



City of Philadelphia

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FOR IMMEDIATE RELEASE

MAYOR NUTTER DELIVERS BUDGET ADDRESS

Fiscal Year 2014 Budget and Fiscal Years 2014 – 2018 Five Year Plan delivered to City Council

Philadelphia, March 14, 2013 – In his annual budget address, Mayor Michael A. Nutter detailed the proposed Fiscal Year 2014 (FY14) Budget and Fiscal Year 2014 – 2018 Five-Year Plan to City Council. The Mayor's proposed budget of approximately \$3.75 billion includes smart investments in services to citizens, provides support for city employees and improves the city's vital infrastructure.

"Today I am presenting a budget and Five Year Plan which will serve as a turning point to a brighter future for Philadelphia. It will move us closer to being the city I know we can be," said Mayor Nutter. "At the heart of this budget is a reform that Philadelphia property owners have been denied for decades; a reform that was long overdue. We will now have the property tax system we deserve – a system that is fair, accurate, transparent, understandable and equitable. The Actual Value Initiative, AVI, will bring assessment credibility to a growing, dynamic City."

During the last two years, the Office of Property Assessment completed a comprehensive reassessment of all properties in the City, resulting in the City's total taxable property increasing in value from \$36 billion to more than \$98 billion.

Due to the increase in property values across the City, Mayor Nutter proposed a tax rate of 1.3204 percent, reducing the current rate of 9.771 percent, in order to collect the same amount of current year property tax revenue in 2014 as was collected in 2013 – about \$1.2 billion – with 54 percent going to the Philadelphia School District and the rest to the City.

To moderate the impact on those that will see their property taxes increase, Mayor Nutter called for a series of relief measures including a \$15,000 Homestead Exemption that benefits all homeowners and up to \$30 million in funds aimed at severely impacted property owners. This relief funding is in addition to other City and State relief programs already available



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to low-income and older Philadelphians. “My goal is to maintain the lowest possible tax rate for every Philadelphian while still making provisions for targeted relief to those who will need it, such as long-term, low-income homeowners living in gentrifying neighborhoods and small business property owners,” said Mayor Nutter.

Mayor Nutter proposed \$99 million in added expenditures from the general fund budget, including \$69 million in spending related to employee pensions and salary increases for Police officers.

Mayor Nutter also said he will set aside \$26 million of the fund balance in the FY14 budget for future labor obligations to District Councils 33 and 47, Local 22 of the International Association of Fire Fighters and Deputy Sheriffs. Over the Five Year Plan this set aside is an \$84 million commitment.

In addition to property assessment and tax reform, Mayor Nutter called for tax reductions to support job and business growth by re-starting the Wage Tax reductions that were suspended during the recession. He sent legislation to City Council that will set annual Wage Tax reductions through Fiscal Year 2018.

Some of the Mayor’s FY14 spending proposals include:

- \$5 million over two years to modernize Free Library of Philadelphia branches, and an additional \$1 million to expand branch library hours to benefit young people, job seekers and seniors, including the LEAP after-school program.
- Investing \$624,000 in KeySPOT public computer centers to continue offering internet education classes and computer tutorials to Philadelphians.
- \$1 million for the Community College of Philadelphia to help off-set rising tuition costs.
- Additional funding to complement FY13 funds to allow for the hiring of 30 new Department of Public Property employees to revitalize police and fire stations, and perform other building maintenance, and deploying 40 Philadelphia Parks & Recreation employees to the facility maintenance team to maintain pools, parks, playgrounds and recreation buildings.
- \$2.1 million for improvements to fire houses, and \$4.7 million for new self-contained breathing apparatus, air bottles and 35 new ‘Jaws of Life’ equipment.

Mayor Nutter added, “Today, I am proposing that we spend tax dollars on the health and wellness of our citizens, on libraries and recreation centers, on playgrounds and parks, on public safety, on creating an environment that fosters economic development instead of stifling it. We are moving forward, working in partnership, and we will continue to make progress on our goals for today and the future.”

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