent discount if they pay
22 the current year tax by the last day of February.
23 The period for paying without a discount but before
24 any additions are added to taxes is in the month of
25 March. Under this legislation, the discount period

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2 would remain the same, but the period for payment
3 without a discount would be extended to include
4 March, April, and May. In other words, that would
5 change the tax due date from March 31 to May 31.
6 That would have a significant impact on the City's
7 cash flow. Not only would most of the current year
8 tax that is now paid in March be delayed until May,
9 but it is likely that a significant portion of the
10 money that comes in during the discount period
11 before the end of February would be delayed until
12 May as taxpayers are apt to see more benefit in
13 retaining the use of the funds for three months then
14 in receiving the 1 percent discount.

15 This delay in revenue would prolong the
16 period during which the City is in a very low cash
17 position, a period that now ends in February but
18 would extend at least until business tax payments
19 come in during April. During this low cash period,
20 vendor payments may be delayed and the City may be
21 required to borrow additional funds in order to meet
22 expenses.

23 I should also note that each year the
24 City must borrow funds to bridge the gap between
25 when expenses are incurred and when a significant

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portion of the City's tax revenue is received, namely, the period between February and May. Known as a Tax Revenue Anticipation Note, or TRAN, these funds must be repaid before the close of the fiscal year, generally no later than May 31 of each year. A delay in the receipt of real estate taxes would jeopardize this City's ability to pay the TRAN by May 31. To negotiate a TRAN with a June payment date would require the payment of a significant interest rate premium, thus increasing the cost of the entire borrowing. With a March 31 due date, additions to tax are levied at the rate of 1 1/2 percent per month beginning on April 1 and continuing through January 1 when those additions totaling 15 percent are added to the tax principle and the total amount is liened.

Under the proposed legislation with a May 31 due date, additions would not begin until June 1, and they would be levied at the rate of 1/2 percent per month. The total additions to be added to the principle on January 1 would be 4 percent. That would effectively remove the incentive that taxpayers now have to pay their real estate taxes timely. Collection rates in the first

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year that are now approximately 90 percent of the tax due would fall off and the cost of collection would increase. In addition, the proposed legislation would reduce the penalty that is levied from February through August of the first year from 1 percent to 1/2 percent. This is the levy I mentioned earlier as being set in state law without authority for change at the local level.

Lastly, the proposed legislation would reduce the interest rate charged on delinquent taxes from 3/4 percent per month or 9 percent per year to 1/2 percent per month or 6 percent per year. In 1997, the real estate tax rate was increased from 6 to 9 percent because it was felt that the City was financing taxpayers' other debt. That is, real estate tax was the last payment made by a taxpayer since the interest rate on real estate tax was lower than the interest on any other debt. Returning to a 6 percent annual interest rate would remove yet another incentive for taxpayers to pay the real estate tax liabilities and to pay them on time.

Each payment incentive removed increases the number of accounts that become delinquent or stay delinquent for a longer period of time. Credit

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2 card companies and cable companies know that high
3 interest rates provide payment incentives. Even in
4 this era of low interest rates, 9 percent is not a
5 high interest rate for consumer debt. For these
6 reasons, the Administration is not prepared to
7 support this legislation at this time.

8 This concludes my testimony, and I'll be
9 happy to answer any questions.

10 COUNCILWOMAN BLACKWELL: Thank you very
11 much. Are there any questions?

12 Councilwoman Tasco.

13 COUNCILWOMAN TASCO: Ms. Kammerdeiner,
14 we called you to have a discussion with you about
15 this legislation, and we did not have the courtesy
16 of discussion. It would have been helpful had you
17 all talked to us prior to this testimony.

18 MS. KAMMERDEINER: At the time that I
19 got the call, I indicated we were just in the
20 process of looking at the legislation and did not
21 yet have a position on it. And I will confess that
22 it was really today when the position all came
23 together. That's why I didn't present testimony in
24 advance. And I believe some other members of the
25 Administration had made an effort to reach you

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2 without success in the last day or two.

3 COUNCILWOMAN TASC0: Like whom?

4 MS. KAMMERDEINER: I believe the
5 Director of Finance had tried to reach you. She
6 indicated to me she had tried unsuccessfully to
7 reach you.

