

Broad Street Brief: City Council and Kenney Administration Reach Deal on Spending and Taxes

CITY HALL

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Late last night, Philadelphia City Council passed a budget deal out of committee that invested additional money into public safety and quality-of-life programs. They also voted to lower the net profits portion of the Business Income and Receipts Tax (BIRT) and the Wage Tax. For more information, read the comprehensive analysis below.

Nineteen Schools To Get New Security Cameras Due To Gun Violence

Philadelphia will pay for 100 additional security cameras across 19 schools deeply affected by gun violence, leaders announced this week. The program will cost nearly \$3 million, factoring in installation and operation. The cameras will feed into a central monitoring system. Council majority leader Cherelle Parker indicated that the program, if successful, would be expanded to more schools.

School District Leaders Speak Out About Proposed Property Tax Exemption Increase

Philadelphia School District Superintendent William Hite and Board of Education President Joyce Wilkerson wrote in a recent op-ed that proposed cuts to Philadelphia's property taxes could "eviscerate" staffing levels at schools, including both teachers and support staff. The city's Board of Education, unlike most school boards, has no direct taxing power and is entirely dependent on city and state policymakers to determine funding levels.

Three Republican State Legislators Move to Impeach DA Larry Krasner

Three Republican members of the State House of Representatives say they will begin the process of impeaching Philadelphia District Attorney Larry Krasner, saying spikes in the city's violent crime are grounds for dismissal. The impeachment would require a simple majority support in the Pennsylvania House and two-thirds approval in the state Senate.

Huge Water Bills Are Part of City's Transition to Smart Meters, Agency Says

Some Philadelphia Water Department customers who are receiving bills in the thousands of dollars should blame their new smart meters, the agency says. The large bills are a result of undercounts as the meters were installed.

Mike Driscoll Sworn In As 6th District Councilmember

Mike Driscoll, a former state representative, was sworn in this week as councilmember for the 6th District, replacing former Councilmember Bobby Henon. Driscoll was uncontested in the special election and will serve until the next council elections in 2023.

Policy Alert: Philadelphia City Council and the Kenney Administration Reach Budget Deal

On June 15, 2022, Philadelphia City Council voted on an operating budget and changes to the real estate and business tax structures out of the committee of the whole.

Business Taxes:



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City Council voted to approve lowering both the Business Income and Receipts Tax on net profits (BIRT) and the Wage Tax — taxes that the business community has long argued inhibit Philadelphia's local economic growth. BIRT was reduced from 6.2% to 5.99%. The Wage Tax was lowered from 3.8398% to 3.79% for city residents and 3.4481% to 3.44% for non-residents. Councilmembers who voted to approve these amendments argued that these cuts were necessary to help small businesses emerge out of the pandemic.

Property Taxes:

In May, the Office of Property Assessment released its first city-wide reassessments of real property for the first time in three years. On average, residential real estate saw a 31% increase, and commercial real estate was assessed a 9% increase. However, some city council districts experienced an average increase above 50%. After a significant outcry from the public, both the Kenney administration and several councilmembers introduced plans to increase the homestead exemption to lessen the burden on property owners. Ultimately, a compromise was reached to increase the homestead exemption from \$45,000 to \$80,000. The average homeowner will save \$1,119 on next year's property taxes due to this change. However, the property tax rate of 1.3998% will remain the same. \$15 million was set aside for rental assistance to help renters combat a rental market with rising prices.

Budget bills will be up for final passage on June 23. The mayor must sign a budget deal into law by June 30. For more information, please contact a member of the Philadelphia Public Strategies team.
