EXECUTIVE ORDER NO. 3-09

MAYOR'S TASK FORCE ON TAX POLICY AND ECONOMIC COMPETITIVENESS

WHEREAS, comparative studies have consistently listed Philadelphia among the highest taxed and highest cost cities in which to do business; and

WHEREAS, there are significant barriers to business growth and formation, and many challenges surrounding construction projects for both for-profit and non-profit developers; and

WHEREAS, many reports have demonstrated that the City's tax structure and rates and cost of development puts Philadelphia in a competitive disadvantage; and

WHEREAS, for more than a decade, the City has sought to address its high tax burden through a gradual reduction in both the wage and business tax rate and various incentives to offset the high cost of development; and

WHEREAS, the impact of the current global economic crisis on the City's budget required that planned cuts to the wage tax and business privilege tax be suspended as part of the Fiscal Year 2009 rebalancing plan; and

WHEREAS, the continued erosion of and uncertainty in the economy may require additional changes to the City's revenue streams and may trigger a reassessment of various development incentives; and

WHEREAS, the work of the Philadelphia Tax Reform Commission as embodied in its November 2003 report provides a comprehensive review and assessment of the current tax structure and rates; and

WHEREAS, building on the work of the Tax Reform Commission and other studies related to the cost of and barriers to development in Philadelphia, and utilizing the opportunity created by this unprecedented economic crisis, a thorough review of our tax policy and barriers to development is needed in order to best position the City for growth and economic competitiveness;

NOW, THEREFORE, by the powers vested in me by the Philadelphia Home Rule Charter, it is hereby **ORDERED**:

SECTION 1. ESTABLISHMENT OF THE MAYOR'S TASK FORCE ON TAX POLICY AND ECONOMIC COMPETITIVENESS

The Mayor's Task Force on Tax Policy and Economic Competitiveness is hereby established.

SECTION 2. DUTIES OF THE MAYOR'S TASK FORCE ON TAX POLICY AND ECONOMIC COMPETITIVENESS

A. The Mayor's Task Force on Tax Policy and Economic Competitiveness ("Task Force") shall:

1) Evaluate the City's current tax policy and tax structure including the current mix of taxes and the extent to which the City's revenues depend predominantly upon the wage tax, the business privilege tax, the property tax, the real estate transfer tax and the sales tax;

2) Compare the City's current tax policy and tax structure with other regional jurisdictions and major U.S. cities;

3) Analyze the impact of the current tax policy and tax structure on the City's competitive advantage regionally, nationally and internationally;

4) Examine the impact of the City's current tax policy and tax structure on business growth and development especially with respect to those economic sectors important to the City's economic competitiveness;

5) Evaluate the cost of real estate development in Philadelphia, including a comprehensive assessment of all the development costs including, but not limited to, labor, construction, permitting, plan reviews and regulatory costs;

6) Compare the cost to develop real estate in Philadelphia with other regional jurisdictions and major U.S. cities;

7) Analyze the impact of the cost of development on the City's competitive advantage regionally, nationally and internationally; and

8) Evaluate current City development policies, regulations and administrative practices that hinder development, and compare these to other major U.S. cities.

B. By no later than September 14, 2009, the Task Force shall provide a report to the Mayor and the President of City Council setting forth its recommendations regarding the City's tax policy and economic competitiveness. The report shall also discuss implementation and include drafts of any legislation or regulatory changes at the state or local level that would be needed to effectuate any of its recommendations.

C. The Task Force shall convene at least two public hearings for the purposes of receiving information and recommendations from the public. The Task Force shall conduct its business in open meetings, except where necessary to preserve confidentiality. Unless the Mayor shall prescribe further duties and responsibilities for this Task Force, the Task Force shall conclude its activities and terminate its service after submission of its report.

SECTION 3. COMPOSITION AND STAFFING OF THE TASK FORCE

A. The Mayor's Task Force on Tax Policy and Economic Competitiveness shall be comprised of fifteen (15) members appointed by the Mayor in consultation with members of City Council, the City Controller, and leaders within the business, labor, academic, legal and economic development community.

B. The Mayor shall designate the Chair; and, the Mayor shall designate the Executive Director in consultation with the Chair.

C. No member of the task force shall be an elected official.

D. The Office of the Director of Finance and the office of the Deputy Mayor for Planning and Economic Development shall provide the primary support for the staffing and administrative needs of this Task Force.

SECTION 4. COOPERATION

All City employees are directed to provide such assistance and cooperation to the Task Force as the Task Force requests in furtherance of its duties. In particular, it is expected that the Task Force will work closely with the Director of Finance, the Budget Director, and the Deputy Mayor for Planning and Economic Development and Commerce Director.

SECTION 5. EFFECTIVE DATE

This Order shall be effective immediately.

2/11/09
DATE

MICHAEL A. NUTTER, MAYOR

AMENDMENT TO EXECUTIVE ORDER NO. 3-09

MAYOR'S TASK FORCE ON TAX POLICY AND ECONOMIC COMPETITIVENESS

Section 1. Section 3.A of Executive Order 3-09, entitled Mayor's Task Force On Tax Policy And Economic Competitiveness, is hereby amended as follows:

SECTION 3. COMPENSATION AND STAFFING OF THE TASK FORCE

A. The Mayor's Task Force on Tax Policy and Economic Competitiveness shall be comprised of ~~fifteen (15)~~ **up to eighteen (18)** members appointed by the Mayor in consultation with members of City Council, the City Controller, and leaders within the business, labor, academic, legal and economic development community.

* * *

3/23/09
Date

Michael A. Nutter, MAYOR