8 COUNCILWOMAN TASC0: We didn't get a
9 call from anyone.

10 MS. KAMMERDEINER: I can only say that
11 that was what I was advised.

12 COUNCILWOMAN TASC0: When you talk about
13 that you believe that we don't have the authority,
14 under what -- do you have a legal opinion that we
15 don't have the authority?

16 MS. KAMMERDEINER: It was actually the
17 revenue technical staff that reviewed the state
18 legislation provided that advice to me. I have
19 mentioned this to the Law Department, and they were
20 also going to take a look at it to see whether they
21 concurred with the Revenue technical staff's opinion
22 on this.

23 COUNCILWOMAN TASC0: Okay.

24 COUNCILWOMAN BLACKWELL: Thank you. Ms.
25 Donna Blatch, resident. Thank you for your

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2 patience.

3 Ms. Kammerdeiner, the Councilwoman asks
4 that you remain. Thank you.

5 Ms. Blatch.

6 MS. BLATCH: Before I begin, will the
7 Sergeant-at-Arms please come and pass my testimony
8 to Councilpeople?

9 COUNCILWOMAN BLACKWELL: Would you
10 identify yourself again and spell your last name?

11 MS. BLATCH: My name is Donna Blatch,
12 B-L-A-T-C-H.

13 COUNCILWOMAN BLACKWELL: Thank you.
14 Begin your testimony. Thank you again for your
15 patience.

16 MS. BLATCH: My name is Donna Blatch,
17 and I live in Councilwoman Marian Tasco's 9th
18 District. I have come this afternoon to ask for
19 your help. I am asking for an immediate change in
20 the property tax burden that the majority of
21 Philadelphia's middle class residents are
22 experiencing. Our property taxes have soared in the
23 past few years. And because of the high taxes, many
24 of my friends and neighbors have left this City. I
25 believe more will leave if you do not provide an

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2 extension of property tax payments to the middle
3 class homeowners. I am requesting that the
4 collection dates of the property taxes be changed in
5 year 2004.

6 The Philadelphia Department of Revenue
7 requires homeowners to pay all property taxes by
8 February 28th for a discount or March 28th with no
9 penalties. Not only are we faced with the
10 continuous demand of City property tax payments by
11 March 31st, we must also worry about the payments of
12 Pennsylvania State taxes and federal income taxes by
13 April 15th of each year.

14 I am suggesting that you vote this year
15 to change the final collection date of property
16 taxes from March 28th to May 31st. The extended
17 time just might provide refund money from the
18 Federal Government to pay the property taxes for
19 some retired or middle class residents. The May
20 date will also provide some form of monetary relief
21 and less stress in our life-style. We won't have to
22 buy less food and medicine, miss paying a bill nor
23 would we have to seek financial help from a bank or
24 a predatory lender just to pay our taxes during the
25 month of February or March.

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2 I am asking today for a fair payment
3 plan, an extension of property payments to the
4 middle class will provide significant relief to the
5 people in Philadelphia, tax base well worth keeping
6 and defending. Give us more time to pay taxes on
7 these 60-year-old or older homes that we love and
8 cherish. Our homes have aged just as we have and
9 they are requiring large portions of our income for
10 repairs.

11 The list of Sheriff's sales across the
12 City for back taxes continue to grow every month,
13 and we don't want to see our homes listed in the
14 monthly publication of the Philadelphia tax lien
15 Sheriff's Sale Guide. We will pay our taxes; just
16 give us until the end of the month of May. Let your
17 retired seniors and middle class residents continue
18 to keep Philadelphia a City of neighborhoods, not a
19 City of boarded up homes because individuals
20 couldn't pay their property taxes on time.

21 Councilmembers, please help solve this
22 problem by granting us a permanent extension for
23 final payment of property taxes from March to May.
24 Thank you.

25 COUNCILWOMAN BLACKWELL: Thank you very

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2 much.

3 Any questions for Ms. Blatch?

4 Councilwoman Tasco.

5 COUNCILWOMAN TASCO: Actually, this
6 legislation comes as result of a discussion I had
7 with Ms. Blatch and some other people who were in my
8 home and talked about the burden of having to pay
9 the tax by March 30th and then pay the income tax by
10 April 15th, and they wanted a little more time in
11 order to pay their property taxes. So it was no
12 real great idea of mine; it was in response to Ms.
13 Blatch and some other women who were in my home one
14 evening. And we came back see if this could be
15 possible. And I would have thought that we could
16 have some conversation with the Administration about
17 this to see if they will try to accommodate the
18 taxpayers, particularly the taxpayers that I
19 represent in the 50th Ward and the 10th Ward. We
20 have such a difficult time trying to get resources
21 from the City to help the residents up there with
22 home maintenance, home preservation. I thought this
23 was a small way to try and address their concerns to
24 not further stress them out.

