

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

Philadelphia 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.



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