

June 5, 2018

Dear Philadelphia City Councilmembers,

As the FY19 Budget cycle is coming to a close, we are writing to clearly state our members' priorities.

As a general matter, the Chamber supports increased funding for the School District of Philadelphia, affordable housing and the homestead exemption. The Chamber also supports continuing accelerated reductions in wage and business taxes. We believe these priorities are key to reducing poverty and stimulating economic growth that would expand the City's tax base, add jobs and boost wages. The Chamber also opposes anti-business legislation that would stymie job creation and economic growth.

More specifically, we believe the following:

(1) Philadelphia's public schools need more money to close a \$630 million budget gap over the next five years. The fairest and best source of city funding to meet this need is to increase the real estate tax. Philadelphia's real estate taxes are relatively low compared to our suburban neighbors in Pennsylvania and New Jersey. **We urge City Council to pass Mayor Kenney's proposed 4.1 % increase in property taxes**, as this will provide public schools the funding they need.

(2) Pro-growth initiatives will do more to grow our economy, expand the tax base, create jobs and increase wages than proposals that unduly tax and strain business. Therefore, **the Chamber broadly opposes:**

- (A) targeted industry taxes such as the proposed 1% tax on construction citywide;**
- (B) increasing the realty transfer tax;**
- (C) changes to the 10-year tax abatement plan; and,**
- (D) pending legislation that proposes to impose predictable scheduling formulas onto unpredictable business environments.**

(3) Philadelphia must remain committed to continued – and even accelerated – reductions in wage and business taxes, both of which are high compared to suburban tax rates and put Philadelphia's businesses, workers and residents at a competitive disadvantage. Increased funding for education and a further reduction in wage and business taxes are not mutually exclusive. **We encourage Council to reject the proposed slowdown in the wage tax reductions.**

(4) There are opportunities to do more to reduce costs in the FY19 operating budget. This year's budget proposal represents an approximate 4% increase and does not factor in significant cost savings through targeted reductions. **We encourage Council to adopt proposals that reduce expenditures, particularly costs within the prison budget**, by enacting cost savings on contracts and expenditures that are no longer needed.

(5) As the City looks to increase taxes on homeowners, workers and businesses alike, **Council should support legislation authorizing monthly financial reconciliation** to encourage more accountability and better stewardship of taxpayer money. Additionally, **we recommend Council move to hold a hearing examining a plan to collect delinquent property taxes through the securitization of tax liens** while exempting owner-occupied properties from such a process.



The Chamber has always sought to engage with Council and the Mayor in a highly collaborative fashion, working together to overcome our City's challenges while promoting growth that benefits all Philadelphians. When needed, however, the Chamber will oppose policies that stunt economic growth and, in turn, hurt Philadelphia and its residents. It's far better and more productive to work together to execute on a pro-growth agenda that attracts business and stimulates job creation for workers at all skill levels. That is the best way for us to fight poverty, increase household incomes, and improve the quality of life for all Philadelphians.

Sincerely,

A handwritten signature in black ink that reads "Rob Wonderling". The signature is fluid and cursive, with a long, sweeping underline.

Rob Wonderling
President and CEO

cc: The Honorable James Kenney