25 What I'd like to do today -- I don't

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2 have any questions of Ms. Blatch and I'll yield to
3 any other Councilmembers who may have questions.
4 What I'd like to do is hold this Bill in Committee,
5 but I did want the testimony so you wouldn't have to
6 come back, so that I can further discuss with the
7 Administration this Bill and then determine what I
8 might need to do to adjust some of the figures or
9 not. But at least have some further discussion with
10 Ms. Kammerdeiner and the Administration so that we
11 can see what way we can help. But barring that, we
12 will bring it back before the Committee for a vote.

13 MS. BLATCH: Thank you.

14 COUNCILWOMAN BLACKWELL: Thank you very
15 much.

16 The Chair notes that Councilman Kenney
17 is, likewise, here and we call on him for a
18 question.

19 COUNCILMAN KENNEY: Thank you, Madam
20 Chair. I would be interested in Ms. Kammerdeiner,
21 if she feels comfortable enough, giving us some kind
22 of initial reaction to what I think was very well
23 presented and written testimony. It's some of the
24 best I've heard from a citizen. I was wondering if
25 you had something to say initially.

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2 You had comments already?

3 MS. KAMMERDEINER: I've already
4 presented some testimony which should be there. But
5 I would welcome the opportunity to talk about
6 dealing with the issues that are underlying the
7 legislation that was proposed and to see whether
8 there's a way we can provide some relief without
9 creating the cash flow and collection problems that
10 we see with it as it's currently structured. And I
11 would welcome that opportunity.

12 COUNCILMAN KENNEY: I'll read your
13 testimony. Thank you.

14 COUNCILWOMAN BLACKWELL: Thank you very
15 much.

16 Anymore questions?

17 (No response.)

18 COUNCILWOMAN BLACKWELL: Thank you very
19 much. This will end the public hearing part of our
20 meeting.

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COUNCIL OF THE CITY OF PHILADELPHIA

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PUBLIC MEETING

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COMMITTEE ON FINANCE

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Tuesday, May 13, 2003

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Public Meeting conducted by the
Committee on Finance, held in Room 696, City Hall,
Philadelphia, Pennsylvania, on the above date, to
consider action on the following:

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BILLS 030215, 030218.

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PRESENT:

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COUNCILWOMAN JANNIE BLACKWELL, Chair
COUNCILWOMAN MARIAN TASCO, Vice Chair
COUNCILMAN MICHAEL NUTTER
COUNCILMAN BRIAN O'NEILL
COUNCILMAN JAMES KENNEY

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2 COUNCILWOMAN BLACKWELL: We will enter
3 into the public hearing part of our meeting.

4 The Chair recognizes Councilman O'Neill
5 for a motion with regard to Bill No. 030215 with the
6 suspension of the rules.

7 COUNCILMAN O'NEILL: Madam Chair, I move
8 that Bill No. 030215 be reported out of the
9 Committee with a favorable recommendation, and also
10 a recommendation that the Rules of Council be
11 suspended so as to allow first reading at our next
12 Session.

13 (Duly seconded.)

14 COUNCILWOMAN BLACKWELL: It has been
15 moved and seconded that Bill No. 030215 be reported
16 out of Committee with a favorable recommendation,
17 also a recommendation for a suspension of the Rules
18 so as to permit first reading at our next Session of
19 Council.

20 All in favor?

21 (Aye.)

22 COUNCILWOMAN BLACKWELL: Opposed?

23 (No response.)

24 COUNCILWOMAN BLACKWELL: The ayes have
25 it. This Bill is passed.

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2 As requested by the Bill sponsor, Bill
3 No. 030218 will be held.

4 We thank all Members of the Committee
5 for being here. Thank you very much.

6 This hearing is adjourned.

7 (Council adjourned at 3:42 p.m.)

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

I HEREBY CERTIFY that the foregoing
proceedings of the Council of the City of
Philadelphia of May 13, 2003, were reported fully
and accurately by me, and that this is a correct
transcript of the same.

RE: COMMITTEE ON FINANCE

Lisa C. Bradley, RPR
and Notary Public